QUARTERLY REVIEW

Real Estate Fund

As of March 31, 2024

PORTFOLIO HIGHLIGHTS

Portfolio Highlights

The portfolio underperformed the FTSE Nareit All Equity REITs Index for the three-month period ended March 31, 2024.

Relative performance:

- Our underweight allocation coupled with unfavorable stock selection in the data centers sector was the largest detractor from relative performance.
- Stock picking in healthcare also weighed on relative returns.
- Conversely, our underweight to triple net real estate aided relative performance.

Additional highlights:

- In our view, valuation is especially important in the current environment, and we continue to shy away from companies with weaker balance sheets and near-term capital needs.
- We continue to believe that making investments in high-quality real estate run by strong management teams in supply-constrained markets will lead to attractive long-term results for our shareholders.

FUND INFORMATION

Symbol	TRREX
CUSIP	779919109
Inception Date of Fund	October 31, 1997
Benchmark	FTSE Nareit All Equity REITs Index
Expense Information (as of the most recent Prospectus)	0.82%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	$854,741,205
Percent of Portfolio in Cash	1.6%

PERFORMANCE

(NAV, total return)

			Annualized			
	Three Months	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Fifteen Years**
Real Estate Fund	-1.86%	7.97%	3.35%	2.52%	5.06%	12.67%
Lipper Real Estate Funds Index	-0.70	8.06	1.98	4.04	6.20	12.86
FTSE Nareit All Equity REITs Index	-1.30	8.02	2.47	3.96	6.93	13.63

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021***	**2022**	**2023**
Real Estate Fund	Oct 31 1997	29.75%	4.78%	6.03%	4.42%	-8.99%	22.47%	-11.38%	47.21%	-25.84%	13.12%
Lipper Real Estate Funds Index		27.78	2.86	6.48	7.38	-6.28	27.10	-2.91	38.99	-25.93	11.98
FTSE Nareit All Equity REITs Index		28.03	2.83	8.63	8.67	-4.04	28.66	-5.12	41.30	-24.95	11.36

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

***Investors should note that the Fund's short-term performance is highly unusual and unlikely to be sustained.**

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.

PERFORMANCE REVIEW

Earnings Strength, Bullish Sentiment Fueled Equity Rally
Major U.S. stock indexes advanced in the quarter, continuing to ride tailwinds of soft-landing sentiment in anticipation of interest rate cuts despite mixed economic signals throughout the period.

Performance was mixed in January as expectations for aggressive interest rate cuts were tempered by strong economic data and comments from the U.S. Federal Reserve indicating that the first of its expected round of interest rate cuts wasn't likely to come in March. Still, equities climbed through February, supported by some favorable corporate earnings reports and continued optimism about companies expected to benefit from demand for artificial intelligence (AI). Inflation and other economic data steadied in March, creating a more constructive backdrop for investors. While the Federal Reserve held rates at its March meeting, commentary continued to indicate multiple rate cuts could occur in 2024, potentially beginning as early as June.

The overall equity real estate market delivered negative results during the period and underperformed the broader U.S. equity market. Within the real estate benchmark, sector performance was mixed. The infrastructure, triple net, and self-storage sectors produced the deepest losses. The regional mall, lodging/leisure, and data centers sectors exhibited strong positive returns and outperformed while the industrial and healthcare segments mildly declined but outperformed the broad index.

The portfolio's relative performance was driven by the following factors:

Data Centers Hurt Relative Results
Our underweight allocation coupled with unfavorable stock selection in the data centers sector was the largest detractor from relative performance. Demand remained strong despite rising rents, and data centers continued to benefit from market expectations that increased use of AI will be supportive.

- Equinix, our only holding in the sector, produced positive returns but underperformed its benchmark counterpart, Digital Realty. Shares sold off sharply in March after a research firm accused Equinix of manipulating key metrics in an attempt to sell shareholders on the company's investment in AI. Despite the near-term volatility, Equinix remains a large portfolio holding, based on our view that it will be the best manifestation of pricing power when the AI revolution pivots from power-hungry, large-compute functions to latency-sensitive and ecosystem-driven inferencing applications.

Healthcare Detracted
Unfavorable stock selection in the healthcare sector detracted from the portfolio's relative results.

