



SEMIANNUAL REPORT

June 30, 2022

T. ROWE PRICE

Health Sciences Portfolio

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HIGHLIGHTS

- The Health Sciences Portfolio underperformed its benchmark but outperformed the broad equity market in the six months ended June 30, 2022.
- Overall, we remain true to our philosophy of investing in highly innovative therapeutic companies and companies that can improve the standard of care in a cost-effective manner, which has served us well over time.
- We are positive on the long-term prospects for investing in the health care sector, which is in the midst of a transformative decade of innovation, creating significant investment opportunity over a broad array of health care companies. Advances in technology and medicine are leading to new pathways in biology and a better understanding of disease drivers.

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Dear Investor

Major stock and bond indexes produced sharply negative results during the first half of 2022 as investors contended with persistently high inflation, tightening financial conditions, and slowing growth.

After reaching an all-time high on January 3, the S&P 500 Index finished the period down about 20%, the worst first half of a calendar year for the index since 1970. Double-digit losses were common in equity markets around the globe, and bond investors also faced a historically tough environment amid a sharp rise in interest rates.

Value shares outperformed growth stocks as equity investors turned risk averse and rising rates put downward pressure on growth stock valuations. Emerging markets stocks held up somewhat better than shares in developed markets due to the strong performance of some oil-exporting countries. Meanwhile, the U.S. dollar strengthened during the period, which weighed on returns for U.S. investors in international securities.

Within the S&P 500, energy was the only bright spot, gaining more than 30% as oil prices jumped in response to Russia's invasion of Ukraine and the ensuing commodity supply crunch. Typically defensive shares, such as utilities, consumer staples, and health care, finished in negative territory but held up relatively well. The consumer discretionary, communication services, and information technology sectors were the weakest performers. Shares of some major retailers fell sharply following earnings misses driven in part by overstocked inventories.

Inflation remained the leading concern for investors throughout the period. Despite hopes in 2021 that the problem was transitory, and later expectations that inflation would peak in the spring, headline consumer prices continued to grind higher throughout the first half of 2022. The war in Ukraine exacerbated already existing supply chain problems, and other factors, such as the impact of the fiscal and monetary stimulus enacted during the pandemic and strong consumer demand, also pushed prices higher. The May consumer price index report (the last to be issued during our reporting period) showed prices increasing 8.6% over the 12-month period, the largest jump since late 1981.

In response, the Federal Reserve, which at the end of 2021 had forecast that only three 25-basis-point (0.25 percentage point) rate hikes would be necessary in all of 2022, rapidly shifted in a hawkish direction and executed three rate increases in the first six months of the year. The policy moves included hikes of 25, 50, and 75 basis points—the largest single increase since 1994—increasing the central bank's short-term lending

benchmark from near zero to a target range of 1.50% to 1.75% by the end of June. In addition, the Fed ended the purchases of Treasuries and agency mortgage-backed securities that it had begun to support the economy early in the pandemic and started reducing its balance sheet in June.

Longer-term bond yields also increased considerably as the Fed tightened monetary policy, with the yield on the benchmark 10-year U.S. Treasury note reaching 3.49% on June 14, its highest level in more than a decade. (Bond prices and yields move in opposite directions.) Higher mortgage rates led to signs of cooling in the housing market.

The economy continued to add jobs during the period, and other indicators pointed to a slowing but still expanding economy. However, the University of Michigan consumer sentiment index dropped in June to its lowest level since records began in 1978 as higher inflation expectations undermined confidence.

Looking ahead, investors are likely to remain focused on whether the Fed can tame inflation without sending the economy into recession, a backdrop that could produce continued volatility. We believe this environment makes skilled active management a critical tool for identifying risks and opportunities, and our investment teams will continue to use 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,



Robert Sharps
CEO and President

INVESTMENT OBJECTIVE

The portfolio seeks long-term capital appreciation.

FUND COMMENTARY

How did the fund perform in the past six months?

The Health Sciences Portfolio returned -17.68% in the six-month period ended June 30, 2022. The portfolio underperformed its benchmark, the Lipper Variable Annuity Underlying Health/Biotechnology Funds Average, but outperformed the broad equity market as measured by the S&P 500 Index. (Returns for II Class shares varied slightly, reflecting their different fee structure. *Past performance cannot guarantee future results.*)

PERFORMANCE COMPARISON	
Six-Month Period Ended 6/30/22	Total Return
Health Sciences Portfolio	-17.68%
Health Sciences Portfolio-II	-17.78
S&P 500 Index	-19.96
Lipper Variable Annuity Underlying Health/Biotechnology Funds Average	-15.58

What factors influenced the fund's performance?

During the first six months of 2022, equity markets broadly finished significantly lower. Health care was no exception as nearly every subsector in the group finished with negative returns.

Products and devices was the worst-performing subsector during the period. Early in the year, the coronavirus omicron wave was a significant headwind; more recently, the subsector has faced pressures from supply chain issues, raw materials and labor inflation, and staffing shortages. Shares of Intuitive Surgical traded lower as management provided a modest guidance raise for fiscal year procedure growth and indicated that a soft capital environment could delay near-term robot placements. However, we continue to believe the company will be the long-term winner in the robotic-assisted surgery ecosystem. Conversely, a position in Becton, Dickinson & Company was beneficial as the stock held up reasonably well amid significant headwinds to the subsector. The company benefited from organic revenue growth, driven by its diversified portfolio of medical equipment devices and life sciences tools as well as continued demand for COVID-19 testing, early in the period. The defensive, recurring nature of the company's business has helped insulate it from macro volatility, and it has begun to pass on inflationary pricing to its customers, which should help preserve margins.

The life sciences subsector also hurt returns during the period. Shares of Sartorius, a leading provider of highly complex biological manufacturing equipment and

laboratory/bioanalytical instruments, declined at the start of the year due to concerns of a slowdown in COVID-19 vaccine-related demand. Despite the company's solid quarterly earnings release in April, the stock continued to slide, as rising rates put further downward pressure on growth stocks with high multiples. We think the company remains well positioned to benefit from the ongoing structural shift toward bioprocessing.

While some larger-cap biotech companies in the portfolio, such as Vertex Pharmaceuticals, performed well due to their relatively large revenue bases, diversified drug portfolios, and high operating margins, earlier stage, long duration biotech companies with smaller revenue bases, long intellectual property runways, and generally lower profitability struggled. Many were pressured by rising interest rates, with investors rotating away from highly valued, higher-growth stocks early in the year. A host of clinical trial failures and muted merger and acquisition (M&A) activity also weighed on the subsector.

The portfolio's large exposure to managed care companies provided a significant boost to returns. Shares of UnitedHealth Group held up relatively well due to a combination of better-than-anticipated cost trends as utilization began to normalize, stronger-than-expected onboarding of value-based care patients within the Optum business segment, and the managed care space's ability to adjust price and/or benefits in response to cost inflation, which investors have appreciated.

