



QUARTERLY REVIEW

Institutional Small-Cap Stock Fund

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Russell 2000 Index for the three-month period ended September 30, 2019.

Relative performance drivers:

- Stock selection in financials led relative results.
- Energy also added value due to an underweight position and stock choices.
- Stock picks in materials modestly detracted.

Additional highlights:

- We took advantage of volatility in the quarter to add to positions we felt were attractively valued and eliminated exposure to names where additional upside was limited.
- We remain diligent in seeking out opportunities for relative value and believe our fundamental and patient approach will provide strong long-term results regardless of the environment.

FUND INFORMATION

Symbol	TRSSX
CUSIP	45775L309
Inception Date of Fund	March 31, 2000
Benchmark	Russell 2000 Index
Expense Information (as of the most recent Prospectus)	0.66%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$5,295,700,633
Percent of Portfolio in Cash	1.6%

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
Institutional Small-Cap Stock Fund	0.16%	24.63%	4.54%	14.48%	11.99%	14.87%	11.09%
Russell 2000 Index	-2.40	14.18	-8.89	8.23	8.19	11.19	8.19

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Institutional Small-Cap Stock Fund	Mar 31 2000	39.22%	32.96%	0.22%	18.68%	39.56%	7.42%	-3.07%	19.00%	15.45%	-3.07%
Russell 2000 Index		27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65	-11.01

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.

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 Quarter Progresses

U.S. stocks were mixed in the third quarter. Optimism about a trade deal with China drove stocks higher early in the period, helped by news of a truce in the trade war at the G-20 summit on the last weekend of June. Hopes for a decisively "dovish" turn in Federal Reserve policy also boosted sentiment. Disappointments on both the China and monetary policy fronts soon derailed the market's gains, however. On August 1, stocks suffered their biggest intraday plunge since May, after President Donald Trump announced that the U.S. would impose a new 10% tariff on Chinese imports. China retaliated with new tariffs of its own, although both sides made conciliatory gestures as the quarter came to an end. The Fed cut rates by a quarter point at each of its two meetings in the quarter, less than many had hoped, while officials suggested that further cuts might be on hold.

Stock Selection in Financials Led Relative Results

- Assurant provides risk management solutions via its Global Housing, Global Lifestyle, and Global Preeed business segments. The company has been gaining share by expanding its value contribution to global brands like Apple, T-Mobile, Charter, and Comcast. During the period, the company announced the extension of its partnership with Lowe's Companies.
- Shares of mortgage provider and servicer PennyMac Financial Services appreciated following strong second-quarter results reflecting significant increases in total loan acquisitions and originations, aided by lower interest rates. We believe the company, founded in the wake of the mortgage crisis in 2008, is well positioned to take advantage of market dislocations and grow market share in the new regulatory environment.
- Cboe Global Markets is the largest options exchange in the U.S. Shares were boosted by 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, in both 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.

Energy Added Value Due to an Underweight Position and Stock Choices

- Shares of Seven Generations Energy, a Canadian oil and gas exploration company, climbed higher following quarterly results that exceeded consensus and indicated solid progress in the execution of its business plan. We maintain a positive long-term outlook for the company, which operates in the liquids-rich section of the Montney Basin in Alberta, given its high growth and low-cost land with quality rock.

Stock Picks in Materials Modestly Detracted

- Shares of Canada-based timber company West Fraser Timber declined as softer commodity pricing weighed on earnings. We believe West Fraser Timber has a high-quality management team and appreciate its history of strong profit margins.

PORTFOLIO POSITIONING AND ACTIVITY

Sector weightings are a result of our bottom-up stock selection process and not particularly driven by the macroeconomic environment or themes within any given sector. Trades spanned the various sectors, with some of the more significant purchases and sales occurring within industrials and business services, health care, information technology, and consumer discretionary.

Industrials and Business Services

The industrials and business services sector has been an investment focus for multiple years and remains one of the largest overweight exposures for the portfolio. Generally, we look for companies with durable businesses with strong management teams, a history of strong execution, quality lean production, and a focus on shareholder value. We tend to find opportunities in companies with niche products that service growing end markets. In recent years, we have found value in companies that have benefited from the slow turnaround in nonresidential construction. The portfolio's largest industry exposure is to the machinery sector, followed by aerospace and defense and commercial services and supplies.

