



T.RowePrice

Drescher & Cie Webinar:

# T Rowe Price Global Focused Growth; Investing on the Right Side of Change

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March 2025



# Why invest in companies on the ‘right side of change’?

As of 28<sup>th</sup> February 2025

## Capture long-term growth

Invest in innovative companies driving enduring growth through industry shifts and transformative trends.

## Resilience across market cycles

Focus on businesses with strong financials and durable competitive advantages to provide stability in all markets.

## Early access to emerging opportunities

Gain early exposure to forward-looking companies poised for improving economic returns as new trends evolve.

# Paradigm Shift? Equity Investing Increasingly Complexity

## 2010–2021

An abundance of Everything!

## 2021–Beyond

Increased Complexity



Interest Rates

Average 2%

Average 4.1%



Inflation

Structurally low

Sticky (outside of China)



Geopolitics

Collaboration and engagement

Deterioration post Covid and War in Ukraine



Global Trade

Free trade with Russia and China

Russia sanctioned and tariffs threatened globally



Energy

Abundance of cheap Energy

Peak productivity, Russia sanctions and Middle East tensions



Thematic

Recovery post GFC

Massive innovations in AI and Healthcare

Gen AI: Generative artificial intelligence.

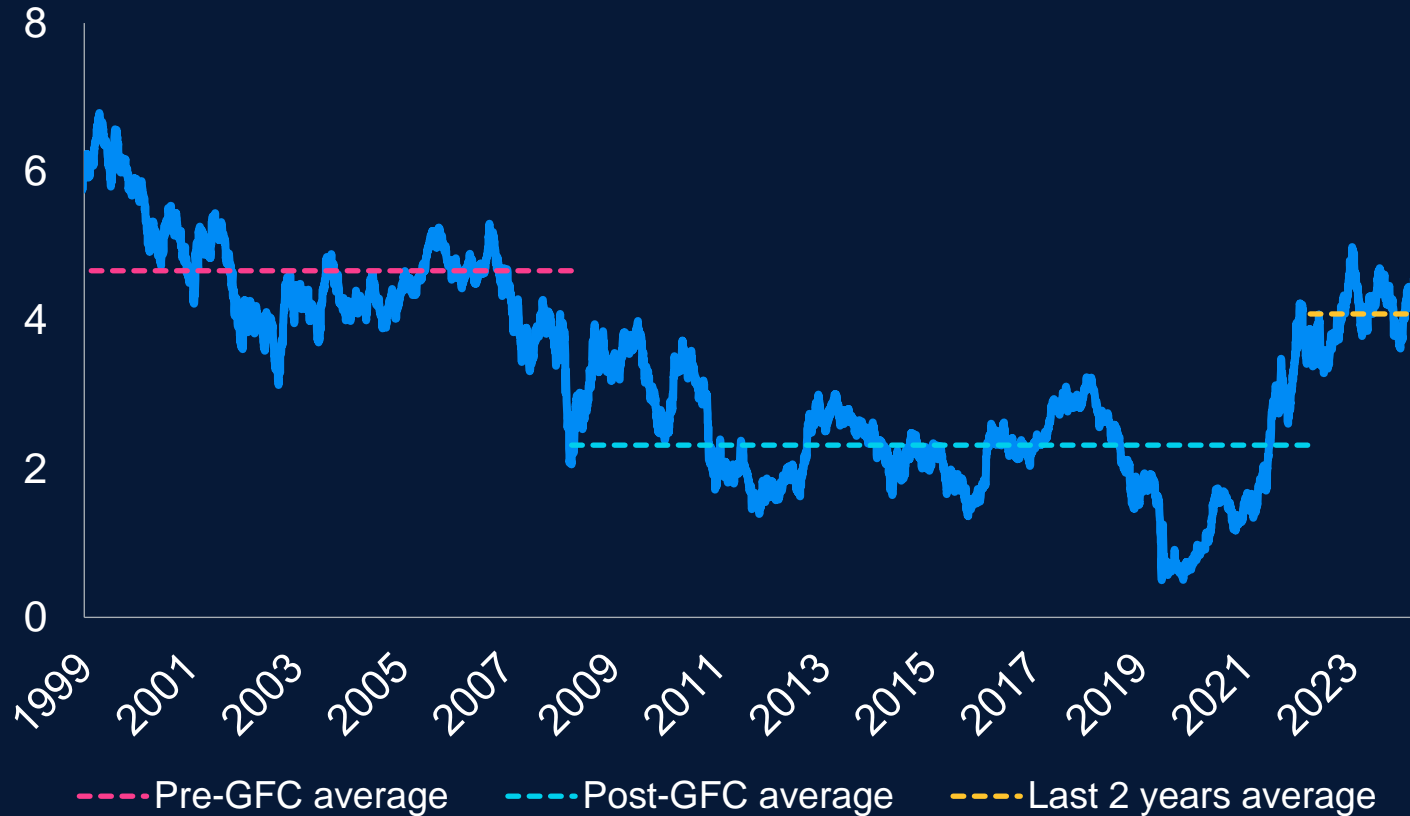
Mag 7: Apple, Microsoft, Google parent Alphabet, Amazon, Nvidia, Meta Platforms and Tesla.

