

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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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

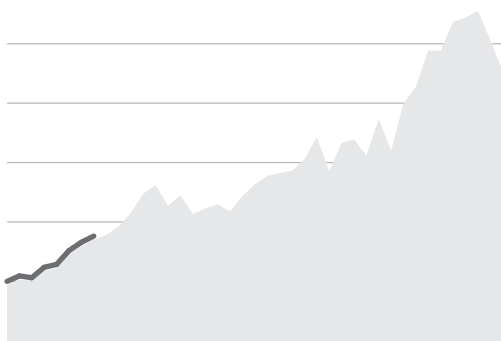
laboratory/bioanalytical instruments, declined at the start of the year due to concerns of a slowdown in COVID-19 vaccine-related demand. Despite the company's solid quarterly earnings release in April, the stock continued to slide, as rising rates put further downward pressure on growth stocks with 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.

GROWTH OF \$10,000

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

HEALTH SCIENCES PORTFOLIO



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 T /GS3gs BT 8008510.4384342.189

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

T. ROWE PRICE HEALTH SCIENCES PORTFOLIO

June 30, 2022 (Unaudited)

| PORTFOLIO OF INVESTMENTS ¹ | 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 |
| Agios 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 | |

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.

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

Supplementary Investment Schedule

| A liate | 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 | <u>\$ 702,203</u> | <u>\$ 882,799</u> |

*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.

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 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.

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

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

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