



The T. Rowe Price Strategic Investing Approach

Discipline that has brought long-term rewards for clients.

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.

Throughout, T. Rowe Price remained committed to disciplined, active investment management. Our research shows that long-term U.S. equity clients have been rewarded.

16 of 18

funds had positive active success rates over rolling five-year periods

100%

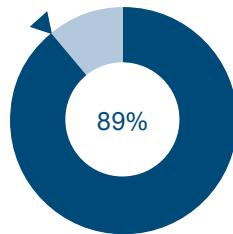
of funds had positive excess returns over rolling 10-year periods

T. Rowe Price success rates over 20 years

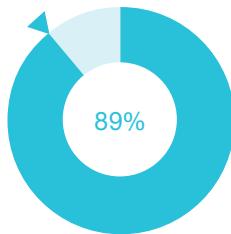
Analysis of 18 T. Rowe Price diversified active U.S. equity mutual funds over 20 years or their lifetime
Rolling periods 12/31/1998 through 12/31/2018

Percentage of funds with positive active success rates

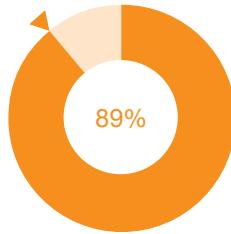
3 years
(205 rolling time periods)



5 years
(181 rolling time periods)



10 years
(121 rolling time periods)



Annualized, time-weighted excess returns, net of fees

Large-cap (11 funds)



1.27%

Mid-cap (3 funds)



1.42%

Small-cap (4 funds)



2.27%

3 years

5 years

10 years

1.08%

1.22%

1.08%

2.09%

1.40%

2.20%

Sources: T. Rowe Price, Russell, and Standard & Poor's; data analysis by T. Rowe Price.

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Note that past performance data throughout this material are not reliable indicators of future performance. All funds are subject to market risk, including possible loss of principal. For more information on the T. Rowe Price funds used in this study, including fund performance, please visit troweprice.com/complete-study.

Active Success Rates



The active success rate records the percentage of times a fund 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 monthly statement and find that a fund has outperformed for that time period.

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

① The study spanned the 20 years up to the end of December 2018 for older funds or since inception for newer ones and measured performance net of fees and trading costs. It covers 18 diversified active U.S. equity funds advised by T. Rowe Price, omitting 2 institutional funds that are clones of other funds to avoid double counting. Benchmarks included the S&P 500, Russell 1000 Growth, Russell 2000 Growth, Russell 1000 Value, Russell 2000 Value, Russell 2000, Russell Midcap Growth, and Russell Midcap Value Indexes. Frank Russell Company (Russell) is the source and owner of the Russell index data contained or reflected in these materials and all trademarks and copyrights related thereto. Russell® is a registered trademark of Russell. Russell is not responsible for the formatting or configuration of these materials or for any inaccuracy in T. Rowe Price Associates' presentation thereof. Fund performance was measured against the designated benchmarks over rolling 12-month and 3-, 5-, and 10-year periods.

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

③ Investment staff as of 12/31/2018. Includes 105 portfolio managers, 24 associate portfolio managers, 165 investment analysts, 44 associate analysts, 14 multi-asset specialists, 9 specialty analysts, 2 strategists, 2 economists, 29 traders, and 18 senior managers.

④ As of 12/31/2018.

⑤ Including research by Professor Mark Grinblatt of UCLA and Professor Sheridan Titman of the University of Texas. See: "The Persistence of Mutual Fund Performance," *Journal of Finance*, Vol. 47, No. 5, December 1992.

⑥ According to research by Professor Joseph Golec of the University of Connecticut. See: "The Effects of Mutual Fund Manager Characteristics on Their Portfolio Performance, Risk and Fees," *Financial Services Review*, Vol. 5, No. 2, 1996.

Outperformance Improved Over Time

An extensive study by T. Rowe Price shows that we excelled through the many market environments of the past two decades. A vast majority of 18 of our diversified active U.S. equity mutual funds beat their benchmark across multiple time periods over 20 years or their lifetime.①

A notable 94% generated positive average excess returns over rolling five-year periods, and 100% over rolling 10-year periods...

Moreover, our outperformance tended to remain strong over time. Sixteen of the 18 funds had positive active success rates (see Active Success Rates sidebar) over rolling 3-, 5-, and 10-year periods.② A notable 94% generated positive average excess returns over rolling five-year periods, and 100% over rolling 10-year periods, underlining that it frequently has been worth waiting for our strategic investing approach to pay off.

T. Rowe Price's Large-Cap Funds 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. Ten out of 11 of our U.S. large-cap funds included in the study had positive excess returns, on average, over all four of the time horizons examined.

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 over 400 of our investment professionals see firsthand how the companies we're investing in are performing today in order to make skilled judgments about how they'll perform in the future.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 17 years with T. Rowe Price.④

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

Independent academic research affirms our approach: Active equity managers, as a group, have been shown to have the skill to select stocks that outperform the broader market, before costs,⑤ while stable, long-standing active teams appear more likely to excel.⑥

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

Look to the Long Term

The factors above will remain central to our approach.

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.

Call 1-800-225-5132 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

T. Rowe Price Investment Services, Inc., Distributor.

For more information on the methodology of this study please visit troweprice.com/complete-study.