



**ANNUAL REPORT** | Financial Statements

May 31, 2020

<p>TRRBX</p> <p>PARBX</p> <p>RRTBX</p>	<p>T. ROWE PRICE</p> <p><b>Retirement 2020 Fund</b></p> <p><b>Retirement 2020 Fund– Advisor Class</b></p> <p><b>Retirement 2020 Fund– R Class</b></p> <p>For more insights from T. Rowe Price investment professionals, go to <b><a href="https://www.troweprice.com">troweprice.com</a></b>.</p>
--	---

Beginning on January 1, 2021, as permitted by SEC regulations, paper copies of the T. Rowe Price funds’ annual and semiannual shareholder reports will no longer be mailed, unless you specifically request them. Instead, shareholder reports will be made available on the funds’ website (**[troweprice.com/prospectus](https://www.troweprice.com/prospectus)**), and you will be notified by mail with a website link to access the reports each time a report is posted to the site.

If you already elected to receive reports electronically, you will not be affected by this change and need not take any action. At any time, shareholders who invest directly in T. Rowe Price funds may generally elect to receive reports or other communications electronically by enrolling at **[troweprice.com/paperless](https://www.troweprice.com/paperless)** or, if you are a retirement plan sponsor or invest in the funds through a financial intermediary (such as an investment advisor, broker-dealer, insurance company, or bank), by contacting your representative or your financial intermediary.

You may elect to continue receiving paper copies of future shareholder reports free of charge. To do so, if you invest directly with T. Rowe Price, please call T. Rowe Price as follows: IRA, nonretirement account holders, and institutional investors, **1-800-225-5132**; small business retirement accounts, **1-800-492-7670**. If you are a retirement plan sponsor or invest in the T. Rowe Price funds through a financial intermediary, please contact your representative or financial intermediary or follow additional instructions if included with this document. Your election to receive paper copies of reports will apply to all funds held in your account with your financial intermediary or, if you invest directly in the T. Rowe Price funds, with T. Rowe Price. Your election can be changed at any time in the future.

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Investor Class**

	Year Ended				
	5/31/20	5/31/19	5/31/18	5/31/17	5/31/16
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 21.07	\$ 22.63	\$ 22.06	\$ 20.30	\$ 21.59
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.41	0.43	0.40	0.37	0.37
Net realized and unrealized gain/loss	0.94	(0.11)	1.25	2.13	(0.71)
Total from investment activities	1.35	0.32	1.65	2.50	(0.34)
Distributions					
Net investment income	(0.48)	(0.45)	(0.41)	(0.38)	(0.37)
Net realized gain	(0.74)	(1.43)	(0.67)	(0.36)	(0.58)
Total distributions	(1.22)	(1.88)	(1.08)	(0.74)	(0.95)
<b>NET ASSET VALUE</b>					
End of period	\$ 21.20	\$ 21.07	\$ 22.63	\$ 22.06	\$ 20.30

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3) (4)</sup></b>	<b>6.19%</b>	<b>2.15%</b>	<b>7.51%</b>	<b>12.60%</b>	<b>(1.41)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before payments by Price Associates <sup>(4)</sup>	0.07%	0.00%	0.00%	0.00%	0.00%
Net expenses after payments by Price Associates <sup>(4)</sup>	0.07%	0.00%	0.00%	0.00%	0.00%
Weighted average net expenses of underlying Price Funds <sup>(5)</sup>	0.51%	0.59%	0.61%	0.63%	0.66%

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Investor Class**

	Year Ended				
	5/31/20	5/31/19	5/31/18	5/31/17	5/31/16
<b>Ratios/Supplemental Data (continued)</b>					
Effective net expenses	0.58%	0.59%	0.61%	0.63%	0.66%
Net investment income <sup>(4)</sup>	1.91%	1.99%	1.77%	1.77%	1.82%
Portfolio turnover rate <sup>(4)</sup>	18.8%	15.8%	29.5%	14.1%	16.3%
Net assets, end of period (in millions)	\$ 12,816	\$ 14,896	\$ 17,875	\$ 21,531	\$ 20,217

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates. Effective April 8, 2020, the fund began charging an all-inclusive management fee based on the class' average daily net assets. On that same date, the fund converted its investments from each underlying Price Fund's Investor Class to its Z Class, which has a net expense ratio of less than 0.01%.

<sup>(3)</sup> 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. The fund's total return may be higher or lower than the investment results of the individual underlying Price Funds.

<sup>(4)</sup> Reflects the activity of the fund, and does not include the activity of the underlying Price Funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price Funds in which it invests.

<sup>(5)</sup> Reflects the indirect expense impact to the fund from its investment in the underlying Price Funds, based on the actual expense ratio of each underlying Price Fund weighted for the fund's relative average investment therein.

