



T.Rowe Price

T. Rowe Price[®] Investment Allocation Tool Methodology

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The T. ROWE PRICE[®] Investment Allocation Tool is a non-discretionary advice service provided by T. Rowe Price Advisory Services, Inc., a registered investment adviser under the Investment Advisers Act of 1940.

T. Rowe Price Investment Allocation Tool Overview

The T. Rowe Price Investment Allocation Tool (“IA Tool”) is a non-discretionary advice service leveraging T. Rowe Price investment expertise to provide point-in-time investment allocation recommendations consisting of T. Rowe Price funds (“Investment Allocation Recommendation”). Clients can get started by taking these steps:

- Provide age of the client.
- Choose whether the Investment Allocation Recommendation is for a Retirement Goal or a General Investment Goal.
- Answer a question about preferences for a recommendation for a single fund or a multi-fund portfolio (if investing \$50,000 or more).
- Answer a series of questions about time horizon and risk tolerance (if applicable based on preferences for a recommendation of a single fund or a multi-fund portfolio).
- Based on the answers, the IA Tool will provide clients with an Investment Allocation Recommendation.

Investment Allocation Recommendations are based on a client’s point-in-time answers to the IA Tool’s Questionnaire and do not account for any subsequent changes to a client’s investment goals, risk tolerance, time horizon, or financial circumstances. Clients are under no obligation to accept any recommendations provided by T. Rowe Price Advisory Services, Inc. (“TRP Advisory Services”) through the IA Tool. TRP Advisory Services will not monitor or manage any investments made or accounts opened by the client, whether at T. Rowe Price or elsewhere, to implement Investment Allocation Recommendations.

The IA Tool will generate the following Investment Allocation Recommendations based on the client’s responses to the IA Tool Questionnaire including, if eligible, the client’s choice of a multi-fund portfolio or a single fund:

1. A multi-fund portfolio with a static asset allocation consisting of several IA Tool Funds (“Multi-Fund Portfolio”);
2. A single IA Tool Fund with a diversified, static asset allocation (“Single IA Tool Fund”); or
3. A single T. Rowe Price Retirement Fund (“TRP Retirement Fund”) whose asset allocation is dynamically adjusted over time along a predetermined glide path. (This option will be recommended for retirement goals only).

The Multi-Fund Portfolio recommendation requires a stated investment amount of \$50,000 or more; a Single IA Tool Fund recommendation requires a stated investment amount of \$1,000 or more for a retirement goal (investing for the purpose of accumulating assets to be used during retirement) or \$2,500 or more for a general investment goal (investing for the purpose of accumulating assets and/or generating income to be used for a goal other than retirement).

Investor Requirements

For the T. Rowe Price Investment Allocation Tool engagement, a client must:

- Answer the questionnaire.
- Meet stated investment amount minimums (\$1,000 minimum for a Retirement Goal/\$2,500 for a General Investment Goal). Multi-Fund Portfolios require a minimum stated investment amount of \$50,000.

Investment Allocation Tool Questionnaire

TRP Advisory Services makes recommendations based on a client’s answers to the IA Tool Questionnaire. The questionnaire incorporates key factors that together build a client’s “investor profile,” which includes such factors as time horizon and risk tolerance:

- We believe time horizon is a critical component for a point-in-time recommendation. Time horizon has a strong influence when recommending a portfolio intended to last over a specific time period (for example, to fund a 30-year retirement).
- Risk tolerance responses are used to fine-tune the recommendation where applicable.

The following pages provide more details on the process for considering these factors as well as how recommendations are delivered through this tool.

TRP Advisory Services will recommend substantially the same asset allocations and funds to different clients with substantially the same IA Tool Questionnaire responses. Clients may retake the IA Tool Questionnaire at any time to receive another Investment Allocation Recommendation.

Time Horizon

In specifying a time horizon, TRP Advisory Services factors in (1) the number of years until the client intends to make an initial withdrawal from an account, and (2) the number of years that the withdrawals are needed. The investment horizon or withdrawal period entered may not exceed 50 years.

