T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Institutional U.S. Structured Research Fund

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the benchmark during the three-month period ended September 30, 2019.

Relative performance drivers:

- Negative stock selection in the health care and real estate sectors weighed on relative returns.
- Stock selection in the information technology and financials sectors contributed to relative results.

FUND INFORMATION

Symbol	TRISX
CUSIP	45775L705
Inception Date of Fund	October 31, 2007
Benchmark	S&P 500 Index
Expense Information (as of the most recent Prospectus)	0.38%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	$936,330,621
Percent of Portfolio in Cash	0.3%

PERFORMANCE

(NAV, total return)

				Annualized			
	Three Months	**Year-to-Date**	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Since Inception 10/31/07**
Institutional U.S. Structured Research Fund	1.53%	21.41%	4.76%	13.97%	11.34%	13.21%	8.18%
S&P 500 Index	1.70	20.55	4.25	13.39	10.84	13.24	7.92

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Institutional U.S. Structured Research Fund	Oct 31 2007	29.42%	13.60%	1.42%	16.22%	32.86%	12.35%	2.94%	10.37%	23.81%	-4.43%
S&P 500 Index		26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38

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.
As with all equity investments, this Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings.
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.

Health Care
The health care sector was the largest detractor to relative performance due to stock selection.

- A nonindex position in Elanco Animal Health detracted from relative returns as shares were weighed down by foreign exchange headlines, headwinds in global livestock markets, and the impact of short-term distributor purchasing patterns. We like that the company faces less risk under a single-payor health care system scenario relative to other pharmaceutical companies in the health care sector. We believe Elanco Animal Health can grow margins in the long term through improved cost efficiencies, debt repayment, and capital allocation in share repurchases.
- An overweight in pharmaceutical company Pfizer weighed on relative results. Shares of the company sharply declined after it announced plans to buy generic pharmaceutical company Mylan in an all-stock deal and combine it with Pfizer's own off-patent branded and generics business, Upjohn. We believe Pfizer has an underappreciated pipeline but think lower exposure to product loss of exclusivities combined with strong growth from in-line products and successful product launches should drive positive inflection in growth through the next several years.
- An underweight in medical device maker Medtronic hurt relative results. Shares traded higher after the company maker reported a solid quarter headlined by above-consensus revenue growth, due mainly to strong results from the company's cardiac and vascular unit. We are underweight Medtronic as we believe the company is fairly valued.

Real Estate
Within the real estate sector, stock selection weighed on relative performance.

- An underweight in data center operator Equinix hurt relative results. The company recently posted better-than-expected quarterly results, driven by adjusted funds from operations (AFFO) and revenue growth. The company also issued third-quarter revenue guidance and increased its previously issued full-year 2019 outlook. We are underweight as we believe the company will face pressure from competitors increasingly focused on interconnectivity.
- Not owning Welltower, a real estate investment trust (REIT) that invests in seniors housing, post-acute care providers, and health systems, detracted from relative results as volatility in the broader equity markets made defensive investments such as REITs more attractive. We are underweight REITs with exposure to assisted living due to unfavorable supply/demand dynamics. Within the real estate space, we prefer Prologis.
- An underweight in wireless tower operator Crown Castle International weighed on relative results as the company reported strong second-quarter earnings, driven by high demand for infrastructure, growth in site-rental revenues, and healthy leasing activity. Management also raised its full-year profit estimates. We are underweight due to concerns that longer build times and increasing competition will limit the company's future growth opportunities in its small cells business.

Communication Services
Stock selection in the communication services sector hampered relative returns.

- An overweight in streaming video service Netflix detracted from relative results. Shares were driven lower after the company reported declining U.S. subscribers and a miss on expected international subscriber adds during the second quarter. Rising competition from new streaming services and increasing content costs have also weighed on the stock. We believe that Netflix stands at the forefront of a generational shift in viewing habits from linear TV to streaming on-demand services.
- An overweight in social media platform Facebook detracted from relative performance. Investor concern over a global economic slowdown and confirmation that the FTC formally opened an antitrust investigation against the company weighed on shares. In our view, Facebook's share of consumer time spent on mobile devices should help it generate advertising-led revenue growth over the next several years. We also believe Instagram, WhatsApp, and the Stories feature could drive additional growth. We continue to monitor regulatory developments and acknowledge that developments on this front could increase volatility in Facebook's stock.
- An underweight in communications and digital entertainment services provider AT&T weighed on relative returns. Shares performed well amid improved performance from the company's business wireline segment. Investors also reacted positively to news of activist activity in the stock, which they hope could prompt management to sell off AT&T's non-core assets. We are underweight as we don't believe it is likely that activist involvement will materially improve the company's struggling businesses.

