



T. Rowe Price

PORTFOLIO UPDATE

Institutional High Yield Fund

As of March 31, 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	TRHYX
CUSIP	77958B204
Inception Date of Fund	May 31, 2002
Benchmark	J.P. Morgan Global HY Index
Expense Information (as of the most recent Prospectus)	0.50%
Fiscal Year End	May 31
12B-1 Fee	–

PERFORMANCE

(NAV, total return)

	One Month	Three Months	One Year	Annualized				30-Day SEC Yield
				Three Years	Five Years	Ten Years	Fifteen Years	
Institutional High Yield Fund	0.95%	0.86%	10.78%	2.18%	3.98%	4.09%	7.92%	7.21%
J.P. Morgan Global High Yield Index	1.20	2.24	11.89	2.53	4.25	4.53	9.01	–

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.

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 traded higher alongside equities in March amid growing confidence that the Federal Reserve would cut interest rates later in the year despite mixed growth and inflation signals. The below investment-grade market appeared to view persistent inflation pressures as manageable, while the asset class's technical conditions of healthy cash balances and modest net issuance prompted investors to view bouts of weakness as buying opportunities. Returns across the ratings spectrum were positive, and nearly all high yield industries posted gains.

The yield of the benchmark 10-year U.S. Treasury note decreased from 4.25% to 4.20% by month-end. The Labor Department reported that core (less food and energy) prices had increased 0.36% in February, slightly less than the previous month but above expectations. Some signs of cooling in the labor market and elsewhere in the economy may have reassured investors about inflation and interest rates. Although the nonfarm payroll report for February looked strong at the headline level with job growth exceeding expectations at 275,000, the gains stemmed almost entirely from part-time employment. The Labor Department later reported that the unemployment rate had risen to 3.9% in February, its highest level in over two years. The Fed's mid-month policy meeting revealed that policymakers still expect three rate cuts in 2024. In a press conference widely regarded as dovish, Fed Chair Jerome Powell expressed conviction that rate cuts will be delivered this year despite hotter-than-expected inflation reports in January and February, which Powell said, "haven't really changed the overall story."

High yield funds reported a negative flow of USD 815 million in March, although calls, coupon payments, and tenders during the period added significant cash to the market. According to J.P. Morgan, 40 bonds priced for USD 28.3 billion, but refinancing transactions accounted for 72% of the gross volume. J.P. Morgan's par-weighted default rate ticked higher to 1.67% from 1.66% in February.

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

RISK RETURN CHARACTERISTICS

(Five Years ended March 31, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Institutional High Yield Fund	9.56%	-0.22%	0.98	0.97	-0.17	0.20	1.60%
J.P. Morgan Global HY Index	9.58	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 16.5% 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	1.9
Asurion LLC	Wireless Communications	1.7
UKG Inc	Services	1.7
Tenet Healthcare Corp	Health Care	1.5
HUB International Ltd	Financial	1.5
Rivian Automotive Inc	Automotives	1.4
Navient Corp	Financial	1.4
Vistra Corp	Utilities	1.4

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

PORTFOLIO CHARACTERISTICS

	Institutional High Yield Fund	J.P. Morgan Global HY Index
Number of Holdings	433	1,652
Weighted Average Maturity	5.39 years	4.94 years
Modified Duration to Worst	3.40 years	3.58 years
Weighted Average Coupon	7.05%	6.38%
Yield to Worst	7.82%	7.89%
Percent of Portfolio in Cash	1.2%	–
Total Assets (all share classes)	1,744,459,184	–

INDUSTRY DIVERSIFICATION

	Energy	Finan- cial	Health Care	Services	Cable Opera- tors	Info Tech	Automotives	Enter- tain- ment & Leisure	Gaming	Utilities	Other
Institutional High Yield Fund	13.9%	10.7%	7.7%	7.5%	6.1%	6.1%	5.6%	5.0%	4.4%	4.4%	27.5%
J.P. Morgan Global HY Index	14.2	8.4	7.5	7.5	4.0	6.2	3.3	2.5	3.1	3.2	40.2
Over/Underweight	-0.3	2.3	0.3	0.0	2.1	-0.1	2.3	2.5	1.3	1.2	-12.7

CREDIT QUALITY DIVERSIFICATION

	BBB/BB & Abv	BB	BB/B	B	B/CCC	CCC & Below	Default	Equities	Not Rated	Short- Term
Institutional High Yield Fund	3.1%	26.1%	22.7%	27.4%	5.5%	10.4%	0.0%	1.0%	2.8%	1.1%
J.P. Morgan Global HY Index	2.2	34.7	16.6	29.9	4.8	9.7	0.8	0.0	1.4	0.0
Over/Underweight	0.9	-8.6	6.1	-2.5	0.6	0.7	-0.8	1.0	1.5	1.1

MATURITY DIVERSIFICATION

	0-2 Years	2-4 Years	4-7 Years	7-10 Years	10+ Years
Institutional High Yield Fund	3.3%	22.3%	57.6%	13.4%	2.1%
J.P. Morgan Global HY Index	8.1	27.9	51.1	11.1	1.8
Over/Underweight	-4.9	-5.5	6.5	2.3	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

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.

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 2024, J.P. Morgan Chase & Co. All rights reserved.

Copyright © 2024, 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.

Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

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. U.S. Government Agency securities, if any, may include conventional pass-through securities and collateralized mortgage obligations. This category may include rated and unrated securities.

© 2024, 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.

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.

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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.

© 2024 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.

T. Rowe Price Investment Services, Inc., Distributor.

2017-US-132223 202404-3473899