

JUNE 30, 2009

NEW
AMERICA
GROWTH
FUND

Semiannual Report



T. ROWE PRICE[®]

T. ROWE PRICE NEW AMERICA GROWTH FUND

HIGHLIGHTS

- After a grueling start to the year, stocks staged an impressive rally beginning in March and ended the first half of 2009 with modest positive returns.
- The New America Growth Fund posted a strong gain for the six-month period ended June 30, 2009, outpacing the S&P 500 Index and its Lipper benchmark.
- Strong stock selection was the primary driver of the portfolio's outperformance in the first half of the year.
- We remain optimistic that the economy and stock markets will show gradual improvement over the coming months and believe that our commitment to fundamental research will continue to serve our clients well over the long term.

The views and opinions in this report were current as of June 30, 2009. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors, and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of the fund's future investment intent. The report is certified under the Sarbanes-Oxley Act, which requires mutual funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

REPORTS ON THE WEB

Sign up for our E-mail Program, and you can begin to receive updated fund reports and prospectuses online rather than through the mail. Log in to your account at troweprice.com for more information.

Fellow Shareholders

After a grueling start to the year, stock indices staged an impressive rally beginning in March and ended the first half of 2009 with modest positive returns. Despite the less-than-robust equity markets environment, the New America Growth Fund posted strong gains that were well ahead of the S&P 500 and its Lipper peer group. While we cannot predict what the coming months will bring, we are cautiously optimistic that the economy is stabilizing and expect a gradual recovery to take hold as the economy improves over the coming quarters. Throughout the remainder of this letter, I’ll describe the market environment so far this year, discuss the portfolio in more detail, and close with my views on the next year or so.

PORTFOLIO PERFORMANCE

The New America Growth Fund significantly outperformed the S&P 500 Stock Index and the Lipper Multi-Cap Growth Funds Index in the six-month period ended June 30, 2009, as shown in the table. Our results benefited from strong stock selection decisions across the board as well as sector allocation, especially in information technology, which

PERFORMANCE COMPARISON	
Six-Month Period Ended 6/30/09	Total Return
New America Growth Fund	22.75%
New America Growth Fund—Advisor Class	22.56
S&P 500 Stock Index	3.16
Lipper Multi-Cap Growth Funds Index	12.56

was the portfolio’s largest overweight versus the S&P 500. (Results for Advisor Class shares were slightly lower, reflecting their higher fee structures.)

The New America Growth Fund has generated excellent results versus its Lipper peer group, the

multi-cap growth funds index. Lipper ranked the fund in the top 7% of its category for the three-year period and in the best 10% for the one-year period ended June 30, 2009. (Based on cumulative total return, Lipper ranked the New America Growth Fund 44 out of 458, 24 out of 365, 79 out of 306, and 87 out of 150 funds in its multi-cap growth funds universe for the 1-, 3-, 5-, and 10-year periods ended June 30, 2009, respectively. *Past performance cannot guarantee future results.*)

A WORD ABOUT YOUR SHAREHOLDER REPORT

At T. Rowe Price, we believe that information is essential to understanding your investments in this fast-moving and volatile market environment. In this shareholder report's "Manager's Letter," your fund's portfolio manager writes a candid assessment of recent market events and fund performance, offers important insights into how the fund is managed, and provides a perspective for the next few months. We encourage you to read this report carefully.

Did you know you could receive your shareholder report sooner? The online version is usually available at least two weeks before you receive it by mail. If you're looking for easy access to the latest shareholder reports, account statements, transaction confirmations, tax forms, mutual fund prospectuses, and more, consider paperless e-delivery options from T. Rowe Price.

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MARKET ENVIRONMENT

The first six months of 2009 incorporated two very distinct periods. We opened the year to another gut-wrenching sell-off that lasted through early March—driven by lingering concerns over the weakening global economy, dysfunctional credit markets, the health of financial institutions, and rising unemployment. However, stocks staged an impressive three-month rally starting in the second-half of March and held those gains through the end of June to finish ahead for the six-month period. The first-half result was an unexpected but welcome reprieve after the traumatic decline in the second half of 2008.

There was no single catalyst for the market recovery late in the first quarter other than a growing sense that the "worst may be over." After free-falling for much of the first quarter, the global economy seemed to stabilize at admittedly low levels. Credit markets began to function better and countless financial institutions raised more capital to fortify their balance sheets. While unemployment continued to rise, consumer confidence flattened out and even rose for a few months in the spring. Perhaps improving investor sentiment and stabilizing consumer confidence was all the market needed to stage a significant rally from depressed levels.

GROWTH VS. VALUE

Periods Ended 6/30/09	Annualized Returns			
	6 Months	12 Months	3 Years	5 Years
Russell 1000 Growth Index	11.53%	-24.50%	-5.45%	-1.83%
Russell 1000 Value Index	-2.87	-29.03	-11.11	-2.13
Russell Midcap Growth Index	16.61	-30.33	-7.93	-0.44
Russell Midcap Value Index	3.19	-30.52	-11.07	-0.43
Russell 2000 Growth Index	11.36	-24.85	-7.83	-1.32
Russell 2000 Value Index	-5.17	-25.24	-12.07	-2.27

With the improving backdrop for stocks, investors' appetite for risk returned in March. Accordingly, growth indices significantly outperformed value during the six-month period across all market capitalizations. Additionally, the best-performing S&P 500 sectors during the last six months were "riskier" groups such as information technology, materials, and consumer discretionary. At the same time, some of the worst-performing sectors were those perceived as "safe havens," such as telecommunication services, utilities, and consumer staples. It's truly amazing how quickly things changed, as it was only six months ago that I wrote about heightened risk aversion throughout the market.

PORTFOLIO REVIEW

Looking at the portfolio's first-half performance, three key things stand out. First, we benefited handsomely from the stocks bought at what I can now safely say were distressed prices during last fall's meltdown. A few of these purchases are mentioned in more detail as top contributors. Second, sector positioning was a strong performance contributor during the period, as our holdings in areas of high exposure such as information technology and health care performed well, and lower-exposure areas such as financials and telecommunications fared worse. Finally, stock selection was especially strong, and the fund benefited from names that wouldn't be featured prominently in any benchmark, such as aerospace supplier **Goodrich** and dental distributor **Henry Schein**—both of which were among our 10 best contributors for the six-month period, as shown in the table on page 9. (Please refer to the portfolio of investments for a detailed list of holdings and the amount each represents in the portfolio.)

