



PORTFOLIO UPDATE

**Balanced Fund**

As of June 30, 2020

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Charles Shriver	2011	1991
Toby Thompson	2020	2007

**INVESTMENT OBJECTIVE**

The fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed income securities.

**FUND INFORMATION**

Symbol	RPBAX
CUSIP	77954G108
Inception Date of Fund	December 31, 1939
Benchmark	Morningstar Moderate Target Risk Index
Expense Information (as of the most recent Prospectus)*	0.61% (Gross) 0.58% (Net)
Fiscal Year End	December 31
12B-1 Fee	-

\* The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

**PERFORMANCE**

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Balanced Fund	2.23%	14.99%	-1.69%	4.85%	6.68%	6.66%	9.19%	6.90%
Morningstar Moderate Target Risk Index	1.97	12.73	-2.35	3.70	5.89	6.00	7.76	6.36
Combined Index Portfolio *	1.79	13.13	-1.22	5.90	7.21	7.03	9.07	6.58

**Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](http://troweprice.com). Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit [troweprice.com](http://troweprice.com). Read it carefully.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

\*As of August 1, 2012 the Combined Index Portfolio consisted of 45.5% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 19.5% MSCI EAFE Index Net. From May 1, 2011 until July 31, 2012 the Combined Index Portfolio contained a range of 52%-45.5% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 13%-19.5% MSCI EAFE Index Net. From May 1, 2008 until April 30, 2011 the Combined Index Portfolio consisted of 52% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 13% MSCI EAFE Index Net. From inception until April 30, 2008 the Combined Index Portfolio consisted of 50% S&P 500 Index, 40% Bloomberg Barclays U.S. Aggregate Bond Index, and 10% MSCI EAFE Index Net. The indices or percentages may vary over time. Historical benchmark representations were not restated to reflect the component benchmark changes.

The fund is subject to the risks of stock investing, including possible loss of principal. Bonds may decline in response to rising interest rates, a credit rating downgrade, or failure of the issuer to make timely payments of interest or principal.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

**MARKET COMMENTARY**

Global equity and fixed income markets delivered positive returns. Despite continued concerns over the coronavirus pandemic, improving economic data helped sustain the market rally.

We pared our overweight to stocks relative to bonds and are now neutral. Equity markets rebounded sharply from March's lows, and we trimmed our risk exposure as valuations appeared less compelling. Bond yields remain relatively unattractive and are near record lows despite the rally in perceived riskier assets. Major central banks unleashed unprecedented monetary policies to help offset the economic impact of lockdown measures and to ease widespread liquidity constraints, which should help stabilize growth, albeit at lower levels. We recognize that reduced appetite for stimulus or a reduction in stimulus could bring asset prices under pressure, however.

In our view, the myriad risks facing a return to global growth have been balanced so far by an effective and coordinated policy response. The aggressive measures taken by the Federal Reserve and other major central banks have helped to stem the impacts of the pandemic on the global economy. Low interest rates and renewed quantitative easing have buttressed the market rally, while fiscal stimulus measures in the U.S. and several other countries have forestalled worse economic damage. We believe further stimulus would likely be a boon to equity markets, though the scope and timing of these measures remains unclear as policymakers evaluate the trajectory of the recovery.

We have a balanced view on risk taking within our portfolios as equity market valuations remain elevated amid continued volatility and political risks. We believe that our strategic investing approach and broad diversification add value over the long term and could help to mitigate downside risk.

**RISK RETURN CHARACTERISTICS**

(Five Years ended June 30, 2020)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Balanced Fund	10.02%	0.13%	1.12	0.98	0.36	0.55	1.86%
Morningstar Moderate Target Risk Index	8.84	0.00	1.00	1.00	0.00	0.54	0.00
Balanced Fund	10.02	-0.72	1.07	0.98	-0.24	0.55	1.50
Combined Index Portfolio	9.25	0.00	1.00	1.00	0.00	0.63	0.00

**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.

**PORTFOLIO CHARACTERISTICS**

Entire Portfolio	Balanced Fund
Total Number of Issuers	775
Total Number of Countries	47
Top 10 Holdings as Percent of Total	17.9%
Total Assets (all share classes)	4,252,174,545
Percent of Portfolio in Cash <sup>o</sup>	1.7%

