

# Equity Income Fund (PRFDX)

As of March 31, 2026



T. Rowe Price

## Portfolio Highlights

The portfolio underperformed the Russell 1000 Value Index for the three-month period ended March 31, 2026.

Relative performance drivers (versus the Russell 1000 Value Index):

- + Energy (overweight allocation)
- + Utilities (stock selection and overweight allocation)
- Industrials and Business Services (stock selection)
- Information Technology (stock selection)

Additional details:

- Our priority remains identifying companies with attractive valuations and strong fundamentals while improving portfolio positioning through ongoing security selection. We continue to challenge our investment theses and take a bottom-up approach while incorporating a broader portfolio perspective.
- The current market environment is marked by significant uncertainty and an abnormally wide range of potential outcomes with fat tails. Investors are being conditioned to look for and respond to the latest data point, and we expect this dynamic to continue to create volatility going forward. Given this, our focus remains on fundamental work and maintaining our valuation discipline, but we must balance that with a need to adapt to market conditions.

## Fund Information

CUSIP	779547108
Inception Date of Fund	October 31, 1985
Benchmark	Russell 1000 Value Index
Expense Information (as of the most recent Prospectus)	0.69%
Total Assets (all share classes)	\$16,160,806,221
Percent of Portfolio in Cash	2.1%

## Performance (%) (NAV, total return performance > 1 year is annualized)

	3m	1yr	3yrs	5yrs	10yrs	15yrs
Equity Income Fund	0.86	11.08	12.58	8.73	10.46	9.65
Russell 1000 Value Index	2.10	15.87	14.31	9.43	10.58	10.47

## Calendar Year Performance (%) (NAV, total return)

	Inception Date	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Equity Income Fund	Oct 31 1985	19.28	16.18	-9.30	26.58	1.32	25.68	-3.28	9.65	11.88	14.58
Russell 1000 Value Index		17.34	13.66	-8.27	26.54	2.80	25.16	-7.54	11.46	14.37	15.91

**Past performance is not a guarantee or a reliable indicator of future results. 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).**

The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

**Risks: Dividend-paying stocks:** The fund's emphasis on dividend-paying stocks could cause the fund to underperform similar funds that invest without consideration of a company's track record of paying dividends. **Value investing:** The fund's value approach to investing could cause it to underperform other stock funds that employ a different investment style. **Diversification:** Diversification cannot assure a profit or protect against loss in a declining market. See the prospectus for more detail on the fund's principal risks.

## Performance Review

### Value Stocks Outperformed Amid Volatility and Moderating Valuations

U.S. equity markets were volatile in the first quarter of 2026, as early optimism around economic strength gave way to heightened geopolitical uncertainty stemming from the Iran conflict, which contributed to sharp swings in sentiment and asset prices. The S&P 500 Index declined over the period, although a strong rally at quarter-end provided partial relief. Against this backdrop, value stocks outperformed growth meaningfully, as higher-multiple segments came under pressure amid rising oil prices and renewed inflation concerns. This was reflected in the Russell 1000 Value Index, which generated positive returns for the period in contrast to broader market declines. Earnings remained resilient, with consensus expectations pointing to continued solid growth for S&P 500 Index companies, reflecting stable underlying corporate fundamentals despite macroeconomic uncertainty. At the same time, forward valuations moderated from elevated levels during the quarter, though they remained above longer-term norms. Overall, market dynamics reflected a shift in leadership across styles within a more volatile and uncertain environment.

### Relative Contributors

#### Energy (overweight allocation)

- Our overweight exposure to the energy sector benefited relative performance, particularly within oil, gas, and consumable fuels. Strong sector returns, supported by higher oil prices and tightening supply conditions, combined with our higher weight versus the benchmark drove outperformance, offsetting negative stock selection.

#### Utilities (stock selection and overweight allocation)

- Constellation Energy:** Our zero-weight exposure to Constellation Energy benefited the portfolio as its shares declined amid PJM region policy proposals to address rising electricity costs, which weighed on wholesale power pricing expectations. A late-quarter reset after weaker-than-expected 2026 guidance further pressured earnings expectations.
- Southern Company:** Shares of Southern Company rose following its earnings release as investors responded positively to an increased capital investment plan focused on generation and grid expansion. Optimism around growing electricity demand from large customers, particularly data centers, reinforced expectations for sustained earnings growth. We value Southern Company's regulatory and operational excellence, and with the Plant Vogtle nuclear expansion complete as of 2024, we anticipate a clearer path to sustainable long-term growth.

