



## NEWS RELEASE

### T. ROWE PRICE'S DAVID GIROUX OFFERS INVESTING INSIGHTS IN NEW BOOK

*Successful portfolio manager's "Capital Allocation: Principles, Strategies, and Processes for Creating Long-Term Shareholder Value" explores an overlooked and underappreciated aspect of stock investing*

**Baltimore: December 13, 2021**

T. Rowe Price investment professional David Giroux has authored a book, "Capital Allocation: Principles, Strategies, and Processes for Creating Long-Term Shareholder Value," published today by McGraw Hill.

In "Capital Allocation," Giroux shares his experiences from an acclaimed 23-year career<sup>1</sup> as an investment analyst and portfolio manager. According to Giroux, capital allocation – the process by which company management teams and boards of directors deploy their firm's financial resources both internally and externally – is one of a company's most significant responsibilities. But the historical record indicates that the average company does not perform this strategic task effectively and that its importance is often overlooked and underappreciated, even by companies themselves.

Through numerous case studies drawn from his personal interactions with some of the world's most well-known companies as well as less familiar companies and through select academic research, Giroux gives readers a real-world glimpse behind the curtain about how capital allocation decisions are made – or not made – in company board rooms. For firms that allocate capital well, strategic decisions about activities such as capital spending, dividends, share repurchases, and acquisitions provide a meaningful competitive advantage that can lead to strong business operations, solid financial results, and attractive stock market performance. For firms that don't allocate capital well, it can mean underperformance in the marketplace, becoming a target for shareholder activism, or even company failure.

Giroux writes that sound capital allocation decisions are especially critical in today's economic environment. Many firms now have more excess free cash flow than ever to deploy, even after investing to support and grow their businesses, as a result of several current trends. Among them: slower global economic growth, lean manufacturing, and structurally low interest rates. Despite this reality, capital allocation is a topic that has largely been ignored, according to Giroux. Given its impact on the creation of shareholder value – the fundamental reason that most people invest in stocks – capital allocation warrants more time and attention than it receives, he avers. The ideas and strategies addressed in "Capital Allocation," he adds, can empower firms over the long run by minimizing short-term pressures, creating appropriate incentives, and building motivated and engaged staffs.

Proceeds from the sales of "Capital Allocation" will be donated to charity, including the T. Rowe Price Foundation, which is committed to supporting long-term community impact in youth empowerment, creativity, and innovation, and advancing comprehensive approaches to hunger, poverty, and homelessness alleviation in Baltimore, Maryland and around the globe.



## QUOTE

David Giroux, portfolio manager and chief investment officer for Equity and Multi-Asset

“When I began my research in earnest for this book in 2017, I was shocked to learn the scant consideration given to capital allocation. My goal in writing ‘Capital Allocation’ was to help readers, in a simple and straightforward way, better understand the link between capital allocation and company performance. It’s a subject that has fascinated me since I became a professional investor in 1998. These thoughts have been percolating in my head for the last two decades, and it’s gratifying now to have them on paper and share them with others. In a way, the book serves as a roadmap for company management teams and boards to test the efficacy of their capital strategies as they work to deliver attractive returns for shareholders over the long term. It’s my hope that everyone who reads the book – company executives, board members, investors, finance students and professors, and, really, anyone with an interest in how business operates – will benefit from it.”

