T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

Institutional High Yield Fund

As of June 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio marginally underperformed the J.P. Morgan Global High Yield Index for the three-month period ended June 30, 2020.

Relative performance drivers:
- Credit selection in energy was the top contributor to relative performance.
- Security selection in the gaming and lodging and broadcasting segments aided relative results.
- Credit selection and our overweight allocations in defensive industries weighed on relative performance.

Additional highlights:
- When several issuers with sound fundamental credit stories came to the market to strengthen their balance sheets, we seized the opportunity to invest in these names at attractive prices.
- We believe potential gains that can be captured on a spread basis still exist, although overall uncertainty in the economic environment and the trajectory of the global health crisis throughout the rest of the year and beyond remain important considerations.

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	–
Total Assets (all share classes)	$1,566,067,643
Percent of Portfolio in Cash	-1.2%

PERFORMANCE

(NAV, total return)

				Annualized				
	Three Months	**Year-to-Date**	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Fifteen Years**	**30-Day SEC Yield**
Institutional High Yield Fund	10.12%	-4.88%	-0.69%	2.89%	4.18%	6.36%	6.44%	5.05%
J.P. Morgan Global High Yield Index	10.82	-5.74	-1.87	2.84	4.61	6.66	6.88	–
Lipper High Yield Funds Average	8.86	-5.05	-1.64	2.23	3.48	5.53	5.53	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Institutional High Yield Fund	May 31 2002	14.69%	3.49%	14.76%	8.52%	2.27%	-3.87%	15.89%	7.68%	-3.13%	14.92%
J.P. Morgan Global High Yield Index		15.05	5.73	16.21	7.42	1.67	-4.25	18.27	8.28	-2.37	14.59
Lipper High Yield Funds Average		14.24	2.80	14.67	6.82	1.00	-4.09	13.27	6.58	-2.84	13.63

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.
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.

PERFORMANCE REVIEW

Market Review

The high yield market returned 10.82% for the three-month period ended June 30, 2020, according to the J.P. Morgan Global High Yield Index.

Progress in the battle against the coronavirus benefited financial markets early in the quarter, with infection rates, hospitalizations, and deaths beginning to decline in early April in New York and other hard-hit areas. The turnaround encouraged the nation's governors to begin the gradual reopening of businesses and public facilities, while many major firms resumed manufacturing operation in late April. After declining for several weeks, however, the national number of daily diagnosed new cases began to climb in June and reached new highs by the end of the period, prompting governors in several states to announce either reversals or delays in reopening plans.

Throughout the quarter, markets appeared to react to reports of progress in developing treatments and a vaccine for the coronavirus. In June, a major study showing that a common steroid drug helped save lives in serious cases of the virus buoyed investor sentiment, as it marked the first time a treatment had a verifiable impact on reducing the fatality rate. Anthony Fauci, the nation's top infectious diseases official, later told a congressional committee that a vaccine was a matter of "when and not if" and that he was "cautiously optimistic" that one would arrive by the end of the year.

Treasury yields ended the quarter little changed from where they began. The yield on the benchmark 10-year note ended at 0.66% compared with 0.70% at the beginning of the period. Investors welcomed continued efforts by the Federal Reserve and the federal government to support the U.S. economy. In early April, the central bank promised up to USD 2.3 trillion in loans to smaller businesses and municipalities and announced that it would include eligible fallen angels and high yield exchange-traded funds (ETFs) as part of its Term Asset-Backed Securities Lending Facility (TALF) and other emergency lending programs. In mid-June, the Fed decided to augment its purchases of ETFs by starting to buy a broad portfolio of U.S. corporate bonds.

The overall tone of economic data improved throughout the quarter and appeared to help offset coronavirus fears. May's employment report was particularly encouraging as data showed that employers added back 2.5 million positions, defying consensus expectations for a decline of around 8 million jobs. Instead of rising to nearly 20% as forecast, the unemployment rate dropped to 13.3% from 14.7%. Retail sales also rebounded in May, and several indicators suggested a recovery in manufacturing. Escalating tensions with China resulted in periodic volatility and may have restrained the quarter's gains. However, President Donald Trump helped allay investors' fears in June as he reaffirmed his support for the phase one trade agreement.

Technical conditions in the high yield bond market were broadly supportive during the second quarter. The asset class experienced a record inflow of USD 47.3 billion and received additional support from multi-sector, investment grade, and equity investors, which helped offset robust new issuance. Specifically, the volume of gross and net issuance reached all-time highs of USD 145.5 billion and USD 75.5 billion, respectively. The majority of the quarter's issuance was concentrated in energy and other market segments significantly impacted by the pandemic, such as gaming and automotive.

