



QUARTERLY REVIEW

Equity Income Fund

As of June 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the Russell 1000 Value Index for the three-month period ended June 30, 2020.

Relative performance drivers:

- Consumer discretionary detracted due to an underweight and stock choices.
- Security selection in industrials and business services hurt relative results.
- Financials contributed due to stock selection.

Additional highlights:

- We took advantage of the dislocation in the market due to the coronavirus to invest in companies we believe have the financial strength to make it through a wide range of environments. We also sold several names on relative strength that saw their share prices appreciate during the market rebound.
- Aided by fiscal and monetary support, the market has begun to look past the coronavirus pandemic. Despite recent optimism, we believe a clear market outlook is challenging from these levels and expect the market will continue to be headline-driven until there is a clear path to a medical solution to the pandemic. We are therefore focused on finding companies that have the financial strength to make it through a wide range of environments and that offer the best balance of quality and valuation appeal.

FUND INFORMATION

Symbol	PRFDX
CUSIP	779547108
Inception Date of Fund	October 31, 1985
Benchmark	Russell 1000 Value Index
Expense Information (as of the most recent Prospectus)	0.64%
Fiscal Year End	December 31
12B-1 Fee	-
Total Assets (all share classes)	\$14,740,772,153
Percent of Portfolio in Cash	2.2%

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
Equity Income Fund	13.38%	-18.78%	-11.18%	0.87%	4.15%	9.11%	5.84%
Russell 1000 Value Index	14.29	-16.26	-8.84	1.82	4.64	10.41	6.24
S&P 500 Index	20.54	-3.08	7.51	10.73	10.73	13.99	8.83

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equity Income Fund	Oct 31 1985	15.15%	-0.72%	17.25%	29.75%	7.49%	-6.66%	19.28%	16.18%	-9.30%	26.58%
Russell 1000 Value Index		15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54
S&P 500 Index		15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49

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 1-800-638-7780 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time, or that a stock judged to be undervalued may actually be appropriately priced.

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

Stocks Notch Best Quarter in Decades on Recovery Hopes

Stocks rebounded in the second quarter, with the major indexes recording their best quarterly performance in decades. Progress in the battle against the coronavirus boosted markets early in the quarter, with infection rates, hospitalizations, and deaths beginning to decline in early April in New York and other hard-hit areas. The turnaround encouraged the nation's governors to begin the gradual reopening of businesses and public facilities, while major firms resumed manufacturing operations in late April. After coasting lower for several weeks, however, the national number of daily diagnosed new cases began to climb in June, resulting in periodic sell-offs in equities. The overall tone of economic data improved throughout the quarter and may have helped offset renewed coronavirus fears. After a historic plunge in April, payrolls surged by a record amount in May. Retail sales also bounced back, and several indicators suggested a recovery in manufacturing.

Consumer Discretionary Detracted Due to an Underweight and Stock Choices

The consumer discretionary sector delivered strong double-digit returns, as certain pockets of the sector benefited as lockdowns eased and some of the worst-case scenarios for the coronavirus appeared less likely. Select internet and direct marketing firms experienced high demand as consumers under lockdown patronized e-commerce sites. Several home improvement chains also saw an influx of activity from consumers who took advantage of stay-at-home orders to pursue home renovations. Our underweight allocation and security selection hampered relative performance.

- Shares of Las Vegas Sands suffered on a relative basis due to lingering concerns about a sustained drop in travel and discretionary spending amid the coronavirus pandemic. We remain optimistic that the company's solid balance sheet, exposure to a potential Macau reopening, and strong management team should help Las Vegas Sands weather a difficult operating environment.

Security Selection in Industrials and Business Services Hurt Relative Results

The sector delivered positive returns but underperformed the market at large. Certain companies levered to the commercial aerospace market fared poorly as investors expressed concern about the length of the slowdown in air traffic as a result of the coronavirus pandemic. On the positive side, some names that had underperformed during the first quarter bounced back amid cautious optimism concerning the partial reopening of the U.S. economy. Our stock choices lowered relative returns.

