T. Rowe Price® ActivePlus Portfolios® Program Methodology

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T. Rowe Price ActivePlus Portfolios Overview

Program Overview

The T. ROWE PRICE® ActivePlus Portfolios® program is a discretionary investment advisory program that combines the ease and convenience of online investing with the insights and expertise of T. Rowe Price investment professionals. Clients can get started online by taking these steps:

- Answer a series of questions about their time horizon and risk tolerance.
- Accept a recommended portfolio based on their answers.
- Open and fund an account.

Once an account is funded, T. Rowe Price Advisory Services (TRP Advisory Services) takes over rebalancing the portfolio and selecting investments. Clients receive both ongoing service and annual check-ins:

- **Ongoing:** A client can log in to their account anytime to check on their portfolio, access investment information, and update their profile as their financial situation changes.
- **Annually:** TRP Advisory Services sends an email to remind clients to review their profile and recommended portfolio to verify alignment with their time horizon and risk tolerance. TRP Advisory Services will also ask clients to confirm that the program remains appropriate for them.

Investor Requirements

For each T. Rowe Price ActivePlus Portfolios account, a client must:

- Complete the risk tolerance questionnaire online at **troweprice.com/activeplusportfolios**. The answers form the basis of the portfolio recommendation.
- Meet the $50,000 minimum initial investment.
- Update the answers to the risk tolerance questionnaire as necessary to reflect changes to time horizon or risk tolerance. Clients must update their time horizon each year to reflect the passage of time.

Important reminder: This program is not appropriate for clients who intend or need to spend down this account within the next three years.

Risk Tolerance Questionnaire

TRP Advisory Services recommends an investment portfolio based on a client's answers to the online questionnaire. The questionnaire incorporates key factors that together build a client's "investor profile," including time horizon and risk tolerance:

- **Time horizon** is a measure of both when spending from a portfolio will commence as well as how long spending will last (for example, to fund a 30-year retirement beginning in 10 years). Less volatile investments may be more appropriate for investors with shorter time horizons as they have less time to recover from potential losses.
- **Risk tolerance** reflects the degree to which an investor is willing to withstand fluctuations in the value of their portfolio. A more conservative investment strategy may be more appropriate for investors with a lower tolerance for risk, which might also limit long-term return potential.

The following pages provide more details on the process for considering these factors, as well as how portfolios are designed and managed through this program.

Time Horizon

If clients specify a **time horizon**, **TRP Advisory Services** factors in (1) the number of years until the client intends to make an initial withdrawal from an account and (2) the number of years that withdrawals are needed.

It is important to note that the questionnaire and program do not take into account the amount or size of withdrawals or whether withdrawals will be sustainable over the selected time horizon.

Table 1: Time Horizon Matrix

This table shows how the responses to the questionnaire map a client's profile to an initial portfolio. The initial portfolio may change based on answers to subsequent questions. The percentage shown is the approximate percent equity in the portfolio.

Years for Withdrawals to Continue / Years to Initial Withdrawal	>16	15	13 to 14	11 to 12	8 to 10	6 to 7	4 to 5	3	2	1	0
>25	90	80	80	80	70	70	60	60	60	60	60
16 to 25	90	80	80	80	70	70	60	50	50	50	50
6 to 15	90	80	80	80	70	60	50	40	40	40	40
4 to 5	90	80	70	70	60	50	40	30	30	30	30
3	90	80	70	70	60	50	40	30	30	20	20
2	90	80	70	60	50	40	30	30	20	20	–
1	90	80	70	60	50	40	30	20	20	–	–

The 100% and 10% equity portfolios are not shown in this table. These portfolios are only available based on the subsequent questionnaire risk responses. If a client's time until and duration of withdrawals totals less than three years, the account cannot be accommodated in this program.

Risk Tolerance

If clients have no defined time horizon, their **risk tolerance** becomes the primary basis for a portfolio recommendation.

Table 2: Risk Tolerance Matrix

This table shows how the responses to the following question in the risk tolerance questionnaire maps a client's profile to an initial portfolio. The initial portfolio may change based on answers to subsequent questions. The percentage shown is the approximate percent equity in the portfolio.

