



QUARTERLY REVIEW

New Horizons Fund – Multi-Class

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Russell 2000 Growth Index for the three months ended September 30, 2019.

Relative Performance Drivers:

- The industrials and business services sector contributed the most to relative performance due to stock selection and an overweight allocation.
- The communication services sector added to relative returns owing to stock selection.
- Consumer staples stocks detracted from relative returns due to an underweight allocation to the sector, which outperformed the benchmark, and adverse stock selection.

Additional Highlights:

- Information technology (IT) and industrials and business services represented the largest sector allocations on an absolute and relative basis at quarter-end. Our allocation to industrials increased over the quarter.
- We remain focused on identifying unique, transformational companies that can become the large, durable compounders of tomorrow. We favor steady, durable growers for their downside protection and ability to compound in difficult environments, as well as serving as a counterweight to higher-growth, earlier stage names.

FUND INFORMATION

Symbol	PRNHX
CUSIP	779562107
Inception Date of Fund	June 03, 1960
Benchmark	Russell 2000 Growth Index
Expense Information (as of the most recent Prospectus)	0.77%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$26,176,577,471
Percent of Portfolio in Cash	0.5%

Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
New Horizons Fund	Jun 03 1960	-3.13%	26.37%	4.83%	19.71%	15.81%	18.37%	13.43%
New Horizons Fund - I Class	Aug 28 2015	-3.10	26.48	4.97	19.86	15.94	18.44	13.47
Russell 2000 Growth Index		-4.17	15.34	-9.63	9.79	9.08	12.25	9.04

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
New Horizons Fund	Jun 03 1960	43.87%	34.67%	6.63%	16.20%	49.11%	6.10%	4.50%	7.79%	31.49%	4.04%
New Horizons Fund - I Class	Aug 28 2015	43.87	34.67	6.63	16.20	49.11	6.10	4.56	7.95	31.67	4.17
Russell 2000 Growth Index		34.47	29.09	-2.91	14.59	43.30	5.60	-1.38	11.32	22.17	-9.31

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 1-877-804-2315 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (8/28/15) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

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

Trade and Fed Hopes Fade as Third 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.

Industrials and Business Services Stocks Added the Most to Relative Returns

- The industrials and business services sector added the most to relative performance due to favorable stock selection. Out-of-benchmark companies drove returns in the sector, led by TransUnion. Shares of the consumer credit bureau reached record highs after it reported strong quarterly results and raised its 2019 guidance. We believe that TransUnion has many sustainable growth drivers, including nascent verticals in insurance and healthcare, and the company is a core holding.
- Rentokil Initial was another large contributor. Shares of Rentokil, the world's leading commercial pest control and hygiene company, advanced as the company reported solid earnings with good organic growth. Rentokil has been an aggressive acquirer of other pest control businesses globally and the resulting synergies have allowed it to rapidly expand margins.
- An overweight to the industrials and business services sector, which outpaced the Russell 2000 Growth Index, further boosted relative returns.

Communication Services Stocks Helped Relative Performance

- The communication services sector contributed to relative returns owing to favorable stock selection. Contributors were led by regional cable provider Cable One, whose shares rose after it released solid quarterly earnings, and GCI Liberty, which owns stakes in cable provider Charter Communications and cable holding company Liberty Broadband. Cable One has a strong management team with a history of making accretive acquisitions, and we believe the company's ability to consistently deliver free cash flow growth in a capital-intensive industry sets it apart from its peers.
- An overweight to the communication services sector, which underperformed the benchmark, detracted from relative returns.

Consumer Staples Stocks Detracted From Relative Returns

- Consumer staples detracted from relative performance largely due to an underweight allocation to the sector, which outpaced the benchmark.

- Slightly negative stock selection in the sector weighed on relative returns. Share declines in domestic brewer Boston Beer Co. and UK frozen foods company Nomad Foods modestly detracted from relative performance.

Absence of Utilities Stocks Hurt Relative Performance

- Lack of exposure to utilities, the top-performing sector in the benchmark, detracted from relative returns. Utilities have performed well this year amid falling interest rates and investor demand for yield, but we believe there are more compelling opportunities in our investible universe.

