T. Rowe Price®

# SEMIANNUAL REPORT

June 30, 2023

T. ROWE PRICE

| | |
|---|---|
| PRWCX | Capital Appreciation Fund |
| PACLX | Capital Appreciation Fund–Advisor Class |
| TRAIX | Capital Appreciation Fund–I Class |

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INVEST WITH CONFIDENCE®

# Dear Shareholder

Most major global stock and bond indexes produced positive returns during the first half of your fund's fiscal year, the six-month period ended June 30, 2023. Despite turmoil in the banking sector and a protracted debt ceiling standoff, markets were resilient as growth remained positive in the major economies and corporate earnings results came in stronger than expected.

For the six-month period, the technology-oriented Nasdaq Composite Index gained more than 30%, the strongest result of the major benchmarks, as tech companies benefited from investor enthusiasm for artificial intelligence applications. Growth stocks outperformed value shares, and developed market stocks generally outpaced their emerging market counterparts. Currency movements were mixed over the period, although a weaker dollar versus major European currencies was beneficial for U.S. investors in European securities.

Within the S&P 500 Index, the information technology, communication services, and consumer discretionary sectors were all lifted by the tech rally and recorded significant gains. Conversely, the defensive utilities sector had the weakest returns in the growth-focused environment, and the energy sector also lost ground amid declining oil prices. The financials sector partly recovered from the failure of three large regional banks during the period but still finished with modest losses.

Cheaper oil contributed to slowing inflation, although core inflation readings—which exclude volatile food and energy prices—remained stubbornly high. In response, the Federal Reserve raised its short-term lending benchmark rate to a target range of 5.00% to 5.25% by early May, the highest level since 2007. The Fed held rates steady at its June meeting, but policymakers indicated that two more rate hikes could come by the end of the year.

In the fixed income market, returns were generally positive across most sectors as investors benefited from the higher interest rates that have become available over the past year. Investment-grade corporate bonds were supported by generally solid balance sheets and were among the strongest performers.

Global economies and markets showed surprising resilience in recent months, but, moving into the second half of 2023, we believe investors could face potential challenges. The impact of the Fed's rate hikes has yet to be fully felt in the economy, and while the regional banking turmoil appears to have been contained by the swift actions of regulators, it could weigh on credit conditions. Moreover, market consensus still seems to point to a coming recession, although hopes have emerged that such a downturn could be more modest.

We believe this environment makes skilled active management a critical tool for identifying risks and opportunities, and our investment teams will continue to use fundamental research to identify securities that can add value to your portfolio over the long term.

You may notice that this report no longer contains the commentary on your fund's performance and positioning that we previously included in the semiannual shareholder letters. The Securities and Exchange Commission (SEC) adopted new rules in January that will require fund reports to transition to a new format known as a Tailored Shareholder Report. This change will require a much more concise summary of performance rather than the level of detail we have provided historically while also aiming to be more visually engaging. As we prepare to make changes to the annual reports to meet the new report regulatory requirements by mid-2024, we felt the time was right to discontinue the optional six-month semiannual fund letter to focus on the changes to come.

While semiannual fund letters will no longer be produced, you may continue to access current fund information as well as insights and perspectives from our investment team on our personal investing website.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,

Robert Sharps
*CEO and President*

## SECTOR DIVERSIFICATION

| | Percent of Net Assets 12/31/22 | 6/30/23 |
|---|---|---|
| Information Technology | 17.1% | 16.7% |
| Health Care | 14.6 | 15.9 |
| Industrials and Business Services | 10.5 | 9.0 |
| Financials | 6.8 | 7.5 |
| Consumer Discretionary | 5.1 | 5.7 |
| Utilities | 3.2 | 5.0 |
| Communication Services | 2.0 | 3.0 |
| Energy | 1.6 | 1.5 |
| Materials | 1.0 | 0.9 |
| Consumer Staples | 0.3 | 0.6 |
| Real Estate | 0.0 | 0.0 |
| Other and Reserves | 37.8 | 34.2 |
| **Total** | **100.0%** | **100.0%** |

Historical weightings reflect current industry/sector classifications.

## SECURITY DIVERSIFICATION

| | |
|---|---|
| Reserves | 6% |
| Bonds | 29 |
| Options | -1 |
| Common and Preferred Stocks | 66 |
| **Total** | **100%** |

Based on net assets as of 6/30/23.

## PORTFOLIO HIGHLIGHTS

### TWENTY-FIVE LARGEST HOLDINGS

| | Percent of Net Assets 6/30/23 |
|---|---|
| U.S. Treasury Notes | 8.0% |
| Microsoft | 5.6 |
| Apple | 3.4 |
| HUB International | 3.4 |
| Amazon.com | 2.8 |
| UnitedHealth Group | 2.7 |
| Alphabet | 2.4 |
| Yum! Brands | 2.4 |
| Fortive | 2.3 |
| Danaher | 2.2 |
| Becton, Dickinson & Company | 2.1 |
| Intercontinental Exchange | 2.0 |
| Revvity | 1.9 |
| TRP Inst Floating Rate - Inst | 1.5 |
| Waste Connections | 1.5 |
| Ameren | 1.4 |
| Ingersoll-Rand | 1.4 |
| NXP Semiconductors | 1.4 |
| NVIDIA | 1.4 |
| Roper Technologies | 1.3 |
| XCEL Energy | 1.2 |
| Thermo Fisher Scientific | 1.2 |
| MasterCard | 1.2 |
| Exelon | 1.1 |
| CCO Holdings LLC / CCO Holdings Capital | 1.1 |
| **Total** | **56.9%** |

Note: The information shown does not reflect any exchange-traded funds (ETFs), cash reserves, or collateral for securities lending that may be held in the portfolio.

## FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Please note that the fund has three share classes: The original share class (Investor Class) charges no distribution and service (12b-1) fee, the Advisor Class shares are offered only through unaffiliated brokers and other financial intermediaries and charge a 0.25% 12b-1 fee, and I Class shares are available to institutionally oriented clients and impose no 12b-1 or administrative fee payment. Each share class is presented separately in the table.

**Actual Expenses**
The first line of the following table (Actual) provides information about actual account values and expenses based on the fund's actual returns. You may use the information on this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**
The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

**Note:** T. Rowe Price charges an annual account service fee of $20, generally for accounts with less than $10,000. The fee is waived for any investor whose T. Rowe Price mutual fund accounts total $50,000 or more; accounts electing to receive electronic delivery of account statements, transaction confirmations, prospectuses, and shareholder reports; or accounts of an investor who is a T. Rowe Price Personal Services or Enhanced Personal Services client (enrollment in these programs generally requires T. Rowe Price assets of at least $250,000). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

## FUND EXPENSE EXAMPLE (CONTINUED)

**CAPITAL APPRECIATION FUND**

| | Beginning Account Value 1/1/23 | Ending Account Value 6/30/23 | Expenses Paid During Period* 1/1/23 to 6/30/23 |
|---|---|---|---|
| **Investor Class** | | | |
| Actual | $1,000.00 | $1,113.00 | $3.67 |
| Hypothetical (assumes 5% return before expenses) | 1,000.00 | 1,021.32 | 3.51 |
| **Advisor Class** | | | |
| Actual | 1,000.00 | 1,111.60 | 5.03 |
| Hypothetical (assumes 5% return before expenses) | 1,000.00 | 1,020.03 | 4.81 |
| **I Class** | | | |
| Actual | 1,000.00 | 1,113.70 | 3.04 |
| Hypothetical (assumes 5% return before expenses) | 1,000.00 | 1,021.92 | 2.91 |

* Expenses are equal to the fund's annualized expense ratio for the 6-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181), and divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Investor Class was 0.70%, the Advisor Class was 0.96%, and the I Class was 0.58%.

(Unaudited)

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Investor Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **NET ASSET VALUE** | | | | | | |
| Beginning of period | $ 29.73 | $ 36.96 | $ 34.11 | $ 31.22 | $ 26.53 | $ 28.28 |
| Investment activities | | | | | | |
| Net investment income[1][2] | 0.37 | 0.49 | 0.35 | 0.40 | 0.49 | 0.72[3] |
| Net realized and unrealized gain/loss | 2.99 | (4.91) | 5.91 | 5.21 | 6.02 | (0.49) |
| Total from investment activities | 3.36 | (4.42) | 6.26 | 5.61 | 6.51 | 0.23 |
| Distributions | | | | | | |
| Net investment income | – | (0.47) | (0.35) | (0.40) | (0.48) | (0.67) |
| Net realized gain | – | (2.34) | (3.06) | (2.32) | (1.34) | (1.31) |
| Total distributions | – | (2.81) | (3.41) | (2.72) | (1.82) | (1.98) |
| **NET ASSET VALUE** | | | | | | |
| **End of period** | **$ 33.09** | **$ 29.73** | **$ 36.96** | **$ 34.11** | **$ 31.22** | **$ 26.53** |

(Unaudited)

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Investor Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **Ratios/Supplemental Data** | | | | | | |
| **Total return**[(2)(4)] | **11.30%** | **(11.94)%** | **18.53%** | **18.16%** | **24.61%** | **0.62%** |
| Ratios to average net assets:[(2)] | | | | | | |
| Gross expenses before waivers/payments by Price Associates[(5)] | 0.73%[(6)] | 0.73% | 0.70% | 0.70% | 0.70% | 0.71% |
| Net expenses after waivers/payments by Price Associates | 0.70%[(6)] | 0.71% | 0.68% | 0.69% | 0.70% | 0.71% |
| Net investment income | 2.40%[(6)] | 1.45% | 0.95% | 1.26% | 1.61% | 2.49%[(3)] |
| Portfolio turnover rate | 36.3% | 83.9% | 47.8% | 87.3% | 44.8% | 65.2% |
| Net assets, end of period (in millions) | $29,358 | $26,104 | $40,460 | $35,253 | $30,822 | $24,535 |

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 7 for details of expense-related arrangements with Price Associates.
(3) Reflects a special dividend which amounted to $0.29 per share and 1.00% of average net assets.
(4) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.
(5) See Note 7. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(6) Annualized

The accompanying notes are an integral part of these financial statements.

(Unaudited)

**FINANCIAL HIGHLIGHTS** For a share outstanding throughout each period

**Advisor Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **NET ASSET VALUE** | | | | | | |
| Beginning of period | $ 29.30 | $ 36.49 | $ 33.70 | $ 30.88 | $ 26.27 | $ 27.99 |
| Investment activities | | | | | | |
| Net investment income[(1)(2)] | 0.33 | 0.40 | 0.24 | 0.31 | 0.40 | 0.63[(3)] |
| Net realized and unrealized gain/loss | 2.94 | (4.85) | 5.84 | 5.13 | 5.94 | (0.47) |
| Total from investment activities | 3.27 | (4.45) | 6.08 | 5.44 | 6.34 | 0.16 |
| Distributions | | | | | | |
| Net investment income | – | (0.40) | (0.23) | (0.30) | (0.39) | (0.57) |
| Net realized gain | – | (2.34) | (3.06) | (2.32) | (1.34) | (1.31) |
| Total distributions | – | (2.74) | (3.29) | (2.62) | (1.73) | (1.88) |
| **NET ASSET VALUE** | | | | | | |
| **End of period** | **$ 32.57** | **$ 29.30** | **$ 36.49** | **$ 33.70** | **$ 30.88** | **$ 26.27** |

(Unaudited)

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Advisor Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **Ratios/Supplemental Data** | | | | | | |
| **Total return[(2)(4)]** | **11.16%** | **(12.18)%** | **18.22%** | **17.80%** | **24.20%** | **0.38%** |
| Ratios to average net assets:[(2)] | | | | | | |
| Gross expenses before waivers/ payments by Price Associates[(5)] | 0.98%[(6)] | 0.99% | 0.99% | 1.00% | 0.99% | 1.00% |
| Net expenses after waivers/payments by Price Associates | 0.96%[(6)] | 0.97% | 0.97% | 0.99% | 0.99% | 1.00% |
| Net investment income | 2.14%[(6)] | 1.22% | 0.66% | 0.97% | 1.32% | 2.20%[(3)] |
| Portfolio turnover rate | 36.3% | 83.9% | 47.8% | 87.3% | 44.8% | 65.2% |
| Net assets, end of period (in millions) | $720 | $654 | $795 | $770 | $866 | $788 |

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 7 for details of expense-related arrangements with Price Associates.
(3) Reflects a special dividend which amounted to $0.29 per share and 1.02% of average net assets.
(4) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.
(5) See Note 7. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(6) Annualized

The accompanying notes are an integral part of these financial statements.