When you think about the potential for risk and reward with this account, which matters most?			
Response	**Growth Potential**	**Moderate Growth Potential**	**Reducing Short-Term Price Fluctuations**
Initial portfolio (percent equity)	90%	60%	30%

The Recommended Portfolio

TRP Advisory Services uses answers to the questions on **past investing experience and reactions to potential market volatility** to fine-tune the recommendation.

Once a client's initial portfolio is determined by time horizon or risk tolerance, responses to subsequent questions influence the final recommendation. Ultimately, a client's portfolio might:

- Remain at the initial portfolio.
- Increase to the next higher equity portfolio.
- Decrease to the next lower equity portfolio.
- Decrease to two equity portfolios lower, if available.
  Note: This option is not available for an initial portfolio of 20% equity because only one portfolio is available with lower equity exposure.

The Review Process

Once implemented, an account will remain aligned with the recommended portfolio as long as a client is in the program. At least once a year, TRP Advisory Services will contact clients to remind them to review and update the Client Risk Tolerance Questionnaire information previously provided. At any time, clients can update their information to help ensure that their account is assigned to the model portfolio and allocation designed for their investment goals.

The T. Rowe Price Approach to Portfolio Design

TRP Advisory Services believes that strong asset allocation planning is essential to long-term investing. A diversified and properly allocated portfolio combines a variety of asset classes that can achieve an appropriate return over time for a given level of risk.

Diversification and Why It Matters

First, it helps to understand an important principle behind asset allocation: diversification.

- Diversifying assets is an effective way to reduce risk for all investors, from those aggressively seeking higher returns to those seeking to preserve accumulated wealth. However, diversification cannot assure a profit or protect against loss in a declining market.
- Among the two major asset classes—equity and fixed income—performance varies widely over time and is impossible to predict. Fortunately, certain asset classes and sub-asset classes tend to complement each other's risk and return behavior. This is generally true of equities and fixed income. For example, corporate earnings may affect stocks more, while interest rate changes may affect bonds more. They may behave differently in similar market conditions, which can help to diversify an overall portfolio.

The Advantage of Diversification

Compared with bonds, stocks have a higher potential return as well as higher risk due to greater volatility—that is, values swing more widely. A portfolio of 100% stocks may be expected to have greater return potential and risk than a portfolio of 100% bonds. When combining stocks and bonds into a portfolio, varying the weight of each can affect the risk and return potential of the portfolio over the long term. This is due to the complementary behavior of stocks and bonds.

Portfolio Construction

The underlying investment portfolios of the T. Rowe Price ActivePlus Portfolios program were developed based on the principle of broad diversification across asset/sub-asset classes, sectors, and regions. Each of the 10 portfolios is diversified across asset/sub-asset classes and aims to maximize returns for a given level of risk. The portfolios vary in their mix across asset/sub-asset classes and sectors seeking to create a range of distinct risk/return profiles to align with various client objectives.

Analysis in designing the portfolios included evaluation of historical and forward-looking assumptions of returns, risks, and correlations among included asset/sub-asset classes. Additional analyses and tools are used in the development and ongoing evaluation of the portfolios, including evaluation of portfolio-level factor exposures/sensitivities, investment attributes/characteristics, and performance attribution.

T. Rowe Price ActivePlus Portfolios

Table 3: T. Rowe Price ActivePlus Portfolios Allocations

The table below outlines the approximate neutral investment allocation—at the style level—for each portfolio available through the program (for example, Portfolio 80, Portfolio 50) as of April 2024.

