

T. Rowe Price Group, Inc.

Recommendation **HOLD** ★ ★ ★ ★ ★

Price USD 221.07 (as of market close Nov 05, 2021) **12-Mo. Target Price** USD 220.00 **Report Currency** USD **Investment Style** Large-Cap Blend

Equity Analyst Catherine Seifert

GICS Sector Financials

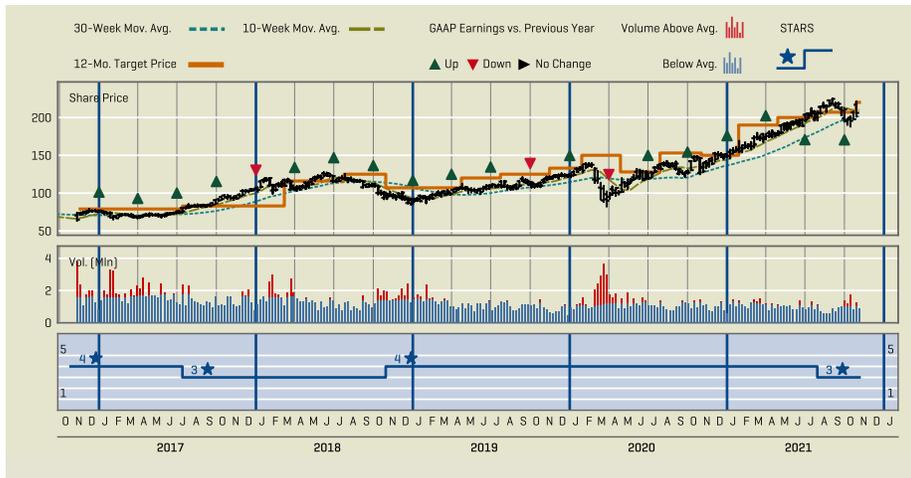
Sub-Industry Asset Management and Custody Banks

Summary T. Rowe Price Group operates one of the largest no-load mutual fund and life cycle fund complexes in the U.S., with June 30, 2021 AUM of more than \$1.6 trillion.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	USD 223.87 - 133.74	Oper.EPS2021E	USD 12.71	Market Capitalization[B]	USD 49.69	Beta	1.22
Trailing 12-Month EPS	USD 13.27	Oper.EPS2022E	USD 13.25	Yield [%]	1.95	3-yr Proj. EPS CAGR[%]	14
Trailing 12-Month P/E	16.66	P/E on Oper.EPS2021E	17.39	Dividend Rate/Share	USD 4.32	SPGMI's Quality Ranking	A
USD 10K Invested 5 Yrs Ago	31,025.0	Common Shares Outstg.[M]	226.00	Institutional Ownership [%]	74.0		

Price Performance



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by **Catherine Seifert** on Aug 02, 2021 11:11 AM ET, when the stock traded at **USD 207.44**.

Highlights

- The Highlights section of this Stock Report will be updated accordingly.
- The Investment Rationale/Risk section of this Stock Report will be updated shortly. For the latest News story on TROW from MarketScope, see aside.

Latest Analyst Research Notes

October 28, 2021

03:52 PM ET... CFRA Keeps Hold Opinion on Shares of T. Rowe Price Group, Inc. [TROW 213.99***]:

We raise our 12-month target price by \$13, to \$220, or 15.5x our 2023 operating EPS estimate of \$14.15 (upped by \$0.10) and 16.6x our 2022 EPS estimate of \$13.25 (lifted by \$0.05), versus TROW's three year average forward multiple of 14.8x and a peer average of 15.2x. We lift our 2021 EPS estimate by \$0.17, to \$12.71, after TROW reported Q3 EPS of \$3.27 versus \$2.55, versus our \$3.10 EPS estimate, the \$3.31 consensus forecast, on 23% higher revenues and wider margins that led to a 305 rise in operating profits. We applaud these results, and see 16% to 22% revenue growth in 2021. We also applaud TROW's plan to acquire alternative credit manager Oak Hill Advisors (\$53B AUM) for \$4.2B in a deal that diversifies TROW's AUM mix. But, our view remains tempered by a deterioration in fund flow trends that began in Q2 and accelerated in Q3, with \$6.4B of net outflows. Currently trading at 16.8x our 2021 EPS estimate (and yielding 2.0%), a premium to peer and historical averages, we view the shares as fairly valued. / Catherine Seifert

