



STRATEGY HIGHLIGHTS

As of 30 September 2021

## High Yield Bond Strategy

**Total High Yield Assets:** \$26.5 billion<sup>2</sup> | **Total High Yield Bond Strategy Assets:**<sup>1</sup> \$22.7 billion<sup>2</sup>  
Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Focus on BB/B securities, with a measured allocation to lower-quality bonds when valuations are compelling.
- Proprietary fundamental research is key — emphasis on industries that enjoy stable cash flow and rational competitive environments.
- Extensive analyst interaction across sectors and asset classes promotes broad credit perspective.
- Disciplined risk management practices employed in conjunction with broad portfolio diversification to manage risk profile.

### PORTFOLIO CONSTRUCTION

- Diversified portfolio structure of high yield corporate bonds: typically 250-350 issuers
- Industry exposure typically will range +/- 3% around benchmark weight
- Conservative exposure guidelines to individual issuers:
  - BB issuer: 3% maximum
  - B issuer: 2% maximum
  - CCC issuer: 1% maximum

### BENCHMARK

- Linked Performance Benchmark\*

### PORTFOLIO MANAGEMENT

#### Rodney Rayburn, CFA®

- 22 years of investment experience; 7 years with T. Rowe Price.
- M.B.A., University of Chicago, Booth School of Business
- B.S., Georgia Institute of Technology

#### Michael Della Vedova

- 28 years of investment experience; 12 years with T. Rowe Price.
- Graduate Diploma, University of Technology, Sydney
- LL.B., University of New South Wales
- B.Com., University of New South Wales

#### Paul Massaro, CFA®

- 21 years of investment experience; 18 years with T. Rowe Price.
- M.B.A., University of Pennsylvania, The Wharton School
- B.S., Cornell University

#### Michael Trivino, CFA®

- 16 years of investment experience; 10 years with T. Rowe Price.
- M.B.A., Columbia University
- B.S., Georgetown University

### PORTFOLIO SPECIALISTS

#### Michael Lesesne

- 30 years of investment experience; 9 years with T. Rowe Price.
- M.B.A., Columbia Business School
- B.A., Brown University

Portfolio Specialists do not assume management responsibilities.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

<sup>1</sup> Includes U.S.-registered mutual funds, a sub-fund of a Luxembourg domiciled SICAV, a common trust fund, separate accounts, and subadvised portfolios.

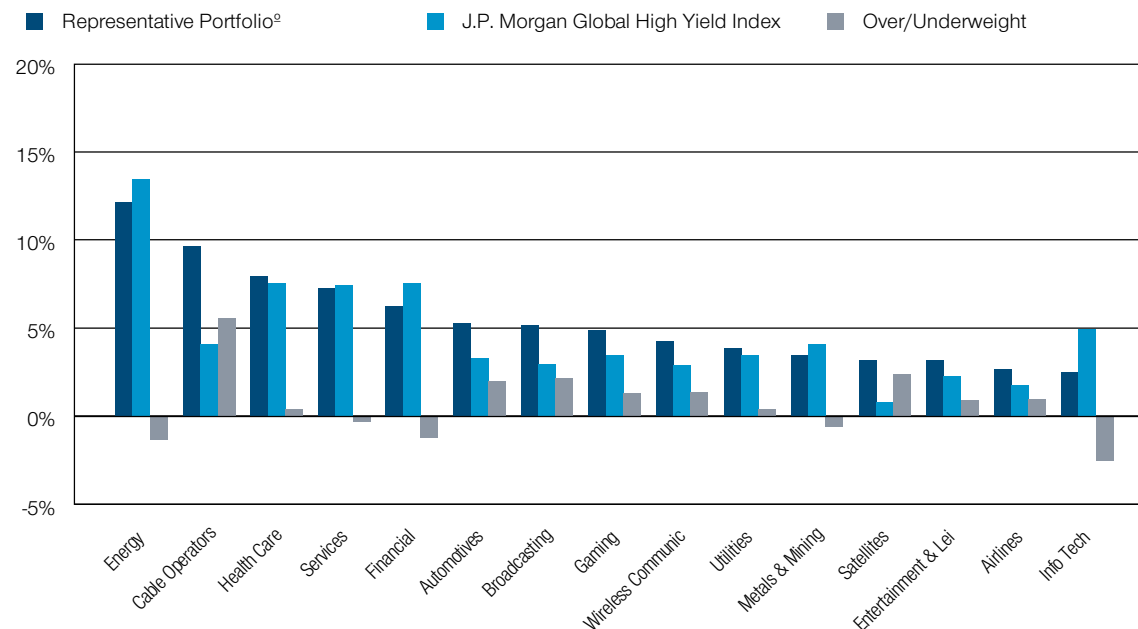
<sup>2</sup> Assets reported are as of 30 June 2021.

