



QUARTERLY REVIEW

Health Sciences Fund – Multi-Class

As of June 30, 2021

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the broad market, as measured by the S&P 500 Index, and the Lipper Health/Biotechnology Funds Index for the three-month period ended June 30, 2021.

Relative performance drivers (versus the Lipper Health/Biotechnology Funds Index):

- Stock selection and allocation effects contributed to outperformance in the biotechnology subsector, which had the largest positive impact on relative performance.
- Stock picking in the services space benefited relative performance.
- Stock selection in the life sciences segment hurt relative performance but was largely offset by the positive impact of our overweight allocation.

Additional highlights:

- Overall, outperformance for the quarter was driven by gains from both stock selection and allocation effects. We remain focused on 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 remain positive on the long-term prospects for investing in the health care sector as the pace of medical innovation and our understanding of the genetic causes of disease continue to accelerate. Advances in technology and medicine are leading to new pathways in biology and a better understanding of disease drivers.

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	–
Total Assets (all share classes)	\$19,002,235,731
Percent of Portfolio in Cash	0.0%

Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Health Sciences Fund	Dec 29 1995	9.82%	9.51%	33.28%	20.01%	18.46%	19.55%	16.72%
Health Sciences Fund - I Class	Mar 23 2016	9.84	9.56	33.42	20.14	18.60	19.62	16.77
Lipper Health/Biotechnology Funds Index		5.29	4.08	22.58	16.78	16.94	17.15	13.99
S&P 500 Index		8.55	15.25	40.79	18.67	17.65	14.84	10.73

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Health Sciences Fund	Dec 29 1995	11.01%	31.93%	51.40%	31.94%	12.98%	-10.35%	27.95%	1.23%	29.11%	30.12%
Health Sciences Fund - I Class	Mar 23 2016	11.01	31.93	51.40	31.94	12.98	-10.28	28.09	1.35	29.25	30.27
Lipper Health/Biotechnology Funds Index		9.30	23.91	51.33	30.61	8.55	-11.07	24.98	3.07	27.60	27.95
S&P 500 Index		2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49	18.40

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. 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 1-877-804-2315 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (8/28/15) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

Investors should note that the Fund's short-term performance is highly unusual and unlikely to be sustained.

Investing in small companies involves greater risk than is customarily associated with larger companies, since small companies often have limited product lines, markets, or financial resources.

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.

PERFORMANCE REVIEW

Equity Markets Produced Solid Gains in the Second Quarter

Stocks recorded solid gains in the second quarter, despite a mid-May retreat, as global economies began reopening. Despite localized coronavirus outbreaks and concerns around the new "delta" variant, accelerated vaccine distribution, especially in developed markets, continued to fuel expectations of a relative "return to normal" as debates within the market center on the path of interest rates, inflation, and economic growth. Large-caps and growth shares reasserted their market leadership, as investors seemed focused on the path of economic improvement looking forward into 2022 and 2023.

The overall health care market, as represented by the Lipper Health/Biotechnology Funds Index, lagged the broader equity market as measured by the S&P 500 Index in the second quarter. On a subsector basis, life sciences delivered the largest gains during the period, followed by products and devices, pharmaceuticals, and services. Biotechnology was the worst-performing health care group for the quarter but still produced modest gains.

Stock Selection and an Underweight Allocation to Biotechnology Contributed to Relative Performance

- Our position in BioNTech, a commercial-stage biotechnology company based in Germany, posted strong gains. The company's mRNA-based coronavirus vaccine it developed with Pfizer helped drive solid second-quarter growth in vaccine revenues. BioNTech's stock price more than doubled in the three-month period ended June 30, 2021.
- Shares of Moderna, an innovative company that developed its own mRNA-based coronavirus vaccine, rallied in the quarter as it continued to benefit from strong demand for vaccinations globally.

Services Generated a Relative Contribution Due to Stock Selection

- West Pharmaceutical Services, a market-leading drug packaging and containment manufacturer, was a strong relative performance contributor. Its shares climbed on strong first-quarter revenues and earnings as the company continued to benefit from coronavirus-related manufacturing growth as well as ongoing secular drug development tailwinds.

Pharmaceuticals Holdings Rallied and Stock Selection Contributed to Relative Returns

- The U.S. Food and Drug Administration's accelerated approval of Aduhelm for the treatment of Alzheimer's had a positive impact on our position in Eli Lilly. The company is developing its own drug, donanemab, which received the FDA Breakthrough Therapy designation late in the quarter, to treat the disease.

