T.RowePrice®

SEMIANNUAL REPORT

June 30, 2019

T. ROWE PRICE

Institutional Large-Cap Growth Fund

For more insights from T. Rowe Price investment professionals, go to **troweprice.com**.

HIGHLIGHTS

- The Institutional Large-Cap Growth Fund produced strong absolute results in the first half of 2019 but underperformed its benchmark.
- An underweight to consumer staples stocks and effective stock selection in the consumer discretionary sector contributed to the fund's relative returns. However, our positioning in health care stocks weighed on the portfolio's relative results.
- The fund's top four sector allocations remained information technology, consumer discretionary, communication services, and health care—areas that we believe offer above-average growth prospects.
- Overall, we remain constructive on the U.S. economy and think company fundamentals look relatively healthy. However, the choppy market environment may continue due to several factors, including slowing earnings growth and uncertainty surrounding U.S.-China trade policy.

Dear Investor

Markets overcame a bout of volatility in May and recorded exceptional returns in the six months ended June 30, 2019. The large-cap S&P 500 Index reached record highs and notched its best start to a year in over two decades. Overseas equity markets were also strong, while bond prices rose as longer-term interest rates fell to their lowest levels since late 2016.

Markets rebounded to start the year, as many of the worries behind the sell-off in late 2018 receded. Investors seemed most relieved by a dovish pivot in monetary policy. The S&P 500 scored its best daily gain for the period on January 4, after Federal Reserve Chair Jerome Powell pledged that the central bank would respond with all the tools at its disposal to counteract an economic downturn or financial turmoil. The Fed soon paused and kept rates steady following a series of quarterly hikes stretching back to late 2017.

Investors also seemed comforted by progress in U.S.-China trade relations. In March, President Donald Trump postponed a threatened tariff increase on Chinese goods and remarked that the two sides were “getting very close” to a deal. Encouraging statements continued to flow from the White House, and speculation grew that Chinese President Xi Jinping would soon visit Washington to sign an agreement.

Hopes for a deal were dashed in early May, however, sending stocks sharply lower. With negotiations at a standstill, on May 10, the administration increased the tariff rate to 25% from 10% on $200 billion in Chinese goods, as the president had long threatened. China soon retaliated with its own tariffs. A technological “cold war” also seemed to be developing, with both sides taking measures to cut off the other’s access to key components and raw materials. Stocks fell sharply in response, and the small- and mid-cap indexes moved back into correction territory, or down more than 10% from the highs they established late in the previous summer.

Another turn in trade policy in June helped stocks recover their losses. The White House abandoned an earlier threat to put tariffs on Mexican imports in response to immigration issues, and President Trump again softened his stance on China. Markets were closed on the final weekend of the month, when the president announced that he and President Xi had agreed to resume trade negotiations and arranged a truce that would at least temporarily prevent the imposition of further tariffs.

An even bigger factor in the June rebound appeared to be growing confidence that the Fed would cut interest rates rather than merely keep them steady. Fed Chair Powell pledged that policymakers were paying close attention to the impact of trade tensions on the economy and would “act as appropriate to sustain the expansion.” Policymakers also dropped references to being “patient” in adjusting monetary policy. By the end of the month, futures markets were pricing in 75 basis points (0.75 percentage point) of cuts in the second half of the year, with a reasonable chance of more to come in 2020.

The dovish shift in Fed policy has been driven by accumulating evidence of slowing global growth. Rising trade barriers have taken a heavy toll on the global manufacturing sector, and business investment has pulled back as managers confront additional sources of uncertainty, such as the possibility of a disorderly Brexit this October. As a result, corporate earnings growth has stalled in the U.S. and turned negative in other major markets. On the positive side, consumers remain in much better shape, particularly domestically.

We see little evidence to suggest a recession is on the horizon. Indeed, with markets at all-time highs, investors seem willing to bet that this decade-long economic recovery still has legs. We will keep a close eye on developments and rely on our careful fundamental research to avoid pitfalls; I am confident our strategic investing approach will continue to serve our shareholders well.

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

Sincerely,

Robert Sharps
Group Chief Investment Officer

INVESTMENT OBJECTIVE

The fund seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

FUND COMMENTARY

How did the fund perform in the past six months?