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

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Advisor Class**

	Year Ended				
	5/31/20	5/31/19	5/31/18	5/31/17	5/31/16
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 20.90	\$ 22.45	\$ 21.90	\$ 20.15	\$ 21.43
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.36	0.38	0.34	0.32	0.32
Net realized and unrealized gain/loss	0.92	(0.11)	1.24	2.11	(0.70)
Total from investment activities	1.28	0.27	1.58	2.43	(0.38)
Distributions					
Net investment income	(0.42)	(0.39)	(0.36)	(0.32)	(0.32)
Net realized gain	(0.74)	(1.43)	(0.67)	(0.36)	(0.58)
Total distributions	(1.16)	(1.82)	(1.03)	(0.68)	(0.90)
<b>NET ASSET VALUE</b>					
End of period	\$ 21.02	\$ 20.90	\$ 22.45	\$ 21.90	\$ 20.15

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3) (4)</sup></b>	<b>5.91%</b>	<b>1.91%</b>	<b>7.24%</b>	<b>12.32%</b>	<b>(1.63)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before payments by Price Associates <sup>(4)</sup>	0.32%	0.24%	0.25%	0.25%	0.25%
Net expenses after payments by Price Associates <sup>(4)</sup>	0.32%	0.24%	0.25%	0.25%	0.25%
Weighted average net expenses of underlying Price Funds <sup>(5)</sup>	0.51%	0.59%	0.61%	0.63%	0.66%

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Advisor Class**

	Year Ended	5/31/19	5/31/18	5/31/17	5/31/16
<b>Ratios/Supplemental Data (continued)</b>					
Effective net expenses	0.83%	0.83%	0.86%	0.88%	0.91%
Net investment income <sup>(4)</sup>	1.67%	1.74%	1.52%	1.52%	1.57%
Portfolio turnover rate <sup>(4)</sup>	18.8%	15.8%	29.5%	14.1%	16.3%
Net assets, end of period (in millions)	\$ 1,441	\$ 1,880	\$ 2,400	\$ 2,948	\$ 3,063

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates. Effective April 8, 2020, the fund began charging an all-inclusive management fee based on the class' average daily net assets. On that same date, the fund converted its investments from each underlying Price Fund's Investor Class to its Z Class, which has a net expense ratio of less than 0.01%.

<sup>(3)</sup> 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. The fund's total return may be higher or lower than the investment results of the individual underlying Price Funds.

<sup>(4)</sup> Reflects the activity of the fund, and does not include the activity of the underlying Price Funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price Funds in which it invests.

<sup>(5)</sup> Reflects the indirect expense impact to the fund from its investment in the underlying Price Funds, based on the actual expense ratio of each underlying Price Fund weighted for the fund's relative average investment therein.

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

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**R Class**

	Year Ended				
	5/31/20	5/31/19	5/31/18	5/31/17	5/31/16
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 20.70	\$ 22.23	\$ 21.69	\$ 19.95	\$ 21.23
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.30	0.32	0.28	0.26	0.27
Net realized and unrealized gain/loss	0.91	(0.10)	1.23	2.10	(0.70)
Total from investment activities	1.21	0.22	1.51	2.36	(0.43)
Distributions					
Net investment income	(0.36)	(0.32)	(0.30)	(0.26)	(0.27)
Net realized gain	(0.74)	(1.43)	(0.67)	(0.36)	(0.58)
Total distributions	(1.10)	(1.75)	(0.97)	(0.62)	(0.85)
<b>NET ASSET VALUE</b>					
End of period	\$ 20.81	\$ 20.70	\$ 22.23	\$ 21.69	\$ 19.95

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3) (4)</sup></b>	<b>5.63%</b>	<b>1.67%</b>	<b>6.98%</b>	<b>12.07%</b>	<b>(1.89)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before payments by Price Associates <sup>(4)</sup>	0.57%	0.50%	0.50%	0.50%	0.50%
Net expenses after payments by Price Associates <sup>(4)</sup>	0.57%	0.50%	0.50%	0.50%	0.50%
Weighted average net expenses of underlying Price Funds <sup>(5)</sup>	0.51%	0.59%	0.61%	0.63%	0.66%

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**R Class**

	Year Ended				
	5/31/20	5/31/19	5/31/18	5/31/17	5/31/16
<b>Ratios/Supplemental Data (continued)</b>					
Effective net expenses	1.08%	1.09%	1.11%	1.13%	1.16%
Net investment income <sup>(4)</sup>	1.42%	1.48%	1.27%	1.27%	1.33%
Portfolio turnover rate <sup>(4)</sup>	18.8%	15.8%	29.5%	14.1%	16.3%
Net assets, end of period (in millions)	\$ 1,023	\$ 1,222	\$ 1,539	\$ 1,807	\$ 1,942

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates. Effective April 8, 2020, the fund began charging an all-inclusive management fee based on the class' average daily net assets. On that same date, the fund converted its investments from each underlying Price Fund's Investor Class to its Z Class, which has a net expense ratio of less than 0.01%.

<sup>(3)</sup> 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. The fund's total return may be higher or lower than the investment results of the individual underlying Price Funds.

<sup>(4)</sup> Reflects the activity of the fund, and does not include the activity of the underlying Price Funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price Funds in which it invests.

<sup>(5)</sup> Reflects the indirect expense impact to the fund from its investment in the underlying Price Funds, based on the actual expense ratio of each underlying Price Fund weighted for the fund's relative average investment therein.

