



PORTFOLIO UPDATE

Tax-Efficient Equity Fund

As of March 31, 2022



Portfolio Manager:
Donald Peters

Managed Fund Since:
2000

Joined Firm:
1993

INVESTMENT OBJECTIVE

The fund seeks to maximize after-tax growth of capital through investments primarily in common stocks.

FUND INFORMATION

| | |
|--|---------------------------|
| Symbol | PREFX |
| CUSIP | 779918309 |
| Inception Date of Fund | December 29, 2000 |
| Benchmark | Russell 3000 Growth Index |
| Expense Information (as of the most recent Prospectus) | 0.78% |
| Fiscal Year End | February 28 |
| 12B-1 Fee | - |

MARKET COMMENTARY

After wavering following the intensification of Russia's invasion of Ukraine, stocks regained momentum and recorded their first monthly gain of 2022 in March. As measured by various Russell indexes, large-cap stocks outperformed mid- and small-cap shares. Additionally, growth stocks surpassed value stocks in the large-cap universe, whereas value stocks outperformed growth among small- and mid-caps. Within the S&P 500 Index, most sectors advanced. Utilities, energy, real estate, and materials stocks outperformed while financials stocks declined slightly.

The announcement of a series of strict sanctions on Russia by the U.S. and Europe, including the U.S. cutting off all oil imports from Russia, started March off on a down note. In response, oil prices surged to near-decade highs, while prices of other commodities rose as well. Worries about how much the Federal Reserve would raise short-term interest rates to fight inflation also seemed to hamper sentiment. As anticipated, the Fed raised its short-term lending rate by 25 basis points at its March policy meeting. Policymakers also released an updated economic forecast, which showed they are expecting to raise rates seven times in 2022. Meanwhile, Fed officials raised their inflation expectations even as they downgraded their economic growth forecasts. The month's economic data offered mixed signals on both fronts.

Russia's invasion of Ukraine has exacerbated already challenged supply chain issues and worsened the inflation outlook. The disruption of supply in oil, wheat, industrial metals, and other key commodity exports, coupled with the subsequent severe economic sanctions on Russia, have exposed the fragility of global supply chains against a backdrop of already elevated inflation. We expect a challenging economic and earnings environment, as accelerating inflation and tightening monetary policy represent headwinds to growth and equity market returns. Given the wide range of potential paths for growth and inflation, we remain cautious as we attempt to hedge against more extreme outcomes.

PERFORMANCE

(NAV, total return)

| | One Month | Three Months | One Year | Annualized | | | |
|---------------------------|-----------|--------------|----------|-------------|------------|-----------|---------------|
| | | | | Three Years | Five Years | Ten Years | Fifteen Years |
| Tax-Efficient Equity Fund | 2.66% | -11.85% | 6.90% | 18.82% | 18.61% | 15.18% | 11.45% |
| Russell 3000 Growth Index | 3.71 | -9.25 | 12.86 | 22.68 | 20.16 | 16.64 | 12.63 |

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 fund is subject to the risks of stock investing, 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

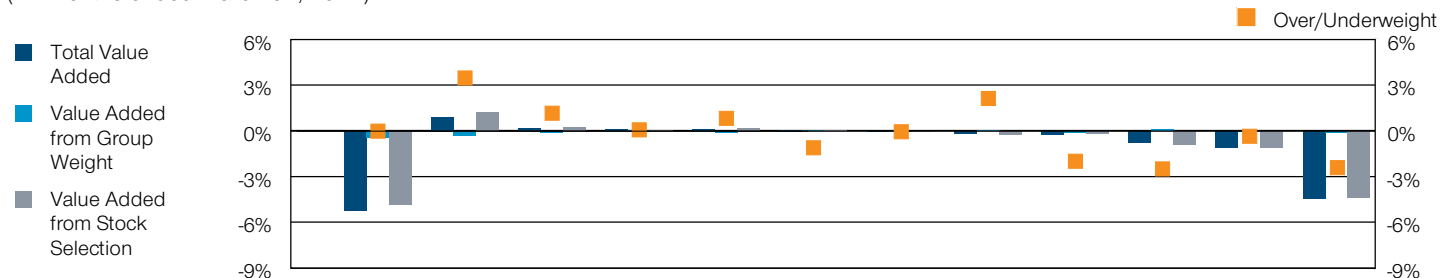
(Five Years ended March 31, 2022)

| | Active Share* (as of 3/31/22) | Annualized Std. Deviation | Alpha | Beta | R-Squared | Information Ratio | Sharpe Ratio | Tracking Error |
|---------------------------|-------------------------------------|---------------------------------|--------|------|-----------|----------------------|-----------------|-------------------|
| Tax-Efficient Equity Fund | 43.7% | 17.78% | -1.38% | 1.01 | 0.97 | -0.50 | 0.98 | 3.09% |
| Russell 3000 Growth Index | - | 17.37 | 0.00 | 1.00 | 1.00 | 0.00 | 1.09 | 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. RUSSELL 3000 GROWTH INDEX**