The J.P. Morgan par-weighted default rate ended the quarter at a 10-year high of 6.19% compared with 3.35% in March and 2.63% at the end of 2019. Industry strategists have provided base case default rate forecasts ranging from 8%-10% this year, an increase from the previous forecast of 3% at the end of 2019. However, the more Draconian estimates have declined due to fiscal and monetary support and as economic data started to inflect.

Energy Segment Made Notable Contribution

Credit selection in energy was the top contributor to relative performance. Within the industry, we generally avoided distressed names in favor of issuers with larger asset bases and more durable business models. Additionally, we maintain an overweight to large, diversified, and well-capitalized midstream companies that tend to have contractual-based revenue models and to high-quality exploration and production (E&P) names. Targa Resources, a midstream energy company that is one of the nation's largest providers of natural gas and natural gas liquids, was a notable contributor within the energy segment. The company recently took several credit-friendly actions intended to shore up its balance sheet and preserve liquidity in what could be a prolonged difficult operating environment.

Gaming Industry Aided Performance

Security selection in the gaming and lodging segment benefited, partly due to Scientific Games, a global leader in the gaming and lottery industries. The company's lottery and social gaming segments are fairly steady businesses, and lottery revenues are expected to rebound quickly as quarantines are lifted.

Broadcasting Industry Benefited

Credit selection in broadcasting contributed to relative results, partly due to advertising and marketing holding company MDC Partners. These bonds rallied near the end of the period after Stagwell Group, a marketing and communications firm, proposed a merger with MDC via an all-stock deal, which was a meaningful credit-positive development.

Defensive Positioning Weighed

Cable operators and utilities made a meaningful contribution to performance in the first quarter. However, security selection and our overweight allocations in these defensive segments weighed on relative performance in the second quarter as lower-quality and more speculative credits drove the high yield market's gains in May and June.

The portfolio's reserves allocation, which is necessary for liquidity purposes, was a notable relative performance detractor amid risk-on sentiment as the high yield market rebounded from March volatility.

Entertainment and Leisure Segment Detracted

Credit selection in the entertainment and leisure space weighed on relative results, partly due to AMC Entertainment, the world's largest movie theater chain. Its business was secularly challenged before the coronavirus outbreak as attendance has slowly declined over the last several years. The company was overleveraged, and the pandemic significantly disrupted its operations due to the mandated shutdown of crowded public venues, including movie theaters.

PORTFOLIO POSITIONING AND ACTIVITY

Our risk-aware and defensive positioning aided relative performance in April as the high yield market rebounded from March volatility. This recovery was led by issuers and sectors that exhibited strong fundamentals, such as higher-quality credits and defensive sectors like cable operators and utilities. In contrast, the impressive gains in May and June were led by the market's more speculative credits, many of which recovered from severely stressed levels after having sold off in March due to their exposure to the pandemic or commodity prices. Therefore, our defensive and higher-quality positioning was a headwind to relative performance as lower-quality and more speculative credits drove performance.

Selectively Participated in New Deals
As part of our fundamental research, we worked to determine which companies in our market could survive the unsettled environment created by the pandemic by introducing zero revenue scenarios into our models. When several issuers with sound fundamental credit stories came to the market to strengthen their balance sheets, we seized the opportunity to invest in these names at attractive prices. For example, we increased the fund's lodging exposure by participating in new deals from Marriott International and Hilton. In the entertainment and leisure space, we purchased secured bonds from amusement park companies Six Flags Entertainment and Cedar Fair.

Attractive Opportunities in Fallen Angels
We augmented our holdings in the energy and automotive segments by investing in fallen angels. Specifically, we purchased U.S. E&P companies Occidental Petroleum and Hess, and we added Ford Motor Company as we believed these credits presented compelling opportunities.

Financials Positioning Adjusted
In the financials segment, we used the recovery during the period as an opportunity to eliminate the portfolio's holdings of Additional Tier 1 (AT1) securities issued by European banks. We were concerned that the global pandemic and the shuttering of many businesses could cause financial institutions to experience a large accrual of bad debt. These considerations along with the subordinated status of AT1 securities prompted us to exit these investments.