- GE shares underperformed as investors remained concerned with the industrial conglomerate's exposure to aviation and liquidity. Although we acknowledge that the company may face short-term headwinds caused by the coronavirus pandemic, we remain confident in GE's leadership team and their ability to navigate this environment.
- L3Harris Technologies, a leading provider of assured communications products, underperformed the broader sector after bringing down its guidance, primarily driven by reduced estimates for the company's commercial aviation and public safety radio systems. We continue to like the name due to the company's recent operational and working capital improvements.

Energy Detracted Due to Stock Choices, Though an Overweight Contributed

Energy stocks rebounded from a tough first quarter, outperforming most areas of the market as the gradual reopening of the U.S. economy boosted demand for energy and oil oversupply concerns eased. Though still off pre-crisis levels, oil prices rose during the period as stay-at-home orders eased and some shuttered businesses began to reopen. Our more defensively positioned names held back relative results during the risk-on rally, while an overweight allocation contributed.

- After providing ballast during the first quarter, shares of Total underperformed the broader energy sector during the second quarter as the name lagged during a risk-on rally within the sector. Though we acknowledge the various headwinds Total faces, we continue to view the company as having a favorable reward-to-risk ratio due to a top-notch management team, solid balance sheet, and disciplined capital allocation policy. We also believe that a reasonable setup remains for Total and other energy sector peers on the other side of a cyclical downturn.
- TC Energy, a utility-like infrastructure company that owns natural gas pipelines within the U.S., rose but underperformed on a relative basis due to headwinds related to the company's disputed Keystone XL pipeline project. We continue to like the business for its valuable natural gas pipeline assets, stable dividend, and attractive valuation.

Financials Contributed Due to Stock Selection

Financial stocks delivered mixed returns, with the sector as a whole lagging the broader market. Investors remained reluctant to invest in certain idiosyncratically challenged names, while a new low-rate monetary backdrop continued to pressure the group overall. Additionally, the easing of coronavirus headwinds provided some support for market bellwethers. Our security choices boosted relative performance.

- Shares of Morgan Stanley rallied on investor optimism regarding the partial reopening of the U.S. economy. Markets also appeared hopeful that rising U.S. consumer confidence and continued progress on the development of a vaccine for the coronavirus would help spur a broad-based economic recovery. We believe that Morgan Stanley's higher liquidity and more favorable risk profile relative to peers, along with a focus on moving the business toward less capital-intensive and higher-margin activities, should help the stock coming out of the pandemic.
- American International Group outperformed after executives indicated that the company has limited exposure to business-interruption losses related to the coronavirus pandemic. The reopening of certain parts of the U.S. economy also boosted shares. In our view, American International Group is continuing on a turnaround path. We are encouraged by the insurer's recently completed divestiture of its Legacy business segment, which provides additional capital and reduces the company's exposure to long-duration life insurance liabilities and investments.

Security Choices in Information Technology Boosted Relative Returns

Several pockets of the information technology sector rose due to strong tailwinds. Stay-at-home orders fueled demand for the products and services offered by select technology hardware and software companies. Certain cyclical areas of the sector benefited from better-than-expected forward guidance and optimism about

long-term earnings prospects. Additionally, a rebound in consumer purchasing activity boosted the attractiveness of businesses reliant on consumer credit. Our stock selection aided relative results.

- Qualcomm shares gained in the wake of a positive quarterly earnings release headlined by better-than-expected Mobile Station Modem chip shipments. The stock also rose in conjunction with the partial reopening of the U.S. economy. We continue to believe the company carries an attractive risk/reward profile, especially in light of the U.S. Commerce Department's recently announced restrictions on competitor Huawei, which may help boost Qualcomm's market share.

PORTFOLIO POSITIONING AND ACTIVITY

We took advantage of the dislocation in the market due to the coronavirus to invest in companies we believe have the financial strength to make it through a wide range of environments. We also sold several names on relative strength that saw their share prices appreciate during the market rebound.

