



PORTFOLIO UPDATE

Balanced Fund

As of September 30, 2019



Portfolio Manager:

Charles Shriver

Managed Fund Since:

2011

Joined Firm:

1991

INVESTMENT OBJECTIVE

The fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed income securities.

FUND INFORMATION

Symbol	RPBAX
CUSIP	77954G108
Inception Date of Fund	December 31, 1939
Benchmark	Morningstar Moderate Target Risk Index
Expense Information (as of the most recent Prospectus)*	0.61% (Gross) 0.58% (Net)
Fiscal Year End	December 31
12B-1 Fee	-

* The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Balanced Fund	0.96%	1.13%	14.49%	5.26%	8.68%	6.86%	8.80%	7.18%
Morningstar Moderate Target Risk Index	1.47	0.92	13.11	5.41	7.43	5.91	7.51	6.77
Combined Index Portfolio*	1.23	1.40	15.06	5.72	8.61	7.01	8.70	6.83

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.

* As of August 1, 2012 the Combined Index Portfolio consisted of 45.5% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 19.5% MSCI EAFE Index. From May 1, 2011 until July 31, 2012 the Combined Index Portfolio contained a range of 52%-45.5% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 13%-19.5% MSCI EAFE Index. From May 1, 2008 until April 30, 2011 the Combined Index Portfolio consisted of 52% S&P 500 Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, and 13% MSCI EAFE Index. From inception until April 30, 2008 the Combined Index Portfolio consisted of 50% S&P 500 Index, 40% Bloomberg Barclays U.S. Aggregate Bond Index, and 10% MSCI EAFE Index. The indices or percentages may vary over time. The fund is subject to the risks of stock investing, including possible loss of principal. Bonds may decline in response to rising interest rates, a credit rating downgrade, or failure of the issuer to make timely payments of interest or principal.

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

Source for Bloomberg Barclays data: Bloomberg Index Services Limited. See additional disclosures.

MARKET COMMENTARY

Global equity markets delivered positive returns, while fixed income markets posted negative returns. Stimulative measures by global central banks and optimism for the resumption of U.S.-China trade negotiations drove market sentiment.

We remain modestly underweight stocks relative to bonds, as equity valuations remain elevated against a backdrop of significant risks. At this stage of the current economic cycle, global stock markets appear susceptible to slower growth, waning earnings expectations, continued trade risks, and geopolitical unease. We expect equity and bond market volatility to remain elevated as concerns over monetary policy decisions and political risks unfold. We continue to expect only modest returns from bonds, as they remain expensive relative to history and the current low-yield environment offers a weak foundation for significant upside.

The dovish shift in monetary policy around the world and a broader easing of financial and liquidity conditions have reduced the near-term likelihood of a global recession. However, this current cycle of easing measures may leave global central banks ill-equipped to respond to a more pronounced downturn. While this step back from tightening policies may help to stabilize global growth, it will not, in our view, be sufficient to ignite a reacceleration in growth.

We have a balanced view on risk-taking within our portfolios as equity market valuations remain elevated amid continued volatility and political risks. We believe that our strategic investing approach and broad diversification add value over the long term and could help to mitigate downside risk.

RISK RETURN CHARACTERISTICS

(Five Years ended September 30, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Balanced Fund	7.70%	0.42%	1.11	0.96	0.55	0.76	1.72%
Morningstar Moderate Target Risk Index	6.81	0.00	1.00	1.00	0.00	0.72	0.00
Balanced Fund	7.70	-0.31	1.03	0.98	-0.14	0.76	1.13
Combined Index Portfolio	7.39	0.00	1.00	1.00	0.00	0.81	0.00

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

PORTFOLIO CHARACTERISTICS

Entire Portfolio	Balanced Fund
Total Number of Issuers	746
Total Number of Countries	48
Top 10 Holdings as Percent of Total	15.0%
Total Assets (all share classes)	4,403,028,574
Percent of Portfolio in Cash ^o	1.4%

Equity ^{oo}	Balanced Fund
Investment Weighted Median Market Cap (mm)	\$90,962
Price to Earnings (12 Months Forward)(IBES) ^{*ooo†}	20.8X
Price to Book ^{ooo}	4.4X
Projected Earnings Growth Rate (3-5 Years) ^{*ooo†}	9.6%
Return on Equity (Last 12 Months excl. charges) ^{ooo}	17.1%

Fixed Income ^{††}	Balanced Fund
Weighted Average Maturity	7.76 years
Weighted Average Effective Duration	5.24 years

^oIncludes the cash underlying derivative positions and includes portfolio level cash and any cash in underlying commingled vehicles managed by T. Rowe Price.

