T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Credit Opportunities Fund

As of June 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Bond Index for the three-month period ended June 30, 2019.

Relative performance drivers:
- Energy sector positioning was a top contributor to relative results.
- Credit selection in the health care segment made a significant contribution.
- Our reserves allocation and security selection in retail detracted.

Additional highlights:
- We have reduced the portfolio's exposure to bank loans as the market has adjusted to a new Federal Reserve narrative and lowered its expectations for future rate hikes.
- The macroeconomic backdrop is exhibiting a significant influence on market sentiment. However, individual high yield company fundamentals remain largely solid, and we expect default activity to remain low over the next 12 months.

FUND INFORMATION

Symbol	PRCPX
CUSIP	87279J109
Inception Date of Fund	April 29, 2014
Benchmark	Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index
Expense Information (as of the most recent Prospectus)*	1.49% (Gross) 0.92% (Net)
Fiscal Year End	May 31
12B-1 Fee	--
Percent of Portfolio in Cash	8.2%
Total Assets (all share classes)	72,886,050

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

PERFORMANCE

(NAV, total return)

			Annualized			
	Three Months	One Year	Three Years	Since Inception 4/29/14	30-Day SEC Yield	30-Day SEC Yield w/o Waiver °
Credit Opportunities Fund	2.77%	7.69%	8.09%	3.07%	4.82%	4.58%
Bloomberg Barclays U.S. High-Yield 2% Issuer Capped Bond Index	2.50	7.48	7.52	4.92	--	--

CALENDAR YEAR PERFORMANCE

(NAV, total return)

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

Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit troweprice.com. Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7890 or visit troweprice.com. Read it carefully.
The fund's total return figures reflect the reinvestment of dividends and capital gains, if any.
°Excludes the effect of contractual expense limitation arrangements.
This fund could have greater price declines than a fund that invests primarily in high-quality bonds or loans: the loans and debt securities held by the fund are usually considered speculative and involve a greater risk of default and price decline than higher-rated bonds.
The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

PERFORMANCE REVIEW

The high yield market returned over 2.5% for the three-month period ended June 30, 2019. This brings the year-to-date gain to 10%, which is the strongest start to the year since 2009.

Treasury yields fell during the quarter as slowing economic growth and tariff concerns led to increasingly dovish signals from the Federal Reserve and other developed market central banks. The benchmark 10-year Treasury note's yield dropped from 2.41% to 2.00%, its lowest level since November 2016, and yields of other maturities also declined significantly. The two-year Treasury yield, which is closely tied to monetary policy expectations, declined 52 basis points during the quarter.

The Fed left its short-term lending rate unchanged at its two meetings during the period, but at its June meeting, the central bank noted increased uncertainties around the economic outlook. Fed policymakers, who have been advocating a patient approach to interest rate adjustments, signaled a willingness to cut rates if necessary to sustain the expansion. The Fed's announcement came soon after European Central Bank President Mario Draghi indicated that the bank could offer more stimulus measures as early as July if growth continued to stall.

Hopes for a resolution to the trade dispute between the U.S. and China seemed to play a large role in driving investor sentiment during the quarter. With negotiations at a standstill in early May, the White House increased the tariff rate from 10% to 25% on USD $200 billion in Chinese goods. U.S. trade policy then took an unexpected turn on May 30, when the president announced that the U.S. would impose tariffs on Mexican goods unless Mexico's government stopped the flow of unauthorized migrants across the border. However, trade tensions eased in June when President Trump disclosed that tariffs on imports from Mexico had been suspended following new security pledges from Mexican officials. He also revealed plans to discuss trade relations with Chinese President Xi Jinping at the month-end G-20 summit and later announced that the two sides had arranged a truce that will temporarily prevent the imposition of further tariffs on Chinese goods.

Retail industry inflows have occurred every month this year except for May after more than USD $45 billion of retail redemptions last year. Gross new issue activity increased from the prior quarter to USD $75.2 billion. Year-to-date gross new issue volume is up 11% from the same period in 2018 as issuers tap the high yield market again after elevated use of leveraged loan issuance the previous two years. Even so, refinancing existing debt to lower coupons and extend maturities continues to be the dominant use of proceeds, supportive of lower default expectations.

