



T. Rowe Price Launches Strategic Income Fund

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New mutual fund offers globally diversified approach to fixed-income investing

T. Rowe Price (Nasdaq: TROW) has expanded its fixed-income investment offerings by launching the Strategic Income Fund. It seeks high income and some capital appreciation by investing in as many as 12 asset classes, including both U.S. and non-U.S. securities. At least 80% of its net assets will be invested in income-producing securities or other income-producing investments. Individual investors can access the strategy through a no-load mutual fund or Advisor Class shares that are available through financial intermediaries.

By using T. Rowe Price's in-depth credit research capabilities, the fund will employ a diversified approach to identifying opportunities across the globe. As much as 65% of the fund can be invested in noninvestment-grade securities and as much as 50% can be invested in non-U.S. dollar-denominated foreign debt securities. The portfolio's weighted average maturity is expected to be between four and 15 years.

Investments will include corporate bonds issued in the U.S. and abroad, high yield bonds and loans, mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, emerging market debt, convertible bonds, preferred stock, and government debt. The allocation to each asset class will vary depending on market conditions.

The fund's management team is led by fixed-income veteran Steve Huber, who has over 18 years of investment management experience. Currently, he leads a team that manages T. Rowe Price's Core and Core Plus Strategies. Prior to joining T. Rowe Price in 2006, he was chief investment officer for the State Retirement and Pension System of Maryland. Joining him on the management team are T. Rowe Price fixed-income portfolio managers Mike Conelius, Andrew McCormick, Mike McGonigle, and David Stanley.

"With a flexible investment program, the Strategic Income Fund's exposure to a variety of debt instruments helps to moderate the risks of investing in high-yield bonds and foreign securities," says Mr. Huber. "While the fund invests without borders and focuses on securities with higher risk/reward potential, it tempers that risk by maintaining a significant exposure to investment-grade securities that aim to preserve capital.

"Today, we are finding attractive opportunities in investment-grade corporate bonds and mortgage-backed securities, as market volatility is resulting in high risk premiums in these sectors. Investors are being well compensated for taking risk, but strong credit analysis is especially important in this environment to assess credit quality. Although the fixed-income universe will likely continue to be tumultuous in the near term, we believe today's valuations of high-income securities offer attractive opportunities for long-term investors," says Mr. Huber.

The minimum initial investment in the Strategic Income Fund (PRSNX) and the Strategic Income Fund--Advisor Class (PRSAX) is \$2,500 or \$1,000 for retirement plans or gifts or transfers to minors (UGMA/UTMA) accounts. The net expense ratio is estimated to be 0.80%.

Yield and share price will vary with interest rate changes. Investors should note that if interest rates rise significantly from current levels, bond fund totals will decline and may even turn negative in the short term. Investing overseas also includes special risks, including declining foreign currencies or adverse political or economic events. For more information, please visit roweprice.com. The fund's prospectus, which is available on the site or by calling 1-800-541-8803, includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. T. Rowe Price Investment Services, Inc., Distributor, T. Rowe Price mutual funds.

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. is a global investment management organization with \$345 billion in assets under management as of September 30, 2008. The organization provides a broad array of mutual funds, sub-advisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers 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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