T. Rowe Price Funds OEIC

US Large Cap Growth Equity Fund

An actively managed portfolio of our best growth ideas

Fund snapshot

- An actively managed, pure growth portfolio of around 60-75 US large cap companies
- Focuses on companies with the potential for above-average and sustainable rates of earnings growth
- Seeks to invest in competitively-advantaged businesses at various stages of their corporate life-cycle

Asset class	US equities
Benchmark*	Russell 1000 Growth Net 15% Index
Inception	May 2018
Portfolio Manager	Taymour Tamaddon
Style	Large-cap growth
No of holdings	60-75
ISIN	GB00BD5FHW12 (C GBP)

Fund overview

"The biggest advantage you can have as an investor is correctly analysing a company's potential earnings and free cash flow growth. We focus on estimating a company's growth rate and its durability."

Taymour Tamaddon | Portfolio Manager

The US Large Cap Growth Equity Fund invests in a diversified portfolio of shares from large-capitalisation companies in the United States that have the potential for above-average and sustainable rates of earnings growth.

We focus on attractive US companies with high-quality earnings streams, strong free cash flow growth and shareholder-oriented management. We aim to exploit differences between secular and cyclical trends and we limit portfolio holdings to the most attractive growth opportunities across industries.

Reasons to consider this fund

Alpha Opportunity

We look to identify companies that can consistently compound double-digit earnings growth over time. We believe these stocks form the bedrock of long-term performance and can help limit potential downside capture.

Exploiting Change

We focus on competitively-advantaged businesses that are on the right side of major and lasting change. We like disruptive and innovative companies that can take outsized share in established markets, helping drive rapid growth in earnings.

Established Team

T. Rowe Price has been managing US equity growth portfolios for over 70 years. We believe our decades-long experience, combined with our deep levels of access to management, help us generate unique insights into the companies we invest in.

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

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Picking the future winners in growth

Quick takeaways

- "Shoot-the-lights-out" growth stocks are rarely durable: less rapid but sustainable growth is also rewarding
- Investors tend to overestimate the ability of large US companies to grow at double-digit rates
- Companies positioned to exploit change are among the most attractive growth investments

The US equity market generates many growth opportunities

The US equity market is the largest, most liquid securities market in the world, in recent years accounting for more than half of the global equity opportunity set by market capitalisation. However, it's a market that's more complex and dynamic than is often fully appreciated.

Domestic competition for market share has nurtured a strong culture of innovation, the pace of which continues to increase with the arrival of new technologies and whole new industries. The ready availability of funding for entrepreneurs and a risk-taking culture mean that the US stock market generates a regular stream of new growth opportunities.

Understanding the potential impact of disruptive technologies can be rewarding, but it can also be very challenging for investors to predict the longer-term winners and losers. Although "shoot-the-lights-out" stocks with explosive earnings growth rates capture the headlines, a successful long-term approach requires the ability to identify those companies with more durable high growth rates.

Finding durable earnings growth

This poses a challenge for investors, because it's rare for companies to maintain high earnings-per-share (EPS) growth rates over the medium and long term (see Fig. 1). Taking the Russell 3000 index of US large-, medium- and small-cap stocks as an example, data shows that over a 25-year period, less than 0.5% of companies managed to post EPS growth of more than 10% a year for 10 consecutive years.

Only fundamental research will do

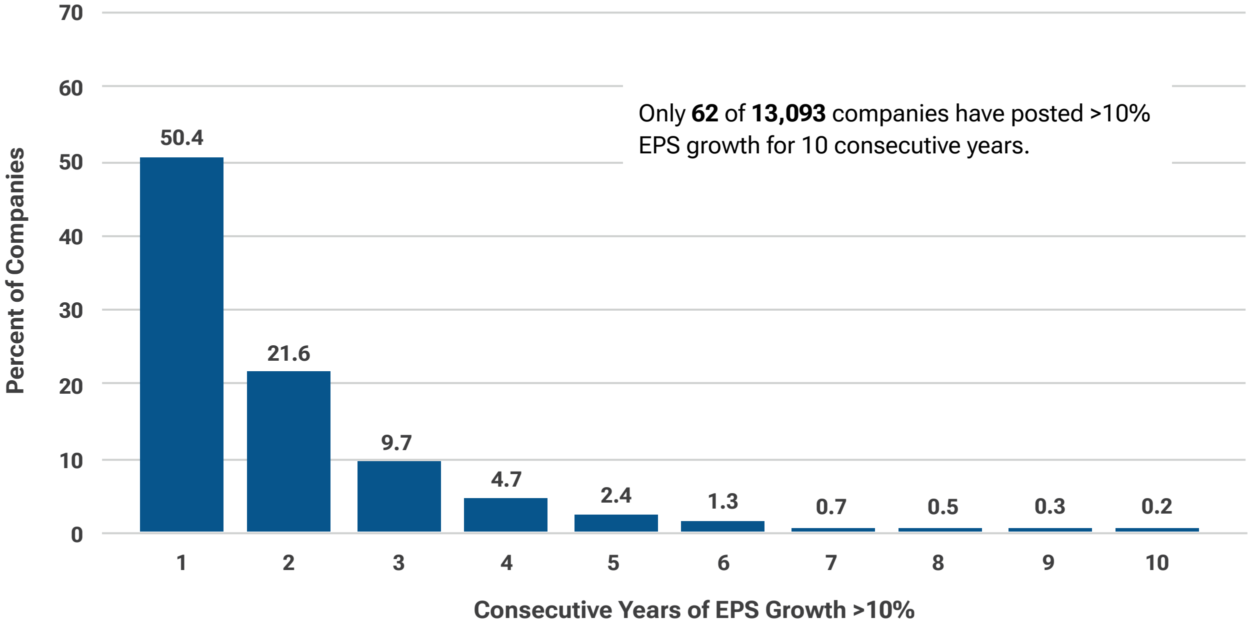
Does this mean we should expect all growth companies' earnings to revert to the mean over time? Not necessarily. There are companies that do become long-term winners within their individual fields, offering investors the opportunity to compound returns over sustained periods.