Information Technology
Within the information technology sector, security selection contributed to relative returns.

- An overweight in Symantec, which develops cybersecurity software, contributed to relative performance. Shares of the company soared on speculation and eventual confirmation that chipmaker Broadcom plans to acquire Symantec's enterprise business. The deal is expected to close by the end of 2019. In September, the stock rose further after two private equity firms proposed a deal to buy the remainder of Symantec's business.
- An overweight in semiconductor maker Applied materials helped relative returns. During the period, the company reported fiscal quarter-quarter earnings and sales that beat expectations and provided in-line guidance despite the current chip industry down cycle. We think Applied Materials is poised to grow earnings and capture market share proportionately amid the slowing of Moore's Law.

- Not owning software business Adobe Systems aided relative gains. Shares of the stock dipped after the company forecast softer-than-expected fourth-quarter revenues after posting weak bookings from its marketing software division. We believe Adobe Systems is fully valued.

Financials
Stock selection in the financials sector also aided relative gains.

- An overweight in leading insurance company Chubb was beneficial as the company continued to benefit from a firming pricing environment among property and casualty insurers. We value Chubb's strong balance sheet, steady growth profile, and potential to return additional capital to shareholders.
- An overweight in Wells Fargo aided relative gains. Shares traded higher as signs of optimism regarding a potential U.S.-China trade war ceasefire lifted long-term Treasury yields late in the period; higher long-term yields, when combined with lower short-term rates, boost lending margins. The stock also rose on news of a new CEO hire. We are encouraged by the bank's increased focus on risk management and compliance and believe the hiring of a new CEO is a key step in the ongoing turnaround plan.
- An overweight in Cboe Global Markets, the largest options exchange in the U.S., contributed to relative performance as it benefited from solid second-quarter results. The company is significantly leveraged to market volatility and has done a good job of managing costs while positioning itself for the return of more sustained market volatility, both in its proprietary products and its cash equities and multi-listed options businesses. Additionally, it will transition to its new trading platform in October, freeing its technology team to pursue new initiatives as well as improve the trading experience for clients.

PORTFOLIO POSITIONING AND ACTIVITY

The portfolio is managed by a team of approximately 30 equity research analysts, with capital allocated to each analyst in proportion to the weight of the stocks they follow within the S&P 500 Index. Each analyst makes buy and sell decisions and executes the trades within his or her coverage area. The analysts overweight the most attractive stocks, underweight the least attractive stocks, and opportunistically add high-conviction, nonindex securities from their coverage area.

Given the sector, industry and style-neutral position of the strategy, we would expect to generate the majority of our alpha from stock selection. The majority of the tracking error is due to stock-specific risk.

Significant Overweights

- Boeing is the world's largest aerospace company. We recognize that recent events involving the 737 MAX aircraft could create additional stock price volatility, in at least the near term. However, our general fundamental perspective on Boeing has not changed. Over the longer term, we continue to like the company for its duopoly position in global commercial aerospace, diversified product offering, and recent operational improvements.
- Sempra Energy is a diversified infrastructure company that is levered to a variety of attractive long-cycle energy trends. In addition to having a strong history of capital allocation, Sempra Energy's management team has one of the best track records of cost-cutting among California utilities. We see value in Sempra Energy's recent acquisition of transmission and distribution utility Oncor, as well as the company's progress in building a liquefied natural gas export terminal in Louisiana.
- Symantec is a cybersecurity company that sells endpoint and network solutions and targets both the enterprise and consumer markets. We think Symantec's improving core enterprise product and go-to-market scale should drive sustainable growth. We also believe the company is undervalued by the market due to recent execution issues, and that the new management team will help to unlock shareholder value.
- Comcast is a media and technology company with a steady subscription cable business and a strong media and entertainment business. We value Comcast's impressive management team and its track record for creating shareholder value. We believe the market underappreciates the company's ability to continue its solid growth in a cord-cutting world. Comcast also benefits from an attractive collection of assets, including recently acquired British satellite broadcaster Sky.
- NextEra Energy is a vertically integrated utility holding company with two key businesses: Florida Power & Light and NextEra Energy Resources. We believe the utility possesses an attractive combination of steady, low-risk growth potential through Florida Power & Light, one of the largest electric utilities in the U.S., and significant growth potential in contracted renewables and gas pipelines.

