



PORTFOLIO UPDATE

# Capital Appreciation Fund

As of September 30, 2020



**Portfolio Manager:**  
David Giroux

**Managed Fund Since:**  
2006

**Joined Firm:**  
1998

## INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation by investing primarily in common stocks. It may also hold fixed income and other securities to help preserve principal value.

## FUND INFORMATION

Symbol	PRWCX
CUSIP	77954M105
Inception Date of Fund	June 30, 1986
Benchmark	S&P 500 Index
Expense Information (as of the most recent Prospectus)	0.70%
Fiscal Year End	December 31
12B-1 Fee	-

## MARKET COMMENTARY

U.S. equities declined in September. As measured by various Russell indexes, growth stocks outperformed value shares among small- and mid-cap stocks while value outpaced growth in large-cap. Within the S&P 500 Index, sector performance was mostly negative. Energy, communication services, and information technology underperformed, while materials and utilities were the only sectors to display positive returns. As measured by the Bloomberg Barclays U.S. Aggregate Bond Index, bonds were flat in September.

Continued gridlock in Washington over another potential round of stimulus and the controversy over replacing Supreme Court Justice Ruth Bader Ginsburg weighed on the market. Investors appeared concerned about the lack of additional aid for fiscally strained states and municipalities, while news on coronavirus vaccines and fears over a second wave of the virus in Europe also drove sentiment. Economic data generally pointed to a continuing, but slowing, recovery. Declines in weekly jobless claims stalled, although gauges of consumer confidence rose sharply. Manufacturing data largely came in better than expected, but the service sector continued to struggle with cautious consumers. Housing remained the bright spot in the economy, with new home sales reaching their highest level since September 2006.

We hold a balanced view of current risks and have positioned the portfolio accordingly, as we expect uncertainty around the impact of the pandemic and the upcoming elections to drive further volatility. The sustained recovery in equities has resulted in relatively full valuations, although recent weakness has created idiosyncratic opportunities to buy high quality assets at attractive valuations, while also trimming less-compelling holdings. We favor strong companies with resilient earnings profiles and solid balance sheets that we believe can perform well in a variety of economic environments. We remain committed to finding the best risk-adjusted opportunities across the asset class spectrum to help balance our goals of preserving invested capital and generating equity-like returns over the long term with less risk than the broader equity market.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Capital Appreciation Fund	-1.34%	5.89%	6.02%	11.87%	11.02%	11.65%	11.97%	9.39%
S&P 500 Index	-3.80	8.93	5.57	15.15	12.28	14.15	13.74	9.19

**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.

All funds are subject to market risk, including possible loss of 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.

**RISK RETURN CHARACTERISTICS**

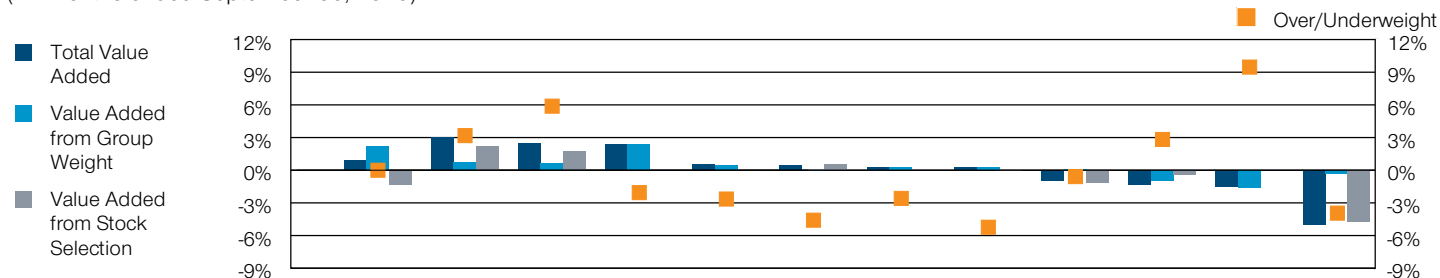
(Five Years ended September 30, 2020)

	Active Share* (as of 9/30/20)	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Capital Appreciation Fund	77.8%	9.78%	2.02%	0.63	0.91	-0.40	1.06	6.18%
S&P 500 Index	-	14.76	0.00	1.00	1.00	0.00	0.87	0.00

\* Active Share is a snapshot in time as of the indicated date.

