



Meet Paul Greene

Portfolio Manager,
Blue Chip Growth Fund

October 2021



Paul earned a B.S., magna cum laude, in mechanical engineering from the Rose-Hulman Institute of Technology and an M.B.A. from Stanford University.

15 years
Investment Experience

15 years
With T. Rowe Price

 **Baltimore**
Office Location

2021—Present
Portfolio Manager,
Blue Chip Growth Fund

2020—2021
Associate Portfolio Manager,
Blue Chip Growth Fund

2013—2020
Portfolio Manager, Communications
and Technology Fund

2006—2013
Joined T. Rowe Price and worked as
a media and telecom analyst

During Paul Greene's time as an analyst and portfolio manager focused on communications and technology, he added value for clients via his insights into the massive disruption caused by online media and e-commerce and the consequent challenges faced by legacy business models in advertising and broadcasting. The pressure cooker of making difficult investment calls in these dynamic industries and Paul's methodical, process-oriented approach prepared him well to succeed Larry Puglia as portfolio manager of the Blue Chip Growth Fund.

Tell us about your background and discuss how experiences in your prior T. Rowe Price role led to new portfolio management responsibilities.

My interest in math and science led me to study mechanical engineering in college, but the best parts of my early work experience in the field were conversations with my boss, who talked constantly about his investment portfolio. I also caught the bug: Learning about and investing in companies quickly evolved into a passion that ultimately led me to business school, where I dedicated myself to pursuing my dream career.

After earning my M.B.A. from Stanford University 15 years ago, I began working at T. Rowe Price as an analyst focused on media and telecommunication stocks. I joined a talented team of experienced investment professionals, from whom I learned the value of identifying and sticking with the special companies—public and private—that had the potential to be long-term compounders and the constant due diligence needed to help make sure that a long-term investment thesis remains on track. I had mentors who taught me the importance of conviction and nuanced thought, backed by hard work and thorough analysis. These lessons—combined with the patience and rational, details-based decision-making that I learned as an engineer—have become the hallmarks of my own approach to investing.

In 2010, I began to work closely with Larry Puglia when I joined the Blue Chip Growth Fund's Investment Advisory Committee, in part because of my deep knowledge of many of the companies that figured prominently in the fund. More important, Larry and I share similar investing styles, characterized by patience, low turnover, and an emphasis on identifying high-quality companies that we believe can compound in value over an extended period.

My experiences as an analyst and as a member of Larry's Investment Advisory Committee gave me a solid foundation when I became portfolio manager of the Communications and Technology Fund in 2013. This role widened my lens on the technology sector and allowed me to sharpen my investment process while learning about my strengths and weaknesses in the best (and hardest) way possible—running a fund.

When the opportunity to manage the Blue Chip Growth Fund arose with Larry's retirement, he and I thought my background and investment approach were a natural fit.

“...Larry and I share similar investing styles, characterized by patience, low turnover, and an emphasis on identifying high-quality companies that we believe can compound in value over an extended period.”

What have you gleaned from the transition process, your predecessor, and the other investment professionals in the advisory group and elsewhere?

In addition to my work as an analyst and portfolio manager in the communications and technology spaces, serving on the Investment Advisory Committee was a big help in terms of understanding Larry's approach to investing in other sectors. When the opportunity to succeed Larry emerged, I looked forward to working with a broader set of people at the firm and learning about and investing in a wider range of industries.

Further preparation for my new role consumed much of the past two years, during which I spent a lot of time learning from our global team of analysts, meeting with company management teams, and talking with Larry about my views on specific industry groups. I am grateful for the team's help and look forward to continued collaboration with our analysts. These relationships and interactions are at the center of our investment process.

These deep dives underscored for me just how much innovation and competitive pressures are forcing many companies, from consumer discretionary names to those in the industrials sector, to become technology firms. Consider a leading apparel company that is developing its own applications and online presence to deepen its direct relationships with consumers while deploying machine learning to improve its understanding of customers' tastes, manage inventory more efficiently, and personalize its product offerings. These capabilities and investments have the potential to be a massive competitive advantage over smaller competitors.

In discussions with our health care team, I was struck by the powerful wave of innovation taking place, enabled by the convergence of faster and cheaper genomic sequencing, the increasing digitalization of medical records and data, and the computing power and artificial intelligence to identify key correlations. These advances make it easier to uncover innovative therapies, potentially driving significant disruption and creating a host of possible investment opportunities.

As you take the helm of the product, how might you make refinements?

Larry and I have similar approaches to investing, so clients should not expect any major changes in how the fund is run. However, every investor brings their own sensibilities and nuances to the table. I am likely to make some changes on the margin, but I expect these adjustments to be incremental.