Significant Underweights

- Intel is the largest manufacturer of leading-edge processors and maintains a near monopoly in the PC and server markets with the best manufacturing capability in the industry. However, we have concerns over the declining PC business as well as competitive pressures facing the company's manufacturing and design for new chips. We prefer Micron Technology.
- Chevron is an integrated energy company with upstream and downstream businesses. We have concerns about the company's higher exposure to oil than many of its peers, as well as capital expenditure flexibility and execution risks related to the company's project management track record. We prefer Total.
- Adobe Systems is a high-quality software business with a dominant market position in digital content creation. We think the company's growth rates will moderate significantly as the benefits of its recent subscription transition wane and fundamentals normalize. We also believe Adobe Systems has limited cloud growth prospects without further acquisitions as its current portfolio of software assets is becoming less relevant. We prefer VMware.
- IBM is a technology company with the largest patent portfolio in the industry and a significant research and development budget. We believe the company has limited opportunities for revenue growth or margin improvement going forward and is poorly positioned for the adoption of cloud computing. Recent acquisitions are a modest positive, but we are not convinced that the Red Hat deal is enough to turn IBM around. We prefer Cisco.
- Bank of America is a large U.S. money center bank. While we think management has done a good job improving returns and lowering the company's risk profile, we believe Bank of

America's stock is reliant on exogenous factors, such as higher interest rates and economic growth, to drive future growth. We prefer Wells Fargo.

Significant Purchases

- We increased our position in biopharmaceutical company AbbVie. The market reacted negatively to the company's definitive deal to purchase Botox maker Allergan as its own drug, Humira, faces patent expiration. While we don't believe Allergan will provide the company exciting growth assets or strong R&D, we think it will diversify the company's revenue base, with fairly durable revenue streams.
- Zoetis is a pharmaceuticals firm that specializes in vaccines and treatments for livestock and household pets. We initiated a position as we believe the company has less exposure than its health care peers to concerns about U.S. health care reform ahead of the 2020 U.S. election cycle. Zoetis has reported a string of solid quarterly results, reflecting strong year-over-year revenue growth and adjusted earnings-per-share growth, and raised its 2019 guidance.
- We increased our position in Alphabet, the market share leader in global search. The company benefits from world-class talent and computing infrastructure that should add value as the world becomes more digital, and we believe there is future growth potential in cloud, container, and enterprise initiatives. We believe the breadth and depth of Alphabet's offerings and capabilities will lead to more durable revenue and profit growth than is appreciated in the market. We will continue to monitor the risks and uncertainties associated with the state and federal investigations into Alphabet's business practices and incorporate these developments into our holistic assessment of the stock's risk/reward profile.
- We added to our position in Microsoft, which continued its recent run of strong returns during the quarter. CEO Satya Nadella has successfully guided the company into a new era, and we believe Microsoft's Azure cloud computing service and Office 365 applications in particular can drive durable growth amid consistently rising demand for IT services.
- Facebook is the dominant social media platform globally, with massive amounts of data on users. We increased our position as we believe Facebook's share of consumer time spent on mobile devices, coupled with its ad monetization and targeting capabilities, should help it generate advertising-led revenue growth over the next several years. We also like the company's opportunity to monetize Instagram and the WhatsApp messaging service's long-term potential. We continue to monitor regulatory developments and acknowledge that developments on this front could increase volatility in Facebook's stock.

