



QUARTERLY REVIEW

Balanced Fund

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio slightly underperformed its combined index portfolio but outperformed the Morningstar Moderate Target Risk Index for the three-month period ended December 31, 2023.

Relative performance drivers (versus the combined index portfolio):

- Strong stock selection among U.S. large-cap growth stocks contributed.
- Selection among U.S. large-cap value securities held back returns.
- Security selection among U.S. investment-grade bonds detracted.

Additional highlights:

- We maintain a balanced view on equities supported by positive earnings trends and loosening financial conditions, against a backdrop of softening growth and elevated valuations. Within fixed income, we remain modestly overweight cash relative to bonds. Cash continued to provide attractive yields and liquidity to help take advantage of potential market dislocations.
- A pivot toward looser monetary policy could represent a tailwind for growth, but risks remain, particularly if further economic data suggesting stickier inflation prompt a more cautious approach that disappoints market hopes. Divergent approaches to monetary policy present an additional concern, as inflation remains elevated in Europe giving the European Central Bank cause for caution and the Bank of Japan, meanwhile, has only recently begun to contemplate incremental tightening.

FUND INFORMATION

Symbol	RPBAX
Inception Date of Fund	December 31, 1939
Benchmark	Morningstar Moderate Target Risk Index
Expense Information (as of most recent Prospectus)*	0.65% (Gross) 0.61% (Net)
Fiscal Year End	December 31
12B-1 Fee	—
Total Assets (all share classes)	\$ 4,381,004,512

Percent of Portfolio in Cash 3.2%

*The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
Balanced Fund	9.64%	17.99%	17.99%	3.43%	8.89%	6.85%	9.38%
Morningstar Moderate Target Risk Index	9.50	13.22	13.22	2.07	7.38	5.72	7.77
Combined Index Portfolio ¹	9.75	17.24	17.24	4.25	9.29	7.12	8.90

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Balanced Fund	19.25%	5.97%	0.65%	5.92%	18.01%	-4.92%	20.74%	14.57%	13.36%	-17.26%	17.99%
Morningstar Moderate Target Risk Index	14.29	4.89	-1.79	8.57	14.66	-4.76	19.03	12.82	10.19	-14.77	13.22
Combined Index Portfolio ¹	17.73	7.33	0.99	6.76	15.85	-4.42	21.54	13.21	14.13	-15.33	17.24

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

Stock prices can fall because of weakness in the broad market, a particular industry, or specific holdings. Bonds may decline in response to rising interest rates, a credit rating downgrade, or failure of the issuer to make timely payments of interest or principal.

¹As of August 1, 2012 the Combined Index Portfolio consisted of 45.5% S&P 500 Index, 35% Bloomberg U.S. Aggregate Bond Index, and 19.5% MSCI EAFE Index Net. From May 1, 2011 until July 31, 2012 the Combined Index Portfolio contained a range of 51.35%-46.14% S&P 500 Index, 35% Bloomberg U.S. Aggregate Bond Index, and 13.65%-18.86% MSCI EAFE Index Net. From May 1, 2008 until April 30, 2011 the Combined Index Portfolio consisted of 52% S&P 500 Index, 35% Bloomberg U.S. Aggregate Bond Index, and 13% MSCI EAFE Index Net. From inception until April 30, 2008 the Combined Index Portfolio consisted of 50% S&P 500 Index, 40% Bloomberg U.S. Aggregate Bond Index, and 10% MSCI EAFE Index Net. The indices or percentages may vary over time. Historical benchmark representations were not restated to reflect the component benchmark changes.

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

Structural Effect

There were no significant structural impacts from out-of-benchmark exposures.

Global Markets Rebound as Inflation Eases

Global equity markets soared during the fourth quarter, capping a rebound year for equities. The onset of war in Israel corresponded with a dip in global markets in October, but they rallied to close out the quarter with strong gains. U.S. stocks climbed as longer-term U.S. Treasury yields retreated from multiyear highs reached in late October following the release of weaker-than-expected inflation and labor market data. European equity markets also advanced, led by notable gains in Sweden and the Netherlands, while oil and natural gas exporter Norway produced more minor gains as energy stocks declined. Developed Asian and Far East equity shares rose, although not as much as developed European equities. Meanwhile, Australia and New Zealand produced double-digit gains. Emerging markets rose in the fourth quarter, but to a lesser extent than developed markets. Notably, however, Latin American markets produced strong returns in dollar terms, led by Argentina, which experienced a boost amid hopes that newly elected President Javier Milei, a right-wing libertarian economist, would take strong measures to address the country's economic woes. On the other hand, Turkish shares fell as the central bank significantly raised interest rates three times in an effort to bring down inflation.

