T. Rowe Price®

T. Rowe Price Funds SICAV

US BLUE CHIP EQUITY FUND

All-season growth opportunities in the world's largest equity market

Snapshot

- An actively managed fund that invests mainly in a diversified portfolio of shares of large and medium sized US "blue chip" companies.
- Focuses on identifying high quality companies that can generate durable sales and earnings growth.
- Seeks to buy and hold stocks that we believe can compound value over the long term.

Asset class	US equities
Primary benchmark*	S&P 500 Net 30% Withholding Tax
Secondary benchmark*	Russell 1000 Growth Net 30% Withholding Tax Index
Inception	June 2001
Portfolio Manager	Paul Greene
Style	Large-Cap Core Growth
No of holdings	75-125
ISIN	LU0133088293 (Class I USD) LU0860350494 (Class Q USD)
SFDR classification**	Article 8

Fund overview

"What we're trying to do every day is to find those special companies that we believe have the potential to compound returns at an above-average rate for an extended period. And when we find them, our goal is to be able to hold them for as long as possible."

Paul Greene | Portfolio Manager

The US Blue Chip Equity Fund seeks to identify high-quality blue-chip companies with leading market positions in fertile growth fields. The blue chips that we favour are, in our view, entrenched industry leaders or companies that have the potential to become industry leaders in the future.

For this fund, we integrate fundamental research with an emphasis on sustainable growth (as opposed to momentum growth). We focus on high-quality earnings, strong free cash flow growth, shareholder-oriented management and rational competitive environments. Our aim is to avoid overpaying for growth while broadly diversifying the portfolio.

Reasons to consider this fund

All-seasons growth

We build a portfolio of 75-125 companies from the bottom up. We believe that investing in leading business franchises with the competitive strength to weather economic cycles can deliver more consistent returns for investors.

A consistent approach

Our investment approach has stayed consistent: we believe that stock prices tend to follow their earnings and free cash flow over the long term. So we seek to identify the rare companies that can sustain strong growth in all environments.

Long-term durability

With a focus on companies' long-term potential, rather than their short-term results, our patient approach is designed to produce low portfolio turnover, which can allow for the compounding of earnings growth and potentially reduce trading costs.

When investing in funds, certain risks apply, including those specific to investing in equities and investment funds. For a full list of risks applicable to this fund, please refer to the prospectus.

* The manager is not constrained by the fund's benchmarks which are used for performance comparison purposes only.

** Sustainable Finance Disclosure Regulation (SFDR). Although the fund does not have sustainable investment as an objective, the promotion of environmental and social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in Sustainable Investments, as defined by the SFDR. Additionally, we apply a proprietary responsible screen (exclusion list).

Why the world's largest equity market rewards stock pickers

Quick takeaways

- The US equity market makes up more than half of all global equity markets by size
- Although perceived by many to be highly efficient, the market continues to reward skilled stock pickers
- The key is to be able to continually evaluate a company's evolutionary prospects and to stay focused on its long-term business

Divergent stock returns in the world's largest equity market

Making up more than half of global equity markets, having significant exposure to the asset class is a foregone conclusion for most investors. But it's not always easy to make sense of this complex, dynamic space. With a huge diversity of companies in individual sectors alone, at any point the US equity market is made up of both fast-growing winners and more challenged companies potentially on their way out.

Likewise, there will always be many US companies trading either well above or well below average valuations. Some might warrant their price, some might be overvalued on the back of excessive investor expectations, while others might be fundamentally sound companies that investors may have overlooked in favour of opportunities with higher growth prospects.