The portfolio's three best contributors were **Apple**, **Whole Foods Market**, and **Research In Motion**. I significantly increased our exposure to Apple and Research In Motion during last fall's sell-off. Both companies are benefiting from well-positioned products in the growing

smartphone category of the handset market and both posted strong first-half results.

After recording a dismal 2008 performance, Whole Foods Market has bounced back nicely thus far in 2009 due to stabilizing sales trends and management's strong execution, particularly with respect to profit margins. I continue to believe that Whole Foods is well positioned to take advantage of the growing trend toward organic and natural foods and should benefit if the economy improves in the coming years.

The fund's largest performance detractors during the six-month period were **Gilead Sciences**,

Nintendo, and **General Electric**. However, each had only a modest negative impact on results for the period. The portfolio continues to hold a large position in HIV drugmaker Gilead and a more modest position in video game maker Nintendo; we have eliminated GE from the portfolio.

Two of the fund's largest purchases during the first six months of the year were **Wal-Mart** and **Monsanto**. As shown in the 25 Largest Holdings table on page 8, we had a slightly larger position in Monsanto at the end of the reporting period. Monsanto primarily sells genetically engineered corn and soybean seed designed to help farmers realize higher crop yields. The need for productive crops is more important than ever as the demand for grain increases due to the rising global population and the growing use of ethanol, while fertile farmland is in shorter supply. When

SECTOR DIVERSIFICATION

	Percent of Net Assets		
	6/30/08	12/31/08	6/30/09
Information Technology	32.5%	33.0%	30.4%
Health Care	22.3	21.3	19.3
Industrials and Business Services	16.7	15.9	12.2
Financials	3.8	4.2	7.2
Consumer Discretionary	6.7	8.6	6.3
Energy	7.0	5.8	6.2
Materials	1.5	4.2	5.5
Consumer Staples	2.0	1.6	4.0
Telecommunication Services	2.2	2.5	2.2
Utilities	0.5	0.0	0.3
Other and Reserves	4.8	2.9	6.4
Total	100.0%	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

a short-term issue knocked the stock down to roughly half the level of a year ago, I decided to add aggressively to our existing position.

Wal-Mart should continue to benefit as consumers seek good values, a trend that is unlikely to go away any time soon. The company has put up good results relative to other retailers and continues to grow even though it sells an astonishing \$400 billion-plus worth of goods each year. Despite its solid fundamental performance, the stock is only marginally higher since the market lows in early March. We think it is a conservative investment that is attractively valued in the high \$40s.

The fund's most significant sale during the period was the elimination of **Wyeth**, which announced earlier in the year that it would be acquired by rival pharmaceutical company Pfizer. Given our view that there would be limited upside in Wyeth's stock and the second-quarter sell-off in many health care companies, I decided to redeploy proceeds from Wyeth into some newer health care positions, including **Baxter International**, **Express Scripts**, and **DaVita**.

OUTLOOK

The U.S. consumer remains under considerable stress and most of the world is still in recession. This environment pressures companies to cut expenses and eke out growth wherever possible. Some pundits say that “green shoots” are visible in parts of the economy, but I expect the economy to remain choppy through the end of the year. That said, and looking ahead to next year, I am now more optimistic about stocks than I was six months ago.

In overly simplistic terms, stock prices are driven by two fundamental forces—earnings and valuations. Both have been hammered for roughly a year now. While it is tough, if not impossible, to predict the timing, I think that in the coming years investors can look forward to a recovery in both earnings and valuations—as current stabilization turns to growth and the numerous crises of the past year slowly subside.

In particular, it is likely we will see an earnings recovery over the next year or two. Consider that the past year has been marked by a virtual collapse in end demand across many sectors and shrinking inventories throughout the economy. Profit margins fell as the economic downturn accelerated so quickly in the fall of 2008 that many companies struggled to adjust their cost structures. In some ways, these three issues were a perfect storm for earnings.

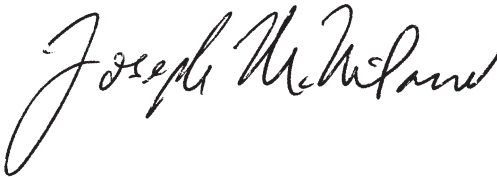
ALTHOUGH THE
FUND'S YEAR-TO-
DATE PERFORMANCE
HAS BEEN STRONG...
OUR INVESTMENT
PROCESS FOCUSES
ON THE LONG
TERM, NOT SIX-
MONTH PERIODS.

Between now and the end of next year, as confidence and credit markets continue to improve, we could see a pickup in demand and a modest rebuilding of inventories. In addition, most companies will likely be slow to increase their budgets, which should, for a time, lead to stronger-than-normal profitability and drive powerful earnings growth off of easy year-to-year comparisons.

The portfolio is positioned today as it has consistently been during my seven years as portfolio manager—broadly diversified and focused on high-quality, larger-capitalization growth companies. We continue to find attractive opportunities in areas such as health care, technology, business services, and energy/agriculture—sectors that make up nearly two-thirds of the portfolio at the moment.

In closing, while we do not expect the portfolio to benefit in the near term from a tailwind from the global economy, I am growing more optimistic about stocks in the coming years. As always, I will try to make sure the portfolio is well positioned for the future. And although the fund's year-to-date performance has been strong, we urge shareholders to remember that our investment process focuses on the long term, not six-month periods. This tenet should serve investors well over the long run. I am relentlessly focused on trying to deliver the best returns possible while appropriately managing risk for all of my fellow shareholders. I look forward to updating you again at year-end.

Respectfully submitted,



Joseph M. Milano
Chairman of the fund's Investment Advisory Committee

July 14, 2009

The committee chairman has day-to-day responsibility for managing the portfolio and works with committee members in developing and executing the fund's investment program.

RISKS OF STOCK INVESTING

The fund's share price can fall because of weakness in the stock markets, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse political or economic developments, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the investment manager's assessment of companies held in a fund may prove incorrect, resulting in losses or poor performance even in rising markets.

GLOSSARY

Lipper indexes: Fund benchmarks that consist of a small number (10 to 30) of the largest mutual funds in a particular category as tracked by Lipper Inc.

Russell 1000 Growth Index: An index that tracks the performance of large-cap stocks with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index: An index that tracks the performance of large-cap stocks with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: An index that tracks the performance of small-cap stocks with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index: An index that tracks the performance of small-cap stocks with lower price-to-book ratios and lower forecasted growth values.

Russell Midcap Growth Index: An index that tracks the performance of mid-cap stocks with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: An index that tracks the performance of mid-cap stocks with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Stock Index: An unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies.