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

T. ROWE PRICE RETIREMENT 2020 FUND

May 31, 2020

PORTFOLIO OF INVESTMENTS <sup>(1)</sup>	\$ Value 5/31/19	\$ Purchase Cost	\$ Sales Cost	Shares	\$ Value 5/31/20
---	---------------------	---------------------	------------------	--------	---------------------

(Cost and value in \$000s)

**EQUITY MUTUAL FUNDS 57.3%**

**T. Rowe Price Funds:**

Equity Index 500 Fund	3,144,444	294,191	630,191	34,080,433	2,764,264
Growth Stock Fund	1,003,135	34,155	157,546	11,955,646	921,063
Value Fund	939,593	91,416	203,636	23,413,204	759,524
Overseas Stock Fund	889,230	68,854	183,691	77,273,617	741,827
International Value Equity Fund	761,153	191,847	160,062	63,864,220	729,968
International Stock Fund	873,727	63,328	242,488	40,986,231	682,421
Emerging Markets Stock Fund	570,384	26,129	134,182	11,079,294	436,746
Mid-Cap Growth Fund	470,329	25,257	95,747	4,352,865	401,378
Mid-Cap Value Fund	415,586	28,812	83,684	14,076,372	337,270
New Horizons Fund <sup>(2)</sup>	307,438	32,607	62,893	4,489,896	307,154
Small-Cap Stock Fund <sup>(2)</sup>	283,186	16,057	51,469	4,986,112	235,992
Real Assets Fund	223,103	33,699	43,712	20,099,784	204,415
Small-Cap Value Fund	263,440	24,199	53,672	5,207,960	201,444
U.S. Large-Cap Core Fund	—	22,001	—	919,303	23,028
Emerging Markets Discovery Stock Fund	—	4,001	—	381,414	4,035
<b>Total Equity Mutual Funds (Cost \$5,600,268)</b>					<b>8,750,529</b>

**BOND MUTUAL FUNDS 39.8%**

**T. Rowe Price Funds:**

New Income Fund	2,831,558	209,111	870,408	227,706,364	2,206,475
Limited Duration Inflation Focused Bond Fund	1,499,113	272,558	509,080	254,455,998	1,274,825
International Bond Fund (USD Hedged)	910,187	52,613	243,026	73,546,125	735,461
Dynamic Global Bond Fund	611,008	60,128	184,547	53,064,360	512,602
Emerging Markets Bond Fund	700,035	57,636	201,167	49,557,017	511,428
High Yield Fund	487,635	68,076	95,743	71,270,859	441,167
U.S. Treasury Long-Term Fund	663,062	45,985	484,063	14,787,542	227,432
Floating Rate Fund	143,228	86,124	45,276	19,204,756	174,955
<b>Total Bond Mutual Funds (Cost \$6,076,249)</b>					<b>6,084,345</b>



T. ROWE PRICE RETIREMENT 2020 FUND

	\$ Value 5/31/19	\$ Purchase Cost	\$ Sales Cost	Shares	\$ Value 5/31/20
(Cost and value in \$000s)					
<b>SHORT-TERM INVESTMENTS 3.0%</b>					
<b>T. Rowe Price Funds:</b>					
U.S. Treasury Money Fund, 0.29% <sup>(3)</sup>	9,510	1,388,163	943,892	453,780,697	453,781
<b>Total Short-Term Investments (Cost \$453,781)</b>					<b>453,781</b>
<b>Total Investments in Securities</b>					
<b>100.1% of Net Assets (Cost \$12,130,298)</b>					<b>\$ 15,288,655</b>

- (1) Each underlying Price Fund is an affiliated company; the fund is invested in the Z Class of each underlying Price Fund. Additional information about each underlying Price Fund is available by calling 1-877-495-1138 and at [www.troweprice.com](http://www.troweprice.com).
- (2) Non-income producing
- (3) Seven-day yield

**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 year ended May 31, 2020. Net realized gain (loss), investment income, and change in net unrealized gain/loss reflect all activity for the period then ended.

Affiliate	Net Realized Gain (Loss)	Change in Net Unrealized Gain/Loss	Investment Income
<b>T. Rowe Price Funds:</b>			
Dynamic Global Bond Fund	\$ (9,160)	\$ 26,013	\$ 2,589
Emerging Markets Bond Fund	(17,255)	(45,076)	31,818
Emerging Markets Discovery Stock Fund	—	34	—
Emerging Markets Stock Fund	14,588	(25,585)	6,868
Equity Index 500 Fund	361,901	(44,180)	57,264
Floating Rate Fund	(1,969)	(9,121)	7,022
Growth Stock Fund	136,510	41,319	1,861
High Yield Fund	(2,597)	(18,801)	26,751
International Bond Fund (USD Hedged)	10,530	15,687	14,983
International Stock Fund	36,186	(12,146)	19,837
International Value Equity Fund	(12,332)	(62,970)	22,709
Limited Duration Inflation Focused Bond Fund	8,500	12,234	12,880
Mid-Cap Growth Fund	41,144	1,539	931
Mid-Cap Value Fund	8,697	(23,444)	6,145
New Horizons Fund	45,346	30,002	—
New Income Fund	16,659	36,214	73,012
Overseas Stock Fund	16,250	(32,566)	19,362
Real Assets Fund	(211)	(8,675)	5,792
Small-Cap Stock Fund	23,077	(11,782)	—
Small-Cap Value Fund	12,797	(32,523)	1,565
U.S. Large-Cap Core Fund	—	1,027	—
U.S. Treasury Long-Term Fund	111,052	2,448	11,218
Value Fund	44,980	(67,849)	15,489
U.S. Treasury Money Fund	—	—	888
<b>Totals</b>	<b>\$ 844,693#</b>	<b>\$ (228,201)</b>	<b>\$ 338,984+</b>

# Capital gain distributions from mutual funds represented \$178,878 of the net realized gain (loss).

+ Investment income comprised \$338,984 of income distributions from underlying Price Funds.