### Relative Detractors

#### Industrials and Business Services (stock selection)

- Siemens:** Shares of Siemens declined as investor uncertainty surrounding the planned reduction of its Healthineers stake weighed on sentiment, with an upcoming financial leadership transition adding to investor caution, offsetting solid earnings reflecting strong operational performance. Concerns about the impact of U.S. tariffs on global industrials with U.S. exposure further pressured the stock, contributing to sustained weakness. We believe Siemens offers market-leading electrification and industrial automation exposure, with consistent execution and underappreciated earnings potential, positioning the company to deliver attractive growth and close its valuation gap to peers over time.

- Boeing:** Shares of Boeing fell, reversing earlier gains supported by strong aircraft orders. The stock declined following earnings that highlighted ongoing production constraints and a gradual recovery outlook, with a March disclosure of a 737 MAX wiring defect that delayed deliveries adding further pressure. We believe Boeing is positioned to benefit from a multiyear commercial aerospace upcycle driven by strong demand and constrained supply while ongoing operational improvements may support a gradual recovery in deliveries, margins, and cash generation over time.

### Information Technology (stock selection)

- Qualcomm:** Shares of Qualcomm fell following weaker-than-expected guidance, driven by smartphone demand pressures from elevated memory prices and limited demand visibility amid supply uncertainties. Additionally, market focus on the eventual loss of modem share to Apple's insourcing efforts weighed on sentiment. We believe that Qualcomm leads in wireless connectivity technology and that the market underappreciates the chipmaker's potential for improved top line and incremental margin as it continues to focus its product offerings in higher-growth end markets such as automotives and the Internet of Things.
- Microsoft:** Shares of Microsoft declined despite solid headline earnings results as investors focused on slower-than-expected growth in the cloud computing segment and increased data center spending tied to artificial intelligence, raising concerns about the timing of returns on those investments. Still, we continue to believe Microsoft's leadership in cloud and productivity software, combined with its advanced artificial intelligence infrastructure and applications, positions it to capture share in key workloads and reinforce its dominance in collaboration tools.

### Portfolio Positioning And Activity

Our priority remains identifying companies with attractive valuations and strong fundamentals while improving portfolio positioning through ongoing security selection. We continue to challenge our investment theses and take a bottom-up approach while incorporating a broader portfolio perspective. During the period, we were active in adjusting exposures, including trimming certain positions and reallocating to higher-conviction ideas. We remain disciplined on valuation but aim to be more adaptive in response to changing market conditions. Our goal is to balance conviction with flexibility, taking advantage of opportunities as they emerge while maintaining a consistent focus on long-term value.

### Significant Purchases

- Cisco Systems:** Cisco Systems provides networking and communications equipment. We purchased shares as we believe the company is positioned to benefit from increased demand for network and optical infrastructure, supporting longer-term growth.
- Booz Allen Hamilton:** Booz Allen Hamilton provides government-focused consulting and analytics services. We purchased shares as our fundamental work suggests the negative impact of artificial intelligence is likely overstated and risks related to its government relationships are overestimated, creating an attractive risk/reward opportunity.
- Rayonier:** We added to Rayonier, a pure-play timber real estate investment trust, as we believe it offers long-term value supported by its land base in the U.S. south and associated development opportunities, including solar and low-carbon leasing.
- StandardAero:** StandardAero provides aircraft maintenance, repair, and overhaul services. We purchased shares as we believe StandardAero is well positioned to benefit from durable demand in the aerospace aftermarket, supported by high barriers to entry, with long-term value creation driven by share gains, margin expansion, and accretive mergers and acquisitions.

