



**ANNUAL REPORT**

December 31, 2021

PRHSX

T. ROWE PRICE

**Health Sciences Fund**

THISX

**Health Sciences Fund-  
I Class**

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## HIGHLIGHTS

- The Health Sciences Fund outperformed its benchmark but trailed the broad equity market in the 12 months ended December 31, 2021.
- Sector allocation and stock selection drove the portfolio's strong relative performance versus its peer group. The biotechnology and services subsectors contributed the most to relative performance.
- Generally, we continue to invest in companies developing treatments or products for a wide range of conditions that improve the standard of care and meet unmet medical needs, as well as companies that provide services that improve access to and affordability of health care. During the period, our allocations to the life sciences subsector increased while our exposures to the biotechnology and products and devices subsectors decreased.
- We remain positive on the long-term prospects for investing in the health care sector as the pace of medical innovation and our understanding of the genetic causes of disease continue to accelerate.

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## Dear Shareholder

Major stock and bond indexes produced mixed results during 2021 as strong corporate earnings growth and a recovering economy contended with worries about inflation, new coronavirus variants, and less accommodative central banks. Most developed market stock benchmarks finished the year with positive returns, although gains slowed in the second half of the year, while fixed income returns faced headwinds from rising interest rates.

Large-cap U.S. growth stocks delivered the strongest returns, but solid results were common in many developed markets. However, emerging markets stock benchmarks struggled amid a significant equity market downturn in China.

The large-cap S&P 500 Index returned almost 29%, marking its third straight year of positive returns. Robust results were widespread across the benchmark—according to Bloomberg data, 2021 marked the first year that all of the S&P 500 sectors recorded double-digit gains. The energy sector, which was the worst performer in 2020, was the leader in 2021 amid a sharp increase in oil prices, and real estate stocks also rebounded from a down year as strong demand led to rising rents. Financial and information technology stocks also produced excellent returns and outperformed the broad market.

In the fixed income market, rising Treasury yields weighed on performance, but below investment-grade corporate bonds delivered solid results as they benefited from improving fundamentals and investor demand for higher-yielding securities. (Bond prices and yields move in opposite directions.)

A robust increase in corporate earnings growth appeared to be a significant performance driver during the year. According to FactSet, overall earnings for the S&P 500 rose 89% in the second quarter of 2021 versus the year before, the fastest pace since 2009, and while third-quarter earnings slowed, they continued to beat expectations at an impressive pace. Despite the significant rally in the S&P 500 during 2021, the index's price/earnings ratio actually fell over that period as earnings rose faster than stock prices. Although economic growth showed signs of slowing at times, data remained generally positive through the end of the period. The unemployment rate, which started the year at 6.7%, fell to 3.9% by December, and job openings reached a record high.

However, optimism surrounding strong earnings and employment gains was tempered by inflation concerns. Prices surged as the release of pent-up demand and supply chain disruptions contributed to higher inflation around the globe. In the U.S., the 6.8% increase in the consumer price index for the 12-month period ended in November was the highest level since 1982, a factor that may have contributed to a decline in consumer sentiment late in the year.

Meanwhile, central banks began to move away from the extremely accommodative policies they instituted in response to the initial wave of the coronavirus. The Federal Reserve began trimming its purchases of Treasuries and agency mortgage-backed securities in November, and policymakers indicated that they could soon start raising short-term interest rates.

How markets respond to the normalization of monetary policy is an open question. While fading stimulus might pose some challenges for investors, I believe it could contribute to a return of price sensitivity in global markets, which bodes well for selective investors focused on fundamentals.

Elevated valuations, higher inflation, and the continuing struggle to control the pandemic also pose potential challenges for financial markets in 2022. However, on the positive side, household wealth gains, pent-up consumer demand, and a potential boom in capital expenditures could sustain growth even as monetary policy turns less supportive. In this environment, our investment teams will remain focused on using fundamental research to identify companies that can add value to your portfolio over the long term.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. Sharps". The signature is fluid and cursive, with the first name "Robert" and the last name "Sharps" being the most prominent parts.

Robert Sharps  
*President and CEO*

**INVESTMENT OBJECTIVE**

The fund seeks long-term capital appreciation.

**FUND COMMENTARY****How did the fund perform in the past 12 months?**

The Health Sciences Fund returned 13.27% in the 12-month period ended December 31, 2021. The fund outperformed its benchmark, the Lipper Health/Biotechnology Funds Index, but trailed the broad equity market

as measured by the S&P 500 Index. (Returns for I Class shares varied slightly, reflecting their different fee structure. *Past performance cannot guarantee future results.*)

**PERFORMANCE COMPARISON**

Periods Ended 12/31/21	Total Return	
	6 Months	12 Months
Health Sciences Fund	3.44%	13.27%
Health Sciences Fund-I Class	3.50	13.40
S&P 500 Index	11.67	28.71
Lipper Health/Biotechnology Funds Index	-0.81	3.24

**What factors influenced the fund's performance?**

Allocation decisions and stock selection both

contributed to the portfolio's solid absolute and relative results. We believe our focus on bottom-up stock selection will be the primary long-term performance driver as shown in the Growth of \$10,000 chart on page 10.

Biotechnology was the portfolio's largest source of relative outperformance as stock selection and an underweight exposure to one of the benchmark's poorest-performing subsectors were both beneficial. Shares of BioNTech, a commercial-stage biotechnology company based in Germany, more than tripled over the period. The mRNA-based coronavirus vaccine it developed with Pfizer helped drive solid growth in vaccine revenues. Moderna Therapeutics, which saw its stock more than double in the past year, is an innovative company that developed its own mRNA-based coronavirus vaccine and, similarly, benefited from strong demand for vaccinations globally. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

Stock selection within the services subsector contributed to relative gains. Diversified U.S. managed care company UnitedHealth Group was the best contributor in the sector. Shares advanced on a string of strong quarterly results. Most recently, the company reported better-than-expected medical

loss ratio and solid growth from its pharmacy benefits division, OptumRx, leading management to raise its 2021 full-year earnings guidance. We think UnitedHealth is well positioned to benefit in a range of scenarios due to its strong Medicare and Medicaid businesses and other diversified business segments such as pharmacy, technology, and contract research organization. Shares of health benefits company Anthem also rose following a string of quarterly results that exceeded expectations, driven by a better-than-feared medical loss ratio. The company also raised its 2021 guidance on more than one occasion throughout the year. Shares jumped again late in the period with the broader market on hopes that the omicron variant of the coronavirus wouldn't weigh on economic growth as much as originally feared.

Within pharmaceuticals, stock selection and an overweight allocation further benefited relative results. Eli Lilly advanced on investor optimism toward the company's experimental Alzheimer's drug, donanemab, which received Breakthrough Therapy designation by the FDA in June and was submitted for FDA approval in October. Late in the period, shares were also boosted by a significant increase in the company's 2021 annual revenue forecast as well as an analyst upgrade. We believe the company has several late-stage assets with high probabilities of success that will benefit its visibility and revenue over the next 12 to 18 months.

The products and devices subsector was the sole detractor from relative performance over the period due to stock selection. Shares of iRhythm Technologies, which makes a wearable heart monitor for detecting cardiac arrhythmias, plunged in late January due to growing uncertainty about Medicare reimbursement rates for its Zio XT monitor. The stock came under further pressure in April after the company announced it would no longer offer its Zio Service to Medicare patients and in early June after the firm's chief executive officer resigned. While shares recovered slightly toward the end of the year, it wasn't enough to make up for earlier losses. We like the company's Zio Service, which enables faster and more accurate diagnosis of arrhythmias. We believe Zio is well positioned to capture significant share over the next few years, eventually becoming the standard of care in the U.S. for first-line ambulatory electrocardiogram monitoring.

### **How is the fund positioned?**

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. We want to own companies developing innovative, game-changing therapies and those that are improving the standard

of care in a cost-effective manner because those are areas where we think investors can realize the best long-term growth. The portfolio maintains a balanced blend of therapeutics (biotechnology and pharmaceuticals) and nontherapeutics (life sciences, products and devices, and services) companies.

Biotechnology represents our largest allocation within the portfolio. We remain optimistic on the subsector given the acceleration in innovation occurring in the space, which should lead to meaningful drug launches that will cure diseases or dramatically improve quality of life in the coming years. We continue to look for secular winners—companies that have the best chance of dominating their space, either through drugs likely to become standard of care in large and well-characterized markets or companies with platform value that can replicate their success. During the year, we initiated a position in Zentalis Pharmaceuticals, a development-stage company focused on oral cancer drugs. We have an optimistic view of the company's pipeline and like the company's strategy of developing "me-better" oral oncology drugs that address well-characterized classes and large markets. To manage position sizes, we also trimmed BioNTech, an immunotherapy company based in Germany, during periods of strength; Vertex Pharmaceuticals, which is focused on

developing treatments for cystic fibrosis; and Amgen, which develops original cancer and kidney disease supportive-care products.