(Unaudited)

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**I Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **NET ASSET VALUE** | | | | | | |
| Beginning of period | $ 29.72 | $ 36.99 | $ 34.14 | $ 31.24 | $ 26.55 | $ 28.29 |
| Investment activities | | | | | | |
| Net investment income[1][2] | 0.39 | 0.56 | 0.40 | 0.44 | 0.52 | 0.77[3] |
| Net realized and unrealized gain/loss | 2.99 | (4.95) | 5.91 | 5.22 | 6.02 | (0.50) |
| Total from investment activities | 3.38 | (4.39) | 6.31 | 5.66 | 6.54 | 0.27 |
| Distributions | | | | | | |
| Net investment income | – | (0.54) | (0.40) | (0.44) | (0.51) | (0.70) |
| Net realized gain | – | (2.34) | (3.06) | (2.32) | (1.34) | (1.31) |
| Total distributions | – | (2.88) | (3.46) | (2.76) | (1.85) | (2.01) |
| **NET ASSET VALUE** | | | | | | |
| **End of period** | **$ 33.10** | **$ 29.72** | **$ 36.99** | **$ 34.14** | **$ 31.24** | **$ 26.55** |

(Unaudited)

**FINANCIAL HIGHLIGHTS** For a share outstanding throughout each period

**I Class**

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 |
|---|---|---|---|---|---|---|
| **Ratios/Supplemental Data** | | | | | | |
| **Total return**[(2)(4)] | **11.37%** | **(11.84)%** | **18.67%** | **18.31%** | **24.70%** | **0.76%** |
| Ratios to average net assets:[(2)] | | | | | | |
| Gross expenses before waivers/ payments by Price Associates[(5)] | 0.60%[(6)] | 0.60% | 0.59% | 0.59% | 0.60% | 0.59% |
| Net expenses after waivers/payments by Price Associates | 0.58%[(6)] | 0.58% | 0.57% | 0.58% | 0.59% | 0.59% |
| Net investment income | 2.52%[(6)] | 1.67% | 1.06% | 1.37% | 1.70% | 2.65%[(3)] |
| Portfolio turnover rate | 36.3% | 83.9% | 47.8% | 87.3% | 44.8% | 65.2% |
| Net assets, end of period (in millions) | $21,572 | $18,698 | $12,654 | $8,901 | $6,246 | $3,696 |

(1) Per share amounts calculated using average shares outstanding method.
(2) See Note 7 for details of expense-related arrangements with Price Associates.
(3) Reflects a special dividend which amounted to $0.30 per share and 1.04% of average net assets.
(4) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions, and payment of no redemption or account fees, if applicable. Total return is not annualized for periods less than one year.
(5) See Note 7. Prior to 12/31/19, the gross expense ratios presented are net of a management fee waiver in effect during the period, as applicable.
(6) Annualized

The accompanying notes are an integral part of these financial statements.

**PORTFOLIO OF INVESTMENTS‡**

(Cost and value in $000s)

| | Shares/Par | $ Value |
|---|---|---|
| **ASSET-BACKED SECURITIES 0.1%** | | |
| Domino's Pizza Master Issuer Series 2017-1A, Class A23 4.118%, 7/25/47 (1) | 22,496,493 | 20,705 |
| Domino's Pizza Master Issuer Series 2019-1A, Class A2 3.668%, 10/25/49 (1) | 17,971,313 | 15,703 |
| **Total Asset-Backed Securities (Cost $40,269)** | | **36,408** |
| **BANK LOANS 9.7% (2)** | | |
| 1011778 B.C., FRN 1M USD LIBOR + 1.75%, 6.943%, 11/19/26 (3) | 9,564,332 | 9,488 |
| ADMI, FRN 1M USD LIBOR + 3.00%, 8.217%, 4/30/25 (3) | 30,870,135 | 29,578 |
| ADMI, FRN 1M USD LIBOR + 3.38%, 8.592%, 12/23/27 | 56,820,345 | 53,340 |
| ADMI, FRN 1M USD LIBOR + 3.75%, 8.967%, 12/23/27 | 138,195,541 | 128,809 |
| Alliant Holdings Intermediate, FRN 1M TSFR + 3.50%, 8.647%, 11/5/27 | 79,149,786 | 78,589 |
| Alliant Holdings Intermediate, FRN 1M USD LIBOR + 3.50%, 8.65%, 11/5/27 | 210,260,504 | 208,833 |
| Applied Systems, FRN 1M TSFR + 4.50%, 9.742%, 9/18/26 | 286,624,792 | 286,894 |
| Applied Systems, FRN 1M TSFR + 6.75%, 11.992%, 9/17/27 | 54,909,406 | 54,876 |
| AssuredPartners, FRN 1M TSFR + 3.50%, 8.602%, 2/12/27 (3) | 8,996,084 | 8,906 |
| AssuredPartners, FRN 1M USD LIBOR + 3.50%, 8.717%, 2/12/27 (3) | 5,279,312 | 5,222 |
| AssuredPartners, FRN 1M USD LIBOR + 3.50%, 8.717%, 2/12/27 | 3,514,935 | 3,483 |
| AthenaHealth Group, FRN 1M TSFR + 3.50%, 8.031%, 2/15/29 (4) | 191,364,134 | 183,949 |
| Avantor Funding, FRN 1M TSFR + 2.25%, 7.452%, 11/8/27 (3) | 54,410,873 | 54,351 |
| Azalea Topco, FRN 1M TSFR + 3.75%, 8.952%, 7/24/26 | 33,913,884 | 32,896 |
| Azalea Topco, FRN 1M USD LIBOR + 3.50%, 8.717%, 7/24/26 (3) | 163,420,250 | 158,559 |
| Azalea Topco, FRN 1M USD LIBOR + 3.75%, 8.967%, 7/24/26 (3) | 56,690,729 | 54,724 |
| BroadStreet Partners, FRN 1M TSFR + 4.00%, 9.113%, 1/27/29 | 48,095,344 | 47,747 |

| (Cost and value in $000s) | Shares/Par | $ Value |
| --- | --- | --- |
| BroadStreet Partners, FRN<br>1M USD LIBOR + 2.75%, 7.967%, 1/27/27 | 1,937,285 | 1,909 |
| Charter Communications Operating, FRN<br>1M TSFR + 1.75%, 6.795%, 4/30/25 (3) | 48,691,218 | 48,636 |
| Charter Communications Operating, FRN<br>3M TSFR + 1.75%, 6.795%, 2/1/27 | 34,335,252 | 34,106 |
| Filtration Group, FRN<br>1M TSFR + 4.25%, 9.454%, 10/21/28 (3) | 150,832,180 | 150,644 |
| Filtration Group, FRN<br>1M USD LIBOR + 3.50%, 8.717%, 10/21/28 (3) | 78,433,411 | 78,069 |
| Filtration Group, FRN<br>3M EURIBOR + 4.25%, 7.385%, 10/21/28 (EUR) | 66,585,492 | 71,614 |
| Heartland Dental, FRN<br>1M TSFR + 5.00%, 10.102%, 4/28/28 (3) | 160,966,943 | 155,064 |
| Hilton Worldwide Finance, FRN<br>3M TSFR + 1.75%, 6.939%, 6/22/26 (3) | 128,692,862 | 128,497 |
| Howden Group Holdings, FRN<br>1M USD LIBOR + 3.25%, 8.50%, 11/12/27 | 162,969,513 | 161,793 |
| HUB International, FRN<br>1M TSFR + 4.00%, 9.072%, 11/10/29 | 44,564,879 | 44,496 |
| HUB International, FRN<br>1M TSFR + 4.25%, 6/20/30 (3) | 796,571,000 | 798,013 |
| IRB Holding, FRN<br>1M TSFR + 3.00%, 8.202%, 12/15/27 | 123,740,247 | 122,774 |
| Loire Finco Luxembourg, FRN<br>1M USD LIBOR + 3.00%, 8.102%, 4/21/27 | 109,297,514 | 105,609 |
| Loire Finco Luxembourg, FRN<br>1M USD LIBOR + 3.50%, 8.602%, 4/21/27 | 21,306,020 | 20,640 |
| Mileage Plus Holdings, FRN<br>3M USD LIBOR + 5.25%, 10.764%, 6/21/27 | 196,728,179 | 204,147 |
| PetVet Care Centers, FRN<br>1M USD LIBOR + 3.25%, 8.443%, 2/14/25 | 48,379,674 | 46,928 |
| PetVet Care Centers, FRN<br>1M USD LIBOR + 3.50%, 8.693%, 2/14/25 | 53,362,638 | 52,149 |
| PetVet Care Centers, FRN<br>3M USD LIBOR + 2.75%, 7.943%, 2/14/25 | 11,403,749 | 11,007 |
| PetVet Care Centers, FRN<br>3M USD LIBOR + 6.25%, 11.443%, 2/13/26 | 3,982,000 | 3,624 |
| Quartz Acquireco, FRN<br>1M TSFR + 3.50%, 4/13/30 (3)(5) | 9,587,082 | 9,575 |
| RealPage, FRN<br>1M USD LIBOR + 3.00%, 8.217%, 4/24/28 | 184,471,036 | 180,275 |
| RealPage, FRN<br>1M USD LIBOR + 6.50%, 11.654%, 4/23/29 | 6,300,000 | 6,085 |
| Ryan Specialty, FRN<br>1M TSFR + 3.00%, 8.202%, 9/1/27 | 36,563,830 | 36,484 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| SBA Senior Finance II, FRN<br>1M USD LIBOR + 1.75%, 6.95%, 4/11/25 (3) | 74,423,158 | 74,390 |
| SkyMiles IP, FRN<br>3M TSFR + 3.75%, 8.798%, 10/20/27 | 60,194,396 | 62,465 |
| Sophia, FRN<br>1M TSFR + 4.25%, 9.352%, 10/7/27 | 21,403,056 | 21,162 |
| Sophia, FRN<br>3M USD LIBOR + 3.50%, 9.038%, 10/7/27 | 71,352,239 | 70,505 |
| Storable, FRN<br>1M TSFR + 3.50%, 8.679%, 4/17/28 | 25,547,417 | 24,834 |
| Sunshine Luxembourg VII, FRN<br>3M USD LIBOR + 3.75%, 9.092%, 10/1/26 | 118,023,741 | 117,242 |
| Trans Union, FRN<br>1M TSFR + 1.75%, 6.952%, 11/16/26 (3) | 31,863,117 | 31,748 |
| UKG, FRN<br>3M USD LIBOR + 3.25%, 8.618%, 5/4/26 | 391,380,566 | 383,674 |
| USI, FRN<br>1M TSFR + 3.75%, 8.992%, 11/22/29 | 165,009,686 | 164,597 |
| USI, FRN<br>3M TSFR + 3.25%, 8.788%, 12/2/26 | 182,667,722 | 182,410 |
| Woof Holdings, FRN<br>3M USD LIBOR + 3.75%, 8.954%, 12/21/27 (5) | 15,433,132 | 15,086 |
| **Total Bank Loans (Cost $5,021,190)** | | **5,020,495** |
| **BOND MUTUAL FUNDS 1.5%** | | |
| T. Rowe Price Institutional Floating Rate Fund – Institutional Class,<br>8.76% (6)(7) | 85,163,196 | 793,721 |
| **Total Bond Mutual Funds (Cost $824,415)** | | **793,721** |
| **COMMON STOCKS 65.6%** | | |
| **COMMUNICATION SERVICES 3.0%** | | |
| **Interactive Media & Services 3.0%** | | |
| Alphabet, Class A (8)(9) | 10,534,448 | 1,260,973 |
| Meta Platforms, Class A (8)(9) | 995,085 | 285,570 |
| Total Communication Services | | 1,546,543 |
| **CONSUMER DISCRETIONARY 5.7%** | | |
| **Automobile Components 0.3%** | | |
| Mobileye Global, Class A (8) | 3,901,371 | 149,891 |
| | | 149,891 |
| **Broadline Retail 2.8%** | | |
| Amazon.com (8)(9) | 11,047,154 | 1,440,107 |
| | | 1,440,107 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| **Hotels, Restaurants & Leisure 2.6%** | | |
| Hilton Worldwide Holdings (9) | 2,401,611 | 349,554 |
| Starbucks (9) | 970,100 | 96,098 |
| Yum! Brands (9) | 6,546,928 | 907,077 |
| | | 1,352,729 |
| Total Consumer Discretionary | | 2,942,727 |
| **CONSUMER STAPLES 0.6%** | | |
| **Beverages 0.6%** | | |
| Keurig Dr Pepper (9) | 9,975,481 | 311,933 |
| Total Consumer Staples | | 311,933 |
| **ENERGY 0.9%** | | |
| **Oil, Gas & Consumable Fuels 0.9%** | | |
| Canadian Natural Resources | 6,107,290 | 343,596 |
| EOG Resources | 1,240,605 | 141,975 |
| Total Energy | | 485,571 |
| **FINANCIALS 7.4%** | | |
| **Banks 0.9%** | | |
| PNC Financial Services Group (9) | 3,753,393 | 472,740 |
| | | 472,740 |
| **Capital Markets 3.5%** | | |
| Goldman Sachs Group | 1,031,200 | 332,603 |
| Intercontinental Exchange (9) | 8,881,742 | 1,004,348 |
| KKR (9) | 6,213,967 | 347,982 |
| S&P Global (9) | 364,190 | 146,000 |
| | | 1,830,933 |
| **Financial Services 2.2%** | | |
| Mastercard, Class A (9) | 1,570,200 | 617,560 |
| Visa, Class A (9) | 2,240,500 | 532,074 |
| | | 1,149,634 |
| **Insurance 0.8%** | | |
| Marsh & McLennan (9) | 2,167,252 | 407,617 |
| | | 407,617 |
| Total Financials | | 3,860,924 |
| **HEALTH CARE 15.1%** | | |
| **Biotechnology 1.0%** | | |
| AbbVie (9) | 3,843,628 | 517,852 |
| | | 517,852 |
| **Health Care Equipment & Supplies 4.2%** | | |
| Baxter International (9) | 5,312,860 | 242,054 |
| Becton Dickinson & Company (9) | 4,015,744 | 1,060,196 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| GE HealthCare Technologies (9) | 2,008,090 | 163,137 |
| Stryker (9) | 705,500 | 215,241 |
| Teleflex | 2,051,997 | 496,645 |
| | | 2,177,273 |
| **Health Care Providers & Services 2.8%** | | |
| Humana | 29,383 | 13,138 |
| UnitedHealth Group (9) | 2,939,367 | 1,412,777 |
| | | 1,425,915 |
| **Life Sciences Tools & Services 6.3%** | | |
| Avantor (8) | 24,557,751 | 504,416 |
| Danaher (9) | 4,729,594 | 1,135,103 |
| Revvity (9) | 8,071,995 | 958,872 |
| Thermo Fisher Scientific (9) | 1,207,087 | 629,798 |
| | | 3,228,189 |
| **Pharmaceuticals 0.8%** | | |
| Eli Lilly | 844,600 | 396,100 |
| | | 396,100 |
| Total Health Care | | 7,745,329 |
| **INDUSTRIALS & BUSINESS SERVICES 8.6%** | | |
| **Commercial Services & Supplies 1.5%** | | |
| Waste Connections | 5,276,112 | 754,115 |
| | | 754,115 |
| **Industrial Conglomerates 1.9%** | | |
| General Electric (9) | 2,422,852 | 266,150 |
| Roper Technologies (9) | 1,448,522 | 696,450 |
| | | 962,600 |
| **Machinery 3.6%** | | |
| Fortive (9) | 15,671,743 | 1,171,776 |
| Ingersoll Rand (9) | 10,906,532 | 712,851 |
| | | 1,884,627 |
| **Professional Services 1.6%** | | |
| Equifax (9) | 1,888,144 | 444,280 |
| TransUnion (9) | 4,662,764 | 365,234 |
| | | 809,514 |
| Total Industrials & Business Services | | 4,410,856 |
| **INFORMATION TECHNOLOGY 15.2%** | | |
| **Electronic Equipment, Instruments & Components 1.1%** | | |
| TE Connectivity (9) | 1,125,110 | 157,696 |
| Teledyne Technologies (8)(9) | 1,009,064 | 414,836 |
| | | 572,532 |