**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.**SECTOR ATTRIBUTION DATA VS. S&P 500 INDEX (EQUITY ONLY)**

(12 months ended September 30, 2020)



	Total	Financials	Health Care	Energy	Real Estate	Comm Svcs	Materials	Consumer Staples	Consumer Disc	Indust & Bus Svcs	Utilities	Info Tech
Over/Underweight	0.00%	3.22%	5.90%	-2.06%	-2.64%	-4.54%	-2.54%	-5.23%	-0.53%	2.87%	9.49%	-3.93%
Fund Performance	16.15	16.76	31.00	-19.04	6.03	29.42	60.50	3.29	15.31	-4.76	-5.15	20.45
Index Performance	15.15	-11.87	20.11	-45.24	-7.28	18.37	12.46	7.76	28.89	1.34	-4.97	47.23
Value Add - Group Weight	2.27	0.79	0.69	2.37	0.51	-0.05	0.27	0.24	0.15	-0.90	-1.53	-0.27
Value Add - Stock Selection	-1.27	2.29	1.80	0.07	0.05	0.54	0.07	0.03	-1.10	-0.41	0.06	-4.69
Total Contribution	1.00	3.08	2.49	2.44	0.57	0.49	0.34	0.27	-0.95	-1.31	-1.47	-4.96

**Past performance is not a reliable indicator of future performance.** Numbers may not total due to rounding; all other numbers are percentages. Analysis represents the equity only performance of the portfolio as calculated by the FactSet attribution model and is exclusive of non-equity positions. Returns will not match official T. Rowe Price performance because FactSet uses different exchange rate sources and does not capture intra-day trading. Performance for each security is obtained in the local currency and, if necessary, is converted using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested. Sources: Financial data and analytics provider FactSet. Copyright 2020 FactSet. All Rights Reserved. MSCI/S&P GICS Sectors; Analysis by T. Rowe Price Associates, Inc. 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 updates to GICS for prospective reporting. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD. For Sourcing Information, please see Additional Disclosures.

**TOP 10 ISSUERS**

Comprising 33.2% of total net assets.

	<b>Industry</b>	<b>% of Fund</b>
Microsoft	Software	5.3%
GE	Industrial Conglomerates	4.4
American Electric Power	Electric Utilities	3.5
Alphabet	Interactive Media & Services	3.2
Amazon.com	Internet & Direct Marketing Retail	3.2
Fiserv	IT Services	2.9
Marsh & McLennan	Insurance	2.8
PNC Financial Services Group	Banks	2.7
REFINITIV	Info Tech	2.6
Humana	Health Care Providers & Svcs	2.5

Issuers are as of the date indicated and are subject to change.

**PORTFOLIO CHARACTERISTICS**

	<b>Capital Appreciation Fund</b>	<b>S&amp;P 500 Index</b>
Number of Holdings	174	505
Investment Weighted Median Market Cap (mm)	\$54,755	\$152,757
Price to Earnings (12 Months Forward)* ° †	24.6X	25.7X
Price to Book°	3.8X	6.8X
Projected Earnings Growth Rate (3 - 5 Years)* ° †	8.6%	8.8%
Return on Equity (Last 12 Months excl. charges)°	10.5%	23.6%
Top 20 Holdings as Percent of Total	51.4%	37.6%
Total Assets (all share classes)	40,154,647,683	-
Percent of Portfolio in Cash	7.9%	-

°Investment Weighted Median.

\*I/B/E/S © 2020 Refinitiv. All rights reserved

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

**SECTOR DIVERSIFICATION – EQUITY ONLY**

	<b>Info Tech</b>	<b>Health Care</b>	<b>Financials</b>	<b>Utilities</b>	<b>Indust &amp; Bus Svcs</b>	<b>Cons Disc</b>	<b>Comm Svcs</b>	<b>Cons Stpls</b>	<b>Energy</b>	<b>Real Estate</b>	<b>Materials</b>
Capital Appreciation Fund	24.2%	20.7%	12.7%	12.6%	11.2%	10.7%	6.1%	1.8%	0.0%	0.0%	0.0%
S&P 500 Index	28.2	14.2	9.7	3.0	8.3	11.6	10.8	7.0	2.1	2.6	2.6
<b>Over/Underweight</b>	<b>-4.0</b>	<b>6.5</b>	<b>3.0</b>	<b>9.6</b>	<b>2.9</b>	<b>-0.9</b>	<b>-4.7</b>	<b>-5.2</b>	<b>-2.1</b>	<b>-2.6</b>	<b>-2.6</b>

For Sourcing Information, please see Additional Disclosures.

## Definitions

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.

## Additional Disclosures

Copyright © 2020, S&P Global Market Intelligence (and its affiliates, as applicable). Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice.

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.

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.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by T. Rowe Price. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any or such standard or classification. Without limiting any or the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Equities include common stocks as well as convertible securities.

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

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.

Closed to new investors. Open to subsequent investments.

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

This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

© 2020 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks

or registered trademarks of T. Rowe Price Group, Inc.

T. Rowe Price Investment Services, Inc., Distributor.

201705-152297 202010-1349213