



STRATEGY HIGHLIGHTS

As of 30 September 2021

## US Large-Cap Equity Income Strategy

**Total Large-Cap Value Assets:** \$134.6 billion<sup>2</sup> | **Total Strategy Assets:**<sup>1</sup> \$35.2 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Focus on relative value relationships.
- Employ fundamental research to identify companies with improving financial outlook.
- Integrate qualitative inputs to assess potential for improved investor perception.
- Verify relative valuation anomalies through quantitative analysis.
- Balance valuation analysis and qualitative assessment.

### PORTFOLIO CONSTRUCTION

- Bottom-up fundamental approach
- Typically 100-125 stock portfolio
- Individual positions will typically range from 0.50% to 3.00%-average position size of 0.75% to 1.50%
- Sector weights typically range from 0.5X to 2.0X, the primary value sectors of the S&P 500 Index
- Reserves will typically range from 1% to 5%
- Dividend yield is typically above average relative to the S&P 500 Index

### BENCHMARK

- Linked Performance Benchmark\*
- Russell 1000 Value Index

### PORTFOLIO MANAGEMENT

#### John Linehan, CFA®

- 32 years of investment experience; 23 years with T. Rowe Price.
- M.B.A., Stanford Graduate School of Business
- B.A., Amherst College

#### Heather McPherson

- 21 years of investment experience; 19 years with T. Rowe Price.
- M.B.A., Duke University, The Fuqua School of Business
- B.S., University of California, Davis

### PORTFOLIO SPECIALISTS

#### Caleb Fritz, CFA®

- 21 years of investment experience; 14 years with T. Rowe Price.
- M.A., University of South Florida
- B.A., University of South Florida

Portfolio Specialists do not assume management responsibilities.

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<sup>1</sup> Includes a U.S.-registered mutual fund, a variable annuity portfolio, a common trust fund, separate accounts, subadvised portfolios, and a college savings portfolio.

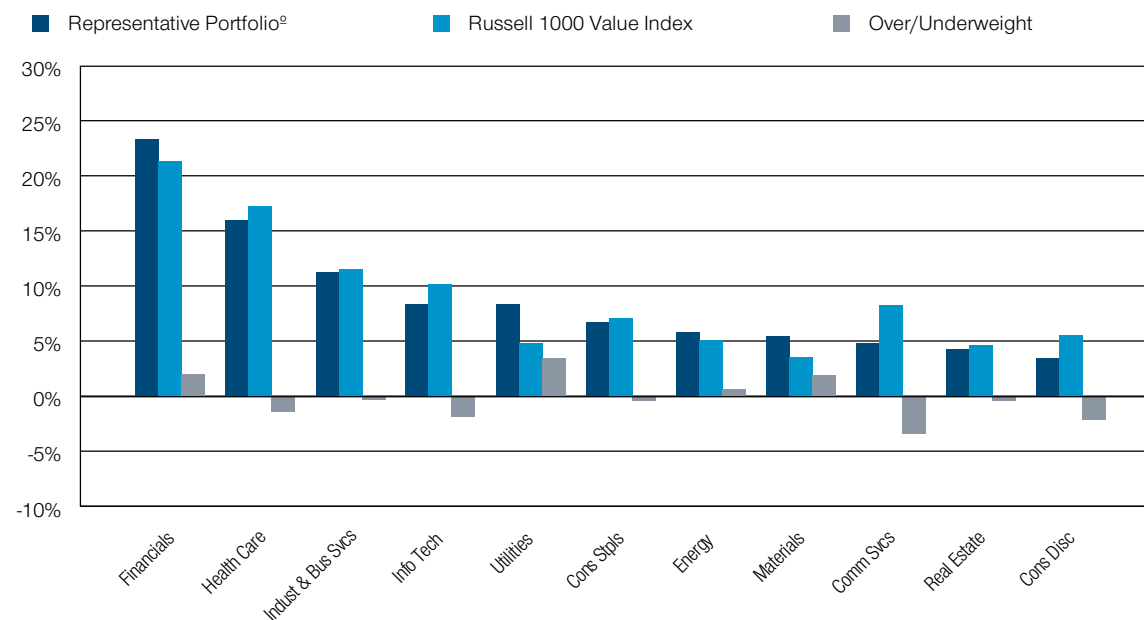
<sup>2</sup> Assets reported are as of 30 June 2021.

