



SEMIANNUAL REPORT

June 30, 2023

PRFDX

T. ROWE PRICE

Equity Income Fund

PAFDX

Equity Income Fund-
Advisor Class

RRFDX

Equity Income Fund-
R Class

REIPX

Equity Income Fund-
I Class

TRZQX

Equity Income Fund-
Z Class

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Dear Shareholder

Most major global stock and bond indexes produced positive returns during the first half of your fund's fiscal year, the six-month period ended June 30, 2023. Despite turmoil in the banking sector and a protracted debt ceiling standoff, markets were resilient as growth remained positive in the major economies and corporate earnings results came in stronger than expected.

For the six-month period, the technology-oriented Nasdaq Composite Index gained more than 30%, the strongest result of the major benchmarks, as tech companies benefited from investor enthusiasm for artificial intelligence applications. Growth stocks outperformed value shares, and developed market stocks generally outpaced their emerging market counterparts. Currency movements were mixed over the period, although a weaker dollar versus major European currencies was beneficial for U.S. investors in European securities.

Within the S&P 500 Index, the information technology, communication services, and consumer discretionary sectors were all lifted by the tech rally and recorded significant gains. Conversely, the defensive utilities sector had the weakest returns in the growth-focused environment, and the energy sector also lost ground amid declining oil prices. The financials sector partly recovered from the failure of three large regional banks during the period but still finished with modest losses.

Cheaper oil contributed to slowing inflation, although core inflation readings—which exclude volatile food and energy prices—remained stubbornly high. In response, the Federal Reserve raised its short-term lending benchmark rate to a target range of 5.00% to 5.25% by early May, the highest level since 2007. The Fed held rates steady at its June meeting, but policymakers indicated that two more rate hikes could come by the end of the year.

In the fixed income market, returns were generally positive across most sectors as investors benefited from the higher interest rates that have become available over the past year. Investment-grade corporate bonds were supported by generally solid balance sheets and were among the strongest performers.

Global economies and markets showed surprising resilience in recent months, but, moving into the second half of 2023, we believe investors could face potential challenges. The impact of the Fed's rate hikes has yet to be fully felt in the economy, and while the regional banking turmoil appears to have been contained by the swift actions of regulators, it could weigh on credit conditions. Moreover, market consensus still seems to point to a coming recession, although hopes have emerged that such a downturn could be more modest.

We believe this environment makes skilled active management a critical tool for identifying risks and opportunities, and our investment teams will continue to use fundamental research to identify securities that can add value to your portfolio over the long term.

You may notice that this report no longer contains the commentary on your fund's performance and positioning that we previously included in the semiannual shareholder letters. The Securities and Exchange Commission (SEC) adopted new rules in January that will require fund reports to transition to a new format known as a Tailored Shareholder Report. This change will require a much more concise summary of performance rather than the level of detail we have provided historically while also aiming to be more visually engaging. As we prepare to make changes to the annual reports to meet the new report regulatory requirements by mid-2024, we felt the time was right to discontinue the optional six-month semiannual fund letter to focus on the changes to come.

While semiannual fund letters will no longer be produced, you may continue to access current fund information as well as insights and perspectives from our investment team on our personal investing website.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Sharps". The signature is fluid and cursive, with a large initial "R" and "S".

Robert Sharps
CEO and President

SECTOR DIVERSIFICATION

	Percent of Net Assets	
	12/31/22	6/30/23
Financials	21.0%	20.7%
Health Care	17.7	17.5
Industrials and Business Services	10.8	11.8
Energy	8.6	8.1
Information Technology	6.9	8.0
Consumer Staples	7.0	7.7
Utilities	8.4	7.3
Consumer Discretionary	5.0	5.0
Communication Services	5.1	4.6
Real Estate	3.9	4.2
Materials	4.3	3.5
Other and Reserves	1.3	1.6
Total	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

PORTFOLIO HIGHLIGHTS

TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 6/30/23
Southern	3.1%
Wells Fargo	2.9
TotalEnergies	2.8
General Electric	2.4
QUALCOMM	2.4
American International Group	2.3
Elevance Health	2.2
Becton Dickinson & Company	2.2
Johnson & Johnson	2.1
Chubb	1.9
News	1.9
Philip Morris International	1.8
Microsoft	1.8
Weyerhaeuser	1.7
L3Harris Technologies	1.7
CF Industries Holdings	1.6
Equitable Holdings	1.6
Equity Residential	1.5
Exxon Mobil	1.5
Dominion Energy	1.4
United Parcel Service	1.4
Zimmer Biomet Holdings	1.3
MetLife	1.3
Conagra Brands	1.3
Boeing	1.2
Total	47.3%

Note: The information shown does not reflect any exchange-traded funds (ETFs), cash reserves, or collateral for securities lending that may be held in the portfolio.

FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Please note that the fund has five share classes: The original share class (Investor Class) charges no distribution and service (12b-1) fee, Advisor Class shares are offered only through unaffiliated brokers and other financial intermediaries and charge a 0.25% 12b-1 fee, R Class shares are available to retirement plans serviced by intermediaries and charge a 0.50% 12b-1 fee, I Class shares are available to institutionally oriented clients and impose no 12b-1 or administrative fee payment, and Z Class shares are offered only to funds advised by T. Rowe Price and other advisory clients of T. Rowe Price or its affiliates that are subject to a contractual fee for investment management services and impose no 12b-1 fee or administrative fee payment. Each share class is presented separately in the table.

Actual Expenses

The first line of the following table (Actual) provides information about actual account values and expenses based on the fund's actual returns. You may use the information on this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Note: T. Rowe Price charges an annual account service fee of \$20, generally for accounts with less than \$10,000. The fee is waived for any investor whose T. Rowe Price mutual fund accounts total \$50,000 or more; accounts electing to receive electronic delivery of account statements, transaction confirmations, prospectuses, and shareholder reports; or accounts of an investor who is a T. Rowe Price Personal Services or Enhanced Personal Services client (enrollment in these programs generally requires T. Rowe Price assets of at least \$250,000). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

FUND EXPENSE EXAMPLE (CONTINUED)

EQUITY INCOME FUND			
	Beginning Account Value 1/1/23	Ending Account Value 6/30/23	Expenses Paid During Period* 1/1/23 to 6/30/23
Investor Class			
Actual	\$1,000.00	\$1,025.50	\$3.42
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.42	3.41
Advisor Class			
Actual	1,000.00	1,024.20	4.52
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.33	4.51
R Class			
Actual	1,000.00	1,022.70	5.97
Hypothetical (assumes 5% return before expenses)	1,000.00	1,018.89	5.96
I Class			
Actual	1,000.00	1,025.80	2.86
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.97	2.86
Z Class			
Actual	1,000.00	1,028.60	0.00
Hypothetical (assumes 5% return before expenses)	1,000.00	1,024.79	0.00
* 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 Investor Class was 0.68%, the Advisor Class was 0.90%, the R Class was 1.19%, the I Class was 0.57%, and the Z Class was 0.00%.			

