



PORTFOLIO UPDATE

High Yield Fund

As of September 30, 2020



Portfolio Manager:
Rodney Rayburn

Managed Fund Since:
2019

Joined Firm:
2014

INVESTMENT OBJECTIVE

The fund seeks high current income and, secondarily, capital appreciation.

FUND INFORMATION

Symbol	PRHYX
CUSIP	741481105
Inception Date of Fund	December 31, 1984
Benchmark	Credit Suisse High Yield Index
Expense Information (as of the most recent Prospectus)	0.72%
Fiscal Year End	May 31
12B-1 Fee	-

MARKET COMMENTARY

After five consecutive monthly gains, high yield bonds posted a loss in September. Equity weakness, gridlock in Washington over another round of stimulus, the runoff to the U.S. presidential election, and concerns over a rise in coronavirus infections fostered broad risk-off sentiment, while heavy new issuance and negative flows challenged the technical support the asset class has enjoyed most of the year. Oil prices retreated, causing energy to significantly underperform as most high yield industries ended in the red. In terms of quality, CCC bonds held up best as all rating tiers declined.

Treasury yields ended little changed from where they began. Negotiations over the size and scope of a "Phase 5" stimulus package showed few signs of progress, and investors appeared particularly concerned about the lack of additional aid for fiscally strained states and municipalities. The controversy over appointing a new Supreme Court Justice deepened worries that the two parties would fail to reach an agreement. The month's economic data generally pointed to a continuing but slowing recovery. August's inflation readings surprised on the upside, with core consumer prices rising 1.7% on a year-over-year basis, the fastest pace since March. Declines in weekly jobless claims stalled, although gauges of consumer confidence rose sharply. Fears over a second wave of the coronavirus in Europe as well as an uptick in cases in the U.S. seemed to weigh on markets late in the month.

High yield funds reported outflows totaling USD 4.3 billion. According to J.P. Morgan, new issuance declined month over month but remained strong as 77 bonds priced for USD 50.9 billion. Net issuance was considerably lower, however, as refinancing transactions accounted for 80% of the total volume, which helped companies lower financing costs and extend maturities. Four companies defaulted and one completed a distressed exchange, affecting USD 3.2 billion in bonds and loans. J.P. Morgan's par-weighted U.S. default rate ticked up to 5.80% from 5.77% in August.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized					30-Day SEC Yield
					Three Years	Five Years	Ten Years	Fifteen Years		
High Yield Fund	-1.12%	4.10%	-0.86%	1.41%	3.45%	5.92%	5.99%	6.42%	3.89%	
Credit Suisse High Yield Index	-0.76	4.91	-0.62	1.99	3.60	6.42	6.19	6.74	-	
J.P. Morgan Global High Yield Index	-0.75	4.90	-1.12	1.83	3.72	6.77	6.51	7.14	-	

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 1-800-638-7780 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

Effective April 1, 2016, Credit Suisse changed its methodology for calculating the performance of the Credit Suisse High Yield Index. The data in the table reflects the performance of the index using the new methodology.

The bonds in which the fund invests are at a much higher risk of default and tend to be more volatile than higher-rated bonds. Investors should note that if interest rates rise significantly from current levels, total returns will decline and may even turn negative in the short term. High yield bonds carry a greater default risk 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. For Sourcing Information, please see Additional Disclosures.

RISK RETURN CHARACTERISTICS

(Five Years ended September 30, 2020)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
High Yield Fund	7.68%	-0.12%	0.93	0.98	-0.39	0.61	1.26%
Credit Suisse High Yield Index	8.18	0.00	1.00	1.00	0.00	0.64	0.00
High Yield Fund	7.68	-0.25	0.89	0.98	-0.55	0.61	1.54
J.P. Morgan Global HY Index	8.51	0.00	1.00	1.00	0.00	0.65	0.00

Past performance is not a reliable indicator of future performance. Figures are calculated using monthly data and are net of fees.

TOP 10 ISSUERS

Comprising 16.4% of total net assets.

	Industry	% of Fund
Charter Communications Inc	Cable Operators	2.3%
Bausch Health Cos Inc	Health Care	2.2
Asurion LLC	Wireless Communications	1.8
Netflix Inc	Cable Operators	1.8
Intelsat Jackson Holdings SA	Satellites	1.7
Targa Resources Corp	Energy	1.4
Altice USA Inc	Cable Operators	1.3
Albertsons Cos Inc	Supermarkets	1.3
Occidental Petroleum Corp	Energy	1.3
NRG Energy Inc	Utilities	1.2

Issuers are as of the date indicated and are subject to change.

PORTFOLIO CHARACTERISTICS

	High Yield Fund	Credit Suisse High Yield Index	J.P. Morgan Global HY Index
Number of Holdings	559	1,348	1,722
Weighted Average Maturity	6.14 years	5.96 years	5.81 years
Modified Duration to Worst	3.18 years	3.10 years	3.62 years
Weighted Average Coupon	6.37%	6.34%	6.27%
Yield to Worst	5.53%	6.20%	6.57%
Percent of Portfolio in Cash	0.6%	-	-
Total Assets (all share classes)	8,724,885,934	-	-

INDUSTRY DIVERSIFICATION

	Energy	Cable Operators	Health Care	Services	Financial	Utilities	Metals & Mining	Gaming	Broad-casting	Info Tech	Other
High Yield Fund	11.5%	10.0%	7.4%	6.9%	6.5%	6.2%	4.8%	4.8%	4.7%	4.1%	32.6%
Credit Suisse High Yield Index	11.3	5.2	9.0	8.9	5.0	3.0	3.8	3.7	4.0	6.1	40.0
Over/Underweight	0.2	4.9	-1.6	-2.0	1.5	3.2	1.0	1.0	0.7	-2.0	-7.5
J.P. Morgan Global HY Index	12.3	4.6	7.7	7.4	7.4	3.5	5.0	3.7	3.3	5.1	40.0
Over/Underweight	-0.7	5.4	-0.3	-0.5	-0.9	2.7	-0.2	1.0	1.3	-1.0	-7.5

For Sourcing Information, please see Additional Disclosures.

CREDIT QUALITY DIVERSIFICATION

	BBB/BB & Abv	BB	BB/B	B	B/CCC	CCC & Below	Default	Equities	Not Rated	Short- Term
High Yield Fund	5.3%	26.1%	17.6%	27.6%	6.6%	10.2%	0.0%	3.7%	2.3%	0.6%
Credit Suisse High Yield Index	6.6	31.8	18.5	22.7	8.4	10.2	1.7	0.0	0.1	0.0
Over/Underweight	-1.3	-5.7	-0.8	4.9	-1.8	0.1	-1.7	3.7	2.2	0.6

MATURITY DIVERSIFICATION

	0-2 Years	2-4 Years	4-7 Years	7-10 Years	10+ Years
High Yield Fund	2.7%	14.4%	54.1%	23.9%	4.3%
Credit Suisse High Yield Index	5.1	18.0	52.9	20.0	4.0
Over/Underweight	-2.4	-3.6	1.2	3.9	0.3

Definitions

Duration is a calculation that seeks to measure the price sensitivity of a bond fund to changes in interest rates. In general, the longer the average duration, the greater the fund's sensitivity to interest rates. It is a better indicator of price sensitivity because it takes into account the time value of cash flows. Duration to worst is the duration of the bond computed using the bond's nearest call date or maturity, whichever comes first.

Additional Disclosures

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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.

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Source for Maturity Diversification: T Rowe Price.

"Other" includes any categories not explicitly mentioned.

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

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