



PORTFOLIO UPDATE

Health Sciences Fund

As of October 31, 2019



Portfolio Manager:

Ziad Bakri

Managed Fund Since:

2016

Joined Firm:

2011

INVESTMENT OBJECTIVE

The fund seeks long-term capital appreciation.

FUND INFORMATION

Symbol	PRHSX
CUSIP	741480107
Inception Date of Fund	December 29, 1995
Benchmark	S&P 500 Index
Expense Information (as of the most recent Prospectus)	0.77%
Fiscal Year End	December 31
12B-1 Fee	-

MARKET COMMENTARY

Major U.S. stock indexes recorded solid gains in October, with some major indexes reaching new all-time highs in the final days of the month. As measured by various Russell indexes, growth stocks outperformed value shares across all market capitalizations. Within the S&P 500 Index, health care and information technology shares were the best performers, driven by solid corporate earnings reports. Energy stocks fared worst, and utilities shares also recorded small losses.

Fears of a slowdown in the U.S. economy weighed on stocks as the month began after the Institute for Supply Management reported that its gauge of U.S. manufacturing activity had fallen further into contraction territory. Stocks bounced back, however, after recession fears were calmed by a positive monthly payrolls report. Signs of a cooling in U.S.-China trade tensions also appeared to help the market regain momentum. On October 11, the U.S. and China agreed to a "phase one" partial trade deal in which the U.S. would suspend planned tariff increases in return for increased agricultural purchases from China, along with agreements on protection of intellectual property and access for financial services firms. Third-quarter corporate earnings season began, and many companies that released results in October provided some upside earnings and revenue surprises, which benefited stocks.

The Lipper Health/Biotechnology Funds Index advanced and outperformed the overall equity market, as represented by the S&P 500 Index. Most health sciences subsectors finished October higher, with services and biotechnology posting the biggest gains. Life sciences, however, recorded a modest loss.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			
					Three Years	Five Years	Ten Years	Fifteen Years
Health Sciences Fund	6.57%	-0.31%	15.64%	7.56%	15.61%	9.64%	19.20%	14.86%
Lipper Health/Biotechnology Funds Index	6.60	0.67	13.24	6.08	14.37	7.93	16.74	12.30
S&P 500 Index	2.17	2.43	23.16	14.33	14.91	10.78	13.70	9.05

The 1-, 5-, and 10-year annualized returns as of 9/30/19 were -8.64%, 9.62% and 17.79% for the fund. **Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit troweprice.com. Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit troweprice.com. Read it carefully.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

Due to the fund's concentration in health sciences companies, its share price will be more volatile than that of more diversified funds. Further, these firms are often dependent on government funding and regulation and are vulnerable to product liability lawsuits and competition from low-cost generic products. The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

RISK RETURN CHARACTERISTICS

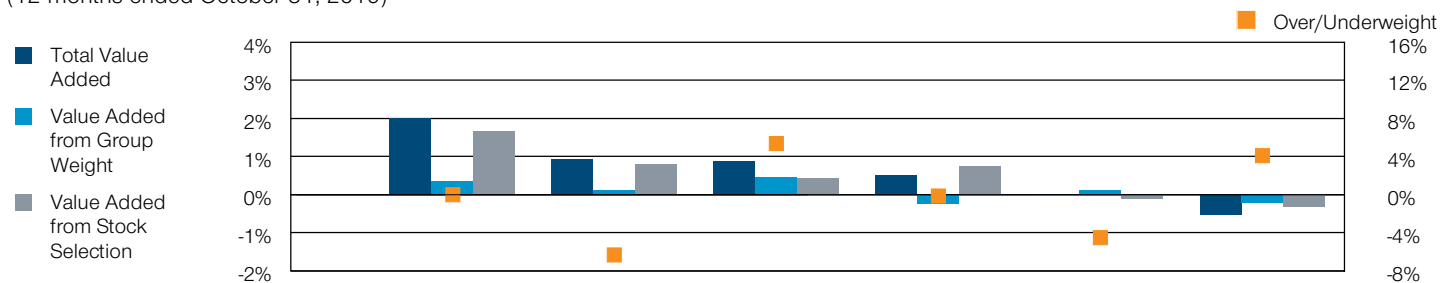
(Five Years ended October 31, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Health Sciences Fund	16.91%	2.00%	0.93	0.96	0.48	0.51	3.57%
LPR Health/Biotech Ix	17.82	0.00	1.00	1.00	0.00	0.39	0.00
Health Sciences Fund	16.91	-0.89	1.06	0.55	-0.10	0.51	11.49
S&P 500 Index	11.82	0.00	1.00	1.00	0.00	0.82	0.00

Past performance is not a reliable indicator of future performance. Figures are calculated using monthly data and are net of fees.