The J.P. Morgan par-weighted default rate tracked higher, ending the quarter at 1.46%, an increase from March's low level of 0.95% but low compared with the historical average of 3.7%. In the first six months of the year, a total of 20 companies defaulted on USD $20.9 billion of debt. Limited default activity suggests overall credit quality in the asset class remains healthy.

Energy sector positioning benefited

Security selection and our underweight allocation to the energy industry contributed to relative performance. The energy sector continues to be a source of volatility as oil prices fluctuate based on various geopolitical developments. We prefer midstream companies given their more defensive characteristics within the oil ecosystem. Not owning Weatherford International, one of the world's largest multinational oil and natural gas service companies, made a notable relative performance contribution during the period. These bonds came under pressure after the company reported in May that it would file for Chapter 11 bankruptcy protection.

Meaningful contribution from health care

In the health care segment, Avantor and Bausch Health were notable relative performance contributors. Avantor, a leading provider of product and service solutions to laboratory and production companies, has become one of our highest-conviction holdings. A recent acquisition has created synergies, and its end markets are improving. Avantor's recently completed initial public offering (IPO) was supportive for the credit as a large portion of the proceeds will be used to pay down debt. Additionally, the nature of Avantor's business means that its products have applications across a broad segment of the health care industry.

Bausch Health is a global company that develops, manufactures, and markets a broad range of pharmaceutical, medical device, and over-the-counter products. Although it carries significant debt on its balance sheet, management has been making progress on reducing leverage. Moreover, we believe that the company's fundamentals are improving as Bausch has a highly stable, growing business in contact lenses and ophthalmology.

Reserves and retail sector detracted

The portfolio's reserves allocation, which is necessary for liquidity purposes, was a significant detractor given the solid performance environment for credit during the period.

Our retail sector positioning weighed on relative results, largely due to our lack of exposure to PetSmart, North America's leading retailer of food, products, and services for pets. Its brick-and-mortar franchise continues to face significant headwinds. However, the company's acquisition of Chewy.com, an online marketplace for pet supplies, roughly two years ago has improved its credit profile and enabled lenders to realize significant value. The bonds traded higher during the period, partly due to the planned Chewy.com IPO and the projected equity value.

PORTFOLIO POSITIONING AND ACTIVITY

This strategy is designed to offer a flexible and concentrated exposure to our highest-conviction high yield and bank loan credits. The majority of the portfolio taps into the repeatable, traditional high yield and bank loan credit research process that defines the T. Rowe Price high yield platform. The flexible mandate allows for more aggressive or conservative positioning as the opportunity set dictates. The portfolio is more focused than a diversified high yield fund, and the benchmark does not drive portfolio construction. If we do not find compelling value in a name, we simply do not own it. We also have the ability to layer in distressed and special credit situations on a highly selective basis. These special credit situations, while limited in number, can offer the potential for meaningful total return and are another factor differentiating this portfolio from traditional high yield bond funds.

Investment in broadcasting augmented

We added to the portfolio's holdings of iHeartMedia, one of the leading global media and entertainment companies. It specializes in radio, digital, outdoor, mobile, social, live events, on-demand entertainment, and information services. T. Rowe Price had been an active member of the senior bondholder group since before the company filed for bankruptcy in the first quarter of 2018.

We were involved throughout the process, maintaining our positions based on our analysis that the ultimate recovery was not reflected in the value of the loans and bonds we hold. The company exited bankruptcy in the first week of May. We received our new securities and subsequently increased our investment in iHeartMedia’s bonds.

Bank loan holdings reduced

Bank loans are the fund’s largest off-index allocation, although we reduced our loan allocation by more than 10% year over year. Because of their senior secured status, loans provide risk-adjusted exposure to the below investment-grade market. Loans’ defensive features are particularly attractive as the Federal Reserve tightens monetary policy or in the event of a high yield bond market correction, both of which occurred last year.

Our bank loan holdings performed extremely well in 2018. Leveraged loans posted gains for the year compared with high yield market declines. However, we began reducing the portfolio’s exposure to loans during the fourth quarter as the market adjusted to a new Federal Reserve narrative and lowered its expectations for future rate hikes. We were able to replicate the yield by redeploying the proceeds into BB rated secured bonds, and we continued to implement this strategy for paring our loan exposure in 2019.