Making sense of a diverse opportunity set

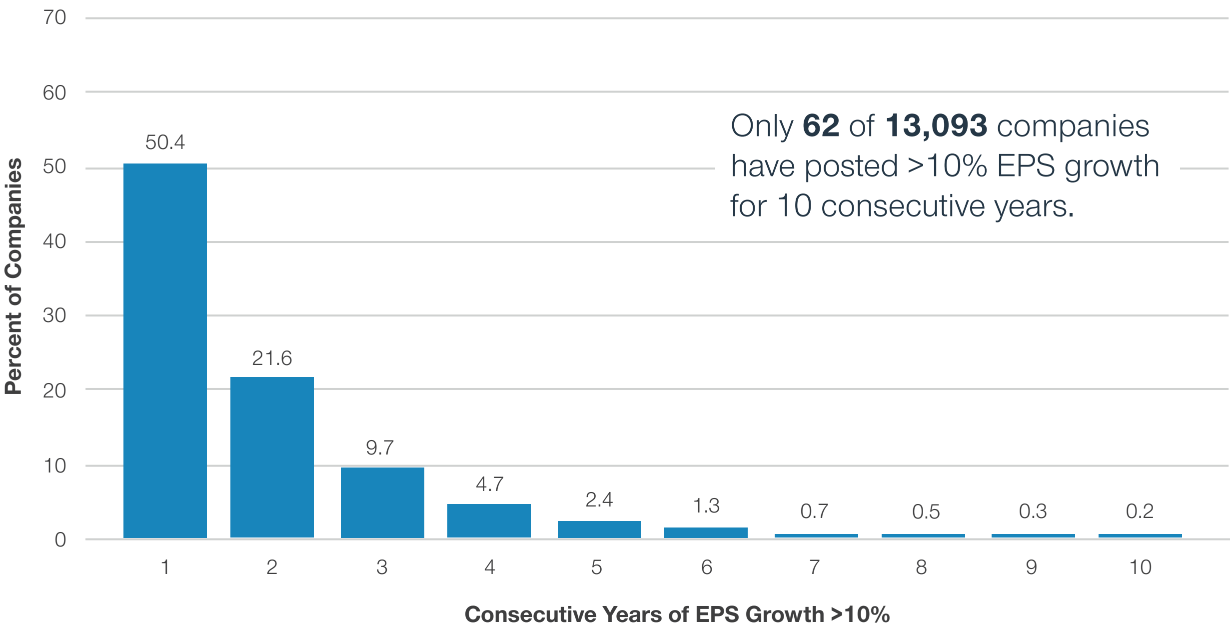
The size of the US economy makes it a highly competitive environment for companies to operate in. Competition for market share has nurtured a strong culture of innovation, the pace of which continues to increase. New technologies and industries are being created, from cloud computing and autonomous vehicles to mobile payments and streaming services. Understanding the potential impact from disruptive technologies can be rewarding; but it can also be very challenging for investors to predict the longer-term winners and losers.

Yet, it is not just about identifying the newest, most innovative companies. More traditional companies, with simpler, recurring revenue models and less execution risk also have the potential to grow profits and deliver attractive returns to investors over time.

Fundamental research is essential to identify companies that possess core building blocks for achieving and sustaining long-term growth. The key is to be able to continually evaluate a company's evolutionary prospects and to stay focused on its long-term business strategy over near-term operating results. It is important to not judge investment ideas over too short a time horizon as the best ideas can often take time to be recognised by the market.

Fig. 1: High growth over the long-term is rare

Earnings per share (EPS) growth persistence of companies in the Russell 3000 index. January 1985 through March 2023.



Past performance is not a reliable indicator of future performance.

Source: T. Rowe Price calculations using data from FactSet Research Systems Inc. All rights reserved. Source for Russell Index data: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). Please see Additional Disclosures for information about this FTSE Russell information.

Our Investment Approach

Quick takeaways

- Our established presence and size gain us crucial access to company managements
- We seek companies which can compound their value over time
- Our global network of investment specialists helps us source the best ideas

Heritage, access and insights

T. Rowe Price has been managing US equity funds for more than 85 years and as one of the largest active managers of US equities, we are able to acquire valuable access to the management of the companies we hold. This improves our ability to assess opportunities and challenges those companies are facing.

Filtering out the noise, exploiting mispricing and always thinking long-term, our analysts look to identify forward-looking potential and the catalysts of change in their industries.

Identifying blue chips

Our investment approach to growth investing is based on a simple premise: Stocks tend to follow their earnings and free cash flow over the long term. Accordingly, we seek to identify the rare companies that we believe can durably compound returns at above average rates over an extended period of time.

