



# T. Rowe Price

## PORTFOLIO UPDATE

# High Yield Fund

As of February 29, 2024



**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)*	0.80% (Gross) 0.70% (Net)
Fiscal Year End	May 31
12B-1 Fee	–

\*The Fund operates under a contractual expense limitation that expires on September 30, 2025.

## PERFORMANCE

(NAV, total return)

(NAV, total return)	Annualized									30-Day SEC Yield w/o Waiver <sup>o</sup>
	One Month	Three Months	Year-to-Date	One Year	Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield	
High Yield Fund	-0.17%	3.54%	-0.16%	10.37%	1.79%	3.80%	3.84%	8.07%	7.08%	6.99%
Credit Suisse High Yield Index	0.32	4.01	0.49	11.29	2.18	4.05	4.21	8.58	–	–
J.P. Morgan Global High Yield Index	0.62	4.50	1.04	11.91	2.20	4.20	4.44	9.08	–	–

The **1-, 5-, and 10-year** annualized returns as of **12/31/23** were **13.65%, 5.03% and 4.13%** for the fund. **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](https://www.troweprice.com).** 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.

<sup>o</sup>Excludes the effect of contractual expense limitation arrangements. If the expense waiver was not in effect for the 30-Day period shown, there may not be a difference in the 30-day SEC yields shown above.

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.

## MARKET COMMENTARY

High yield bonds marginally advanced in February as some favorable corporate earnings reports and solid equity performance with several benchmarks reaching all-time highs were supportive for the asset class. However, strong employment data and higher-than-expected inflation numbers caused investors to temper expectations for the start of Federal Reserve rate cuts that may have been overly optimistic. The CCC rating tier significantly outperformed higher qualities, and most below investment-grade industries generated positive returns.

The yield of the benchmark 10-year U.S. Treasury note increased from 3.99% to 4.25% by month-end. Data showed that employers had added 353,000 nonfarm jobs in January, nearly double consensus estimates, while gains in November and December were revised higher. There were some unwelcome inflation surprises, however. The Labor Department reported that consumer prices rose 0.3% in January, a tick above consensus expectations. It later revealed that producer prices, which are typically more volatile, had also increased 0.3% in January, the most in five months. The Commerce Department's core personal consumption expenditures (PCE) price index, considered the Fed's preferred inflation gauge, appeared to somewhat allay investors' concerns, coming in at 2.8% for the 12 months ended in January, in line with expectations. Fed Chair Jerome Powell said during a televised interview that "almost all" members of the central bank's rate-setting committee expect to cut rates this year. However, he pushed back against the market's expectations for an imminent reduction, saying "the danger of moving too soon is that the job's not quite done."

High yield funds reported a modest positive flow of USD 10 million in February. According to J.P. Morgan, issuance declined month over month as 38 bonds priced for USD 27.7 billion. Refinancing transactions accounted for 95% of the gross volume, resulting in the lowest net issuance since October 2022. J.P. Morgan's par-weighted default rate declined to 1.66% from 2.04% in January.

THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS, OR SUMMARY PROSPECTUS IF AVAILABLE.

**RISK RETURN CHARACTERISTICS**

(Five Years ended February 29, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
High Yield Fund	9.49%	-0.24%	1.01	0.99	-0.22	0.19	1.12%
Credit Suisse High Yield Index	9.37	0.00	1.00	1.00	0.00	0.22	0.00
High Yield Fund	9.49	-0.34	0.98	0.97	-0.25	0.19	1.61
J.P. Morgan Global HY Index	9.57	0.00	1.00	1.00	0.00	0.23	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 16.6% of total net assets.

	Industry	% of Fund
Charter Communications Inc	Cable Operators	2.0%
TransDigm Group Inc	Aerospace & Defense	2.0
Venture Global LNG Inc	Energy	1.8
Asurion LLC	Wireless Communications	1.8
UKG Inc	Services	1.7
Tenet Healthcare Corp	Health Care	1.5
Navient Corp	Financial	1.5
Rivian Automotive Inc	Automotives	1.5
HUB International Ltd	Financial	1.4
Carnival Corp	Entertainment & Leisure	1.4

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	434	1,276	1,648
Weighted Average Maturity	5.36 years	4.73 years	4.92 years
Modified Duration to Worst	3.50 years	3.47 years	3.62 years
Weighted Average Coupon	6.95%	6.11%	6.37%
Yield to Worst	7.98%	7.80%	8.07%
Percent of Portfolio in Cash	0.6%	–	–
Total Assets (all share classes)	7,089,116,310	–	–

**INDUSTRY DIVERSIFICATION**

	Energy	Finan- cial	Services	Health Care	Cable Opera- tors	Automotives	Info Tech	Enter- tain- ment & Leisure	Broad- casting	Gaming	Other
High Yield Fund	14.3%	10.0%	7.6%	7.5%	6.8%	6.1%	5.8%	5.1%	4.5%	4.3%	27.5%
Credit Suisse High Yield Index	12.7	7.1	8.4	8.8	4.4	3.7	6.3	3.0	0.0	3.3	42.3
<b>Over/Underweight</b>	<b>1.6</b>	<b>2.9</b>	<b>-0.8</b>	<b>-1.3</b>	<b>2.4</b>	<b>2.4</b>	<b>-0.5</b>	<b>2.1</b>	<b>4.5</b>	<b>0.9</b>	<b>-14.8</b>
J.P. Morgan Global HY Index	14.4	8.1	7.5	7.4	4.1	3.2	6.2	2.6	0.0	3.2	43.3
<b>Over/Underweight</b>	<b>-0.2</b>	<b>1.9</b>	<b>0.1</b>	<b>0.1</b>	<b>2.7</b>	<b>2.8</b>	<b>-0.4</b>	<b>2.6</b>	<b>4.5</b>	<b>1.1</b>	<b>-15.8</b>

**CREDIT QUALITY DIVERSIFICATION**

	BBB/BB & Abv	BB	BB/B	B	B/CCC	CCC & Below	Default	Equities	Not Rated	Short- Term
High Yield Fund	4.6%	26.1%	22.3%	27.6%	5.2%	10.2%	0.0%	1.0%	2.6%	0.5%
Credit Suisse High Yield Index	4.3	30.3	26.9	24.1	5.5	8.3	0.6	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>0.3</b>	<b>-4.2</b>	<b>-4.6</b>	<b>3.5</b>	<b>-0.3</b>	<b>1.9</b>	<b>-0.6</b>	<b>1.0</b>	<b>2.6</b>	<b>0.5</b>

**MATURITY DIVERSIFICATION**

	0-2 Years	2-4 Years	4-7 Years	7-10 Years	10+ Years
High Yield Fund	2.2%	24.2%	57.6%	13.0%	2.4%
Credit Suisse High Yield Index	9.2	29.0	51.7	8.7	1.4
<b>Over/Underweight</b>	<b>-7.0</b>	<b>-4.8</b>	<b>5.8</b>	<b>4.3</b>	<b>1.0</b>

**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**

**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](http://troweprice.com). Read it carefully.**

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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.

Credit ratings for the securities held in the Fund are provided by Moody's and Standard & Poor's and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. 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 Fund is not rated by any agency.

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Source for Maturity Diversification: T Rowe Price.

"Other" includes any categories not explicitly mentioned.

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.

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