T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Institutional Core Plus Fund

As of September 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Bloomberg Barclays U.S. Aggregate Bond Index for the three-month period ended September 30, 2020.

Relative performance drivers:

- Sector allocation contributed.
- Security selection was also beneficial.
- FX positioning helped.

Additional highlights:

- Heading into the quarter, risk levels in the portfolio had been running above average but were moderated somewhat as the momentum in spread tightening slowed in August.
- The economic rebound remains intact, but its strength is largely dependent on the ability of government (at all levels) to effectively manage the public health crisis and deliver fiscal stimulus.

FUND INFORMATION

Symbol	TICPX
CUSIP	77958B303
Inception Date of Fund	November 30, 2004
Benchmark	Bloomberg Barclays US Agg Index
Expense Information (as of the most recent Prospectus)*	0.46% (Gross) 0.40% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$418,222,254
Percent of Portfolio in Cash	8.7%

*The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

PERFORMANCE

(NAV, total return)

				Annualized					
	Three Months	Year-to-Date	One Year	Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
Institutional Core Plus Fund	1.95%	5.56%	5.93%	4.98%	4.47%	4.01%	5.00%	2.19%	2.19%
Bloomberg Barclays U.S. Aggregate Bond Index	0.62	6.79	6.98	5.24	4.18	3.64	4.48	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Institutional Core Plus Fund	Nov 30 2004	8.40%	6.23%	7.16%	-1.46%	5.98%	0.14%	3.77%	4.78%	-0.54%	9.56%
Bloomberg Barclays U.S. Aggregate Bond Index		6.54	7.84	4.21	-2.02	5.97	0.55	2.65	3.54	0.01	8.72

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. 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. 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.
The fund is subject to the risks of fixed income investing, including interest rate risk and credit risk.
The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

PERFORMANCE REVIEW

Credit markets continued to recover
The U.S. investment-grade fixed income market generated positive returns in the third quarter with credit sectors outperforming U.S. Treasuries and agency mortgage-backed securities (MBS).

Amid generally strong risk appetite, credit markets continued to rebound from the February-March turmoil, although excess returns were less robust than those generated in the second quarter. Treasuries produced relatively flat returns as the Fed's ongoing asset purchases and more dovish policy framework suppressed rate volatility across most of the yield curve. The Treasury curve modestly steepened, as short- and intermediate-term yields inched downward while long-term yields slightly increased amid improving economic data. The 10-year Treasury note yield rose to 0.69% at the end of September from 0.66% at the start of the period. Upward pressure on long-term Treasury yields was countered by waning expectations for additional fiscal stimulus.

In August, Chair Powell announced that the FOMC will adopt a policy of flexible average inflation targeting, allowing inflation to exceed 2% to offset periods of persistent inflation shortfalls. The announcement reinforced investors' expectations for a lengthy period of accommodative monetary policy, as it signaled the committee's prioritization of employment growth over price stability. In the official statement from its September meeting, the FOMC reiterated that it will allow inflation to run "moderately above 2 percent for some time," consistent with the evolution in its inflation framework.

Investment-grade corporates produced solid excess returns as record issuance was readily absorbed by yield-seeking investors. With the economy gradually reopening, securitized credit sectors saw a ramp-up in new issuance, and bonds lower in the capital structure that had lagged in the initial phase of the recovery performed particularly well. Agency mortgage-backed securities (MBS) produced lackluster results; areas where the Fed focused its purchases fared relatively well, but the broader sector faced headwinds from elevated origination, rapid prepayments, and mortgage forbearance risks.

Credit exposure drove relative performance.
Against the third quarter's market backdrop, an underweight allocation to Treasuries and non-benchmark exposure to non-agency mortgage-backed securities (RMBS), high yield and emerging markets corporate debt, along with an overweight to commercial mortgage-backed securities (CMBS), contributed to relative performance.

CMBS and RMBS contributed as investors grew more optimistic about the economic recovery. Securitized credit saw a significant increase in new issuance following a shortage earlier in the year, but investor demand was robust.

