



QUARTERLY REVIEW

QM U.S. Small-Cap Growth Equity Fund

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio produced a slight negative total return but outperformed the MSCI US Small Cap Growth Index for the three-month period ended September 30, 2019.

Relative performance drivers:

- Stock selection in the consumer discretionary, communication services, and industrials and business services sectors helped relative results.
- Stock choices in the materials and health care sectors hurt performance versus the benchmark.

Additional highlights:

- Small-cap growth stocks are not cheap relative to their history. Within this universe, the valuation dispersions between high- and low- momentum stocks, and between high- and low-quality stocks, are extreme.
- We continue to favor high-quality stocks of companies that generate good cash flows and are judicious in deploying capital. We believe that such companies will distinguish themselves over time with strong performance relative to lower-quality businesses.

FUND INFORMATION

Symbol	PRDSX
CUSIP	779917103
Inception Date of Fund	June 30, 1997
Benchmark	MSCI US Small Cap Growth Index
Expense Information (as of the most recent Prospectus)	0.80%
Fiscal Year End	December 31
12B-1 Fee	-
Total Assets (all share classes)	\$7,907,909,193
Percent of Portfolio in Cash	1.7%

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
QM U.S. Small-Cap Growth Equity Fund	-1.04%	22.21%	-1.41%	12.98%	11.07%	14.94%	10.89%
MSCI US Small Cap Growth Index	-3.15	17.43	-7.17	10.20	8.78	13.05	10.15

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
QM U.S. Small-Cap Growth Equity Fund	Jun 30 1997	37.98%	33.50%	1.54%	15.69%	44.19%	6.38%	2.33%	11.31%	22.12%	-6.86%
MSCI US Small Cap Growth Index		41.97	30.71	-1.53	17.57	44.50	4.69	-3.05	13.44	21.46	-9.03

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.

All investments are subject to risk, including the possible loss of the money you invest. The fund's strategy relies heavily on quantitative models to analyze data and construct investment portfolios. Relying on these models entails the risk that the models themselves may be limited or incorrect, that the data the models rely on may be incorrect or incomplete, and that the adviser may not be successful in selecting companies for investment or determining the weighting of particular stocks.

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

PERFORMANCE REVIEW

Trade and Fed Hopes Fade as Quarter Progresses

U.S. stocks were mixed in the third quarter. Optimism about a trade deal with China drove stocks higher early in the period, helped by news of a truce in the trade war at the G-20 summit on the last weekend of June. Hopes for a decisively "dovish" turn in Federal Reserve policy also boosted sentiment.

Disappointments on both the China and monetary policy fronts soon derailed the market's gains, however. On August 1, stocks suffered their biggest intraday plunge since May, after President Donald Trump announced that the U.S. would impose a new 10% tariff on Chinese imports. China retaliated with new tariffs of its own, although both sides made conciliatory gestures as the quarter came to an end. The Fed cut rates by a quarter point at each of its two meetings in the quarter, less than many had hoped, while officials suggested that further cuts might be on hold.

Stock Selection in Consumer Discretionary Contributed to the Fund's Outperformance

- Burlington Stores is the third largest off-price retailer in the U.S. The firm is in the early innings of refining its business model, and we believe it is on the right side of a secular trend in retailing towards off-price retailers that offer bargain hunting opportunities for consumers. Off-price retailers tend to benefit in a strong economy as department stores tend to order more and vendors produce more, which inevitably leads to a glut of product for which they can demand cheap prices for their inventory. Shares rose after the company beat earnings expectations and provided better-than-expected guidance.
- Helen of Troy Limited is a global consumer products company focused on designing and marketing small branded appliances, health products, and accessories. Shares rose in the quarter following better-than-expected earnings and guidance.

Communication Services Stock Choices Helped Relative Results

- Shares of video game developer Take-Two Interactive Software rose in the quarter following better-than-expected earnings and increased guidance for the fiscal year. The company owns and controls several brands and is best known for its Grand Theft Auto, NBA 2K, and Red Dead franchises.

Stock Choices Among Industrials and Business Services Companies Were Favorable

- Teledyne Technologies manufactures instruments and highly-engineered commercial components used in the aerospace, energy, and environmental end markets. Shares rose following second-quarter earnings that exceeded consensus expectations. The company has a strong management team, and the demand for commercial aerospace and energy components continues to grow, which should be beneficial for the company's growth prospects.

