



QUARTERLY REVIEW

# Mid-Cap Value Fund

As of September 30, 2019

## PORTFOLIO HIGHLIGHTS

The portfolio trailed the Russell Midcap Value Index for the three-month period ended September 30, 2019.

Relative performance drivers:

- The utilities and real estate sectors detracted from relative results, due to both stock choices and underweight positions.
- An overweight position in energy also held back returns.
- Conversely, names in consumer staples and information technology boosted relative performance.

Additional highlights:

- Our sector allocations result from our search for fundamentally sound companies that trade significantly below their intrinsic worth, rather than from a top-down view of any given sector.
- Volatile periods in the markets tend to present good opportunities for value investors, and we were able to initiate or increase positions across various industries.

## FUND INFORMATION

Symbol	TRMCX
CUSIP	77957Y106
Inception Date of Fund	June 28, 1996
Benchmark	Russell Midcap Value Index
Expense Information (as of the most recent Prospectus)	0.78%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$12,400,396,732
Percent of Portfolio in Cash	6.6%

## PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
Mid-Cap Value Fund	-1.13%	10.90%	-5.20%	5.86%	6.61%	10.42%	8.86%
Russell Midcap Value Index	1.22	19.47	1.60	7.82	7.55	12.29	9.29
S&P MidCap 400 Index	-0.09	17.87	-2.49	9.38	8.88	12.56	9.82

## CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mid-Cap Value Fund	Jun 28 1996	46.68%	16.45%	-4.82%	19.63%	31.54%	10.60%	-3.41%	24.32%	11.64%	-10.61%
Russell Midcap Value Index		34.21	24.75	-1.38	18.51	33.46	14.75	-4.78	20.00	13.34	-12.29
S&P MidCap 400 Index		37.38	26.64	-1.73	17.88	33.50	9.77	-2.18	20.74	16.24	-11.08

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

Mid-cap stocks are generally more volatile than stocks of large, well established companies.

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.

### Utilities Detracted Most From Relative Results

Stock selection in the sector was detrimental, as was an underweight position.

- Shares of California-based regulated utility company PG&E slumped amid lingering uncertainty regarding the handling of its bankruptcy proceedings, as a competing plan proposed by wildfire victims and PG&E bondholders threatens to wrest control from the beleaguered firm. Despite these headwinds, we maintain a favorable view of PG&E's longer-term potential because we believe the utility is well positioned to benefit from grid modernization in California.

### Real Estate Holdings Hindered Performance

An underweight position in real estate, which was the best-performing sector for the benchmark, held back returns. Stock selection within the sector also proved unhelpful.

- Timberland real estate investment trust Rayonier, with assets located in timber-growing regions in the U.S. and New Zealand, lagged. Weakness in the stock has been driven by concerns over deceleration in housing market strength and weak exports related to ongoing U.S. and China trade negotiations. We believe this to be a high-quality company with a best-in-class management team capable of creating value regardless of market volatility.

### An Overweight to Energy Proved Unhelpful

Energy was the worst-performing sector for the benchmark. Our overweight position in the sector hampered relative results.

### Consumer Staples Boosted Returns

An overweight position in the sector, along with favorable stock choices, had a positive effect.

- Shares of Carlsberg, the fourth-largest global brewer, benefited from strong execution in both cost management and business mix. Opportunities in Europe and Asia support longer-term growth.
- Shares of consumer products company Edgewell Personal Care also performed well. We believe the market originally overreacted to the company's recent acquisition of Harry's, a direct-to-consumer razor startup, and that the combination of Harry's marketing skills and Edgewell's technology and private-label capabilities positions the company to offer best-in-class innovation and a full price ladder of niche products.

### Stock Choices in Information Technology Added Value

- Shares of Applied Materials climbed higher late in the period amid a general rebound in semiconductor companies, as speculation that the industry had bottomed out gained traction. Longer term, we believe the company will benefit from rising capital intensity and more rational capital expenditure cycles in the semiconductor industry, which, in turn, should boost cross-cyclical earnings power. Growing demand for semiconductors related to the "internet of things," hyper-scale data centers, and artificial intelligence should act as another secular tailwind.