Pharmaceuticals was the only subsector to deliver positive returns in the first half of the year, outperforming in the current risk-off market environment as investors have flocked to companies with strong balance sheets and diversified product portfolios. Shares of Merck benefited from consecutive positive quarterly earnings reports during the period, driven by strong sales of Lagevrio, its oral antiviral medication to treat COVID-19, and solid performances from its cancer immunotherapy Keytruda, its human papillomavirus vaccine Gardasil, and its animal health business. We like the company's strong balance sheet and cash flows as well as its earnings potential over the medium term, driven by higher revenues, solid portfolio mix, operating leverage, and beneficial capital allocation toward M&A activity and share repurchases.

How is the fund positioned?

From a high level, the areas that we have always favored (companies developing innovative, game-changing therapies and companies that are improving the standard of care in a cost-effective manner) will remain areas we focus on because we think that's where investors can realize long-term value add. We generally maintain our larger positions in established companies that we think can compound earnings at a double-digit rate, and at the opposite end of the spectrum, we hold riskier biotechnology companies in which we've done a lot of research, using position sizing to manage that risk.

While our biotechnology weighting has recently drifted lower, largely due to the underperformance of the group, we maintain an optimistic outlook for the subsector going forward. Our understanding of biology is increasing significantly, and we believe we are on the cusp of a significant wave of innovation that should lead to meaningful drug launches that will cure diseases or dramatically improve quality of life over the next five to 10-plus years. During the first six months of 2022, we added to our position in Novocure on weakness as shares pulled back from their 2021 highs. The company is developing tumor-treating fields therapies aimed at disrupting solid tumor cancer cell division to extend survival for patients, which we think hold promise. As for sales, we eliminated our position in Amgen on strength. While the company has a growing dividend, solid cash flow generation, and a strong internal research and development program, we think the stock has become more fairly valued following its recent move higher, supported by investor interest in companies with pharma-like profiles.

INDUSTRY DIVERSIFICATION

	Percent of Net Assets	
	12/31/21	6/30/22
Biotechnology	26.2%	25.2%
Services	23.4	24.4
Pharmaceuticals	14.2	17.3
Products and Devices	18.4	16.6
Life Sciences	16.6	15.7
Consumer Nondurables	0.5	0.6
Other and Reserves	0.7	0.2
Total	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

Within pharmaceuticals, we continue to seek companies with low price-to-earnings multiples that can expand upon their multiple through research and development investment and increase the asset life of their portfolio. We also prefer to invest in companies with innovative portfolios, which have more pricing power. In the subsector, we have significant positions in Eli Lilly and AstraZeneca. During the period, we purchased shares of Daiichi Sankyo, a Japanese pharmaceutical company with global presence in oncology. The company's antibody-drug conjugates platform has shown promising results in breast cancer treatments, and we believe that it could have wider applicability across other cancer indications over the medium to long term.

Within services, our largest exposure is in managed care, where fundamentals remain strong, valuations are reasonable, and political overhangs have largely abated. The industry also remains attractively positioned in the current market, given broader market interest rate and inflation fears, which are both beneficial for managed care companies. Within the space, we have meaningful exposure to UnitedHealth Group, Centene,

and Humana. Our largest addition in the sector was Veeva Systems, a cloud-based content management platform primarily serving the life sciences industry.

We maintain a positive view on life sciences companies, where fundamentals remain exceptional, underpinned by strong biopharma research and development spending and elevated life sciences funding. Within the space, we have core positions in Thermo Fisher Scientific and Danaher.

What is portfolio management's outlook?

Broadly speaking, the near-term outlook for equity markets is still highly uncertain given the possibility of further drawdowns in the face of continued macro-driven headwinds of accelerating inflation and rising interest rates that have raised recessionary fears. Within health care, these headwinds have had a more pronounced impact on longer-duration small- and mid-cap stocks, where our portfolio tends to have a larger exposure, particularly within the biotechnology space. However, our long-term outlook for the health care sector has not changed. We think our emphasis on taking a longer-term view and identifying investment ideas through fundamental, bottom-up research will continue to add value for our clients, and we remain opportunistic, with an eye toward long-term value creation.

We remain excited about the tremendous innovations that have happened and are happening with the tools and technologies that help develop medicines. Our understanding of biology and the genetic causes of disease are improving the process and efficiency of drug discovery, which is enabling innovative companies to develop therapeutics in areas that were previously untreatable or poorly treated. However, the record number of new companies focused on drug development over the last few years and the incredible pace of technological innovations has made it harder to predict long-term winners in what was already an idiosyncratic area of the market. We are focused on identifying companies with good products and scientific acumen that we think can be successful in the long term.

As macro-level uncertainties resolve themselves and begin to stabilize, we think there will be compelling investment opportunities in many different areas of health care. In addition to the biopharma space, we are seeing a real revolution in medical technology and life sciences, and the growth algorithm for large-scale managed care companies remains attractive. Overall, we remain confident in our investment framework, focused on companies that introduce highly innovative medical therapies and businesses that provide quality outcomes in a cost-effective manner, and we believe the portfolio is well positioned to add value over time.

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

Portfolios that invest only in specific industries will experience greater volatility than portfolios 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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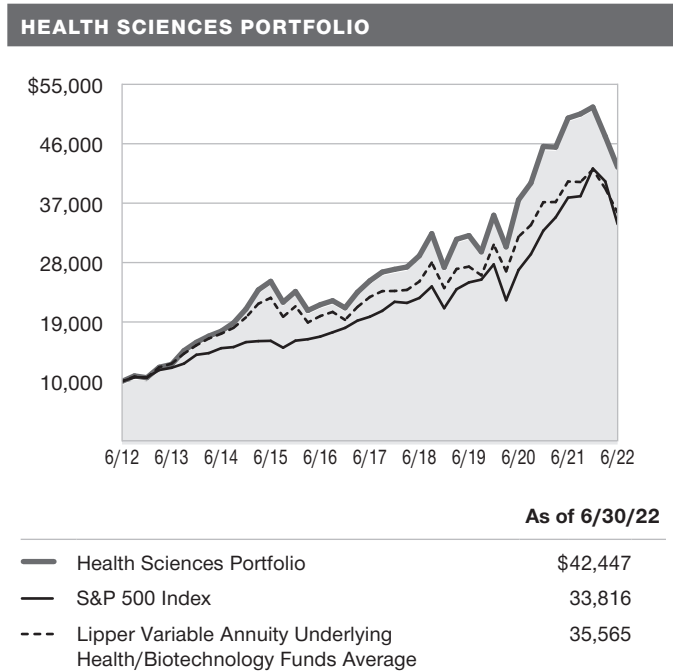
TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 6/30/22
UnitedHealth Group	8.7%
Thermo Fisher Scientific	5.3
Eli Lilly	4.4
Danaher	3.9
AstraZeneca	3.4
Intuitive Surgical	2.9
Elevance Health	2.7
Vertex Pharmaceuticals	2.6
Pfizer	2.6
Centene	2.3
Merck	2.3
Humana	2.2
Argenx	2.2
AbbVie	2.2
Regeneron Pharmaceuticals	2.0
Stryker	2.0
Becton, Dickinson & Company	1.8
Agilent Technologies	1.7
Moderna Therapeutics	1.4
Hologic	1.4
Alnylam Pharmaceuticals	1.3
Cigna	1.3
Molina Healthcare	1.3
Shockwave Medical	1.1
Veeva Systems	1.1
Total	64.1%

