



QUARTERLY REVIEW

Institutional Small-Cap Stock Fund

As of September 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Russell 2000 Index for the three-month period ended September 30, 2020.

Relative performance drivers:

- Stock selection in health care led results.
- Information technology added value due to stock choices.
- Stock picks in consumer discretionary weighed on returns.

Additional highlights:

- We found attractive opportunities in value-oriented names and trimmed stocks that had become expensive as well as companies being acquired.
- We expect to see some volatility around the U.S. presidential election but are not positioning the portfolio in favor of either outcome. Instead, we remain diligent in seeking out opportunities within our universe for relative value and believe our fundamental and patient approach will provide strong long-term results regardless of the environment.

FUND INFORMATION

Symbol	TRSSX
CUSIP	45775L309
Inception Date of Fund	March 31, 2000
Benchmark	Russell 2000 Index
Expense Information (as of the most recent Prospectus)	0.67%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$5,044,471,052
Percent of Portfolio in Cash	1.3%

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
Institutional Small-Cap Stock Fund	8.32%	0.20%	7.69%	10.38%	13.40%	13.80%	10.36%
Russell 2000 Index	4.93	-8.69	0.39	1.77	8.00	9.85	7.03

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Institutional Small-Cap Stock Fund	Mar 31 2000	32.96%	0.22%	18.68%	39.56%	7.42%	-3.07%	19.00%	15.45%	-3.07%	33.96%
Russell 2000 Index		26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65	-11.01	25.52

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. Investing in small companies involves greater risk than is customarily associated with larger companies, since small companies often have limited product lines, markets, or financial resources. 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.

PERFORMANCE REVIEW

Economic Rebound and Vaccine Hopes Boost U.S. Stocks

Stocks recorded a second consecutive quarter of strong gains, with investors continuing to focus much of their enthusiasm on the internet and technology giants benefiting from the stay-at-home economy. A faster rebound in the economy than many had expected seemed to play a key role in driving markets higher. Employers added jobs at a record pace beginning in June, and manufacturing signals were generally strong, as firms sought to replenish inventories depleted in the spring. The much larger services sector also began to expand again in June, although airlines and other industries continued to struggle with cautious consumers.

Investors took a renewed rise in U.S. coronavirus infections in July largely in stride, but fears in September of a possible "second wave" in Europe and the U.S. seemed to elicit more concern. Conversely, markets appeared to get a boost from reports of progress in developing vaccines and treatments.

Health Care Led Relative Results Due to Stock Picks

- iRhythm Technologies develops monitoring and diagnostic solutions for the detection of cardiac arrhythmias. Shares spiked on solid quarterly results reflecting a faster-than-expected recovery from coronavirus-related pressure on demand. The company's Zio Service enables a faster and more accurate diagnosis of arrhythmia, and we believe it is poised to capture significant market share as the new standard of care.
- Shares of Immunomedics jumped on the announcement of a buyout offer from fellow biotechnology company Gilead Sciences. Immunomedics has attracted attention with its advanced breast cancer drug, Trodelvy, which received an unexpected early approval from the U.S. Food and Drug Administration in April. More recently, the company disclosed impressive clinical trial results for the drug.

Stock Selection in Information Technology Boosted Returns

- Shares of Entegris, an electronic advance materials supplier to the semiconductor industry, were boosted by strong quarterly results and an increase to forward guidance. The company has executed well through the pandemic and benefited from an accelerated demand for leading-edge solutions. We have a positive view of the company's management team and balance sheet flexibility.

Holdings in Financials Added Value

Stock selection was primarily responsible for excess returns, but an underweight position also proved beneficial.

- Mortgage provider and servicer PennyMac Financial Services posted exceptionally strong results in the most recent quarter, coming in well ahead of consensus expectations on strong fundamentals across the board. With a top management team and state-of-the-art mortgage platform, the company is well positioned to gain market share with improved margins as the industry faces capacity constraints, in our view.

Consumer Discretionary Detracted From Performance

Underperformance in the sector was mainly due to stock choices, but an underweight position also proved detrimental.