As is the case with biotechnology, we generally favor pharmaceutical companies that are developing novel therapeutics. We appreciate the defensive nature of pharmaceutical investments, and valuations among large-cap pharmaceuticals are not demanding. We added to biopharmaceutical company

AstraZeneca. The firm continues to execute on delivering margin expansion, improving free cash flow, and investing heavily in its research and development pipeline. The company is in the early stages of a new product cycle, which we believe can generate above-average growth for several years. We also trimmed our position in Eli Lilly, which performed well over the period.

#### INDUSTRY DIVERSIFICATION

	Percent of Net Assets	
	6/30/21	12/31/21
Biotechnology	32.3%	26.6%
Services	23.3	23.3
Products and Devices	17.9	18.5
Life Sciences	14.8	16.6
Pharmaceuticals	10.2	14.2
Consumer Nondurables	0.3	0.5
Other and Reserves	1.2	0.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Historical weightings reflect current industry/sector classifications.

Within the services segment, we continue to have an overweight to managed care companies, which we view as quality businesses with compelling runways for long-term growth. We think the segment broadly stands out as one of the few spaces in the market that is still meaningfully dislocated from a price standpoint. Within the space, we have meaningful exposure to UnitedHealth Group, Anthem, Humana, and Centene, each of which was among the portfolio's top positions at the end of the year.

We maintain an overweight to the life sciences tools space, which is levered to the ongoing innovation within the biopharma space and has companies with meaningful diagnostics businesses that should benefit from a robust coronavirus testing ecosystem. Within the space, we have core positions in Thermo Fisher Scientific and Danaher.

**What is portfolio management's outlook?**

The continued spread of the coronavirus delta variant and the emergence of the omicron variant in late November reminded investors that we have not yet fully emerged from the coronavirus pandemic. While we expect equity markets to remain volatile in the near term, our longer-term outlook for the health care sector remains positive given the secular tailwinds related to aging populations, increasing demand for clinical procedures, and accelerating innovation that is leading to the development of game-changing therapies and medical devices that are leading to vast improvements in the standard of care.

Advancements in research tools, increasing investment capital, and a maturing contract research and development field are all helping drive drug innovation, as evidenced by the 50 new drug approvals by the U.S. Food and Drug Administration's Center for Drug Evaluation and Research in 2021 and the more than 200 new drug approvals over the four years prior. While numerous disorders affecting large patient populations that need improved treatment options remain, innovative emerging modalities, such as gene and cell therapies, precision tissue delivery, and targeted protein degradation, have shown great promise for expansion of treatment into new disease areas.



We expect innovation in the sector to continue at a rapid pace but also recognize the uncertainty that investors face regarding the ongoing health crisis and potential implications of additional variants. We acknowledge that investor concerns around macro factors like higher inflation, which could pressure margins, and higher interest rates, which would raise the cost of capital and potentially dampen mergers and acquisitions activity, could lead to periods of short-term weakness in certain areas of health care. However, we continue to focus our efforts on finding the best innovations in medicine and health care services that improve patient outcomes, access, and/or affordability, which we think will create long-term value for our clients. Ultimately, we believe we are in the midst of a golden age for health care, which should have a much longer runway in the future.

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 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.

## **BENCHMARK INFORMATION**

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## PORTFOLIO HIGHLIGHTS

## TWENTY-FIVE LARGEST HOLDINGS

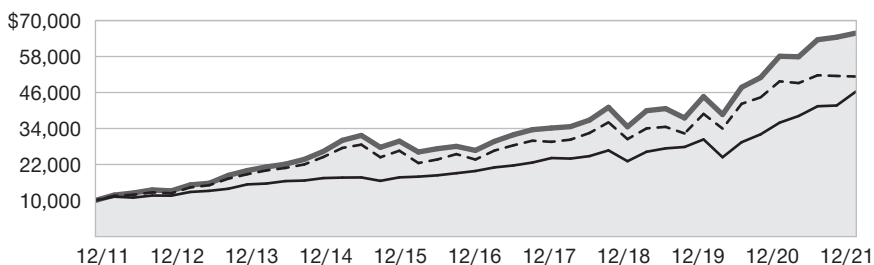
	Percent of Net Assets 12/31/21
UnitedHealth Group	7.3%
Thermo Fisher Scientific	4.9
Danaher	4.0
Intuitive Surgical	4.0
Eli Lilly and Co	3.0
Stryker	2.3
AstraZeneca	2.1
Anthem	2.0
Humana	2.0
Centene	1.8
AbbVie	1.8
West Pharmaceutical Services	1.8
Agilent Technologies	1.8
Merck	1.6
Vertex Pharmaceuticals	1.5
BioNTech	1.5
Moderna Therapeutics	1.5
Argenx	1.5
Becton, Dickinson & Company	1.4
HCA Healthcare	1.4
Regeneron Pharmaceuticals	1.4
Hologic	1.1
Molina Healthcare	1.1
Alnylam Pharmaceuticals	1.1
Cigna	1.0
<b>Total</b>	<b>54.9%</b>

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 fund over the past 10 fiscal year periods or since inception (for funds 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 fund returns as well as mutual fund averages and indexes.

### HEALTH SCIENCES FUND



As of 12/31/21

— Health Sciences Fund	\$65,792
— S&P 500 Index	46,257
- - - Lipper Health/Biotechnology Funds Index	51,331

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

**AVERAGE ANNUAL COMPOUND TOTAL RETURN**

Periods Ended 12/31/21	1 Year	5 Years	10 Years	Since Inception	Inception Date
Health Sciences Fund	13.27%	19.77%	20.73%	-	-
Health Sciences Fund-I Class	13.40	19.91	-	17.74%	3/23/16

*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 visit our website ([troweprice.com](http://troweprice.com)) or contact a T. Rowe Price representative at 1-800-225-5132 or, for I Class shares, 1-800-638-8790.*

This table shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. When assessing performance, investors should consider both short- and long-term returns.

**EXPENSE RATIO**

Health Sciences Fund	0.76%
Health Sciences Fund-I Class	0.65

The expense ratio shown is as of the fund's most recent prospectus. This number may vary from the expense ratio shown elsewhere in this report because it is based on a different time period and, if applicable, includes acquired fund fees and expenses but does not include fee or expense waivers.

**FUND EXPENSE EXAMPLE**

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

Please note that the fund has two share classes: The original share class (Investor Class) charges no distribution and service (12b-1) fee, and the I Class shares are also available to institutionally oriented clients and impose no 12b-1 or administrative fee payment. Each share class is presented separately in the table.

**Actual Expenses**

The first line of the following table (Actual) provides information about actual account values and expenses based on the fund's actual returns. You may use the information 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.

**FUND EXPENSE EXAMPLE (CONTINUED)**

**Note:** T. Rowe Price charges an annual account service fee of \$20, generally for accounts with less than \$10,000. The fee is waived for any investor whose T. Rowe Price mutual fund accounts total \$50,000 or more; accounts electing to receive electronic delivery of account statements, transaction confirmations, prospectuses, and shareholder reports; or accounts of an investor who is a T. Rowe Price Personal Services or Enhanced Personal Services client (enrollment in these programs generally requires T. Rowe Price assets of at least \$250,000). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

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

**HEALTH SCIENCES FUND**

	Beginning Account Value 7/1/21	Ending Account Value 12/31/21	Expenses Paid During Period* 7/1/21 to 12/31/21
<b>Investor Class</b>			
Actual	\$1,000.00	\$1,034.40	\$3.85
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.42	3.82
<b>I Class</b>			
Actual	1,000.00	1,035.00	3.28
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.98	3.26

\* 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 (184), and divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Investor Class was 0.75%, and the I Class was 0.64%.

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Investor Class**

	Year Ended				
	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 98.85	\$ 81.43	\$ 67.01	\$ 70.35	\$ 59.08
Investment activities					
Net investment income (loss) <sup>(1)(2)</sup>	(0.22)	(0.04)	— <sup>(3)</sup>	0.04	0.01
Net realized and unrealized gain/loss	13.21	24.54	19.45	1.02	16.49
Total from investment activities	12.99	24.50	19.45	1.06	16.50
Distributions					
Net investment income	—	—	(0.05)	—	—
Net realized gain	(7.76)	(7.08)	(4.98)	(4.40)	(5.23)
Total distributions	(7.76)	(7.08)	(5.03)	(4.40)	(5.23)
<b>NET ASSET VALUE</b>					
End of period	\$ 104.08	\$ 98.85	\$ 81.43	\$ 67.01	\$ 70.35

**Ratios/Supplemental Data**

<b>Total return<sup>(2)(4)</sup></b>	<b>13.27%</b>	<b>30.12%</b>	<b>29.11%</b>	<b>1.23%</b>	<b>27.95%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/ payments by Price Associates	0.75%	0.76%	0.76%	0.77%	0.77%
Net expenses after waivers/ payments by Price Associates	0.75%	0.76%	0.76%	0.77%	0.77%
Net investment income (loss)	(0.21)%	(0.05)%	0.00%	0.05%	0.01%
Portfolio turnover rate	33.8%	41.7%	38.8%	43.0%	37.5%
Net assets, end of period (in millions)	\$17,213	\$15,753	\$12,649	\$10,666	\$11,280

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates.