The specific securities identified and described are for informational purposes only and do not represent recommendations.

# Expect 10 year rates to remain higher despite Fed cuts

25 years to 2 January 2025

## US 10 yr treasury yield



Past performance is not a guarantee or a reliable indicator of future results.

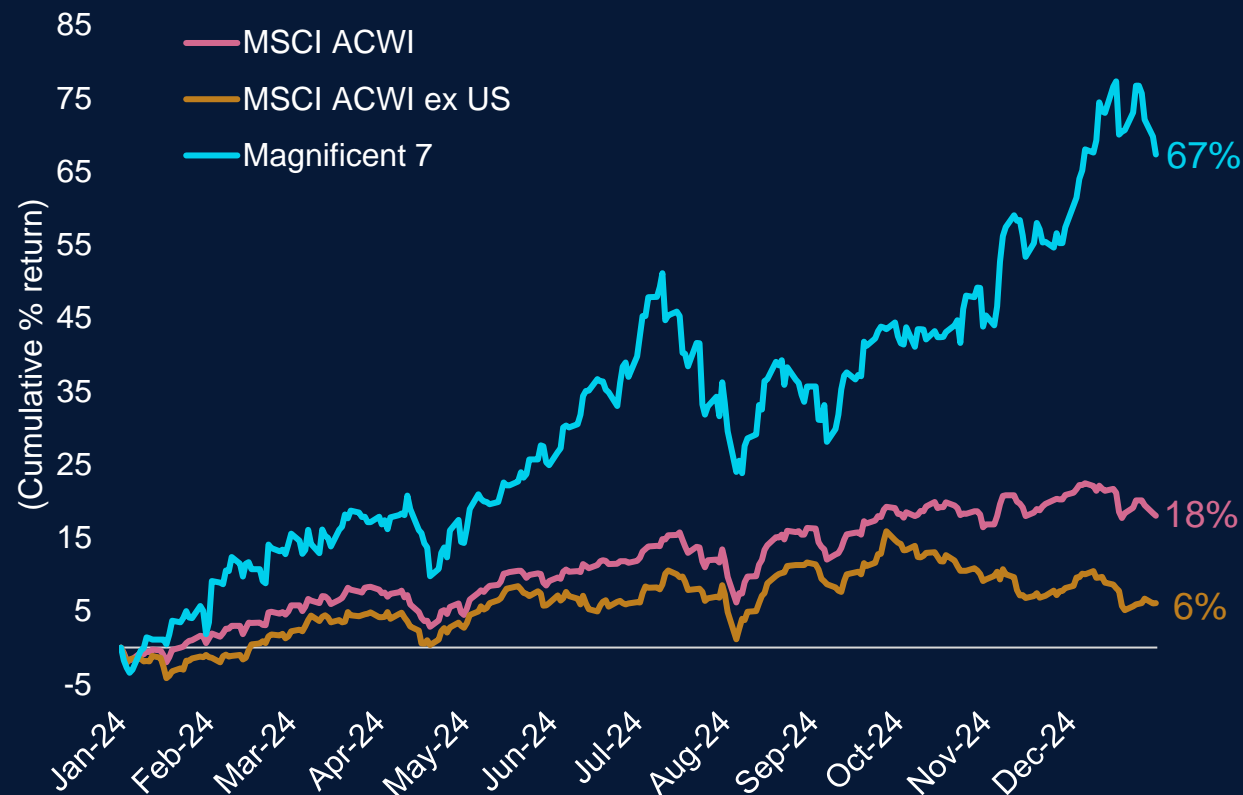
Source: T. Rowe Price analysis using data from FactSet Research Systems Inc. All rights reserved.

Pre-GFC period: Mar 99 – Dec 08. Post-GFC period: Dec 08 – Jan 23. Last 2 years: Jan 23 – Jan 25.