Significant Sales

- Johnson & Johnson is one of the largest and most diverse health care companies in the world. We trimmed our position as opioid litigation has weighed on shares more than expected, and talc litigation headlines pressured the risk/reward. We prefer AbbVie.
- KLA-Tencor is a high-quality semiconductor capital equipment company. We exited our position on recent strength in favor of NVIDIA, which has a more attractive risk/reward.
- We exited our position in Celgene, a large-cap biotechnology company that focuses on cancer and inflammatory diseases. We remain cautious as we approach the 2020 election and debt ceiling negotiations that could affect Medicare Part D, to which Celgene has exposure through its cancer drug, Revlimid.
- We trimmed our position in regulated water and wastewater services company American Water Works on recent strength as shares outperformed on solid operational execution, and investor preference for more defensive, less cyclical companies. We continue to like the company for its leading industry position and durable, highly visible earnings growth outlook that is driven by the poor state of water infrastructure in the U.S. although we are cautious on valuation given recent strength.
- We trimmed our position in biopharmaceutical firm Eli Lilly. The company generates a high percentage of revenue from pharmaceuticals and we have concerns about the impact of a single-payer health care system scenario. We are also cautious around reduced growth visibility for the diabetes drug, Trulicity.

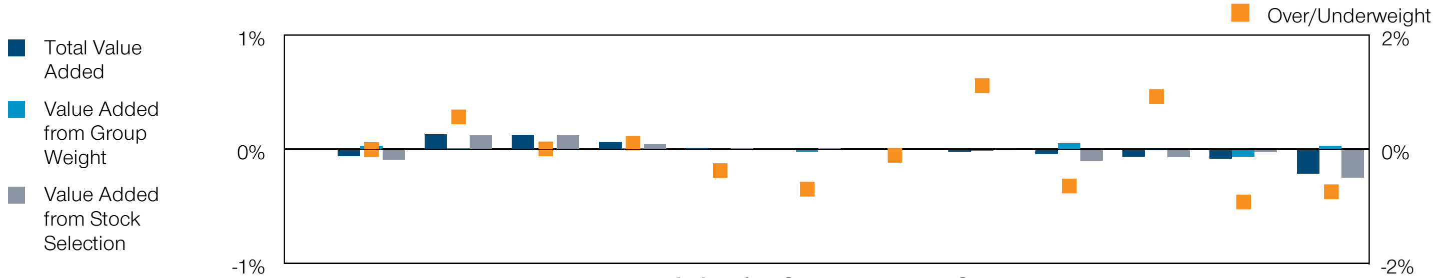
ORGANIZATIONAL UPDATE

Melanie Rizzo (Industrials) joined the strategy during the third quarter. The U.S. Structured Research Equity Strategy has 30 participating analysts as of September 30, 2019.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. S&P 500 INDEX

(3 months ended September 30, 2019)



	Total	Info Tech	Finan-cials	Utilities	Indust & Bus Svcs	Con-sumer Staples	Materi-als	Con-sumer Disc	Energy	Comm Svcs	Real Es-tate	Health Care
Over/Underweight	0.00%	0.57%	0.01%	0.11%	-0.37%	-0.69%	-0.10%	1.12%	-0.64%	0.93%	-0.92%	-0.74%
Fund Performance	1.64	3.95	3.03	10.90	1.16	6.26	-0.01	0.50	-8.33	1.66	6.53	-4.07
Index Performance	1.70	3.34	2.01	9.33	0.99	5.98	0.04	0.51	-6.30	2.22	7.71	-2.25
Value Add - Group Weight	0.03	0.01	0.00	0.01	0.00	-0.02	0.00	-0.01	0.06	0.00	-0.06	0.03
Value Add - Stock Selection	-0.09	0.12	0.13	0.05	0.02	0.02	0.00	-0.01	-0.09	-0.06	-0.02	-0.24
Total Contribution	-0.06	0.13	0.13	0.06	0.01	0.00	0.00	-0.02	-0.04	-0.06	-0.08	-0.21

TOP 5 RELATIVE CONTRIBUTORS VS. S&P 500 INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Stock Return (%)	Net Contribution (Basis Points)
NextEra Energy	1.0%	14.34%	7
Conagra Brands	0.4	16.49	7
Symantec	0.6	8.94	5
Northrop Grumman	0.5	16.40	5
Sempra Energy	0.7	8.81	5

