

# Dividend Growth Fund (PRDGX)

As of March 31, 2026



T. Rowe Price

## Portfolio Highlights

The portfolio outperformed the S&P 500 Index for the three-month period ended March 31, 2026.

Relative performance drivers:

- + Consumer Discretionary (Stock Selection)
- + Information Technology (Underweight/Stock Selection)
- Real Estate (Stock Selection)
- Financials (Overweight)

Additional highlights

- During the quarter, we meaningfully outperformed as our holdings proved more resilient than the benchmark's in a challenging period marked by artificial intelligence (AI) capital expenditure) scrutiny and geopolitical uncertainty, both of which weighed on equities. As the market rotated, the portfolio benefited from the lower-beta nature of the companies we own, once again demonstrating the strategy's value as a source of ballast within a broader equity portfolio.
- In our view, the portfolio's strong performance over the trailing six months, in disparate market environments, highlights the ability of the strategy to meaningfully participate in upside while exhibiting lower volatility and helping support on the downside in more challenging environments. Looking ahead, we believe we are well positioned to manage ongoing uncertainty. We also believe the strategy can help create a balanced diversified portfolio, with exposure to both cyclical and defensive areas of the market that can compound value over the long term.
- As always, our focus remains on buying and holding high-quality companies with strong balance sheets, durable cash flow generation, and increasing dividends that we believe can compound value over time. While dividend growers will have periods of outperformance and underperformance, they have historically delivered better returns with lower volatility over the long term.

## Fund Information

CUSIP	779546100
Inception Date of Fund	December 30, 1992
Benchmark	S&P 500 Index
Expense Information (as of the most recent Prospectus)	0.64%
Total Assets (all share classes)	\$22,668,908,633
Percent of Portfolio in Cash	0.9%

## Performance (%) (NAV, total return performance > 1 year is annualized)

	3m	1yr	3yrs	5yrs	10yrs	15yrs
Dividend Growth Fund	-0.55	11.50	12.99	9.66	12.34	12.05
S&P 500 Index	-4.33	17.80	18.32	12.06	14.16	13.29
NASDAQ US Broad Dividend Achievers Index	-0.24	13.82	14.23	10.67	11.68	11.49
Lipper Large-Cap Core Funds Index	-4.77	16.68	17.58	11.08	13.20	12.13

## Calendar Year Performance (%) (NAV, total return)

	Inception Date	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dividend Growth Fund	Dec 30 1992	11.62	19.32	-1.06	31.02	13.93	26.04	-10.23	13.65	13.50	14.66
S&P 500 Index		11.96	21.83	-4.38	31.49	18.40	28.71	-18.11	26.29	25.02	17.88
NASDAQ US Broad Dividend Achievers Index		15.22	18.02	-3.94	27.53	9.97	23.84	-5.78	11.88	17.61	14.50
Lipper Large-Cap Core Funds Index		12.28	20.90	-5.13	29.00	16.10	26.04	-17.00	24.65	23.49	17.72

**Past performance is not a guarantee or a reliable indicator of future results. 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](https://www.troweprice.com).**

The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

**Risks: Dividend-paying stocks:** The fund's emphasis on dividend-paying stocks could cause the fund to underperform similar funds that invest without consideration of a company's track record of paying dividends. **Large- and mid-cap stocks:** Securities issued by large- and mid-cap companies tend to be less volatile than securities issued by small-cap companies. However, large-cap companies may not be able to attain the high growth rates of successful small-cap companies, especially during strong economic periods, and may be unable to respond as quickly to competitive challenges. See the prospectus for more detail on the fund's principal risks.

## Performance Review

### Geopolitical Concerns Weighed on U.S. Equities

U.S. stocks fell during the first quarter as investors weighed a range of macroeconomic, geopolitical, and policy-related uncertainties. Markets rose early in the period amid generally favorable economic data and corporate earnings, but sentiment weakened later in the quarter as tariff-related developments, scrutiny around artificial intelligence (AI) spending, higher energy prices resulting from escalating tensions in the Middle East, and a more cautious interest rate backdrop pressured equities.