# 2024: Narrow excellence despite broad concerns

As of 31 December 2024

## 2024 returns:



## 2024's wall of worry:

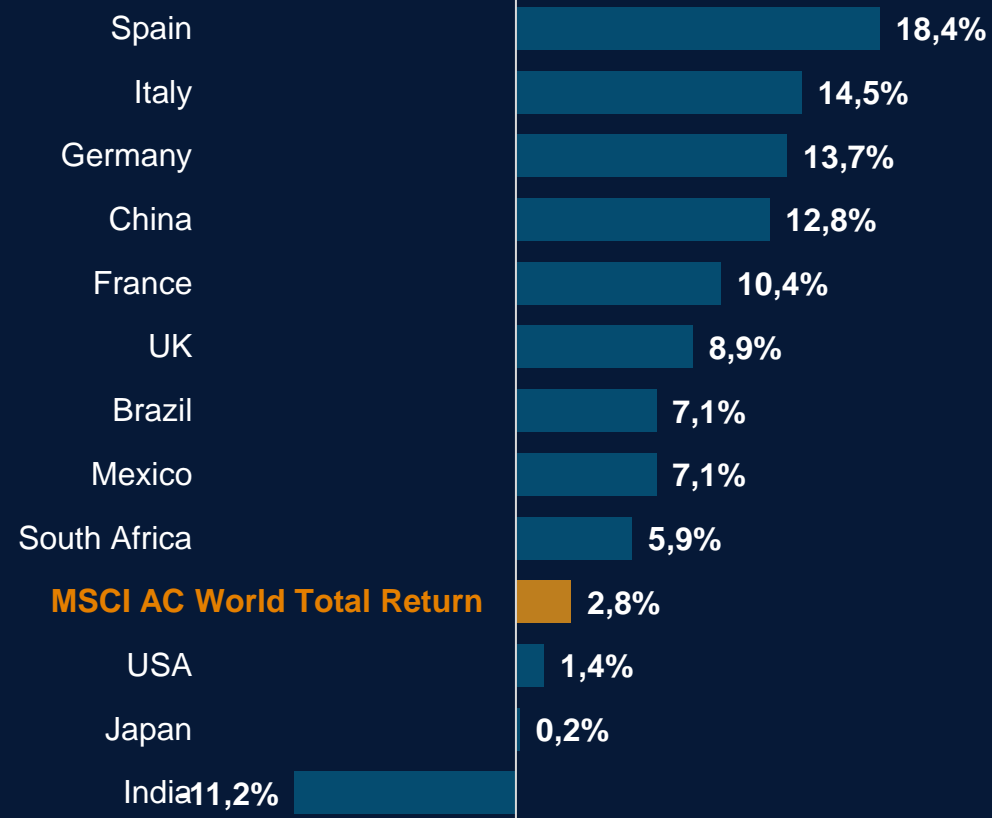
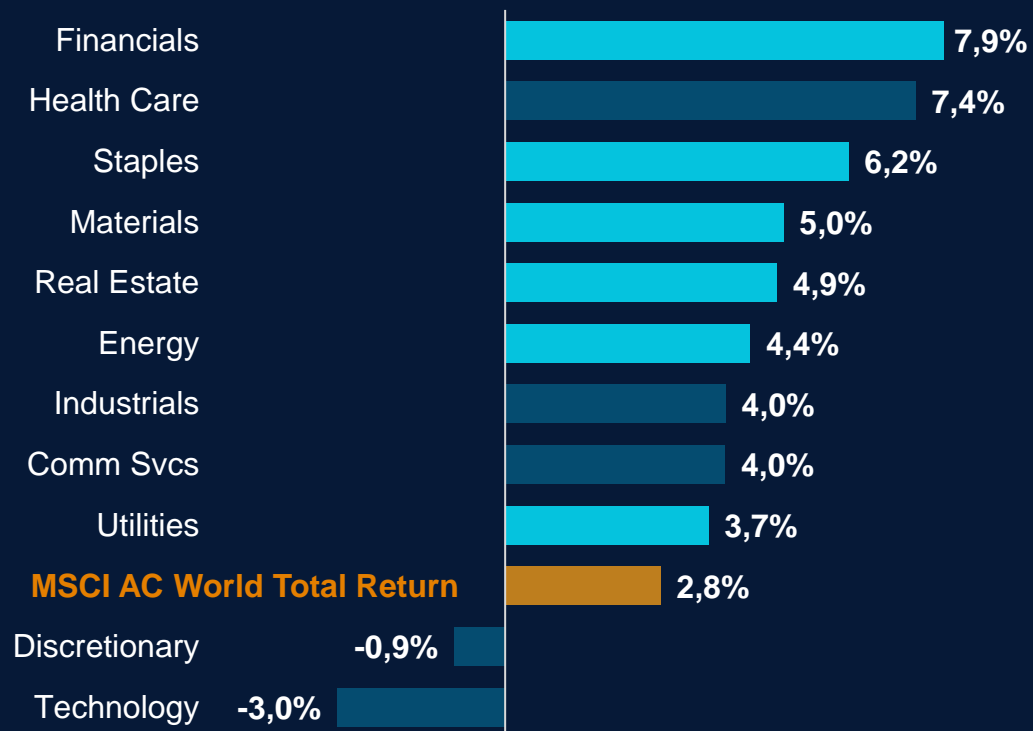
Slowing US economy	Geopolitical tensions & wars
AI capex peaking?	Japan monetary policy
US gov debt + elections	China: From bad to worse

Past performance is not a guarantee or a reliable indicator of future results.

Sources: Bloomberg Finance L.P. T. Rowe Price analysis using data from Bloomberg Systems. All rights reserved.