MANAGER'S OUTLOOK

The macroeconomic backdrop is exhibiting a significant influence on market sentiment, although individual high yield company fundamentals remain largely solid. Slowing economic growth from the first quarter, the Fed’s interest rate strategy, trade tensions, and the upcoming U.S. presidential election have created a cloud of uncertainty that is likely to persist, particularly if the Fed remains on hold. Investors are eagerly anticipating an “insurance” cut that would support the performance of financial markets, but this may not occur. Nevertheless, the current environment is broadly supportive for fixed income strategies, as coupon payments provide a reliable income source that enhances the appeal of bonds amid turbulent market conditions.

The high yield asset class continues to demonstrate its resilience. After posting a loss in 2018, the high yield market began this year with its strongest quarterly performance in 10 years coupled with a six-month return of 10%. Steady economic growth, albeit at a slower pace, creates a healthy environment for below investment-grade companies. Growth is not too strong for rate hikes nor too slow, so companies can continue to perform, supporting issuers’ fundamentals and sustaining credit quality trends. We expect default activity to remain low in the next 12 months. Renewed industry inflows in recognition of the attractive 6%–7% yield offered by the asset class are also market supportive.

As always, we aim to deliver high current income while seeking to contain volatility inherent in this market. Our team maintains a commitment to credit research and risk-conscious investing that has led to favorable returns for our high yield clients over various market cycles.

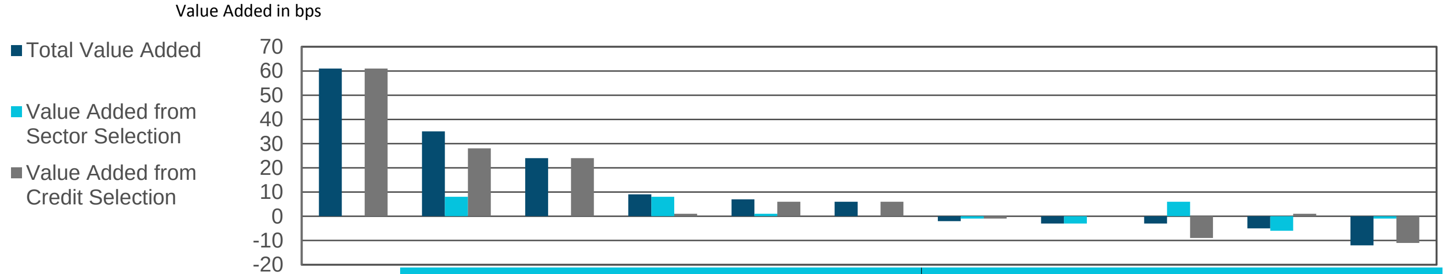
Organizational Update

The following investment team changes occurred during the quarter:
Addition: John Park, Credit Analyst

QUARTERLY ATTRIBUTION

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

(Three months ended June 30, 2019)