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

T. ROWE PRICE RETIREMENT 2020 FUND

May 31, 2020

**STATEMENT OF ASSETS AND LIABILITIES**

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

**Assets**

Investments in securities, at value (cost \$12,130,298)	\$ 15,288,655
Receivable for shares sold	9,920
Receivable for investment securities sold	1,426
Total assets	<u>15,300,001</u>

**Liabilities**

Payable for shares redeemed	11,343
Investment management and administrative fees payable	8,318
Other liabilities	64
Total liabilities	<u>19,725</u>

**NET ASSETS**

**\$ 15,280,276**

**Net Assets Consist of:**

Total distributable earnings (loss)	\$ 3,389,810
Paid-in capital applicable to 722,387,838 shares of \$0.0001 par value capital stock outstanding; 30,000,000,000 shares of the Corporation authorized	<u>11,890,466</u>

**NET ASSETS**

**\$ 15,280,276**

**NET ASSET VALUE PER SHARE**

**Investor Class**

**(\$12,816,033,404 / 604,649,319 shares outstanding) \$ 21.20**

**Advisor Class**

**(\$1,440,873,696 / 68,553,059 shares outstanding) \$ 21.02**

**R Class**

**(\$1,023,368,470 / 49,185,460 shares outstanding) \$ 20.81**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 5/31/20
<b>Investment Income (Loss)</b>	
Income distributions from underlying Price Funds	\$ 338,984
Expenses	
Investment management and administrative expense	12,639
Rule 12b-1 fees	
Advisor Class	\$ 4,148
R Class	5,701
Miscellaneous	2
Total expenses	22,490
Net investment income	316,494
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Sales of underlying Price Funds	665,815
Futures	70,549
Capital gain distributions from underlying Price Funds	178,878
Net realized gain	915,242
Change in net unrealized gain/loss on underlying Price Funds	(228,201)
Net realized and unrealized gain / loss	687,041
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b><u>\$ 1,003,535</u></b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended	
	5/31/20	5/31/19
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 316,494	\$ 381,921
Net realized gain	915,242	935,611
Change in net unrealized gain / loss	(228,201)	(951,653)
Increase in net assets from operations	1,003,535	365,879
Distributions to shareholders		
Net earnings		
Investor Class	(783,028)	(1,346,369)
Advisor Class	(87,528)	(168,676)
R Class	(58,071)	(105,905)
Decrease in net assets from distributions	(928,627)	(1,620,950)
Capital share transactions*		
Shares sold		
Investor Class	2,260,531	2,490,807
Advisor Class	248,419	382,935
R Class	125,128	169,542
Distributions reinvested		
Investor Class	772,530	1,329,948
Advisor Class	86,492	167,001
R Class	58,032	105,789
Shares redeemed		
Investor Class	(5,163,612)	(5,767,457)
Advisor Class	(790,140)	(935,176)
R Class	(389,839)	(504,532)
Decrease in net assets from capital share transactions	(2,792,459)	(2,561,143)

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 5/31/20	5/31/19
<b>Net Assets</b>		
Decrease during period	(2,717,551)	(3,816,214)
Beginning of period	17,997,827	21,814,041
<b>End of period</b>	<b><u>\$ 15,280,276</u></b>	<b><u>\$ 17,997,827</u></b>
*Share information		
Shares sold		
Investor Class	104,588	114,669
Advisor Class	11,509	17,726
R Class	5,888	7,945
Distributions reinvested		
Investor Class	35,083	68,696
Advisor Class	3,956	8,684
R Class	2,678	5,550
Shares redeemed		
Investor Class	(241,826)	(266,380)
Advisor Class	(36,829)	(43,383)
R Class	(18,443)	(23,657)
Decrease in shares outstanding	(133,396)	(110,150)

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

**NOTES TO FINANCIAL STATEMENTS**

T. Rowe Price Retirement Funds, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). T. Rowe Price Retirement 2020 Fund (the fund) is a diversified, open-end management investment company and is one of the portfolios established by the corporation. The fund invests in a portfolio of other T. Rowe Price stock and bond funds (underlying Price Funds) that represent various asset classes and sectors. The fund's allocation among underlying Price Funds will change, and its asset mix will become more conservative over time. The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income.

The fund has three classes of shares: the Retirement 2020 Fund (Investor Class), Retirement 2020 Fund–Advisor Class (Advisor Class), and Retirement 2020 Fund–R Class (R 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. 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 Class does 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 *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 of the underlying Price Funds 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 of the underlying Price Funds.

**Investment Transactions, Investment Income, and Distributions** Purchases and sales of the underlying Price Funds are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Gains and losses realized on sales of the

underlying Price Funds are reported on the identified cost basis. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from underlying Price Fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Income and capital gain distributions from the underlying Price Funds 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 by each class annually. A capital gain distribution may also be declared and paid by the fund annually.

**Class Accounting** Expenses common to all classes, income distributions from the underlying Price Funds 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.

**In-Kind Redemptions** In accordance with guidelines described in the fund's prospectus, the fund may distribute shares of the underlying Price Funds rather than cash as payment for a redemption of fund shares (in-kind redemption). For financial reporting purposes, the fund recognizes a gain on in-kind redemptions to the extent the value of the distributed shares of the underlying Price Funds on the date of redemption exceeds the cost of those shares. 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 year ended May 31, 2020, the fund realized \$235,146,000 of net gain on \$896,997,000 of in-kind redemptions.

