QUARTERLY REVIEW

Credit Opportunities Fund

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the Bloomberg U.S. High Yield 2% Issuer Capped Bond Index for the three-month period ended December 31, 2023.

Relative performance drivers:

- Positioning in the wireless communications segment contributed to relative performance.
- Avoiding troubled credit added value.
- Our allocation to bank loans and selection in the broadcasting industry detracted.

Additional highlights:

- We opportunistically increased our allocations to the financials and aerospace and defense segments.
- Historically, when dollar prices and yields in our market have reached current levels, we have seen strong forward returns in the high yield asset class, which we believe bodes well for its performance over the medium term.

FUND INFORMATION

Symbol	PRCPX
CUSIP	87279J109
Inception Date of Fund	April 29, 2014
Benchmark	Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index
Expense Information (as of the most recent Prospectus)*	1.18% (Gross) 0.81% (Net)
Fiscal Year End	May 31
12B-1 Fee	--
Percent of Portfolio in Cash	9.69%
Total Assets (all share classes)	$145,770,165

*The Fund operates under a contractual expense limitation that expires on September 30, 2025.

PERFORMANCE

(NAV, total return)

			Annualized				
	Three Months	One Year	Three Years	Five Years	Since Inception 4/29/14	30-Day SEC Yield	30-Day SEC Yield w/o Waiver °
Credit Opportunities Fund	6.22%	13.63%	3.18%	5.68%	3.59%	7.16%	6.97%
Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index	7.15	13.44	1.98	5.35	4.37	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2015	2016	2017	2018	2019	2020	2021	2022	2023
Credit Opportunities Fund	Apr 29 2014	-6.70%	16.41%	6.78%	1.47%	13.74%	5.52%	6.33%	-9.08%	13.63%
Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index		-4.43	17.13	7.50	-2.08	14.32	7.05	5.26	-11.18	13.44%

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.

°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.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

PERFORMANCE REVIEW

Market Environment

The high yield market returned 7.15% for the three-month period ended December 31, 2023, according to the Bloomberg U.S. High Yield 2% Issuer Capped Bond Index.

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.

The high yield market's spread compressed (-44 bps) in the fourth quarter. According to J.P. Morgan, capital market activity increased during the period, producing USD 42.1 billion in new paper. The J.P. Morgan par-weighted default rate rose to 2.08% from 1.32% in September, remaining well below the long-term average of 3%–4%.

Contribution From Wireless Communications

Credit selection and our overweight allocation in the wireless communications segment added value. The contribution from security selection was partly 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 EBITDA, free cash flow, and Connected Home subscribers. In our view, 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.

Avoiding Troubled Credit Aided Performance

Selection among B/CCC rated bonds added value, partly due to our zero weight in Lumen Technologies, an over-leveraged wireline telecom company facing bankruptcy risk.

Notable Contribution In Financials

Navient, a company that originates, maintains, and services a portfolio of student loans was a leading contributor in the financials segment. Navient's third-quarter results showed that delinquencies, forbearance rates, and credit losses in its private education portfolio remain at or below pre-COVID levels, reflecting the high-quality nature of the portfolio.

Bank Loans Dragged

Our off-benchmark allocation to bank loans held back relative gains. The loan asset class outpaced high yield bonds by a wide margin in the year-to-date period through the end of October. However, the performance trend reversed in November and December amid indications that the Fed would end its rate hiking campaign and that policymakers would support a slightly more aggressive pace of rate cuts in 2024 than previously expected. Nevertheless, we believe in having bank loans as a strategic allocation with higher carry and less volatility.

Broadcasting Industry Weighed

Security selection in the broadcasting segment detracted, partly due to leading audio company iHeartMedia (IHRT). The bonds traded lower due to a Moody's downgrade following the company's disappointing 3Q results and 4Q guidance. Although IHRT's 3Q results were somewhat weak, they were mostly in line with market expectations. However, persistent challenges in the advertising environment for traditional media in general and radio in particular resulted in 4Q guidance that was well below consensus. The negative selection within broadcasting was partly offset by positive allocation effects from overweighting the sector.

Cash Position Detracted

Our allocation to reserves, which is necessary for portfolio liquidity, weighed on relative results in the strong performance environment during the period.