PORTFOLIO HIGHLIGHTS

TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 6/30/09
Apple	2.5%
Medco Health Solutions	2.5
EOG Resources	2.4
Henry Schein	2.4
Lockheed Martin	2.3
American Tower	2.3
Electronic Arts	1.8
Google	1.8
Monsanto	1.8
Qualcomm	1.6
Global Payments	1.6
Wal-Mart	1.6
Dentsply International	1.5
Gilead Sciences	1.5
Fiserv	1.5
St. Jude Medical	1.5
Procter & Gamble	1.5
Goodrich	1.4
Cisco Systems	1.4
McAfee	1.4
Agnico-Eagle Mines	1.3
Microsoft	1.3
Western Union	1.3
Oracle	1.2
ExxonMobil	1.2
Total	42.6%

Note: Table excludes investments in the T. Rowe Price Reserve Investment Fund.

PORTFOLIO HIGHLIGHTS

CONTRIBUTIONS TO THE CHANGE IN NET ASSET VALUE

Six Months Ended 6/30/09

Best Contributors		Worst Contributors	
Apple	31¢	GE***	-5¢
Whole Foods Market	18	Nintendo	-3
Research In Motion	15	Gilead Sciences	-3
Goodrich	13	ITT**	-2
Amazon.com	13	Barrick Gold**	-2
Goldman Sachs	13	Southwest Airlines	-2
Google	13	McDermott International*	-2
Henry Schein	13	ExxonMobil*	-1
Petroleo Brasileiro	12	Costco Wholesale**	-1
Newfield Exploration	11	Mosaic Company***	-1
Total	152¢	Total	-22¢

12 Months Ended 6/30/09

Best Contributors		Worst Contributors	
Petroleo Brasileiro*	16¢	Smith International	-56¢
Priceline.com*	11	Assurant**	-31
Carnival	10	Google	-26
McAfee	10	Newfield Exploration	-24
Genentech**	9	GameStop	-21
JPMorgan Chase*	8	Schlumberger**	-21
Apple	7	eBay	-20
BlackRock***	7	Electronic Arts	-20
Amazon.com	7	EOG Resources	-19
IntercontinentalExchange*	6	MGM Mirage**	-19
Total	91¢	Total	-257¢

*Position added.

**Position eliminated.

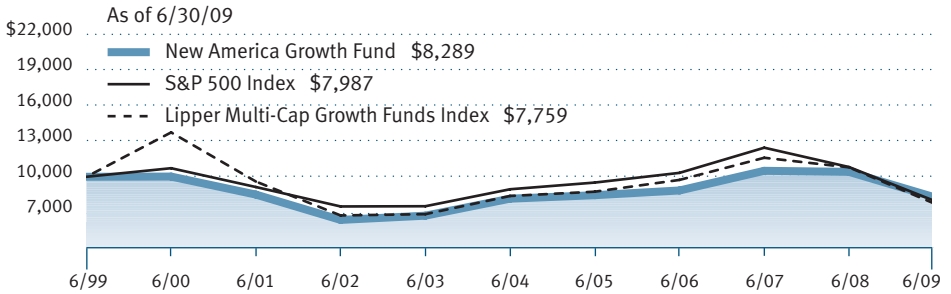
***Position added and eliminated.

Performance and Expenses

GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the fund over the past 10 fiscal year periods or since inception (for funds lacking 10-year records). The result is compared with benchmarks, which may include a broad-based market index and a peer group average or index. Market indexes do not include expenses, which are deducted from fund returns as well as mutual fund averages and indexes.

NEW AMERICA GROWTH FUND



Note: Performance for the Advisor Class will vary due to its differing fee structure. See the returns table below.

AVERAGE ANNUAL COMPOUND TOTAL RETURN

This table shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate.

Periods Ended 6/30/09	1 Year	5 Years	10 Years	Since Inception	Inception Date
New America Growth Fund	-20.41%	0.34%	-1.86%	-	-
New America Growth Fund—Advisor Class	-20.55	-	-	-2.57%	12/29/05

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. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-225-5132 (fund) or 1-800-638-8970 (Advisor Class).

Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. When assessing performance, investors should consider both short- and long-term returns.

EXPENSE RATIO

New America Growth Fund	0.91%
New America Growth Fund—Advisor Class	1.14

The expense ratio shown is as of the fund’s fiscal year ended 12/31/08. This number may vary from the expense ratio shown elsewhere in this report because it is based on a different time period and, if applicable, does not include fee or expense waivers.

FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Please note that the fund has two share classes: The original share class (“investor class”) charges no distribution and service (12b-1) fee, and the Advisor Class shares are offered only through unaffiliated brokers and other financial intermediaries and charge a 0.25% 12b-1 fee. Each share class is presented separately in the table.

Actual Expenses

The first line of the following table (“Actual”) provides information about actual account values and expenses based on the fund’s actual returns. You may use the information in this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information on the second line of the table (“Hypothetical”) is based on hypothetical account values and expenses derived from the fund’s actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund’s actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Note: T. Rowe Price charges an annual small-account maintenance fee of \$10, generally for accounts with less than \$2,000 (\$500 for UGMA/UTMA). The fee is waived for any investor whose T. Rowe Price mutual fund accounts total \$25,000 or more, accounts employing automatic investing, and IRAs and other retirement plan accounts that utilize a prototype plan sponsored by T. Rowe Price (although a separate custodial or administrative fee may apply to

FUND EXPENSE EXAMPLE (CONTINUED)

such accounts). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Beginning Account Value 1/1/09	Ending Account Value 6/30/09	Expenses Paid During Period* 1/1/09 to 6/30/09
Investor Class			
Actual	\$1,000.00	\$1,227.50	\$5.08
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.23	4.61
Advisor Class			
Actual	1,000.00	1,225.60	6.07
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.34	5.51

*Expenses are equal to the fund's annualized expense ratio for the six-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181) divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Investor Class was 0.92% and the Advisor Class was 1.10%.