Stock Picking in Life Sciences Detracted

- Shares of Seer, which surged following its December initial public offering, trended lower during the second quarter as a lack of near-term catalysts for the firm dampened investor enthusiasm. We maintain a positive view on Seer, which is

aiming to use population-level proteomic analyses and machine learning to develop blood tests to detect diseases before symptoms appear.

PORTFOLIO POSITIONING AND ACTIVITY

We favor companies developing innovative therapies and companies that are improving the standard of care in a cost-effective manner. We tend to lean into these areas because we think that's where we can create long-term value for shareholders. The portfolio is currently fairly evenly split between therapeutics (biotechnology and pharmaceuticals) and non-therapeutics (life sciences, products and devices, and services).

Biotechnology

Biotechnology represents our largest allocation within the portfolio. We remain optimistic on biotechnology given the acceleration in innovation occurring in the space, which should lead to meaningful drug launches that will cure diseases or dramatically improve quality of life in the coming years. We continue to look for secular winners—companies that have the best chance of dominating their space either through drugs likely to become standard of care in large and well-characterized markets, or companies with platform value that can replicate their success.

- Novocure was our largest purchase in the biotechnology subsector. We added to our position after the company announced a positive update on its clinical trial evaluating Tumor Treating Fields, low intensity, alternating electric fields that disrupt cell division, in advanced non-small cell lung cancer.

Pharmaceuticals

As is the case with biotechnology, we generally favor pharmaceutical companies that are developing novel therapeutics. We appreciate the defensive nature of pharmaceutical investments, and valuations among large-cap pharmaceuticals are not demanding. There are several companies in the space that could experience significant tailwinds from the coronavirus (vaccines and improved pharma sentiment). Within the subsector, we have a mix of exposure to the U.S., Europe, and Japan.

- Eli Lilly is our largest position in the pharmaceuticals space. The company received Breakthrough Therapy designation by the FDA toward the end of June for its experimental Alzheimer's drug, donanemab. We believe the company has several late-stage assets with high probabilities of success that will benefit its visibility and revenue over the next 12 to 18 months. We also expect Eli Lilly's base business will remain stable against competition and drug pricing pressures, and we are encouraged by management's goal of increasing the company's operating margin percentage over the next five years.
- We eliminated our position in Astellas Pharma. Although we think the firm can continue to post modest gains, we opted to exit the position in favor of other companies with stronger risk/reward characteristics.

Services

Services is a broad category that includes payors, providers, drug distributors, and health care technology companies. Within the subsector, payors, which is composed of managed care companies, represents our largest exposure. Broadly, these companies continue to trade at attractive valuations and have good fundamentals that provide support for our key holdings.

Within managed care, we are focused on companies with strong fundamentals, high-quality management teams, and compelling runways for long-term growth.

- UnitedHealth Group is the portfolio's top holding. The diversified managed care company has been integrating vertically by acquiring providers and other services companies. We are attracted to the stock's durable growth profile, and we believe that the market is underestimating the pricing power of large managed care names.
- Among our largest sales in the services subsector was the elimination of our position in contract research organization PPD. We exited our position after Thermo Fisher Scientific announced it was acquiring the company in an all-cash deal at a substantial premium.

Products and Devices

We have remained selective in the products and devices segment, which had been a top-performing area within health care prior to the coronavirus crisis. Elective medical procedure volumes have begun to normalize, and we expect that trend to continue, which should benefit the sector.

- Intuitive Surgical is among the largest holdings in the portfolio. We think the company will be the long-term winner of the biggest and most important secular trend within medical devices: the robotic-assisted surgery ecosystem. The company has a long runway for geographic expansion and penetration of targeted procedures, and the rollout of new robot generations should unlock considerably larger procedure total addressable markets over time, particularly in single-incision surgery directives.
- Our largest sale and elimination in the segment was Abbott Laboratories. The firm lowered its earnings guidance in early June due to a deceleration in coronavirus testing demand. Concerned we could see further downside to the lowered testing guidance, we elected to move on from the name.

Life Sciences

We remain overweight life sciences tools companies, which provide the analytical equipment, tools, and consumables that drive future discovery and applications of both drugs and medical diagnostics. As such, the group is levered to the ongoing innovation trend within the biopharma space. We also continue to have a favorable outlook on the bioprocessing trend, which should be a long-term positive for the space.

- Thermo Fisher Scientific is our largest holding within life sciences. The company is among the most vertically integrated firms in the life science tools industry, providing medical equipment and tools to help diagnose diseases and run clinical trials. The company has been shifting its business mix toward higher-growth markets through both organic investment and acquisitions.