# 2025: Sharp Reversal

As of 28<sup>th</sup> February 2025

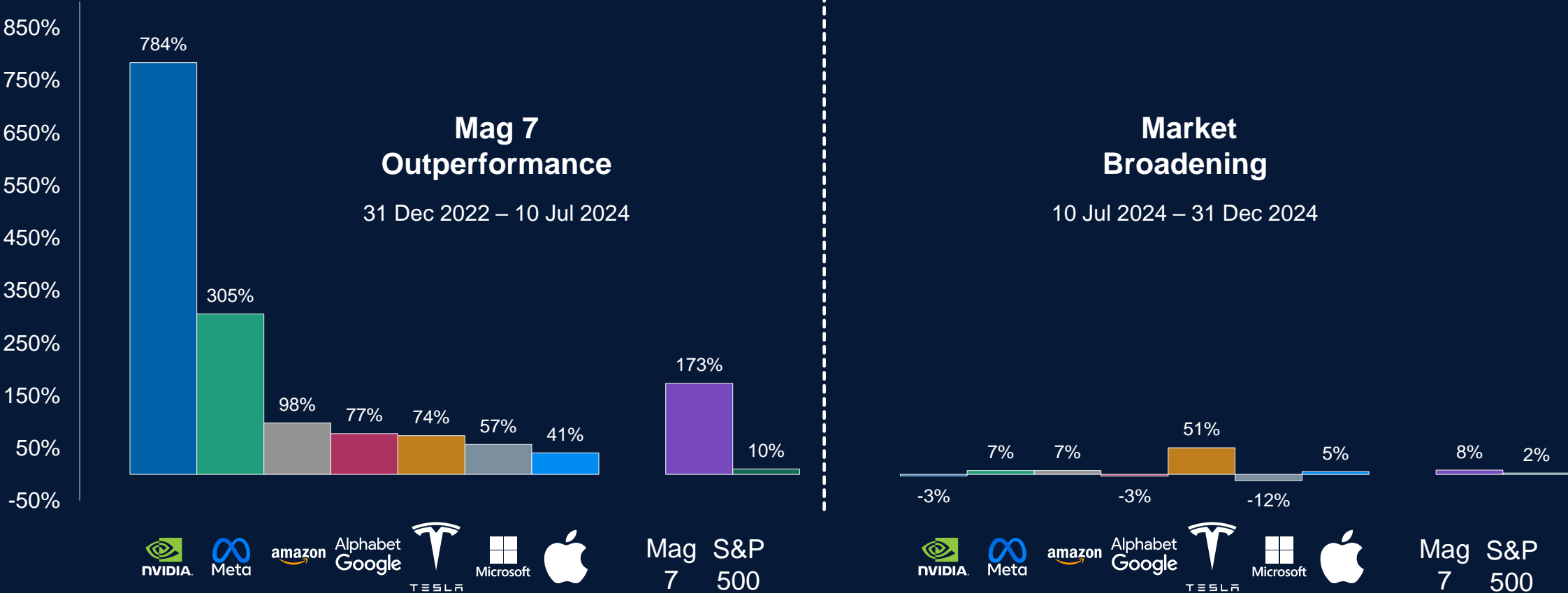


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# Mag 7 extreme outperformance peaked mid 2024

As of 31 December 2024



**Past performance is not a guarantee or a reliable indicator of future results.**

Source: Bloomberg Finance L.P.

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# The “magnificent” deserve a premium

As of 31 December 2024



These statistics are not a projection of future results. Actual results may vary.

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MSCI EAFE: MSCI Europe, Australasia, and the Far East.

# Investing through the AI supply chain



## Picks and Shovels

Critical equipment for AI infrastructure

AMD Besi SK Hynix  
ASML Nvidia TSMC

### Favourable attributes:

- Product crucial for AI infrastructure
- Difficult for competitors to replicate
- Pricing power
- Technological and business innovation

### Examples:

- Innovative chipmaker creating ecosystem of AI software and hardware
- Leaders in software and equipment used to design and produce advanced chips



## The Cloud

Infrastructure and applications

Amazon Google  
Microsoft

### Favourable attributes:

- Large cloud providers should benefit as AI workloads increase
- Their core businesses also appear well positioned to benefit from AI

### Examples:

- AI in widely used business software has the potential to enhance worker productivity



## Application Owners

AI-enhanced products and new solutions

Apple Meta ServiceNow  
HubSpot SAP Salesforce

### Favourable attributes:

- Distribution advantages from large user base
- Established product that lends itself to embedding AI
- Proprietary data for value-added AI solutions

### Examples:

- Social media company with many ways for AI to drive engagement and advertising
- Large-scale software companies that provide critical services to small and midsize businesses