\*Please see Performance section for further information.

## TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
Wells Fargo	4.0%
GE	2.9
Southern Company	2.8
American International Group	2.5
TotalEnergies	2.4
UPS	2.3
Qualcomm	2.3
Becton, Dickinson & Company	2.0
Anthem	2.0
MetLife	1.9
<b>Total</b>	<b>25.0%</b>

## SECTOR DIVERSIFICATION



## PORTFOLIO CHARACTERISTICS

	Representative Portfolio <sup>2</sup>	Russell 1000 Value Index
Projected Earnings Growth Rate (3 - 5 Years)* <sup>o</sup> †	11.0%	11.8%
Price to Earnings (12 Months Forward)* <sup>o</sup> †	14.6X	17.9X
Return on Equity (Last 12 Months excl. charges) <sup>o</sup>	12.3%	15.8%
Price to Book <sup>o</sup>	2.4X	3.1X
Investment Weighted Median Market Cap (mm)	\$68,076	\$75,047
Investment Weighted Average Market Cap (mm)	\$130,086	\$156,006
Number of Issuers	109	836
Top 20 Issuers as % of Total	42.1%	27.9%
Portfolio Turnover ††	24.2%	-
Active Share	73.5%	-

<sup>o</sup>Investment Weighted Median.

\*I/B/E/S © 2021 Refinitiv. All rights reserved.

†Based on the Representative Portfolio's underlying holdings and is not a projection of future portfolio performance.

<sup>o</sup>Please see Additional Disclosures section for further information.

††Portfolio Turnover represents 1 year period ending 12/31/20.

For Sourcing Information, please see Additional Disclosures.

**PERFORMANCE**

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
US Large-Cap Equity Income Composite (Gross)	-0.83%	17.80%	42.65%	10.30%	11.90%	13.19%	8.20%
US Large-Cap Equity Income Composite (Net)	-0.95	17.39	42.00	9.78	11.38	12.66	7.69
Linked Performance Benchmark*	-0.78	16.14	35.01	10.07	12.53	14.44	8.97
Value Added (Gross)	-0.05	1.66	7.64	0.23	-0.63	-1.25	-0.77
Value Added (Net)	-0.17	1.25	6.99	-0.29	-1.15	-1.78	-1.28
Russell 1000 Value Index	-0.78	16.14	35.01	10.07	10.94	13.51	7.52
Value Added (Gross)	-0.05	1.66	7.64	0.23	0.96	-0.32	0.68
Value Added (Net)	-0.17	1.25	6.99	-0.29	0.44	-0.85	0.17

**Past performance is not a reliable indicator of future performance.**

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains.

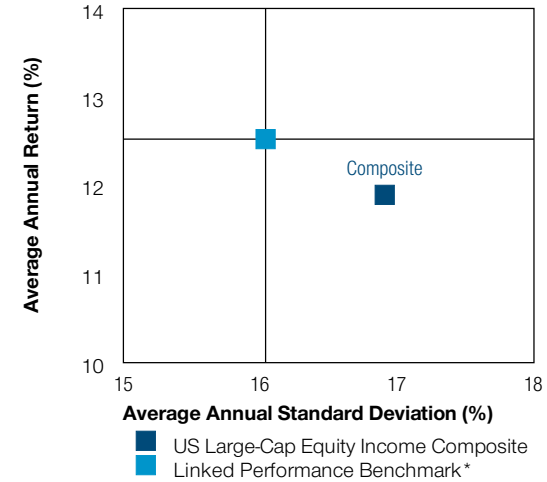
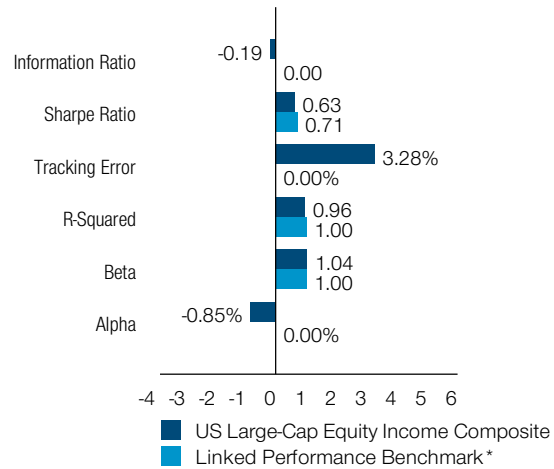
\*Effective March 1, 2018, the primary benchmark for the Composite changed to Russell 1000 Value Index. Prior to this change, the benchmark was the S&P 500 Index. Historical benchmark representations have not been restated.

