



PORTFOLIO UPDATE

# Health Sciences Fund

As of August 31, 2021



**Portfolio Manager:**

Ziad Bakri

**Managed Fund Since:**

2016

**Joined Firm:**

2011

## INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation.

## FUND INFORMATION

Symbol	PRHSX
CUSIP	741480107
Inception Date of Fund	December 29, 1995
Benchmark	S&P 500 Index
Expense Information (as of the most recent Prospectus)	0.76%
Fiscal Year End	December 31
12B-1 Fee	-

## MARKET COMMENTARY

The major indexes produced gains in August, despite some volatility. As measured by various Russell indexes, large-cap shares slightly outperformed small- and mid-caps. Russell indexes also indicated that growth stocks outperformed value among large- and mid-cap stocks. On the other hand, small-cap value stocks outperformed their growth counterparts. Within the S&P 500 Index, financials, communication services, and utilities outperformed while energy lagged with losses. The Labor Department's nonfarm payroll report showed that employers added 943,000 jobs in July, well above consensus estimates and the best showing since strict lockdowns were eased in the summer of 2020. The Food and Drug Administration's approval of the Pfizer-BioNTech COVID-19 vaccine also lifted equity markets near the end of the month. Conversely, the surge of the delta variant of the coronavirus was also a headwind at times, as were growing expectations that the Federal Reserve could soon begin to taper its monthly asset purchases.

The Lipper Health/Biotechnology Funds Index posted positive returns in August and outperformed the broad equity market, as represented by the S&P 500 Index. Subsector performance within the health care index was mostly positive during the month. The biotechnology, life sciences, and products and devices subsectors posted solid gains, while services was the only subsector that lost ground.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Health Sciences Fund	4.16%	12.22%	16.37%	34.71%	18.55%	19.55%	21.47%	16.87%
Lipper Health/Biotechnology Funds Index	4.59	9.48	8.76	23.09	14.88	16.82	18.79	14.01
S&P 500 Index	3.04	7.95	21.58	31.17	18.07	18.02	16.34	10.90

The **1-, 5-, and 10-year** annualized returns as of **6/30/21** were **33.28%, 18.46%** and **19.55%** for the fund. **Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](http://troweprice.com). Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit [troweprice.com](http://troweprice.com). Read it carefully.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

Due to the fund's concentration in health sciences companies, its share price will be more volatile than that of more diversified funds. Further, these firms are often dependent on government funding and regulation and are vulnerable to product liability lawsuits and competition from low-cost generic products. The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

**RISK RETURN CHARACTERISTICS**

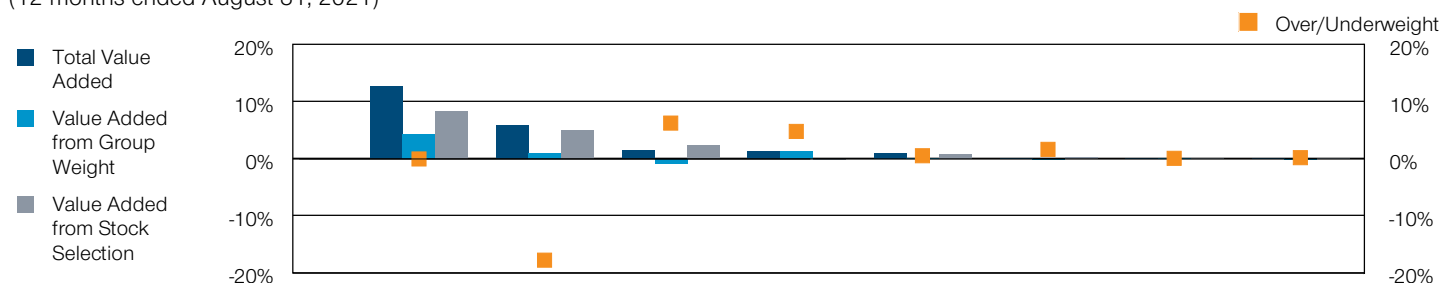
(Five Years ended August 31, 2021)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Health Sciences Fund	16.81%	2.59%	0.99	0.97	0.91	1.09	3.01%
LPR Health/Biotech Ix	16.78	0.00	1.00	1.00	0.00	0.93	0.00
Health Sciences Fund	16.81	3.48	0.89	0.62	0.14	1.09	10.61
S&P 500 Index	14.84	0.00	1.00	1.00	0.00	1.13	0.00

**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.

**SECTOR ATTRIBUTION DATA VS. LIPPER HEALTH/BIOTECHNOLOGY FUNDS INDEX**

(12 months ended August 31, 2021)