- We increased the portfolio's position in Knight-Swift Transportation Holdings, the largest trucking company in the U.S., as the company would benefit if spot rates improve. Additionally, better execution within its Swift business segment would generate company-specific savings.
- We trimmed our position in aerospace and defense name Teledyne Technologies into strength following second-quarter earnings that exceeded consensus. The company has a strong management team, and the demand for commercial aerospace and energy components continues to grow, which should provide a beneficial tailwind for the company's growth prospects.
- We exited the portfolio's position in Genesee & Wyoming, the largest short-line railroad operator in North America, on strength following the announcement that the company has agreed to be acquired by Brookfield Infrastructure, a limited partnership that engages in the acquisition and management of infrastructure assets.

Health Care

The health care sector is an area where we are slightly underweight the benchmark. The sector continues to wrestle with the secular health care trends of increasing demand and unsustainable cost increases. We believe attractively valued companies with solid business models that counteract one or both of these trends by meeting demand through better outcomes or cutting costs should benefit over time, regardless of the complicated regulatory structure in place. Specifically, the portfolio has a large allocation to the health care equipment and supplies industry and also has a sizable allocation within health care providers and services. We take a basket approach toward opportunities in biotechnology companies developing therapies for difficult to treat conditions, in part to help balance the risk inherent in these investments.

- We increased the portfolio's position in health care equipment company iRhythm Technologies on recent share price weakness. The company's Zio Service enables a faster and more accurate diagnosis of arrhythmia, and we believe it is poised to capture significant market share over the next three to five years.

- We pared the portfolio's position in Steris, a leading provider of infection prevention and sterilization solutions to the health care industry, on strength following share price appreciation. We believe the risk/return balance has moderated at current valuation levels.

Information Technology

The portfolio has a significant allocation to the information technology sector, and we believe there are several important secular trends creating investment opportunities, including the shift to mobile computing, increased online advertising and commerce, data analytics, the delivery of software and computing resources over the internet, and the evolution of cloud computing. While it is difficult for this strategy to directly invest in the leaders of these trends since these firms tend to fall higher up the capitalization spectrum, we try to invest in companies that support these shifts. Niche software and communication equipment companies are good examples. In general, we look for companies that can take market share with products that improve productivity and/or cut costs. Also, we like companies with extensive intellectual property and strong management teams. The portfolio's largest relative exposure is to the software industry, and it also has sizable allocations to the semiconductors and semiconductor equipment, IT services, and electronic equipment and instruments industries.

- We added to the portfolio's position in Littelfuse, a supplier of circuit protection, power control, and sensors. We believe Littelfuse stands to benefit from secular trends, including automotive electrification, the increasing presence of connected and powered devices, and the general "internet of things."
- We exited Tableau Software, which makes data visualization software. Its shares surged after Salesforce.com agreed to acquire the company at a large premium in an all-stock deal, and we took profits.

Consumer Discretionary

The consumer discretionary sector has an eclectic assortment of businesses, including retailers, homebuilders, hotels, and restaurants. Across these diverse businesses, we are interested in companies with solid management teams, differentiated products with the ability to gain market share, geographic expansion opportunities, and strong balance sheets. We believe these companies have a stronger chance to weather slow economic times than competitors and should outperform during economic expansion. The portfolio's largest industry exposures are to specialty retail and hotels, restaurants, and leisure companies.

- We added to Ollie's Bargain Outlet. The company operates in the attractive closeout retail industry and has a strong customer value proposition and a long runway for unit growth.
- We trimmed the portfolio's position in fast-casual restaurant concept Wingstop following strong performance as we believe the risk/return balance has moderated at current valuation levels.

MANAGER'S OUTLOOK

U.S. equity markets were mixed in a volatile third quarter, where geopolitical concerns continued to dominate headlines. All broad market indexes posted positive returns in July, followed by a sharp reversal in August, and a mixed September where value indices handily outpaced their growth counterparts.