SECTOR ATTRIBUTION DATA VS. LIPPER HEALTH/BIOTECHNOLOGY FUNDS INDEX

(12 months ended October 31, 2019)



	Total	Biotechnology	Life Sciences	Pharmaceuticals	Services	Products & Devices
Over/Underweight	0.00%	-6.29%	5.44%	-0.10%	-4.46%	4.15%
Fund Performance	8.26	8.66	23.79	10.38	-3.74	14.74
Index Performance	6.23	6.40	17.86	5.38	-3.18	16.14
Value Add - Group Weight	0.37	0.13	0.48	-0.23	0.12	-0.22
Value Add - Stock Selection	1.67	0.82	0.43	0.76	-0.09	-0.31
Total Contribution	2.03	0.95	0.91	0.53	0.03	-0.52

Past performance is not a reliable indicator of future performance. Numbers may not total due to rounding; all other numbers are percentages. Analysis represents the total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets that will not receive a classification assignment in the detailed structure shown. Returns will not match official T. Rowe Price performance because FactSet uses different exchange rate sources and does not capture intra-day trading. Performance for each security is obtained in the local currency and, if necessary, is converted using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested. Sources: Financial data and analytics provider FactSet. Copyright 2019 FactSet. All Rights Reserved. Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses a custom structure for sector and industry reporting for this product. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD.

TOP 10 ISSUERS

Comprising 34.6% of total net assets.

	Industry	% of Fund
Intuitive Surgical	Implants	5.1%
UnitedHealth Group	Payors	5.0
Becton, Dickinson & Company	Implants	4.9
Vertex Pharmaceuticals	Major Biotechnology	4.2
Thermo Fisher Scientific	Life Sciences	3.9
Stryker	Implants	3.1
Amgen	Major Biotechnology	2.4
Danaher	Life Sciences	2.2
HCA Healthcare	Providers	2.0
Cigna	Payors	1.8

Issuers are as of the date indicated and are subject to change.

PORTFOLIO CHARACTERISTICS

	Health Sciences Fund	LPR Health/Biotech Ix	S&P 500 Index
Number of Issuers	198	378	500
Investment Weighted Median Market Cap (mm)	\$50,245	\$50,245	\$118,436
Price to Earnings (12 Months Forward)*° †	24.5X	21.9X	19.8X
Price to Book°	5.7X	5.6X	5.1X
Projected Earnings Growth Rate (3 - 5 Years)*° †	11.4%	11.2%	8.9%
Return on Equity (Last 12 Months excl. charges)°	19.0%	19.2%	23.5%
Top 20 Issuers as Percent of Total	50.6%	50.4%	33.4%
Total Assets (all share classes)	12,584,435,144	-	-
Percent of Portfolio in Cash	-0.1%	-	-

°Investment Weighted Median.

*I/B/E/S © 2019 Refinitiv. All rights reserved

†Based on the fund's underlying holdings and is not a projection of future portfolio performance.

GEOGRAPHICAL DIVERSIFICATION

	United States	Switzerland	United Kingdom	Japan	Denmark	Germany	Netherlands	China	Ireland	Belgium	Other
Health Sciences Fund	87.2%	3.1%	2.8%	2.1%	1.3%	1.0%	0.9%	0.5%	0.4%	0.3%	0.6%
LPR Health/Biotech Ix	89.0	3.2	2.5	0.9	1.5	0.3	1.0	0.3	0.1	0.2	1.1
Over/Underweight	-1.9	-0.1	0.3	1.2	-0.2	0.7	-0.1	0.1	0.4	0.2	-0.6

SECTOR DIVERSIFICATION

	Biotechnology	Products & Devices	Services	Pharmaceuticals	Life Sciences	Misc.
Health Sciences Fund	31.8%	24.5%	17.4%	15.6%	10.7%	0.0%
LPR Health/Biotech Ix	38.0	19.8	21.4	15.5	5.3	0.1
Over/Underweight	-6.2	4.7	-4.0	0.1	5.4	-0.1

Additional Disclosures

Source for Lipper data: Lipper Inc.

Lipper Data (excluding Performance and Risk Return exhibits) is estimated by T. Rowe Price based on information provided by Lipper, Inc., and LionShares. T. Rowe Price identifies the funds that compose the Lipper index and builds an aggregate portfolio for the index based on each fund's holdings as provided by LionShares. Please note that the portfolio holdings for each fund within the index are based on the most recent public information that is available, and since the funds have different reporting periods, some of this information may not be current.

Source for S&P data: S&P. "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", and "500" are trademarks of Standard & Poor's, and have been licensed for use by T. Rowe Price. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the fund.

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

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

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

"Other" includes any categories not explicitly mentioned.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price.

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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