| (Cost and value in $000s) | Shares/Par | $ Value |
|---|---|---|
| **Semiconductors & Semiconductor Equipment 3.6%** | | |
| NVIDIA | 1,648,600 | 697,391 |
| NXP Semiconductors (9) | 3,472,998 | 710,853 |
| Texas Instruments (9) | 2,522,229 | 454,052 |
| | | 1,862,296 |
| **Software 7.1%** | | |
| Aurora Innovation (8) | 34,667,381 | 101,922 |
| Black Knight (8) | 4,332,938 | 258,806 |
| Microsoft (9) | 8,425,227 | 2,869,127 |
| PTC (8) | 202,448 | 28,808 |
| Salesforce (8)(9) | 2,037,748 | 430,495 |
| | | 3,689,158 |
| **Technology Hardware, Storage & Peripherals 3.4%** | | |
| Apple (9) | 9,105,738 | 1,766,240 |
| | | 1,766,240 |
| Total Information Technology | | 7,890,226 |
| **MATERIALS 0.9%** | | |
| **Chemicals 0.9%** | | |
| Linde (9) | 1,225,622 | 467,060 |
| Total Materials | | 467,060 |
| **UTILITIES 4.3%** | | |
| **Electric Utilities 2.3%** | | |
| Exelon (9) | 13,632,342 | 555,381 |
| Xcel Energy | 10,187,209 | 633,339 |
| | | 1,188,720 |
| **Multi-Utilities 2.0%** | | |
| Ameren | 9,134,843 | 746,043 |
| DTE Energy | 2,684,214 | 295,317 |
| | | 1,041,360 |
| Total Utilities | | 2,230,080 |
| Total Miscellaneous Common Stocks 3.9% (10) | | 2,033,172 |
| **Total Common Stocks (Cost $24,576,209)** | | **33,924,421** |
| **CONVERTIBLE PREFERRED STOCKS 0.2%** | | |
| **INFORMATION TECHNOLOGY 0.2%** | | |
| **Software 0.2%** | | |
| Waymo, Series A-2, Acquisition Date: 5/8/20, Cost $183,922 (5)(8)(11) | 2,141,932 | 81,693 |

| (Cost and value in $000s) | Shares/Par | $ Value |
|---|---|---|
| Waymo, Series B-2, Acquisition Date: 6/11/21, Cost $16,282 (5)(8)(11) | 177,514 | 6,771 |
| Total Information Technology | | 88,464 |
| **Total Convertible Preferred Stocks (Cost $200,204)** | | **88,464** |
| **CORPORATE BONDS 9.4%** | | |
| Alliant Holdings Intermediate, 4.25%, 10/15/27 (1) | 14,533,000 | 13,407 |
| Alliant Holdings Intermediate, 5.875%, 11/1/29 (1) | 22,668,000 | 19,919 |
| Alliant Holdings Intermediate, 6.75%, 10/15/27 (1) | 74,350,000 | 69,889 |
| Alliant Holdings Intermediate, 6.75%, 4/15/28 (1) | 162,272,000 | 159,635 |
| AmWINS Group, 4.875%, 6/30/29 (1) | 20,805,000 | 18,751 |
| Avantor Funding, 3.875%, 11/1/29 (1) | 97,386,000 | 85,091 |
| Avantor Funding, 4.625%, 7/15/28 (1) | 105,437,000 | 97,661 |
| Black Knight InfoServ, 3.625%, 9/1/28 (1) | 10,398,000 | 9,306 |
| Booz Allen Hamilton, 3.875%, 9/1/28 (1) | 26,906,000 | 24,283 |
| Booz Allen Hamilton, 4.00%, 7/1/29 (1) | 16,051,000 | 14,306 |
| BroadStreet Partners, 5.875%, 4/15/29 (1) | 29,902,000 | 26,015 |
| CCO Holdings, 5.00%, 2/1/28 (1) | 252,238,000 | 229,852 |
| CCO Holdings, 5.125%, 5/1/27 (1) | 321,632,000 | 299,118 |
| CCO Holdings, 5.50%, 5/1/26 (1) | 12,750,000 | 12,431 |
| Cedar Fair, 5.25%, 7/15/29 | 75,398,000 | 68,612 |
| Cedar Fair, 5.375%, 4/15/27 | 95,041,000 | 90,051 |
| Cedar Fair, 5.50%, 5/1/25 (1) | 59,601,000 | 59,080 |
| Cedar Fair, 6.50%, 10/1/28 | 64,276,000 | 62,669 |
| Charles River Laboratories International, 3.75%, 3/15/29 (1) | 45,887,000 | 40,208 |
| Charles River Laboratories International, 4.00%, 3/15/31 (1) | 30,433,000 | 26,324 |
| Charles River Laboratories International, 4.25%, 5/1/28 (1) | 12,219,000 | 11,150 |
| Clarios Global, 6.25%, 5/15/26 (1) | 21,486,000 | 21,271 |
| Clarios Global, 6.75%, 5/15/25 (1) | 15,558,000 | 15,539 |
| Clarios Global, 8.50%, 5/15/27 (1) | 76,610,000 | 76,801 |
| Clarivate Science Holdings, 3.875%, 7/1/28 (1) | 10,532,000 | 9,295 |
| Clarivate Science Holdings, 4.875%, 7/1/29 (1) | 7,515,000 | 6,641 |
| Crowdstrike Holdings, 3.00%, 2/15/29 | 5,749,000 | 4,958 |
| Delta Air Lines, 4.75%, 10/20/28 (1) | 37,425,000 | 36,267 |
| Entegris Escrow, 4.75%, 4/15/29 (1) | 18,404,000 | 17,093 |
| Gartner, 3.625%, 6/15/29 (1) | 29,541,000 | 25,922 |
| Gartner, 3.75%, 10/1/30 (1) | 12,944,000 | 11,261 |
| Gartner, 4.50%, 7/1/28 (1) | 9,226,000 | 8,603 |
| General Electric, Series D, FRN, 3M USD LIBOR + 3.33%, 8.882% (12) | 116,598,000 | 116,598 |
| GFL Environmental, 4.00%, 8/1/28 (1) | 20,564,000 | 18,302 |
| GFL Environmental, 4.375%, 8/15/29 (1) | 19,189,000 | 17,078 |
| GFL Environmental, 4.75%, 6/15/29 (1) | 48,007,000 | 43,806 |
| Heartland Dental, 8.50%, 5/1/26 (1) | 65,911,000 | 59,649 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| Heartland Dental, 10.50%, 4/30/28 (1) | 47,873,000 | 47,574 |
| Hilton Domestic Operating, 3.625%, 2/15/32 (1) | 50,427,000 | 42,043 |
| Hilton Domestic Operating, 3.75%, 5/1/29 (1) | 40,559,000 | 35,945 |
| Hilton Domestic Operating, 4.00%, 5/1/31 (1) | 47,659,000 | 41,284 |
| Hilton Domestic Operating, 4.875%, 1/15/30 | 31,901,000 | 29,748 |
| Hilton Domestic Operating, 5.375%, 5/1/25 (1) | 20,828,000 | 20,568 |
| Hilton Domestic Operating, 5.75%, 5/1/28 (1) | 47,494,000 | 46,663 |
| Hilton Worldwide Finance, 4.875%, 4/1/27 | 14,587,000 | 14,168 |
| Hologic, 3.25%, 2/15/29 (1) | 23,573,000 | 20,508 |
| Howmet Aerospace, 3.00%, 1/15/29 | 21,568,000 | 18,791 |
| Howmet Aerospace, 5.90%, 2/1/27 | 3,203,000 | 3,223 |
| HUB International, 5.625%, 12/1/29 (1) | 34,657,000 | 31,061 |
| HUB International, 7.00%, 5/1/26 (1) | 324,575,000 | 322,952 |
| HUB International, 7.25%, 6/15/30 (1) | 532,125,000 | 548,089 |
| Intercontinental Exchange, 4.00%, 9/15/27 | 6,439,000 | 6,269 |
| IQVIA, 5.00%, 5/15/27 (1) | 14,625,000 | 14,095 |
| IQVIA, 5.70%, 5/15/28 (1) | 64,099,000 | 63,458 |
| IQVIA, 6.50%, 5/15/30 (1) | 15,969,000 | 16,149 |
| KFC Holding, 4.75%, 6/1/27 (1) | 135,551,000 | 130,637 |
| Korn Ferry, 4.625%, 12/15/27 (1) | 14,197,000 | 13,310 |
| Lamar Media, 3.625%, 1/15/31 | 4,650,000 | 3,918 |
| Lamar Media, 3.75%, 2/15/28 | 29,206,000 | 26,577 |
| Lamar Media, 4.875%, 1/15/29 | 5,216,000 | 4,857 |
| Lennox International, 3.00%, 11/15/23 | 6,420,000 | 6,343 |
| Life Time, 5.75%, 1/15/26 (1) | 52,089,000 | 50,657 |
| Live Nation Entertainment, 4.875%, 11/1/24 (1) | 3,645,000 | 3,590 |
| Mattel, 3.375%, 4/1/26 (1) | 7,552,000 | 6,957 |
| Mattel, 3.75%, 4/1/29 (1) | 16,096,000 | 14,104 |
| Mattel, 5.875%, 12/15/27 (1) | 5,795,000 | 5,672 |
| Mileage Plus Holdings, 6.50%, 6/20/27 (1) | 53,362,230 | 53,496 |
| Mirant, EC, 7.90%, 7/15/09 (1)(5)(8) | 16,000,000 | — |
| MSCI, 3.25%, 8/15/33 (1) | 25,206,000 | 20,070 |
| MSCI, 3.625%, 9/1/30 (1) | 63,407,000 | 54,372 |
| MSCI, 3.625%, 11/1/31 (1) | 39,028,000 | 32,979 |
| MSCI, 3.875%, 2/15/31 (1) | 44,676,000 | 38,589 |
| MSCI, 4.00%, 11/15/29 (1) | 36,940,000 | 33,200 |
| PRA Health Sciences, 2.875%, 7/15/26 (1) | 16,684,000 | 15,162 |
| PTC, 4.00%, 2/15/28 (1) | 6,340,000 | 5,849 |
| Ryan Specialty, 4.375%, 2/1/30 (1) | 2,890,000 | 2,547 |
| SBA Communications, 3.125%, 2/1/29 | 48,386,000 | 41,007 |
| SBA Communications, 3.875%, 2/15/27 | 54,443,000 | 49,952 |
| SBA Tower Trust, 6.599%, 1/15/28 (1) | 2,575,000 | 2,614 |
| Sensata Technologies, 3.75%, 2/15/31 (1) | 30,768,000 | 26,076 |
| Sensata Technologies, 4.00%, 4/15/29 (1) | 39,128,000 | 34,726 |
| Sensata Technologies, 4.375%, 2/15/30 (1) | 12,337,000 | 10,949 |
| Sensata Technologies, 5.00%, 10/1/25 (1) | 23,800,000 | 23,175 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| Sensata Technologies, 5.625%, 11/1/24 (1) | 6,670,000 | 6,620 |
| Sensata Technologies, 5.875%, 9/1/30 (1) | 26,938,000 | 25,995 |
| Service Corp. International, 3.375%, 8/15/30 | 25,751,000 | 21,470 |
| Six Flags Entertainment, 5.50%, 4/15/27 (1) | 115,949,000 | 109,572 |
| Six Flags Theme Parks, 7.00%, 7/1/25 (1) | 29,908,000 | 30,132 |
| Surgery Center Holdings, 10.00%, 4/15/27 (1) | 29,147,000 | 29,803 |
| Teleflex, 4.25%, 6/1/28 (1) | 5,425,000 | 4,964 |
| Teleflex, 4.625%, 11/15/27 | 31,460,000 | 29,651 |
| TransDigm, 5.50%, 11/15/27 | 42,811,000 | 40,349 |
| TransDigm, 6.25%, 3/15/26 (1) | 39,745,000 | 39,546 |
| TransDigm, 6.375%, 6/15/26 | 5,780,000 | 5,686 |
| TransDigm U.K. Holdings, 6.875%, 5/15/26 | 6,624,000 | 6,558 |
| U.S. Airways PTT, Series 2012-2, Class A, 4.625%, 6/3/25 | 781,015 | 740 |
| U.S. Airways PTT, Series 2013-1, Class A, 3.95%, 11/15/25 | 4,506,809 | 4,214 |
| United Airlines PTT, Series 2012-1, Class A, 4.15%, 4/11/24 | 7,452,153 | 7,315 |
| USI, 6.875%, 5/1/25 (1) | 119,087,000 | 118,194 |
| Vail Resorts, 6.25%, 5/15/25 (1) | 16,109,000 | 16,069 |
| Yum! Brands, 3.625%, 3/15/31 | 37,870,000 | 32,663 |
| Yum! Brands, 4.625%, 1/31/32 | 83,246,000 | 75,130 |
| Yum! Brands, 4.75%, 1/15/30 (1) | 37,386,000 | 34,909 |
| Yum! Brands, 5.35%, 11/1/43 | 73,790,000 | 64,566 |
| Yum! Brands, 5.375%, 4/1/32 | 92,045,000 | 87,098 |
| Yum! Brands, 6.875%, 11/15/37 | 30,316,000 | 32,135 |
| Total Miscellaneous Corporate Bonds 0.1% (10) | | 54,347 |
| **Total Corporate Bonds (Cost $4,929,178)** | | **4,838,541** |
| **PREFERRED STOCKS 0.3%** | | |
| **FINANCIALS 0.0%** | | |
| **Financial Services 0.0%** | | |
| Charles Schwab, Series D, 5.95% (12) | 95,800 | 2,395 |
| Total Financials | | 2,395 |
| **UTILITIES 0.3%** | | |
| **Electric Utilities 0.3%** | | |
| CMS Energy, 5.875%, 10/15/78 | 1,985,595 | 47,595 |
| CMS Energy, 5.875%, 3/1/79 | 1,798,769 | 43,800 |
| SCE Trust IV, Series J, VR, 5.375% (12)(13) | 1,311,912 | 25,923 |
| | | 117,318 |