Update: please see the analyst's latest research note in the research notes section

Analyst's Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects our view of the company's strong market share, better-than-peer-average ability to attract new investment, and relatively better-than-average investment performance, offset by regulatory change risk, industry cyclicality, and a secular shift to passive investment vehicles (like index ETFs). We view TROW's ability to introduce non-transparent ETFs (pursuant to a November 14, 2019 SEC decision) as a long-term positive for the firm from both a strategic and competitive standpoint.

Revenue/Earnings Data

Revenue (Million USD)					
	1Q	2Q	3Q	4Q	Year
2021	1,827	1,929	1,954	--	--
2020	1,463	1,415	1,596	1,733	6,207
2019	1,327	1,395	1,427	1,469	5,618
2018	1,328	1,345	1,395	1,305	5,373
2017	1,133	1,186	1,239	1,298	4,855
2016	994	1,045	1,093	1,091	4,285

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2023	E 3.35	E 3.56	E 3.59	E 3.65	E 14.15
2022	E 3.20	E 3.30	E 3.37	E 3.38	E 13.25
2021	3.17	3.46	3.31	E 3.12	E 12.71
2020	1.41	2.55	2.73	3.33	9.98
2019	2.08	2.16	2.23	2.23	8.70
2018	1.77	1.77	2.30	1.41	7.27

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
1.0800	Nov 02	Dec 15	Dec 16	Dec 30 '22
1.0800	Aug 02	Sep 14	Sep 15	Sep 29 '21
3.0000	Jun 14	Jun 24	Jun 25	Jul 07 '21
1.0800	May 11	Jun 14	Jun 15	Jun 29 '21

Dividends have been paid since 1986. Source: Company reports
Past performance is not an indication of future performance and should not be relied as such.

Forecasts are not a reliable indicator of future performance. Dividends paid in currencies other than the Trading currency have been accordingly converted for display purposes.

T. Rowe Price Group, Inc.

Business Summary August 02, 2021

CORPORATE OVERVIEW. T. Rowe Price Group is the successor to an investment counseling business formed by Thomas Rowe Price, Jr. in 1937. It is now the investment adviser to the T. Rowe Price family of no-load mutual funds, and is one of the largest publicly held U.S. mutual fund complexes.

T. Rowe Price offers mutual funds and separate accounts that employ a broad range of investment styles, including growth, value, sector-focused, tax-efficient, and quantitative index-oriented approaches. The company's investment approach is based upon a commitment to proprietary research, sophisticated risk management processes, and a strict adherence to stated investment objectives. The company employs both fundamental and quantitative methods in performing security analysis, using internal equity and fixed income investment research capabilities. We believe T. Rowe Price's broad line of no-load mutual funds makes it easy for investors to reallocate assets among funds (which is not the case at some smaller fund companies), contributing to increased client retention.

All of the company's Investor class funds are sold without a sales commission, known as no-load funds. Its Advisors and R class funds, distributed through third-party financial intermediaries, carry 12b-1 fees to cover distribution costs. The company also manages private accounts for individuals and institutions. Revenues primarily come from investment advisory fees for managing portfolios, which depend largely on the total value and composition of assets under management.

IMPACT OF MAJOR DEVELOPMENTS. In January 2020 TROW announced that it has filed registration statements with the SEC to offer four strategies of semi-transparent exchange traded funds (ETFs) - a Blue Chip Growth, Growth Stock, Dividend Growth, and an Equity Income product. TROW said in early July 2020 it received all the regulatory approvals necessary and that it planned to launch these funds in August 2020. The Securities and Exchange Commission (SEC) granted preliminary exemptive relief to TROW in mid-November 2019, paving the way for the creation and rollout of these ETF products that employ TROW's actively managed approach. The SEC approved the formation of semi-transparent exchange traded funds (ETFs) in mid-April 2019, essentially giving investors access to an actively managed account within an ETF format. We view this as a positive development and one that should enhance TROW's already strong competitive position, long term.