	Total	Biotechnology	Services	Life Sciences	Products & Devices	Pharmaceuticals	Consumer Nondurables	Other
Over/Underweight	0.00%	-17.75%	6.32%	4.79%	0.60%	1.67%	0.06%	0.19%
Fund Performance	35.14	29.38	35.97	49.98	33.11	27.12	24.98	-1.41
Index Performance	22.52	13.79	24.84	48.43	28.44	24.42	0.00	-1.65
Value Add - Group Weight	4.30	0.86	-0.79	1.27	0.12	-0.13	0.08	-0.07
Value Add - Stock Selection	8.31	4.94	2.37	-0.07	0.77	0.21	0.00	0.10
Total Contribution	12.62	5.80	1.58	1.20	0.89	0.08	0.08	0.03

**Past performance is not a reliable indicator of future performance.** Numbers may not total due to rounding; all other numbers are percentages. Analysis represents the total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets that will not receive a classification assignment in the detailed structure shown. Returns will not match official T. Rowe Price performance because FactSet uses different exchange rate sources and does not capture intra-day trading. Performance for each security is obtained in the local currency and, if necessary, is converted using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested. Sources: Financial data and analytics provider FactSet. Copyright 2021 FactSet. All Rights Reserved. Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses a custom structure for sector and industry reporting for this product. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD. For Sourcing Information, please see Additional Disclosures.

**TOP 10 ISSUERS**

Comprising 31.2% of total net assets.

	Industry	% of Fund
UnitedHealth Group	Payors	6.0%
Danaher	Life Sciences	3.9
Thermo Fisher Scientific	Life Sciences	3.9
Intuitive Surgical	Implants	3.9
Eli Lilly and Co	Major Pharmaceuticals	3.6
Moderna therapeutics	Other Biotechnology	2.4
Stryker	Implants	2.3
Agilent Technologies	Life Sciences	1.9
Vertex Pharmaceuticals	Major Biotechnology	1.7
AbbVie	Major Pharmaceuticals	1.7

Issuers are as of the date indicated and are subject to change.

**PORTFOLIO CHARACTERISTICS**

	Health Sciences Fund	LPR Health/Biotech Ix	S&P 500 Index
Number of Issuers	255	474	500
Investment Weighted Median Market Cap (mm)	\$51,961	\$23,039	\$195,779
Price to Earnings (12 Months Forward)*° †	31.5X	43.4X	26.6X
Price to Book°	7.1X	6.3X	8.1X
Projected Earnings Growth Rate (3 - 5 Years)*° †	13.4%	13.0%	15.2%
Return on Equity (Last 12 Months excl. charges)°	20.6%	13.1%	28.4%
Top 20 Issuers as Percent of Total	45.8%	39.6%	38.4%
Total Assets (all share classes)	20,216,934,506	-	-
Percent of Portfolio in Cash	0.8%	-	-

°Investment Weighted Median.

\*I/B/E/S © 2021 Refinitiv. All rights reserved.

†Based on the fund's underlying holdings and is not a projection of future portfolio performance.

**GEOGRAPHICAL DIVERSIFICATION**

	United States	Germany	United Kingdom	Switzerland	Netherlands	Denmark	China	Japan	Sweden	Canada	Other
Health Sciences Fund	88.0%	3.3%	2.2%	1.7%	1.4%	1.0%	1.0%	0.3%	0.2%	0.1%	0.1%
LPR Health/Biotech Ix	88.5	0.8	1.0	1.8	2.2	2.0	1.5	0.0	0.1	1.0	1.1
<b>Over/Underweight</b>	<b>-0.5</b>	<b>2.4</b>	<b>1.2</b>	<b>-0.2</b>	<b>-0.8</b>	<b>-1.0</b>	<b>-0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.9</b>	<b>-1.1</b>

**SECTOR DIVERSIFICATION**

	Biotechnology	Services	Products & Devices	Life Sciences	Pharmaceuticals	Misc.	Consumer Nondurables
Health Sciences Fund	31.4%	21.5%	18.1%	16.1%	11.0%	0.9%	0.3%
LPR Health/Biotech Ix	48.1	14.2	17.1	10.4	9.4	0.8	0.0
<b>Over/Underweight</b>	<b>-16.7</b>	<b>7.3</b>	<b>1.0</b>	<b>5.7</b>	<b>1.7</b>	<b>0.1</b>	<b>0.3</b>

For Sourcing Information, please see Additional Disclosures.

## Additional Disclosures

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Unless otherwise noted, index returns are shown with gross dividends reinvested.

The information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the portfolio.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

"Other" includes any categories not explicitly mentioned.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price.

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