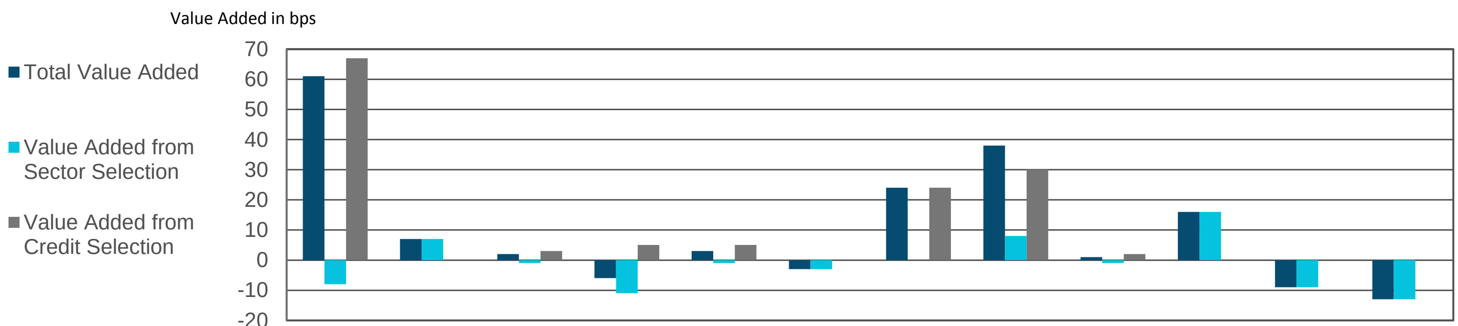


	Total	Top Five Total Value Added: Energy	Healthcare	Cable Operators	Chemicals	Service	Bottom Five Total Value Added: Comsumer Products	Building & Real Estate	Wireless Communications	Financial	Retail
Fund Weight (%)	100.00	11.79	10.15	12.48	1.81	6.79	0.58	0.88	6.53	3.12	0.84
Benchmark Weight (%)	100.00	13.88	10.06	7.50	2.66	7.23	1.49	2.68	3.42	7.76	1.84
Fund Performance (%)	3.11	1.40	4.39	4.20	4.59	3.55	2.17	3.94	3.11	4.26	-9.20
Benchmark Performance (%)	2.50	-0.91	1.86	4.09	1.33	2.81	3.77	4.03	4.51	3.92	4.54
Sector Selection (bps)	0	8	0	8	1	0	-1	-3	6	-6	-1
Credit Selection (bps)	61	28	24	1	6	6	-1	0	-9	1	-11
Total Contribution (bps)	61	35	24	9	7	6	-2	-3	-3	-5	-12

Past performance is not a reliable indicator of future performance. Industry classification was determined by T. Rowe Price's high yield industry structure. T. Rowe Price's proprietary attribution model compares the fund's performance and market weights by industry with the benchmark's performance and market weights. Figures are shown gross of fees. Any difference in the total value added and the sum of credit selection and sector selection is referred to as residual. Residual can occur due to position shifts within the portfolio and benchmark both from an issuer and sector perspective and reflects any difference in performance calculation methodology between T. Rowe Price's proprietary attribution model and internal performance tool.

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

(Three months ended June 30, 2019)



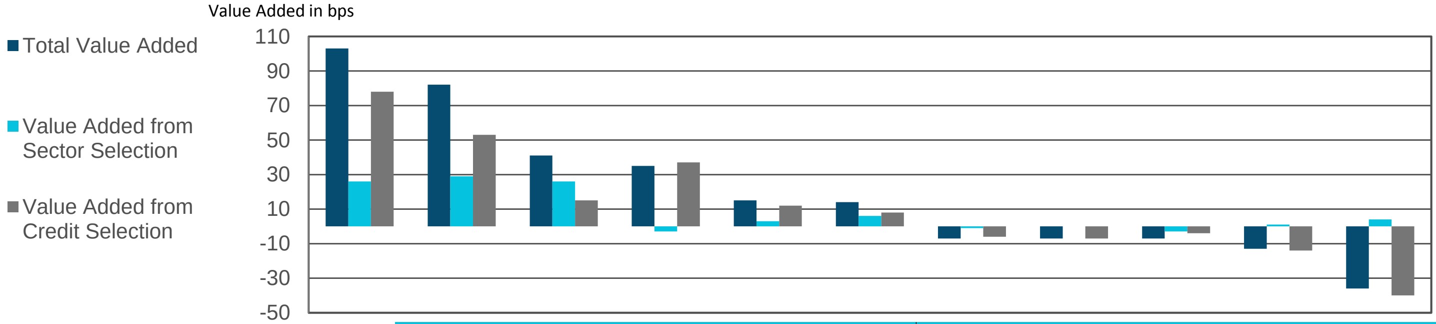
	Total	Bank Debt	BBB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Below	Not Rated	Convt. Pref.	Equities	Short Term
Fund Weight (%)	100.00	18.61	2.72	21.53	11.14	19.53	6.23	7.75	0.95	2.41	1.59	7.72
Benchmark Weight (%)	100.00	0.00	4.25	36.36	15.52	26.92	6.64	9.42	0.89	0.00	0.00	0.00
Fund Performance (%)	3.11	2.78	4.34	3.39	3.19	2.86	4.30	3.80	1.61	8.81	1.23	0.00
Benchmark Performance (%)	2.50	0.00	3.25	3.13	2.76	2.87	0.61	-0.28	-0.47	0.00	0.00	0.00
Sector Selection (bps)	-8	7	-1	-11	-1	-3	0	8	-1	16	-9	-13
Credit Selection (bps)	67	0	3	5	5	0	24	30	2	0	0	0
Total Contribution (bps)	61	7	2	-6	3	-3	24	38	1	16	-9	-13