- Ollie's Bargain Outlet has been a strong performer year-to-date, benefiting from stimulus, its designation as an essential business, and a coronavirus-driven shift in consumer shopping habits. The company delivered an impressive earnings beat in the most recent quarter, and shares pulled back, likely due to profit taking on the expectation that next year's performance will fall short by comparison. We favor the company for its position within the attractive closeout retail industry, its strong customer value proposition, and its long runway for unit growth.
- Shares of auto repair provider Monro remained under pressure as a resurgence in coronavirus cases in southern states slowed the pace of improvement following the removal of stay-at-home restrictions. The departure of the company's CEO during the period also weighed on shares. We believe the company's cost-cutting efforts and free cash flow management can see it through the pandemic and enable it to capitalize on the other side.

Stock Selection in Materials Weighed on Returns

- Haynes International develops, manufactures, and markets nickel- and cobalt-based alloys used in corrosion and high-temperature applications. Shares have languished amid aerospace end market weakness.

PORTFOLIO POSITIONING AND ACTIVITY

Sector weightings are a result of our bottom-up stock selection process. During the period we found attractive opportunities in value-oriented names and trimmed stocks that had become expensive as well as companies being acquired. Trades spanned the various sectors, with some of the more significant purchases and sales occurring within materials, industrials and business services, health care, and financials.

Materials

Within the portfolio's limited exposure to the materials sector, we look for well-managed, solidly positioned companies with attractive balance sheets relative to the valuation being paid and prefer growing end markets. The portfolio is slightly underweight to the sector but has the most exposure to the metals and mining and chemicals industries.

- We increased Element Solutions, a leading provider of process chemicals and materials. We like the company's management team and its exposure to attractive end markets like electronics. We believe the risk/reward potential is attractive at current valuations.
- We trimmed metal and mining name Franco-Nevada on valuation considerations. The company's stock price has benefited from a rise in gold and silver prices.

Industrials and Business Services

The industrials and business services sector has been an investment focus for multiple years and remains one of the larger overweights for the portfolio. Generally, we look for companies with durable businesses and strong management teams, a history of strong execution, quality lean production, and a focus on shareholder value. We tend to find opportunities in companies with niche products that service growing end markets. In recent years, we have found value in companies that have benefited from the slow turnaround in nonresidential construction. The portfolio's largest industry exposure is to the machinery sector, followed by aerospace and defense and commercial services and supplies.

- We added to MSA Safety, a leading manufacturer of safety equipment. We have a positive view of the company's management team, balance sheet, and product pipeline. An increased emphasis on workplace safety should provide growth tailwinds.
- We increased the portfolio's position in Upwork, the largest global online marketplace for freelancers. We believe this is a best-in-class company and a beneficiary of the accelerating adoption of freelance labor in the business world.
- Chart Industries manufactures equipment for the production, storage, and consumption of hydrocarbons and industrial gases. We view this as a durable business with dominant market share and high barriers to entry. We have a favorable opinion of the CEO and the structural improvements that she has made to the company. We think that Chart is uniquely positioned to benefit from the expected increase in the use of natural gas on a global basis, and we increased the portfolio's position in the company.

Health Care

The health care sector continues to wrestle with the secular health care trends of increasing demand and unsustainable cost increases. We believe attractively valued companies with solid business models that counteract one or both of these trends by meeting demand through better outcomes or cutting costs should prove beneficial over time, regardless of the complicated regulatory structure in place. Specifically, the portfolio has a large allocation to the health care equipment and supplies industry, as well as a sizable allocation to health care providers and services. The largest allocation, however, is to biotechnology, where we take a basket approach to help balance the risk inherent in these investments.

- We exited Immunomedics upon the announcement of a buyout offer from fellow biotechnology company Gilead Sciences.
- Similarly, shares of therapeutics company Momenta Pharmaceuticals spiked on the news that it would be acquired by Johnson & Johnson. We eliminated the portfolio's position and took profits.
- And finally, we exited Principia Biopharma on the announcement that it would be acquired by Sanofi, a deal that just closed at period-end

Financials

The financials sector has faced stiff headwinds since the collapse of global financial markets in 2007 to 2008. The 2016 election of Donald Trump and a Republican-controlled Congress shifted investor sentiment in the sector fairly quickly, particularly in the banking space. Though many of these stocks have risen since the crisis, we still feel there are opportunities within regional banks with strong management teams, improving credit metrics, reasonable valuations, and solid balance sheets. Recent weakness in the segment has provided expanded and renewed opportunities.

