

Model Viewpoints

T. Rowe Price Equity Building Block Model Portfolios

As of June 30, 2024



T. Rowe Price

The T. Rowe Price Equity Building Block Model Portfolios seek to provide investors diversified allocations within U.S. and international markets. The models are designed and managed by our multi-asset team, harnessing the best investment ideas across the firm's global research platform. The equity models provide breadth of diversification across investment style and capitalization, and multiple sources of value-add, including security selection expertise and tactical allocation.

PORTFOLIO MANAGEMENT TEAM



Erin
Garrett,
CAIA



Som
Priestley,
CFA



Toby
Thompson,
CFA, CAIA

MARKET PERSPECTIVE

- **Global growth remains broadly resilient** with some signs of cooling along with easing inflationary pressures.
- **Recent data across consumer, labor, and businesses pointing to a moderation in U.S. growth.** European growth stable helped largely by services. Improving growth outlook in Japan albeit still muted, while stimulus measures in China targeted at the housing market help underpin growth outlook.
- **U.S. Fed remains patient as recent data suggests tight policy may finally be weighing on growth.** The European Central Bank has taken the lead on easing policy, with more cuts likely. Despite weaker recent growth, Bank of Japan is still expected to take additional steps toward tightening.
- **Key risks to global markets** include a steeper decline in growth, stubborn inflation, election calendar, central bank policy divergence, geopolitical tensions, and trajectory of Chinese growth.

TACTICAL ASSET ALLOCATION VIEWS

- **We remain overweight U.S. value equities relative to U.S. growth equities.** Improving economic outlook and further broadening of equity market performance could be supportive for value. Meanwhile, growth stocks face elevated expectations and challenging valuations.
- **We are overweight international value equities relative to international growth equities.** Value stocks are cheap and could benefit from recession concerns fading. Growth stocks' valuations are more expensive and they face headwinds from consumer weakness in China and Europe.
- **We remain modestly overweight emerging market equities.** Valuations and currencies are attractive as monetary easing could provide support for growth. Chinese equities reflect headwinds amid housing sector concerns, but other regions benefitting from rebound in exports.

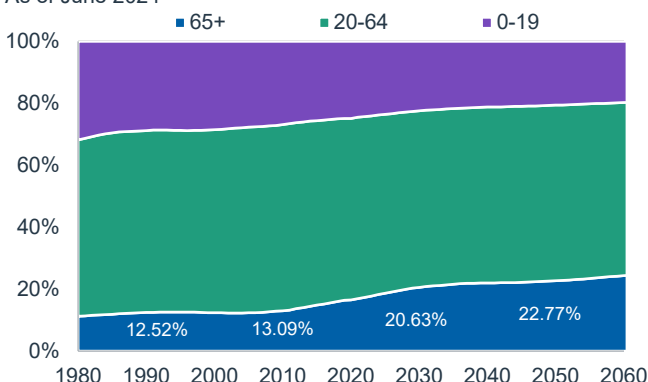
MODERATING, BUT STILL POSITIVE GROWTH¹

Five Years Ended 30 June 2024



THE U.S. POPULATION IS AGING²

As of June 2024



¹ Sources: Haver Analytics / International Monetary Fund, Bureau of Economic Analysis, Statistical Office of the European Communities, Cabinet Office of Japan. T. Rowe Price calculations using data from FactSet Research Systems Inc. All rights reserved.

² Source: U.S. Census Bureau.

CFA® and Chartered Financial Analyst® are trademarks of CFA Institute.

CAIA® is a registered trademark owned and administered by the Chartered Alternative Investment Analyst Association

T. Rowe Price Equity Building Block Models

As of June 30, 2024

PORTFOLIO SUMMARY

Target Asset Mixes: 2

Vehicles: T. Rowe Price Mutual Funds

Style: Active funds

Gross Expenses¹: 0.57% – 0.76%

Net Expenses¹: 0.56% – 0.75%

Tactical Allocation (%) +/-: Over/Under (%)				U.S. EQUITY		INTERNATIONAL EQUITY		Change QoQ
Asset Class	T. Rowe Price Fund	Inv. Class Ticker ²	I-Class Ticker ²	Tactical	+/-	Tactical	+/-	
U.S. Equity	U.S. Large-Cap Core	TRULX	RCLIX	17.5	-2.5	–		↓
	Dividend Growth	PRDGX	PDGIX	18.0	-2.0	–		↓
	Growth Stock	PRGFX	PRUFIX	23.5	-1.5	–		
	Equity Income	PRFDX	REIPX	26.0	+1.0	–		
	Integrated U.S. Small-Mid-Cap Core Equity	TQSMX	TQSIX	10.0		–		
	Health Sciences	PRHSX	THISX	5.0	+5.0	–		+
Total U.S. Equity (%):				100.0				
International Equity	Overseas Stock	TROX	TROIX	–		24.5	-5.5	↓
	International Stock	PRITX	PRIUX	–		21.5	-3.5	↓
	International Value Equity	TRIGX	TRTIX	–		24.5	-0.5	↓
	Emerging Markets Discovery Stock	PRIJX	REVIK	–		19.5	-0.5	↓
	International Discovery	PRIDX	TIDDX	–		5.0	+5.0	+
	Japan	PRJPX	RJAIX	–		5.0	+5.0	
Total International Equity (%):						100.0		
Cash ³	Cash ³			–		–		
Weighted Average Gross Expense Ratio ¹ (%):				0.57		0.78		
Weighted Average Net Expense Ratio ¹ (%):				0.57		0.77		

