T. Rowe Price®

SEMIANNUAL REPORT

June 30, 2020

T. ROWE PRICE

Health Sciences Portfolio

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HIGHLIGHTS

- The Health Sciences Portfolio returned 6.60% in the six months ended June 30, 2020. The portfolio outperformed its benchmark, the Lipper Variable Annuity Underlying Health/Biotechnology Funds Average, and the broad market as measured by the S&P 500 Index.
- The biotechnology and life sciences subsectors were the best absolute performance contributors in the six-month reporting period.
- With innovation accelerating, both sides of the political aisle agreeing that companies should be rewarded for their research and development efforts, and the drug approval process becoming more efficient, we selectively added biotechnology and pharmaceuticals names.
- While the ongoing pandemic continues to create market uncertainty, we think one of the longer-term outcomes of the crisis is that investors will put a greater premium on innovation and novel drug platforms.

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 fund seeks long-term capital appreciation.

FUND COMMENTARY

How did the fund perform in the past six months?

The Health Sciences Portfolio returned 6.60% in the six-month period ended June 30, 2020. The portfolio outperformed its benchmark, the Lipper Variable Annuity Underlying Health/Biotechnology Funds Average, and the broad market as measured by the S&P 500 Index. (Returns for Portfolio–II shares varied slightly, reflecting their different fee structure. *Past performance cannot guarantee future results.)*

PERFORMANCE COMPARISON

Six-Month Period Ended 6/30/20	Total Return
Health Sciences Portfolio	6.60%
Health Sciences Portfolio–II	6.44
S&P 500 Index	-3.08
Lipper Variable Annuity Underlying Health/Biotechnology Funds Average	3.96

What factors influenced the fund's performance?

Within the broad-based Lipper Health/Biotechnology Funds Index, the biotechnology, life sciences, and pharmaceuticals subsectors posted double-digit gains, while the products and devices and services subsectors generated slightly positive and slightly negative returns, respectively. We believe our focus on bottom-up stock selection will continue to be the primary driver of long-term outperformance, as shown in the chart on page 5.

The portfolio's biotechnology holdings account for four of the 10 top absolute performance contributors including **Vertex Pharmaceuticals**, **Regeneron Pharmaceuticals**, **Seattle Genetics**, and **Incyte**. Each of them is among our largest portfolio holdings (see the portfolio's largest holdings on page 4). Vertex, for example, has dominated the cystic fibrosis market through its continuous innovation, with its latest approved drug Trikafta, generating strong sales since it won U.S. Food and Drug Administration (FDA) approval in October 2019. Regeneron Pharmaceuticals, another top 10 holding, benefited from sales of its key drug Eylea, a leading treatment for wet age-related macular degeneration and other eye diseases, which showed resiliency during the initial phases of the health crisis, as well as continued strong uptake for its atopic dermatitis drug Dupixent. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

Within life sciences, our best contributors were **Quidel** and **Thermo Fisher Scientific**. Shares of Quidel, a diagnostics products and solutions manufacturer, spiked in May after receiving an emergency use authorization from the FDA to use and market its rapid point-of-care coronavirus antigen diagnostics test, which detects current infection. Thermo Fisher shares rebounded from a sharp first-quarter sell-off, as the company reported solid revenue growth, due in part to the sale of materials and services related to the pandemic response.

The portfolio's holdings in the services subsector generated a modest loss and mixed individual stock performance. Managed care companies **Humana** and **UnitedHealth Group** were strong contributors, while provider **HCA Healthcare** and dental equipment and consumables manufacturer **Envista Holdings** posted losses as the coronavirus outbreak negatively impacted their businesses.

How is the fund positioned?

Despite the extraordinary circumstances of the novel coronavirus pandemic and accompanying market volatility, we continue our focus on building the portfolio from the bottom up. Given our broad mandate, we look to invest in innovative therapeutic and device companies that will meaningfully contribute to human health and serve severe and unmet medical needs, as well as in companies that improve access to and affordability of health care.

Because of the high level of uncertainty around the crisis, we raised some cash in the portfolio in mid-February by scaling back positions in names that had performed well coming into the crisis such as **Intuitive Surgical** and **Becton, Dickinson & Company**. As equity markets moved lower in March, we started redeploying our reserves as opportunities presented themselves.

Within the biotechnology space, we added to our position in Incyte, an oncology and immunology company. The firm's lead product Jakafi, which treats rare bone marrow disorders, is seeing robust demand, and a leading pipeline asset for lymphoma has shown great potential in clinical trials. We also added to our position in **Exelixis**, which has developed treatments for renal and lung cancer.

