



## STRATEGY HIGHLIGHTS

As of 31 December 2023

# Credit Opportunities Strategy

**Total Strategy Assets:**<sup>1</sup> \$145.8 million

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Focus primarily on high yield bonds and floating rate bank loans through a concentrated and flexible approach.
- Independent and proprietary credit research drives bottom-up security selection process into a high conviction portfolio.
- Holistic fundamental research is made possible by close collaboration between fixed income and equity analyst to provide a complete capital structure perspective.
- Opportunistically invest in select special credit situations with acute emphasis on downside support and risk-adjusted returns.
- Strict risk management practices with individual exposures based on conviction levels, available opportunities and upside/downside scenarios.
- Full integration of Environmental, Social, and Governance (ESG) factors in the investment process to seek to enhance investment decisions.

### PORTFOLIO CONSTRUCTION

- May invest without limit in below investment-grade corporate bonds.0-50% in floating rate bank loans0-20% in Special Credit Situations (note: T. Rowe Price defines Special Credit Situations as complex cases, below-par high yield bonds and leveraged loans, potential distressed debt exchanges and reorganizations whereby T. Rowe Price is proactively engaged in final investment outcome. ALL Special Credit Situations are currently held in and originated from T. Rowe Price High yield and Floating Rate Bank Loan Strategies.)0-10% in equities with an emphasis on credit-driven securitiesHigh conviction and concentrated approach with issuers expected to range between 150-200High yield portfolio with latitude to invest across all ratings categories

### BENCHMARK

- Linked Performance Benchmark\*

### PORTFOLIO MANAGEMENT

#### Rodney Rayburn, CFA®

- 24 years of investment experience; 9 years with T. Rowe Price.
- M.B.A., University of Chicago, Booth School of Business
- B.S., Georgia Institute of Technology

### PORTFOLIO SPECIALISTS

#### Michael Lesesne

- 32 years of investment experience; 11 years with T. Rowe Price.
- M.B.A., Columbia Business School
- B.A., Brown University

Portfolio Specialists do not assume management responsibilities.

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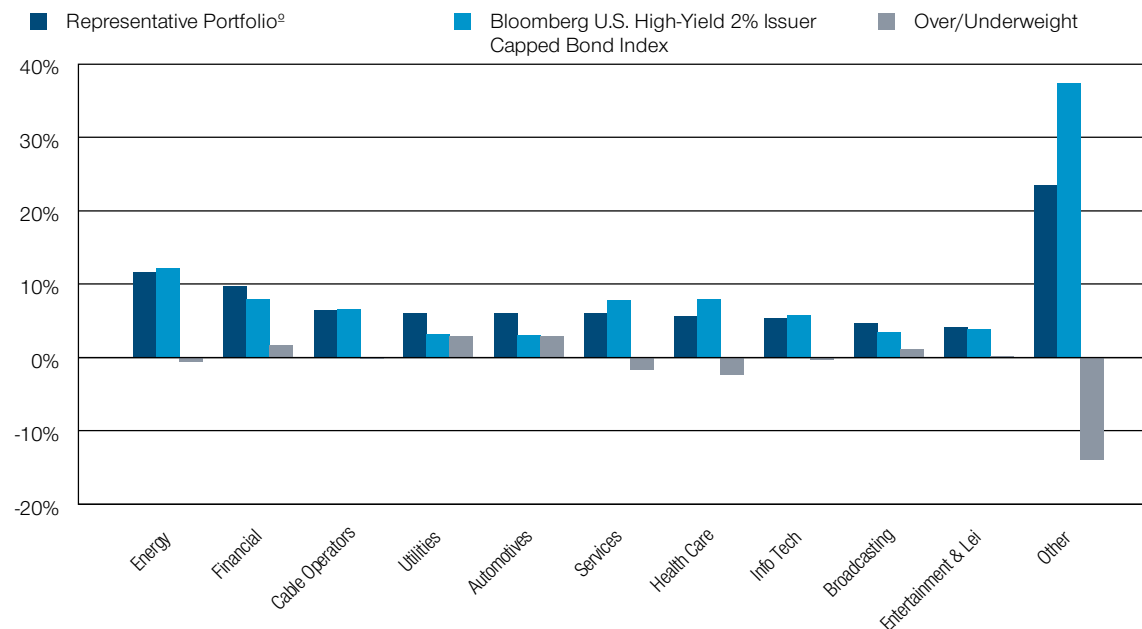
<sup>1</sup> Includes U.S.-registered mutual funds.

\*Please see Performance section for further information.

## TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
Vistra Corp	3.5%
Charter Communications Inc	2.5
Asurion LLC	2.4
Venture Global LNG Inc	2.2
TransDigm Group Inc	1.8
Rivian Automotive Inc	1.6
Clear Channel Worldwide	1.6
Navient Corp	1.5
UKG Inc	1.5
OneMain Holdings Inc	1.4
<b>Total</b>	<b>-</b>

## INDUSTRY DIVERSIFICATION



## PORTFOLIO CHARACTERISTICS

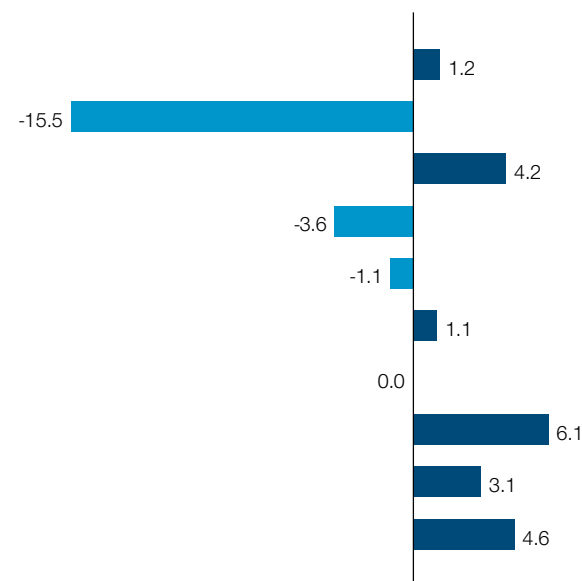
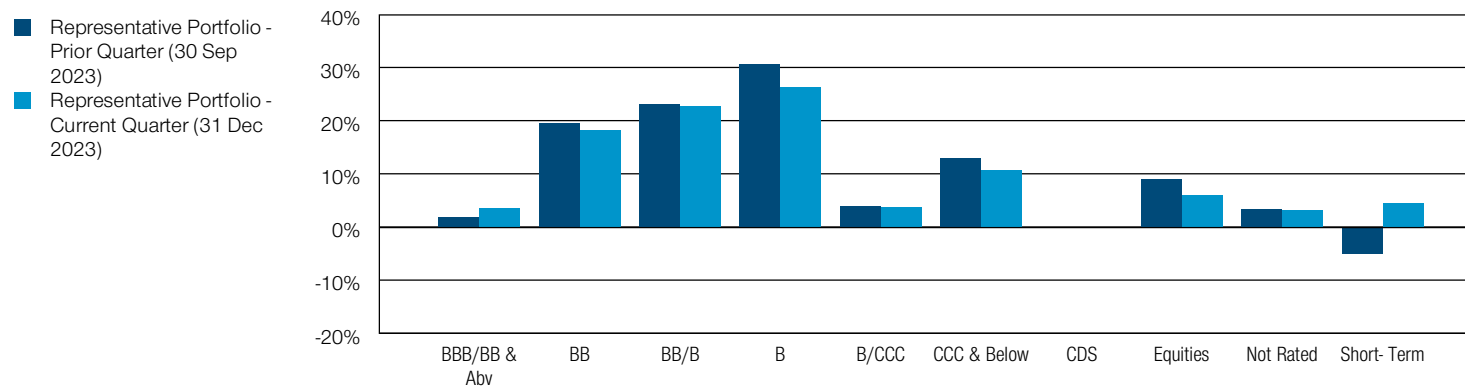
	Representative Portfolio <sup>2</sup>	Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index
Weighted Average Coupon	7.62%	6.14%
Weighted Average Maturity	7.82 years	4.85 years
Weighted Average Effective Duration	3.08 years	3.61 years
Current Yield	7.79%	6.53%
Yield to Maturity	8.06%	7.80%
Average Credit Quality*	BB-	B1/B2
Number of Holdings	284	1,920

\* Average Credit Quality is calculated by averaging the Moody's weighted average quality and the S&P weighted average quality (50/50 split), regardless of the % of the portfolio actually rated by each of these ratings agencies. **Past performance is not a reliable indicator of future performance.**

<sup>2</sup>Please see Additional Disclosures section for further information.

**CREDIT QUALITY DIVERSIFICATION**

	% of Representative Portfolio <sup>9</sup>	% of Index
BBB/BB Rated & Above	3.6	2.4
BB Rated	18.5	34.0
BB/B Rated	23.0	18.8
B Rated	26.5	30.1
B/CCC Rated	3.9	4.9
CCC and Below	10.7	9.6
Credit Default Swaps	0.0	0.0
Equities	6.1	0.0
Not Rated	3.2	0.1
Short-Term	4.6	0.0

**Representative Portfolio<sup>2</sup> vs. Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index****QUARTER-OVER-QUARTER CHANGE**

<sup>9</sup>Please see Additional Disclosures section for further information.