High yield credit experienced strong new issuance, but supply was met with ample demand from yield-hungry investors for most of the period. Although spreads widened in late September amid increasing coronavirus cases and concerns about an impasse in fiscal stimulus negotiations, high yield sector spreads dropped overall for the quarter. Out-of-benchmark exposure to emerging markets corporate credit also added value.

Security selection was additive overall
Positioning in securitized credit sectors like CMBS and asset-backed securities (ABS) benefited relative performance. CMBS lower in the capital structure-which had lagged in the early phase of the recovery-outperformed as the economy began to reopen. Increasingly tight spreads on the highest-quality CMBS tranches compelled investors to move down in quality in search of opportunities for higher yields and more attractive valuations.

Within ABS, investors continued to move into areas of the market which had been negatively affected by the pandemic and still offered compelling relative value, including rental cars, auto loans, whole business, and student loans.

FX decisions helped
Tactical currency positioning added value. We took a short position in the U.S. dollar while initiating exposure to select non-U.S. currencies, to leverage the research and recommendations of our global interest rate and currency team. These positions helped as the U.S. dollar weakened for most of the quarter, and we closed these positions by early September just before the dollar began to strengthen.

Interest rate management had an additive effect
The portfolio's duration and curve positioning contributed for the quarter. However, overall portfolio duration and curve positioning were kept relatively close to the benchmark as Treasury rates drifted in a relatively tight range.

PORTFOLIO POSITIONING AND ACTIVITY

Heading into the quarter, risk levels in the portfolio had been running above average but moderated somewhat as the momentum in spread tightening slowed in August. Congress's failure to reach a deal on a new fiscal package was a catalyst for taking down some risk in the portfolio. To this end, we trimmed the portfolio's exposure to investment-grade corporate bonds near the end of the quarter but added some credit protection via corporate index-level credit default swaps as a tactical defensive trade against potential heightened volatility. Market volatility may increase ahead of the U.S. election with increasing uncertainty when or if additional fiscal stimulus will be delivered.

Kept duration close to neutral
In terms of interest rate management, we see potential for higher long-term rates but intend to keep duration tactically around neutral for now. While short-term yields should remain pegged at low levels, we feel that the Treasury curve has some potential to further steepen. However, we must first move past near-term event risks that have helped keep longer-term rates in check.

MANAGER'S OUTLOOK

The economic rebound remains intact, but its strength is largely dependent on the ability of government (at all levels) to effectively manage the public health crisis. Moreover, the absence of a fiscal stimulus deal has fostered uncertainty over supplementary unemployment benefits and funding for state and local governments, posing an additional risk for the U.S. economy. Nonetheless, we expect Congress to eventually pass a fourth round of fiscal stimulus, but the details and timing remain uncertain ahead of a contentious U.S. election.

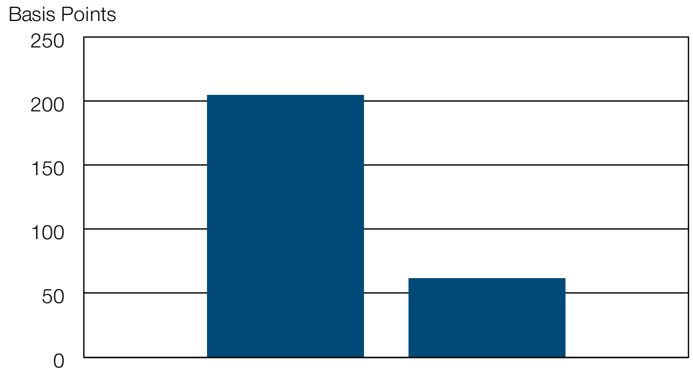
The recent evolution in the Fed's inflation framework should prove consequential over the long run and is likely to reinforce asset price inflation. However, we feel that steady fiscal stimulus is ultimately needed to aid the recovery as the Fed cannot support the economy alone. Given the Fed's ongoing monetary support, short-term U.S. government debt yields are likely to remain very low for the foreseeable future. While short-term yields should remain pegged, we feel that the Treasury curve has some potential to further steepen as continued economic growth should push long-term yields modestly higher once near-term event risk recedes.