## PORTFOLIO POSITIONING AND ACTIVITY

Sector allocations result from our search for fundamentally sound companies that trade significantly below their intrinsic worth, rather than from a top-down view of any given sector. During the period, trading activity spanned the various sectors. We've highlighted some of the larger purchases and sales occurring within financials, consumer staples, energy, and materials.

### Financials

The portfolio has been overweight to the financials sector since the carve-out of real estate from the financials sector in late 2016, but the postelection surge in the sector has left fewer attractive values in the space and the portfolio is now underweight the segment after we trimmed exposure over the last year.

- We increased the portfolio's position in State Street. The company's management expects the firm's net interest income to benefit from higher-than-expected consumer deposit growth. Despite the regulatory and competitive pressures facing trust banks in general, we are optimistic about State Street's ongoing expense reduction efforts.
- We trimmed the portfolio's position in Synchrony Financial, the largest issuer of private-label credit cards in the U.S. and one of the largest providers of unsecured consumer credit, following strong performance. We maintain a favorable view of the company as it is the market leader in a growing industry with high barriers to entry.

### Consumer Staples

The portfolio is significantly overweight to the consumer staples segment. The sector is a fertile area for investments and features marketable and valuable brand names. Historically, we have found attractive valuations in the food products industry, where the bulk of the investment within the sector is focused. The portfolio also has sizable allocations to the beverages and food and staples retailing industries.

- We trimmed Kroger as we believe the risk/reward profile has moderated for the food retailer as it faces increasing pressure from low-cost competitors and nontraditional entrants to the market like Amazon.
- We pared global brewer Carlsberg and took profits following strong performance.

### Energy

We have been active within the energy sector over recent years amid a volatile environment and have been adding on the weakness in the sector this quarter. The portfolio remains overweight to the benchmark within the sector. The volatility within oil prices often causes investors to focus their efforts on predicting their near-term direction rather than focusing on company fundamentals. We remain focused on the long term and have

collected a variety of quality businesses at attractive prices. We continue to look for opportunities where valuations are compellingly attractive despite the increase in risk associated with the near-term operating environment. In particular, we focus on firms with relatively stable balance sheets that can grow within their current cash flow provisions or that possess assets that can be more efficiently run or broken up to unlock value.

- We opportunistically added to the portfolio's position in Murphy Oil, a global exploration and production company. We have a favorable view of the company's recent transformation efforts, including the acquisition of assets in the Gulf of Mexico, expanding its presence in the region, and the divestment of its Malaysian assets.
- We added to the portfolio's position in Imperial Oil, a Canadian integrated oil and gas company. We believe that improved execution on its Kearl and Syncrude projects could yield meaningful results. Additionally, the company has a strong balance sheet relative to peers.

### Materials

The materials sector allocation is meaningfully overweight as compared with the benchmark. The portfolio has a large allocation to the metals and mining industry, including a sizable weight in precious metals miners and royalty stream firms. The portfolio also maintains broad representation among many industries within the sector, with other significant weights including the chemicals and construction materials industries.

- We trimmed our positions in gold miners Barrick Gold and Newmont Goldcorp into strength. Both companies benefited from the current market environment as their shares are highly levered to the price of gold.
- Shares of chemical company Westlake Chemical have been pressured along with other more cyclical names due to concerns regarding global growth. We took the opportunity to increase the portfolio's position.

## MANAGER'S OUTLOOK

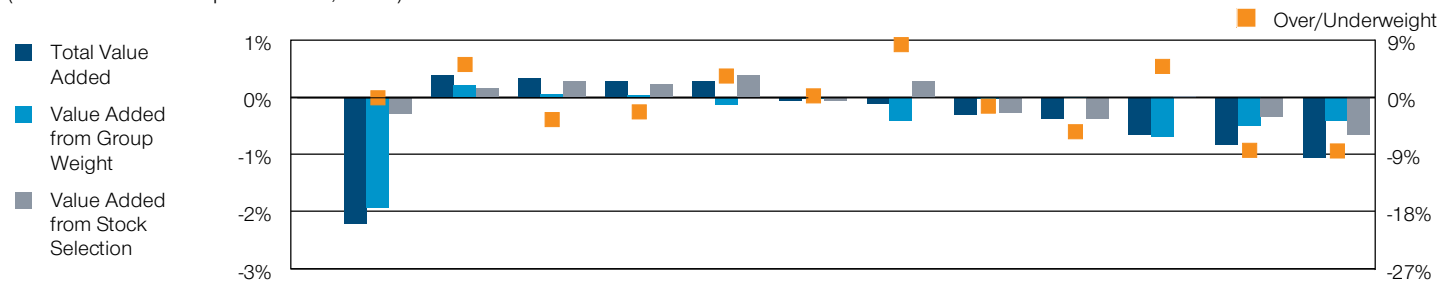
U.S. equity markets were mixed in the third quarter of 2019 as geopolitical and economic concerns dominated the headlines. U.S. and China trade negotiations continued to wax and wane, tensions escalated in the Middle East after an attack on a Saudi oil production facility, and central banks have signaled that they will continue their accommodative policies, with the Fed cutting rates twice in the quarter.