TOP 5 RELATIVE DETRACTORS VS. S&P 500 INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Stock Return (%)	Net Contribution (Basis Points)
Fortive	0.5%	-15.81%	-8
Intel	0.0	8.30	-7
Netflix	0.6	-27.14	-6
Concho Resources	0.2	-34.07	-6
Pfizer	1.0	-16.23	-5

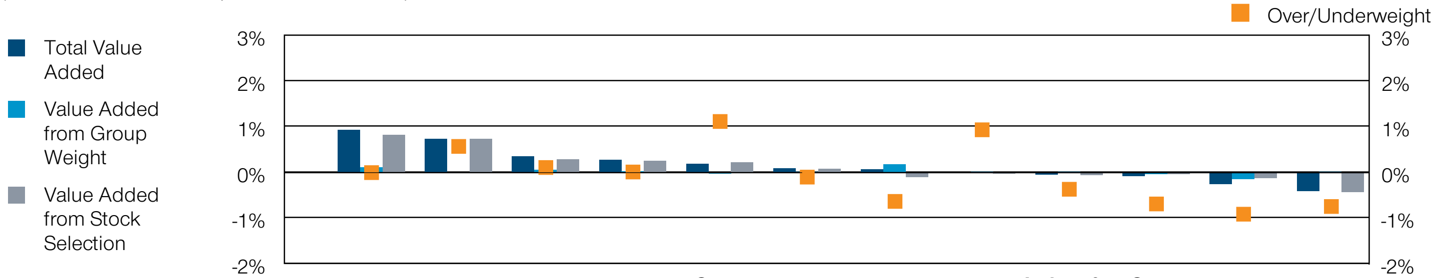
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.
Source: T. Rowe Price. Stock return reflects reinvestment of dividends and capital gains and is not representative of the Fund's performance.

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. S&P 500 INDEX

(12 months ended September 30, 2019)



	Total	Info Tech	Utilities	Finan-cials	Con-sumer Disc	Materi-als	Energy	Comm Svcs	Indust & Bus Svcs	Con-sumer Staples	Real Es-tate	Health Care
Over/Underweight	0.00%	0.57%	0.11%	0.01%	1.12%	-0.10%	-0.64%	0.93%	-0.37%	-0.69%	-0.92%	-0.74%
Fund Performance	5.19	12.66	38.24	5.96	4.50	6.71	-21.15	5.39	0.98	15.69	17.03	-6.55
Index Performance	4.25	8.59	27.10	3.92	2.36	3.40	-19.21	5.69	1.39	16.58	24.74	-3.57
Value Add - Group Weight	0.11	0.00	0.06	0.02	-0.02	0.00	0.18	0.01	0.01	-0.04	-0.14	0.00
Value Add - Stock Selection	0.82	0.74	0.28	0.25	0.22	0.09	-0.11	-0.02	-0.06	-0.04	-0.12	-0.42
Total Contribution	0.93	0.74	0.34	0.27	0.19	0.09	0.07	-0.01	-0.05	-0.07	-0.26	-0.42

TOP 5 RELATIVE CONTRIBUTORS VS. S&P 500 INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Stock Return (%)	Net Contribution (Basis Points)
Red Hat	0.0%	37.74%	17
NextEra Energy	1.0	41.92	16
Sempra Energy	0.7	33.11	15
Comcast, Special Class A	1.4	29.57	14
Synopsys	0.2	39.18	13

TOP 5 RELATIVE DETRACTORS VS. S&P 500 INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Stock Return (%)	Net Contribution (Basis Points)
Intel	0.0%	11.60%	-12
Cigna Holding	0.0	–	-11
NVIDIA	0.8	-37.83	-10
Concho Resources	0.2	-55.30	-10
Marathon Petroleum	0.3	-21.47	-9

