



PORTFOLIO UPDATE

# Institutional High Yield Fund

As of October 31, 2019

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Mark Vaselkiv	2015	1988
Rodney Rayburn	2019	2014

## MARKET COMMENTARY

High yield bonds marginally advanced in October. Improvement in the macro environment, generally favorable corporate earnings reports, and equity market gains were broadly supportive for risk assets. Most high yield segments produced gains, and BB rated bonds outpaced lower qualities. The health care sector was a top performer as opioid litigation settlement details became more concrete. Energy posted the steepest losses due to falling oil prices amid global oversupply concerns.

## 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	-

Longer-term Treasury yields finished a volatile October little changed from where they began. After trading in a range of 1.52% to 1.85%, the yield of the benchmark 10-year Treasury closed the month at 1.69%, up just one basis point from the September-end level. Shorter-maturity Treasury yields, which are more closely tied to monetary policy expectations, declined. The Federal Reserve announced its third rate cut of the year, moving the fed funds rate to a target range of 1.50% to 1.75%. The U.S. and China came to terms on a "phase one" deal in which the U.S. agreed to suspend planned October 15 tariff increases in return for increased agricultural purchases from China, along with agreements on intellectual property protections and other issues. The uncertainty surrounding Brexit eased somewhat after the UK received a three-month extension to negotiate its exit from the European Union.

High yield funds reported an inflow of USD \$2.5 billion in October. According to J.P. Morgan, new issuance volume declined month over month as 37 bonds priced for USD \$21.9 billion, although net issuance was considerably lower as refinancing activity accounted for nearly three-quarters of the total volume. Five companies defaulted and two distressed transactions were completed during the period, for a total default volume of USD \$9 billion. J.P. Morgan's par-weighted U.S. default rate was unchanged for the month.

## 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	
Institutional High Yield Fund	0.36%	1.54%	12.57%	9.40%	6.15%	5.06%	7.53%	6.87%	4.80%
J.P. Morgan Global High Yield Index	0.46	0.93	11.78	8.97	6.35	5.37	7.99	7.40	-

The 1-, 5-, and 10-year annualized returns as of 9/30/19 were 7.57%, 5.15% and 7.60% 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](http://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](http://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.

**RISK RETURN CHARACTERISTICS**

(Five Years ended October 31, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Institutional High Yield Fund	4.98%	0.05%	0.92	0.97	-0.32	0.81	0.98%
J.P. Morgan Global HY Index	5.34	0.00	1.00	1.00	0.00	0.81	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 17.6% of total net assets.

	Industry	% of Fund
Bausch Health Cos Inc	Health Care	2.2%
Altice USA Inc	Cable Operators	2.0
Asurion LLC	Wireless Communications	2.0
Avantor Inc	Health Care	1.8
Intelsat Jackson Holdings SA	Satellites	1.8
Charter Communications Inc	Cable Operators	1.6
Refinitiv US Holdings Inc	Info Tech	1.6
Netflix Inc	Cable Operators	1.6
Sprint Capital Corp	Wireless Communications	1.6
NRG Energy Inc	Utilities	1.3

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	443	1,614
Weighted Average Maturity	6.02 years	5.65 years
Modified Duration to Worst	2.73 years	3.26 years
Weighted Average Coupon	6.77%	6.44%
Yield to Worst	5.30%	6.41%
Percent of Portfolio in Cash	3.9%	-
Total Assets (all share classes)	1,599,338,067	-

**INDUSTRY DIVERSIFICATION**

	Energy	Cable Opera- tors	Health Care	Finan- cial	Utilities	Services	Broad- casting	Wireless Communi- cations	Info Tech	Metals & Min- ing	Other
Institutional High Yield Fund	12.5%	10.7%	7.9%	7.4%	6.4%	5.7%	5.1%	4.6%	4.4%	4.1%	27.3%
J.P. Morgan Global HY Index	13.3	4.9	8.1	8.4	3.2	6.8	3.2	2.7	5.0	5.1	39.3
<b>Over/Underweight</b>	<b>-0.8</b>	<b>5.8</b>	<b>-0.2</b>	<b>-1.0</b>	<b>3.2</b>	<b>-1.0</b>	<b>1.9</b>	<b>1.9</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-12.0</b>

**CREDIT QUALITY DIVERSIFICATION**

	BBB/BB & Abv	BB	BB/B	B	B/CCC	CCC & Below	Default	Equities	Not Rated	Short- Term
Institutional High Yield Fund	3.9%	21.7%	15.5%	34.9%	8.3%	7.0%	0.1%	3.1%	1.5%	3.9%
J.P. Morgan Global HY Index	3.8	39.8	20.9	33.0	2.5	0.0	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>0.1</b>	<b>-18.1</b>	<b>-5.5</b>	<b>1.8</b>	<b>5.8</b>	<b>7.0</b>	<b>0.1</b>	<b>3.1</b>	<b>1.5</b>	<b>3.9</b>

**MATURITY DIVERSIFICATION**

	0-2 Years	2-4 Years	4-7 Years	7-10 Years	10+ Years
Institutional High Yield Fund	1.0%	12.0%	59.0%	21.2%	2.6%
J.P. Morgan Global HY Index	4.0	24.7	48.9	18.9	3.5
<b>Over/Underweight</b>	<b>-3.0</b>	<b>-12.7</b>	<b>10.0</b>	<b>2.3</b>	<b>-0.8</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**

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.

Closed to new investors. Open to subsequent investments.

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2017-US-132223 201911-1003769