T. Rowe Price's Strategic Investing Approach Has Benefited Our Results

Discipline that has brought long-term rewards.

Investors experienced periods of high volatility during the past 20 years, with two strong U.S. bull markets giving way to two of the most brutal bear markets in recent memory: the collapse of the dot-com bubble in 2000 and the global financial crisis that began in 2007. The coronavirus pandemic that slammed global markets in early 2020 added another high-volatility event.

Throughout, T. Rowe Price remained committed to a disciplined strategic investing approach. Our research shows that our long-term U.S. equity clients generally have been rewarded.

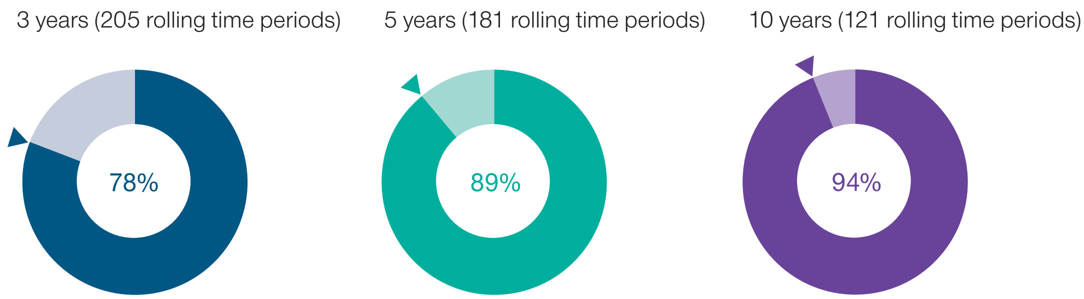
94%
of composites had positive active success rates over rolling 10-year periods

17 of 18
composites had positive average excess returns over rolling 10-year periods

T. Rowe Price success rates over 20 years

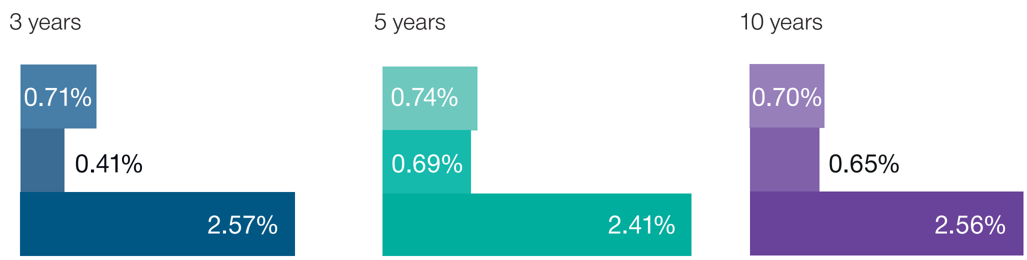
Analysis of 18 composites within our institutional diversified active U.S. equity strategies over 20 years
Rolling periods December 31, 2001, through December 31, 2021

Percentage of composites that had positive active success rates



Average annualized excess returns, net of fees

Large-cap (10 composites)
Mid-cap (3 composites)
Small-cap (5 composites)



Sources: T. Rowe Price, Russell, and Standard & Poor's (see Additional Disclosures). Data analysis by T. Rowe Price.

Note that past performance data throughout this material are not a reliable indicator of future performance. The returns and composite performance data above were sourced from the study "T. Rowe Price's Strategic Investing Approach Has Benefited Our Results," February 2022. For more information on the complete analysis, please visit troweprice.com.

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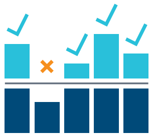
Active Success Rates



The active success rate records the percentage of times a composite beat its designated benchmark, net of fees and trading costs, over a specified time period (say, 10 years). Think of this as a measure of how often a client might look at his or her regular performance reports and find that a composite has outperformed for that time period.

We've defined a positive active success rate as a composite beating the performance of its designated benchmark in more than half of the periods measured.

Performance Generally Remained Strong Over Time

A rigorous study by T. Rowe Price shows that we were able to deliver performance through the many market environments of the past two decades. Of the 18 composites within the institutional diversified active U.S. equity strategies included in the study, 89% outperformed over a majority of rolling five-year periods and 94% outperformed over rolling 10-year periods.[1]

A notable 94% generated positive average excess returns over rolling 5- and 10-year periods...