U.S. and China trade negotiations continue to wax and wane, with both sides escalating then de-escalating tensions in the quarter. President Trump slapped additional tariffs on Chinese goods in early August only to put a pause on the additional hike in mid-September, before trade negotiators from both countries are set to meet in Washington in October.

Monetary policy expectations were a major driver of market sentiment, as the Federal Reserve reduced short-term interest rates twice, and as other central banks around the world took measures to stimulate economic growth.

Tensions in the Middle East continued to rise after an attack on a Saudi oil production facility, which caused oil prices to briefly spike and sent fears across the globe that larger conflict may follow. Since then, diplomacy has prevailed, tensions have somewhat cooled and Saudi oil production has gotten back online.

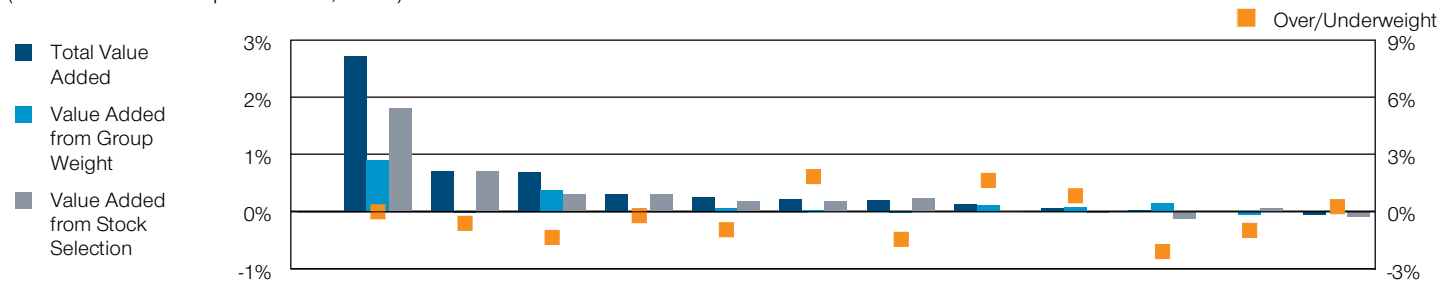
At home in the U.S., the political landscape is getting more complicated as the Democratic field of presidential candidates narrows, and President Trump faces an impeachment inquiry, though markets have somewhat ignored the latter thus far.

We took advantage of volatility in the quarter to add to positions we felt were attractively valued and eliminated exposure to names where additional upside was limited. We remain diligent in seeking out opportunities for relative value and believe our fundamental and patient approach will provide strong long-term results regardless of the environment.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2019)



	Total	Financials	Energy	Consumer Disc	Comm Svcs	Indust & Bus Svcs	Info Tech	Consumer Staples	Utilities	Health Care	Real Estate	Materials
Over/Underweight	0.00%	-0.59%	-1.35%	-0.18%	-0.95%	1.87%	-1.44%	1.65%	0.85%	-2.08%	-0.96%	0.27%
Fund Performance	0.31	4.26	-6.16	2.90	2.53	0.64	1.92	4.17	5.28	-10.16	5.81	-6.57
Index Performance	-2.40	-0.27	-20.94	-0.12	-8.39	-0.57	-0.10	4.06	5.38	-9.49	4.91	-5.47
Value Add - Group Weight	0.91	-0.01	0.39	0.00	0.06	0.04	-0.02	0.12	0.08	0.15	-0.05	0.02
Value Add - Stock Selection	1.80	0.72	0.31	0.30	0.18	0.19	0.23	0.00	0.00	-0.12	0.06	-0.07
Total Contribution	2.72	0.71	0.70	0.31	0.25	0.23	0.21	0.12	0.07	0.03	0.00	-0.05

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Teledyne Technologies Incorporated	1.3%	22
Entegris, Inc.	1.0	20
Lattice Semiconductor Corporation	0.9	16
Burlington Stores, Inc.	1.0	15
Assurant, Inc.	0.8	13

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(3 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Ollie's Bargain Outlet Holdings, Inc.	0.7%	-25
Molina Healthcare, Inc.	0.8	-25
Sage Therapeutics, Inc.	0.8	-23
John Bean Technologies Corporation	0.8	-15
Icu Medical, Inc.	0.3	-14