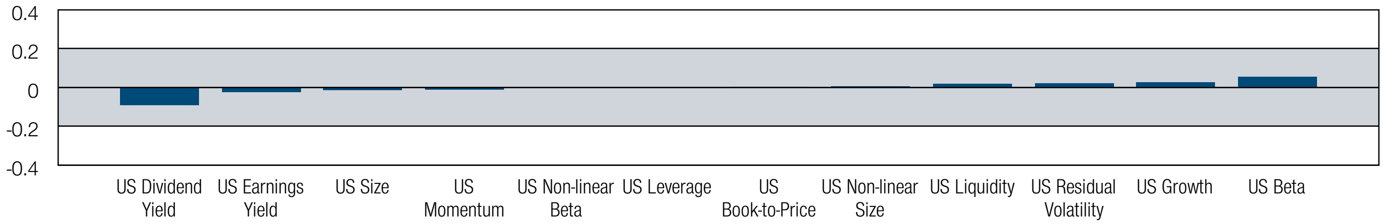
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.
Source: T. Rowe Price. Stock return reflects reinvestment of dividends and capital gains and is not representative of the Fund's performance.

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.

PORTFOLIO POSITIONING

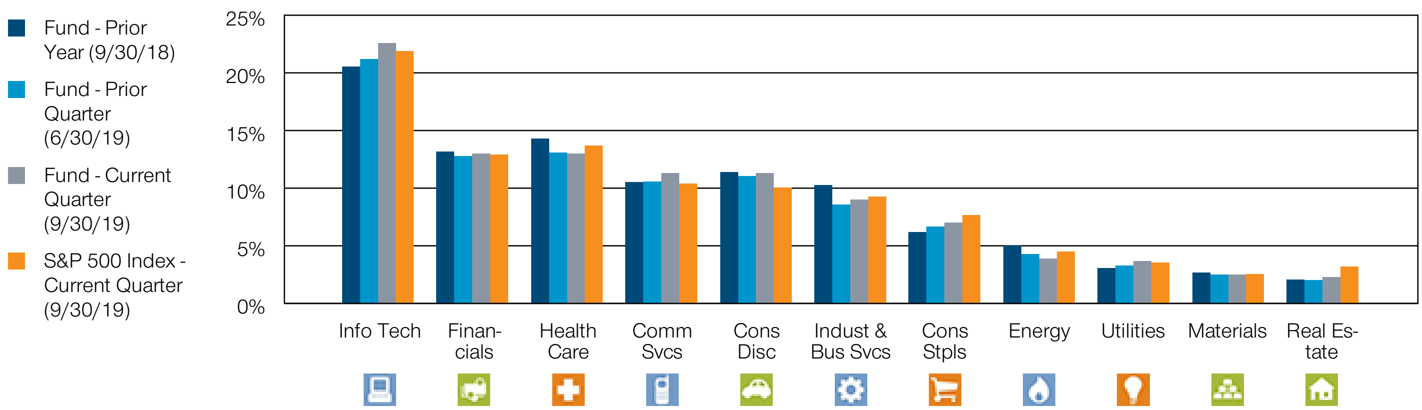
BARRA RISK FACTORS FOR INSTITUTIONAL U.S. STRUCTURED RESEARCH FUND

(Active Weights)



Risk exposures of less than 0.2 are not statistically significant.

SECTOR DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Microsoft		4.4%	4.2%
Apple		3.6	3.1
Alphabet		3.5	2.9
Amazon.com		3.3	3.4
Facebook		2.2	2.4
Salesforce.com		0.9	0.8
AT&T		0.9	0.6
AbbVie		0.9	0.3
NVIDIA		0.8	0.6
Zoetis (N)		0.3	0.0

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Johnson & Johnson		1.2%	1.7%
ExxonMobil		1.1	1.4
Pfizer		1.0	1.3
Eli Lilly		0.2	0.3
S&P Global		0.1	0.3
American Water Works		0.1	0.3
Altaba (E)		0.0	0.3
KLA (E)		0.0	0.2
Celgene (E)		0.0	0.2
Kroger (E)		0.0	0.1

