

Floating Rate Fund (PRFRX)

As of December 31, 2025



T. Rowe Price

Portfolio Highlights

The portfolio outperformed the Morningstar LSTA Performing Loan Index for the three-month period ended December 31, 2025.

Relative performance drivers:

- Our defensive, risk-aware positioning contributed to relative performance.
- Credit selection in the automotive and wireless communications segments added value.
- Security selection in the cable operators and services segments detracted.

Additional highlights:

- We augmented the portfolio's holdings in the financials industry and reduced our exposure to the information technology segment.
- The technical backdrop for loans remains supportive, underpinned by robust collateralized loan obligation formation. Loans have continued to offer attractive yields and higher current income than other traditional fixed income assets.

Fund Information

CUSIP	87279B106
Inception Date of Fund	July 29, 2011
Benchmark	Morningstar LSTA Performing Loan Index
Expense Information (as of the most recent Prospectus)	0.76%
Total Assets (all share classes)	\$4,271,796,381
Percent of Portfolio in Cash	4.7%

Performance (%) (NAV, total return performance > 1 year is annualized)

	3m	1yr	3yrs	5yrs	10yrs	Since Inception	30-Day SEC Yield
Floating Rate Fund	1.63	6.55	9.17	6.21	5.19	4.53	6.36
Morningstar LSTA Performing Loan Index	1.30	6.01	9.58	6.60	6.02	5.24	N/A

Calendar Year Performance (%) (NAV, total return)

	Inception Date	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Floating Rate Fund	Jul 29 2011	7.67	3.47	-0.10	8.43	1.73	4.60	-0.69	12.29	8.74	6.55
Morningstar LSTA Performing Loan Index		10.36	4.32	0.60	8.70	3.50	5.42	-0.77	13.72	9.15	6.01

Past performance is not a guarantee or a reliable indicator of future results. 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 fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

Risks: Interest rates: A rise in interest rates typically causes the price of a fixed rate debt instrument to fall and its yield to rise. Conversely, a decline in interest rates typically causes the price of a fixed rate debt instrument to rise and the yield to fall. **Floating rate loans:** Transactions involving floating rate loans may have significantly longer settlement periods than more traditional bond investments (settlement can take longer than 7 days) and often involve borrowers whose financial condition is troubled or highly leveraged, which increases the risk that the fund may not receive its proceeds in a timely manner and that the fund may incur unexpected losses in order to pay redemption proceeds to its shareholders. See the prospectus for more detail on the fund's principal risks.

Performance Review

Market Review

The leveraged loan market returned 1.30% for the three-month period ended December 31, 2025, according to the Morningstar LSTA Performing Loan Index.

The Treasury yield curve steepened as Federal Reserve rate cuts pushed shorter-maturity yields lower while positive economic data and lingering fiscal concerns supported higher longer-term yields. After starting the quarter at 4.16%, the yield of the benchmark 10-year U.S. Treasury note ended at 4.18%.

Favorable corporate earnings reports, business deals and partnerships involving artificial intelligence, and expectations for interest rate cuts due to signs of a weakening labor market buoyed investor sentiment. Equities capped a fairly strong year that saw major indexes rise to all-time highs. The longest U.S. government shutdown on record ended on November 12 after President Donald Trump signed a spending bill to keep the government funded through January 30, alleviating some uncertainty for risk assets and leading to a restart of official economic data releases.

The Bureau of Labor Statistics' (BLS) closely watched nonfarm payrolls report showed that U.S. employers added 64,000 jobs in November, ahead of estimates for around 45,000 and a sharp rebound from the 105,000 jobs lost in October. However, the unemployment rate rose to 4.6% in November, the highest level in over four years.

The BLS later reported that U.S. inflation unexpectedly cooled in November. According to its consumer price index (CPI), prices rose 2.7% year over year during the month, below estimates for around a 3.1% increase and down from a 3% rise in September (October data were not released due to collection issues related to the federal government shutdown). Core prices, which exclude volatile food and energy costs, rose 2.6% over the same period, also well below estimates and the lowest level since March 2021.

The Fed announced two 25-basis-point cuts, lowering its target range for the federal funds rate to 3.50%-3.75%. The central bank's latest policy statement included language that has previously signaled a pause in policy actions, noting that policymakers "will carefully assess incoming data" to determine "the extent and timing of additional adjustments to the target range."

