

**SHINING A LIGHT ON THE.....
T Rowe US Large Cap Growth Equity Fund**

AT A GLANCE

Investment Objective	
The Fund's objective is to provide long term capital appreciation by investing primarily in a diversified portfolio of the transferable equity and equity-related securities of large US companies. The Fund will emphasise investment in companies that have the potential for above average and sustainable rates of earnings growth.	

Inception Date	31 July 2003
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04H6L

Management	
Manager Name	Start Date
Taymour Tamaddon	1 January 2017

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	57.18%
Large	35.38%
Medium	7.44%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	63	
Assets in Top 10 Holdings	47.69%	
Name	Sector	% of Assets
Microsoft	Technology	9.14%
Amazon.com Inc	Consumer Cyclical	8.89%
Facebook Inc A	Communication Services	6.20%
Alphabet Inc A	Communication Services	5.97%
Visa Inc Class A	Financial Services	3.48%
Apple Inc	Technology	3.48%
Global Payments Inc	Industrials	2.83%
Cigna Corp	Healthcare	2.68%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	2.59%
Netflix Inc	Communication Services	2.42%

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Volatility Measurements	
3-Yr Std Dev (volatility)	17.07%
3-Yr Mean Return (average)	20.95%

FUND PERFORMANCE

Performance from 1st January 2014 to 30th June 2020:

	2014	2015	2016	2017	2018	2019	2020
T Rowe US Large Cap Growth Equity Fund	15.71%	17.28%	22.22%	24.10%	10.05%	23.55%	17.86%
S&P 500 TR	20.76%	7.26%	33.55%	11.28%	1.56%	26.41%	3.91%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
T Rowe US Large Cap Growth Equity Fund	23.70%	76.95%	173.19%	98.88%
S&P 500 TR	10.73%	42.73%	111.87%	48.46%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

***This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

The T Rowe US team manage five strategies, with over \$600 billion invested across them. They are within the top 5 active holders in some of the largest companies in the US including Amazon, Alphabet and Facebook. This strategy is pure growth, focusing on innovation and change. They seek out attractive valuations and leading companies with a long-term time horizon. The number of holdings tends to be between 60 and 75.

The different strategies include a smaller companies fund and the access to this bank of knowledge is really important. An example would be Wix which they have held for many years and has now gone into the large cap strategy. They are also private investors in companies like Rivian, Waymo and Stripe and this gives them access to innovative businesses which in time feed into the large cap fund.

In terms of company information, because of their size they can have direct access to the highest levels of management, and this is important when looking at companies and opportunities.

They have been surprised by the speed of the recovery and higher value companies which have just got stronger. They think there are many things we should be worried about and which the markets are ignoring, include a second wave, China/US tensions, US election etc. There is therefore the

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potential to disappoint in the near term but for many of the holdings there are still significant long-term opportunities.

Zoom as an example has seen a pull forward of demand. By this they mean where growth was expected over the next 2 to 3 years, this has happened in a matter of months. They sold Zoom at \$120 because they thought it was expensive. It is now worth over \$200. Another stock they have sold is Tesla because they were worried about free cash flow especially when they reduced the price of the Model 3. This is about identifying the long-term trends. Oracle would be a company that they avoid because they have competing technology at 90% discount to their product. On the other side is Microsoft which remains a growing business.

Other examples of businesses they like include Carvana, who sell used cars and provide a better buying experience and data to source the best cars. It uses vending machines to distribute cars! Dollar General and Ross Stores are physical stores which in a period of high unemployment will be attractive to consumers. Lululemon is a hand end leisure brand with excellent customer experience and growing its online presence by 67% during this period. It also has \$1 billion of cash on its balance sheets.

In summary, this effectively enables investors to tap into the T Rowe US team and there are several options from small to large cap, and between value and growth. The fund has outperformed the index, and clearly the insight due to their size helps them in stock selection. Outperforming in the US market is not easy and there is only a handful that has been able to do this consistently.

The source of information in this note has been provided by T Rowe and is correct as at July 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.