Financials

The financials sector represents a significant absolute weighting in the portfolio. We tend to prefer defensively positioned names with solid balance sheets and diversified revenue streams, as we are mindful of the adverse impact of lower interest rates on bank lending margins and potential weakening of the credit cycle. We sold shares during the quarter.

- We sold shares of JPMorgan Chase. The global bank has above-average balance sheet strength and diversified business lines that are highly levered to consumers. However, we believe the stock is trading at a relative valuation premium, and we are wary that the market is underappreciating the earnings and credit headwinds the business may face.
- We purchased shares of Loews on weakness. The conglomerate's earnings have been under pressure due to the coronavirus pandemic as many of its subsidiaries have been impacted. However, we are encouraged by the company's resilient balance sheet and believe that the company has traded at a discount to its sum-of-the-parts valuation.

Consumer Discretionary

The sector is composed of a diverse group of industries, including retailers, diversified consumer services, auto manufacturers, and hotel and restaurant operators. We are cautious on several industries within the sector that we believe are exposed to short- and long-term headwinds, such as the coronavirus pandemic and the shift from brick-and-mortar shopping to e-commerce.

- We bought shares of Volkswagen. We are optimistic about the German automaker's ability to make the transition to the new age of electric vehicles (EVs) given its internal buy-in and heavy investment. Over the near to medium term, we are optimistic shares will benefit from increasing free cash flow, and over the longer term, we expect Volkswagen to benefit as EVs make up a growing proportion of sales.

Health Care

We have a varied view of the sector, considering the myriad challenges and opportunities health care companies face, including potential drug pricing reform, mergers and acquisitions, and an aging U.S. population. Within the sector, our primary exposure is to the pharmaceuticals industry, where most above-average dividend-paying companies in the sector are located. We sold shares during the period.

- We sold shares of Johnson & Johnson, one of the largest and most diverse health care companies in the world. We are cautious about the company's high COVID-19 exposure relative to peers. A significant impact to the devices business is expected over the near term as hospitals may take longer than anticipated to pass peak coronavirus admissions and repurpose facilities back toward elective procedures.
- We sold shares of Gilead Sciences on strength. The stock outperformed on a relative basis due to high hopes surrounding the company's remdesivir drug and its potential application as a COVID-19 treatment. We used the sale proceeds to buy shares of companies we like at more attractive relative valuations.

Communication Services

The communication services sector contains several types of companies, including media and entertainment businesses and telecommunication services names. Our main industry exposure is to the entertainment and media industries, where we hold companies that produce or distribute must-see content and typically generate strong cash flow. We also hold positions in the diversified telecommunication services industry, where we generally prefer high-quality companies that have solid balance sheets, stable cash flow growth, and high dividend payout ratios.

- Verizon Communications features a leading U.S. wireless network. The stock has held up relatively well amid the coronavirus pandemic due to investor expectations of resilient demand for wireless services. However, we believe the business faces threats from rising competitive intensity in the wireless space, and we utilized relative strength to reduce our position size.

MANAGER'S OUTLOOK

The current environment is unordinary, as the crisis the economy faces is medical in nature and therefore requires a medical solution. At the same time, the Federal Reserve has indicated a willingness to use all tools at its disposal to support the economy, and the Federal government has passed sweeping fiscal policy stimulus.

Aided by this support, the market has begun to look past the pandemic, pricing in continued improvement in both economic data and COVID-19 cases and abandoning many of the worst-case scenarios that now seem less likely. Despite recent optimism, we believe a clear market outlook is challenging from these levels and expect the market will continue to be headline-driven until there is a clear path to a medical solution to the pandemic.