While the economic outlook remains positive, tail risks have increased, and the recovery will likely be less linear going forward. Bouts of volatility should provide opportunities, particularly with the view that we will transition into a classic early-cycle growth environment as 2021 approaches. Although spreads have meaningfully tightened from their March wides, some sectors offer potentially attractive valuations as fiscal and monetary policy continue to be supportive of asset prices. Credit markets are recovering at different speeds, and we expect the more cyclical parts of the market along with the sectors and securities that were impacted more heavily by the virus to experience significant recoveries alongside the economy into 2021.

QUARTERLY ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

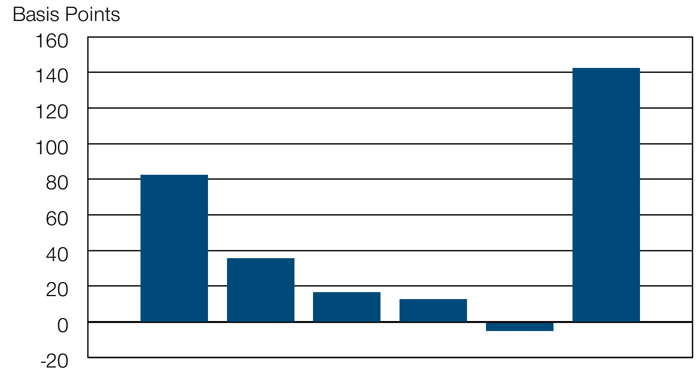
(3 months ended September 30, 2020)



Institutional Core Plus Fund	Bloomberg Barclays US Agg Index
205	62

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

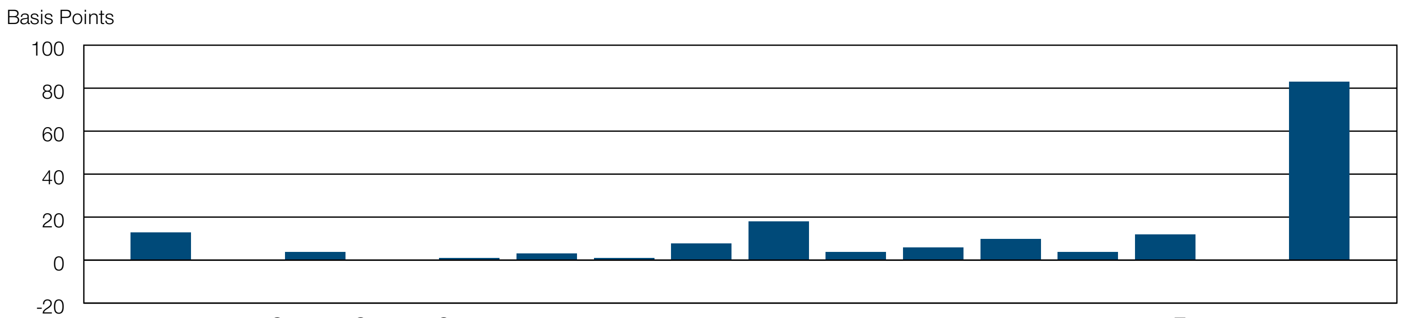
(3 months ended September 30, 2020)



USD Sector	USD Security	Non-USD(Hedged & Unhedged)	Duration-Curve	Resid	Total
83	36	17	13	-5	143

