



STRATEGY HIGHLIGHTS

As of 31 March 2022

## US High Yield Bond Strategy

**Total US High Yield Bond Strategy Assets:**<sup>1</sup> \$2.7 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Concentrated high yield portfolio primarily focused on the traditional U.S. high yield investment opportunity set.
- Independent, fundamental, bottom-up credit selection process, combined with forward-looking research to identify potential total return ideas.
- Seeks to capitalize on price inefficiencies that create attractive relative value opportunities across issuers due to size, credit quality, and geography.
- Flexibility to search across the full capital structure to uncover high conviction ideas and access smaller, under-researched credit issuers.
- Disciplined risk management practices.

### PORTFOLIO CONSTRUCTION

- Concentrated portfolio structure of primarily U.S. high yield corporate bonds
  - Typically 100-200 issuers
- Portfolio construction reviewed monthly to ensure sufficient sector balance and liquidity of positions.
- Typical position size guidelines:
  - 1.00-2.00%
  - 5% maximum
- Other permissible investments:
  - Up to 20% in investment grade corporate bonds
  - Up to 20% in bank loans

### BENCHMARK

- ICE BofA US High Yield Constrained Index

### PORTFOLIO MANAGEMENT

#### Kevin Loome, CFA<sup>®</sup>

- 28 years of investment experience; 15 years with T. Rowe Price.
- M.B.A., Dartmouth College, Tuck School of Business
- B.S., University of Virginia

#### PORTFOLIO SPECIALISTS

##### Gregor Dannacher, CFA<sup>®</sup>

- 29 years of investment experience; 6 years with T. Rowe Price.
- M.B.A., New York University, Stern School of Business
- B.S., Villanova University

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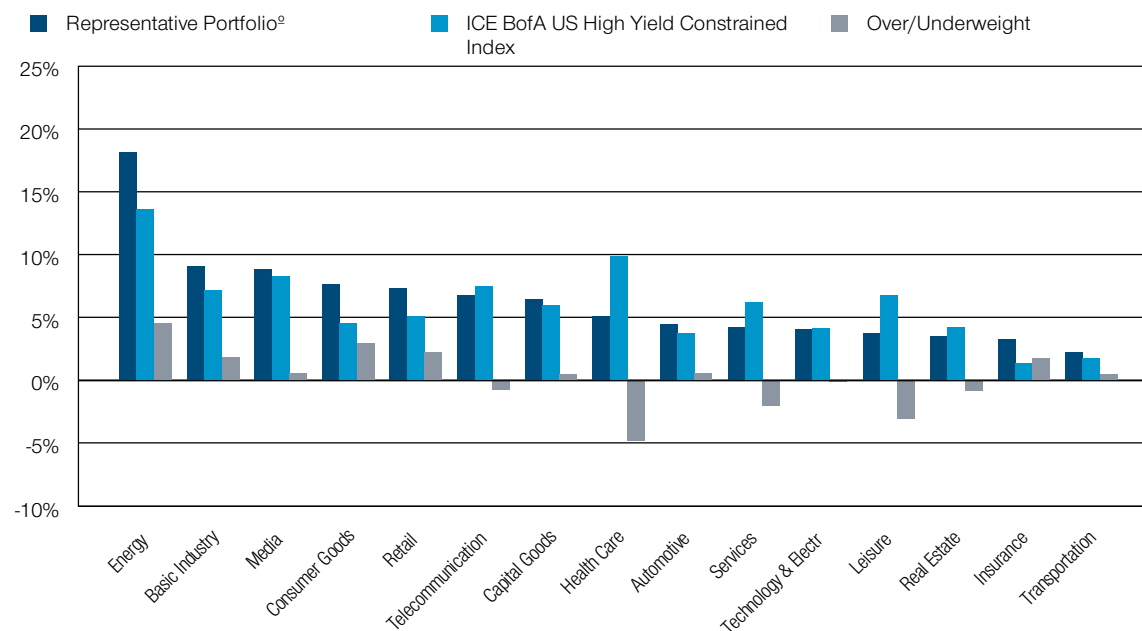
<sup>1</sup> Includes a U.S.-registered mutual fund.

<sup>2</sup> Assets reported are as of 31 December 2021.

## TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
LSF9 Atlantis Holdings LLC / Victra Finance	1.8%
Occidental Petroleum	1.7
Ascent Resources Utica Holdings LLC / ARU Finance	1.7
Encino Acquisition Partners Holdings	1.6
Sigma Holdco BV	1.6
Tutor Perini	1.6
Carnival	1.5
Terrier Media Buyer	1.5
Gulfport Energy	1.5
CHS/Community Health Systems	1.4
<b>Total</b>	<b>15.9%</b>

## 15 LARGEST SECTORS



## PORTFOLIO CHARACTERISTICS

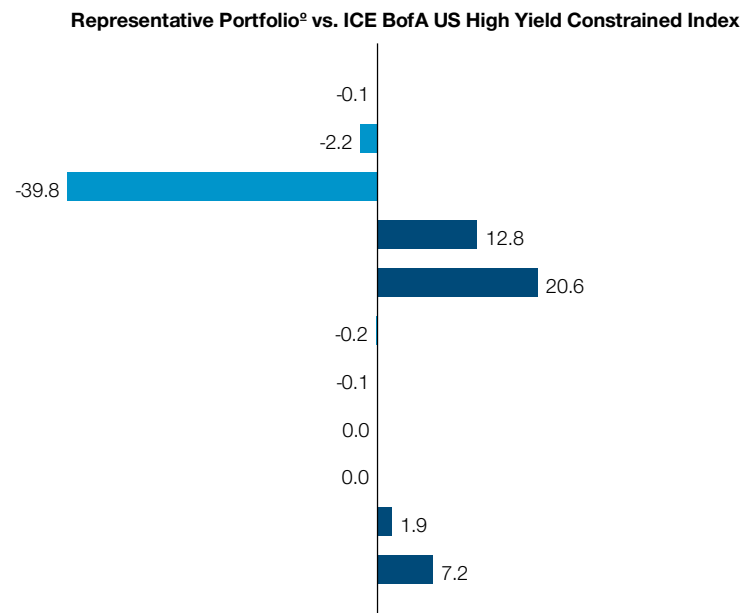
	Representative Portfolio <sup>2</sup>	ICE BofA US High Yield Constrained Index
Weighted Average Coupon	6.61%	5.67%
Weighted Average Maturity	5.86 years	6.19 years
Weighted Average Effective Duration	4.11 years	4.45 years
Current Yield	6.93%	5.83%
Yield to Worst	7.61%	5.94%
Average Credit Quality	B	B+
Number of Holdings	118	2,099

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

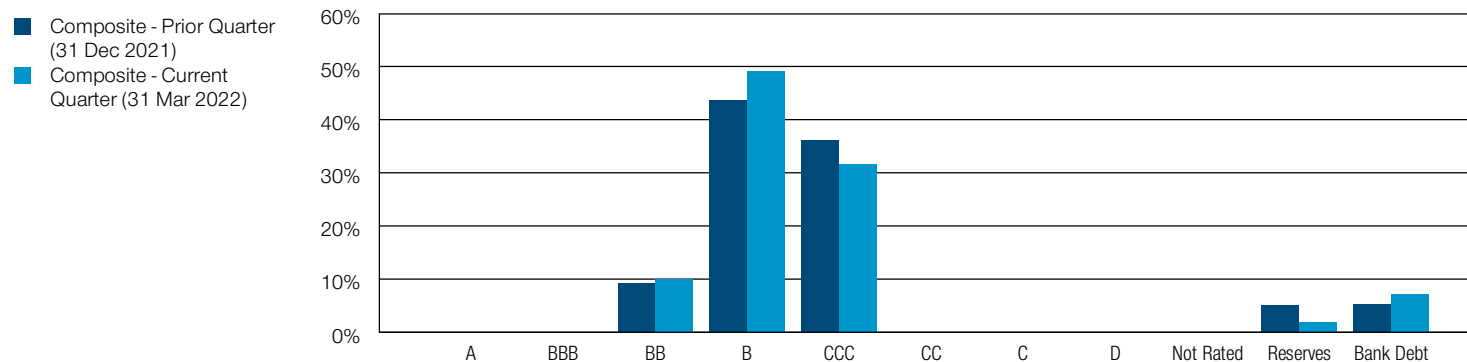
<sup>2</sup>Please see Additional Disclosures section for further information.