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Investor Class

	6 Months Ended 6/30/09 [†]	Year Ended 12/31/08 [†]	12/31/07 [†]	12/31/06 [†]	12/31/05 [†]	12/31/04
NET ASSET VALUE						
Beginning of period	\$ 18.77	\$ 31.87	\$ 31.38	\$ 31.88	\$ 33.14	\$ 29.83
Investment activities						
Net investment loss	(0.01)	(0.05)	(0.01)	(0.01)	(0.05)	(0.02)
Net realized and unrealized gain (loss)	4.28	(12.20)	4.26	2.34	1.54	3.33
Total from investment activities	4.27	(12.25)	4.25	2.33	1.49	3.31
Distributions						
Net realized gain	–	(0.84)	(3.76)	(2.83)	(2.75)	–
Tax return of capital	–	(0.01)	–	–	–	–
Total distributions	–	(0.85)	(3.76)	(2.83)	(2.75)	–

NET ASSET VALUE

End of period **\$ 23.04 \$ 18.77 \$ 31.87 \$ 31.38 \$ 31.88 \$ 33.14**

Ratios/Supplemental Data

Total return ⁽¹⁾	22.75%	(38.31)%	13.74%	7.24%	4.35%	11.10%
Ratio of total expenses to average net assets	0.92% ⁽²⁾	0.91%	0.86%	0.89%	0.91%	0.92%
Ratio of net investment loss to average net assets	(0.06)% ⁽²⁾	(0.20)%	(0.02)%	(0.02)%	(0.16)%	(0.07)% ⁽³⁾
Portfolio turnover rate	41.1%	88.0%	60.1%	61.3%	53.0%	50.9%
Net assets, end of period (in millions)	\$ 687	\$ 499	\$ 848	\$ 805	\$ 865	\$ 935

[†] Per share amounts calculated using average shares outstanding method.

⁽¹⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

⁽²⁾ Annualized

⁽³⁾ Includes the effect of a one-time special dividend (0.24% of average net assets) that is not expected to recur.

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Advisor Class

	6 Months Ended 6/30/09 [†]	Year Ended 12/31/08 [†]	12/31/07 [†]	12/31/06 [†]	12/29/05 Through 12/31/05 [†]
NET ASSET VALUE					
Beginning of period	\$ 18.66	\$ 31.75	\$ 31.31	\$ 31.88	\$ 32.01
Investment activities					
Net investment income (loss)	(0.02) ⁽¹⁾	(0.10) ⁽¹⁾	(0.12) ⁽¹⁾	(0.09) ⁽¹⁾	–
Net realized and unrealized gain (loss)	4.23	(12.14)	4.29	2.35	(0.13)
Total from investment activities	4.21	(12.24)	4.17	2.26	(0.13)
Distributions					
Net realized gain	–	(0.84)	(3.73)	(2.83)	–
Tax return of capital	–	(0.01)	–	–	–
Total distributions	–	(0.85)	(3.73)	(2.83)	–
NET ASSET VALUE					
End of period	\$ 22.87	\$ 18.66	\$ 31.75	\$ 31.31	\$ 31.88

Ratios/Supplemental Data

Total return ⁽²⁾	22.56% ⁽¹⁾	(38.42)% ⁽¹⁾	13.51% ⁽¹⁾	7.01% ⁽¹⁾	(0.41)%
Ratio of total expenses to average net assets	1.10% ⁽¹⁾⁽³⁾	1.10% ⁽¹⁾	1.10% ⁽¹⁾	1.10% ⁽¹⁾	1.10% ⁽³⁾
Ratio of net investment (loss) to average net assets	(0.25)% ⁽¹⁾⁽³⁾	(0.38)% ⁽¹⁾	(0.34)% ⁽¹⁾	(0.28)% ⁽¹⁾	(1.10)% ⁽³⁾
Portfolio turnover rate	41.1%	88.0%	60.1%	61.3%	53.0%
Net assets, end of period (in thousands)	\$ 13,814	\$ 4,272	\$ 5,924	\$ 1,357	\$ 249

[†] Per share amounts calculated using average shares outstanding method.

⁽¹⁾ Excludes expenses in excess of a 1.10% contractual expense limitation in effect through 4/30/10.

⁽²⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

⁽³⁾ Annualized

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

June 30, 2009

PORTFOLIO OF INVESTMENTS ‡	Shares	Value
(Cost and value in \$000s)		
COMMON STOCKS 93.6%		
CONSUMER DISCRETIONARY 6.3%		
Hotels, Restaurants & Leisure 1.1%		
Carnival	290,000	7,473
		7,473
Internet & Catalog Retail 1.2%		
Amazon.com (1)	70,000	5,856
priceline.com (1)	25,000	2,789
		8,645
Media 0.8%		
Omnicom	175,000	5,527
		5,527
Specialty Retail 3.2%		
Advance Auto Parts	150,000	6,224
Bed Bath & Beyond (1)	175,000	5,381
GameStop (1)	115,000	2,531
GAP	500,000	8,200
		22,336
Total Consumer Discretionary		43,981
CONSUMER STAPLES 4.0%		
Food & Staples Retailing 2.6%		
Wal-Mart	225,000	10,899
Whole Foods Market	375,000	7,117
		18,016
Household Products 1.4%		
Procter & Gamble	200,000	10,220
		10,220
Total Consumer Staples		28,236

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
ENERGY 6.2%		
Energy Equipment & Services 0.9%		
Smith International	240,000	6,180
		6,180
Oil, Gas & Consumable Fuels 5.3%		
EOG Resources	250,000	16,980
ExxonMobil	120,000	8,389
Newfield Exploration (1)	150,000	4,901
Petroleo Brasileiro, ADR	200,000	6,672
		36,942
Total Energy		43,122
FINANCIALS 7.2%		
Capital Markets 2.7%		
E*TRADE Financial (1)	2,339,700	2,995
Goldman Sachs	25,000	3,686
Morgan Stanley	240,000	6,842
Northern Trust	100,000	5,368
		18,891
Commercial Banks 1.1%		
First Horizon National	300,000	3,600
U.S. Bancorp	250,000	4,480
		8,080
Diversified Financial Services 2.5%		
CME Group	16,000	4,978
IntercontinentalExchange (1)	39,000	4,455
JPMorgan Chase	95,000	3,241
MSCI, Class A (1)	200,000	4,888
		17,562

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
Insurance 0.9%		
Aon	160,000	6,059
		6,059
Total Financials		50,592
HEALTH CARE 19.3%		
Biotechnology 2.3%		
Amgen (1)	70,000	3,706
Gilead Sciences (1)	225,000	10,539
Vertex Pharmaceuticals (1)	50,000	1,782
		16,027
Health Care Equipment & Supplies 5.7%		
Baxter International	100,000	5,296
Boston Scientific (1)	325,000	3,296
C.R. Bard	70,000	5,211
Dentsply International	350,000	10,682
Intuitive Surgical (1)	32,500	5,319
St. Jude Medical (1)	250,000	10,275
		40,079
Health Care Providers & Services 7.8%		
DaVita (1)	75,000	3,710
Express Scripts (1)	110,000	7,562
Henry Schein (1)	350,000	16,782
McKesson	100,000	4,400
Medco (1)	380,000	17,332
WellPoint (1)	100,000	5,089
		54,875
Health Care Technology 0.5%		
Cerner (1)	55,000	3,426
		3,426