SECTOR ALLOCATION: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

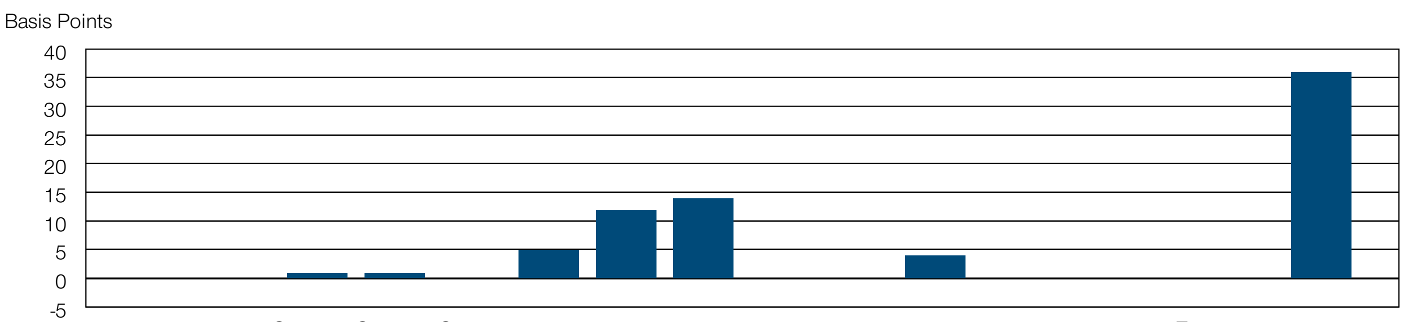
(3 months ended September 30, 2020)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
13	0	4	0	1	3	1	8	18	4	6	10	4	12	0	83

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

(3 months ended September 30, 2020)



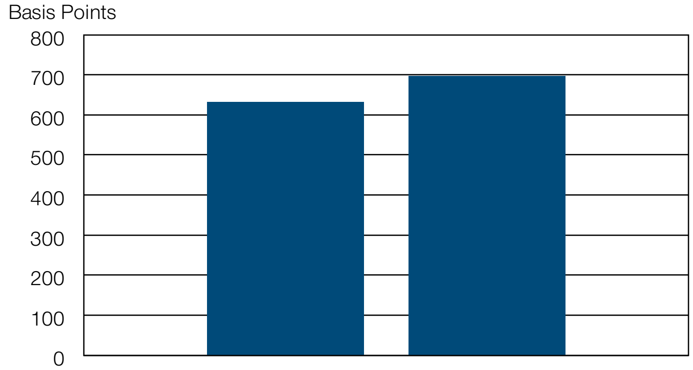
US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	1	1	0	5	12	14	0	0	4	0	0	0	0	36

Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance for each security is obtained in the local currency and, if necessary, is converted to U.S. dollars using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees. For Sourcing Information, please see Additional Disclosures.

12-MONTH ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

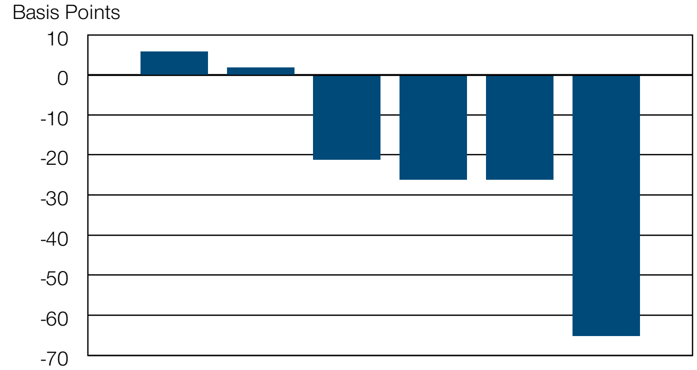
(12 months ended September 30, 2020)