Global fixed income markets produced strong returns during the period. Cooling inflation boosted hopes for a loosening of monetary policy, which lifted sentiment. The Federal Reserve (Fed) kept the fed funds target rate in the 5.25% to 5.50% range, and the Fed also set expectations for rate cuts in 2024. Investment-grade bonds produced strong positive returns in the quarter, thanks to a sharp drop in Treasury interest rates starting in late October. High yield bonds performed mostly in line with higher-quality bonds. In U.S. dollar terms, bonds in developed non-U.S. markets produced strong gains, helped by a weaker U.S. dollar versus major non-U.S. currencies. The Bank of England and the European Central Bank kept short-term interest rates steady, which corresponded with a decline in European government bond yields. As the Bank of Japan indicated that it would increase the flexibility of its yield curve control policy rather than strictly capping interest rates, the Japanese yen also strengthened versus the dollar while Japan's bond market generally advanced during the period.

Security Selection

Selection Among U.S. Large-Cap Stocks Had Mixed Effect

U.S. stock markets produced gains in the fourth quarter after markets bounced back from poor performance earlier in the year. The information technology, communication services, and consumer discretionary sectors produced gains, but most remaining sectors trailed with milder gains while energy stocks declined.

- An underweight allocation to the energy sector contributed to relative results. Stock selection in the consumer discretionary sector also added value. An overweight allocation to information technology coupled with stock selection within the sector was also beneficial. As such, security selection among U.S. large-cap growth stocks lifted returns.
- The allocation to U.S. large-cap value stocks trailed its style-specific benchmark. In the last quarter, value stocks trailed growth stocks in performance. An overweight to the energy sector, which declined off recent highs, hurt returns. An overweight to the health care sector, which trailed most other sectors in returns for the period, also held back returns.

Selection Among Investment-Grade Bonds Modestly Detracted

Investment-grade bond yields plunged through year-end, driving strong price appreciation amid signs of disinflation, labor market softening, and expectations for Fed rate cuts in 2024. The Bloomberg U.S. Aggregate Bond Index, which measures U.S. investment-grade debt, recorded its best quarterly results since 1989.

- The allocation to investment-grade debt produced strong absolute returns but lagged its style-specific benchmark's historic gains over the quarter. The allocation was positioned for the steepening trend in the U.S. yield curve to continue through the quarter, which detracted from relative performance when the trend sharply reversed in November.

Tactical Allocation

Tactical allocation decisions did not have a material impact on portfolio performance.

PORTFOLIO POSITIONING AND ACTIVITY

Global growth and inflation expectations broadly lowered at the close of the year with divergence across economies. We maintain a balanced view on equities supported by positive earnings trends and loosening financial conditions against a backdrop of softening growth and elevated valuations.

Neutral Between Stocks and Bonds

We maintain a balanced view on equities, which is supported by positive earnings trends and loosening financial conditions against a backdrop of softening growth and elevated valuations. Within fixed income, we are modestly overweight cash relative to bonds. Cash continued to provide attractive yields and liquidity to help take advantage of potential market dislocations.

Neutral Between U.S. Growth and Value

We are neutral to U.S. large-cap growth and value equities with a tilt toward core. An improving economic outlook and better financial conditions could be supportive for value. Meanwhile, momentum surrounding artificial intelligence and weight loss drugs could provide a structural tailwind to growth.

Neutral Between U.S. and International Equities

Within the U.S., earnings expectations are improving as economic activity remains resilient and rates decrease from their recent peak. However, valuations will need to be supported by strong earnings growth. Valuations for international equities appear attractive on a relative basis, but the macroeconomic backdrop remains concerning amid weak growth in Europe, a sluggish recovery in China, and still-restrictive global monetary policy.

Favor Real Assets Over Global Equities

We are overweight to inflation-sensitive real assets equities as their valuations are attractive and offer an effective potential hedge to stickier inflation and energy price shocks. Additionally, oil prices may be set for structural increases over the next several years due to potential for peaking productivity.

High Yield Bonds

We remain overweight high yield bonds, which offer attractive absolute yields and reasonably supportive fundamentals.

MANAGER'S OUTLOOK

The rally in global markets during the fourth quarter reversed the downward trend from the previous quarter and ended the year on a strong note for both equities and fixed income. Economic data during the period suggested that tight financial conditions have had the intended effect of reining in inflation, as consumer spending slowed, labor markets softened, and manufacturing data trended lower. Against this backdrop, we have seen growing optimism for an engineered soft landing for the U.S. economy. Indeed, after more than a year and a half of unprecedented tightening from global central banks, the Federal Reserve signaled a long-awaited pivot in monetary policy in late December. While central banks in Europe and other major developed regions did not immediately follow suit with the Fed's dovish rhetoric, expectations that rates could fall faster and sooner than previously anticipated have mounted as 2023 draws to a close.