\*Please see Performance section for further information.

## TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
Asurion LLC	2.5%
Charter Communications Inc	2.3
Intelsat Jackson Holdings SA	1.8
Occidental Petroleum Corp	1.8
Targa Resources Corp	1.7
Bausch Health Cos Inc	1.5
Netflix Inc	1.5
iHeartMedia Inc	1.3
Navient Corp	1.2
Scientific Games Corp	1.2
<b>Total</b>	<b>17.0%</b>

## 15 LARGEST INDUSTRIES



## PORTFOLIO CHARACTERISTICS

	Representative Portfolio <sup>2</sup>	J.P. Morgan Global High Yield Index
Weighted Average Maturity	6.38 years	6.19 years
Modified Duration to Worst	3.13 years	3.54 years
Current Yield	5.82%	5.80%
Yield to Worst	4.35%	4.79%
Spread to Worst	350 bps	410 bps
Average Credit Quality*	B+	Split BB
Number of Holdings	558	1,794

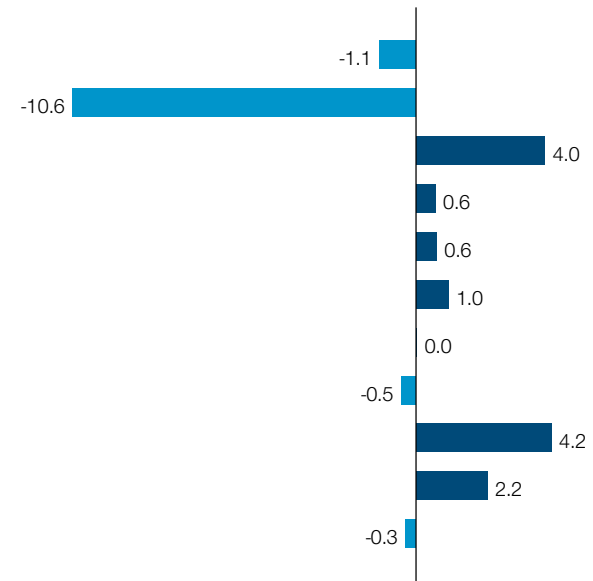
\* Average Credit Quality is calculated by averaging the Moody's weighted average quality and the S&P weighted average quality (50/50 split), regardless of the % of the portfolio actually rated by each of these ratings agencies. **Past performance is not a reliable indicator of future performance.**