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Investor Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
NET ASSET VALUE						
Beginning of period	\$ 32.68	\$ 35.99	\$ 31.24	\$ 32.08	\$ 27.30	\$ 33.34
Investment activities						
Net investment income ⁽¹⁾⁽²⁾	0.35	0.70	0.61	0.66	0.75	0.72
Net realized and unrealized gain/loss	0.47	(1.85)	7.30	(0.39)	6.42	(3.64)
Total from investment activities	0.82	(1.15)	7.91	0.27 ⁽³⁾	7.17	(2.92)
Distributions						
Net investment income	(0.34)	(0.70)	(0.63)	(0.68)	(0.76)	(0.73)
Net realized gain	—	(1.46)	(2.53)	(0.43)	(1.63)	(2.39)
Total distributions	(0.34)	(2.16)	(3.16)	(1.11)	(2.39)	(3.12)
NET ASSET VALUE						
End of period	\$ 33.16	\$ 32.68	\$ 35.99	\$ 31.24	\$ 32.08	\$ 27.30

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Investor Class

6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
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Ratios/Supplemental Data

Total return⁽²⁾⁽⁴⁾	2.55%	(3.28)%	25.68%	1.32%	26.58%	(9.30)%
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Ratios to average net assets:⁽²⁾

Gross expenses before waivers/ payments by Price Associates	0.68% ⁽⁵⁾	0.67%	0.63%	0.65%	0.64%	0.64%
Net expenses after waivers/payments by Price Associates	0.68% ⁽⁵⁾	0.67%	0.63%	0.65%	0.64%	0.64%
Net investment income	2.16% ⁽⁵⁾	2.00%	1.71%	2.41%	2.43%	2.17%
Portfolio turnover rate	9.4%	17.3%	19.4%	24.2%	17.5%	16.2%
Net assets, end of period (in millions)	\$8,382	\$8,601	\$14,634	\$14,251	\$15,945	\$14,158

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

⁽²⁾ See Note 7 for details of expense-related arrangements with Price Associates.

⁽³⁾ The amount presented is inconsistent with the fund's results of operations because of the timing of redemptions of fund shares in relation to fluctuating market values for the investment portfolio.

⁽⁴⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁵⁾ Annualized

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Advisor Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
NET ASSET VALUE						
Beginning of period	\$ 32.57	\$ 35.89	\$ 31.17	\$ 31.99	\$ 27.23	\$ 33.26
Investment activities						
Net investment income ⁽¹⁾⁽²⁾	0.31	0.59	0.50	0.58	0.64	0.61
Net realized and unrealized gain/loss	0.47	(1.84)	7.27	(0.38)	6.41	(3.62)
Total from investment activities	0.78	(1.25)	7.77	0.20 ⁽³⁾	7.05	(3.01)
Distributions						
Net investment income	(0.31)	(0.61)	(0.52)	(0.59)	(0.66)	(0.63)
Net realized gain	—	(1.46)	(2.53)	(0.43)	(1.63)	(2.39)
Total distributions	(0.31)	(2.07)	(3.05)	(1.02)	(2.29)	(3.02)
NET ASSET VALUE						
End of period	\$ 33.04	\$ 32.57	\$ 35.89	\$ 31.17	\$ 31.99	\$ 27.23

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Advisor Class

6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
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Ratios/Supplemental Data

Total return⁽²⁾⁽⁴⁾	2.42%	(3.58)%	25.26%	1.05%	26.17%	(9.57)%
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Ratios to average net assets:⁽²⁾

Gross expenses before waivers/ payments by Price Associates	0.90% ⁽⁵⁾	1.00%	0.95%	0.95%	0.96%	0.94%
Net expenses after waivers/ payments by Price Associates	0.90% ⁽⁵⁾	1.00%	0.95%	0.95%	0.96%	0.94%
Net investment income	1.93% ⁽⁵⁾	1.70%	1.39%	2.11%	2.09%	1.85%
Portfolio turnover rate	9.4%	17.3%	19.4%	24.2%	17.5%	16.2%
Net assets, end of period (in millions)	\$151	\$156	\$189	\$186	\$258	\$294

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

⁽²⁾ See Note 7 for details of expense-related arrangements with Price Associates.

⁽³⁾ The amount presented is inconsistent with the fund's results of operations because of the timing of redemptions of fund shares in relation to fluctuating market values for the investment portfolio.

⁽⁴⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁵⁾ Annualized

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

R Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
NET ASSET VALUE						
Beginning of period	\$ 32.50	\$ 35.83	\$ 31.13	\$ 31.95	\$ 27.18	\$ 33.20
Investment activities						
Net investment income ⁽¹⁾⁽²⁾	0.27	0.51	0.40	0.49	0.56	0.51
Net realized and unrealized gain/loss	0.46	(1.84)	7.26	(0.37)	6.41	(3.61)
Total from investment activities	0.73	(1.33)	7.66	0.12 ⁽³⁾	6.97	(3.10)
Distributions						
Net investment income	(0.26)	(0.54)	(0.43)	(0.51)	(0.57)	(0.53)
Net realized gain	—	(1.46)	(2.53)	(0.43)	(1.63)	(2.39)
Total distributions	(0.26)	(2.00)	(2.96)	(0.94)	(2.20)	(2.92)
NET ASSET VALUE						
End of period	\$ 32.97	\$ 32.50	\$ 35.83	\$ 31.13	\$ 31.95	\$ 27.18

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

R Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
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Ratios/Supplemental Data

Total return⁽²⁾⁽⁴⁾	2.27%	(3.81)%	24.92%	0.73%	25.90%	(9.84)%
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Ratios to average net assets:⁽²⁾

Gross expenses before waivers/ payments by Price Associates	1.19% ⁽⁵⁾	1.22%	1.22%	1.25%	1.23%	1.22%
Net expenses after waivers/payments by Price Associates	1.19% ⁽⁵⁾	1.22%	1.22%	1.25%	1.23%	1.22%
Net investment income	1.65% ⁽⁵⁾	1.48%	1.11%	1.80%	1.83%	1.56%
Portfolio turnover rate	9.4%	17.3%	19.4%	24.2%	17.5%	16.2%
Net assets, end of period (in thousands)	\$42,976	\$45,812	\$50,484	\$48,020	\$64,181	\$65,393

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

⁽²⁾ See Note 7 for details of expense-related arrangements with Price Associates.

⁽³⁾ The amount presented is inconsistent with the fund's results of operations because of the timing of redemptions of fund shares in relation to fluctuating market values for the investment portfolio.