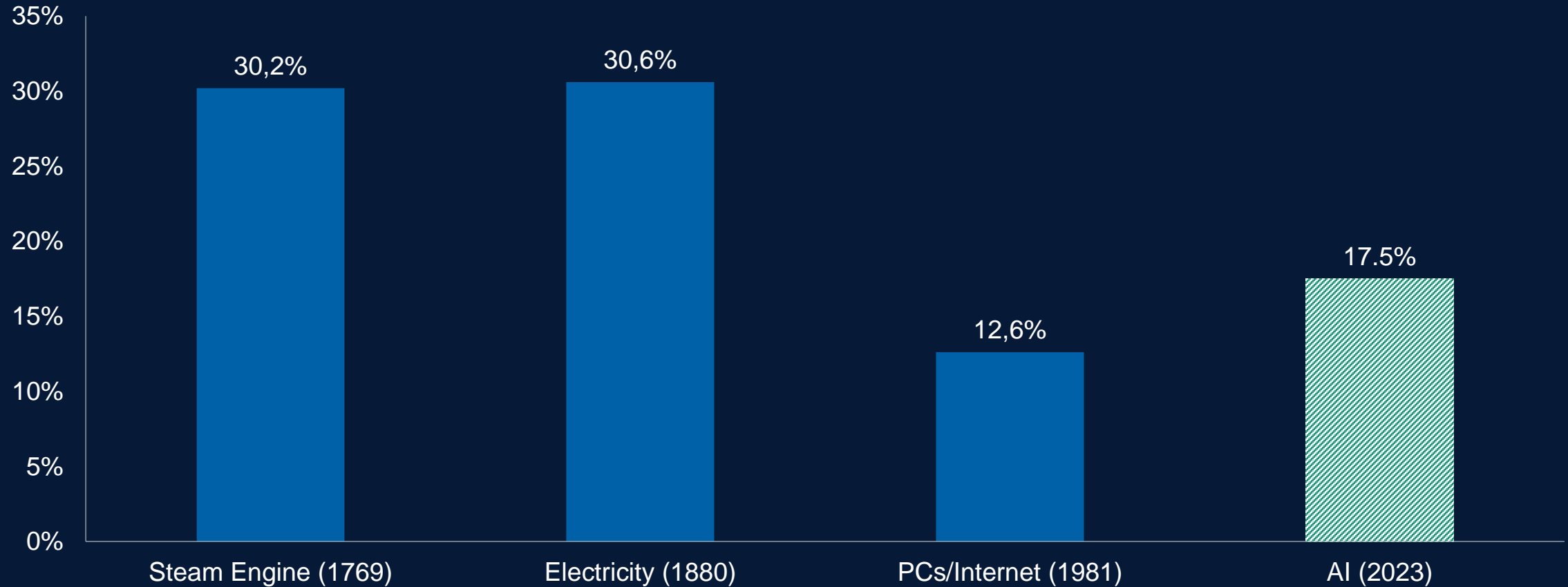


AI: Artificial Intelligence.

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# 1. AI: Internet delivered a powerful productivity boost, but AI will likely surpass it

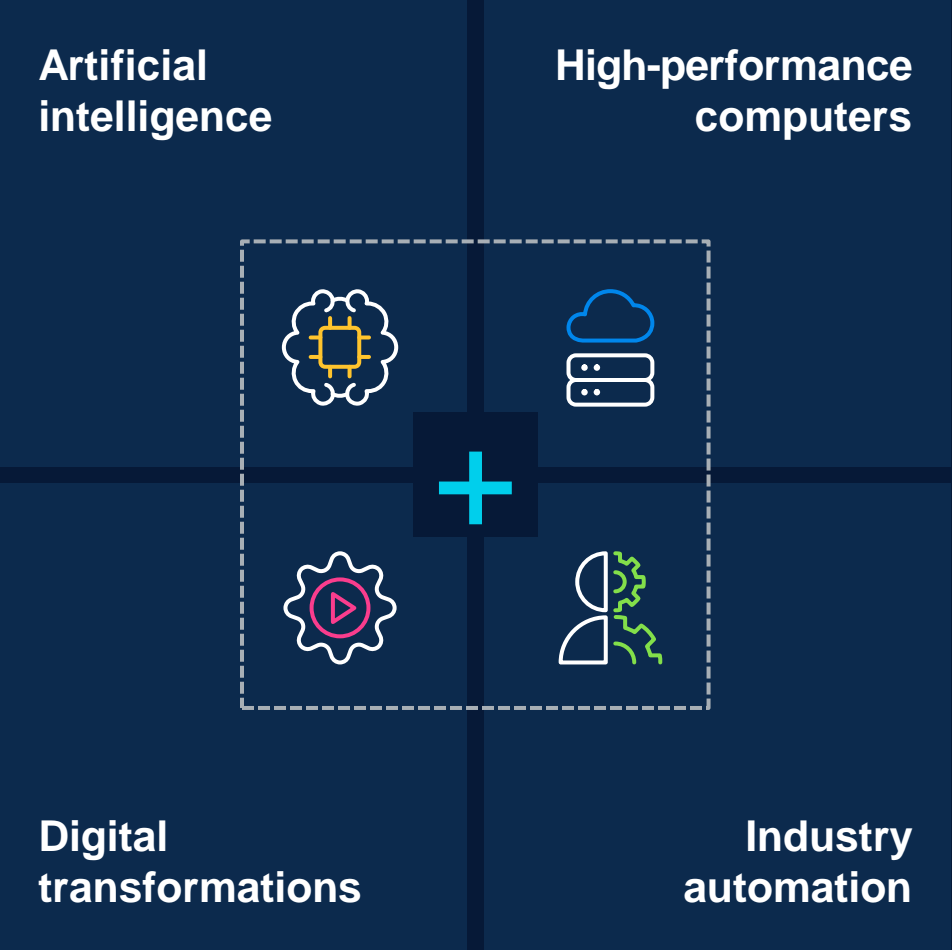
## Percent labor productivity upside relative to no technology breakthrough baseline