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

12-MONTH ATTRIBUTION

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

(12 months ended June 30, 2019)

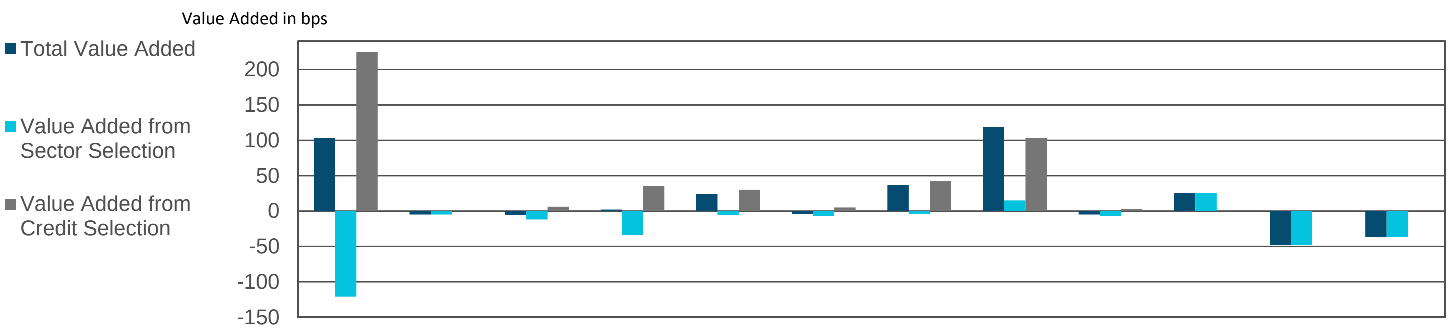


		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	**Energy**	**Cable Operato-rs**	**Healthca-re**	**Chemica-ls**	**Utilities**	**Retail**	**Publishi-ng**	**Container**	**Metals & Mining**	**Broad-casting**
Fund Weight (%)	100.00	11.63	12.30	10.03	2.10	4.49	0.94	0.62	0.91	3.61	4.63
Benchmark Weight (%)	100.00	14.55	7.29	10.48	2.90	2.43	1.67	1.09	2.78	4.11	2.72
Fund Performance (%)	8.51	2.96	14.13	13.32	10.11	12.30	-1.15	-1.30	5.87	3.61	-1.64
Benchmark Performance (%)	7.48	-1.35	12.80	9.41	4.01	10.79	8.11	8.77	8.98	7.05	9.26
Sector Selection (bps)	26	29	26	-3	3	6	-1	0	-3	1	4
Credit Selection (bps)	78	53	15	37	12	8	-6	-7	-4	-14	-40
Total Contribution (bps)	103	82	41	35	15	14	-7	-7	-7	-13	-36

Past performance is not a reliable indicator of future performance. Industry classification was determined by T. Rowe Price's high yield industry structure. T. Rowe Price's proprietary attribution model compares the fund's performance and market weights by industry ratings with the benchmark's performance and market weights. Figures are shown gross of fees. Any difference in the total value added and the sum of credit selection and sector selection is referred to as residual. Residual can occur due to position shifts within the portfolio and benchmark both from an issuer and sector perspective and reflects any difference in performance calculation methodology between T. Rowe Price's proprietary attribution model and internal performance tool.