PORTFOLIO POSITIONING AND ACTIVITY

IT, industrials and business services, and health care accounted for the largest sector allocations on an absolute basis at quarter-end. Relative to the Russell 2000 Growth Index, IT and industrials and business services were the biggest overweight sectors, while health care was the largest underweight.

Information Technology

Our IT allocation modestly rose over the quarter. We focus on companies with expanding market share and strong management teams that can take advantage of opportunities regardless of the economic and IT spending environment. We believe that several trends will drive technology spending over the long term and lead to outperformance in select companies. These trends include the ascendancy of mobile computing, growth in online advertising and e-commerce, the shift toward cloud computing, and opportunities in data analytics. Over time, we expect that artificial intelligence and machine learning will become more widespread and expand their importance in the sector.

- We added to our position in New Relic, which makes application performance management (APM) software for businesses. The company's shares fell in August after product and sales missteps resulted in weaker-than-expected guidance. Despite increasing competition in the APM industry, we believe that recent management changes and a renewed focus on product and technology will help New Relic generate significant revenue and profit growth in a market that remains highly fragmented.
- We added to our position in Okta, a cloud-based enterprise software company that helps businesses manage how their employees and customers connect to applications. We see a long growth runway for Okta as an increasingly mobile workforce sustains demand for its identity management software, which allows companies to verify the identity of those accessing their apps or other sensitive data.
- We eliminated our position in Wix.com, a do-it-yourself website design company, after management changed its strategy to go upmarket through increasing prices and focusing on new agency partners after previously catering to small- to mid-size businesses with low-cost options.
- We trimmed our position in Coupa Software for risk management purposes as we believe its valuation remains at a premium.

Industrials and Business Services

Our exposure to industrials and business services stocks increased over the quarter. We favor well-run companies with durable growth profiles in this sector.

- We initiated a position in Flowserve, which makes fluid motion and control equipment such as pumps, valves, and seals. The company is in the early stages of an operational turnaround under a new chief executive, and we believe it will show significant improvement in margins and bookings.
- We initiated a position in Clarivate Analytics, a leading provider of intellectual property and scientific information, analytical tools, and services for academia, businesses, and governments. The company owns a collection of quality data assets but was mismanaged by its previous owner. We believe that Clarivate has strong growth potential under a new chief executive, who has a history of successful execution in the information services sector.

companies, we aim to mitigate risk through managing position size and considering valuations in light of current expectations.

Health Care

Health care is an area ripe for innovation driven by recent advances in technology and the development of new therapeutics. The opportunity for small-cap companies to become larger companies is significant in health care, particularly for companies that can bring to market new drugs for unmet medical needs.

- We added to our position in Exact Sciences, which makes Cologuard, a stool DNA screening test for colon cancer, and is developing tests to detect lung, liver, and other cancers. In July, Exact Sciences agreed to buy Genomic Health for \$2.8 billion in cash and stock, a deal that will allow it to scale its pipeline more quickly and help build a platform for large-scale commercialization of cancer screening tests. We believe that Exact Sciences has a great strategic plan and will become a much larger company longer term.
- We eliminated our positions in Medicaid managed care companies Molina Healthcare and WellCare Health Plans given our concerns that heightened scrutiny on health care providers in an election year could increase pressure on pricing and margins. We redeployed proceeds into other areas of health care with more compelling growth prospects.