CORPORATE STRATEGY. We expect the company to continue to conservatively and opportunistically grow its business by investing in people and systems. From a product perspective, we look for the company to emphasize its retirement date funds, which have seen strong inflows in recent years, but continue to avoid hedge fund and private equity offerings. We estimate that about two-thirds of the company's assets under management are retirement-related, which we think have a high retention rate. We expect the company to grow its third-party distribution platform. We also see TROW continuing to expand globally, having opened new offices in Sweden, Australia and Dubai. International clients account for less than 10% of assets under management; this is an area that the company is focused on growing. The company sub-advises investment assets for Daiwa SB Investments in Japan, in which TROW holds a 10% interest. Also, in 2010, the company completed the purchase of a 26% equity interest in the Indian firm UTI Asset Management Company and an affiliate.

FINANCIAL TRENDS. During the five years ended December 31, 2020, TROW increased its revenue at a compound annual growth rate (CAGR) of 8.1%, as fee pressures offset growth in assets under management (AUM) During this same period, AUM grew at a CAGR of 14.0%. Operating profits grew at a CAGR of 7.7% during the five years ended December 31, 2020.

Assets under management (AUM) of \$1,470.5 billion at December 31, 2020 rose \$263.7 billion from year end 2019 AUM of \$1,206.8 billion, reflecting net inflows of \$5.6 billion, market appreciation of \$256.9 billion, and the acquisition of \$1.2 billion of assets under management. Equity and blended asset mutual funds accounted for 61% of year-end 2020 AUM, while fixed income and money market funds accounted for 11%, and multi-asset funds for the remaining 28% of year end 2020 AUM.

Corporate information

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Officers

Head of Global Distribution, VP & Interim COO

R. C. Higginbotham

President, Head of Investments & Group Chief Investment Officer

R. W. Sharps

Chairman & CEO

W. J. Stromberg

CFO & Treasurer

J. B. Dardis

President, Head of Investments & Group Chief Investment Officer

R. W. Sharps

Head of Global Technology

S. Baldry

VP, General Counsel & Corporate Secretary

D. S. Oestreicher

Principal Accounting Officer & VP

J. M. Hiebler

Chairman & CEO

W. J. Stromberg

Board Members

A. D. Wilson

R. F. MacLellan

D. Dublon

R. J. Stevens

F. A. Hrabowski

R. R. Verma

M. K. Bush

S. S. Wijnberg

M. S. Bartlett

W. J. Stromberg

O. J. Snowe

Domicile

Maryland

Auditor

KPMG LLP - Klynveld Peat Marwick Goerdeler

Founded

1937

Employees

7,124

Stockholders

7,649

T. Rowe Price Group, Inc.

Quantitative Evaluations					Expanded Ratio Analysis						
Fair Value Rank	1	2	3	4	5						
	LOWEST				HIGHEST						
	Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].										
Fair Value Calculation	USD	188.90	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that TROW is overvalued by USD 32.17 or 14.55%								
Volatility	LOW	AVERAGE	HIGH								
Technical Evaluation	NEUTRAL	Since June, 2021, the technical indicators for TROW have been NEUTRAL"									
Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE								
	Price/Sales	2020	2019	2018	2017						
	Price/Tangible Book Value	4.90	4.45	4.03	4.99						
	Price/Pretax Income	10.80	9.93	9.56	10.27						
	P/E Ratio	15.17	14.00	12.70	17.58						
	% LT Debt to Capitalization	1.26	1.75	N/A	N/A						
	Avg. Diluted Shares Outstg. [M]	231.20	238.60	246.90	245.10						
	Figures based on fiscal year-end price										
Key Growth Rates and Averages											
Past Growth Rate [%]		1 Year	3 Years	5 Years							
Net Income		11.33	16.57	14.17							
Ratio Analysis [Annual Avg.]											
Return on Equity [%]		28.85	28.17	26.75							
Return on Assets [%]		17.17	17.99	18.50							

