T.RowePrice®

SEMIANNUAL REPORT

June 30, 2020

T. ROWE PRICE

Equity Income Portfolio

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HIGHLIGHTS

- The Equity Income Portfolio returned -18.87% for the six-month period. The portfolio underperformed both the Russell 1000 Value Index and the Lipper Variable Annuity Underlying Equity Income Funds Average.
- Within the portfolio, absolute detractors were concentrated within certain sectors disproportionately impacted by the coronavirus pandemic. Top contributors hailed from a variety of sectors.
- Changes in sector allocation were the result of our bottom-up stock selection. We sold firms where our thesis changed due to the coronavirus to take advantage of investment ideas that we found more compelling.
- Despite recent optimism since the bottoming of U.S. equity markets in late March, we believe that a clear market outlook is challenging from these levels and expect the market will continue to be headline-driven until there is a clear path to a medical solution to the pandemic.

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Dear Investor

Financial markets recorded widely mixed results during the first half of 2020 as the spread of the coronavirus disrupted global economies. Although stocks and bonds experienced extraordinary volatility, historic levels of fiscal and monetary stimulus helped mitigate the losses.

Market sentiment was positive as we entered the year, and the S&P 500 Index advanced to a record high on February 19. However, stocks began falling as the coronavirus spread in Italy and other countries outside China. The major indexes continued their slide as cases mounted in the U.S. and New York City became the epicenter of the pandemic. Governments throughout the world issued stay-at-home orders to contain the virus, and some sectors, such as travel, restaurants, and shopping malls, nearly came to a halt.

According to the National Bureau of Economic Research, a recession officially began in February, ending the longest expansion in U.S. history. Over 22 million Americans lost their jobs in March and April, and many measures of economic activity, including retail sales and industrial production, experienced record-setting declines. By March 23, the S&P 500 Index had fallen by about a third from the start of the year.

In response to the rapid economic contraction, global central banks took bold accommodative steps, and many governments around the world passed emergency spending packages. The Federal Reserve cut its short-term lending rate to near zero and began massive purchases of government and corporate bonds to stimulate the economy and supply liquidity in the fixed income market.

The federal government also provided trillions of dollars in fiscal help in the form of direct payments to many Americans, expanded unemployment insurance, and subsidies to sectors such as transportation and health care that had been directly impacted by the pandemic. As lockdowns eased late in the period, there were signs of economic recovery, especially in stronger-than-expected payroll data, but surges in new virus cases in some states remained a concern.

Boosted by the stimulus and indications that the economy was mending faster than many expected, nearly all sectors recouped some of their losses by the end of June, and some segments were back in positive territory. For the six-month period, the tech-heavy Nasdaq Composite Index reached record highs and easily outperformed other benchmarks as the pandemic appeared to accelerate trends in retail, social media, and content streaming that benefited the large technology platforms. Large- and mid-cap growth stocks also produced positive returns and outperformed small-caps and value shares, which lost ground.

The S&P 500 Index finished the period with modest losses overall. Within the benchmark, tech and consumer discretionary stocks rallied, but energy shares were down more than 35% (including dividends) amid tumbling oil prices, and the financials sector struggled in a low-yield environment. Non-U.S. equity markets were generally negative and lagged the U.S. benchmarks.

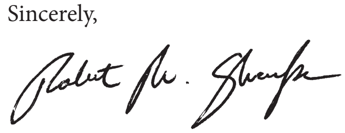
In the fixed income universe, Treasuries were the top performers as yields dropped to record lows during the period, and other U.S. investment-grade bonds were also generally positive. High yield and emerging markets bonds were particularly hard hit during the market sell-off in March, but the sectors staged a strong recovery as investors sought out higher-yielding securities. Emerging markets debt denominated in U.S. dollars outperformed local currency issues, as weakness in certain currencies weighed on local bond performance in U.S. dollar terms.

As we enter the second half of the year, we expect markets to remain volatile. The scale of the stimulus and the potential for medical breakthroughs create the potential for stocks to move higher, but much depends on the course of the virus. Rising tensions between the U.S. and China, social unrest, and the U.S. elections in November could also drive market performance.

Our investment teams will be carefully monitoring these developments, and I believe that our disciplined fundamental research and strategic investing approach will continue to serve our shareholders well in this uncertain environment.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps
Group Chief Investment Officer

INVESTMENT OBJECTIVE

The portfolio seeks a high level of dividend income and long-term capital growth primarily through investments in stocks.

FUND COMMENTARY

How did the fund perform in the past six months?

The Equity Income Portfolio returned -18.87% for the six months ended June 30, 2020. The portfolio underperformed the Russell 1000 Value Index as well as its peer group, the Lipper Variable Annuity Underlying Equity Income Funds Average. (Returns for the II Class shares reflect a different fee structure. *Past performance cannot guarantee future results.*)

PERFORMANCE COMPARISON

Six-Month Period Ended 6/30/20	Total Return
Equity Income Portfolio	-18.87%
Equity Income Portfolio–II	-18.96
Russell 1000 Value Index	-16.26
S&P 500 Index	-3.08
Lipper Variable Annuity Underlying Equity Income Funds Average	-14.22

What factors influenced the fund's performance?

Dramatic uncertainty caused by the coronavirus pandemic has caused investors to shrink their time horizon and reduce their risk appetite. As a result, several names in the portfolio that we continue to believe are meaningfully undervalued over the long term posted disappointing returns during the first half of the year. Several financials names, notably market bellwethers **Wells Fargo** and **JPMorgan Chase**, were pressured as investors expressed concern over the state of the global economy and resulting credit risk amid the pandemic. In industrials and business services, **GE** shares underperformed as investors remained concerned with the industrial conglomerate's liquidity and its exposure to aviation. Although the company may face short-term headwinds caused by the coronavirus pandemic, we remain confident in GE's leadership team and its ability to navigate this environment. We continue to believe that GE has ample liquidity for the current environment and that the company is trading below its sum-of-the-parts valuation. Additionally, shares of **Boeing** suffered during the first quarter due to the prospect of a prolonged period of suppressed air travel caused by the coronavirus pandemic. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

Additionally, several names within energy detracted from absolute results but aided in performance relative to the benchmark. Global exploration and production company **Occidental Petroleum** fell sharply in March as the company was forced to slash its spending projections in the wake of the Saudi-Russian oil market share battle, which sent crude prices lower. Positions in **Total** and **ExxonMobil** also lowered absolute returns. Elsewhere in the portfolio, shares of **Tyson Foods** fell due to input cost inflation and broader market uncertainty stemming from the coronavirus outbreak, which has hampered exports to China and shifted demand to residential use from food services. Industrywide price-fixing allegations also pressured shares of chicken companies later in the period.

Contributors were spread out among several sectors. In information technology, shares of **Microsoft** held their value despite the broader coronavirus-instigated sell-off in equities. Shares then rose later in the period following a strong quarterly earnings report highlighted by robust growth within the software giant's Intelligent Cloud segment. Investors appeared to prioritize Microsoft's solid fundamentals, defensible business model, and attractive growth potential. Select health care firms added value as well. Biopharmaceutical company **AbbVie** rebounded strongly off the market bottom due to solid operational results and the closure of the company's acquisition of **Allergan** in May, while **Gilead Sciences** outperformed due to high hopes surrounding the company's remdesivir drug and its potential application as a treatment for COVID-19, the disease caused by the coronavirus. Meanwhile, oil field services company **Halliburton**, which we added to the portfolio during the depth of concerns over crude oil fundamentals, rose during the second quarter in conjunction with crude oil prices. **Kimberly-Clark** benefited from a surge in demand for tissue products.