⁽⁴⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁵⁾ Annualized

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

I Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
NET ASSET VALUE						
Beginning of period	\$ 32.66	\$ 35.99	\$ 31.25	\$ 32.09	\$ 27.31	\$ 33.35
Investment activities						
Net investment income ⁽¹⁾⁽²⁾	0.37	0.76	0.65	0.69	0.78	0.75
Net realized and unrealized gain/loss	0.46	(1.86)	7.29	(0.39)	6.42	(3.64)
Total from investment activities	0.83	(1.10)	7.94	0.30 ⁽³⁾	7.20	(2.89)
Distributions						
Net investment income	(0.36)	(0.77)	(0.67)	(0.71)	(0.79)	(0.76)
Net realized gain	—	(1.46)	(2.53)	(0.43)	(1.63)	(2.39)
Total distributions	(0.36)	(2.23)	(3.20)	(1.14)	(2.42)	(3.15)
NET ASSET VALUE						
End of period	\$ 33.13	\$ 32.66	\$ 35.99	\$ 31.25	\$ 32.09	\$ 27.31

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

I Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
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Ratios/Supplemental Data

Total return⁽²⁾⁽⁴⁾	2.58%	(3.12)%	25.77%	1.44%	26.69%	(9.21)%
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Ratios to average net assets:⁽²⁾

Gross expenses before waivers/ payments by Price Associates	0.57% ⁽⁵⁾	0.56%	0.53%	0.55%	0.54%	0.54%
Net expenses after waivers/payments by Price Associates	0.57% ⁽⁵⁾	0.56%	0.53%	0.55%	0.54%	0.54%
Net investment income	2.27% ⁽⁵⁾	2.20%	1.81%	2.51%	2.53%	2.28%
Portfolio turnover rate	9.4%	17.3%	19.4%	24.2%	17.5%	16.2%
Net assets, end of period (in millions)	\$7,299	\$7,431	\$3,065	\$2,334	\$4,734	\$3,899

⁽¹⁾ Per share amounts calculated using average shares outstanding method.

⁽²⁾ See Note 7 for details of expense-related arrangements with Price Associates.

⁽³⁾ The amount presented is inconsistent with the fund's results of operations because of the timing of redemptions of fund shares in relation to fluctuating market values for the investment portfolio.

⁽⁴⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁵⁾ Annualized

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

Z Class

	6 Months Ended 6/30/23	Year Ended 12/31/22	2/22/21 ⁽¹⁾ Through 12/31/21
NET ASSET VALUE			
Beginning of period	\$ 32.70	\$ 36.01	\$ 33.65
Investment activities			
Net investment income ⁽²⁾⁽³⁾	0.46	0.93	0.73
Net realized and unrealized gain/loss	0.46	(1.84)	4.97
Total from investment activities	0.92	(0.91)	5.70
Distributions			
Net investment income	(0.45)	(0.94)	(0.81)
Net realized gain	—	(1.46)	(2.53)
Total distributions	(0.45)	(2.40)	(3.34)
NET ASSET VALUE			
End of period	\$ 33.17	\$ 32.70	\$ 36.01

Ratios/Supplemental Data

Total return⁽³⁾⁽⁴⁾	2.86%	(2.60)%	17.31%
Ratios to average net assets: ⁽³⁾			
Gross expenses before waivers/payments by Price Associates	0.54% ⁽⁵⁾	0.54%	0.53% ⁽⁵⁾
Net expenses after waivers/payments by Price Associates	0.00% ⁽⁵⁾	0.00%	0.00% ⁽⁵⁾
Net investment income	2.84% ⁽⁵⁾	2.68%	2.32% ⁽⁵⁾
Portfolio turnover rate	9.4%	17.3%	19.4%
Net assets, end of period (in millions)	\$1,039	\$1,046	\$1,389

⁽¹⁾ Inception date

⁽²⁾ Per share amounts calculated using average shares outstanding method.

⁽³⁾ See Note 7 for details of expense-related arrangements with Price Associates.

⁽⁴⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.

⁽⁵⁾ Annualized

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

T. ROWE PRICE EQUITY INCOME FUND

June 30, 2023 (Unaudited)

PORTFOLIO OF INVESTMENTS†

Shares

\$ Value

(Cost and value in \$000s)

COMMON STOCKS 96.1%

COMMUNICATION SERVICES 4.6%

Diversified Telecommunication Services 0.8%

AT&T	1,500,000	23,925
Verizon Communications	3,020,000	112,314
		136,239

Entertainment 1.2%

Walt Disney (1)	2,245,000	200,434
		200,434

Interactive Media & Services 0.3%

Meta Platforms, Class A (1)	145,000	41,612
		41,612

Media 2.3%

Comcast, Class A	1,820,000	75,621
News, Class A	14,360,000	280,020
News, Class B	1,540,000	30,369
Paramount Global, Class B	460,000	7,318
		393,328

Total Communication Services		771,613
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CONSUMER DISCRETIONARY 3.1%

Broadline Retail 0.4%

Kohl's	3,220,000	74,221
		74,221

Hotels, Restaurants & Leisure 1.0%

Las Vegas Sands (1)	2,940,000	170,520
		170,520

Leisure Products 0.7%

Mattel (1)	6,270,000	122,516
		122,516

Specialty Retail 1.0%

Best Buy	940,000	77,033
TJX	1,135,000	96,237
		173,270

Total Consumer Discretionary		540,527
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CONSUMER STAPLES 7.8%

Beverages 0.6%

Constellation Brands, Class A	420,000	103,375
		103,375

	Shares	\$ Value
(Cost and value in \$000s)		
Consumer Staples Distribution & Retail 1.2%		
Target	170,000	22,423
Walmart	1,125,000	176,827
		199,250
Food Products 2.3%		
Conagra Brands	6,530,000	220,192
Mondelez International, Class A	330,000	24,070
Tyson Foods, Class A	2,730,000	139,339
		383,601
Household Products 1.7%		
Colgate-Palmolive	1,050,000	80,892
Kimberly-Clark	1,455,000	200,877
		281,769
Personal Care Products 0.2%		
Kenvue (1)	1,300,000	34,346
		34,346
Tobacco 1.8%		
Philip Morris International	3,130,000	305,551
		305,551
Total Consumer Staples		1,307,892
ENERGY 8.1%		
Oil, Gas & Consumable Fuels 8.1%		
Chevron	360,000	56,646
Enbridge	1,150,000	42,723
EOG Resources	1,295,000	148,200
EQT	910,000	37,428
Exxon Mobil	2,335,000	250,429
Hess	1,090,000	148,185
Suncor Energy	800,000	23,456
TC Energy	3,590,000	145,072
TotalEnergies (EUR)	6,550,000	376,000
TotalEnergies, ADR	1,610,000	92,800
Williams	1,530,000	49,924
Total Energy		1,370,863
FINANCIALS 20.7%		
Banks 7.9%		
Bank of America	2,870,000	82,340
Citigroup	1,650,000	75,966
Fifth Third Bancorp	6,690,000	175,345
Huntington Bancshares	14,290,000	154,046
JPMorgan Chase	1,130,000	164,347
PNC Financial Services Group	260,000	32,747