<sup>(3)</sup> Amounts round to less than \$0.01 per share.

<sup>(4)</sup> 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.

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



**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**I Class**

	Year Ended				
	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 98.87	\$ 81.42	\$ 67.00	\$ 70.34	\$ 59.07
Investment activities					
Net investment income (loss) <sup>(1)(2)</sup>	(0.11)	0.05	0.08	0.14	0.09
Net realized and unrealized gain/loss	13.22	24.57	19.46	1.01	16.49
Total from investment activities	13.11	24.62	19.54	1.15	16.58
Distributions					
Net investment income	—	—	(0.14)	—	(0.08)
Net realized gain	(7.93)	(7.17)	(4.98)	(4.49)	(5.23)
Total distributions	(7.93)	(7.17)	(5.12)	(4.49)	(5.31)
<b>NET ASSET VALUE</b>					
End of period	\$ 104.05	\$ 98.87	\$ 81.42	\$ 67.00	\$ 70.34

**Ratios/Supplemental Data**

<b>Total return<sup>(2)(3)</sup></b>	<b>13.40%</b>	<b>30.27%</b>	<b>29.25%</b>	<b>1.35%</b>	<b>28.09%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/ payments by Price Associates	0.65%	0.65%	0.65%	0.66%	0.65%
Net expenses after waivers/ payments by Price Associates	0.65%	0.65%	0.65%	0.66%	0.65%
Net investment income (loss)	(0.10)%	0.06%	0.11%	0.18%	0.13%
Portfolio turnover rate	33.8%	41.7%	38.8%	43.0%	37.5%
Net assets, end of period (in thousands)	\$2,295,409	\$1,679,405	\$1,154,768	\$835,422	\$467,949

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates.

<sup>(3)</sup> 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.

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

T. ROWE PRICE HEALTH SCIENCES FUND

December 31, 2021

**PORTFOLIO OF INVESTMENTS†**

**Shares**

**\$ Value**

(Cost and value in \$000s)

**COMMON STOCKS 95.7%**

**BIOTECHNOLOGY 24.7%**

**International-Biotechnology 0.1%**

Ideaya Biosciences (1)	845,372	19,985
		19,985

**Major Biotechnology 6.1%**

Alkermes (1)	75,422	1,754
Amgen	586,068	131,848
Biogen (1)	355,871	85,381
BioNTech, ADR (1)	1,154,231	297,561
Celldex Therapeutics (1)	710,794	27,465
Exact Sciences (1)	1,129,744	87,928
Exact Sciences CMO Milestone, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	3,726,272	2,310
Exact Sciences Expense Fund, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	3,795	4
Exact Sciences FDA Milestone, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	1,863,136	1,155
Neurocrine Biosciences (1)	335,509	28,575
Novavax (1)	136,623	19,547
Royalty Pharma, Class A	1,568,317	62,497
Seagen (1)	980,699	151,616
Vertex Pharmaceuticals (1)	1,375,702	302,104
		1,199,745

**Other Biotechnology 18.5%**

Aadi Bioscience (1)	405,655	9,797
ACADIA Pharmaceuticals (1)	1,076,689	25,130
Acerta Future Payments, EC, Acquisition Date: 6/30/21, Cost \$25,373 (1)(2)(3)	25,372,879	22,676
Adaptive Biotechnologies (1)	1,735,789	48,706
ADC Therapeutics (1)	1,053,315	21,277
Agios Pharmaceuticals (1)	510,876	16,792
Akero Therapeutics (1)	314,472	6,651
Alector (1)	504,258	10,413
Allogene Therapeutics (1)	1,006,184	15,012
Alnylam Pharmaceuticals (1)	1,214,280	205,918
Annexon (1)	969,143	11,135
Apellis Pharmaceuticals (1)	1,231,221	58,212
Arvinas (1)	564,574	46,374
Ascendis Pharma, ADR (1)	812,048	109,245
Atea Pharmaceuticals (1)	259,826	2,323
Avidity Biosciences (1)	1,168,869	27,784
BeiGene, ADR (1)	241,760	65,500

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Blueprint Medicines (1)	744,987	79,796
C4 Therapeutics (1)	1,195,110	38,483
Centessa Pharmaceuticals, Acquisition Date: 1/29/21, Cost \$7,143 (1)(3)	649,336	7,311
Cerevel Therapeutics Holdings (1)	1,789,800	58,025
CRISPR Therapeutics (1)	229,456	17,388
CureVac (1)	398,552	13,674
Day One Biopharmaceuticals (1)	464,562	7,828
Denali Therapeutics (1)	1,331,807	59,399
DICE Therapeutics (1)	532,796	13,485
Enanta Pharmaceuticals (1)	203,097	15,188
EQRx (1)	2,105,192	14,357
EQRx, Warrants, 4/29/21 (1)	244,145	254
Eucrates Biomedical Acquisition (1)	621,884	6,206
Evotec (EUR) (1)	871,021	42,048
Exelixis (1)	4,096,926	74,892
Fate Therapeutics (1)	1,150,785	67,332
Flame Biosciences, Acquisition Date: 9/28/20, Cost \$5,500 (1)(2) (3)	839,721	5,500
Generation Bio (1)	1,704,894	12,071
Genmab (DKK) (1)	221,012	88,218
Ginkgo Bioworks, Acquisition Date: 7/30/19-9/9/19, Cost \$21,415 (1)(3)	7,090,407	55,975
Ginkgo Bioworks, Acquisition Date: 9/17/21, Cost \$— (1)(3)	212,706	1,175
Ginkgo Bioworks, Acquisition Date: 9/17/21, Cost \$— (1)(3)	212,706	1,126
Ginkgo Bioworks, Acquisition Date: 9/17/21, Cost \$— (1)(3)	212,706	1,081
Global Blood Therapeutics (1)	157,070	4,597
Helix Acquisition, Class A (1)	629,708	6,228
Helix Acquisition SPAC/MoonLake Immunotherapeutics PIPE (1) (4)	441,652	3,931
IGM Biosciences (1)	370,326	10,862
Imago Biosciences (1)	236,929	5,618
Imago Biosciences, Acquisition Date: 11/12/20, Cost \$5,370 (1)(3)	529,300	11,922
Immuneering, Class A (1)	401,531	6,493
Immuneering, Series B, Acquisition Date: 12/21/20-5/4/21, Cost \$7,155 (1)(3)	974,629	14,972
Immunocore Holdings, ADR (1)	299,123	10,242
Incyte (1)	2,171,564	159,393
Insmed (1)	2,453,894	66,844
Intellia Therapeutics (1)	374,891	44,327
Ionis Pharmaceuticals (1)	1,352,507	41,157
Iovance Biotherapeutics (1)	1,441,219	27,513
IVERIC bio (1)	2,494,783	41,713
Karuna Therapeutics (1)	434,465	56,915
Kodiak Sciences (1)	1,360,205	115,318

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Kronos Bio (1)	438,719	5,962
Kymera Therapeutics (1)	779,141	49,468
LianBio, Acquisition Date: 10/28/20, Cost \$11,481 (1)(3)	1,184,928	6,934
Longboard Pharmaceuticals (1)	690,280	3,341
Lonza Group (CHF)	76,231	63,469
MeiraGTx Holdings (1)	485,410	11,524
Mirati Therapeutics (1)	707,186	103,737
Moderna (1)	1,164,122	295,664
Monte Rosa Therapeutics (1)	1,270,004	25,933
Novocure (1)	617,046	46,328
Nurix Therapeutics (1)	820,196	23,745
Pardes Biosciences (1)	930,981	15,240
Prelude Therapeutics (1)	219,934	2,738
Progenic Pharmaceuticals, CVR (2)	842,223	41
Protagonist Therapeutics (1)	264,509	9,046
Prothena (1)	887,119	43,824
PTC Therapeutics (1)	406,586	16,194
RAPT Therapeutics (1)	777,865	28,571
Reata Pharmaceuticals, Class A (1)	144,963	3,823
Regeneron Pharmaceuticals (1)	422,408	266,759
REGENXBIO (1)	234,454	7,667
Relay Therapeutics (1)	993,511	30,511
Repligen (1)	141,945	37,593
Replimune Group (1)	1,226,094	33,227
REVOLUTION Medicines (1)	833,282	20,974
Rocket Pharmaceuticals (1)	384,505	8,394
Sage Therapeutics (1)	429,217	18,259
Sarepta Therapeutics (1)	227,991	20,531
Scholar Rock Holding (1)	937,644	23,291
SpringWorks Therapeutics (1)	240,417	14,901
Stoke Therapeutics (1)	310,752	7,455
Tenaya Therapeutics (1)	296,851	5,625
Tenaya Therapeutics, Acquisition Date: 12/17/20, Cost \$5,355 (1) (3)	430,747	7,754
Theseus Pharmaceuticals (1)	672,576	8,528
Theseus Pharmaceuticals, Acquisition Date: 2/9/21, Cost \$4,456 (1)(3)	389,154	4,688
Turning Point Therapeutics (1)	566,738	27,033
Ultragenyx Pharmaceutical (1)	1,498,423	126,002
uniQure (1)	316,117	6,556
Vividion Therapeutics, Milestone Payment, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	2,328,482	1,211
Vividion Therapeutics, Milestone Payment, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	1,746,361	1,090