MANAGER'S OUTLOOK

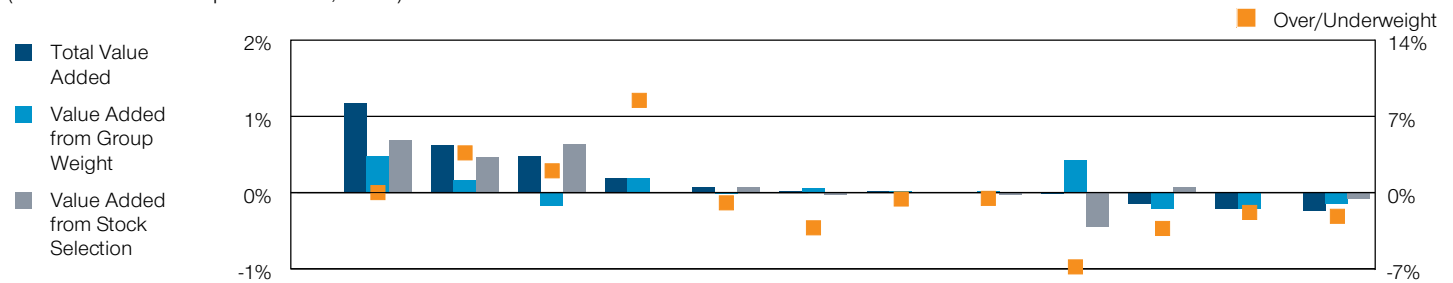
Small-cap growth stocks pared their strong year-to-date gains in the third quarter of 2019 as investors retreated from the high-momentum stocks that have propelled the market's gains in recent years. Investors appeared to reject small caps altogether-fleeing small-cap ETFs for bond proxies-before returning to the space late in the quarter, albeit with a pronounced emphasis on value. During periods of heightened volatility, it can be tempting for investors to sell names that have held up well in favor of buying lower-conviction names that appear optically cheap. The result would be a portfolio devoid of steady grinders and overweight names that may be lower quality or subject to volatile, binary outcomes. Pursuing short-term returns is not how we manage the portfolio. Rather, we are focused on identifying unique, transformational companies that can become the large, durable compounders of tomorrow. We favor steady, durable growers for their downside protection and ability to compound in difficult environments, as well as serving as a counterweight to higher-growth, earlier stage names.

We continue to view our current and prospective holdings with a long-term horizon, equipped with our disciplined investment process and the deep resources of our fundamental research platform. As always, we will be patient with our top ideas, add to them when they pull back, and allow them to compound over time to deliver durable growth. Many companies in our investment universe are richly valued and have little margin for error, leaving investors exposed to potentially outsized downside risk. While risk is inherent in small-cap

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. RUSSELL 2000 GROWTH INDEX

(3 months ended September 30, 2019)



	Total	Indust & Bus Svcs	Comm Svcs	Info Tech	Financials	Materials	Consumer Disc	Energy	Health Care	Real Estate	Utilities	Consumer Staples
Over/Underweight	0.00%	3.70%	2.03%	8.53%	-0.93%	-3.19%	-0.57%	-0.52%	-6.81%	-3.27%	-1.79%	-2.12%
Fund Performance	-3.00	2.59	2.03	-2.10	-0.62	-22.10	-3.84	-20.99	-11.48	8.57	0.00	-1.96
Index Performance	-4.17	-0.06	-11.04	-2.23	-2.43	-6.21	-4.06	-20.41	-9.79	2.95	9.21	3.63
Value Add - Group Weight	0.48	0.16	-0.16	0.19	-0.01	0.06	0.02	0.03	0.43	-0.21	-0.21	-0.15
Value Add - Stock Selection	0.69	0.47	0.64	0.00	0.08	-0.03	0.01	-0.03	-0.44	0.07	0.00	-0.08
Total Contribution	1.17	0.63	0.48	0.19	0.07	0.03	0.03	0.00	-0.01	-0.14	-0.21	-0.23

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 GROWTH INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Stoneco Ltd.	2.3%	33
Docusign, Inc.	1.6	31
Burlington Stores, Inc.	2.1	30
Transunion	2.3	20
West Pharmaceutical Services, Inc.	1.6	19

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 GROWTH INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Ollie's Bargain Outlet Holdings, Inc.	1.1%	-42
Exact Sciences Corporation	1.5	-39
Farfetch Ltd.	0.2	-34
New Relic, Inc.	1.1	-31
Zendesk, Inc.	1.5	-29

