T. Rowe Price®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Credit Opportunities Fund

As of June 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index for the three-month period ended June 30, 2020.

Relative performance drivers:

- Core high-conviction holdings in the services and wireless communications segments contributed to relative performance.
- Credit selection in energy benefited.
- Our overweight allocations to defensive industries weighed on relative performance.

Additional highlights:

- Our fundamental credit research capabilities enabled us to avoid many of the market's weakest names while seeking opportunities to add high conviction names at attractive prices.
- History tells us that at today's spread levels, 12-month forward returns have never been negative and, moreover, have typically been rewarding for high yield investors.

FUND INFORMATION

Symbol	PRCPX
CUSIP	87279J109
Inception Date of Fund	April 29, 2014
Benchmark	Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index
Expense Information (as of the most recent Prospectus)*	1.28% (Gross) 0.92% (Net)
Fiscal Year End	May 31
12B-1 Fee	--
Percent of Portfolio in Cash	-4.3%
Total Assets (all share classes)	64,039,123

*The Fund operates under a contractual expense limitation that expires on September 30, 2020.

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	11.49%	-0.39%	3.20%	3.89%	2.50%	4.85%	4.50%
Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index	10.14	0.00	3.32	4.79	4.10	-	-

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	**2015**	**2016**	**2017**	**2018**	**2019**
Credit Opportunities Fund	Apr 29 2014	-6.70%	16.41%	6.78%	-1.47%	13.74%
Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index		-4.43	17.13	7.50	-2.08	14.32

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. 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 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.
Source for Bloomberg Barclays index data: Bloomberg Index Services Limited. See additional disclosures.
For Sourcing Information, please see Additional Disclosures.

PERFORMANCE REVIEW

The high yield market returned 10.14% for the three-month period ended June 30, 2020, according to the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index.

Progress in the battle against the coronavirus benefited financial markets early in the quarter, with infection rates, hospitalizations, and deaths beginning to decline in early April in New York and other hard-hit areas. The turnaround encouraged the nation's governors to begin the gradual reopening of businesses and public facilities, while many major firms resumed manufacturing operation in late April. After declining for several weeks, however, the national number of daily diagnosed new cases began to climb in June and reached new highs by the end of the period, prompting governors in several states to announce either reversals or delays in reopening plans.

Throughout the quarter, markets appeared to react to reports of progress in developing treatments and a vaccine for the coronavirus. In June, a major study showing that a common steroid drug helped save lives in serious cases of the virus buoyed investor sentiment, as it marked the first time a treatment had a verifiable impact on reducing the fatality rate. Anthony Fauci, the nation's top infectious diseases official, later told a congressional committee that a vaccine was a matter of "when and not if" and that he was "cautiously optimistic" that one would arrive by the end of the year.

Treasury yields ended the quarter little changed from where they began. The yield on the benchmark 10-year note ended at 0.66% compared with 0.70% at the beginning of the period. Investors welcomed continued efforts by the Federal Reserve and the federal government to support the U.S. economy. In early April, the central bank promised up to USD 2.3 trillion in loans to smaller businesses and municipalities and announced that it would include eligible fallen angels and high yield exchange-traded funds (ETFs) as part of its Term Asset-Backed Securities Lending Facility (TALF) and other emergency lending programs. In mid-June, the Fed decided to augment its purchases of ETFs by starting to buy a broad portfolio of U.S. corporate bonds.

The overall tone of economic data improved throughout the quarter and appeared to help offset coronavirus fears. May's employment report was particularly encouraging as data showed that employers added back 2.5 million positions, defying consensus expectations for a decline of around 8 million jobs. Instead of rising to nearly 20% as forecast, the unemployment rate dropped to 13.3% from 14.7%. Retail sales also rebounded in May, and several indicators suggested a recovery in manufacturing. Escalating tensions with China resulted in periodic volatility and may have restrained the quarter's gains. However, President Donald Trump helped allay investors' fears in June as he reaffirmed his support for the phase one trade agreement.

Technical conditions in the high yield bond market were broadly supportive during the second quarter. The asset class experienced a record inflow of USD 47.3 billion and received additional support from multi-sector, investment grade, and equity investors, which helped offset robust new issuance. Specifically, the volume of gross and net issuance reached all-time highs of USD 145.5 billion and USD 75.5 billion, respectively. The majority of the quarter's issuance was concentrated in energy and other market segments significantly impacted by the pandemic, such as gaming and automotive.