Volatile periods in the markets tend to present good opportunities for value investors, and we were able to initiate positions in health care equipment and products, machinery, and metals and mining. We also added to positions in the capital markets, exploration and production and energy service, and specialty retail industries, among others.

## QUARTERLY ATTRIBUTION

### SECTOR ATTRIBUTION DATA VS. RUSSELL MIDCAP VALUE INDEX

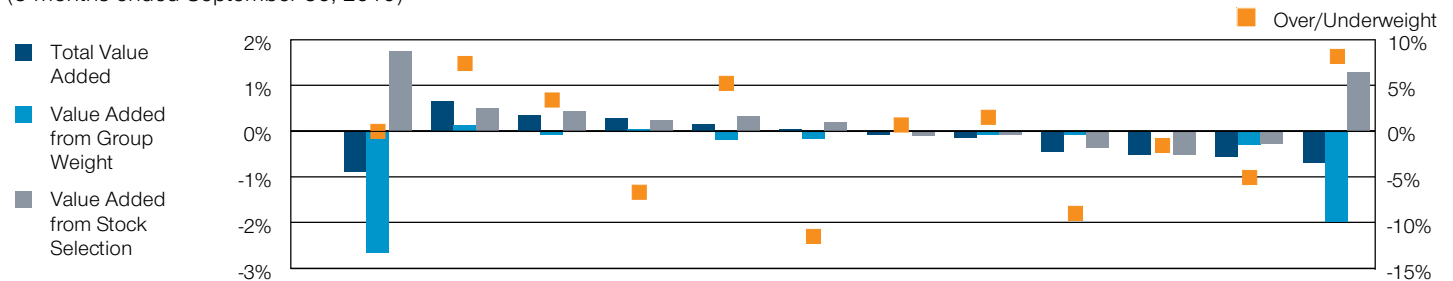
(3 months ended September 30, 2019)



	Total	Consumer Staples	Info Tech	Indust & Bus Svcs	Materials	Comm Svcs	Health Care	Financials	Consumer Disc	Energy	Real Estate	Utilities
Over/Underweight	0.00%	5.24%	-3.44%	-2.25%	3.43%	0.26%	8.35%	-1.35%	-5.36%	4.87%	-8.28%	-8.41%
Fund Performance	-0.98	6.96	7.41	2.27	2.36	-6.12	-1.83	0.68	-9.06	-12.54	2.96	-8.24
Index Performance	1.22	5.22	-0.52	-0.40	-2.18	-5.09	-3.76	2.32	0.96	-12.54	8.21	7.30
Value Add - Group Weight	-1.92	0.22	0.05	0.04	-0.12	-0.02	-0.39	-0.02	0.00	-0.68	-0.50	-0.39
Value Add - Stock Selection	-0.28	0.17	0.28	0.23	0.39	-0.04	0.29	-0.28	-0.36	0.03	-0.33	-0.65
Total Contribution	-2.20	0.39	0.33	0.27	0.27	-0.06	-0.10	-0.30	-0.36	-0.65	-0.82	-1.05

### SECTOR ATTRIBUTION DATA VS. S&P MIDCAP 400 INDEX

(3 months ended September 30, 2019)