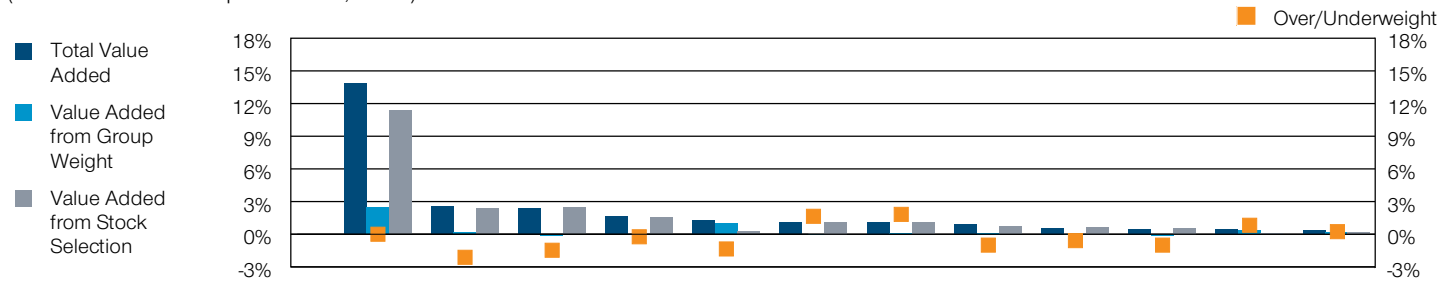
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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 INDEX

(12 months ended September 30, 2019)



	Total	Health Care	Info Tech	Consumer Disc	Energy	Consumer Staples	Indust & Bus Svcs	Comm Svcs	Financials	Real Estate	Utilities	Materials
Over/Underweight	0.00%	-2.08%	-1.44%	-0.18%	-1.35%	1.65%	1.87%	-0.95%	-0.59%	-0.96%	0.85%	0.27%
Fund Performance	4.98	-8.06	26.02	4.27	-39.37	20.61	1.27	26.49	-1.17	19.41	21.81	-7.72
Index Performance	-8.89	-21.56	5.00	-10.28	-48.95	-6.09	-5.35	-19.37	-4.87	7.04	20.08	-19.13
Value Add - Group Weight	2.50	0.21	-0.08	0.06	1.01	0.05	0.10	0.17	-0.04	-0.16	0.39	0.20
Value Add - Stock Selection	11.37	2.37	2.51	1.64	0.32	1.12	1.06	0.75	0.66	0.65	0.08	0.21
Total Contribution	13.87	2.58	2.43	1.70	1.33	1.17	1.17	0.91	0.62	0.49	0.47	0.41

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 2000 INDEX

(12 months ended September 30, 2019)

Security	% of Equities	Net Contribution (Basis Points)
Lattice Semiconductor Corporation	0.9%	58
Tableau Software, Inc.	0.0	44
Cable One, Inc.	1.0	39
Teledyne Technologies Incorporated	1.3	37
Euronet Worldwide, Inc.	0.5	32

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 2000 INDEX

(12 months ended September 30, 2019)

