QUARTERLY REVIEW

Floating Rate Fund – Multi-Class

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Morningstar LSTA Performing Loan Index for the three-month period ended December 31, 2023.

Relative performance drivers:

- Credit selection in the wireless communications industry contributed.
- Selection in the health care segment added value.
- Security selection in broadcasting and our meaningful underweight in the other telecommunications segment detracted.

Additional highlights:

- We opportunistically increased the portfolio's allocation to the cable operators and information technology segments.
- We believe elevated financial markets volatility both up and down the risk spectrum makes the case for active management in the loan asset class.

FUND INFORMATION

Symbol	PRFRX
CUSIP	87279B106
Inception Date of Fund	July 29, 2011
Benchmark	Morningstar LSTA Performing Loan Index
Expense Information (as of the most recent Prospectus)	0.78%
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$3,384,618,712
Percent of Portfolio in Cash	3.4%

Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

PERFORMANCE

(NAV, total return)

				Annualized					
	Inception Date	Three Months	One Year	Three Years	Five Years	Ten Years	Since Inception 7/29/11	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
Floating Rate Fund	Jul 29 2011	3.21%	12.29%	5.26%	5.17%	3.92%	4.04%	8.48%	–
Floating Rate Fund - Advisor Class	Jul 29 2011	3.15	12.06	5.05	4.97	3.76	3.88	8.28	8.21%
Floating Rate Fund - I Class	Nov 29 2016	3.13	12.31	5.36	5.30	4.01	4.11	8.61	–
Morningstar LSTA Performing Loan Index		2.96	13.72	5.96	6.00	4.68	4.87	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Floating Rate Fund	Jul 29 2011	1.38%	1.19%	7.67%	3.47%	-0.10%	8.43%	1.73%	4.60%	-0.69%	12.29%
Floating Rate Fund - Advisor Class	Jul 29 2011	1.28	1.18	7.57	3.26	-0.30	8.31	1.51	4.36	-0.88	12.06
Floating Rate Fund - I Class	Nov 29 2016	1.38	1.19	7.78	3.48	0.03	8.68	1.85	4.72	-0.55	12.31
Morningstar LSTA Performing Loan Index		1.82	0.10	10.36	4.32	0.60	8.70	3.50	5.42	-0.77	13.72

Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit troweprice.com. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (11/29/16) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

°Excludes the effect of contractual expense limitation arrangements. If the expense waiver was not in effect for the 30-Day period shown, there may not be a difference in the 30-day SEC yields shown above.

This fund could have greater price declines than a fund that invests primarily in high-quality bonds or loans: the loans and debt securities held by the fund are usually considered speculative and involve a greater risk of default and price decline than higher-rated bonds.

PERFORMANCE REVIEW

Market Review
The leveraged loan market returned 2.96% for the three-month period ended December 31, 2023, according to the Morningstar LSTA Performing Loan Index.

The loan market posted solid total returns for the fourth quarter but lagged most other traditional asset classes as a surprisingly dovish policy pivot from the Federal Reserve sent yields lower and fueled risk-on sentiment. Investors' expectations for lower forward base interest rates were a headwind for the loan asset class. But they also fueled rapid price appreciation for longer-duration, low dollar-price asset classes such as U.S. high yield and investment-grade bonds.

After reaching its highest levels since 2007, the yield on the benchmark 10-year U.S. Treasury note plunged 71 basis points to 3.88% over the quarter, providing a general boost to most bond prices. The period started on a weak note, as investors appeared to worry that interest rates would remain "higher for longer" due to unforeseen strength in the economy. While surveys indicated that consumers remained pessimistic about economic conditions, wage gains outpaced inflation in September, and job gains surpassed expectations by a wide margin.

Encouraging inflation data in November appeared to help markets engineer a turnaround. Headline consumer inflation was flat in October, and core (less food and energy) prices rose 0.2%, bringing the year-over-year increase to 4.0%, the slowest pace in two years. On the final day of the month, the Commerce Department reported that the Federal Reserve's preferred inflation gauge, the core personal consumption expenditures (PCE) price index, had risen at an annual rate of 1.9% (just below the Fed's 2% inflation target) in October. Over the previous six months, core PCE was running at an annualized rate of 2.5%.