**CREDIT QUALITY DIVERSIFICATION**

	% of Representative Portfolio <sup>2</sup>	% of Index
A	0.0	0.1
BBB	0.0	2.2
BB	10.1	49.9
B	49.2	36.4
CCC	31.6	11.1
CC	0.0	0.2
C	0.0	0.1
D	0.0	0.0
Not Rated	0.0	0.0
Reserves	1.9	0.0
Bank Debt	7.2	0.0



**QUARTER-OVER-QUARTER CHANGE**



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

**PERFORMANCE**

	Three Months	One Year	Annualized		
			Three Years	Five Years	Since Inception 30 Apr 2013
US High Yield Bond Composite (Gross)	-4.05%	0.44%	6.21%	5.85%	6.68%
US High Yield Bond Composite (Net)	-4.16	-0.01	5.73	5.38	6.21
ICE BofA US High Yield Constrained Index	-4.49	-0.30	4.37	4.54	4.73
Value Added (Gross)	0.44	0.74	1.84	1.31	1.95
Value Added (Net)	0.33	0.29	1.36	0.84	1.48

**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.

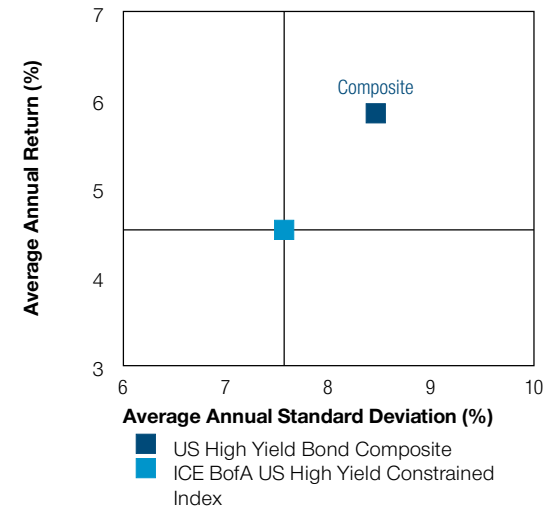
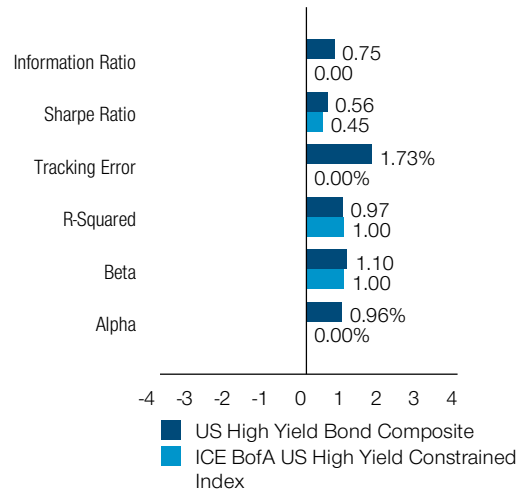
Performance from a past firm is linked to the ongoing performance of the composite and continues to be managed with the same investment strategy and objective as the composite.

See GIPS® Composite Report located in this material for additional information.

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 31 March 2022



**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.

**FEE SCHEDULE****US High Yield Bond Composite**

The US High Yield Bond Composite seeks total return and income primarily through investment in fixed income securities rated below investment-grade in the U.S. bond market.  
(Created May 2017, incepted April 30, 2013.)

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

## US High Yield Bond Composite

Period Ended December 31, 2021

Figures Shown in U.S. dollar

	2013 <sup>3</sup>	2014	2015	2016	2017	2018	2019	2020	2021
Gross Annual Returns (%) <sup>1,2</sup>	7.06	4.40	-0.79	17.23	9.63	-3.33	17.36	8.66	5.65
ICE BofA US High Yield Constrained Index (%)	2.49	2.51	-4.61	17.49	7.48	-2.27	14.41	6.07	5.35
Composite 3-Yr St. Dev.	N/A	N/A	N/A	5.15	4.58	4.21	4.58	10.56	10.22
ICE BofA US High Yield Constrained Index 3-Yr St. Dev.	6.43	4.44	5.26	6.02	5.59	4.64	4.13	9.38	9.14
Composite Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	26.6	25.4	26.7	52.0	123.1	758.4	1,084.0	2,099.9	2,597.0
# of Accts. in Comp.	1	1	1	1	1	6	6	7	8
Total Firm Assets (Billions)	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5	1,653.6 <sup>4</sup>

<sup>1</sup>Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request.

<sup>2</sup>Performance from a past firm prior to May 1, 2017 is linked to the ongoing performance of the composite and continues to be in the same investment strategy and objective as the composite.

<sup>3</sup>April 30, 2013 through December 31, 2013.

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

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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 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.

## 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.

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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.

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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