### Significant Sales

- **Sanofi:** Sanofi is a global pharmaceutical company. We reduced our position as part of ongoing portfolio repositioning, although we continue to see the opportunity for long-term growth supported by its pipeline and key products.
- **Accenture:** Accenture provides information technology consulting and services. We reduced our position, reallocating capital toward Booz Allen Hamilton, where we see a more attractive risk/reward profile with similar end-market exposure.
- **Zimmer Biomet Holdings:** Zimmer Biomet Holdings manufactures orthopedic medical devices. We trimmed the position as part of broader portfolio positioning, although we continue to expect the company to benefit from a recovery in elective procedures, product momentum, and improved growth following the spinoff of its dental and spine businesses, with potential for valuation improvement over time.
- **Samsung Electronics:** Samsung Electronics produces semiconductors and consumer electronics. We trimmed the position to keep our exposure to memory in line following recent strength in the space.

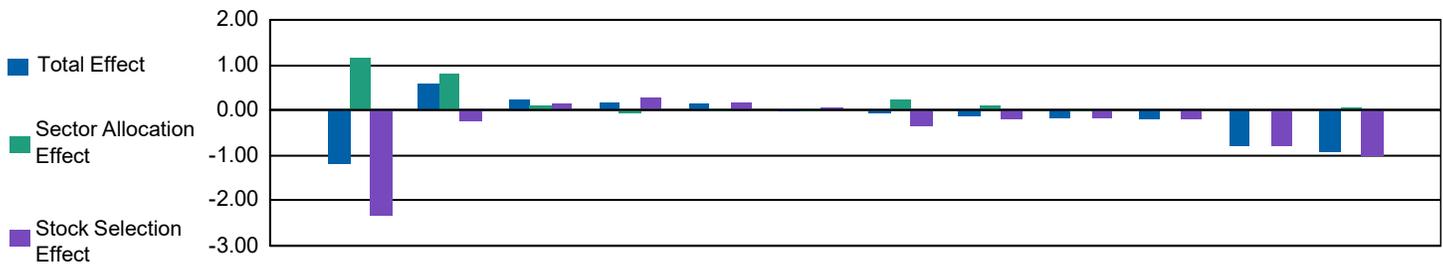
### Manager's Outlook

The current market environment is marked by significant uncertainty and an abnormally wide range of potential outcomes with fat tails. Investors are being conditioned to look for and respond to the latest data point, and we expect this dynamic to continue to create volatility going forward. While we do not have insight into when the current Middle East conflict will be resolved, we expect geopolitical uncertainty to remain elevated even after it subsides. Geopolitical instability has, unfortunately, been steadily increasing over the past decade, and this episode is another example. This instability in world affairs has combined with the force of artificial intelligence to create powerful cross currents that must be navigated. Given this, our focus remains on fundamental work and maintaining our valuation discipline, but we must balance that with a need to adapt to market conditions.

From here, we will persist in our efforts to build a portfolio that is not dependent on any particular economic or market environment, instead allowing stock selection to drive relative performance. Ultimately, we remain confident that our commitment to valuation discipline and a long-term orientation will serve our clients well over a full market cycle.

## Quarterly Attribution

## Sector Attribution Data: Fund vs Russell 1000 Value Index (3 months ended March 31, 2026) (%)



	Total	Energy	Utilities	Materials	Financials	Health Care	Consumer Disc	Comm Svcs	Consumer Staples	Real Estate	Info Tech	Indust & Bus Svcs
Over/Under Weight	N/A	3.08	1.83	-0.75	0.16	0.82	-3.44	-1.58	-0.56	-0.72	-1.60	0.75
Fund Performance	0.91	34.08	11.52	20.24	-7.11	-2.09	-12.27	-7.15	4.21	-4.11	-2.83	-0.89
Index Performance	2.10	38.12	9.00	10.60	-8.03	-2.24	-4.48	-3.97	6.65	2.03	4.56	5.86
Sector Allocation Effect	1.16	0.82	0.11	-0.08	-0.05	-0.03	0.24	0.10	-0.01	0.00	0.00	0.07
Stock Selection Effect	-2.36	-0.25	0.14	0.27	0.20	0.01	-0.33	-0.23	-0.17	-0.21	-0.80	-0.99
Total Effect	-1.20	0.57	0.25	0.19	0.15	-0.02	-0.09	-0.12	-0.18	-0.21	-0.80	-0.92

## Top 5 Relative Contributors vs. Russell 1000 Value Index (3 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Totalenergies Se	2.3	73
Cf Industries Holdings, Inc.	1.6	65
Samsung Electronics Co., Ltd.	1.9	49
Conocophillips	1.9	40
L3Harris Technologies, Inc.	1.5	25