MANAGER'S OUTLOOK

History tells us that at today's spread levels, forward returns have typically been rewarding for high yield investors. Robust positive flows to the asset class have provided technical support, buoyed secondary market prices, and created strong interest in new issues. The higher-quality portions of our market have recovered quickly, and spreads have nearly returned to pre-virus levels. However, the recovery has yet to gain traction marketwide, and spreads remain elevated in some segments, such as low-quality energy, where we expect increased default activity.

As the fallout from the pandemic and the impact of business disruptions begin to be reflected in corporate earnings, there will likely be another round of volatility, which should provide further opportunities to invest at attractive prices. We believe potential gains that can be captured on a spread basis still exist, although overall uncertainty in the economic environment and the trajectory of the global health crisis throughout the rest of the year and beyond remain important considerations.

As always, we aim to deliver high current income while seeking to contain the volatility inherent in this market. Our team maintains a commitment to credit research and risk-conscious investing that has led to favorable returns for our high yield clients over various market cycles.

ORGANIZATIONAL UPDATE

The following investment team changes occurred during the quarter:
Departure: Christopher Schubert, Trader

QUARTERLY ATTRIBUTION

INDUSTRY ATTRIBUTION VS. J.P. MORGAN GLOBAL HIGH YIELD INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended June 30, 2020)

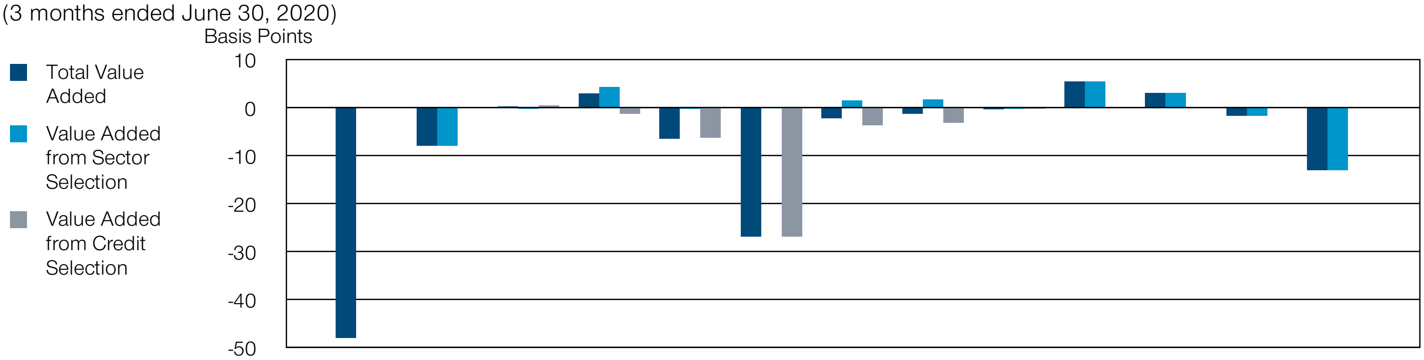
	Total	Top Five Total Value Added					Bottom Five Total Value Added				
		Energy	Broad-casting	Retail	Consum-er Prod-ucts	Publish-ing	Metals & Mining	Wireless Commu-nications	Building & Real Estate	Utilities	Cable Opera-tors
Fund Weight (%)	100.00	9.24	4.30	0.14	1.47	0.00	4.75	4.86	1.26	6.37	11.84
Benchmark Weight (%)	100.00	10.68	3.37	1.63	2.36	0.88	5.08	3.05	3.48	3.50	4.80
Fund Performance (%)	10.33	53.67	8.62	22.21	9.69	0.00	11.20	6.68	6.51	5.77	6.20
Benchmark Performance (%)	10.82	31.26	4.34	4.07	6.95	3.73	14.01	9.23	13.75	10.38	7.04
Sector Selection (bps)	-123	-31	-8	9	4	7	-2	-2	-7	-2	-26
Credit Selection (bps)	75	144	19	1	4	0	-12	-13	-9	-30	-10
Total Contribution (bps)	-49	113	11	10	8	7	-13	-14	-15	-32	-37

Industry classification was determined by T. Rowe Price's high yield industry structure.

Past performance is not a reliable indicator of future performance. T. Rowe Price's proprietary attribution model compares the fund's performance and market weights by industry classification with the benchmark's performance and market weights. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance for each security is obtained in the local currency and, if necessary, is converted using an exchange rate determined by an independent third party. Performance returns are in USD. Any difference in the total value added and the sum of credit selection and sector selection is referred to as residual. Residual can occur due to position shifts within the portfolio and benchmark both from an issuer and sector perspective and reflects any difference in performance calculation methodology between T. Rowe Price's proprietary attribution model and internal performance tool. For Sourcing Information, please see Additional Disclosures.