The quarter brought some signals of weakening in the tight labor market, dampening one major concern of policymakers. The unemployment rate ended the quarter where it began, at 3.7% and weekly jobless claims remained contained, but continuing claims hit their highest level in two years. The number of people leaving their jobs voluntarily also fell to its lowest rate since January 2021, indicating less competition for workers.

Fed officials' reaction to the data seemed to help markets retain their momentum into the end of the year. Following their final policy meeting of 2023 on December 12-13, officials left rates unchanged, as expected, but the quarterly "dot plot" summarizing individual policymakers' rate expectations indicated that the median projection was for 75 basis points of rate cuts in 2024, up from the 50 basis points of easing in their previous projection.

Loan new issuance was similar to the prior quarter with USD 112 billion of issuance priced, according to J.P. Morgan. As loan dollar prices have marched higher throughout 2023, we are nearing a point where investors should be aware of the potential for a repricing/refinancing wave. As of the end of December, nearly 40% of the loan index traded above par. The resilient economy has fueled steady consumer spending and healthy growth as inflation has slowed. This backdrop has been generally supportive for sub-investment-grade fundamentals, which tend to be more sensitive to economic conditions. The Morningstar LSTA 12-month par-weighted leveraged loan default rate rose to 1.53% from 1.34% at the end of September.

Wireless Communications Industry Contributed
Security selection in the wireless communications segment contributed, in part due to Asurion, the leading provider of mobile protection services with over 150 million mobile phone subscribers globally. The company's 3Q23 results exceeded expectations across most metrics, including EDITDA, free cash flow, and Connected Home subscribers. We believe Asurion's dominant market position, solid credit profile, near-term revenue visibility (partly due to the recent extension of its contract with Verizon through the end of 2027), and an attractive coupon support our high conviction in the name.

Health Care Segment Added Value
Credit selection in the health care segment aided relative performance, partly due to Parexel, a global pharmaceutical services company, providing clinical research, consulting, medical communications and technology services to the pharmaceutical, biotechnology and medical device industries. The company posted solid 3Q23 results with higher net revenue and double-digit EBITDA growth. However, quarterly net new business awards were down, indicating a more challenging business environment and likely some softer quarters in 2024. Nevertheless, we believe that the strong current results, a solid backlog, adequate liquidity, and only moderately high leverage support the portfolio's holdings.

Notable Contribution From Cable Operators
Wireless telecommunications services and cable provider Altice France was a meaningful contributor in the cable operators segment. The company recently announced the sale of a 70% stake in its data centers business, a positive step that will contribute to its debt reduction goals.

Broadcasting Segment Detracted
Selection in the broadcasting industry weighed on relative performance, partly due to leading audio company iHeartMedia. The credits came under pressure due to a Moody's downgrade following the company's weak 3Q23 results and 4Q23 guidance that was well below consensus.

Other Telecommunications Underweight Dragged
Our meaningful underweight and selection in the other telecommunications (aka wirelines) segment detracted, partly due to not owning Zayo Group, a leading provider of bandwidth infrastructure in the U.S., Canada, and Europe. The loans traded higher after the company showed positive organic growth for the first time in years during 2Q23 and posted solid 3Q23 results with improved EBITDA, lower capital expenditures, better-than-expected free cash flow, and reduced leverage. However, at current valuations, the investment team does not believe that investors are adequately compensated for the risk that Zayo could be forced to restructure when it hits the 2027 maturity wall. Furthermore, the portfolio management team believes that issuers in the other telecommunications segment operate in a highly competitive landscape with the emergence of 5G technology potentially contributing to the industry's secular decline.

PORTFOLIO POSITIONING AND ACTIVITY

We maintained the portfolio's meaningful overweight in the financials segment, which is largely due to our significant investments in several insurance brokers, a high-conviction subsector within financials that has been perceived as a relative safe haven during uncertain economic times.

Increased Industry Exposures
We reduced the portfolio's underweight to cable operators, largely through purchases of discounted issues from cable and mobile services provider Altice.

We also closed part of the portfolio's underweight in the information technology segment through investments in Cloud Software Group, a combination of Citrix Systems (software provider of remote desktop access) and Tibco Software (data integration and harmonization), and BMC Software, a leading provider of mainframe software, workload automation, and IT Service management software.