- Healthcare Realty Trust owns medical office buildings throughout the U.S. Shares traded lower following a fourth-quarter earnings miss, as normalized funds from operations and revenue were lower than the year prior. Although the integration benefits of a large acquisition completed over a year ago are taking longer than expected to be realized, we still believe the company is a solid long-term holding as it owns high-quality and defensive medical office real estate.
- Shares of Ventas, a real estate investment trust (REIT) that specializes in the senior housing segment, declined following the release of fourth-quarter corporate earnings in February. While the quarterly results were generally solid, the company's 2024 guidance fell short of analysts' expectations. We think Ventas is positioned to benefit from the demographic tailwind of an aging population, and, in our view, offers a more attractive valuation than competitor Welltower, which we also own.

Shopping Centers Weighed on Results
In the shopping center sector, stock picking detracted.

- Regency Centers Corporation is a grocery-anchored shopping center portfolio of more than 400 properties. Shares declined following a fourth-quarter earnings release that underperformed consensus estimates and highlighted accelerating expenses facing the company. We view the initial outlook as conservative and think the resiliency and above-trend cash flow growth at Regency Centers Corporation is undervalued.

Triple Net Underweight Helped Results
Our sizable underweight to triple net real estate, where leaseholders pay maintenance, insurance, and taxes, was a contributor to performance as the sector underperformed due to stagnant rent growth and below-average transaction volumes given unattractive cost of debt and equity capital for the names in the quarter. Our focus remains on owning commercial real estate companies whose value is driven by real estate supply and demand dynamics that drive rent growth. We see limited opportunities currently for rent growth to drive value appreciation in the triple net sector.

Lodging/Leisure Contributed to Results
In the lodging/leisure sector, an overweight allocation paired with favorable stock picking contributed.

- Our out-of-benchmark position in Hilton Worldwide contributed to relative performance. Shares of the world's second-largest hotel company rose steadily during the quarter and the acquisition of Graduate Hotels in March helped press shares to record highs. We believe the acquisition supports Hilton's strategy of appealing to younger travelers and also enhances the company's Hilton Honors redemption options. Our overweight in C-Corp lodging companies is designed to benefit if inflation remains high and/or increases moving forward.

PORTFOLIO POSITIONING AND ACTIVITY

Portfolio Positioning and Activity
We are focused on companies with well-located real estate that we believe will be able to improve their earnings and cash flows by growing rents over the medium to long term. In our view, valuation is especially important in the current environment, and we continue to shy away from companies with weaker balance sheets and near-term capital needs.

Apartment/Residential
Our largest industry weighting is in the apartment/residential segment, which is an area where we believe we can find companies with good management teams and well-capitalized balance sheets.

- One of our largest positions in the sector is Equity Lifestyle Properties, which owns a portfolio of manufactured housing and recreational vehicle (RV) parks. In our view, even though demand for its properties is strong while new construction is extremely limited, creating a favorable rent growth backdrop over the next several years, we decided to reduce our exposure and add to our positions in Sun Communities and Essex Property Trust.

- Among apartment names, we prefer landlords operating in attractive real estate markets where the cost of homeownership is high. We have significant positions in Essex Property Trust, AvalonBay Communities, and Equity Residential, which are focused on coastal cities where there is limited supply and it is difficult for competitors to build new properties.
- We meaningfully increased our position in Sun Communities, which derives its income from owning manufactured housing parks, RV parks, and marinas. We believe the company has a good mix of affordable housing and lifestyle communities while also having some exposure to luxury lifestyles with their boating segment.

Industrial
We maintain a large allocation in industrial real estate. We believe that peaking new supply delivery levels combined with still-solid demand should support rent growth in the sector given low current availability rates and rapidly declining new development starts.

- One of our largest holdings in the portfolio is Prologis, an industrial property landlord with a significant global scale. We believe the company has a world-class management team and its exposure to fast-growing markets will allow it to achieve above-average revenue growth.
- We also have a notable position in warehouse company Rexford Industrial Realty, which has significant exposure to the Southern California market. We believe Rexford will continue to benefit from its well-located infill real estate, supporting our decision to increase our position during the quarter.

Infrastructure
We have a large allocation to cell tower companies within the infrastructure sector. We believe these companies have attractive business models in that each individual tower has strong pricing power over its coverage area due to strict zoning rules. Moreover, cell towers could do well in a potential downturn as wireless carriers are likely to continue to invest in their networks regardless of the economic environment and they have fixed price escalators in their U.S. contracts.

- American Tower represented our largest holding in the sector at the end of the period. We remain attracted to the company's high-quality tower assets and strong balance sheet relative to its competitors. American Tower is the largest U.S. tower operator and also has exposure to global markets as well as an underappreciated data center business.

Other Allocations
Other notable transactions during the period included names in the regional mall and triple net segment.

