



STRATEGY HIGHLIGHTS

As of 30 June 2020

## Floating Rate Bank Loan Strategy

**Total Floating Rate Bank Loan Strategy Assets:**<sup>1</sup> \$6.4 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Managing Bank Loan securities since 2002
- Invest primarily in BB- and B-rated loans, with the ability to invest in lower-quality loans and high yield bonds when compelling valuation opportunities arise.
- Proprietary and independent fundamental research is key – disciplined and consistently applied investment process with emphasis on industries that enjoy stable cash flow and rational competitive environments.
- Holistic fundamental research – close collaboration between fixed income and equity research analysts provides a complete capital structure perspective and an information advantage
- Disciplined risk management practices employed in conjunction with broad portfolio diversification to manage risk profile.

### PORTFOLIO CONSTRUCTION

- Diversified portfolio structure: typically 200-300 issuers
- At least 80% floating rate bank loans and corporate senior floating rate notes
- Up to 20% in fixed-rate securities including high yield bonds and reserves for liquidity
- 15% industry exposure maximum
  - Industry exposure typically will range +/- 5% around benchmark weight

### BENCHMARK

- S&P/LSTA Performing Loan Index

### PORTFOLIO MANAGEMENT

#### Paul Massaro, CFA®

- 20 years of investment experience; 17 years with T. Rowe Price.
- M.B.A., University of Pennsylvania, The Wharton School
- B.S., Cornell University

#### Stephen Finamore, CFA®

- 19 years of investment experience; 14 years with T. Rowe Price.
- M.B.A., University of Chicago, Booth School of Business
- B.B.A., University of Notre Dame

### PORTFOLIO SPECIALISTS

#### Michael Lesesne

- 29 years of investment experience; 8 years with T. Rowe Price.
- M.B.A., Columbia Business School
- B.A., Brown University

Portfolio Specialists do not assume management responsibilities.

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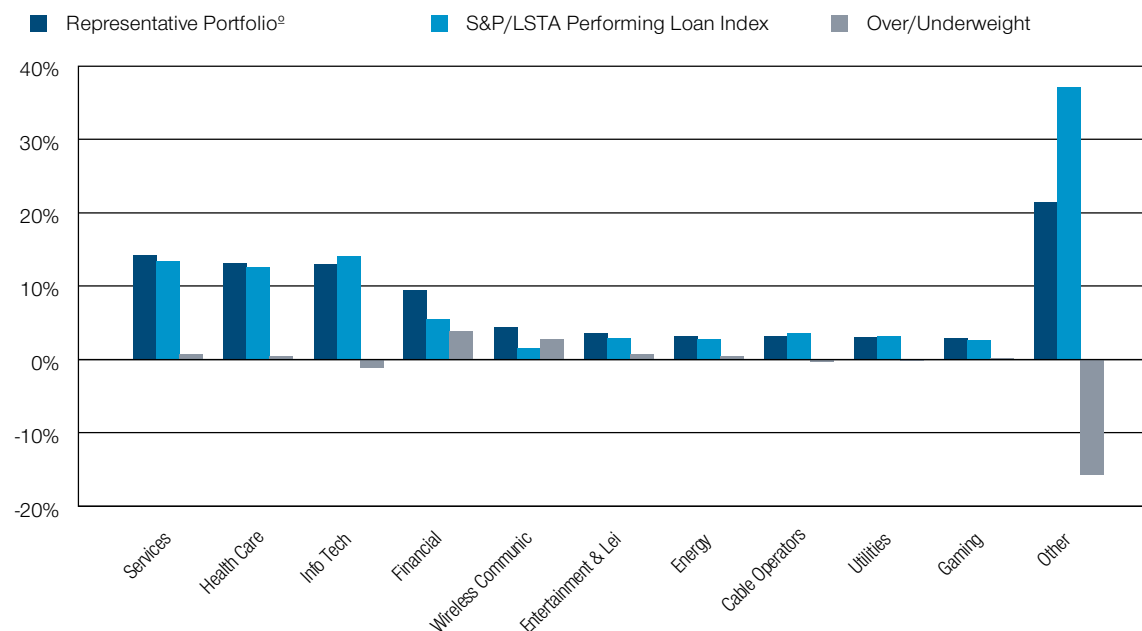
<sup>1</sup> Includes a sub-fund of a Luxembourg domiciled SICAV, US-registered mutual funds, separate accounts, and subadvised portfolios.