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tangible Book Value	30.89	27.36	22.93	21.05	17.74	16.35	18.11	15.84	12.37	10.88
Free Cash Flow	7.45	5.60	5.99	0.18	0.09	5.42	4.69	4.36	3.26	3.39
Earnings	9.98	8.70	7.27	5.97	4.75	4.63	4.55	3.90	3.36	2.92
Earnings [Normalized]	8.11	7.18	6.51	5.92	4.90	4.80	4.68	3.99	3.44	2.97
Dividends	3.60	3.04	2.80	2.28	2.16	2.08	1.76	1.52	1.36	1.24
Payout Ratio [%]	36.00	34.00	38.00	38.00	45.00	44.00	38.00	38.00	39.00	41.00
Prices: High	154.33	126.16	127.43	106.10	79.00	87.49	88.64	83.99	66.95	71.29
Prices: Low	82.51	86.61	84.59	65.33	62.97	65.88	71.78	63.56	54.47	44.68
P/E Ratio: High	15.50	14.50	17.50	17.80	16.60	18.90	19.50	21.50	19.90	24.40
P/E Ratio: Low	8.30	10.00	11.60	10.90	13.30	14.20	15.80	16.30	16.20	15.30
Income Statement Analysis [Million USD]										
Net Interest Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Revenue	6,207	5,618	5,373	4,855	4,285	4,201	3,982	3,484	3,022	2,750
Interest Expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loan Loss Provision	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Expense/Operating Revenue	55.80	57.50	56.30	57.60	58.00	54.80	52.50	53.00	54.90	55.30
Pretax Income	3,242	2,927	2,385	2,505	1,960	2,002	2,003	1,700	1,435	1,251
Effective Tax Rate [%]	22.20	23.20	25.80	36.90	36.00	38.90	38.60	38.40	38.40	38.20
Net Income	2,373	2,131	1,838	1,498	1,215	1,223	1,230	1,048	884.00	773.00
Net Income [Normalized]	1,876	1,712	1,608	1,451	1,228	1,252	1,252	1,063	896.90	781.60
Balance Sheet and Other Financial Data [Million USD]										
Total Assets	10,659	9,330	7,689	7,535	6,225	5,107	5,644	5,033	4,203	3,770
% Return on Assets	17.17	17.53	19.26	18.70	19.85	22.08	22.14	22.16	21.39	20.74
% Return on Equity	28.90	29.80	25.90	25.30	24.00	24.10	24.10	24.20	24.30	23.00
% Return on Common Equity	31.20	31.40	30.00	27.00	24.30	23.80	23.80	24.00	24.20	22.90
% Return on Capital	19.29	19.59	21.44	20.57	21.51	23.37	23.14	23.62	23.47	22.89

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

T. Rowe Price Group, Inc.

Sub-Industry Outlook

We have a neutral fundamental outlook for the asset management and custody banks sub-industry. We think the long-term outlook is relatively healthy due to aging populations and fairly broad-based global economic recovery expected in the aftermath of the Covid-19 induced recession. Demographic trends are also favorable, as millennials come of age and baby boomers play "catch-up" with contributions to IRAs, driving a significant increase in retirement investments, in our view. Millennials are also maturing and beginning to save for retirement. We see upside potential for asset managers with solid reputations, better-than-average fund performance, and strong management. Many of the companies in this sub-industry will also benefit from recently enacted legislative initiatives designed to encourage saving for retirement.

These positive longer-term factors are offset by some structural and secular changes within the industry, including a shift in investor preferences to ETFs and away from actively managed assets. Near-term market volatility will also impact many equity funds. Within this relatively broad-based sub-industry classification are companies engaged in asset management, trust and processing, and private equity activities. Each of these different entities' business models are influenced to varying degrees by changes in interest rates and by an array of industry-specific competitive dynamics. Within the asset management industry, there are some negative factors pressuring many firms. An ongoing shift out of active equity investments and into passive and fixed income investments has exerted downward pressure on fee revenues for most firms.