We selectively added to names in the pharmaceuticals space where we are seeing more innovation and, just as importantly, less patent risk, which has led to improved growth profiles. During the second quarter, we initiated a position in Paris-based **Sanofi**, a company that has a diversified revenue base and strong balance sheet and cash flows, which management could deploy to further build out product pipelines and accelerate growth over the medium term. We also added to our stake in European pharmaceutical company **AstraZeneca**. We think the prospects of the firm's oncology franchise are promising. It has a high level of diversification from a product, geographic, and payor perspective that should serve it well over time. We eliminated our position in **Novartis** during the second quarter to fund stronger growth opportunities.

While we remain underweight in services, we think managed care is an area of interest and have sizable positions in UnitedHealth Group, Humana, and **Centene**. The services segment has benefited from lowered costs due to the deferral of elective medical procedures—which has more than offset the rising costs related to coronavirus-related hospitalizations—and the meaningful decline in political rhetoric around the space.

INDUSTRY DIVERSIFICATION

	Percent of Net Assets 12/31/19	6/30/20
Biotechnology	36.0%	37.2%
Products and Devices	22.4	18.7
Services	18.3	18.1
Pharmaceuticals	12.7	14.1
Life Sciences	10.2	10.8
Other and Reserves	0.4	1.1
Total	**100.0%**	**100.0%**

Historical weightings reflect current industry/sector classifications.

While helpful for managed care companies, the widespread deferral of elective procedures was a headwind for product and device companies early on in the crisis. However, many stocks in the segment have since staged strong rebounds. Within the space, we have meaningful positions in Intuitive Surgical and **Stryker**, two companies that we think are well positioned longer term for the ongoing secular trend toward more effective and safer robotic-assisted surgical procedures.

We continue to have a positive outlook for life sciences companies, many of which are levered to the accelerating innovation within the biopharma space. We think companies such as **Thermo Fisher Scientific** and **Danaher**, long-term portfolio holdings that sell the equipment required to manufacture vaccines in large volumes, could also see a spike in demand as vaccine development progresses.

What is portfolio management's outlook?

Health care investors should expect ongoing market volatility given the uncertainty surrounding the global coronavirus pandemic. However, fundamentals for the sector continue to improve on the back of accelerating innovation, new technology platforms, a favorable funding environment, and relative leniency from regulators. We have also gained some clarity around November's U.S. presidential election with Joe Biden's emergence as the Democratic presidential front-runner, which likely removes the worst-case scenario for the sector—a single-payer health care system.

We think one of the longer-term outcomes of the pandemic is that investors will put a greater premium on innovation and novel drug platforms. This should result in a wider spread in valuations between high- and low-value medicines. The intense focus on the importance of drug development during this crisis is also likely to change public perceptions on the trade-off between drug pricing and innovation. It may also engender some political goodwill that could dampen drug pricing rhetoric that has existed for years.

Diminished political risk of a drastic overhaul of the U.S. health insurance system is also likely to provide a tailwind for managed care firms, at least in the intermediate term. The benefits accrued from the deferral of elective procedures due to the pandemic are likely to far outweigh the increase in costs associated with virus-related hospitalizations. Product and device companies had performed well prior to the coronavirus crisis, but we think visibility around earnings and cash flow in the space will remain somewhat clouded over the next year or two as we work through the backlog of deferred procedures. Therefore, we intend to remain selective with the names we own in the space.

As always, our focus is on companies developing products and treatments for a wide range of conditions that improve the standard of care, address unmet medical needs, and provide services that improve access to and the affordability of health care. We are confident our emphasis on taking a longer-term view and identifying investment ideas through fundamental, bottom-up research will continue to add value 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.

BENCHMARK INFORMATION

RISKS OF GROWTH INVESTING

Growth stocks can be volatile for several reasons. Since these companies usually invest a high portion of earnings in their businesses, they may lack the dividends of value stocks that can cushion stock prices in a falling market. Also, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

RISKS OF HEALTH SCIENCES FUND INVESTING

Funds that invest only in specific industries will experience greater volatility than funds investing in a broad range of industries. Companies in the health sciences field are subject to special risks such as increased competition within the health care industry, changes in legislation or government regulations, reductions in government funding, product liability or other litigation, and the obsolescence of popular products.