## <sup>1</sup>BACKGROUND ON DAVID GIROUX

David Giroux is a portfolio manager in the U.S. Equity Division of T. Rowe Price. He manages the US Capital Appreciation Strategy, including the T. Rowe Price Capital Appreciation Fund.<sup>i</sup> He also serves as the firm’s head of Investment Strategy, chief investment officer for Equity and Multi-Asset, and cochair of the Equity Research Advisory Committee. Giroux is a five-time nominee and two-time winner of Morningstar’s Fund Manager of the Year Award.<sup>ii</sup> Of Giroux, Morningstar said, “This portfolio manager belongs on the Mount Rushmore of the greatest investors of this decade.”<sup>iii</sup> The Capital Appreciation Fund has won multiple awards from Lipper since he became its portfolio manager in 2006, and it ranks in the top percentile of Lipper’s Mixed-Asset Target Allocation Growth classification based on total return for the 15 years ended September 30, 2021.<sup>iv</sup> Giroux joined T. Rowe Price in 1998 as associate analyst and two years later he became an analyst of the industrials, machinery, building products, and automotive sectors. He holds a Bachelor of Arts degree, magna cum laude, in finance and political economy from Hillsdale College and the Chartered Financial Analyst<sup>®</sup> designation.

## ABOUT T. ROWE PRICE

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc., is a global investment management organization with \$1.63 trillion in assets under management as of November 30, 2021. 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](http://troweprice.com), [Twitter](#), [YouTube](#), [LinkedIn](#), or [Facebook](#).

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

**Past performance cannot guarantee future results.** The fund is subject to the inherent volatility of common stock investing. All investments are subject to risk, including the possible loss of principal. For the most recent fund performance, please visit [troweprice.com](http://troweprice.com).

*[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.*

As of September 30, 2021, the rankings for T. Rowe Price Capital Appreciation Fund, Investor Class Shares, in the Lipper Mixed-Asset Target Allocation Growth category were 77 out of 455, 6 out of 477, 1 out of 292, and 1 out of 217 for the 1-, 5-, 10-, and 15-year periods, respectively.



Source for Lipper Index Data: Lipper, Inc. Portions of the mutual fund information was supplied by Lipper, a Refinitiv Company, subject to the following: Copyright 2021 © Refinitiv. All rights reserved. Any copying, republication, or redistribution of Lipper content is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Fund Manager of the Year Award: Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. The Fund Manager of the Year award winners are chosen based on research and in-depth qualitative evaluation by Morningstar's Manager Research Group. To qualify for the award, managers' funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term risk-adjusted performance and of aligning their interests with shareholders'. Managers' funds must currently have a Morningstar Analyst Rating<sup>™</sup> of Gold or Silver. David Giroux won the award for Allocation Funds in 2012 and Allocation/Alternative Funds in 2017.

Capital Appreciation Fund has a Morningstar Analyst Rating of Gold, with a rating of High on each of Morningstar's Parent, People, and Process pillars.<sup>v</sup>

### **MORNINGSTAR ANALYST RATING<sup>™</sup> FOR FUNDS METHODOLOGY**

The Morningstar Analyst Rating<sup>™</sup> for Funds is the summary expression of Morningstar's forward-looking analysis of a fund. Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver, and Bronze, in addition to Neutral and Negative ratings. The Analyst Rating is based on the analyst's conviction in the fund's ability to outperform its peer group and/or relevant benchmark on a risk-adjusted basis over the long term.

Morningstar's global analyst team has identified five key areas that they believe are crucial to predicting the future success of strategies and their associated vehicles: People, Parent, Process, Performance, and Price. These five pillars form the spine of Morningstar's research approach, and each of them is evaluated when assessing a fund. In so doing, Morningstar not only evaluates each pillar but also the interaction between them, which they believe is crucial to understanding a strategy's overall merit. More information on Morningstar's Analyst Rating<sup>™</sup> for Funds can be found [here](#).

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<sup>i</sup> T. Rowe Price Capital Appreciation Fund is closed to new investors.

<sup>ii</sup> Nominations in 2012, 2013, 2014, 2015, and 2017.

<sup>iii</sup> Morningstar analyst report, November 4, 2020.

<sup>iv</sup> The Lipper percentile ranking is based on a fund's total return relative to all funds in the same category for the period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. The top-performing funds in a category will always receive a rank of 1.

<sup>v</sup> Morningstar Analyst Gold Rating as of November 1, 2021; Morningstar People and Process Pillar as of November 1, 2021; Morningstar Parent Pillar as of May 4, 2020.

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