The blue chips that we favour are, in our view, entrenched industry leaders or companies that have the potential to become industry leaders.

These are the companies we believe are exposed to strong secular tailwinds—such as the digitalisation of the enterprise and the broader economy—as well as to large markets with a long growth runway. Companies with high recurring or service revenue also appeal to us, as do names with diversified sales, whether by geography or product line.

By themselves, these traits are insufficient, though: we also need to see capable management teams with a history of execution and the ability to allocate capital in ways that can build long-term value for shareholders.

The stocks we pick for the US Blue Chip Equity Fund are likely to be those with a commitment to innovation and a desire to stay one step ahead of the competition.

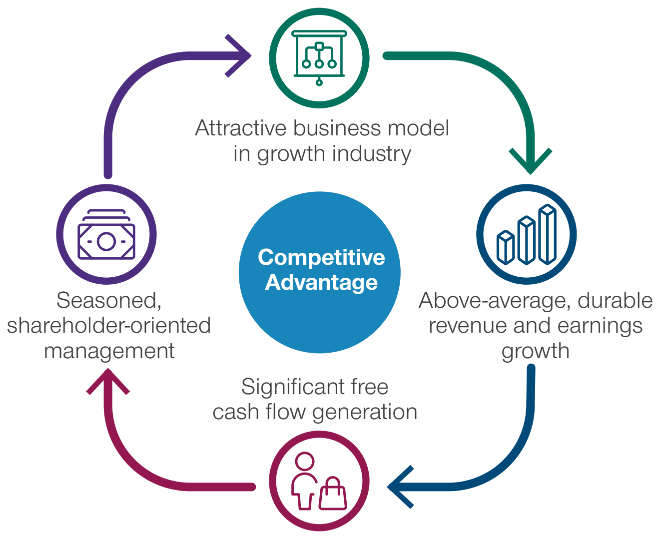
High-quality large caps

The US Blue Chip Equity Fund invests in a portfolio of 75-125 high-quality large cap stocks, broadly diversified across growth-oriented sectors and industries to help manage risk. We also remain valuation-conscious when selecting stocks and determining position sizing.

Our approach yields a portfolio of holdings that generally fall into two buckets: (1) established companies that tend to grow at a steadier pace and appear to trade at less demanding valuations; and (2) rapidly growing disruptors, including incumbents and possible future leaders.

We seek to build high-conviction positions that can take advantage of the compounding of returns over time. This emphasis on identifying and sticking with possible durable growers can help to give us the conviction to ride out near-term volatility, and as a result portfolio turnover tends to be modest.

Fig. 2: Seeking Companies With the Potential for All-Seasons Growth



Source: T. Rowe Price.
For illustrative purposes only.

Holdings	75-125
Position size range	Typically +/- 5% relative to S&P 500 Index
Primary Benchmark*	S&P 500 Net 30% Withholding Tax
Secondary Benchmark*	Russell 1000 Growth Net 30% Withholding Tax Index
Cash level	Typically <5%
Expected turnover	Typically 30-45% p.a.
Sectors	Typically 0.5-3x benchmark weights
Market cap	>US$8bn

* The manager is not constrained by the fund's benchmarks which are used for performance comparison purposes only.

Risks

The following risks are materially relevant to the fund:

Issuer concentration risk – Issuer concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting those issuers in which the fund's assets are concentrated. **Sector concentration risk** – Sector concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting a particular sector in which the fund's assets are concentrated. **Style risk** – Style risk may impact performance as different investment styles go in and out of favour depending on market conditions and investor sentiment.

General fund risks

Equity risk – Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely. **ESG and Sustainability risk** – ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund. **Geographic concentration risk** – May result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated. **Investment fund risk** – Investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** – May result in potential conflicts of interest relating to the obligations of the investment manager. **Market risk** – Prices of many securities change daily and can fall based on a wide variety of factors. **Operational risk** – Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

Additional disclosures

Important information

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