The Institutional Large-Cap Growth Fund returned 18.12% for the six months ended June 30, 2019. The fund underperformed its benchmark, the Russell 1000 Growth Index, as well as its peer group as represented by the Lipper Large-Cap Growth Funds Index. (*Past performance cannot guarantee future results.*)

PERFORMANCE COMPARISON

Six-Month Period Ended 6/30/19	Total Return
Institutional Large-Cap Growth Fund	18.12%
Russell 1000 Growth Index	21.49
Lipper Large-Cap Growth Funds Index	21.68

What factors influenced the fund's performance?

For the six-month period, an overweight to the health care sector and stock choices in the financials sector were the primary detractors from the fund's performance versus the Russell 1000 Growth Index. On the positive side, an underweight to the consumer staples sector and stock picks in the consumer discretionary sector contributed to the fund's relative results.

An overweight to the health sector weighed on relative returns during the period as several managed care companies came under pressure due to increased political rhetoric about government-funded health care, and many drugmakers faced renewed challenges about prescription drug pricing. We feel a single-payer health care system is extremely unlikely, but we also recognize the meaningful shift in sentiment around stocks in the managed care industry, as well as the reality that political rhetoric is only likely to intensify as the 2020 U.S. presidential election approaches.

Stock selection in the financials sector also hurt relative performance. Slowing global growth and increased expectations for lower interest rates—which would threaten banks' lending margins—weighed on several financial companies during the latter part of the period. Within the sector, shares of bank and brokerage firm **Charles Schwab** came under pressure after the Federal Reserve gave indications that it would be willing to cut rates if the economic outlook doesn't show signs of improvement. Over the longer term, we believe Charles Schwab is a premier franchise that should deliver durable earnings growth as it continues to gather assets, drive scale efficiencies, and grow its bank with low-cost brokerage sweep deposits. In the near term, however, a sharp pivot in interest rates could weigh on shares. (Please refer to the fund's portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

On the positive side, an underweight to the consumer staples sector helped relative results. Many consumer staples businesses continued to struggle during the period due to shifting consumer preferences, rising competition from private-label names, and operational missteps. We remain underweight to the sector, where attractive growth opportunities are difficult to find.

Effective stock selection in the consumer discretionary sector also boosted relative returns, led by the fund's overweight position in **Amazon.com**. Shares gained 26% during the period as the company reported better-than-expected earnings, primarily due to higher sales, which were supported by free one-day shipping for its "Prime" members. We think the scale and strength of Amazon's retail and public cloud businesses, coupled with its strong balance sheet and forward-looking management team, should give the company the necessary resources to drive innovation and disruption.

Our stake in hotel company **Hilton Worldwide Holdings** also helped relative performance within the consumer discretionary sector. Shares jumped higher after the company delivered strong earnings results that beat expectations, led by revenue per available room share growth in the U.S. An overweight to **Aptiv**, an automotive supplier in the electronics and safety industries, also contributed to relative returns. We added to our position because we feel the company possesses superior technology and is well positioned to benefit from the adoption of autonomous driving and electric vehicles.

How is the fund positioned?

Our four largest sector allocations continue to be information technology, consumer discretionary, communication services, and health care. These segments—which make up about 83% of the portfolio's net assets—are areas where we can find innovative companies that offer above-average growth prospects. As shown in the Sector Diversification chart, our allocation to information technology and communication services stocks increased over the past six months, while our health care holdings decreased.

SECTOR DIVERSIFICATION

	Percent of Net Assets 12/31/18	6/30/19
Information Technology	25.9%	29.9%
Consumer Discretionary	21.0	19.9
Communication Services	15.2	18.6
Health Care	20.6	14.9
Industrials and Business Services	8.8	9.4
Financials	4.0	3.5
Utilities	1.1	1.2
Consumer Staples	1.0	0.9
Energy	0.0	0.4
Materials	0.0	0.0
Real Estate	0.0	0.0
Other and Reserves	2.4	1.3
Total	**100.0%**	**100.0%**

Historical weightings reflect current industry/sector classifications.

As far as our positioning in individual stocks, **Boeing** was the fund's largest overweight relative to the benchmark. We recognize that recent events involving the 737 MAX aircraft could create additional stock price volatility in the near term. However, our fundamental perspective on Boeing has not changed. Over the longer term, we continue to like the company for its duopoly position in global commercial aerospace, diversified product offering, and recent operational improvements.

The fund also had meaningful overweight positions in **Visa**, Amazon.com (which we discussed earlier in the report), and **Facebook**. During the period, Visa benefited from continued global growth in electronic payments as well as from less exposure to U.S.-China tensions than many of its sector peers. We remain positive on Visa for its high incremental margins, continued pricing power, and potential to benefit further from increasing consumer use of electronic payments. We think Facebook's share of consumer time spent on mobile devices, coupled with its ad monetization and targeting capabilities, should help it generate advertising-led revenue growth over the next several years. We also like the company's opportunity to monetize Instagram and the WhatsApp messaging service's long-term potential.

