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T. Rowe Price Launches Three New Quantitatively Managed Stock Funds

In a related move, existing fund renamed to reflect quantitative investment approach; all four funds part of the new T. Rowe Price QM series

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NEWS

T. Rowe Price (NASDAQ-GS: TROW) has introduced three new equity funds that use a quantitative management style to select the stocks they hold. The new funds are:

- | T. Rowe Price QM U.S. Value Equity Fund,
- | T. Rowe Price QM U.S. Small & Mid-Cap Core Equity Fund, and
- | T. Rowe Price QM Global Equity Fund.

In addition, the company has renamed the T. Rowe Price Diversified Small-Cap Growth Fund as the T. Rowe Price QM U.S. Small-Cap Growth Equity Fund to better reflect its quantitative management style. All four funds are a part of the new T. Rowe Price Quantitative Management (QM) series and are available in Investor Class, Advisor Class, and I Class shares.

While T. Rowe Price is well known and respected for its fundamental research capabilities, the company has also developed a quantitative research program and has managed strategies with a quantitative focus and process for the last 10 years. Designed for long-term investors, the QM funds aim to deliver capital growth through the use of systematic, data-driven stock-selection models. These proprietary models analyze a multitude of fundamental metrics drawn primarily from company financial statements. In this way, and through close collaboration among the company's investment professionals, T. Rowe Price's quantitative research process is an effective complement to its longstanding strength in fundamental research.

T. Rowe Price's quantitative investment approach is based on identifying stocks that are outperformers over multiple market cycles in most global markets. These tend to be stocks that are undervalued relative to industry peers and the broader universe. There is a preference for companies that earn high returns on capital employed and those with high earnings quality, in part because these companies often experience more moderate declines in down markets. Because of this value-oriented preference, it is possible that T. Rowe Price's QM strategies could underperform in periods when valuation and quality characteristics are not rewarded by the market.

T. ROWE PRICE QM U.S. VALUE EQUITY FUND DETAILS

- | The fund will invest at least 80% of its net assets in equity securities of U.S. companies, and up to 10% in foreign stocks.
- | While multiple metrics are employed in stock selection, the investment approach can be expected to have a strong value tilt relative to the Russell 1000 Value Index benchmark.
- | The fund will hold approximately 125-135 stocks.
- | An expected annual portfolio turnover of less than 50% reflects the fund's long-term orientation and should hold down trading-related transaction costs.
- | The net expense ratio is capped at 0.69% for the Investor Class shares, 0.94% for the Advisor Class, and 0.54% for I Class shares (with a 0.05% operating expense cap).
- | The fund is managed by Farris Shuggi, CFA, who has been a member of T. Rowe Price's quantitative research team since 2008.

T. ROWE PRICE QM U.S. SMALL & MID-CAP CORE EQUITY FUND DETAILS

- | The fund will invest at least 80% of its net assets in equity securities of U.S. companies, and up to 10% of its assets in foreign stocks.
- | The investment approach favors stocks featuring a combination of relatively inexpensive valuations, strong

profitability, evidence of prudent capital allocation, and price trends that indicate positive market recognition.

- | The fund will hold approximately 350 stocks benchmarked to the Russell 2500 Index. The fund will be well diversified, with a maximum size of any position expected to be lower than 1%.
- | An expected annual portfolio turnover of less than 50% reflects the fund's long-term orientation and should hold down trading-related transaction costs.
- | The net expense ratio is capped at 0.84% for the Investor Class shares, 1.09% for the Advisor Class, and 0.69% for I Class shares (with a 0.05% operating expense cap).
- | The fund is managed by Boyko Atanassov, CFA, Ph.D., who has been a member of T. Rowe Price's quantitative research team since 2010.

T. ROWE PRICE QM GLOBAL EQUITY FUND DETAILS

- | The fund will invest at least 40% of its net assets in companies outside the U.S. and up to 20% in emerging market countries.
- | The investment approach favors stocks featuring a combination of relatively inexpensive valuations, strong profitability, evidence of prudent capital allocation, and price trends that indicate positive market recognition.
- | The fund will hold approximately 350-375 stocks benchmarked to the Morgan Stanley Capital International All Country World Index (MSCI ACWI).
- | An expected annual portfolio turnover of less than 50% reflects the fund's long-term orientation and should hold down trading-related transaction costs.
- | The net expense ratio is capped at 0.74% for the Investor Class shares, 0.99% for the Advisor Class, and 0.59% for I Class shares (with a 0.05% operating expense cap).
- | The fund will be managed by Sudhir Nanda, CFA, Ph.D., who heads T. Rowe Price's Quantitative Equity Group and has over 15 years of investment experience at T. Rowe Price. Prashant Jeyaganesh, CFA, a 10-year veteran of T. Rowe Price, will serve as associate portfolio manager.