- We reduced our position in Simon Property Group, which owns a portfolio of regional malls along with other retail properties. Shares gained in the first quarter as the company continues to benefit from high cash flow generation and improving occupancy. We elected to take some profits off the table and invest in other ideas.
- We reduced our stake in CBRE Group, the largest global player in commercial real estate leasing, sales, and property management by revenue. Even though we still believe the company is well positioned to benefit from improving transaction and leasing volumes going forward, the stock has performed very well in recent months, so we elected to pocket some gains.

MANAGER'S OUTLOOK

Real estate companies ended 2023 on a high note as the prospect for a soft-landing scenario and a more-resilient-than-expected consumer drove valuations higher and provided confidence around a favorable operating environment to enter the year. There remain risks for 2024 in the form of continued expense pressure and supply deliveries restraining rent growth, leading to expectations for a return to more normalized cash flow growth following a strong rebound in fundamentals post-pandemic.

While tighter access to capital presents a modest headwind to financing costs and transaction activity, it also limits supply growth going into 2025-a pullback in development activity rarely seen outside of a recession. Coupled with still-elevated construction costs driving replacement costs higher, there is a larger runway for rent growth before new construction pencils economically. With operating fundamentals that would otherwise be supportive of starting new construction, the modest start levels in most sectors have the potential to form an extremely favorable backdrop to drive rent growth in the 2025 and beyond time frame.

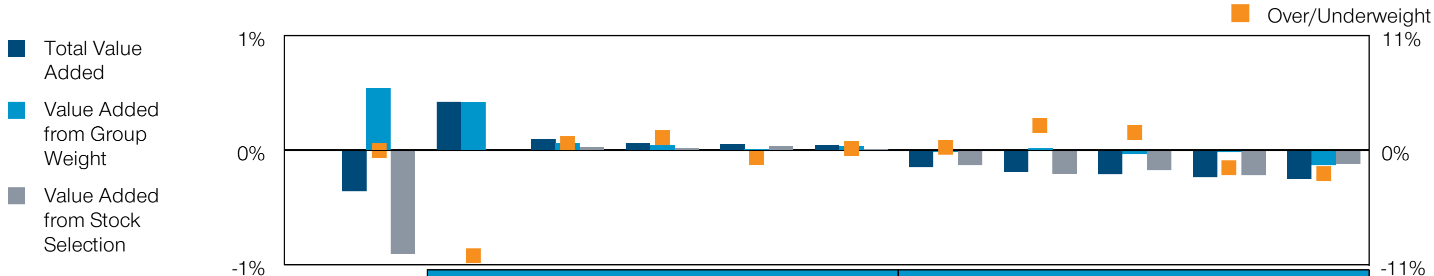
Refinancing costs remain a headwind to earnings growth for the sector but has improved directionally from the peak seen in late summer/early fall of 2023. The public real estate companies also have superior access to capital as preferred borrowers to banks as well as the ability to utilize the unsecured debt market for those with appropriate debt ratings. As a result, publicly traded real estate companies may find more attractive acquisition opportunities among a thinner pool of competitors for a larger pool of assets.

We remain focused on investing in companies that own well-located real estate, meaning that demand exceeds supply over a sustainable time period. This remains critical to our philosophy as rent growth is needed to combat the headwind from higher interest rates and inflation. In addition, our portfolio remains invested in companies with below-average financial leverage and ample liquidity that we believe have the ability to take advantage of any dislocations in the private real estate market. As a result, we are optimistic on the return potential for our portfolio of real estate companies going forward.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. FTSE NAREIT ALL EQUITY REITS INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended March 31, 2024)



	Total	Triple Net	Lodging/ Leisure	Agriculture/Land	Office	Regional Mall	Infra-structure	Industrial	Shopping Center	Health Care	Data Centers
		Top Five Total Value Added					Bottom Five Total Value Added				
Over/Underweight	0.00%	-10.08%	0.67%	1.22%	-0.66%	0.17%	0.28%	2.42%	1.70%	-1.68%	-2.24%
Fund Performance	-1.66	4.84	5.59	3.00	-0.53	11.14	-9.69	-1.82	-5.87	-2.95	2.98
Index Performance	-1.30	-5.14	4.78	2.54	-2.15	10.86	-8.77	-0.71	-3.29	-0.49	4.72
Value Add - Group Weight	0.54	0.42	0.06	0.05	0.01	0.04	-0.02	0.02	-0.04	-0.02	-0.13
Value Add - Stock Selection	-0.90	0.00	0.03	0.01	0.04	0.01	-0.13	-0.20	-0.17	-0.22	-0.12
Total Contribution	-0.36	0.42	0.09	0.06	0.05	0.05	-0.15	-0.18	-0.21	-0.23	-0.25