### Relative Contributors

#### Consumer Discretionary (Stock Selection)

- **Ross Stores:** Ross Stores is a discount retailer that provides a compelling mix of name-brand and designer apparel and home goods at price points that resonate strongly with value-conscious consumers. An earnings report featuring better-than-expected revenue, accelerating comps supported by its branded strategy, and improved margins helped drive shares higher during the quarter. We like the company for its leading position in the attractive off-price retail segment and its strong balance sheet, and believe it is well positioned to gain market share as consumers continue to trade down to cope with elevated prices and inflation.
- **Hilton Worldwide Holdings:** Hilton is the world's second-largest hotel company. Shares advanced in the quarter after the company beat earnings expectations and reported accelerating revenue per available room. We remain attracted to the company's asset-light business model, which we believe should support consistent margin expansion and strong capital return. We believe its collection of high-performing, underpenetrated limited-service brands can continue to drive above-peer growth, and we like the company's leverage to the ongoing recovery in business and group travel.

#### Information Technology (Underweight/Stock Selection)

- **KLA:** KLA is a high-quality semiconductor capital equipment company with dominant positions in process control (metrology and inspection). Shares were volatile but ended the period higher as the company benefited from favorable sentiment around its role in the AI build-out and a strong earnings report that showcased considerable revenue growth in process control equipment and advanced packaging. KLA's tools are crucial to continued innovation for enablers of digitization in the world of semiconductors. In our view, AI could meaningfully boost demand for both logic and memory in the semi-cap space, and we like KLA's exposure to the leading edge through research and development. We also appreciate the company's attractive capital allocation through buybacks and dividends.
- **Analog Devices:** Analog Devices is a high-quality analog consolidator that designs and manufactures integrated circuits, software, and subsystems. Shares advanced after a standout earnings report and guidance that pointed to record revenues this year, driven by AI-related demand, upside in its consumer segment, and a broadening recovery in industrial end markets. We believe Analog Devices is one of the best companies in its space and appreciate its differentiated high-value product portfolio in attractive verticals, its hybrid manufacturing strategy, and its free cash flow potential from recent acquisitions. We also value the company's high industrial exposure relative to analog peers, which gives it an advantage in a structurally difficult market to penetrate.

### Relative Detractors

#### Real Estate (Stock Selection)

- **Equity Residential:** Equity Residential is the largest publicly traded U.S. apartment real estate investment trust with assets concentrated in excellent gateway locations including Boston, New York, Washington, D.C., Seattle, San Francisco, and southern California. Shares fell, particularly toward the end of the quarter, on macroeconomic concerns related to geopolitical developments as well as interest rate uncertainty. We believe Equity Residential should benefit from young professionals moving closer to the urban core to reduce commuting time and enjoy a lower-maintenance quality of life, with growth further supported by a management team of strong operators and capital allocators with a history of opportunism and exceptional access to capital.

#### Financials (Overweight)

Our overweight allocation to financials detracted during the quarter, even as our stock selection added value and helped offset much of the sector's negative impact. The sector declined amid broad macroeconomic concerns around the trajectory of interest rates, consumer spending, and potential economic implications from the conflict in Iran. Financials remains one of our larger absolute sector weights, as we continue to own high-quality companies with strong balance sheets, diversified revenue streams, and leading industry positions. We are particularly constructive on the property and casualty insurance industry, which we value for its defensive characteristics within the sector.

### Portfolio Positioning And Activity

Our sector allocations are largely driven by our bottom-up, risk-aware stock selection process. We look to buy high-quality companies and hold them for a multiyear period, which helps to keep our trading costs and turnover below our peer group average. While there were no major shifts in the portfolio during the quarter, we increased quality by consolidating into high-conviction names across the portfolio. We also continued to find pockets of opportunity during market volatility, adding to durable, high-quality companies with compelling risk/reward profiles and strong multiyear dividend growth prospects.

### Significant Purchases

- **Cisco Systems:** We continued to build our position in Cisco Systems, the largest global vendor of networking products, including routers and switches. We believe the market is underappreciating the company's potential to execute and participate in the fast-growing back-end AI networking market, where, despite competitive headwinds, it is outperforming expectations and demonstrating growth potential in the space. We like the earnings upside this can provide, as well as Cisco's potential to benefit from sovereign opportunities, where its broad international footprint is an advantage. More broadly, we are constructive on the company's free cash flow generation and shareholder returns.
- **Johnson & Johnson:** We added a position in Johnson & Johnson, a diversified health care company that develops and sells pharmaceuticals and medical device products. We like the company's improved growth outlook, pharmaceutical product pipeline, and the potential for it to benefit from a biotech spending cycle. In our view, Johnson & Johnson's three-to-five-year outlook, manageable loss-of-exclusivity exposure, and strong cash generation give it attractive growth potential going forward.
- **Martin Marietta Materials:** We initiated a position in Martin Marietta Materials, the second-largest aggregates producer in the U.S. In our view, the company operates in attractive markets and has a compelling earnings algorithm supported by strong pricing power and sound capital allocation. We appreciate its diverse secular demand drivers, including housing, construction, and infrastructure spending, and like the company's free cash flow generation and balance sheet strength.