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

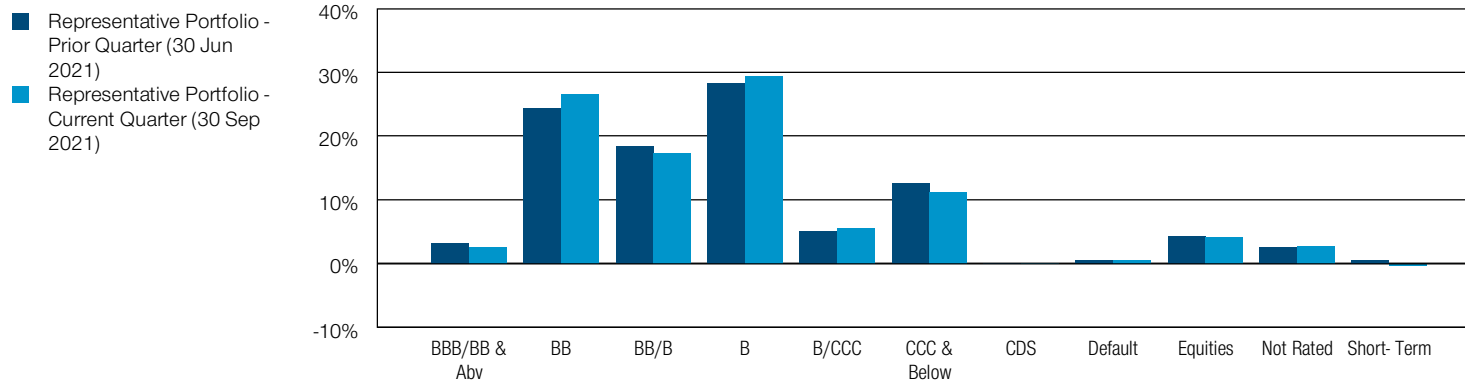
**CREDIT QUALITY DIVERSIFICATION**

	% of Representative Portfolio <sup>2</sup>	% of Index
BBB/BB Rated & Above	2.5	3.7
BB Rated	26.7	37.3
BB/B Rated	17.3	13.3
B Rated	29.3	28.7
B/CCC Rated	5.7	5.0
CCC and Below	11.3	10.3
Credit Default Swaps	0.0	0.0
Default	0.5	1.0
Equities	4.2	0.0
Not Rated	2.8	0.6
Short-Term	-0.3	0.0

**Representative Portfolio<sup>2</sup> vs. J.P. Morgan Global High Yield Index**



**QUARTER-OVER-QUARTER CHANGE**



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

**PERFORMANCE**

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
High Yield Master Bond Composite (Gross)	1.03%	5.00%	11.20%	7.25%	6.65%	7.72%	7.45%
High Yield Master Bond Composite (Net)	0.90	4.61	10.65	6.71	6.13	7.19	6.91
Linked Performance Benchmark*	0.57	4.57	11.48	6.66	6.46	7.40	6.53
Value Added (Gross)	0.46	0.43	-0.28	0.59	0.19	0.32	0.92
Value Added (Net)	0.33	0.04	-0.83	0.05	-0.33	-0.21	0.38

**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.

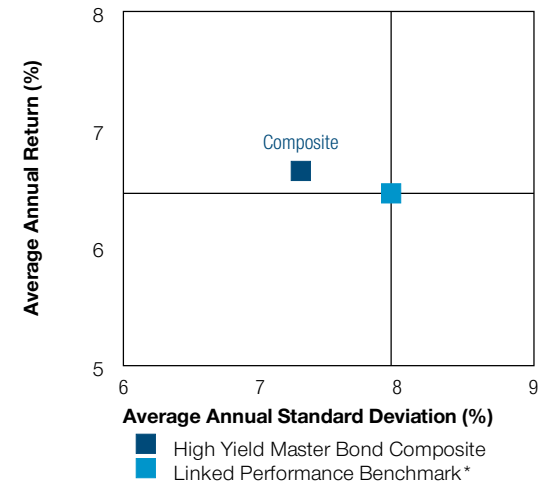
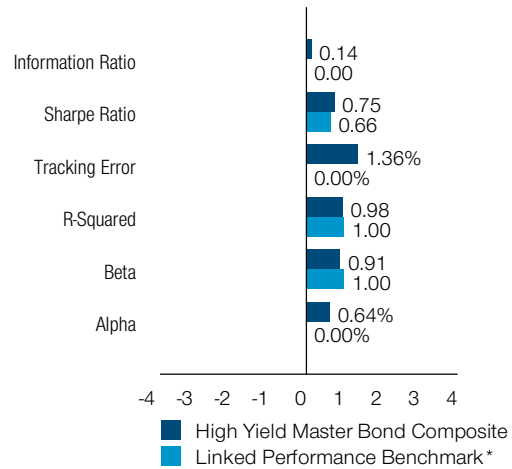
\*Primary benchmark is J.P. Morgan Global High Yield Index and the secondary benchmark is FTSE All BB&B Rated Index. Prior to 1 July 2010, the primary benchmark was FTSE All BB&B Rated Index and the secondary benchmark was J.P. Morgan Global High Yield Index. The benchmark changes were made because the firm viewed the new benchmarks to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