We modestly increased our overweight to the energy industry through purchases of NorthRiver Midstream, which gathers and processes natural gas in northeastern British Columbia and west central Alberta, and EPIC Crude Services, which owns critical infrastructure linking the Permian Basin to the port of Corpus Christi, the preferred export terminal in Texas.

Second-Lien Loan Opportunities in High-Conviction Names
We have an overweight allocation to higher-coupon, second-lien loans, although first liens still represent the vast majority of our holdings. Second liens are a step lower in the capital structure and, likewise, tend to be lower in credit quality, but these loans pay higher interest payments to compensate for the additional risk. Furthermore, they often come with hard call protection, an attractive feature not typically seen in the bank loan market. We will often hold a blended allocation of first- and second-lien loans from a single issuer to express conviction within an improving or stable credit. However, we have reduced exposure to second liens from our high in mid-2018. As a tactical allocation, we would expect our second-lien holdings to potentially decline further as the late credit cycle extends.

Covenant-Lite Loans From Issuers With Sound Credit Profiles
With more than three-quarters of the market composed of covenant-lite (cov-lite) loans, our strategy cannot altogether avoid these loans. However, we remain significantly underweight, a consistent positioning since the strategy's inception. Cov-lite refers to a loan that is not subject to quarterly maintenance covenants, which are tests on certain credit metrics, formerly typical of the asset class. However, other restrictions remain, such as use of proceeds and restricted payments, similar to high yield covenants. Evaluating covenants has always been a critical component of our fundamental research process, and we will typically invest in cov-lite loans issued from companies with sound credit profiles.

High Yield Bonds Can Provide Income and Enhance Liquidity
A typically modest allocation to high yield bonds with fixed rates can augment our income stream and enhance portfolio liquidity. When investing in this segment of the market, we often target secured bonds that are positioned at the same level of a company's capital structure (pari passu) as bank loans but with higher coupons. Similar to our second-lien positions, high yield bonds with fixed rates will often complement a bank loan holding to convey a positive thesis.

MANAGER'S OUTLOOK

Loan coupons have moved in lockstep with Federal Reserve rate hikes, providing compelling current income for dedicated bank loan investors. However, given the more burdensome financing costs, we have become more cautious around the lower-end of the market, particularly lower-quality loan-only issuers with unhedged interest rate exposure. As a result, we expect the default rate to continue normalizing over the near to medium term to levels more consistent with the market's long-term average (2%-4%).

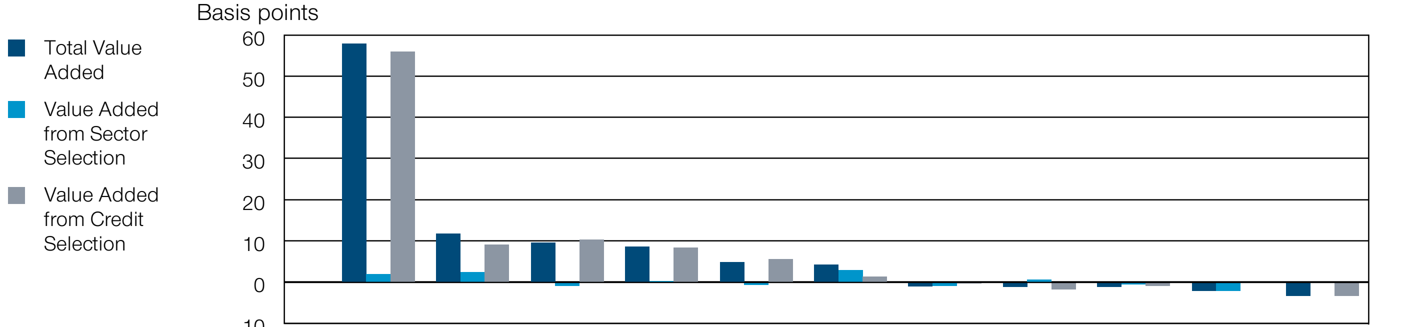
The Federal Reserve's fourth-quarter policy pivot somewhat balanced the loan market's attractive current income by creating some uncertainty about the trajectory of rates, and consequently, future coupon payments. Ultimately, investors still have to contend with a regime of elevated financial markets volatility both up and down the risk spectrum (i.e., equity, credit, and interest rate volatility), which we believe makes the case for active management in the loan asset class.