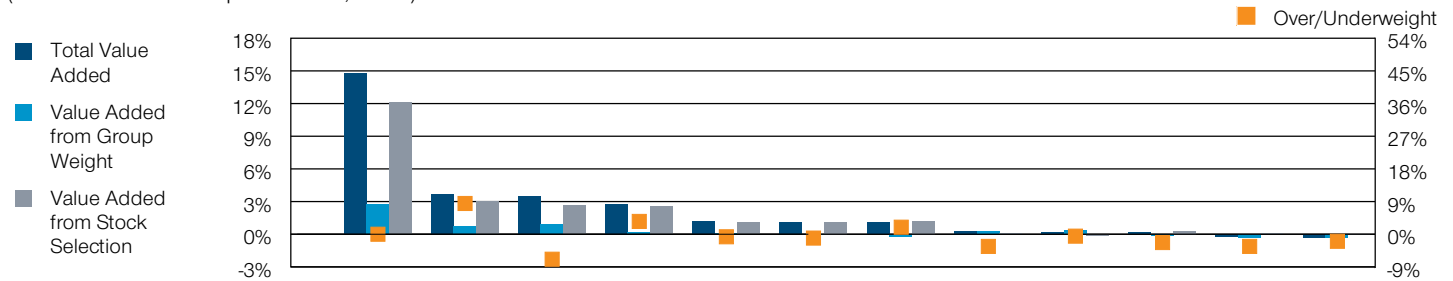
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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 2000 GROWTH INDEX

(12 months ended September 30, 2019)



	Total	Info Tech	Health Care	Indust & Bus Svcs	Consumer Disc	Financials	Comm Svcs	Materials	Energy	Consumer Staples	Real Estate	Utilities
Over/Underweight	0.00%	8.53%	-6.81%	3.70%	-0.57%	-0.93%	2.03%	-3.19%	-0.52%	-2.12%	-3.27%	-1.79%
Fund Performance	5.24	17.06	-6.67	10.37	-3.87	11.89	2.87	-17.45	-51.77	20.41	14.32	0.00
Index Performance	-9.63	3.30	-19.76	-4.03	-10.44	-8.29	-20.03	-17.58	-46.40	-2.05	8.91	26.39
Value Add - Group Weight	2.75	0.73	0.91	0.22	0.11	0.02	-0.23	0.27	0.37	-0.14	-0.33	-0.31
Value Add - Stock Selection	12.13	3.02	2.66	2.55	1.11	1.16	1.29	0.06	-0.15	0.32	0.11	0.00
Total Contribution	14.88	3.75	3.56	2.77	1.23	1.18	1.06	0.33	0.22	0.18	-0.22	-0.31

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 GROWTH INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Shopify, Inc.	1.8%	151
Tableau Software, Inc.	0.0	86
Booz Allen Hamilton Holding	2.7	63
Stonoco Ltd.	2.3	61
Bright Horizons Family Solutions, Inc.	2.7	59

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 GROWTH INDEX

(12 months ended September 30, 2019)