- We initiated a position in Sandy Spring Bancorp, the largest Maryland-based community bank. We believe the bank is well positioned to gain market share from both larger banks and any market disruptions. Additionally, we anticipate synergies resulting from the recent acquisition of local competitor Revere Bank.

- We added to New York metro bank Signature Bank. We have a positive view of the company's growth-oriented focus and unique culture. A renewed emphasis on commercial and industrial loans and an extension to the West Coast support longer-term growth prospects.

MANAGER'S OUTLOOK

U.S. equities continued their rally in the third quarter. All indices posted positive returns on the quarter and we saw a shift back to what we have seen for much of the last decade: large-cap and growth stocks outpacing their smaller and value peers.

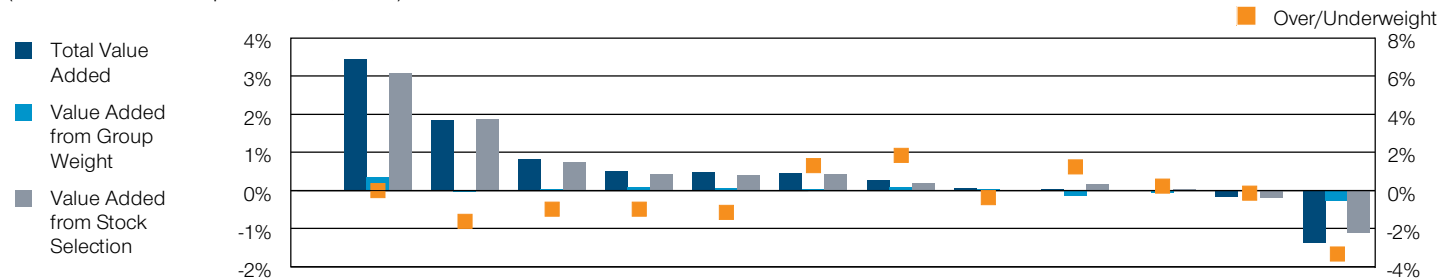
During the quarter, the Russell 2000 returned 4.93% as sector performance was mixed. Consumer discretionary, industrials and business services, and health care were the largest contributors to Russell 2000 performance. Financials, utilities, and energy all weighed on index performance.

We expect to see some volatility around the U.S. presidential election but are not positioning the portfolio in favor of either outcome. Instead, we remain diligent in seeking out opportunities within our universe for relative value and believe our fundamental and patient approach will provide strong long-term results regardless of the environment.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2020)



	Total	Health Care	Info Tech	Financials	Real Estate	Consumer Staples	Indust & Bus Svcs	Comm Svcs	Utilities	Energy	Materials	Consumer Disc
Over/Underweight	0.00%	-1.61%	-0.96%	-0.96%	-1.14%	1.33%	1.86%	-0.37%	1.26%	0.24%	-0.11%	-3.32%
Fund Performance	8.39	14.70	8.86	0.27	7.90	19.02	12.58	0.54	-1.65	-8.56	2.55	7.92
Index Performance	4.93	4.86	2.51	-2.33	0.01	8.46	10.97	-0.71	-5.24	-9.83	6.50	18.89
Value Add - Group Weight	0.36	-0.02	0.06	0.10	0.08	0.04	0.10	0.04	-0.13	-0.03	0.01	-0.26
Value Add - Stock Selection	3.10	1.87	0.77	0.43	0.42	0.43	0.20	0.03	0.18	0.04	-0.17	-1.09
Total Contribution	3.46	1.85	0.83	0.52	0.50	0.47	0.30	0.07	0.05	0.01	-0.17	-1.35

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Boston Beer Company, Inc.	1.8%	81
Irhythm Technologies, Inc.	1.0	47
Immunomedics, Inc.	0.0	40
Firstservice Corp.	1.3	33
Clarivate Plc	1.1	32

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Sunrun Inc.	0.0%	-38
Penn National Gaming, Inc.	0.0	-32
Monro, Inc.	0.4	-15
Diamondback Energy, Inc.	0.3	-14
Caesars Entertainment, Inc.	0.0	-13