	Shares	\$ Value
(Cost and value in \$000s)		
U.S. Bancorp	4,760,000	157,271
Wells Fargo	11,580,000	494,234
		1,336,296
Capital Markets 2.4%		
Carlyle Group	1,790,000	57,191
Charles Schwab	1,430,000	81,052
Franklin Resources	570,000	15,225
Goldman Sachs Group	150,000	48,381
Morgan Stanley	1,295,000	110,593
Raymond James Financial	490,000	50,847
State Street	530,000	38,785
		402,074
Financial Services 3.0%		
Apollo Global Management	590,000	45,318
Equitable Holdings	9,910,000	269,155
Fiserv (1)	1,580,000	199,317
		513,790
Insurance 7.4%		
American International Group	6,660,000	383,216
Chubb	1,665,000	320,612
Hartford Financial Services Group	2,240,000	161,325
Loews	2,820,000	167,452
MetLife	3,920,000	221,598
		1,254,203
Total Financials		3,506,363
HEALTH CARE 17.4%		
Biotechnology 1.3%		
AbbVie	1,160,000	156,287
Biogen (1)	195,000	55,546
		211,833
Health Care Equipment & Supplies 5.1%		
Becton Dickinson & Company	1,382,000	364,862
GE HealthCare Technologies	1,315,000	106,831
Medtronic	1,935,000	170,473
Zimmer Biomet Holdings	1,550,000	225,680
		867,846
Health Care Providers & Services 4.9%		
Cardinal Health	635,000	60,052
Centene (1)	540,000	36,423
Cigna Group	620,000	173,972
CVS Health	2,580,000	178,355
Elevance Health	842,400	374,270

	Shares	\$ Value
(Cost and value in \$000s)		
Humana	26,200	11,715
		834,787
Pharmaceuticals 6.1%		
AstraZeneca, ADR	1,480,000	105,924
Johnson & Johnson	2,135,000	353,385
Merck	1,455,000	167,892
Pfizer	4,630,000	169,828
Sanofi (EUR)	1,120,000	120,575
Sanofi, ADR	330,000	17,787
Viatis	9,920,000	99,002
		1,034,393
Total Health Care		2,948,859
INDUSTRIALS & BUSINESS SERVICES 11.7%		
Aerospace & Defense 2.9%		
Boeing (1)	990,000	209,049
L3Harris Technologies	1,460,000	285,824
		494,873
Air Freight & Logistics 1.4%		
United Parcel Service, Class B	1,325,000	237,506
		237,506
Commercial Services & Supplies 0.5%		
Stericycle (1)	1,950,000	90,558
		90,558
Ground Transportation 0.7%		
Norfolk Southern	205,000	46,486
Union Pacific	380,000	77,755
		124,241
Industrial Conglomerates 3.7%		
3M	335,000	33,530
General Electric	3,740,000	410,839
Siemens (EUR)	1,115,000	185,872
		630,241
Machinery 1.5%		
Cummins	210,000	51,484
Flowserve	380,000	14,117
Stanley Black & Decker	2,060,000	193,042
		258,643
Passenger Airlines 1.0%		
Southwest Airlines	4,410,000	159,686
		159,686
Total Industrials & Business Services		1,995,748

	Shares	\$ Value
(Cost and value in \$000s)		
INFORMATION TECHNOLOGY 8.0%		
Communications Equipment 0.2%		
Cisco Systems	680,000	35,183
		35,183
Electronic Equipment, Instruments & Components 0.4%		
TE Connectivity	490,000	68,678
		68,678
IT Services 0.5%		
Accenture, Class A	270,000	83,317
		83,317
Semiconductors & Semiconductor Equipment 4.4%		
Applied Materials	1,275,000	184,288
QUALCOMM	3,445,000	410,093
Texas Instruments	835,000	150,317
		744,698
Software 1.8%		
Microsoft	870,000	296,270
		296,270
Technology Hardware, Storage & Peripherals 0.7%		
Samsung Electronics (KRW)	2,270,000	124,994
		124,994
Total Information Technology		1,353,140
MATERIALS 3.6%		
Chemicals 2.4%		
CF Industries Holdings	3,980,000	276,291
DuPont de Nemours	130,000	9,287
International Flavors & Fragrances	820,000	65,264
RPM International	545,000	48,903
		399,745
Containers & Packaging 1.2%		
International Paper	6,160,000	195,950
		195,950
Total Materials		595,695
REAL ESTATE 4.2%		
Health Care Real Estate Investment Trusts 0.2%		
Welltower, REIT	330,000	26,694
		26,694
Office Real Estate Investment Trusts 0.0%		
Vornado Realty Trust, REIT	280,000	5,079

	Shares	\$ Value
(Cost and value in \$000s)		
		5,079
Residential Real Estate Investment Trusts 1.5%		
Equity Residential, REIT	3,810,000	251,346
		251,346
Specialized Real Estate Investment Trusts 2.5%		
Rayonier, REIT	4,280,000	134,392
Weyerhaeuser, REIT	8,580,000	287,516
		421,908
Total Real Estate		705,027
UTILITIES 6.9%		
Electric Utilities 3.6%		
NextEra Energy	760,000	56,392
PG&E (1)	1,500,000	25,920
Southern	7,460,000	524,065
		606,377
Multi-Utilities 3.3%		
Ameren	1,190,000	97,187
Dominion Energy	4,660,000	241,341
NiSource	1,410,000	38,564
Sempra Energy	1,175,000	171,068
		548,160
Total Utilities		1,154,537
Total Common Stocks (Cost \$11,908,788)		16,250,264
CONVERTIBLE PREFERRED STOCKS 0.5%		
UTILITIES 0.5%		
Electric Utilities 0.2%		
NextEra Energy, 6.926%, 9/1/25	710,000	32,291
		32,291
Multi-Utilities 0.3%		
NiSource, 7.75%, 3/1/24	520,000	52,814
		52,814
Total Utilities		85,105
Total Convertible Preferred Stocks (Cost \$86,610)		85,105
PREFERRED STOCKS 1.8%		
CONSUMER DISCRETIONARY 1.8%		
Automobiles 1.8%		
Dr Ing hc F Porsche (EUR)	1,140,000	141,621

	Shares	\$ Value
(Cost and value in \$000s)		
Volkswagen (EUR)	1,260,000	169,435
Total Consumer Discretionary		311,056
Total Preferred Stocks (Cost \$296,478)		311,056
SHORT-TERM INVESTMENTS 1.4%		
Money Market Funds 1.4%		
T. Rowe Price Government Reserve Fund, 5.13% (2)(3)	229,926,185	229,926
Total Short-Term Investments (Cost \$229,926)		229,926
Total Investments in Securities		
99.8% of Net Assets		
(Cost \$12,521,802)		\$ 16,876,351

‡ Shares are denominated in U.S. dollars unless otherwise noted.

(1) Non-income producing

(2) Seven-day yield

(3) Affiliated Companies

ADR American Depositary Receipts

EUR Euro

KRW South Korean Won

REIT A domestic Real Estate Investment Trust whose distributions pass-through with original tax character to the shareholder

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, 2023. 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.

Affiliate	Net Realized Gain (Loss)	Change in Net Unrealized Gain/Loss	Investment Income
T. Rowe Price Government Reserve Fund, 5.13%	\$ —	\$ —	\$ 3,998++
Totals	\$ —#	\$ —	\$ 3,998+

Supplementary Investment Schedule

Affiliate	Value 12/31/21	Purchase Cost	Sales Cost	Value 06/30/23
T. Rowe Price Government Reserve Fund, 5.13%	\$ 176,681	□	□	\$ 229,926
Total			\$	229,926^

Capital gain distributions from underlying Price funds represented \$0 of the net realized gain (loss).

