



## QM U.S. Small-Cap Growth Equity Fund

**Total QM US Small-Cap Growth Equity Strategy Assets:**<sup>1</sup> \$11.6 billion<sup>2</sup> | **Total Fund Assets:** \$8.6 billion<sup>2</sup>

### INVESTMENT APPROACH

- Identify stocks using a proprietary quantitative stock selection model with a focus on the following characteristics:
  - Attractive valuations relative to the small-cap growth universe as a whole and to other firms within the same industry
  - Judicious capital allocation that benefit shareholders
  - Good earnings quality and profitability
  - Positive price momentum and estimate revisions
- While stock selection is based on a quantitative model, we do take into consideration the fundamental research conducted by T. Rowe Price's equity analysts.
- 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 strategy relies heavily on quantitative models to analyze data and construct investment portfolios. Relying on quantitative models entails the risk that the models themselves may be limited or incorrect, that the data that the models rely on may be incorrect or incomplete, and that the adviser may not be successful in selecting companies for investment or determining the weighting of particular stocks.

### PORTFOLIO CONSTRUCTION

- Well-diversified portfolio with approximately 300 securities. Typically the goal is to outperform the benchmark by owning a large number of good stocks instead of making large investments in a small number of stocks.
- Positions typically range from 0.20% to 1.00%.
- In general, sector allocations will be fairly consistent with those of the MSCI benchmark.
- Fully invested with cash typically less than 1%, primarily for transactional needs.

### BENCHMARK

- MSCI US Small Cap Growth Index

### PORTFOLIO MANAGEMENT

#### **Sudhir Nanda, CFA**<sup>®</sup>

*Portfolio Manager*

- 20 years of investment experience; 19 years with T. Rowe Price.
- Ph.D., University of Massachusetts
- M.B.A., Indian Institute of Management
- B.A., St. Stephen's College

#### **PORTFOLIO SPECIALISTS**

#### **Brian Dausch, CFA**<sup>®</sup>

- 22 years of investment experience; 21 years with T. Rowe Price.
- B.S., University of Delaware

Portfolio Specialists do not assume management responsibilities. For a complete list of the members of the Fund's Investment Advisory Committee, please refer to the Fund's prospectus. CFA<sup>®</sup> and Chartered Financial Analyst<sup>®</sup> are registered trademarks owned by CFA Institute.

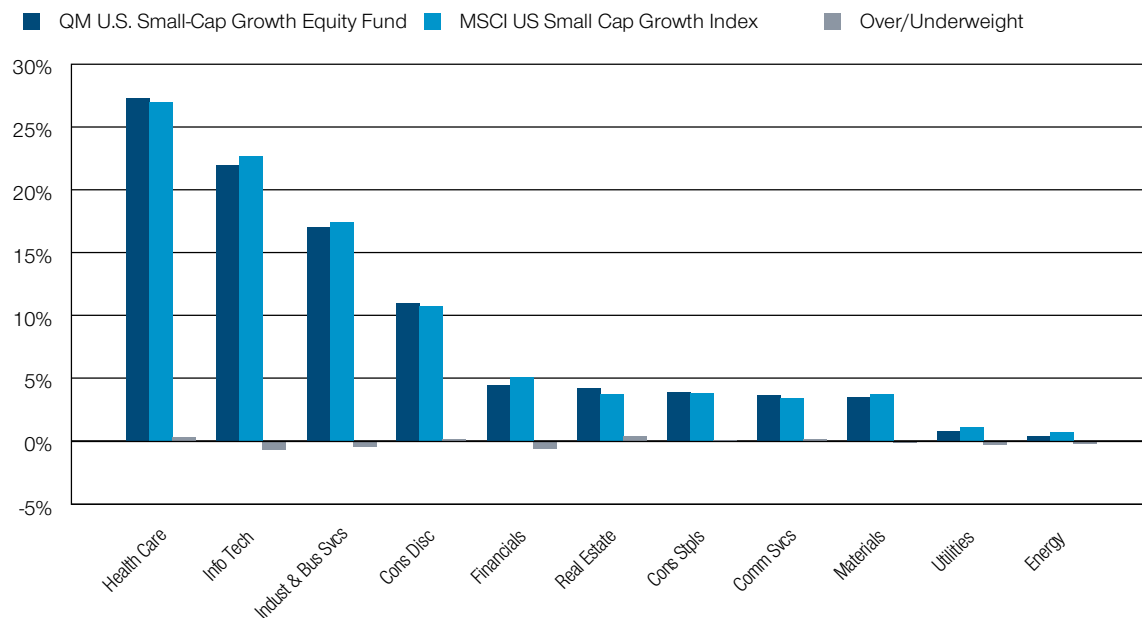
<sup>1</sup> Includes a U.S.-registered mutual fund and subadvised portfolios.

<sup>2</sup> Assets reported are as of December 31, 2019.