CREDIT QUALITY ATTRIBUTION VS. J.P. MORGAN GLOBAL HIGH YIELD INDEX

(3 months ended June 30, 2020)



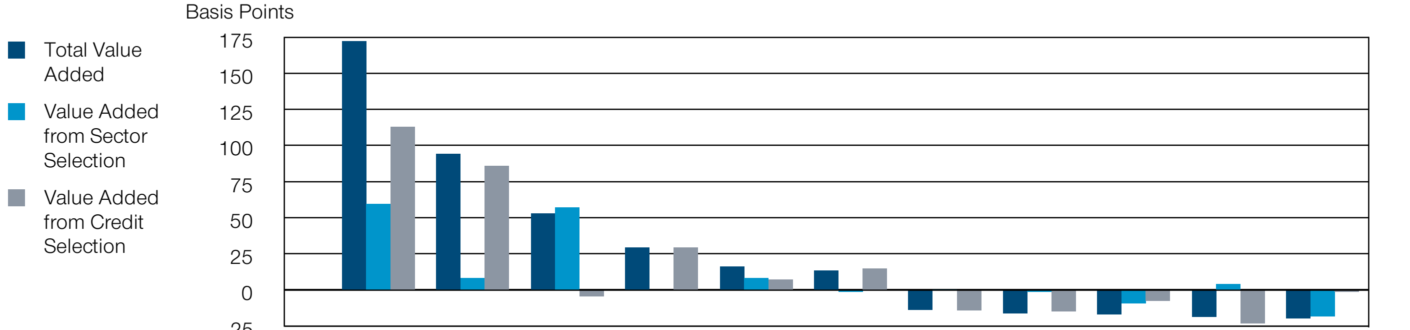
	Total	Bank Debt	BBB/BB Rated & Above	BB Rated	BB/B Rated	B Rated	B/CCC Rated	CCC Rated & Be-low	Not Rated	Conver-tible Pre-ferred	Com-mon	Credit Default Swap	Short Term
Fund Weight (%)	100.00	10.15	2.96	21.89	13.97	27.89	7.64	6.50	1.03	2.46	0.91	0.00	4.61
Benchmark Weight (%)	100.00	0.00	3.37	35.74	14.36	28.24	6.57	10.24	1.47	0.00	0.00	0.00	0.00
Fund Performance (%)	2.50	2.09	2.83	2.63	2.39	2.53	3.69	1.77	2.16	5.35	7.39	-57.40	0.00
Benchmark Performance (%)	2.98	0.00	2.60	2.69	2.84	3.50	4.08	2.29	2.13	0.00	0.00	0.00	0.00
Sector Selection (bps)	–	-8	0	4	0	0	1	2	0	6	3	-2	-13
Credit Selection (bps)	–	0	0	-1	-6	-27	-4	-3	0	0	0	0	0
Total Contribution (bps)	-48	-8	0	3	-6	-27	-2	-1	0	6	3	-2	-13

Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and Standard and Poor's. Analysis represents the combined performance of the underlying securities held within the given time period relative to its respective broad weighted benchmark as calculated by T. Rowe's proprietary attribution model. 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 be lower as a result of the deduction of such fees. Performance returns are in USD.

12-MONTH ATTRIBUTION

INDUSTRY ATTRIBUTION VS. J.P. MORGAN GLOBAL HIGH YIELD INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended June 30, 2020)



		Top Five Total Value Added					Bottom Five Total Value Added				
	Total	**Energy**	**Cable Operators**	**Metals & Mining**	**Utilities**	**Airlines**	**Manufacturing**	**Broadcasting**	**Info Tech**	**Entertainment & Leisure**	**Building & Real Estate**
Fund Weight (%)	100.00	11.82	10.77	4.38	5.87	0.45	1.71	4.99	4.25	1.14	0.87
Benchmark Weight (%)	100.00	12.54	4.93	5.21	3.34	0.66	1.73	3.34	5.02	1.18	3.29
Fund Performance (%)	-0.14	-12.78	7.73	5.26	4.86	-24.69	-4.96	-5.80	4.43	-36.15	3.16
Benchmark Performance (%)	-1.87	-20.16	8.16	-0.94	2.74	-40.82	3.25	-3.92	6.33	-14.61	5.75
Sector Selection (bps)	60	8	58	0	9	-1	1	-1	-9	5	-18
Credit Selection (bps)	114	86	-4	30	8	15	-14	-15	-7	-23	-1
Total Contribution (bps)	173	95	53	30	16	14	-13	-16	-17	-18	-19

Industry classification was determined by T. Rowe Price's high yield industry structure.