Compared with the benchmark, stock selection in industrials and business services detracted the most from relative performance. Conversely, security choices in information technology added the most value relative to the benchmark.

SECTOR DIVERSIFICATION

	Percent of Net Assets	
	12/31/19	6/30/20
Financials	23.7%	19.5%
Health Care	13.2	14.6
Industrials and Business Services	11.8	11.0
Utilities	8.3	9.3
Information Technology	8.0	9.0
Energy	8.7	8.4
Consumer Staples	8.3	8.1
Communication Services	6.1	5.4
Materials	4.1	5.2
Real Estate	3.5	4.1
Consumer Discretionary	2.4	2.8
Other and Reserves	1.9	2.6
Total	**100.0%**	**100.0%**

Historical weightings reflect current industry/sector classifications.

How is the fund positioned?

The Equity Income Portfolio seeks to buy well-established, large-cap companies that have a strong record of paying dividends and appear to be undervalued by the market. The portfolio's holdings tend to be solid, higher-quality companies going through a period of controversy or stress, reflecting our dual focus on valuation and dividend yield. Each position is the product of careful stock picking based on the fundamental research generated by T. Rowe Price's team of equity analysts, as opposed to selection based on broader market or macroeconomic trends.

Our exposure to financials, the portfolio's largest sector, declined in absolute terms but rose relative to the benchmark primarily due to the annual reconstitution of the Russell style benchmarks. We sold shares of certain firms that we believe are trading at a relative valuation premium, including JPMorgan Chase and **U.S. Bancorp**, in order to buy shares of companies that had fallen to attractive levels. For example, we purchased shares of **Loews** on weakness. The conglomerate's earnings have been under pressure due to severe operational challenges related to the coronavirus pandemic. However, we are encouraged by the company's resilient balance sheet and solid cash position. We also added to our position in **American International Group** on weakness as investors appeared to price in the possibility of pandemic-related underwriting losses for property and casualty insurers, which we view as unlikely.

The portfolio's second-largest sector allocation is health care, and we increased our exposure in both absolute and relative terms. We bought shares of certain firms—notably **Becton, Dickinson & Company**—that have exposure to the COVID-19 testing market. We also bought shares of AbbVie on weakness ahead of its acquisition of Allergan, which we believe should add value through a more diversified revenue model. Conversely, we sold shares of **Johnson & Johnson**, as we are concerned that hospitals may take longer than anticipated to pass peak coronavirus admissions and repurpose facilities back toward elective procedures.

Other notable equity subtractions include **Verizon Communications**, Microsoft, and **Dow**, all of which we sold on relative strength. We bought shares of **DuPont de Nemours**, as we believe the market is discounting the value of its specialized chemical assets. We also initiated a position in **Enbridge**, the largest gas and oil pipeline company in North America, on weakness. The stock underperformed as concerns about sustained low demand for fuel amid the coronavirus pandemic buffeted the broader energy sector. We are confident in the company's resilient revenue model and high-quality asset base.

What is portfolio management's outlook?

The current environment is without precedent, as the crisis facing the economy is not a result of excesses in the system or failed policy. It is, rather, a medical crisis and therefore requires a medical solution. At the same time, the Federal Reserve has indicated a willingness to use all tools at its disposal to support the economy, and the federal government has passed sweeping fiscal policy stimulus.

Aided by this support, the market has begun to look past the pandemic, pricing in continued improvement in both economic data and COVID-19 cases and abandoning many of the worst-case scenarios that now seem less likely. Despite recent optimism, we believe that a clear market outlook is challenging from these levels and expect the market will continue to be headline-driven until there is a clear path to a medical solution to the pandemic.

We are, therefore, focused on finding companies that have the financial strength to make it through a wide range of environments and that offer the best balance of quality and valuation appeal. Given the uncertainty, investors' time horizons have shrunk, so we see opportunities by extending the time horizon to identify investment candidates that look attractive under a "normalized" environment.

Though they have rebounded, markets remain bifurcated, and we continue to see attractive valuation disparities in the market. While we seek to remain balanced, we will take opportunities to lean into cyclical names with attractive valuations while maintaining a keen focus on balance sheet strength. By adhering to our investment approach and valuation discipline, we believe we will be able to take advantage of this uncertainty and make attractive long-term investments for our clients.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

RISKS OF INVESTING IN THE FUND

RISKS OF STOCK INVESTING

As with all stock funds, the portfolio's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse local, political, social, or economic developments in the U.S. or abroad; changes in investor psychology; or heavy selling at the same time by major institutional investors in the market, such as mutual funds, pension funds, and banks. 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 advisor's assessment of companies held by the portfolio may prove incorrect, resulting in losses or poor performance, even in rising markets. Also, the portfolio's overall investment approach could fall out of favor with the investing public, resulting in lagging performance versus other types of stock funds. Legislative, regulatory, or tax developments may affect the investment strategies available to portfolio managers, which could adversely affect the ability to implement the portfolio's overall investment program and achieve the portfolio's investment objective.

RISKS OF VALUE INVESTING

Finding undervalued stocks requires considerable research to identify the particular company, analyze its financial condition and prospects, and assess the likelihood that the stock's underlying value will be recognized by the market and reflected in its price. A value approach to investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced.

BENCHMARK INFORMATION

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TWENTY-FIVE LARGEST HOLDINGS

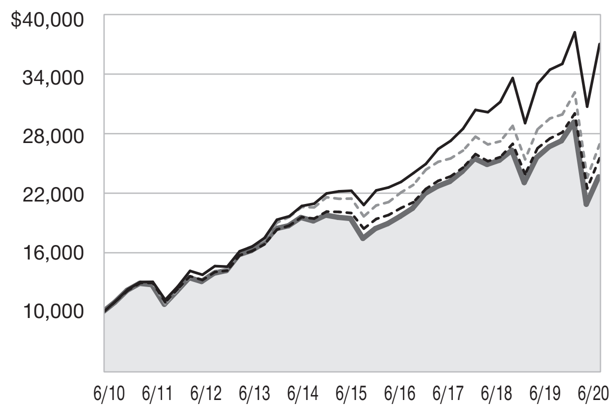
	Percent of Net Assets 6/30/20
Southern Company	3.1%
Qualcomm	2.9
Wells Fargo	2.7
Total	2.3
Chubb	2.2
Morgan Stanley	2.2
DuPont de Nemours	2.1
UPS	2.1
AbbVie	2.0
GE	1.9
NiSource	1.9
Becton, Dickinson & Company	1.8
Tyson Foods	1.8
American International Group	1.8
Philip Morris International	1.8
Johnson & Johnson	1.8
MetLife	1.8
CVS Health	1.8
Kimberly-Clark	1.8
Conagra Brands	1.6
Comcast	1.6
Cisco Systems	1.5
Anthem	1.5
TC Energy	1.5
Microsoft	1.5
Total	**49.0%**

Note: The information shown does not reflect any exchange-traded funds (ETFs), cash reserves, or collateral for securities lending that may be held in the portfolio.