++ Excludes earnings on securities lending collateral, which are subject to rebates and fees as described in Note 4.

+ Investment income comprised \$3,998 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 \$229,926.

T. ROWE PRICE EQUITY INCOME FUND

June 30, 2023 (Unaudited)

STATEMENT OF ASSETS AND LIABILITIES

(\$000s, except shares and per share amounts)

Assets

Investments in securities, at value (cost \$12,521,802)	\$ 16,876,351
Dividends receivable	32,066
Receivable for shares sold	11,976
Receivable for investment securities sold	8,510
Foreign currency (cost \$2,397)	2,408
Cash	232
Other assets	10,550
Total assets	<u>16,942,093</u>

Liabilities

Payable for shares redeemed	11,634
Payable for investment securities purchased	7,665
Investment management fees payable	7,276
Due to affiliates	241
Payable to directors	14
Other liabilities	1,407
Total liabilities	<u>28,237</u>

NET ASSETS

\$ 16,913,856

T. ROWE PRICE EQUITY INCOME FUND

June 30, 2023 (Unaudited)

STATEMENT OF ASSETS AND LIABILITIES

(\$000s, except shares and per share amounts)

Net Assets Consist of:

Total distributable earnings (loss)	\$ 4,950,354
Paid-in capital applicable to 510,314,519 shares of \$0.0001 par value capital stock outstanding; 2,000,000,000 shares of the Corporation authorized	11,963,502

NET ASSETS

\$ 16,913,856

NET ASSET VALUE PER SHARE

Investor Class

(Net assets: \$8,382,258; Shares outstanding:
252,799,547)

\$ 33.16

Advisor Class

(Net assets: \$150,784; Shares outstanding: 4,563,874)

\$ 33.04

R Class

(Net assets: \$42,976; Shares outstanding: 1,303,326)

\$ 32.97

I Class

(Net assets: \$7,299,174; Shares outstanding:
220,336,903)

\$ 33.13

Z Class

(Net assets: \$1,038,664; Shares outstanding: 31,310,869)

\$ 33.17

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

STATEMENT OF OPERATIONS

(\$000s)

		6 Months Ended 6/30/23
Investment Income (Loss)		
Income		
Dividend (net of foreign taxes of \$4,036)	\$	239,579
Interest		96
Securities lending		16
Total income		239,691
Expenses		
Investment management		44,916
Shareholder servicing		
Investor Class	\$	5,565
Advisor Class		79
R Class		32
I Class		913
Rule 12b-1 fees		6,589
Advisor Class		187
R Class		108
Prospectus and shareholder reports		295
Investor Class		119
Advisor Class		7
R Class		1
I Class		99
Custody and accounting		226
Proxy and annual meeting		291
Registration		186
Directors		77
Legal and audit		30
Miscellaneous		13
Waived / paid by Price Associates		105
Total expenses		(2,762)
Net investment income		49,966
		189,725

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 6/30/23
Realized and Unrealized Gain / Loss	
Net realized gain (loss)	
Securities	496,932
Futures	1,338
Foreign currency transactions	(256)
Net realized gain	498,014
Change in net unrealized gain / loss	
Securities	(262,448)
Other assets and liabilities denominated in foreign currencies	(15)
Change in net unrealized gain / loss	(262,463)
Net realized and unrealized gain / loss	235,551
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 425,276

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

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/23	Year Ended 12/31/22
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 189,725	\$ 382,326
Net realized gain	498,014	870,174
Change in net unrealized gain / loss	(262,463)	(1,870,570)
Increase (decrease) in net assets from operations	425,276	(618,070)
Distributions to shareholders		
Net earnings		
Investor Class	(87,052)	(554,467)
Advisor Class	(1,427)	(9,599)
R Class	(341)	(2,749)
I Class	(79,380)	(483,110)
Z Class	(14,048)	(75,521)
Decrease in net assets from distributions	(182,248)	(1,125,446)
Capital share transactions*		
Shares sold		
Investor Class	245,429	843,505
Advisor Class	10,407	26,735
R Class	1,931	8,861
I Class	349,386	5,478,201
Z Class	24,435	28,105
Distributions reinvested		
Investor Class	83,747	535,167
Advisor Class	1,389	9,462
R Class	341	2,749
I Class	73,784	452,225
Z Class	14,048	75,521
Shares redeemed		
Investor Class	(670,336)	(6,446,240)
Advisor Class	(19,719)	(52,583)
R Class	(5,749)	(11,584)
I Class	(656,423)	(914,251)
Z Class	(61,574)	(339,656)
Decrease in net assets from capital share transactions	(608,904)	(303,783)

T. ROWE PRICE EQUITY INCOME FUND

(Unaudited)

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 6/30/23	Year Ended 12/31/22
Net Assets		
Decrease during period	(365,876)	(2,047,299)
Beginning of period	17,279,732	19,327,031
End of period	\$ 16,913,856	\$ 17,279,732
*Share information (000s)		
Shares sold		
Investor Class	7,461	24,144
Advisor Class	323	766
R Class	59	254
I Class	10,656	155,520
Z Class	764	874
Distributions reinvested		
Investor Class	2,596	15,948
Advisor Class	43	283
R Class	11	82
I Class	2,289	13,477
Z Class	435	2,247
Shares redeemed		
Investor Class	(20,404)	(183,550)
Advisor Class	(603)	(1,504)
R Class	(176)	(336)
I Class	(20,135)	(26,633)
Z Class	(1,877)	(9,706)
Decrease in shares outstanding	(18,558)	(8,134)

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Equity Income Fund, Inc. (the fund) is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, open-end management investment company. The fund seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund has five classes of shares: the Equity Income Fund (Investor Class), the Equity Income Fund–Advisor Class (Advisor Class), the Equity Income Fund–R Class (R Class), the Equity Income Fund–I Class (I Class) and the Equity Income Fund–Z Class (Z Class). Advisor Class shares are sold only through various brokers and other financial intermediaries, and R Class shares are available through financial intermediaries for employer-sponsored defined contribution retirement plans and certain other retirement accounts. I Class shares require a \$500,000 initial investment minimum, although the minimum generally is waived or reduced for financial intermediaries, eligible retirement plans, and certain other accounts. The Z Class is only available to funds advised by T. Rowe Price Associates, Inc. and its affiliates and other clients that are subject to a contractual fee for investment management services. The Advisor Class and R Class each operate under separate Board-approved Rule 12b-1 plans, pursuant to which each class compensates financial intermediaries for distribution, shareholder servicing, and/or certain administrative services; the Investor, I and Z Classes do not pay Rule 12b-1 fees. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to all classes; and, in all other respects, the same rights and obligations as the other classes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

Investment Transactions, Investment Income, and Distributions Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified

cost basis. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from other investment companies are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Distributions from REITs are initially recorded as dividend income and, to the extent such represent a return of capital or capital gain for tax purposes, are reclassified when such information becomes available. Non-cash dividends, if any, are recorded at the fair market value of the asset received. Proceeds from litigation payments, if any, are included in either net realized gain (loss) or change in net unrealized gain/loss from securities. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid by each class quarterly. A capital gain distribution, if any, may also be declared and paid by the fund annually.