| | Shares/Par | $ Value |
|---|---|---|
| (Cost and value in $000s) | | |
| **Gas & Gas Transmission 0.0%** | | |
| NiSource, Series B, VR, 6.50% (12)(13) | 491,729 | 12,387 |
| | | 12,387 |
| Total Utilities | | 129,705 |
| **Total Preferred Stocks (Cost $142,095)** | | **132,100** |
| **U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED) 7.9%** | | |
| **U.S. Treasury Obligations 7.9%** | | |
| U.S. Treasury Notes, 2.75%, 8/15/32 | 359,823,700 | 329,913 |
| U.S. Treasury Notes, 3.50%, 2/15/33 | 2,111,534,900 | 2,057,427 |
| U.S. Treasury Notes, 4.125%, 11/15/32 | 1,679,757,300 | 1,716,765 |
| | | 4,104,105 |
| **Total U.S. Government Agency Obligations (Excluding Mortgage-Backed) (Cost $4,203,722)** | | **4,104,105** |
| **SHORT-TERM INVESTMENTS 7.9%** | | |
| **Money Market Funds 7.9%** | | |
| T. Rowe Price Government Reserve Fund, 5.13% (6)(14) | 4,059,529,287 | 4,059,529 |
| **Total Short-Term Investments (Cost $4,059,529)** | | **4,059,529** |
| **Total Investments in Securities 102.6% of Net Assets (Cost $43,996,811)** | | **$ 52,997,784** |

‡ Shares/Par and Notional Amount are denominated in U.S. dollars unless otherwise noted.

(1) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers. Total value of such securities at period-end amounts to $3,865,286 and represents 7.5% of net assets.

(2) Bank loan positions may involve multiple underlying tranches. In those instances, the position presented reflects the aggregate of those respective underlying tranches and the rate presented reflects the weighted average rate of the settled positions.

(3) All or a portion of this loan is unsettled as of June 30, 2023. The interest rate for unsettled loans will be determined upon settlement after period end.

(4) All or a portion of the position represents an unfunded commitment; a liability to fund the commitment has been recognized. The fund's total unfunded commitment at June 30, 2023, was $20,984 and was valued at $20,171 (0.0% of net assets).

| | |
|---|---|
| (5) | See Note 2. Level 3 in fair value hierarchy. |
| (6) | Affiliated Companies |
| (7) | SEC 30-day yield |
| (8) | Non-income producing |
| (9) | All or a portion of this security is pledged to cover or as collateral for written call options at June 30, 2023. |
| (10) | The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities. |
| (11) | Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The fund may have registration rights for certain restricted securities. Any costs related to such registration are generally borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period end amounts to $88,464 and represents 0.2% of net assets. |
| (12) | Perpetual security with no stated maturity date. |
| (13) | Security is a fix-to-float security, which carries a fixed coupon until a certain date, upon which it switches to a floating rate. Reference rate and spread are provided if the rate is currently floating. |
| (14) | Seven-day yield |
| 1M TSFR | One month term SOFR (Secured overnight financing rate) |
| 1M USD LIBOR | One month USD LIBOR (London interbank offered rate) |
| 3M EURIBOR | Three month EURIBOR (Euro interbank offered rate) |
| 3M TSFR | Three month term SOFR (Secured overnight financing rate) |
| 3M USD LIBOR | Three month USD LIBOR (London interbank offered rate) |
| EC | Escrow CUSIP; represents a beneficial interest in a residual pool of assets; the amount and timing of future distributions, if any, is uncertain; when presented, interest rate and maturity date are those of the original security. |
| EUR | Euro |
| FRN | Floating Rate Note |
| OTC | Over-the-counter |
| PTT | Pass-Through Trust |
| VR | Variable Rate; rate shown is effective rate at period-end. The rates for certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and based on current market conditions. |

(Amounts in 000s, except for contracts)