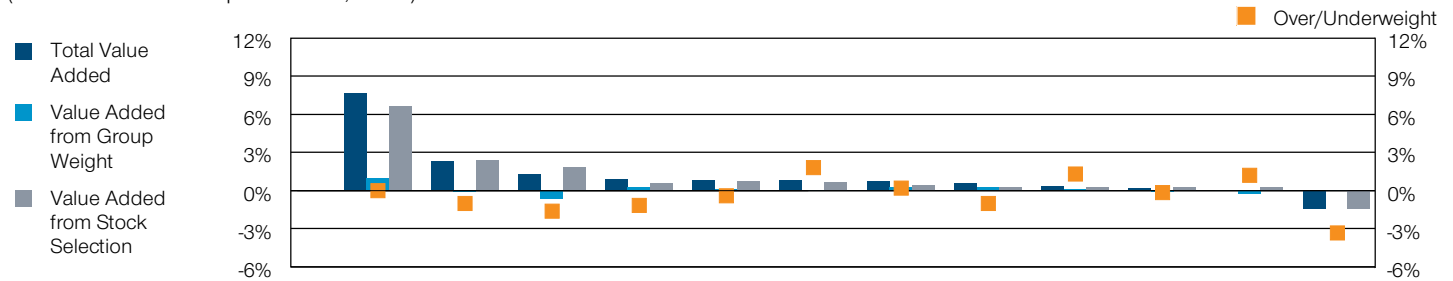
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

Past performance is not a reliable indicator of future performance. 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. 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.

12-MONTH ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. RUSSELL 2000 INDEX

(12 months ended September 30, 2020)



	Total	Info Tech	Health Care	Real Estate	Comm Svcs	Indust & Bus Svcs	Energy	Financials	Consumer Staples	Materials	Utilities	Consumer Disc
Over/Underweight	0.00%	-0.96%	-1.61%	-1.14%	-0.37%	1.86%	0.24%	-0.96%	1.33%	-0.11%	1.26%	-3.32%
Fund Performance	8.10	35.00	50.77	-10.20	25.77	6.36	-44.99	-22.30	17.00	-1.62	-16.97	3.02
Index Performance	0.39	11.99	36.79	-20.23	-16.27	1.73	-52.81	-24.03	9.73	-7.48	-21.57	13.80
Value Add - Group Weight	1.03	-0.08	-0.60	0.30	0.12	0.09	0.35	0.29	0.11	-0.06	-0.23	0.00
Value Add - Stock Selection	6.68	2.42	1.89	0.62	0.77	0.73	0.45	0.34	0.25	0.26	0.32	-1.37
Total Contribution	7.71	2.34	1.29	0.92	0.89	0.83	0.80	0.63	0.36	0.20	0.09	-1.37

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(12 months ended September 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Quidel Corporation	1.4%	120
Boston Beer Company, Inc.	1.8	115
Irhythm Technologies, Inc.	1.0	68
Catalent, Inc.	1.1	57
Ollie's Bargain Outlet Holdings, Inc.	1.0	55

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(12 months ended September 30, 2020)

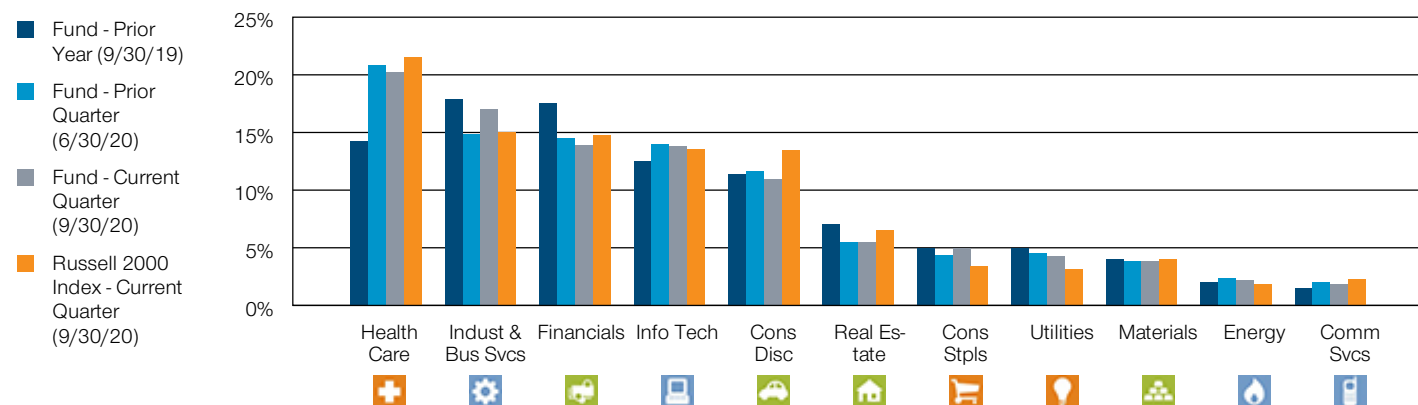
Security	% of Equities	Net Contribution (Basis Points)
Sage Therapeutics, Inc.	0.0%	-48
Teladoc Health, Inc.	0.0	-48
Monro, Inc.	0.4	-39
Penn National Gaming, Inc.	0.0	-39
Sunrun Inc.	0.0	-38