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

(12 months ended June 30, 2019)



	Total	**Bank Debt**	**BBB Rated & Above**	**BB Rated**	**BB/B Rated**	**B Rated**	**B/CCC Rated**	**CCC Rated & Below**	**Not Rated**	**Convt. Pref.**	**Equities**	**Short Term**
Fund Weight (%)	100.00	23.66	2.00	20.40	9.94	17.86	6.69	8.74	2.41	2.06	1.06	5.71
Benchmark Weight (%)	100.00	0.00	5.83	33.96	14.61	25.56	6.26	9.80	3.99	0.00	0.00	0.00
Fund Performance (%)	8.51	6.76	13.33	11.76	11.93	8.60	8.45	6.60	9.74	18.30	-25.29	0.00
Benchmark Performance (%)	7.48	0.00	10.75	9.89	8.75	8.38	2.75	-4.52	6.44	0.00	0.00	0.00
Sector Selection (bps)	-121	-5	-12	-34	-6	-7	-4	15	-7	25	-48	-37
Credit Selection (bps)	225	0	6	35	30	5	42	103	3	0	0	0
Total Contribution (bps)	103	-5	-6	2	24	-4	37	119	-5	25	-48	-37

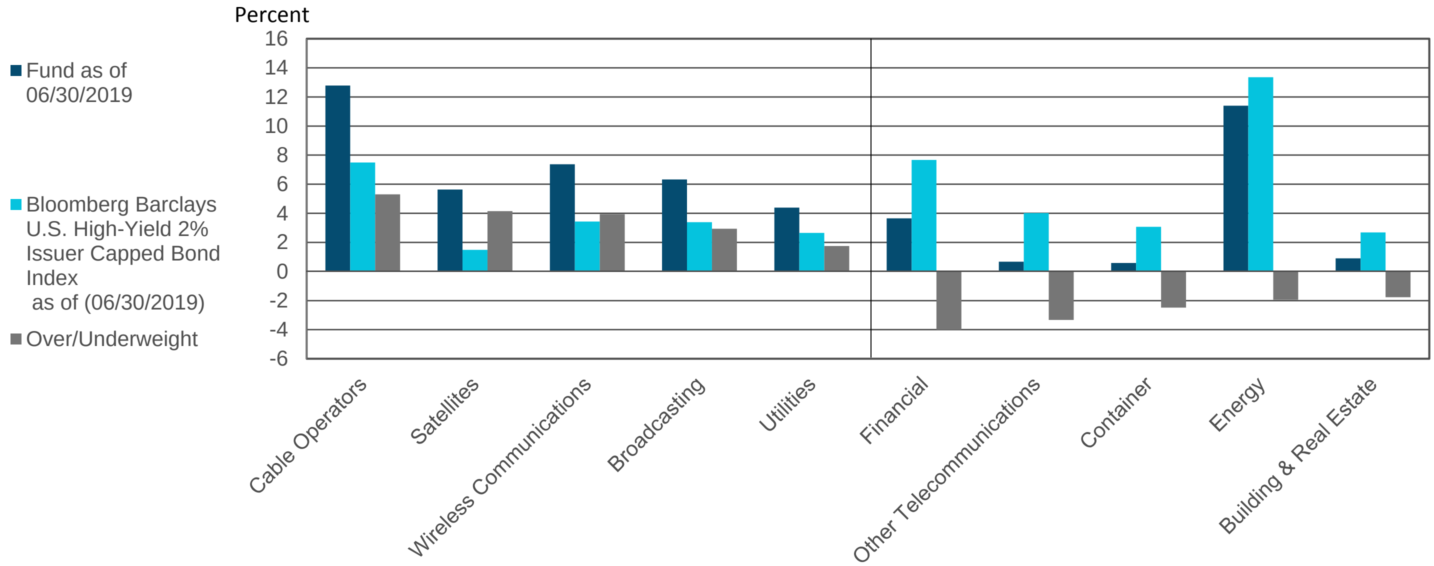
Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and Standard and Poor's. Analysis represents the combined performance of the underlying securities held within the given time period relative to its respective broad weighted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