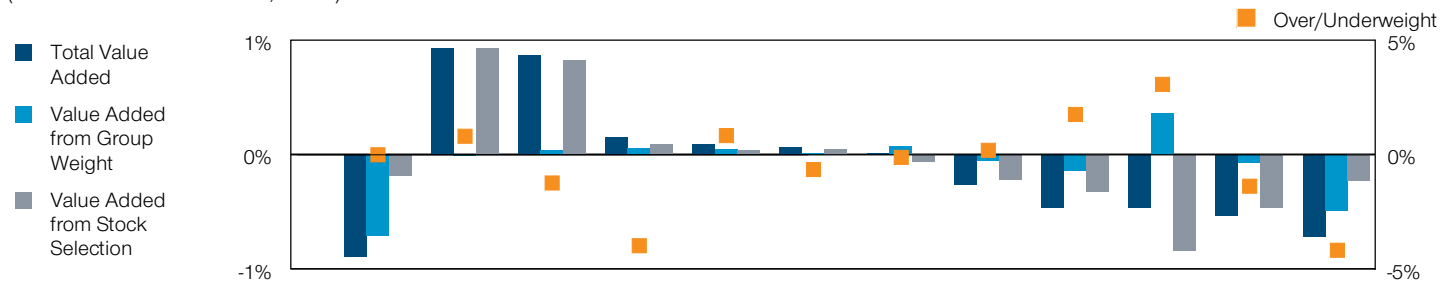
We are therefore focused on finding companies that have the financial strength to make it through a wide range of environments and that offer the best balance of quality and valuation appeal. Given the uncertainty, investors' time horizons have shrunk, so we see opportunities by extending the time horizon to identify opportunities that look attractive under a "normalized" environment.

Although they have rebounded, markets remain bifurcated and we continue to see attractive valuation disparities in the market. While we seek to remain balanced, we will take opportunities to lean into those names with attractive valuations, while maintaining a keen focus on the balance sheet. By adhering to our investment approach and valuation discipline, we believe we will be able to take advantage of this uncertainty and make attractive long-term investments for our clients.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. RUSSELL 1000 VALUE INDEX

(3 months ended June 30, 2020)



	Total	Financials	Info Tech	Comm Svcs	Materials	Real Estate	Consumer Staples	Health Care	Utilities	Energy	Indust & Bus Svcs	Consumer Disc
Over/Underweight	0.00%	0.81%	-1.23%	-3.96%	0.84%	-0.65%	-0.10%	0.19%	1.78%	3.08%	-1.38%	-4.17%
Fund Performance	13.40	15.39	30.00	14.30	29.19	13.21	7.33	9.69	-0.73	19.26	11.67	17.65
Index Performance	14.29	11.11	18.89	12.27	28.05	12.52	7.89	11.18	2.85	32.31	17.28	29.94
Value Add - Group Weight	-0.71	0.00	0.04	0.06	0.05	0.01	0.08	-0.05	-0.14	0.37	-0.06	-0.49
Value Add - Stock Selection	-0.19	0.93	0.83	0.09	0.04	0.05	-0.06	-0.22	-0.32	-0.83	-0.47	-0.23
Total Contribution	-0.89	0.93	0.87	0.15	0.09	0.06	0.02	-0.26	-0.46	-0.47	-0.53	-0.72

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 1000 VALUE INDEX

(3 months ended June 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Qualcomm Incorporated	3.0%	91
Dupont De Nemours, Inc.	2.2	70
Morgan Stanley	2.2	62
Abbvie Inc.	2.0	48
Targa Resources Corp.	0.7	46

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 1000 VALUE INDEX

(3 months ended June 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Home Depot, Inc.	0.0%	-29
Chevron Corporation	0.3	-26
Intel Corporation	0.0	-23
Danaher Corporation	0.0	-21
Linde Plc	0.0	-20