	Portfolio									
Sub-asset Class Style	**100**	**90**	**80**	**70**	**60**	**50**	**40**	**30**	**20**	**10**
Large-Cap	53.2%	47.8%	42.6%	37.2%	31.9%	26.6%	23.9%	18.9%	14.0%	7.0%
Mid-Cap	6.7	6.0	5.3	4.7	4.0	3.3	0.0	0.0	0.0	0.0
Small-Cap	6.7	6.0	5.3	4.7	4.0	3.3	2.7	2.1	0.0	0.0
Developed Markets	21.4	19.3	17.1	15.0	12.8	10.7	11.4	9.0	6.0	3.0
Developing Markets	7.1	6.4	5.7	5.0	4.3	3.6	0.0	0.0	0.0	0.0
Inflation-Sensitive Equity	5.0	4.5	4.0	3.5	3.0	2.5	2.0	0.0	0.0	0.0
U.S. Investment Grade	0.0	8.0	10.0	12.2	14.8	17.1	19.4	22.5	27.0	27.0
International Bond Hedged	0.0	0.0	3.0	4.1	5.0	5.7	6.5	7.5	9.0	9.0
Unconstrained Bond	0.0	0.0	2.0	2.7	3.3	3.8	4.3	5.0	6.0	6.0
Corporate Credit	0.0	0.0	2.2	2.4	3.2	3.9	4.7	5.8	7.5	7.5
Developing Markets Bond	0.0	0.0	0.0	2.4	3.2	3.9	4.6	5.8	7.5	7.5
Long Duration Treasury	0.0	2.0	2.9	3.3	3.5	3.6	3.6	3.5	3.0	3.0
Conservative Fixed Income	0.0	0.0	0.0	3.0	7.0	12.0	17.0	20.0	20.0	20.0
Cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0

The allocation percentages for each model portfolio may not add to 100% due to rounding.

TRP Advisory Services assigns a neutral allocation to each model portfolio at the asset and sub-asset class levels (the asset and sub-asset allocations for the client's assigned model portfolio are provided during the account opening process), and within the framework of neutral allocations, we make tactical allocation decisions based on market outlook. At its discretion, TRP Advisory Services may adjust the neutral allocations of model portfolios. Diversification cannot assure a profit or protect against loss in a declining market.

How Funds Are Chosen for the Program

The chart below shows the T. Rowe Price mutual funds used for each sub-style for the model portfolios as of April 2024. The funds composing the portfolios may change from time to time.

Table 4: T. Rowe Price ActivePlus Portfolios Program Funds

Sub-asset Classes	Sub-asset Class Styles	Sub-styles	T. Rowe Price Funds	
			Primary Funds	**Alternate Funds**
U.S. Equity	Large-Cap	Large-Cap Growth	Growth Stock	Blue Chip Growth
		Large-Cap Core	U.S. Large-Cap Core	U.S. Equity Research
		Large-Cap Value	Value	Equity Income
	Mid-Cap	Mid-Cap Growth	Mid-Cap Growth	Diversified Mid-Cap Growth
		Mid-Cap Value	Mid-Cap Value	—
	Small-Cap	Small-Cap Stock	Small-Cap Stock	Integrated U.S. Small-Mid Cap Core Equity Fund[1]
Global Equity	Developed Markets	International Core	Overseas Stock	International Equity Index
	Developing Markets	Developing Markets	Emerging Markets Stock	Emerging Markets Discovery Stock
	Inflation-Sensitive Equity	Inflation-Sensitive Equity	Real Assets	—
Fixed Income	U.S. Investment Grade	U.S. Investment Grade	New Income	QM U.S. Bond Index
	International Bond Hedged	International Bond Hedged	International Bond (USD Hedged)	—
	Unconstrained Bond	Unconstrained Bond	Dynamic Global Bond	—
	Corporate Credit	Corporate Credit	U.S. High Yield	—
	Developing Markets Bond	Developing Markets Bond	Emerging Markets Bond	—
	Long Duration Treasury	Long Duration Treasury	U.S. Treasury Long Term Index	—
	Conservative Fixed Income	Conservative Fixed Income	Limited Duration Inflation Focused Bond	Short-Term Bond
	Cash	Cash	U.S. Treasury Money ^	—

[1]Prior to April 5, 2023, the Integrated U.S. Small-Mid Cap Core Equity Fund was known as the QM U.S. Small & Mid-Cap Core Equity Fund.