- **UnitedHealth Group:** We added shares of UnitedHealth Group, the largest health insurance company in the U.S., at what we view as a compelling valuation. Despite the myriad operational and regulatory headwinds the company is facing, we believe these are largely reflected in the stock price and that risk/reward level is attractive, as the recent Medicare Advantage Stars rating update and strategic clarity on margin expansion opportunities have increased visibility into its near-term earnings potential and turnaround path. Still, we remain cautious and continue to monitor the stock for additional developments, leveraging our investment framework.

#### Significant Sales

- **Microsoft:** We trimmed our position in Microsoft as we continue to monitor capacity constraints for its Azure cloud segment and elevated levels of capital expenditure. Still, we remain constructive on the company's ability to fold artificial intelligence capabilities into its already-attractive suite of products. In our view, Microsoft's broad-based success in cloud computing, most notably with Office 365 and Azure in its Intelligent Cloud segment, has made it a singularly advantaged and valuable enterprise technology business that can deliver durable revenue and free cash flow growth.
- **Amphenol:** Amphenol is a large global supplier of electrical connectors. We sold shares to manage our position size and capture profits in an extended period of outperformance. We continue to like the company's dominance in a structurally growing industry, decentralized operating model, and conservative approach to capital allocation.
- **KLA:** We trimmed our position in KLA to manage position size and realize gains after strong performance. KLA's tools are critical to enabling continued innovation across the semiconductor industry as digitization accelerates. In our view, AI should meaningfully boost demand for both logic and memory in the semi-cap space, and we like KLA's exposure to the leading edge through research and development. We also value the company's disciplined capital return framework, including share repurchases and a growing dividend.
- **Wells Fargo:** We trimmed our position in Wells Fargo, the third-largest U.S. bank, in recognition of potential near-term net interest income headwinds. While we continue to see embedded value that can be realized through improved efficiency across its core business segments, we chose to sell shares to concentrate our financials exposure in higher-conviction ideas.

#### Manager's Outlook

Market uncertainty remains elevated, driven by geopolitical developments, particularly in the Middle East, and ongoing questions around the durability of global growth and inflation. A more prolonged period of geopolitical tension could contribute to a more challenging macro backdrop, with the potential for higher inflation and slower economic growth.

In this environment, we believe the characteristics of dividend growth companies become increasingly valuable. Businesses with durable earnings, strong free cash flow generation, and pricing power are better positioned to navigate cost pressures and economic uncertainty. These companies have historically provided a degree of downside support during periods of volatility, acting as a source of ballast within portfolios.

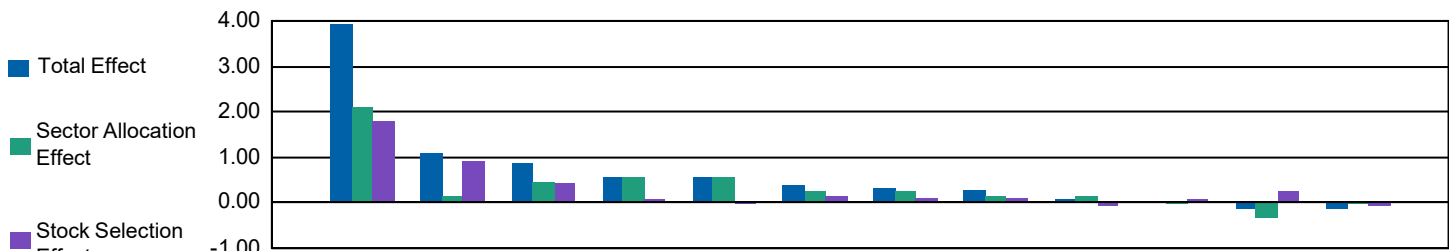
At the same time, we are seeing signs of a more balanced market environment, with broader participation and greater differentiation based on fundamentals rather than narrow, theme-driven leadership. This type of backdrop is typically more supportive for our investment approach, which emphasizes stock selection and long-term compounding.

The portfolio is constructed to balance resilience and participation—providing downside support in more volatile environments while maintaining exposure to high-quality growth opportunities.

Ultimately, we believe dividend growth remains well positioned to compound value over the long term, supported by a diversified set of companies with strong competitive advantages and consistent dividend growth profiles.