Currency Translation Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as provided by an outside pricing service. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

Class Accounting Shareholder servicing, prospectus, and shareholder report expenses incurred by each class are charged directly to the class to which they relate. Expenses common to all classes, investment income, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. The Advisor Class and R Class each pay Rule 12b-1 fees, in an amount not exceeding 0.25% and 0.50%, respectively, of the class's average daily net assets.

Capital Transactions Each investor's interest in the net assets of the fund is represented by fund shares. The fund's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC. Purchases and redemptions of fund shares are transacted at the next-computed NAV per share, after receipt of the transaction order by T. Rowe Price Associates, Inc., or its agents.

New Accounting Guidance In June 2022, the FASB issued Accounting Standards Update (ASU), ASU 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, which

clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments under this ASU are effective for fiscal years beginning after December 15, 2023; however, the fund opted to early adopt, as permitted, effective December 1, 2022. Adoption of the guidance did not have a material impact on the fund's financial statements.

Indemnification In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

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 fund's Board of Directors (the Board) has designated T. Rowe Price Associates, Inc. as the fund's valuation designee (Valuation Designee). Subject to oversight by the Board, the Valuation Designee performs the following functions in performing fair value determinations: assesses and manages valuation risks; establishes and applies fair value methodologies; tests fair value methodologies; and evaluates pricing vendors and pricing agents. The duties and responsibilities of the Valuation Designee are performed by its Valuation Committee. The Valuation Designee 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 Valuation Designee's 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 Valuation Designee 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 the fund's portfolio securities. Each business day, the Valuation Designee uses information from outside pricing services to evaluate the quoted prices of portfolio securities 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 Valuation Designee uses outside pricing services to provide it with quoted prices and information to evaluate or adjust those prices. The Valuation Designee 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 are not readily available or deemed unreliable are valued at fair value as determined in good faith by the Valuation Designee. The Valuation Designee has adopted methodologies for determining the fair value of investments for which market quotations are not readily available or deemed unreliable, including the use of other pricing sources. Factors used in determining fair value vary by type of investment and may include market or investment specific considerations. The Valuation Designee 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 Designee 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. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions. Fair value prices determined by the Valuation Designee could differ from those of other market participants, and it is possible that the fair value determined for a security may be materially different from the value that could be realized upon the sale of that security.

Valuation Inputs The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on June 30, 2023 (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	\$ 15,442,823	\$ 807,441	\$ —	\$ 16,250,264
Convertible Preferred Stocks	—	85,105	—	85,105
Preferred Stocks	—	311,056	—	311,056
Short-Term Investments	229,926	—	—	229,926
Total	\$ 15,672,749	\$ 1,203,602	\$ —	\$ 16,876,351

NOTE 3 - DERIVATIVE INSTRUMENTS

During the six months ended June 30, 2023, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes and may use them to establish both long and short positions within the fund's portfolio. Potential uses include to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral. As of June 30, 2023, the fund held no derivative instruments.

The amount of gains and losses on derivative instruments recognized in fund earnings during the six months ended June 30, 2023, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	Location of Gain (Loss) on Statement of Operations	
		Futures
Realized Gain (Loss)		
Equity derivatives	\$ 1,338	
Total	\$ 1,338	

Futures Contracts The fund is subject to equity price risk in the normal course of pursuing its investment objectives and uses futures contracts to help manage such risk. The fund may enter into futures contracts to manage exposure to interest rates, security prices, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. A futures contract provides for the future sale by one party and purchase by another of a specified amount of a specific underlying financial instrument at an agreed-upon price, date, time, and place. The fund currently invests only in exchange-traded futures, which generally are standardized as to maturity date, underlying financial instrument, and other contract terms. Payments are made or received by the fund each day to settle daily fluctuations in the value of the contract (variation margin), which reflect changes in the value of the underlying financial instrument. Variation margin is recorded as unrealized gain or loss until the contract is closed. The value of a futures contract included in net assets is the amount of unsettled variation margin; net variation margin receivable is reflected as an asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values, and potential losses in excess of the fund's initial investment. During the six months ended June 30, 2023, the volume of the fund's activity in futures, based on underlying notional amounts, was generally less than 1% of net assets.

NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

Securities Lending The fund may lend its securities to approved borrowers to earn additional income. Its securities lending activities are administered by a lending agent in accordance with a securities lending agreement. Security loans generally do not have stated maturity dates, and the fund may recall a security at any time. The fund receives collateral in the form of cash or U.S. government securities. Collateral is maintained over the life of the loan in an amount not less than the value of loaned securities; any additional collateral required due to changes in security values is delivered to the fund the next business day. Cash collateral is invested in accordance with investment guidelines approved by fund management. Additionally, the lending agent indemnifies

the fund against losses resulting from borrower default. Although risk is mitigated by the collateral and indemnification, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities, collateral investments decline in value, and the lending agent fails to perform. Securities lending revenue consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower, compensation to the lending agent, and other administrative costs. In accordance with GAAP, investments made with cash collateral are reflected in the accompanying financial statements, but collateral received in the form of securities is not. At June 30, 2023, there were no securities on loan.

Other Purchases and sales of portfolio securities other than short-term securities aggregated \$1,589,648,000 and \$2,198,534,000, respectively, for the six months ended June 30, 2023.

NOTE 5 - FEDERAL INCOME TAXES

Generally, no provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of the date of this report.

At June 30, 2023, the cost of investments (including derivatives, if any) for federal income tax purposes was \$12,532,024,000. Net unrealized gain aggregated \$4,344,459,000 at period-end, of which \$4,732,716,000 related to appreciated investments and \$388,257,000 related to depreciated investments.

NOTE 6 - FOREIGN TAXES

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, capital gains realized upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries. All taxes are computed in accordance with the applicable foreign tax law, and, to the extent permitted, capital losses are used to offset capital gains. Taxes attributable to

income are accrued by the fund as a reduction of income. Current and deferred tax expense attributable to capital gains is reflected as a component of realized or change in unrealized gain/loss on securities in the accompanying financial statements. To the extent that the fund has country specific capital loss carryforwards, such carryforwards are applied against net unrealized gains when determining the deferred tax liability. Any deferred tax liability incurred by the fund is included in either Other liabilities or Deferred tax liability on the accompanying Statement of Assets and Liabilities.

NOTE 7 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management agreement between the fund and Price Associates provides for an annual investment management fee, which is computed daily and paid monthly. The fee consists of an individual fund fee and a group fee. The individual fund fee is equal to 0.25% of the fund's average daily net assets up to \$15 billion and 0.2125% of the fund's average daily net assets in excess of \$15 billion. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first \$1 billion of assets to 0.260% for assets in excess of \$845 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At June 30, 2023, the effective annual group fee rate was 0.29%.