**PERFORMANCE**

	Three Months	One Year	Annualized		Since Inception 31 May 2014
			Three Years	Five Years	
Credit Opportunities Composite (Gross)	6.42%	14.48%	4.03%	6.55%	4.30%
Credit Opportunities Composite (Net)	6.30	13.97	3.56	6.08	3.84
Linked Performance Benchmark*	7.15	13.44	1.98	5.35	4.48
Value Added (Gross)	-0.73	1.04	2.05	1.20	-0.18
Value Added (Net)	-0.85	0.53	1.58	0.73	-0.64

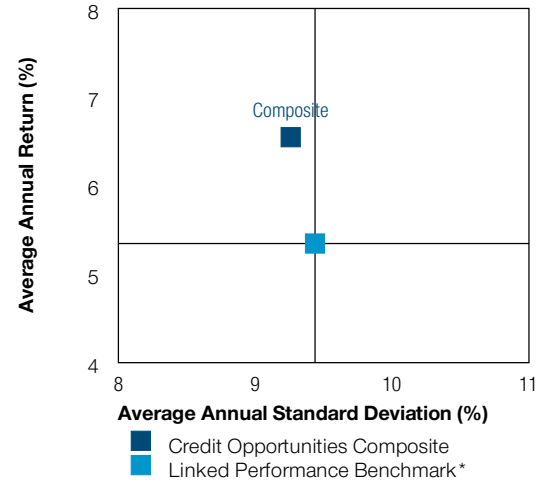
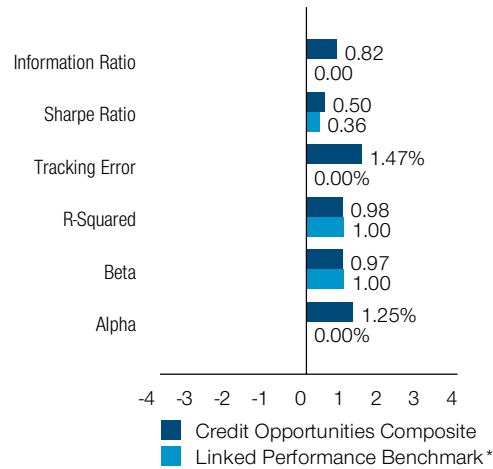
**Past performance is not a reliable indicator of future performance.**

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains.

\*Effective 1 September 2015 the Composite's benchmark was changed to the Bloomberg US HY 2% Issuer Capped Bond Index. Prior to 1 September 2015, the Composite's benchmark was the Bloomberg Ba/B 2% Issuer Capped Bond Index. Historical benchmark representations have not been restated.  
See GIPS® Composite Report located in this material for additional information.

RISK/RETURN CHARACTERISTICS

Five Years ended 31 December 2023



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.  
\*Please see Performance section for further information.

**FEE SCHEDULE****Credit Opportunities Composite**

The Credit Opportunities Composite seeks capital appreciation primarily through investment in fixed income securities, floating rate bank loans and floating rate debt securities rated below investment grade (BB or below) by S&P, Moody's or another nationally recognized securities rating organization (NRSRO). (Created May 2014, inception May 31, 2014)

First \$50 million	45 basis points
Next \$50 million	35 basis points
Above \$100 million	35 basis points on all assets *
Above \$250 million	32.5 basis points on all assets *
Minimum separate account size	\$100 million

\* A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Composite Report

## Credit Opportunities Composite

Period Ended December 31, 2022

Figures Shown in U.S. dollar

	2014 <sup>2</sup>	2015	2016	2017	2018	2019	2020	2021	2022
Gross Annual Returns (%)	-7.86	-6.13	17.90	7.83	-0.84	14.86	6.22	7.36	-8.40
Net Annual Returns (%) <sup>1</sup>	-8.41	-7.08	16.72	6.74	-1.85	13.71	5.14	6.28	-9.33
Benchmark (%) <sup>3</sup>	-1.09	-3.85	17.13	7.50	-2.08	14.32	7.05	5.26	-11.18
Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index (%) <sup>3</sup>	-2.03	-4.43	17.13	7.50	-2.08	14.32	7.05	5.26	-11.18
Composite 3-Yr St. Dev.	N/A	N/A	N/A	5.63	4.07	3.37	9.42	9.27	10.91
Benchmark 3-Yr St. Dev.	N/A	N/A	N/A	5.49	4.59	4.02	9.24	9.00	10.96
Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index 3-Yr St. Dev.	N/A	N/A	N/A	5.56	4.59	4.02	9.24	9.00	10.96
Composite Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	131.9	75.6	89.0	98.8	86.6	106.0	69.8	102.1	94.3
# of Accts. in Comp.	3	3	3	3	2	2	1	1	1
Total Firm Assets (Billions)	749.6	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5	1,653.6	1,237.4 <sup>4</sup>