<sup>2</sup> Assets reported are as of 31 March 2020.

### TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
Hellman & Friedman LLC	4.2%
Kronos Inc/MA	4.2
Asurion LLC	3.9
Refinitiv US Holdings Inc	2.5
HUB International Ltd	2.5
UFC Holdings LLC	2.4
USI Advantage Corp	1.9
Versant Health Inc	1.7
Solera LLC	1.3
CCC Information Services Inc	1.3
<b>Total</b>	<b>25.9%</b>

### INDUSTRY DIVERSIFICATION



### PORTFOLIO CHARACTERISTICS

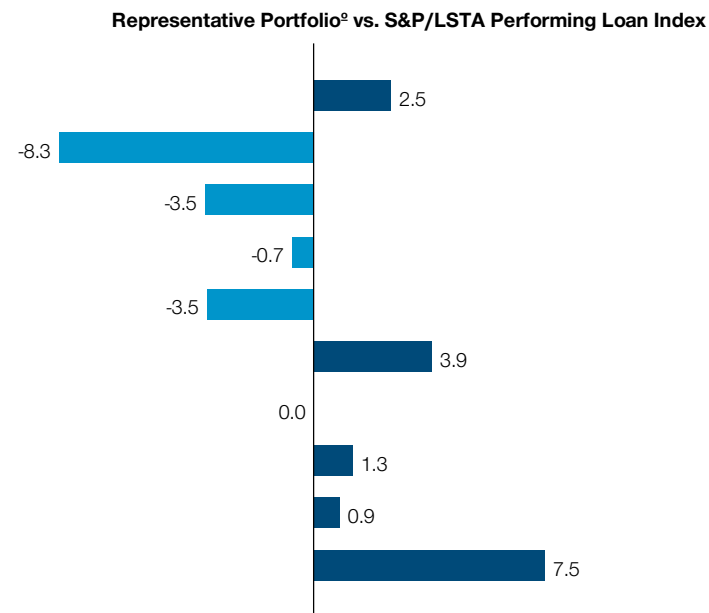
	Representative Portfolio <sup>2</sup>	S&P/LSTA Performing Loan Index
Weighted Average Maturity	4.97 years	4.73 years
Weighted Average Duration	0.43 years	- years
Current Yield	4.87%	-
Yield to Maturity	5.68%	7.00%
Average Credit Quality*	B	B

\* Average Credit Quality is calculated by averaging the Moody's weighted average quality and the S&P weighted average quality (50/50 split), regardless of the % of the portfolio actually rated by each of these ratings agencies.

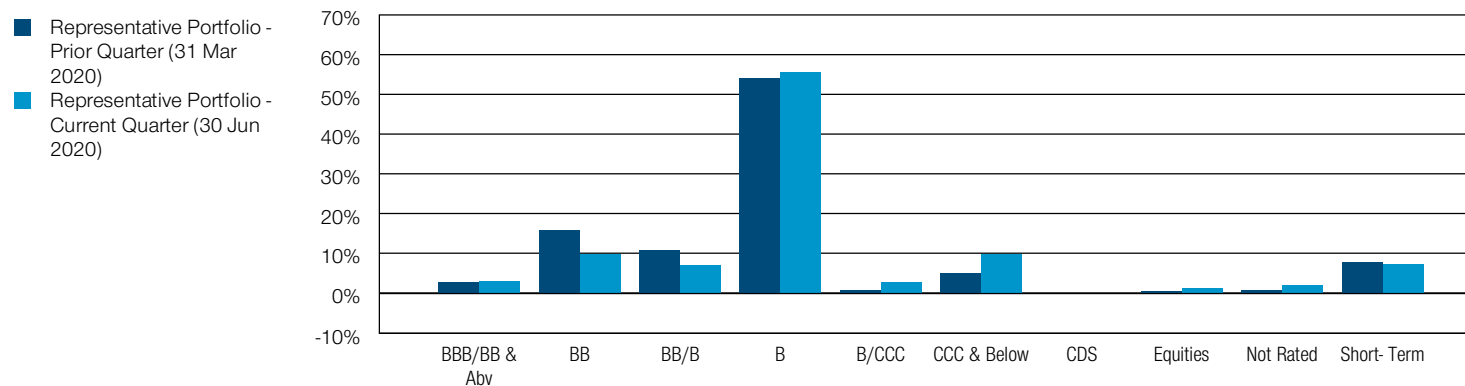
<sup>2</sup>Please see Additional Disclosures section for further information.