Effective June 1, 2023, the Advisor Class and R Class are each subject to a contractual expense limitation through the expense limitation dates indicated in the table below. During the limitation period, Price Associates is required to waive its management fee or pay any expenses (excluding interest; expenses related to borrowings, taxes, and brokerage; non-recurring, extraordinary expenses; and acquired fund fees and expenses) that would otherwise cause the class's ratio of annualized total expenses to average net assets (net expense ratio) to exceed its expense limitation. Each class is required to repay Price Associates for expenses previously waived/paid to the extent the class's net assets grow or expenses decline sufficiently to allow repayment without causing the class's net expense ratio (after the repayment is taken into account) to exceed the lesser of: (1) the expense limitation in place at the time such amounts were waived; or (2) the class's current expense limitation. However, no repayment will be made more than three years after the date of a payment or waiver.

The I Class is also subject to an operating expense limitation (I Class Limit) pursuant to which Price Associates is contractually required to pay all operating expenses of the I Class, excluding management fees; interest; expenses related to borrowings,

taxes, and brokerage; non-recurring, extraordinary expenses; and acquired fund fees and expenses, to the extent such operating expenses, on an annualized basis, exceed the I Class Limit. This agreement will continue through the expense limitation date indicated in the table below, and may be renewed, revised, or revoked only with approval of the fund's Board. The I Class is required to repay Price Associates for expenses previously paid to the extent the class's net assets grow or expenses decline sufficiently to allow repayment without causing the class's operating expenses (after the repayment is taken into account) to exceed the lesser of: (1) the I Class Limit in place at the time such amounts were paid; or (2) the current I Class Limit. However, no repayment will be made more than three years after the date of a payment or waiver.

The Z Class is also subject to a contractual expense limitation agreement whereby Price Associates has agreed to waive and/or bear all of the Z Class' expenses (excluding interest; expenses related to borrowings, taxes, and brokerage; non-recurring, extraordinary expenses; and acquired fund fees and expenses) in their entirety. This fee waiver and/or expense reimbursement arrangement is expected to remain in place indefinitely, and the agreement may only be amended or terminated with approval by the fund's Board. Expenses of the fund waived/paid by the manager are not subject to later repayment by the fund.

Pursuant to these agreements, expenses were waived/paid by and/or repaid to Price Associates during the six months ended June 30, 2023 as indicated in the table below. At June 30, 2023, there were no amounts subject to repayment by the fund. Any repayment of expenses previously waived/paid by Price Associates during the period would be included in the net investment income and expense ratios presented on the accompanying Financial Highlights.

	Advisor Class	R Class	I Class	Z Class
Expense limitation/I Class Limit	1.13%	1.38%	0.05%	0.00%
Expense limitation date	04/30/24	04/30/24	04/30/24	N/A
(Waived)/repaid during the period (\$000s)	\$—	\$—	\$—	\$(2,762)

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates, each an affiliate of the fund (collectively, Price). Price Associates provides certain accounting and administrative services to the fund. T. Rowe Price Services, Inc. provides shareholder and administrative services in its capacity as the fund's transfer and dividend-disbursing agent. T. Rowe Price Retirement Plan Services, Inc. provides subaccounting and recordkeeping services for certain

retirement accounts invested in the Investor Class, R Class and Advisor Class. For the six months ended June 30, 2023, expenses incurred pursuant to these service agreements were \$58,000 for Price Associates; \$2,729,000 for T. Rowe Price Services, Inc.; and \$593,000 for T. Rowe Price Retirement Plan Services, Inc. All amounts due to and due from Price, exclusive of investment management fees payable, are presented net on the accompanying Statement of Assets and Liabilities.

Additionally, the fund is one of several mutual funds in which certain college savings plans managed by Price Associates invests. As approved by the fund's Board of Directors, shareholder servicing costs associated with each college savings plan are borne by the fund in proportion to the average daily value of its shares owned by the college savings plan. Price has agreed to waive/reimburse shareholder servicing costs in excess of 0.05% of the fund's average daily value of its shares owned by the college savings plan. Any amounts waived/paid by Price under this voluntary agreement are not subject to repayment by the fund. Price may amend or terminate this voluntary arrangement at any time without prior notice. For the six months ended June 30, 2023, the fund was charged \$237,000 for shareholder servicing costs related to the college savings plans, of which \$214,000 was for services provided by Price. All amounts due to and due from Price, exclusive of investment management fees payable, are presented net on the accompanying Statement of Assets and Liabilities. At June 30, 2023, no shares of the Investor Class were held by college savings plans and approximately 5% of the outstanding shares of the I Class were held by college savings plans.

Mutual funds, trusts, and other accounts managed by Price Associates or its affiliates (collectively, Price Funds and accounts) may invest in the fund. No Price fund or account may invest for the purpose of exercising management or control over the fund. At June 30, 2023, approximately 100% of the Z Class's outstanding shares were held by Price Funds and accounts.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds (together, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending, if any, is invested in the T. Rowe Price Government Reserve Fund. The Price Reserve Funds pay no investment management fees.

As of June 30, 2023, T. Rowe Price Group, Inc., or its wholly owned subsidiaries, owned 350,205 shares of the I Class, representing less than 1% of the I Class's net assets.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the six months ended June 30, 2023, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

Price Associates has voluntarily agreed to reimburse the fund from its own resources on a monthly basis for the cost of investment research embedded in the cost of the fund's securities trades. This agreement may be rescinded at any time. For the six months ended June 30, 2023, this reimbursement amounted to \$302,000, which is included in Net realized gain (loss) on Securities in the Statement of Operations.

NOTE 8 - OTHER MATTERS

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats may significantly affect the economy and the markets and issuers in which the fund invests. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others, and exacerbate other pre-existing political, social, and economic risks.

Since 2020, a novel strain of coronavirus (COVID-19) has resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets.

In February 2022, Russian forces entered Ukraine and commenced an armed conflict leading to economic sanctions being imposed on Russia and certain of its citizens, creating impacts on Russian-related stocks and debt and greater volatility in global markets.

In March 2023, the collapse of some US regional and global banks as well as overall concerns around the soundness and stability of the global banking sector has sparked concerns of a broader financial crisis impacting the overall global banking sector. In certain cases, government agencies have assumed control or otherwise intervened in the operations of certain banks due to liquidity and solvency concerns. The extent of impact of these events on the US and global markets is highly uncertain.

These are recent examples of global events which may have a negative impact on the values of certain portfolio holdings or the fund's overall performance. Management is actively monitoring the risks and financial impacts arising from these events.

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](https://www.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.

RESULTS OF PROXY VOTING

A Special Meeting of Shareholders was held on July 24, 2023 for shareholders of record on April 7, 2023, to elect the following director-nominees to serve on the Board of all Price Funds. The newly elected Directors took office effective July 24, 2023.