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

GROWTH OF \$10,000

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



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

AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 6/30/22	1 Year	5 Years	10 Years
Health Sciences Portfolio	-14.92%	10.96%	15.55%
Health Sciences Portfolio-II	-15.14	10.68	15.27

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.

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

FUND EXPENSE EXAMPLE

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

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

Actual Expenses

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

Hypothetical Example for Comparison Purposes

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

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

FUND EXPENSE EXAMPLE (CONTINUED)

HEALTH SCIENCES PORTFOLIO			
	Beginning Account Value 1/1/22	Ending Account Value 6/30/22	Expenses Paid During Period* 1/1/22 to 6/30/22
Health Sciences Portfolio			
Actual	\$1,000.00	\$823.20	\$4.25
Hypothetical (assumes 5% return before expenses)			
	1,000.00	1,020.13	4.71
Health Sciences Portfolio-II			
Actual	1,000.00	822.20	5.38
Hypothetical (assumes 5% return before expenses)			
	1,000.00	1,018.89	5.96

*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 (181), and divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Health Sciences Portfolio was 0.94%, and the Health Sciences Portfolio-II was 1.19%.

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Health Sciences Portfolio Class

	6 Months Ended 6/30/22	Year Ended 12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
NET ASSET VALUE						
Beginning of period	\$ 64.72	\$ 61.04	\$ 49.82	\$ 40.34	\$ 42.33	\$ 34.64
Investment activities						
Net investment loss ⁽¹⁾⁽²⁾	(0.05)	(0.26)	(0.12)	(0.08)	(0.05)	(0.07)
Net realized and unrealized gain/ loss	(11.39)	8.19	14.90	11.73	0.55	9.62
Total from investment activities	(11.44)	7.93	14.78	11.65	0.50	9.55
Distributions						
Net realized gain	-	(4.25)	(3.56)	(2.17)	(2.49)	(1.86)
NET ASSET VALUE						
End of period	\$ 53.28	\$ 64.72	\$ 61.04	\$ 49.82	\$ 40.34	\$ 42.33

Ratios/Supplemental Data

Total return⁽²⁾⁽³⁾	(17.68)%	13.10%	29.62%	28.95%	1.11%	27.58%
Ratios to average net assets: ⁽²⁾						
Gross expenses before waivers/ payments by Price Associates ⁽⁴⁾	0.95% ⁽⁵⁾	0.95%	0.95%	0.95%	0.95%	0.95%
Net expenses after waivers/ payments by Price Associates	0.94% ⁽⁵⁾	0.94%	0.94%	0.94%	0.95%	0.95%
Net investment loss	(0.17)% ⁽⁵⁾	(0.40)%	(0.23)%	(0.17)%	(0.12)%	(0.17)%
Portfolio turnover rate	14.6%	32.3%	38.0%	37.0%	45.5%	42.8%
Net assets, end of period (in thousands)	\$ 146,361	\$ 178,434	\$ 159,718	\$ 122,289	\$ 95,922	\$ 88,840

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

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

⁽³⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁴⁾ See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

⁽⁵⁾ Annualized

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

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

**Health Sciences Portfolio - II
Class**

	6 Months Ended 6/30/22	Year Ended 12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
NET ASSET VALUE						
Beginning of period	\$ 61.19	\$ 57.96	\$ 47.48	\$ 38.62	\$ 40.73	\$ 33.38
Investment activities						
Net investment loss ⁽¹⁾⁽²⁾	(0.11)	(0.40)	(0.24)	(0.19)	(0.17)	(0.16)
Net realized and unrealized gain/ loss	(10.77)	7.77	14.16	11.22	0.55	9.27
Total from investment activities	(10.88)	7.37	13.92	11.03	0.38	9.11
Distributions						
Net realized gain	-	(4.14)	(3.44)	(2.17)	(2.49)	(1.76)
NET ASSET VALUE						
End of period	\$ 50.31	\$ 61.19	\$ 57.96	\$ 47.48	\$ 38.62	\$ 40.73

Ratios/Supplemental Data

Total return⁽²⁾⁽³⁾	(17.78)%	12.83%	29.27%	28.63%	0.86%	27.31%
Ratios to average net assets: ⁽²⁾						
Gross expenses before waivers/ payments by Price Associates ⁽⁴⁾	1.20% ⁽⁵⁾	1.20%	1.20%	1.20%	1.20%	1.20%
Net expenses after waivers/ payments by Price Associates	1.19% ⁽⁵⁾	1.19%	1.19%	1.19%	1.20%	1.20%
Net investment loss	(0.42)% ⁽⁵⁾	(0.64)%	(0.47)%	(0.42)%	(0.39)%	(0.42)%
Portfolio turnover rate	14.6%	32.3%	38.0%	37.0%	45.5%	42.8%
Net assets, end of period (in thousands)	\$ 555,842	\$ 704,365	\$ 626,850	\$ 514,755	\$ 434,528	\$ 603,253

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

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

⁽³⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁴⁾ See Note 6. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.