TWENTY-FIVE LARGEST HOLDINGS

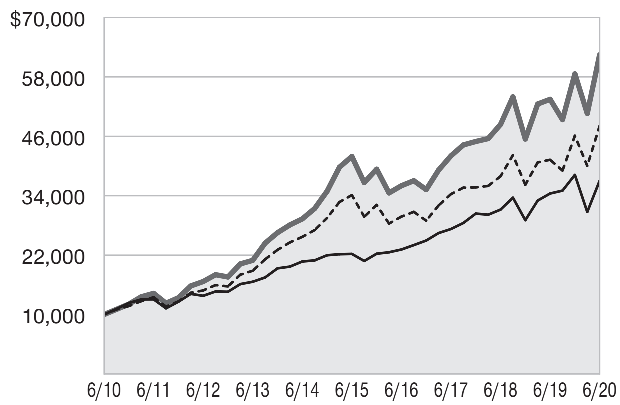
	Percent of Net Assets 6/30/20
UnitedHealth Group	5.4%
Vertex Pharmaceuticals	4.2
Thermo Fisher Scientific	3.6
Intuitive Surgical	3.3
Becton, Dickinson & Company	2.8
Eli Lilly	2.3
Regeneron Pharmaceuticals	2.2
Danaher	2.2
Merck	2.2
AbbVie	2.1
Centene	1.9
Humana	1.9
Amgen	1.9
Stryker	1.8
AstraZeneca	1.7
Cigna	1.7
Incyte	1.7
Seattle Genetics	1.6
Agilent Technologies	1.4
Roche Holding	1.4
Argenx	1.3
Alexion Pharmaceuticals	1.3
Alnylam Pharmaceuticals	1.2
Dexcom	1.2
Anthem	1.1
Total	**53.4%**

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.

HEALTH SCIENCES PORTFOLIO



	As of 6/30/20
Health Sciences Portfolio	$62,478
S&P 500 Index	37,031
Lipper Variable Annuity Underlying Health/Biotechnology Funds Average	48,123

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
Health Sciences Portfolio	16.84%	8.31%	20.11%
Health Sciences Portfolio–II	16.55	8.04	19.81

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). 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)

HEALTH SCIENCES PORTFOLIO

	Beginning Account Value 1/1/20	Ending Account Value 6/30/20	Expenses Paid During Period* 1/1/20 to 6/30/20
Health Sciences Portfolio			
Actual	$1,000.00	$1,066.00	$4.83
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.19	4.72
Health Sciences Portfolio–II			
Actual	1,000.00	1,064.40	6.11
Hypothetical (assumes 5% return before expenses)	1,000.00	1,018.95	5.97

*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 Health Sciences Portfolio was 0.94%, and the Health Sciences Portfolio–II was 1.19%.

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Health Sciences 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	$ 49.82	$ 40.34	$ 42.33	$ 34.64	$ 38.98	$ 37.40
Investment activities						
Net investment loss[1][2]	(0.01)	(0.08)	(0.05)	(0.07)	(0.09)	(0.14)
Net realized and unrealized gain / loss	3.30	11.73	0.55	9.62	(3.99)	4.88
Total from investment activities	3.29	11.65	0.50	9.55	(4.08)	4.74
Distributions						
Net realized gain	–	(2.17)	(2.49)	(1.86)	(0.26)	(3.16)
NET ASSET VALUE						
End of period	**$ 53.11**	**$ 49.82**	**$ 40.34**	**$ 42.33**	**$ 34.64**	**$ 38.98**
Ratios/Supplemental Data						
Total return[2][3]	**6.60%**	**28.95%**	**1.11%**	**27.58%**	**(10.48)%**	**12.76%**
Ratios to average net assets:[2]						
Gross expenses before waivers/payments by Price Associates[4]	0.95%[5]	0.95%	0.95%	0.95%	0.95%	0.95%
Net expenses after waivers/payments by Price Associates	0.94%[5]	0.94%	0.95%	0.95%	0.95%	0.95%
Net investment loss	(0.04)%[5]	(0.17)%	(0.12)%	(0.17)%	(0.27)%	(0.33)%
Portfolio turnover rate	18.1%	37.0%	45.5%	42.8%	28.5%	31.6%
Net assets, end of period (in thousands)	$ 129,444	$ 122,289	$ 95,922	$ 88,840	$ 71,085	$ 100,233

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 5 for details of expense-related arrangements with Price Associates.
(3) 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.
(4) See Note 5. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(5) Annualized