GROWTH OF $10,000

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

EQUITY INCOME PORTFOLIO



	As of 6/30/20
Equity Income Portfolio	$23,656
Russell 1000 Value Index	26,923
S&P 500 Index	37,031
Lipper Variable Annuity Underlying Equity Income Funds Average	25,525

Note: Performance for the II Class will vary due to its differing fee structure. See the Average Annual Compound Total Return table.

AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 6/30/20	1 Year	5 Years	10 Years
Equity Income Portfolio	-11.34%	3.99%	8.99%
Equity Income Portfolio–II	-11.57	3.73	8.72

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. 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 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Returns do not reflect taxes that the shareholder may pay on distributions or the redemption of shares. Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. When assessing performance, investors should consider both short- and long-term returns.

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.

Shares of the fund are currently offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. Please note that the fund has two classes of shares: the original share class and II Class. II Class shares are sold through financial intermediaries, which are compensated for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan.

Actual Expenses
The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on 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 on 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.

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.

FUND EXPENSE EXAMPLE (CONTINUED)

EQUITY INCOME PORTFOLIO

	Beginning Account Value 1/1/20	Ending Account Value 6/30/20	Expenses Paid During Period* 1/1/20 to 6/30/20
Equity Income Portfolio			
Actual	$1,000.00	$811.30	$3.33
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.18	3.72
Equity Income Portfolio–II			
Actual	1,000.00	810.40	4.46
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.94	4.97

*Expenses are equal to the fund's annualized expense ratio for the 6-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (182), and divided by the days in the year (366) to reflect the half-year period. The annualized expense ratio of the Equity Income Portfolio was 0.74%, and the Equity Income Portfolio–II was 0.99%.

Unaudited

FINANCIAL HIGHLIGHTS For a share outstanding throughout each period

Equity Income Portfolio Class

	6 Months Ended 6/30/20	Year Ended 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
NET ASSET VALUE						
Beginning of period	$ 27.13	$ 23.36	$ 29.27	$ 28.34	$ 26.81	$ 30.02
Investment activities						
Net investment income[1][2]	0.28	0.61	0.58	0.51	0.61	0.52
Net realized and unrealized gain / loss	(5.42)	5.49	(3.28)	4.00	4.50[3]	(2.58)
Total from investment activities	(5.14)	6.10	(2.70)	4.51	5.11	(2.06)
Distributions						
Net investment income	(0.26)	(0.62)	(0.59)	(0.53)	(0.67)	(0.53)
Net realized gain	–	(1.71)	(2.62)	(3.05)	(2.91)	(0.62)
Total distributions	(0.26)	(2.33)	(3.21)	(3.58)	(3.58)	(1.15)
NET ASSET VALUE						
End of period	**$ 21.73**	**$ 27.13**	**$ 23.36**	**$ 29.27**	**$ 28.34**	**$ 26.81**
Ratios/Supplemental Data						
Total return[2][4]	**(18.87)%**	**26.40%**	**(9.50)%**	**16.02%**	**19.17%[3]**	**(6.85)%**
Ratios to average net assets:[2]						
Gross expenses before waivers/payments by Price Associates[5]	0.85%[6]	0.85%	0.80%	0.85%	0.85%	0.85%
Net expenses after waivers/payments by Price Associates	0.74%[6]	0.74%	0.80%	0.85%	0.85%	0.85%
Net investment income	2.47%[6]	2.31%	2.01%	1.73%	2.17%	1.78%
Portfolio turnover rate	18.1%	19.5%	16.5%	19.9%	18.5%	27.5%
Net assets, end of period (in millions)	$ 370	$ 477	$ 428	$ 541	$ 551	$ 605

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 6 for details of expense-related arrangements with Price Associates.
(3) Includes a voluntary payment from Price Associates, related to a loss of value on its investment in Dell as a result of the fund's ineligibility to pursue an appraisal action, representing $0.13 per share based upon shares outstanding on the date of payment (6/6/16). The payment increased total return by 0.53%.
(4) 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, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.
(5) See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(6) Annualized

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

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Equity Income Portfolio-II Class

	6 Months Ended 6/30/20	Year Ended 12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
NET ASSET VALUE						
Beginning of period	$ 27.01	$ 23.27	$ 29.16	$ 28.25	$ 26.73	$ 29.94
Investment activities						
Net investment income[1][2]	0.25	0.55	0.51	0.44	0.52	0.44
Net realized and unrealized gain / loss	(5.39)	5.45	(3.26)	3.98	4.50[3]	(2.57)
Total from investment activities	(5.14)	6.00	(2.75)	4.42	5.02	(2.13)
Distributions						
Net investment income	(0.23)	(0.55)	(0.52)	(0.46)	(0.59)	(0.46)
Net realized gain	–	(1.71)	(2.62)	(3.05)	(2.91)	(0.62)
Total distributions	(0.23)	(2.26)	(3.14)	(3.51)	(3.50)	(1.08)
NET ASSET VALUE						
End of period	**$ 21.64**	**$ 27.01**	**$ 23.27**	**$ 29.16**	**$ 28.25**	**$ 26.73**
Ratios/Supplemental Data						
Total return[2][4]	**(18.96)%**	**26.04%**	**(9.69)%**	**15.73%**	**18.85%[3]**	**(7.10)%**
Ratios to average net assets:[2]						
Gross expenses before waivers/payments by Price Associates[5]	1.10%[6]	1.10%	1.05%	1.10%	1.10%	1.10%
Net expenses after waivers/payments by Price Associates	0.99%[6]	0.99%	1.05%	1.10%	1.10%	1.10%
Net investment income	2.23%[6]	2.07%	1.77%	1.48%	1.89%	1.51%
Portfolio turnover rate	18.1%	19.5%	16.5%	19.9%	18.5%	27.5%
Net assets, end of period (in thousands)	$ 196,157	$ 238,540	$ 183,383	$ 208,017	$ 205,562	$ 270,238

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 6 for details of expense-related arrangements with Price Associates.
(3) Includes a voluntary payment from Price Associates, related to a loss of value on its investment in Dell as a result of the fund's ineligibility to pursue an appraisal action, representing $0.13 per share based upon shares outstanding on the date of payment (6/6/16). The payment increased total return by 0.51%.
(4) 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, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.
(5) See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(6) Annualized

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

PORTFOLIO OF INVESTMENTS‡

(Cost and value in $000s)

	Shares/Par	$ Value
COMMON STOCKS 94.8%		
Communication Services 5.4%		
Diversified Telecommunication Services 0.9%		
AT&T	40,007	1,210
Verizon Communications	74,321	4,097
		5,307
Entertainment 1.9%		
Fox, Class B	234,233	6,287
Walt Disney	39,016	4,350
		10,637
Media 2.6%		
Comcast, Class A	233,572	9,105
News, Class A	475,600	5,640
		14,745
Total Communication Services		30,689
Consumer Discretionary 2.4%		
Automobiles 0.2%		
General Motors	37,900	959
		959
Hotels, Restaurants & Leisure 1.3%		
Las Vegas Sands	112,101	5,105
McDonald's	7,100	1,310
MGM Resorts International	40,300	677
Royal Caribbean Cruises	9,000	453
		7,545
Leisure Products 0.5%		
Mattel (1)	285,440	2,760
		2,760
Multiline Retail 0.4%		
Kohl's	108,730	2,258
		2,258
Total Consumer Discretionary		13,522