PORTFOLIO POSITIONING AND ACTIVITY

This strategy is designed to offer flexible and concentrated exposure to our highest-conviction high yield and bank loan credits. The goal is to provide competitive returns within the high yield universe with less risk over a market cycle. The majority of the portfolio taps into the repeatable, traditional high yield and bank loan credit research process that defines the T. Rowe Price high yield platform. The flexible mandate allows for more aggressive or conservative positioning as the opportunity set dictates. The portfolio is more focused than a diversified high yield fund, and the benchmark does not drive portfolio construction. If we do not find compelling value in a name, we simply do not own it. We also have the ability to layer in distressed and special credit situations on a highly selective basis. These special credit situations, while limited in number, can offer the potential for meaningful total return and are another factor differentiating this portfolio from traditional high yield bond funds.

Industry Exposures Increased

We increased our financials industry exposure through investments in Navient and OneMain Financial, a provider of personal loans primarily to non-prime customers. Despite the association with subprime lending, OneMain has a strong business model. Its branch network of over 1,400 locations, which supports face-to-face underwriting, underwriting to the ability to pay, and an emphasis on secured lending facilitate OneMain’s success in underwriting the non-prime consumer. A unique feature of OneMain’s consumer lending model is its “secured product.” Borrowers who pledge their vehicles are able to obtain larger loans and at lower rates, and secured loans have exhibited better credit performance through the cycle. OneMain targets a 50% mix of secured versus unsecured loans.

We augmented our holdings in the aerospace and defense segment by investing in TransDigm Group (TDG), a leading global designer, producer, and supplier of highly engineered aircraft components used on nearly all commercial and military aircraft in service today. The company’s mostly proprietary (90%) and sole-source (80%) products, which are largely low cost but with high cost of failure and high barriers to entry, create pricing power for TDG.

MANAGER'S OUTLOOK

Tighter financial conditions have contributed to historically light new issuance over the past 12 months. Consequently, it has been more difficult for companies in our market to obtain debt financing for much of the past year. However, the current conditions were preceded by a period of record issuance in 2020 and 2021 during which many companies were able to access capital markets “at will,” allowing them to extend maturities, reduce fixed financing costs, and optimize capital structures. The “maturity wall” coming in 2024-2025 is also manageable even if it does represent a larger portion of the high yield market maturing in the next two years compared to history. It is important to stress that a large portion of the maturities are coming from more financially stable BB rated issuers, and much progress has already been made on refinancing 2024 and 2025 maturities.

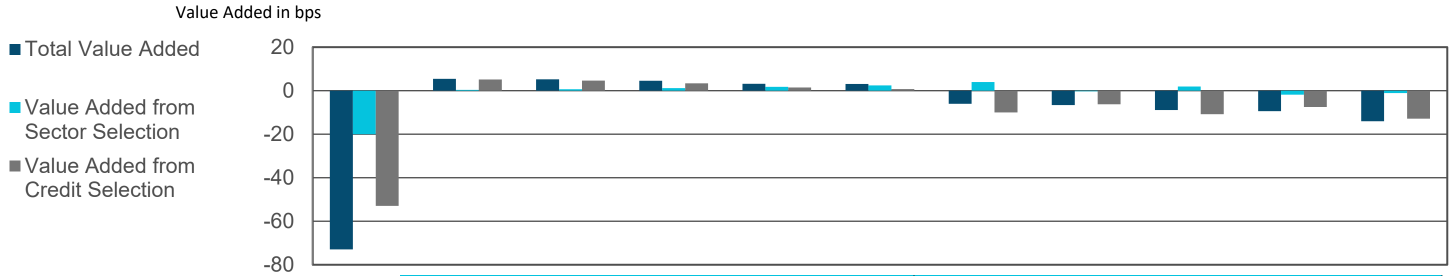
Higher interest costs will likely be onerous for some lower-quality below investment-grade companies, particularly those with large unhedged floating rate debt obligations. As a result of the challenging macro environment and tighter financial conditions, we anticipate the default rate could continue to normalize over the near to medium term toward the market’s long-term average (3%–4%). Nevertheless, fundamental conditions in the high yield asset class, its solid underlying credit quality, the amount of secured debt, supportive technicals, and the value we currently see in the market partly mitigate the macro concerns. Historically, when dollar prices and yields in our market have reached current levels, we have seen strong forward returns in the high yield asset class, which we believe bodes well for its performance over the medium term.