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

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Health Sciences 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	$ 47.48	$ 38.62	$ 40.73	$ 33.38	$ 37.67	$ 36.25
Investment activities						
Net investment loss[1][2]	(0.07)	(0.19)	(0.17)	(0.16)	(0.18)	(0.24)
Net realized and unrealized gain / loss	3.13	11.22	0.55	9.27	(3.85)	4.73
Total from investment activities	3.06	11.03	0.38	9.11	(4.03)	4.49
Distributions						
Net realized gain	–	(2.17)	(2.49)	(1.76)	(0.26)	(3.07)
NET ASSET VALUE						
End of period	**$ 50.54**	**$ 47.48**	**$ 38.62**	**$ 40.73**	**$ 33.38**	**$ 37.67**
Ratios/Supplemental Data						
Total return[2][3]	**6.44%**	**28.63%**	**0.86%**	**27.31%**	**(10.72)%**	**12.47%**
Ratios to average net assets:[2]						
Gross expenses before waivers/payments by Price Associates[4]	1.20%[5]	1.20%	1.20%	1.20%	1.20%	1.20%
Net expenses after waivers/payments by Price Associates	1.19%[5]	1.19%	1.20%	1.20%	1.20%	1.20%
Net investment loss	(0.30)%[5]	(0.42)%	(0.39)%	(0.42)%	(0.52)%	(0.58)%
Portfolio turnover rate	18.1%	37.0%	45.5%	42.8%	28.5%	31.6%
Net assets, end of period (in thousands)	$ 525,269	$ 514,755	$ 434,528	$ 603,253	$ 492,442	$ 672,690

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 5 for details of expense-related arrangements with Price Associates.
(3) 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.
(4) See Note 5. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(5) 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 97.8%		
Biotechnology 34.3%		
Major Biotechnology 11.5%		
Alkermes (1)	57,082	1,108
Amgen	51,582	12,166
Biogen (1)	22,832	6,109
Bristol-Myers Squibb	112,537	6,617
Exact Sciences (1)	57,974	5,040
Neurocrine Biosciences (1)	54,484	6,647
Seattle Genetics (1)	61,058	10,375
Vertex Pharmaceuticals (1)	93,963	27,278
Zogenix (1)	14,124	382
		75,722
Other Biotechnology 22.8%		
ACADIA Pharmaceuticals (1)	128,803	6,243
Acceleron Pharma (1)	59,643	5,682
Acerta Pharma, Class B, Acquisition Date: 5/12/15, Cost $203 (1)(2)(3)	8,013,195	881
Adaptive Biotechnologies (1)	19,098	924
Adverum Biotechnologies (1)	43,823	915
Agios Pharmaceuticals (1)	31,613	1,691
Aimmune Therapeutics (1)	37,262	623
Akero Therapeutics (1)	6,484	162
Alexion Pharmaceuticals (1)	74,938	8,411
Allakos (1)	893	64
Allogene Therapeutics (1)	48,019	2,056
Alnylam Pharmaceuticals (1)	54,553	8,080
Apellis Pharmaceuticals (1)	42,274	1,381
Ascendis Pharma, ADR (1)	45,865	6,783
Avrobio (1)	12,379	216
Axsome Therapeutics (1)	17,538	1,443
BeiGene, ADR (1)	11,806	2,224
BioMarin Pharmaceutical (1)	35,087	4,328
Bluebird Bio (1)	21,040	1,284
Blueprint Medicines (1)	23,997	1,872
CRISPR Therapeutics (1)	13,767	1,012
Deciphera Pharmaceuticals (1)	20,696	1,236

(Cost and value in $000s)