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
Life Sciences Tools & Services 1.9%		
Covance (1)	120,000	5,904
Illumina (1)	190,000	7,399
		13,303
Pharmaceuticals 1.1%		
Allergan	120,000	5,709
Elan, ADR (1)	337,500	2,150
		7,859
Total Health Care		135,569
INDUSTRIALS & BUSINESS SERVICES 12.2%		
Aerospace & Defense 5.6%		
Boeing	65,000	2,763
Goodrich	200,000	9,994
Lockheed Martin	200,000	16,130
Rockwell Collins	126,200	5,266
United Technologies	100,000	5,196
		39,349
Air Freight & Logistics 0.9%		
Expeditors International of Washington	185,000	6,168
		6,168
Airlines 0.2%		
Southwest Airlines	250,000	1,682
		1,682
Commercial Services & Supplies 0.5%		
Stericycle (1)	71,100	3,664
		3,664
Construction & Engineering 1.8%		
Foster Wheeler (1)	275,000	6,531

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
Quanta Services (1)	265,000	6,130
		12,661
Electrical Equipment 0.7%		
Emerson Electric	150,000	4,860
		4,860
Industrial Conglomerates 1.1%		
McDermott International (1)	250,000	5,077
Roper Industries	50,000	2,266
		7,343
Machinery 0.5%		
Valmont Industries	50,000	3,604
		3,604
Trading Companies & Distributors 0.9%		
Fastenal	185,000	6,136
		6,136
Total Industrials & Business Services		85,467
INFORMATION TECHNOLOGY 30.4%		
Communications Equipment 4.1%		
Cisco Systems (1)	520,000	9,693
Juniper Networks (1)	108,200	2,554
QUALCOMM	250,000	11,300
Research In Motion (1)	70,000	4,973
		28,520
Computers & Peripherals 2.5%		
Apple (1)	125,000	17,804
		17,804
Electronic Equipment, Instruments & Components 1.8%		
Corning	450,000	7,227

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
Trimble Navigation (1)	290,000	5,693
		12,920
Internet Software & Services 2.5%		
eBay (1)	300,000	5,139
Google, Class A (1)	30,000	12,647
		17,786
IT Services 7.6%		
Affiliated Computer Services, Class A (1)	90,000	3,998
Amdocs (1)	300,000	6,435
Fiserv (1)	230,000	10,511
Global Payments	300,000	11,238
Iron Mountain (1)	275,000	7,906
MasterCard, Class A	25,000	4,183
Western Union	537,500	8,815
		53,086
Semiconductor & Semiconductor Equipment 3.1%		
Altera	475,000	7,733
Intel	400,000	6,620
Microchip Technology	310,000	6,990
		21,343
Software 8.8%		
Adobe Systems (1)	285,000	8,065
Electronic Arts (1)	590,000	12,815
McAfee (1)	225,000	9,493
Microsoft	375,000	8,914
Nintendo (JPY)	10,000	2,752
Oracle	400,000	8,568
Parametric Technology (1)	225,000	2,630

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
Salesforce.com (1)	212,500	8,111
		61,348
Total Information Technology		212,807
MATERIALS 5.5%		
Chemicals 2.9%		
Monsanto	167,500	12,452
Potash Corporation of Saskatchewan	85,000	7,909
		20,361
Metals & Mining 2.6%		
Agnico-Eagle Mines	175,000	9,184
BHP Billiton, ADR	90,000	4,926
Freeport-McMoRan Copper & Gold	75,000	3,758
		17,868
Total Materials		38,229
TELECOMMUNICATION SERVICES 2.2%		
Wireless Telecommunication Services 2.2%		
American Tower, Class A (1)	500,000	15,765
Total Telecommunication Services		15,765
UTILITIES 0.3%		
Independent Power Producers & Energy Traders 0.3%		
NRG Energy (1)	80,000	2,077
Total Utilities		2,077
Total Common Stocks (Cost \$628,687)		655,845

T. ROWE PRICE NEW AMERICA GROWTH FUND

	Shares	Value
(Cost and value in \$000s)		
SHORT-TERM INVESTMENTS 6.1%		
Money Market Funds 6.1%		
T. Rowe Price Reserve Investment Fund, 0.41% (2)(3)	42,553,652	42,554
Total Short-Term Investments (Cost \$42,554)		42,554
Total Investments in Securities		
99.7% of Net Assets (Cost \$671,241)		\$ 698,399

- ‡ Denominated in U.S. dollars unless otherwise noted.
- (1) Non-income producing
- (2) Seven-day yield
- (3) Affiliated Companies
- ADR American Depository Receipts
- JPY Japanese Yen

Affiliated Companies

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

Affiliate	Purchase Cost	Sales Cost	Investment Income	Value	
				6/30/09	12/31/08
T. Rowe Price Reserve Investment Fund, 0.41%	▫	▫	61	42,554	13,731
Totals			\$ 61	\$ 42,554	\$ 13,731

▫ Purchase and sale information not shown for cash management funds.

Amounts reflected on the accompanying financial statements include the following amounts related to affiliated companies:

Investment in securities, at cost	\$ 42,554
Dividend income	61
Interest income	-
Investment income	\$ 61
Realized gain (loss) on securities	\$ -
Capital gain distributions from mutual funds	\$ -

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES

(\$000s, except shares and per share amounts)

Assets

Investments in securities, at value (cost \$671,241)	\$ 698,399
Receivable for shares sold	4,518
Receivable for investment securities sold	3,966
Dividends and interest receivable	443
Cash	1
Other assets	92
Total assets	<u>707,419</u>

Liabilities

Payable for investment securities purchased	5,879
Investment management fees payable	377
Payable for shares redeemed	362
Due to affiliates	104
Other liabilities	78
Total liabilities	<u>6,800</u>

NET ASSETS**\$ 700,619****Net Assets Consist of:**

Accumulated net investment loss	\$ (186)
Accumulated undistributed net realized loss	(101,367)
Net unrealized gain	27,158
Paid-in capital applicable to 30,419,706 no par value shares of beneficial interest outstanding; unlimited number of shares authorized	<u>775,014</u>

NET ASSETS**\$ 700,619****NET ASSET VALUE PER SHARE****Investor Class****(\$686,805,001 / 29,815,685 shares outstanding) \$ 23.04****Advisor Class****(\$13,813,819 / 604,021 shares outstanding) \$ 22.87**

