



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.

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

100%

of strategies had positive active success rates over rolling 10-year periods

17 of 18

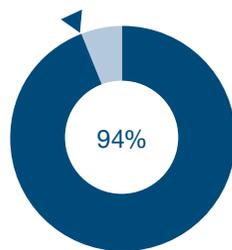
strategies generated positive average excess returns over every time horizon examined

T. Rowe Price success rates over 20 years

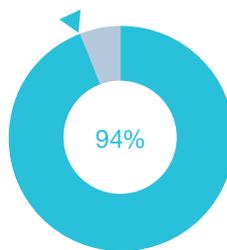
Analysis of 18 T. Rowe Price institutional diversified active U.S. equity strategies over 20 years or their lifetime
Rolling periods December 31, 1999, through December 31, 2019

Percentage of strategies that had 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 (10 strategies)



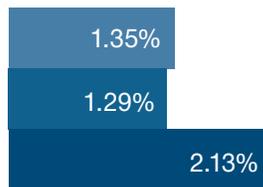
Mid-cap (3 strategies)



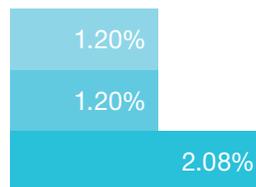
Small-cap (5 strategies)



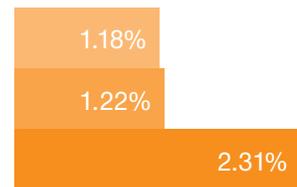
3 years



5 years



10 years

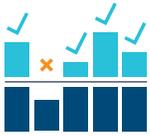


Sources: T. Rowe Price, Russell, and Standard & Poor's (see Important Information); data analysis by T. Rowe Price.

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Note that past performance data throughout this material are not a reliable indicator of future performance. The returns and strategy performance data above were sourced from the study "T. Rowe Price's Strategic Investing Approach Has Benefited Our Results," February 2020. For more information on the complete analysis, please visit troweprice.com/results.

Active Success Rates



The active success rate records the percentage of times a strategy 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 strategy has outperformed for that time period.

We've defined a positive active success rate as a strategy 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 2019 for older strategies, or since inception for newer ones, and measured the returns of the relevant composites net of fees and trading costs. It covered 18 of the 24 institutional diversified active U.S. equity strategies currently offered 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. Strategy 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 strategy outperformed its designated benchmark in a given period.
- 3 T. Rowe Price professional staff as of December 31, 2019. Includes 106 portfolio managers, 26 associate portfolio managers, 172 investment analysts, 42 associate analysts, 15 multi-asset specialists, 15 specialty analysts, 4 economists, 32 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.

Performance 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 institutional diversified active U.S. equity strategies included in the study, 94% outperformed their benchmarks over a majority of three-year rolling periods, while 94% also outperformed over a majority of rolling five-year periods and 100% outperformed over rolling 10-year periods.¹

“A notable 94% generated positive average excess returns over rolling 3-, 5-, and 10-year periods...”

Moreover, our performance tended to remain strong over time. Seventeen of the 18 strategies had positive active success rates over rolling three- and five-year periods, while all 18 strategies were ahead over rolling 10-year intervals.² A notable 94% generated positive average excess returns over rolling 3-, 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 strategies beat their benchmarks over all relevant time periods. Again, a long-term mindset was rewarded as excess returns for our large-cap and mid-cap managers 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 over 430 of our investment professionals see firsthand how the companies we're investing in are performing today in order to make skilled judgments about how we think 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 23 years in the industry and 18 years with T. Rowe Price, as of December 31, 2019.

“Our own study shows that a skilled active management approach 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/results](https://www.troweprice.com/results).

All data are as of December 31, 2019, unless otherwise noted.

Key Risks—The following risks are materially relevant to the strategies highlighted in this material: Transactions in securities of foreign currencies may be subject to fluctuations of exchange rates which may affect the value of an investment. The strategies are subject to the volatility inherent in equity investing, and their value may fluctuate more than a strategy investing in income-oriented securities. The value approach carries the risk that the market will not recognize a security's true worth for a long time, or that a security judged to be undervalued may actually be appropriately priced. Investment in small companies involves greater risk than is customarily associated with larger companies, since small companies often have limited product lines, markets or financial resources.

INVEST WITH CONFIDENCESM

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

T.RowePrice[®]

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