T. Rowe Price®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Floating Rate Fund – Multi-Class

As of September 30, 2019

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the S&P/LSTA Performing Loan Index for the three-month period ended September 30, 2019.

Relative performance drivers:

- Credit selection in energy and metals and mining segments contributed.
- Our highest-conviction positions continued to outperform.
- Security selection within the retail sector detracted.

Additional highlights:

- We maintain an underweight to loan-only issuers and are highly selective in that segment of the market.
- Issuers in the bank loan market are fundamentally sound in general, and we expect the default rate to remain modest for the remainder of the year.

FUND INFORMATION

Symbol	PRFRX
CUSIP	87279B106
Inception Date of Fund	July 29, 2011
Benchmark	S&P/LSTA Performing Loan Index
Expense Information (as of the most recent Prospectus)	0.76%
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$1,731,003,517
Percent of Portfolio in Cash	5.2%

Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

PERFORMANCE

(NAV, total return)

					Annualized				
	Inception Date	Three Months	Year-to-Date	One Year	Three Years	Five Years	Since Inception 7/29/11	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
Floating Rate Fund	Jul 29 2011	1.23%	6.77%	3.63%	3.88%	3.75%	3.81%	4.69%	–
Floating Rate Fund - Advisor Class	Jul 29 2011	1.07	6.61	3.42	3.67	3.61	3.67	4.50	4.39%
Floating Rate Fund - I Class	Nov 29 2016	1.26	6.88	3.77	4.00	3.82	3.85	4.81	–
S&P/LSTA Performing Loan Index		0.90	6.71	3.00	4.63	4.29	4.56	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2012	2013	2014	2015	2016	2017	2018
Floating Rate Fund	Jul 29 2011	7.32%	4.21%	1.38%	1.19%	7.67%	3.47%	-0.10%
Floating Rate Fund - Advisor Class	Jul 29 2011	7.10	4.10	1.28	1.18	7.57	3.26	-0.30
Floating Rate Fund - I Class	Nov 29 2016	7.32	4.21	1.38	1.19	7.78	3.48	0.03
S&P/LSTA Performing Loan Index		9.76	5.41	1.82	0.10	10.36	4.32	0.60

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 1-877-804-2315 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.
The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (11/29/16) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.
°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 leveraged loan market posted modest gains during the third quarter of 2019. Treasury yields declined during the third quarter as the Federal Reserve cut rates for the first time in more than a decade amid growing concerns about a global economic slowdown. The yield of the 30-year Treasury bond hit a record low in August, and the benchmark 10-year Treasury note's yield fell to its lowest level since 2016.

Monetary policy expectations were a major driver of market sentiment throughout the quarter, as the Fed twice reduced short-term interest rates by a quarter-percentage point, and as other central banks around the world took measures to stimulate economic growth. The Fed's latest move lowered the fed funds rate to a range of 1.75% to 2.00%. In another accommodative gesture, central bank policymakers announced the end of balance sheet reduction two months earlier than previously planned. The European Central Bank reduced its benchmark lending rate from -0.4% to -0.5% in September and relaunched its quantitative easing program, saying that it would purchase 20 billion euros of securities every month beginning November 1.

Continued U.S.-China trade tensions and concerns about escalation periodically weighed on world markets. President Donald Trump announced in August that the U.S. would impose a 10% tariff on all remaining Chinese imports. Chinese officials responded by allowing the yuan to fall below 7.0 per U.S. dollar, a symbolic threshold not breached over the past decade, and stopping all U.S. agricultural imports. However, conciliatory gestures from both sides in September helped ease tensions, and investors remained optimistic as the period ended that trade negotiations would resume. Financial markets seemed largely unaffected by the late-September opening of a House of Representatives impeachment inquiry regarding the President allegedly urging Ukraine's leader to investigate former Vice President Joe Biden and his son.

The stretch of consecutive monthly outflows from loan funds continued during the quarter, reaching a total of 12 months, although September registered the lightest outflow. An alternative source of demand, collateralized loan obligation (CLO) activity continued, although the volume declined from the prior quarter's elevated level. In terms of supply, third-quarter volume of USD $93 billion was the highest this year. Overall, the technical backdrop remained largely supportive for the asset class, evidenced by an emergence of repricing activity for the first time this year.