As always, we aim to deliver high current income while seeking to contain the volatility inherent in this market. Our team maintains a commitment to credit research and risk-conscious investing that has historically led to favorable returns for our bank loan clients over various market cycles.

QUARTERLY ATTRIBUTION

INDUSTRY ATTRIBUTION VS. MORNINGSTAR LSTA PERFORMING LOAN INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended December 31, 2023)

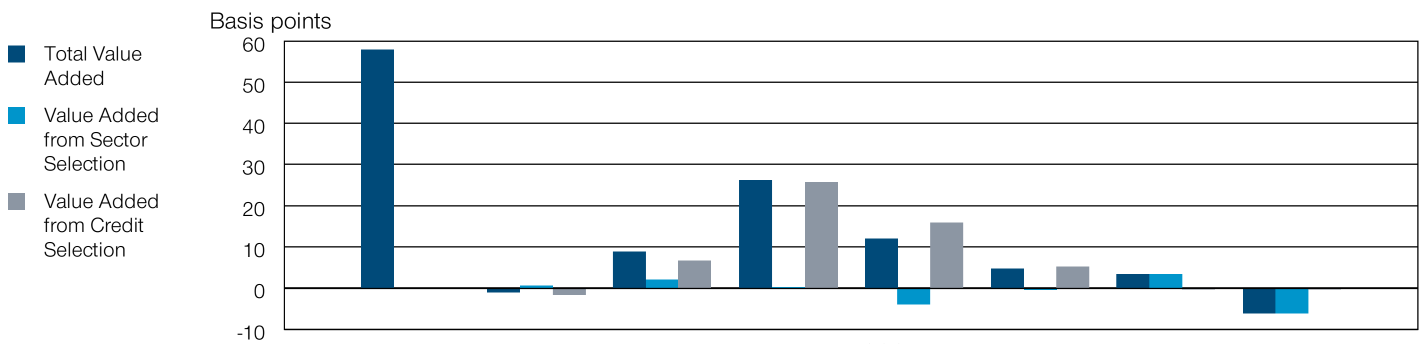


		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	**Wireless Commu- nications**	**Health Care**	**Info Tech**	**Service**	**Retail**	**Other Telecom- munica- tions**	**Broad- casting**	**Gaming & Lodg- ing**	**Building Products**	**Manu- facturing**
Fund Weight (%)	100.00	2.51	10.67	12.95	10.93	0.59	0.08	3.38	2.54	0.21	4.09
Benchmark Weight (%)	100.00	1.34	12.42	14.20	14.57	1.96	1.66	2.00	2.02	3.15	4.40
Fund Performance (%)	3.54	8.76	4.23	3.47	3.62	2.70	1.25	3.20	2.03	3.44	1.92
Benchmark Performance (%)	2.96	5.08	3.27	2.78	3.10	0.67	3.47	3.74	2.28	3.66	2.69
Sector Selection (bps)	2	3	-1	0	-1	3	-1	1	0	-2	0
Credit Selection (bps)	56	9	10	8	6	1	0	-2	-1	0	-3
Total Contribution (bps)	58	12	10	9	5	4	-1	-1	-1	-2	-3

Industry classification was determined by T. Rowe Price’s high yield industry structure.
Past performance is not a reliable indicator of future performance. T. Rowe Price's proprietary attribution model compares the fund's performance and average market weights with that of the benchmark. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance for each security is obtained in the local currency and, if necessary, is converted to USD using an exchange rate determined by an independent third party. Performance returns are in USD.

CREDIT QUALITY ATTRIBUTION VS. MORNINGSTAR LSTA PERFORMING LOAN INDEX

(3 months ended December 31, 2023)