It is important to note that TRP Advisory Services does not take into account the amount or size of withdrawals or whether withdrawals will be sustainable over the selected time horizon.

T. Rowe Price Investment Allocation Tool Methodology

Table 1—Time Horizon Matrix: Multi-Fund Portfolio

		Years to Initial Drawdown											
		>20	16 to 20	15	13 to 14	11 to 12	8 to 10	6 to 7	4 to 5	3	2	1	0
Drawdown Horizon	>25	90%	90%	80%	80%	80%	70%	70%	60%	60%	60%	60%	60%
	16 to 25	90	90	80	80	80	70	70	60	50	50	50	50
	6 to 15	90	90	80	80	80	70	60	50	40	40	40	40
	4 to 5	90	90	80	70	70	60	50	40	30	30	30	30
	3	90	90	80	70	70	60	50	40	30	30	20	20
	2	90	90	80	70	60	50	40	30	30	20	20	0
	0 to 1	90	90	80	70	60	50	40	30	20	20	0	0

This table shows how the client's responses to the questionnaire map their profile to an initial Multi-Fund Portfolio; the recommended portfolio may change based on answers to subsequent questions. The percentage shown is the approximate percentage of equity in the portfolio.

The 100% and 10% equity portfolios are not shown in this table because these portfolios are only available based on the client's responses to subsequent risk tolerance questions in the questionnaire. In situations where a client's investment horizon and withdrawal period are very short, the tool will recommend the T. Rowe Price U.S. Treasury Money Fund and bypass the risk tolerance questions. This approach is for those individuals primarily concerned with the stability and accessibility of the investment.

Risk Tolerance and the Recommended Multi-Fund Portfolio

TRP Advisory Services uses the client's answers to the questions on past investing experience and reactions to potential market volatility, where applicable, to fine tune the recommendation.

Once a client's initial portfolio is determined by investment time horizon and withdrawal horizon, the client's responses to the risk tolerance questions determine the final recommendation. Ultimately, the recommendation might:

- Remain at the initial Multi-Fund Portfolio
- Increase to the next higher equity Multi-Fund Portfolio
- Decrease to the next lower equity Multi-Fund Portfolio
- Decrease to two equity Multi-Fund Portfolios lower, if available

Table 2—Time Horizon Matrix: Single IA Tool Funds with Static Asset Allocations

		Years to Initial Drawdown											
		>20	16 to 20	15	13 to 14	11 to 12	8 to 10	6 to 7	4 to 5	3	2	1	0
Drawdown Horizon	>25	100%	80%	80%	80%	80%	60%	60%	60%	60%	60%	60%	60%
	16 to 25	100	80	80	80	80	60	60	60	40	40	40	40
	6 to 15	80	80	80	80	80	60	60	40	40	40	40	40
	4 to 5	80	80	80	60	60	60	40	40	20	20	20	20
	3	80	80	80	60	60	60	40	40	20	20	20	20
	2	80	80	80	60	60	40	40	20	20	20	20	0
	0 to 1	80	80	80	60	60	40	40	20	20	20	0	0

This table shows how the client’s responses to the questionnaire map their profile to an initial asset allocation recommendation; this recommendation may change based on the client’s answers to subsequent questions. The percentage shown is the approximate percentage of equity in the recommended allocation.

Once the risk tolerance questions are answered, the recommended fund is displayed. In situations where a client’s investment horizon and withdrawal period are very short, the tool will recommend the T. Rowe Price U.S. Treasury Money Fund and bypass the risk tolerance questions. This approach is for those individuals primarily concerned with the stability and accessibility of the investment.

Risk Tolerance and the Recommended Single IA Tool Funds With Static Asset Allocations

TRP Advisory Services uses the client’s answers to the questions on past investing experience and reactions to potential market volatility to fine tune the recommendation.

