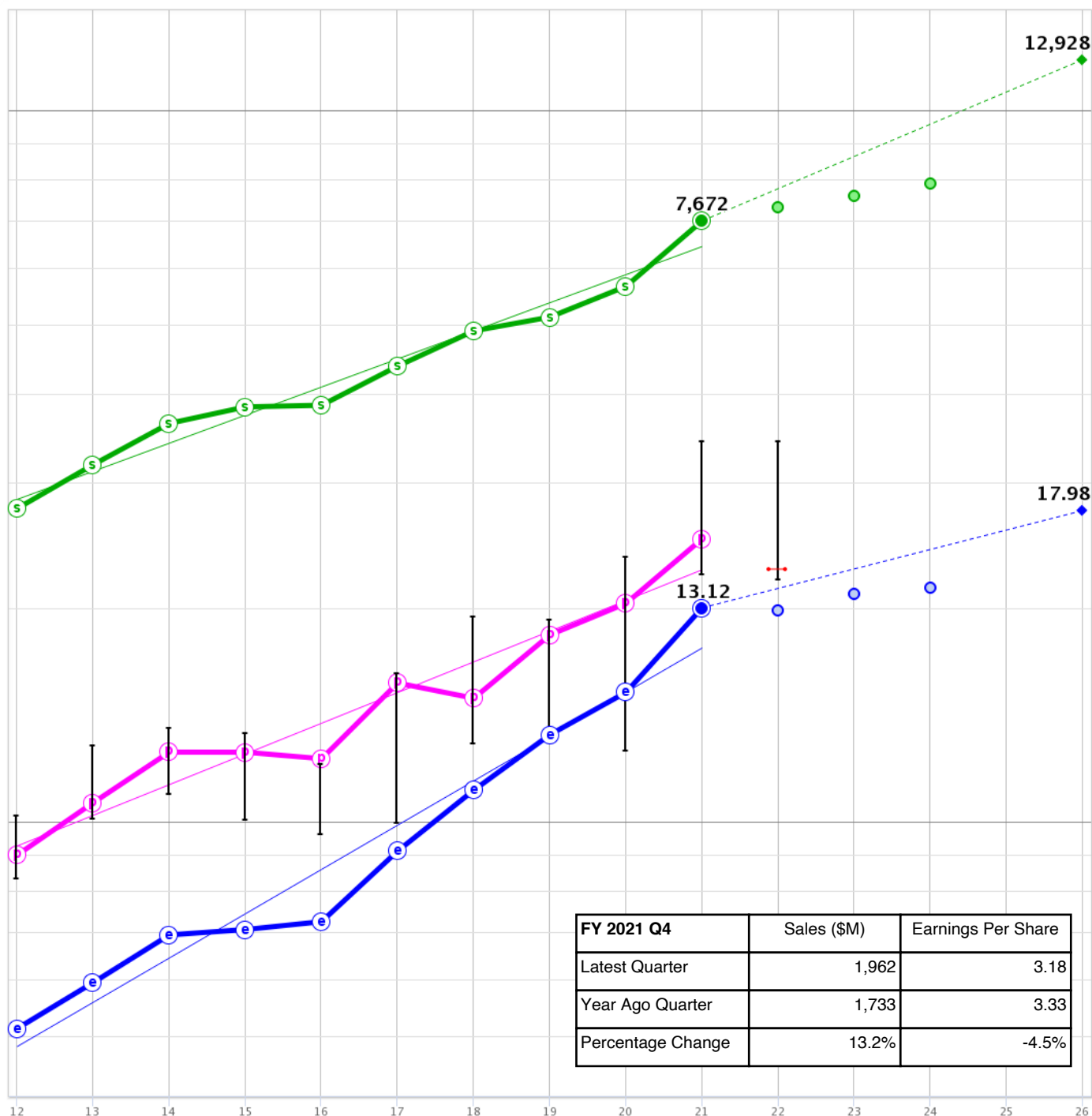


Stock Selection Guide

Company	T. Rowe Price Gr		Date	02/04/22	
Prepared by	K EMMONS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Asset Management		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	226.9	7.8	45.5		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	0.9

Symbol: TROW

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2021 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	1,962	3.18
Year Ago Quarter	1,733	3.33
Percentage Change	13.2%	-4.5%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 9.5% | (3) Historical Earnings Per Share Growth | 15.4% |
| (2) Estimated Future Sales Growth | 11.0% | (4) Estimated Future Earnings Per Share Growth | 6.5% |

2 EVALUATING Management

T. Rowe Price Gr

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
Pre-tax Profit on Sales	47.5%	48.8%	50.3%	47.7%	46.4%	52.3%	44.4%	52.1%	52.2%	52.1%	50.6%
% Earned on Equity	22.5%	22.5%	22.7%	24.8%	24.1%	26.5%	26.8%	29.9%	31.9%	36.4%	30.3%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	0.0%	0.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 148.70 (02/04/22)

HIGH THIS YEAR 224.56

LOW THIS YEAR 143.64

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	106.1	65.3	5.97	17.8	10.9	2.28	38.2	3.5
2018	127.4	84.6	7.27	17.5	11.6	2.80	38.5	3.3
2019	126.2	86.6	8.70	14.5	10.0	3.04	34.9	3.5
2020	154.3	82.5	9.98	15.5	8.3	3.60	36.1	4.4
2021	224.6	145.8	13.12	17.1	11.1	4.32	32.9	3.0
AVERAGE		93.0		16.5	10.4		36.1	
CURRENT/TTM			13.12			4.32	32.9	
AVERAGE PRICE EARNINGS RATIO: 13.4				CURRENT PRICE EARNINGS RATIO: 11.3				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 16.5 X Estimate High Earnings/Share 17.98 = Forecasted High Price \$ 296.6

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.8 X Estimate Low Earnings/Share 13.27 = Forecasted Low Price \$ 143.3

(b) Avg. Low Price of Last 5 Years 93.0

(c) Recent Market Low Price 82.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{4.32}{4.36\%} = 99.0$

Selected Forecasted Low Price \$ 99.0

C ZONING using 25%-50%-25%

Forecasted High Price 296.6 Minus Forecasted Low Price 99.0 = 197.6 Range. 25% of Range 49.4

Buy Zone 99.0 to 148.4

Hold Zone 148.4 to 247.2

Sell Zone 247.2 to 296.6

Present Market Price of 148.70 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{296.6 - 148.70}{148.70 - 99.0} = \frac{147.90}{49.70} = 3.0$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{296.6 - 148.70}{148.70} = 1.9946$ X 100 = 199.46 - 100 = 99.5 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{4.32}{148.70} = 0.0291 = 2.9\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{38.6\%}{16.50} = 2.3\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{38.6\%}{13.65} = 2.8\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 14.8 %
Average Yield 2.3 %
Annualized Rate of Return 17.1 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 10.5 %
Average Yield 2.8 %
Annualized Rate of Return 13.4 %