	Shares/Par	$ Value
Denali Therapeutics (1)	39,850	964
Dicerna Pharmaceuticals (1)	39,839	1,012
Enanta Pharmaceuticals (1)	18,183	913
Evotec (EUR) (1)	62,611	1,709
Exelixis (1)	215,661	5,120
Fate Therapeutics (1)	24,639	845
FibroGen (1)	48,667	1,972
G1 Therapeutics (1)	12,411	301
Generation Bio (1)	12,647	266
Generation Bio, Acquisition Date: 1/9/20, Cost $368 (1)(2)	37,224	743
Global Blood Therapeutics (1)	38,154	2,409
Homology Medicines (1)	27,225	414
Immunomedics (1)	66,385	2,353
Incyte (1)	106,315	11,054
Insmed (1)	76,153	2,097
Intercept Pharmaceuticals (1)	7,393	354
Ionis Pharmaceuticals (1)	67,161	3,960
Iovance Biotherapeutics (1)	114,922	3,155
Karuna Therapeutics (1)	18,947	2,112
Kodiak Sciences (1)	49,036	2,654
Krystal Biotech (1)	13,365	554
Lonza Group (CHF)	3,936	2,085
Milestone Pharmaceuticals (1)	10,892	41
Mirati Therapeutics (1)	16,985	1,939
Moderna (1)	20,737	1,331
Momenta Pharmaceuticals (1)	36,285	1,207
MyoKardia (1)	34,941	3,376
Nektar Therapeutics (1)	27,807	644
Novocure (1)	17,090	1,013
Odonate Therapeutics (1)	18,779	795
Orchard Therapeutics, ADR (1)	24,600	148
PhaseBio Pharmaceuticals (1)	25,270	116
Principia Biopharma (1)	15,611	933
Progenics Pharmaceuticals	45,500	—
PTC Therapeutics (1)	20,651	1,048
Puma Biotechnology (1)	28,900	301
Radius Health (1)	18,232	248
RAPT Therapeutics (1)	19,238	558

(Cost and value in $000s)	Shares/Par	$ Value
Reata Pharmaceuticals, Class A (1)	7,677	1,198
Regeneron Pharmaceuticals (1)	23,102	14,408
REGENXBIO (1)	9,400	346
Rocket Pharmaceuticals (1)	22,625	473
Sage Therapeutics (1)	38,720	1,610
Sarepta Therapeutics (1)	24,626	3,948
Scholar Rock Holding (1)	9,088	165
Stoke Therapeutics (1)	16,404	391
Turning Point Therapeutics (1)	17,444	1,127
Ultragenyx Pharmaceutical (1)	56,808	4,443
WaVe Life Sciences (1)	36,003	375
Xencor (1)	38,227	1,238
Zai Lab, ADR (1)	5,380	442
Zymeworks (1)	18,152	655
		149,074
Total Biotechnology		224,796
Life Sciences 9.9%		
Life Sciences 9.9%		
Abcam (GBP)	37,399	618
Agilent Technologies	104,945	9,274
Bruker	78,469	3,192
Danaher	81,446	14,402
DiaSorin (EUR)	17,517	3,364
GenMark Diagnostics (1)	54,943	808
Mettler-Toledo International (1)	2,176	1,753
Quanterix (1)	28,296	775
Quidel (1)	30,330	6,786
Thermo Fisher Scientific	64,964	23,539
Total Life Sciences		64,511
Miscellaneous 0.8%		
Miscellaneous 0.8%		
Royalty Pharma, Class A (1)	57,948	2,813
Royalty Pharma, Acquisition Date: 5/21/15, Cost $680 (1)(2)	53,480	2,467
Total Miscellaneous		5,280

(Cost and value in $000s)	Shares/Par	$ Value
Pharmaceuticals 13.5%		
European Major - Pharmaceuticals 0.4%		
Bayer (EUR)	31,236	2,315
Zeneca, Acquisition Date: 7/18/13, Cost $0 (1)(2)(3)	12,799	8
		2,323
Major Pharmaceuticals 12.7%		
AbbVie	140,465	13,791
Amarin, ADR (1)	96,772	670
Astellas Pharma (JPY)	139,000	2,321
AstraZeneca, ADR	216,492	11,450
Chugai Pharmaceutical (JPY)	90,500	4,845
Daiichi Sankyo (JPY)	47,100	3,852
Eisai (JPY)	28,000	2,225
Eli Lilly	90,265	14,820
Ipsen (EUR)	21,858	1,854
Merck	184,242	14,248
Roche Holding (CHF)	26,561	9,202
Sanofi (EUR)	39,126	3,990
		83,268
Specialty Pharmaceuticals 0.4%		
Cara Therapeutics (1)	34,352	588
GW Pharmaceuticals, ADR (1)	9,704	1,191
Tricida (1)	39,122	1,075
		2,854
Total Pharmaceuticals		88,445
Products & Devices 17.4%		
Implants 9.4%		
AtriCure (1)	26,745	1,202
Becton Dickinson & Company	77,857	18,629
Intuitive Surgical (1)	38,162	21,746
iRhythm Technologies (1)	12,070	1,399
Outset Medical, Acquisition Date: 1/27/20, Cost $174 (1)(2)(3)	78,919	173
Stryker	66,849	12,045
Teleflex	12,651	4,605