	Total	Consumer Staples	Materials	Indust & Bus Svcs	Health Care	Info Tech	Financials	Comm Svcs	Consumer Disc	Utilities	Real Estate	Energy
Over/Underweight	0.00%	7.46%	3.43%	-6.66%	5.27%	-11.45%	0.75%	1.54%	-8.97%	-1.51%	-4.99%	8.20%
Fund Performance	-0.98	6.96	2.36	2.27	-1.83	7.41	0.68	-6.12	-9.06	-8.24	2.96	-12.54
Index Performance	-0.09	1.69	-2.84	-0.71	-4.13	1.08	1.20	-4.25	0.94	3.28	7.26	-22.95
Value Add - Group Weight	-2.66	0.14	-0.09	0.05	-0.18	-0.16	0.02	-0.06	-0.08	-0.01	-0.29	-1.98
Value Add - Stock Selection	1.77	0.52	0.45	0.25	0.34	0.21	-0.09	-0.08	-0.37	-0.50	-0.27	1.30
Total Contribution	-0.89	0.67	0.37	0.30	0.15	0.06	-0.07	-0.14	-0.45	-0.50	-0.56	-0.68

### TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL MIDCAP VALUE INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Perrigo Company Plc	2.0%	28
Carlsberg A/S	1.4	19
Firstenergy Corp.	2.0	18
Cobham Plc	0.4	17
Barrick Gold Corporation	1.5	17

### TOP 5 RELATIVE DETRACTORS VS. RUSSELL MIDCAP VALUE INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Pg&E Corporation	0.6%	-63
Eqst Corporation	1.4	-62
Patterson Companies, Inc.	1.2	-31
Strategic Education, Inc.	0.8	-24
Viacom Inc.	1.0	-19

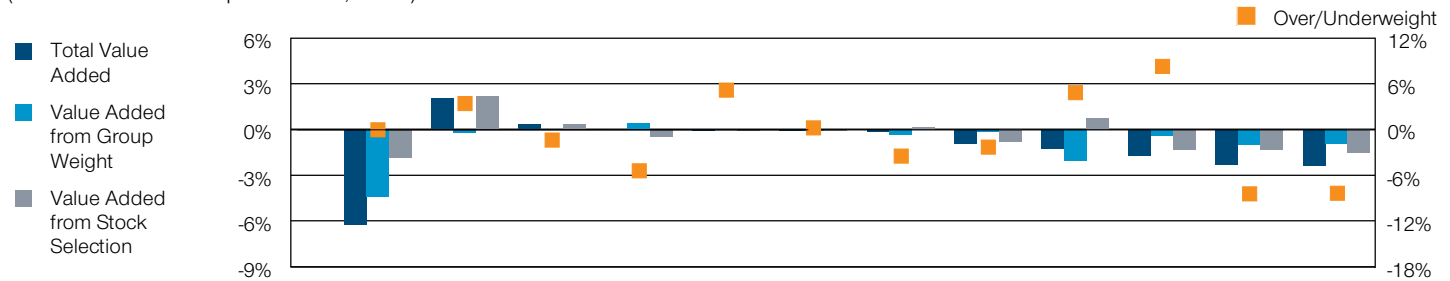
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

**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. RUSSELL MIDCAP VALUE INDEX

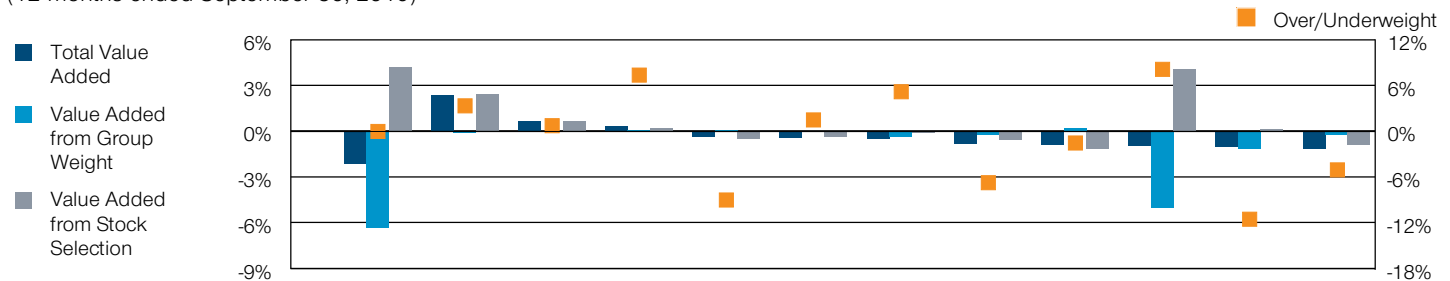
(12 months ended September 30, 2019)