Credit selection in commodities segments benefited
Credit selection within energy and an underweight allocation to the sector was the primary contributor to outperformance over the third quarter. Our long-term bearish outlook for oil is driven by oversupply concerns as shale oil technology in the U.S. increases productivity and breakevens decline. Oil prices continued to experience volatility and ended the quarter lower by roughly USD $10 per barrel from an earlier high this year. Much of our outperformance was due to avoiding names that traded down, particularly lower-rated credits in the drilling and services industries. The market has had zero tolerance for lower-rated energy names whose performance falls short of expectations and little room for operational errors. As such, our bank loan portfolios have maintained an underweight to the sector and are under-risked relative to benchmarks. Additionally, the loan market benefits from notably less energy exposure than the high yield bond market.

As in the energy sector, credit selection within metals and mining was a top contributor, largely due to our avoidance of underperforming names. In both industries, our portfolio posted gains compared with market benchmark declines. Our position in Aleris International, a producer and seller of aluminum products, bolstered relative performance. Beyond the potential for enhanced performance due to a pending acquisition, Aleris shows improving credit metrics and benefits from a favorable secular growth backdrop in the downstream aluminum space.

High-conviction positions contributed
Our investment in Asurion, a global provider of product protection and support services to the wireless, insurance, retail, and home repair service industries, aided relative performance. As a handset insurance provider, it benefits from smartphone sales without depending on the execution of one specific carrier. Its scale acts as a significant barrier to entry, allowing the company to provide more valuable services to its carriers' customers at a lower cost than competitors. This loan-only issuer has been a consistent top contributor for an extended period. Asurion's market position is dominant, and its solid credit profile, near-term revenue visibility, and attractive coupons warrant our conviction.

Retail sector weighed on results
Security selection within retail was the primary relative performance detractor. Changes to consumer behavior, including increased internet shopping and competition from certain online giants, are transforming this industry away from brick-and-mortar businesses. Our holdings in Jo-Ann Stores, one of the nation's largest specialty retailers of fabrics and crafts, traded significantly lower due to increased competition and the effects of tariffs. The thesis for Jo-Ann's was that its type of merchandise was somewhat insulated from online competition due to customers' preference for a hands-on shopping experience. While this is largely still true, the company has been, instead, losing market share to two other brick-and-mortar peers, including one that has returned to aggressive promotions that have cut into Jo-Ann Stores' same-store sales and earnings. Significant tariff headwinds and diminishing liquidity further amplified security declines in this loan-only issuer. By the end of the quarter, we had eliminated our exposure.

PORTFOLIO POSITIONING AND ACTIVITY

We are seeing an increase in loan-only issuers coming to market. A loan-only capital structure consists entirely of leveraged loans (i.e., first-lien loans, second-lien loans, or even lower-priority lien loans). There are recovery rate implications with this type of capital structure because the absence of subordinated debt such as a high yield bond means there is less of a cushion to absorb losses in the event of a default. We maintain an underweight to loan-only issuers and are highly selective in that segment of the market.

Covenant-lite loans from issuers with sound credit profiles
With more than three-quarters of the market composed of covenant-lite (cov-lite) loans, our strategy cannot altogether avoid these loans. However, we remain significantly underweight, a consistent positioning since inception. Cov-lite refers to a loan that is not subject to quarterly maintenance covenants, which are tests on certain credit metrics, formerly typical of the asset class.

However, other restrictions remain, similar to high yield covenants. Evaluating covenants is an existing component of our fundamental research platform, and we aim to invest in cov-lite loans issued from companies with sound credit profiles. Top positions by issuers such as Asurion include cov-lite loans.

Second-lien loan opportunities in high-conviction names
We have an overweight allocation to higher-yielding, second-lien loans, although first liens still represent the vast majority of our holdings. Second liens are a step lower in the capital structure and, likewise, a lower credit quality, but these loans yield more to compensate for the additional risk. Furthermore, they often come with hard call protection. We will often hold a blended allocation of first- and second-lien loans from a single issuer to express conviction within an improving or stable credit. However, we have reduced exposure to second liens from our high in mid-2018. As a tactical allocation, we would expect our second-lien holdings to potentially decline further as macro factors become less constructive and the late credit cycle extends further. Kronos is an example of a second-lien loan issuer.

Within the services segment, Kronos is a leader in the workforce management solutions market. Its products address business needs, including monitoring employee time and attendance, scheduling, absence management, and workforce analytics. This company's market-leading products and subscription-based business foster loyalty from its diverse customer base.