Our largest underweight versus the benchmark was **Apple**, which proved beneficial to relative returns as the stock trailed its technology peers during the period. Shares came under pressure due to both heightened U.S.-China trade tensions and a U.S. Supreme Court ruling that an antitrust case against Apple and its exclusive marketplace for iPhone apps could proceed. We maintain an underweight position relative to the benchmark due to concerns over saturation and elongation of replacement cycles for smartphones and Apple's ability to monetize its installed base of users as hardware reaches parity and operating systems become less differentiated.

Notable new names in the portfolio include **Marvell Technology Group**, a digital semiconductor company focused on data storage and connectivity, and electronic payments company **Total System Services**, which announced it would be merging with industry peer **Global Payments** in order to improve scale and enhance both companies' exposure to rapidly growing markets.

What is portfolio management's outlook?

We believe positive economic growth, low inflation, and accommodative monetary policies should support financial asset prices in the second half of 2019. The reality is it will largely depend on a resolution of the U.S.-China trade dispute, which is weighing on sentiment and corroding business confidence and capital spending. With all the fits and starts, trade and interest rates remain the two key market factors to watch.

Our investment approach recognizes that it is very difficult to forecast how these macroeconomic factors will develop and how much they will affect stock prices. Therefore, we continue to emphasize companies that we believe can continue to generate strong earnings and free cash flow growth in most scenarios. Essentially, we are trying to buy "all season" growth companies that we think can do reasonably well in most economic and regulatory environments. Over reasonable time horizons, we believe the quality and growth prospects of our holdings could provide relatively favorable prospects.

As always, we maintain a disciplined adherence to our rigorous process, which is rooted in bottom-up, fundamental research. In addition to uncovering underappreciated idiosyncratic stories, this approach also helps prepare us to take advantage of the market's tendency to overshoot on both the downside and the upside. Potential market overreactions often provide opportunities to trim positions into strength and add to our highest-conviction ideas on weakness.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

RISKS OF STOCK INVESTING

As with all stock and bond mutual funds, a fund's share price can fall because of weakness in the stock or bond markets, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse political or economic developments, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the investment manager's assessment of companies held in a fund may prove incorrect, resulting in losses or poor performance, even in rising markets. Funds investing in stocks with a dividend orientation may have somewhat lower potential for price appreciation than those concentrating on rapidly growing firms. Also, a company may reduce or eliminate its dividend.

BENCHMARK INFORMATION

Note: Frank Russell Company (Russell) is the source and owner of the Russell index data contained or reflected in these materials and all trademarks and copyrights related thereto. Russell® is a registered trademark of Russell. Russell is not responsible for the formatting or configuration of these materials or for any inaccuracy in T. Rowe Price Associates' presentation thereof.

TWENTY-FIVE LARGEST HOLDINGS

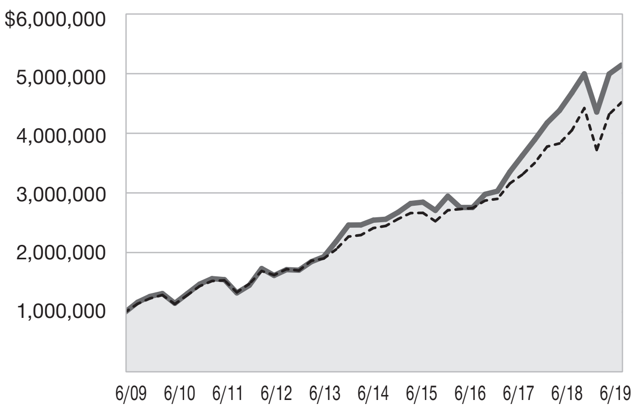
	Percent of Net Assets 6/30/19
Amazon.com	8.5%
Alphabet	7.1
Microsoft	7.0
Facebook	6.2
Boeing	5.2
Visa	5.1
Stryker	2.3
Tencent Holdings	2.3
Intuit	2.2
Alibaba Group Holding	2.2
Intuitive Surgical	1.9
Becton, Dickinson & Company	1.9
Cigna	1.7
HCA Healthcare	1.6
VMware	1.6
Apple	1.6
PayPal Holdings	1.5
Global Payments	1.4
Vertex Pharmaceuticals	1.4
Aptiv	1.4
Dollar General	1.4
Charles Schwab	1.4
Netflix	1.4
Salesforce.com	1.3
Red Hat	1.1
Total	**70.7%**

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.