Once a client’s initial portfolio is determined by investment time horizon and withdrawal horizon, the client’s responses to the risk tolerance questions determine the final recommendation. Ultimately, the recommendation might:

- Remain at the initial allocation
- Increase to the next higher equity allocation, up to 100% equity
- Decrease to the next lower equity allocation, down to 0% equity

Target Date Single IA Tool Funds with Dynamic Asset Allocations for Retirement Goals

If a client has a retirement goal, an expected retirement date in their 60s, and indicates that they want a single fund whose asset allocation is dynamically adjusted to become more conservative over time, the client will be recommended a Retirement Fund that emphasizes potential capital appreciation during the early phases of retirement asset accumulation, balances the need for appreciation with the need for income as retirement approaches, and focuses on supporting an income stream over a long-term retirement withdrawal horizon. A specific Retirement Fund is recommended based on the client’s age. The IA Tool does not include recommendations for the T. Rowe Price Target Funds, T. Rowe Price Retirement Blend Funds, or T. Rowe Price Retirement Income Funds (three other sets of target date funds).

The T. Rowe Price Approach to Portfolio Design and Fund Selection

TRP Advisory Services believes that asset allocation planning is essential to long-term investing. A diversified and properly allocated fund or portfolio combines a variety of asset classes that can achieve an appropriate return over time for a given level of risk.

Diversification and Why it Matters

First, it helps to understand an important principle behind asset allocation: Diversification.

Diversifying assets is an effective way to manage risk for all investors, from those aggressively seeking higher returns to those seeking to preserve accumulated wealth. However, diversification cannot assure a profit or protect against loss in a declining market.

This is generally true of equities and fixed income. For example, corporate earnings may affect stocks more, while interest rate changes may affect bonds more. They may behave differently in similar market conditions, which can help to diversify an overall portfolio.

The Advantage of Diversification

Compared with bonds, stocks have a higher potential return as well as higher risk due to greater volatility—that is, values swing more widely. A fund or portfolio of 100% stocks may be expected to have greater return potential and risk than a fund or portfolio of 100% bonds. When combining stocks and bonds into a fund or portfolio, varying the weight of each can affect the risk and return potential of the fund or portfolio over the long term. This is due to the complementary behavior of stocks and bonds.

Portfolio Construction

The Investment Allocation Recommendations were developed based on the principle of broad diversification across asset/sub-asset classes, sectors and regions. Each of the portfolios is diversified across asset/sub-asset classes and aims to maximize returns for a given level of risks. The portfolios vary in their mix across asset/sub-asset classes and sectors seeking to create a range of distinct risk/return profiles to align with various client objectives.

Analysis in designing the portfolios included evaluation of historical and forward-looking assumptions of returns, risks and correlations among included asset/sub-asset classes. Additional analyses and tools are used in the development and ongoing evaluation of the portfolios, including evaluation of portfolio-level factor exposures/sensitivities, investment attributes/characteristics, and performance attribution.

The IA Tool offers Single IA Tool Funds and Multi-Fund Portfolios that seek to satisfy a wide variety of client needs and preferences. These portfolios range from the most aggressive portfolios (e.g., portfolios that may include 100% in equity exposure) to more conservative portfolios (e.g., portfolios that may include limited equity exposure). The allocation to equity seeks diversification across market capitalizations (e.g., large-, mid-, small-cap), sectors, and geographical regions. The allocation to fixed income also seeks diversification across sectors and regions, such as U.S. investment-grade, high-yield, non-U.S. developed, and emerging market bonds. The Single IA Tool Funds and Multi-Fund Portfolios represent a series of strategies based on our analysis of different asset classes over time and have been developed by a group of T. Rowe Price professionals, including portfolio managers and CERTIFIED FINANCIAL PLANNER™ professionals with input from other investment professionals. The allocations shown below are reviewed and may be adjusted from time to time by a committee of investment professionals based upon various factors, including economic, market, and other conditions and trends to ensure they are still appropriate. Such changes will be made on a prospective basis and will not be applied to recommendations already made. If clients choose to implement the Investment Allocation Recommendation, they are responsible for monitoring their asset allocation and making adjustments to it as their financial situation changes.

Table 3—T. Rowe Price Multi-Fund Portfolio Investment Allocation Recommendations

The table below shows the asset allocations and funds recommended by the IA Tool for the Multi-Fund Portfolios.