## OPTIONS WRITTEN (1.3)%

### OTC Options Written (1.3)%

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Citibank | AbbVie, Call, 1/19/24 @ $155.00 | 3,998 | 53,865 | (654) |
| Citibank | AbbVie, Call, 1/19/24 @ $160.00 | 3,997 | 53,852 | (420) |
| Citibank | AbbVie, Call, 1/19/24 @ $170.00 | 5,094 | 68,631 | (204) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $145.00 | 322 | 4,338 | (126) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $150.00 | 322 | 4,338 | (83) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $175.00 | 2,554 | 34,410 | (54) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $180.00 | 3,828 | 51,575 | (59) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $185.00 | 1,271 | 17,124 | (22) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $195.00 | 1,271 | 17,124 | (6) |
| JPMorgan Chase | AbbVie, Call, 1/19/24 @ $200.00 | 1,271 | 17,124 | (10) |
| Citibank | Alphabet, Class A, Call, 1/19/24 @ $102.50 | 3,109 | 37,215 | (7,026) |
| Citibank | Alphabet, Class A, Call, 1/19/24 @ $142.00 | 6,415 | 76,788 | (1,944) |
| Wells Fargo Bank | Alphabet, Class A, Call, 1/19/24 @ $120.00 | 11,767 | 140,851 | (12,914) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $107.50 | 3,812 | 49,693 | (11,236) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $110.00 | 7,625 | 99,400 | (21,026) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $115.00 | 14,862 | 193,741 | (35,334) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $120.00 | 3,809 | 49,654 | (7,742) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $132.50 | 9,629 | 125,524 | (12,470) |
| Wells Fargo Bank | Amazon.com, Call, 1/19/24 @ $135.00 | 6,452 | 84,108 | (7,549) |
| UBS Investment Bank | Analog Devices, Call, 1/19/24 @ $200.00 | 1,606 | 31,286 | (2,248) |
| UBS Investment Bank | Analog Devices, Call, 1/19/24 @ $210.00 | 322 | 6,273 | (309) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| UBS Investment Bank | Analog Devices, Call, 6/21/24 @ $210.00 | 322 | 6,273 | (523) |
| UBS Investment Bank | Analog Devices, Call, 6/21/24 @ $220.00 | 322 | 6,273 | (404) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $145.00 | 3,177 | 61,624 | (17,068) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $150.00 | 6,354 | 123,249 | (31,468) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $155.00 | 6,354 | 123,249 | (28,577) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $180.00 | 9,581 | 185,843 | (23,114) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $195.00 | 3,851 | 74,698 | (5,565) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $200.00 | 3,208 | 62,226 | (3,657) |
| JPMorgan Chase | Apple, Call, 1/19/24 @ $205.00 | 643 | 12,472 | (564) |
| Citibank | Baxter International, Call, 1/19/24 @ $50.00 | 3,213 | 14,638 | (675) |
| Goldman Sachs | Becton Dickinson & Company, Call, 1/19/24 @ $270.00 | 1,923 | 50,769 | (2,500) |
| Goldman Sachs | Becton Dickinson & Company, Call, 1/19/24 @ $280.00 | 1,923 | 50,769 | (1,567) |
| Goldman Sachs | Becton Dickinson & Company, Call, 1/19/24 @ $290.00 | 1,261 | 33,292 | (593) |
| Goldman Sachs | Becton Dickinson & Company, Call, 1/19/24 @ $300.00 | 1,261 | 33,292 | (315) |
| Wells Fargo Bank | CME Group, Call, 1/19/24 @ $190.00 | 471 | 8,727 | (398) |
| Wells Fargo Bank | CME Group, Call, 1/19/24 @ $200.00 | 471 | 8,727 | (207) |
| Wells Fargo Bank | CME Group, Call, 1/19/24 @ $210.00 | 470 | 8,709 | (98) |
| JPMorgan Chase | Danaher, Call, 1/19/24 @ $290.00 | 3,172 | 76,128 | (848) |
| JPMorgan Chase | Danaher, Call, 1/19/24 @ $300.00 | 625 | 15,000 | (103) |
| JPMorgan Chase | Danaher, Call, 1/19/24 @ $310.00 | 625 | 15,000 | (66) |
| JPMorgan Chase | Danaher, Call, 1/19/24 @ $320.00 | 625 | 15,000 | (42) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Citibank | Equifax, Call, 12/15/23 @ $220.00 | 2,955 | 69,531 | (8,629) |
| Citibank | Equifax, Call, 12/15/23 @ $230.00 | 1,038 | 24,424 | (2,294) |
| Citibank | Equifax, Call, 12/15/23 @ $240.00 | 3,600 | 84,708 | (5,850) |
| Citibank | Equifax, Call, 1/19/24 @ $230.00 | 322 | 7,577 | (758) |
| Citibank | Equifax, Call, 1/19/24 @ $240.00 | 321 | 7,553 | (615) |
| JPMorgan Chase | Exelon, Call, 1/19/24 @ $45.00 | 18,205 | 74,167 | (1,547) |
| JPMorgan Chase | Exelon, Call, 1/19/24 @ $47.00 | 4,322 | 17,608 | (194) |
| JPMorgan Chase | Exelon, Call, 1/19/24 @ $50.00 | 4,683 | 19,079 | (94) |
| JPMorgan Chase | Exelon, Call, 6/21/24 @ $47.00 | 643 | 2,620 | (80) |
| Citibank | Fortive, Call, 12/15/23 @ $75.00 | 643 | 4,808 | (325) |
| Citibank | Fortive, Call, 12/15/23 @ $80.00 | 643 | 4,808 | (172) |
| Wells Fargo Bank | GE HealthCare Technologies, Call, 1/19/24 @ $85.00 | 1,285 | 10,439 | (694) |
| Wells Fargo Bank | GE HealthCare Technologies, Call, 1/19/24 @ $90.00 | 3,851 | 31,286 | (1,309) |
| Wells Fargo Bank | General Electric, Call, 1/19/24 @ $90.00 | 4,340 | 47,675 | (10,622) |
| Wells Fargo Bank | General Electric, Call, 1/19/24 @ $95.00 | 4,340 | 47,676 | (8,875) |
| Wells Fargo Bank | General Electric, Call, 1/19/24 @ $110.00 | 7,774 | 85,397 | (7,852) |
| Wells Fargo Bank | General Electric, Call, 1/19/24 @ $115.00 | 7,774 | 85,397 | (5,811) |
| Wells Fargo Bank | Hilton Worldwide Holdings, Call, 1/19/24 @ $140.00 | 629 | 9,155 | (997) |
| Wells Fargo Bank | Hilton Worldwide Holdings, Call, 1/19/24 @ $145.00 | 3,666 | 53,359 | (4,656) |
| Wells Fargo Bank | Hilton Worldwide Holdings, Call, 1/19/24 @ $150.00 | 3,666 | 53,359 | (3,849) |
| Wells Fargo Bank | Hilton Worldwide Holdings, Call, 1/19/24 @ $155.00 | 1,912 | 27,829 | (1,444) |
| Wells Fargo Bank | Hilton Worldwide Holdings, Call, 1/19/24 @ $160.00 | 1,283 | 18,674 | (770) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Goldman Sachs | Ingersoll Rand, Call, 12/15/23 @ $60.00 | 2,521 | 16,477 | (2,218) |
| Goldman Sachs | Ingersoll Rand, Call, 12/15/23 @ $75.00 | 3,212 | 20,994 | (602) |
| Citibank | Intercontinental Exchange , Call, 1/19/24 @ $110.00 | 6,384 | 72,190 | (6,065) |
| Citibank | Intercontinental Exchange , Call, 1/19/24 @ $115.00 | 3,837 | 43,389 | (2,417) |
| Citibank | Intercontinental Exchange , Call, 1/19/24 @ $120.00 | 642 | 7,260 | (254) |
| UBS Investment Bank | Intuit, Call, 1/19/24 @ $480.00 | 642 | 29,416 | (2,308) |
| Citibank | Keurig Dr Pepper, Call, 1/19/24 @ $37.00 | 3,368 | 10,532 | (34) |
| Citibank | Keurig Dr Pepper, Call, 1/19/24 @ $40.00 | 3,368 | 10,532 | (8) |
| UBS Investment Bank | KKR, Call, 1/19/24 @ $55.00 | 6,389 | 35,778 | (3,769) |
| Wells Fargo Bank | Linde, Call, 1/19/24 @ $390.00 | 1,279 | 48,740 | (2,648) |
| Wells Fargo Bank | Linde, Call, 1/19/24 @ $395.00 | 321 | 12,233 | (565) |
| Wells Fargo Bank | Linde, Call, 1/19/24 @ $410.00 | 321 | 12,233 | (379) |
| Goldman Sachs | Marsh & McLennan, Call, 7/21/23 @ $185.00 | 1,891 | 35,566 | (879) |
| Goldman Sachs | Marsh & McLennan, Call, 7/21/23 @ $190.00 | 1,891 | 35,566 | (388) |
| Goldman Sachs | Marsh & McLennan, Call, 7/21/23 @ $195.00 | 1,891 | 35,566 | (137) |
| Goldman Sachs | Marsh & McLennan, Call, 7/21/23 @ $200.00 | 1,891 | 35,566 | (9) |
| Goldman Sachs | Marsh & McLennan, Call, 1/19/24 @ $180.00 | 2,554 | 48,036 | (4,316) |
| Goldman Sachs | Marsh & McLennan, Call, 1/19/24 @ $190.00 | 2,878 | 54,129 | (2,677) |
| Goldman Sachs | Marsh & McLennan, Call, 1/19/24 @ $200.00 | 321 | 6,037 | (156) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $380.00 | 1,272 | 50,028 | (4,792) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $400.00 | 3,510 | 138,048 | (8,635) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $405.00 | 321 | 12,625 | (697) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $410.00 | 1,918 | 75,435 | (3,683) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $420.00 | 1,594 | 62,692 | (2,363) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $425.00 | 321 | 12,625 | (429) |
| Goldman Sachs | Mastercard, Class A, Call, 1/19/24 @ $430.00 | 1,272 | 50,028 | (1,476) |
| Barclays Bank | Meta Platforms, Class A, Call, 1/19/24 @ $290.00 | 3,208 | 92,063 | (11,052) |
| Bank of America | Microsoft, Call, 1/19/24 @ $275.00 | 2,224 | 75,736 | (17,342) |
| Bank of America | Microsoft, Call, 1/19/24 @ $290.00 | 2,224 | 75,736 | (14,478) |
| Bank of America | Microsoft, Call, 1/19/24 @ $300.00 | 2,224 | 75,736 | (12,677) |
| JPMorgan Chase | Microsoft, Call, 1/19/24 @ $300.00 | 9,507 | 323,751 | (54,190) |
| UBS Investment Bank | Microsoft, Call, 1/19/24 @ $360.00 | 1,284 | 43,725 | (2,539) |
| UBS Investment Bank | Microsoft, Call, 1/19/24 @ $375.00 | 1,284 | 43,725 | (1,801) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $170.00 | 1,866 | 38,193 | (8,145) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $180.00 | 3,771 | 77,185 | (13,689) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $185.00 | 3,771 | 77,185 | (12,312) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $190.00 | 2,554 | 52,275 | (7,522) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $195.00 | 3,771 | 77,185 | (9,937) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $200.00 | 2,554 | 52,275 | (6,002) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $210.00 | 643 | 13,161 | (1,177) |
| Wells Fargo Bank | NXP Semiconductors, Call, 1/19/24 @ $220.00 | 643 | 13,161 | (900) |
| Wells Fargo Bank | NXP Semiconductors, Call, 6/21/24 @ $220.00 | 482 | 9,866 | (1,080) |
| JPMorgan Chase | PNC Financial Services Group, Call, 1/19/24 @ $170.00 | 1,525 | 19,207 | (95) |
| JPMorgan Chase | PNC Financial Services Group, Call, 1/19/24 @ $175.00 | 2,478 | 31,210 | (93) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| JPMorgan Chase | PNC Financial Services Group, Call, 1/19/24 @ $185.00 | 933 | 11,751 | (16) |
| JPMorgan Chase | PNC Financial Services Group, Call, 1/19/24 @ $190.00 | 933 | 11,751 | (16) |
| JPMorgan Chase | PNC Financial Services Group, Call, 1/19/24 @ $200.00 | 933 | 11,751 | (14) |
| Citibank | Revvity, Call, 9/15/23 @ $155.00 | 1,613 | 19,161 | (230) |
| Citibank | Revvity, Call, 9/15/23 @ $165.00 | 1,613 | 19,161 | (117) |
| Citibank | Revvity, Call, 9/15/23 @ $170.00 | 1,613 | 19,161 | (60) |
| Citibank | Revvity, Call, 9/15/23 @ $175.00 | 1,613 | 19,161 | (73) |
| Citibank | Roper Technologies, Call, 8/18/23 @ $470.00 | 1,274 | 61,254 | (2,535) |
| Citibank | Roper Technologies, Call, 8/18/23 @ $480.00 | 311 | 14,953 | (418) |
| Citibank | Roper Technologies, Call, 8/18/23 @ $500.00 | 311 | 14,953 | (145) |
| Citibank | Roper Technologies, Call, 8/18/23 @ $520.00 | 311 | 14,953 | (53) |
| Citibank | Roper Technologies, Call, 8/18/23 @ $540.00 | 311 | 14,953 | (23) |
| Citibank | Roper Technologies, Call, 2/16/24 @ $490.00 | 322 | 15,482 | (956) |
| Citibank | Roper Technologies, Call, 2/16/24 @ $510.00 | 322 | 15,482 | (641) |
| Bank of America | S&P Global, Call, 1/19/24 @ $370.00 | 429 | 17,198 | (2,115) |
| Bank of America | S&P Global, Call, 1/19/24 @ $390.00 | 429 | 17,198 | (1,497) |
| Bank of America | S&P Global, Call, 1/19/24 @ $400.00 | 429 | 17,198 | (1,216) |
| Bank of America | S&P Global, Call, 1/19/24 @ $410.00 | 207 | 8,298 | (475) |
| Bank of America | S&P Global, Call, 1/19/24 @ $420.00 | 429 | 17,198 | (774) |
| Bank of America | S&P Global, Call, 1/19/24 @ $430.00 | 207 | 8,298 | (293) |
| Bank of America | S&P Global, Call, 1/19/24 @ $450.00 | 207 | 8,298 | (156) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Bank of America | S&P Global, Call, 1/19/24 @ $470.00 | 207 | 8,298 | (76) |
| UBS Investment Bank | S&P Global, Call, 1/19/24 @ $400.00 | 321 | 12,869 | (910) |
| UBS Investment Bank | S&P Global, Call, 1/19/24 @ $410.00 | 321 | 12,869 | (737) |
| Goldman Sachs | Salesforce, Call, 1/19/24 @ $160.00 | 1,562 | 32,999 | (9,255) |
| Goldman Sachs | Salesforce, Call, 1/19/24 @ $165.00 | 3,151 | 66,568 | (17,299) |
| Goldman Sachs | Salesforce, Call, 1/19/24 @ $170.00 | 1,589 | 33,569 | (8,040) |
| Goldman Sachs | Salesforce, Call, 1/19/24 @ $230.00 | 964 | 20,365 | (1,309) |
| Goldman Sachs | Salesforce, Call, 1/19/24 @ $240.00 | 964 | 20,365 | (974) |
| Goldman Sachs | Salesforce, Call, 6/21/24 @ $230.00 | 322 | 6,803 | (721) |
| Goldman Sachs | Salesforce, Call, 6/21/24 @ $240.00 | 322 | 6,803 | (600) |
| Goldman Sachs | Starbucks, Call, 1/19/24 @ $100.00 | 3,666 | 36,315 | (2,594) |
| Goldman Sachs | Starbucks, Call, 1/19/24 @ $105.00 | 3,666 | 36,315 | (1,714) |
| Goldman Sachs | Starbucks, Call, 1/19/24 @ $115.00 | 2,369 | 23,467 | (404) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $270.00 | 1,271 | 38,777 | (5,986) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $280.00 | 1,271 | 38,777 | (4,900) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $290.00 | 1,271 | 38,777 | (4,004) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $300.00 | 1,271 | 38,777 | (3,216) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $310.00 | 958 | 29,228 | (1,796) |
| Wells Fargo Bank | Stryker, Call, 1/19/24 @ $320.00 | 1,013 | 30,906 | (1,393) |
| JPMorgan Chase | TE Connectivity, Call, 7/21/23 @ $125.00 | 937 | 13,133 | (1,480) |
| JPMorgan Chase | TE Connectivity, Call, 7/21/23 @ $130.00 | 1,890 | 26,490 | (2,136) |
| JPMorgan Chase | TE Connectivity, Call, 7/21/23 @ $135.00 | 1,890 | 26,490 | (1,134) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| JPMorgan Chase | TE Connectivity, Call, 7/21/23 @ $140.00 | 1,890 | 26,490 | (439) |
| JPMorgan Chase | Teledyn Technologies, Call, 12/15/23 @ $440.00 | 161 | 6,619 | (245) |
| JPMorgan Chase | Teledyn Technologies, Call, 12/15/23 @ $460.00 | 161 | 6,619 | (119) |
| Bank of America | Texas Instruments, Call, 1/19/24 @ $180.00 | 2,540 | 45,725 | (3,524) |
| Bank of America | Texas Instruments, Call, 1/19/24 @ $190.00 | 3,504 | 63,079 | (3,110) |
| Bank of America | Texas Instruments, Call, 1/19/24 @ $195.00 | 3,504 | 63,079 | (2,435) |
| Bank of America | Texas Instruments, Call, 1/19/24 @ $200.00 | 10,524 | 189,453 | (5,525) |
| Bank of America | Texas Instruments, Call, 6/21/24 @ $195.00 | 643 | 11,575 | (786) |
| Bank of America | Texas Instruments, Call, 6/21/24 @ $200.00 | 643 | 11,575 | (667) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $560.00 | 161 | 8,400 | (378) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $590.00 | 161 | 8,400 | (210) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $600.00 | 1,284 | 66,993 | (1,323) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $610.00 | 448 | 23,374 | (403) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $620.00 | 448 | 23,374 | (276) |
| Citibank | Thermo Fisher Scientific, Call, 1/19/24 @ $630.00 | 448 | 23,374 | (269) |
| JPMorgan Chase | Thermo Fisher Scientific, Call, 1/19/24 @ $610.00 | 316 | 16,487 | (284) |
| JPMorgan Chase | Thermo Fisher Scientific, Call, 1/19/24 @ $630.00 | 316 | 16,487 | (190) |
| JPMorgan Chase | Thermo Fisher Scientific, Call, 1/19/24 @ $660.00 | 316 | 16,487 | (111) |
| JPMorgan Chase | Thermo Fisher Scientific, Call, 1/19/24 @ $690.00 | 316 | 16,487 | (47) |
| Goldman Sachs | TransUnion, Call, 10/20/23 @ $65.00 | 1,258 | 9,854 | (1,937) |
| Goldman Sachs | TransUnion, Call, 10/20/23 @ $70.00 | 1,258 | 9,854 | (1,453) |
| Goldman Sachs | TransUnion, Call, 12/15/23 @ $80.00 | 1,284 | 10,058 | (751) |

(Amounts in 000s, except for contracts)

| Counterparty | Description | Contracts | Notional Amount | $ Value |
|---|---|---|---|---|
| Citibank | UnitedHealth Group, Call, 1/19/24 @ $580.00 | 2,096 | 100,742 | (744) |
| JPMorgan Chase | UnitedHealth Group, Call, 1/19/24 @ $550.00 | 642 | 30,857 | (536) |
| JPMorgan Chase | UnitedHealth Group, Call, 1/19/24 @ $600.00 | 2,209 | 106,173 | (434) |
| Goldman Sachs | Visa, Class A, Call, 1/19/24 @ $230.00 | 1,905 | 45,240 | (4,115) |
| Goldman Sachs | Visa, Class A, Call, 1/19/24 @ $240.00 | 2,227 | 52,887 | (3,452) |
| Goldman Sachs | Visa, Class A, Call, 1/19/24 @ $245.00 | 963 | 22,869 | (1,199) |
| Goldman Sachs | Visa, Class A, Call, 1/19/24 @ $250.00 | 1,905 | 45,240 | (1,929) |
| Goldman Sachs | Visa, Class A, Call, 1/19/24 @ $260.00 | 2,227 | 52,887 | (1,375) |
| Goldman Sachs | Visa, Class A, Call, 6/21/24 @ $250.00 | 161 | 3,824 | (290) |
| Goldman Sachs | Visa, Class A, Call, 6/21/24 @ $260.00 | 161 | 3,824 | (215) |
| Citibank | Yum! Brands, Call, 1/19/24 @ $145.00 | 2,241 | 31,049 | (1,199) |
| Citibank | Yum! Brands, Call, 1/19/24 @ $150.00 | 2,241 | 31,049 | (784) |
| Wells Fargo Bank | Yum! Brands, Call, 1/19/24 @ $140.00 | 9,000 | 124,695 | (7,065) |
| **Total Options Written (Premiums $(439,049))** | | | **$** | **(664,480)** |

## AFFILIATED COMPANIES

($000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the six months ended June 30, 2023. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

| Affiliate | Net Realized Gain (Loss) | Change in Net Unrealized Gain/Loss | Investment Income |
|---|---|---|---|
| CMS Energy, 5.875%, 10/15/78 | $ (203) | $ 4,279 | $ 1,512 |
| CMS Energy, 5.875%, 3/1/79 | (750) | 5,970 | 1,754 |
| SCE Trust IV, Series J, VR, 5.375% | (1,688) | 4,423 | 957 |
| T. Rowe Price Institutional Floating Rate Fund – Institutional Class, 8.76% | — | 11,542 | 32,772 |
| TransUnion | (99,266) | 292,135 | 2,108 |
| T. Rowe Price Government Reserve Fund, 5.13% | — | — | 61,467 |
| Totals | $ (101,907)# | $ 318,349 | $ 100,570+ |

### Supplementary Investment Schedule

| Affiliate | Value 12/31/22 | Purchase Cost | Sales Cost | Value 06/30/23 |
|---|---|---|---|---|
| CMS Energy, 5.875%, 10/15/78 | $ 49,731 | $ — | $ 6,415 | $ * |
| CMS Energy, 5.875%, 3/1/79 | 61,510 | — | 23,680 | * |
| SCE Trust IV, Series J, VR, 5.375% | 29,636 | — | 8,136 | * |
| T. Rowe Price Institutional Floating Rate Fund – Institutional Class, 8.76% | 749,303 | 32,876 | — | 793,721 |
| TransUnion | 576,044 | — | 502,945 | * |
| T. Rowe Price Government Reserve Fund, 5.13% | 2,714,515 | ¤ | ¤ | 4,059,529 |
| Total | | | | $ 4,853,250^ |

# Capital gain distributions from underlying Price funds represented $0 of the net realized gain (loss).

+ Investment income comprised $100,570 of dividend income and $0 of interest income.