Institutional Core Plus Fund	Bloomberg Barclays US Agg Index
633	698

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

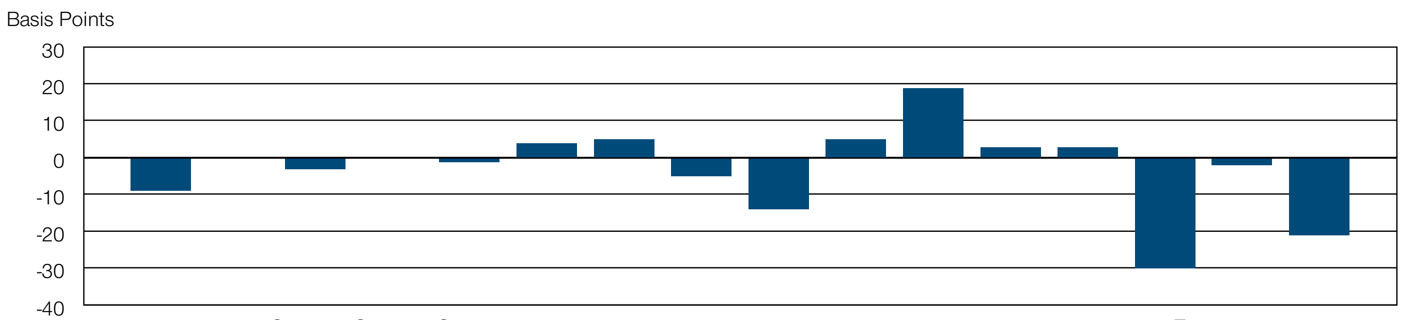
(12 months ended September 30, 2020)



Resid	Non-USD(Hedged & Unhedged)	USD Sector	Duration-Curve	USD Security	Total
6	2	-21	-26	-26	-65

SECTOR ALLOCATION: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

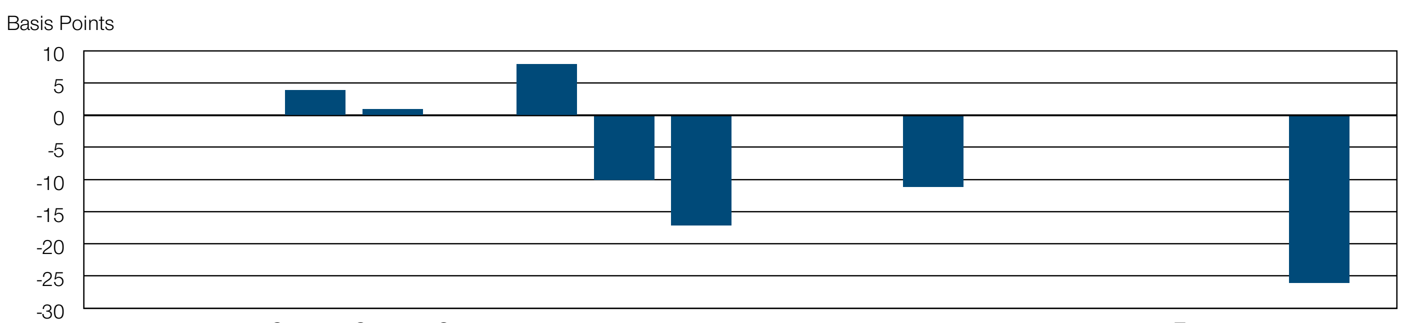
(12 months ended September 30, 2020)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
-9	0	-3	0	-1	4	5	-5	-14	5	19	3	3	-30	-2	-21

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG BARCLAYS US AGG INDEX

(12 months ended September 30, 2020)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	4	1	0	8	-10	-17	0	0	-11	0	0	0	0	-26