The results of the voting were as follows:

	Votes For	Votes Withheld
Melody Bianchetto	281,816,429	4,047,675
Mark J. Parrell	281,734,000	4,076,912
Kellye L. Walker	281,922,149	4,118,305
Eric L. Veiel	277,917,208	8,065,312

Teresa Bryce Bazemore, Bruce W. Duncan, Robert J. Gerrard, Jr., Paul F. McBride and David Oestreicher continue to serve as Directors on the Board of all Price Funds.

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](https://www.sec.gov)). In addition, most T. Rowe Price funds disclose their first and third fiscal quarter-end holdings on [troweprice.com](https://www.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 6–7, 2023 (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 continuation of 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 the information it considered with respect to the nature, quality, and extent of the services provided by the Adviser, as well as the other factors considered at the Meeting, supported the Board's approval of the continuation of the Advisory Contract.

Investment Performance of the Fund

The Board took into account discussions with the Adviser and detailed reports that it regularly receives throughout the year on relative and absolute performance for the T. Rowe Price funds. In connection with the Meeting, the Board reviewed information provided by the Adviser that compared the fund's total returns, as well as a wide variety of other previously agreed-upon performance measures and market data, against relevant benchmark indexes and peer groups of funds with similar investment programs for

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

various periods through December 31, 2022. Additionally, the Board reviewed the fund's relative performance information as of September 30, 2022, which ranked the returns of the fund's Investor Class for various periods against a universe of funds with similar investment programs selected by Broadridge, an independent provider of mutual fund data. In the course of its deliberations, the Board considered performance information provided throughout the year and in connection with the Advisory Contract review at the Meeting, as well as information provided during investment review meetings conducted with portfolio managers and senior investment personnel during the course of the year regarding the fund's performance. The Board also considered relevant factors, such as overall market conditions and trends that could adversely impact the fund's performance, length of the fund's performance track record, and how closely the fund's strategies align with its benchmarks and peer groups. The Board concluded that the information it considered with respect to the fund's performance, as well as the other factors considered at the Meeting, supported the Board's approval of the continuation of the Advisory Contract.

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 a fee to the Adviser for investment management services composed of two components—a group fee rate based on the combined average net assets of most of the T. Rowe Price funds (including the fund) that declines at certain asset levels and an individual fund fee rate based on the fund's average daily net assets—and the fund pays its own expenses of operations. The group fee rate decreases as total T. Rowe Price fund assets grow, which reduces the management fee rate for any fund that has a group fee component to its management fee, and reflects that certain resources utilized to operate the fund are shared with other T. Rowe Price funds thus allowing shareholders of those funds to share potential

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

economies of scale. In addition, the fund's individual fund fee contains a breakpoint that reduces the individual fund fee rate once the fund's assets reach a certain level and provides additional opportunities for sharing potential economies of scale. The fund's shareholders also benefit from potential economies of scale through a decline in certain operating expenses as the fund grows in size.

The fund also offers a Z Class, which serves as an underlying investment within certain T. Rowe Price fund of funds arrangements. The Adviser waives its advisory fee on the Z Class and waives or bears the Z Class's other operating expenses, with certain exceptions. The Board considered whether the advisory fee and operating expense waivers on the Z Class may present a means for cross-subsidization of the Z Class by other share classes of the fund. In that regard, the Board noted that the Z Class operating expenses are largely covered by the all-inclusive fees charged by the investing T. Rowe Price fund of funds and that any Z Class operating expenses not covered by the investing T. Rowe Price fund of funds' fees are paid by the Adviser and not by shareholders of any other share class of the fund.

In addition, the Board noted that the fund potentially shares in indirect economies of scale through the Adviser's ongoing investments in its business in support of the T. Rowe Price funds, including investments in trading systems, technology, and regulatory support enhancements, and the ability to possibly negotiate lower fee arrangements with third-party service providers. The Board concluded that the advisory fee structure for the fund provides for a reasonable sharing of benefits from any economies of scale with the fund's investors.

Fees and Expenses

The Board was provided with information regarding industry trends in management fees and expenses. Among other things, the Board reviewed data for peer groups that were compiled by Broadridge, which compared: (i) contractual management fees, actual management fees, nonmanagement expenses, and total expenses of the Investor Class of the fund with a group of competitor funds selected by Broadridge (Investor Class Expense Group); (ii) actual management fees and total expenses of the Advisor Class of the fund with a group of competitor funds selected by Broadridge (Advisor Class Expense Group); and (iii) actual management fees, nonmanagement expenses, and total expenses of the Investor Class of the fund with a broader set of funds within the Lipper investment classification (Expense Universe). The Board considered the fund's contractual management fee rate, actual management fee rate (which reflects the management fees actually received from the fund by the Adviser after any applicable waivers, reductions, or reimbursements), operating expenses, and total expenses (which reflect the net total expense ratio of the fund after any waivers, reductions, or reimbursements) in comparison with the information for the Broadridge peer groups. Broadridge generally constructed the peer groups by seeking the most comparable funds based on similar investment classifications and objectives, expense structure, asset size, and operating components and attributes and ranked funds into quintiles, with the

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

first quintile representing the funds with the lowest relative expenses and the fifth quintile representing the funds with the highest relative expenses. The information provided to the Board indicated that the fund's contractual management fee ranked in the second quintile (Investor Class Expense Group); the fund's actual management fee rate ranked in the first quintile (Investor Class Expense Group), second quintile (Expense Universe), and third quintile (Advisor Class Expense Group); and the fund's total expenses ranked in the first quintile (Investor Class Expense Group, Expense Universe, and Advisor Class Expense Group).

The Board also reviewed the fee schedules for other investment portfolios with similar mandates that are advised or subadvised by the Adviser and its affiliates, including separately managed accounts for institutional and individual investors; subadvised funds; and other sponsored investment portfolios, including collective investment trusts and pooled vehicles organized and offered to investors outside the United States. Management provided the Board with information about the Adviser's responsibilities and services provided to subadvisory and other institutional account clients, including information about how the requirements and economics of the institutional business are fundamentally different from those of the proprietary mutual fund business. The Board considered information showing that the Adviser's mutual fund business is generally more complex from a business and compliance perspective than its institutional account business and considered various relevant factors, such as the broader scope of operations and oversight, more extensive shareholder communication infrastructure, greater asset flows, heightened business risks, and differences in applicable laws and regulations associated with the Adviser's proprietary mutual fund business. In assessing the reasonableness of the fund's management fee rate, the Board considered the differences in the nature of the services required for the Adviser to manage its mutual fund business versus managing a discrete pool of assets as a subadviser to another institution's mutual fund or for an institutional account and that the Adviser generally performs significant additional services and assumes greater risk in managing the fund and other T. Rowe Price funds than it does for institutional account clients, including subadvised funds.

On the basis of the information provided and the factors considered, the Board concluded that the fees paid by the fund under the Advisory Contract are reasonable.

Approval of the Advisory Contract

As noted, the Board approved the continuation of the Advisory Contract. No single factor was considered in isolation or to be determinative to the decision. Rather, the Board concluded, in light of a weighting and balancing of all factors considered, that it was in the best interests of the fund and its shareholders for the Board to approve the continuation of the Advisory Contract (including the fees to be charged for services thereunder).

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T.RowePrice®

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Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.