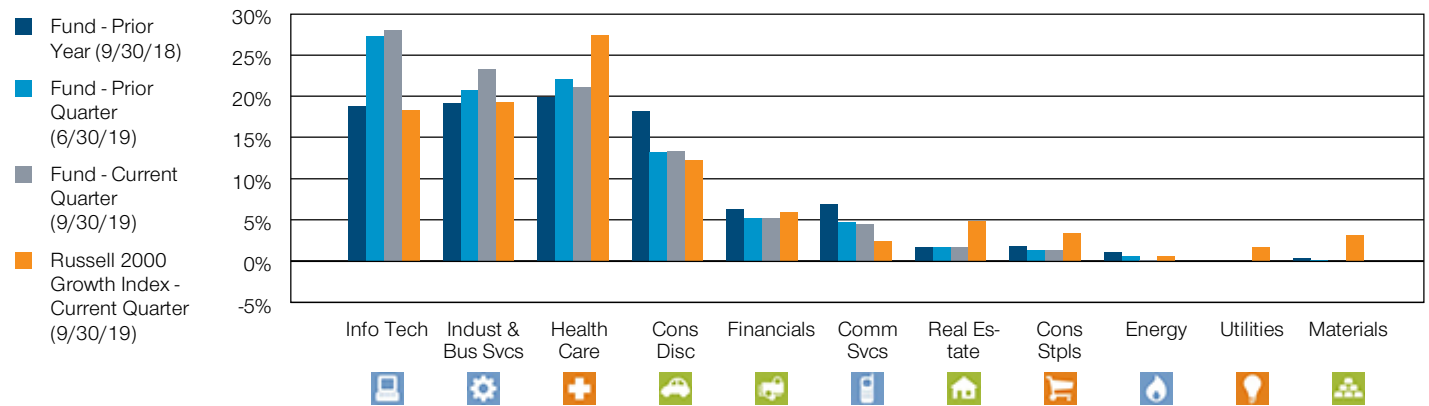
Security	% of Equities	Net Contribution (Basis Points)
Farfetch Ltd.	0.2%	-51
Ollie's Bargain Outlet Holdings, Inc.	1.1	-49
Grubhub, Inc.	0.0	-48
New Relic, Inc.	1.1	-46
Vail Resorts, Inc.	1.9	-40

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
Dexcom		2.2%	1.9%
Lennox International		1.7	1.5
Exact Sciences		1.5	0.4
Twilio		1.5	1.4
Zendesk		1.5	1.3
Ollies Bargain Outlet Holdings		1.1	1.0
New Relic		1.1	0.7
Okta		0.9	0.5
Flowserve (N)		0.6	0.0
Clarivate Analytics (N)		0.3	0.0

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Burlington Stores		2.1%	2.0%
Shopify		1.8	2.0
IAC/InterActiveCorp		0.6	1.1
Salesforce.com (NE)		0.0	0.0
WellCare Health Plans (E)		0.0	0.6
Molina Healthcare (E)		0.0	0.6
ICU Medical (E)		0.0	0.7
Wix.com (E)		0.0	0.5
Concho Resources (E)		0.0	0.5
Array BioPharma (E)		0.0	0.3

(N) New Position
 (E) Eliminated
 (NE) New Position Eliminated

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Russell 2000 Growth Index
Bright Horizons Family Solutions	Diversified Consumer Services	2.7%	0.0%
Booz Allen Hamilton	IT Services	2.7	0.0
StoneCo	IT Services	2.3	0.0
TransUnion	Professional Services	2.3	0.0
Dexcom	Health Care Equip & Supplies	2.2	0.0
MSCI	Capital Markets	2.2	0.0
CoStar Group	Professional Services	2.1	0.0
Burlington Stores	Specialty Retail	2.1	0.0
Waste Connections	Commercial Services & Supplies	2.0	0.0
Armstrong Worldwide Industries	Building Products	2.0	0.0

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

Issuer	Industry	% of Fund	% of Russell 2000 Growth Index	Over/Underweight
Bright Horizons Family Solutions	Diversified Consumer Services	2.7%	0.0%	2.7%
Booz Allen Hamilton	IT Services	2.7	0.0	2.7
StoneCo	IT Services	2.3	0.0	2.3
TransUnion	Professional Services	2.3	0.0	2.3
Dexcom	Health Care Equip & Supplies	2.2	0.0	2.2
Haemonetics	Health Care Equip & Supplies	0.0	0.7	-0.7
Trex	Building Products	0.0	0.6	-0.6
SAIC	IT Services	0.0	0.5	-0.5
Novocure	Biotechnology	0.2	0.7	-0.5
Maximus	IT Services	0.0	0.5	-0.5

PORTFOLIO MANAGEMENT



Portfolio Manager:
Joshua Spencer

Managed Fund Since:
2019

Joined Firm:
2004

FUND INFORMATION

	New Horizons Fund	New Horizons Fund - I Class
Symbol	PRNHX	PRJIX
Expense Information	0.77%	0.65%
Fiscal Year End Date	12/31/18	12/31/18
12B-1 Fee	-	-
The expense ratios shown are as of the most recent prospectus.		

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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