**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 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. 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. 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. Investments in the underlying



Price Funds are valued at their 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.

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. On May 31, 2020, all of the fund's financial instruments were classified as Level 1, based on the inputs used to determine their fair values.

### NOTE 3 - DERIVATIVE INSTRUMENTS

The fund may use derivatives in an effort to manage cash flows efficiently, remain fully invested, or facilitate asset allocation and rebalancing. 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 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 at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover its settlement obligations under open derivative contracts.

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 May 31, 2020, the fund held no derivative instruments.

The amount of gains and losses on futures recognized in fund earnings during the year ended May 31, 2020, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	<b>Location of Gain (Loss) on Statement of Operations</b>	
<b>Realized Gain (Loss)</b>		
Interest rate futures	\$	(14,440)
Equity futures		84,989
		.....
Total	\$	70,549

**Futures Contracts** 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/or interest rates, and potential losses in excess of the fund's initial investment. During the year ended May 31, 2020, the volume of the fund's activity in futures, based on underlying notional amounts, was generally less than 1% of net assets.

#### **NOTE 4 - INVESTMENTS IN UNDERLYING PRICE FUNDS**

Purchases and sales of the underlying Price Funds during the year ended May 31, 2020, aggregated \$3,196,947,000 and \$6,333,223,000, respectively.

#### **NOTE 5 - 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.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The permanent book/tax adjustments have no impact on results of operations or net assets. For the year ended May 31, 2020, the following reclassification was recorded and relates primarily to redemptions in kind.

---

(\$000s)	
Total distributable earnings (loss)	\$ (210,167)
Paid-in capital	210,167

Distributions during the years ended May 31, 2020 and May 31, 2019, were characterized for tax purposes as follows:

---

(\$000s)		<b>May 31,</b>	
	<b>2020</b>		<b>2019</b>
Ordinary income	\$ 466,550	\$	551,629
Long-term capital gain	462,077		1,069,321
	-----		-----
Total distributions	\$ 928,627	\$	1,620,950

At May 31, 2020, the tax-basis cost of investments and components of net assets were as follows:

---

(\$000s)	
Cost of investments	\$ 12,444,629
Unrealized appreciation	\$ 3,335,477
Unrealized depreciation	(491,451)
Net unrealized appreciation (depreciation)	2,844,026
Undistributed ordinary income	65,887
Undistributed long-term capital gain	479,897
Paid-in capital	11,890,466
	-----
Net assets	\$ 15,280,276

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales for tax purposes.

**NOTE 6 - 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 Associates, directly or through sub-advisory agreements with its wholly owned subsidiaries, also provides investment management services to all the underlying Price Funds. Pursuant to various service agreements, Price Associates and its wholly owned subsidiaries provide shareholder servicing and administrative services as well as certain accounting, marketing, and other services to the fund. Certain officers and directors of the fund are also officers and directors of Price Associates and its subsidiaries and the underlying Price Funds.

The fund operates in accordance with an amended investment management agreement (amended management agreement), between the corporation, on behalf of the fund, and Price Associates. Under the amended agreement, the fund pays a fee rate that is based on a predetermined fee schedule that will range from 0.714% to 0.521%, generally declining as the fund reduces its overall stock exposure along its investment glide path. The all-inclusive management fee covers investment management and all of the fund's operating expenses except for interest expense; expenses related to borrowings, taxes, and brokerage; nonrecurring expenses; and any 12b-1 fees applicable to a class. At May 31, 2020, the effective all-inclusive management fee rate was 0.58%.

Effective April 8, 2020, the date that the fund began charging an all-inclusive management fee, the fund also converted from each underlying Price Fund's Investor Class to its Z Class. Price Associates is contractually obligated to waive and/or bear all of the Z class' expenses, other than interest; expenses related to borrowings, taxes, and brokerage; and nonrecurring expenses. Prior to April 8, 2020, the fund paid no management fees; however, Price Associates received management fees from the underlying Price Funds. The fund operated in accordance with investment management and special servicing agreements between and among the corporation; the underlying Price Funds; Price Associates; and T. Rowe Price Services, Inc., a wholly owned subsidiary of Price Associates. Pursuant to these agreements, expenses associated with the operation of the fund, other than class-specific Rule 12b-1 fees, were borne by each underlying Price Fund to the extent of estimated savings to it and in proportion to the average daily value of its shares owned by the fund. The fund also indirectly bore its proportionate share of the management fees and operating costs of the underlying Price Funds in which it invested. The special servicing agreement terminated on April 7, 2020.

The fund does not invest in the underlying Price Funds for the purpose of exercising management or control; however, investments by the fund may represent a significant portion of an underlying Price Fund's net assets. At May 31, 2020, the fund held less than 25% of the outstanding shares of any underlying Price Fund.

## **NOTE 7 - 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 a 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.

These types of events may also cause widespread fear and uncertainty, and result in, among other things: quarantines and travel restrictions, including border closings; disruptions to business operations and supply chains; exchange trading suspensions and closures, and overall reduced liquidity of securities, derivatives, and commodities trading markets; reductions in consumer demand and economic output; and significant challenges in healthcare service preparation and delivery. The funds could be negatively impacted if the value of a portfolio holding were harmed by such political or economic conditions or events. In addition, the operations of the funds, their investment advisers, and the funds' service providers may be significantly impacted, or even temporarily halted, as a result of extensive employee illnesses or unavailability, government quarantine measures, and restrictions on travel or meetings and other factors related to public emergencies. Recently, 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.