In time, the fund may hold slightly fewer names, as we look to emphasize our highest-conviction ideas in a particular area. The changes I make are more likely to occur in the fund's smaller positions. That said, I would expect the fund's

overall sector weightings, level of concentration, and key characteristics to remain the same.

I'm comfortable investing earlier in a company's life cycle if our research suggests that its large addressable market and disruptive business model have the potential to exhibit strong free cash flow-generating power over the long haul. We prefer companies that we believe have a good chance of extending their growth runways and compounding value by reinvesting in potentially high-return projects. To this end, we also seek to invest behind management teams that have a track record of execution and tend to take an appropriately longer-term view when allocating capital and making strategic decisions.

The fund historically has not been very active in investing in private companies. But companies are staying private for longer, expanding the universe of nonpublic firms that have grown to be financially established enterprises, thanks to a strong product-market fit and an effective sales strategy. I have extensive experience with private investing from my previous role and would like to avail myself of this opportunity set, when appropriate. I aim to maintain a high bar for quality, in keeping with the fund's focus on industry leaders and companies that, in our view, have the potential to reach that pinnacle. At T. Rowe Price, we have invested in private businesses for decades. Our research analysts have often known these private companies well, and our due diligence efforts in this market segment help to inform our assessments of public companies that operate in the same or adjacent industries.

Describe how the portfolio is positioned as well as your outlook.

The macroeconomic backdrop has grown increasingly uncertain and complicated as market participants debate how persistent inflation will prove, which could lead to further volatility in the market. I'd note that the higher-quality companies that we tend to favor typically enjoy a degree of pricing power, a characteristic that could help them weather an inflationary environment better than other business models.

Still, we do not claim to have an edge in predicting near-term macro developments or timing shifts in investor sentiment. We focus on the key fundamentals that we believe drive long-term value creation at a specific company or in an industry. To this end, the work done by our global research team is invaluable in generating unique insights and developing differentiated investment ideas.

Our patient strategy seeks to buy and hold high-quality companies that we believe have the potential to compound

value at an above-average rate for an extended period. Near-term fluctuations in the broader market or a particular stock can be painful, but these gyrations may also create longer-term opportunities if we have conviction in a company's underlying business fundamentals. We care about volatility, but we focus primarily on business risk.

We acknowledge that valuations for the broader U.S. equity market appear demanding and that certain segments offering exposure to popular growth themes look especially frothy. When it comes to valuation, we are willing to own some stocks that may look expensive in the near term, if we believe the rate at which the business is creating value could support further upside in the coming years. However, we don't want to own names where, in our estimation, the valuation could get in the way of stock performance over a multiyear period.

We feel good about the risk/reward profiles of the fund's largest positions, thanks to what we regard as their strong growth potential and valuations that strike us as undemanding on both a relative and an absolute basis.

I'm comfortable investing earlier in a company's life cycle if our research suggests that its large addressable market and disruptive business model have the potential to exhibit strong free cash flow-generating power over the long haul.

Tell us about your personal interests and how they might (or might not) intersect with your professional work.

I love what I do and dedicate a lot of time and mental resources to investing. But finding a balance is important. I relish spending time with my family and any activity that gets me out in nature—hiking, hunting, and off-roading. I also do a fair amount of maintenance work around my farm; projects that require a chainsaw are always a highlight.

INVEST WITH CONFIDENCE®

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

To learn more, please visit troweprice.com.

T.RowePrice®

Important Information

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

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

The views contained herein are those of the authors as of October 2021 and are subject to change without notice; these views may differ from those of other T. Rowe Price associates.

The fund is subject to market risk, as well as risks associated with unfavorable currency exchange rates and political economic uncertainty abroad. The fund's growth approach to investing could cause it to underperform other stock portfolios that employ a different investment style. Growth stocks tend to be more volatile than value stocks and their prices usually fluctuate more dramatically than the overall stock market. Private companies involve greater risk than stocks of established publicly traded companies. Risks include potential loss of capital, illiquidity, less available information and difficulty in valuating private companies.

This information is not intended to reflect a current or past recommendation concerning investments, investment strategies, or account types, advice of any kind, or a solicitation of an offer to buy or sell any securities or investment services. The opinions and commentary provided do not take into account the investment objectives or financial situation of any particular investor or class of investor. Please consider your own circumstances before making an investment decision.

Information contained herein is based upon sources we consider to be reliable; we do not, however, guarantee its accuracy.

Past performance is not a reliable indicator of future performance. All investments are subject to market risk, including the possible loss of principal. All charts and tables are shown for illustrative purposes only.

T. Rowe Price Investment Services, Inc.

© 2021 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.