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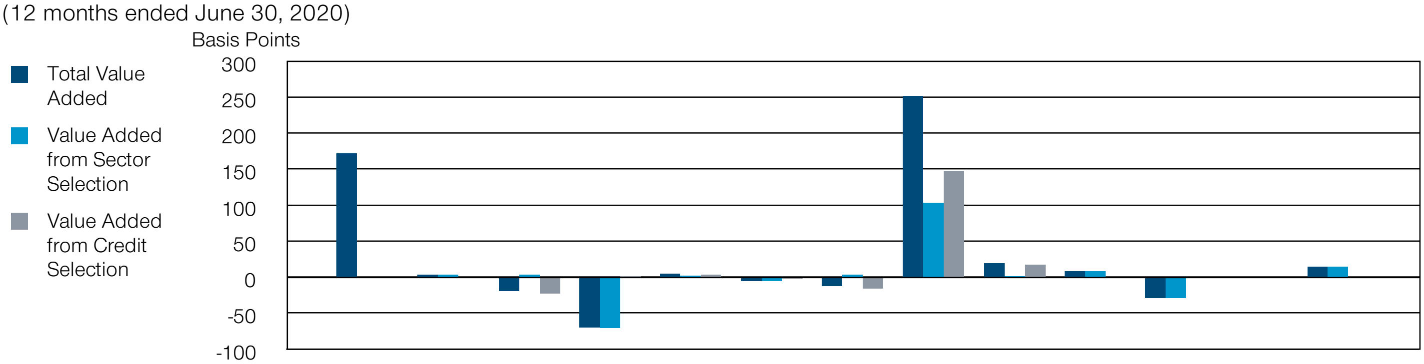
CREDIT QUALITY ATTRIBUTION VS. J.P. MORGAN GLOBAL HIGH YIELD INDEX

(12 months ended June 30, 2020)