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Vividion Therapeutics, Milestone Payment 3, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	1,746,361	757
Xencor (1)	919,202	36,878
Zai Lab, ADR (1)	443,085	27,848
Zentalis Pharmaceuticals (1)	1,087,965	91,454
Zymerworks (1)	481,179	7,886
		3,610,256
Total Biotechnology		4,829,986
<b>LIFE SCIENCES 14.9%</b>		
<b>Life Sciences 14.9%</b>		
Abcam (GBP) (1)	1,272,334	29,751
Agilent Technologies	2,151,798	343,535
Berkeley Lights (1)	325,333	5,915
Bio-Techne	116,221	60,126
Bruker	1,993,041	167,236
Danaher	2,399,147	789,343
Dynamics Special Purpose, Acquisition Date: 12/20/21, Cost \$— (1)(3)	115,996	1,029
Dynamics Special Purpose, Acquisition Date: 5/26/21, Cost \$10,440 (1)(3)	1,043,977	9,779
Dynamics Special Purpose SPAC/Senti Biosciences PIPE, Class A (1)(4)	528,935	4,694
Ginkgo Bioworks Holdings (1)	547,946	4,553
Invitae (1)	340,029	5,192
MaxCyte (1)	417,126	4,251
Mettler-Toledo International (1)	44,251	75,103
Olink Holding, ADR (1)	1,698,137	30,906
Ortho Clinical Diagnostics Holdings (1)	3,513,239	75,148
Pacific Biosciences of California (1)	2,652,508	54,270
Pacific Biosciences of California, Acquisition Date: 7/21/21, Cost \$9,789 (1)(3)	365,964	7,113
Quanterix (1)	527,441	22,364
Quantum-Si (1)	1,866,008	14,685
Quidel (1)	429,065	57,919
Rapid Micro Biosystems, Acquisition Date: 3/9/21, Cost \$6,665 (1) (3)	370,289	3,743
Rapid Micro Biosystems, Class A (1)	336,580	3,581
Schrodinger (1)	203,447	7,086
Seer (1)	2,356,991	53,763
SomaLogic (1)(5)	1,285,698	14,966
SomaLogic, Warrants, 8/31/26 (1)(5)	110,601	372
SomaLogic, Class B, Acquisition Date: 11/20/20-9/15/21, Cost \$15,668 (1)(3)(5)	3,873,442	42,833
SomaLogic, Earn Out Shares \$20, Acquisition Date: 9/2/21, Cost \$— (1)(3)(5)	3,873,442	382

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Thermo Fisher Scientific	1,421,934	948,771
Twist Bioscience (1)	310,916	24,062
Waters (1)	129,879	48,393
Total Life Sciences		2,910,864
<b>MISCELLANEOUS 0.1%</b>		
<b>Miscellaneous 0.1%</b>		
BCLS Acquisition, Class A (1)	627,378	6,186
Health Sciences Acquisitions Corp 2 (1)	679,779	6,798
Revolution Healthcare Acquisition (1)	1,717,492	16,917
Total Miscellaneous		29,901
<b>PHARMACEUTICALS 10.3%</b>		
<b>European Major - Pharmaceuticals 0.6%</b>		
Merck (EUR)	424,143	109,114
		109,114
<b>Major Pharmaceuticals 9.7%</b>		
AbbVie	2,606,582	352,931
AstraZeneca, ADR	7,146,433	416,280
Daiichi Sankyo (JPY)	1,374,600	34,985
Eisai (JPY)	280,700	15,935
Eli Lilly	2,085,707	576,114
Merck	4,171,526	319,706
Roche Holding (CHF)	446,713	185,324
		1,901,275
Total Pharmaceuticals		2,010,389
<b>PRODUCTS &amp; DEVICES 18.4%</b>		
<b>Capital Equipment 0.4%</b>		
PROCEPT BioRobotics (1)	268,312	6,710
PROCEPT BioRobotics, Acquisition Date: 6/10/21, Cost \$13,279 (1)(3)	694,834	16,509
STERIS	205,488	50,018
		73,237
<b>Implants 9.1%</b>		
AtriCure (1)	271,745	18,894
Becton Dickinson & Company	1,111,714	279,574
Intuitive Surgical (1)	2,176,494	782,014
iRhythm Technologies (1)	411,470	48,426
Stryker	1,651,711	441,701
Teleflex	386,865	127,077
Verily Life Sciences, Series B, Acquisition Date: 1/23/19, Cost \$13,998 (1)(2)(3)	113,564	14,845

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Zimmer Biomet Holdings	469,779	59,681
		1,772,212
<b>Other Products &amp; Devices 8.9%</b>		
10X Genomics, Class A (1)	537,465	80,061
Alcon (CHF)	502,802	44,350
Argenx, ADR (1)	810,013	283,658
Avantor (1)	4,295,037	180,993
Burning Rock Biotech, ADR (1)	448,382	4,273
Catalent (1)	789,949	101,137
Cooper	193,781	81,183
Dexcom (1)	267,876	143,836
Hologic (1)	2,904,711	222,385
Inari Medical (1)	164,480	15,012
Insulet (1)	293,624	78,124
Lantheus Holdings (1)	720,458	20,814
Nevro (1)	218,512	17,715
Outset Medical (1)	630,006	29,037
Pax Labs, Class A, Acquisition Date: 4/18/19, Cost \$31,622 (1)(2) (3)	8,397,988	8,566
Penumbra (1)	537,043	154,303
Shockwave Medical (1)	859,876	153,342
Warby Parker, Class A (1)	2,407,336	112,085
		1,730,874
Total Products & Devices		3,576,323
<b>SERVICES 22.3%</b>		
<b>Distribution 0.2%</b>		
Option Care Health (1)	1,274,576	36,249
		36,249
<b>Information 0.2%</b>		
Definitive Healthcare (1)	606,145	16,566
Sema4 Holdings (1)	1,394,304	6,218
Sema4 Holdings, Warrants, 9/24/27 (1)	253,101	248
Sophia Genetics (1)	1,134,020	15,990
		39,022
<b>Information 1.6%</b>		
Doximity, Class A (1)	2,609,828	130,831
Veeva Systems, Class A (1)	678,304	173,293
		304,124
<b>Other Services 3.0%</b>		
Agiliti (1)	1,575,282	36,484
Certara (1)	880,613	25,027
Elanco Animal Health (1)	851,538	24,167

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Guardant Health (1)	714,048	71,419
Multiplan (1)	1,494,840	6,622
Phreesia (1)	1,153,684	48,062
West Pharmaceutical Services	749,902	351,712
Wuxi Biologics Cayman (HKD) (1)	2,803,500	33,190
		596,683
<b>Payors 15.4%</b>		
Alignment Healthcare (1)	1,577,874	22,185
Anthem	847,944	393,056
Centene (1)	4,315,091	355,564
Cigna	856,710	196,726
Humana	834,918	387,285
Molina Healthcare (1)	666,603	212,033
UnitedHealth Group	2,849,189	1,430,692
		2,997,541
<b>Providers 1.9%</b>		
agilon health (1)	845,230	22,821
HCA Healthcare	1,073,354	275,766
Oak Street Health (1)	408,007	13,521
Pardes Biosciences, Acquisition Date: 6/29/21, Cost \$5,310 (1)(3)	530,954	8,257
Surgery Partners (1)	857,975	45,825
		366,190
Total Services		4,339,809
Total Miscellaneous Common Stocks 5.0% (6)		971,094
<b>Total Common Stocks (Cost \$8,729,874)</b>		<b>18,668,366</b>

**CONVERTIBLE PREFERRED STOCKS 3.6%**

**BIOTECHNOLOGY 1.1%**

**Other Biotechnology 1.1%**

Affinivax, Series C, Acquisition Date: 1/6/21, Cost \$13,396 (1)(2)(3)	424,076	13,396
Arbor Bio, Series B, Acquisition Date: 10/29/21, Cost \$8,828 (1)(2)(3)	532,759	8,828
Chroma Medicine, Series A, Acquisition Date: 10/12/21, Cost \$11,040 (1)(2)(3)(5)	5,207,526	11,040
Delfi Diagnostics, Series A, Acquisition Date: 1/12/21, Cost \$4,465 (1)(2)(3)	2,152,801	4,465
Eikon Therapeutics, Series B, Acquisition Date: 12/3/21, Cost \$18,021 (1)(2)(3)	1,018,820	18,021
FOG Pharma, Series C, Acquisition Date: 1/11/21-8/2/21, Cost \$6,251 (1)(2)(3)	431,391	6,251