<sup>1</sup>The fee rate used to calculate net returns is 1.02%. This represents the maximum fee rate applicable to all composite members. **Past performance is not a reliable indicator of future performance.**

<sup>2</sup>May 31, 2014 through December 31, 2014.

<sup>3</sup>Effective September 1, 2015, the benchmark for the composite changed to the Bloomberg US High Yield 2% Issuer Capped Index. Prior to this change, the benchmark was the Bloomberg US High Yield Ba/B 2% Issuer Capped Index. The change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

<sup>4</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TRP has been independently verified for the 26-year period ended June 30, 2022 by KPMG LLP. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm wide basis. Verification does not ensure the accuracy of any specific composite presentation. TRP is a U.S. investment management firm with various investment advisers registered with the U.S. Securities and Exchange Commission, the U.K. Financial Conduct Authority, and other regulatory bodies in various countries and holds itself out as such to potential clients for GIPS purposes. TRP further defines itself under GIPS as a discretionary investment manager providing services primarily to institutional clients with regard to various mandates, which include U.S., international, and global strategies but excluding the services of the Private Asset Management group. As of October 1, 2022, there is no minimum asset level for portfolio inclusion into the composite. Prior to October 2022, the minimum asset level for equity portfolios to be included in composites was \$5 million and prior to January 2002 the minimum was \$1 million. The minimum asset level for fixed income and asset allocation portfolios to be included in composites was \$10 million; prior to October 2004 the minimum was \$5 million; and prior to January 2002 the minimum was \$1 million. Valuations are computed and performance reported in U.S. dollars.

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the maximum fee rate applicable to all composite members as shown above. Gross performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Gross performance returns are used to calculate presented risk measures. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives that may create leverage and generally represent in aggregate less than 10% of a portfolio.

Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

A portfolio management change occurred effective July 8, 2015. There were no changes to the investment program or strategy related to this composite.

**Credit Opportunities Composite.** The Credit Opportunities Composite seeks capital appreciation primarily through investment in fixed income securities, floating rate bank loans and floating rate debt securities rated below investment grade (BB or below) by S&P, Moody's or another nationally recognized securities rating organization (NRSRO). (Created May 2014; incepted May 31, 2014)

**Fee Schedule**

First 50 million USD 45 basis points

Next 50 million USD 35 basis points

Above 100 million USD 35 basis points on all assets<sup>1</sup>

Above 250 million USD 32.5 basis points on all assets<sup>1</sup>

<sup>1</sup> A transitional credit is applied to the fee schedule as assets approach or fall below the breakpoint.

Minimum separate account size 100 million USD.



## ADDITIONAL DISCLOSURES

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of Composite assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Composite to changes in interest rates. In general, the longer the average maturity or duration, the greater the Composite's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

Unless indicated otherwise the source of all data is T. Rowe Price.

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

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Source: T. Rowe Price. T. Rowe Price uses a custom structure for sector and industry reporting for this product.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Credit ratings for the securities held in the portfolio are provided by Moody's and Standard & Poor's and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. Split ratings (e.g., BB/B and B/CCC) are assigned when Moody's and S&P differ. If a rating is not available, the security is classified as Not Rated (NR). The rating of the underlying investment vehicle is used to determine the creditworthiness of credit default swaps and sovereign securities. The portfolio is not rated by any agency.

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The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report for additional information on the composite.

"Other" includes any categories not explicitly mentioned.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

## Risks

The following risks are materially relevant to the portfolio.

### General Portfolio Risks

**Counterparty** - Counterparty risk may materialise if an entity with which the portfolio does business becomes unwilling or unable to meet its obligations to the portfolio. **ESG and sustainability** - ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the portfolio. **Geographic concentration** - Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the portfolio's assets are concentrated. **Hedging** - Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely. **Investment portfolio** - Investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Management** - Management risk may result in potential conflicts of interest relating to the obligations of the investment manager. **Market** - Market risk may subject the portfolio to experience losses caused by unexpected changes in a wide variety of factors. **Operational** - Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

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