



QUARTERLY REVIEW

Real Estate Fund – Multi-Class

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the Wilshire U.S. Real Estate Securities Index for the three-month period ended September 30, 2019.

Relative performance:

- A lack of exposure to the data center sector, which recorded solid gains, weighed on relative results.
- Stock selection and an underweight position in healthcare also detracted.
- An underweight to regional malls added value.

Additional highlights:

- Our largest industry weighting is in the apartment/residential segment, where we are primarily focused on coastal multifamily names that should benefit from stronger demand and waning supply, which should allow for rent increases.
- We continue to believe that making long-term investments in high-quality real estate in supply-constrained markets run by strong management teams will lead to attractive long-term results for our shareholders.

FUND INFORMATION

Symbol	TRREX
CUSIP	779919109
Inception Date of Fund	October 31, 1997
Benchmark	Wilshire US RESI
Expense Information (as of the most recent Prospectus)	0.78%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$3,580,723,996
Percent of Portfolio in Cash	1.8%

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
Real Estate Fund	Oct 31 1997	5.56%	22.58%	11.79%	4.57%	8.13%	11.91%	8.46%
Real Estate Fund - Advisor Class	Dec 31 2004	5.48	22.33	11.50	4.30	7.87	11.64	8.27
Real Estate Fund - I Class	Dec 17 2015	5.56	22.69	11.97	4.73	8.24	11.96	8.50
Lipper Real Estate Funds Index		6.86	26.38	16.85	7.48	9.48	12.29	8.86
Wilshire US Real Estate Securities Index		7.85	27.15	18.27	7.47	10.49	13.19	9.01

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Real Estate Fund	Oct 31 1997	31.65%	29.89%	7.32%	17.03%	3.28%	29.75%	4.78%	6.03%	4.42%	-8.99%
Real Estate Fund - Advisor Class	Dec 31 2004	32.21	29.60	7.13	16.74	3.01	29.41	4.57	5.82	4.11	-9.21
Real Estate Fund - I Class	Dec 17 2015	31.65	29.89	7.32	17.03	3.28	29.75	4.74	6.17	4.57	-8.82
Lipper Real Estate Funds Index		32.63	27.45	8.06	17.33	1.86	27.78	2.86	6.48	7.38	-6.28
Wilshire US Real Estate Securities Index		29.20	29.12	8.56	17.55	2.15	31.53	4.81	7.62	4.84	-4.80

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 Real Estate Fund-Advisor Class started operations on 12/31/04. It shares the portfolio of an existing fund (referred to as "investor class"). The average annual total return figures have been calculated using the performance data of the investor class up to the inception date of the Advisor Class and the actual performance results of the Advisor class since that date. The performance results have not been adjusted to reflect the 12b-1 fee associated with the Advisor Class; had this fee been included, performance would have been lower.

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 (12/17/15) 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.

Changes in the tax laws, overbuilding, environmental issues, the quality of property management in the case of real estate investment trusts (REITs), and other factors could hurt a fund that invests in the real estate industry.

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

PERFORMANCE REVIEW

U.S. Real Estate Securities Outperform Broader Market

U.S. equities were mixed in the third quarter as large-cap stocks generally outperformed small-caps. 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, while 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 while the central bank waits to see how the economy responds to recent easing.

U.S. real estate securities significantly outperformed the broader equity market during the quarter amid solid demand and a relatively constrained supply environment. Tumbling Treasury yields also created a favorable environment for dividend-paying stocks. Within the Wilshire U.S. Real Estate Securities Index, sector performance was generally positive. Data centers were up 15% and recorded the strongest results, and the triple net, healthcare, and apartment sectors also posted double-digit gains. Regional malls and lodging/leisure were the only sectors with negative returns.

Data Centers

The data centers sector turned in strong performance and a lack of exposure weighed on the portfolio's relative results. While demand for data centers has remained strong, supply growth has been equally robust, resulting in tepid rent hikes. We continue to see risks to the terminal value of these assets as substantial capital expenditures are required to equip the inside of a data center relative to the amount spent on the actual land and building construction.

Healthcare

The combination of stock selection and our overall underweight to the healthcare sector, which was one of the better-performing real estate segments during the quarter, detracted from relative returns. Within the sector, we have no exposure to assisted living or skilled nursing operators due to unfavorable supply/demand dynamics, and several of those stocks performed well during the quarter. Our healthcare exposure is focused on life sciences landlords in growing markets and on campus medical facilities given their location advantages.