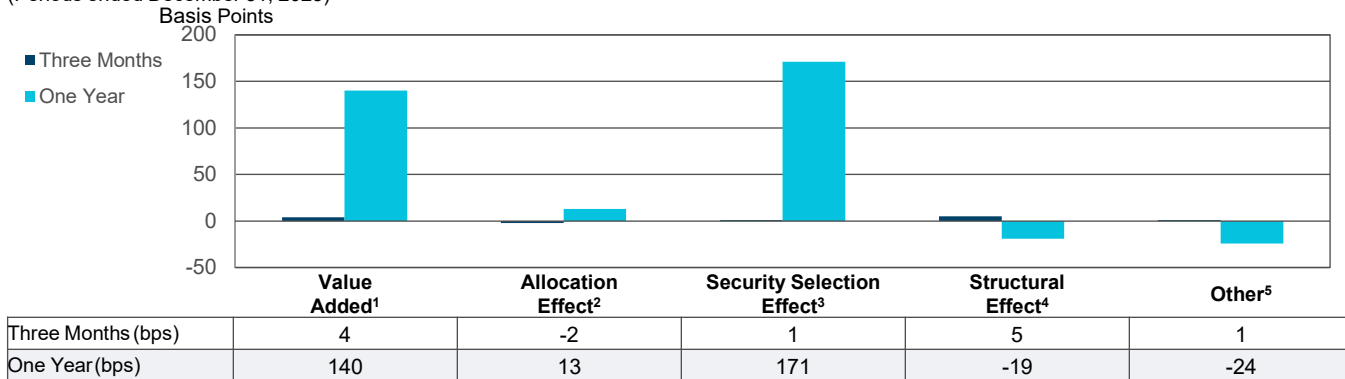
A pivot toward looser monetary policy could certainly represent a tailwind for growth, but risks remain, particularly if further economic data suggesting stickier inflation prompt a more cautious approach that disappoints market hopes. Divergent approaches to monetary policy present an additional concern, as inflation remains elevated in Europe giving the European Central Bank cause for caution and the Bank of Japan, meanwhile, has only recently begun to contemplate incremental tightening. With the path for monetary policy and economic growth still uncertain, we expect volatility to continue as markets look for clarity in the near-term forecast. Key risks to global markets include a deeper-than-expected decline in growth, central bank missteps, a reacceleration in inflation, the trajectory of Chinese growth, and geopolitical tensions. While

we elected to add to risk assets during the recent period, we continue to evaluate long-term valuations and early indications of stabilization or improvement in macroeconomic conditions as we assess compelling opportunities and potential risks in the year ahead.

ATTRIBUTION

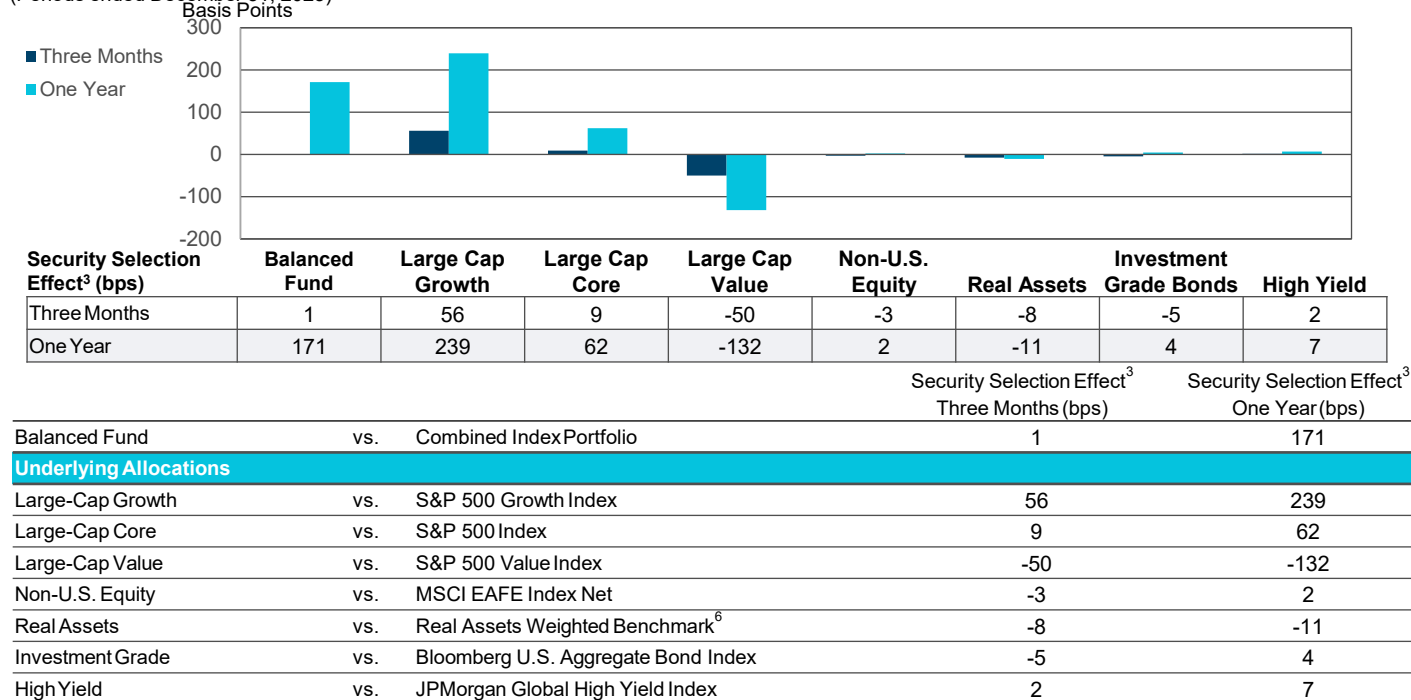
RETURN ATTRIBUTION: Balanced Fund vs. Combined Index Portfolio