Stock Selection Among Materials Companies Hurt Relative Results

- Berry Global Group engages in the provision of value-added engineered materials and nonwoven specialty materials and is the second-largest maker of plastic packaging in the U.S. Shares fell in the quarter following disappointing earnings, as the company struggled with declining organic volumes.

Health Care Stock Choices Worked Against Relative Performance

- Insulet is a high-growth provider of insulin pumps catering to a large market for patients with diabetes. Shares rose sharply in the third quarter as the company raised revenue expectations for the full year. Because we established a small underweight position during the quarter, we did not benefit completely from the stock's appreciation.
- Shares of Sarepta Therapeutics—a commercial-stage biopharmaceutical company engaged in the discovery and development of therapeutics for the treatment of rare diseases—fell in the quarter after the company received a Complete Response Letter from the FDA regarding its application for approval of its drug Golodirsen.

PORTFOLIO POSITIONING AND ACTIVITY

While our stock selection is primarily based on a quantitative model, we take into consideration the fundamental research conducted by T. Rowe Price's equity analysts. In constructing the portfolio, our sector weights are usually in line with those of the MSCI US Small Cap Growth Index, but we will occasionally overweight or underweight certain sectors based on our analysis. Health care, information technology, industrials and business services, and consumer discretionary represent the four largest absolute position sizes within the portfolio and accounted for many of our purchases and sales. We've highlighted some key trades from various sectors that occurred during the quarter.

Health Care

- We established a new position in Insulet, a high-growth provider of insulin pumps catering to a large market for patients with diabetes. Shares rose sharply in the third quarter as the company raised revenue expectations for the full year.
- We eliminated our stake in Array BioPharma, a biopharmaceutical company, because it was acquired by Pfizer. The acquisition was completed at the end of July.

Information Technology

- During the quarter, we established a new position in CACI International, a government services provider with a concentration on defense agencies. We like the company for its reasonable valuation and steady growth profile.
- We added to our stake in electronic materials supplier Entegris. We believe Entegris is best positioned in its industry to capture outsized rents as the cost curves continue to rise in semiconductors after 20 years of deflation. As a result, the

company should grow faster than the semiconductor industry while holding or increasing margins given the use of more-and-higher-quality-materials per chip.

Industrials and Business Services

- We added a position in Albany International, a high-quality company with good growth prospects trading at an attractive valuation. The company is a manufacturer of advanced process fabrics used in the paper industry and operates in the attractive end market of advanced composite components for the aerospace industry.
- Teledyne Technologies manufactures instruments and highly-engineered commercial components used in the aerospace, energy, and environmental end markets. We trimmed our position on strength, using the proceeds to fund other ideas in the portfolio.

Consumer Discretionary

- We initiated a position in Cavco Industries, a designer and builder of manufactured homes, park model RVs, and vacation cabins. The stock, which had underperformed recently, should benefit from easing monetary policy and industry tailwinds.
- Burlington Stores is the third largest off-price retailer in the U.S. Shares rose after the company beat earnings expectations and provided better-than-expected guidance, but we reduced our stake on strength and because its market capitalization had increased toward the upper limit of the small-cap universe.

MANAGER'S OUTLOOK

After a strong first half, small-cap stocks, as measured by the Russell 2000 Index, provided a small negative return in the third quarter. Small-cap growth stocks also declined in the third quarter, and over the last 12 months, but their year-to-date returns are strongly positive. Large-cap stocks (as measured by the S&P 500 Index) outperformed small-cap and small-cap growth stocks over the past year.

Thus far in 2019, in the small-cap growth universe, the most expensive stocks and those with high price momentum have been the best performers. Companies with high sales growth have performed well for many quarters. However, in the third quarter, we noticed that companies with high forecasted sales growth (e.g., many software companies) were the worst performers. Many of these stocks have been selling at extreme valuations for some time. Expensive stocks and those with lower-quality characteristics also underperformed in the third quarter.

Despite the damage to Saudi Arabian oil processing facilities from a mid-September drone attack, oil prices did not run up much. Energy stocks were, by far, the worst performers during the quarter. The best-performing sectors were the defensive utilities and consumer staples sectors, as well as real estate investment trusts (REITs). They also benefited from the steady decline in longer-term interest rates.

