



QUARTERLY REVIEW

U.S. High Yield Fund — Multi-Class¹

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the ICE BofA US High Yield Constrained Index for the three-month period ended December 31, 2023.

Relative performance drivers:

- In aggregate, credit selection and quality tier positioning detracted, as did industry allocation.
- Our strong security selection among BBs was offset by our overweight allocation and credit selection in the CCC rating tier.
- On an industry basis, our strongest gains were generated in the leisure, consumer goods, and telecommunications segments. Conversely, the capital goods, technology and electronics, and basic industry segments produced the portfolio's weakest results.

Additional highlights:

- The high yield market rallied significantly in November and December amid resilient economic data, a continued hold by the Federal Reserve, declining treasury yields, and positive equity market returns. Additionally, signs of slowing inflation and more dovish Fed rhetoric led to a positive shift in sentiment.
- Unlike some of the low-coupon pandemic-era bonds that are available in the secondary market, we recently found some compelling opportunities in select BBs with favorable bond structures and attractive coupons via the new issue market.
- We believe that a strong income cushion and the potential for a continued decline in Treasury yields in 2024 should offset the impact of widening spreads, and we remain constructive on the high yield asset class overall.

FUND INFORMATION

Symbol	TUHYX
Inception Date of Fund ¹	April 30, 2013
Benchmark	ICE BofA US HY Constrained Index
Expense Information (as of the most recent Prospectus)*	0.87% (Gross) 0.75% (Net)
Fiscal Year End	May 31
12B-1 Fee	—
Total Assets (all share classes)	\$458,944,608
Percent of Portfolio in Cash	5.40%

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

PERFORMANCE²

(NAV, total return)

	Inception Date	Three Months	One Year	Three Years	Five Years	Ten Years	Since Inception	30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^c
U.S. High Yield Fund	May 19 2017	5.61%	14.12%	0.66%	4.83%	—	3.62%	8.22%	8.14%
U.S. High Yield Fund — Advisor Class	Apr 30 2013	5.57	13.96	0.50	4.67	4.42	4.73	8.07	7.87
U.S. High Yield Fund — I Class	Apr 30 2013	5.54	14.32	0.78	4.96	4.70	5.01	8.36	8.30
ICE BofA US High Yield Constrained Index	—	7.07	13.47	2.01	5.19	4.51	4.46	—	—

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. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The Advisor Class must be purchased through an eligible financial intermediary and requires an agreement between the financial intermediary and T. Rowe Price to be executed prior to investment.

^cExcludes 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.

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. The Fund is subject to risks of fixed income investing, including interest rate risk and credit risk. High-yield bonds carry a greater default risk than higher-rated bonds, as well as liquidity risk.

¹ The T. Rowe Price US High Yield Fund ("Fund") commenced operations on May 19, 2017. At that time, the Fund received all of the assets and liabilities of the Henderson High Yield Opportunities Fund (the "Predecessor Fund") and adopted its performance and accounting history. The Fund and the Predecessor Fund have substantially similar investment objectives and strategies. The Predecessor Fund was managed by the same portfolio manager as the Fund.

² The Fund commenced operations on May 19, 2017. Performance for the Investor and Advisor Classes prior to that date reflects the performance of the Class A of the Predecessor Fund. Performance for the I Class prior to that date reflects the performance of the Class I of the Predecessor Fund. Predecessor Fund performance reflects its actual operating expense at the time and was not adjusted to reflect the impact of the Fund's current fees. Since Inception returns are shown from the inception date of the Predecessor Fund, April 30, 2013.

CALENDAR YEAR PERFORMANCE¹

(NAV, total return)

	Inception Date	2015	2016	2017	2018	2019	2020	2021	2022	2023
U.S. High Yield Fund	May 19 2017	-1.87%	16.09%	8.76%	-3.82%	16.04%	6.97%	4.82%	-14.73%	14.12%
U.S. High Yield Fund – Advisor Class	Apr 30 2013	-1.87	16.09	8.63	-4.07	15.88	6.81	4.66	-14.88	13.96
U.S. High Yield Fund – I Class	Apr 30 2013	-1.68	16.38	8.99	-3.71	16.14	7.14	4.98	-14.72	14.32
ICE BofA US High Yield Constrained Index	–	-4.61	17.49	7.48	-2.27	14.41	6.07	5.35	-11.21	13.47

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¹ The Fund commenced operations on May 19, 2017. Performance for the Investor and Advisor Classes prior to that date reflects the performance of the Class A of the Predecessor Fund. Performance for the I Class prior to that date reflects the performance of the Class I of the Predecessor Fund.