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 high yield clients over various market cycles.

QUARTERLY ATTRIBUTION

INDUSTRY ATTRIBUTION DATA VS. BLOOMBERG U.S. HIGH-YIELD 2% ISSUER CAPPED BOND INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(Three months ended December 31,2023)

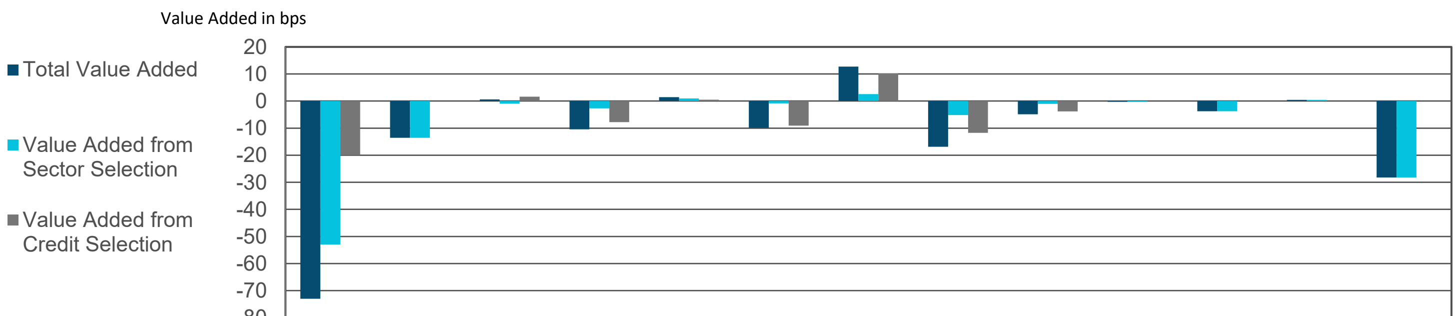


	Total	Top Five Total Value Added					Bottom Five Total Value Added				
		Chemicals	Satellites	Airlines	Wireless Communication	Container	Broadcasting	Metals & Mining	Automotives	Healthcare	Cable Operators
Fund Weight (%)	100	2.02	1.20	1.34	2.83	1.23	5.60	2.66	7.45	5.82	7.06
Benchmark Weight (%)	100	2.70	0.73	1.79	0.92	2.72	3.51	2.16	3.81	7.98	6.52
Fund Performance (%)	6.42	9.04	10.68	4.98	8.84	5.66	7.44	4.17	6.38	6.92	6.76
Benchmark Performance (%)	7.15	6.65	6.81	3.66	8.09	5.36	9.17	6.45	7.85	8.03	8.34
Sector Selection (bps)	-20	0	1	1	2	2	4	0	2	-2	-1
Credit Selection (bps)	-53	5	5	3	1	1	-10	-6	-11	-8	-13
Total Contribution (bps)	-73	5	5	5	3	3	-6	-7	-9	-9	-14

Past performance is not a reliable indicator of future performance. Industry classification was determined by T. Rowe Price's high yield industry structure. 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 using an exchange rate determined by an independent third party. Performance returns are in USD.

CREDIT QUALITY ATTRIBUTION DATA VS. BLOOMBERG U.S. HIGH-YIELD 2% ISSUER CAPPED BOND INDEX

(Three months ended December 31,2023)