T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Generate Bio, Series B, Acquisition Date: 9/2/21, Cost \$22,096 (1)(2)(3)	1,864,632	22,096
Genesis Therapeutics, Series A, Acquisition Date: 11/24/20, Cost \$4,236 (1)(2)(3)	829,412	4,236
Gyroscope Therapeutics, Series C-1, Acquisition Date: 3/30/21, Cost \$8,178 (1)(2)(3)	3,555,744	15,727
Insitro, Series B, Acquisition Date: 5/21/20, Cost \$5,505 (1)(2)(3)	883,580	16,161
Insitro, Series C, Acquisition Date: 4/7/21, Cost \$10,762 (1)(2)(3)	588,382	10,762
Laronde, Series B, Acquisition Date: 7/28/21, Cost \$32,757 (1)(2)(3)	1,169,887	32,757
Nutcracker Therapeutics, Series C, Acquisition Date: 8/27/21, Cost \$11,050 (1)(2)(3)	1,027,785	11,050
Prime Medicine, Series B, Acquisition Date: 4/19/21, Cost \$7,119 (1)(2)(3)	1,625,121	7,119
Ring Therapeutics, Series B, Acquisition Date: 4/12/21, Cost \$9,004 (1)(2)(3)	978,705	9,004
SalioGen Therapeutics, Series B, Acquisition Date: 12/10/21, Cost \$11,024 (1)(2)(3)	104,129	11,024
Scribe Therapeutics, Series B, Acquisition Date: 3/17/21, Cost \$6,219 (1)(2)(3)	1,027,755	6,219
Treeline, Series A, Acquisition Date: 4/9/21, Cost \$7,220 (1)(2)(3)	922,369	7,220
Total Biotechnology		215,376
<b>CONSUMER NONDURABLES 0.5%</b>		
<b>Healthcare Services 0.5%</b>		
Capsule, Series D, Acquisition Date: 4/7/21, Cost \$12,364 (1)(2)(3)	853,213	12,364
Color Health, Series D, Acquisition Date: 12/17/20, Cost \$11,181 (1)(2)(3)	296,922	29,683
Color Health, Series D-1, Acquisition Date: 1/13/20, Cost \$9,358 (1)(2)(3)	438,696	43,856
Color Health, Series E, Acquisition Date: 10/26/21, Cost \$4,414 (1)(2)(3)	44,149	4,414
Total Consumer Nondurables		90,317
<b>LIFE SCIENCES 0.8%</b>		
<b>Life Sciences 0.8%</b>		
Cellanome, Series A, Acquisition Date: 12/30/21, Cost \$11,023 (1)(2)(3)(5)	1,993,387	11,023
Clear Labs, Series C, Acquisition Date: 5/13/21, Cost \$13,294 (1)(2)(3)	3,830,773	13,294
DNA Script, Series C, Acquisition Date: 12/16/21, Cost \$21,371 (EUR) (1)(2)(3)	25,201	21,518
Element Biosciences, Series C, Acquisition Date: 6/21/21, Cost \$17,704 (1)(2)(3)	861,217	17,704
Inscripta, Series E, Acquisition Date: 3/30/21, Cost \$12,829 (1)(2)(3)	1,452,941	12,829

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Lumicks Tech, Series D, Acquisition Date: 4/14/21, Cost \$8,875 (1)(2)(3)	4,954	8,875
National Resilience, Series B, Acquisition Date: 10/23/20, Cost \$16,458 (1)(2)(3)	1,204,832	53,507
National Resilience, Series C, Acquisition Date: 6/9/21, Cost \$18,957 (1)(2)(3)	426,855	18,957
Total Life Sciences		157,707
<b>PRODUCTS &amp; DEVICES 0.1%</b>		
<b>Capital Equipment 0.0%</b>		
Reflexion Medical, Series C, Acquisition Date: 4/3/18, Cost \$4,243 (1)(2)(3)	2,507,885	5,945
Reflexion Medical, Series D, Acquisition Date: 4/3/20, Cost \$2,142 (1)(2)(3)	1,123,437	2,663
		8,608
<b>Implants 0.1%</b>		
Kardium, Series D-5, Acquisition Date: 11/29/18, Cost \$8,574 (1) (2)(3)(5)	8,849,057	8,989
Kardium, Series D-6, Acquisition Date: 1/8/21, Cost \$12,516 (1) (2)(3)(5)	12,320,393	12,516
		21,505
Total Products & Devices		30,113
<b>SERVICES 1.1%</b>		
<b>Other Services 1.0%</b>		
Caris Life Sciences, Series C, Acquisition Date: 8/14/20, Cost \$10,374 (1)(2)(3)	3,758,668	30,445
Caris Life Sciences, Series D, Acquisition Date: 5/11/21, Cost \$18,471 (1)(2)(3)	2,280,334	18,471
Freenome Holdings, Series B, Acquisition Date: 6/24/19, Cost \$7,103 (1)(2)(3)	1,558,570	11,755
Freenome Holdings, Series C, Acquisition Date: 8/14/20, Cost \$6,139 (1)(2)(3)	928,231	7,001
Freenome Holdings, Series D, Acquisition Date: 11/22/21, Cost \$3,971 (1)(2)(3)	526,504	3,971
PrognoMIQ, Series A-4, Acquisition Date: 11/15/19, Cost \$1,356 (1)(2)(3)(5)	593,540	1,357
PrognoMIQ, Series A-5, Acquisition Date: 5/12/20, Cost \$1,174 (1) (2)(3)(5)	513,797	1,174
PrognoMIQ, Series B, Acquisition Date: 9/11/20, Cost \$8,533 (1) (2)(3)(5)	3,734,140	8,533
Tempus Labs, Series D, Acquisition Date: 3/16/18, Cost \$8,876 (1) (2)(3)	946,886	53,414
Tempus Labs, Series E, Acquisition Date: 8/23/18, Cost \$10,607 (1)(2)(3)	633,505	36,642

T. ROWE PRICE HEALTH SCIENCES FUND

	Shares	\$ Value
(Cost and value in \$000s)		
Tempus Labs, Series F, Acquisition Date: 4/30/19, Cost \$4,279 (1) (2)(3)	172,826	10,124
Tempus Labs, Series G, Acquisition Date: 2/6/20, Cost \$4,284 (1) (2)(3)	111,715	6,620
Tempus Labs, Series G-2, Acquisition Date: 11/19/20, Cost \$6,720 (1)(2)(3)	117,271	6,941
		196,448
<b>Providers 0.1%</b>		
Honor Technology, Series D, Acquisition Date: 10/16/20, Cost \$7,539 (1)(2)(3)	3,130,941	9,898
Honor Technology, Series E, Acquisition Date: 9/29/21, Cost \$6,626 (1)(2)(3)	2,095,807	6,626
		16,524
Total Services		212,972
<b>Total Convertible Preferred Stocks (Cost \$488,526)</b>		<b>706,485</b>
<b>PREFERRED STOCKS 0.6%</b>		
<b>LIFE SCIENCES 0.6%</b>		
<b>Life Sciences 0.6%</b>		
Sartorius (EUR)	192,097	129,923
Total Life Sciences		129,923
<b>Total Preferred Stocks (Cost \$27,556)</b>		<b>129,923</b>
<b>SHORT-TERM INVESTMENTS 0.1%</b>		
<b>Money Market Funds 0.1%</b>		
T. Rowe Price Government Reserve Fund, 0.06% (5)(7)	12,084,038	12,084
<b>Total Short-Term Investments (Cost \$12,084)</b>		<b>12,084</b>
<b>Total Investments in Securities</b>		
<b>100.0% of Net Assets</b>		
<b>(Cost \$9,258,040)</b>		<b><u>\$ 19,516,858</u></b>

- ‡ Shares are denominated in U.S. dollars unless otherwise noted.  
(1) Non-income producing  
(2) See Note 2. Level 3 in fair value hierarchy.

- (3) 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 \$967,182 and represents 5.0% of net assets.
- (4) A portion of the position represents an unfunded commitment; a liability to fund the commitment has been recognized. The fund's total unfunded commitment at December 31, 2021, was \$9,706 and was valued at \$8,625 (0.0% of net assets).
- (5) Affiliated Companies
- (6) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
- (7) Seven-day yield

ADR American Depositary Receipts

CHF Swiss Franc

CVR Contingent Value Rights

DKK Danish Krone

EC Escrow CUSIP; represents a beneficial interest in a residual pool of assets; the amount and timing of future distributions, if any, is uncertain; when presented, interest rate and maturity date are those of the original security.