⁽⁵⁾ Annualized

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

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

June 30, 2022 (Unaudited)

PORTFOLIO OF INVESTMENTS [†]	Shares	\$ Value
(Cost and value in \$000s)		
COMMON STOCKS 94.1%		
BIOTECHNOLOGY 20.5%		
International Biotechnology 0.0%		
Ideaya Biosciences (1)	7,313	101
		101
Major Biotechnology 5.6%		
Biogen (1)	13,261	2,704
BioNTech, ADR	45,683	6,811
Celldex Therapeutics (1)	17,047	460
Exact Sciences (1)	56,570	2,228
Exact Sciences CMO Milestone, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	167,424	104
Exact Sciences Expense Fund, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	171	—
Exact Sciences FDA Milestone, Acquisition Date: 1/6/21, Cost \$— (1)(2)(3)	83,712	52
Neurocrine Biosciences (1)	15,898	1,550
Royalty Pharma, Class A	72,279	3,039
Seagen (1)	25,170	4,453
Vertex Pharmaceuticals (1)	64,664	18,222
		39,623
Other Biotechnology 14.9%		
Aadi Bioscience (1)	6,782	84
ACADIA Pharmaceuticals (1)	67,928	957
Acerta Future Payments, EC, Acquisition Date: 6/30/21, Cost \$826 (1)(2)(3)	826,005	724
Adaptive Biotechnologies (1)	27,974	226
ADC Therapeutics (1)	48,644	387
Agius Pharmaceuticals (1)	16,830	373
Alector (1)	16,082	163
Allogene Therapeutics (1)	84,301	961
Alnylam Pharmaceuticals (1)	63,621	9,279
Apellis Pharmaceuticals (1)	46,782	2,115
Arvinas (1)	22,531	948
Ascendis Pharma, ADR (1)	36,026	3,349
Avidity Biosciences (1)	46,436	675
BeiGene, ADR (1)	7,204	1,166
Blueprint Medicines (1)	33,738	1,704
C4 Therapeutics (1)	27,687	209
Centessa Pharmaceuticals, ADR (1)	46,861	228
Cerevel Therapeutics Holdings (1)	69,238	1,831
CRISPR Therapeutics (1)	12,714	773
Day One Biopharmaceuticals (1)	25,616	459
Denali Therapeutics (1)	59,971	1,765
Design Therapeutics (1)	11,911	167
DICE Therapeutics (1)	27,071	420
Dynamics Special Purpose SPAC/Senti Biosciences PIPE, Class A, Acquisition Date: 12/20/21 (1)(4)	23,869	45
Enanta Pharmaceuticals (1)	5,200	246
EQRx (1)	51,453	241
EQRx, Warrants, 4/29/21 (1)	11,096	9
Evotec (EUR) (1)	20,846	505

	Shares	\$ Value
(Cost and value in \$000s)		
Exelixis (1)	125,604	2,615
Fate Therapeutics (1)	38,750	960
Flame Biosciences, Acquisition Date: 9/28/20, Cost \$247 (1)(2)(3)	37,754	173
F-star Therapeutics (1)	23,400	146
Generation Bio (1)	72,463	475
Genmab (DKK) (1)	14,345	4,654
Ginkgo Bioworks, Earn Out Shares \$15.00, Acquisition Date: 9/17/21, Cost \$— (3)	9,683	9
Ginkgo Bioworks, Earn Out Shares \$17.50, Acquisition Date: 9/17/21, Cost \$— (3)	9,683	8
Ginkgo Bioworks, Earn Out Shares \$20.00, Acquisition Date: 9/17/21, Cost \$— (3)	9,683	8
Global Blood Therapeutics (1)	3,324	106
Gyroscope Therapeutics, Milestone Payment 1, Acquisition Date: 2/18/22, Cost \$253 (1)(2)(3)	253,263	88
Gyroscope Therapeutics, Milestone Payment 2, Acquisition Date: 2/18/22, Cost \$169 (1)(2)(3)	168,785	24
Gyroscope Therapeutics, Milestone Payment 3, Acquisition Date: 2/18/22, Cost \$169 (1)(2)(3)	168,785	20
IGM Biosciences (1)	15,538	280
Imago Biosciences (1)	24,755	331
Immuneering, Class A (1)	77,186	418
Immunocore Holdings, ADR (1)	9,250	345
Incyte (1)	66,482	5,051
Insmed (1)	105,226	2,075
Intellia Therapeutics (1)	14,861	769
Ionis Pharmaceuticals (1)	70,948	2,626
Iovance Biotherapeutics (1)	70,166	775
IVERIC bio (1)	70,957	683
Karuna Therapeutics (1)	15,966	2,020
Kodiak Sciences (1)	18,062	138
Kronos Bio (1)	5,591	20
Kymera Therapeutics (1)	30,509	601
Longboard Pharmaceuticals (1)	23,081	71
Lonza Group (CHF)	1,842	984
Lyell Immunopharma (1)	74,333	485
MeiraGTx Holdings (1)	16,336	124
Mirati Therapeutics (1)	15,679	1,053
Moderna (1)	69,943	9,991
Monte Rosa Therapeutics (1)	60,977	590
MoonLake Immunotherapeutics (1)	19,166	101
MoonLake Immunotherapeutics AG, Acquisition Date: 10/4/21, Cost \$200 (3)	20,002	100
Morphic Holding (1)	7,046	153
Novocure (1)	60,298	4,191
Nurix Therapeutics (1)	9,696	123
Pardes Biosciences (1)	27,243	84
Prelude Therapeutics (1)	10,060	53
Progenix Pharmaceuticals, CVR (2)	45,500	48
Prothena (1)	26,525	720
PTC Therapeutics (1)	11,522	462

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

	Shares	\$ Value
(Cost and value in \$000s)		
RAPT Therapeutics (1)	28,991	529
Regeneron Pharmaceuticals (1)	24,194	14,302
REGENXBIO (1)	5,147	127
Relay Therapeutics (1)	42,026	704
Repare Therapeutics (1)	4,800	67
Repligen (1)	8,529	1,385
Replimune Group (1)	44,004	769
REVOLUTION Medicines (1)	38,468	750
Rocket Pharmaceuticals (1)	14,966	206
Sage Therapeutics (1)	28,944	935
Sana Biotechnology (1)	44,947	289
Sarepta Therapeutics (1)	21,361	1,601
Scholar Rock, Acquisition Date: 6/17/22, Cost \$— (3)	6,855	28
Scholar Rock Holding (1)	67,360	370
SpringWorks Therapeutics (1)	7,848	193
Stoke Therapeutics (1)	13,589	179
Tenaya Therapeutics (1)	32,785	185
Theseus Pharmaceuticals (1)	53,475	296
Ultragenyx Pharmaceutical (1)	69,070	4,121
uniQure (1)	13,699	255
Vividion Therapeutics, Milestone Payment, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	103,855	54
Vividion Therapeutics, Milestone Payment, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	77,892	49
Vividion Therapeutics, Milestone Payment 3, Acquisition Date: 8/25/21, Cost \$— (1)(2)(3)	77,892	34
Xencor (1)	31,532	863
Zai Lab, ADR (1)	17,226	597
Zentalis Pharmaceuticals (1)	25,133	706
		104,354
Total Biotechnology		144,078
LIFE SCIENCES 13.2%		
Life Sciences 13.2%		
Agilent Technologies	98,360	11,682
Bio-Techne	4,620	1,602
Bruker	84,817	5,323
Danaher	107,180	27,172
Dynamics Special Purpose, Acquisition Date: 12/20/21, Cost \$— (3)	5,211	10
Ginkgo Bioworks Holdings (1)	114,602	273
Maravai LifeSciences Holdings, Class A (1)	24,413	694
Mettler-Toledo International (1)	1,971	2,264
Olink Holding, ADR (1)	88,812	1,350
Pacific Biosciences of California (1)	95,574	422
Quanterix (1)	15,961	258
Rapid Micro Biosystems, Class A (1)	31,688	136
Seer (1)	51,722	463
Senti Biosciences (1)	46,897	92
SomaLogic (1)	147,887	669
SomaLogic, Acquisition Date: 9/2/21, Cost \$— (3)	174,553	2
SomaLogic, Warrants, 2/3/21 (1)	4,962	4