(Cost and value in $000s)

	Shares/Par	$ Value
Consumer Staples 8.1%		
Food & Staples Retailing 0.6%		
Walmart	28,600	3,426
		3,426
Food Products 3.8%		
Bunge	37,900	1,559
Conagra Brands	261,426	9,194
Mondelez International, Class A	12,400	634
Tyson Foods, Class A	172,089	10,275
		21,662
Household Products 1.8%		
Kimberly-Clark	70,200	9,923
		9,923
Tobacco 1.9%		
Altria Group	17,400	683
Philip Morris International	146,100	10,236
		10,919
Total Consumer Staples		45,930
Energy 8.4%		
Energy Equipment & Services 0.6%		
Halliburton	246,100	3,195
		3,195
Oil, Gas & Consumable Fuels 7.8%		
Chevron	17,910	1,598
Enbridge	170,680	5,192
EOG Resources	33,500	1,697
Exxon Mobil	125,202	5,599
Hess	19,771	1,024
Occidental Petroleum	121,300	2,220
Pioneer Natural Resources	18,200	1,778
Targa Resources	182,323	3,659
TC Energy	199,550	8,553
TOTAL (EUR) (2)	301,846	11,639
TOTAL, ADR	35,600	1,369
		44,328
Total Energy		47,523

	Shares/Par	$ Value
(Cost and value in $000s)		
Financials 19.3%		
Banks 6.3%		
Bank of America	58,775	1,396
Fifth Third Bancorp	418,241	8,064
JPMorgan Chase	80,258	7,549
PNC Financial Services Group	33,800	3,556
Wells Fargo	590,169	15,108
		35,673
Capital Markets 4.7%		
Franklin Resources	106,640	2,236
Morgan Stanley	252,299	12,186
Northern Trust	12,200	968
Raymond James Financial	49,100	3,379
State Street	124,100	7,887
		26,656
Diversified Financial Services 0.7%		
Equitable Holdings	202,874	3,914
		3,914
Insurance 7.6%		
American International Group	329,196	10,264
Chubb	100,559	12,733
Loews	200,110	6,862
Marsh & McLennan	15,898	1,707
MetLife	276,100	10,083
Willis Towers Watson	8,330	1,641
		43,290
Total Financials		109,533
Health Care 14.2%		
Biotechnology 3.0%		
AbbVie	113,100	11,104
Gilead Sciences	80,400	6,186
		17,290
Health Care Equipment & Supplies 3.3%		
Becton Dickinson & Company	31,808	7,611
Medtronic	88,711	8,135

	Shares/Par	$ Value
(Cost and value in $000s)		
Zimmer Biomet Holdings	22,600	2,697
		18,443
Health Care Providers & Services 3.3%		
Anthem	33,152	8,718
CVS Health	152,817	9,929
		18,647
Pharmaceuticals 4.6%		
Bristol-Myers Squibb	19,700	1,158
GlaxoSmithKline (GBP)	132,747	2,681
GlaxoSmithKline, ADR	31,200	1,273
Johnson & Johnson	71,896	10,111
Merck	28,500	2,204
Pfizer	258,631	8,457
		25,884
Total Health Care		80,264
Industrials & Business Services 11.0%		
Aerospace & Defense 2.8%		
Boeing	45,942	8,421
L3Harris Technologies	44,007	7,467
		15,888
Air Freight & Logistics 2.1%		
United Parcel Service, Class B	104,679	11,638
		11,638
Airlines 0.3%		
Alaska Air Group	45,216	1,640
		1,640
Building Products 0.5%		
Johnson Controls International	83,220	2,841
		2,841
Commercial Services & Supplies 0.8%		
Stericycle (1)	80,702	4,518
		4,518
Electrical Equipment 0.8%		
Emerson Electric	58,400	3,622
nVent Electric	38,000	712
		4,334

(Cost and value in $000s)	Shares/Par	$ Value
Industrial Conglomerates 1.9%		
General Electric	1,600,900	10,934
		10,934
Machinery 1.1%		
Flowserve	14,295	408
PACCAR	38,293	2,866
Snap-on	22,800	3,158
		6,432
Professional Services 0.7%		
Nielsen Holdings	265,331	3,943
		3,943
Total Industrials & Business Services		62,168
Information Technology 9.0%		
Communications Equipment 1.6%		
Cisco Systems	187,778	8,758
		8,758
Electronic Equipment, Instruments & Components 0.4%		
Corning	42,500	1,101
TE Connectivity	12,700	1,036
		2,137
Semiconductors & Semiconductor Equipment 5.4%		
Applied Materials	104,926	6,343
NXP Semiconductors	14,200	1,619
QUALCOMM	182,212	16,619
Texas Instruments	48,442	6,151
		30,732
Software 1.5%		
Microsoft	41,691	8,485
		8,485
Technology Hardware, Storage & Peripherals 0.1%		
Western Digital	16,199	715
		715
Total Information Technology		50,827

(Cost and value in $000s)	Shares/Par	$ Value
Materials 5.2%		
Chemicals 3.8%		
Akzo Nobel (EUR)	12,709	1,142
CF Industries Holdings	255,300	7,184
DuPont de Nemours	224,223	11,913
PPG Industries	12,046	1,277
		21,516
Containers & Packaging 1.4%		
International Paper	220,553	7,766
		7,766
Total Materials		29,282
Real Estate 4.1%		
Real Estate Investment Trusts 4.1%		
Equity Residential, REIT	114,700	6,747
Rayonier, REIT	178,661	4,429
SL Green Realty, REIT	74,734	3,683
Weyerhaeuser, REIT	370,706	8,326
Total Real Estate		23,185
Utilities 7.7%		
Electric Utilities 4.5%		
Edison International	112,649	6,118
NextEra Energy	18,967	4,555
Southern	287,903	14,928
		25,601
Multi-Utilities 3.2%		
Ameren	21,900	1,541
CenterPoint Energy	109,100	2,037
NiSource	463,938	10,550
Sempra Energy	34,688	4,066
		18,194
Total Utilities		43,795
Total Common Stocks (Cost $482,067)		**536,718**

(Cost and value in $000s)	Shares/Par	$ Value
PREFERRED STOCKS 0.4%		
Consumer Discretionary 0.4%		
Automobiles 0.4%		
Volkswagen (EUR) (3)	15,175	2,307
Total Consumer Discretionary		2,307
Total Preferred Stocks (Cost $2,354)		**2,307**
CONVERTIBLE PREFERRED STOCKS 2.0%		
Health Care 0.5%		
Health Care Equipment & Supplies 0.5%		
Becton Dickinson & Company, Series B, 6.00%, 6/1/23	51,169	2,680
Total Health Care		2,680
Utilities 1.5%		
Electric Utilities 0.8%		
NextEra Energy, 5.279%, 3/1/23	43,435	1,844
Southern, Series A, 6.75%, 8/1/22	57,257	2,502
		4,346
Multi-Utilities 0.7%		
Sempra Energy, Series A, 6.00%, 1/15/21	33,601	3,291