Quarterly Attribution

Sector Attribution Data: Fund vs S&P 500 Index (3 months ended March 31, 2026) (%)



	Total	Consumer Disc	Info Tech	Indust & Bus Svcs	Energy	Comm Svcs	Consumer Staples	Utilities	Materials	Health Care	Financials	Real Estate
Over/Under Weight	N/A	-2.80	-10.30	5.44	1.85	-9.11	1.84	1.30	1.18	3.39	6.72	-0.44
Fund Performance	-0.43	4.18	-7.43	4.58	37.89	3.93	9.39	12.12	6.68	-4.71	-8.15	-3.11
Index Performance	-4.33	-9.19	-9.13	4.61	38.25	-6.94	7.68	8.26	9.73	-4.88	-9.35	2.76
Sector Allocation Effect	2.10	0.16	0.45	0.53	0.56	0.25	0.21	0.15	0.14	-0.02	-0.36	-0.03
Stock Selection Effect	1.81	0.92	0.43	0.02	-0.01	0.13	0.10	0.12	-0.08	0.02	0.25	-0.09
Total Effect	3.91	1.08	0.87	0.56	0.55	0.38	0.31	0.27	0.06	0.00	-0.11	-0.11

Top 5 Relative Contributors vs. S&P 500 Index (3 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Nvidia Corporation	0.0	50
Alphabet Inc.	0.0	46
Amazon.Com, Inc.	0.0	38
Tesla, Inc.	0.0	38
Conocophillips	1.4	34

Top 5 Relative Detractors vs. S&P 500 Index (3 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Visa Inc.	2.6	-26
Broadridge Financial Solutions, Inc.	0.5	-26
American Express Company	1.4	-25
Chevron Corporation	0.0	-18
Johnson & Johnson	0.3	-15

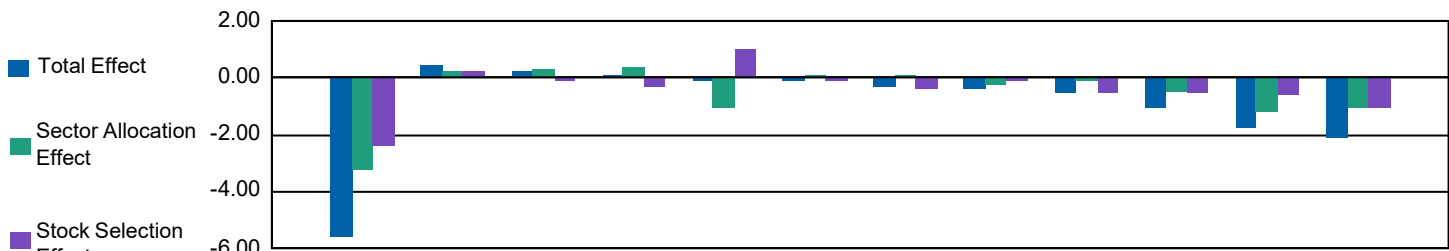
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

**Past performance is not a guarantee or a reliable indicator of future results.** 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 to USD 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 2026 FactSet. All Rights Reserved. MSCI/S&P GICS Sectors; Analysis by T. Rowe Price. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees.

12-Month Attribution

Sector Attribution Data: Fund vs S&P 500 Index (12 months ended March 31, 2026) (%)



	Total	Consumer Disc	Energy	Indust & Bus Svcs	Financials	Utilities	Real Estate	Consumer Staples	Materials	Health Care	Comm Svcs	Info Tech
Over/Under Weight	N/A	-2.80	1.85	5.44	6.72	1.30	-0.44	1.84	1.18	3.39	-9.11	-10.30
Fund Performance	12.21	16.34	34.98	22.48	5.66	16.89	-15.50	5.02	0.93	-1.22	-19.92	24.06
Index Performance	17.80	11.72	36.32	25.17	0.72	19.71	2.34	6.31	17.98	2.31	32.51	29.05
Sector Allocation Effect	-3.22	0.23	0.29	0.41	-1.04	0.06	0.02	-0.27	-0.04	-0.46	-1.15	-1.04
Stock Selection Effect	-2.37	0.25	-0.04	-0.32	1.04	-0.09	-0.37	-0.10	-0.52	-0.56	-0.59	-1.07
Total Effect	-5.59	0.47	0.25	0.08	-0.01	-0.04	-0.35	-0.37	-0.56	-1.01	-1.74	-2.11

Top 5 Relative Contributors vs. S&P 500 Index (12 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Kla Corporation	1.5	94
Amphenol Corporation	1.1	82
Ross Stores, Inc.	1.6	74
Howmet Aerospace Inc.	1.2	68
General Electric Company	2.0	65