TOP 5 RELATIVE CONTRIBUTORS VS. FTSE NAREIT ALL EQUITY REITS INDEX

(3 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Terreno Realty Corporation	3.1%	16
Hilton Worldwide Holdings Inc.	1.1	16
Realty Income Corporation	0.0	15
Vici Properties Inc.	0.0	13
W. P. Carey Inc.	0.0	12

TOP 5 RELATIVE DETRACTORS VS. FTSE NAREIT ALL EQUITY REITS INDEX

(3 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Digital Realty Trust, Inc.	0.0%	-25
Rexford Industrial Realty, Inc.	3.4	-25
Iron Mountain Incorporated	0.0	-24
Regency Centers Corporation	3.6	-24
Sba Communications Corporation	3.2	-22

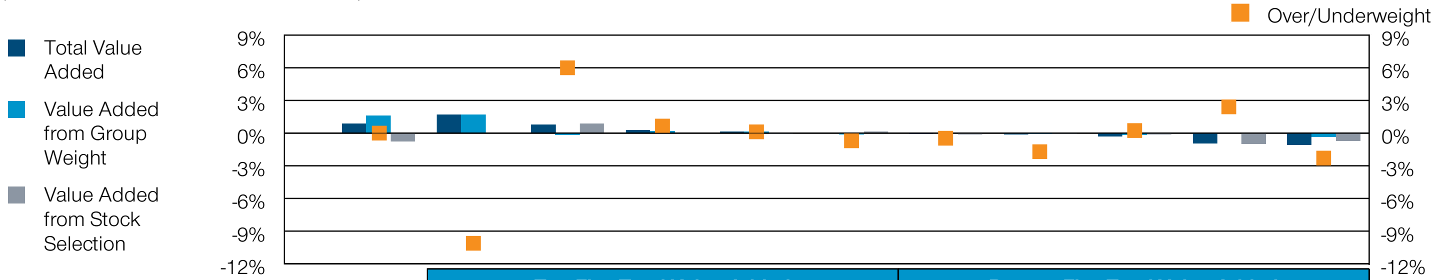
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

Past performance is not a 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 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 2024 FactSet. All Rights Reserved. Analysis by T. Rowe Price. 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.

12-MONTH ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. FTSE NAREIT ALL EQUITY REITS INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended March 31, 2024)



		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	Triple Net	Apartment Residential	Lodging/ Leisure	Regional Mall	Office	Other Real Estate	Health Care	Infrastructure	Industrial	Data Centers
Over/Underweight	0.00%	-10.08%	6.02%	0.67%	0.17%	-0.66%	-0.42%	-1.68%	0.28%	2.42%	-2.24%
Fund Performance	8.90	4.84	10.18	27.57	48.48	35.81	11.78	10.70	-7.76	3.96	16.74
Index Performance	8.01	-6.27	5.83	24.73	49.30	29.07	22.96	11.48	-7.25	9.61	27.36
Value Add - Group Weight	1.62	1.71	-0.12	0.22	0.17	-0.11	0.03	-0.04	-0.16	0.05	-0.35
Value Add - Stock Selection	-0.73	0.00	0.93	0.10	-0.02	0.15	-0.08	-0.04	-0.08	-0.98	-0.66
Total Contribution	0.89	1.71	0.82	0.31	0.15	0.04	-0.05	-0.09	-0.24	-0.93	-1.01

TOP 5 RELATIVE CONTRIBUTORS VS. FTSE NAREIT ALL EQUITY REITS INDEX

(12 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Essex Property Trust, Inc.	3.8%	45
Hilton Worldwide Holdings Inc.	1.1	43
Simon Property Group, Inc.	4.8	41
Realty Income Corporation	0.0	35
American Homes 4 Rent	3.1	34

TOP 5 RELATIVE DETRACTORS VS. FTSE NAREIT ALL EQUITY REITS INDEX

(12 months ended March 31, 2024)