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

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 September 2021



**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****High Yield Master Bond Composite**

The High Yield Master Bond Composite combines accounts included in the High Yield Core Composite and the High Yield Strategy Composite. The master composite seeks high current income and capital appreciation primarily through investment in fixed income securities rated below investment grade (BB or below) by S&P, Moody's, or another nationally recognized securities rating organization (NRSRO). Emerging market sovereign and corporate securities are excluded from this strategy. (Created June 2006, incepted June 30, 1985.) (Formerly known as the High Yield Composite)

First \$50 million	50 basis points
Next \$50 million	45 basis points
Next \$150 million	40 basis points
Next \$250 million	37.5 basis points
Minimum separate account size	\$100 million

## GIPS® Composite Report

## High Yield Master Bond Composite

Period Ended December 31, 2020

Figures Shown in U.S. dollar

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Annual Returns (%)	4.29	15.58	9.19	2.82	-2.42	15.11	8.04	-2.55	15.65	5.76
Net Annual Returns (%) <sup>1</sup>	3.78	15.01	8.65	2.31	-2.91	14.54	7.51	-3.04	15.08	5.24
Linked Benchmark - High Yield Composite - Primary (%) <sup>2</sup>	5.73	16.21	7.42	1.67	-4.25	18.27	8.28	-2.37	14.59	5.42
Linked Benchmark - High Yield Composite - Secondary (%) <sup>2</sup>	6.58	14.45	6.17	2.78	-4.21	15.48	7.03	-1.97	14.50	5.99
Linked Benchmark - Credit Suisse High Yield Index (%) <sup>2</sup>	5.47	14.71	7.53	1.86	-4.93	18.25	7.03	-2.37	14.00	5.48
Composite 3-Yr St. Dev.	9.66	7.40	6.82	4.72	5.24	5.33	4.87	4.00	3.71	9.28
Linked Benchmark - High Yield Composite - Primary 3-Yr St. Dev.	9.12	6.68	6.33	4.62	5.42	6.13	5.66	4.50	3.86	10.14
Linked Benchmark - High Yield Composite - Secondary 3-Yr St. Dev.	10.13	6.27	5.68	4.32	5.36	5.89	5.41	4.18	3.91	8.93
Linked Benchmark - Credit Suisse High Yield Index 3-Yr St. Dev.	9.70	6.36	5.88	4.39	5.34	6.12	5.67	4.64	4.10	9.60
Composite Dispersion	0.44	0.48	1.03	0.28	0.69	1.26	0.19	0.32	0.27	0.22
Comp. Assets (Millions)	14,625.2	17,864.9	18,384.0	17,191.0	15,399.4	17,576.3	16,402.2	12,732.1	16,409.2	17,700.3
# of Accts. in Comp.	11	17	16	18	16	16	14	13	12	13
Total Firm Assets (Billions)	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5 <sup>3</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>Primary benchmark is J.P. Morgan Global High Yield Index and the secondary benchmarks are FTSE All BB&B Rated Index and Credit Suisse High Yield Index. Prior to July 1, 2010, the primary benchmark was FTSE All BB&B Rated Index and the secondary benchmark was J.P. Morgan Global High Yield Index. The changes were made because the firm viewed the new benchmarks to be a better representation of the investment strategy of the composite. Effective April 1, 2016, Credit Suisse changed its methodology for calculating the performance of the Credit Suisse High Yield Index. Historical benchmark representations have not been restated.

<sup>3</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 24-year period ended June 30, 2020 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. The minimum asset level for equity portfolios to be included in composites is \$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 is \$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 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 nonreclaimable withholding taxes on dividends, interest income, and capital gains. 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.