Predecessor Fund performance reflects its actual operating expense at the time and was not adjusted to reflect the impact of the Fund's current fees.

PERFORMANCE REVIEW

Market Review

As measured by the ICE BofA US High Yield Constrained Index, the U.S. high yield market returned 7.07% in the fourth quarter of 2023.

After reaching its highest levels since 2007, the yield on the benchmark 10-year U.S. Treasury note plunged 71 basis points to 3.88% over the quarter, providing a general boost to most bond prices. The period started on a weak note, as investors appeared to worry that interest rates would remain “higher for longer” due to unforeseen strength in the economy. While surveys indicated that consumers remained pessimistic about economic conditions, wage gains outpaced inflation in September, and job gains surpassed expectations by a wide margin.

Encouraging inflation data in November appeared to help markets engineer a turnaround. Headline consumer inflation was flat in October, and core (less food and energy) prices rose 0.2%, bringing the year-over-year increase to 4.0%, the slowest pace in two years. On the final day of the month, the Commerce Department reported that the Federal Reserve’s preferred inflation gauge, the core personal consumption expenditures (PCE) price index, had risen at an annual rate of 1.9% (just below the Fed’s 2% inflation target) in October. Over the previous six months, core PCE was running at an annualized rate of 2.5%.

The quarter brought some signals of weakening in the tight labor market, dampening one major concern of policymakers. The unemployment rate ended the quarter where it began, at 3.7% and weekly jobless claims remained contained, but continuing claims hit their highest level in two years. The number of people leaving their jobs voluntarily also fell to its lowest rate since January 2021, indicating less competition for workers.

Fed officials’ reaction to the data seemed to help markets retain their momentum into the end of the year. Following their final policy meeting of 2023 on December 12–13, officials left rates unchanged, as expected, but the quarterly “dot plot” summarizing individual policymakers’ rate expectations indicated that the median projection was for 75 basis points of rate cuts in 2024, up from the 50 basis points of easing in their previous projection.

High yield primary market activity remained relatively strong during the fourth quarter. The market saw USD 42.1 billion of new issuance, bringing full-year gross new issuance to USD 176 billion, which was primarily driven by refinancing activity. The J.P. Morgan trailing 12-month default rate including distressed exchanges ended the year at 2.84%, compared with 1.65% at the end of 2022, although it remained below the historical average of 3.2%. We expect defaults to continue trending higher toward their long-term average.

Quality Tier Positioning Contributed in Aggregate

During the fourth quarter BB rated bonds outpaced CCCs, which outperformed the B rating tier. Our positioning across the ratings spectrum detracted from performance as our overweight to, and security selection within, CCCs (driven by just two or three names) offset the strong security selection within BBs. Our allocation to cash, which is necessary for portfolio liquidity, was also a drag on relative results during the very strong period for high yield bond performance.

Credit Selection Within Industries Aided Performance

Credit selection weighed on relative results in aggregate. The portfolio’s top relative performance contributors for the period included Carnival Corporation, the largest global cruise company; global communications company Viasat; and British multinational automobile manufacturer Jaguar Land Rover. The portfolio’s relative performance detractors for the period included rigid packaging company Ardagh Group; CommScope, a network infrastructure provider; and GrafTech, which researches, develops, manufactures, and sells graphite and carbon-based products worldwide.

Our allocations across industries modestly detracted in aggregate. Our strongest gains were generated in the leisure, consumer goods, and telecommunications segments. Conversely, the capital goods, technology and electronics, and basic industry segments produced the portfolio’s weakest results.

Portfolio Positioning and Activity

After a strong 2023, our expectation is for more income-like returns in 2024. As such, we have aimed to position the portfolio with a bit of a spread and yield advantage, which should provide greater opportunities to outperform.

At the end of the reporting period, our duration positioning was roughly in line with that of the index. We typically do not make active duration bets, rather, this positioning is a function of our bottom-up fundamental credit selection and positioning by credit rating.

Our current bank loan allocation is approximately 7%. Bank loans outperformed high yield bonds for most of 2023, however, high yield surpassed bank loans in December to end the year with slightly higher returns overall. We continue to review opportunities in loans alongside bonds on a credit-by-credit basis.