Income protection from loans with LIBOR floor
A LIBOR floor is a minimum value imposed on the benchmark component of the floating rate coupon, and our allocation to these loans stands at just under 35% of assets. LIBOR floors today range from 75 to 150 basis points. However, the three-month LIBOR was at 210 basis points at the end of September, a decline from 22 basis points at the end of June. With LIBOR well above floor levels, bank loans have been true floating assets. Notably, we are seeing many new loans coming to the market without floors. As a result, the percentage of loans with LIBOR floors in our index is tracking lower.

High yield bonds can provide income and enhance liquidity
A typically modest allocation to high yield bonds with fixed rates can augment our income stream and enhance portfolio liquidity. When investing in this segment of the market, we often target secured bonds that are positioned at the same level of a company's capital structure (pari passu) as bank loans but with higher coupons. Similar to our second-lien positions, high yield bonds with fixed rates will often complement a bank loan holding to convey a positive thesis.

MANAGER'S OUTLOOK

The Federal Reserve's interest rate strategy is a primary consideration that we are factoring into our return expectations. The forward LIBOR curve looks to have stabilized after tracking lower. If the Fed cuts rates again, leveraged loans will likely see additional technical pressure in the asset class via ongoing outflows. Nevertheless, the leveraged loan market began 2019 with its strongest quarterly gain since 2010, which contributed to solid year-to-date performance, and we remain broadly constructive in our expectations for the rest of the year.

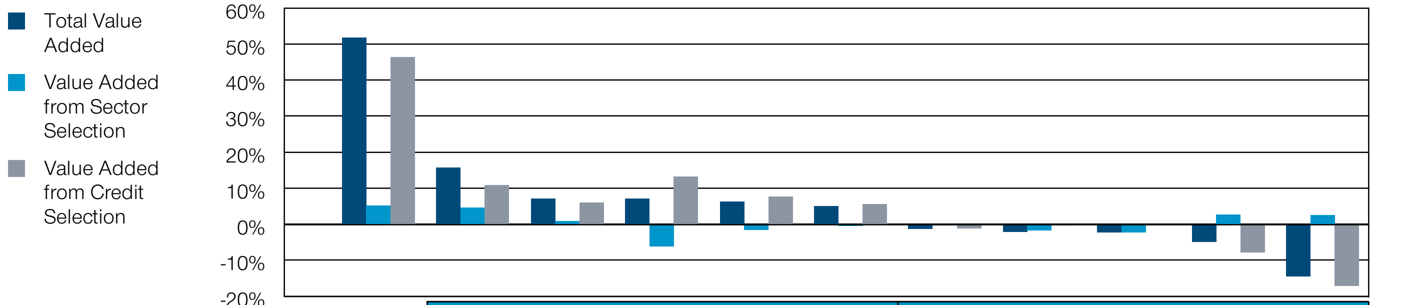
Steady economic growth, albeit at a slower pace, creates a supportive environment for below investment-grade companies. Relative to high yield bonds, the loan asset class has less exposure to cyclical sectors such as energy and metals and mining, where slowing economic growth and trade tensions have sparked volatility. Issuers in the bank loan market are fundamentally sound in general, and we expect the default rate to remain modest for the remainder of the year.

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 bank loan and high yield clients over various market cycles.

QUARTERLY ATTRIBUTION

INDUSTRY ATTRIBUTION VS. S&P/LSTA PERFORMING LOAN INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended September 30, 2019)

