



US LARGE-CAP VALUE EQUITY STRATEGY

Uncovering value in the world's largest, most dynamic market

Making up more than half of global equity markets, US equities are a foregone conclusion for many asset allocators. But it's not always easy for investors to make sense of this complex, dynamic space. By definition at any one time there are a large number of US companies trading at below average valuations. While some might warrant their price, others might be fundamentally sound companies that investors may have overlooked in favour of opportunities with higher growth prospects.

The state of value in today's markets

Investors continue to extrapolate earnings successes that rarely materialise

Investors are often overly optimistic on current success stories. They tend to extrapolate recent high earnings growth, often paying a premium on the basis of these expectations.

In reality, what's working now rarely lasts. Only about 10% of companies achieve earnings growth of 10% or more for three consecutive years. Essentially, investors will often be paying up front for earnings that companies ultimately could deliver.

Conversely, investors are increasingly pessimistic on companies facing short-term challenges, underestimating management teams' ability to adapt to change. But these companies often go on to overcome their challenges, creating compelling investment opportunities in the process.

Risk intolerance is accentuating value opportunities

Investors' risk tolerance and time horizons have shrunk considerably in the aftermath of the 2008 global financial crisis (even for institutional investors like pension funds). Exaggerated aversion to loss accentuates market inefficiencies and valuation anomalies.

This is good news for long-term value investors. Well-managed, market-leading, high margin companies are being shunned by investors not willing to weather any short-term downturn (often sentiment-led). Patient investors can look beyond the short-term "noise" and buy high-quality companies at attractive prices relative to their long-term potential.

What does this mean for investors?

As a long-term investment strategy, value investing remains a vital part of an investor's portfolio.

To capture value-driven returns, investors don't need to chase the "next big thing". Tangible improvements by unloved companies can lead to significant share price appreciation. It's the improvement that counts – and that's what successful investors need to identify.

Successful value investing needs: effective forward-looking research; value-added interactions with company management; and in-depth analysis of industries, companies and investor sentiment.

Strategy snapshot

A best ideas portfolio of US large cap companies with hidden value and upside potential that we believe are overlooked by the market.

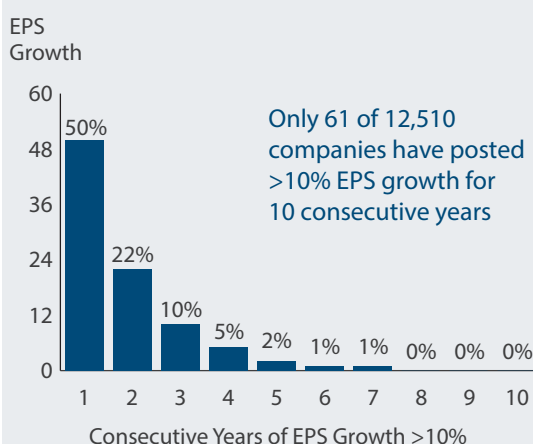
We look for high quality companies with effective management teams where we believe they can materially improve the business.

Asset Class	US equities
Comparator Benchmark*	Russell 1000 Value Index
Portfolio Manager	Heather McPherson
Typical Portfolio	<ul style="list-style-type: none"> 70-80 holdings Sector weights 0.5x-2x benchmark Stocks generally with US\$9bn+ market cap

*The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

High growth over the long-term is rare

Jan 1985 - Mar 2021, Russell 3000 Index



Source: T. Rowe Price calculations using data from FactSet Research Systems Inc. All rights reserved.

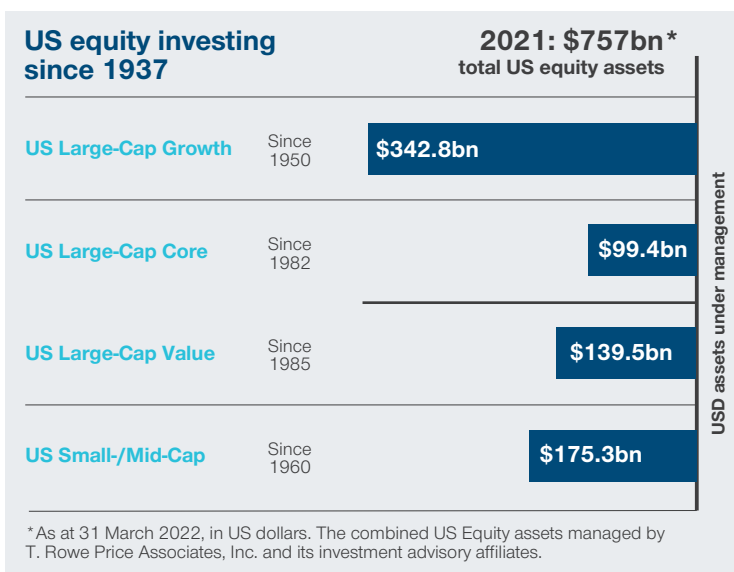
Why T. Rowe Price for US Equities?

