



## QUARTERLY REVIEW

# Institutional Small-Cap Stock Fund

As of March 31, 2024

### PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Russell 2000 Index for the three-month period ended March 31, 2024.

- + Consumer Discretionary (stock selection)
- + Industrials & Business Services (overweight and stock selection)
- Information Technology (stock selection)
- Health Care (underweight and stock selection)

Additional Details:

- We continued to seek out companies that are solving hard problems, believing that they will be successful regardless of the macro environment.
- Moving forward, we expect to see more market breadth, which should benefit our diversified approach.

### 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)	0.66%
Fiscal Year End	December 31
12B-1 Fee	-
Total Assets (all share classes)	\$4,602,145,658
Percent of Portfolio in Cash	1.1%

### PERFORMANCE

(NAV, total return)

	Three Months	One Year	Annualized			
			Three Years	Five Years	Ten Years	Fifteen Years
Institutional Small-Cap Stock Fund	5.60%	20.01%	0.80%	9.62%	9.72%	15.57%
Russell 2000 Index	5.18	19.71	-0.10	8.10	7.58	12.89

### CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Institutional Small-Cap Stock Fund	Mar 31 2000	7.42%	-3.07%	19.00%	15.45%	-3.07%	33.96%	25.00%	16.77%	-23.31%	17.55%
Russell 2000 Index		4.89	-4.41	21.31	14.65	-11.01	25.52	19.96	14.82	-20.44	16.93

**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](http://troweprice.com).** 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.

## PERFORMANCE REVIEW

### Earnings Strength, Bullish Sentiment Fueled Equity Rally

U.S. equities 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. While market performance broadened, large-caps fared best. 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 rates 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. 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.

### Relative Contributors

#### Consumer Discretionary (stock selection)

- **Cava:** Shares of Cava, the largest Mediterranean restaurant company in the U.S., advanced as quarterly results highlighted increased foot traffic and a favorable menu price and product mix. Sales gains were also boosted by new location openings. We maintain a favorable view of the management team, unique concept, and potential for sales growth as the brand continues to scale.
- **Burlington Stores:** Shares of off-price retailer Burlington Stores rose following the release of solid quarterly data revealing an increase in comparable-store sales attributed to higher foot traffic and units per transaction. New store openings in attractive locations, acquired in part following Bed Bath & Beyond's bankruptcy, and ongoing trade-down behavior should aid longer-term performance.

#### Industrials & Business Services (overweight and stock selection)

- **Saia:** Shares of less-than-truckload (LTL) trucker, SAIA, advanced on solid quarterly results and forward guidance amid an improving backdrop for the trucking industry and continued share gains aided by competitor Yellow's bankruptcy. The company is expanding its footprint and has been investing for future growth, which should flow through to shareholder returns over time.
- **AZZ:** AZZ is the leading independent provider of hot-dip galvanizing and coil coating solutions which provide sustainable, unmatched metal coating solutions that enhance the longevity and appearance of buildings, products, and infrastructure. Investors reacted favorably to the company's most recent quarterly results reflecting significant debt reduction enabled by strong cash flow generation. We believe shares are attractively valued and that capital allocation will likely shift from debt reduction to accretive acquisitions or stock buy backs over time.

### Relative Detractors

#### Information Technology (stock selection)

- **Super Micro Computer:** Super Micro Computer is a distributor and manufacturer of information technology solutions and other computer products. Shares advanced amid accelerating artificial intelligence demand and increased adoption of the company's liquid cooling assets. In our view, Super Micro Computer is a lower-quality company that has benefited from a partnership with NVIDIA. The company is the

largest market capitalization name ever held in the Russell 2000; its size exceeds our mandate. Not owning the stock negatively impacted results.

- **MicroStrategy:** MicroStrategy engages in the provision of enterprise analytics and mobility software. Shares soared late in the period in tandem with its acquisition of large sums of bitcoin and its subsequent appreciation. Not owning the stock in the portfolio hampered relative returns.

#### Health Care (underweight and stock selection)

- **Viking therapeutics:** Viking Therapeutics is a clinical-stage biopharmaceutical company that develops therapies for metabolic and endocrine disorders. Shares spiked after the company released positive phase 2 data for its VK2735 weight loss asset, which many investors believe is best in class. We did not own the stock, which hindered relative results.
- **QuidelOrtho:** Shares of health care equipment company QuidelOrtho fell after posting quarterly results that came in well under expectations, driven primarily by weaker-than-expected revenues in the company's respiratory business. Headwinds from a COVID-off overhang, along with some execution issues that ultimately led to a CEO change, also persisted. Despite its current challenges, we like the company's free cash flow conversion profile and significant margin expansion opportunities.