Fed Chair Jerome Powell's December post-meeting press conference offered somewhat mixed messages, though ultimately appeared to be less hawkish than some investors were anticipating. While Powell noted that the fed funds rate is "within a broad range of estimates of its neutral value" and that policymakers are "well positioned to wait and see how the economy evolves," he also referenced concerns about "significant downside risks" to the labor market.

The volume of new deals declined quarter over quarter as USD 171.3 billion of issuance priced, according to J.P. Morgan. Retail loan mutual funds reported a negative flow of USD 4.5 billion in the fourth quarter, and new collateralized loan obligation (CLO) issuance, a key source of demand, declined quarter over quarter to USD 53 billion. The Morningstar LSTA 12-month par-weighted leveraged loan default rate fell to 1.23% from 1.47% at the end of September.

Defensive Positioning Beneficial

Our defensive, risk-aware positioning was supportive, partly due to our avoidance of troubled issuers that underperformed during the period, including multinational chemical company INEOS Group Holdings; Cornerstone Building Brands, one of North America's largest manufacturers of exterior building products; and Cast & Crew, a provider of payroll and human resources software solutions for the entertainment industry.

Automotive Industry Added Value

Security selection in the automotive industry added value, partly due to electric vehicle manufacturer Rivian. The securities traded higher after the company reported better-than-expected 3Q25 results, which included its second quarterly gross profit of 2025, and made progress toward full production of its R2 mid-size sport utility vehicle. Rivian's joint venture with Volkswagen and its software and services division also made meaningful contributions during the period.

Wireless Communications Segment Aided Performance

Credit selection in the wireless communications segment contributed to relative performance, partly due to Asurion, the leading provider of mobile protection services. In our view, the company has a solid track record of innovation, resilience, and execution. Asurion's contracts with Verizon and AT&T, which were recently extended through year-end 2031, as well as its growing Connected Home business, provide reasonable earnings visibility.

Cable Operators Weighed

Credit selection among cable operators detracted, partly due to broadband communications and video services provider Altice USA (ATUS). Cable companies have faced intense competition from fiber technology and fixed wireless providers. Rising liability management exercise risk has also been a headwind for ATUS.

Services Segment Held Back Gains

Credit selection in the services segment detracted, partly due to Sabre, a technology solutions provider to the global travel and tourism industry. The company reported mixed 3Q25 results. Although revenue and EBITDA were in line with expectations, bookings were weaker than anticipated and management lowered 2025 guidance.

Energy Industry Detracted

Security selection in the energy industry detracted, partly due to liquified natural gas (LNG) company Venture Global (VG). International LNG prices have fallen while domestic prices have increased, compressing the spread between the two. This spread represents VG's gross margin on non-contractual market rate commissioning cargos. The rapid collapse in spreads has recently been a performance headwind for the company.

Portfolio Positioning And Activity

We increased the portfolio's allocation to the financials segment, partly by initiating investments in wealth management and institutional advisory platform NFP Wealth Management, and EP Wealth Advisors, a registered investment advisor with a strong track record of organic growth and solid M&A execution.

We also reduced the portfolio's overweight in the information technology segment, in part to stay ahead of the potential impacts of displacement amid the growth of artificial intelligence technology. Specifically, they trimmed the portfolio's holdings of Qlik, which offers business intelligence and analytics; Cloudera, a provider of analytics and big data solutions; and Infoblox, which provides network services hardware and software.

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.

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 seek to 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

Our outlook on the bank loan market remains balanced. Despite recent volatility and softer-than-expected employment data, we do not expect default rates to move materially from current levels. While sectors with greater exposure to the lower-income consumer have shown weakness, we have not observed a broad-based deterioration in fundamentals. Earnings for most issuers have been better than feared, and we see several tailwinds supporting credit markets over the next year, including monetary easing and fiscal stimulus. We also believe deregulation and increased M&A activity should remain supportive for sub-investment-grade issuers. Given these factors, a near-term recession is not in our base-case.

The technical backdrop for loans remains supportive, underpinned by robust collateralized loan obligation (CLO) formation. Even after absorbing 175 bps of rate cuts over the past two years, the asset class posted net positive retail flows in both 2024 and 2025, as loans continued to offer attractive yields and higher current income than other traditional fixed income assets. Prepayment and takeout dynamics can further enhance yield potential, which, in our view, strengthens the case for the asset class. While the trajectory of further Federal Reserve action is uncertain, we believe the eventual terminal rate is likely to remain above levels observed during recent cycle troughs.