MANAGER'S OUTLOOK

We remain positive on the long-term prospects for investing in the health care sector as the pace of medical innovation and our understanding of the genetic causes of disease continue to accelerate. Advances in technology and medicine are leading to new pathways in biology and a better understanding of disease drivers. Technology is enhancing the ability to make better choices when selecting chemical compounds to treat many conditions, which should ultimately improve the success rates of clinical trials.

In addition to the advances we expect to see on the therapeutic side of health care, we also think that there will be enduring post-pandemic trends that benefit life sciences tools companies; those that develop the platforms, instrumentation, and technology that drive future discovery and the application of drugs and diagnostics. We believe that strong biopharma demand, improving science, increased funding, and positive bioprocessing trends should serve as tailwinds for the segment.

Products and devices companies are also well positioned to benefit from stronger demand, as volumes normalize for general diagnostic procedures, symptomatic and asymptomatic surgeries, as well as cardiovascular, neurological, and vascular surgeries, many of which had been deferred since the onset of the coronavirus pandemic. While the volume recovery times will vary by procedure type and level of urgency, we anticipate that most of the deferred procedures will be rescheduled and procedure volumes will continue to accelerate over the next two to three years.

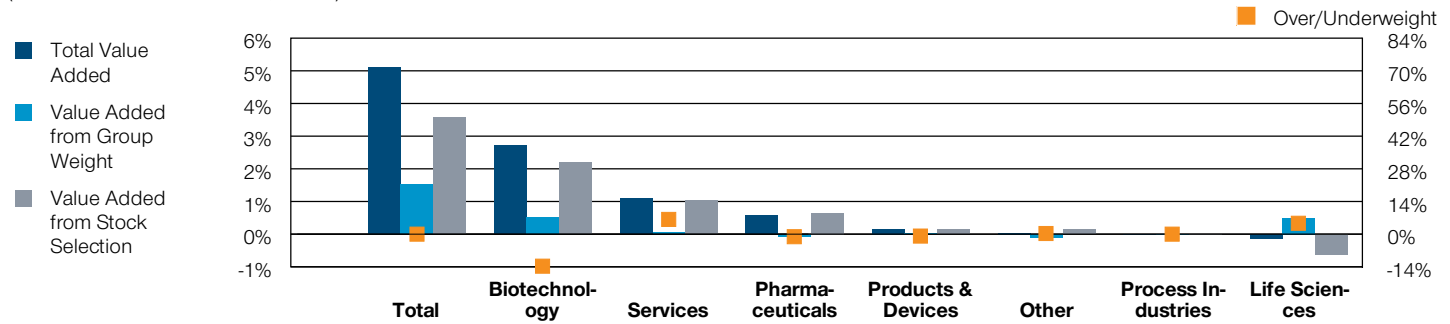
We also think digitization of medical records, availability of digital claims data, electronic prescriptions, and data collected by personal wearable devices are likely to grow substantially. Platforms are also emerging to aggregate patient data, allowing for more robust data collection and analysis, which should lead to improvements in personalized care plans and therapies and drive better patient outcomes.

Our investment approach is aimed at building a diversified portfolio of companies with exposures to each of these areas. Broadly, we believe that health care can remain a strong area of long-term performance. Positive dynamics, including demographics with aging populations, the pace of scientific advances, prospects for safer and better medicines, demand for a higher quality of life, and society's willingness to spend on health care, all suggest that the sector will remain an area of long-term growth.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. LIPPER HEALTH/BIOTECHNOLOGY FUNDS INDEX

(3 months ended June 30, 2021)



	Total	Biotechnology	Services	Pharmaceuticals	Products & Devices	Other	Process Industries	Life Sciences
Over/Underweight	0.00%	-13.52%	6.39%	-1.10%	-0.72%	0.52%	0.03%	4.71%
Fund Performance	9.98	8.11	11.49	14.49	8.42	-3.88	0.10	9.59
Index Performance	4.86	0.93	6.66	7.59	7.64	-14.47	0.00	14.43
Value Add - Group Weight	1.54	0.51	0.07	-0.06	0.02	-0.11	0.01	0.50
Value Add - Stock Selection	3.59	2.21	1.05	0.65	0.15	0.15	0.00	-0.62
Total Contribution	5.12	2.72	1.12	0.59	0.17	0.04	0.01	-0.12

TOP 5 RELATIVE CONTRIBUTORS VS. LPR HEALTH/BIOTECH IX

(3 months ended June 30, 2021)

Security	% of Equities	Net Contribution (Basis Points)
Biontech Se	1.8%	87
Moderna, Inc.	1.7	59
Intuitive Surgical, Inc.	3.6	49
Doximity Cl B Common Lockup Shs Pp	0.6	38
Chemocentryx, Inc.	0.0	30