The J.P. Morgan par-weighted default rate ended the quarter at a 10-year high of 6.19% compared with 3.35% in March and 2.63% at the end of 2019. Industry strategists have provided base case default rate forecasts ranging from 8%–10% this year, an increase from the previous forecast of 3% at the end of 2019. However, the more Draconian estimates have declined due to fiscal and monetary support and as economic data started to inflect.

Services Segment Contributed

Credit selection in the services segment was a top contributor to relative performance, partly due to Kronos, a leader in the workforce management solutions market. The company's products address business needs, including monitoring employee time and attendance, scheduling, absence management, and workforce analytics. Its market-leading products and subscription-based business foster loyalty from its diverse customer base consisting of large, well-capitalized companies.

Energy Industry Aided Performance

Within the energy industry, we generally avoided distressed names in favor of issuers with larger asset bases and more durable business models. Additionally, we maintain an overweight to large, diversified, and well-capitalized midstream companies that tend to have contractual-based revenue models and to high-quality exploration and production names. Targa Resources, a midstream energy company that is one of the nation's largest providers of natural gas and natural gas liquids, was a notable contributor within the energy segment. The company recently took several credit-friendly actions intended to shore up its balance sheet and preserve liquidity in what could be a prolonged difficult operating environment.

Wireless Communications Segment Benefited

Security selection in the wireless communications segment aided relative performance, although our overweight to the sector partly offset the contribution. The credit selection impact was partly due to Asurion, a loan-only issuer and global provider of product protection and support services to the wireless, insurance, retail, and home repair service industries. Asurion's dominant market position, solid credit profile, near-term revenue visibility, and attractive coupons support our high conviction.

Bank Loan Allocation Contributed

The portfolio's allocation to leveraged loans was a source of relative outperformance as the asset class outpaced the benchmark by roughly 400 basis points. In addition to loan-only issuers Asurion and Kronos, loans issued by Refinitiv (a global provider of financial markets data and infrastructure), Fiserv (a financial technology services company), and Navistar (a leading manufacturer of commercial trucks, buses, defense vehicles, and engines) were supportive.

Defensive Positioning Mitigated Gains

Cable operators and utilities made a meaningful contribution to performance in the first quarter. Cable operators generally exhibit defensive characteristics due to subscription-based, recurring-revenue business models. We believe potential mergers and acquisitions activity within cable and wireless could also create further opportunities. In our view, utilities is one of the most attractive and defensive industries in a low-growth economy. However, our overweight allocations to these defensive segments weighed on relative performance in the second quarter as lower-quality and more speculative credits drove the high yield market's gains in May and June.

Entertainment and Leisure Segment Detracted

Credit selection in the entertainment and leisure space weighed on relative results, partly due to AMC Entertainment, the world's largest movie theater chain. Its business was secularly challenged before the coronavirus outbreak as attendance has slowly declined over the last several years. The company was overleveraged, and the pandemic significantly disrupted its operations due to the mandated shutdown of crowded public venues, including movie theaters.

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.

Energy Exposure Adjusted

The strategy's opportunistic investments in fallen angels benefited relative performance and allowed us to further improve the quality of our energy allocation. Specifically, we purchased Hess, a U.S. exploration and production company with a mix of onshore and offshore assets, and EQT Corporation, the largest pure-play natural gas producer in the U.S. Both companies have size and scale that are not often seen in the high yield market.

Selectively Participated in New Deals

As part of our fundamental research, we worked to determine which companies in our market could survive the unsettled environment created by the pandemic despite having nearly zero revenue visibility. When several issuers with sound fundamental credit stories came to the market to strengthen their balance sheets, we seized the opportunity to invest in these names at attractive prices. For example, we increased the fund's lodging exposure by participating in new deals from Marriott International and Hilton. In the entertainment and leisure space, we purchased secured bonds from amusement park company Six Flags Entertainment. We believed the attractive new deal economics offered compelling risk-adjusted return opportunities.

MANAGER'S OUTLOOK

History tells us that at today's spread levels, forward returns have typically been rewarding for high yield investors. Robust positive flows to the asset class have provided technical support, buoyed secondary market prices, and created strong interest in new issues. The higher-quality portions of our market have recovered quickly, and spreads have nearly returned to pre-virus levels. However, the recovery has yet to gain traction marketwide, and spreads remain elevated in some segments, such as low-quality energy, where we expect increased default activity.

As the fallout from the pandemic and the impact of business disruptions begin to be reflected in corporate earnings, there will likely be another round of volatility, which should provide further opportunities to invest at attractive prices. We believe potential gains that can be captured on a spread basis still exist, although overall uncertainty in the economic environment and the trajectory of the global health crisis throughout the rest of the year and beyond remain important considerations.