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.

Organizational Update

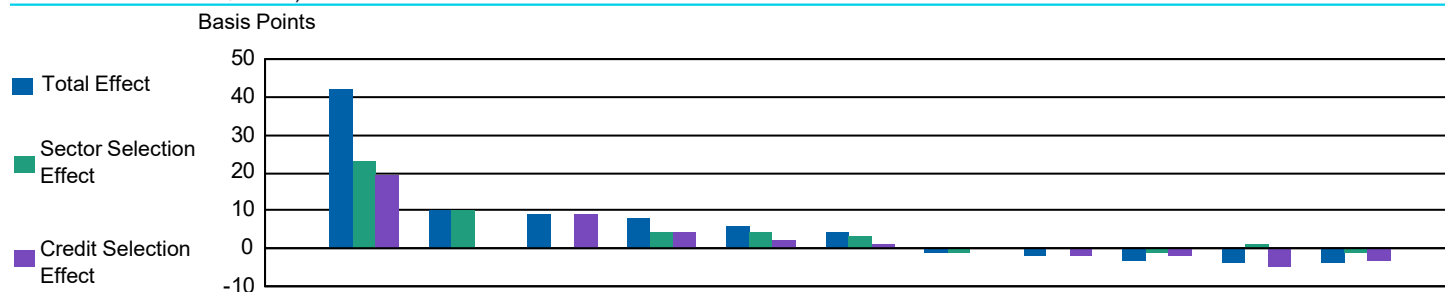
The following investment team changes occurred during the quarter:

Additions: Matthew Murphy, Trader

Nick Horton, Trader

Quarterly Attribution

Industry Attribution: Fund vs. Morningstar LSTA Performing Loan Index (Top and Bottom Five By Total Effect) (3 months ended December 31, 2025)

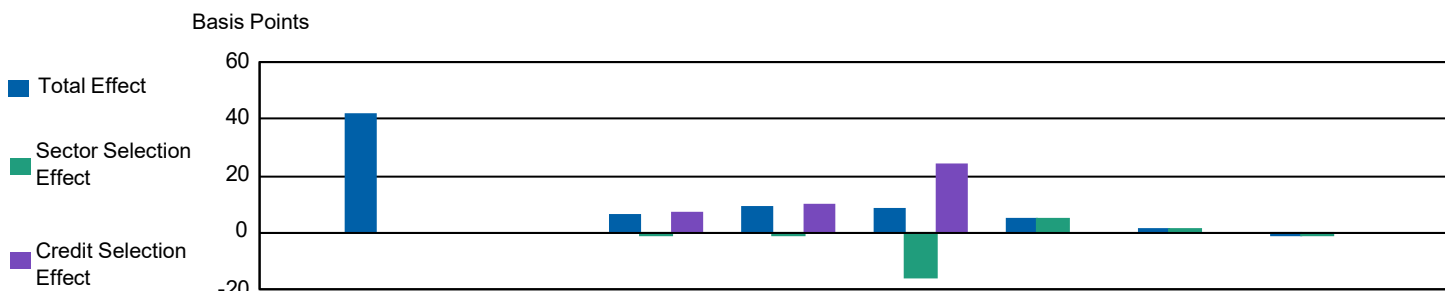


	Total	Chemicals	Automotives	Building Products	Financial	Media	Transportation	Energy	Service	Cable Operators	Aerospace & Defense
Fund Weight (%)	100.00	1.24	3.83	1.33	18.05	4.07	0.00	2.77	8.33	1.44	2.91
Benchmark Weight (%)	100.00	3.83	2.89	3.11	9.43	1.24	1.07	2.38	16.00	2.03	3.40
Fund Performance (%)	1.72	-2.63	3.35	1.76	1.92	2.42	0.00	0.95	1.13	-2.62	2.11
Benchmark Performance (%)	1.30	-2.51	1.10	-1.14	1.80	2.25	1.86	1.75	1.38	0.35	3.17
Sector Selection Effect (bps)	23	10	0	4	4	3	-1	0	-1	1	-1
Credit Selection Effect (bps)	19	0	9	4	2	1	0	-2	-2	-5	-3
Total Effect (bps)	42	10	9	8	6	4	-1	-2	-3	-4	-4

Past performance is not a guarantee or a reliable indicator of future results.

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.