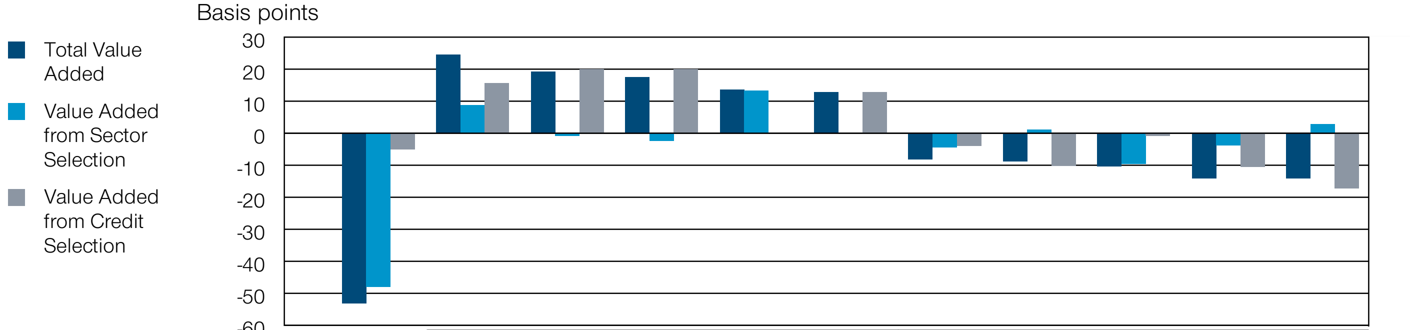
	Total	**BBB Rated & Above**	**BB Rated**	**B Rated**	**CCC Rated & Below**	**Not Rated**	**CDS/CDX**	**Short Term**
Fund Weight (%)	100.00	2.25	16.44	27.50	10.46	7.94	0.01	3.33
Benchmark Weight (%)	100.00	0.04	24.15	27.11	6.85	3.33	0.00	0.00
Fund Performance (%)	3.54	2.19	3.10	4.08	3.50	3.52	0.00	0.00
Benchmark Performance (%)	2.96	0.80	2.71	3.18	2.01	2.79	0.00	0.00
Sector Selection (bps)	0	1	2	0	-4	0	3	-6
Credit Selection (bps)	0	-2	7	26	16	5	0	0
Total Contribution (bps)	58	-1	9	26	12	5	3	-6

Past performance is not a reliable indicator of future performance. Source of credit quality rating: Standard and Poor’s.
T. Rowe Price's proprietary attribution model compares the fund's performance and average market weights with that of the benchmark. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance for each security is obtained in the local currency and, if necessary, is converted to USD using an exchange rate determined by an independent third party. Performance returns are in USD.

12-MONTH ATTRIBUTION

INDUSTRY ATTRIBUTION VS. MORNINGSTAR LSTA PERFORMING LOAN INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended December 31, 2023)



	Total	Top Five Total Value Added: Wireless Commu-nications	Health Care	Service	Other Telecom-munica-tions	Other	Bottom Five Total Value Added: Consum-er Prod-ucts	Food	Financial	Info Tech	Enter-tainment & Lei-sure
Fund Weight (%)	100.00	2.44	11.31	10.56	0.07	0.07	0.75	1.65	14.54	12.09	5.30
Benchmark Weight (%)	100.00	1.30	12.72	14.20	1.72	0.00	2.68	2.58	7.23	14.31	2.51
Fund Performance (%)	13.19	30.82	16.16	16.47	8.93	0.00	11.99	7.02	12.41	13.90	11.98
Benchmark Performance (%)	13.72	23.23	14.28	14.43	6.30	0.00	15.83	12.63	12.45	14.84	15.44
Sector Selection (bps)	-48	9	-1	-2	14	0	-4	1	-10	-4	3
Credit Selection (bps)	-5	16	20	20	0	13	-4	-10	-1	-10	-17
Total Contribution (bps)	-53	25	19	18	14	13	-8	-9	-10	-14	-14

Industry classification was determined by T. Rowe Price's high yield industry structure.
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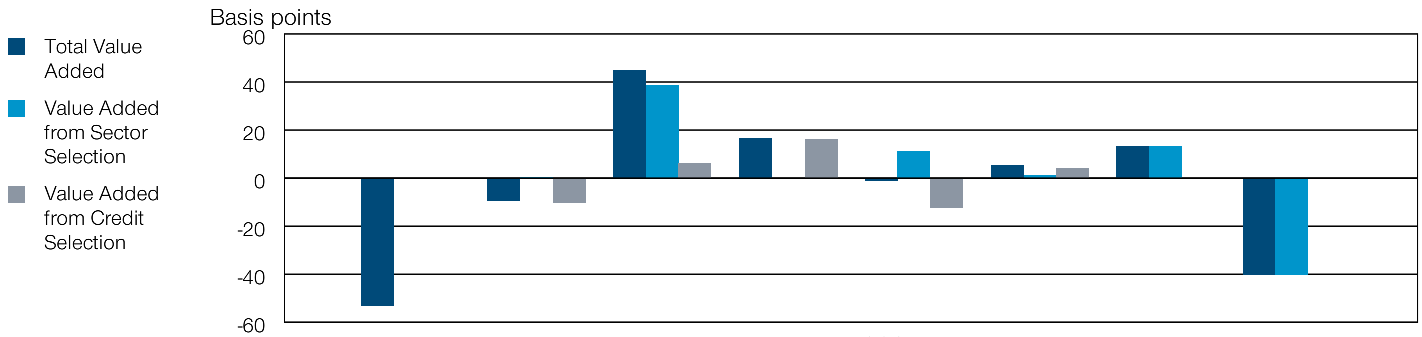
CREDIT QUALITY ATTRIBUTION VS. MORNINGSTAR LSTA PERFORMING LOAN INDEX