But identifying companies that have the potential for long-term growth in earnings and cash flow demands research that goes beyond the day-to-day headlines. We believe the best way to consistently capture opportunities in the US large-cap space is for investors to have a deep understanding of companies' fundamental businesses and the distinctive propositions they offer. This can help anticipate the forces of change and identify the market's durable, long-term winners.

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. Latest data available.

Our Investment Approach

Quick takeaways

- We seek to invest in companies that can deliver sustainable, double-digit earnings growth for a minimum of three years
- Proprietary research focuses on earnings, cash flow, management quality and the competitive environment
- We seek to exploit differences between secular and cyclical growth trends spanning the large cap spectrum

US equity investing since 1937

With over 85 years of analysing and investing in US companies of all sizes, we are one of the largest active managers of US equities with USD 753.6bn under management*.

Research expertise helps us identify the best growth opportunities

Our aim is a simple one: to develop insights into individual companies we believe will be materially larger on a 3-5 year investment horizon. Our ability to identify the best growth stock opportunities relies on proprietary, forward-looking fundamental research from T. Rowe Price's deep and broad equity research team. Our analysts have developed relationships with and insights into hundreds of companies within a wide variety of industries, And as one of the largest active shareholders in many of the US companies we hold in our portfolios, we have high levels of access to company management.

Four areas of focus in stock selection

Our research-led approach helps us to avoid short-term or macroeconomic "noise" and to focus instead on businesses with a long-term competitive advantage, strong fundamentals and appealing valuations. When seeking to identify US companies with characteristics that support sustainable double-digit earnings growth, our stock selection process focuses on five areas:

- Double-digit earnings growth
- Attractive growth industries
- Strong competitive positions
- Quality, shareholder-oriented management
- Financial strength

We aim to exploit differences between secular and cyclical trends, limiting portfolio holdings to the most attractive growth opportunities across industries. We also assess growth stock opportunities with an eye on the potential downside if we get things wrong: we manage our portfolios to mitigate exposure to any single risk factor (such as sector bets, style tilts or other factor exposures).

Environmental, social and governance (ESG) analysis is embedded in our forward-looking fundamental research. We collaborate with our responsible investing specialists, who provide further analysis, helping incorporate ESG factors into our decision-making.

A diversified portfolio of US growth stocks

We integrate fundamental views with our valuation assessments to construct a 60-75 stock portfolio.

Our primary emphasis is on company fundamentals, not the composition of the benchmark, and so position size is primarily a function of our conviction in a company's ability to deliver long-term, double-digit growth.

Sector and industry weightings are a residual of our bottom-up stock selection process. In some instances, we may have a macro view that modestly influences sector and industry weightings, but that is a qualitative, not quantitative judgement.

Holdings	60-75
Position size range	Typical range +/-5% relative to benchmark
Benchmark**	Russell 1000 Growth Net 15% Index
Cash level	Typically < 5%
Sectors	Typical range +/-10% relative to benchmark
Market cap	Typically USD 8bn+

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

* All data as at 31 December 2023, unless otherwise stated. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates.

Risks - The following risks are materially relevant to the fund:

Small and mid-cap risk – Small and mid-size company stock prices can be more volatile than stock prices of larger companies.

General fund risks

Equity risk – Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely.

Geographic concentration risk – 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.

Hedging risk – Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely.

Investment fund risk – Investing in funds involves certain risks an investor would not face if investing in markets directly.

Management risk – Management risk may result in potential conflicts of interest relating to the obligations of the investment manager.

Market risk – Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors.

Operational risk – Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

Important information

The Fund is a sub-fund of the T. Rowe Price Funds OEIC, an investment company with variable capital incorporated in England and Wales which is registered with the UK Financial Conduct Authority and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English, together with the articles of incorporation and the annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors and via www.troweprice.com.

Please note that the Fund typically has a risk of high volatility.

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