PORTFOLIO POSITIONING

ASSET CATEGORY BREAKDOWN

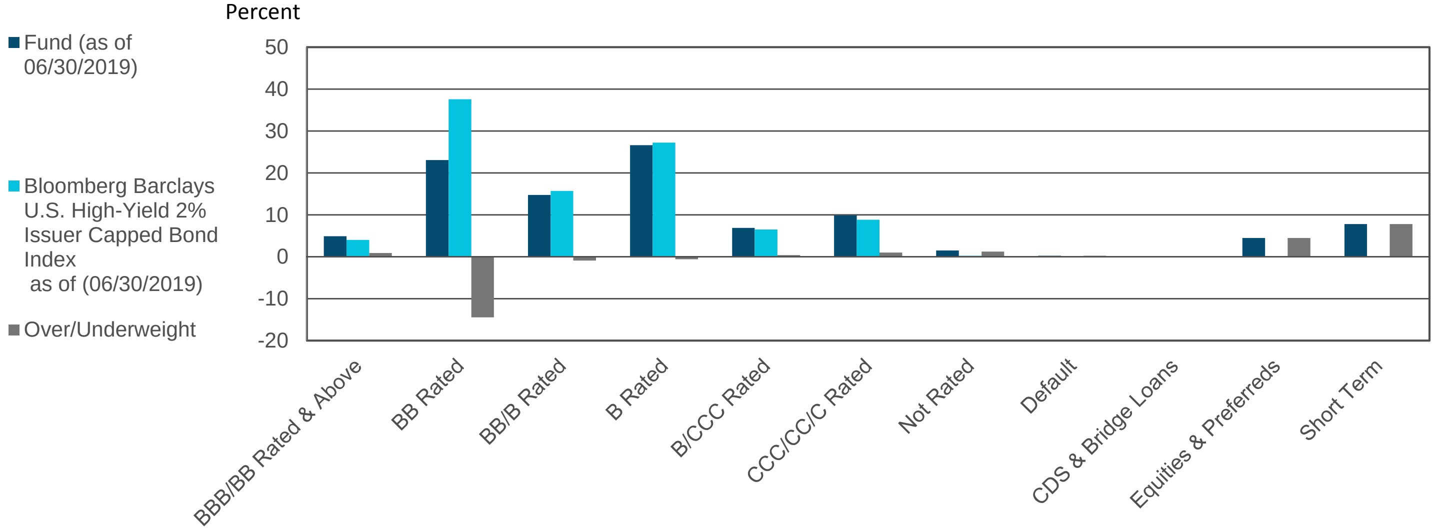
Asset Category	Allocation Percentage	Allocation Amount
Fixed Rate Bonds	69.5%	$50,623,315
Floating Rate Bonds	0.4%	$317,119
Equities	1.9%	$1,361,819
Credit Default Swaps	0.0%	$6,518
Bank Debt	16.4%	$11,980,161
Convertibles	3.1%	$2,253,242
Reserves	8.2%	$5,976,601
Total	99.5%	$72,518,775

SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



PORTFOLIO POSITIONING

CREDIT QUALITY DIVERSIFICATION



HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
ASURION LLC	Wireless Communications	4.43%
INTELSAT JACKSON HOLDINGS	Satellites	4.09
KRONOS	Services	4.00
CCO HOLDINGS LLC / CCO HOLDINGS CAPITAL	Cable Operators	3.65
IHEARTMEDIA	Media	3.36
HCA	Healthcare	3.06
CSC HOLDINGS LLC	Cable Operators	3.01
AVANTOR	Healthcare	2.62
BAUSCH HEALTH	Healthcare	2.37
U.S. TREASURY NOTES	U S Treasury Obligations	2.35

PORTFOLIO MANAGEMENT

Portfolio Manager:
Rodney Rayburn

Managed Fund Since:
2015

Joined Firm:
2014

Additional Disclosures

Source for Bloomberg Barclays index data: Bloomberg Index Services Ltd. Copyright 2019, Bloomberg Index Services Ltd. Used with permission.

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

Derivative valuations are based on standard derivative market valuation methods.

T. Rowe Price uses a custom structure for diversification reporting on this product.

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

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

Sources for credit quality: Moody's Investors Service and Standard & Poor's (S&P); split ratings (e.g., BB/B and B/CCC) are assigned when the Moody's and S&P ratings differ. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps. Short-term holdings are not rated.

Bloomberg Barclays data is based on the Returns Universe. The composition of the index is reset on the first day of each month; the holdings remain constant thereafter throughout the month until it is reset the following month.

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

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

This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

T. Rowe Price Investment Services, Inc., Distributor.

201907-889992