	Shares/Par	$ Value
(Cost and value in $000s)		
Verily Life Sciences, Series B, Acquisition Date: 1/23/19, Cost $643 (1)(2)(3)	5,220	476
Zimmer Biomet Holdings	11,400	1,361
		61,636
Other Products & Devices 8.0%		
Alcon (CHF) (1)	53,388	3,068
Argenx, ADR (1)	38,528	8,678
Avantor (1)	185,898	3,160
Burning Rock Biotech, Class A, ADR (1)	28,747	776
Catalent (1)	31,684	2,322
Cooper	11,186	3,173
Dermtech (1)	4,702	62
DexCom (1)	19,177	7,774
Hologic (1)	120,965	6,895
ICU Medical (1)	8,472	1,562
Insulet (1)	15,100	2,933
JAND, Class A, Acquisition Date: 4/23/15-3/9/18, Cost $353 (1)(2)(3)	29,873	582
Lantheus Holdings (1)	47,971	686
Nevro (1)	28,375	3,390
Pax Labs, Class A, Acquisition Date: 4/18/19, Cost $1,452 (1)(2)(3)	385,684	731
Penumbra (1)	15,648	2,798
Shockwave Medical (1)	45,616	2,161
Tandem Diabetes Care (1)	16,200	1,603
		52,354
Total Products & Devices		113,990
Services 17.1%		
Distribution 0.2%		
McKesson	6,600	1,013
Option Care Health (1)	22,655	314
Total Distribution		1,327
Information & Data Technology 0.6%		
Veeva Systems, Class A (1)	16,300	3,821
Total Information & Data Technology		3,821

	Shares/Par	$ Value
(Cost and value in $000s)		
Other Services 2.1%		
Elanco Animal Health (1)	69,612	1,493
Envista Holdings (1)	107,548	2,268
Guardant Health (1)	16,529	1,341
Pennant Group (1)	27,019	611
PRA Health Sciences (1)	17,900	1,742
West Pharmaceutical Services	23,626	5,367
Wuxi Biologics (HKD) (1)	45,000	826
		13,648
Payors 12.9%		
Alignment Healthcare Partners, Acquisition Date: 2/28/20, Cost $816 (1)(2)(3)	67,313	816
Anthem	27,704	7,285
Centene (1)	200,112	12,717
Cigna	59,021	11,075
Humana	32,706	12,682
Molina Healthcare (1)	26,715	4,755
UnitedHealth Group	119,323	35,194
		84,524
Providers 1.3%		
Acadia Healthcare (1)	23,525	591
Amedisys (1)	9,021	1,791
HCA Healthcare	62,744	6,090
		8,472
Total Services		111,792
Total Miscellaneous Common Stocks 4.8% (4)		31,494
Total Common Stocks (Cost $351,216)		**640,308**
PREFERRED STOCKS 0.5%		
Life Sciences 0.5%		
Life Sciences 0.5%		
Sartorius (EUR) (5)	9,783	3,229
Total Life Sciences		3,229
Total Preferred Stocks (Cost $1,441)		**3,229**

(Cost and value in $000s)	Shares/Par	$ Value
CONVERTIBLE PREFERRED STOCKS 1.5%		
Biotechnology 0.4%		
Other Biotechnology 0.4%		
Atea Pharmaceuticals, Series D, Acquisition Date: 5/19/20, Cost $241 (1)(2)(3)	34,319	241
C4 Therapeutics, Series B, Acquisition Date: 6/5/20, Cost $269 (1)(2)(3)	256,063	269
Ginkgo Bioworks, Series E, Acquisition Date: 7/30/19-9/9/19, Cost $975 (1)(2)(3)	6,577	988
Insitro, Series B, Acquisition Date: 5/21/20, Cost $248 (1)(2)(3)	39,793	248
Seer, Series D, Acquisition Date: 11/15/19, Cost $350 (1)(2)(3)	107,543	403
Seer, Series D-1, Acquisition Date: 5/12/20, Cost $350 (1)(2)(3)	93,272	350
Total Biotechnology		2,499
Products & Devices 0.6%		
Capital Equipment 0.1%		
Reflexion Medical, Acquisition Date: 4/3/20, Cost $97 (1)(2)(3)	51,079	97
Reflexion Medical, Series C, Acquisition Date: 4/3/18, Cost $255 (1)(2)(3)	150,708	287
		384
Implants 0.2%		
Kardium, Series D, Acquisition Date: 11/29/18, Cost $391 (1)(2)(3)	403,778	289
Outset Medical, Series C, Acquisition Date: 4/19/17, Cost $724 (1)(2)(3)	279,529	615
Outset Medical, Series D, Acquisition Date: 8/20/18, Cost $503 (1)(2)(3)	161,707	470
Outset Medical, Series E, Acquisition Date: 1/27/20, Cost $258 (1)(2)(3)	117,133	258
		1,632