Moreover, our performance tended to remain strong over time. Fourteen of the 18 composites had positive active success rates over rolling three- and five-year periods, while 17 of 18 composites were ahead over rolling 10-year intervals.[2] A notable 94% generated positive average excess returns over rolling 5- and 10-year periods, underlining the value of our strategic investing approach.

T. Rowe Price's Large-Cap Strategies Proved Worth

The study challenges the commonly held belief that it is not possible for active managers to add value in what is widely regarded as the world's most efficient capital market. The majority of our U.S. large-cap composites beat their benchmarks over all relevant time periods. Again, a long-term mindset was rewarded as average active success rates for our large-, mid-, and small-cap managers all increased over time.

Our Approach to Strategic Investing

We attribute our success primarily to careful stock selection and in-depth fundamental research conducted by our long-tenured investment team.

We go out into the field to get the answers we need. That means that prior to the pandemic, over 530 of our investment professionals saw firsthand how the companies we invested in were performing, in order to make skilled judgments about how they thought they'd perform in the future. During the pandemic, these research activities are being conducted virtually.[3]

Experience has been a critical component of our success as well. Our skilled portfolio managers have deep experience—an average of 22 years in the industry and 16 years with T. Rowe Price, as of December 31, 2021.

Our own study shows that skilled management can help navigate challenging market conditions.

Independent academic research supports our approach: Active equity managers, as a group, have been able to trade profitably, before costs, in part because they are able to forecast earnings-related fundamentals.[4] While stable, long-tenured management teams tend to hold less risky portfolios.[5]

Our own study shows that skilled management can help navigate challenging market conditions.

Look to the Long Term

We don't wait for change; we seek to get ahead of change for our clients. Our people have the conviction to think independently but act collaboratively. This means we're able to respond quickly to take advantage of short-term market fluctuations, or we can also choose to hold tight.

Past performance is not a reliable indicator of future performance.
For more information on the complete analysis, please visit troweprice.com.
All data are as of December 31, 2021, unless otherwise noted.

[1] The study spanned the 20 years up to the end of December 2021 and measured the returns of the relevant composites net of fees and trading costs. It covered 18 of the 24 composites within the institutional diversified active U.S. equity strategies currently advised by T. Rowe Price. In instances where a portfolio manager managed multiple strategies in a particular sub-asset class style (e.g., U.S. small-cap growth), we included only the strategy with the most assets under management to avoid double counting. Benchmarks included the S&P 500, Russell 1000 Growth, Russell 2000 Growth, Russell 1000 Value, Russell 2000 Value, Russell 2500, Russell 2000, Russell Midcap Growth, and Russell Midcap Value Indexes. Composite performance was measured against the designated benchmarks over rolling 1-, 3-, 5-, and 10-year periods.

[2] Active success rates are the percentage of times a composite outperformed its designated benchmark in a given period.

[3] T. Rowe Price professional staff as of December 31, 2021. Includes 137 portfolio managers, 24 associate portfolio managers, 204 investment analysts, 71 associate analysts, 8 multi-asset specialists, 29 specialty analysts, 4 economists, 34 traders, and 22 senior managers.

[4] See: "Can Mutual Fund Managers Pick Stocks? Evidence from Their Trades Prior to Earnings Announcements," *Journal of Financial and Quantitative Analysis*, Vol. 45, Issue 5, October 2010.

[5] See: "The effect of management team characteristics on risk-taking and style extremity of mutual fund portfolios," *Review of Financial Economics*, Vol. 21, Issue 3, September 2012.

General Equity Risks

Capital risk—the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

ESG and Sustainability risk—may result in a material negative impact on the value of an investment and performance of the portfolio.

Equity risk—in general, equities involve higher risks than bonds or money market instruments.

Geographic concentration risk—to the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

Hedging risk—a portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

Investment portfolio risk—investing in portfolios involves certain risks an investor would not face if investing in markets directly.

Management risk—the investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

Operational risk—operational failures could lead to disruptions of portfolio operations or financial losses.

INVEST WITH CONFIDENCE℠

T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term.

To learn more, please visit troweprice.com.

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