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 6/30/09
Investment Income (Loss)	
Income	
Dividend	\$ 2,452
Interest	3
Total income	<u>2,455</u>
Expenses	
Investment management	1,876
Shareholder servicing	
Investor Class	\$ 583
Advisor Class	<u>3</u> 586
Rule 12b-1 fees	
Advisor Class	8
Prospectus and shareholder reports	
Investor Class	33
Advisor Class	<u>2</u> 35
Custody and accounting	81
Registration	31
Legal and audit	10
Trustees	4
Miscellaneous	<u>10</u>
Total expenses	<u>2,641</u>
Net investment loss	<u>(186)</u>
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Securities	(53,363)
Foreign currency transactions	<u>2</u>
Net realized loss	(53,361)
Change in net unrealized gain on securities	<u>173,409</u>
Net realized and unrealized gain	<u>120,048</u>
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 119,862

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/09	Year Ended 12/31/08
Increase (Decrease) in Net Assets		
Operations		
Net investment loss	\$ (186)	\$ (1,441)
Net realized loss	(53,361)	(47,907)
Change in net unrealized gain (loss)	173,409	(280,073)
Increase (decrease) in net assets from operations	119,862	(329,421)
Distributions to shareholders		
Net realized gain		
Investor Class	-	(21,431)
Advisor Class	-	(183)
Tax return of capital	-	(239)
Decrease in net assets from distributions	-	(21,853)
Capital share transactions*		
Shares sold		
Investor Class	105,778	118,343
Advisor Class	9,464	1,699
Distributions reinvested		
Investor Class	-	20,580
Advisor Class	-	185
Shares redeemed		
Investor Class	(36,036)	(140,048)
Advisor Class	(1,317)	(923)
Increase (decrease) in net assets from capital share transactions	77,889	(164)
Net Assets		
Increase (decrease) during period	197,751	(351,438)
Beginning of period	502,868	854,306
End of period	\$ 700,619	\$ 502,868
Undistributed (accumulated) net investment income (loss)	(186)	-

T. ROWE PRICE NEW AMERICA GROWTH FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(000s)

	6 Months Ended 6/30/09	Year Ended 12/31/08
*Share information		
Shares sold		
Investor Class	5,083	4,315
Advisor Class	437	68
Distributions reinvested		
Investor Class	—	1,148
Advisor Class	—	10
Shares redeemed		
Investor Class	(1,828)	(5,519)
Advisor Class	(62)	(36)
Increase (decrease) in shares outstanding	3,630	(14)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price New America Growth Fund (the fund), is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, open-end management investment company. The fund seeks to provide long-term capital growth by investing primarily in the common stocks of growth companies. The fund has two classes of shares: the New America Growth Fund original share class, referred to in this report as the Investor Class, offered since September 30, 1985, and New America Growth Fund—Advisor Class (Advisor Class), offered since December 29, 2005. Advisor Class shares are sold only through unaffiliated brokers and other unaffiliated financial intermediaries that are compensated by the class for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan. Each class has exclusive voting rights on matters related solely to that class, separate voting rights on matters that relate to both classes, and, in all other respects, the same rights and obligations as the other class.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates made by fund management. Fund management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the fund ultimately realizes upon sale of the securities. Further, fund management believes no events have occurred between June 30, 2009 and August 20, 2009, the date of issuance of the financial statements, that require adjustment of, or disclosure in, the accompanying financial statements.

Investment Transactions, Investment Income, and Distributions Income and expenses are recorded on the accrual basis. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Income tax-related interest and penalties, if incurred, would be recorded as income tax expense. Investment transactions are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared and paid by each class on an annual basis. Capital gain distributions, if any, are declared and paid by the fund, typically on an annual basis.

Currency Translation Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the date of the transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is reflected as a component of security gains and losses.

Class Accounting The Advisor Class pays distribution, shareholder servicing, and/or certain administrative expenses in the form of Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets. Shareholder servicing, prospectus, and shareholder report expenses incurred by each class are charged directly to the class to which they relate. Expenses common to both classes, investment income, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class.

Rebates and Credits Subject to best execution, the fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the fund in cash. Commission rebates are reflected as realized gain on securities in the accompanying financial statements and totaled \$6,000 for the six months ended June 30, 2009. Additionally, the fund earns credits on temporarily uninvested cash balances held at the custodian which reduce the fund's custody charges. Custody expense in the accompanying financial statements is presented before reduction for credits.

New Accounting Pronouncement On January 1, 2009, the fund adopted Statement of Financial Accounting Standards No. 161 (FAS 161), *Disclosures about Derivative Instruments and Hedging Activities*. FAS 161 requires enhanced disclosures about derivative and hedging activities, including how such activities are accounted for and their effect on financial position, performance and cash flows. Adoption of FAS 161 had no impact on the fund's net assets or results of operations.

NOTE 2 - VALUATION

The fund's investments are reported at fair value as defined under Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. The fund values its investments and computes its net asset value per share at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day that the NYSE is open for business.

Valuation Methods Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made, except for OTC Bulletin Board securities, which are valued at the mean of the latest bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the latest bid and asked prices for domestic securities and the last quoted sale price for international securities.

Investments in mutual funds are valued at the mutual fund's closing net asset value per share on the day of valuation.

Other investments, including restricted securities, and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the T. Rowe Price Valuation Committee, established by the fund's Board of Trustees.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted under the circumstances described below. If the fund determines that developments between the close of a foreign market and the close of the NYSE will, in its judgment, materially affect the value of some or all of its portfolio securities, the fund will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust closing prices to reflect fair value, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. A fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with closing prices and information to evaluate and/or adjust those prices. The fund cannot predict how often it will use closing prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares closing prices, the next day's opening prices in the same markets, and adjusted prices.

Valuation Inputs Various inputs are used to determine the value of the fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, credit risk)

Level 3 – unobservable inputs

Observable inputs are those based on market data obtained from sources independent of the fund, and unobservable inputs reflect the fund's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, non-U.S. equity securities actively traded in foreign markets generally are reflected in Level 2 despite the availability of closing prices because the fund evaluates and determines whether those closing prices reflect fair value at the close of the NYSE or require adjustment, as described above. The following table summarizes the fund's investments, based on the inputs used to determine their values on June 30, 2009:

(\$000s)	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Value
Assets				
Investments in Securities				
Common Stocks	\$ 653,093	\$ 2,752	\$ —	\$655,845
Short-term investments	42,554	—	—	42,554
Total	\$ 695,647	\$ 2,752	\$ —	\$ 698,399

NOTE 3 - OTHER INVESTMENT TRANSACTIONS

Purchases and sales of portfolio securities other than short-term securities aggregated \$275,255,000 and \$226,470,000, respectively, for the six months ended June 30, 2009.