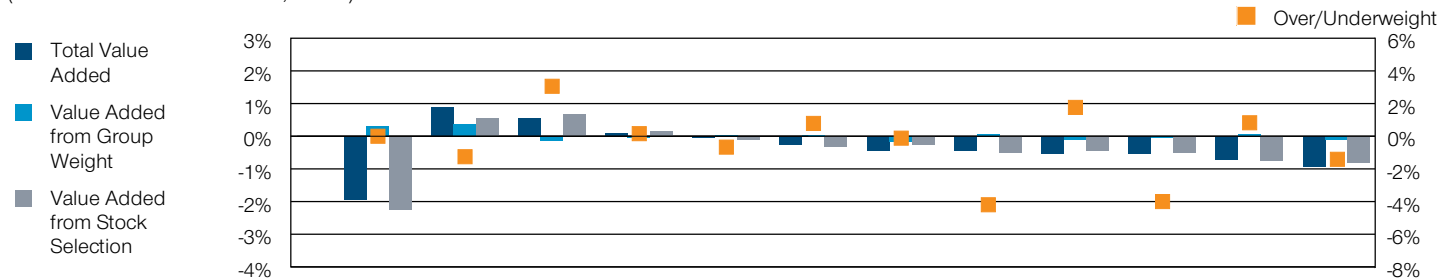
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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 2020 FactSet. All Rights Reserved. MSCI/S&P GICS Sectors; Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. T. Rowe Price will adhere to all updates to GICS for prospective reporting. 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. RUSSELL 1000 VALUE INDEX

(12 months ended June 30, 2020)



	Total	Info Tech	Energy	Health Care	Real Estate	Financials	Consumer Staples	Consumer Disc	Utilities	Comm Svcs	Materials	Indust & Bus Svcs
Over/Underweight	0.00%	-1.23%	3.08%	0.19%	-0.65%	0.81%	-0.10%	-4.17%	1.78%	-3.96%	0.84%	-1.38%
Fund Performance	-10.74	19.62	-29.77	6.98	-17.71	-18.88	0.88	-31.22	-8.76	-10.47	-21.71	-17.89
Index Performance	-8.80	10.60	-36.29	5.64	-13.80	-17.89	3.23	-9.89	-3.91	-3.69	-4.23	-10.41
Value Add - Group Weight	0.32	0.36	-0.12	-0.06	0.02	0.06	-0.14	0.06	-0.09	-0.04	0.07	-0.09
Value Add - Stock Selection	-2.25	0.55	0.67	0.15	-0.08	-0.32	-0.27	-0.48	-0.43	-0.48	-0.76	-0.81
Total Contribution	-1.94	0.91	0.55	0.10	-0.06	-0.26	-0.42	-0.42	-0.51	-0.52	-0.69	-0.90

TOP 5 RELATIVE CONTRIBUTORS VS. RUSSELL 1000 VALUE INDEX

(12 months ended June 30, 2020)

Security	% of Equities	Net Contribution (Basis Points)
Microsoft Corporation	1.5%	66
Berkshire Hathaway Inc.	0.0	52
Qualcomm Incorporated	3.0	50
Abbvie Inc.	2.0	43
Conagra Brands, Inc.	1.6	38

TOP 5 RELATIVE DETRACTORS VS. RUSSELL 1000 VALUE INDEX

(12 months ended June 30, 2020)