Credit Quality Attribution: Fund vs. Morningstar LSTA Performing Loan Index (3 months ended December 31, 2025)



	Total	BBB Rated & Above	BB Rated	B Rated	CCC Rated & Below	Not Rated	CDS/CDX	Short Term
Fund Weight (%)	100.00	1.30	18.08	26.43	10.74	6.61	0.04	3.46
Benchmark Weight (%)	100.00	0.00	25.83	29.95	5.05	3.35	0.00	0.00
Fund Performance (%)	1.72	1.62	1.81	2.03	0.58	2.91	0.00	0.00
Benchmark Performance (%)	1.30	0.00	1.46	1.64	-1.61	2.86	0.00	0.00
Sector Selection Effect (bps)	0	0	-1	-1	-16	5	1	-1
Credit Selection Effect (bps)	0	0	7	10	24	0	0	0
Total Effect (bps)	42	0	6	9	8	5	1	-1

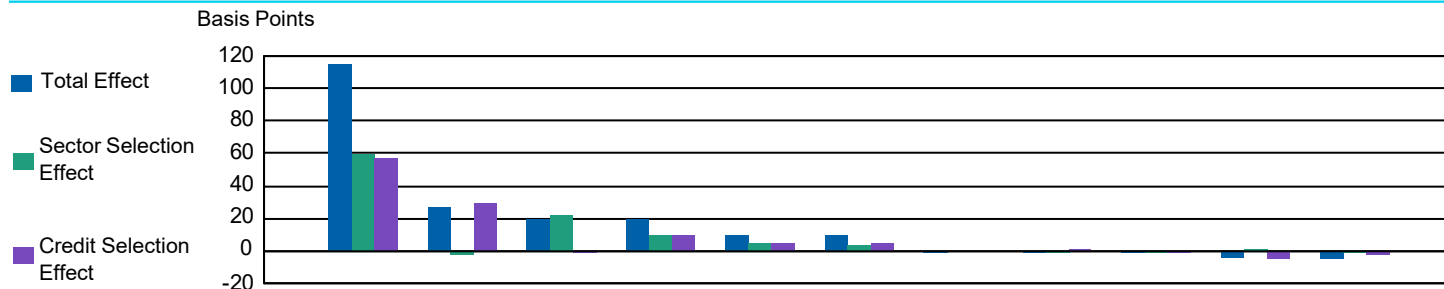
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Source of credit quality rating: Standard and Poor's.

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12-Month Attribution

Industry Attribution: Fund vs. Morningstar LSTA Performing Loan Index (Top and Bottom Five By Total Effect) (12 months ended December 31, 2025)

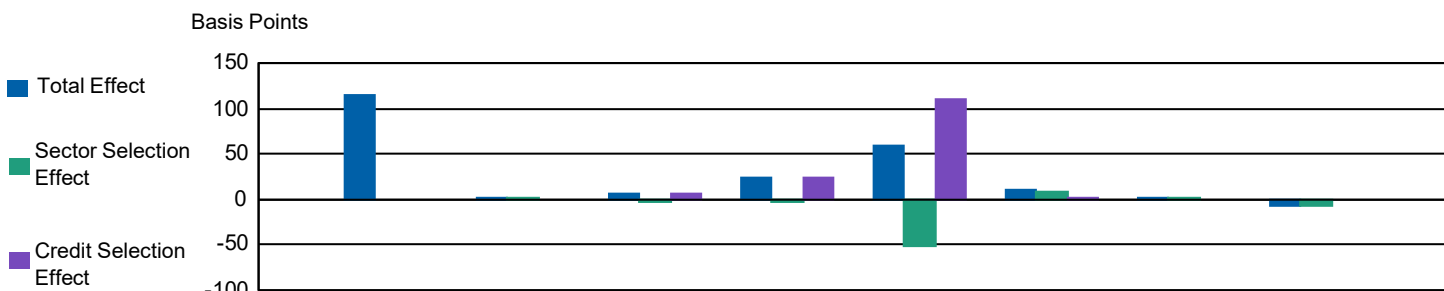


	Total	Automotives	Chemicals	Financial Services	Other Telecom	Aerospace & Defense	Health Care	Restaurants	Info Tech	Cable Operators	
Fund Weight (%)	100.00	3.30	1.40	18.44	8.58	2.80	2.73	8.64	0.68	17.90	1.41
Benchmark Weight (%)	100.00	3.10	4.03	9.16	15.94	1.21	3.30	11.27	1.67	14.38	2.36
Fund Performance (%)	7.17	7.31	-3.18	7.62	6.05	9.71	6.65	7.50	5.37	6.08	6.05
Benchmark Performance (%)	6.01	-0.17	-2.10	7.16	5.54	7.68	6.87	7.33	7.04	6.31	8.08
Sector Selection Effect (bps)	59	-3	22	10	4	3	0	-2	-1	1	-2
Credit Selection Effect (bps)	57	30	-2	9	5	5	0	1	-1	-5	-3
Total Effect (bps)	116	27	20	19	9	9	-1	-1	-2	-4	-5