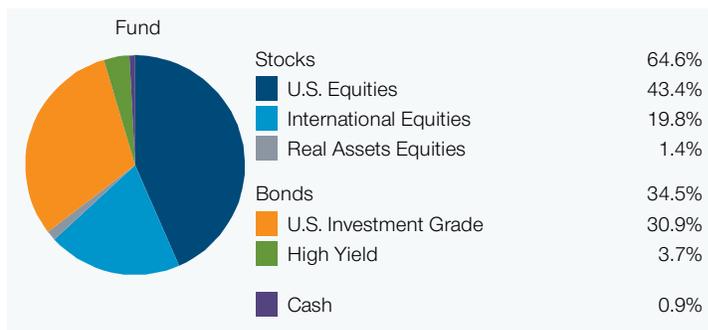
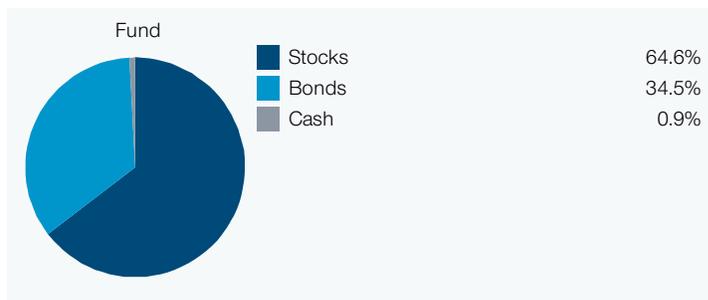
^{oo}Excludes impact of equity derivatives.

^{ooo}Investment Weighted Median.

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

††Calculations exclude cash and includes the impact of bond derivatives.

ASSET DIVERSIFICATION**

**Based on a name-on-strategy allocation.

MANAGEMENT

The Balanced Fund is managed by Charles Shriver. The portfolio manager is responsible for the strategic design and day-to-day management of the Fund. This includes portfolio design, positioning, performance, and risk-management oversight. The Fund's tactical asset allocation decisions are made by the firm's Asset Allocation Committee. The Committee is co-chaired by Rob Sharps and Charles Shriver, and includes some of the firm's most senior investment management professionals across major asset classes. Individual security selection is made by portfolio managers of the Fund's component strategies drawing on the fundamental insights of T. Rowe Price's team of around 200 global research analysts.

SECTOR DIVERSIFICATION – EQUITY ONLY

	Info Tech	Finan- cials	Health Care	Cons Disc	Indust & Bus Svcs	Comm Svcs	Cons Stpls	Materi- als	Utilities	Energy	Other
Balanced Fund	18.2%	15.0%	13.9%	11.5%	10.3%	8.9%	6.0%	4.9%	4.7%	3.3%	3.3%

SECTOR DIVERSIFICATION – FIXED INCOME ONLY

	U.S. Treas- uries	Govern- ment Re- lated	Corporate	Mortgage	CMBS	ABS	High Yield	Non-U.S. \$ Denom	Emerging Market
Balanced Fund	19.1%	7.4%	30.4%	27.4%	2.6%	2.5%	10.0%	0.2%	0.4%

Definitions

Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond Fund to changes in interest rates. In general, the longer the average duration, the greater the Fund's sensitivity to interest rates.

Additional Disclosures

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For any equity benchmarks shown, returns are shown with gross dividends reinvested, unless otherwise noted.

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

Equities include common stocks as well as convertible securities.

T. Rowe Price uses a custom structure for diversification reporting on this product.

Source for Equity Sector Diversification: T. Rowe Price uses the 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.

"Other" includes any categories not explicitly mentioned.

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.

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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.

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