

BALANCED FUND

Quarterly Fund Update as of 9/30/2011

OBJECTIVE

The fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed-income securities.

Not FDIC-insured. May lose value. No bank guarantee.

INVESTMENT STRATEGY

- Invests approximately 65% of total assets in U.S. and foreign common stocks and 35% in fixed-income securities.
- At least 25% of total assets will be invested in senior fixed-income securities.

BENEFITS AND RISKS

- Offers a way to balance the potential capital appreciation of common stocks with the income and relative stability of bonds over the long term.
- Stock prices can fall because of weakness in the broad market, a particular industry, or specific holdings.
- Bonds may decline due to rising interest rates, a credit rating downgrade, or failure of the issuer to make timely payments of interest or principal.
- Foreign investments are subject to risks, including adverse political and economic developments overseas, greater volatility, less liquidity, and the possibility that foreign currencies will decline against the dollar.

INVESTOR PROFILE

- Intended for investors seeking a middle-of-the-road approach that emphasizes stocks for their higher capital appreciation potential but retains a significant income component to temper principal volatility.
- The fund can be used in both regular and tax-deferred accounts, such as IRAs.

INVESTMENT STYLE

Moderate Allocation

FUND MANAGEMENT

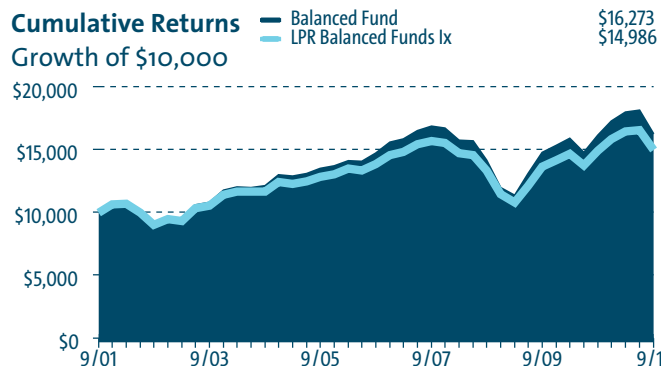
Edmund M. (Ned) Notzon and Charles Shriver are co-portfolio managers for the T. Rowe Price Balanced, Personal Strategy, Spectrum Income, and Spectrum Growth Funds. Ned earned an S.B. in mathematics from Massachusetts Institute of Technology and an M.S. in statistics and a Ph.D. in operations research from Stanford University. Charles earned a B.A. in economics and rhetoric/communications studies from the University of Virginia, an M.S.F. in finance from Loyola University Maryland, and a graduate diploma in public economics from Stockholm University. They have both earned the Chartered Financial Analyst designation.

KEY FUND DATA

Symbol:	RPBAX	
CUSIP:	77954G108	
Sales Charge:	None	
Redemption Fee:	None	
12b-1 Fee:	None	
Assets (millions): ¹	\$2,831.8	
Inception Date:	December 31, 1939	
Expense Ratio: ²	Gross 0.68%	Net 0.66%
Lipper Balanced Funds Average Expense Ratio: ³	0.94%	
Fund Manager Tenure: ⁴	9 years	
Morningstar Moderate Allocation Category Average:	5 years	
Portfolio Holdings Turnover:	53%	
Morningstar Moderate Allocation Category Average:	72%	

- ¹ Applies to all share classes.
- ² As of 12/31/2010. The fund's net expense ratio reflects a credit received from investing in other T. Rowe Price funds. The fund will always receive a credit if it invests in other T. Rowe Price funds but the credit will vary each year based on the amount invested.
- ³ Lipper expenses are based on fiscal year-end data available as of September 30, 2011.
- ⁴ Number of years managing the fund.

RETURNS



Average Annual Returns

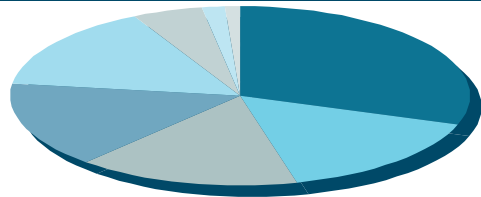
	Balanced Fund	LPR Balanced Funds Ix
3 Months	-10.32%	-9.62%
Year-to-Date	-5.75	-5.41
1 Year	0.60	0.30
3 Years	4.68	3.94
5 Years	1.97	1.53
10 Years	4.99	4.13

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. The performance information shown does not reflect the deduction of any redemption fee; if it did, the performance would be lower. To obtain the most recent month-end performance, please visit our website or contact a T. Rowe Price representative at 1-877-804-2315.

Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Periods less than one year are not annualized.