Governmental and quasi-governmental authorities and regulators have in the past responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs, and dramatically lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could negatively impact overall investor sentiment and further increase volatility in securities markets.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

### **To the Board of Directors of T. Rowe Price Retirement Funds, Inc. and Shareholders of T. Rowe Price Retirement 2020 Fund**

#### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Retirement 2020 Fund (one of the funds constituting T. Rowe Price Retirement Funds, Inc., referred to hereafter as the “Fund”) as of May 31, 2020, the related statement of operations for the year ended May 31, 2020, the statement of changes in net assets for each of the two years in the period ended May 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended May 31, 2020 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of May 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended May 31, 2020 and the financial highlights for each of the five years in the period ended May 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(CONTINUED)**

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of May 31, 2020 by correspondence with the transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
July 17, 2020

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.



## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 5/31/20**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included:

- \$107,818,000 from short-term capital gains,
- \$462,077,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%.

For taxable non-corporate shareholders, \$151,153,000 of the fund's income represents qualified dividend income subject to a long-term capital gains tax rate of not greater than 20%.

For corporate shareholders, \$82,057,000 of the fund's income qualifies for the dividends-received deduction.

The fund will pass through foreign source income of \$145,613,000 and foreign taxes paid of \$7,604,000.

For individuals and certain trusts and estates which are entitled to claim a deduction of up to 20% of their combined qualified real estate investment trust (REIT) dividends, \$3,425,000 of the fund's income qualifies as qualified real estate investment trust (REIT) dividends.

## **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](http://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/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](http://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](http://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), as well as a Special Servicing Agreement among the fund, the Advisor, and each of the underlying funds in which it invests (Special Servicing Agreement). The Special Servicing Agreement allows the T. Rowe Price Retirement Funds (Retirement Funds) to pass through their operating expenses to the underlying funds in which they invest if the benefit to the underlying funds equals or exceeds the costs of absorbing these expenses and provides that the Advisor will be responsible for bearing any expenses that would result from an underlying fund's share of the aggregate expenses of the Retirement Funds exceeding the estimated savings to the underlying fund from the operation of the Retirement Funds. In that regard, at a meeting held on March 9–10, 2020 (Meeting), the Board, including all of the fund's independent directors, approved the continuation of the fund's Advisory Contract, including the amendment to the Advisory Contract that went into effect in April 2020. At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of the Advisor and approval of the Advisory Contract. Prior to the Meeting, on February 5, 2020, the Board had approved a change to the fund's expense structure to become effective in April 2020. The expense restructure would end the pushdown of operating expenses to the underlying T. Rowe Price funds and eliminate the need for the Special Servicing Agreement. As a result, the Board concluded that it was not necessary to approve the continuation of the Special Servicing Agreement beyond April 2020. The independent directors were assisted in their evaluation of the Advisory Contract and Special Servicing Agreement 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 and discontinuing the Special Servicing Agreement, 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

## **APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)**

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, 2019, 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**

At the time of the Meeting, the Advisor did not receive management fees directly from the fund, and operating expenses of the fund were borne by the underlying T. Rowe Price funds in which it invests pursuant to the Special Servicing Agreement. In connection with its review of the Special Servicing Agreement, the Board considered that the expense restructure in April 2020 will eliminate the need to continue the Special Servicing Agreement.

The Advisor indirectly received management fees from other T. Rowe Price funds in which the fund invests. However, since the Advisor did not receive any management fees directly from the fund, the Board did not review information relating to revenues received by the Advisor under the Advisory Contract. The Board did review information regarding benefits that the Advisor (and its affiliates) may have realized from its relationship with the fund or other T. Rowe Price funds in which the fund invests, including any research received under "soft dollar" agreements and commission-sharing arrangements with broker-dealers. The Board considered that the Advisor may have received some benefit from its soft-dollar arrangements pursuant to which it receives research from broker-dealers that execute the applicable fund's portfolio transactions. However, the Board also considered that, effective January 2020, the Advisor began bearing the cost of research services for all client accounts that it advises, including the T. Rowe Price funds. The Board also received information on the estimated costs incurred and profits realized by the Advisor and its affiliates from advising T. Rowe Price funds and concluded that the Advisor's profits were reasonable. Although the Advisor did not receive management

## **APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)**

fees directly from the fund under the Advisory Contract, the fund's shareholders have benefited from potential economies of scale through a decline in the fund's total expense ratio as the fund and underlying funds grow in size.

At a meeting held on February 5, 2020, the Board approved a change to the fund's expense structure to become effective in April 2020. The change will result in an amendment to the Advisory Contract, which will become effective in April 2020 at the same time the fund begins investing in the Z Class of its underlying T. Rowe Price funds. The Board noted that the amendment to the Advisory Contract will result in the fund paying the Advisor a single fee, or all-inclusive management fee, based on the fund's average daily net assets. The all-inclusive management fee will cover investment management and all of the fund's operating expenses except for interest; expenses related to borrowings, taxes, and brokerage; nonrecurring, extraordinary expenses; any acquired fund fees and expenses; and any 12b-1 fees applicable to a class. The Board also noted that the following information provided by Broadridge is not reflective of the fund's expense structure that will go into effect in April 2020.