- Healthcare Realty Trust produced solid absolute results but lagged its sector peers as more defensive healthcare real estate stocks underperformed during the period. We believe Healthcare Realty offers a quality portfolio of medical office buildings with a high level of tenant retention.

Self-Storage

Stock selection detracted in self-storage real estate.

- Shares of Public Storage rose during the quarter but underperformed the broader self-storage sector. The company's second-quarter earnings report showed low but

nearly stable organic top-line growth, and we believe Public Storage's results have held up well in a challenging supply environment.

Regional Malls

An underweight position in regional malls contributed to relative results. While the continued growth of e-commerce is likely to pressure companies in the sector that own lower-tier malls in demographically challenged areas, we favor companies that own high-quality malls with high sales productivity and access to the right demographics that should continue to be attractive destinations for shoppers.

Industrials

Stock selection was positive in the industrials sector.

- EastGroup Properties owns industrial properties clustered around major transportation features primarily in the Sun Belt states. The company reported inline quarterly results, but management raised full its guidance as the firm continues to benefit from strong industrial fundamental tailwinds.

PORTFOLIO POSITIONING AND ACTIVITY

We believe that high-quality assets in high-barrier-to-entry markets run by skilled management teams drive superior performance within the real estate sector over the long term. Real estate cycles occur over long periods, so we employ a long-term orientation to allow for the compounding of value for our clients. We believe that fundamental research is the key to identifying attractive long-term risk/reward opportunities.

Apartment/Residential

Our largest industry weighting is in the apartment/residential segment, which is an area where we can find companies with good management teams and well-capitalized balance sheets. We prefer landlords operating in attractive real estate markets where the cost of homeownership is high, such as Equity Residential, one of the largest apartment REITs with concentrations in key urban markets. We also maintain sizable positions in AvalonBay Communities, one of the nation's leading apartment REITs, with assets located in high-barrier communities, and Camden Property Trust, which owns apartment properties in a range of U.S. Sun Belt markets. We initiated a position in Equity LifeStyle Properties, an owner of manufactured home communities. We believe the company's fundamentals are solid, and it should continue to benefit from demand for affordable housing.

Office

We have a substantial allocation in office real estate, with a bias toward in-fill locations. Our top holding is Douglas Emmett, which owns office properties in California and Hawaii. We also have a significant position in SL Green Realty, which possesses a strong management team and a prime Manhattan portfolio, and Hudson Pacific Properties, which owns office space primarily in San Francisco and Silicon Valley.

Industrial

We also have a large weighting in industrial real estate, where many companies are benefiting from the continued growth of e-commerce. Our largest holding in the space is Prologis, an industrial property landlord with significant global scale, although we trimmed our position during the quarter as valuations looked less attractive after the company's strong year-to-date performance. We also have positions in Terreno Realty, which

largely focuses on warehouse and flex space in six major coastal markets, and EastGroup Properties, which owns and operates industrial properties in major Sun Belt markets.

Shopping Center

We own several community shopping center REITs that are often anchored by neighborhood grocery stores or other needs-based amenities. We like the frequency of consumer traffic driven by the needs-based local businesses. Regency Centers, which owns and develops grocery-based community shopping centers, remains a core holding in the portfolio. We also hold Federal Realty Investment Trust, which owns, manages, and redevelops high-quality community shopping centers with mixed-use components in high-barrier, densely populated markets predominantly in the Northeast, the Mid-Atlantic, and California. We also have a notable position in Acadia Realty Trust, which primarily owns main street retail properties in high barrier locations. During the quarter, we eliminated our position in Kimco Realty given its greater exposure to power centers and big box tenants, which are generally more exposed to risks from e-commerce.

MANAGER'S OUTLOOK

2019 has been a very strong year for real estate stocks. Solid rental growth combined with low and declining interest rates has resulted in double-digit absolute returns and outperformance relative to broader equity markets.

Interest rates have fallen around the world, providing support and upward pressure on property prices. Real estate stocks have responded in kind, and in many cases are now trading slightly above the private market value of their underlying real estate. While we aren't expecting a sharp upward movement in rates, we believe further downward pressure is also unlikely. Thus, we believe returns going forward should be largely driven by operating fundamentals.