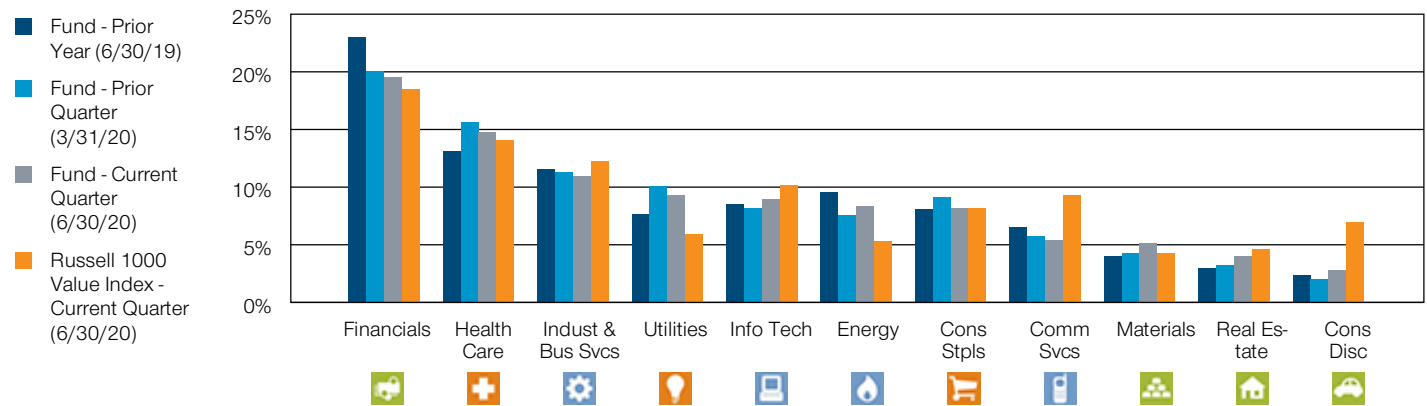
Security	% of Equities	Net Contribution (Basis Points)
Wells Fargo & Company	2.7%	-109
Boeing Company	1.5	-86
Occidental Petroleum Corporation	0.4	-78
Total Sa	2.3	-59
American International Group, Inc.	1.8	-53

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 6/30/20	% of Fund Prior Quarter 3/31/20
GE		1.9%	2.0%
NiSource		1.9	1.9
Becton, Dickinson & Company		1.8	1.7
Comcast		1.6	1.3
CF Industries		1.3	1.1
Loews		1.2	0.9
Equity Residential		1.2	1.0
Enbridge		0.9	0.1
Volkswagen (N)		0.4	0.0
Merck (N)		0.3	0.0

(N) New Position

(E) Eliminated

LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 6/30/20	% of Fund Prior Quarter 3/31/20
Qualcomm		3.0%	2.7%
Johnson & Johnson		1.8	2.6
Becton, Dickinson & Company		1.8	1.7
Microsoft		1.5	1.8
JPMorgan Chase		1.3	2.4
Gilead Sciences		1.1	1.5
Verizon Communications		0.7	1.7
CenterPoint Energy		0.4	0.6
Dow (E)		0.0	0.5
U.S. Bancorp (E)		0.0	0.6

For Sourcing Information, please see Additional Disclosures.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund	% of Russell 1000 Value Index
Southern Company	Electric Utilities	3.1%	0.4%
Qualcomm	Semicons & Semicon Equip	3.0	0.0
Wells Fargo	Banks	2.7	0.7
Total	Oil, Gas & Consumable Fuels	2.3	0.0
Chubb	Insurance	2.2	0.4
Morgan Stanley	Capital Markets	2.2	0.4
DuPont de Nemours	Chemicals	2.2	0.3
UPS	Air Freight & Logistics	2.0	0.2
AbbVie	Biotechnology	2.0	0.1
GE	Industrial Conglomerates	1.9	0.4

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. RUSSELL 1000 VALUE INDEX

Issuer	Industry	% of Fund	% of Russell 1000 Value Index	Over/Underweight
Qualcomm	Semicons & Semicon Equip	3.0%	0.0%	3.0%
Southern Company	Electric Utilities	3.1	0.4	2.7
Total	Oil, Gas & Consumable Fuels	2.3	0.0	2.3
Wells Fargo	Banks	2.7	0.7	2.0
AbbVie	Biotechnology	2.0	0.1	1.9
Berkshire Hathaway	Diversified Financial Services	0.0	2.5	-2.5
Intel	Semicons & Semicon Equip	0.0	1.8	-1.8
Alphabet	Interactive Media & Services	0.0	1.3	-1.3
AT&T	Diversified Telecom Services	0.2	1.5	-1.3
Procter & Gamble	Household Products	0.0	1.1	-1.1

PORTFOLIO MANAGEMENT



Portfolio Manager:
John Linehan

Managed Fund Since:
2015

Joined Firm:
1998

For Sourcing Information, please see Additional Disclosures.

Additional Disclosures

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

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

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

Rowe Price will adhere to all future updates to GICS for prospective 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.

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