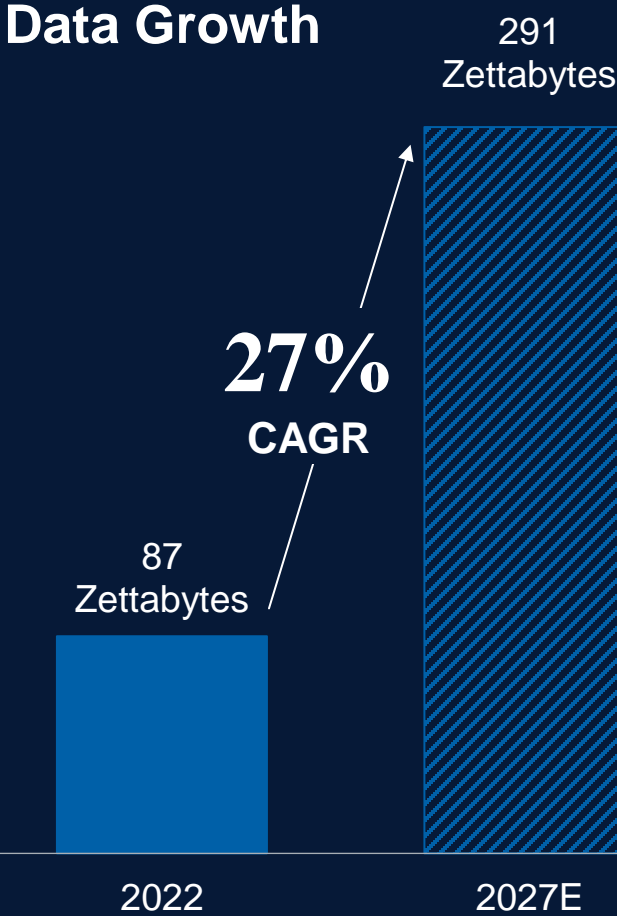
**Past performance is not a guarantee or a reliable indicator of future results.**

Source: Crafts (2021), NBER, BEA, Have, IMF, J.P. Morgan Private Bank. Data as of 31 December 2023.

# 1. AI: Continuing to Drive Global Data Growth



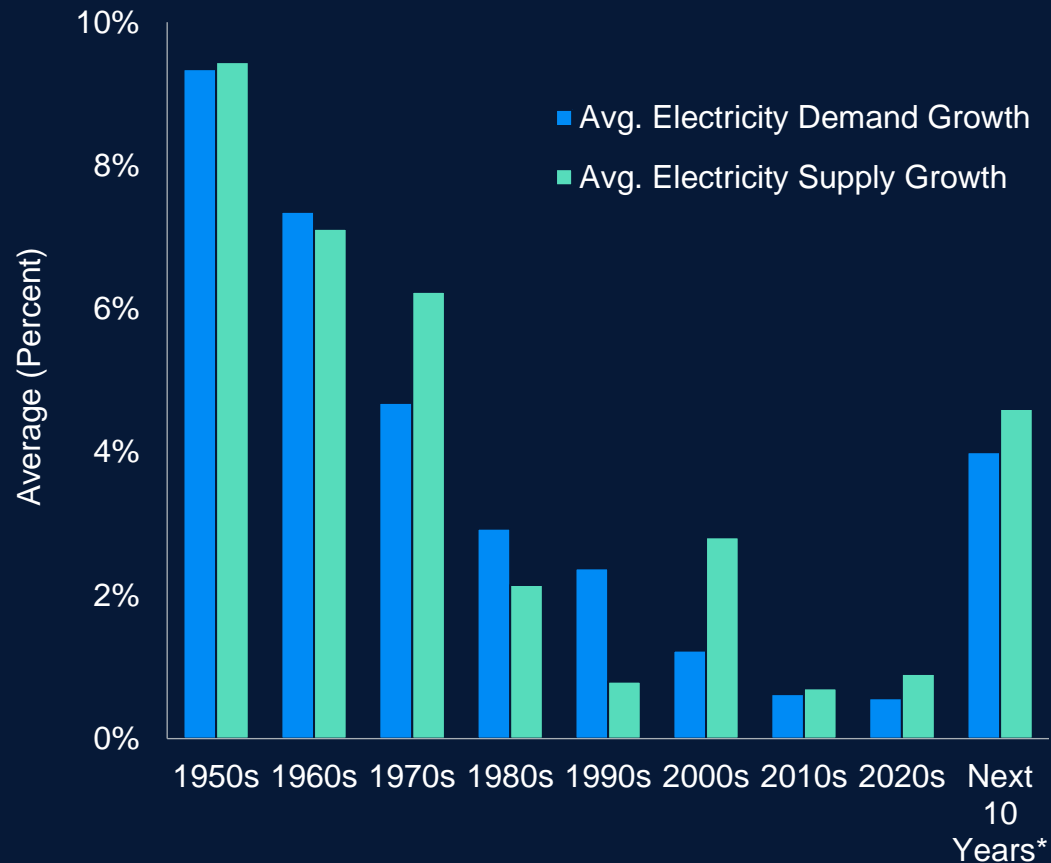
Trends in tech innovation and digitalization driving global data growth