* On the date indicated, issuer was held but not considered an affiliated company.

¤ Purchase and sale information not shown for cash management funds.

^ The cost basis of investments in affiliated companies was $4,883,944.

The accompanying notes are an integral part of these financial statements.

June 30, 2023 (Unaudited)

## STATEMENT OF ASSETS AND LIABILITIES

($000s, except shares and per share amounts)

| | |
|---|---|
| **Assets** | |
| Investments in securities, at value (cost $43,996,811) | $ 52,997,784 |
| Interest and dividends receivable | 129,499 |
| Receivable for investment securities sold | 92,326 |
| Receivable for shares sold | 63,336 |
| Cash | 34,247 |
| Foreign currency (cost $5,136) | 5,256 |
| Other assets | 2,221 |
| Total assets | 53,324,669 |
| **Liabilities** | |
| Payable for investment securities purchased | 941,127 |
| Options written (premiums $439,049) | 664,480 |
| Investment management fees payable | 23,447 |
| Payable for shares redeemed | 18,710 |
| Due to affiliates | 715 |
| Payable to directors | 42 |
| Other liabilities | 25,763 |
| Total liabilities | 1,674,284 |
| **NET ASSETS** | **$ 51,650,385** |

June 30, 2023 (Unaudited)

## STATEMENT OF ASSETS AND LIABILITIES

($000s, except shares and per share amounts)

| | |
|---|---|
| **Net Assets Consist of:** | |
| Total distributable earnings (loss) | $ 9,738,792 |
| Paid-in capital applicable to 1,561,160,637 shares of $0.0001 par value capital stock outstanding; 4,000,000,000 shares authorized | 41,911,593 |
| **NET ASSETS** | **$ 51,650,385** |
| **NET ASSET VALUE PER SHARE** | |
| **Investor Class** | |
| **(Net assets: $29,357,896; Shares outstanding: 887,294,975)** | **$ 33.09** |
| **Advisor Class** | |
| **(Net assets: $720,473; Shares outstanding: 22,122,250)** | **$ 32.57** |
| **I Class** | |
| **(Net assets: $21,572,016; Shares outstanding: 651,743,412)** | **$ 33.10** |

The accompanying notes are an integral part of these financial statements.

(Unaudited)

## STATEMENT OF OPERATIONS

($000s)

| | | | | 6 Months Ended 6/30/23 |
|---|---|---|---|---|
| **Investment Income (Loss)** | | | | |
| Income | | | | |
| Interest | | | $ | 440,475 |
| Dividend (net of foreign taxes of $2,419) | | | | 303,786 |
| Other | | | | 6 |
| Total income | | | | 744,267 |
| Expenses | | | | |
| Investment management | | | | 140,603 |
| Shareholder servicing | | | | |
| Investor Class | $ | 17,731 | | |
| Advisor Class | | 476 | | |
| I Class | | 963 | | 19,170 |
| Rule 12b-1 fees | | | | |
| Advisor Class | | | | 835 |
| Prospectus and shareholder reports | | | | |
| Investor Class | | 552 | | |
| Advisor Class | | 8 | | |
| I Class | | 165 | | 725 |
| Registration | | | | 466 |
| Custody and accounting | | | | 416 |
| Proxy and annual meeting | | | | 406 |
| Directors | | | | 83 |
| Legal and audit | | | | 23 |
| Miscellaneous | | | | 117 |
| Waived / paid by Price Associates | | | | (5,200) |
| Total expenses | | | | 157,644 |
| Net investment income | | | | 586,623 |

(Unaudited)

## STATEMENT OF OPERATIONS

($000s)

| | 6 Months Ended 6/30/23 |
|---|---|
| **Realized and Unrealized Gain / Loss** | |
| Net realized gain (loss) | |
| Securities | 432,798 |
| Options written | 154,773 |
| Foreign currency transactions | (235) |
| Net realized gain | 587,336 |
| | |
| Change in net unrealized gain / loss | |
| Securities | 4,393,564 |
| Options written | (396,242) |
| Other assets and liabilities denominated in foreign currencies | 78 |
| Change in net unrealized gain / loss | 3,997,400 |
| Net realized and unrealized gain / loss | 4,584,736 |
| | |
| **INCREASE IN NET ASSETS FROM OPERATIONS** | **$ 5,171,359** |

The accompanying notes are an integral part of these financial statements.

(Unaudited)

## STATEMENT OF CHANGES IN NET ASSETS

($000s)

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 |
|---|---|---|
| **Increase (Decrease) in Net Assets** | | |
| Operations | | |
| Net investment income | $ 586,623 | $ 741,407 |
| Net realized gain | 587,336 | 3,279,720 |
| Change in net unrealized gain / loss | 3,997,400 | (10,458,404) |
| Increase (decrease) in net assets from operations | 5,171,359 | (6,437,277) |
| | | |
| Distributions to shareholders | | |
| Net earnings | | |
| Investor Class | – | (2,278,489) |
| Advisor Class | – | (55,813) |
| I Class | – | (1,680,332) |
| Decrease in net assets from distributions | – | (4,014,634) |
| | | |
| Capital share transactions* | | |
| Shares sold | | |
| Investor Class | 2,482,219 | 3,945,710 |
| Advisor Class | 48,701 | 84,849 |
| I Class | 1,827,348 | 10,858,872 |
| Distributions reinvested | | |
| Investor Class | – | 2,218,918 |
| Advisor Class | – | 54,969 |
| I Class | – | 1,617,001 |
| Shares redeemed | | |
| Investor Class | (2,175,191) | (13,844,290) |
| Advisor Class | (54,999) | (129,121) |
| I Class | (1,105,073) | (2,807,670) |
| Increase in net assets from capital share transactions | 1,023,005 | 1,999,238 |

(Unaudited)

## STATEMENT OF CHANGES IN NET ASSETS

($000s)

| | 6 Months Ended 6/30/23 | Year Ended 12/31/22 |
|---|---|---|
| **Net Assets** | | |
| Increase (decrease) during period | 6,194,364 | (8,452,673) |
| Beginning of period | 45,456,021 | 53,908,694 |
| **End of period** | **$ 51,650,385** | **$ 45,456,021** |
| | | |
| *Share information (000s) | | |
| Shares sold | | |
| Investor Class | 78,686 | 117,469 |
| Advisor Class | 1,566 | 2,604 |
| I Class | 57,820 | 318,283 |
| Distributions reinvested | | |
| Investor Class | – | 74,862 |
| Advisor Class | – | 1,882 |
| I Class | – | 54,573 |
| Shares redeemed | | |
| Investor Class | (69,357) | (408,978) |
| Advisor Class | (1,778) | (3,921) |
| I Class | (35,194) | (85,819) |
| Increase in shares outstanding | 31,743 | 70,955 |

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Capital Appreciation Fund, Inc. (the fund) is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, open-end management investment company. The fund seeks long-term capital appreciation by investing primarily in common stocks. It may also hold fixed-income and other securities to help preserve principal value. The fund has three classes of shares: the Capital Appreciation Fund (Investor Class), the Capital Appreciation Fund–Advisor Class (Advisor Class), and the Capital Appreciation Fund–I Class (I Class). Advisor Class shares are sold only through various brokers and other financial intermediaries. I Class shares require a $500,000 initial investment minimum, although the minimum generally is waived or reduced for financial intermediaries, eligible retirement plans, and certain other accounts. The Advisor Class operates under a Board-approved Rule 12b-1 plan pursuant to which the class compensates financial intermediaries for distribution, shareholder servicing, and/or certain administrative services; the Investor and I Classes do not pay Rule 12b-1 fees. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to all classes; and, in all other respects, the same rights and obligations as the other classes.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Paydown gains and losses are recorded as an adjustment to interest income. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from other investment companies are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Non-cash dividends, if any, are recorded at the fair market value of the asset received. Proceeds from litigation payments, if any, are included in either net realized gain (loss) or change in net unrealized gain/loss from securities. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid by each class annually. A capital gain distribution, if any, may also be declared and paid by the fund annually.

**Currency Translation** Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as provided by an outside pricing service. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

**Class Accounting** Shareholder servicing, prospectus, and shareholder report expenses incurred by each class are charged directly to the class to which they relate. Expenses common to all classes, investment income, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. The Advisor Class pays Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets.

**Capital Transactions** Each investor's interest in the net assets of the fund is represented by fund shares. The fund's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC. Purchases and redemptions of fund shares are transacted at the next-computed NAV per share, after receipt of the transaction order by T. Rowe Price Associates, Inc., or its agents.

**New Accounting Guidance** In June 2022, the FASB issued Accounting Standards Update (ASU), ASU 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments under this ASU are effective for fiscal years beginning after December 15, 2023; however, the fund opted to early adopt, as permitted, effective December 1, 2022. Adoption of the guidance did not have a material impact on the fund's financial statements.

The FASB issued Accounting Standards Update (ASU), ASU 2020–04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting in March 2020 and ASU 2021-01 in January 2021 which provided further amendments and clarifications to Topic 848. These ASUs provide optional, temporary relief with respect to the financial reporting of contracts subject to certain types of modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR), and other interbank-offered based reference rates, through December 31, 2022. In December 2022, FASB issued ASU 2022-06 which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. Management intends to rely upon the relief provided under Topic 848, which is not expected to have a material impact on the fund's financial statements.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund’s maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

## NOTE 2 - VALUATION

**Fair Value** The fund’s financial instruments are valued at the close of the NYSE and are reported at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fund’s Board of Directors (the Board) has designated T. Rowe Price Associates, Inc. as the fund’s valuation designee (Valuation Designee). Subject to oversight by the Board, the Valuation Designee performs the following functions in performing fair value determinations: assesses and manages valuation risks; establishes and applies fair value methodologies; tests fair value methodologies; and evaluates pricing vendors and pricing agents. The duties and responsibilities of the Valuation Designee are performed by its Valuation Committee. The Valuation Designee provides periodic reporting to the Board on valuation matters.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs (including the Valuation Designee's assumptions in determining fair value)

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

**Valuation Techniques** Equity securities, including exchange-traded funds, listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. OTC Bulletin Board securities are valued at the mean of the closing bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the closing bid and asked prices for domestic securities.

Debt securities generally are traded in the over-the-counter (OTC) market and are valued at prices furnished by independent pricing services or by broker dealers who make markets in such securities. When valuing securities, the independent pricing services consider factors such as, but not limited to, the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation. Listed options, and OTC options with a listed equivalent, are valued at the mean of the closing bid and asked prices and exchange-traded options on futures contracts are valued at closing settlement prices. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Investments for which market quotations are not readily available or deemed unreliable are valued at fair value as determined in good faith by the Valuation Designee. The Valuation Designee has adopted methodologies for determining the fair value of investments for which market quotations are not readily available or deemed unreliable, including the use of other pricing sources. Factors used in determining fair value vary by type of investment and may include market or investment specific considerations. The Valuation Designee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants, transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Designee may also consider other valuation methods such as market-based valuation multiples; a discount or premium from market value of a similar, freely traded security of the same issuer; discounted cash flows; yield to maturity; or some combination. Fair value determinations are reviewed on a regular basis. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions. Fair value prices determined by the Valuation Designee could differ from those of other market participants, and it is possible that the fair value determined for a security may be materially different from the value that could be realized upon the sale of that security.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on June 30, 2023 (for further detail by category, please refer to the accompanying Portfolio of Investments):

| ($000s) | Level 1 | Level 2 | Level 3 | Total Value |
|---|---|---|---|---|
| **Assets** | | | | |
| Fixed Income Securities[1] | $ — | $ 4,140,513 | $ — | $ 4,140,513 |
| Bank Loans | — | 4,995,834 | 24,661 | 5,020,495 |
| Bond Mutual Funds | 793,721 | — | — | 793,721 |
| Common Stocks | 33,924,421 | — | — | 33,924,421 |
| Convertible Preferred Stocks | — | — | 88,464 | 88,464 |
| Corporate Bonds | — | 4,838,541 | — | 4,838,541 |
| Preferred Stocks | 132,100 | — | — | 132,100 |
| Short-Term Investments | 4,059,529 | — | — | 4,059,529 |
| Total | $ 38,909,771 | $ 13,974,888 | $ 113,125 | $ 52,997,784 |
| **Liabilities** | | | | |
| Options Written | $ — | $ 664,480 | $ — | $ 664,480 |

[1] Includes Asset-Backed Securities and U.S. Government Agency Obligations (Excluding Mortgage-Backed).