(Periods ended December 31, 2023)



RETURN ATTRIBUTION: Security Selection Effect Details - Balanced Fund and Underlying Allocations vs. Style Benchmarks

(Periods ended December 31, 2023)



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Underlying allocation figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees.

¹ Value Added: The performance difference between the fund and its Combined Index Portfolio.

² Allocation Effect: The allocation effect identifies value added as a result of asset class variances away from neutral allocations. The primary sources of the value added measured by this effect are the tactical allocation decisions made by the Asset Allocation Committee.

³ Security Selection Effect: This measures the value added by underlying investment sectors relative to their respective benchmark.

⁴ Structural Effect: The impact of any differences between the fund's strategic neutral design and its benchmark, including the use of investment sectors that are not represented in the benchmark, and the performance differences between an asset class and the underlying investment sectors chosen to represent it.

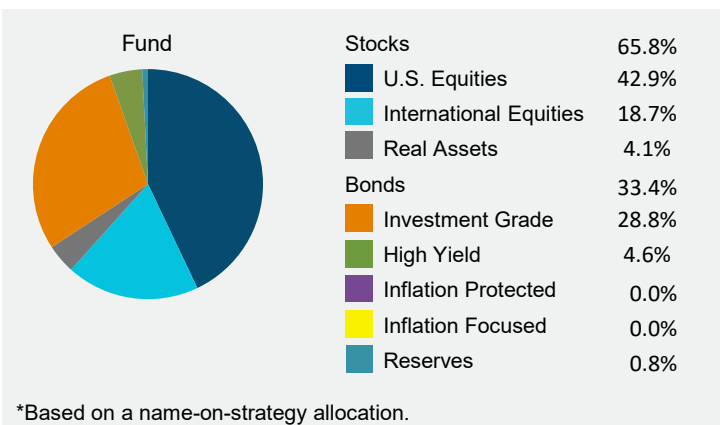
⁵ Other: If applicable, reflects the impact of intra-month cash flows and rebalancing transactions. Figures are shown gross of fees. Past performance is not a reliable indicator of future performance.