See GIPS Composite Report located in this material for additional information.

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 September 2021



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.  
 \*Effective March 1, 2018, the primary benchmark for the Composite changed to Russell 1000 Value Index. Prior to this change, the benchmark was the S&P 500 Index. Historical benchmark representations have not been restated.

**FEE SCHEDULE****US Large-Cap Equity Income Composite**

The US Large-Cap Equity Income Composite seeks substantial dividend income, primarily through investment in dividend-paying common stocks of established companies. The strategy emphasizes companies that appear to be temporarily undervalued by various measures. Capital appreciation is a secondary objective for this strategy. (Created June 2006, inception December 31, 1989.)

First \$50 million	47.5 basis points
Next \$50 million	42.5 basis points
Above \$100 million	37.5 basis points on all assets *
Above \$200 million	32.5 basis points on all assets *
Minimum separate account size	\$50 million

\* A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Composite Report

## US Large-Cap Equity Income Composite

Period Ended December 31, 2020

Figures Shown in U.S. dollar

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Annual Returns (%)	-0.04	18.06	30.72	8.23	-6.06	20.02	16.99	-8.76	27.36	1.94
Net Annual Returns (%) <sup>1</sup>	-0.51	17.51	30.11	7.72	-6.51	19.46	16.44	-9.20	26.76	1.45
Benchmark (%) <sup>2</sup>	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-5.56	26.54	2.80
Russell 1000 Value Index (%) <sup>2</sup>	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54	2.80
Composite 3-Yr St. Dev.	21.10	15.51	11.82	8.67	10.75	11.30	10.89	11.28	11.99	20.45
Benchmark 3-Yr St. Dev.	18.71	15.09	11.94	8.97	10.47	10.59	9.92	10.51	11.79	19.66
Russell 1000 Value Index 3-Yr St. Dev.	20.69	15.51	12.70	9.20	10.68	10.77	10.20	10.82	11.85	19.62
Composite Dispersion	0.07	0.11	0.21	0.09	0.04	0.13	0.05	0.07	0.05	0.12
Comp. Assets (Millions)	32,677.5	39,107.2	45,633.1	45,957.2	34,685.1	34,587.2	35,533.1	29,266.6	32,907.6	31,250.8
# of Accts. in Comp.	20	21	21	21	18	17	17	17	16	20
Total Firm Assets (Billions)	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5 <sup>3</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>Effective March 1, 2018, the benchmark for the composite changed to Russell 1000 Value Index. Prior to this change, the primary benchmark for the composite was the S&P 500 Index and secondary benchmark was Russell 1000 Value Index. The changes were made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

<sup>3</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TRP has been independently verified for the 24-year period ended June 30, 2020 by KPMG LLP. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm wide basis. Verification does not ensure the accuracy of any specific composite presentation.

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Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Gross performance returns are used to calculate presented risk measures. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives which generally represent less than 10% of a portfolio.

Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 10% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

## ADDITIONAL DISCLOSURES

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Active Share is a holdings based measure of active management representing the percentage of a portfolio's holdings that differ from those in its benchmark. Compared to tracking error, which measures the standard deviation of the difference in a manager's returns versus the Benchmark returns, Active Share allows investors to get a clearer understanding of what a manager is doing to drive performance, rather than drawing conclusions from observed returns. The greater the difference between the asset composition of a product and its benchmark, the greater the active share is.

Unless indicated otherwise the source of all data is T. Rowe Price.

The specific securities identified and described do not represent all of the securities purchased, sold or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

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Unless otherwise noted, index returns are shown with gross dividends reinvested.

The information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the portfolio.

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Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report for additional information on the composite.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

## Risks

The following risks are materially relevant to the portfolio.

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

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