	Shares	\$ Value
(Cost and value in \$000s)		
Thermo Fisher Scientific	68,929	37,448
Twist Bioscience (1)	16,371	572
Waters (1)	6,900	2,284
Total Life Sciences		92,720
MISCELLANEOUS 0.2%		
Miscellaneous 0.2%		
BCLS Acquisition, Class A (1)	28,268	280
Health Sciences Acquisitions Corp 2 (1)	30,999	309
Revolution Healthcare Acquisition (1)	58,970	578
Total Miscellaneous		1,167
PHARMACEUTICALS 16.2%		
Major Pharmaceuticals 16.2%		
AbbVie	98,789	15,130
AstraZeneca, ADR	359,133	23,728
Daiichi Sankyo (JPY)	215,800	5,488
Eli Lilly	95,420	30,938
Merck	173,749	15,841
Pfizer	344,692	18,072
Roche Holding (CHF)	14,459	4,834
Total Pharmaceuticals		114,031
PRODUCTS & DEVICES 18.0%		
Capital Equipment 0.5%		
PROCEPT BioRobotics (1)	45,843	1,498
STERIS	11,194	2,308
		3,806
Implants 7.9%		
AtriCure (1)	4,268	175
Becton Dickinson & Company	52,434	12,927
Intuitive Surgical (1)	100,804	20,232
iRhythm Technologies (1)	16,328	1,764
Stryker	70,411	14,007
Teleflex	15,755	3,873
Verily Life Sciences, Series B, Acquisition Date: 1/23/19, Cost \$643 (1)(2)(3)	5,220	461
Zimmer Biomet Holdings	20,388	2,142
		55,581
Other Products & Devices 9.6%		
10X Genomics, Class A (1)	30,954	1,401
Alcon (CHF)	45,597	3,197
Argenx, ADR (1)	40,438	15,321
Avantor (1)	199,318	6,199
Burning Rock Biotech, ADR (1)	10,102	29
Catalent (1)	46,506	4,990
Cooper	9,961	3,119
Dexcom (1)	48,532	3,617
Hologic (1)	141,676	9,818
Inari Medical (1)	12,969	882
Insulet (1)	17,524	3,819
Lantheus Holdings (1)	28,672	1,893
Masimo (1)	4,591	600
Nevro (1)	8,363	367
Pax Labs, Class A, Acquisition Date: 4/18/19, Cost \$1,452 (1)(2)(3)	385,684	255

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

	Shares	\$ Value
(Cost and value in \$000s)		
Penumbra (1)	26,382	3,285
Saluda Medical, Acquisition Date: 1/20/22, Cost \$— (1)(2)(3)	9,344	—
Shockwave Medical (1)	39,727	7,595
Warby Parker, Class A (1)	107,149	1,206
		67,593
Total Products & Devices		126,980
SERVICES 22.8%		
Distribution 0.1%		
Option Care Health (1)	31,270	869
		869
Information 0.0%		
Sema4 Holdings (1)	63,949	80
Sema4 Holdings, Warrants, 10/23/20 (1)	11,396	4
Sophia Genetics (1)	32,820	119
		203
Information 1.5%		
Doximity, Class A (1)	77,793	2,709
Veeva Systems, Class A (1)	37,836	7,493
		10,202
Other Services 1.8%		
Agiliti (1)	28,793	590
Certara (1)	32,201	691
Elanco Animal Health (1)	31,592	620
Guardant Health (1)	41,300	1,666
Phreesia (1)	11,560	289
West Pharmaceutical Services	24,556	7,425
Wuxi Biologics Cayman (HKD) (1)	128,500	1,191
		12,472
Payors 18.6%		
Alignment Healthcare (1)	47,452	541
Centene (1)	193,695	16,388
Cigna	34,053	8,974
Elevance Health	39,365	18,997
Humana	33,722	15,784
Molina Healthcare (1)	31,450	8,794
UnitedHealth Group	118,268	60,746
		130,224
Providers 0.8%		
agilon health (1)	15,587	340
HCA Healthcare	25,757	4,329
Oak Street Health (1)	15,211	250
Surgery Partners (1)	23,287	673
		5,592
Total Services		159,562
Total Miscellaneous Common Stocks 3.2% (5)		22,088
Total Common Stocks (Cost \$379,853)		660,626

	Shares	\$ Value
(Cost and value in \$000s)		
CONVERTIBLE PREFERRED STOCKS 5.4%		
BIOTECHNOLOGY 1.7%		
Other Biotechnology 1.7%		
Affinivax, Series C, Acquisition Date: 1/6/21, Cost \$605 (1)(2)(3)	19,155	1,323
Arbor Bio, Series B, Acquisition Date: 10/29/21, Cost \$398 (1)(2)(3)	23,994	398
Chroma Medicine, Series A, Acquisition Date: 10/12/21, Cost \$500 (1)(2)(3)	235,778	500
Delfi Diagnostics, Acquisition Date: 6/10/22, Cost \$407 (1)(2)(3)	84,104	407
Delfi Diagnostics, Series A, Acquisition Date: 1/12/21, Cost \$320 (1)(2)(3)	154,525	748
Eikon Therapeutics, Series B, Acquisition Date: 12/3/21, Cost \$809 (1)(2)(3)	45,781	810
EndeavorBio, Series B, Acquisition Date: 1/21/22, Cost \$398 (1)(2)(3)	84,304	398
FOG Pharma, Series C, Acquisition Date: 1/11/21-8/2/21, Cost \$282 (1) (2)(3)	19,483	282
Generate Bio, Series B, Acquisition Date: 9/2/21, Cost \$1,001 (1)(2)(3)	84,485	1,001
Genesis Therapeutics, Series A, Acquisition Date: 11/24/20, Cost \$191 (1)(2)(3)	37,471	191
Insitro, Series B, Acquisition Date: 5/21/20, Cost \$248 (1)(2)(3)	39,793	728
Insitro, Series C, Acquisition Date: 4/7/21, Cost \$481 (1)(2)(3)	26,282	481
Laronde, Series B, Acquisition Date: 7/28/21, Cost \$1,471 (1)(2)(3)	52,537	1,471
Nutcracker Therapeutics, Series C, Acquisition Date: 8/27/21, Cost \$501 (1)(2)(3)	46,567	501
Odyssey Therapeutics, Acquisition Date: 5/13/22, Cost \$319 (1)(2)(3)	50,567	319
Prime Medicine, Series B, Acquisition Date: 4/19/21, Cost \$319 (1)(2)(3)	72,781	319
Ring Therapeutics, Series B, Acquisition Date: 4/12/21, Cost \$404 (1)(2)(3)	43,885	404
Saliogen Therapeutics, Series B, Acquisition Date: 12/10/21, Cost \$497 (1)(2)(3)	4,690	497
Scribe Therapeutics, Series B, Acquisition Date: 3/17/21, Cost \$278 (1)(2)(3)	45,881	278
Sionna Therapeutics, Series B, Acquisition Date: 2/2/22, Cost \$239 (1)(2)(3)	24,459	239
Tessera Therapeutics, Series C, Acquisition Date: 2/25/22, Cost \$357 (1)(2)(3)	17,475	357
Treeline, Series A, Acquisition Date: 4/9/21, Cost \$323 (1)(2)(3)	41,232	323
Total Biotechnology		11,975