The Federal Reserve reduced short-term interest rates by 25 basis points twice during the quarter. This should hopefully give a positive impetus to the economy. While the U.S. economy is still strong relative to other large global economies, recent indicators suggest that the gross domestic product (GDP) growth rate might be declining. Employment and consumer sentiment metrics are still

strong, which is a positive. Inflation is contained and running below the Federal Reserve's 2% target. Interestingly, most major global economies have been slowing down, and in many major economies in Europe and Japan, short-term and long-term interest rates are negative. This is an unusual trend, and the long-term consequences are worth watching. U.S. interest rates are still positive, but the U.S. Treasury yield curve has been inverted at times in recent months. When short-term rates are higher than long-term rates, this historically has often foreshadowed a recession. Additional rate cuts by the Fed are expected to eventually result in an upward sloping curve, with long-term rates higher than short-term rates.

Small-cap growth stocks are not cheap relative to their history. Within this universe, there is a large valuation disparity. The valuation dispersions between high- and low- momentum stocks, and between high- and low-quality stocks, are extreme. We expect that, at some point in the future, there will be a reversal and a strong performance by cheaper "value" stocks.

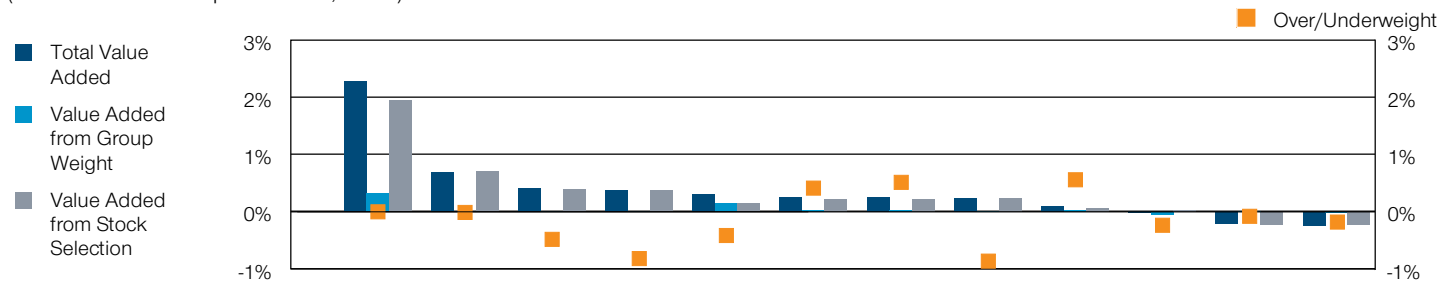
One major issue continuing to affect market sentiment is the U.S.-China trade dispute. The market reacted negatively to actions taken by the Trump administration in the second quarter. With the exception of some conciliatory trade-related gestures, such as tariff delays and exemptions, tariffs have only gone up since the end of June. While the two countries will resume negotiations in October, the progress thus far has been minimal. The tariff increases could result in higher prices and affect the consumer in the crucial fourth quarter. That could hurt GDP growth. Because of political issues in Washington DC, we do not expect that there will be much progress on legislative issues that have an impact on the economy

The investment landscape is constantly changing, and volatility levels often wax and wane without warning, but our investment strategy remains the same. While we take macroeconomic events into account in the course of monitoring portfolio risks, having a bottom-up stock selection process, and not relying on sector bets versus our benchmark, helps us avoid risks due to large moves in any one sector. We continue to favor high-quality stocks of companies that generate good cash flows and are judicious in deploying capital. We believe that such companies will distinguish themselves over time with superior performance relative to lower-quality businesses. We are grateful for the confidence that our shareholders have in our investment management abilities.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. MSCI US SMALL CAP GROWTH INDEX

(3 months ended September 30, 2019)



	Total	Consumer Disc	Comm Svcs	Indust & Bus Svcs	Energy	Info Tech	Real Estate	Financials	Consumer Staples	Utilities	Health Care	Materials
Over/Underweight	0.00%	-0.01%	-0.48%	-0.82%	-0.41%	0.42%	0.52%	-0.86%	0.56%	-0.23%	-0.08%	-0.17%
Fund Performance	-0.87	3.08	2.95	1.73	-15.48	0.40	12.27	0.52	6.46	16.86	-8.15	-7.48
Index Performance	-3.15	-2.12	-7.94	-0.65	-23.13	-0.77	5.47	-3.77	4.53	11.22	-7.27	-2.07
Value Add - Group Weight	0.33	0.00	0.02	0.00	0.15	0.03	0.04	0.00	0.04	-0.04	0.01	-0.01
Value Add - Stock Selection	1.95	0.70	0.39	0.38	0.16	0.23	0.21	0.23	0.06	0.03	-0.22	-0.22
Total Contribution	2.28	0.70	0.41	0.38	0.30	0.26	0.25	0.24	0.10	-0.02	-0.21	-0.23