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 led to favorable returns for our high yield clients over various market cycles.

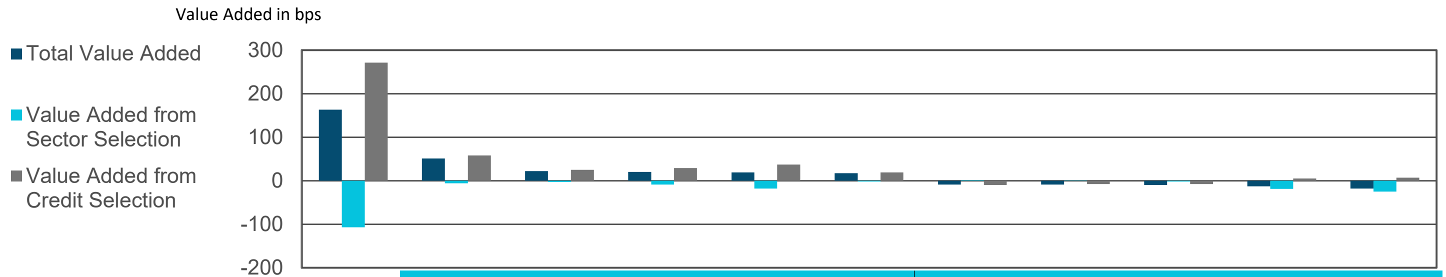
MANAGER'S OUTLOOK

The following investment team changes occurred during the quarter:
Departure: Christopher Schubert, Trader

QUARTERLY ATTRIBUTION

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

(Three months ended June 30, 2020)

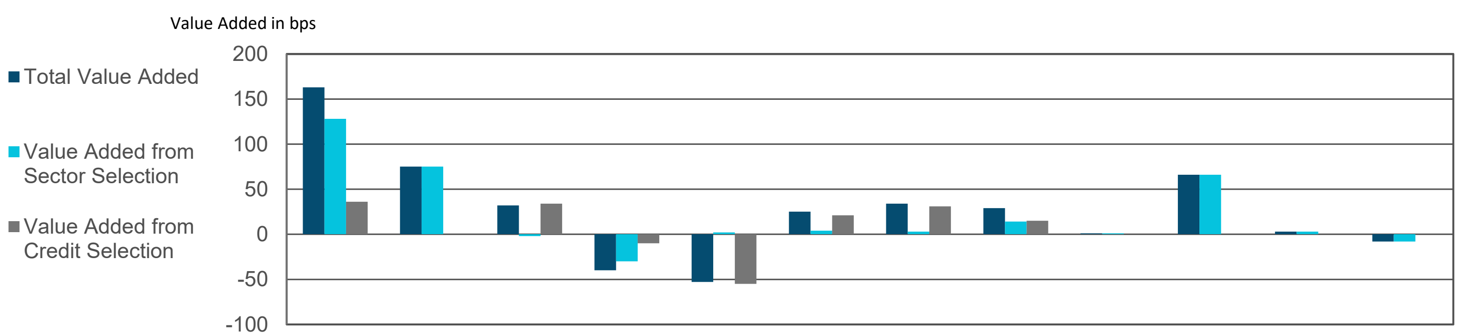


	Total	Service	Metals & Mining	Broadcasting	Satellites	Gaming & Lodging	Entertainment & Leisure	Automotives	Supermarkets	Utilities	Cable Operators
		Top Five Total Value Added					Bottom Five Total Value Added				
Fund Weight (%)	100.00	8.76	4.18	4.94	3.03	4.03	0.82	3.39	1.64	6.86	12.36
Benchmark Weight (%)	100.00	6.91	3.23	3.37	0.97	4.55	1.18	4.54	0.84	2.70	7.55
Fund Performance (%)	11.77	11.84	13.32	10.39	14.72	17.61	-6.46	11.24	3.44	6.80	5.75
Benchmark Performance (%)	10.14	6.03	7.99	4.49	-2.09	12.40	3.88	13.23	8.45	6.06	5.21
Sector Selection (bps)	-107	-6	-3	-9	-18	-2	1	-1	-2	-19	-25
Credit Selection (bps)	271	58	25	29	37	19	-10	-8	-8	5	7
Total Contribution (bps)	163	51	22	20	19	17	-9	-9	-10	-13	-18

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 market weights by industry with the benchmark's performance and market weights. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD. Performance for each security is in the currency in which it is issued and, if necessary, is converted using an exchange rate determined by an independent third party. Any difference in the total value added and the sum of credit selection and sector selection is referred to as residual. Residual can occur due to position shifts within the portfolio and benchmark both from an issuer and sector perspective and reflects any difference in performance calculation methodology between T. Rowe Price's proprietary attribution model and internal performance tool. For Sourcing Information, please see Additional Disclosures.