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

	Shares	\$ Value
(Cost and value in \$000s)		
CONSUMER NONDURABLES 0.6%		
Healthcare Services 0.6%		
Capsule, Series D, Acquisition Date: 4/7/21, Cost \$553 (1)(2)(3)	38,140	471
Color Health, Series D, Acquisition Date: 12/17/20, Cost \$501 (1)(2)(3)	13,310	1,330
Color Health, Series D-1, Acquisition Date: 1/13/20, Cost \$430 (1)(2)(3)	20,165	2,016
Color Health, Series E, Acquisition Date: 10/26/21, Cost \$199 (1)(2)(3)	1,991	199
Total Consumer Nondurables		4,016
LIFE SCIENCES 1.2%		
Life Sciences 1.2%		
Cellanome, Series A, Acquisition Date: 12/30/21, Cost \$497 (1)(2)(3)	89,839	497
Chromacode, Series D-1, Acquisition Date: 2/28/22, Cost \$99 (1)(2)(3)	141,298	92
Chromacode, Series D-2, Acquisition Date: 2/28/22, Cost \$99 (1)(2)(3)	117,322	76
Clear Labs, Series C, Acquisition Date: 5/13/21, Cost \$595 (1)(2)(3)	171,440	595
DNA Script, Series C, Acquisition Date: 12/16/21, Cost \$960 (EUR) (1) (2)(3)	1,132	890
Element Biosciences, Series C, Acquisition Date: 6/21/21, Cost \$797 (1)(2)(3)	38,785	797
Inscripta, Series E, Acquisition Date: 3/30/21, Cost \$572 (1)(2)(3)	64,740	361
Lumicks Tech, Series D, Acquisition Date: 4/14/21, Cost \$396 (1)(2)(3)	221	423
National Resilience, Series B, Acquisition Date: 10/23/20, Cost \$741 (1)(2)(3)	54,252	3,295
National Resilience, Series C, Acquisition Date: 6/9/21, Cost \$854 (1)(2)(3)	19,224	1,167
Total Life Sciences		8,193
PRODUCTS & DEVICES 0.3%		
Capital Equipment 0.1%		
Reflexion Medical, Series C, Acquisition Date: 4/3/18, Cost \$255 (1)(2)(3)	150,708	357
Reflexion Medical, Series D, Acquisition Date: 4/3/20, Cost \$97 (1) (2)(3)	51,079	121
Reflexion Medical, Series E, Acquisition Date: 3/1/22, Cost \$199 (1)(2)(3)	83,857	199
		677
Implants 0.1%		
Kardium, Series D-5, Acquisition Date: 11/29/18, Cost \$392 (1)(2)(3)	403,778	411
Kardium, Series D-6, Acquisition Date: 1/8/21, Cost \$565 (1)(2)(3)	556,501	565
		976

	Shares	\$ Value
(Cost and value in \$000s)		
Other Products & Devices 0.1%		
Saluda Medical, Series D, Acquisition Date: 1/20/22, Cost \$397 (1)(2)(3)	31,146	397
		397
Total Products & Devices		2,050
SERVICES 1.6%		
Other Services 1.5%		
Caris Life Sciences, Series C, Acquisition Date: 8/14/20, Cost \$467 (1)(2)(3)	169,277	1,114
Caris Life Sciences, Series D, Acquisition Date: 5/11/21, Cost \$826 (1)(2)(3)	101,939	671
Freenome Holdings, Series B, Acquisition Date: 6/24/19, Cost \$325 (1)(2)(3)	71,397	833
Freenome Holdings, Series C, Acquisition Date: 8/14/20, Cost \$276 (1)(2)(3)	41,732	487
Freenome Holdings, Series D, Acquisition Date: 11/22/21, Cost \$179 (1)(2)(3)	23,669	276
PrognomiQ, Series A-4, Acquisition Date: 11/15/19, Cost \$61 (1)(2)(3)	26,885	82
PrognomiQ, Series A-5, Acquisition Date: 5/12/20, Cost \$53 (1)(2)(3)	23,318	71
PrognomiQ, Series B, Acquisition Date: 9/11/20, Cost \$384 (1)(2)(3)	168,024	514
PrognomiQ, Series C, Acquisition Date: 2/16/22, Cost \$157 (1)(2)(3)	51,466	157
Tempus Labs, Series D, Acquisition Date: 3/16/18, Cost \$533 (1)(2)(3)	56,856	3,348
Tempus Labs, Series E, Acquisition Date: 8/23/18, Cost \$629 (1)(2)(3)	37,551	2,270
Tempus Labs, Series F, Acquisition Date: 4/30/19, Cost \$197 (1)(2)(3)	7,944	486
Tempus Labs, Series G, Acquisition Date: 2/6/20, Cost \$196 (1)(2)(3)	5,107	317
Tempus Labs, Series G-2, Acquisition Date: 11/19/20, Cost \$302 (1)(2)(3)	5,275	297
		10,923
Providers 0.1%		
Honor Technology, Series D, Acquisition Date: 10/16/20, Cost \$339 (1)(2)(3)	140,829	407
Honor Technology, Series E, Acquisition Date: 9/29/21, Cost \$300 (1)(2)(3)	94,916	274
		681
Total Services		11,604
Total Convertible Preferred Stocks (Cost \$24,770)		
		37,838

	Shares	\$ Value
(Cost and value in \$000s)		
PREFERRED STOCKS 0.5%		
LIFE SCIENCES 0.5%		
Life Sciences 0.5%		
Sartorius (EUR)	10,311	3,619
Total Life Sciences		3,619
Total Preferred Stocks (Cost \$1,927)		3,619

	Shares	\$ Value
(Cost and value in \$000s)		
SHORT-TERM INVESTMENTS 0.2%		
Money Market Funds 0.2%		
T. Rowe Price Government Reserve Fund, 1.33% (6)(7)	1,641,701	1,642
Total Short-Term Investments (Cost \$1,642)		1,642
Total Investments in Securities 100.2% of Net Assets (Cost \$408,192)		\$ 703,725

‡ 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 may have registration rights for certain restricted securities. Any costs related to such registration are generally borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period end amounts to \$40,041 and represents 5.7% 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 June 30, 2022, was \$239 and was valued at \$45 (0.0% of net assets).