EUR Euro

GBP British Pound

HKD Hong Kong Dollar

JPY Japanese Yen

PIPE Private Investment in Public Equity

SPAC Special Purpose Acquisition Company

**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 year ended December 31, 2021. 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	Change in Net		Investment Income
	Net Realized Gain (Loss)	Unrealized Gain/Loss	
Cellanome, Series A	\$ —	\$ —	\$ —
Chroma Medicine, Series A	—	—	—
Doximity, Class A	242	108,279	—
Helix Acquisition, Class A	(1)	(600)	—
Immuneering, Class A	—	470	—
Immuneering, Series B	—	7,817	—
Kardium, Series D-5	—	415	—
Kardium, Series D-6	—	—	—
Longboard Pharmaceuticals	(766)	(2,682)	—
PrognomiQ, Series A-4	—	1	—
PrognomiQ, Series A-5	—	—	—
PrognomiQ, Series B	—	—	—
Quantum-Si++	—	(3,975)	—
Seer ^^	6,289	25,104	—
SomaLogic	45	2,475	—
SomaLogic, Class B	—	27,166	—
SomaLogic, Earn Out Shares \$20	—	382	—
SomaLogic, Warrants, 8/31/26	—	4	—
T. Rowe Price Government Reserve Fund, 0.06%	—	—	19
Affiliates not held at period end	—	(114,585)	—
Totals	\$ 5,809#	\$ 50,271	\$ 19+

**AFFILIATED COMPANIES (CONTINUED)**

(\$000s)

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/20</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/21</b>
Cellanome, Series A	\$ —	\$ 11,023	\$ —	\$ 11,023
Chroma Medicine, Series A	—	11,040	—	11,040
Doximity, Class A	—	24,314	1,762	*
Doximity, Series C	*	—	—	—
Helix Acquisition, Class A	*	—	94	*
Immuneering, Class A	—	6,023	—	*
Immuneering, Series B	—	7,155	—	*
Kardium, Series D-5	*	—	—	8,989
Kardium, Series D-6	—	12,516	—	12,516
Longboard Pharmaceuticals	—	7,497	1,474	*
Longboard Pharmaceuticals, Series A	4,157	—	4,157	—
PrognomiQ, Series A-4	1,356	—	—	1,357
PrognomiQ, Series A-5	1,174	—	—	1,174
PrognomiQ, Series B	8,533	—	—	8,533
Quantum-Si++	*	18,660	—	*
Seer ^^	15,584	22,350	9,275	*
Seer, Class A	136,935	—	22,350	—
SomaLogic	—	12,728	237	14,966
SomaLogic, Class B	*	—	—	42,833
SomaLogic, Earn Out Shares \$20	—	—	—	382
SomaLogic, Warrants, 8/31/26	—	368	—	372
T. Rowe Price Government Reserve Fund, 0.06%	6,500	□	□	12,084
<b>Total</b>			\$	<b>125,269<sup>^</sup></b>

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

+ Investment income comprised \$19 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 \$94,827.

++ Includes previously reported affiliate Quantum acquired through a corporate action.

^^ Includes previously reported affiliates Seer and Seer, Class A acquired through a corporate action.

\* On the date indicated, issuer was held but not considered an affiliated company.

T. ROWE PRICE HEALTH SCIENCES FUND

December 31, 2021

**STATEMENT OF ASSETS AND LIABILITIES**

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

**Assets**

Investments in securities, at value (cost \$9,258,040)	\$ 19,516,858
Receivable for shares sold	18,717
Dividends receivable	5,577
Receivable for investment securities sold	207
Foreign currency (cost \$30)	30
Other assets	3,453
Total assets	<u>19,544,842</u>

**Liabilities**

Payable for shares redeemed	13,871
Investment management fees payable	10,261
Payable for investment securities purchased	9,706
Due to affiliates	465
Payable to directors	11
Other liabilities	1,686
Total liabilities	<u>36,000</u>

**NET ASSETS** **\$ 19,508,842**

**Net Assets Consist of:**

Total distributable earnings (loss)	\$ 10,353,665
Paid-in capital applicable to 187,444,885 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares authorized	<u>9,155,177</u>

**NET ASSETS** **\$ 19,508,842**

**NET ASSET VALUE PER SHARE**

**Investor Class**

**(\$17,213,432,783 / 165,383,998 shares outstanding)** **\$ 104.08**

**I Class**

**(\$2,295,408,937 / 22,060,887 shares outstanding)** **\$ 104.05**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/21
<b>Investment Income (Loss)</b>	
Dividend income (net of foreign taxes of \$1,065)	\$ 102,400
Expenses	
Investment management	118,636
Shareholder servicing	
Investor Class	\$ 18,697
I Class	60
	18,757
Prospectus and shareholder reports	
Investor Class	209
I Class	14
	223
Custody and accounting	661
Legal and audit	594
Registration	268
Directors	43
Miscellaneous	370
Total expenses	139,552
Net investment loss	(37,152)
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	1,250,930
Foreign currency transactions	92
Net realized gain	1,251,022
Change in net unrealized gain / loss	
Securities	1,085,893
Other assets and liabilities denominated in foreign currencies	(136)
Change in net unrealized gain / loss	1,085,757
Net realized and unrealized gain / loss	2,336,779
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 2,299,627</b>

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



**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended	
	12/31/21	12/31/20
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment loss	\$ (37,152)	\$ (5,232)
Net realized gain	1,251,022	1,434,948
Change in net unrealized gain / loss	1,085,757	2,597,688
Increase in net assets from operations	<u>2,299,627</u>	<u>4,027,404</u>
Distributions to shareholders		
Net earnings		
Investor Class	(1,202,597)	(1,057,230)
I Class	(161,546)	(113,403)
Decrease in net assets from distributions	<u>(1,364,143)</u>	<u>(1,170,633)</u>
Capital share transactions*		
Shares sold		
Investor Class	1,935,820	2,026,655
I Class	667,635	430,225
Distributions reinvested		
Investor Class	1,144,471	1,007,855
I Class	155,182	109,639
Shares redeemed		
Investor Class	(2,473,973)	(2,514,658)
I Class	(287,745)	(288,732)
Increase in net assets from capital share transactions	<u>1,141,390</u>	<u>770,984</u>
<b>Net Assets</b>		
Increase during period	2,076,874	3,627,755
Beginning of period	17,431,968	13,804,213
<b>End of period</b>	<b>\$ 19,508,842</b>	<b>\$ 17,431,968</b>
*Share information		
Shares sold		
Investor Class	18,329	23,582
I Class	6,269	5,077
Distributions reinvested		
Investor Class	11,183	10,236
I Class	1,517	1,114
Shares redeemed		
Investor Class	(23,488)	(29,802)
I Class	(2,712)	(3,386)
Increase in shares outstanding	<u>11,098</u>	<u>6,821</u>

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

**NOTES TO FINANCIAL STATEMENTS**

T. Rowe Price Health Sciences Fund, Inc. (the fund) is registered under the Investment Company Act of 1940 (the 1940 Act) as an open-end management investment company. During the reporting period, the fund's classification changed from nondiversified to diversified. The fund seeks long-term capital appreciation. The fund has two classes of shares: the Health Sciences Fund (Investor Class) and the Health Sciences Fund-I Class (I Class). I Class shares require a \$500,000 initial investment minimum, although the minimum generally is waived or reduced for financial intermediaries, eligible retirement plans, and certain other accounts. Prior to November 15, 2021, the initial investment minimum was \$1 million and was generally waived for financial intermediaries, eligible retirement plans, and other certain accounts. 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. 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 provided by an outside pricing service. 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** Shareholder servicing, prospectus, and shareholder report expenses incurred by each class are charged directly to the class to which they relate. Expenses common to all classes, investment income, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class.

**Capital Transactions** Each investor's interest in the net assets of the fund is represented by fund shares. The fund'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. Purchases and redemptions of fund shares are transacted at the next-computed NAV per share, after receipt of the transaction order by T. Rowe Price Associates, Inc., or its agents.

**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**

**Fair Value** The fund's financial instruments are valued at the close of the NYSE and 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 policies and procedures used in valuing financial instruments, including those which cannot be valued in accordance

with normal procedures or using pricing vendors; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; evaluates the services and performance of the pricing vendors; oversees the pricing process to ensure policies and procedures are being followed; and provides guidance on internal controls and valuation-related matters. The Valuation Committee provides periodic reporting to the Board on valuation matters.

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 (including the fund’s own assumptions in determining fair value)

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, including exchange-traded funds, 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.

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. Each business day, the fund uses information from outside pricing services to evaluate and, if appropriate, decide whether it is necessary to adjust quoted prices to reflect fair value by reviewing 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 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.

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

Investments for which market quotations or market-based valuations are not readily available or deemed unreliable are valued at fair value as determined in good faith by the Valuation Committee, in accordance with fair valuation policies and procedures. 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. Factors used in determining fair value vary by type of investment and may include market or investment specific considerations. 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; discounted cash flows; yield to maturity; 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 investment. 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.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on December 31, 2021 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
<b>Assets</b>				
Common Stocks	\$ 17,746,687	\$ 863,524	\$ 58,155	\$ 18,668,366
Convertible Preferred Stocks	—	—	706,485	706,485
Preferred Stocks	—	129,923	—	129,923
Short-Term Investments	12,084	—	—	12,084
<b>Total</b>	<b>\$ 17,758,771</b>	<b>\$ 993,447</b>	<b>\$ 764,640</b>	<b>\$ 19,516,858</b>

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2021. 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 December 31, 2021, totaled \$128,704,000 for the year ended December 31, 2021.