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

(Three months ended June 30, 2020)



	Total	Bank Debt	BBB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Below	Not Rated	Convt. Pref.	Equities	Short Term
Fund Weight (%)	100.00	17.30	4.45	20.98	14.26	18.71	7.36	12.36	0.05	2.99	0.88	0.65
Benchmark Weight (%)	100.00	0.00	5.97	39.80	15.74	21.90	6.57	9.80	0.22	0.00	0.00	0.00
Fund Performance (%)	11.77	13.78	18.66	11.31	5.27	10.23	17.19	9.26	-3.24	38.20	19.39	0.00
Benchmark Performance (%)	10.14	0.00	10.76	11.78	9.06	9.10	12.45	7.06	6.98	0.00	0.00	0.00
Sector Selection (bps)	128	75	-2	-30	2	4	3	14	1	66	3	-8
Credit Selection (bps)	36	0	34	-10	-55	21	31	15	0	0	0	0
Total Contribution (bps)	163	75	32	-40	-53	25	34	29	1	66	3	-8

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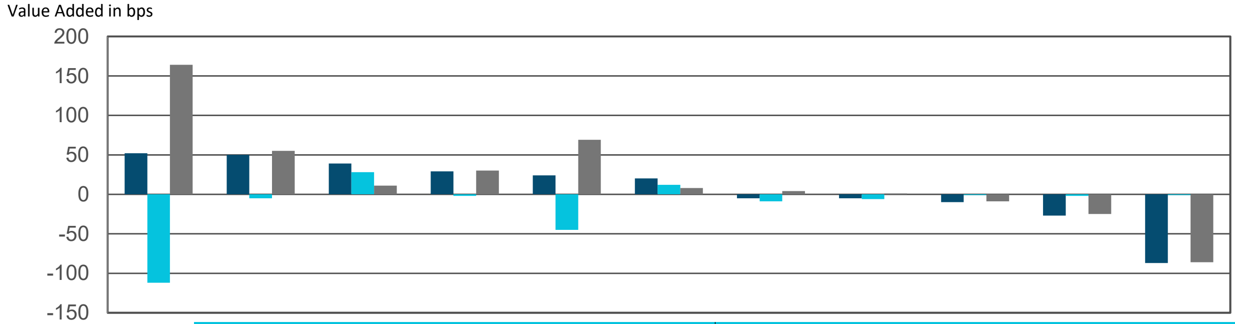
12-MONTH ATTRIBUTION

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

(12 months ended June 30, 2020)



	Total	Top Five Total Value Added: Service	Cable Operators	Metals & Mining	Energy	Aerospace & Defense	Bottom Five Total Value Added: Building & Real Estate	Container	Manufacturing	Entertainment & Leisure	Broadcasting
Fund Weight (%)	100.00	7.56	11.87	3.60	11.90	0.76	0.85	1.62	1.28	0.83	6.24
Benchmark Weight (%)	100.00	7.23	7.77	3.55	11.92	2.04	2.72	2.88	1.34	1.08	3.55
Fund Performance (%)	0.52	4.23	7.57	6.67	-11.65	-2.62	7.62	6.48	-3.02	-32.68	-12.35
Benchmark Performance (%)	0.00	-1.54	6.70	-0.57	-15.77	-12.09	5.32	5.02	3.98	-17.67	-2.70
Sector Selection (bps)	-112	-5	28	-2	-45	12	-9	-6	-1	-2	-1
Credit Selection (bps)	164	55	11	30	69	8	4	1	-9	-25	-86
Total Contribution (bps)	52	50	39	29	24	20	-5	-5	-10	-27	-87