Focus On Resilient Credits

In terms of industry allocation, our largest industry overweights are currently in the energy, financial services, and consumer goods segments. Within energy, our bias is toward the midstream (gas distribution) subsector, which offers limited commodity exposure as operating margins are fee based, with the potential to provide a stable earnings profile. We will likely look to reduce our overweight to energy as we move into 2024 and as out-of-sector opportunities present themselves. This is more valuation driven as credits within the sector remain in a very strong position overall.

Our largest industry underweights include health care, media, and technology and electronics, reflecting our view that these segments generally provide less value relative to other segments of the high yield market. Our health care underweight, for example, is not a macro call but rather driven by views of individual credits. Many of the industry’s higher-quality names trade tight and offer very low current yields, which we find unattractive. We continue to avoid names that we believe may need to engage in liability-management exercises since those outcomes are difficult to predict.

Improved Overall Quality Positioning

We significantly increased the fund’s overall quality over the past two years (reducing our overweight to CCCs and our underweight to BBs) and we continue to look for opportunities to do so at the margin. Unlike the low-coupon pandemic-era bonds that are available in the secondary market, we recently found some compelling opportunities in select BBs with favorable bond structures and attractive coupons via the new issue market.

Manager's Outlook

Given the high yield asset class's strong double-digit recovery that we saw in 2023, we expect 2024 to be more of an income-type return year. That said, the income opportunity in high yield continues to look attractive as the Federal Reserve's rate-hiking campaign pumped yield back into fixed income markets. Though off recent highs, the yield-to-worst on our index still ended the year at ~7.5%–8%, which is attractive relative to the last decade. We believe high yield bonds can offer a compelling alternative to equities in today's environment. At current levels, spreads look a bit tight, and we would expect them to widen somewhat from here. However, we believe that a strong income cushion and the potential for a continued decline in Treasury yields in 2024 should offset the impact of widening spreads, and we remain constructive on the asset class overall.

While defaults remain below their historical average, they have risen over the past year. We expect defaults to continue trending higher in this continued slow-burn credit cycle as more companies feel the impact of higher rates. That said, we anticipate a mean reversion toward long-term averages rather than a major spike in defaults.

While 2025–2027 maturity walls have been a focus in our market over the past year, more accommodative capital market conditions in recent months have spurred a fresh wave of refinancing activity, which has enabled companies to start chipping away at these maturities. We believe this trend will continue and are therefore less concerned about these maturity walls heading into 2024—though we continue to monitor this as we review individual credits. Slowing growth and the impact of higher rates could lead to increased performance dispersion, which should create opportunities for active managers like us.

We continue to view high yield as a strategic long-term investment and a mainstay allocation in a diversified portfolio. History has demonstrated that much of the asset class's long-term value can be realized simply by staying invested and taking advantage of the compounding effect of regular coupon payments. Credit selection remains the cornerstone of our investment process and portfolio construction. We expect it to remain the primary driver of alpha in the year ahead as it has been for us over the long term. Opportunities still exist in names that can adapt to a higher-cost regime and have levers to manage through the ongoing slow-burn credit cycle.

Organizational Update

The following investment team changes occurred during the quarter:

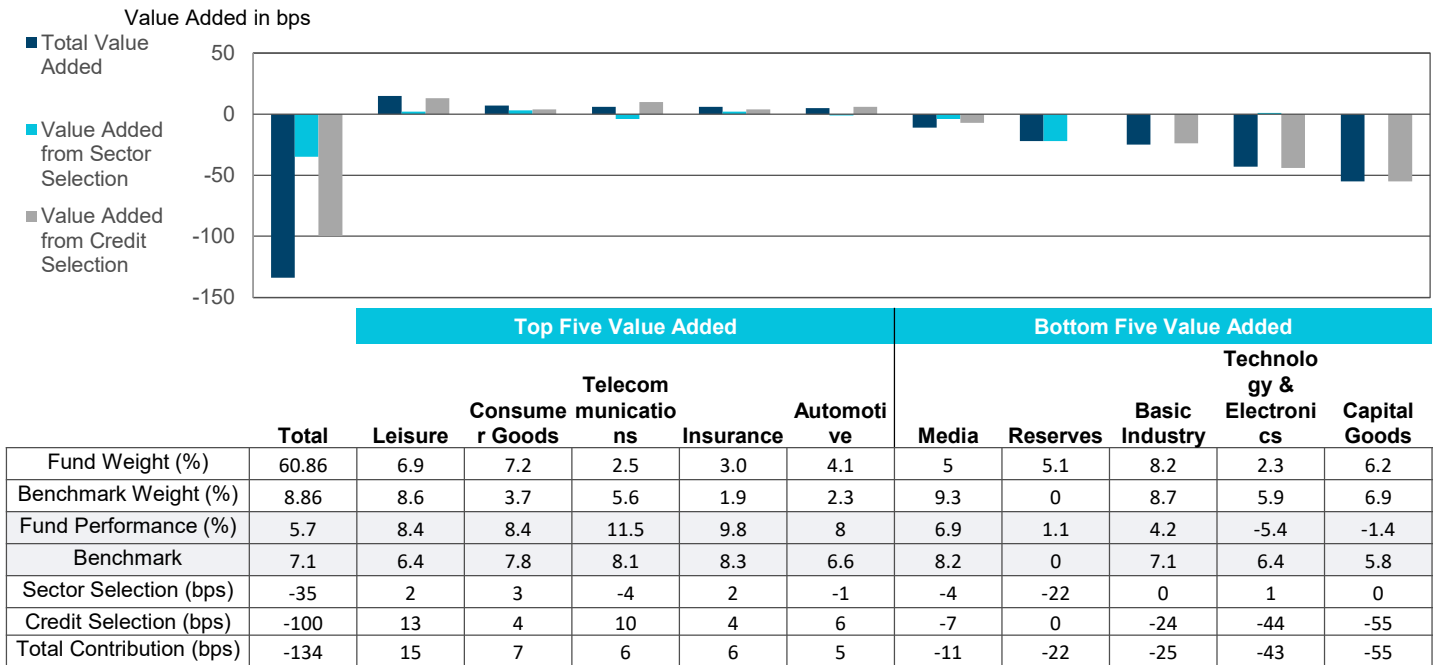
Additions: None

Departure: None

QUARTERLY ATTRIBUTION

INDUSTRY ATTRIBUTION VS. ICE BOFA US HIGH YIELD CONSTRAINED INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

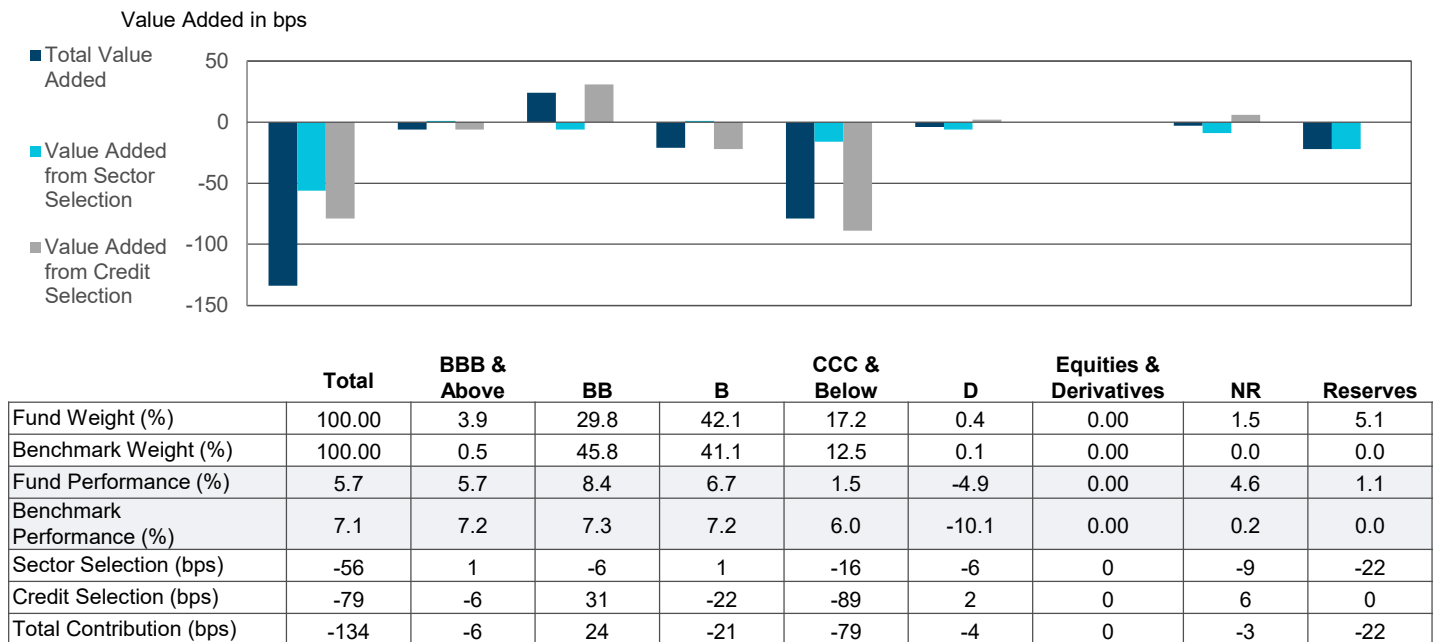
(3 months ended December 31, 2023)