NOTE 4 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the

Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions are determined in accordance with Federal income tax regulations, which differ from generally accepted accounting principles, and, therefore, may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of June 30, 2009.

In accordance with federal tax regulations, the fund deferred recognition of certain capital loss amounts previously recognized in the prior fiscal year for financial reporting purposes until the current fiscal period for tax purposes. Such deferrals amounted to \$36,439,000 and related to net capital losses realized between November 1 and the fund's fiscal year-end date. Further, the fund intends to retain realized gains to the extent of available capital loss carryforwards. As of December 31, 2008, the fund had \$9,579,000 of unused capital loss carryforwards, all of which expire in fiscal 2016.

At June 30, 2009, the cost of investments for federal income tax purposes was \$671,241,000. Net unrealized gain aggregated \$27,158,000 at period-end, of which \$77,023,000 related to appreciated investments and \$49,865,000 related to depreciated investments.

NOTE 5 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (the manager or Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. The investment management agreement between the fund and the manager provides for an annual investment management fee, which is computed daily and paid monthly. The fee consists of an individual fund fee, equal to 0.35% of the fund's average daily net assets, and a group fee. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first \$1 billion of assets to 0.285% for assets in excess of \$220 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At June 30, 2009, the effective annual group fee rate was 0.31%.

The Advisor Class is also subject to a contractual expense limitation through April 30, 2010. During the limitation period, the manager is required to waive

its management fee and/or reimburse expenses, excluding interest, taxes, brokerage commissions, and extraordinary expenses, that would otherwise cause the class's ratio of annualized total expenses to average net assets (expense ratio) to exceed its expense limitation of 1.10%. For a period of three years after the date of any reimbursement or waiver, each class is required to repay the manager for expenses previously reimbursed and management fees waived to the extent the class's net assets have grown or expenses have declined sufficiently to allow repayment without causing the class's expense ratio to exceed its expense limitation. Including these amounts, management fees waived and expenses previously reimbursed by the manager in the amount of \$10,000 remain subject to repayment at June 30, 2009.

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates (collectively, Price). Price Associates computes the daily share prices and provides certain other administrative services to the fund. T. Rowe Price Services, Inc., provides shareholder and administrative services in its capacity as the fund's transfer and dividend disbursing agent. T. Rowe Price Retirement Plan Services, Inc., provides subaccounting and recordkeeping services for certain retirement accounts invested in the Investor Class. For the six months ended June 30, 2009, expenses incurred pursuant to these service agreements were \$54,000 for Price Associates, \$271,000 for T. Rowe Price Services, Inc., and \$172,000 for T. Rowe Price Retirement Plan Services, Inc. The total amount payable at period-end pursuant to these service agreements is reflected as Due to Affiliates in the accompanying financial statements.

The fund may invest in the T. Rowe Price Reserve Investment Fund and the T. Rowe Price Government Reserve Investment Fund (collectively, the T. Rowe Price Reserve Investment Funds), open-end management investment companies managed by Price Associates and considered affiliates of the fund. The T. Rowe Price Reserve Investment Funds are offered as cash management options to mutual funds, trusts, and other accounts managed by Price Associates and/or its affiliates and are not available for direct purchase by members of the public. The T. Rowe Price Reserve Investment Funds pay no investment management fees.

As of June 30, 2009, T. Rowe Price Group, Inc., and/or its wholly owned subsidiaries owned 371,427 shares of the fund, representing 1% of the fund's net assets.

INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information, which you may request by calling 1-800-225-5132 or by accessing the SEC's Web site, www.sec.gov. The description of our proxy voting policies and procedures is also available on our Web site, www.troweprice.com. To access it, click on the words "Our Company" at the top of our corporate homepage. Then, when the next page appears, click on the words "Proxy Voting Policies" on the left side of the page.

Each fund's most recent annual proxy voting record is available on our Web site and through the SEC's Web site. To access it through our Web site, follow the directions above, then click on the words "Proxy Voting Records" on the right side of the Proxy Voting Policies page.

HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available electronically on the SEC's Web site (www.sec.gov); hard copies may be reviewed and copied at the SEC's Public Reference Room, 450 Fifth St. N.W., Washington, DC 20549. For more information on the Public Reference Room, call 1-800-SEC-0330.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

On March 10, 2009, the fund's Board of Trustees (Board) unanimously approved the investment advisory contract (Contract) between the fund and its investment manager, T. Rowe Price Associates, Inc. (Manager). The Board considered a variety of factors in connection with its review of the Contract, also taking into account information provided by the Manager during the course of the year, as discussed below:

Services Provided by the Manager

The Board considered the nature, quality, and extent of the services provided to the fund by the Manager. These services included, but were not limited to, management of the fund's portfolio and a variety of related activities, as well as financial and administrative services, reporting, and communications. The Board also reviewed the background and experience of the Manager's senior management team and investment personnel involved in the management of the fund. The Board concluded that it was satisfied with the nature, quality, and extent of the services provided by the Manager.

Investment Performance of the Fund

The Board reviewed the fund's average annual total returns over the 1-, 3-, 5-, and 10-year periods as well as the fund's year-by-year returns and compared these returns with previously agreed upon comparable performance measures and market data, including those supplied by Lipper and Morningstar, which are independent providers of mutual fund data. On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the severity of the market turmoil in 2008, the Board concluded that the fund's performance was satisfactory.