Note: Outside of ActivePlus Portfolios accounts, certain funds may be closed to new investors. *Visit our website at* **troweprice.com/mutualfunds** *or call 1-800-541-8476 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, and other information that you should read and consider carefully before investing.*

^You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

The investment management team created model portfolios from T. Rowe Price mutual funds:

- Funds are selected based on their fit in providing diversified exposure most reflective of the respective asset/sub-asset class and style. Key considerations include but are not limited to: investment style and process, returns-based style consistency, diversification, benchmark, investment universe, correlations, and risk-adjusted returns.
- All funds in the program are monitored on an ongoing basis to assess their performance and to ensure that they are adequately providing exposure to the intended asset/sub-asset class and style. Ongoing monitoring includes but is not limited to: the analysis of risk/return, attribution, risk decomposition analysis/exposures, tracking error, positioning, and portfolio characteristics as well as changes to the investment management team and adherence to process and philosophy.

Investments in T. Rowe Price ActivePlus Portfolios are subject to the risks associated with investing in mutual funds, which may result in loss of principal. T. Rowe Price does not guarantee the results of our investment management, or that the objectives of the funds or the portfolios will be met. This material is not intended to be a recommendation or investment advice and does not constitute a solicitation to buy or sell securities. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action.

Index Performance Information

The chart below shows the performance history of the indices and portfolios broadly represented by those indices.

Note: It is not possible to invest directly in an index. **Past performance cannot guarantee future results.** The actual performance of our model portfolios is available **here**.

Table 5: Index Performance Information (20 Years Ended 6/30/2024)[1]

Index Portfolio	Worst 6-Month Performance (%)	Best 6-Month Performance (%)	Standard Deviation (%)[2]
100% Equity	-43.70	48.03	15.70
90% Equity	-39.92	43.15	14.19
80% Equity	-36.40	39.06	12.82
70% Equity	-32.86	34.99	11.51
60% Equity	-29.08	30.84	10.16
50% Equity	-25.21	26.81	8.83
40% Equity	-20.95	22.24	7.44
30% Equity	-16.89	18.62	6.26
20% Equity	-13.44	15.49	5.20
10% Equity	-9.23	11.23	3.94

Indices	Sub-asset Class Styles	Worst 6-Month Performance (%)	Best 6-Month Performance (%)	Standard Deviation (%)[2]	Annualized Performance (%)
Russell 1000	Large-Cap	-42.2	41.3	15.2	10.33
Russell MidCap	Mid-Cap	-46.8	50.5	17.4	9.73
Russell 2000	Small-Cap	-46.9	48.3	20.0	7.85
MSCI EAFE Net	Developed Markets	-44.9	53.5	16.7	5.63
MSCI Emerging Markets Net[3]	Developing Markets	-55.8	70.8	20.7	7.27
RAF Blended Benchmark Net[4]	Inflation Sensitive Equity	-38.1	60.5	20.7	5.12
Bloomberg Barclays US Aggregate Bond	U.S. Investment Grade	-10.4	8.0	4.2	3.12
ICE BofA US 3-Month Treasury Bill Index[5]	Unconstrained Bond	0.0	2.7	0.5	1.57
Bank of America Merrill Lynch US High Yield Constrained	Corporate Credit	-31.9	41.3	9.0	6.53
J.P. Morgan Emerging Markets Bond Index Global Diversified	Developing Markets Bond	-21.7	23.0	8.9	5.89
Bloomberg Barclays US Treasury Long Index	Long Duration Treasury	-21.2	28.8	12.1	3.84
Bloomberg Barclays Global Agg Ex USD Bond Hedged	International Bond Hedged	-7.9	7.9	3.0	3.55
Bloomberg Barclays US 1-5 Yr Treasury TIPS	Conservative Fixed Income	-7.5	9.8	3.1	2.78
FTSE 3 Month T-Bill	Cash	0.0	2.8	0.5	1.54

[1]The data in the above tables are based on the historical performance information of the indices representative of the underlying asset classes as shown in the chart titled T. Rowe Price ActivePlus Portfolios Allocations and reflect the asset allocation of each of the model portfolios.

These allocations are static and are rebalanced on a monthly basis. These charts are for illustrative purposes only and are not intended to represent the returns of any specific security. Source: T. Rowe Price, using data supplied by RIMES Technologies Corporation.