TOP 5 RELATIVE DETRACTORS VS. LPR HEALTH/BIOTECH IX

(3 months ended June 30, 2021)

Security	% of Equities	Net Contribution (Basis Points)
Biohaven Pharmaceutical Holding Co.	0.0%	-27
Boston Scientific Corporation	0.0	-25
Seer Cl A Common Lockup Shs Pp	0.0	-22
Regeneron Pharmaceuticals, Inc.	1.3	-21
Atea Pharmaceuticals Lockup Shs Pp	0.0	-19

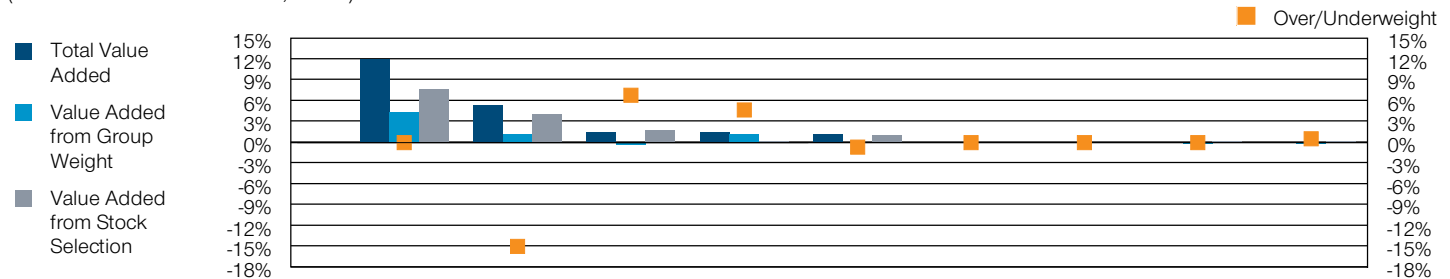
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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.

12-MONTH ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. LIPPER HEALTH/BIOTECHNOLOGY FUNDS INDEX

(12 months ended June 30, 2021)



	Total	Biotechnology	Services	Life Sciences	Products & Devices	Consumer Nondurables	Process Industries	Pharmaceuticals	Other
Over/Underweight	0.00%	-14.95%	6.83%	4.66%	-0.64%	0.00%	0.03%	0.01%	0.50%
Fund Performance	33.74	20.63	46.02	49.84	40.59	0.00	0.10	20.05	-4.10
Index Performance	21.71	8.91	35.67	45.45	33.26	0.00	0.00	17.47	-10.04
Value Add - Group Weight	4.42	1.21	-0.29	1.24	0.07	0.04	0.04	-0.18	-0.19
Value Add - Stock Selection	7.61	4.09	1.85	0.19	1.13	0.00	0.00	0.18	0.15
Total Contribution	12.03	5.30	1.56	1.44	1.21	0.04	0.04	0.00	-0.04

TOP 5 RELATIVE CONTRIBUTORS VS. LPR HEALTH/BIOTECH IX

(12 months ended June 30, 2021)

Security	% of Equities	Net Contribution (Basis Points)
Intuitive Surgical, Inc.	3.6%	113
Biontech Se	1.8	105
Moderna, Inc.	1.7	98
Agilent Technologies, Inc.	1.7	82
Stryker Corporation	2.3	69

TOP 5 RELATIVE DETRACTORS VS. LPR HEALTH/BIOTECH IX

(12 months ended June 30, 2021)

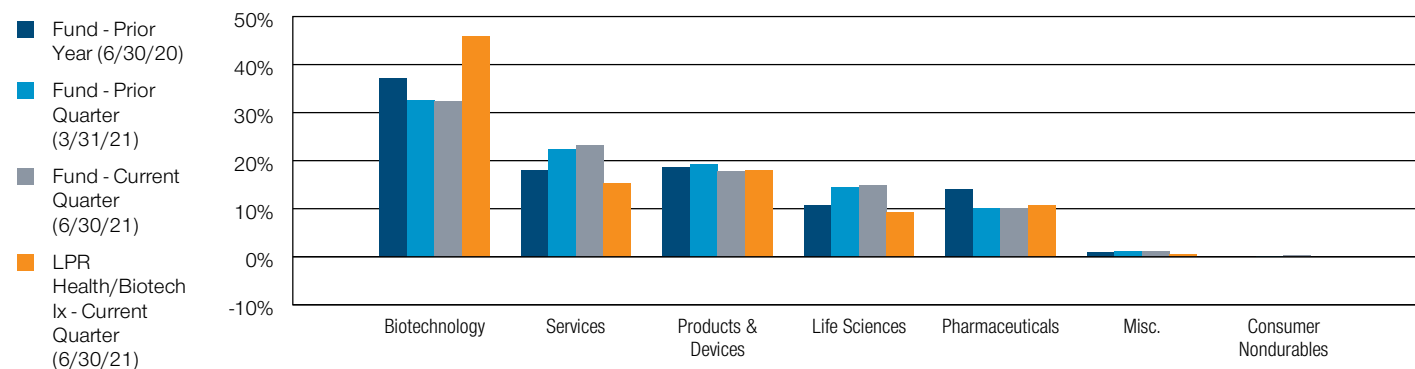
Security	% of Equities	Net Contribution (Basis Points)
Immunomedics, Inc.	0.0%	-93
Abbvie Inc.	1.7	-67
Cigna Corporation	1.8	-53
Boston Scientific Corporation	0.0	-50
Natera, Inc.	0.0	-44

Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 6/30/21	% of Fund Prior Quarter 3/31/21
Vertex Pharmaceuticals	Biotechnology	2.2%	2.5%
Centene	Services	1.8	1.6
Moderna therapeutics	Biotechnology	1.7	1.0
Biogen	Biotechnology	1.1	1.1
Teleflex	Products & Devices	0.8	0.8
Doximity	Services	0.8	0.4
Novocure	Biotechnology	0.8	0.3
Mirati Therapeutics	Biotechnology	0.5	0.4
Eisai	Pharmaceuticals	0.3	0.2
Zentalis Pharmaceuticals (N)	Biotechnology	0.2	0.0

(N) New Position

(E) Eliminated

(NE) New Position Eliminated

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 6/30/21	% of Fund Prior Quarter 3/31/21
Biogen	Biotechnology	1.1%	1.1%
Outset Medical	Products & Devices	0.3	0.5
Neurocrine Biosciences	Biotechnology	0.3	0.5
ICU Medical	Products & Devices	0.0	0.2
Abbott Laboratories (E)	Products & Devices	0.0	0.7
United Therapeutics (NE)	Biotechnology	0.0	0.0
Curevac (E)	Biotechnology	0.0	0.2
Astellas Pharma (E)	Pharmaceuticals	0.0	0.2
Illumina (NE)	Life Sciences	0.0	0.0
PPD (E)	Services	0.0	0.1

For Sourcing Information, please see Additional Disclosures.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of LPR Health/Biotech Ix
UnitedHealth Group	Payors	6.1%	3.8%
Thermo Fisher Scientific	Life Sciences	3.7	2.2
Intuitive Surgical	Implants	3.6	1.3
Eli Lilly and Co	Major Pharmaceuticals	3.5	2.2
Danaher	Life Sciences	3.4	2.9
Stryker	Implants	2.3	0.7
Vertex Pharmaceuticals	Major Biotechnology	2.2	2.0
BioNTech	Major Biotechnology	1.8	0.4
Cigna	Payors	1.8	1.8
Humana	Payors	1.8	2.7

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. LPR HEALTH/BIOTECH IX

Issuer	Industry	% of Fund	% of LPR Health/Bio tech Ix	Over/Underweight
Intuitive Surgical	Implants	3.6%	1.3%	2.3%
UnitedHealth Group	Payors	6.1	3.8	2.2
Stryker	Implants	2.3	0.7	1.6
Agilent Technologies	Life Sciences	1.7	0.2	1.5
Thermo Fisher Scientific	Life Sciences	3.7	2.2	1.5
Boston Scientific	Implants	0.0	2.3	-2.3
AbbVie	Major Pharmaceuticals	1.7	3.2	-1.5
Regeneron Pharmaceuticals	Other Biotechnology	1.3	2.5	-1.2
Gilead Sciences	Major Biotechnology	0.0	1.1	-1.1
Novavax	Major Biotechnology	0.2	1.2	-1.0

PORTFOLIO MANAGEMENT



Portfolio Manager:
Ziad Bakri

Managed Fund Since:
2016

Joined Firm:
2011

For Sourcing Information, please see Additional Disclosures.

FUND INFORMATION

	Health Sciences Fund	Health Sciences Fund - I Class
Symbol	PRHSX	THISX
Expense Information	0.76%	0.65%
Fiscal Year End Date	12/31/20	12/31/20
12B-1 Fee	-	-
The expense ratios shown are as of the most recent prospectus.		

Additional Disclosures

Source for Lipper data: Lipper Inc. All Lipper Data of the mutual fund information contained in the display was supplied by Lipper, a Refinitiv Company, subject to the following: Copyright 2021 © Refinitiv. All rights reserved. Any copying, republication or redistribution of Lipper content is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

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.

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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