## NOTE 3 - DERIVATIVE INSTRUMENTS

During the six months ended June 30, 2023, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes and may use them to establish both long and short positions within the fund's portfolio. Potential uses include to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral. The following table summarizes the fair value of the fund's derivative instruments held as of June 30, 2023, and the related location on the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

| ($000s) | Location on Statement of Assets and Liabilities | Fair Value |
|---|---|---|
| **Liabilities** | | |
| Equity derivatives | Options Written | $ 664,480 |
| Total | | $ 664,480 |

Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the six months ended June 30, 2023, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

| ($000s) | Location of Gain (Loss) on Statement of Operations |
|---|---|
| | **Options Written** |
| **Realized Gain (Loss)** | |
| Equity derivatives | $ 154,773 |
| Total | $ 154,773 |

| ($000s) | Location of Gain (Loss) on Statement of Operations |
|---|---|
| | Options Written |
| **Change in Unrealized Gain (Loss)** | |
| Equity derivatives | $ (396,242) |
| Total | $ (396,242) |

**Counterparty Risk and Collateral** The fund invests in derivatives, such as non-cleared bilateral swaps, forward currency exchange contracts, and/or OTC options, that are transacted and settle directly with a counterparty (bilateral derivatives), and thereby may expose the fund to counterparty risk. To mitigate this risk, the fund has entered into master netting arrangements (MNAs) with certain counterparties that permit net settlement under specified conditions and, for certain counterparties, also require the exchange of collateral to cover mark-to-market exposure. MNAs may be in the form of International Swaps and Derivatives Association master agreements (ISDAs) or foreign exchange letter agreements (FX letters).

MNAs govern the ability to offset amounts the fund owes a counterparty against amounts the counterparty owes the fund (net settlement). Both ISDAs and FX letters generally allow termination of transactions and net settlement upon the occurrence of contractually specified events, such as failure to pay or bankruptcy. In addition, ISDAs specify other events, the occurrence of which would allow one of the parties to terminate. For example, a downgrade in credit rating of a counterparty below a specified rating would allow the fund to terminate, while a decline in the fund's net assets of more than a specified percentage would allow the counterparty to terminate. Upon termination, all transactions with that counterparty would be liquidated and a net termination amount determined. ISDAs typically include collateral agreements whereas FX letters do not. Collateral requirements are determined daily based on the net aggregate unrealized gain or loss on all bilateral derivatives with each counterparty, subject to minimum transfer amounts that typically range from $100,000 to $250,000. Any additional collateral required due to changes in security values is typically transferred the next business day.

Collateral may be in the form of cash or debt securities issued by the U.S. government or related agencies, although other securities may be used depending on the terms outlined in the applicable MNA. Cash posted by the fund is reflected as cash deposits in the accompanying financial statements and generally is restricted from withdrawal by the fund; securities posted by the fund are so noted in the accompanying Portfolio of Investments; both remain in the fund's assets. Collateral pledged by counterparties is not included in the fund's assets because the fund does not obtain effective control over those assets. For bilateral derivatives, collateral posted by the fund is held in a segregated account at the fund's custodian. While typically not sold in the same manner as equity or fixed income securities, OTC and bilateral derivatives may be unwound with counterparties or transactions assigned to other counterparties to allow the fund to exit the transaction. This ability is subject to the liquidity of underlying positions. The following table summarizes the fund's derivatives at the reporting date by loss exposure to each counterparty after consideration of collateral, if any.

| ($000s) | Gross Value on Statements of Assets and Liabilities | | Net amount due (to)/from Counterparty or Exchange | Collateral Pledged (Received) by Fund | Loss Exposure, After Collateral* (not less than $0) |
|---|---|---|---|---|---|
| **Counterparty** | **Assets** | **Liabilities** | | | |
| Bank of America | $ — | $ (67,146) | $ (67,146) | $ 478,290 | $ 411,144 |
| Barclays Bank | — | (11,052) | (11,052) | — | — |
| Citibank | — | (49,181) | (49,181) | 91,760 | 42,579 |
| Goldman Sachs | — | (98,058) | (98,058) | 1,356,861 | 1,258,803 |
| JPMorgan Chase | — | (174,926) | (174,926) | — | — |
| UBS Investment Bank | — | (15,548) | (15,548) | 111,615 | 96,067 |
| Wells Fargo Bank | — | (248,569) | (248,569) | 2,028,686 | 1,780,117 |
| Total | $ — | $ (664,480) | | | |

* In situations such as counterparty default or bankruptcy, the fund may have further rights of offset against amounts due to or from the counterparty under other agreements.

**Options** The fund is subject to equity price risk in the normal course of pursuing its investment objectives and uses options to help manage such risk. The fund may use options to manage exposure to security prices, interest rates, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or a part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. Options are included in net assets at fair value, options purchased are included in Investments in Securities, and options written are separately reflected as a liability on the accompanying Statement of Assets and Liabilities. Premiums on unexercised, expired options are recorded as realized gains or losses; premiums on exercised options are recorded as an adjustment to the proceeds from the sale or cost of the purchase. The difference between the premium and the amount received or paid in a closing transaction is also treated as realized gain or loss. In return for a premium paid, call and put options give the holder the right, but not the obligation, to purchase or sell, respectively, a security at a specified exercise price. Risks related to the use of options include possible illiquidity of the options markets; trading restrictions imposed by an exchange or counterparty; possible failure of counterparties to meet the terms of the agreements; movements in the underlying asset values and, for options written, the potential for losses to exceed any premium received by the fund. During the six months ended June 30, 2023, the volume of the fund's activity in options, based on underlying notional amounts, was generally between 7% and 15% of net assets.

## NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

**Noninvestment-Grade Debt** The fund invests, either directly or through its investment in other T. Rowe Price funds, in noninvestment-grade debt, including "high yield" or "junk" bonds or leveraged loans. Noninvestment-grade debt issuers are more likely to suffer an adverse change in financial condition that would result in the inability to meet a financial obligation. The noninvestment-grade debt market may experience sudden and sharp price swings due to a variety of factors that may decrease the ability of issuers to make principal and interest payments and adversely affect the liquidity or value, or both, of such securities. Accordingly, securities issued by such companies carry a higher risk of default and should be considered speculative.

**Restricted Securities** The fund invests in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

**Bank Loans** The fund invests in bank loans, which represent an interest in amounts owed by a borrower to a syndicate of lenders. Bank loans are generally noninvestment grade and often involve borrowers whose financial condition is highly leveraged. The fund may invest in fixed and floating rate loans, which may include senior floating rate loans; secured and unsecured loans, second lien or more junior loans; and bridge loans or bridge facilities. Certain bank loans may be revolvers which are a form of senior bank debt, where the borrower can draw down the credit of the revolver when it needs cash and repays the credit when the borrower has excess cash. Certain loans may be "covenant-lite" loans, which means the loans contain fewer maintenance covenants than other loans (in some cases, none) and do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. As a result of these risks, the fund's exposure to losses may be increased.

Bank loans may be in the form of either assignments or participations. A loan assignment transfers all legal, beneficial, and economic rights to the buyer, and transfer typically requires consent of both the borrower and agent. In contrast, a loan participation generally entitles the buyer to receive the cash flows from principal, interest, and any fee payments on a portion of a loan; however, the seller continues to hold legal title to that portion of the loan. As a result, the buyer of a loan participation generally has no direct recourse against the borrower and is exposed to credit risk of both the borrower and seller of the participation.

Bank loans often have extended settlement periods, generally may be repaid at any time at the option of the borrower, and may require additional principal to be funded at the borrowers' discretion at a later date (e.g. unfunded commitments and revolving debt instruments). Until settlement, the fund maintains liquid assets sufficient to settle its unfunded loan commitments. The fund reflects both the funded portion of a bank loan as well as its unfunded commitment in the Portfolio of Investments. However, if a credit agreement provides no initial funding of a tranche, and funding of the full commitment at a future date(s) is at the borrower's discretion and considered uncertain, a loan is reflected in the Portfolio of Investments only if, and only to the extent that, the fund has actually settled a funding commitment.

**Other** Purchases and sales of portfolio securities other than short-term and U.S. government securities aggregated $13,731,250,000 and $12,578,676,000, respectively, for the six months ended June 30, 2023. Purchases and sales of U.S. government securities aggregated $4,219,265,000 and $4,209,974,000, respectively, for the six months ended June 30, 2023.

## NOTE 5 - FEDERAL INCOME TAXES

Generally, no provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of the date of this report.

At June 30, 2023, the cost of investments (including derivatives, if any) for federal income tax purposes was $43,956,774,000. Net unrealized gain aggregated $8,376,641,000 at period-end, of which $9,918,220,000 related to appreciated investments and $1,541,579,000 related to depreciated investments.

## NOTE 6 - FOREIGN TAXES

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, capital gains realized upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries. All taxes are computed in accordance with the applicable foreign tax law, and, to the extent permitted, capital losses are used to offset capital gains. Taxes attributable to income are accrued by the fund as a reduction of income. Current and deferred tax expense attributable to capital gains is reflected as a component of realized or change in unrealized gain/loss on securities in the accompanying financial statements. To the extent that the fund has country specific capital loss carryforwards, such carryforwards are applied against net unrealized gains when determining the deferred tax liability. Any deferred tax liability incurred by the fund is included in either Other liabilities or Deferred tax liability on the accompanying Statement of Assets and Liabilities.

## NOTE 7 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). Price Associates has entered into a sub-advisory agreement(s) with one or more of its wholly owned subsidiaries, to provide investment advisory services to the fund. The investment management agreement between the fund and Price Associates provides for an annual investment management fee, which is computed daily and paid monthly. The fee consists of an individual fund fee equal to 0.30% of the fund's average daily net assets, and a group fee. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first $1 billion of assets to 0.260% for assets in excess of $845 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At June 30, 2023, the effective annual group fee rate was 0.29%. Effective April 30, 2019, Price Associates has contractually agreed, at least through April 30, 2024, to waive a portion of its management fee so that an individual fund fee of 0.27% is applied to the fund's average daily net assets that are equal to or greater than $27.5 billion. Thereafter, this agreement will automatically renew for one-year terms unless terminated by the fund's Board. Any fees waived under this agreement are not subject to reimbursement to Price Associates by the fund. The total management fees waived were $3,100,000 and allocated ratably in the amounts of $1,768,000 for the Investor Class, $44,000 for the Advisor Class, and $1,288,000 for the I Class, for the six months ended June 30, 2023.

Effective June 1, 2023, the Advisor Class is subject to a contractual expense limitation through the expense limitation date indicated in the table below. During the limitation period, Price Associates is required to waive its management fee or pay any expenses (excluding interest; expenses related to borrowings, taxes, and brokerage; non-recurring, extraordinary expenses; and acquired fund fees and expenses) that would otherwise cause the class's ratio of annualized total expenses to average net assets (net expense ratio) to exceed its expense limitation. The class is required to repay Price Associates for expenses previously waived/paid to the extent the class's net assets grow or expenses decline sufficiently to allow repayment without causing the class's net expense ratio (after the repayment is taken into account) to exceed the lesser of: (1) the expense limitation in place at the time such amounts were waived; or (2) the class's current expense limitation. However, no repayment will be made more than three years after the date of a payment or waiver.

The I Class is also subject to an operating expense limitation (I Class Limit) pursuant to which Price Associates is contractually required to pay all operating expenses of the I Class, excluding management fees; interest; expenses related to borrowings, taxes, and brokerage; non-recurring, extraordinary expenses; and acquired fund fees and expenses, to the extent such operating expenses, on an annualized basis, exceed the I Class Limit. This agreement will continue through the expense limitation date indicated in the table below, and may be renewed, revised, or revoked only with approval of the fund's Board. The I Class is required to repay Price Associates for expenses previously paid to the extent the class's net assets grow or expenses decline sufficiently to allow repayment without causing the class's operating expenses (after the repayment is taken into account) to exceed the lesser of: (1) the I Class Limit in place at the time such amounts were paid; or (2) the current I Class Limit. However, no repayment will be made more than three years after the date of a payment or waiver.

| | **Advisor Class** | **I Class** |
|---|---:|---:|
| Expense limitation/I Class Limit | 1.19% | 0.05% |
| Expense limitation date | 04/30/24 | 04/30/24 |
| (Waived)/repaid during the period ($000s) | $— | $— |

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates, each an affiliate of the fund (collectively, Price). Price Associates provides certain accounting and administrative services to the fund. T. Rowe Price Services, Inc. provides shareholder and administrative services in its capacity as the fund's transfer and dividend-disbursing agent. T. Rowe Price Retirement Plan Services, Inc. provides subaccounting and recordkeeping services for certain retirement accounts invested in the Investor Class and Advisor Class. For the six months ended June 30, 2023, expenses incurred pursuant to these service agreements were $60,000 for Price Associates; $3,359,000 for T. Rowe Price Services, Inc.; and $574,000 for T. Rowe Price Retirement Plan Services, Inc. All amounts due to and due from Price, exclusive of investment management fees payable, are presented net on the accompanying Statement of Assets and Liabilities.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds (together, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending, if any, is invested in the T. Rowe Price Government Reserve Fund. The Price Reserve Funds pay no investment management fees.