(Cost and value in $000s)	Shares/Par	$ Value
Sempra Energy, Series B, 6.75%, 7/15/21	9,767	949
		4,240
Total Utilities		8,586
Total Convertible Preferred Stocks (Cost $11,866)		**11,266**
CONVERTIBLE BONDS 0.2%		
AXA, 7.25%, 5/15/21 (4)	1,288,000	1,162
Total Convertible Bonds (Cost $1,288)		**1,162**
SHORT-TERM INVESTMENTS 2.7%		
Money Market Funds 2.7%		
T. Rowe Price Government Reserve Fund, 0.14% (5)(6)	15,097,292	15,097
Total Short-Term Investments (Cost $15,097)		**15,097**
SECURITIES LENDING COLLATERAL 1.6%		
Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank 1.6%		
Short-Term Funds 1.6%		
T. Rowe Price Short-Term Fund, 0.22% (5)(6)	923,647	9,236
Total Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank		9,236
Total Securities Lending Collateral (Cost $9,236)		**9,236**
Total Investments in Securities		
101.7% of Net Assets (Cost $521,908)	$	**575,786**

‡	Shares/Par and Notional Amount are denominated in U.S. dollars unless otherwise noted.
(1)	Non-income producing
(2)	See Note 4. All or a portion of this security is on loan at June 30, 2020.
(3)	Preferred stocks are shares that carry certain preferential rights. The dividend rate may not be consistent each pay period and could be zero for a particular year.
(4)	Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers. Total value of such securities at period-end amounts to $1,162 and represents 0.2% of net assets.
(5)	Seven-day yield
(6)	Affiliated Companies
ADR	American Depositary Receipts
EUR	Euro
GBP	British Pound
REIT	A domestic Real Estate Investment Trust whose distributions pass-through with original tax character to the shareholder

Futures Contracts

($000s)

	Expiration Date	Notional Amount	Value and Unrealized Gain (Loss)
Long, 30 S&P 500 E-Mini Index Contracts	9/20	4,635	$ 105
Net payments (receipts) of variation margin to date			20
Variation margin receivable (payable) on open futures contracts			**$** 125

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 that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the six months ended June 30, 2020. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

Affiliate	Net Realized Gain (Loss)	Change in Net Unrealized Gain/Loss	Investment Income
T. Rowe Price Government Reserve Fund	$ —	$ —	$ 33
T. Rowe Price Short-Term Fund	—	—	—++
Totals	$ —#	$ —	$ 33+

Supplementary Investment Schedule

Affiliate	Value 12/31/19	Purchase Cost	Sales Cost	Value 6/30/20
T. Rowe Price Government Reserve Fund	$ 12,180	¤	¤	$ 15,097
T. Rowe Price Short-Term Fund	—	¤	¤	9,236
Total				$ 24,333^

\# Capital gain distributions from mutual funds represented $0 of the net realized gain (loss).

++ Excludes earnings on securities lending collateral, which are subject to rebates and fees as described in Note 4.

\+ Investment income comprised $33 of dividend income and $0 of interest income.

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

^ The cost basis of investments in affiliated companies was $24,333.

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 $521,908)	$	575,786
Dividends and interest receivable		1,269
Cash deposits on futures contracts		360
Receivable for shares sold		347
Receivable for investment securities sold		209
Variation margin receivable on futures contracts		125
Cash		34
Other assets		150
Total assets		578,280
Liabilities		
Obligation to return securities lending collateral		9,236
Payable for investment securities purchased		2,133
Investment management and administrative fees payable		465
Payable for shares redeemed		115
Total liabilities		11,949
NET ASSETS	**$**	**566,331**
Net Assets Consist of:		
Total distributable earnings (loss)	$	61,139
Paid-in capital applicable to 26,095,200 shares of $0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		505,192
NET ASSETS	**$**	**566,331**
NET ASSET VALUE PER SHARE		
Equity Income Portfolio Class ($370,173,928 / 17,032,178 shares outstanding)	**$**	**21.73**
Equity Income Portfolio-II Class ($196,156,664 / 9,063,022 shares outstanding)	**$**	**21.64**

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

Unaudited

STATEMENT OF OPERATIONS

($000s)

		6 Months Ended 6/30/20
Investment Income (Loss)		
Income		
Dividend	$	9,453
Interest		46
Total income		9,499
Expenses		
Investment management and administrative expense		2,526
Rule 12b-1 fees – Equity Income Portfolio-II Class		253
Waived / paid by Price Associates		(326)
Net expenses		2,453
Net investment income		7,046
Realized and Unrealized Gain / Loss		
Net realized gain (loss)		
Securities		6,420
Foreign currency transactions		(11)
Net realized gain		6,409
Change in net unrealized gain / loss		
Securities		(146,743)
Futures		105
Other assets and liabilities denominated in foreign currencies		(2)
Change in net unrealized gain / loss		(146,640)
Net realized and unrealized gain / loss		(140,231)
DECREASE IN NET ASSETS FROM OPERATIONS	**$**	**(133,185)**

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

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

($000s)

	6 Months Ended 6/30/20	Year Ended 12/31/19
Increase (Decrease) in Net Assets		
Operations		
Net investment income	$ 7,046	$ 14,970
Net realized gain	6,409	40,028
Change in net unrealized gain / loss	(146,640)	99,363
Increase (decrease) in net assets from operations	(133,185)	154,361
Distributions to shareholders		
Net earnings		
Equity Income Portfolio Class	(4,406)	(38,663)
Equity Income Portfolio-II Class	(2,058)	(18,569)
Decrease in net assets from distributions	(6,464)	(57,232)
Capital share transactions*		
Shares sold		
Equity Income Portfolio Class	13,671	28,521
Equity Income Portfolio-II Class	21,876	36,940
Distributions reinvested		
Equity Income Portfolio Class	4,406	38,663
Equity Income Portfolio-II Class	2,058	18,569
Shares redeemed		
Equity Income Portfolio Class	(32,341)	(85,882)
Equity Income Portfolio-II Class	(19,383)	(30,043)
Increase (decrease) in net assets from capital share transactions	(9,713)	6,768
Net Assets		
Increase (decrease) during period	(149,362)	103,897
Beginning of period	715,693	611,796
End of period	**$ 566,331**	**$ 715,693**

*Share information		
Shares sold		
Equity Income Portfolio Class	612	1,079
Equity Income Portfolio-II Class	997	1,392
Distributions reinvested		
Equity Income Portfolio Class	218	1,445
Equity Income Portfolio-II Class	103	696
Shares redeemed		
Equity Income Portfolio Class	(1,387)	(3,272)
Equity Income Portfolio-II Class	(868)	(1,138)
Increase (decrease) in shares outstanding	(325)	202

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Equity Series, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The Equity Income Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. Shares of the fund currently are offered only to insurance company separate accounts established for the purpose of funding variable annuity contracts and variable life insurance policies. The fund seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund has two classes of shares: the Equity Income Portfolio (Equity Income Portfolio Class) and the Equity Income Portfolio–II (Equity Income Portfolio–II Class). Equity Income Portfolio–II Class shares are sold through financial intermediaries, which it compensates 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 fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

Investment Transactions, Investment Income, and Distributions Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. 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. Distributions from REITs are initially recorded as dividend income and, to the extent such represent a return of capital or capital gain for tax purposes, are reclassified when such information becomes available. Non-cash dividends, if any, are recorded at the fair market value of the asset received. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid by each class quarterly. A capital gain distribution may also be declared and paid by the fund annually.