(12 months ended December 31, 2023)

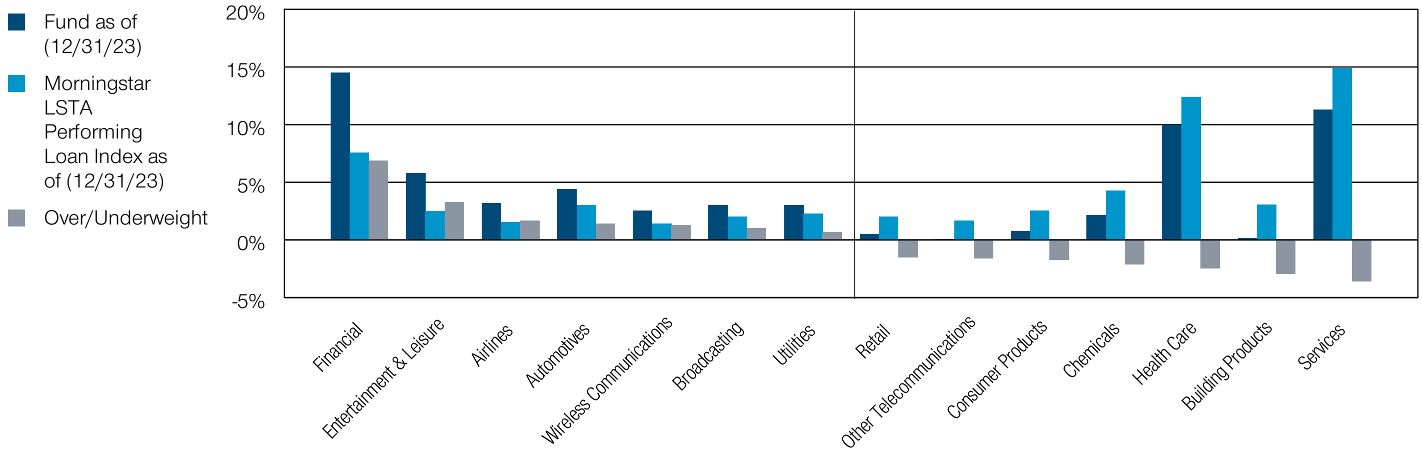


	Total	BBB Rated & Above	BB Rated	B Rated	CCC Rated & Below	Not Rated	CDS/CDX	Short Term
Fund Weight (%)	100.00	1.57	15.04	26.90	10.99	7.33	0.03	4.60
Benchmark Weight (%)	100.00	0.01	25.33	26.36	6.63	2.78	0.00	0.00
Fund Performance (%)	13.19	7.51	10.55	14.87	15.28	14.61	0.00	0.00
Benchmark Performance (%)	13.72	0.80	10.18	14.30	16.19	14.00	0.00	0.00
Sector Selection (bps)	0	1	39	0	11	1	13	-40
Credit Selection (bps)	0	-10	6	16	-13	4	0	0
Total Contribution (bps)	-53	-10	45	17	-1	5	13	-40