Growth in assets under management is a key driver for many firms in this industry. However, it's important to differentiate between asset growth due to positive fund flow trends and asset growth due to market appreciation. AUM levels for most firms increased year to date in 2021 amid a recovery of most asset values. However, fund flow trends varied by firm, with actively managed equity

funds seeing the most dramatic outflows. Our 2021 projection is for high-single-digit AUM growth, though near-term market volatility amid shifting sector allocations will likely keep AUM levels under pressure. A negative trend that continues to linger is AUM growth that does not directly translate to a similar rate of revenue growth due to increasing amounts of AUM flowing into lower revenue-producing, passively-managed assets.

Fund flow trends in 2020 reflected an acceleration of the ongoing shift out of active equity investments and into passive, fixed income, and money market investments. Long-term funds had net inflows of \$212.4 billion in 2020, amid taxable fixed income inflows of \$441.4 billion, sector equity inflows of \$56.3 billion, and municipal fixed income inflows of \$55.4 billion, offset by U.S. equity outflows of \$241.2 billion and international equity outflows of \$63.2 billion. Money market inflows were \$678.2 billion in 2020. Within these aggregates, mutual funds had \$289 billion of net outflows, while ETFs has \$502 billion of net inflows.

A rebound in asset values amid an economic recovery helped propel the S&P Asset Management & Custody Banks Index up by 30.7% year to date through August 13, 2021, versus a 19% rise in the S&P 1500 Index. During 2020, the sub-industry index advanced 12.8%, versus a 15.8% rise in the S&P 1500 Index.

/ Catherine Seifert

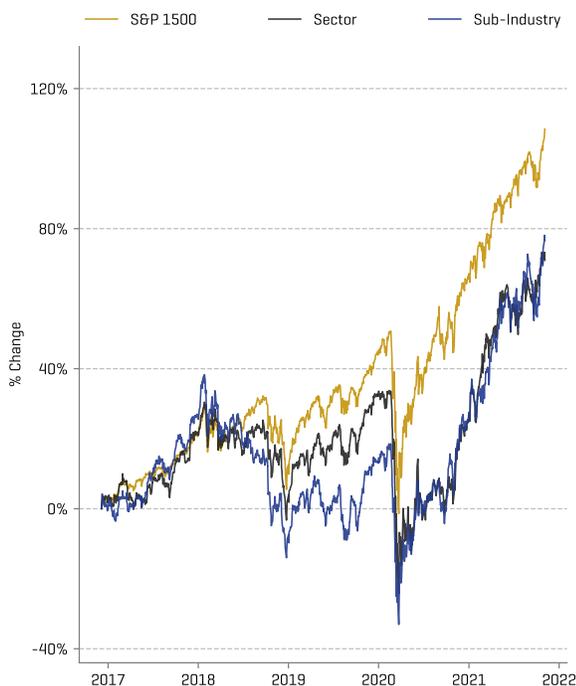
Industry Performance

GICS Sector: Financials

Sub-Industry: Asset Management and Custody Banks

Based on S&P 1500 Indexes

Five-Year market price performance through Nov 06, 2021



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Asset Management and Custody Banks Peer Group*: Asset Management and Custody Banks

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield on Equity [%]	Return on Equity [%]	LTD to Cap [%]
T. Rowe Price Group, Inc.	TROW	NasdaqGS	USD	219.63	49,372.0	12.6	61.7	22.0	188.90	2.0	28.9	1.3
Ameriprise Financial, Inc.	AMP	NYSE	USD	306.69	34,472.0	12.4	82.1	25.0	241.02	1.5	26.5	30.5
Apollo Global Management, Inc.	APO	NYSE	USD	77.29	18,958.0	25.6	89.8	176.0	81.27	2.6	10.0	69.7
Ares Management Corporation	ARES	NYSE	USD	86.31	14,409.0	15.6	98.9	99.0	N/A	2.2	14.6	79.9
Franklin Resources, Inc.	BEN	NYSE	USD	36.27	18,200.0	20.1	88.5	10.0	30.67	3.1	17.5	N/A
Invesco Ltd.	IVZ	NYSE	USD	25.93	11,959.0	2.2	88.6	23.0	28.75	N/A	5.4	13.3
KKR & Co. Inc.	KKR	NYSE	USD	81.08	47,678.0	31.0	118.2	24.0	121.94	0.7	14.4	37.7
Northern Trust Corporation	NTRS	NasdaqGS	USD	122.58	25,462.0	10.5	55.4	22.0	115.71	2.3	10.6	N/A
State Street Corporation	STT	NYSE	USD	96.53	35,294.0	8.8	59.8	15.0	98.55	2.4	9.6	N/A
The Bank of New York Mellon Corporation	BK	NYSE	USD	59.06	48,773.0	8.5	70.2	15.0	67.09	2.3	8.3	N/A
The Carlyle Group Inc.	CG	NasdaqGS	USD	58.95	21,017.0	23.4	122.7	61.0	84.38	1.7	13.0	72.9