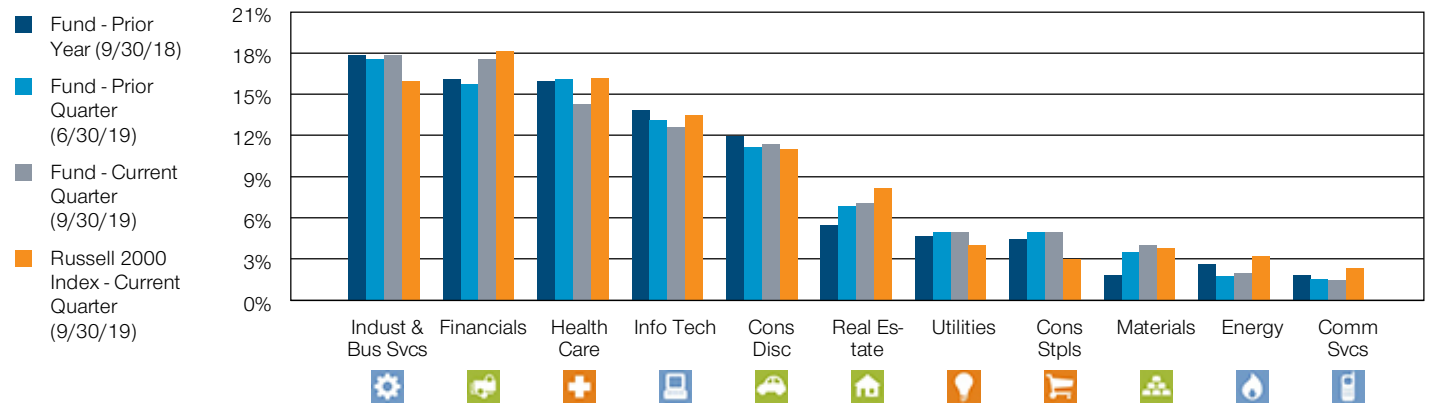
Security	% of Equities	Net Contribution (Basis Points)
Centennial Resource Development, Inc.	0.0%	-35
Molina Healthcare, Inc.	0.8	-32
Ollie's Bargain Outlet Holdings, Inc.	0.7	-32
Avanos Medical, Inc.	0.5	-31
Gtt Communications, Inc.	0.0	-25

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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
Ollies Bargain Outlet Holdings		0.7%	0.8%
CenterState Bank		0.4	0.3
Knight-Swift Transportation Holdings		0.4	0.1
Ceridian HCM Holding		0.3	0.2
Littelfuse		0.3	0.1
iRhythm Technologies		0.2	0.0
GCP Applied Technologies		0.2	0.1
Liberty Oilfield Services (N)		0.2	0.0
Conyers Park II Acquisition (N)		0.1	0.0
SLM Corporation (N)		0.1	0.0

(N) New Position
(E) Eliminated

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 9/30/19	% of Fund Prior Quarter 6/30/19
Teledyne Technologies		1.3%	1.3%
ONE Gas		1.0	1.2
Coupa Software		0.6	0.7
Simply Good Foods		0.4	0.5
Inphi		0.4	0.4
STERIS		0.2	0.8
Wingstop		0.1	0.5
Alder Biopharmaceuticals		0.1	0.2
Tableau Software (E)		0.0	0.7
Genesee & Wyoming (E)		0.0	0.2

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Russell 2000 Index
Teledyne Technologies	Aerospace & Defense	1.3%	0.0%
Brinks Company	Commercial Services & Supplies	1.1	0.2
PNM Resources	Electric Utilities	1.1	0.2
Cboe Global Markets	Capital Markets	1.1	0.0
Monro	Specialty Retail	1.0	0.1
Burlington Stores	Specialty Retail	1.0	0.0
PS Business Parks	Equity REITs	1.0	0.2
FirstService	Real Estate Mgmt & Dev	1.0	0.0
Cable One	Media	1.0	0.0
ONE Gas	Gas Utilities	1.0	0.3

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. RUSSELL 2000 INDEX

Issuer	Industry	% of Fund	% of Russell 2000 Index	Over/Underweight
Teledyne Technologies	Aerospace & Defense	1.3%	0.0%	1.3%
Cboe Global Markets	Capital Markets	1.1	0.0	1.1
Burlington Stores	Specialty Retail	1.0	0.0	1.0
FirstService	Real Estate Mgmt & Dev	1.0	0.0	1.0
Cable One	Media	1.0	0.0	1.0
Novocure	Biotechnology	0.0	0.3	-0.3
Haemonetics	Health Care Equip & Supplies	0.0	0.3	-0.3
Trex	Building Products	0.0	0.3	-0.3
SAIC	IT Services	0.0	0.3	-0.3
Portland General Electric	Electric Utilities	0.0	0.3	-0.3

PORTFOLIO MANAGEMENT



Portfolio Manager:
Frank Alonso

Managed Fund Since:
2016

Joined Firm:
2000

Additional Disclosures

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

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

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

Source for Sector Diversification: T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. T.

Rowe Price will adhere to all future updates to GICS for prospective reporting.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price.

Closed to new investors. Open to subsequent investments.

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