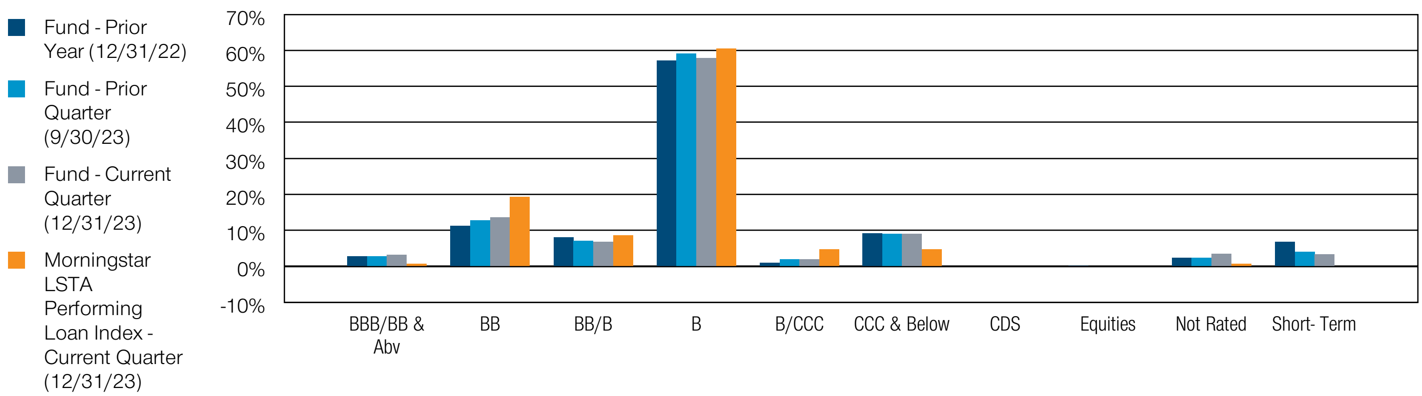
Past performance is not a reliable indicator of future performance. Source of credit quality rating: Standard and Poor's.
T. Rowe Price's proprietary attribution model compares the fund's performance and average market weights with that of the benchmark. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance for each security is obtained in the local currency and, if necessary, is converted to USD using an exchange rate determined by an independent third party. Performance returns are in USD.

PORTFOLIO POSITIONING

SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



BANK LOAN DISTRIBUTION

	% of Fund	% of Morningstar LSTA Performing Loan Index
2nd Lien	10.8%	2.1%
Convenant Lite Deals	79.4	92.2
LIBOR Floor	60.4	67.2

All categories are not mutually exclusive and an individual issuer may be counted in more than one category.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
UKG Inc	Services	3.9%
HUB International Ltd	Financial	3.2
Asurion LLC	Wireless Communications	2.4
Applied Systems Inc	Info Tech	2.2
AssuredPartners Inc	Financial	2.0
UFC Holdings LLC	Entertainment & Leisure	1.9
Epicor Software Corp	Info Tech	1.7
BMC Software Inc	Info Tech	1.6
United Airlines Holdings Inc	Airlines	1.6
USI Advantage Corp	Financial	1.5

FUND INFORMATION

	Floating Rate Fund	Floating Rate Fund - Advisor Class	Floating Rate Fund - I Class
Symbol	PRFRX	PAFRX	TFAIX
Expense Information	0.78%	1.04% (Gross) 0.97% (Net)	0.63%
Fiscal Year End Date	5/31/23	5/31/23	5/31/23
12B-1 Fee	–	0.25%	–

The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee. The Advisor Class operates under a contractual expense limitation that expires on 9/30/25.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Paul Massaro

Managed Fund Since:
2011

Joined Firm:
2003

Additional Disclosures

Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-877-804-2315 or visit troweprice.com. Read it carefully.

The manager’s views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.
Industry classification was determined by T. Rowe Price’s high yield industry structure. The bonds in which the fund invests are at a much greater risk of default and tend to be more volatile than higher-rated bonds. Like bond funds, it is exposed to interest rate risk, but credit and liquidity risks may often be more important.
Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.
Source for Credit Quality Diversification:
Credit ratings for the securities held in the Fund are provided by Moody’s and Standard & Poor’s and are converted to the Standard & Poor’s nomenclature. A rating of “AAA” represents the highest-rated securities, and a rating of “D” represents the lowest-rated securities. Split ratings (e.g., BB/B and B/CCC) are assigned when Moody’s and S&P differ. If a rating is not available, the security is classified as Not Rated (NR). The rating of the underlying investment vehicle is used to determine the creditworthiness of credit default swaps and sovereign securities. The Fund is not rated by any agency.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.
Unless indicated otherwise the source of all data is T. Rowe Price.
This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

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