(\$000s)	Beginning Balance 12/31/20	Gain (Loss) During Period	Total Purchases	Total Sales	Ending Balance 12/31/21
<b>Investment in Securities</b>					
Common Stocks	\$ 87,007	\$ (2,888)	\$ 51,574	\$ (77,538)	\$ 58,155
Convertible Preferred Stocks	424,227	64,880	352,706	(135,328)	706,485
<b>Total</b>	<b>\$ 511,234</b>	<b>\$ 61,992</b>	<b>\$ 404,280</b>	<b>\$ (212,866)</b>	<b>\$ 764,640</b>

In accordance with GAAP, the following table provides quantitative information about significant unobservable inputs used to determine the fair valuations of the fund's Level 3 assets, by class of financial instrument. Because the Valuation Committee considers a wide variety of factors and inputs, both observable and unobservable, in determining fair values, the unobservable inputs presented do not reflect all inputs significant to the fair value determination.

Investments in Securities	Value (000s)	Valuation Technique(s)+	Significant Unobservable Input(s)	Value or Range of Input(s)	Weighted Average of Input(s)*	Impact to Valuation from an Increase in Input**	
Common Stock	\$ 58,155	Recent comparable transaction price(s)		—#	—#	—#	—#
			Discount for Uncertainty	5% - 57%	46%	Decrease	
			Market comparable Enterprise Value to Sales Multiple	4.8x - 21.8x	14.7x	Increase	
			Sales Growth Rate	42%	42%	Increase	
			Enterprise Value to Gross Profit Multiple	14.7x	14.7x	Increase	
			Discount for Lack of Marketability	10%	10%	Decrease	
			Expected present value Discount rate for Cost of Equity	11%	11%	Decrease	
			Discount for Regulatory Uncertainty	30%	30%	Decrease	
Convertible Preferred Stocks	\$ 706,485	Recent comparable transaction price(s)		—#	—#	—#	—#
			Discount for Uncertainty	10%	10%	Decrease	
			Market comparable Enterprise Value to Sales Multiple	13.4x	13.4x	Increase	
			Discount for Lack of Marketability	10%	10%	Decrease	

- # No quantitative unobservable inputs significant to the valuation technique were created by the fund's management.
- \* Unobservable inputs were weighted by the relative fair value of the instruments.
- \*\* Represents the directional change in the fair value of the Level 3 investment(s) that would have resulted from an increase in the corresponding input at period end. A decrease in the unobservable input would have had the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.
- + Valuation techniques may change in order to reflect management's judgment of current market participant assumptions.

### **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.

#### **Private Investments Issued by Special Purpose Acquisition Companies**

Special purpose acquisition companies (SPACs) are shell companies that have no operations but are formed to raise capital with the intention of merging with or acquiring a company with the proceeds of the SPAC's initial public offering (IPO). The fund may enter into a contingent commitment with a SPAC to purchase private investments in public equity (PIPE) if and when the SPAC completes its merger or acquisition. The fund maintains liquid assets sufficient to settle its commitment to purchase the PIPE. However, if the commitment expires, then no shares are purchased. Purchased PIPE shares will be restricted from trading until the registration statement for the shares is declared effective. Upon registration, the shares can be freely sold; however, in certain circumstances, the issuer may have the right to temporarily suspend trading of the shares in the first year after the merger or acquisition. The securities issued by a SPAC may be considered illiquid, more difficult to value, and/or be subject to restrictions on resale.

**Other** Purchases and sales of portfolio securities other than short-term securities aggregated \$6,322,088,000 and \$6,505,022,000, respectively, for the year ended December 31, 2021.



**NOTE 4 - FEDERAL INCOME TAXES**

Generally, 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.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The permanent book/tax adjustments have no impact on results of operations or net assets and relate primarily to a tax practice that treats a portion of the proceeds from each redemption of capital shares as a distribution of taxable net investment income or realized capital gain and the offset of the current net operating loss against realized gains. For the year ended December 31, 2021, the following reclassification was recorded:

(\$000s)		
Total distributable earnings (loss)	\$	(41,367)
Paid-in capital		41,367

Distributions during the years ended December 31, 2021 and December 31, 2020, were characterized for tax purposes as follows:

(\$000s)		
	December 31, 2021	December 31, 2020
Ordinary income	\$ 301,547	\$ 155,005
Long-term capital gain	1,062,596	1,015,628
Total distributions	<u>\$ 1,364,143</u>	<u>\$ 1,170,633</u>

At December 31, 2021, the tax-basis cost of investments and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 9,411,823
Unrealized appreciation	\$ 10,528,251
Unrealized depreciation	(423,103)
Net unrealized appreciation (depreciation)	10,105,148
Undistributed ordinary income	1,258
Undistributed long-term capital gain	280,340
Capital loss carryforwards	(26,551)
Late-year ordinary loss deferrals	(6,530)
Paid-in capital	9,155,177
Net assets	\$ 19,508,842

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales and the realization of gains/losses on passive foreign investment companies for tax purposes. The fund intends to retain realized gains to the extent of available capital loss carryforwards. Net realized capital losses may be carried forward indefinitely to offset future realized capital gains. All or a portion of the capital loss carryforwards may be from losses realized between November 1 and the fund's fiscal year-end, which are deferred for tax purposes until the subsequent year but recognized for financial reporting purposes in the year realized. In accordance with federal tax laws applicable to investment companies, net specified losses realized between November 1 and December 31 are not recognized for tax purposes until the subsequent year (late-year ordinary loss deferrals); however, such losses are recognized for financial reporting purposes in the year realized.

## NOTE 5 - FOREIGN TAXES

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, capital gains realized upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries. All taxes are computed in accordance with the applicable foreign tax law, and, to the extent permitted, capital losses are used to offset capital gains. Taxes attributable to income are accrued by the fund as a reduction of income. Current and deferred tax expense attributable to capital gains is reflected as a component of realized or change

in unrealized gain/loss on securities in the accompanying financial statements. To the extent that the fund has country specific capital loss carryforwards, such carryforwards are applied against net unrealized gains when determining the deferred tax liability. Any deferred tax liability incurred by the fund is included in either Other liabilities or Deferred tax liability on the accompanying Statement of Assets and Liabilities.

## **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 agreement between the fund and Price Associates provides for an annual investment management fee that consists of an individual fund fee and a group fee; management fees are computed daily and paid monthly. The investment management agreement provides for an individual fund fee equal to 0.35% of the fund's average daily net assets. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first \$1 billion of assets to 0.260% for assets in excess of \$845 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At December 31, 2021, the effective annual group fee rate was 0.28%. Effective May 1, 2021, Price Associates has contractually agreed, at least through April 30, 2023, to waive a portion of its management fee so that an individual fund fee of 0.2975% is applied to the fund's average daily net assets that are equal to or greater than \$25 billion. Thereafter, this agreement will automatically renew for one-year terms unless terminated by the fund's Board. Any fees waived under this agreement are not subject to reimbursement to Price Associates by the fund. No management fees were waived under this arrangement for the year ended December 31, 2021.

The I Class is subject to an operating expense limitation (I Class Limit) pursuant to which Price Associates is contractually required to pay all operating expenses of the I Class, excluding management fees; interest; expenses related to borrowings, taxes, and brokerage; and other non-recurring expenses permitted by the investment management agreement, to the extent such operating expenses, on an annualized basis, exceed the I Class Limit. This agreement will continue through the expense limitation date indicated in the table below, and may be renewed, revised, or revoked only with approval of the fund's Board. The I Class is required to repay Price Associates for expenses previously paid to the extent the class's net assets grow or expenses decline sufficiently to allow repayment without causing the class's operating expenses (after

the repayment is taken into account) to exceed the lesser of: (1) the I Class Limit in place at the time such amounts were paid; or (2) the current I Class Limit. However, no repayment will be made more than three years after the date of a payment or waiver.

	<b>I Class</b>
Expense limitation/I Class Limit	0.05%
Expense limitation date	04/30/22
(Waived)/repaid during the period (\$000s)	\$—

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates, each an affiliate of the fund (collectively, Price). Price Associates provides certain accounting and administrative services to the fund. T. Rowe Price Services, Inc. provides shareholder and administrative services in its capacity as the fund's transfer and dividend-disbursing agent. T. Rowe Price Retirement Plan Services, Inc. provides subaccounting and recordkeeping services for certain retirement accounts invested in the Investor Class. For the year ended December 31, 2021, expenses incurred pursuant to these service agreements were \$82,000 for Price Associates; \$5,382,000 for T. Rowe Price Services, Inc.; and \$705,000 for T. Rowe Price Retirement Plan Services, Inc. All amounts due to and due from Price, exclusive of investment management fees payable, are presented net on the accompanying Statement of Assets and Liabilities.

Additionally, the fund is one of several mutual funds in which certain college savings plans managed by Price Associates may invest. As approved by the fund's Board of Directors, shareholder servicing costs associated with each college savings plan are borne by the fund in proportion to the average daily value of its shares owned by the college savings plan. For the year ended December 31, 2021, the fund was charged \$113,000 for shareholder servicing costs related to the college savings plans, of which \$77,000 was for services provided by Price. All amounts due to and due from Price, exclusive of investment management fees payable, are presented net on the accompanying Statement of Assets and Liabilities. At December 31, 2021, approximately less than 1% of the outstanding shares of the Investor Class were held by the college savings plans.