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 respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

Class Accounting Investment income, investment management and administrative expense, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. Equity Income Portfolio–II Class pays Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets

New Accounting Guidance In March 2020, the FASB issued Accounting Standards Update (ASU), ASU 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional, temporary relief with respect to the financial reporting of contracts subject to certain types of modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021. The guidance is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of the ASU on the fund's financial statements.

Indemnification In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

NOTE 2 - VALUATION

The fund's financial instruments are valued and each class's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC.

Fair Value The fund's financial instruments are reported at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

Valuation Techniques 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. OTC Bulletin Board securities are valued at the mean of the closing 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 closing bid and asked prices for domestic securities and the last quoted sale or closing price for international securities.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted to reflect the fair value of such securities at the close of the NYSE. If the fund determines that developments between the close of a foreign market and the close of the NYSE will affect the value of some or all of its portfolio securities, the fund will adjust the previous quoted 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 quoted 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. The 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 quoted prices and information to evaluate or adjust those prices. The fund cannot predict how often it will use quoted 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 quoted prices, the next day's opening prices in the same markets, and adjusted prices.

Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. Non-U.S. equity securities generally are categorized in Level 2 of the fair value hierarchy despite the availability of quoted prices because, as described above, the fund evaluates and determines whether those quoted prices reflect fair value at the close of the NYSE or require adjustment. OTC Bulletin Board securities, certain preferred securities, and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

Debt securities generally are traded in the OTC market and are valued at prices furnished by independent pricing services or by broker dealers who make markets in such securities. When valuing securities, the independent pricing services consider the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Generally, debt securities are categorized in Level 2 of the fair value hierarchy; however, to the extent the valuations include significant unobservable inputs, the securities would be categorized in Level 3.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. Financial futures contracts are valued at closing settlement prices and are categorized in Level 1 of the fair value hierarchy. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Thinly traded financial instruments 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 Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of an equity investment with limited market activity, such as a private placement or a thinly traded public company stock, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, new rounds of financing, negotiated transactions of significant size between other investors in the company, relevant market valuations of peer companies, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants, transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Committee may also consider other valuation methods such as market-based valuation multiples; a discount or premium from market value of a similar, freely traded security of the same issuer; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

Valuation Inputs The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on June 30, 2020 (for further detail by category, please refer to the accompanying Portfolio of Investments):

($000s)	Level 1	Level 2	Level 3	Total Value
Assets				
Common Stocks	$ 521,256	$ 15,462	$ —	$ 536,718
Preferred Stocks	—	2,307	—	2,307
Convertible Preferred Stocks	—	11,266	—	11,266
Fixed Income Securities[1]	—	1,162	—	1,162
Short-Term Investments	15,097	—	—	15,097
Securities Lending Collateral	9,236	—	—	9,236
Total Securities	545,589	30,197	—	575,786
Futures Contracts	125	—	—	125
Total	$ 545,714	$ 30,197	$ —	$ 575,911

[1]Includes Convertible Bonds.

NOTE 3 - DERIVATIVE INSTRUMENTS

During the six months ended June 30, 2020, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes, such as seeking to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based. The fund at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover its settlement obligations under open derivative contracts.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral. As of June 30, 2020, the fund held equity futures with cumulative unrealized gain of $105,000; the value reflected on the accompanying Statement of Assets and Liabilities is the related unsettled variation margin.

Additionally, during the six months ended June 30, 2020, the fund recognized $105,000 of gain on equity derivatives included in change in unrealized gain/loss on Futures on the accompanying Statement of Operations.

Counterparty Risk and Collateral The fund invests in exchange-traded or centrally cleared derivative contracts, such as futures, exchange-traded options, and centrally cleared swaps. Counterparty risk on such derivatives is minimal because the clearinghouse provides protection against counterparty defaults. For futures and centrally cleared swaps, the fund is required to deposit collateral in an amount specified by the clearinghouse and the clearing firm (margin requirement), and the margin requirement must be maintained over the life of the contract. Each clearinghouse and clearing firm, in its sole discretion, may adjust the margin requirements applicable to the fund.

Collateral may be in the form of cash or debt securities issued by the U.S. government or related agencies. Cash posted by the fund is reflected as cash deposits in the accompanying financial statements and generally is restricted from withdrawal by the fund; securities posted by the fund are so noted in the accompanying Portfolio of Investments; both remain in the fund's assets. While typically not sold in the same manner as equity or fixed income securities, exchange-traded or centrally cleared derivatives may be closed out only on the exchange or clearinghouse where the contracts were traded. This ability is subject to the liquidity of underlying positions. As of June 30, 2020, cash of $360,000 had been posted by the fund for exchange-traded and/or centrally cleared derivatives.

Futures Contracts The fund is subject to equity price risk in the normal course of pursuing its investment objectives and uses futures contracts to help manage such risk. The fund may enter into futures contracts to manage exposure to interest rates, security prices, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. A futures contract provides for the future sale by one party and purchase by another of a specified amount of a specific underlying financial instrument at an agreed-upon price, date, time, and place. The fund currently invests only in exchange-traded futures, which generally are standardized as to maturity date, underlying financial instrument, and other contract terms. Payments are made or received by the fund each day to settle daily fluctuations in the value of the contract (variation margin), which reflect changes in the value of the underlying financial instrument. Variation margin is recorded as unrealized gain or loss until the contract is closed. The value of a futures contract included in net assets is the amount of unsettled variation margin; net variation margin receivable is reflected as an asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values and potential losses in excess of the fund's initial investment. During the six months ended June 30, 2020, the volume of the fund's activity in futures, based on underlying notional amounts, was generally between 0% and 1% of net assets.

NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

Restricted Securities The fund invests in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

Securities Lending The fund may lend its securities to approved borrowers to earn additional income. Its securities lending activities are administered by a lending agent in accordance with a securities lending agreement. Security loans generally do not have stated maturity dates, and the fund may recall a security at any time. The fund receives collateral in the form of cash or U.S. government securities. Collateral is maintained over the life of the loan in an amount not less than the value of loaned securities; any additional collateral required due to changes in security values is delivered to the fund the next business day. Cash collateral is invested in accordance with investment guidelines approved by fund management. Additionally, the lending agent indemnifies the fund against losses resulting from borrower default. Although risk is mitigated by the collateral and indemnification, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities, collateral investments decline in value, and the lending agent fails to perform. Securities lending revenue consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower, compensation to the lending agent, and other administrative costs. In accordance with GAAP, investments made with cash collateral are reflected in the accompanying financial statements, but collateral received in the form of securities is not. At June 30, 2020, the value of loaned securities was $8,729,000; the value of cash collateral and related investments was $9,236,000.

Other Purchases and sales of portfolio securities other than short-term securities aggregated $106,483,000 and $116,643,000, respectively, for the six months ended June 30, 2020.

NOTE 5 - 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 determined in accordance with federal income tax regulations 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 the date of this report.

At June 30, 2020, the cost of investments for federal income tax purposes was $525,267,000. Net unrealized gain aggregated $50,625,000 at period-end, of which $107,310,000 related to appreciated investments and $56,685,000 related to depreciated investments.