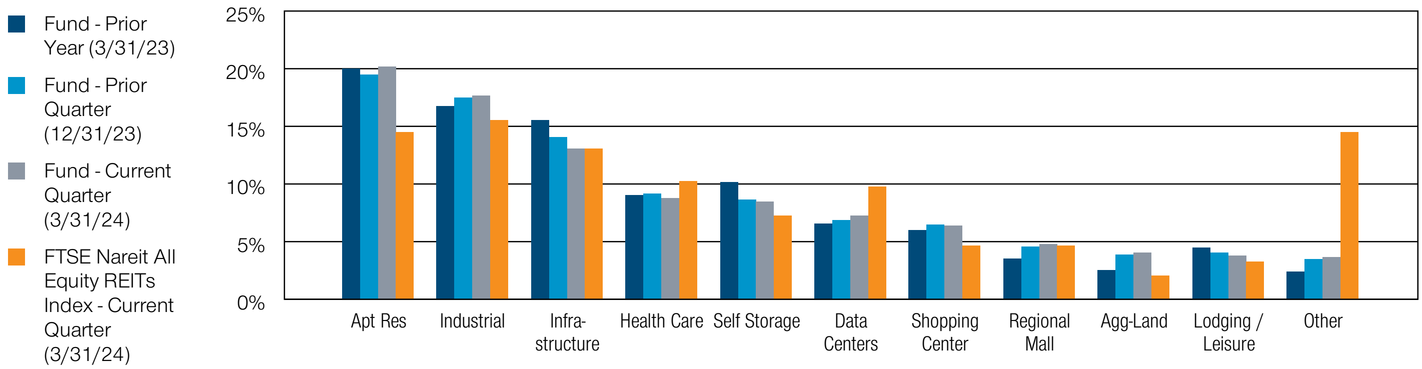
Security	% of Equities	Net Contribution (Basis Points)
Digital Realty Trust, Inc.	0.0%	-125
Iron Mountain Incorporated	0.0	-73
Sba Communications Corporation	3.2	-34
Invitation Homes Inc.	0.0	-30
Healthcare Realty Trust Incorporated	1.3	-29

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 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 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 2024 FactSet. All Rights Reserved. Analysis by T. Rowe Price. 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.

PORTFOLIO POSITIONING

INDUSTRY DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 3/31/24	% of Fund Prior Quarter 12/31/23
Sun Communities	Real Estate	1.5%	0.8%
Gaming & Leisure Properties (N)	Real Estate	0.5	0.0
Rexford Industrial Realty	Real Estate	3.4	3.4
Essex Property Trust	Real Estate	3.8	3.5
Ventas	Real Estate	1.8	1.9
Kilroy Realty	Real Estate	1.1	1.1
American Tower	Real Estate	7.8	8.1

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 3/31/24	% of Fund Prior Quarter 12/31/23
Simon Property Group	Real Estate	4.8%	4.6%
Equity LifeStyle Properties	Real Estate	3.2	3.8
CBRE Group	Real Estate	0.6	1.0
Welltower	Real Estate	4.4	4.3
Prologis	Real Estate	8.2	8.2
Extra Space Storage	Real Estate	1.1	1.4
Alexandria Real Estate	Real Estate	1.3	1.4
Camden Property Trust	Real Estate	1.8	1.9
SBA Communications	Real Estate	3.2	3.7
Host Hotels & Resorts	Real Estate	0.4	0.5

(N) New Position

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.If fewer than 10 purchases or sales are shown, those are all of the purchases or sales for the period.

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 FTSE Nareit All Equity REITs Index
Prologis	Industrial	8.2%	9.8%
American Tower	Infrastructure	7.8	7.5
Equinix	Data Centers	7.3	6.3
Public Storage	Self Storage	5.3	3.7
Simon Property Group	Regional Mall	4.8	4.1
Welltower	Health Care	4.4	4.1
Essex Property Trust	Apartment Residential	3.8	1.3
Regency Centers	Shopping Center	3.6	0.9
Rexford Industrial Realty	Industrial	3.4	0.9
AvalonBay Communities	Apartment Residential	3.4	2.1

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. FTSE NAREIT ALL EQUITY REITS INDEX

Issuer	Industry	% of Fund	% of FTSE Nareit All Equity REITs Index	Over/Underweight
Regency Centers	Shopping Center	3.6%	0.9%	2.7%
Terreno Realty	Industrial	3.1	0.4	2.6
Rexford Industrial Realty	Industrial	3.4	0.9	2.6
Essex Property Trust	Apartment Residential	3.8	1.3	2.5
EastGroup Properties	Industrial	3.0	0.7	2.3
Realty Income	Triple Net	0.0	3.7	-3.7
Digital Realty Trust	Data Centers	0.0	3.5	-3.5
VICI Properties	Triple Net	0.0	2.5	-2.5
Iron Mountain	Industrial	0.0	1.9	-1.9
Invitation Homes	Apartment Residential	0.0	1.8	-1.8

PORTFOLIO MANAGEMENT

Portfolio Manager:
Gregg Korondi

Managed Fund Since:
2024

Joined Firm:
2020

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. Read it carefully.

Unless otherwise noted, index returns are shown with gross dividends reinvested.
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.
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. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.
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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.
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