## PORTFOLIO POSITIONING AND ACTIVITY

Sector weightings are a result of our bottom-up stock selection process. There were no thematic changes to portfolio positioning during the period. We continued to seek out companies that are solving hard problems, believing that they will be successful regardless of the macro environment.

### Purchases

- **PNM Resources:** PNM Resources is a utilities holdings company that operates Public Service Company of New Mexico and Texas-New Mexico Power. We opportunistically initiated a position and have a favorable view of the company's growth potential, improving asset mix, and more favorable regulatory environment within its jurisdictions.
- **Insight Enterprises:** Insight is a company in the midst of a transition from a software and hardware value-added reseller to a "solutions integrator." We believe the mix shift toward higher-margin services and a focus on operational efficiency can drive earnings and free cash flow growth. The company is a beneficiary of its strong partnership with Microsoft and the broad trend of IT spending growth.
- **Verra Mobility:** Verra Mobility Corp is a smart mobility technology solutions provider. The company's core commercial toll business is a deeply moated market leader supported by several secular growth drivers. We believe that the company also has the opportunity to win the U.S. speed camera market, an area experiencing increased demand, over the next decade.
- **Shake Shack:** Shake Shack is a fast-casual premium hamburger concept with attractive high-traffic real estate. We like the company's well-recognized brand and new management's opportunity for margin expansion via a new focus on operational efficiencies.

### Sales

- **Cava:** Cava is the largest Mediterranean restaurant in the U.S. We sold shares on strength due to valuation considerations and to manage our position size.

- **Karuna therapeutics:** We sold shares of clinical-stage biopharmaceutical company Karuna Therapeutics on strength due to Bristol-Myers Squibb's acquisition of the company, which closed in March 2024.
- **Ingersoll-Rand:** We sold shares of flow control products manufacturer Ingersoll-Rand on strength due to market capitalization considerations.
- **Apellis Pharmaceuticals:** Shares of Apellis Pharmaceuticals, which had fallen on safety concerns related to reports of retinal vasculitis following treatment with its Syfovre drug, continued to regain ground and we sold on strength. We feel risk/reward potential has moderated at current valuations given regulatory approval for the drug in the European Union seems unlikely.

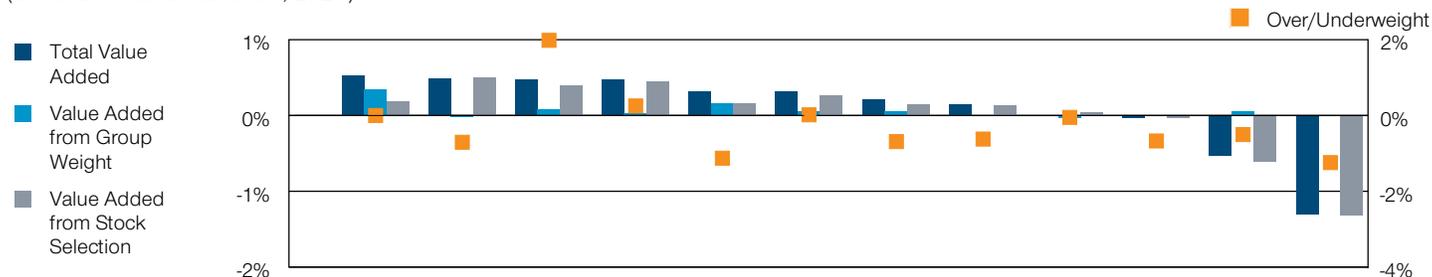
## MANAGER'S OUTLOOK

Markets broadly continued the rally that started in the previous quarter, fueled by AI and optimism for multiple rate cuts. In a quarter driven by a handful of stocks, something that has historically never happened at this magnitude in the Russell 2000, we are pleased to have outperformed. Moving forward, we expect to see more market breadth, which should benefit our diversified approach. The Fed has received mixed signals in terms of the economic outlook and its grasp on inflation, but the generally dovish posturing has led to markets pricing in multiple rate cuts this year. While we monitor these macroeconomic factors, we do not make top-down adjustments to the portfolio in response. We maintain conviction in our investment process, remain focused on identifying the advantaged companies across our universe that can offer relative value, and believe that our fundamental and patient approach will provide strong long-term results.