Past performance is not reliable indicator of future performance. Industry classification was determined by BofA/Merrill Lynch. Performance for each security is obtained in the currency in which it is issued and, if necessary, is converted using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees. Performance returns are in USD.

CREDIT QUALITY ATTRIBUTION VS. ICE BOFA US HIGH YIELD CONSTRAINED INDEX

(3 months ended December 31, 2023)

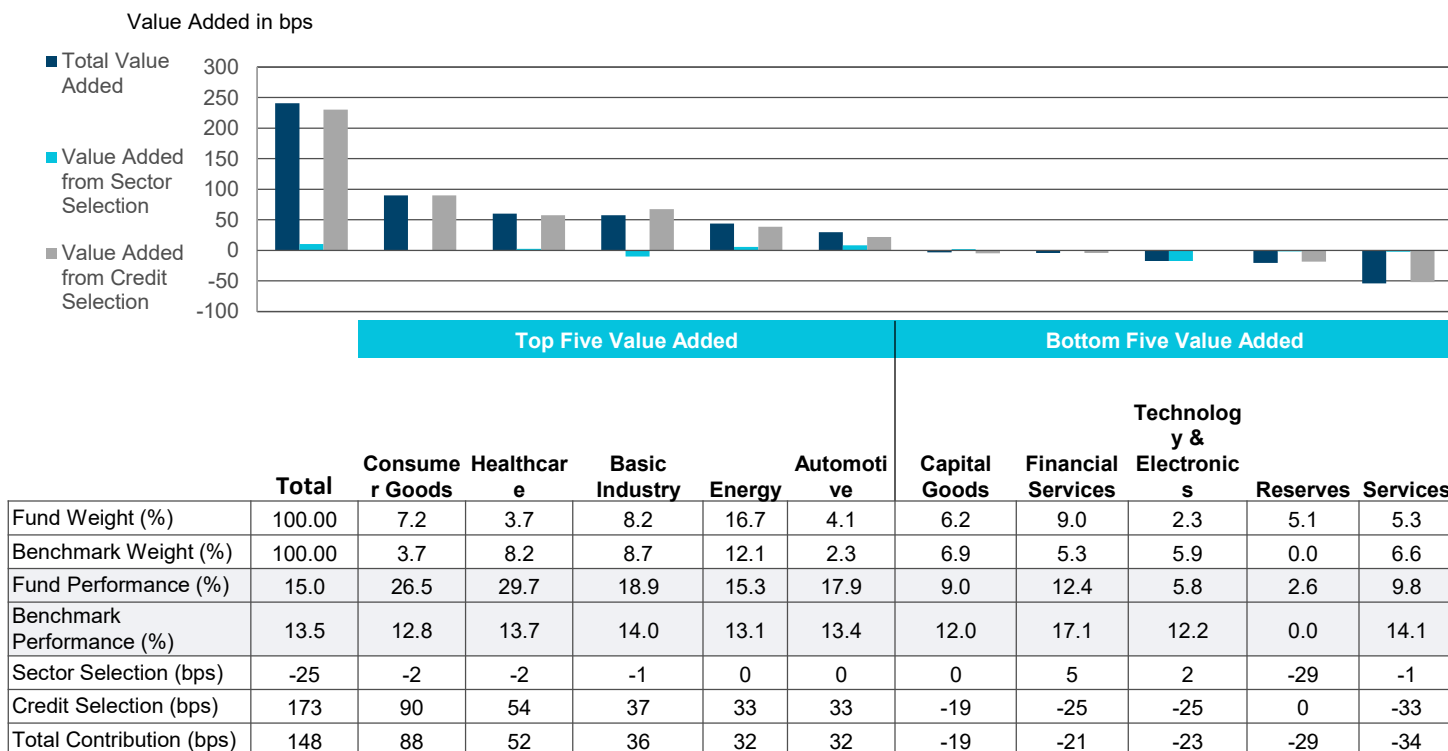


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12-MONTH ATTRIBUTION

INDUSTRY ATTRIBUTION VS. ICE BOFA US HIGH YIELD CONSTRAINED INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

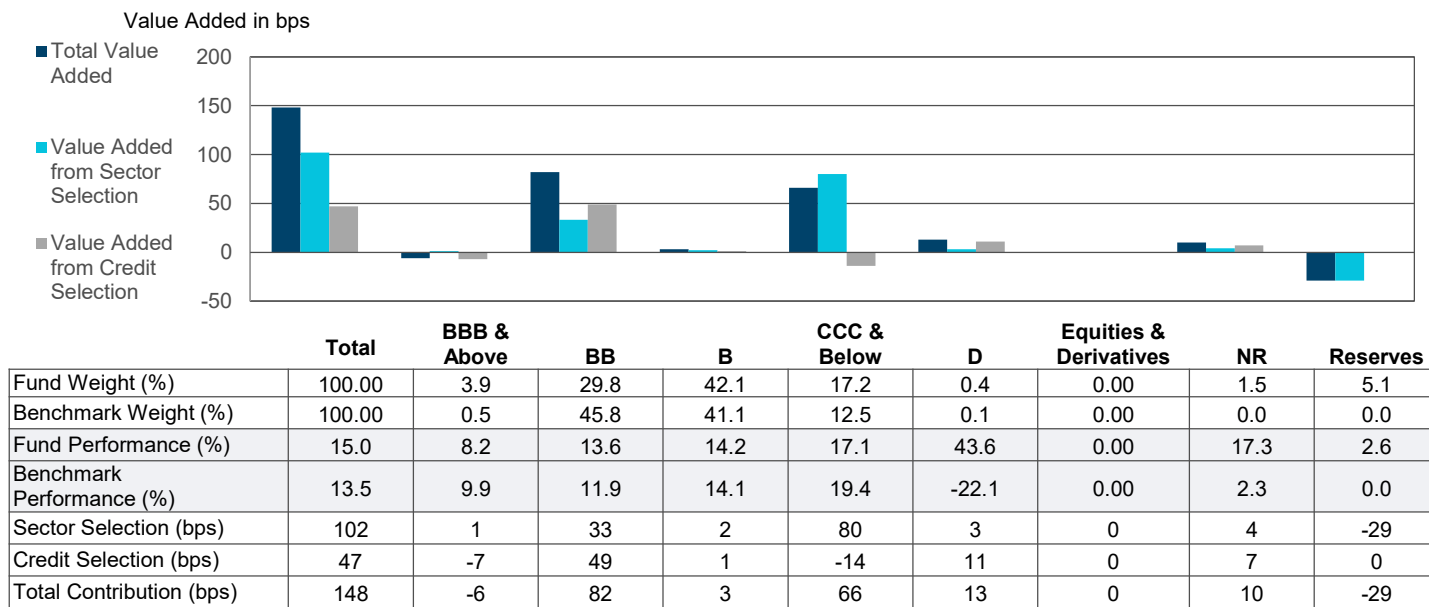
(12 months ended December 31, 2023)



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CREDIT QUALITY ATTRIBUTION VS. ICE BOFA US HIGH YIELD CONSTRAINED INDEX