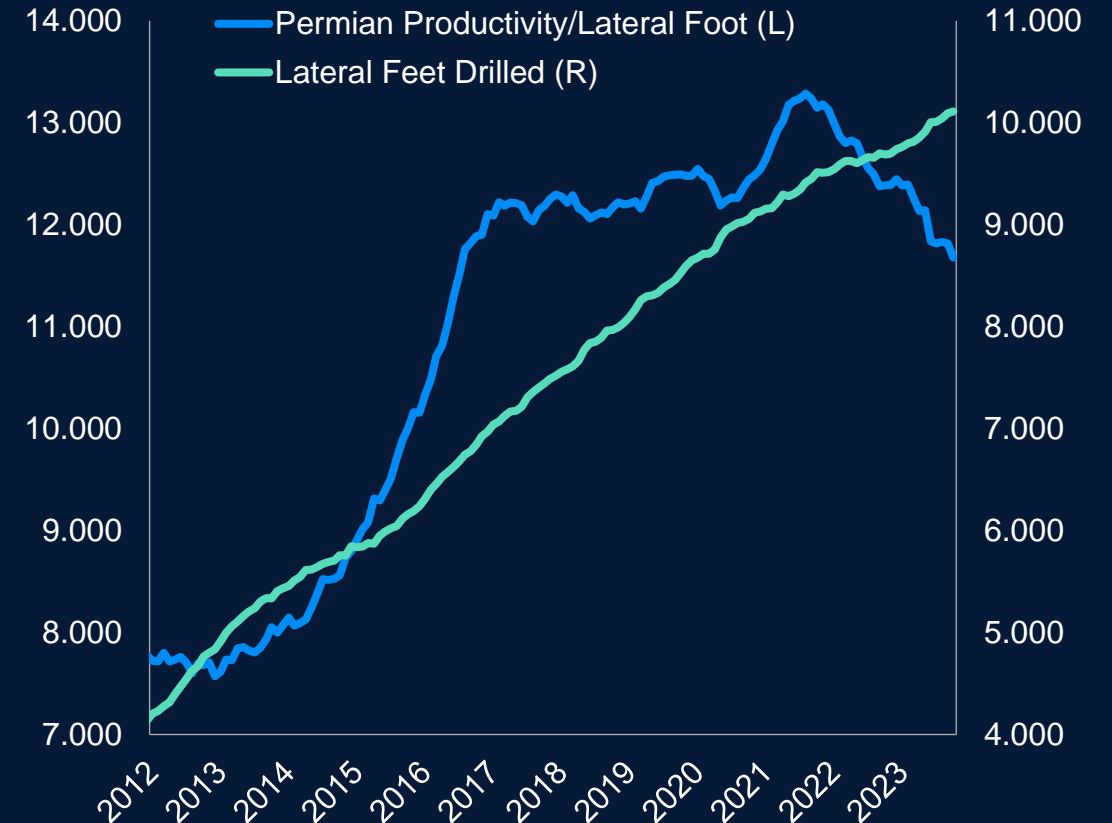
There is no guarantee that any forecasts made will come to pass.  
Source: Vertiv Investor Conference, November 29, 2023.

# 2. Energy: Artificial Intelligence is Incredibly Energy Intensive

## Average Electricity Demand Has Risen



## Oil Productivity May Have Peaked



\*Estimates include AI, EV, Manufacturing.  
**Actual outcomes may differ materially from estimates. Estimates are subject to change.**  
 Sources: Left chart—EIA (U.S. Energy Information Administration). Right chart—NVDA, EIA.

# 4. Financials: Pockets of Opportunities

Global Equity Representative Portfolio  
As of 30 September 2024



## Financials

EM banks



Capital Markets



Payments



Insurance



DM banks



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# 3. Health Care: GLP-1s could be the biggest drug class since Penicillin

## Current and future new indications in development:

- Type II Diabetes treatment ✓
- Obesity ✓
- Cardiovascular risk reduction ✓
- Heart Failure ✓
- Chronic Kidney Disease ✓
- Alcohol Use Disorder
- Nicotine Dependence
- Osteoarthritis Pain in Obese Individuals
- Nonalcoholic Steatohepatitis (NASH) ✓
- Obstructive Sleep Apnea ✓
- Peripheral Artery Disease
- Major Depressive Disorder
- Type I Diabetes
- Alzheimer's Disease



Source: Diabetologia: Incretins in Metabolic Disease: Pathophysiology and Therapy; October 2023.

# Current market perspectives



## Economy

- Fed appears to have stuck the landing!
- Fed is cutting short-term rates but long-term rates likely remain in a more normal band
- Recent China stimulus adds further support
- Republican sweep a likely tailwind for US



## Artificial Intelligence

- GenAI continues to be a megatrend
- Wary of bumps in the road vs high expectations
- Continue to stock pick within Mag 7 and beyond



## Trump Presidency

- Republican sweep boosted market sentiment
- Policy is positive for US but tariffs a concern for RoW
- Concerned this may fuel inflation and impact Fed cutting cycle



## Contrarian Optimism

- With recession likely avoided the opportunity set should continue to remain broader
- Expect opportunities in areas including Europe, EM, Financials and Industrials

# Global Focused Growth Equity Fund

**An actively managed, high-conviction portfolio focused on companies on the "right side of change"**

## Global reach and local perspective

A 360-degree view of opportunities to diversify investments and reduce concentration risk



## Repeatable investment framework

Disciplined stock selection targeting companies with improving economic returns



## Active, diversified portfolio

Steady returns through a balanced portfolio of 60-80 high-quality growth stocks

- MSCI AC World Index Net benchmark
- Total holdings: 60–80 stocks
- Investable universe of 4000 developed and emerging market equities
- Diversified across market cap, sectors and regions
- 12-24 months expected turnover