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.

NA-Not Available; NM-Not Meaningful.

Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

T. Rowe Price Group, Inc.**Previous Analyst Research Notes and Company News****July 30, 2021**

02:23 PM ET... CFRA Lowers Opinion on Shares of T. Rowe Price Group, Inc. to Hold from Buy (TROW 204.47****):

We raise our 12-month target price by \$7, to \$207, or 14.7x our newly initiated 2023 operating EPS estimate of \$14.05 and 15.7x our 2022 EPS estimate of \$13.20 (raised by \$0.30), versus the shares' one year average forward multiple of 14.7x. We lift our 2021 operating EPS estimate by \$0.29, to \$12.54, after Q2 EPS of \$3.31 versus \$2.29 topped our \$3.02 EPS estimate, the \$3.20 consensus forecast on 36% revenue growth amid 33% growth in assets under management (AUM), to \$1.6 trillion at June 30th. While a recovery in asset values drove the year to year growth in AUM and revenues, our view is tempered by the \$600M in net outflows during the quarter, including \$8.1B from TROW's core mutual funds. We continue to view TROW as a top tier asset manager with an above-peer technology and distribution platform. But, TROW shares, which have risen nearly 39% YTD and are currently trading at 16.3x our 2021 operating EPS estimate, appear fairly valued and lack a near term catalyst amid an erosion in fund flow trends. / Catherine Seifert

April 29, 2021

04:37 PM ET... CFRA Keeps Buy Recommendation on Shares of T. Rowe Price Group, Inc. (TROW 181.82****):

We raise our 12-month target by \$10, to \$200, or 16.3x our 2021 operating EPS estimate of \$12.25 (increased by \$0.75) and 15.5x our 2022 operating EPS estimate of \$12.90 (lifted by \$0.40), versus the shares' 10-year average forward multiple of 16.3x and a peer average of 16.4x. Q1 EPS of \$3.01 versus \$1.87 topped our \$2.75 EPS estimate and the \$2.94 consensus forecast on 25% higher revenues amid a 27% rise in core fee revenues, as assets under management (AUM) surged 52%, to \$1.52 trillion. We raise our revenue growth forecast for 2021 to 12% to 16% (from 10% to 14%) on favorable inflow and revenue growth trends (albeit not at Q1's run rate). We also applaud steps TROW has taken to contain operating costs (which rose by 23.6% Y/Y but declined 4.4% sequentially) while it maintains a best-in-class technology platform and expands its product suite and geographic reach. Trading at 14.8x our 2021 EPS estimate, the shares (currently yielding 2.4%) are undervalued versus peer and historical averages, in our view. / Catherine Seifert

January 28, 2021

01:09 PM ET... CFRA Keeps Buy Opinion on Shares of T. Rowe Price Group, Inc. (TROW 163.84****):

We raise our 12-month target price by \$40, to \$190, or 16.5x our 2021 EPS estimate of \$11.50 (raised today by \$1.45) and 15.2x our 2022 EPS estimate of \$12.50 (also raised today by \$1.75), in line with TROW's 10-year average forward multiple of 16.5x and above the peer average of 14.4x, reflecting TROW's above-peer rate of growth and wider operating margins. Q4 EPS of \$3.33 versus \$2.24 topped our \$2.40 EPS estimate and the \$2.88 consensus forecast, on 18% higher revenues amid 22% growth in assets under management (to \$1.47 trillion at year end) that included \$2.2 billion of net inflows and wider operating margins of 43.6% versus 39.5%. Full-year EPS of \$9.98 versus \$8.70 topped our \$9.09 EPS estimate, the \$9.50 consensus forecast on 10.5% higher revenues (versus our 5%-9% forecast) and operating margins of 44.2% versus 42.5%. We see 10%-14% revenue growth in 2021 and a rise of 7%-10% in 2022 and operating margins of 44%-plus supporting the shares' above-peer valuation. The shares also currently yield 2.2%. / Catherine Seifert