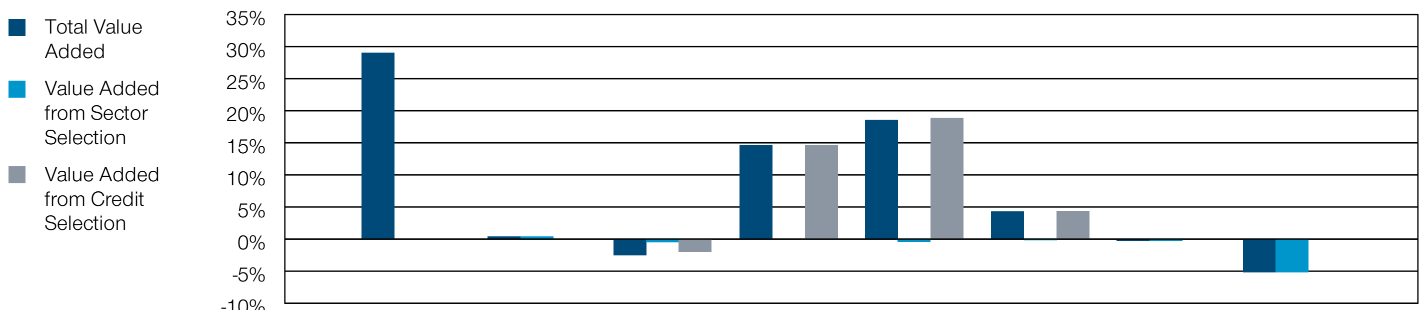


		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	**Energy**	**Manu-facturing**	**Metals & Mining**	**Info Tech**	**Enter-tainment & Lei-sure**	**Publish-ing**	**Aero-space & Defense**	**Building Products**	**Broad-casting**	**Retail**
Fund Weight (%)	100.00	2.77	2.44	1.59	10.09	3.30	0.34	0.59	0.69	5.47	0.96
Benchmark Weight (%)	100.00	3.69	3.78	0.83	13.36	2.74	1.40	1.70	2.20	2.69	3.00
Fund Performance (%)	1.42	-0.32	2.66	1.40	2.08	1.95	-2.22	2.01	2.47	0.54	-18.28
Benchmark Performance (%)	0.90	-4.31	0.09	-6.99	1.31	0.26	1.00	2.42	2.37	1.95	-0.45
Sector Selection (bps)	5	5	1	-6	-1	0	0	-2	-2	3	3
Credit Selection (bps)	47	11	6	13	8	6	-1	0	0	-8	-17
Total Contribution (bps)	52	16	7	7	6	5	-1	-2	-2	-5	-14

Past performance is not a reliable indicator of future performance.
Industry classification was determined by T. Rowe Price's high yield industry structure.
All numbers are percentages. 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 VS. S&P/LSTA PERFORMING LOAN INDEX

(3 months ended September 30, 2019)



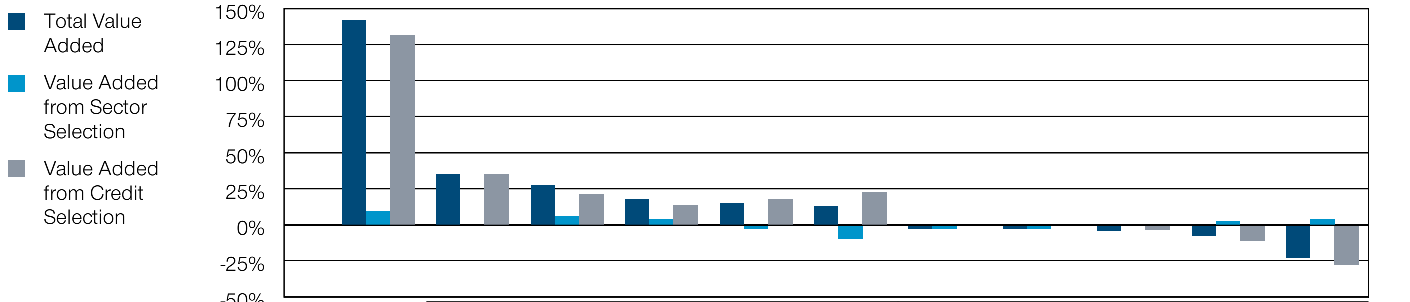
	Total	**BBB Rated & Above**	**BB Rated**	**B Rated**	**CCC Rated & Below**	**Not Rated**	**Credit De-fault Swap**	**Short Term**
Fund Weight (%)	100.00	4.46	25.66	53.17	7.39	3.12	0.21	6.00
Benchmark Weight (%)	100.00	0.00	30.52	61.05	6.48	1.94	0.00	0.00
Fund Performance (%)	2.00	1.82	1.73	1.97	3.93	3.00	–	–
Benchmark Performance (%)	1.71	–	1.81	1.70	1.37	1.57	–	–
Sector Selection (bps)	–	0	0	0	0	0	0	-5
Credit Selection (bps)	–	0	-2	15	19	4	0	0
Total Contribution (bps)	29	0	-2	15	19	4	0	-5

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 VS. S&P/LSTA PERFORMING LOAN INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended September 30, 2019)