As we look forward to 2020, we are encouraged that operating fundamentals are likely to remain reasonably solid for real estate companies. We continue to closely monitor the construction of new supply given the importance of supply/demand dynamics for the sector. While there are pockets of over-building, generally the level of new supply across various property types has been in line with or below current demand. With continued increases in construction costs and land values, we expect development pipelines in some markets and property types to moderate. Demand drivers are multi-faceted and inherently more difficult to predict.

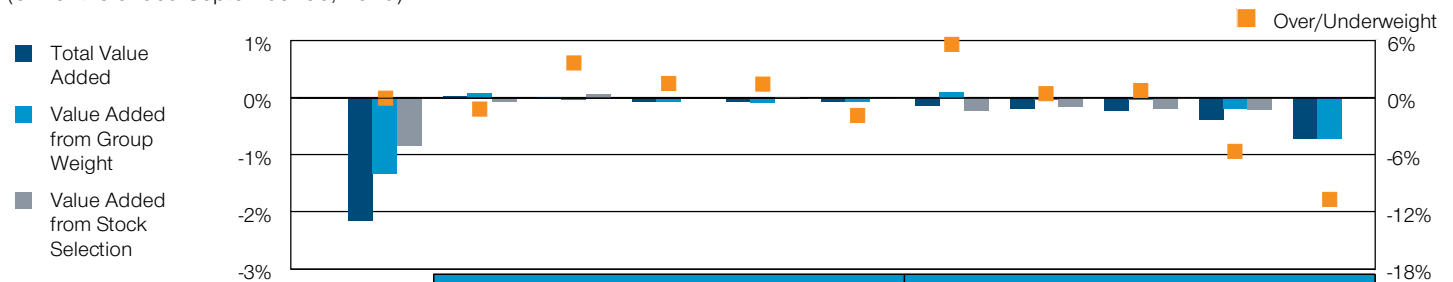
We are mindful of the macroeconomic challenges and increased political uncertainty investors face in the current environment but remain constructive on the stocks we own in the portfolio. We believe the well-located real estate in our portfolio will continue to attract above-average demand from tenants throughout the economic cycle.

With the goal of providing our clients sound and diversified real estate exposure, we remain purely focused on investing in commercial real estate companies whose value is derived from their underlying assets. Our philosophy is to own high-quality real estate in land-constrained markets, run by strong management teams, with well-capitalized balance sheets as we believe sustainable rent, cash flow, and dividend growth combined with good capital allocation is a recipe for producing solid risk-adjusted returns over the long run.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. WILSHIRE US REAL ESTATE SECURITIES INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended September 30, 2019)



	Top Five Total Value Added						Bottom Five Total Value Added				
	Total	Regional Mall	Industrial	Agriculture/Land	Diversified	Triple Net	Apartment Residential	Shopping Center	Self Storage	Health Care	Data Centers
Over/Underweight	0.00%	-1.14%	3.66%	1.51%	1.44%	-1.81%	5.65%	0.45%	0.82%	-5.57%	-10.65%
Fund Performance	5.70	-1.84	7.16	3.00	2.43	0.00	9.36	7.18	4.30	8.83	0.00
Index Performance	7.85	-1.00	6.73	0.00	1.75	11.52	10.39	9.31	6.39	11.17	15.29
Value Add - Group Weight	-1.32	0.09	-0.04	-0.06	-0.08	-0.06	0.09	-0.02	-0.03	-0.18	-0.71
Value Add - Stock Selection	-0.83	-0.06	0.06	0.00	0.02	0.00	-0.22	-0.16	-0.18	-0.21	0.00
Total Contribution	-2.15	0.03	0.02	-0.06	-0.06	-0.06	-0.12	-0.18	-0.22	-0.39	-0.71

TOP 5 RELATIVE CONTRIBUTORS VS. WILSHIRE US RESI

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Equity Residential	6.1%	32
Essex Property Trust, Inc.	5.3	30
Camden Property Trust	5.0	27
Healthcare Realty Trust Incorporated	3.4	21
Douglas Emmett, Inc	3.7	21

TOP 5 RELATIVE DETRACTORS VS. WILSHIRE US RESI

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Equinix, Inc.	0.0%	-80
Welltower, Inc.	0.0	-52
Digital Realty Trust, Inc.	0.0	-35
Cyrusone, Inc.	0.0	-32
Ventas, Inc.	0.0	-25

