T. Rowe Price

# U.S. Large-Cap Equity Income SMA

**Strategy Focus**

**John Linehan, CFA**
*Portfolio Manager,*
*U.S. Large-Cap Equity*
*Income Strategy*

## Strategy summary

- We employ fundamental research and active, bottom-up stock selection to construct a portfolio of higher-quality companies, with a focus on stocks that generate above-average income. We favor names featuring compelling valuations, attractive long-term fundamentals, and strong dividend yields.
- The strategy seeks value companies with established brands and strong franchise value that have good prospects for capital appreciation and dividend growth. The subsequent portfolio of 55 to 70 issuers represents the core holdings within the U.S. Large-Cap Equity Income Strategy.
- Stocks are selected by an experienced portfolio manager with a long history of managing large-cap value equities. Our patient, long-term approach seeks to minimize portfolio turnover.
- Outperformance will be sought primarily through effective security selection over a full market cycle.

## Features

### Established and consistent investment philosophy

We have adhered to our investment philosophy and process since we began investing in large-cap value companies in 1985. We have successfully implemented large-cap value investing through diverse market conditions.

### Tenured portfolio management

John Linehan, CFA, is an experienced portfolio manager with a solid track record of managing large-cap value portfolios. He is also chief investment officer of equity for T. Rowe Price. Mr. Linehan has been with the firm since 1998 and has been a large-cap value portfolio manager since 2000. His tenure and leadership promote consistency in investment style and performance.

### Global research resources

T. Rowe Price has one of the industry's strongest commitments to in-house research. We aim to bring our clients better insights, which can lead to stronger long-term investment results. In our view, the quality and breadth of our research efforts provide a critical information edge that supports well-informed investment choices. We have more than 240 equity research professionals in six different countries around the world, providing a unique level of insight and giving us the ability to "connect the dots globally" on many of our investment theses.

## Disciplined investment approach

We employ a conservative, value-oriented investment approach and typically invest in high-quality, dividend-paying companies with strong brands, franchises, or assets that we think are undervalued. We believe the following elements of our investment philosophy make a compelling offering:

- **Focus on attractive relative valuation.** We let valuation be our guide and utilize a variety of different metrics and proprietary screens to assess valuation appeal. As opposed to other value-oriented investment strategies that may rely more on deep value or absolute valuation, we seek companies trading at discounts relative to their history, their industry, or the market as a whole.
- **Confidence in fundamental research.** We leverage our global research platform to identify companies with strong risk/reward characteristics. Our focus on investing in companies with effective business models and strong balance sheets generally results in a portfolio of higher-quality stocks.
- **Long-term orientation.** We maintain a long-term perspective to allow for full exploitation of valuation anomalies. The confidence we have in our fundamental research capabilities allows us to invest with conviction over a long time horizon.
- **Thoughtful portfolio diversification.** This strategy concentrates our core holdings in the U.S. Large-Cap Equity Income Strategy while broadly diversifying sector exposure in striving to minimize volatility.
- **Company-level risk management.** We assess both investment candidates and portfolio holdings for downside risk. We focus on a company's quality and financial strength in seeking investments that potentially have the financial staying power to weather a difficult economy or a delay in the expected catalyst for improvement.
- **Style consistency.** We employ our valuation-driven approach regardless of the market environment, resulting in a portfolio with strong style consistency over time.

## Why a T. Rowe Price SMA

T. Rowe Price's separately managed accounts (SMAs) offer access to our firm's expertise to identify opportunities and pursue solid, long-term results through our disciplined approach to investing. We are focused on helping our clients invest confidently. Backed by our experience over many investment cycles, our SMAs provide one more way to access T. Rowe Price's established active management approach.

**INVEST WITH CONFIDENCE®**

T. Rowe Price identifies and actively invests in opportunities to help people thrive in an evolving world, bringing our dynamic perspective and meaningful partnership to clients so they can feel more confident.

**Additional Disclosure**

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**Important Information**

**Risks:** All investments are subject to risks, including possible loss of principal. There is no assurance that the investment process will capture quality companies with attractive and sustainable dividend yields. Dividend-paying stocks may lag shares of smaller, faster-growing companies. Dividends are not guaranteed and are subject to change. Diversification cannot assure a profit or protect against loss in a declining market.

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