**TOP 10 ISSUERS**

	<b>% of Fund</b>
Cable One	1.5%
Masimo	1.1
Molina Healthcare	1.0
Chemed	1.0
Mellanox Technologies	0.9
Fair Isaac	0.9
Entegris	0.9
Pool	0.9
Exponent	0.9
Booz Allen Hamilton	0.8
<b>Total</b>	<b>9.9%</b>

**SECTOR DIVERSIFICATION**



**PORTFOLIO CHARACTERISTICS**

	<b>Fund</b>	<b>MSCI US Small Cap Growth Index</b>
Projected Earnings Growth Rate (3 - 5 Years)*° †	11.9%	14.1%
Price to Earnings (12 Months Forward)*° †	23.0X	25.7X
Return on Equity (Last 12 Months excl. charges)°	16.6%	11.5%
Price to Book°	4.1X	3.6X
Investment Weighted Median Market Cap (mm)	\$4,221	\$2,795
Investment Weighted Average Market Cap (mm)	\$5,086	\$3,083
Number of Issuers	278	932
Top 20 Issuers as % of Total	18.0%	11.5%
Portfolio Turnover ††	21.6%	-
Active Share	64.0%	-

°Investment Weighted Median.

\*I/B/E/S © 2020 Refinitiv. All rights reserved

†Based on the fund's underlying holdings and is not a projection of future portfolio performance.

††Portfolio Turnover represents 1 year period ending 12/31/19.

**PERFORMANCE**

	Three Months	One Year	Annualized (only pertains to the total return figures)			
			Three Years	Five Years	Ten Years	Fifteen Years
QM U.S. Small-Cap Growth Equity Fund	-23.85%	-13.77%	2.53%	3.89%	11.20%	8.81%
MSCI US Small Cap Growth Index	-25.55	-18.04	0.45	1.94	9.41	8.02
Lipper Small-Cap Growth Funds Index	-24.20	-16.72	3.69	3.73	9.10	6.92
Lipper Small-Cap Growth Funds Average	-23.79	-16.89	2.48	3.05	9.06	7.39
Lipper Ranking	-	183 of 625	260 of 570	174 of 481	44 of 366	40 of 254
Morningstar Small Growth Category	-24.59	-17.66	1.69	2.77	8.81	7.13
Morningstar Ranking	-	181 of 635	260 of 577	174 of 502	44 of 381	37 of 268

**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.

The Fund's expense ratio as of the most recent prospectus was **0.80%**. See the prospectus for details.

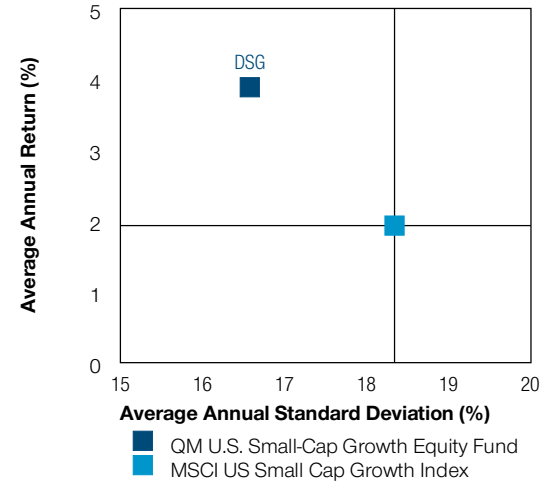
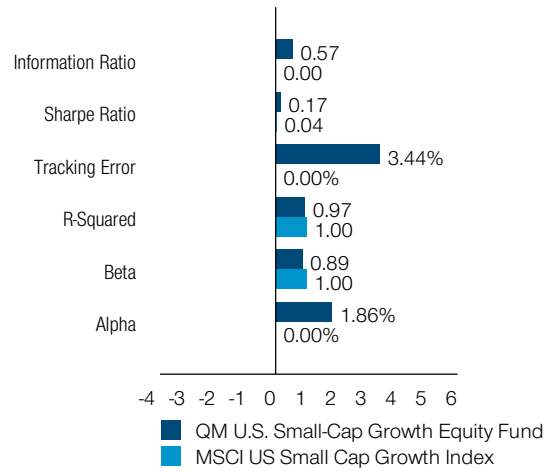
Lipper rankings are based on cumulative total return. The Lipper Average consists of all share classes; each share class is counted separately.

Morningstar rankings are based on average annual total returns. ©2020 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

**RISK/RETURN CHARACTERISTICS**

Five Years ended March 31, 2020



**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.

**ADDITIONAL DISCLOSURES**

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Active Share is a holdings based measure of active management representing the percentage of a portfolio's holdings that differ from those in its benchmark. Compared to tracking error, which measures the standard deviation of the difference in a manager's returns versus the Benchmark returns, Active Share allows investors to get a clearer understanding of what a manager is doing to drive performance, rather than drawing conclusions from observed returns. The greater the difference between the asset composition of a product and its benchmark, the greater the active share is.

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

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.

Source for MSCI data: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

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

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.

This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

© 2020 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.

T. Rowe Price Investment Services, Inc., Distributor.

2016-US-28318