	Total	Materials	Financials	Consumer Disc	Consumer Staples	Comm Svcs	Info Tech	Indust & Bus Svcs	Energy	Health Care	Utilities	Real Estate
Over/Underweight	0.00%	3.43%	-1.35%	-5.36%	5.24%	0.26%	-3.44%	-2.25%	4.87%	8.35%	-8.41%	-8.28%
Fund Performance	-4.63	26.51	6.10	-17.72	2.51	-10.72	10.10	-7.37	-32.07	-12.11	-5.77	-4.58
Index Performance	1.60	-5.74	3.27	-6.32	2.20	-9.60	5.18	2.96	-37.01	-3.34	22.21	17.93
Value Add - Group Weight	-4.39	-0.14	0.00	0.43	0.01	-0.04	-0.28	-0.13	-1.99	-0.36	-0.96	-0.86
Value Add - Stock Selection	-1.83	2.22	0.37	-0.42	-0.02	-0.05	0.18	-0.79	0.75	-1.29	-1.30	-1.49
Total Contribution	-6.23	2.08	0.37	0.01	-0.01	-0.08	-0.10	-0.91	-1.24	-1.65	-2.26	-2.35

### SECTOR ATTRIBUTION DATA VS. S&P MIDCAP 400 INDEX

(12 months ended September 30, 2019)



	Total	Materials	Financials	Consumer Staples	Consumer Disc	Comm Svcs	Health Care	Indust & Bus Svcs	Utilities	Energy	Info Tech	Real Estate
Over/Underweight	0.00%	3.43%	0.75%	7.46%	-8.97%	1.54%	5.27%	-6.66%	-1.51%	8.20%	-11.45%	-4.99%
Fund Performance	-4.63	26.51	6.10	2.51	-17.72	-10.72	-12.11	-7.37	-5.77	-32.07	10.10	-4.58
Index Performance	-2.49	-8.97	1.30	-1.03	-3.87	0.84	-11.53	0.23	15.94	-54.85	6.80	8.09
Value Add - Group Weight	-6.33	-0.11	0.05	0.12	0.15	0.00	-0.39	-0.25	0.23	-4.99	-1.17	-0.23
Value Add - Stock Selection	4.20	2.49	0.69	0.27	-0.50	-0.39	-0.07	-0.58	-1.10	4.08	0.17	-0.87
Total Contribution	-2.13	2.39	0.74	0.40	-0.36	-0.39	-0.45	-0.83	-0.87	-0.91	-1.01	-1.10

### TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL MIDCAP VALUE INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Barrick Gold Corporation	1.5%	64
Franco-Nevada Corporation	1.4	51
Firstenergy Corp.	2.0	47
Flowers Foods, Inc.	2.0	39
Dxc Technology Co.	0.0	38

### TOP 5 RELATIVE DETRACTORS VS. RUSSELL MIDCAP VALUE INDEX

(12 months ended September 30, 2019)