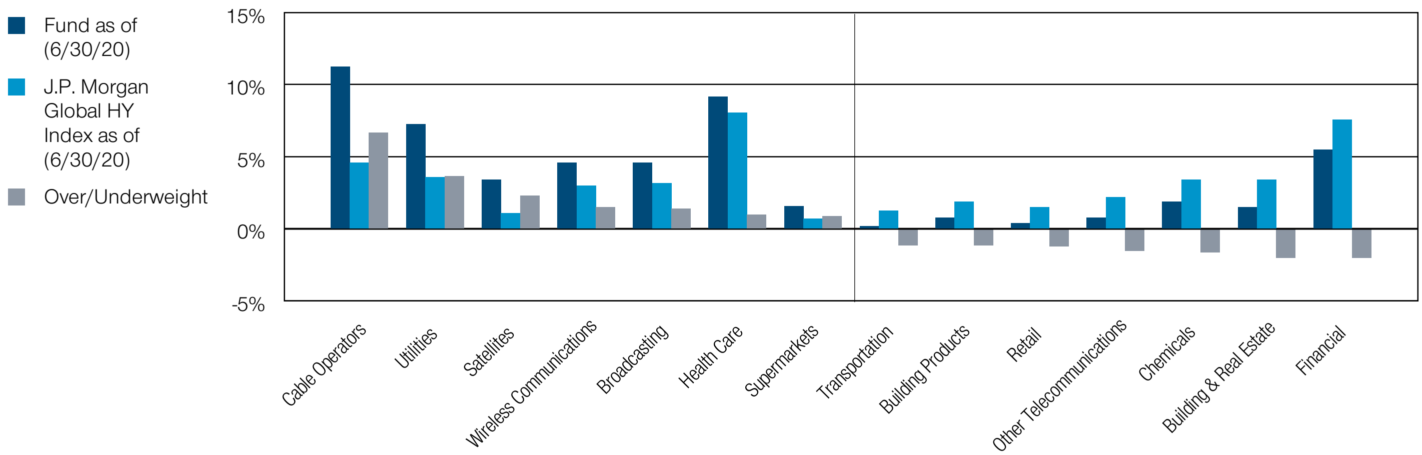


	Total	**Bank Debt**	**BBB/BB Rated & Above**	**BB Rated**	**BB/B Rated**	**B Rated**	**B/CCC Rated**	**CCC Rated & Below**	**Not Rated**	**Convertible Preferred**	**Common**	**Credit Default Swap**	**Short Term**
Fund Weight (%)	100.00	9.51	3.43	22.12	13.79	23.71	6.94	11.43	0.95	2.41	0.68	0.00	5.04
Benchmark Weight (%)	100.00	0.00	3.40	34.46	13.03	24.83	7.22	16.04	1.02	0.00	0.00	0.00	0.00
Fund Performance (%)	-0.14	-1.81	0.28	3.85	2.48	2.35	-5.73	-9.64	8.52	0.80	-47.52	–	–
Benchmark Performance (%)	-1.87	–	7.00	3.81	2.12	2.38	-3.41	-21.13	-11.99	–	–	–	–
Sector Selection (bps)	–	4	4	-71	2	-4	3	104	2	9	-28	0	16
Credit Selection (bps)	–	0	-22	1	3	-1	-15	149	18	0	0	0	0
Total Contribution (bps)	173	4	-19	-69	6	-5	-12	252	20	9	-28	0	16

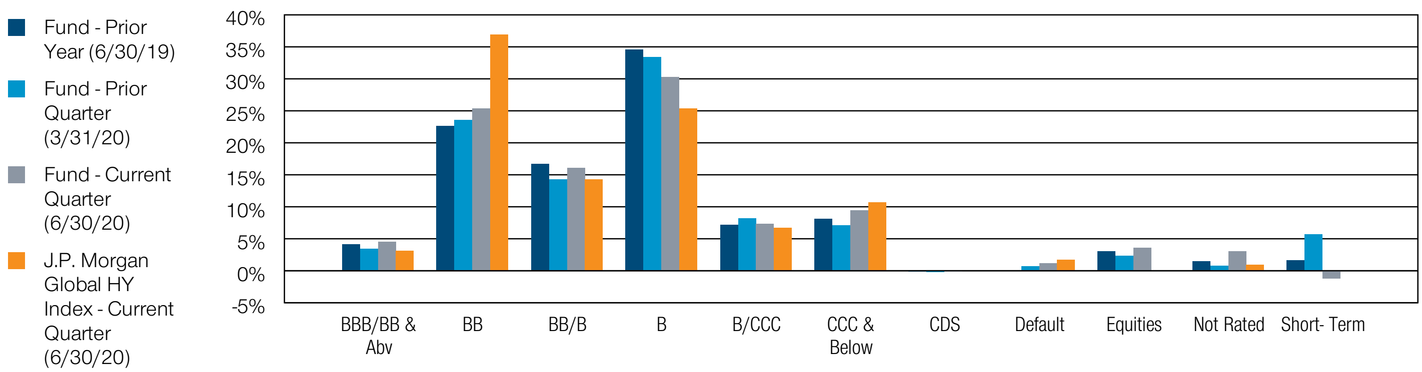
Past performance is not a reliable indicator of future performance. Source of credit quality rating: Moody's Investor Services and Standard and Poor's. Analysis represents the combined performance of the underlying securities held within the given time period relative to its respective broad weighted benchmark as calculated by T. Rowe's proprietary attribution model. 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 be lower as a result of the deduction of such fees. Performance returns are in USD.

PORTFOLIO POSITIONING

SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



HOLDINGS

TOP 10 ISSUERS

Issuer	Industry	% of Fund
Charter Communications Inc	Cable Operators	2.4%
Bausch Health Cos Inc	Health Care	2.3
Avantor Inc	Health Care	2.2
Asurion LLC	Wireless Communications	2.1
PG&E Corp	Utilities	2.0
Intelsat Jackson Holdings SA	Satellites	1.9
Netflix Inc	Cable Operators	1.8
Altice USA Inc	Cable Operators	1.6
Sprint Capital Corp	Wireless Communications	1.6
Targa Resources Corp	Energy	1.5

For Sourcing Information, please see Additional Disclosures.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Rodney Rayburn

Managed Fund Since:
2019

Joined Firm:
2014

Additional Disclosures

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 2020, J.P. Morgan Chase & Co. All rights reserved.
Source for Lipper data: Lipper Inc.
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The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.
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.
Sources for credit quality: Moody's Investors Service and Standard & Poor's (S&P); split ratings (e.g., BB/B and B/CCC) are assigned when the Moody's and S&P ratings differ. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps. Short-term holdings are not rated.
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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