



PORTFOLIO UPDATE

High Yield Fund

As of September 30, 2019

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Mark Vaselkiv	1996	1988
Rodney Rayburn	2019	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

High yield bonds posted modest gains in September. The market's elevated cash balances and positive flows drove steady demand, which helped offset an increase in new issuance. The Federal Reserve's second rate cut of the year engendered a muted market reaction. Although oil supply disruption fears temporarily bolstered energy sector performance, the industry ultimately produced the month's weakest results. Most high yield segments advanced, and B rated bonds outperformed other qualities by a wide margin.

Longer-term Treasury yields increased in September as positive economic and trade news dampened investor enthusiasm for U.S. government bonds. After starting the month at 1.50%, the benchmark 10-year Treasury yield ended at 1.68%. As expected, the Fed announced another interest rate reduction at its September meeting. The quarter-point move lowered the fed funds rate to a target range of 1.75% to 2.00%. Conciliatory gestures from both sides of the U.S.-China trade dispute in the first half of the month helped ease market concerns about the impact that tariffs could have on long-term economic growth. While some rhetoric from U.S. and Chinese officials was discouraging, investors remained optimistic that the resumption of trade negotiations in October would lead to tangible progress toward a trade deal. Oil prices spiked following the September 14 attacks against oil facilities in Saudi Arabia, but the kingdom worked quickly to restore production, causing commodities to retrace the gains.

High yield funds reported an inflow of USD \$4.7 billion in September. According to J.P. Morgan, new issuance volume reached a two-year high as 51 bonds priced for USD \$31.3 billion, with refinancing activity accounting for 65% of the total volume. Default activity declined month over month as one company defaulted and another completed a distressed exchange, for a total default volume of USD \$1 billion. J.P. Morgan's par-weighted U.S. default rate declined to 2.52% from 2.55% 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	0.41%	1.81%	12.09%	7.43%	5.89%	4.89%	7.52%	6.81%	4.51%
Credit Suisse High Yield Index	0.24	1.03	11.08	5.79	5.96	5.17	7.74	7.04	-
J.P. Morgan Global High Yield Index	0.56	1.09	11.27	6.88	6.40	5.47	8.13	7.48	-

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.

RISK RETURN CHARACTERISTICS

(Five Years ended September 30, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
High Yield Fund	4.76%	0.27%	0.86	0.97	-0.25	0.82	1.14%
Credit Suisse High Yield Index	5.42	0.00	1.00	1.00	0.00	0.77	0.00
High Yield Fund	4.76	-0.02	0.88	0.97	-0.52	0.82	1.11
J.P. Morgan Global HY Index	5.34	0.00	1.00	1.00	0.00	0.84	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 17.7% of total net assets.

	Industry	% of Fund
Bausch Health Cos Inc	Health Care	2.1%
Asurion LLC	Wireless Communications	1.9
Altice USA Inc	Cable Operators	1.9
Avantor Inc	Health Care	1.9
U.S. Treasuries	Miscellaneous/U S Treasury Obligations	1.9
Intelsat Jackson Holdings SA	Satellites	1.8
Refinitiv US Holdings Inc	Info Tech	1.6
Charter Communications Inc	Cable Operators	1.6
Netflix Inc	Cable Operators	1.5
Sprint Capital Corp	Wireless Communications	1.5

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	445	1,293	1,613
Weighted Average Maturity	6.07 years	5.80 years	5.66 years
Modified Duration to Worst	2.86 years	3.06 years	3.33 years
Weighted Average Coupon	6.72%	6.48%	6.45%
Yield to Worst	5.30%	6.23%	6.42%
Percent of Portfolio in Cash	3.8%	-	-
Total Assets (all share classes)	8,319,748,137	-	-

INDUSTRY DIVERSIFICATION

	Energy	Cable Operators	Financial	Health Care	Utilities	Services	Broadcasting	Wireless Communications	Info Tech	Metals & Mining	Other
High Yield Fund	12.4%	10.0%	8.1%	7.6%	6.4%	5.5%	5.4%	4.4%	4.4%	4.0%	28.1%
Credit Suisse High Yield Index	13.2	5.6	5.3	9.4	3.1	7.6	3.8	2.3	5.6	4.3	39.7
Over/Underweight	-0.8	4.4	2.7	-1.8	3.3	-2.1	1.6	2.1	-1.2	-0.3	-11.6
J.P. Morgan Global HY Index	13.6	4.8	8.6	8.1	3.1	6.6	3.2	2.7	4.9	5.2	39.1
Over/Underweight	-1.2	5.2	-0.5	-0.5	3.2	-1.1	2.2	1.7	-0.6	-1.2	-11.0

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%	21.8%	15.4%	33.4%	8.4%	6.9%	0.1%	3.0%	1.7%	3.8%
Credit Suisse High Yield Index	6.4	29.5	20.2	25.3	7.9	9.2	1.5	0.0	0.1	0.0
Over/Underweight	-1.0	-7.7	-4.9	8.1	0.6	-2.3	-1.4	3.0	1.6	3.8

MATURITY DIVERSIFICATION

	0-2 Years	2-4 Years	4-7 Years	7-10 Years	10+ Years
High Yield Fund	1.1%	11.9%	58.0%	21.9%	3.0%
Credit Suisse High Yield Index	4.4	24.2	50.0	18.4	3.0
Over/Underweight	-3.4	-12.3	8.1	3.4	0.1

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

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 2019, J.P. Morgan Chase & Co. All rights reserved.

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.

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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