## QUARTERLY ATTRIBUTION

### SECTOR ATTRIBUTION DATA VS. RUSSELL 2000 INDEX

(3 months ended March 31, 2024)



	Total	Consumer Disc	Indust & Bus Svcs	Energy	Comm Svcs	Financials	Real Estate	Materials	Utilities	Consumer Staples	Health Care	Info Tech
Over/Underweight	0.00%	-0.70%	1.99%	0.26%	-1.12%	0.03%	-0.68%	-0.61%	-0.04%	-0.66%	-0.49%	-1.23%
Fund Performance	5.72	10.35	11.00	19.21	17.03	0.21	0.82	7.12	-2.44	3.12	1.29	3.40
Index Performance	5.18	5.56	8.81	11.86	-4.85	-1.40	-1.71	3.49	-3.59	4.51	4.98	12.79
Value Add - Group Weight	0.35	-0.01	0.08	0.03	0.16	0.06	0.07	0.01	-0.03	0.00	0.06	0.01
Value Add - Stock Selection	0.19	0.51	0.41	0.46	0.16	0.26	0.15	0.14	0.04	-0.03	-0.60	-1.31
Total Contribution	0.54	0.50	0.49	0.49	0.33	0.32	0.22	0.15	0.01	-0.03	-0.53	-1.30

### TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(3 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Cava Group, Inc.	0.9%	59
Saia, Inc.	1.0	30
Diamondback Energy, Inc.	1.0	27
Azz Inc.	0.8	23
Bruker Corporation	0.8	20

### TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(3 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Super Micro Computer, Inc.	0.0%	-132
Microstrategy Incorporated	0.0	-51
Viking Therapeutics, Inc.	0.0	-24
Quidelortho Corporation	0.4	-21
Pacific Biosciences Of California, Inc.	0.1	-16

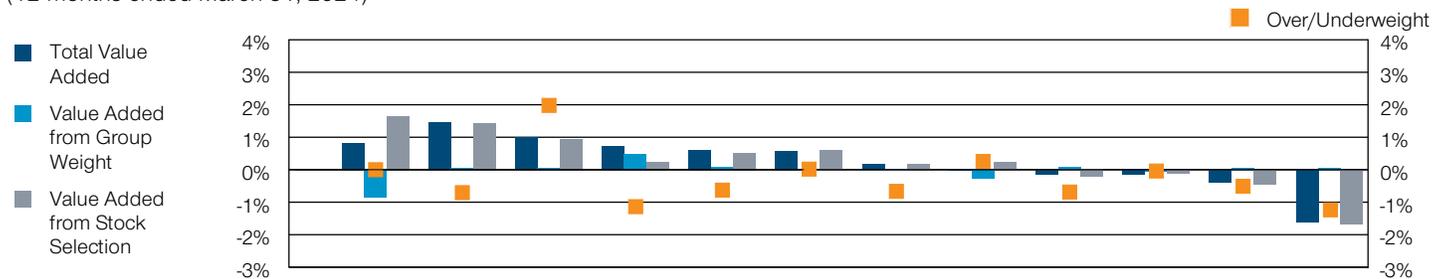
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

**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. 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. 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. RUSSELL 2000 INDEX

(12 months ended March 31, 2024)



	Total	Consumer Disc	Indust & Bus Svcs	Comm Svcs	Materials	Financials	Consumer Staples	Energy	Real Estate	Utilities	Health Care	Info Tech
Over/Underweight	0.00%	-0.70%	1.99%	-1.12%	-0.61%	0.03%	-0.66%	0.26%	-0.68%	-0.04%	-0.49%	-1.23%
Fund Performance	20.52	33.06	34.67	42.22	24.19	24.31	21.55	31.32	8.29	-14.80	13.81	15.16
Index Performance	19.71	20.02	28.81	-3.38	10.25	20.17	17.68	29.89	11.79	-11.56	15.52	26.71
Value Add - Group Weight	-0.85	0.04	0.06	0.48	0.09	-0.01	0.01	-0.24	0.09	-0.04	0.07	0.05
Value Add - Stock Selection	1.66	1.43	0.94	0.24	0.51	0.59	0.16	0.22	-0.21	-0.11	-0.45	-1.66
Total Contribution	0.81	1.47	0.99	0.72	0.60	0.58	0.17	-0.02	-0.12	-0.15	-0.37	-1.61

### TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(12 months ended March 31, 2024)

Security	% of Equities	Net Contribution (Basis Points)
Cava Group, Inc.	0.9%	110
Saia, Inc.	1.0	68
Ingersoll Rand Inc.	0.7	62
Cava Group Inc Lockup Shares Pp	0.0	53
Azz Inc.	0.8	51

### TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(12 months ended March 31, 2024)

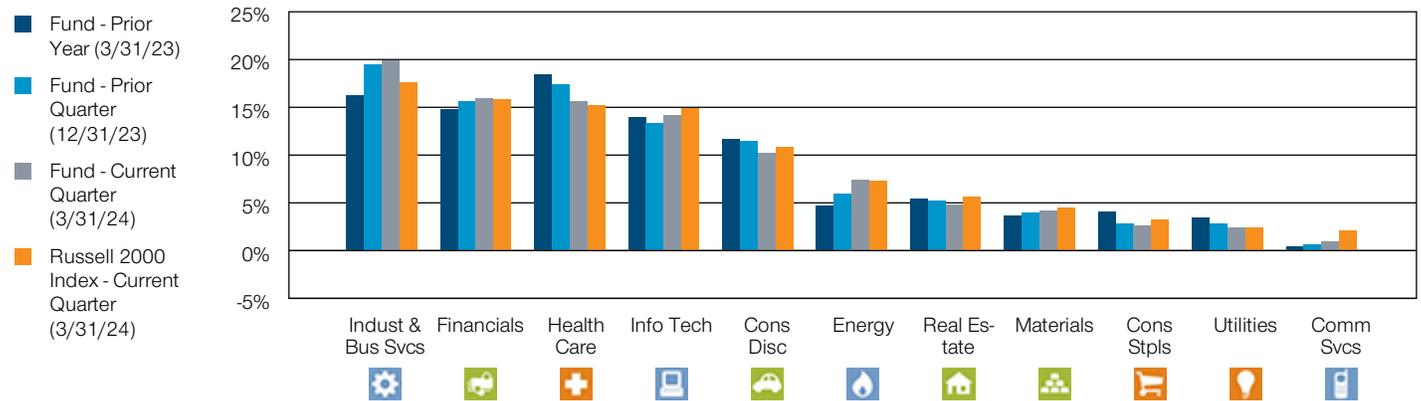
Security	% of Equities	Net Contribution (Basis Points)
Super Micro Computer, Inc.	0.0%	-187
Microstrategy Incorporated	0.0	-75
Quidelortho Corporation	0.4	-33
Carvana Co.	0.0	-29
Immunogen, Inc.	0.0	-28

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 3/31/24	% of Fund Prior Quarter 12/31/23
PNM Resources (N)		0.4%	0.0%
Insight Enterprises (N)		0.4	0.0
Verra Mobility (N)		0.4	0.0
Shake Shack (N)		0.3	0.0
Antero Resources (N)		0.4	0.0
Oscar Health (N)		0.3	0.0
Sealed Air (N)		0.3	0.0
Onex (N)		0.3	0.0
Prosperity Bancshares		0.3	0.1
Stifel Financial (N)		0.3	0.0

### LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 3/31/24	% of Fund Prior Quarter 12/31/23
CAVA		0.9%	1.5%
Karuna Therapeutics (E)		0.0	0.8
Ingersoll-Rand		0.7	1.3
Apellis Pharmaceuticals		0.3	0.7
Tricon Residential (E)		0.0	0.4
Haynes International (E)		0.0	0.4
Catalent (E)		0.0	0.3
Southwest Gas Holdings (E)		0.0	0.4
Five9 (E)		0.0	0.5
Burlington Stores		0.8	1.0

(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 Russell 2000 Index
Element Solutions	Chemicals	1.2%	0.0%
Selective Insurance	Insurance	1.0	0.2
Diamondback Energy	Oil, Gas & Consumable Fuels	1.0	0.0
PAR Technology	Electronic Equip, Instr & Cmpts	1.0	0.0
Saia	Ground Transportation	1.0	0.0
Onto Innovation	Semicons & Semicon Equip	0.9	0.3
PennyMac Financial Services	Financial Services	0.9	0.1
CAVA	Hotels Restaurants & Leisure	0.9	0.0
EastGroup Properties	Industrial Reits	0.9	0.0
SPX Technologies	Machinery	0.9	0.2

### TOP 5 OVER/UNDERWEIGHT POSITIONS VS. RUSSELL 2000 INDEX

Issuer	Industry	% of Fund	% of Russell 2000 Index	Over/Underweight
Element Solutions	Chemicals	1.2%	0.0%	1.2%
Diamondback Energy	Oil, Gas & Consumable Fuels	1.0	0.0	1.0
Saia	Ground Transportation	1.0	0.0	1.0
PAR Technology	Electronic Equip, Instr & Cmpts	1.0	0.0	0.9
CAVA	Hotels Restaurants & Leisure	0.9	0.0	0.9
Super Micro Computer	Tech. Hard., Stor. & Periph.	0.0	1.9	-1.9
MicroStrategy	Software	0.0	0.9	-0.9
Comfort Systems USA	Construction & Engineering	0.0	0.4	-0.4
e.l.f. Beauty	Personal Care Products	0.0	0.4	-0.4
Light & Wonder	Hotels Restaurants & Leisure	0.0	0.3	-0.3

## PORTFOLIO MANAGEMENT



**Portfolio Manager:**  
Alex Roik

**Managed Fund Since:**  
2023

**Joined Firm:**  
2013

Effective 1 January 2024, Alex Roik assumed sole portfolio management responsibility for the Fund.

## 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.

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.

T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Effective March 17, 2023, the GICS structure changed. Sector/industry diversification data prior to that date have not been restated. Historical attribution data has been restated.

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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.

Closed to new investors. Open to subsequent investments.

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