GROWTH OF $1 MILLION

This table shows the value of a hypothetical $1 million investment in the fund over the past 10 fiscal year periods or since inception (for funds lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from fund returns as well as mutual fund averages and indexes.

INSTITUTIONAL LARGE-CAP GROWTH FUND



	As of 6/30/19
Institutional Large-Cap Growth Fund	$5,144,456
Russell 1000 Growth Index	4,518,558

AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 6/30/19	1 Year	5 Years	10 Years
Institutional Large-Cap Growth Fund	9.96%	15.13%	17.80%

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-638-8790.

This table shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Returns do not reflect taxes that the shareholder may pay on distributions or the redemption of shares. When assessing performance, investors should consider both short- and long-term returns.

EXPENSE RATIO

Institutional Large-Cap Growth Fund	*0.56%*

The expense ratio shown is as of the fund's fiscal year ended 12/31/18. This number may vary from the expense ratio shown elsewhere in this report because it is based on a different time period and, if applicable, includes acquired fund fees and expenses but does not include fee or expense waivers.

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.

Actual Expenses
The first line of the following table (Actual) provides information about actual account values and actual expenses. 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.

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)

INSTITUTIONAL LARGE-CAP GROWTH FUND

	Beginning Account Value 1/1/19	Ending Account Value 6/30/19	Expenses Paid During Period* 1/1/19 to 6/30/19
Actual	$1,000.00	$1,181.20	$3.03
Hypothetical (assumes 5% return before expenses)	1,000.00	1,022.02	2.81

*Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.56%), 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.

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	6 Months Ended 6/30/19	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
NET ASSET VALUE						
Beginning of period	$ 35.70	$ 36.91	$ 29.24	$ 28.89	$ 27.48	$ 27.26
Investment activities						
Net investment income[1] [2]	0.05	0.17	0.08	0.07	0.02	0.02
Net realized and unrealized gain/loss	6.42	1.45	11.01	0.76	2.75	2.30
Total from investment activities	6.47	1.62	11.09	0.83	2.77	2.32
Distributions						
Net investment income	–	(0.10)	(0.09)	(0.07)	(0.01)	(0.02)
Net realized gain	–	(2.73)	(3.33)	(0.41)	(1.35)	(2.08)
Total distributions	–	(2.83)	(3.42)	(0.48)	(1.36)	(2.10)
NET ASSET VALUE						
End of period	**$ 42.17**	**$ 35.70**	**$ 36.91**	**$ 29.24**	**$ 28.89**	**$ 27.48**
Ratios/Supplemental Data						
Total return[2] [3]	**18.12%**	**4.32%**	**37.82%**	**2.85%**	**10.08%**	**8.72%**
Ratios to average net assets:[2]						
Gross expenses before waivers/payments by Price Associates	0.56%[4]	0.56%	0.56%	0.56%	0.56%	0.56%
Net expenses after waivers/payments by Price Associates	0.56%[4]	0.56%	0.56%	0.56%	0.56%	0.56%
Net investment income	0.26%[4]	0.42%	0.24%	0.24%	0.06%	0.06%
Portfolio turnover rate	11.4%	33.4%	36.1%	36.8%	39.5%	49.9%
Net assets, end of period (in millions)	$ 19,089	$ 16,109	$ 15,812	$ 12,398	$ 13,592	$ 11,653

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 5 for details of expense-related arrangements with Price Associates.
(3) 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.
(4) Annualized

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

PORTFOLIO OF INVESTMENTS‡

(Cost and value in $000s)

	Shares	$ Value
COMMON STOCKS 98.0%		
Communication Services 18.6%		
Entertainment 2.3%		
Electronic Arts (1)	792,399	80,238
Netflix (1)	701,662	257,735
Tencent Music Entertainment Group, ADR (1)	6,027,512	90,352
		428,325
Interactive Media & Services 16.3%		
Alphabet, Class A (1)	898,352	972,736
Alphabet, Class C (1)	358,492	387,498
Facebook, Class A (1)	6,085,228	1,174,449
InterActiveCorp (1)	658,693	143,285
Tencent Holdings, ADR	9,714,727	439,688
		3,117,656
Total Communication Services		3,545,981
Consumer Discretionary 19.5%		
Auto Components 1.4%		
Aptiv	3,242,134	262,062
		262,062
Hotels, Restaurants & Leisure 2.8%		
Hilton Worldwide Holdings	1,986,991	194,209
Las Vegas Sands	1,734,102	102,468
McDonald's	557,594	115,790
Restaurant Brands International	1,857,125	129,144
		541,611
Internet & Direct Marketing Retail 12.0%		
Alibaba Group Holding, ADR (1)	2,433,280	412,319
Amazon.com (1)	859,409	1,627,403
Booking Holdings (1)	106,342	199,360
Uber Technologies, Class A, Acquisition Date: 12/5/14 - 1/16/18, Cost: $44,887 (1)(2)	1,150,361	50,686
		2,289,768

