T. ROWE PRICE STRATEGY FOCUS
U.S. RISK MANAGED DYNAMIC ALLOCATION SMA

STRATEGY SUMMARY
- Leverages our extensive experience in designing multi-asset portfolios to combine a dynamic approach to asset allocation with a concentrated, actively managed U.S. large-cap equity strategy. The strategy seeks attractive long-term returns and a stable risk profile over time.

- Approximately half of the strategy’s assets are invested in the T. Rowe Price U.S. Large-Cap Core Equity Separately Managed Account (SMA), and the other half is invested in broad market index-based exchange traded funds (ETFs) with a focus on U.S. equities and fixed income.

- Using ETFs, the portfolio manager will adjust the underlying asset class exposures in response to risk forecasts using a systematic, rules-based framework. Extreme market dislocations or events not reflected in risk forecasts may also impact positioning.

- Outperformance over a full market cycle is sought primarily through effective security selection, while the dynamic asset allocation seeks to stabilize the portfolio’s volatility (a common measurement of the portfolio’s overall level of risk) to help preserve long-term returns.

FEATURES
Extensive Multi-Asset Experience
The strategy leverages our 25+ years of experience in designing and managing multi-asset portfolios that capture T. Rowe Price’s best global investment ideas into solutions that are designed to align with client objectives. We strive to deliver consistent outcomes for clients and seek to add value through multiple sources at each level of the investment process by leveraging our collaborative investment culture.

Global Research Resources
T. Rowe Price has one of the industry’s strongest commitments to in-house research. With our diligent resources and forward-looking capabilities, 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 can provide a critical information edge that supports well-informed investment choices.

Risk Management Through Asset Allocation
The strategy’s core objective is to seek attractive long-term returns by investing in U.S. large-cap equities, while dynamically adjusting the asset allocation to stabilize the portfolio’s risk profile over time. Depending on forecast risk, the allocation to U.S. equities may range between 50% and 100%, and the allocation to de-risking and/or diversifying assets—such as fixed income ETFs—may range from 0% to 50%.

Portfolio Design and Strategy Selection
The SMA thoughtfully combines a dynamic asset allocation approach to risk management with a strong, well-established security selection strategy that seeks to improve outcomes for investors. Our strategic portfolio design process relies on a variety of quantitative and qualitative analyses to select components best suited to achieve the strategy’s investment mandate. Since security selection is a core component of our value add, we incorporate underlying strategies with a proven track record of performance. The strategy’s assets are invested in the T. Rowe Price U.S. Large-Cap Core Equity SMA and index-based ETFs.

T. Rowe Price U.S. Large-Cap Core Equity SMA
This strategy has been managed by Jeffrey Rottinghaus, CPA, since its inception in 2009. It is a concentrated portfolio focused on high-conviction U.S. large-cap companies with market capitalizations of USD 5 billion or greater. Its disciplined investment process includes the following:

- Emphasis on collaborative research. Through fundamental, bottom-up research and analysis, the portfolio manager collaborates with our deep pool of U.S. equity analysts and other U.S. equity portfolio managers to identify compelling stocks with the most desired long-term core characteristics.
A high-conviction, concentrated portfolio. This SMA can invest in stocks with a value or growth tilt in any sector, thus expanding the potential for excess returns. A more concentrated portfolio of roughly 50–60 stocks provides the potential to achieve higher alpha than more diversified approaches.

Focus on bottom-up stock selection to drive outperformance. While we may occasionally have a qualitative macroeconomic view that modestly influences sector and industry weightings, they are predominantly a residual of our bottom-up stock selection process.

Long-term orientation. Patience, combined with research, heightens the potential for gain from companies with consistent, above-average earnings growth at reasonable valuations. We are anticipatory in nature and target companies with attractive earnings growth over the course of the next few years.

Exchange Traded Funds (ETFs)
Broad market, index-based ETFs are used to dynamically adjust the strategy’s asset class exposures in response to risk forecasts. The strategy’s allocations are adjusted when the expected risk under the current exposures sufficiently differs from the desired level of risk. The primary factors considered when selecting ETFs are their ability to provide the desired asset class exposures, their expected liquidity in regular and stressed markets, and cost.

WHY A T. ROWE PRICE SMA
T. Rowe Price’s 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.
Important Information

Risks: All investments are subject to risks, including the possible loss of principal. The strategy is not diversified, and poor performance by a single issuer could adversely affect performance. The strategy’s focused approach to equity investing could cause it to underperform other stock portfolios that employ a different investment style.

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