1. Established heritage

We have been managing US equities for over 80 years and are one of the largest active managers of US equities globally, responsible for more than US\$700bn in US portfolios for clients around the world.

2. Research expertise

Our portfolio managers are supported by one of the industry's largest US buy-side research platforms: 99 on-the-ground specialist US equity analysts who work within a global platform sharing insights on countries, companies, competitors, suppliers and sectors. In addition, as one of the largest active shareholders in many of the US companies we hold in our portfolios, we have valuable access to company management which few other managers can match and which we believe gives us the ability to better assess the opportunities and challenges companies are facing.



Local research – boots on the ground

- Local analysts immersed in US industries, in close proximity to local companies and markets
- Understanding of local dynamics and a physical presence enhances interaction and engagement



Global sector analysis – multi-disciplinary collaboration

- Opportunities evaluated in a global context by assessing and meeting with suppliers, customers and competitors
- Daily collaboration across the research team to share, challenge and validate investment ideas



Our research culture – going beyond the numbers for investable insights

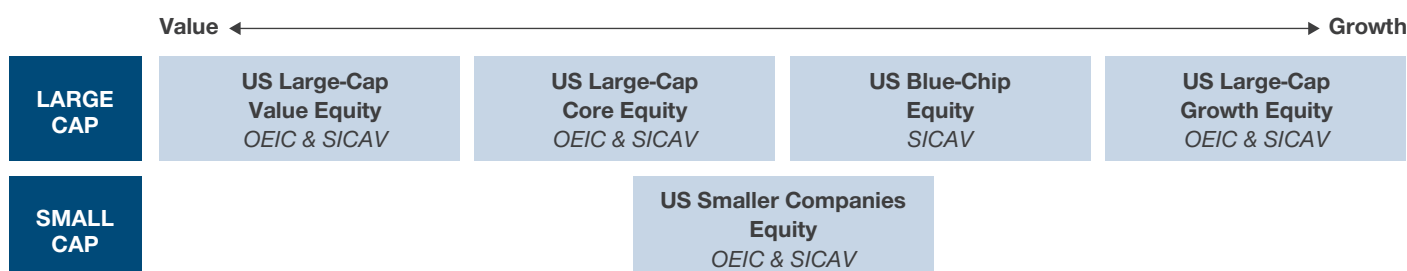
- Forward-looking analysis identifies high quality companies with long-term potential
- Validating research through one-to-one meetings and on-site visits is core to our approach

3. Risk-aware approach

We maintain a strong focus on delivering attractive risk-adjusted returns for our clients. We assess opportunities in the context of both how much we can make if we're right as well as how much we can lose if we're wrong. As a result, we manage our portfolios to mitigate exposure to any single risk-factor (sector bets, style-tilts, factor-exposures etc.) which has the potential to introduce a greater level of risk.

4. Comprehensive range of client solutions

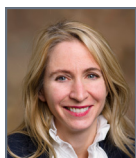
We have established expertise across the US equity universe and offer a range of established solutions to suit different client preferences: from large to small cap, and from growth through to value strategies.



Why T. Rowe Price US Large-Cap Value Equity Strategy?

Our investment approach

We believe stocks of many US companies are frequently mispriced due to investor perception and behavioural biases. Our experienced investment process is based on fundamental, bottom-up research that leverages our analysts' expertise and their ability to look beyond the numbers. A research-led approach allows us to avoid short-term or macroeconomic "noise" and focus instead on companies with strong fundamentals and appealing valuations, which we believe are the main drivers of long-term investment outperformance.



"We invest in high-quality companies when they are facing controversy. Our shareholders are rewarded as the near-term challenges are addressed, the controversy is resolved, and earnings growth gets back on track.."

Heather McPherson, Portfolio Manager

We seek to invest in higher quality large cap companies which we believe offer hidden value and upside potential that are overlooked by the market. Our investment approach is designed to:

1 Spot opportunities in neglected high quality companies as they arise	We employ on the ground forward-looking research in local industries to identify and understand companies involved in controversy
2 Understand the catalysts for recovery, and likely timing	We seek to understand if, how and when management can address issues, and whether the company's balance sheet can support its operations in the meantime
3 Make high-conviction investments in the right companies at the right time	We seek to invest before these opportunities become mainstream in investors' consciousness

3 reasons to consider this strategy

1. Finding unloved opportunities

We invest in higher quality companies facing short-term controversy. These companies have strong market positions, valuable assets, strong brands and effective management teams built to overcome challenges. We believe our fundamental research, disciplined approach and access to management give us an edge in finding these companies.