MODEL PORTFOLIO POSITIONING CHANGES

- +** In June within the US Equity Building Block, **we initiated an allocation to health care stocks (Health Sciences Fund) funded from the Large-Cap Core Fund and Dividend Growth Fund.** Health care stocks should benefit from the alignment of key tailwinds including increased demand on the backdrop of an aging U.S. population, rapid technological advancement, and innovation surges across industries within the sector. The sector may also capture benefits from the adoption of artificial intelligence, which could drive efficiency and profitability enhancements, re-invent delivery models, and accelerate drug discovery.
- +** In May within the International Equity Building Block, **we initiated an allocation to developed and emerging non-U.S. small-cap equities (International Discovery Fund) funded from developed international and emerging markets equity exposures** as small/mid-cap (SMID) valuations are attractive relative to large caps. Small and mid-cap non-U.S. equities are set to benefit from monetary policy easing, improvement in global economic growth outlook, and Japan's corporate governance reform. Decreasing demand from China and de-globalization to remain a headwind for large caps.

The tactical allocation column reflects the current tactical allocation for a given model. Tactical allocations will differ when a cash allocation is utilized.

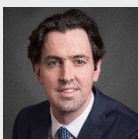
The over/under column reflects the overweight or underweight of the current tactical allocations relative to the strategic allocations. For example, a +1.0% means a 1.0% overweight position relative to the strategic allocation.

^{1, 2, 3} Please see Additional Disclosures for more information.

T. Rowe Price Equity Building Block Models

As of June 30, 2024

FUND IN FOCUS



Ziad Bakri,
CFA

- The **T. Rowe Price Health Sciences Fund**—I Class provides diversified exposure to health care stocks across pharmaceuticals, health care services, products and devices providers, and biotechnology firms.
- The Fund's investment approach seeks companies that have the greatest ability to bring new products and technologies to the health care marketplace that will improve the practice of medicine and satisfy unmet clinical needs. Additionally, the focus is on steadily growing companies with above average and accelerating growth per share, recurring revenues, and high or growing market share resulting from a sustainable competitive advantage.
- The T. Rowe Price Health Sciences Fund outperformed the Lipper Health/Biotechnology Funds Index for the quarter. Stock selection was the primary driver of outperformance, led by names in the biotech and healthcare services industries. Stock selection and an overweight to names in the life sciences industry detracted to some degree.
- The Fund is managed by Ziad Bakri.

Overall Morningstar Rating™: ★★★★★ (of 161 funds) As of June 30, 2024, Category: Health
Morningstar Ratings based on risk-adjusted total return.

Past performance is not a reliable indicator of future performance.

Health Sciences Fund Risks: Investments in this field are subject to special risks, such as increased competition within the health care industry, changes in legislation or government regulations, and the obsolescence of popular products.

Morningstar rated the Health Sciences Fund—I Class 3 and 4 stars among 161 and 139 Health funds for the 3- and 5-year periods (as applicable) ending June 30, 2024 respectively.

The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating™ metrics. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

T. Rowe Price Equity Building Block Models

As of June 30, 2024

ADDITIONAL DISCLOSURES:

Page 2:

- ¹ While the model charges no management fee, it will indirectly bear its pro-rata share of the expenses of the underlying T. Rowe Price funds in which it invests (gross and net expenses, after any applicable fee waivers). Expense ratios shown are based on models using I Class shares and no allocation to cash. Expenses will vary based on the underlying share class and cash allocation utilized.
- ² I Class and Investor Class shares are shown for illustrative purposes and may differ from the share class available on your platform. Official models are based on I Class shares.
- ³ These models are also available with a cash allocation to cover typical third-party account fees and expenses. Portfolio expenses will vary based on the vehicle chosen.

© 2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

IMPORTANT INFORMATION:

This material is being furnished for general informational and/or marketing purposes only and does not constitute advice of any nature, including personalized investment advice, fiduciary investment advice, an offer, an invitation, solicitation to sell or buy any securities in any jurisdiction or a recommendation concerning investments, investment strategies, or account types by T. Rowe Price Associates, Inc. or any of its affiliates ("T. Rowe Price"), and is not intended to suggest any particular investment action is appropriate for you.

The Model Portfolios are not individualized to the needs of, nor are they specific to, any financial professional or client of the financial professional. Financial professionals are responsible for determining if the portfolios and the funds utilized in them are appropriate for their clients. T. Rowe Price Model Portfolios are created by and are the exclusive property of T. Rowe Price Associates, Inc.

T. Rowe Price funds are distributed by T. Rowe Price Investment Services, Inc. and are advised by T. Rowe Price Associates, Inc. or one of its affiliates. T. Rowe Price Associates, Inc. and T. Rowe Price Investment Services, Inc. are affiliated companies. The T. Rowe Price group of companies, including its affiliates, receive revenue from T. Rowe Price investment products and services.

This material has not been reviewed by any regulatory authority in any jurisdiction. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. Please consider your own circumstances before making an investment decision. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

Risks: All investments are subject to risk, including possible loss of principal. The model portfolios are subject to the risks of the underlying mutual funds utilized in the model. Fixed-income securities are subject to credit risk, liquidity risk, call risk, and interest-rate risk. As interest rates rise, bond prices generally fall. International, emerging market, mid-cap, and small-cap investing are subject to additional risks and volatility. Diversification does not assure a profit or protect against a loss in a declining market.

Consider the investment objectives, risks, and charges and expenses of the T. Rowe Price funds carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, visit www.troweprice.com. Read it carefully.

© 2024 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.

202407-3721567