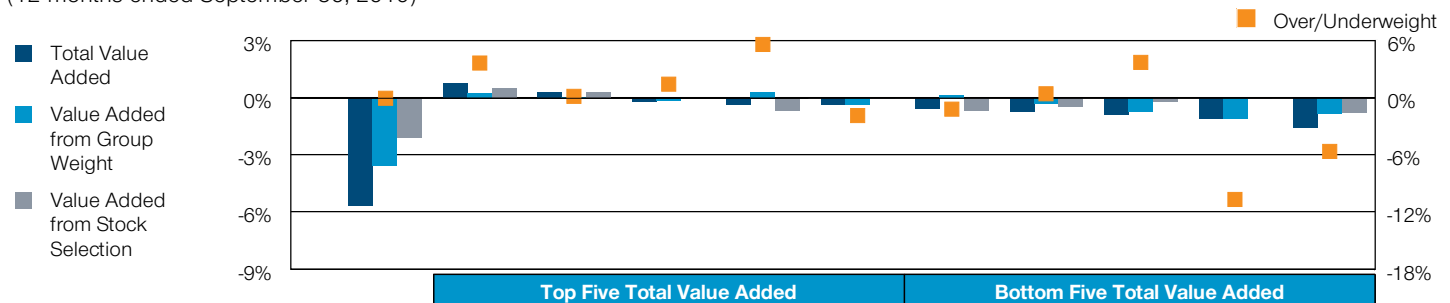
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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. Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses a custom structure for sector and industry reporting for this product. 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. WILSHIRE US REAL ESTATE SECURITIES INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended September 30, 2019)



	Top Five Total Value Added						Bottom Five Total Value Added				
	Total	Industri- al	Lodging/ Leisure	Diversi- fied	Apart- ment Residen- tial	Triple Net	Regional Mall	Shop- ping Center	Office	Data Centers	Health Care
Over/Underweight	0.00%	3.66%	0.19%	1.44%	5.65%	-1.81%	-1.14%	0.45%	3.74%	-10.65%	-5.57%
Fund Performance	12.66	32.39	-6.42	8.27	27.24	0.00	-19.62	8.46	2.04	0.00	22.15
Index Performance	18.32	28.12	-10.85	8.21	30.46	47.97	-13.18	13.54	3.03	28.89	32.43
Value Add - Group Weight	-3.58	0.27	0.02	-0.13	0.31	-0.35	0.12	-0.26	-0.72	-1.09	-0.82
Value Add - Stock Selection	-2.08	0.50	0.31	-0.04	-0.64	0.00	-0.67	-0.46	-0.17	0.00	-0.73
Total Contribution	-5.66	0.77	0.33	-0.17	-0.33	-0.35	-0.55	-0.72	-0.90	-1.09	-1.55

TOP 5 RELATIVE CONTRIBUTORS VS. WILSHIRE US RESI

(12 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Camden Property Trust	5.0%	80
Equity Residential	6.1	75
Terreno Realty Corporation	2.4	68
Essex Property Trust, Inc.	5.3	66
Prologis, Inc.	8.5	61

TOP 5 RELATIVE DETRACTORS VS. WILSHIRE US RESI

(12 months ended September 30, 2019)

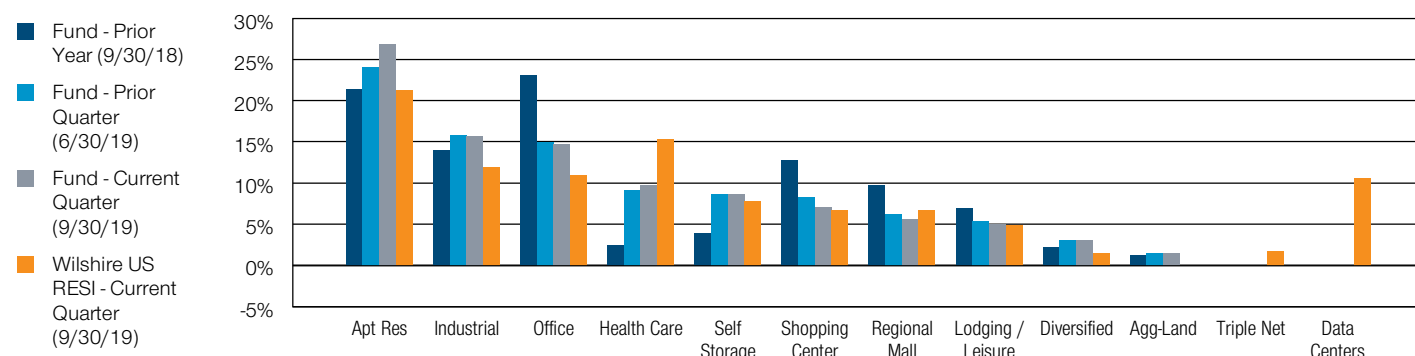
Security	% of Equities	Net Contribution (Basis Points)
Equinix, Inc.	0.0%	-181
Welltower, Inc.	0.0	-159
The Macerich Co	2.6	-112
Ventas, Inc.	0.0	-108
Hcp, Inc.	0.0	-71

