



**SEMIANNUAL  
REPORT**

June 30, 2015

PRSCX

PASTX

T. ROWE PRICE

**Science & Technology Fund**

**Science & Technology Fund–  
Advisor Class**

The fund invests in companies that can benefit from the development, rapid advances, and use of science and technology.



Selected pages relevant to Dell Inc. appraisal rights

T. ROWE PRICE SCIENCE & TECHNOLOGY FUND

Unaudited

June 30, 2015

PORTFOLIO OF INVESTMENTS †	Shares	\$ Value
(Cost and value in \$000s)		
<b>COMMON STOCKS 98.3%</b>		
<b>ENERGY 0.0%</b>		
<b>Energy Related 0.0%</b>		
STR Holdings (2)	986,100	1,174
Total Energy		1,174
<b>HARDWARE 14.5%</b>		
<b>Consumer Electronics 1.1%</b>		
Control4 (1)	433,600	3,855
RealD (1)(2)	2,872,614	35,419
		39,274
<b>Enterprise Hardware 11.6%</b>		
Agilent Technologies	1,245,900	48,067
Boeing	263,600	36,567
Dell, Acquisition Date: 12/10/09 – 11/19/12		
Cost \$80,663 (1)(3)(4)	7,045,780	96,879
IPG Photonics (1)	196,700	16,754
National Instruments	547,000	16,115
Seagate Technology	2,009,000	95,427
Stratasys (1)	2,168,000	75,728
Western Digital	663,900	52,063
		437,600
<b>Supply Chain/Electronic Manufacturing 1.8%</b>		
Quanta Computer (TWD)	9,652,000	22,836
TE Connectivity	678,800	43,647
		66,483
Total Hardware		543,357

	Shares	\$ Value
(Cost and value in \$000s)		
<b>SHORT-TERM INVESTMENTS 1.1%</b>		
<b>Money Market Funds 1.1%</b>		
T. Rowe Price Government Reserve Investment Fund, 0.06% (2)(5)	42,937,906	42,938
Total Short-Term Investments (Cost \$42,938)		42,938
<b>Total Investments in Securities</b>		
<b>100.9% of Net Assets (Cost \$3,454,128)</b>		<b>\$ 3,796,348</b>

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

(1) Non-income producing

(2) Affiliated Companies

(3) Level 3 in fair value hierarchy. See Note 2.

(4) 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 \$169,931 and represents 4.5% of net assets.

(5) Seven-day yield

ADR American Depository Receipts

HKD Hong Kong Dollar

JPY Japanese Yen

KRW South Korean Won

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

TWD Taiwan Dollar

In May 2015, FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and amends certain disclosure requirements for such investments. The ASU is effective for interim and annual reporting periods beginning after December 15, 2015. Adoption will have no effect on the fund's net assets or results of operations.

## NOTE 2 - VALUATION

The fund's financial instruments are valued and each class'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.

**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) has been established 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; is chaired by the fund's treasurer; and has representation from legal, portfolio management and trading, operations, and risk management.

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 for domestic securities and the last quoted sale or closing price for international securities.

For valuation purposes, 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 fund determines that developments between the close of a foreign market and the close of the NYSE will, in its judgment, materially affect the value of some or all of its portfolio securities, the fund will adjust the previous quoted prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust quoted prices to reflect fair value, the fund reviews 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 fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with quoted prices and information to evaluate or adjust those prices. The fund 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. As a means of evaluating its security valuation process, the fund routinely compares quoted prices, the next day's opening prices in the same markets, and adjusted prices.

Actively traded domestic equity securities generally are categorized in Level 1 of the fair value hierarchy. Non-U.S. equity securities generally are categorized in Level 2 of the fair value hierarchy despite the availability of quoted prices because, as described above, the fund evaluates and determines whether those quoted prices reflect fair value at the close of the NYSE or require adjustment. 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, 2015:

(\$000s)	Level 1 Quoted Prices	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Value
Investments in Securities, except:	\$ 42,938	\$ —	\$ —	\$ 42,938
Common Stocks	3,202,092	381,387	112,476	3,695,955
Preferred Stocks	—	—	9,037	9,037
Convertible Preferred Stocks	—	—	48,418	48,418
<b>Total</b>	<b>\$ 3,245,030</b>	<b>\$ 381,387</b>	<b>\$ 169,931</b>	<b>\$ 3,796,348</b>

There were no material transfers between Levels 1 and 2 during the six months ended June 30, 2015.

Following is a reconciliation of the fund's Level 3 holdings for the six months ended June 30, 2015. 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, 2015, totaled \$6,217,000 for the six months ended June 30, 2015.

(\$000s)	<b>Beginning Balance 1/1/15</b>	<b>Gain (Loss) During Period</b>	<b>Total Purchases</b>	<b>Ending Balance 6/30/15</b>
Investments in Securities				
Common Stocks	\$ 111,415	\$ 211	\$ 850	\$ 112,476
Preferred Stocks	5,765	1,517	1,755	9,037
Convertible Preferred Stocks	37,751	4,489	6,178	48,418
<b>Total Level 3</b>	<b>\$ 154,931</b>	<b>\$ 6,217</b>	<b>\$ 8,783</b>	<b>\$ 169,931</b>

In accordance with GAAP, the following table provides quantitative information about significant unobservable inputs used to determine the fair valuations of the fund's Level 3 assets, by class of financial instrument; it also indicates the sensitivity of the Level 3 valuations to changes in those significant unobservable inputs. Because the Valuation Committee considers a wide variety of factors and inputs, both observable and unobservable, in determining fair values, the unobservable inputs presented do not reflect all inputs significant to the fair value determination.



Investments in Securities	Market Value (\$000s)	Valuation Technique(s)	Significant Unobservable Input(s)	Value or Range of Input(s)	Impact to Valuation from an Increase in Input*
Common Stocks	\$ 100,116	Recent comparable transaction price(s)#	—	—	—
		12,360	Market comparable	Enterprise value to sales multiple	8x
			Price to free cash flow	30x	Increase
Preferred Stocks	9,037	Recent comparable transaction price(s)#	—	—	—
Convertible Preferred Stocks	39,377	Recent comparable transaction price(s)#	—	—	—
		9,041	Recent comparable transaction price(s)	Discount for non-controlling interest	10%

# No quantitative unobservable inputs were significant to the fair value determination.

\*Represents the directional change in the fair value of the Level 3 investment(s) that would result from an increase in the corresponding input. A decrease in the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

### 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 \$1,726,457,000 and \$1,642,449,000, respectively, for the six months ended June 30, 2015.