NOTE 6 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.85% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring extraordinary expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2021 to waive a portion of its management fee in order to limit the fund's management fee to 0.74% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were $326,000 and allocated ratably in the amounts of $214,000 for the Equity Income Portfolio Class and $112,000 for the Equity Income Portfolio-II Class, respectively, for the six months ended June 30, 2020.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the six months ended June 30, 2020, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

Effective January 1, 2020, Price Associates has voluntarily agreed to reimburse the fund from its own resources on a monthly basis for the cost of investment research embedded in the cost of the fund's securities trades. This agreement may be rescinded at any time. For the six months ended June 30, 2020, this reimbursement amounted to $14,000, which is included in Net realized gain (loss) on Securities in the Statement of Operations.

NOTE 7 - LITIGATION

The fund is a named defendant in a lawsuit assigned to a litigation trustee, which seeks to recover all payments made to beneficial owners of common stock in connection with a leveraged buyout (LBO) of Tribune, including those made in connection with a 2007 tender offer in which the fund participated. A motion to dismiss was filed in this case and the district court granted the motion on January 9, 2017. In light of a Supreme Court decision in an unrelated case, the trustee has sought leave to amend the dismissed complaint. The district court denied that motion, and the trustee has appealed. The fund was named, also, as a defendant or included in a class of defendants in parallel litigation, which was dismissed by district court and affirmed on appeal by the Second Circuit Court of Appeals. This second action asserted state law constructive fraudulent transfer claims in an attempt to recover stock redemption payments made to shareholders at the time of the LBO. Both suits also seek prejudgment interest. The plaintiffs in this second action filed a petition for a writ of certiorari with the U.S. Supreme Court, which the Supreme Court has deferred. In light of the deferral, the Second District Court of Appeals issued an Order on May 15, 2018, recalling the mandate. On December 19, 2019, the appellate court reaffirmed its earlier decision in favor of the defendants. The plaintiffs filed a request for a rehearing, which was denied on February 6, 2020. The complaints allege no misconduct by the fund, and management has vigorously defended the lawsuits. The value of the proceeds received by the fund is $25,684,000 (4.5% of net assets), and the fund will incur legal expenses. Management continues to assess the case and has not yet determined the effect, if any, on the fund's net assets and results of operations.

NOTE 8 - OTHER MATTERS

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats may significantly affect the economy and the markets and issuers in which a fund invests. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others, and exacerbate other pre-existing political, social, and economic risks.

These types of events may also cause widespread fear and uncertainty, and result in, among other things: quarantines and travel restrictions, including border closings; disruptions to business operations and supply chains; exchange trading suspensions and closures, and overall reduced liquidity of securities, derivatives, and commodities trading markets; reductions in consumer demand and economic output; and significant challenges in healthcare service preparation and delivery. The funds could be negatively impacted if the value of a portfolio holding were harmed by such political or economic conditions or events. In addition, the operations of the funds, their investment advisers, and the funds' service providers may be significantly impacted, or even temporarily halted, as a result of extensive employee illnesses or unavailability, government quarantine measures, and restrictions on travel or meetings and other factors related to public emergencies. Recently, a novel strain of coronavirus (COVID-19) has resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets.

Governmental and quasi-governmental authorities and regulators have in the past responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs, and dramatically lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could negatively impact overall investor sentiment and further increase volatility in securities markets.

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. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

https://www.troweprice.com/corporate/en/utility/policies.html

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

Effective for reporting periods on or after March 1, 2019, a fund, except a money market fund, files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Prior to March 1, 2019, a fund, including a money market fund, filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP, and N-Q are available electronically on the SEC's website (sec.gov).

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

Each year, the fund's Board of Directors (Board) considers the continuation of the investment management agreement (Advisory Contract) between the fund and its investment advisor, T. Rowe Price Associates, Inc. (Advisor), on behalf of the fund. In that regard, at a meeting held on March 9–10, 2020 (Meeting), the Board, including all of the fund's independent directors, approved the continuation of the fund's Advisory Contract. At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of the Advisor and the approval of the Advisory Contract. The independent directors were assisted in their evaluation of the Advisory Contract by independent legal counsel from whom they received separate legal advice and with whom they met separately.

In providing information to the Board, the Advisor was guided by a detailed set of requests for information submitted by independent legal counsel on behalf of the independent directors. In considering and approving the Advisory Contract, the Board considered the information it believed was relevant, including, but not limited to, the information discussed below. The Board considered not only the specific information presented in connection with the Meeting but also the knowledge gained over time through interaction with the Advisor about various topics. The Board meets regularly and, at each of its meetings, covers an extensive agenda of topics and materials and considers factors that are relevant to its annual consideration of the renewal of the T. Rowe Price funds' advisory contracts, including performance and the services and support provided to the funds and their shareholders.

Services Provided by the Advisor

The Board considered the nature, quality, and extent of the services provided to the fund by the Advisor. These services included, but were not limited to, directing the fund's investments in accordance with its investment program and the overall management of the fund's portfolio, as well as a variety of related activities such as financial, investment operations, and administrative services; compliance; maintaining the fund's records and registrations; and shareholder communications. The Board also reviewed the background and experience of the Advisor's senior management team and investment personnel involved in the management of the fund, as well as the Advisor's compliance record. The Board concluded that it was satisfied with the nature, quality, and extent of the services provided by the Advisor.

Investment Performance of the Fund

The Board took into account discussions with the Advisor and reports that it receives throughout the year relating to fund performance. In connection with the Meeting, the Board reviewed the fund's net annualized total returns for the 1-, 2-, 3-, 4-, 5-, and 10-year periods as of September 30, 2019, and compared these returns with the performance of a peer group of funds with similar investment programs and a wide variety of other previously agreed-upon comparable performance measures and market data, including those supplied by Broadridge, which is an independent provider of mutual fund data.

On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the relative market conditions during certain of the performance periods, 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 Advisor under the Advisory Contract and other benefits that the Advisor (and its affiliates) may have realized from its relationship with the fund, including any research received under "soft dollar" agreements and commission-sharing arrangements with broker-dealers. The Board considered that the Advisor may have received some benefit from soft-dollar arrangements pursuant to which research is received from broker-dealers that execute the fund's portfolio transactions. However, the Board also considered that, effective January 2020, the Advisor began bearing the cost of research services for all client accounts that it advises, including the T. Rowe Price funds. The Board received information on the estimated costs incurred and profits realized by the Advisor from managing the T. Rowe Price funds. The Board also reviewed estimates of the profits realized from managing the fund in particular, and the Board concluded that the Advisor's profits were reasonable in light of the services provided to the fund.