### CREDIT QUALITY DIVERSIFICATION

	% of Representative Portfolio <sup>2</sup>	% of Index
BBB/BB Rated & Above	3.1	0.6
BB Rated	9.8	18.2
BB/B Rated	7.2	10.8
B Rated	55.8	56.5
B/CCC Rated	2.9	6.4
CCC and Below	10.1	6.3
Credit Default Swaps	0.0	
Equities	1.3	
Not Rated	2.2	1.4
Short-Term	7.5	



### QUARTER-OVER-QUARTER CHANGE



<sup>2</sup>Please see Additional Disclosures section for further information.

**PERFORMANCE**

	<b>Three Months</b>	<b>Year-to- Date</b>	<b>One Year</b>	<b>Annualized</b>		
				<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>
Floating Rate Bank Loan Composite (Gross)	8.10%	-3.91%	-0.78%	2.76%	3.46%	4.72%
Floating Rate Bank Loan Composite (Net)	7.97	-4.15	-1.28	2.25	2.95	4.20
S&P/LSTA Performing Loan Index	10.32	-4.60	-1.95	2.17	3.11	4.39
Value Added (Gross)	-2.22	0.69	1.17	0.59	0.35	0.33
Value Added (Net)	-2.35	0.45	0.67	0.08	-0.16	-0.19

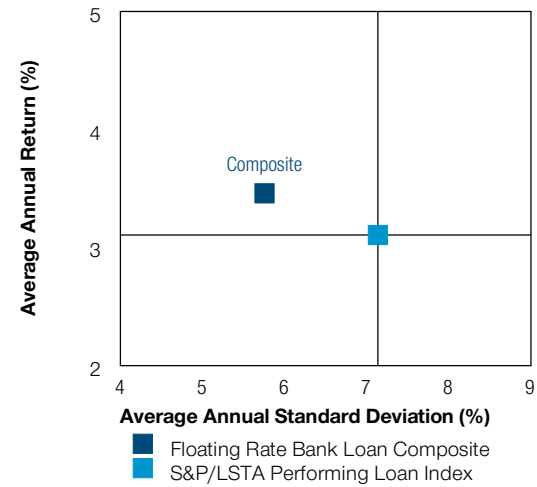
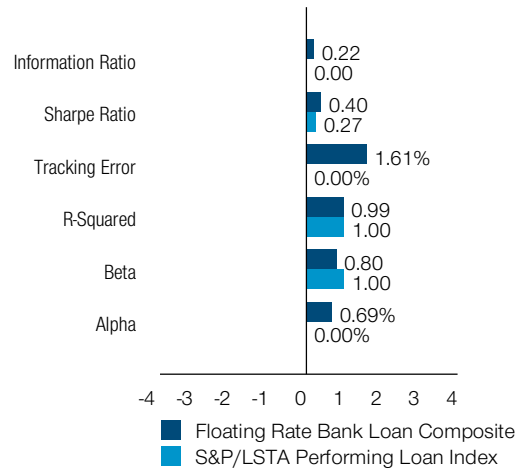
**Past performance is not a reliable indicator of future performance.**

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains.

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 June 2020



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.