(Cost and value in $000s)

	Shares	$ Value
Multiline Retail 1.4%		
Dollar General	1,930,801	260,967
		260,967
Specialty Retail 1.1%		
Ross Stores	2,070,934	205,271
		205,271
Textiles, Apparel & Luxury Goods 0.8%		
NIKE, Class B	1,960,173	164,557
		164,557
Total Consumer Discretionary		3,724,236
Consumer Staples 0.9%		
Tobacco 0.9%		
Philip Morris International	2,084,394	163,687
Total Consumer Staples		163,687
Energy 0.4%		
Oil, Gas & Consumable Fuels 0.4%		
Concho Resources	804,302	82,988
Total Energy		82,988
Financials 3.5%		
Capital Markets 3.5%		
Charles Schwab	6,463,306	259,760
Intercontinental Exchange	2,069,794	177,878
Morgan Stanley	2,775,110	121,578
TD Ameritrade Holding	2,333,391	116,483
Total Financials		675,699
Health Care 14.9%		
Biotechnology 1.9%		
Alexion Pharmaceuticals (1)	713,978	93,517
Vertex Pharmaceuticals (1)	1,435,499	263,242
		356,759
Health Care Equipment & Supplies 6.1%		
Becton Dickinson & Company	1,419,603	357,754
Intuitive Surgical (1)	702,001	368,234

(Cost and value in $000s)	Shares	$ Value
Stryker	2,148,846	441,760
		1,167,748
Health Care Providers & Services 5.8%		
Anthem	594,598	167,802
Centene (1)	1,532,376	80,358
Cigna	2,004,046	315,737
HCA Healthcare	2,314,058	312,791
UnitedHealth Group	568,286	138,667
WellCare Health Plans (1)	323,091	92,104
		1,107,459
Life Sciences Tools & Services 0.6%		
Avantor (1)	6,640,773	126,772
		126,772
Pharmaceuticals 0.5%		
Eli Lilly	804,302	89,109
		89,109
Total Health Care		2,847,847
Industrials & Business Services 9.4%		
Aerospace & Defense 6.7%		
Boeing	2,752,343	1,001,880
Northrop Grumman	630,595	203,752
Spirit AeroSystems Holdings, Class A	974,876	79,326
		1,284,958
Commercial Services & Supplies 0.8%		
Waste Connections	1,661,564	158,812
		158,812
Industrial Conglomerates 0.6%		
Honeywell International	584,543	102,055
		102,055
Machinery 0.9%		
Fortive	975,816	79,549
PACCAR	1,344,263	96,330
		175,879

(Cost and value in $000s)	Shares	$ Value
Road & Rail 0.4%		
JB Hunt Transport Services	805,516	73,632
		73,632
Total Industrials & Business Services		1,795,336
Information Technology 29.2%		
IT Services 9.4%		
Fidelity National Information Services	850,849	104,382
Global Payments	1,660,557	265,905
PayPal Holdings (1)	2,509,033	287,184
Total System Services	1,227,283	157,423
Visa, Class A	5,638,921	978,635
		1,793,529
Semiconductors & Semiconductor Equipment 2.1%		
ASML Holding	697,695	145,072
Marvell Technology Group	6,372,021	152,100
Maxim Integrated Products	1,723,789	103,117
		400,289
Software 16.1%		
Intuit	1,600,463	418,249
Microsoft	9,974,521	1,336,187
Red Hat (1)	1,151,243	216,157
salesforce.com (1)	1,668,555	253,170
ServiceNow (1)	614,709	168,781
Splunk (1)	1,450,178	182,360
VMware, Class A	1,863,207	311,547
Workday, Class A (1)	846,349	173,992
Zoom Video Communications, Class A (1)	48,379	4,296
		3,064,739
Technology Hardware, Storage & Peripherals 1.6%		
Apple	1,553,719	307,512
		307,512
Total Information Technology		5,566,069