The fund may also invest in certain other T. Rowe Price funds (Price Funds) as a means of gaining efficient and cost-effective exposure to certain markets. The fund does not invest for the purpose of exercising management or control; however, investments by the fund may represent a significant portion of an underlying Price Fund's net assets. Each underlying Price Fund is an open-end management investment company managed by Price Associates and is considered an affiliate of the fund. To ensure that the fund does not incur duplicate management fees (paid by the underlying Price Fund(s) and the fund), Price Associates has agreed to permanently waive a portion of its management fee charged to the fund in an amount sufficient to fully offset that portion of management fees paid by each underlying Price Fund related to the fund's investment therein. Annual management fee rates and amounts waived related to investments in the underlying Price Fund(s) for the six months ended June 30, 2023, are as follows:

| ($000s) | Effective Management Fee Rate | Management Fee Waived |
|---|---|---|
| T. Rowe Price Institutional Floating Rate Fund – Institutional Class | 0.55% | $ 2,100 |
| Total Management Fee Waived | | $ 2,100 |

Total management fee waived was allocated ratably in the amounts of $1,198,000, $30,000 and $872,000 for the Investor Class, Advisor Class and I Class, respectively, for the six months ended June 30, 2023.

As of June 30, 2023, T. Rowe Price Group, Inc., or its wholly owned subsidiaries, owned 2,332,149 shares of the Investor Class, representing less than 1% of the Investor Class's net assets, and 3,543,216 shares of the I Class, representing 1% of the I Class's net assets.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the six months ended June 30, 2023, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

Price Associates has voluntarily agreed to reimburse the fund from its own resources on a monthly basis for the cost of investment research embedded in the cost of the fund's securities trades and for the cost of brokerage commissions embedded in the cost of the fund's foreign currency transactions. These agreements may be rescinded at any time. For the six months ended June 30, 2023, these reimbursements amounted to $935,000, which is included in Net realized gain (loss) on Securities in the Statement of Operations.

## NOTE 8 - OTHER MATTERS

Unpredictable events such as environmental or natural disasters, war, terrorism, pandemics, outbreaks of infectious diseases, and similar public health threats may significantly affect the economy and the markets and issuers in which the fund invests. Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others, and exacerbate other pre-existing political, social, and economic risks.

Since 2020, a novel strain of coronavirus (COVID-19) has resulted in disruptions to global business activity and caused significant volatility and declines in global financial markets.

In February 2022, Russian forces entered Ukraine and commenced an armed conflict leading to economic sanctions being imposed on Russia and certain of its citizens, creating impacts on Russian-related stocks and debt and greater volatility in global markets.

In March 2023, the collapse of some US regional and global banks as well as overall concerns around the soundness and stability of the global banking sector has sparked concerns of a broader financial crisis impacting the overall global banking sector. In certain cases, government agencies have assumed control or otherwise intervened in the operations of certain banks due to liquidity and solvency concerns. The extent of impact of these events on the US and global markets is highly uncertain.

These are recent examples of global events which may have a negative impact on the values of certain portfolio holdings or the fund's overall performance. Management is actively monitoring the risks and financial impacts arising from these events.

## INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

https://www.troweprice.com/corporate/us/en/utility/policies.html

Scroll down to the section near the bottom of the page that says, "Proxy Voting Guidelines." Click on the links in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## RESULTS OF PROXY VOTING

A Special Meeting of Shareholders was held on July 24, 2023 for shareholders of record on April 7, 2023, to elect the following director-nominees to serve on the Board of all Price Funds. The newly elected Directors took office effective July 24, 2023.

The results of the voting were as follows:

| | Votes For | Votes Withheld |
|---|---|---|
| Melody Bianchetto | 994,795,775 | 12,682,503 |
| Mark J. Parrell | 993,962,552 | 13,749,980 |
| Kellye L. Walker | 995,472,030 | 12,582,477 |
| Eric L. Veiel | 994,752,302 | 13,367,490 |

Teresa Bryce Bazemore, Bruce W. Duncan, Robert J. Gerrard, Jr., Paul F. McBride and David Oestreicher continue to serve as Directors on the Board of all Price Funds.

## HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's reports on Form N-PORT are available electronically on the SEC's website (sec.gov). In addition, most T. Rowe Price funds disclose their first and third fiscal quarter-end holdings on **troweprice.com**.

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT

Each year, the fund's Board of Directors (Board) considers the continuation of the investment management agreement (Advisory Contract) between the fund and its investment adviser, T. Rowe Price Associates, Inc. (Adviser), as well as the investment subadvisory agreement (Subadvisory Contract) that the Adviser has entered into with T. Rowe Price Investment Management, Inc. (Subadviser) on behalf of the fund. In that regard, at a meeting held on March 6–7, 2023 (Meeting), the Board, including all of the fund's independent directors, approved the continuation of the fund's Advisory Contract and Subadvisory Contract. At the Meeting, the Board considered the factors and reached the conclusions described below relating to the selection of the Adviser and Subadviser and the approval of the Advisory Contract and Subadvisory Contract. The independent directors were assisted in their evaluation of the Advisory Contract and Subadvisory Contract by independent legal counsel from whom they received separate legal advice and with whom they met separately.

In providing information to the Board, the Adviser was guided by a detailed set of requests for information submitted by independent legal counsel on behalf of the independent directors. In considering and approving the continuation of the Advisory Contract and Subadvisory Contract, the Board considered the information it believed was relevant, including, but not limited to, the information discussed below. The Board considered not only the specific information presented in connection with the Meeting but also the knowledge gained over time through interaction with the Adviser and Subadviser about various topics. The Board also considered that the Subadviser has its own investment platform and investment management leadership, and the Adviser and Subadviser have implemented information barriers restricting the sharing of investment information and voting activity. The Board meets regularly and, at each of its meetings, covers an extensive agenda of topics and materials and considers factors that are relevant to its annual consideration of the renewal of the T. Rowe Price funds' advisory contracts, including performance and the services and support provided to the funds and their shareholders.

**Services Provided by the Adviser and Subadviser**

The Board considered the nature, quality, and extent of the services provided to the fund by the Adviser and Subadviser. These services included, but were not limited to, directing the fund's investments in accordance with its investment program and the overall management of the fund's portfolio, as well as a variety of related activities such as financial, investment operations, and administrative services; compliance; maintaining the fund's records and registrations; and shareholder communications. However, the Board noted that there are information barriers between investment personnel of the Adviser and Subadviser that restrict the sharing of certain information, such as investment research, trading, and proxy voting. The Board also reviewed the background and experience of the Adviser's and Subadviser's senior management teams and investment

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT (CONTINUED)

personnel involved in the management of the fund, as well as the Adviser's compliance record. The Board concluded that the information it considered with respect to the nature, quality, and extent of the services provided by the Adviser and Subadviser, as well as the other factors considered at the Meeting, supported the Board's approval of the continuation of the Advisory Contract and Subadvisory Contract.

**Investment Performance of the Fund**

The Board took into account discussions with the Adviser and detailed reports that it regularly receives throughout the year on relative and absolute performance for the T. Rowe Price funds. In connection with the Meeting, the Board reviewed information provided by the Adviser that compared the fund's total returns, as well as a wide variety of other previously agreed-upon performance measures and market data, against relevant benchmark indexes and peer groups of funds with similar investment programs for various periods through December 31, 2022. Additionally, the Board reviewed the fund's relative performance information as of September 30, 2022, which ranked the returns of the fund's Investor Class for various periods against a universe of funds with similar investment programs selected by Broadridge, an independent provider of mutual fund data. In the course of its deliberations, the Board considered performance information provided throughout the year and in connection with the Advisory Contract review at the Meeting, as well as information provided during investment review meetings conducted with portfolio managers and senior investment personnel during the course of the year regarding the fund's performance. The Board also considered relevant factors, such as overall market conditions and trends that could adversely impact the fund's performance, length of the fund's performance track record, and how closely the fund's strategies align with its benchmarks and peer groups. The Board concluded that the information it considered with respect to the fund's performance, as well as the other factors considered at the Meeting, supported the Board's approval of the continuation of the Advisory Contract and Subadvisory Contract.

**Costs, Benefits, Profits, and Economies of Scale**

The Board reviewed detailed information regarding the revenues received by the Adviser under the Advisory Contract and other direct and indirect benefits that the Adviser (and its affiliates) may have realized from its relationship with the fund. In considering soft-dollar arrangements pursuant to which research may be received from broker-dealers that execute the fund's portfolio transactions, the Board noted that the Adviser bears the cost of research services for all client accounts that it advises, including the T. Rowe Price funds. The Board received information on the estimated costs incurred and profits realized by the Adviser from managing the T. Rowe Price funds. The Board also reviewed estimates of the profits realized from managing the fund in particular, and the Board concluded that the Adviser's profits were reasonable in light of the services provided to the fund.

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT (CONTINUED)

The Board also considered whether the fund benefits under the fee levels set forth in the Advisory Contract or otherwise from any economies of scale realized by the Adviser. Under the Advisory Contract, the fund pays a fee to the Adviser for investment management services composed of two components—a group fee rate based on the combined average net assets of most of the T. Rowe Price funds (including the fund) that declines at certain asset levels and an individual fund fee rate based on the fund's average daily net assets—and the fund pays its own expenses of operations. The group fee rate decreases as total T. Rowe Price fund assets grow, which reduces the management fee rate for any fund that has a group fee component to its management fee, and reflects that certain resources utilized to operate the fund are shared with other T. Rowe Price funds thus allowing shareholders of those funds to share potential economies of scale. In addition, the fund's individual fund fee contains a breakpoint that reduces the individual fund fee rate once the fund's assets reach a certain level and provides additional opportunities for sharing potential economies of scale. The fund's shareholders also benefit from potential economies of scale through a decline in certain operating expenses as the fund grows in size.

In addition, the Board noted that the fund potentially shares in indirect economies of scale through the Adviser's ongoing investments in its business in support of the T. Rowe Price funds, including investments in trading systems, technology, and regulatory support enhancements, and the ability to possibly negotiate lower fee arrangements with third-party service providers. The Board concluded that the advisory fee structure for the fund provides for a reasonable sharing of benefits from any economies of scale with the fund's investors.

**Fees and Expenses**

The Board was provided with information regarding industry trends in management fees and expenses. Among other things, the Board reviewed data for peer groups that were compiled by Broadridge, which compared: (i) contractual management fees, actual management fees, nonmanagement expenses, and total expenses of the Investor Class of the fund with a group of competitor funds selected by Broadridge (Investor Class Expense Group); (ii) actual management fees and total expenses of the Advisor Class of the fund with a group of competitor funds selected by Broadridge (Advisor Class Expense Group); and (iii) actual management fees, nonmanagement expenses, and total expenses of the Investor Class of the fund with a broader set of funds within the Lipper investment classification (Expense Universe). The Board considered the fund's contractual management fee rate, actual management fee rate (which reflects the management fees actually received from the fund by the Adviser after any applicable waivers, reductions, or reimbursements), operating expenses, and total expenses (which reflect the net total expense ratio of the fund after any waivers, reductions, or reimbursements) in comparison with the information for the Broadridge peer groups. Broadridge generally constructed the peer groups by seeking the most comparable

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT (CONTINUED)

funds based on similar investment classifications and objectives, expense structure, asset size, and operating components and attributes and ranked funds into quintiles, with the first quintile representing the funds with the lowest relative expenses and the fifth quintile representing the funds with the highest relative expenses. The information provided to the Board indicated that the fund's contractual management fee ranked in the first quintile (Investor Class Expense Group), the fund's actual management fee rate ranked in the first quintile (Investor Class Expense Group and Expense Universe) and second quintile (Advisor information provided to the Board indicated that the fund's contractual management fee ranked in the second quintile (Investor Class Expense Group), the fund's actual management fee rate ranked in the second quintile (Investor Class Expense Group, Expense Universe, and Advisor Class Expense Group), and the fund's total expenses ranked in the second quintile (Investor Class Expense Group and Expense Universe) and first quintile (Advisor Class Expense Group).

The Board also reviewed the fee schedules for other investment portfolios with similar mandates that are advised or subadvised by the Adviser and its affiliates, including separately managed accounts for institutional and individual investors; subadvised funds; and other sponsored investment portfolios, including collective investment trusts and pooled vehicles organized and offered to investors outside the United States. Management provided the Board with information about the Adviser's responsibilities and services provided to subadvisory and other institutional account clients, including information about how the requirements and economics of the institutional business are fundamentally different from those of the proprietary mutual fund business. The Board considered information showing that the Adviser's mutual fund business is generally more complex from a business and compliance perspective than its institutional account business and considered various relevant factors, such as the broader scope of operations and oversight, more extensive shareholder communication infrastructure, greater asset flows, heightened business risks, and differences in applicable laws and regulations associated with the Adviser's proprietary mutual fund business. In assessing the reasonableness of the fund's management fee rate, the Board considered the differences in the nature of the services required for the Adviser to manage its mutual fund business versus managing a discrete pool of assets as a subadviser to another institution's mutual fund or for an institutional account and that the Adviser generally performs significant additional services and assumes greater risk in managing the fund and other T. Rowe Price funds than it does for institutional account clients, including subadvised funds.

On the basis of the information provided and the factors considered, the Board concluded that the fees paid by the fund under the Advisory Contract are reasonable.

## APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUBADVISORY AGREEMENT (CONTINUED)

**Approval of the Advisory Contract and Subadvisory Contract**

As noted, the Board approved the continuation of the Advisory Contract and Subadvisory Contract. No single factor was considered in isolation or to be determinative to the decision. Rather, the Board concluded, in light of a weighting and balancing of all factors considered, that it was in the best interests of the fund and its shareholders for the Board to approve the continuation of the Advisory Contract and Subadvisory Contract (including the fees to be charged for services thereunder).

T. Rowe Price®

100 East Pratt Street
Baltimore, MD 21202

*Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*

T. Rowe Price Investment Services, Inc.

F72-051 8/23