(Cost and value in $000s)	Shares/Par	$ Value
Other Products & Devices 0.3%		
JAND, Series D, Acquisition Date: 4/23/15, Cost $709 (1)(2)(3)	61,723	1,203
JAND, Series E, Acquisition Date: 3/9/18, Cost $43 (1)(2)(3)	2,753	54
JAND, Series F, Acquisition Date: 4/3/20, Cost $518 (1)(2)(3)	26,577	518
		1,775
Total Products & Devices		3,791
Services 0.5%		
Information & Data Technology 0.1%		
Doximity, Series C, Acquisition Date: 4/10/14, Cost $219 (1)(2)(3)	45,378	526
		526
Other Services 0.4%		
Freenome Holdings, Series B, Acquisition Date: 6/24/19, Cost $325 (1)(2)(3)	71,397	241
Tempus Labs, Series D, Acquisition Date: 3/16/18, Cost $533 (1)(2)(3)	56,856	1,543
Tempus Labs, Series E, Acquisition Date: 8/23/18, Cost $629 (1)(2)(3)	37,551	1,047
Tempus Labs, Series F, Acquisition Date: 4/30/19, Cost $197 (1)(2)(3)	7,944	224
Tempus Labs, Series G, Acquisition Date: 2/6/20, Cost $196 (1)(2)(3)	5,107	145
		3,200
Total Services		3,726
Total Convertible Preferred Stocks (Cost $8,030)		**10,016**

(Cost and value in $000s)

	Shares/Par	$ Value
CONVERTIBLE BONDS 0.1%		
Color Genomics, 3.00%, 6/30/21 Acquisition Date: 1/13/20, Cost $419 (1)(2)(3)	418,507	419
Total Convertible Bonds (Cost $419)		**419**
SHORT-TERM INVESTMENTS 0.7%		
Money Market Funds 0.7%		
T. Rowe Price Government Reserve Fund, 0.14% (6)(7)	4,584,669	4,585
Total Short-Term Investments (Cost $4,585)		**4,585**
Total Investments in Securities		
100.6% of Net Assets (Cost $365,691)		**$ 658,557**

‡ Shares/Par are denominated in U.S. dollars unless otherwise noted.
(1) Non-income producing
(2) Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The fund has registration rights for certain restricted securities. Any costs related to such registration are borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period-end amounts to $17,312 and represents 2.6% of net assets.
(3) See Note 2. Level 3 in fair value hierarchy.
(4) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
(5) 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.
(6) Affiliated Companies
(7) Seven-day yield
ADR American Depositary Receipts
CHF Swiss Franc
EUR Euro
GBP British Pound
HKD Hong Kong Dollar
JPY Japanese Yen

Affiliated Companies

($000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company 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	$ —#	$ —	$ 22+

Supplementary Investment Schedule

Affiliate	Value 12/31/19	Purchase Cost	Sales Cost	Value 6/30/20
T. Rowe Price Government Reserve Fund	$ 2,835	¤	¤	$ 4,585^

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

\+ Investment income comprised $22 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 $4,585.

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 $365,691)	$	658,557
Receivable for investment securities sold		2,651
Dividends and interest receivable		210
Receivable for shares sold		103
Foreign currency (cost $14)		14
Other assets		282
Total assets		661,817
Liabilities		
Payable for investment securities purchased		5,700
Payable for shares redeemed		724
Investment management and administrative fees payable		680
Total liabilities		7,104
NET ASSETS	**$**	**654,713**
Net Assets Consist of:		
Total distributable earnings (loss)	$	308,825
Paid-in capital applicable to 12,830,089 shares of $0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		345,888
NET ASSETS	**$**	**654,713**
NET ASSET VALUE PER SHARE		
Health Sciences Portfolio Class ($129,443,790 / 2,437,344 shares outstanding)	**$**	**53.11**
Health Sciences Portfolio - II Class ($525,269,366 / 10,392,745 shares outstanding)	**$**	**50.54**

