



PORTFOLIO UPDATE

# New Horizons Fund

As of September 30, 2019



**Portfolio Manager:**  
Joshua Spencer

**Managed Fund Since:**  
2019

**Joined Firm:**  
2004

## INVESTMENT OBJECTIVE

The fund seeks long-term capital growth by investing primarily in common stocks of small, rapidly growing companies.

## 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	-

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
New Horizons Fund	-3.55%	-3.13%	26.37%	4.83%	19.71%	15.81%	18.37%	13.43%
Russell 2000 Growth Index	-0.82	-4.17	15.34	-9.63	9.79	9.08	12.25	9.04

**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.

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.

## MARKET COMMENTARY

Major U.S. stock indexes advanced in September, as some conciliatory trade-related gestures from U.S. and Chinese officials helped ease tensions. As measured by various Russell indexes, value stocks outperformed growth shares across all market capitalizations. Within the S&P 500 Index, financials outperformed, helped by a rise in longer-term interest rates. Utilities and energy were also strong. The health care sector recorded a modest decline.

The trade dispute between the U.S. and China remained at center stage for much of the month. The S&P 500 Index recorded its best daily gain on September 5, after news broke that Chinese and U.S. negotiators were preparing to meet in Washington in early October. A series of conciliatory gestures from both sides further supported sentiment. Mixed signals on trade caused some volatility late in the month, but investors appeared to remain optimistic toward the prospect of resumed trade negotiations in October. Monetary policy expectations were also a major driver of market sentiment, as the Federal Reserve reduced short-term interest rates at its mid-month meeting, while other central banks around the world took measures to stimulate economic growth. The U.S. equity market seemed largely unaffected by the late-month opening of a House of Representatives impeachment inquiry regarding President Donald Trump's alleged pressuring of Ukraine's leader.

Despite signs of weakness, particularly in the manufacturing sector, we don't think it is likely that the U.S. economy will fall into a recession in the coming months. Importantly, no major signs of excess have emerged, as was dramatically the case with the housing bubble on the eve of the "Great Recession" a decade ago. Indeed, consumer finances are generally in solid shape, and corporate debt levels remain manageable. Nevertheless, selectivity will be key for investors in a slowing growth environment. Earnings gains are likely to be harder to come by as exporters wrestle with trade tensions and weakness in many overseas economies.

**RISK RETURN CHARACTERISTICS**

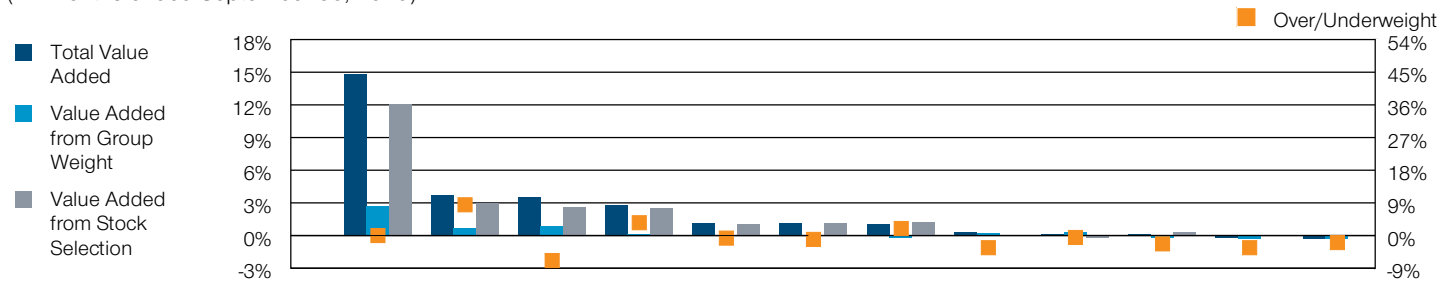
(Five Years ended September 30, 2019)

	Active Share* (as of 9/30/19)	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
New Horizons Fund	94.2%	13.93%	7.87%	0.78	0.89	1.12	1.06	5.99%
Russell 2000 Growth Index	-	16.77	0.00	1.00	1.00	0.00	0.48	0.00

\* Active Share is a snapshot in time as of the indicated date.

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

**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.

**TOP 10 ISSUERS**

Comprising 22.6% of total net assets.

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

Issuers are as of the date indicated and are subject to change.

**PORTFOLIO CHARACTERISTICS**

	<b>New Horizons Fund</b>	<b>Russell 2000 Growth Index</b>
Number of Issuers	203	1,163
Investment Weighted Median Market Cap (mm)	\$9,409	\$2,307
Price to Earnings (12 Months Forward)* ° †	39.2X	28.5X
Price to Book°	9.3X	4.1X
Projected Earnings Growth Rate (3 - 5 Years)* ° †	15.2%	14.1%
Return on Equity (Last 12 Months excl. charges)°	13.7%	12.2%
Top 20 Issuers as Percent of Total	39.8%	9.9%
Total Assets (all share classes)	26,176,577,471	-
Percent of Portfolio in Cash	0.5%	-

°Investment Weighted Median.

\*I/B/E/S © 2019 Refinitiv. All rights reserved

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

**SECTOR DIVERSIFICATION**

	<b>Indust &amp;</b>										
	<b>Info Tech</b>	<b>Bus Svcs</b>	<b>Health Care</b>	<b>Cons Disc</b>	<b>Financials</b>	<b>Comm Svcs</b>	<b>Real Estate</b>	<b>Cons Svcs</b>	<b>Energy</b>	<b>Utilities</b>	<b>Materials</b>
New Horizons Fund	28.1%	23.4%	21.3%	13.5%	5.2%	4.6%	1.7%	1.4%	0.2%	0.0%	0.0%
Russell 2000 Growth Index	18.4	19.4	27.5	12.3	6.0	2.4	4.9	3.5	0.7	1.8	3.2
<b>Over/Underweight</b>	<b>9.7</b>	<b>4.0</b>	<b>-6.2</b>	<b>1.2</b>	<b>-0.8</b>	<b>2.2</b>	<b>-3.2</b>	<b>-2.1</b>	<b>-0.5</b>	<b>-1.8</b>	<b>-3.2</b>

## Definitions

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.

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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 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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