(Cost and value in $000s)	Shares	$ Value
Utilities 1.2%		
Multi-Utilities 0.7%		
Sempra Energy	1,021,061	140,335
		140,335
Water Utilities 0.5%		
American Water Works	744,743	86,390
		86,390
Total Utilities		226,725
Total Miscellaneous Common Stocks (3) 0.4%		73,379
Total Common Stocks (Cost $10,235,711)		**18,701,947**
CONVERTIBLE PREFERRED STOCKS 0.7%		
Consumer Discretionary 0.4%		
Internet & Direct Marketing Retail 0.4%		
Airbnb, Series D, Acquisition Date: 4/16/14, Cost: $15,993 (1)(2)(4)	392,823	46,302
Airbnb, Series E, Acquisition Date: 7/14/15, Cost: $21,553 (1)(2)(4)	231,515	27,288
Total Consumer Discretionary		73,590
Information Technology 0.3%		
Communications Equipment 0.1%		
Magic Leap, Series C, Acquisition Date: 1/20/16, Cost: $16,738 (1)(2)(4)	726,712	19,621
Magic Leap, Series D, Acquisition Date: 10/12/17, Cost: $5,850 (1)(2)(4)	216,680	5,851
		25,472
Software 0.2%		
Aurora Innovation, Series B, Acquisition Date: 3/1/19, Cost: $14,738 (1)(2)(4)	1,594,980	14,738
Uipath, Series D-1, Acquisition Date: 4/26/19, Cost: $22,196 (1)(2)(4)	564,041	22,196
Uipath, Series D-2, Acquisition Date: 4/26/19, Cost: $3,727 (1)(2)(4)	94,713	3,727
		40,661
Total Information Technology		66,133
Total Convertible Preferred Stocks (Cost $100,795)		**139,723**
SHORT-TERM INVESTMENTS 1.5%		
Money Market Funds 1.5%		
T. Rowe Price Government Reserve Fund, 2.46% (5)(6)	281,560,488	281,561
		281,561
Total Short-Term Investments (Cost $281,561)		**281,561**
Total Investments in Securities		
100.2% of Net Assets (Cost $10,618,067)		**$ 19,123,231**

‡ Shares are denominated in U.S. dollars unless otherwise noted.
(1) Non-income producing
(2) Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The fund has registration rights for certain restricted securities. Any costs related to such registration are borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period-end amounts to $190,409 and represents 1.0% of net assets.
(3) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
(4) Level 3 in fair value hierarchy. See Note 2.
(5) Seven-day yield
(6) Affiliated Companies
ADR American Depositary Receipts

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, 2019. 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	$ —#	$ —	$ 5,203+

Supplementary Investment Schedule

Affiliate	Value 12/31/18	Purchase Cost	Sales Cost	Value 6/30/19
T. Rowe Price Government Reserve Fund	$ 352,278	¤	¤	$ 281,561^

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

\+ Investment income comprised $5,203 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 $281,561.

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

STATEMENT OF ASSETS AND LIABILITIES

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

Assets	
Investments in securities, at value (cost $10,618,067)	$ 19,123,231
Receivable for shares sold	29,738
Receivable for investment securities sold	19,057
Dividends receivable	5,006
Cash	46
Other assets	111
Total assets	19,177,189
Liabilities	
Payable for shares redeemed	55,888
Payable for investment securities purchased	23,278
Investment management fees payable	8,495
Payable to directors	14
Due to affiliates	8
Other liabilities	345
Total liabilities	88,028
NET ASSETS	**$ 19,089,161**
Net Assets Consist of:	
Total distributable earnings (loss)	$ 9,108,252
Paid-in capital applicable to 452,682,925 shares of $0.0001 par value capital stock outstanding; 2,000,000,000 shares of the Corporation authorized	9,980,909
NET ASSETS	**$ 19,089,161**
NET ASSET VALUE PER SHARE	**$ 42.17**

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

Unaudited

STATEMENT OF OPERATIONS

($000s)

	6 Months Ended 6/30/19
Investment Income (Loss)	
Income	
Dividend	$ 74,932
Other	6
Total income	74,938
Expenses	
Investment management	50,286
Shareholder servicing	23
Prospectus and shareholder reports	189
Custody and accounting	217
Registration	169
Directors	30
Legal and audit	17
Miscellaneous	185
Total expenses	51,116
Net investment income	23,822
Realized and Unrealized Gain / Loss	
Net realized gain on securities	574,226
Change in net unrealized gain/loss on securities	2,331,354
Net realized and unrealized gain / loss	2,905,580
INCREASE IN NET ASSETS FROM OPERATIONS	**$ 2,929,402**