### **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) total expenses, actual management fees, and nonmanagement expenses of the Investor Class of the fund with a group of competitor funds selected by Broadridge (Investor Class Expense Group); (ii) total expenses and actual management fees of the Advisor Class of the fund with a group of competitor funds selected by Broadridge (Advisor Class Expense Group); and (iii) total expenses, actual management fees, and nonmanagement 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 actual management fee rate (which reflects that the Advisor does not receive any management fees directly from the fund), operating expenses, and total expenses (which reflect the net total expense ratio of the fund, including acquired fund fees and expenses associated with the underlying funds, 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 actual management fee rate ranked first out of five funds since there were not a sufficient number of funds to meaningfully rank within quintiles (for the Investor Class Expense Group) and the first quintile (for the Advisor Class Expense Group and Expense Universe). The information also indicated that the fund's total expenses ranked

## **APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)**

first out of five funds since there were not a sufficient number of funds to meaningfully rank within quintiles (for the Investor Class Expense Group) and the first quintile (for the Advisor Class Expense Group and Expense Universe).

The Board also reviewed the fee schedules for other investment portfolios with similar mandates that are advised or subadvised by the Advisor 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 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, including the amendment to the Advisory Contract that will become effective in April 2020, and determined that it was not necessary to approve the continuation of the Special Servicing Agreement beyond April 2020. 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.

## **LIQUIDITY RISK MANAGEMENT PROGRAM**

In accordance with Rule 22e-4 (Liquidity Rule) under the Investment Company Act of 1940, as amended, the fund has established a liquidity risk management program (Liquidity Program) reasonably designed to assess and manage the fund's liquidity risk, which generally represents the risk that the fund would not be able to meet redemption requests without significant dilution of remaining investors' interests in the fund. The fund's Board of Directors (Board) has appointed the fund's investment advisor, T. Rowe Price Associates, Inc. (Price Associates), as the administrator of the Liquidity Program. As administrator, Price Associates is responsible for overseeing the day-to-day operations of the Liquidity Program and, among other things, is responsible for assessing, managing, and reviewing with the Board at least annually the liquidity risk of each T. Rowe Price fund. Price Associates has delegated oversight of the Liquidity Program to a Liquidity Risk Committee (LRC), which is a cross-functional committee composed of personnel from multiple departments within Price Associates.

The Liquidity Program's principal objectives include supporting the T. Rowe Price funds' compliance with limits on investments in illiquid assets and mitigating the risk that the fund will be unable to timely meet its redemption obligations. The Liquidity Program also includes a number of elements that support the management and assessment of liquidity risk, including an annual assessment of factors that influence the fund's liquidity and the periodic classification and reclassification of a fund's investments into categories that reflect the LRC's assessment of their relative liquidity under current market conditions. Under the Liquidity Program, every investment held by the fund is classified at least monthly into one of four liquidity categories based on estimations of the investment's ability to be sold during designated time frames in current market conditions without significantly changing the investment's market value.

As required by the Liquidity Rule, at a meeting held on May 4, 2020, the Board was presented with an annual assessment prepared by the LRC, on behalf of Price Associates, that addressed the operation of the Liquidity Program and assessed its adequacy and effectiveness of implementation, including any material changes to the Liquidity Program and the determination of each fund's Highly Liquid Investment Minimum (HLIM). The annual assessment included consideration of the following factors, as applicable: the fund's investment strategy and liquidity of portfolio investments during normal and reasonably foreseeable stressed conditions, including whether the investment strategy is appropriate for an open-end fund, the extent to which the strategy involves a relatively concentrated portfolio or large positions in particular issuers, and the use of borrowings for investment purposes and derivatives; short-term and long-term cash flow projections covering both normal and reasonably foreseeable stressed conditions; and holdings of cash and cash equivalents, as well as available borrowing arrangements.

## **LIQUIDITY RISK MANAGEMENT PROGRAM (CONTINUED)**

For the fund and other T. Rowe Price funds, the annual assessment incorporated a report related to a fund's holdings, shareholder and portfolio concentration, any borrowings during the period, cash flow projections, and other relevant data for the period of June 1, 2019, through March 31, 2020. The report described the methodology for classifying a fund's investments (including derivative transactions) into one of four liquidity categories, as well as the percentage of a fund's investments assigned to each category. It also explained the methodology for establishing a fund's HLIM and noted that the LRC reviews the HLIM assigned to each fund no less frequently than annually.

Certain provisions of the Liquidity Program initially became effective on December 1, 2018, and the full Liquidity Program was formally approved by the Board in April 2019. During the period covered by the annual assessment, the LRC has concluded, and reported to the Board, that the Liquidity Program since its implementation has operated adequately and effectively and is reasonably designed to assess and manage the fund's liquidity risk.