2. Focus on value and quality

In contrast to other value-oriented investment strategies that may rely more on deep value or absolute valuation, we focus on relative value, searching for companies with solid businesses, strong balance sheets, and durable earnings profiles that are inexpensive relative to their history, sector or the market. We balance our valuation analysis with qualitative factors to identify the most compelling valuation opportunities.

3. High-conviction portfolio for the long term

We maintain a well-diversified portfolio of typically between 70-80 holdings. Our high conviction bottom-up approach seeks to deliver returns in a variety of market environments. Our emphasis on companies with better business models ensures investments have adequate financial staying power until the predicted catalyst for improving sentiment emerges.

Diversified exposure to US value companies

Focus on relative value

- Value metrics on earnings, revenues and dividend streams
- Relative to history, peers and the markets

High quality bias

- Companies with a strong financial outlook and potential for improved investor sentiment

High quality bias

- Investment decisions focus on companies' long-term opportunity rather than short-term results
- Disciplined investors with historically moderate level of portfolio turnover

What sets T. Rowe Price apart?

Since our formation in 1937, we have had one purpose: to meet our clients' individual needs, helping them to achieve their long-term financial goals. We aim to deliver global investment management excellence that you and your clients can rely on for the long term.

As a global investment manager, we focus on actively listening and anticipating and on developing strategies that respond to the needs of our clients. With clients in over 53 countries, we offer a broad range of equity, fixed income and multi-asset strategies all powered by one of the largest and most experienced global research platforms in the industry, which helps us uncover the most attractive investments worldwide.

T. Rowe Price at a glance*

- US\$1,551.8bn in assets under management
- 386 research analysts collaborating across asset classes and industries
- 248 equity analysts, 95 fixed income analysts, 43 multi-asset analysts
- Offices in 17 markets, research analysts in 9 different locations

*All figures as at 31 March 2022. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates.

For more information, visit our website or contact our Relationship Management Team

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Telephone calls may be recorded.

T. Rowe Price US Large-Cap Value Equity Strategy

Strategy inception date	31 March 1990
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Strategy AUM**	£18,675.7m
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Lead portfolio manager (tenure)	Heather McPherson (1 November 2015)
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Comparator Benchmark***	Russell 1000 Value Index
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T. Rowe Price Funds SICAV – US Large Cap Value Equity Fund (actively managed)

Fund size**	£989.4m
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Launch date	28 June 2001
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Base currency	USD
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ISIN I USD	LU0133100338
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T. Rowe Price Funds OEIC – US Large Cap Value Equity Fund (actively managed)

Fund size**	£64.7m
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Launch date	13 March 2017
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Base currency	GBP
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ISIN C Acc GBP	GB00BD446M25
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**As at 31 March 2022.

Full details of all available share classes can be found on our website.

***The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

Benchmark: Investors may use the benchmark to compare the fund's performance. The benchmark has been selected because it is similar to the investment universe used by the investment manager and therefore acts as an appropriate comparator. The investment manager is not constrained by any country, sector and/or individual security weightings relative to the benchmark and has complete freedom to invest in securities that do not form part of the benchmark.

Risks

The following risks are materially relevant to the fund. **Small and mid-cap risk** – Stocks of small and mid-size companies can be more volatile than stocks of larger companies. **Volatility risk** – the performance of the fund has a risk of high volatility.

General fund 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 fund and the currency in which you subscribed, if different. **Equity Risk** - in general, equities involve higher risks than bonds or money market instruments. **Geographic concentration risk** – To the extent that a fund 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 fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. **ESG and Sustainability risk (SICAV only)** - may result in a material negative impact on the value of an investment and performance of the fund. **Investment Fund risk** – Investing in funds 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 fund operations or financial losses.

Important information

The SICAV Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). The OEIC Funds are sub-funds of the T. Rowe Price Funds OEIC, an investment company with variable capital incorporated in England and Wales which is registered with the UK Financial Conduct Authority and which qualifies as a UCITS. Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and the annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors and via www.troweprice.com. A summary of investor rights for the T. Rowe Price Funds SICAV is available in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements. Please note that the Funds typically have a risk of high volatility.

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