## Top 5 Relative Detractors vs. Russell 1000 Value Index (3 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Qualcomm Incorporated	1.5	-38
Equitable Holdings, Inc.	1.0	-27
Microsoft Corporation	0.9	-26
Exxon Mobil Corporation	1.6	-23
Johnson & Johnson	0.5	-22

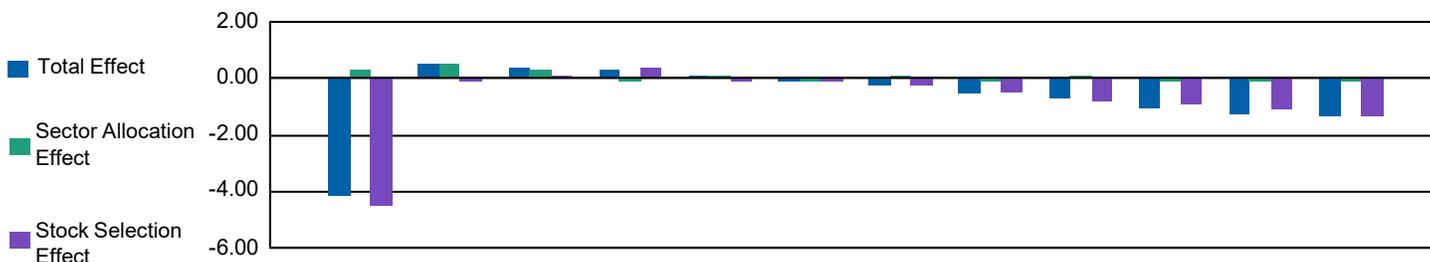
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

**Past performance is not a guarantee or a reliable indicator of future results.** Analysis represents the total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets. Non-equity positions are excluded from 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 to USD 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 2026 FactSet. All Rights Reserved. MSCI/S&P GICS Sectors; Analysis by T. Rowe Price. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees.

## 12-Month Attribution

## Sector Attribution Data: Fund vs Russell 1000 Value Index (12 months ended March 31, 2026) (%)



	Total	Energy	Consumer Disc	Financials	Utilities	Comm Svcs	Indust & Bus Svcs	Materials	Real Estate	Health Care	Info Tech	Consumer Staples
Over/Under Weight	N/A	3.08	-3.44	0.16	1.83	-1.58	0.75	-0.75	-0.72	0.82	-1.60	-0.56
Fund Performance	11.68	36.96	7.86	7.30	18.27	24.62	28.24	6.20	-14.79	-3.69	27.93	-6.82
Index Performance	15.87	37.39	6.22	5.63	18.80	20.98	30.35	23.88	2.63	1.94	40.81	6.85
Sector Allocation Effect	0.34	0.53	0.33	-0.07	0.05	-0.09	0.04	-0.08	0.09	-0.10	-0.11	-0.06
Stock Selection Effect	-4.53	-0.02	0.05	0.39	-0.04	-0.02	-0.28	-0.49	-0.80	-0.91	-1.12	-1.29
Total Effect	-4.19	0.51	0.38	0.32	0.01	-0.11	-0.24	-0.57	-0.70	-1.01	-1.23	-1.35

## Top 5 Relative Contributors vs. Russell 1000 Value Index (12 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Samsung Electronics Co., Ltd.	1.9	142
Totalenergies Se	2.3	89
L3Harris Technologies, Inc.	1.5	86
Cf Industries Holdings, Inc.	1.6	76
Citigroup Inc.	1.7	66

## Top 5 Relative Detractors vs. Russell 1000 Value Index (12 Months ended March 31, 2026)

Security	% of Equities	Net Contribution (bps)
Micron Technology, Inc.	0.0	-107
Caterpillar Inc.	0.0	-60
Fiserv, Inc.	0.3	-60
Johnson & Johnson	0.5	-56
Elevance Health, Inc.	1.2	-55

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 vs. Russell 1000 Value Index (%)