[2]Standard deviation indicates the volatility of a portfolio's or index's total returns as measured against its mean performance. In general, the higher the standard deviation, the greater the volatility or risk. The standard deviation is calculated by annualizing the standard deviation of monthly returns over the 20-year period ended 6/30/2024.

[3]MSCI Emerging Markets was used until the inception of MSCI Emerging Markets Net on 12/29/2002.

[4]RAF Blended Benchmark was used until the inception of RAF Blended Benchmark Net on 9/30/2008.

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Ongoing Management

How Accounts Are Managed

T. Rowe Price ActivePlus Portfolios accounts are managed on an ongoing basis for clients by our investment professionals (the "team"). Periodically, the team will rebalance accounts by returning the sub-asset classes to the target allocation of the recommended portfolio. This may occur due to the addition of funds to or withdrawal of funds from a client's account, due to the relative performance of the various underlying funds, or based on the team's investment outlook.

TRP Advisory Services will buy and sell shares of the T. Rowe Price funds in a client's account to align with the allocation of the model portfolio to which the client has been assigned after their account is opened and will continuously monitor and periodically rebalance it to maintain alignment with the recommended model portfolio's asset and sub-asset allocations, subject to dispersion limits TRP Advisory Services establishes from time to time.

In providing discretionary advice for the client's account, TRP Advisory Services will not take into consideration any holdings not managed in the client's account.

What is rebalancing?

Rebalancing is a method to help reduce unintended risk in a portfolio by keeping it closely aligned with its current asset allocation targets.

Rebalancing is based on a threshold-based rebalancing process. Based on this process, whenever one or more sub-asset class or underlying fund exceeds a predetermined range around its intended target weight, (e.g., +/- 3% of its target weight) the full portfolio is rebalanced back to its current asset allocation target.

At its discretion, the team may also independently rebalance the portfolios. Regular additions or withdrawals may lengthen or shorten the time between rebalancing.

Within tax-deferred accounts, there are no income tax consequences of rebalancing since there are no taxes upon sales in those accounts.

Index Definitions

Russell 1000 Index: An unmanaged index that tracks the performance of the large-cap segment of the U.S. equity universe, representing approximately 92% of the U.S. equity market.

Russell Midcap Index: An index that tracks the performance of mid-cap stocks.

Russell 2000 Index: An unmanaged index that tracks the stocks of 2,000 small U.S. companies.

MSCI EAFE Index Net: A free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The index assumes the reinvestment of dividends after the deduction of withholding taxes applicable to the country where the dividend is paid.

MSCI Emerging Markets Index Net: A capitalization-weighted index of stocks from 26 emerging market countries that only includes securities that may be traded by foreign investors. The index assumes the reinvestment of dividends after the deduction of withholding taxes applicable to the country where the dividend is paid.

RAF Blended Benchmark is constructed by T. Rowe Price to track the basket of equity categories included in the Real Asset Fund.

Bloomberg U.S. Aggregate Bond Index: An unmanaged index that tracks domestic investment-grade bonds, including corporate, government, and mortgage-backed securities.

Bank of America Merrill Lynch US High Yield Constrained Index: An index that tracks the performance of domestic below investment-grade corporate bonds.

J.P. Morgan Emerging Markets Bond Index Global Diversified: A uniquely weighted USD-denominated emerging markets sovereign index. It has a distinct diversification scheme which allows a more even weight distribution among the countries in the index.

Bloomberg Global Aggregate ex USD Bond USD Hedged Index: An unmanaged index that tracks an international basket of bonds that contains government, corporate, agency, and mortgage-related bonds, hedged to U.S. dollars.

Bloomberg US Treasury Long Index: An index that includes all Treasuries in the Bloomberg U.S. Aggregate Bond Index that mature in 10 years or more.

ICE BofA US 3 Month Treasury Bill Index: An unmanaged index that measures returns of three-month U.S. Treasury Bills.

Bloomberg U.S. 1–5 Year Treasury Inflation Protected Securities (TIPS) Index: An unmanaged index composed of U.S. Treasury inflation protected securities with maturities between one year and five years.

FTSE 3 Month T-Bill Index Net: An unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.

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