



PORTFOLIO UPDATE

Real Estate Fund

As of September 30, 2020



Portfolio Manager:

Nina Jones

Managed Fund Since:

2019

Joined Firm:

2008

INVESTMENT OBJECTIVE

The fund seeks to provide long-term growth through a combination of capital appreciation and current income.

FUND INFORMATION

Symbol	TRREX
CUSIP	779919109
Inception Date of Fund	October 31, 1997
Benchmark	Wilshire US RESI
Expense Information (as of the most recent Prospectus)	0.77%
Fiscal Year End	December 31
12B-1 Fee	-

MARKET COMMENTARY

U.S. equities endured their first monthly losses since March. Within the S&P 500 Index, sector performance was mostly negative in September. Energy, communication services, and information technology underperformed, while materials and utilities were the only sectors to display positive returns. Real estate stocks declined but held up better than the broader benchmark. Equities fell during the month as the continued gridlock in Washington over another potential round of stimulus weighed on the market. Investors appeared particularly concerned about the lack of additional aid for fiscally strained states and municipalities, while news on potential coronavirus vaccines as well as fears over a second wave of the virus in Europe were also important drivers of sentiment. The month's economic data generally pointed to a continuing, but slowing, recovery.

As measured by the Wilshire US Real Estate Securities Index, shares of real estate investment trusts (REITs) recorded negative results amid continuing concerns about the impact of the pandemic on some property types. Office properties and regional malls posted the largest losses, while self-storage was the only segment to produce positive results.

While near-term volatility is likely to persist as the coronavirus outbreak evolves, we are cautiously optimistic regarding the potential for a rebound in economic activity once the spread of the virus subsides. In addition, we expect developers will be highly unlikely to start construction on new projects in this environment, which should help mitigate supply pressure in the future and offset some of the near-term virus-related demand weakness. Thus, we expect operating fundamentals will find footing in the medium term. The U.S. Federal Reserve's decision to drop interest rates to near zero and ramp up its government- and mortgage-related bond buying implies that we will remain in a low interest rate environment for the foreseeable future, which should also help support property prices.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Real Estate Fund	-3.27%	-0.71%	-21.59%	-21.66%	-3.36%	0.75%	6.31%	4.88%
Lipper Real Estate Funds Index	-1.67	4.27	-10.70	-10.19	3.06	5.32	8.28	6.40
Wilshire US Real Estate Securities Index	-3.36	1.25	-16.86	-17.75	0.42	3.87	8.12	5.81

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. 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. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any. The Wilshire Indexes(SM) and Wilshire Atlas(SM) have been licensed for use by T. Rowe Price, Associates, Inc. and all content is © 2020 Wilshire Associates Incorporated. All rights reserved.

Changes in the tax laws, overbuilding, environmental issues, the quality of property management in the case of real estate investment trusts (REITs), and other factors could hurt a fund that invests in the real estate industry.

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

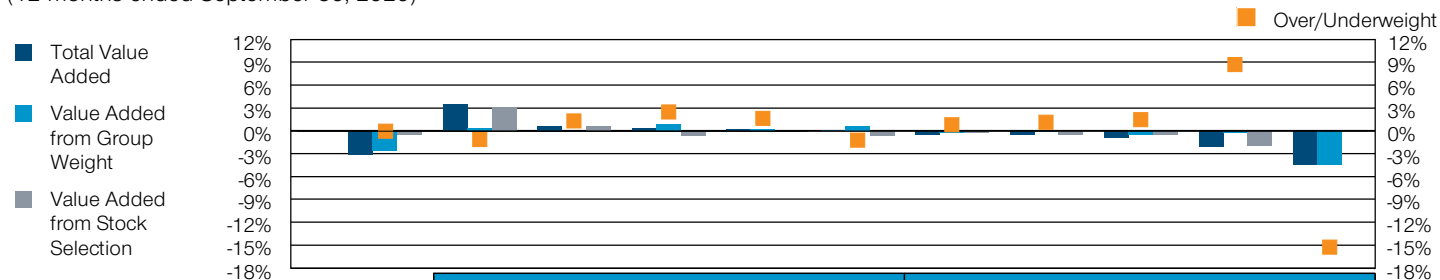
(Five Years ended September 30, 2020)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Real Estate Fund	16.09%	-2.95%	0.98	0.98	-1.23	-0.02	2.53%
Wilshire US RESI	16.15	0.00	1.00	1.00	0.00	0.17	0.00

