T.RowePrice®
INVEST WITH CONFIDENCE

Time-tested and disciplined.
THE T. ROWE PRICE APPROACH TO ACTIVE MANAGEMENT.

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.

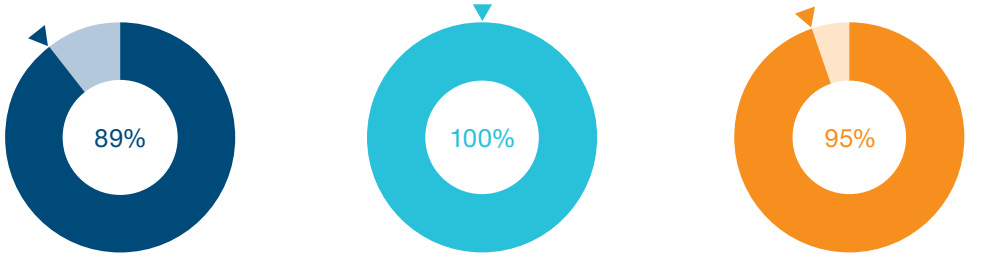
Throughout, T. Rowe Price remained committed to disciplined, active investment management. Our research shows that long-term U.S. equity clients have been rewarded.

19 of 19
strategies had positive hit rates over rolling 5-year periods

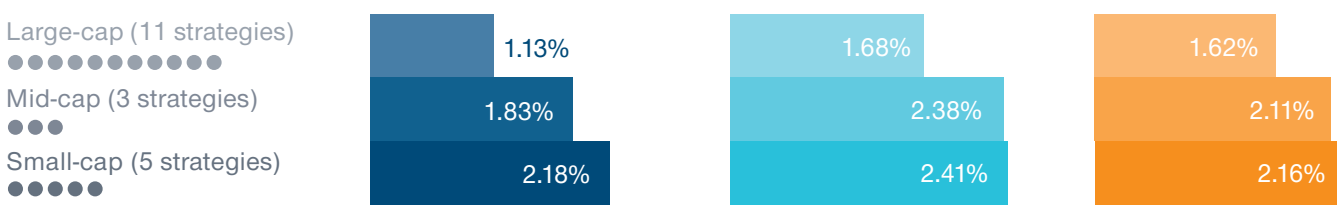
100%
of strategies generated positive excess returns over rolling 5- and 10-year periods

T. Rowe Price success rates over 20 years
Analysis of 19 T. Rowe Price institutional diversified active U.S. equity strategies over 20 years or their lifetime
Rolling periods 12/31/1995 through 12/31/2015

Percentage of strategies that had positive hit rates



Annualized, time-weighted excess returns, net of fees

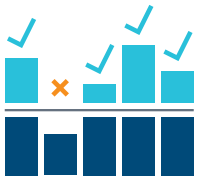


Sources: T. Rowe Price, Russell, and Standard & Poor's; data analysis by T. Rowe Price.

Note that past performance data throughout this material is not a reliable indicator of future performance. The returns and strategy performance data above were sourced from the study "U.S. Equities: Long-Term Benefits of the T. Rowe Price Approach to Active Management," April 2016. For more information, please visit **troweprice.com/active**.

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Box 1



Hit rates

The hit 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 hit rate as a strategy beating the performance of its designated benchmark in more than half of the periods measured.

❶ The study spanned the 20 years up to the end of December 2015 for older strategies, or since inception for newer ones, and measured performance net of fees and trading costs. It covered 19 of the 30 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 used only the strategy with the largest 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 Mid-cap Growth, and Russell Mid-cap Value Indexes. Strategy performance was measured against the designated benchmarks over rolling 12-month and 3-, 5-, and 10-year periods.

❷ Hit rates are the percentage of times a strategy outperformed its designated benchmark in a given period.

❸ Includes research by Professor Mark Grinblatt of UCLA and Professor Sheridan Titman of the University of Texas.

❹ According to research by Professor Joseph Golec of the University of Connecticut.

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 majority of our 19 diversified active U.S. equity strategies beat their benchmark across multiple time periods over 20 years or their lifetime.❶

> "A notable 100% of strategies generated positive annualized excess returns over rolling 5- and 10-year periods.

Moreover, our outperformance tended to strengthen over time. Seventeen of the 19 strategies had positive hit rates (see Box 1) over rolling 3-year periods and 19 over 5-year periods, while 18 strategies were ahead over 10-year intervals.❷ A notable 100% generated positive annualized excess returns over rolling 5- and 10-year periods, underlining that it is frequently worth waiting for our long-term active approach to pay off.

Actively managed 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 benchmark over all relevant time periods. Again, a long-term mind-set was rewarded as excess returns for our large-cap and mid-cap managers increased over time.

In-depth research from a longstanding team

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

T. Rowe Price employs 161 equity research analysts who together cover 2,300 public companies, equivalent to almost two-thirds of the global markets, as measured by market capitalization. We have a history of developing and retaining talent. On average, portfolio managers have spent 16 years at the company and 21 years in the investment industry, giving them extensive experience in a wide range of market environments.

> "Our study shows that skilled active management 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,❸ while stable, longstanding active teams appear more likely to excel.❹

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 believe it is important to look beyond short-term volatility such as the market sell-off in August 2015 sparked by concerns about the Chinese economy.

We select stocks with potential to create long-term value. The strength of our investment process and research platform gives us confidence that T. Rowe Price can continue to create value for clients over longer time horizons.

For additional information on the complete analysis, visit troweprice.com/active.

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