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

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

($000s)

	6 Months Ended 6/30/19	Year Ended 12/31/18 [1]
Increase (Decrease) in Net Assets		
Operations		
Net investment income	$ 23,822	$ 73,956
Net realized gain	574,226	1,487,172
Change in net unrealized gain / loss	2,331,354	(810,723)
Increase in net assets from operations	2,929,402	750,405
Distributions to shareholders		
Decrease in net assets from distributions	–	(1,190,742)
Capital share transactions*		
Shares sold	2,017,207	3,796,097
Distributions reinvested	–	1,121,739
Shares redeemed	(1,966,022)	(4,181,122)
Increase in net assets from capital share transactions	51,185	736,714
Net Assets		
Increase during period	2,980,587	296,377
Beginning of period	16,108,574	15,812,197
End of period	**$ 19,089,161**	**$ 16,108,574**
*Share information		
Shares sold	50,014	93,361
Distributions reinvested	–	31,125
Shares redeemed	(48,614)	(101,606)
Increase in shares outstanding	1,400	22,880

[1] Pursuant to the SEC's Disclosure Update and Simplification rule, certain prior year amounts have been reclassified to conform to current year presentation.

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

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Institutional Equity Funds, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The Institutional Large-Cap Growth Fund (the fund) is a nondiversified, open-end management investment company established by the corporation. The fund seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

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. Certain prior year amounts in the accompanying financial statements and financial highlights have been restated to conform to current year presentation.

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 mutual fund investments 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 to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid annually. A capital gain distribution may also be declared and paid by the fund annually.

In-Kind Redemptions In accordance with guidelines described in the fund's prospectus, and when considered to be in the best interest of all shareholders, the fund may distribute portfolio securities rather than cash as payment for a redemption of fund shares (in-kind redemption). Gains and losses realized on in-kind redemptions are not recognized for tax purposes and are reclassified from undistributed realized gain (loss) to paid-in capital. During the six months ended June 30, 2019, the fund realized $152,669,000 of net gain on $266,928,000 of in-kind redemptions.

New Accounting Guidance In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

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

The fund's financial instruments are valued and its 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.

Fair Value The fund's financial instruments 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 T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

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

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 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. Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. OTC Bulletin Board securities, certain preferred securities, and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. 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.

Thinly traded financial instruments and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of an equity investment with limited market activity, such as a private placement or a thinly traded public company stock, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, new rounds of financing, negotiated transactions of significant size between other investors in the company, relevant market valuations of peer companies, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee 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 Committee 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; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

Valuation Inputs The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on June 30, 2019 (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	$ 18,651,261	$ 50,686	$ —	$ 18,701,947
Convertible Preferred Stocks	—	—	139,723	139,723
Short-Term Investments	281,561	—	—	281,561
Total	$ 18,932,822	$ 50,686	$ 139,723	$ 19,123,231

Following is a reconciliation of the fund's Level 3 holdings for the six months ended June 30, 2019. Gain (loss) reflects both realized and change in unrealized gain/loss on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at June 30, 2019, totaled $7,330,000 for the six months ended June 30, 2019. During the six months, transfers out of Level 3 include the impact of securities acquired through a corporate action.

($000s)	Beginning Balance 1/1/19	Gain (Loss) During Period	Total Purchases	Transfers out of Level 3	Ending Balance 6/30/19
Investment in Securities					
Common stocks	$ 694	$ —	$ —	$ (694)	$ —
Convertible Preferred Stocks	147,144	7,330	40,661	(55,412)	139,723
Total	$ 147,838	$ 7,330	$ 40,661	$ (56,106)	$ 139,723

NOTE 3 - 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.

Restricted Securities The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

Other Purchases and sales of portfolio securities other than short-term securities aggregated $2,257,228,000 and $2,034,635,000, respectively, for the six months ended June 30, 2019.

NOTE 4 - FEDERAL INCOME TAXES

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.

The fund intends to retain realized gains to the extent of available capital loss carryforwards. Net realized capital losses may be carried forward indefinitely to offset future realized capital gains. As of December 31, 2018, the fund had $75,076,000 of available capital loss carryforwards.

At June 30, 2019, the cost of investments for federal income tax purposes was $10,672,984,000. Net unrealized gain aggregated $8,450,247,000 at period-end, of which $8,714,124,000 related to appreciated investments and $263,877,000 related to depreciated investments.