November 02, 2020

11:42 AM ET... CFRA Keeps Buy Opinion on Shares of T. Rowe Price Group, Inc. (TROW 126.66****):

We trim our 12-month target price by \$3 to \$150, or 14.9x our 2021 EPS estimate of \$10.05 (raised today by \$0.70) and 14x our newly initiated 2022 EPS estimate of \$10.75 versus TROW's five-year average forward multiple of 15.2x and a peer average of 13.4x. We raise our 2020 EPS estimate by \$0.63 to \$9.09 and our Q4 EPS estimate by \$0.21 to \$2.40. Q3 EPS of \$2.73 versus \$2.23 topped our \$2.31 EPS estimate and the \$2.52 consensus forecast on 11.9% revenue growth (versus our forecast of 3%-6% growth). Nine-month revenues grew by 7.8%. We now see 5% to 8% revenue growth in 2020 and gains of 6% to 9% in 2021. We consider TROW a best in class asset manager, but our view is tempered by Q3 net outflows of \$5.3B (on \$1.3 trillion of invested assets) amid secular pressures in active equity management that we see TROW countering with strong fund performance and actively managed ETFs. Currently trading at 12.9x our 2021 EPS estimate and yielding 2.8%, we view the shares as undervalued versus peer and historical levels. /

Catherine Seifert

July 29, 2020

02:06 PM ET... CFRA Keeps Buy Opinion on Shares of T. Rowe Price Group, Inc. (TROW 133.93****):

We raise our 12-month target price by \$25 to \$153, or 18.1x our 2020 EPS estimate of \$8.46 (raised by \$1.53) and 16.4x our 2021 EPS estimate of \$9.35 (raised by \$0.70) versus TROW's 10-year average forward multiple of 16.8x and a peer average of 14.6x (which includes distressed firms). Q2 EPS of \$2.55 versus \$2.15 topped our \$1.77 EPS estimate and the \$2.26 consensus forecast, as 1.4% higher revenues (hurt by the Q1 market sell-off) were offset by wider net margins of 42.6% versus 37.8%. We see 2020 revenue growth of 3%-6%, in line with the YTD rise of 5.7%. We see two key trends providing TROW shares (which currently yield 2.6%) with a catalyst to support their premium to peers valuation. First, Q2 net inflows of \$14.7B enable TROW to grow AUM (which topped \$1.2T at June 30) organically, while many peers face net outflows. Second, TROW received final SEC approval to offer active ETFs and is launching four strategies in August. Adding ETFs to its product mix widens the already wide moat around TROW. / Catherine Seifert

April 28, 2020

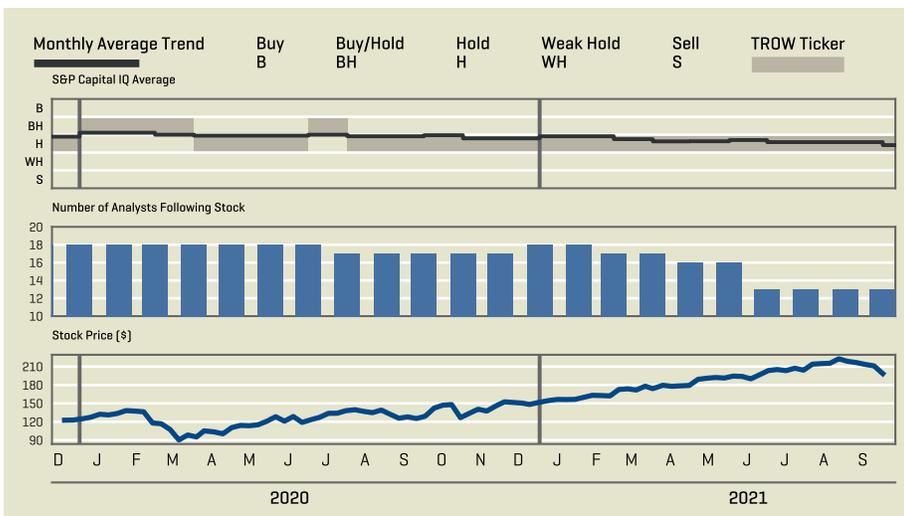
02:15 PM ET... CFRA Keeps Buy Recommendation on Shares of T. Rowe Price Group, Inc. (TROW 106.50****):