Sector	Fund 3/31/25	Fund 12/31/25	Fund 3/31/26	Benchmark 3/31/26
Financials	22.9	22.8	20.1	20.0
Indust & Bus Svcs	13.6	14.1	14.2	13.5
Health Care	16.0	13.4	12.5	11.7
Energy	9.8	8.3	10.8	7.7
Info Tech	8.3	10.2	10.1	11.7
Cons Stpls	9.2	6.8	7.0	7.5
Utilities	6.1	6.1	6.5	4.7
Comm Svcs	3.2	6.7	6.4	8.0
Materials	3.1	2.9	3.6	4.4
Cons Disc	2.6	4.1	3.5	7.0
Real Estate	4.1	3.4	3.2	4.0

## Largest Purchases

Issuer	Sector	% of Fund 3/31/26	% of Fund 12/31/25
Cisco Systems (N)	Info Tech	0.5	0.0
Booz Allen Hamilton (N)	Indust & Bus Svcs	0.4	0.0
Standardaero (N)	Indust & Bus Svcs	0.3	0.0
Novo Nordisk	Health Care	0.3	0.1
T-Mobile US	Comm Svcs	0.8	0.4
Fortive	Indust & Bus Svcs	1.2	0.8
Procter & Gamble	Consumer Staples	1.4	1.2
Microsoft	Info Tech	0.9	1.0
EOG Resources	Energy	0.9	0.5
AGCO	Indust & Bus Svcs	0.6	0.4

## Largest Sales

Issuer	Sector	% of Fund 3/31/26	% of Fund 12/31/25
Sanofi	Health Care	0.2	0.6
Accenture	Info Tech	0.2	0.7
Zimmer Biomet Holdings	Health Care	1.0	1.3
Samsung Electronics	Info Tech	1.8	1.5
Southwest Airlines	Indust & Bus Svcs	0.9	1.2
Weyerhaeuser	Real Estate	0.4	0.7
XCEL Energy	Utilities	0.3	0.4
Dominion Energy (E)	Utilities	0.0	0.1
Salesforce	Info Tech	0.8	1.2
Humana (E)	Health Care	0.0	0.1

(N) New Position

(E) Eliminated

A purchase or sale that occurred as a result of a corporate action where the Portfolio Manager had no discretion, if any, will not be displayed. Securities are shown in order by their total net cost and proceed values. Net is defined as total cost of purchases less total proceeds of sales.

## Holdings

## Top 10 Issuers

Issuer	Industry	% of Fund	% of Russell 1000 Value Index
Alphabet	Interactive Media & Services	3.1	3.5
Southern Company	Electric Utilities	2.4	0.4
TotalEnergies	Oil, Gas & Consumable Fuels	2.3	0.0
MetLife	Insurance	1.9	0.1
ConocoPhillips	Oil, Gas & Consumable Fuels	1.9	0.5
Charles Schwab	Capital Markets	1.8	0.5
Samsung Electronics	Tech. Hard., Stor. & Periph.	1.8	0.0
JPMorgan Chase	Banks	1.7	2.6
Citigroup	Banks	1.7	0.5
CF Industries	Chemicals	1.6	0.1

## Top 5 Over/Underweight Positions vs. Russell 1000 Value Index

Issuer	Industry	% of Fund	% of Benchmark	Over/Underweight (%)
TotalEnergies	Oil, Gas & Consumable Fuels	2.3	0.0	2.3
Southern Company	Electric Utilities	2.4	0.4	2.1
Samsung Electronics	Tech. Hard., Stor. & Periph.	1.8	0.0	1.8
MetLife	Insurance	1.9	0.1	1.8
CF Industries	Chemicals	1.6	0.1	1.6
Berkshire Hathaway CL A	Financial Services	0.0	2.9	-2.9
Johnson & Johnson	Pharmaceuticals	0.5	1.9	-1.4
Micron Technology	Semicons & Semicon Equip	0.0	1.2	-1.2
Wal-Mart	Consumer Staples Distribution & Retail	0.6	1.6	-1.0
Caterpillar	Machinery	0.0	0.9	-0.9

## Portfolio Management

	Managed Since	Joined Firm
John Linehan	2015	1998

## Additional Disclosures

**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.**

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Portfolio holdings in this report are presented gross of any non-reclaimable withholding tax. Any non-reclaimable withholding tax is included in position market values. Portfolio diversification data is calculated net of any non-reclaimable withholding tax. Any non-reclaimable tax withheld is not reflected in category market values.

Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

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

T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting.

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.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable.

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.

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