The strategy utilizes on a regular basis a variety of derivative instruments such as (but not limited to) currency forwards, fixed income futures, interest rate swaps and credit default swaps, primarily to hedge certain market risks associated with the strategy's objective and to express directional opportunities on specific markets and to facilitate liquidity management.

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, January 14, 2019, and January 1, 2020. There were no changes to the investment program or strategy related to this composite.

## 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.

Source for J.P. Morgan data: J.P. Morgan. Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2021, J.P. Morgan Chase & Co. All rights reserved.

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

Copyright © 2021, S&P Global Market Intelligence (and its affiliates, as applicable). Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the appropriateness of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

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. 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.

© 2021, Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "Moody's"). All rights reserved. Moody's ratings and other information ("Moody's Information") are proprietary to Moody's and/or its licensors and are protected by copyright and other intellectual property laws. Moody's Information is licensed to Client by Moody's. MOODY'S INFORMATION MAY NOT BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. Moody's (R) is a registered trademark.

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.

The current representative portfolio is an account that was designated as such on 1 July 2010. Data for prior periods represents the account that was the representative portfolio at that time.

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.

**Credit risk** - A bond or money market security could lose value if the issuer's financial health deteriorates.

**Default risk** - The issuers of certain bonds could become unable to make payments on their bonds.

**Derivatives risk** - Derivatives may result in losses that are significantly greater than the cost of the derivative.

**Emerging markets risk** - Emerging markets are less established than developed markets and therefore involve higher risks.

**High yield bond risk** - A bond or debt security rated below BBB- by Standard and Poors or an equivalent rating, also termed below investment grade, is generally subject to higher yields but to greater risks too.

**Interest rate risk** - When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.

**Liquidity risk** - Any security could become hard to value or to sell at a desired time and price.

**Sector concentration risk** - The performance of a portfolio that invests a large portion of its assets in a particular economic sector (or, for bond portfolios, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market.

## General Portfolio Risks

**Capital risk** - The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different. **Counterparty risk** - An entity with which the portfolio transacts may not meet its obligations to the portfolio. **ESG and Sustainability risk** - May result in a material negative impact on the value of an investment and performance of the portfolio. **Geographic concentration risk** - To the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - A portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment portfolio risk** - Investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Management risk** - The investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - Operational failures could lead to disruptions of portfolio operations or financial losses.



**IMPORTANT INFORMATION**

**This material is being furnished for general informational and/or marketing purposes only.** The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request.

It is not intended for distribution to retail investors in any jurisdiction.

**Australia** - Issued by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. For Wholesale Clients only.

**Canada** - Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

**DIFC** - Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd. This material is communicated on behalf of T. Rowe Price International Ltd by its representative office which is regulated by the Dubai Financial Services Authority. For Professional Clients only.

**EEA** - Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à r.l. 35 Boulevard du Prince Henri L-1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only.

**Hong Kong** - Issued by T. Rowe Price Hong Kong Limited, 6/F, Chater House, 8 Connaught Road Central, Hong Kong. T. Rowe Price Hong Kong Limited is licensed and regulated by the Securities & Futures Commission. For Professional Investors only.

**New Zealand** - Issued by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. No Interests are offered to the public. Accordingly, the Interests may not, directly or indirectly, be offered, sold or delivered in New Zealand, nor may any offering document or advertisement in relation to any offer of the Interests be distributed in New Zealand, other than in circumstances where there is no contravention of the Financial Markets Conduct Act 2013.

**Singapore** - Issued in Singapore by T. Rowe Price Singapore Private Ltd., No. 501 Orchard Rd, #10-02 Wheelock Place, Singapore 238880. T. Rowe Price Singapore Private Ltd. is licensed and regulated by the Monetary Authority of Singapore. For Institutional and Accredited Investors only.

**Switzerland** - Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland. For Qualified Investors only.

**UK** - This material is issued and approved by T. Rowe Price International Ltd, 60 Queen Victoria Street, London, EC4N 4TZ which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only.

**USA** - Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

© 2021 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/ or apart, trademarks of T. Rowe Price Group, Inc. 2016-GL-5397