(12 months ended March 31, 2022)



| | Total | Health Care | Materi- als | Energy | Indust & Bus Svcs | Real Es- tate | Utilities | Finan- cials | Con- sumer Staples | Con- sumer Disc | Comm Svcs | Info Tech |
|-----------------------------|-------|----------------|----------------|--------|-------------------------|------------------|-----------|-----------------|--------------------------|-----------------------|--------------|--------------|
| Over/Underweight | 0.00% | 3.50% | 1.18% | 0.09% | 0.86% | -1.08% | -0.04% | 2.16% | -1.96% | -2.48% | -0.31% | -2.40% |
| Fund Performance | 7.67 | 12.35 | 12.59 | 59.44 | 9.53 | 20.30 | 0.00 | 11.21 | 10.43 | 2.70 | -6.61 | 10.80 |
| Index Performance | 12.86 | 3.74 | -0.80 | 71.77 | 6.68 | 11.34 | 7.70 | 17.35 | 16.27 | 7.34 | 0.31 | 21.32 |
| Value Add - Group Weight | -0.40 | -0.28 | -0.11 | 0.08 | -0.08 | 0.06 | 0.02 | 0.06 | -0.09 | 0.12 | 0.01 | -0.10 |
| Value Add - Stock Selection | -4.79 | 1.22 | 0.28 | 0.07 | 0.21 | 0.04 | 0.00 | -0.24 | -0.14 | -0.85 | -1.04 | -4.34 |
| Total Contribution | -5.19 | 0.94 | 0.17 | 0.15 | 0.13 | 0.10 | 0.02 | -0.18 | -0.23 | -0.73 | -1.03 | -4.44 |

Past performance is not a reliable indicator of future performance. All numbers are percentages. Analysis represents the total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets. Non-equity positions are excluded from 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 2022 FactSet. All Rights Reserved. MSCI/S&P GICS Sectors; Analysis by T. Rowe Price. 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 34.6% of total net assets.

| | Industry | % of Fund |
|--------------------|--|------------------|
| Microsoft | Software | 5.8% |
| Alphabet | Interactive Media & Services | 5.7 |
| Apple | Technology Hardware, Storage & Peripherals | 5.6 |
| Amazon.com | Internet & Direct Marketing Retail | 4.2 |
| NVIDIA | Semicons & Semicon Equip | 3.4 |
| Tesla | Automobiles | 2.4 |
| UnitedHealth Group | Health Care Providers & Svcs | 2.0 |
| Visa | IT Services | 2.0 |
| Meta Platforms | Interactive Media & Services | 1.8 |
| MasterCard | IT Services | 1.7 |

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

PORTFOLIO CHARACTERISTICS

| | Tax-Efficient Equity Fund | Russell 3000 Growth Index |
|--|----------------------------------|----------------------------------|
| Number of Issuers | 353 | 1,734 |
| Investment Weighted Median Market Cap (mm) | \$116,925 | \$268,770 |
| Price to Earnings (12 Months Forward)*° † | 30.0X | 28.6X |
| Price to Book° | 12.4X | 14.4X |
| Projected Earnings Growth Rate (3 - 5 Years)*° † | 17.4% | 17.4% |
| Return on Equity (Last 12 Months excl. charges)° | 31.6% | 37.1% |
| Top 20 Issuers as Percent of Total | 44.3% | 56.8% |
| Total Assets (all share classes) | 864,354,070 | - |
| Percent of Portfolio in Cash | 0.1% | - |

°Investment Weighted Median.

*I/B/E/S © 2022 Refinitiv. All rights reserved.

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

SECTOR DIVERSIFICATION

| | Info Tech | Cons Disc | Health Care | Comm Svcs | Indust & Bus Svcs | Financials | Cons Stpls | Materials | Real Estate | Energy |
|---------------------------|------------------|------------------|--------------------|------------------|------------------------------|-------------------|-------------------|------------------|--------------------|---------------|
| Tax-Efficient Equity Fund | 42.9% | 15.7% | 13.3% | 9.7% | 7.6% | 4.8% | 2.3% | 2.3% | 0.7% | 0.7% |
| Russell 3000 Growth Index | 44.8 | 18.2 | 9.8 | 10.0 | 6.7 | 2.6 | 4.2 | 1.1 | 1.8 | 0.6 |
| Over/Underweight | -1.9 | -2.5 | 3.5 | -0.4 | 0.9 | 2.2 | -2.0 | 1.2 | -1.1 | 0.1 |

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.

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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.

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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2017-US-139305 202204-2099246