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	$	2,692
Interest		6
Total income		2,698
Expenses		
Investment management and administrative expense		2,869
Rule 12b-1 fees – Health Sciences Portfolio – II Class		606
Waived / paid by Price Associates		(30)
Net expenses		3,445
Net investment loss		(747)
Realized and Unrealized Gain / Loss		
Net realized gain (loss)		
Securities		16,113
Foreign currency transactions		28
Net realized gain		16,141
Change in net unrealized gain / loss		
Securities		23,206
Other assets and liabilities denominated in foreign currencies		6
Change in net unrealized gain / loss		23,212
Net realized and unrealized gain / loss		39,353
INCREASE IN NET ASSETS FROM OPERATIONS	**$**	**38,606**

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 loss	$ (747)	$ (2,196)
Net realized gain	16,141	25,871
Change in net unrealized gain / loss	23,212	122,099
Increase in net assets from operations	38,606	145,774
Distributions to shareholders		
Net earnings		
Health Sciences Portfolio Class	–	(5,088)
Health Sciences Portfolio - II Class	–	(22,471)
Decrease in net assets from distributions	–	(27,559)
Capital share transactions*		
Shares sold		
Health Sciences Portfolio Class	12,734	18,228
Health Sciences Portfolio - II Class	44,043	54,298
Distributions reinvested		
Health Sciences Portfolio Class	–	5,088
Health Sciences Portfolio - II Class	–	22,471
Shares redeemed		
Health Sciences Portfolio Class	(13,475)	(19,328)
Health Sciences Portfolio - II Class	(64,239)	(92,378)
Decrease in net assets from capital share transactions	(20,937)	(11,621)
Net Assets		
Increase during period	17,669	106,594
Beginning of period	637,044	530,450
End of period	**$ 654,713**	**$ 637,044**

*Share information		
Shares sold		
Health Sciences Portfolio Class	264	398
Health Sciences Portfolio - II Class	954	1,224
Distributions reinvested		
Health Sciences Portfolio Class	–	103
Health Sciences Portfolio - II Class	–	479
Shares redeemed		
Health Sciences Portfolio Class	(281)	(425)
Health Sciences Portfolio - II Class	(1,404)	(2,112)
Decrease in shares outstanding	(467)	(333)

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 Health Sciences Portfolio (the fund) is a nondiversified, 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 long-term capital appreciation. The fund has two classes of shares: the Health Sciences Portfolio (Health Sciences Portfolio Class) and the Health Sciences Portfolio–II (Health Sciences Portfolio–II Class). Health Sciences 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. 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 annually. 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. Health Sciences 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. 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	$ 588,770	$ 47,871	$ 3,667	$ 640,308
Preferred Stocks	—	3,229	—	3,229
Convertible Preferred Stocks	—	—	10,016	10,016
Fixed Income Securities[1]	—	—	419	419
Short-Term Investments	4,585	—	—	4,585
Total	$ 593,355	$ 51,100	$ 14,102	$ 658,557

[1]Includes Convertible Bonds.

Following is a reconciliation of the fund's Level 3 holdings for the six months ended June 30, 2020. Gain (loss) reflects both realized and change in unrealized gain/loss on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at June 30, 2020, totaled $(135,000) for the six months ended June 30, 2020. During the six months, transfers out of Level 3 were because observable market data became available for the security.

($000s)	Beginning Balance 1/1/20	Gain (Loss) During Period	Total Purchases	Transfers Out of Level 3	Ending Balance 6/30/20
Investment in Securities					
Common Stocks	$ 3,965	$ (224)	$ 989	$ (1,063)	$ 3,667
Convertible Preferred Stocks	7,750	89	2,177	—	10,016
Convertible Bonds	—	—	419	—	419
Total	$ 11,715	$ (135)	$ 3,585	$ (1,063)	$ 14,102

NOTE 3 - 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.

Other Purchases and sales of portfolio securities other than short-term securities aggregated $109,355,000 and $129,424,000, respectively, for the six months ended June 30, 2020.

NOTE 4 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions 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 $369,663,000. Net unrealized gain aggregated $288,900,000 at period-end, of which $299,013,000 related to appreciated investments and $10,113,000 related to depreciated investments.

NOTE 5 - 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 0.95% 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 0.94% 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 $30,000 and allocated ratably in the amount of $6,000 for the Health Sciences Portfolio Class and $24,000 for the Health Sciences 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 $6,000, which is included in Net realized gain (loss) on Securities in the Statement of Operations.

NOTE 6 - 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 0.94% 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 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

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT (CONTINUED)

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 fourth quintile (Expense Group), the fund's actual management fee rate ranked in the fourth 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 quintile, 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.

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T. Rowe Price®

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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.

202008-1220429 T. Rowe Price Investment Services, Inc. E309-051 8/20