(N) New Position
(E) Eliminated

HOLDINGS

MAJOR POSITION CHANGES

Issuer	Industry	% of Fund 9/30/19	% of Fund 6/30/19	Difference (%)
Alphabet	Interactive Media & Services	6.9%	5.8%	1.1%
AbbVie	Biotechnology	0.9	0.3	0.6
Apple	Technology Hardware, Storage & Peripherals	3.6	3.1	0.5
Zoetis (N)	Pharmaceuticals	0.3	0.0	0.3
Fidelity National Information Services	IT Services	0.6	0.3	0.3
Johnson & Johnson	Pharmaceuticals	1.2	1.7	-0.5
Altaba (E)	Internet & Direct Marketing Retail	0.0	0.3	-0.3
Pfizer	Pharmaceuticals	1.0	1.3	-0.3
ExxonMobil	Oil, Gas & Consumable Fuels	1.1	1.4	-0.3
Netflix	Entertainment	0.6	0.9	-0.3

(N) New Position
(E) Eliminated
Major position changes are based on security purchases and sales as well as fluctuations in market value.

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of S&P 500 Index
Microsoft	Software	4.4%	4.3%
Apple	Technology Hardware, Storage & Peripherals	3.6	3.9
Alphabet	Interactive Media & Services	3.5	3.0
Amazon.com	Internet & Direct Marketing Retail	3.3	2.9
Facebook	Interactive Media & Services	2.2	1.7
JPMorgan Chase	Banks	1.7	1.5
Visa	IT Services	1.5	1.2
Boeing	Aerospace & Defense	1.4	0.8
Comcast, Special Class A	Media	1.4	0.8
Wells Fargo	Banks	1.3	0.8

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. S&P 500 INDEX

Issuer	Industry	% of Fund	% of S&P 500 Index	Over/Underweight
Boeing	Aerospace & Defense	1.4%	0.8%	0.6%
Sempra Energy	Multi-Utilities	0.7	0.2	0.6
Symantec	Software	0.6	0.1	0.6
Comcast, Special Class A	Media	1.4	0.8	0.5
NextEra Energy	Electric Utilities	1.0	0.5	0.5
Intel	Semicons & Semicon Equip	0.0	0.9	-0.9
Chevron	Oil, Gas & Consumable Fuels	0.3	0.9	-0.6
Adobe	Software	0.0	0.5	-0.5
IBM	IT Services	0.0	0.5	-0.5
Bank of America	Banks	0.5	1.0	-0.5

INDUSTRY SPOTLIGHT

Materials Analyst

T. Rowe Price equity research analyst Matt Mahon manages investments in materials companies in the US Structured Research Equity Strategy (SRS). Specifically, he focuses on chemicals and construction materials investments. One of his guiding principles in analyzing the chemicals industry is that the market tends to be too focused on transitory data points rather than the absolute quality of a business and actions taken by the company to improve the quality of the business. He sets himself apart from his peers through his appreciation of historical economic cycles and his understanding of the true run-rate return that a business can produce through a cycle. His work with the firm's Natural Resources team is also beneficial when evaluating commodity chemicals companies given their close ties to energy. Instead of focusing solely on supply and demand, he looks at the oil cost curve, which provides an understanding of where commodity prices should be over time.

Matt thinks the chemicals industry is surprisingly diverse given its inclusion in oil and gas-linked commodity chemical companies that benefit from high oil prices as well as specialty chemical companies that benefit from low oil prices. As a result, different segments of the industry react differently at various stages of the economic cycle. He believes we are late in the current cycle and have entered a mild industrial recession. Matt uses a data-driven approach to assess our position in the cycle and relies on a risk/reward analysis to determine the most attractive stocks within his sector. Within specialty chemicals, Matt looks for high-quality companies that sustainably create value through the cycle by means of capital allocation and the nature of their industries, e.g., industries with pricing power given the value they provide to their customers. Within commodity chemicals, he seeks to take advantage of attractive risk/reward opportunities at certain points in the cycle or based on a view of commodity prices.

Within chemicals, Matt currently prefers specialty chemicals over commodity chemicals given their ability to compound value through cycles. Specifically, he is partial to companies with coatings businesses given their durable returns and attractive risk/return ratios. Coatings are applied to surfaces to provide protection, produce specific properties, or for aesthetic value. While architectural paint is the largest end market, more than half of coatings are consumed in industrial applications such as coil coatings or wood finishes. The coatings industry has strong returns on invested capital through the cycle relative to other chemicals companies due to its pricing power, flexible cost structures, and low capital intensity. The industry is also highly fragmented, and Matt believes consolidation should continue for the foreseeable future.