Costs, Benefits, Profits, and Economies of Scale

The Board reviewed detailed information regarding the revenues received by the Manager under the Contract and other benefits that the Manager (and its affiliates) may have realized from its relationship with the fund, including research received under "soft dollar" agreements. The Board noted that soft dollars were not used to pay for third-party, non-broker research during 2008. The Board also received information on the estimated costs incurred and profits realized by the Manager and its affiliates from advising T. Rowe Price mutual funds, as well as estimates of the gross profits realized from managing the fund in particular. The Board concluded that the Manager's profits were reasonable in light of the services provided to the fund. The Board also considered whether the fund or other funds benefit under the fee levels set forth in the Contract from any economies of scale realized by the Manager. Under the Contract, the fund pays a fee to the Manager composed of two components—a group fee rate based on the aggregate assets of certain T. Rowe Price mutual funds (including the fund) that declines at certain asset levels and an individual fund fee rate that is assessed on the assets of the fund. The Board concluded that the advisory fee structure for the fund continued to provide for a reasonable sharing of benefits from any economies of scale with the fund's investors.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

Fees

The Board reviewed the fund's management fee rate, operating expenses, and total expense ratio (for the Investor Class and Advisor Class) and compared them with fees and expenses of other comparable funds based on information and data supplied by Lipper. The information provided to the Board indicated that the fund's management fee rate and expense ratio (for both classes) were generally at or below the median for comparable funds. The Board also reviewed the fee schedules for comparable privately managed accounts of the Manager and its affiliates. Management informed the Board that the Manager's responsibilities for privately managed accounts are more limited than its responsibilities for the fund and other T. Rowe Price mutual funds that it or its affiliates advise. On the basis of the information provided, the Board concluded that the fees paid by the fund under the Contract were reasonable.

Approval of the Contract

As noted, the Board approved the continuation of the Contract. No single factor was considered in isolation or to be determinative to the decision. Rather, the Board concluded, in light of a weighting and balancing of all factors considered, that it was in the best interests of the fund to approve the continuation of the Contract, including the fees to be charged for services thereunder.

INVESTMENT SERVICES AND INFORMATION

KNOWLEDGEABLE SERVICE REPRESENTATIVES

By Phone: 1-800-225-5132. Available Monday through Friday from 8 a.m. until 10 p.m. ET and Saturday from 8:30 a.m. until 5 p.m. ET.

In Person at a T. Rowe Price Investor Center. Please visit the Web at troweprice.com/investorcenter or call 1-800-225-5132 to locate a center near you.

ACCOUNT SERVICES

Automated 24-Hour Services Including Tele* AccessSM and account access through the T. Rowe Price Web site at troweprice.com.

Automatic Investing. From your bank account or paycheck.

Automatic Withdrawal. Scheduled, periodic redemptions.

IRA Rebalancing. Automatically rebalance to ensure that your accounts reflect your desired asset allocations.

BROKERAGE SERVICES[‡]

Trade stocks, mutual funds, ETFs, bonds, options, CDs, precious metals, and more at competitive commissions.

INVESTMENT INFORMATION

Consolidated Statement. Overview of all of your accounts.

Shareholder Reports. Manager reviews of their strategies and results.

T. Rowe Price Report. Quarterly investment newsletter.

T. Rowe Price Investor. Quarterly publication of insightful financial articles.

Insights. Educational reports on investment strategies and markets.

Investment Guides. Investors Portfolio Review; International Investing Guide; Guide to Bond Funds; On Track Retirement Savings Guide; and Retirement Readiness Guide.

FINANCIAL INTERMEDIARIES AND ADVISORS

By Phone: 1-877-804-2315. Contact us Monday through Friday from 8:30 a.m. until 6 p.m. ET.

By Mail: T. Rowe Price, Financial Institution Services, P.O. Box 89000, Baltimore, MD 21289-4232.

CUSTOMERS WHO TRADE THROUGH A FINANCIAL INTERMEDIARY

Please contact your intermediary or financial professional for assistance.

[‡] Option trading involves additional risk and is not suitable for all investors. Brokerage services offered by T. Rowe Price Investment Services, Inc., member FINRA/SIPC.

T. ROWE PRICE MUTUAL FUNDS

This page contains supplementary information that is not part of the shareholder report.

STOCK FUNDS

Domestic

Blue Chip Growth*
Capital Appreciation*
Capital Opportunity*
Diversified Mid-Cap Growth
Diversified Small-Cap Growth
Dividend Growth*
Equity Income*
Equity Index 500
Extended Equity Market Index
Financial Services
Growth & Income
Growth Stock*
Health Sciences
Media & Telecommunications
Mid-Cap Growth*
Mid-Cap Value*
New America Growth*
New Era
New Horizons
Real Estate*
Science & Technology*
Small-Cap Stock*
Small-Cap Value*
Spectrum Growth
Tax-Efficient Multi-Cap Growth
Total Equity Market Index
U.S. Large-Cap Core*
Value*

ASSET ALLOCATION FUNDS

Balanced
Personal Strategy Balanced
Personal Strategy Growth
Personal Strategy Income
Retirement 2005*
Retirement 2010*
Retirement 2015*
Retirement 2020*

ASSET ALLOCATION FUNDS (CONT.)

Retirement 2025*
Retirement 2030*
Retirement 2035*
Retirement 2040*
Retirement 2045*
Retirement 2050*
Retirement 2055*
Retirement Income*

BOND FUNDS

Domestic Taxable

Corporate Income
GNMA
High Yield*
Inflation Protected Bond
New Income*
Short-Term Bond*
Spectrum Income
Strategic Income*
Summit GNMA
U.S. Bond Index
U.S. Treasury Intermediate
U.S. Treasury Long-Term

Domestic Tax-Free

California Tax-Free Bond
Georgia Tax-Free Bond
Maryland Short-Term
Tax-Free Bond
Maryland Tax-Free Bond
New Jersey Tax-Free Bond
New York Tax-Free Bond
Summit Municipal Income
Summit Municipal Intermediate
Tax-Free High Yield
Tax-Free Income*
Tax-Free Short-Intermediate
Virginia Tax-Free Bond

MONEY MARKET FUNDS

Taxable

Prime Reserve
Summit Cash Reserves
U.S. Treasury Money

Tax-Free

California Tax-Free Money
Maryland Tax-Free Money
New York Tax-Free Money
Summit Municipal Money Market
Tax-Exempt Money

INTERNATIONAL/GLOBAL FUNDS

Stock

Africa & Middle East
Emerging Europe & Mediterranean
Emerging Markets Stock
European Stock
Global Large-Cap Stock*
Global Real Estate*
Global Stock*
Global Technology
International Discovery
International Equity Index
International Growth & Income*
International Stock*
Japan
Latin America
New Asia
Overseas Stock
Spectrum International

Bond

Emerging Markets Bond
International Bond*

For more information about T. Rowe Price funds or services, please contact us directly at 1-800-225-5132. Request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Investments in the money market funds are not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the funds.

* T. Rowe Price Advisor and R Classes may be available for these funds. T. Rowe Price Advisor and R Classes are offered only through financial intermediaries. For more information about T. Rowe Price Advisor and R Classes, contact your financial professional or call T. Rowe Price at 1-877-804-2315.



T. Rowe Price Investment Services, Inc.
100 East Pratt Street
Baltimore, MD 21202