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. WILSHIRE US REAL ESTATE SECURITIES INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended September 30, 2020)



	Top Five Total Value Added						Bottom Five Total Value Added				
	Total	Health Care	Lodging/Leisure	Industrial	Agriculture/Land	Regional Mall	Diversified	Shopping Center	Office	Apartment Residential	Data Centers
Over/Underweight	0.00%	-1.07%	1.38%	2.52%	1.70%	-1.14%	0.85%	1.19%	1.54%	8.74%	-15.21%
Fund Performance	-20.72	-0.54	-29.91	11.20	2.15	-61.55	-36.75	-49.77	-36.03	-26.90	-2.80
Index Performance	-17.74	-25.77	-45.91	15.58	0.00	-56.26	-31.93	-44.43	-32.60	-21.67	22.48
Value Add - Group Weight	-2.54	0.46	0.03	0.94	0.28	0.65	-0.21	-0.03	-0.39	-0.22	-4.33
Value Add - Stock Selection	-0.44	3.10	0.67	-0.57	0.00	-0.55	-0.24	-0.47	-0.46	-1.79	-0.01
Total Contribution	-2.98	3.56	0.70	0.37	0.28	0.10	-0.46	-0.51	-0.85	-2.00	-4.35

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 total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets that will not receive a classification assignment in the detailed structure shown. 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. Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses a custom structure for sector and industry reporting for this product. 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.

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TOP 10 ISSUERS

Comprising 54.3% of total net assets.

	Industry	% of Fund
Prologis	Industrial	10.1%
AvalonBay Communities	Apartment Residential	7.3
Camden Property Trust	Apartment Residential	6.1
Public Storage	Self Storage	6.0
Essex Property Trust	Apartment Residential	4.5
American Campus Communities	Apartment Residential	4.5
Alexandria Real Estate	Health Care	4.4
Equity Residential	Apartment Residential	4.3
CubeSmart	Self Storage	3.6
Douglas Emmett	Office	3.3

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

PORTFOLIO CHARACTERISTICS

	Real Estate Fund	Wilshire US RESI
Number of Issuers	38	103
Investment Weighted Median Market Cap (mm)	\$11,166	\$15,655
Price to Earnings (12 Months Forward)*° †	69.2X	75.3X
Price to Book°	2.1X	2.3X
Projected Earnings Growth Rate (3 - 5 Years)*° †	3.2%	15.7%
Return on Equity (Last 12 Months excl. charges)°	6.8%	6.6%
Top 20 Issuers as Percent of Total	80.1%	67.1%
Total Assets (all share classes)	1,457,535,268	-
Percent of Portfolio in Cash	0.7%	-

°Investment Weighted Median.

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

INDUSTRY DIVERSIFICATION

	Apt Res	Industri- al	Health Care	Office	Self Storage	Shop- ping Center	Lodging / Lei- sure	Data Centers	Diversi- fied	Region- al Mall	Agg- Land	Triple Net
Real Estate Fund	29.5%	19.4%	12.8%	9.8%	9.6%	5.5%	4.5%	2.5%	2.1%	2.1%	1.7%	0.0%
Wilshire US RESI	20.7	16.9	13.9	8.3	9.0	4.2	3.1	17.7	1.3	3.3	0.0	1.6
Over/Underweight	8.8	2.5	-1.1	1.5	0.6	1.2	1.3	-15.2	0.8	-1.3	1.7	-1.6

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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.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

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.

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