BALANCED FUND

ASSET ALLOCATION



■ 30.2% Investment Grade	■ 15.8% Large-Cap Core
■ 15.7% Large-Cap Growth	■ 15.5% Large-Cap Value
■ 15.2% Non-U.S. Equity	■ 4.9% High Yield
■ 1.6% Real Assets	■ 1.1% Reserves

SECTOR ALLOCATION - EQUITY ONLY

Information Technology	16.9%
Financials	15.4
Consumer Discretionary	14.7
Industrials & Business Services	11.1
Health Care	11.0
Energy	10.3
Consumer Staples	6.3
Materials	4.2
Telecommunication Services	4.0
Utilities	3.6

PORTFOLIO CHARACTERISTICS

Equity	Fund	S&P 500 Index
Earnings Growth*† (Five-Year Estimate)	11.9%	11.0%
Price to Earnings*† (12 Months forward)	11.3x	11.6x
Price to Book*	2.4x	2.4x
Return on Equity*† (Last 12 Months)	19.6%	19.9%
Investment-Weighted Median Market Cap (Millions)	\$33,113	\$45,173

*Investment Weighted Median

†Statistic is based on the companies in the fund's portfolio and is not a projection of future fund performance.

Fixed Income	Fund	Bar Cap US Agg
Maturity	7.7 years	7.1 years
Duration	4.57 years	4.9 years

TOP 10 HOLDINGS – EQUITY ONLY

Apple	2.0%
TRP Real Asset Fund	1.6
Amazon.com	1.0
Google	1.0
Pfizer	0.8
Chevron	0.8
AT&T	0.7
Wells Fargo	0.7
Danaher	0.6
Microsoft	0.6

The information shown does not reflect any ETFs that may be held in the portfolio.

RISK MEASURES (FIVE YEARS)

	Fund	Custom Benchmark‡
Annualized Std. Deviation	13.70%	12.31%
Beta	1.10	1.00
Alpha	0.47%	0.00%
Sharpe Ratio	0.03	0.00
Information Ratio	0.26	0.00
R-squared	0.98	1.00
Tracking Error	2.17%	0.00%

Figures are calculated using monthly data and are net of fees.

About T. Rowe Price

- Founded in 1937
- Commitment to fundamental in-house research with 191 dedicated analysts
- Portfolio managers have an average tenure of 15 years with the company
- Strict adherence to investment style
- Solid performance with a risk-aware investment approach
- Experienced in international investing with offices in London, Hong Kong, Singapore, Buenos Aires, and Baltimore

Definitions

Alpha — The premium an investment earned above a set benchmark, adjusted for risk. An alpha of 1.0 means a fund has outperformed its benchmark on a risk adjusted basis by 1%. A negative alpha of 1.0 means a fund has underperformed its benchmark on a risk adjusted basis by 1%.

Annualized Standard Deviation — This indicates the volatility of a portfolio's total returns as measured against its mean performance. Unlike alpha and beta, which are relative to a benchmark index, standard deviation is an absolute measure. In general, the higher the standard deviation, the greater the volatility or risk.

Beta — A measure of market risk of an investment option that shows how responsive the investment is to a given market index, such as the Standard & Poor's 500 Index. By definition, the beta of the benchmark is 1.00. An investment with a beta of 1.10 is expected to perform 10% better than the index in up markets and 10% worse in down markets. Usually, higher betas represent riskier investments.

Information Ratio — A measure of the significance or quality of alpha. A larger number is better — either a very strong alpha score or a consistent alpha with low standard deviation.

R-squared — Measures the percentage of a fund's movement that is explained by movements in the benchmark index. R-squared helps to indicate the accuracy of a fund's alpha and beta.

Sharpe Ratio — A measure of the risk-adjusted return of a portfolio. Generally, the larger the number, the better the portfolio's historical risk-adjusted return.

Tracking Error — The standard deviation of monthly excess returns of the portfolio over the benchmark.

Earnings Growth — A company's expected earnings per share growth rate for a given time period based on the forecast from the Institutional Broker's Estimate System, which is commonly referred to as IBES.

Price to Book — A valuation measure that compares a stock's market price to its book value, i.e., the company's net worth divided by the number of outstanding shares.

Price to Earnings — The price-to-earnings ratio shows the "multiple" of earnings at which a stock is selling. It is calculated by dividing a stock's current price by its current earnings per share. A high multiple means that investors are optimistic about future growth and have bid up the stock's price.

Return on Equity — A measure of how well a company used reinvested earnings to generate additional earnings, equal to a fiscal year's after-tax income (after preferred stock dividends but before common stock dividends) divided by shareholders' equity.

Source for Morningstar Data: © 2011 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Certain numbers in this report may not equal stated totals due to rounding.

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

‡Custom Benchmark: A benchmark that reflects weighted averages of benchmark returns based on the fund's current neutral allocations in T. Rowe Price mutual funds. These allocations will change over time. As of the current quarter, the custom benchmark represents 52% S&P 500 Index, 35% Barclays Capital U.S. Aggregate Bond Index, 13% MSCI EAFE Index.

