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T. Rowe Price Launches Ultra Short-Term Bond Fund

New Fund Provides Investors with Alternative Short-Term Investment Vehicle

BALTIMORE, Dec. 5, 2012 /PRNewswire/ -- T. Rowe Price (NASDAQ-GS: TROW) has introduced the [Ultra Short-Term Bond Fund](#) (TRBUX) for investors. The new no-load mutual fund seeks to provide a high level of income consistent with minimal fluctuations in principal value and liquidity. The Ultra Short-Term Bond Fund offers a conservative investment alternative for investors who want higher yields than a money market fund and less volatility than short-term bond funds.

Ultra Short-Term Bond Fund Details

- The Ultra Short-Term Bond Fund fills the gap between [money market funds and traditional short-term bond funds](#) in terms of a risk/reward tradeoff.
- The fund takes on slightly more credit and interest rate risk than money market funds with greater return potential. Unlike money market funds but similar to other bond funds, its net asset value can increase or decrease as interest rates change, with the potential for principal gains or losses. At the same time, the fund will be managed with an eye toward reducing risks if rates rise.
- The Ultra Short-Term Bond Fund will invest in a highly diversified portfolio of shorter-term investment-grade corporate and government securities, including mortgage- and asset-backed securities, money market securities, and bank obligations.
 - The new fund will invest in securities with an approximate average maturity of 1.5 years or less, with a broader credit spectrum that includes any investment-grade security rated BBB or better. By contrast, most money market fund investments tend to have average maturities of three months or less and are typically rated AA or better.
- The bond fund will offer similar flexibility to the firm's money market products, allowing for check writing capabilities and no trading restrictions.
- The fund is managed by Joseph K. Lynagh, who currently manages the firm's taxable and municipal money market portfolios and other cash investments. Mr. Lynagh has 18 years of investment experience, all of which have been with T. Rowe Price.
 - Mr. Lynagh discusses his fund approach in this [video](#).
- The net expense ratio for the fund is estimated to be 0.35%.
- The minimum initial investment in the Ultra Short-Term Bond Fund is \$2,500 or \$1,000 for retirement plans or gifts or transfers to minors (UGMA/UTMA) accounts.

Quote

Joseph K. Lynagh, Portfolio Manager

"Given the current interest rate environment, this new fund is attractive for investors who want to take on more risk for potentially greater yields, while still providing a relatively safe place for cash investments. It may also be useful for those who are invested in bond funds with longer maturities but want to reduce the potential principal risk from rising interest rates."

Investors can [download a prospectus](#) or obtain one by calling 1-800-541-8803. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Advisors can learn more by calling 1-800-564-6958.

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

Investments in money market funds are not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

About T. Rowe Price

Founded in 1937, Baltimore-based [T. Rowe Price](#) is a global investment management organization with \$574.4 billion in assets under management as of September 30, 2012. The organization provides a broad array of [mutual funds](#), subadvisory services, and separate account management for individual and institutional investors, [retirement plans](#), and financial intermediaries. The company also offers a variety of sophisticated [investment planning](#) and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research.

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