⁶ As of May 1, 2022, the Real Assets Combined Index Portfolio is comprised of 30% MSCI World Select Natural Resources Net, 25% MSCI ACWI Metals and Mining Net, 20% FTSE NAREIT All Equity REITs Index, 20% EPRA/NAREIT Dev Real Estate Index Net, 4% MSCI ACI IMI Gold Net, 1% ACWI IMI Precious Metals Net. Prior to this date, the Real Assets Combined Index Portfolio was comprised of 30% MSCI World Select Natural Resources Net, 25% MSCI ACWI Metals and Mining Net, 20% Wilshire RESI, 20% EPRA/NAREIT Dev Real Estate Index Net, 4% MSCI ACI IMI Gold Net, 1% ACWI IMI Precious Metals Net. Prior to January 1, 2018, the Real Assets Combined Index Portfolio was comprised of 25% MSCI ACWI Metals & Mining Net, 20% Wilshire RESI, 20% FTSE EPRA/NAREIT Dev Real Estate Index Net, 19.5% MSCI ACWI Energy Net, 10.5% MSCI ACWI Materials Net, 4% MSCI ACWI IMI Gold Net, 1.00% MSCI ACWI IMI Precious Metals and Minerals Net. Prior December 1, 2013, the Real Assets Combined Index Portfolio was comprised of 25% MSCI ACWI Metals & Mining Net, 20% Wilshire RESI, 20% FTSE EPRA/NAREIT Dev Real Estate Index Net, 16.25% MSCI ACWI Energy Net, 8.75% MSCI ACWI Materials Net, 5% UBS World Infrastructure and Utilities Index, 4% MSCI ACWI IMI Gold Net, 1.00% MSCI ACWI IMI Precious Metals and Minerals Net. The indices or percentages may vary over time. Historical benchmark representations were not restated to reflect the component benchmark changes.

Please refer to the Performance table on page 1 for the definition of the Combined Index Portfolio. For Sourcing Information, please see Additional Disclosures.

ASSET DIVERSIFICATION

ASSET DIVERSIFICATION



MARKET VALUE (USD)

Total Allocation	4,381,004,512
Reserves	36,764,380
Underlying Allocations	
Investment Grade	1,259,903,311
Inflation Protected Bond	14,914
Inflation Focused Bond	111,222
High Yield	203,169,121
Large-Cap Growth	602,582,294
Large-Cap Value	599,159,812
Large-Cap Core	679,276,738
Non-U.S. Equity	820,255,713
Real Assets	179,767,007

Total allocation may not fully reflect derivative exposures.
Cash reserves includes cash underlying equity and fixed income futures positions.

UNDERLYING PERFORMANCE

	Three Months	One Year	Annualized		
			Three Years	Five Years	Ten Years
Balanced Fund (Net of Fees)	9.64%	17.99%	3.43%	8.89%	6.85%
Combined Index Portfolio	9.75	17.24	4.25	9.29	7.12
U.S. Equity Allocation (Gross of Fees)	12.16	30.58	8.45	15.40	12.35
S&P 500 Index	11.69	26.29	10.00	15.69	12.03
Large-Cap Core Allocation (Gross of Fees)	12.29	30.42	11.09	17.19	13.14
S&P 500 Index	11.69	26.29	10.00	15.69	12.03
Large-Cap Growth Allocation (Gross of Fees)	14.24	50.71	3.61	14.66	13.37
S&P 500 Growth Index	10.09	30.03	6.61	16.23	13.35
Large-Cap Value Allocation (Gross of Fees)	9.88	12.88	9.22	13.02	9.82
S&P 500 Value Index	13.63	22.23	13.11	14.11	10.01
Non-U.S. Equity Allocation (Gross of Fees)	9.89	17.39	3.99	9.00	5.13
MSCI EAFE Index Net	10.42	18.24	4.02	8.16	4.28
Real Assets Allocation (Gross of Fees)	9.52	7.61	7.31	9.96	5.55
Real Assets Weighted Benchmark ¹	11.17	9.32	9.72	10.24	5.89
Investment Grade Allocation (Gross of Fees)	6.67	5.68	-3.31	1.24	2.07
Bloomberg U.S. Aggregate Bond Index	6.82	5.53	-3.31	1.10	1.81
High Yield Allocation (Gross of Fees)	7.03	14.48	2.69	5.69	4.86
J.P. Morgan Global High Yield Index	6.68	13.26	2.19	5.21	4.61

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Please refer to the Performance table on page 1 for the definition of the Combined Index Portfolio.

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PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Charles Shriver	2011	1991
Toby Thompson	2020	2007

The Balanced Fund is managed by Charles Shriver and Toby Thompson. The portfolio managers are responsible for the strategic design and day-to-day management of the Fund. This includes portfolio design, positioning, performance, and risk-management oversight. The Fund's tactical asset allocation decisions are made by the firm's Asset Allocation Committee. The Committee is co-chaired by Dave Eiswert and Charles Shriver, and includes some of the firm's most senior investment management professionals across major asset classes. Individual security selection is made by portfolio managers of the Fund's component strategies drawing on the fundamental insights of T. Rowe Price's team of around 200 global research analysts.

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 1-800-638-7890 or visit [troweprice.com](https://www.troweprice.com). Read it carefully.

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For any equity benchmarks shown, returns are shown with gross dividends reinvested, unless otherwise noted.

T. Rowe Price uses a custom structure for diversification reporting for this product.

Equities include common stocks as well as convertible securities.

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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