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



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 9/30/20	% of Fund Prior Quarter 6/30/20
Quidel	Health Care	1.4%	1.7%
Chart Industries	Indust & Bus Svcs	0.6	0.3
Element Solutions	Materials	0.5	0.4
MSA Safety	Indust & Bus Svcs	0.4	0.1
Saia	Indust & Bus Svcs	0.4	0.2
Signature Bank	Financials	0.3	0.3
SPX (N)	Indust & Bus Svcs	0.3	0.0
Upwork	Indust & Bus Svcs	0.3	0.1
ADT	Indust & Bus Svcs	0.3	0.1
Sandy Spring Bancorp (N)	Financials	0.2	0.0

(N) New Position
(E) Eliminated

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/20	% of Fund Prior Quarter 6/30/20
Boston Beer	Cons Stpls	1.8%	1.3%
Quidel	Health Care	1.4	1.7
Lattice Semiconductor	Info Tech	1.1	1.4
Ollies Bargain Outlet Holdings	Retail	1.0	1.4
SiteOne Landscape Supply	Indust & Bus Svcs	1.0	1.1
iRhythm Technologies	Health Care	1.0	0.7
Immunomedics (E)	Health Care	0.0	0.3
Momenta Pharmaceuticals (E)	Health Care	0.0	0.4
Principia Biopharma (E)	Health Care	0.0	0.2
Aimmune Therapeutics (E)	Health Care	0.0	0.2

For Sourcing Information, please see Additional Disclosures.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Russell 2000 Index
Boston Beer	Beverages	1.8%	0.0%
Quidel	Health Care Equip & Supplies	1.4	0.0
Entegris	Semicons & Semicon Equip	1.3	0.0
FirstService	Real Estate Mgmt & Dev	1.3	0.0
Molina Healthcare	Health Care Providers & Svcs	1.2	0.0
Cable One	Media	1.1	0.0
Burlington Stores	Specialty Retail	1.1	0.0
Catalent	Pharmaceuticals	1.1	0.0
Clarivate	Professional Services	1.1	0.0
Lattice Semiconductor	Semicons & Semicon Equip	1.1	0.2

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. RUSSELL 2000 INDEX

Issuer	Industry	% of Fund	% of Russell 2000 Index	Over/Underweight
Boston Beer	Beverages	1.8%	0.0%	1.8%
Quidel	Health Care Equip & Supplies	1.4	0.0	1.4
Entegris	Semicons & Semicon Equip	1.3	0.0	1.3
FirstService	Real Estate Mgmt & Dev	1.3	0.0	1.3
Molina Healthcare	Health Care Providers & Svcs	1.2	0.0	1.2
Penn National Gaming	Hotels Restaurants & Leisure	0.0	0.6	-0.6
Sunrun	Electrical Equipment	0.0	0.5	-0.5
Caesars Entertainment	Hotels Restaurants & Leisure	0.0	0.4	-0.4
Novavax	Biotechnology	0.0	0.4	-0.4
LHC Group	Health Care Providers & Svcs	0.0	0.3	-0.3

PORTFOLIO MANAGEMENT



Portfolio Manager:
Frank Alonso

Managed Fund Since:
2016

Joined Firm:
2000

For Sourcing Information, please see Additional Disclosures.

Additional Disclosures

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Unless indicated otherwise the source of all data is T. Rowe Price.

Closed to new investors. Open to subsequent investments.

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