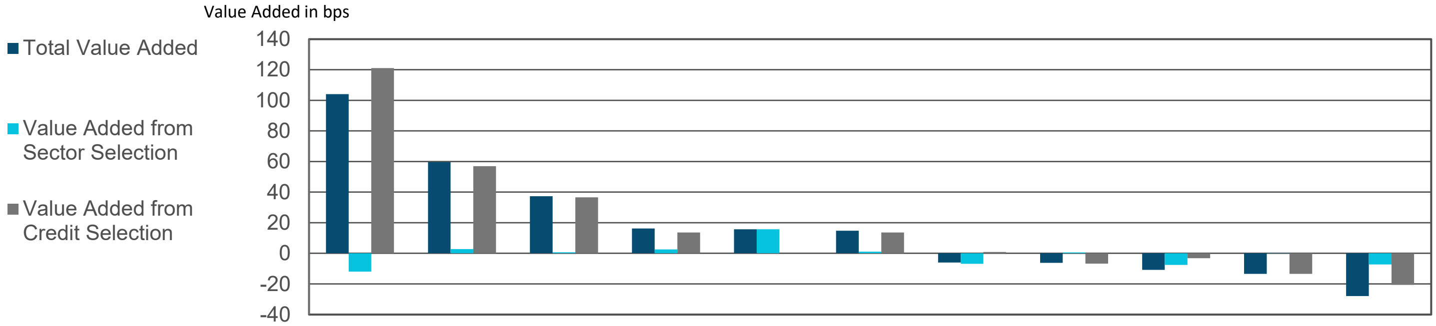
	Total	Bank Debt	BBB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Below	Not Rated	Convertible Pref	Common	Credit Default Swap	Short Term
Fund Weight (%)	100	8.55	3.00	19.30	23.19	25.66	3.95	8.30	2.24	0.13	0.96	-0.06	4.78
Benchmark Weight (%)	100	0.00	2.35	34.76	17.80	31.01	4.57	9.23	0.28	0.00	0.00	0.00	0.00
Fund Performance (%)	6.42	5.36	8.34	6.95	7.16	6.89	6.11	6.23	4.52	5.12	4.28	0.00	0.00
Benchmark Performance (%)	7.15	0.00	7.60	7.32	7.15	7.27	3.47	7.84	2.91	0.00	0.00	0.00	0.00
Sector Selection (bps)	-53	-14	-1	-3	1	-1	3	-5	-1	0	-4	0	-28
Credit Selection (bps)	-20	0	2	-8	0	-9	10	-12	-4	0	0	0	0
Total Contribution (bps)	-73	-14	1	-10	1	-10	13	-17	-5	0	-4	0	-28

Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and 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 using an exchange rate determined by an independent third party. Performance returns are in USD.

12-MONTH ATTRIBUTION

INDUSTRY ATTRIBUTION DATA VS. BLOOMBERG U.S. HIGH-YIELD 2% ISSUER CAPPED BOND INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended December 31,2023)



		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	Wireless Comm	Service	Financial	Other Telecomm	Healthcare	Broadcasting	Food	Building Products	Energy	Cable Operators
Fund Weight (%)	100	3.41	7.19	8.12	0.00	5.17	5.82	1.08	0.53	11.39	7.81
Benchmark Weight (%)	100	1.17	7.65	7.41	2.46	7.79	3.43	1.70	2.11	12.17	6.64
Fund Performance (%)	14.48	33.45	18.89	16.52	0.00	16.79	11.12	6.72	12.95	11.67	10.14
Benchmark Performance (%)	13.44	14.72	13.66	14.54	7.76	13.48	11.01	12.49	18.64	12.78	12.59
Sector Selection (bps)	-17	3	1	3	16	1	-7	1	-8	0	-7
Credit Selection (bps)	121	57	37	14	0	14	1	-7	-3	-13	-21
Total Contribution (bps)	104	60	37	16	16	15	-6	-6	-11	-13	-28

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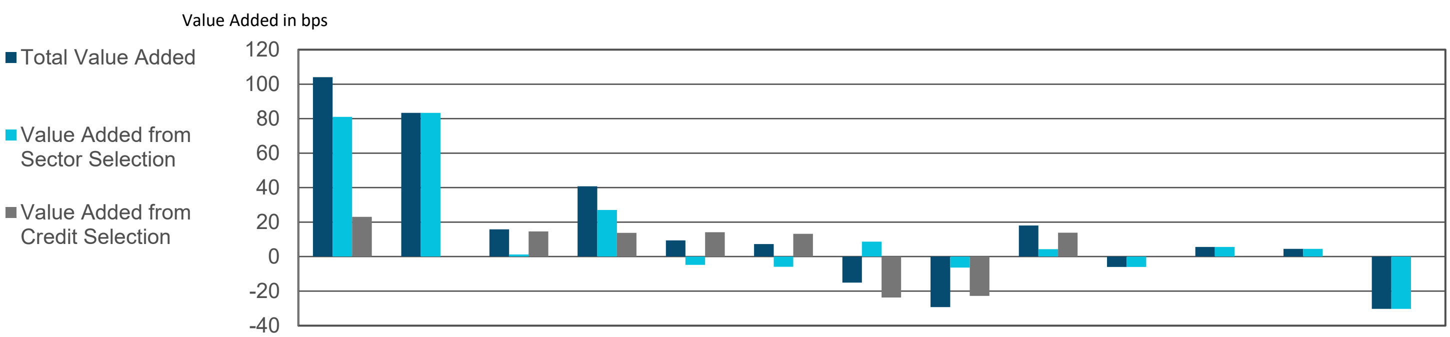
CREDIT QUALITY ATTRIBUTION DATA VS. BLOOMBERG U.S. HIGH-YIELD 2% ISSUER CAPPED BOND INDEX