(5) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.

(6) Seven-day yield

(7) Affiliated Companies

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

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 six months ended June 30, 2022. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

Affiliate	Net Realized Gain (Loss)	Change in Net Unrealized Gain/Loss	Investment Income
T. Rowe Price Government Reserve Fund, 1.33%	\$ —#	\$ —	5+

Supplementary Investment Schedule

Affiliate	Value 12/31/21	Purchase Cost	Sales Cost	Value 06/30/22
T. Rowe Price Government Reserve Fund, 1.33%	\$ 4,237	□	□	\$ 1,642^

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

+ Investment income comprised \$5 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 \$1,642.

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

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

June 30, 2022 (Unaudited)

STATEMENT OF ASSETS AND LIABILITIES

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

Assets

Investments in securities, at value (cost \$408,192)	\$	703,725
Receivable for investment securities sold		3,214
Dividends receivable		259
Receivable for shares sold		77
Foreign currency (cost \$15)		15
Other assets		278
Total assets		<u>707,568</u>

Liabilities

Payable for investment securities purchased		4,249
Investment management and administrative fees payable		584
Payable for shares redeemed		338
Other liabilities		194
Total liabilities		<u>5,365</u>

NET ASSETS

\$ 702,203

Net Assets Consist of:

Total distributable earnings (loss)	\$	292,670
Paid-in capital applicable to 13,795,970 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>409,533</u>

NET ASSETS

\$ 702,203

NET ASSET VALUE PER SHARE

Health Sciences Portfolio Class (\$146,360,899 / 2,747,186 shares outstanding)	\$	<u>53.28</u>
Health Sciences Portfolio - II Class (\$555,842,089 / 11,048,784 shares outstanding)	\$	<u>50.31</u>

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

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 6/30/22
Investment Income (Loss)	
Dividend income (net of foreign taxes of \$57)	\$ 2,864
Expenses	
Investment management and administrative expense	3,531
Rule 12b-1 fees - Health Sciences Portfolio - II Class	731
Waived / paid by Price Associates	(37)
Net expenses	4,225
Net investment loss	(1,361)
Realized and Unrealized Gain / Loss	
Net realized gain (loss)	
Securities	(6,785)
Foreign currency transactions	(10)
Net realized loss	(6,795)
Change in net unrealized gain / loss	
Securities	(148,091)
Other assets and liabilities denominated in foreign currencies	(15)
Change in net unrealized gain / loss	(148,106)
Net realized and unrealized gain / loss	(154,901)
DECREASE IN NET ASSETS FROM OPERATIONS	\$ (156,262)

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

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/22	Year Ended 12/31/21
Increase (Decrease) in Net Assets		
Operations		
Net investment loss	\$ (1,361)	\$ (5,007)
Net realized gain (loss)	(6,795)	55,812
Change in net unrealized gain / loss	(148,106)	50,150
Increase (decrease) in net assets from operations	(156,262)	100,955
Distributions to shareholders		
Net earnings		
Health Sciences Portfolio Class	-	(10,993)
Health Sciences Portfolio - II Class	-	(44,781)
Decrease in net assets from distributions	-	(55,774)
Capital share transactions*		
Shares sold		
Health Sciences Portfolio Class	9,801	21,515
Health Sciences Portfolio - II Class	34,172	91,432
Distributions reinvested		
Health Sciences Portfolio Class	-	10,993
Health Sciences Portfolio - II Class	-	44,781
Shares redeemed		
Health Sciences Portfolio Class	(10,151)	(23,724)
Health Sciences Portfolio - II Class	(58,156)	(93,947)
Increase (decrease) in net assets from capital share transactions	(24,334)	51,050
Net Assets		
Increase (decrease) during period	(180,596)	96,231
Beginning of period	882,799	786,568
End of period	\$ 702,203	\$ 882,799

*Share information (000s)

Shares sold		
Health Sciences Portfolio Class	175	330
Health Sciences Portfolio - II Class	640	1,465
Distributions reinvested		
Health Sciences Portfolio Class	-	172
Health Sciences Portfolio - II Class	-	744
Shares redeemed		
Health Sciences Portfolio Class	(185)	(362)
Health Sciences Portfolio - II Class	(1,102)	(1,512)
Increase (decrease) in shares outstanding	(472)	837

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Equity Series, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The Health Sciences Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. The fund seeks long-term capital appreciation. Shares of the fund currently are offered only to insurance company separate accounts established for the purpose of funding variable annuity contracts and variable life insurance policies. The fund has two classes of shares: the Health Sciences Portfolio (Health Sciences Portfolio Class) and the Health Sciences Portfolio–II (Health Sciences Portfolio–II Class). Health Sciences Portfolio–II Class shares are sold through financial intermediaries, which it compensates for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to both classes; and, in all other respects, the same rights and obligations as the other class.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

Investment Transactions, Investment Income, and Distributions Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. 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 Investment income, investment management and administrative expense, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. Health Sciences Portfolio–II Class pays Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets.

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 June 30, 2022 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
Assets				
Common Stocks	\$ 632,187	\$ 26,353	\$ 2,086	\$ 660,626
Convertible Preferred Stocks	—	—	37,838	37,838
Preferred Stocks	—	3,619	—	3,619
Short-Term Investments	1,642	—	—	1,642
Total	\$ 633,829	\$ 29,972	\$ 39,924	\$ 703,725

Following is a reconciliation of the fund's Level 3 holdings for the six months ended June 30, 2022. Gain (loss) reflects both realized and change in unrealized gain/loss on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at June 30, 2022, totaled \$1,676,000 for the six months ended June 30, 2022.