QM U.S. SMALL-CAP GROWTH EQUITY FUND (FORMERLY T. ROWE PRICE DIVERSIFIED SMALL-CAP GROWTH FUND)

- | The fund employs a systematic, data-driven process to identify attractive stocks within the small-cap growth universe.
- | The fund normally invests at least 80% of net assets in equity securities issued by small-cap U.S. growth companies.
- | The fund currently holds an Overall Morningstar rating of five stars for its risk-adjusted performance, as well as the 3-, 5- and 10-year periods ended January 31, 2016.¹ The Overall Morningstar Rating™ is derived from a weighted average of the performance figures associated with the fund's 3-, 5-, and 10-year Morningstar Rating™ metrics.
- | The fund has outperformed the Lipper Small-Cap Growth Funds Average and its benchmark index, the MSCI U.S. Small Cap Growth Index, for the 1-, 3-, 5-, and 10-year periods ended December 31, 2015.² The fund's returns for the 1-, 3-, 5, and 10-year periods ended December 31, 2015, were **2.33%**, **16.22%**, **13.02%**, and **9.36%**, respectively. The MSCI U.S Small-Cap Growth Index returns for the 1-, 3-, 5-, and 10-year periods ended December 31, 2015, were **-3.05%**, **13.62%**, **11.17%**, and **8.78%**, respectively.
- | **Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. To obtain the most recent month-end performance, please call 1-800-541-8803 or go to troweprice.com.**
- | The fund charges a 1% redemption fee on shares held for 90 days or less. The performance information does not reflect the deduction of the redemption fee; if it did, the performance would be lower. The fund's total return figures include changes in principal value, reinvested dividends, and capital gain distributions.
- | The net expense ratio is capped at 0.85% for the Investor Class shares.
- | The fund has been managed since 2006 by Sudhir Nanda, CFA, Ph.D., head of the Quantitative Equity Group at T. Rowe Price. He has more than 15 years of investment experience at the firm.

[Download a prospectus](#) or obtain one by calling 1-800-541-8803. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

All funds are subject to market risk, including the possible loss of principal.

T. Rowe Price Investment Services, Inc., distributor, T. Rowe Price mutual funds.

QUOTE

Sudhir Nanda, head of the Quantitative Equity Group at T. Rowe Price and portfolio manager of the QM Global Equity Fund and the QM U.S. Small-Cap Growth Equity Fund:

"The launch of these new funds signals T. Rowe Price's commitment to quantitative equity research. Collectively, our experienced quantitative team has spent many years developing models that have demonstrated an ability to identify stocks with a high probability of outperformance over market cycles. Avoiding potential underperformers is another important component that can help a fund beat its benchmarks over time, and our models are designed to help with that, as well."

"In addition to managing the QM funds, our quantitative team also provides analysis for use by our fundamental research investment professionals. Our groups collaborate well together and complement each other. Our quantitative strategies are not 'black box.' We use efficient, transparent, and systematic analysis of fundamental data to drive our investment decisions as we work to provide investors with relative outperformance in a persistent manner."

ABOUT T. ROWE PRICE

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc., is a global investment management organization with \$763.1 billion in assets under management as of December 31, 2015. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. For more information, visit troweprice.com or our [Twitter](#), [YouTube](#), [LinkedIn](#), and [Facebook](#) sites.

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¹ Morningstar rated the QM U.S. Small-Cap Growth Equity Fund among 660, 660, 589, and 424 small growth funds for the overall rating and the 3-, 5-, and 10-year periods (as applicable) ended January 31, 2016, respectively. For funds with at least a 3-year history, a Morningstar RatingTM is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) with emphasis on downward variations and consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. Each share class is counted as a fraction of 1 fund within this scale and rated separately.

² Market indexes do not include expenses, which are deducted from fund returns as well as mutual fund averages and indexes.

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/t-rowe-price-launches-three-new-quantitatively-managed-stock-funds-300253778.html>

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