We cut our 12-month target price by \$22, to \$128, or 18.5x our 2020 EPS estimate of \$6.93 (cut today by \$2.02) and 14.8x our 2021 EPS estimate of \$8.65 (cut by \$0.75), versus the shares' 10 year average forward multiple of 16.8x and a peer average of 14.7x. Q1 EPS of \$1.41 versus \$2.09 included a \$500.3M mark to market asset write-down versus a year ago \$202.8M gain, which masked 10% higher revenues and a 33% rise in operating profits. Though not immune to market conditions, TROW saw \$6B of net outflows to its \$1 trillion AUM base in Q1. But, with a solid franchise and the ability to invest in that franchise (like the \$230M in planned 2020 capex spending earmarked primarily for tech upgrades), we view the shares, currently trading at 16.4x our 2020 EPS estimate and 13.1x our 2021 EPS estimate as undervalued versus historical levels. We expect TROW's solid balance sheet (no debt and \$5B in cash) and above-peer operating margins (of 40%-plus) to support the shares' premium valuation versus peers. / Catherine Seifert

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

T. Rowe Price Group, Inc.

Analysts Recommendations



Wall Street Consensus Opinion

Hold

Wall Street Consensus vs. Performance

For fiscal year 2021, analysts estimate that TROW will earn USD 12.73. For fiscal year 2022, analysts estimate that TROW's earnings per share will grow by 6.36% to USD 13.54.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	1	8	1	2
Buy/Hold	0	0	0	0
Hold	9	69	9	8
Weak hold	1	8	1	1
Sell	1	8	1	1
No Opinion	1	8	1	1
Total	13	100	13	13

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2022	13.54	15.21	12.64	10	16.22
2021	12.73	12.96	12.59	10	17.25
2022 vs. 2021	▲ 6%	▲ 17%	▲ 0%	N/A%	▼ -6%
Q4'22	3.58	3.96	3.33	4	61.44
Q4'21	3.15	3.38	3.01	8	69.74
Q4'22 vs. Q4'21	▲ 14%	▲ 17%	▲ 11%	▼ -50%	▼ -12%

Forecasts are not reliable indicator of future performance.

Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

T. Rowe Price Group, Inc.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)], based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR	- Compound Annual Growth Rate
CAPEX	- Capital Expenditures
CY	- Calendar Year
DCF	- Discounted Cash Flow
DDM	- Dividend Discount Model
EBIT	- Earnings Before Interest and Taxes
EBITDA	- Earnings Before Interest, Taxes, Depreciation & Amortization
EPS	- Earnings Per Share
EV	- Enterprise Value
FCF	- Free Cash Flow
FFO	- Funds From Operations
FY	- Fiscal Year
P/E	- Price/Earnings
P/NAV	- Price to Net Asset Value
PEG Ratio	- P/E-to-Growth Ratio
PV	- Present Value
R&D	- Research & Development
ROCE	- Return on Capital Employed
ROE	- Return on Equity
ROI	- Return on Investment
ROIC	- Return on Invested Capital
ROA	- Return on Assets
SG&A	- Selling, General & Administrative Expenses
SOTP	- Sum-of-The-Parts
WACC	- Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

T. Rowe Price Group, Inc.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

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Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of March 05, 2021

Ranking	North America	Europe	Asia	Global
Buy	40.3%	32.5%	40.0%	38.7%
Hold	49.6%	57.1%	53.1%	51.7%
Sell	10.1%	10.3%	6.9%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

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