(12 months ended December 31,2023)



	Total	Bank Debt	BBB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Below	Not Rated	Convertible Prefer	Common	Credit Default Swap	Short Term
Fund Weight (%)	100	10.67	3.11	19.43	21.90	25.22	4.28	8.90	2.36	0.40	1.00	-0.06	2.79
Benchmark Weight (%)	100	0.00	3.71	35.33	16.65	30.73	4.04	9.37	0.17	0.00	0.00	0.00	0.00
Fund Performance (%)	12.51	20.72	15.51	12.39	12.74	15.18	8.34	17.72	20.16	11.12	25.94	0	0
Benchmark Performance (%)	10.28	0	11.28	11.67	12.14	14.56	14.12	20.16	10.38	0	0	0	0
Sector Selection (bps)	106	83	1	27	-5	-6	9	-6	4	-6	6	4	-30
Credit Selection (bps)	116	0	15	14	14	13	-24	-23	14	0	0	0	0
Total Contribution (bps)	223	83	16	41	9	7	-15	-29	18	-6	6	4	-30

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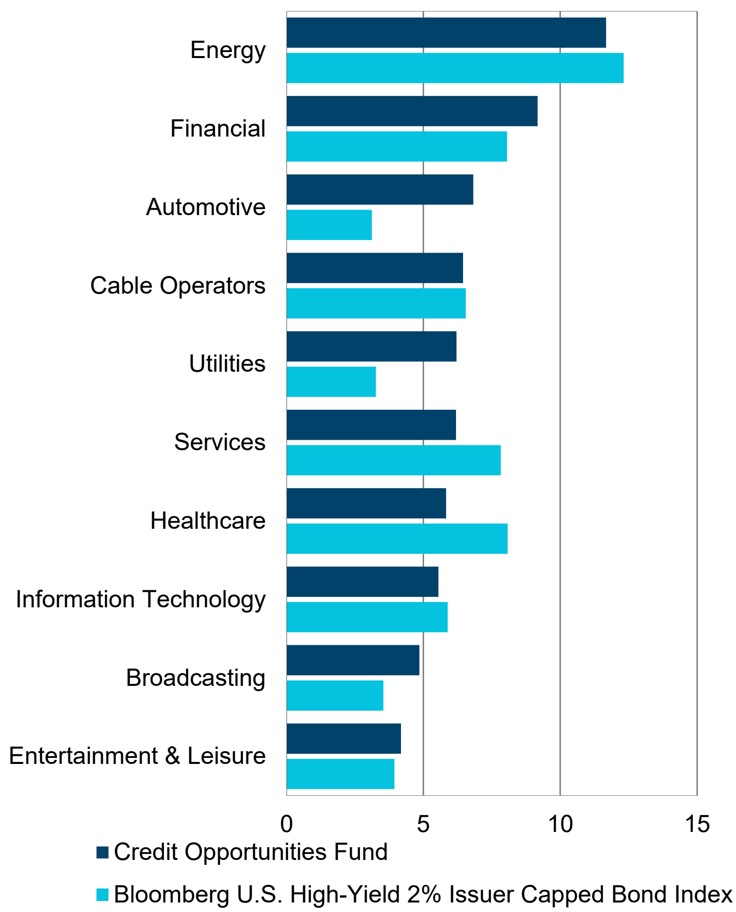
PORTFOLIO POSITIONING