# Where we are finding opportunities in different sectors

As of Sept 2024



## AI / Big Data

AMD



amazon

Meta



Microsoft



## GLP-1s

Lilly



## Energy

ExxonMobil



ConocoPhillips



## Consumer

asics



RICHEMONT

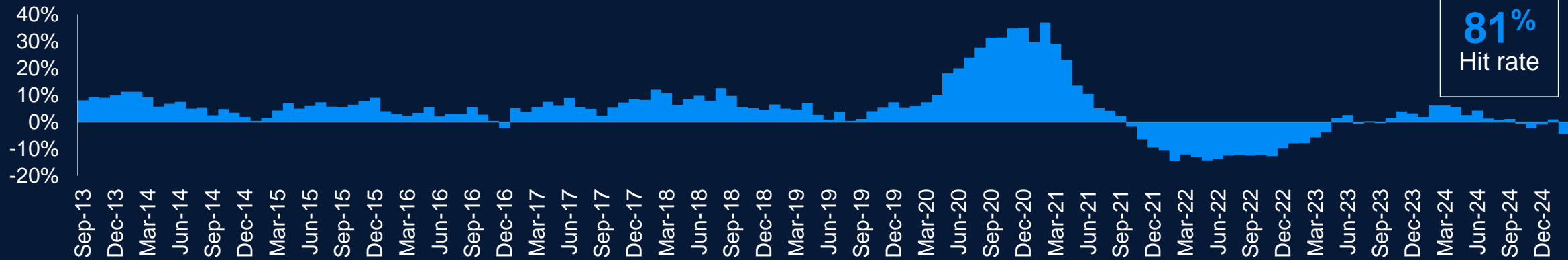


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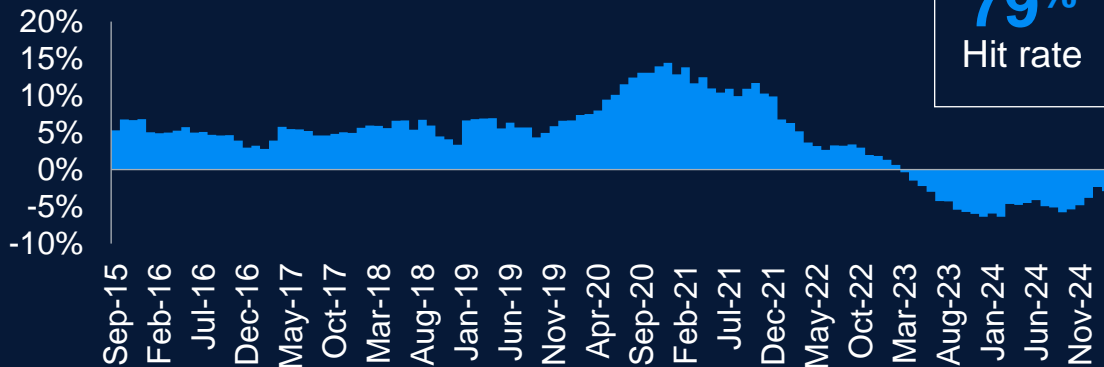
# Historically Better investment outcomes—more returns, more often

As of 28 February 2025 | Global Focused Growth Equity Composite

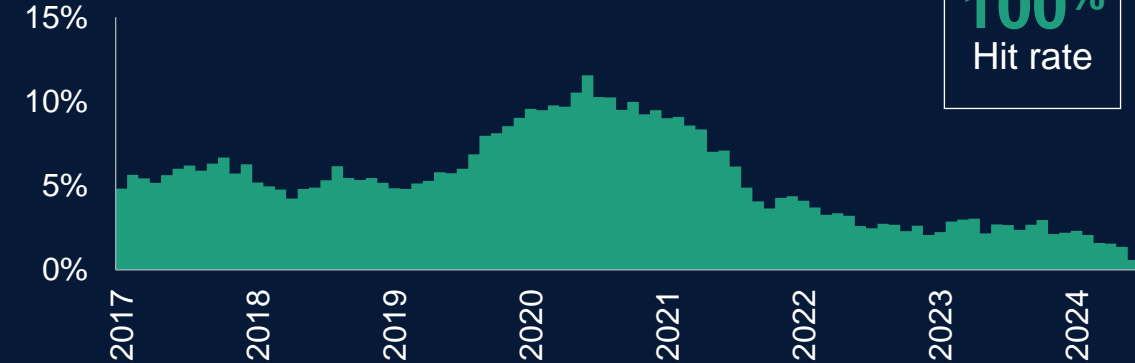
## One-Year Excess Returns (annualized)



## Three-Year Excess Returns (annualized)



## Five Year Excess Returns (annualized)



**Past performance is not a guarantee or a reliable indicator of future results.**

All figures above reflect net of fee excess returns of Global Focused Growth Equity Composite over rolling 1-, 3- and 5-year periods from September 2013 – February 2025. Figures are calculated using monthly data.

Excess Returns are value added compared against MSCI All Country World Index.

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