## ABOUT THE FUND'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are considered to be independent, i.e., not "interested persons" as defined in Section 2(a)(19) of the 1940 Act, of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

### INDEPENDENT DIRECTORS<sup>(a)</sup>

Name (Year of Birth) Year Elected	Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years
Teresa Bryce Bazemore (1959) 2018 [185]	President, Radian Guaranty (2008 to 2017); Chief Executive Officer, Bazemore Consulting LLC (2018 to present); Director, Chimera Investment Corporation (2017 to present); Director, Federal Home Loan Bank of Pittsburgh (2017 to February 2019)
Ronald J. Daniels (1959) 2018 [185]	President, The Johns Hopkins University <sup>(b)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present); Director, BridgeBio Pharma, Inc. (2020 to present)
Bruce W. Duncan (1951) 2013 [185]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Member, Investment Company Institute Board of Governors (2017 to December 2019); Member, Independent Directors Council Governing Board (2017 to December 2019); Senior Advisor, KKR (November 2018 to present); Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2012 [185]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to January 2016); Chairman of the Board, all funds (July 2018 to present)



**INDEPENDENT DIRECTORS<sup>(a)</sup> (CONTINUED)**

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Paul F. McBride (1956) 2013 [185]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to 2018)
Cecilia E. Rouse, Ph.D. (1963) 2012 [185]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Member, National Academy of Education (2010 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member, National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2018); Vice President (2015 to 2016) and Board Member (2018 to present), American Economic Association
John G. Schreiber (1946) 2002 [185]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2007 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to 2017); Director, JMB Realty Corporation (1980 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

<sup>(b)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014.

**INSIDE DIRECTORS<sup>(a)</sup>****Name****(Year of Birth)****Year Elected****[Number of T. Rowe Price Portfolios Overseen]****Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years**

David Oestreicher (1967) 2018 [185]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong (Price Hong Kong), and T. Rowe Price International; Vice President, T. Rowe Price Japan (Price Japan) and T. Rowe Price Singapore (Price Singapore); Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA (1971) 2017 [185]	Director and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; Vice President, Retirement Funds

<sup>(a)</sup>All information about the inside directors was current as of December 31, 2019, unless otherwise indicated, except for the number of portfolios overseen, which is current as of the date of this report.

**OFFICERS****Name (Year of Birth)****Position Held With Retirement Funds****Principal Occupation(s)**

Christopher D. Alderson (1962) Vice President	Director and Vice President, T. Rowe Price International; Vice President, Price Hong Kong, Price Singapore, and T. Rowe Price Group, Inc.
Francisco M. Alonso (1978) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Jerome A. Clark, CFA (1961) Co-president	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Investment Services, Inc., and T. Rowe Price Trust Company
Kimberly E. DeDominicis (1976) Co-president	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price International

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b>	<b>Position Held With Retirement Funds</b>	<b>Principal Occupation(s)</b>
Alan S. Dupski, CPA (1982)	Principal Financial Officer, Vice President, and Treasurer	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.; formerly, Assistant Chief Accountant, Division of Investment Management, U.S. Securities and Exchange Commission (to 2015)
Mark S. Finn, CFA, CPA (1963)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John R. Gilner (1961)	Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
David R. Giroux, CFA (1975)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Gary J. Greb (1961)	Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Arif Husain, CFA (1972)	Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Andrew G. Jacobs van Merlen (1978)	Co-president	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price International
Paul J. Krug, CPA (1964)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Wyatt A. Lee, CFA (1971)	Co-president	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Sébastien Page (1977)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Robert A. Panariello (1983)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Shannon H. Rauser (1987)	Assistant Secretary	Assistant Vice President, T. Rowe Price
Charles M. Shriver, CFA (1967)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, and T. Rowe Price Trust Company
Guido F. Stubenrauch, CFA (1970)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Justin Thomson (1968)	Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
James A. Tzitouris, Jr., Ph.D. (1974)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b>	<b>Position Held With Retirement Funds</b>	<b>Principal Occupation(s)</b>
Mark J. Vaselkiv (1958) Vice President		Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Megan Warren (1968) Vice President		Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JPMorgan Chase (to 2017)

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.



# You have many investment goals.

## Explore products and services that can help you achieve them.

Whether you want to put away more money for retirement, for a child's education, or for other priorities, we have solutions for you. See how we can help you accomplish the investment goals that are important to you.

### RETIREMENT

- IRAs: Traditional, Roth, Rollover/Transfer, or Brokerage
- Small Business Plans help minimize taxes, maximize savings
- T. Rowe Price<sup>®</sup> ActivePlus Portfolios<sup>1</sup> for online investing powered by experts

### GENERAL INVESTING

- Individual or Joint Tenant
- Brokerage<sup>2</sup> offers access to stocks, ETFs, bonds, and more
- Gifts and transfers to a child (UGMA/UTMAs)
- Trust
- Transfer on Death

### COLLEGE SAVINGS

- T. Rowe Price-managed 529 plans offer tax-advantaged solutions for families saving money for college tuition and education-related expenses

Visit [troweprice.com/broadrange](https://troweprice.com/broadrange)

*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.*

All mutual funds are subject to market risk, including possible loss of principal. Investing internationally involves special risks including economic and political uncertainty and currency fluctuation.

<sup>1</sup> The T. Rowe Price<sup>®</sup> ActivePlus Portfolios is a discretionary investment management program provided by T. Rowe Price Advisory Services, Inc., a registered investment adviser under the Investment Advisers Act of 1940. Brokerage services are provided by T. Rowe Price Investment Services, Inc., member FINRA/SIPC. Brokerage accounts are carried by Pershing LLC, a BNY Mellon Company, member NYSE/FINRA/SIPC. T. Rowe Price Advisory Services, Inc., and T. Rowe Price Investment Services, Inc., are affiliated companies.

<sup>2</sup> Brokerage services are provided by T. Rowe Price Investment Services, Inc., member FINRA/SIPC. Brokerage accounts are carried by Pershing LLC, a BNY Mellon Company, member NYSE/FINRA/SIPC.