(\$000s)	Beginning Balance 12/31/21	Gain (Loss) During Period	Total Purchases	Total Sales	Ending Balance 6/30/22
Investment in Securities					
Common Stocks	\$ 2,755	\$ (813)	\$ 591	\$ (447)	\$ 2,086
Convertible Preferred Stocks	33,259	3,158	2,791	(1,370)	37,838
Total	\$ 36,014	\$ 2,345	\$ 3,382	\$ (1,817)	\$ 39,924

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 Stocks	\$ 2,086	Recent comparable transaction price(s)	—#	—#	—#	—#
			Discount for uncertainty	10% - 88%	59%	Decrease
		Market comparable	Enterprise value to sales multiple	2.8x - 13.8x	9.2x	Increase
			Sales growth rate	42%	42%	Increase
			Enterprise value to gross profit multiple	6.0x	6.0x	Increase
			Probability for alternate outcome	20% - 40%	30%	Decrease
			Discount for lack of marketability	10%	10%	Decrease
		Expected present value	Discount rate for cost of equity	11% - 12%	12%	Decrease
			Discount for regulatory uncertainty	30% - 100%	30%	Decrease
Convertible Preferred Stocks	\$ 37,838	Recent comparable transaction price(s)	—#	—#	—#	—#
			Premium for cumulative preferred dividend rights	3% - 8%	5%	Increase
		Market comparable	Enterprise value to sales multiple	1.1x - 11.7x	5.6x	Increase
			Sales growth rate	36% - 266%	142%	Increase
			Enterprise value to gross profit multiple	5.5x - 15.0x	8.9x	Increase
			Gross profit growth rate	42% - 43%	43%	Increase
			Projected enterprise value to EBITDA multiple	8.3x	8.3x	Increase
			Discount rate for cost of capital	30%	30%	Decrease
			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 \$111,156,000 and \$135,343,000, respectively, for the six months ended June 30, 2022.

NOTE 4 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of the date of this report.

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. As of December 31, 2021, the fund had \$772,000 of available capital loss carryforwards.

At June 30, 2022, the cost of investments for federal income tax purposes was \$416,873,000. Net unrealized gain aggregated \$286,845,000 at period-end, of which \$327,700,000 related to appreciated investments and \$40,855,000 related to depreciated investments.

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 and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.95% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management services and ordinary, recurring operating expenses but does not cover interest expense; expenses related to borrowing, taxes, and brokerage; or nonrecurring expenses. Effective July 1, 2018, Price Associates has contractually agreed, at least through April 30, 2023 to waive a portion of its management fee in order to limit the fund's management fee to 0.94% of the fund's average daily net assets. Thereafter, this agreement automatically renews for one-year terms unless terminated or modified by the fund's Board. Fees waived and expenses paid under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were \$37,000 and allocated ratably in the amounts of \$8,000 and \$29,000 for the Health Sciences Portfolio Class and Health Sciences Portfolio-II Class, respectively, for the six months ended June 30, 2022.

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 six months ended June 30, 2022, 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 six months ended June 30, 2022, this reimbursement amounted to \$12,000, 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. 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. In February 2022, Russian forces entered Ukraine and commenced an armed conflict leading to economic sanctions being imposed on Russia and certain of its citizens, creating impacts on Russian-related stocks and debt and greater volatility in global markets. These are recent examples of global events which may have an impact on the fund's performance, which could be negatively impacted if the value of a portfolio holding were harmed by these and such other events. Management is actively monitoring the risks and financial impacts arising from these events.

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/us/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Guidelines." Click on the links 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**.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

Each year, the fund's Board of Directors (Board) considers the continuation of the investment management agreement (Advisory Contract) between the fund and its investment adviser, T. Rowe Price Associates, Inc. (Adviser). In that regard, at a meeting held on March 7–8, 2022 (Meeting), the Board, including all of the fund's independent directors, approved the continuation of the fund's Advisory Contract. At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of the Adviser and the approval of the Advisory Contract. The independent directors were assisted in their evaluation of the Advisory Contract by independent legal counsel from whom they received separate legal advice and with whom they met separately.

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

Services Provided by the Adviser

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

Investment Performance of the Fund

The Board took into account discussions with the Adviser and reports that it receives throughout the year relating to fund performance. In connection with the Meeting, the Board reviewed the fund's total returns for various periods through December 31, 2021, and compared these returns with the performance of a peer group of funds with similar investment programs and a wide variety of other previously agreed-upon comparable performance measures and market data, including relative performance information as of September 30, 2021, supplied by Broadridge, which is an independent provider of mutual fund data.

On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the relative market conditions during certain of the performance periods, the Board concluded that the fund's performance was satisfactory.

Costs, Benefits, Profits, and Economies of Scale

The Board reviewed detailed information regarding the revenues received by the Adviser under the Advisory Contract and other direct and indirect benefits that the Adviser (and its affiliates) may have realized from its relationship with the fund. In considering soft-dollar arrangements pursuant to which research may be received from broker-dealers that execute the fund's portfolio transactions, the Board noted that the Adviser bears the cost of research services for all client accounts that it advises, including the T. Rowe Price funds. The Board received information on the estimated costs incurred and profits realized by the Adviser from managing the T. Rowe Price funds. The Board also reviewed estimates of the profits realized from managing the fund in particular, and the Board concluded that the Adviser's profits were reasonable in light of the services provided to the fund.

The Board also considered whether the fund benefits under the fee levels set forth in the Advisory Contract or otherwise from any economies of scale realized by the Adviser. Under the Advisory Contract, the fund pays the Adviser a single fee, or an all-inclusive management fee, which is based on the fund's average daily net assets. The all-inclusive management fee includes investment management services and provides for the Adviser to pay all of the fund's ordinary, recurring operating expenses except for interest, taxes, portfolio transaction fees, and any nonrecurring extraordinary expenses that may arise. However, the fund has a contractual limitation in place whereby the Adviser has agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's overall management fee rate to 0.94% of the fund's average daily net assets. Any fees waived under this management fee waiver agreement are not subject to reimbursement to the Adviser by the fund. The Adviser has generally implemented an all-inclusive management fee structure in situations where a fixed total expense ratio is useful for purposes of providing certainty of fees and expenses for the investors in these funds and has historically sought to set the initial all-inclusive management fee rate at levels below the expense ratios of comparable funds to take into account potential future economies of scale. Because the fund serves as an underlying option to variable annuity products, the all-inclusive

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

fee structure is utilized to create certainty for the annuity providers' overall pricing decisions and disclosures. Assets of the fund are included in the calculation of the group fee rate, which serves as a component of the management fee for many T. Rowe Price funds and declines at certain asset levels based on the combined average net assets of most of the T. Rowe Price funds (including the fund). Although the fund does not have a group fee component to its management fee, its assets are included in the calculation because certain resources utilized to operate the fund are shared with other T. Rowe Price funds. The Board concluded that, based on the profitability data it reviewed and consistent with this all-inclusive management fee structure, the advisory fee structure for the fund continued to be appropriate.

Fees and Expenses

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

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

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

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

Approval of the Advisory Contract

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

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T.RowePrice®

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