DuPont De Nemours (DD), a conglomerate comprising the specialty chemical assets from DowDuPont, is the largest overweight position in Matt's portfolio. The company operates four different businesses: Electronics, Nutrition and Biosciences, Polymers, and Safety and Construction. Matt thinks DuPont has good assets and believes the company's value will increase as the assets are optimized and run by the most efficient operators. CEO Ed Breen is responsible for active portfolio management and capital allocation and has a track record of creating shareholder value. DuPont generally has a top three position by market share in attractive end markets such as electronics and nutrition that should drive solid earnings growth through the cycle. Currently, Matt believes that the stock is trading at an attractive risk/reward and a discount to its sum-of-the-parts value.

RPM International (RPM), a collection of leading coating brands in niche end markets, is also an overweight in Matt's portfolio. Matt likes the company for its strong assets, defensive businesses, and self-help approach. The coatings that the company provides are critical to purchasers, but a very small percentage of their total cost. RPM was previously run as a holding company and its structure historically resulted in high overhead, which depressed its returns. RPM has recently implemented a restructuring program that aims to improve the company's cost structure, allocate capital more effectively, and focus on shareholder returns. Despite recent positive operational improvements, the market continues to underestimate the self-help available to the company, thus resulting in an attractive risk/reward.

PPG Industries, the global leader in coatings with 12% market share, also represents a top overweight in Matt's portfolio. The company is the bellwether for coatings because it is diversified across all segments of the industry. Matt likes the company's strong balance sheet and disciplined, high-quality management team, which have resulted in best-in-class cost and efficiency metrics and returns on invested capital. He thinks the market overestimates the company's cyclical nature due to its exposure to the automotive industry. PPG's countercyclical margin profile allows the company to grow its free cash flow in market downturns because of raw materials deflation, making it a more defensive business than many believe. Matt thinks PPG's recent struggles with organic growth have led the market to overlook the company, but he believes it could rerate significantly higher simply as a result of strong execution.

Conversely, LyondellBasell (LYB), a commodity chemical company, is a top underweight in Matt's portfolio. LyondellBasell is one of the largest producers of ethylene, a basic building block of plastics production. Matt believes LyondellBasell is a well-run company with a good management team but is underweight due its exposure to the cyclical dynamics of commodities. He thinks the fundamental cost of polyethylene, which is what plastic is produced from, is lower and will remain lower for longer than the market anticipates due to oversupply and given his view that oil is likely to be low for an extended time. As energy producers face secular pressures in their core businesses, they are increasingly diversifying into polyethylene, driving down profitability in the industry. These factors, combined with decelerating demand for new plastics due to environmental sustainability initiatives, are creating an oversupply that Matt believes could last much longer than expected.

Looking ahead, Matt believes we are nearing the end of a long industrial cycle. While he expects a temporary return to growth in industrial production in the near term, in the long term he is positioning his portfolio to thrive in a downturn by investing in companies with attractive risk/reward models. He believes ongoing trade tensions between the U.S. and China will continue to negatively affect overall industrial development, especially as China increases production of polyethylene in an effort to lessen its dependency on U.S. plastics. As such, he plans to continue investing in industries and companies that may help limit downside potential through counter-cyclical margin expansion or other special situations. He also believes many chemical companies will face mounting environmental and social headwinds through increased scrutiny and regulation of molecules that are viewed as harmful, as well as more sustainable initiatives around recycling as it relates to infrastructure. Matt plans to continue seeking companies with durable business models that can sustainably compound value through business cycles rather than just moving with changes in GDP.

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Ann Holcomb	2015	1996
Jason Polun	2015	2003
Thomas Watson	2017	2007
Josh Nelson	2019	2007

Additional Disclosures

Source for S&P data: S&P. "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", and "500" are trademarks of Standard & Poor's, and have been licensed for use by T. Rowe Price. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the fund.
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.
This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

T. Rowe Price Investment Services, Inc., Distributor.
201910-968751