Equity <sup>oo</sup>	Balanced Fund
Investment Weighted Median Market Cap (mm)	\$99,936
Price to Earnings (12 Months Forward) (IBES) <sup>ooo</sup> †	26.9X
Price to Book <sup>ooo</sup>	5.2X
Projected Earnings Growth Rate (3-5 Years) <sup>ooo</sup> †	9.0%
Return on Equity (Last 12 Months excl. charges) <sup>ooo</sup>	17.8%

Fixed Income <sup>††</sup>	Balanced Fund
Weighted Average Maturity	7.40 years
Weighted Average Effective Duration	5.74 years

<sup>o</sup>Includes the cash underlying derivative positions and includes portfolio level cash and any cash in underlying commingled vehicles managed by T. Rowe Price.

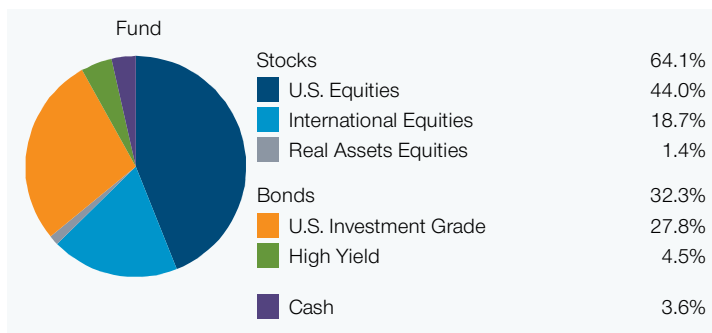
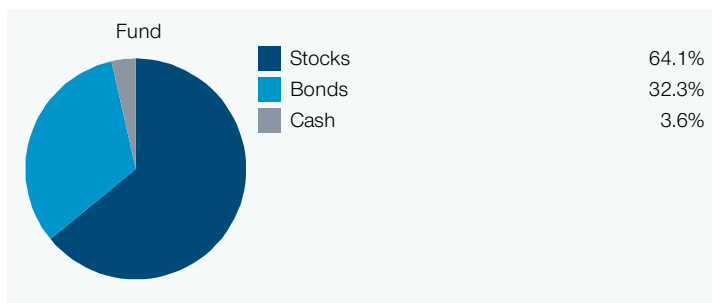
<sup>oo</sup>Excludes impact of equity derivatives.

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

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

††Calculations exclude cash and includes the impact of bond derivatives.

**ASSET DIVERSIFICATION\*\***

\*\*Based on a name-on-strategy allocation.

**MANAGEMENT**

The Balanced Fund is managed by Charles Shriver and Toby Thompson. The portfolio managers are responsible for the strategic design and day-to-day management of the Fund. This includes portfolio design, positioning, performance, and risk-management oversight. The Fund's tactical asset allocation decisions are made by the firm's Asset Allocation Committee. The Committee is co-chaired by Rob Sharps and Charles Shriver, and includes some of the firm's most senior investment management professionals across major asset classes.

Individual security selection is made by portfolio managers of the Fund's component strategies drawing on the fundamental insights of T. Rowe Price's team of around 200 global research analysts.

**SECTOR DIVERSIFICATION – EQUITY ONLY**

	Info Tech	Health Care	Finan- cials	Cons Disc	Comm Svcs	Indust & Bus Svcs	Cons Stpls	Materi- als	Utilities	Energy	Other
Balanced Fund	23.4%	15.0%	12.3%	11.8%	10.0%	8.4%	4.9%	4.8%	3.7%	2.9%	2.8%

**SECTOR DIVERSIFICATION – FIXED INCOME ONLY**

	U.S. Treas- uries	Govern- ment Re- lated	Corporate	Mortgage	CMBS	ABS	High Yield	Non-U.S. \$ Denom	Emerging Market
Balanced Fund	10.6%	4.0%	35.7%	28.8%	3.6%	3.0%	13.7%	0.2%	0.4%

**Definitions**

Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond Fund to changes in interest rates. In general, the longer the average duration, the greater the Fund's sensitivity to interest rates.

**Additional Disclosures**

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For any equity benchmarks shown, returns are shown with gross dividends reinvested, unless otherwise noted.

Equities include common stocks as well as convertible securities.

T. Rowe Price uses a custom structure for diversification reporting on this product.

Source for Equity Sector Diversification: T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting.

T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

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

"Other" includes any categories not explicitly mentioned.

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

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

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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