Top 5 Relative Detractors vs. S&P 500 Index (12 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Nvidia Corporation	0.0	-340
Alphabet Inc.	0.0	-294
Tesla, Inc.	0.0	-66
Micron Technology, Inc.	0.0	-59
Marsh & McLennan Companies, Inc.	1.3	-48

Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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## Portfolio Positioning

## Sector Diversification - Changes Over Time vs. S&amp;P 500 Index (%)

Sector	Fund 3/31/25	Fund 12/31/25	Fund 3/31/26	Benchmark 3/31/26
Info Tech	18.7	25.1	22.6	32.9
Financials	19.6	20.8	19.3	12.6
Indust & Bus Svcs	16.5	14.4	14.5	9.0
Health Care	14.6	12.9	12.9	9.5
Cons Stpls	8.1	6.3	7.1	5.3
Cons Disc	6.4	6.6	7.1	9.9
Energy	5.0	4.0	5.9	4.0
Utilities	3.6	3.4	3.8	2.5
Materials	3.2	2.9	3.3	2.1
Real Estate	2.0	1.6	1.5	2.0
Comm Svcs	1.2	1.1	1.2	10.3

## Largest Purchases

Issuer	Sector	% of Fund 3/31/26	% of Fund 12/31/25
Cisco Systems	Info Tech	1.0	0.5
Johnson & Johnson (N)	Health Care	0.3	0.0
Martin Marietta Materials (N)	Materials	0.3	0.0
UnitedHealth Group	Health Care	1.2	1.0
KKR (N)	Financials	0.2	0.0
Gilead Sciences	Health Care	1.2	0.9
W. W. Grainger	Indust & Bus Svcs	0.4	0.3
Tractor Supply	Consumer Discretionary	0.4	0.3
Southern Company	Utilities	0.4	0.3
Mondelez International	Consumer Staples	0.9	0.8

## Largest Sales

Issuer	Sector	% of Fund 3/31/26	% of Fund 12/31/25
Microsoft	Info Tech	4.4	6.2
Amphenol	Info Tech	1.1	1.5
KLA	Info Tech	1.5	1.6
Wells Fargo	Financials	0.5	0.9
Broadridge Financial Solutions	Indust & Bus Svcs	0.5	1.1
GE HealthCare Technologies (E)	Health Care	0.0	0.3
Howmet Aerospace	Indust & Bus Svcs	1.2	1.3
CMS Energy	Utilities	0.3	0.5
GE	Indust & Bus Svcs	2.0	2.3
Applied Materials	Info Tech	0.8	0.7

(N) New Position

(E) Eliminated

A purchase or sale that occurred as a result of a corporate action where the Portfolio Manager had no discretion, if any, will not be displayed. Securities are shown in order by their total net cost and proceed values. Net is defined as total cost of purchases less total proceeds of sales.

## Holdings

## Top 10 Issuers

Issuer	Industry	% of Fund	% of S&P 500 Index
Apple	Tech. Hard., Stor. & Periph.	5.2	6.7
Microsoft	Software	4.4	4.9
Broadcom	Semicons & Semicon Equip	3.2	2.6
JPMorgan Chase	Banks	3.1	1.4
Visa	Financial Services	2.6	0.9
ExxonMobil	Oil, Gas & Consumable Fuels	2.1	1.3
Chubb	Insurance	2.1	0.2
GE	Aerospace & Defense	2.0	0.5
Wal-Mart	Consumer Staples Distribution & Retail	1.9	1.0
Bank of America	Banks	1.8	0.6

## Top 5 Over/Underweight Positions vs. S&amp;P 500 Index

Issuer	Industry	% of Fund	% of Benchmark	Over/Underweight (%)
Chubb	Insurance	2.1	0.2	1.9
Visa	Financial Services	2.6	0.9	1.7
JPMorgan Chase	Banks	3.1	1.4	1.6
Ross Stores	Specialty Retail	1.6	0.1	1.5
GE	Aerospace & Defense	2.0	0.5	1.5
NVIDIA	Semicons & Semicon Equip	0.0	7.6	-7.6
Alphabet	Interactive Media & Services	0.0	5.4	-5.4
Amazon.com	Broadline Retail	0.0	3.6	-3.6
Meta Platforms	Interactive Media & Services	0.0	2.2	-2.2
Tesla	Automobiles	0.0	1.9	-1.9

## Portfolio Management

	Managed Since	Joined Firm
Thomas Huber	2000	1994

## Additional Disclosures

**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.**

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Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

Unless otherwise noted, index returns are shown with gross dividends reinvested.

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

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.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable.

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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