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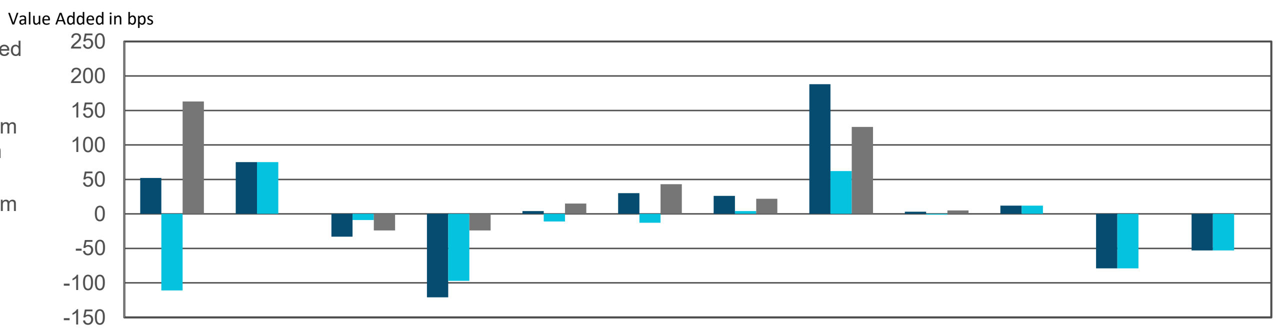
CREDIT QUALITY ATTRIBUTION DATA VS. BLOOMBERG BARCLAYS U.S. HIGH-YIELD 2% ISSUER CAPPED BOND INDEX

(12 months ended June 30, 2020)



	Total	Bank Debt	BBB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Below	Not Rated	Convt. Pref.	Equities	Short Term
Fund Weight (%)	100.00	17.34	4.07	20.85	12.08	17.36	7.09	11.35	0.47	2.96	1.39	5.47
Benchmark Weight (%)	100.00	0.00	4.99	35.98	14.99	22.86	7.19	13.79	0.20	0.00	0.00	0.00
Fund Performance (%)	0.52	3.73	6.11	5.61	4.61	4.58	-0.44	-12.78	40.19	1.66	-48.80	0.00
Benchmark Performance (%)	0.00	0.00	11.07	6.73	2.92	2.19	-4.03	-22.07	-2.59	0.00	0.00	0.00
Sector Selection (bps)	-111	75	-9	-97	-11	-13	4	62	-1	12	-79	-53
Credit Selection (bps)	163	0	-24	-24	15	43	22	126	5	0	0	0
Total Contribution (bps)	52	75	-33	-121	4	30	26	188	3	12	-79	-53

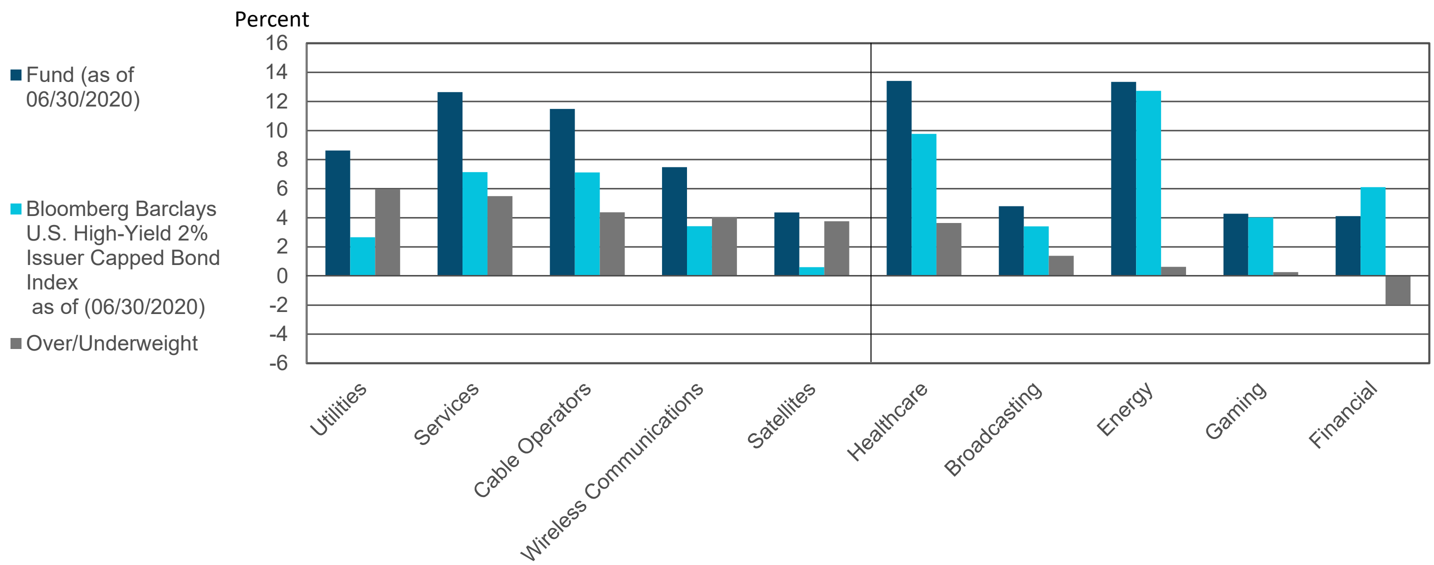
Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and Standard and Poor's. Analysis represents the combined performance of the underlying securities held within the given time period relative to its respective broad weighted benchmark as calculated by T. Rowe's proprietary attribution model. Performance for each security is in the currency in which it is issued and, if necessary, is converted using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD.