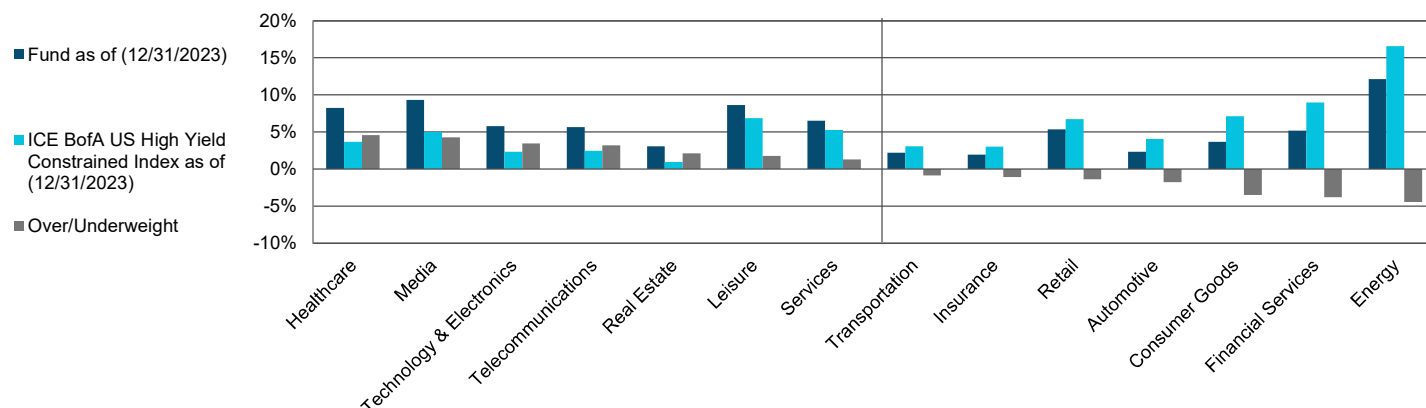
(12 months ended December 31, 2023)



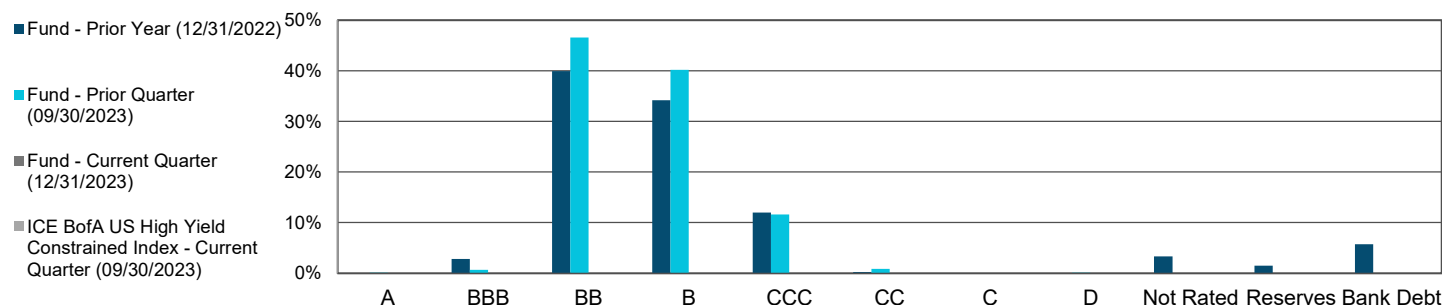
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PORTFOLIO POSITIONING

SIGNIFICANT OVER/UNDERWEIGHT SECTORS



CREDIT QUALITY DIVERSIFICATION—CHANGES OVER TIME



HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
Carnival	Leisure	2.46
LSF9 Atlantis Holdings LLC / Victra Finance	Retail	1.89
Sigma Holdco BV	Consumer Goods	1.59
Sabre GLBL	Services	1.43
Talen Energy Supply	Utility	1.35
Coty Inc/HFC Prestige Products Inc/HFC Prestige International US	Consumer Goods	1.32
White Cap Parent	Basic Industry	1.28
Osaic Holdings	Financial Services	1.27
American Airlines Inc/AAdvantage Loyalty IP	Transportation	1.27
Caesars Entertainment	Leisure	1.27

FUND INFORMATION

	U.S. High Yield Fund	U.S. High Yield Fund – Advisor Class	U.S. High Yield Fund – I Class
Symbol	TUHYX	TUHAX	TUHIX
Expense Information*	0.87% (Gross) 0.75% (Net)	1.08% (Gross) 0.90% (Net)	0.69% (Gross) 0.61% (Net)
Fiscal Year End Date	May 31	May 31	May 31
12b-1 Fee	–	0.25%	

The expense ratios shown are as of the fund's most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee.

*The fund operates under a contractual expense limitation that expires September 30, 2025.

PORTFOLIO MANAGEMENT**Portfolio Manager:**

Kevin Loome

Managed Fund Since:

2013

Joined Firm:

2017

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.

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