NOTE 5 - 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 equal to 0.55% of the fund's average daily net assets. The fee is computed daily and paid monthly.

In addition, the fund has entered into service agreements with Price Associates and a wholly owned subsidiary 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. For the six months ended June 30, 2019, expenses incurred pursuant to these service agreements were $34,000 for Price Associates and $20,000 for T. Rowe Price 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.

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, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, 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 is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

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, 2019, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds and portfolios 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.

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://www3.troweprice.com/usis/corporate/en/utility/policies.html

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link 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.

HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

Effective for reporting periods on or after March 1, 2019, a fund, except a money market 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. Prior to March 1, 2019, a fund, including a money market fund, filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A money market fund files detailed month-end portfolio holdings information on Form N-MFP with the SEC each month and posts a complete schedule of portfolio holdings on its website (troweprice.com) as of each month-end for the previous six months. A fund's Forms N-PORT, N-MFP and N-Q are available electronically on the SEC's website (sec.gov).

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 advisor, T. Rowe Price Associates, Inc. (Advisor), on behalf of the fund. In that regard, at an in-person meeting held on March 11–12, 2019 (Meeting), the Board, including a majority 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 Advisor 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 Advisor 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 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 Advisor 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 Advisor

The Board considered the nature, quality, and extent of the services provided to the fund by the Advisor. 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 Advisor's senior management team and investment personnel involved in the management of the fund, as well as the Advisor's compliance record. The Board concluded that it was satisfied with the nature, quality, and extent of the services provided by the Advisor.

Investment Performance of the Fund

The Board took into account discussions with the Advisor and reports that it receives throughout the year relating to fund performance. In connection with the Meeting, the Board reviewed the fund's net annualized total returns for the 1-, 2-, 3-, 4-, 5-, and 10-year periods as of September 30, 2018, and compared these returns with the performance of a peer group of funds with similar investment programs and a wide variety of other previously agreed-upon comparable performance measures and market data, including those supplied by Broadridge, which is an independent provider of mutual fund data.

On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the relative market conditions during certain of the performance periods, the Board concluded that the fund's performance was satisfactory.

Costs, Benefits, Profits, and Economies of Scale

The Board reviewed detailed information regarding the revenues received by the Advisor under the Advisory Contract and other benefits that the Advisor (and its affiliates) may have realized from its relationship with the fund, including any research received under "soft dollar" agreements and commission-sharing arrangements with broker-dealers. The Board considered that the Advisor may receive some benefit from soft-dollar arrangements pursuant to which research is received from broker-dealers that execute the fund's portfolio transactions. The Board received information on the estimated costs incurred and profits realized by the Advisor 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 Advisor'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 from any economies of scale realized by the Advisor. Under the Advisory Contract, the fund pays a fee to the Advisor for investment management services based on the fund's average daily net assets and the fund pays its own expenses of operations. Assets of the fund are included in the calculation of the group fee rate, which serves as a component of the management fee for many other T. Rowe Price funds and declines at certain asset levels based on the combined average net assets of most of the T. Rowe Price funds (including the fund). Although the fund does not have a group fee component to its management fee, its assets are included in the calculation because the primary investment resources utilized to manage the fund are shared with other actively managed funds. 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 Board concluded that the advisory fee structure for the fund provided for a reasonable sharing of benefits from any economies of scale and that the advisory fee structure continued to be appropriate.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

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, total expenses, actual management fees, and nonmanagement expenses of the fund with a group of competitor funds selected by Broadridge (Expense Group) and (ii) total expenses, actual management fees, and nonmanagement expenses of the fund to 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 Advisor 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 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 (Expense Group), the fund's actual management fee rate ranked in the second quintile (Expense Group and Expense Universe), and the fund's total expenses ranked in the first quintile (Expense Group and Expense Universe).

The Board also reviewed the fee schedules for institutional accounts and private accounts with similar mandates that are advised or subadvised by the Advisor and its affiliates. Management provided the Board with information about the Advisor'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 mutual fund business. The Board considered information showing that the Advisor'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 Advisor'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 Advisor to manage its mutual fund business versus managing a discrete pool of assets as a subadvisor to another institution's mutual fund or for an institutional account and that the Advisor 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.

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).

T. Rowe Price®

100 East Pratt Street
Baltimore, MD 21202

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.

201908-884892 T. Rowe Price Investment Services, Inc. E139-051 8/19