



T.RowePrice

## U.S. Value Equity SMA

### Strategy Focus



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### Strategy summary

- Employs fundamental research and active, bottom-up stock selection to identify securities within the U.S. large-cap value universe trading at attractive relative valuations with the potential for stock price mean reversion. Stocks are selected by an experienced portfolio manager with a history of managing value equities.
- Our investment approach favors high-quality companies that have promising financial outlooks and the potential for improved investor perception as they address issues that caused their valuations to become temporarily depressed.
- We construct the portfolio from the bottom up based on attractiveness of the reward-to-risk ratio, while also managing risk through diversification and rigorous fundamental research at the individual company level.
- The process results in a more concentrated portfolio benchmarked to the Russell 1000 Value Index. Our patient, long-term approach seeks to minimize portfolio turnover.
- Outperformance will be sought primarily through effective security selection.

### Features

#### Established and consistent investment philosophy and process

We have adhered to our investment philosophy and process since we began managing U.S. large-cap value portfolios in 1985. Our large-cap value portfolios have a history of strong risk-adjusted performance through diverse market conditions.

#### 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. Over 260+ equity research analysts are located 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

Our investment process combines valuation analysis and fundamental research to construct a diversified portfolio of stocks we identify to have the potential for financial improvement. We believe the following elements of our investment approach make a compelling offering:

- **Focus on relative valuation.** 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. We narrow the U.S. large-cap value universe by screening for companies with relatively inexpensive earnings, revenues, and/or dividend streams in order to exploit potential valuation anomalies.
- **Long-term orientation.** Price inefficiencies can persist for periods of many months or several years. The confidence we have in our fundamental research capabilities allows us to invest with conviction over as long a time horizon as necessary.
- **Emphasis on high-quality companies.** We favor companies with an appealing franchise value, valuable assets, strong brands, and effective management.
- **Confidence in fundamental research.** Detailed assessment of a company is critical in determining whether the company's current valuation is justified or will be ultimately corrected. Our large team of in-house equity research professionals supports value-added active management and provides multiple perspectives and insights.
- **Attention to managing risk at the company level.** We assess both investment candidates and portfolio holdings for downside risk. We focus on a company's quality and financial strength to ensure our investments have the financial staying power to weather a difficult economy or delay in the expected catalyst for improvement.
- **Effectively diversified portfolio.** This strategy concentrates our highest-conviction ideas while remaining broadly diversified at the sector/industry level in an attempt to properly manage risk.

## Why a T. Rowe Price SMA

T. Rowe Price's separately managed accounts 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.

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#### Important Information

**Risks:** All investments are subject to risks, including the possible loss of principal. The strategy's value approach to investing could cause it to underperform other stock strategies that employ a different investment style. The intrinsic value of a stock with value characteristics may not be fully recognized by the market for a long time or a stock judged to be undervalued may actually be appropriately priced at a low level. Diversification cannot assure a profit or protect against loss in a declining market. There is no assurance the investment objectives will be met.

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