TOP 5 RELATIVE CONTRIBUTORS VS. MSCI US SMALL CAP GROWTH INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Teledyne Technologies Incorporated	0.7%	17
Cyrusone, Inc.	0.6	15
Burlington Stores, Inc.	0.6	15
Ollie's Bargain Outlet Holdings, Inc.	0.0	11
Merit Medical Systems, Inc.	0.0	11

TOP 5 RELATIVE DETRACTORS VS. MSCI US SMALL CAP GROWTH INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Molina Healthcare, Inc.	0.7%	-20
Sarepta Therapeutics, Inc.	0.2	-19
Insulet Corporation	0.3	-16
Exact Sciences Corporation	0.5	-16
Icu Medical, Inc.	0.5	-15

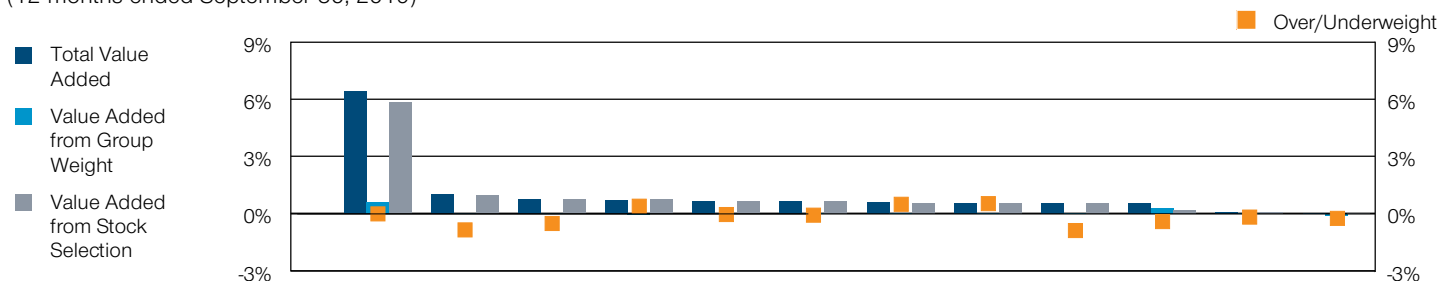
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

Past performance is not a 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 2019 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.

12-MONTH ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. MSCI US SMALL CAP GROWTH INDEX

(12 months ended September 30, 2019)



	Total	Indust & Bus Svcs	Comm Svcs	Info Tech	Consumer Disc	Health Care	Real Estate	Consumer Staples	Financials	Energy	Materials	Utilities
Over/Underweight	0.00%	-0.82%	-0.48%	0.42%	-0.01%	-0.08%	0.52%	0.56%	-0.86%	-0.41%	-0.17%	-0.23%
Fund Performance	-0.69	4.19	7.17	8.86	-4.17	-11.39	29.19	17.84	3.54	-49.10	-7.51	37.69
Index Performance	-7.17	-2.59	-13.45	5.44	-8.39	-14.43	7.58	0.50	-6.53	-54.19	-9.58	23.83
Value Add - Group Weight	0.60	0.03	0.04	-0.03	0.03	0.00	0.06	0.03	0.00	0.31	0.01	-0.05
Value Add - Stock Selection	5.87	0.99	0.74	0.74	0.66	0.68	0.57	0.55	0.57	0.22	0.10	0.05
Total Contribution	6.47	1.02	0.78	0.71	0.69	0.68	0.63	0.58	0.56	0.53	0.11	0.00

TOP 5 RELATIVE CONTRIBUTORS VS. MSCI US SMALL CAP GROWTH INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Marketaxess Holdings Inc.	0.7%	43
Booz Allen Hamilton Holding	0.7	30
Heico Corporation	0.7	29
Teledyne Technologies Incorporated	0.7	28
2U, Inc.	0.0	23

TOP 5 RELATIVE DETRACTORS VS. MSCI US SMALL CAP GROWTH INDEX

(12 months ended September 30, 2019)