**FEE SCHEDULE****Floating Rate Bank Loan Composite**

The Floating Rate Bank Loan Composite seeks high current income and capital appreciation primarily through investment in floating rate bank loans and floating rate debt securities rated below investment grade (BB or below) by S&P, Moody's, or another nationally recognized securities rating organization (NRSRO). (Created September 2008)

First \$50 million	50 basis points
Next \$50 million	45 basis points
Above \$100 million	40 basis points on all assets *
Above \$250 million	37.5 basis points on all assets *
Minimum separate account size	\$100 million

\* A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Disclosure

## Floating Rate Bank Loan Composite

Period Ended December 31, 2019

Figures Shown in U.S. dollar

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Gross Annual Returns (%)	10.26	2.19	8.81	5.41	2.15	2.37	8.57	4.32	0.82	9.36
Net Annual Returns (%) <sup>1</sup>	9.72	1.68	8.27	4.89	1.64	1.86	8.03	3.80	0.31	8.82
S&P/LSTA Performing Loan Index (%)	10.38	1.50	9.76	5.41	1.82	0.10	10.36	4.32	0.60	8.70
Composite 3-Yr St. Dev.	N/A	6.92	4.55	3.84	1.99	1.89	2.22	2.08	2.39	2.42
S&P/LSTA Performing Loan Index 3-Yr St. Dev.	14.16	8.69	4.44	3.80	2.05	2.07	2.91	2.75	2.95	2.83
Composite Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.07	N/A	N/A
Comp. Assets (Millions) <sup>2</sup>	1,009.5	1,848.3	2,413.1	3,543.9	3,850.5	4,266.8	5,878.5	7,111.1	8,122.7	6,722.9
# of Accts. in Comp.	1	3	4	4	5	5	5	7	7	6
Total Firm Assets (Billions)	485.0	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2 <sup>3</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>Non-fee paying portfolios account for less than three percent of the composite.

<sup>3</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). TRP has been independently verified for the 23-year period ended June 30, 2019 by KPMG LLP. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

TRP is a U.S. investment management firm with various investment advisers registered with the U.S. Securities and Exchange Commission, the U.K. Financial Conduct Authority, and other regulatory bodies in various countries and holds itself out as such to potential clients for GIPS purposes. TRP further defines itself under GIPS as a discretionary investment manager providing services primarily to institutional clients with regard to various mandates, which include U.S., international, and global strategies but excluding the services of the Private Asset Management group. The minimum asset level for equity portfolios to be included in composites is \$5 million and prior to January 2002 the minimum was \$1 million. The minimum asset level for fixed income and asset allocation portfolios to be included in composites is \$10 million; prior to October 2004 the minimum was \$5 million; and prior to January 2002 the minimum was \$1 million. Valuations are computed and performance reported in U.S. dollars.

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Generally 5-10% of the composite's portfolio holdings consist of assets for which market data may not be available that are valued using unobservable inputs developed using the best information available at the time of the valuation. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives which generally represent less than 10% of a portfolio.

Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions and/or a presentation that adheres to the GIPS® standards are available upon request.

A portfolio management change occurred effective January 1, 2013 and July 8, 2015. There were no changes to the investment program or strategy related to this composite.

## ADDITIONAL DISCLOSURES

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of Composite assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Composite to changes in interest rates. In general, the longer the average maturity or duration, the greater the Composite's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

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

The specific securities identified and described do not represent all of the securities purchased or sold for this Composite. This information is not intended to be a recommendation to take any particular investment action and is subject to change. No assumption should be made that the securities identified and discussed were or will be profitable.

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

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

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

Sources for credit quality: Moody's Investors Service and Standard & Poor's (S&P); split ratings (e.g., BB/B and B/CCC) are assigned when the Moody's and S&P ratings differ. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps.

Short-term holdings are not rated. The source of credit quality for the S&P/LSTA Performance Loan Index is Standard & Poor's.

The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS Disclosure page for additional information on the composite.

"Other" includes any categories not explicitly mentioned.

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

## Risks

The following risks are materially relevant to the portfolio.

### General Portfolio Risks

**Capital risk** - The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different. **Counterparty risk** - An entity with which the portfolio transacts may not meet its obligations to the portfolio. **Geographic concentration risk** - To the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - A portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment portfolio risk** - Investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Management risk** - The investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - Operational failures could lead to disruptions of portfolio operations or financial losses.



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