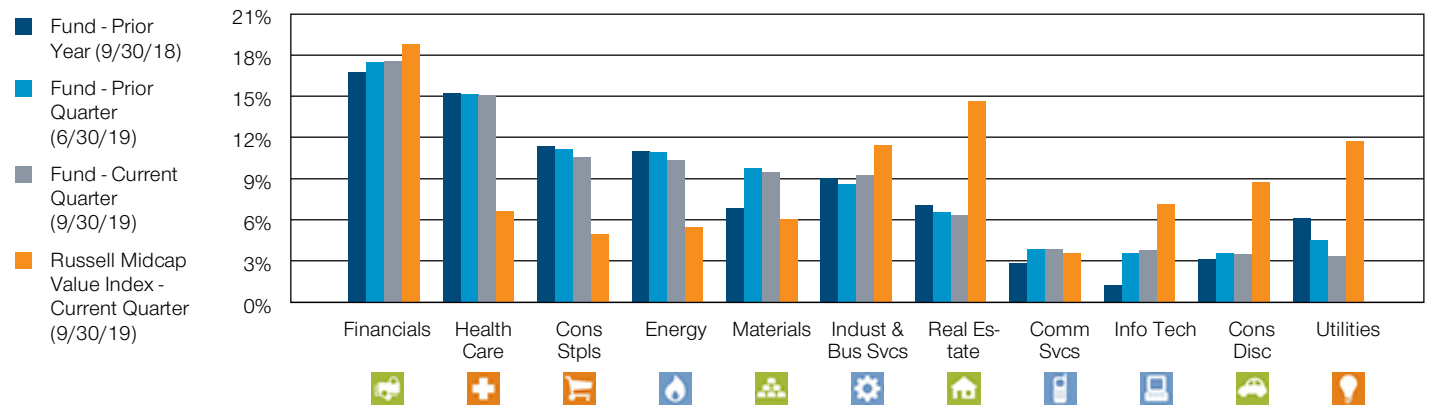
Security	% of Equities	Net Contribution (Basis Points)
Eqst Corporation	1.4%	-135
Pg&E Corporation	0.6	-101
Textron Inc.	1.9	-91
Realogy Holdings Corp.	0.0	-70
Alkermes Plc	0.7	-58

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

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## PORTFOLIO POSITIONING

### SECTOR DIVERSIFICATION – CHANGES OVER TIME



### LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Imperial Oil		1.9%	1.7%
News Corp		1.8	1.4
State Street		1.6	0.6
Tiffany		1.5	1.1
Canadian Natural Resources		1.3	1.1
Murphy Oil		1.0	0.5
Equitrans Midstream		0.9	0.9
National Instruments		0.7	0.5
PACCAR		0.6	0.4
Covetrus		0.3	0.2

### LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Barrick Gold		1.5%	1.6%
Loews		1.4	1.7
Carlsberg		1.4	1.7
Newmont Goldcorp		1.3	1.9
Archer-Daniels-Midland		0.6	1.0
Synchrony Financial		0.6	0.9
Kroger		0.4	0.7
Vistra Energy		0.2	0.7
Occidental Petroleum (NE)		0.0	0.0
Teva Pharmaceutical Industries (E)		0.0	0.5

(E) Eliminated

(NE) New Position Eliminated

## HOLDINGS

### TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Russell Midcap Value Index
Bunge Limited	Food Products	2.7%	0.2%
Northern Trust	Capital Markets	2.3	0.4
Perrigo	Pharmaceuticals	2.0	0.2
FirstEnergy	Electric Utilities	2.0	0.6
Flowers Foods	Food Products	2.0	0.1
Textron	Aerospace & Defense	1.9	0.2
Imperial Oil	Oil, Gas & Consumable Fuels	1.9	0.0
Fifth Third Bancorp	Banks	1.8	0.4
Hologic	Health Care Equip & Supplies	1.8	0.1
Weyerhaeuser	Equity REITs	1.8	0.4

### TOP 5 OVER/UNDERWEIGHT POSITIONS VS. RUSSELL MIDCAP VALUE INDEX

Issuer	Industry	% of Fund	% of Russell Midcap Value Index	Over/Underweight
Bunge Limited	Food Products	2.7%	0.2%	2.5%
Imperial Oil	Oil, Gas & Consumable Fuels	1.9	0.0	1.9
Flowers Foods	Food Products	2.0	0.1	1.9
Perrigo	Pharmaceuticals	2.0	0.2	1.9
Northern Trust	Capital Markets	2.3	0.4	1.9
Sempra Energy	Multi-Utilities	0.0	0.9	-0.9
Welltower	Equity REITs	0.0	0.8	-0.8
XCEL Energy	Electric Utilities	0.0	0.7	-0.7
Consolidated Edison	Multi-Utilities	0.0	0.7	-0.7
Public Service Enterprise	Multi-Utilities	0.0	0.7	-0.7

## PORTFOLIO MANAGEMENT



**Portfolio Manager:**  
David Wallack

**Managed Fund Since:**  
2000

**Joined Firm:**  
1990

## 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.

Closed to new investors. Open to subsequent investments.

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