Asset Class	Sub Style	Recommended Funds	Percentage of Fund Allocated to Equity											
			100	90	80	70	60	50	40	30	20	10	0	
Equity	Large Cap Growth	Growth Stock Fund	Spectrum Diversified Equity Fund*	21%	19%	17%	14%	9%	8%	6%	5%	20%	10%	0%
	Large Cap Value	Value Fund		21%	19%	17%	14%	9%	8%	6%	5%			0%
	Large Cap Blend	U.S. Equity Research Fund		20%	18%	16%	15%	19%	19%	16%	11%			0%
	Mid Cap/Small Cap	Integrated U.S. Small-Mid Cap Core Equity Fund ¹		8%	7%	6%	6%	5%	0%	0%	0%			0%
	International Equity	Spectrum International Equity Fund		30%	27%	24%	21%	18%	15%	12%	9%			0%
Fixed Income	U.S. Investment Grade Bond	New Income Fund	0%	10%	14%	21%	21%	21%	23%	25%	30%	34%	0%	
	Global Bond	Global Multi-Sector Bond Fund	0%	0%	6%	9%	10%	11%	12%	15%	18%	21%	0%	
		International Bond Hedged Fund	0%	0%	0%	0%	0%	6%	8%	10%	12%	15%	0%	
	Conservative Fixed Income	Limited Duration Inflation Focused Bond Fund	0%	0%	0%	0%	9%	12%	17%	20%	20%	20%	0%	
Cash	Cash	U.S. Treasury Money Fund	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	

*Spectrum Diversified Equity Fund is recommended in the Multi-Fund Portfolios in Equity 20 and Equity 10 to represent the equity styles.

¹Prior to April 5, 2023, the Integrated U.S. Small-Mid Cap Core Equity Fund was known as the QM U.S. Small & Mid-Cap Core Equity Fund.

Table 4—T. Rowe Price Single IA Tool Funds Investment Allocation Recommendations

The table below shows the asset allocations and Single IA Tool Funds recommended by the IA Tool.

Single IA Tool Funds	Percentage of Fund Allocated to Equity					
Single IA Tool Funds with Static Allocations	100% – Spectrum Diversified Equity Fund	80% – Spectrum Moderate Growth Allocation Fund	60% – Spectrum Moderate Allocation Fund	40% – Spectrum Conservative Allocation Fund	20% – Spectrum Income Fund	0% – U.S. Treasury Money Fund [^]
Single IA Tool Funds with Dynamic Allocations	Retirement Funds					

Note: Visit our website at troweprice.com/mutualfunds or call 1-800-541-8476 to request a prospectus or, if available, a summary prospectus; each includes investment objectives, risks, fees, expenses and other information that you should read and consider carefully before investing.

[^] You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. T. Rowe Price Associates, Inc. is not required to reimburse the Fund for losses, and you should not expect that T. Rowe Price Associates, Inc. will provide financial support to the Fund at any time, including during periods of market stress.

How Funds are Chosen for the IA Tool

TRP Advisory Services created portfolios from T. Rowe Price mutual funds:

- Funds are selected based on their fit in providing diversified exposure most reflective of the respective asset/sub-asset class and style. Key considerations include but are not limited to: investment style and process, returns-based style consistency, diversification, benchmark, investment universe, correlations, and risk-adjusted returns.
- All funds in the program are monitored on an ongoing basis to assess their performance and to ensure that they are adequately providing exposure to the intended asset/sub-asset class and style. Ongoing monitoring includes but is not limited to: the analysis of risk/return, attribution, risk decomposition analysis/exposures, tracking error, positioning, and portfolio characteristics as well as changes to the investment management team and adherence to process and philosophy. The funds recommended by the IA Tool are subject to change from time to time.

Investments in Investment Allocation Recommendations are subject to the risks associated with investing in mutual funds, which may result in loss of principal. T. Rowe Price does not guarantee the results of our investment management, or that the objectives of the funds or the portfolios will be met. This material is not intended to be a recommendation or investment advice and does not constitute a solicitation to buy or sell securities. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action.

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