PORTFOLIO POSITIONING

ASSET CATEGORY BREAKDOWN

Asset Category	Allocation Percentage	Allocation Amount
Fixed Rate Bonds	73.4%	$47,011,575
Floating Rate Bonds	2.5%	$1,576,416
Equities	1.5%	$960,838
Bank Debt	22.1%	$14,174,539
Convertibles	3.7%	$2,376,360
Reserves	-4.3%	-$2,760,556
Total	98.9%	$63,339,172

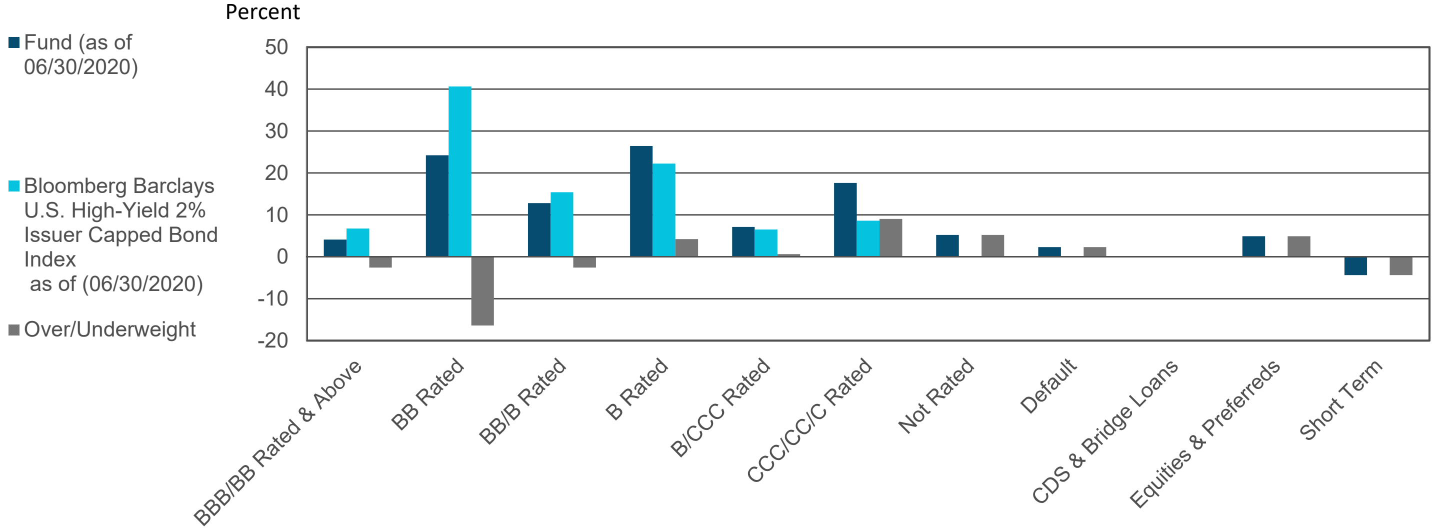
SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



For Sourcing Information, please see Additional Disclosures.

PORTFOLIO POSITIONING

CREDIT QUALITY DIVERSIFICATION



HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
Asurion LLC	Wireless Communications	4.84%
IntelSat	Media/Satellites	4.36
Hellman & Friedman LLC	Services	4.09
KRONOS	Services	4.03
Charter Communications	Cable Operators	3.86
PG&E	Utilities	3.54
Avantor	Healthcare/Life Sciences Tools & Services	2.85
Bausch Health	Healthcare	2.83
HCA Healthcare	Healthcare	2.63
iHeartMedia	Broadcasting/Media	2.44

For Sourcing Information, please see Additional Disclosures.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Rodney Rayburn

Managed Fund Since:
2015

Joined Firm:
2014

Additional Disclosures

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.

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.

Bloomberg Barclays 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.

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