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, if any, is invested in the T. Rowe Price Government Reserve Fund; prior to December 13, 2021, the cash collateral from securities lending was 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 year ended December 31, 2021, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

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 year ended December 31, 2021, this reimbursement amounted to \$267,000, which is included in Net realized gain (loss) on Securities in the Statement of Operations.

## **NOTE 7 - 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. The fund's performance could be negatively impacted if the value of a portfolio holding were harmed by such events. Since 2020, 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. The duration of this outbreak or others and their effects cannot be determined with certainty.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Shareholders of  
T. Rowe Price Health Sciences Fund, Inc.**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Health Sciences Fund, Inc. (the “Fund”) as of December 31, 2021, the related statement of operations for the year ended December 31, 2021, the statement of changes in net assets for each of the two years in the period ended December 31, 2021, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2021 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2021 and the financial highlights for each of the five years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(CONTINUED)**

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodians, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
February 15, 2022

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 12/31/21**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included:

- \$306,590,000 from short-term capital gains
- \$1,098,925,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%

For taxable non-corporate shareholders, \$102,184,000 of the fund's income represents qualified dividend income subject to a long-term capital gains tax rate of not greater than 20%.

For corporate shareholders, \$87,326,000 of the fund's income qualifies for the dividends-received deduction.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds 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**

The 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. The fund's reports on Form N-PORT are available electronically on the SEC's website (sec.gov). In addition, most T. Rowe Price funds disclose their first and third fiscal quarter-end holdings on **troweprice.com**.



## **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 July 27, 2021, 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.

## **LIQUIDITY RISK MANAGEMENT PROGRAM (CONTINUED)**

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 April 1, 2020, through March 31, 2021. 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.

During the period covered by the annual assessment, the LRC has concluded, and reported to the Board, that the Liquidity Program continues to operate adequately and effectively and is reasonably designed to assess and manage the fund's liquidity risk.

## ABOUT THE FUND'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are considered to be independent, i.e., not "interested persons" as defined in Section 2(a)(19) of the 1940 Act, of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "interested" directors and officers are employees of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

## INDEPENDENT DIRECTORS<sup>(a)</sup>

### Name

### (Year of Birth)

### Year Elected

### [Number of T. Rowe Price Portfolios Overseen] Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years

Teresa Bryce Bazemore (1959) 2018 [204]	President and Chief Executive Officer, Federal Home Loan Bank of San Francisco (2021 to present); President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to 2021); Director, Chimera Investment Corporation (2017 to 2021); Director, First Industrial Realty Trust (2020 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to 2019)
Ronald J. Daniels (1959) 2018 [204]	President, The Johns Hopkins University <sup>(b)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present); Director, BridgeBio Pharma, Inc. (2020 to present)
Bruce W. Duncan (1951) 2013 [204]	President, Chief Executive Officer, and Director, CyrusOne, Inc. (2020 to 2021); Chief Executive Officer and Director (2009 to 2016), Chair of the Board (2016 to 2020), and President (2009 to 2016), First Industrial Realty Trust, owner and operator of industrial properties; Chair of the Board (2005 to 2016) and Director (1999 to 2016), Starwood Hotels & Resorts, a hotel and leisure company; Member, Investment Company Institute Board of Governors (2017 to 2019); Member, Independent Directors Council Governing Board (2017 to 2019); Senior Advisor, KKR (2018 to present); Director, Boston Properties (2016 to present); Director, Marriott International, Inc. (2016 to 2020)
Robert J. Gerrard, Jr. (1952) 2012 [204]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to 2016); Chair of the Board, all funds (July 2018 to present)

**INDEPENDENT DIRECTORS<sup>(a)</sup> (CONTINUED)**

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Paul F. McBride (1956) 2013 [204]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. <sup>(c)</sup> (1963) 2012 [0]	Dean, Princeton School of Public and International Affairs (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director of Education Studies Committee, MDRC, a nonprofit education and social policy research organization (2011 to 2020); Member, National Academy of Education (2010 to present); Board Member, National Bureau of Economic Research (2011 to present); Board Member of the Council on Foreign Relations (2018 to present); Board Member, The Pennington School (2017 to present); Board Member, the University of Rhode Island (2020 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2018); Vice President (2015 to 2016) and Board Member (2018 to present), American Economic Association
John G. Schreiber <sup>(d)</sup> (1946) 2001 [0]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochair of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chair of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)
Kellye Walker <sup>(e)</sup> (1966) 2021 [204]	Executive Vice President and Chief Legal Officer, Eastman Chemical Company (April 2020 to present); Executive Vice President and Chief Legal Officer, Huntington Ingalls Industries, Inc. (NYSE: HII) (January 2015 to March 2020); Director, Lincoln Electric Company (October 2020 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2020, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</sup>William J. Stromberg, chair of the Board, director, and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014.

<sup>(c)</sup>Effective March 4, 2021, Dr. Rouse resigned from her role as independent director of the Price Funds.

<sup>(d)</sup>Effective December 31, 2021, Mr. Schreiber resigned from his role as independent director of the Price Funds.

<sup>(e)</sup>Effective November 8, 2021, Ms. Walker was elected as independent director of the Price Funds.

**INTERESTED DIRECTORS<sup>(a)</sup>****Name****(Year of Birth)****Year Elected****[Number of T. Rowe Price Portfolios Overseen]****Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years**

David Oestreicher (1967) 2018 [204]	General Counsel, Vice President, and Secretary, T. Rowe Price Group, Inc.; Chair of the Board, Chief Executive Officer, President, and Secretary, T. Rowe Price Trust Company; Director, Vice President, and Secretary, T. Rowe Price, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., and T. Rowe Price Services, Inc.; Director and Secretary, T. Rowe Price Investment Management, Inc. (Price Investment Management); Vice President and Secretary, T. Rowe Price International (Price International); Vice President, T. Rowe Price Hong Kong (Price Hong Kong), T. Rowe Price Japan (Price Japan), and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA (1971) 2017 [204]	Director and Vice President, T. Rowe Price; President, T. Rowe Price Group, Inc.; Director, T. Rowe Price Investment Management, Inc.; Vice President, T. Rowe Price Trust Company

<sup>(a)</sup>All information about the interested directors was current as of December 31, 2020, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

**OFFICERS****Name (Year of Birth)****Position Held With Health Sciences Fund****Principal Occupation(s)**

Ziad Bakri, M.D., CFA (1980) President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Anne Daub (1973) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.; (to 2018); Senior Analyst, Citadel LLC (to 2017)
Alan S. Dupski, CPA (1982) Principal Financial Officer, Vice President, and Treasurer	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Melissa C. Gallagher (1974) Vice President	Vice President, T. Rowe Price Group, Inc., and Price International
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, Price International, and T. Rowe Price Trust Company

Unless otherwise noted, officers have been employees of T. Rowe Price or Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b>	<b>Position Held With Health Sciences Fund</b>	<b>Principal Occupation(s)</b>
John Hall (1977)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Kate Hobbs (1982)	Vice President	Vice President, T. Rowe Price; formerly, Portfolio Manager, Millennium Partners (to 2020); Senior Analyst, Citadel LLC, Aptigon Capital (to 2018); Equity Research Analyst, MFS Investment Management (to 2017)
Jeffrey Holford, Ph.D., ACA (1972)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.; formerly, Managing Director, Jeffries Financial Group (to 2018)
Rachel D. Jonas (1983)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Paul J. Krug, CPA (1964)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Fran M. Pollack-Matz (1961)	Vice President and Secretary	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Shannon H. Rauser (1987)	Assistant Secretary	Assistant Vice President, T. Rowe Price
Taymour R. Tamaddon, CFA (1976)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Megan Warren (1968)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JPMorgan Chase (to 2017)

Unless otherwise noted, officers have been employees of T. Rowe Price or Price International for at least 5 years.

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- Gifts and transfers to a child (UGMA/UTMAs)
- Trust
- Transfer on Death

### COLLEGE SAVINGS

- T. Rowe Price-managed 529 plans offer tax-advantaged solutions for families saving money for college tuition and education-related expenses

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<sup>1</sup> The T. Rowe Price<sup>®</sup> ActivePlus Portfolios is a discretionary investment management program provided by T. Rowe Price Advisory Services, Inc., a registered investment adviser under the Investment Advisers Act of 1940. Brokerage services are provided by T. Rowe Price Investment Services, Inc., member FINRA/SIPC. Brokerage accounts are carried by Pershing LLC, a BNY Mellon Company, member NYSE/FINRA/SIPC. T. Rowe Price Advisory Services, Inc., and T. Rowe Price Investment Services, Inc., are affiliated companies.

<sup>2</sup> Brokerage services are provided by T. Rowe Price Investment Services, Inc., member FINRA/SIPC. Brokerage accounts are carried by Pershing LLC, a BNY Mellon Company, member NYSE/FINRA/SIPC.