ASSET CATEGORY BREAKDOWN

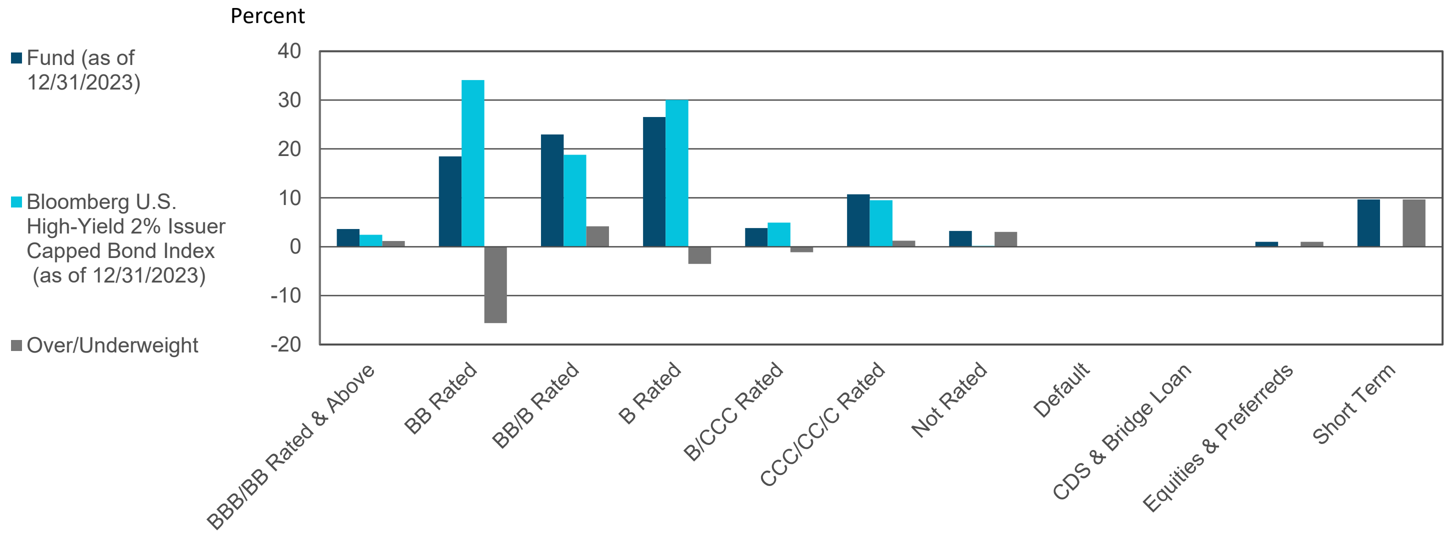
Asset Category	Allocation Percentage	Allocation Amount
Fixed Rate Bonds	76.2%	$111,051,547
Floating Rate Bonds	5.5%	$7,996,535
Equities	0.9%	$1,290,221
Credit Default Swaps	-0.0%	- $49,382
Bank Debt	7.5%	$10,865,718
Convertibles	0.3%	$491,601
Reserves	9.7%	$14,123,924
Total	100.0%	$145,770,165

10 LARGEST INDUSTRIES (%)



PORTFOLIO POSITIONING

CREDIT QUALITY DIVERSIFICATION



HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
Vistra	Utilities	3.50%
Charter Communications	Cable Operators	2.50
Asurion LLC	Wireless Communications	2.43
Venture Global LNG	Energy	2.21
Transdigm Group	Aerospace & Defense	1.79
Rivian Automotive	Automobiles/Automotive	1.63
Clear Channel Outdoor Holdings	Broadcasting	1.56
Navient	Financial	1.52
UKG	Services	1.49
OneMain Holdings	Financial	1.43

PORTFOLIO MANAGEMENT

Portfolio Manager:
Rodney Rayburn

Managed Fund Since:
2015

Joined Firm:
2014

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 1-800-638-7890 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.

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Derivative valuations are based on standard derivative market valuation methods.

Industry classification was determined by T. Rowe Price's high yield industry structure.

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.

Bloomberg data is based on the Returns Universe. The composition of the index is reset on the first day of each month; the holdings remain constant thereafter throughout the month until it is reset the following month.

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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