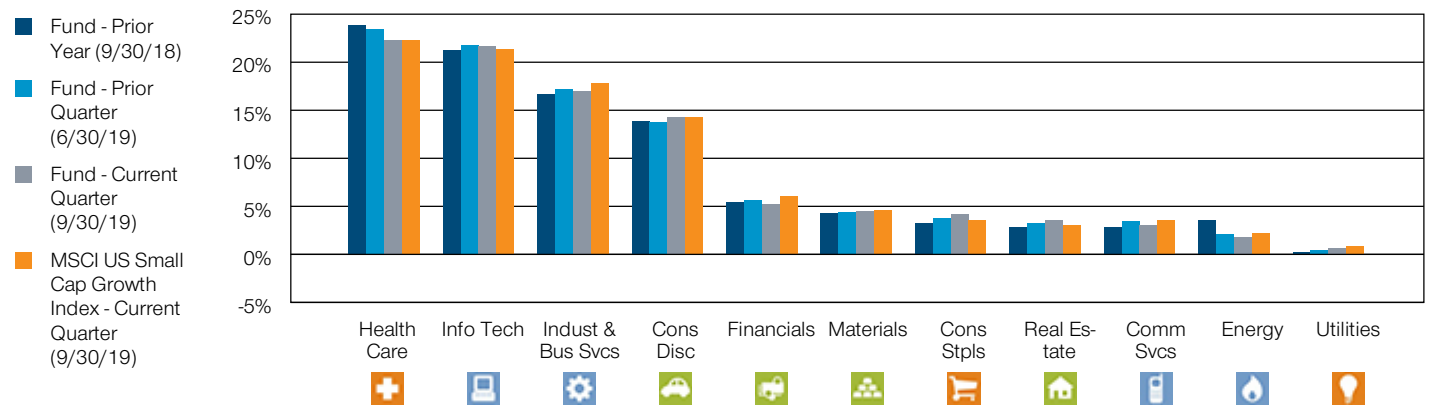
Security	% of Equities	Net Contribution (Basis Points)
Stamps.Com Inc.	0.0%	-27
Ligand Pharmaceuticals Incorporated	0.3	-23
Xpo Logistics, Inc.	0.4	-23
Insulet Corporation	0.3	-21
Wpx Energy, Inc.	0.5	-21

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PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Wendy's		0.5%	0.3%
Insulet (N)		0.3	0.0
CACI International (N)		0.3	0.0
Lantheus Holdings		0.3	0.1
Albany International (N)		0.3	0.0
Kemper (N)		0.3	0.0
Cavco Industries (N)		0.2	0.0
Middlesex Water (N)		0.2	0.0
H.B. Fuller (N)		0.2	0.0
IAA (N)		0.1	0.0

(N) New Position
(E) Eliminated

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Booz Allen Hamilton		0.7%	0.9%
Teledyne Technologies		0.7	1.1
HEICO		0.7	1.1
MarketAxess Holdings		0.6	0.9
Burlington Stores		0.6	0.9
Take-Two Interactive Software		0.5	0.7
Live Nation Entertainment		0.3	0.7
Broadridge Financial Solutions		0.2	0.4
TransUnion		0.2	0.5
MSCI (E)		0.0	0.3

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of MSCI US Small Cap Growth Index
Euronet Worldwide	IT Services	1.0%	0.5%
Cable One	Media	1.0	0.4
Bright Horizons Family Solutions	Diversified Consumer Services	1.0	0.6
Fair Isaac	Software	0.9	0.0
Pool	Distributors	0.9	0.6
Churchill Downs	Hotels Restaurants & Leisure	0.9	0.3
Aerojet Rocketdyne Holdings	Aerospace & Defense	0.9	0.3
Chemed	Health Care Providers & Svcs	0.8	0.5
Primerica	Insurance	0.8	0.4
Masimo	Health Care Equip & Supplies	0.8	0.5

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. MSCI US SMALL CAP GROWTH INDEX

Issuer	Industry	% of Fund	% of MSCI US Small Cap Growth Index	Over/Underweight
Fair Isaac	Software	0.9%	0.0%	0.9%
Booz Allen Hamilton	IT Services	0.7	0.0	0.7
Vail Resorts	Hotels Restaurants & Leisure	0.7	0.0	0.7
Teledyne Technologies	Aerospace & Defense	0.7	0.0	0.7
Service Corporation International	Diversified Consumer Services	0.7	0.0	0.7
Royal Gold	Metals & Mining	0.0	0.6	-0.6
Coupa Software	Software	0.0	0.5	-0.5
LPL Financial Holdings	Capital Markets	0.0	0.5	-0.5
Etsy	Internet & Direct Marketing Retail	0.0	0.5	-0.5
Genesee & Wyoming	Road & Rail	0.0	0.4	-0.4

PORTFOLIO MANAGEMENT



Portfolio Manager:
Sudhir Nanda

Managed Fund Since:
2006

Joined Firm:
2000

Additional Disclosures

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

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.

The information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the portfolio.

Source for Sector Diversification: 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 future updates to GICS for prospective 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.

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