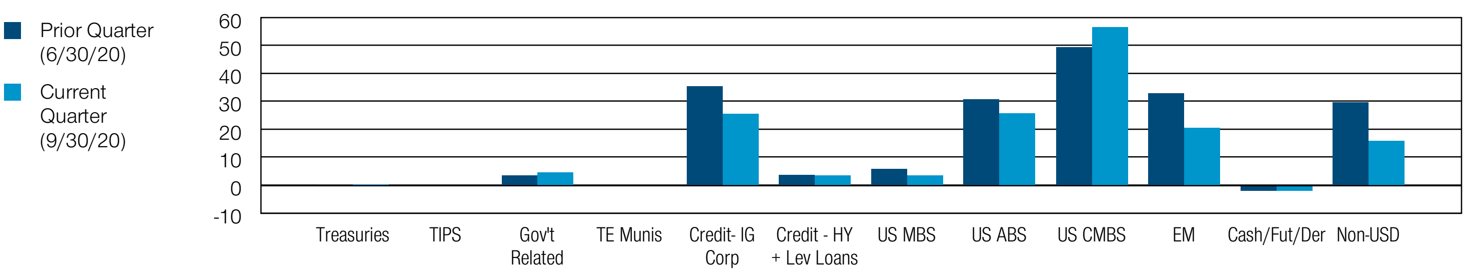
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance for each security is obtained in the local currency and, if necessary, is converted to U.S. dollars using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees. For Sourcing Information, please see Additional Disclosures.

RISK ANALYSIS

RISK FACTOR CONTRIBUTION

	Contribution to TEV (Annualized) 6/30/20 (Prior Quarter)	Contribution to TEV (Annualized) 9/30/20 (Current Quarter)
Systematic	187.7 bps	147.9 bps
Foreign Exchange	0.1	0.0
Curve	3.8	2.7
Inflation Linked	0.0	0.0
Swap Spreads	1.3	6.1
Volatility	-0.1	-0.1
Spread Government Related	-2.9	-2.0
Spread Credit and EMG	143.5	100.1
Spread Securitized	41.2	33.6
Spread Other	0.3	7.0
Equity	0.5	0.5
Idiosyncratic	12.0	13.6
Total	**199.7**	**161.6**

SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



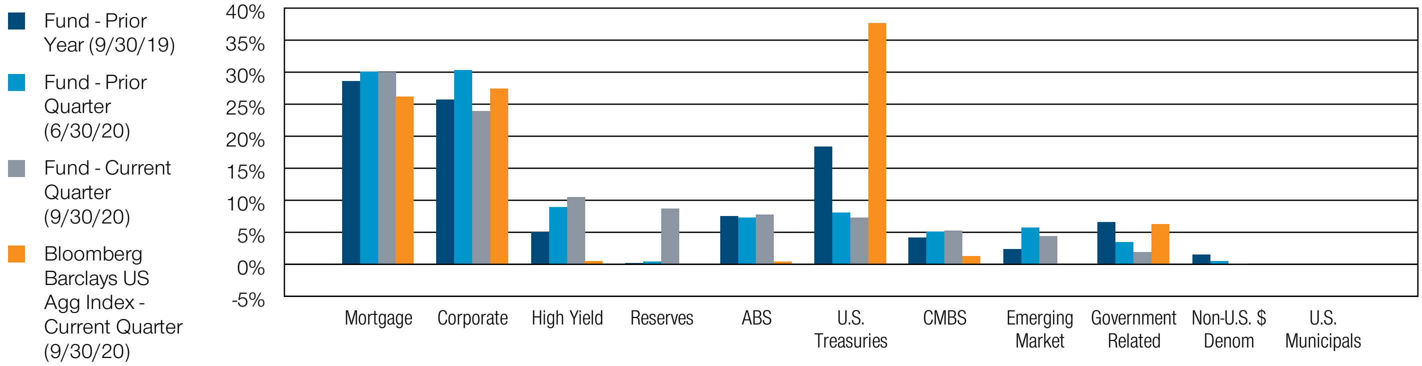
The Risk Factor Contribution and Sector Contribution to Risk charts above show the output from a quantitative ex-ante tracking-error modeling tool. The model estimates the realized tracking error an investor may reasonably expect over the next 12-month period, disaggregated into various sources of risk. The calculations take into account the correlations between each of the portfolio's systematic risk exposures. Our portfolio strategy team uses this output as a risk budget to confirm that the estimated contribution to tracking error from each component best reflects our active management themes.

Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or Tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking error variance, or TE variance. The TE variance is the projected variance of the difference between portfolio and benchmark returns. It is estimated from historical return data and from portfolio and benchmark characteristics. It can be decomposed into three sources: Systematic, Idiosyncratic and Default. Systemic (Market) Risk is the risk due to the effect of all systematic factors of the Bloomberg risk model. Idiosyncratic (nonsystematic) risk is the risk not explained by the combination of all systematic or default factors. It represents risk due to non-default events that affect only the individual issuer or bond. The contribution to TEV is the contribution, in basis points, of a risk factor to total TEV. This measure includes the effect of correlation. The risk factors included in this analysis and shown above are credit spreads, currency, and interest rate duration.This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment actions. **Past performance is not a reliable indicator of future performance.**
Change of methodology: Beginning with the second quarter of 2015, individual sector data is presented without the effects of curve and foreign exchange changes. Because these effects are systemic and generally not sector specific, T. Rowe Price believes the new method's data will better represent each sector's actual TEVs.

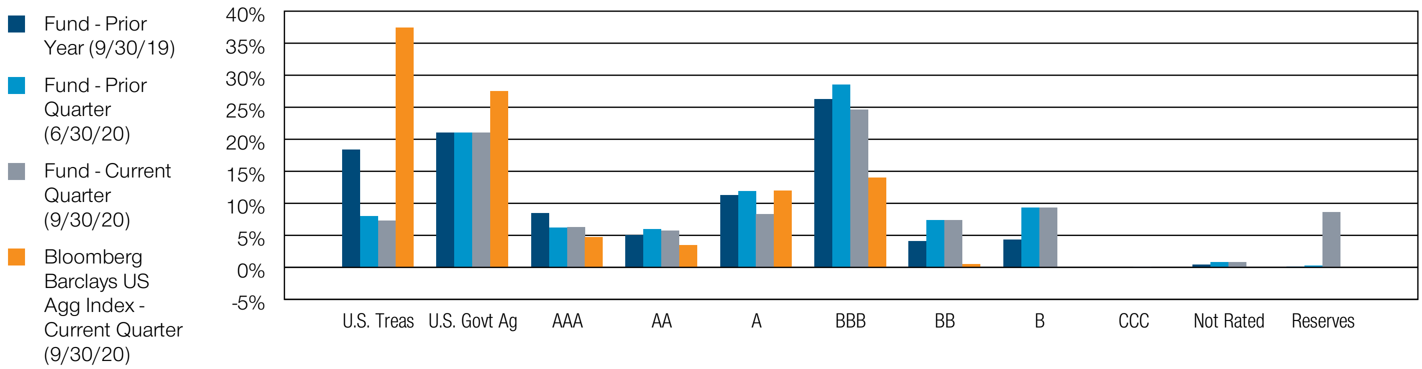
For Sourcing Information, please see Additional Disclosures.

PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



*U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The ratings of U.S. Treasury securities are derived from the ratings on the U.S. government.
**U.S. government agency securities are issued or guaranteed by a U.S. government agency, and may include conventional pass-through securities and collateralized mortgage obligations; unlike Treasuries, government agency securities are not issued directly by the U.S. government and are generally unrated but may have credit support from the U.S. Treasury (e.g., FHLMC and FNMA issues) or a direct government guarantee (e.g., GNMA issues). Therefore, this category may include rated and unrated securities.

HOLDINGS

TOP ISSUERS

Issuer	% of Fund
Arab Republic of Egypt	1.2%
Bank of America	1.0
AbbVie	0.7
Energy Transfer	0.7
Barclays	0.7
Charter Communications	0.6
Cigna	0.6
PG&E	0.6
Becton, Dickinson & Company	0.6
VEREIT	0.6

For Sourcing Information, please see Additional Disclosures.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Brian Brennan

Managed Fund Since:
2004

Joined Firm:
2000

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.
The Top Issuers excludes U.S. Treasuries, institutional funds, agencies and securitized products.
T. Rowe Price uses a custom structure for diversification reporting on this product.
Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.
Sources for credit quality: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P. 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.

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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