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. Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses a custom structure for sector and industry reporting for this product. 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

INDUSTRY DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
AvalonBay Communities	Real Estate	6.9%	6.3%
Douglas Emmett	Real Estate	3.7	3.4
The Macerich Co	Real Estate	2.6	2.5
Healthcare Trust of America	Real Estate	2.4	2.2
JBG SMITH Properties	Real Estate	2.1	2.0
Host Hotels & Resorts	Real Estate	2.0	2.0
Sunstone Hotel Investors	Real Estate	1.6	1.5
Equity LifeStyle Properties (N)	Real Estate	1.2	0.0
Rayonier	Real Estate	0.5	0.3

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Prologis	Real Estate	8.5%	8.6%
Equity Residential	Real Estate	6.1	5.6
Public Storage	Real Estate	5.9	5.9
Essex Property Trust	Real Estate	5.3	4.8
Camden Property Trust	Real Estate	5.0	5.0
Simon Property Group	Real Estate	3.0	3.8
Regency Centers	Real Estate	2.6	2.8
Terreno Realty	Real Estate	2.4	2.6
Federal Realty Investment Trust	Real Estate	1.9	2.2
Kimco Realty (E)	Real Estate	0.0	0.8

(N) New Position

(E) Eliminated

If fewer than 10 purchases or sales are shown, those are all of the purchases or sales for the period.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Wilshire US RESI
Prologis	Industrial	8.5%	6.4%
AvalonBay Communities	Apartment Residential	6.9	3.6
Equity Residential	Apartment Residential	6.1	3.6
Public Storage	Self Storage	5.9	4.5
Essex Property Trust	Apartment Residential	5.3	2.5
Camden Property Trust	Apartment Residential	5.0	1.3
Alexandria Real Estate	Health Care	4.1	2.1
Douglas Emmett	Office	3.7	0.9
Healthcare Realty Trust	Health Care	3.4	0.5
Simon Property Group	Regional Mall	3.0	5.7

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. WILSHIRE US RESI

Issuer	Industry	% of Fund	% of Wilshire US RESI	Over/Underweight
Camden Property Trust	Apartment Residential	5.0%	1.3%	3.7%
AvalonBay Communities	Apartment Residential	6.9	3.6	3.4
Healthcare Realty Trust	Health Care	3.4	0.5	2.9
Douglas Emmett	Office	3.7	0.9	2.8
Essex Property Trust	Apartment Residential	5.3	2.5	2.7
Equinix	Data Centers	0.0	5.8	-5.8
Welltower	Health Care	0.0	4.4	-4.4
Ventas	Health Care	0.0	3.2	-3.2
Digital Realty Trust	Data Centers	0.0	3.2	-3.2
Simon Property Group	Regional Mall	3.0	5.7	-2.7

PORTFOLIO MANAGEMENT



Portfolio Manager:
Nina Jones

Managed Fund Since:
2019

Joined Firm:
2008

FUND INFORMATION

	Real Estate Fund	Real Estate Fund - Advisor Class	Real Estate Fund - I Class
Symbol	TRREX	PAREX	TIRRX
Expense Information	0.78%	1.03%	0.61%
Fiscal Year End Date	12/31/18	12/31/18	12/31/18
12B-1 Fee	-	0.25%	-
The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee.			

Additional Disclosures

Source for Lipper data: Lipper Inc.

Lipper Data (excluding Performance and Risk Return exhibits) is estimated by T. Rowe Price based on information provided by Lipper, Inc., and LionShares. T. Rowe Price identifies the funds that compose the Lipper index and builds an aggregate portfolio for the index based on each fund's holdings as provided by LionShares. Please note that the portfolio holdings for each fund within the index are based on the most recent public information that is available, and since the funds have different reporting periods, some of this information may not be current.

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.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

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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