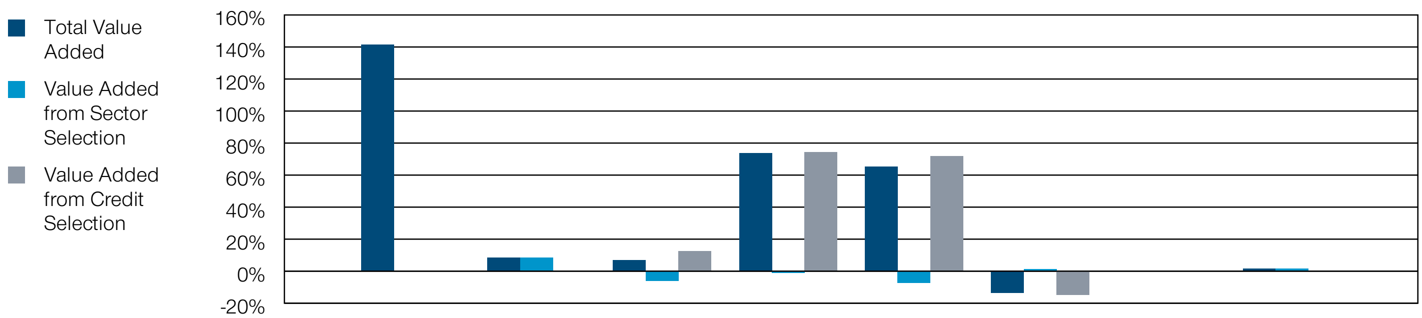


	Total	Health Care	Energy	Wireless Commu-nications	Service	Metals & Mining	Building Products	Aero-space & Defense	Publish-ing	Broad-casting	Retail
		Top Five Total Value Added					Bottom Five Total Value Added				
Fund Weight (%)	100.00	13.18	2.75	4.72	9.81	1.65	0.82	0.66	0.54	3.63	1.35
Benchmark Weight (%)	100.00	12.67	3.50	2.21	12.86	0.87	2.16	1.67	1.47	2.40	3.31
Fund Performance (%)	4.42	5.26	2.44	7.66	5.77	5.04	5.32	5.74	-3.12	2.65	-19.40
Benchmark Performance (%)	3.00	2.55	-5.31	4.76	3.94	-8.65	5.07	5.71	3.04	5.63	0.67
Sector Selection (bps)	10	0	6	4	-3	-9	-3	-3	0	3	5
Credit Selection (bps)	132	36	21	14	18	23	0	0	-3	-11	-27
Total Contribution (bps)	142	36	28	18	15	13	-3	-3	-3	-8	-22

Past performance is not a reliable indicator of future performance.
Industry classification was determined by T. Rowe Price's high yield industry structure.
All numbers are percentages. 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 VS. S&P/LSTA PERFORMING LOAN INDEX

(12 months ended September 30, 2019)

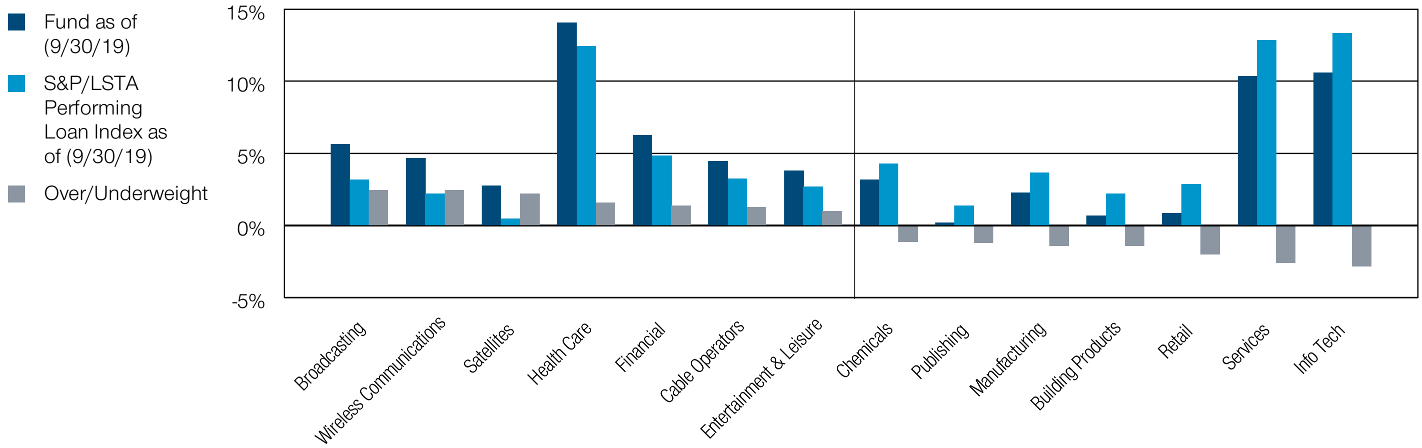


	Total	BBB Rated & Above	BB Rated	B Rated	CCC Rated & Below	Not Rated	Credit De-fault Swap	Short Term
Fund Weight (%)	100.00	4.93	24.87	53.07	7.49	2.47	0.23	6.94
Benchmark Weight (%)	100.00	0.00	30.70	60.98	6.46	1.85	0.00	0.00
Fund Performance (%)	4.42	4.76	4.50	4.55	5.91	-0.74	–	–
Benchmark Performance (%)	3.00	–	3.99	3.14	-3.72	5.26	–	–
Sector Selection (bps)	–	9	-6	-1	-7	1	0	2
Credit Selection (bps)	–	0	13	75	72	-15	0	0
Total Contribution (bps)	142	9	7	74	65	-13	0	2