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Credit Quality Attribution: Fund vs. Morningstar LSTA Performing Loan Index (12 months ended December 31, 2025)



	Total	BBB Rated & Above	BB Rated	B Rated	CCC Rated & Below	Not Rated	CDS/CDX	Short Term
Fund Weight (%)	100.00	0.87	18.72	27.22	10.98	6.66	0.04	3.50
Benchmark Weight (%)	100.00	0.00	24.85	29.43	5.21	3.77	0.00	0.00
Fund Performance (%)	7.17	5.59	6.64	7.92	6.92	8.30	0.00	0.00
Benchmark Performance (%)	6.01	0.00	6.29	7.00	-2.58	8.08	0.00	0.00
Sector Selection Effect (bps)	0	2	-1	-3	-52	9	1	-7
Credit Selection Effect (bps)	0	0	7	25	111	2	0	0
Total Effect (bps)	116	2	7	23	59	10	1	-7

Past performance is not a guarantee or a reliable indicator of future results.

Source of credit quality rating: Standard and Poor's.

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Portfolio Positioning

Significant Over/Underweight Industries vs. Morningstar LSTA Performing Loan Index (%)

Industry	Fund 12/31/25	Benchmark 12/31/25	Over/Underweight
Financial	18.6	9.5	9.1
Media	4.2	1.3	2.9
Other Telecommunications	3.0	0.9	2.1
Utilities	4.2	2.7	1.5
Misc.	1.3	0.0	1.3
Automotives	4.1	2.9	1.2
Info Tech	15.6	14.6	1.0
Restaurants	0.5	1.7	-1.2
Consumer Products	0.9	2.2	-1.4
Food	0.9	2.6	-1.7
Building Products	1.3	3.1	-1.8
Chemicals	1.2	3.7	-2.6
Health Care	7.6	10.9	-3.4
Services	8.7	16.4	-7.7

Credit Quality Diversification—Changes Over Time vs. Morningstar LSTA Performing Loan Index (%)

	Fund 12/31/24	Fund 9/30/25	Fund 12/31/25	Benchmark 12/31/25
BBB/BB & Abv	0.8	1.0	1.8	0.5
BB	15.8	16.4	13.3	18.9
BB/B	4.5	5.2	5.2	6.7
B	55.3	53.9	56.9	53.9
B/CCC	2.6	4.2	3.8	3.8
CCC & Below	10.5	10.4	9.4	4.1
CDS	0.0	0.0	0.0	0.0
Equities	0.2	0.3	0.3	0.0
Not Rated	6.7	4.8	4.5	12.1
Short- Term	3.7	3.8	4.7	0.0

Bank Loan Distribution vs. Morningstar LSTA Performing Loan Index

	% of Fund	% of Benchmark
2nd Lien	9.8	1.7
Covenant Lite Deals	78.5	93.2
LIBOR Floor	30.6	40.4

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
Applied Systems Inc	Info Tech	2.3
Alera Group Inc	Financial	2.1
Cloud Software Group Inc	Info Tech	1.6
CRC Insurance Group LLC	Financial	1.6
Asurion LLC	Wireless Communications	1.6
Sophia Holding II LP	Info Tech	1.6
HUB International Ltd	Financial	1.6
TransDigm Group Inc	Aerospace & Defense	1.5
UKG Inc	Services	1.5
X Corp	Info Tech	1.5

Portfolio Management

	Managed Since	Joined Firm
Paul Massaro	2011	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 1-800-638-7780 or visit troweprice.com. Read it carefully.

Visit Troweprice.com/glossary for a glossary of financial terminology.

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Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

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

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.

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. U.S. Government Agency securities, if any, may include conventional pass-through securities and collateralized mortgage obligations. This category may include rated and unrated securities.

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.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable.

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.

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