The Board also considered whether the fund benefits under the fee levels set forth in the Advisory Contract from any economies of scale realized by the Advisor. Under the Advisory Contract, the fund pays the Advisor a single fee, or all-inclusive management fee, which is based on the fund's average daily net assets. However, the fund has a contractual limitation in place whereby the Advisor has agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's management fee rate to 0.74% of the fund's average daily net assets. Any fees waived under this management fee waiver agreement are not subject to reimbursement to the Advisor by the fund. The all-inclusive management fee includes investment management services and provides for the Advisor to pay all of the fund's ordinary, recurring operating expenses except for interest, taxes, portfolio transaction fees, and any nonrecurring extraordinary expenses that may arise. The Advisor has generally implemented an all-inclusive management fee structure in situations where a fixed total expense ratio is

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

useful for purposes of providing certainty of fees and expenses for the investors in these funds and has historically sought to set the initial all-inclusive fee rate at levels below the expense ratios of comparable funds to take into account the potential future economies of scale. Because the fund serves as an underlying option to variable annuity products, the all-inclusive fee structure is utilized to create certainty for the annuity providers' overall pricing decisions and disclosures. Assets of the fund are included in the calculation of the group fee rate, which serves as a component of the management fee for many T. Rowe Price funds and declines at certain asset levels based on the combined average net assets of most of the T. Rowe Price funds (including the fund). Although the fund does not have a group fee component to its management fee, its assets are included in the calculation because the primary investment resources utilized to manage the fund are shared with other actively managed funds. The Board concluded that, based on the profitability data it reviewed and consistent with this all-inclusive management fee structure, the advisory fee structure for the fund continued to be appropriate.

Fees and Expenses

The Board was provided with information regarding industry trends in management fees and expenses. Among other things, the Board reviewed data for peer groups that were compiled by Broadridge, which compared: (i) contractual management fees, total expenses, actual management fees, and nonmanagement expenses of the fund with a group of competitor funds selected by Broadridge (Expense Group) and (ii) total expenses, actual management fees, and nonmanagement expenses of the fund with a broader set of funds within the Lipper investment classification (Expense Universe). The Board considered the fund's contractual management fee rate, actual management fee rate, and total expenses (all of which generally reflect the all-inclusive management fee rate and do not deduct the operating expenses paid by the Advisor as part of the overall management fee) in comparison with the information for the Broadridge peer groups. Broadridge generally constructed the peer groups by seeking the most comparable funds based on similar investment classifications and objectives, expense structure, asset size, and operating components and attributes and ranked funds into quintiles, with the first quintile representing the funds with the lowest relative expenses and the fifth quintile representing the funds with the highest relative expenses. The information provided to the Board indicated that the fund's contractual management fee ranked in the fifth quintile (Expense Group), the fund's actual management fee rate ranked in the fifth quintile (Expense Group) and fifth quintile (Expense Group and Expense Universe), and the fund's total expenses ranked in the fourth quintile (Expense Group and Expense Universe).

The Board requested additional information from management with respect to the fund's relative management fees and total expenses ranking in the fourth and fifth quintiles and reviewed and considered the information provided relating to the fund, other funds in the peer groups, and other factors that the Board determined to be relevant.

The Board also reviewed the fee schedules for other investment portfolios with similar mandates that are advised or subadvised by the Advisor and its affiliates, including separately managed accounts for institutional and individual investors; subadvised funds; and other sponsored investment portfolios, including collective investment trusts and pooled vehicles organized and offered to investors outside the United States. Management provided the Board with information about the Advisor's responsibilities and services provided to subadvisory and other institutional account clients, including information about how the requirements and economics of the institutional business are fundamentally different from those of the mutual fund business. The Board considered information showing that the Advisor's mutual fund business is generally more complex from a business and compliance perspective than its institutional account business and considered various relevant factors, such as the broader scope of operations and oversight, more extensive shareholder communication infrastructure, greater asset flows, heightened business risks, and differences in applicable laws and regulations associated with the Advisor's proprietary mutual fund business. In assessing the reasonableness of the fund's management fee rate, the Board considered the differences in the nature of the services required for the Advisor to manage its mutual fund business versus managing a discrete pool of assets as a subadvisor to another institution's mutual fund or for an institutional account and that the Advisor generally performs significant additional services and assumes greater risk in managing the fund and other T. Rowe Price funds than it does for institutional account clients.

On the basis of the information provided and the factors considered, the Board concluded that the fees paid by the fund under the Advisory Contract are reasonable.

Approval of the Advisory Contract

As noted, the Board approved the continuation of the Advisory 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 and its shareholders for the Board to approve the continuation of the Advisory Contract (including the fees to be charged for services thereunder).

LIQUIDITY RISK MANAGEMENT PROGRAM

In accordance with Rule 22e-4 (Liquidity Rule) under the Investment Company Act of 1940, as amended, the fund has established a liquidity risk management program (Liquidity Program) reasonably designed to assess and manage the fund's liquidity risk, which generally represents the risk that the fund would not be able to meet redemption requests without significant dilution of remaining investors' interests in the fund. The fund's Board of Directors (Board) has appointed the fund's investment advisor, T. Rowe Price Associates, Inc. (Price Associates), as the administrator of the Liquidity Program. As administrator, Price Associates is responsible for overseeing the day-to-day operations of the Liquidity Program and, among other things, is responsible for assessing, managing, and reviewing with the Board at least annually the liquidity risk of each T. Rowe Price fund. Price Associates has delegated oversight of the Liquidity Program to a Liquidity Risk Committee (LRC), which is a cross-functional committee composed of personnel from multiple departments within Price Associates.

The Liquidity Program's principal objectives include supporting the T. Rowe Price funds' compliance with limits on investments in illiquid assets and mitigating the risk that the fund will be unable to timely meet its redemption obligations. The Liquidity Program also includes a number of elements that support the management and assessment of liquidity risk, including an annual assessment of factors that influence the fund's liquidity and the periodic classification and reclassification of a fund's investments into categories that reflect the LRC's assessment of their relative liquidity under current market conditions. Under the Liquidity Program, every investment held by the fund is classified at least monthly into one of four liquidity categories based on estimations of the investment's ability to be sold during designated time frames in current market conditions without significantly changing the investment's market value.

As required by the Liquidity Rule, at a meeting held on May 4, 2020, the Board was presented with an annual assessment prepared by the LRC, on behalf of Price Associates, that addressed the operation of the Liquidity Program and assessed its adequacy and effectiveness of implementation, including any material changes to the Liquidity Program and the determination of each fund's Highly Liquid Investment Minimum (HLIM). The annual assessment included consideration of the following factors, as applicable: the fund's investment strategy and liquidity of portfolio investments during normal and reasonably foreseeable stressed conditions, including whether the investment strategy is appropriate for an open-end fund, the extent to which the strategy involves a relatively concentrated portfolio or large positions in particular issuers, and the use of borrowings for investment purposes and derivatives; short-term and long-term cash flow projections covering both normal and reasonably foreseeable stressed conditions; and holdings of cash and cash equivalents, as well as available borrowing arrangements.

For the fund and other T. Rowe Price funds, the annual assessment incorporated a report related to a fund's holdings, shareholder and portfolio concentration, any borrowings during the period, cash flow projections, and other relevant data for the period of June 1, 2019, through March 31, 2020. The report described the methodology for classifying a fund's investments (including derivative transactions) into one of four liquidity categories, as well as the percentage of a fund's investments assigned to each category. It also explained the methodology for establishing a fund's HLIM and noted that the LRC reviews the HLIM assigned to each fund no less frequently than annually.

Certain provisions of the Liquidity Program initially became effective on December 1, 2018, and the full Liquidity Program was formally approved by the Board in April 2019. During the period covered by the annual assessment, the LRC has concluded, and reported to the Board, that the Liquidity Program since its implementation has operated adequately and effectively and is reasonably designed to assess and manage the fund's liquidity risk.

T. Rowe Price®

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Baltimore, MD 21202

Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

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