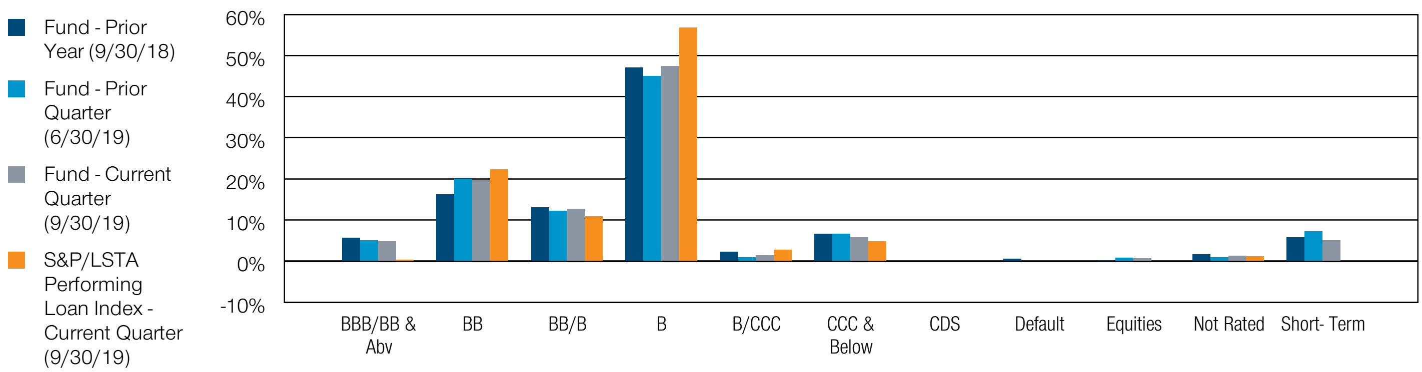
Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and Standard and Poor's. Analysis represents the combined performance of the underlying securities held within the given time period relative to its respective broad weighted 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

SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



BANK LOAN DISTRIBUTION

	% of Fund	% of S&P/LSTA Performing Loan Index
2nd Lien	9.2%	3.8%
Convenant Lite Deals	64.3	84.1
LIBOR Floor	36.7	44.5

All categories are not mutually exclusive and an individual issuer may be counted in more than one category.

HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
Asurion LLC	Wireless Communications	4.1%
Kronos Inc/MA	Services	3.2
UFC Holdings LLC	Entertainment & Leisure	2.1
Altice USA Inc	Cable Operators	2.0
Refinitiv US Holdings Inc	Info Tech	1.9
Bausch Health Cos Inc	Health Care	1.8
CCC Information Services Inc	Info Tech	1.6
Intelsat Jackson Holdings SA	Satellites	1.6
Avantor Inc	Health Care	1.5
Clear Channel Worldwide	Broadcasting	1.4

FUND INFORMATION

	Floating Rate Fund	Floating Rate Fund - Advisor Class	Floating Rate Fund - I Class
Symbol	PRFRX	PAFRX	TFAIX
Expense Information	0.76%	1.05% (Gross) 0.97% (Net)	0.63%
Fiscal Year End Date	5/31/19	5/31/19	5/31/19
12B-1 Fee	–	0.25%	–

The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee. The Advisor Class operates under a contractual expense limitation that expires on 9/30/21.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Paul Massaro

Managed Fund Since:
2011

Joined Firm:
2003

Additional Disclosures

Source for S&P data: S&P. "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", and "500" are trademarks of Standard & Poor's, and have been licensed for use by T. Rowe Price. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the fund.

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.
Industry classification was determined by T. Rowe Price's high yield industry structure. The bonds in which the fund invests are at a much greater risk of default and tend to be more volatile than higher-rated bonds. Like bond funds, it is exposed to interest rate risk, but credit and liquidity risks may often be more important.
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. The source of credit quality for the S&P/LSTA Performance Loan Index is Standard & Poor's.
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.

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2016-US-26813