



T. Rowe Price Expands Emerging Markets Bond Fund Lineup

New Mutual Fund Invests in Emerging Markets Local Currency Bonds

BALTIMORE, June 2, 2011 /PRNewswire/ -- T. Rowe Price (NASDAQ-GS: TROW) has launched an emerging markets bond fund that invests in local currency bonds. The [T. Rowe Price Emerging Markets Local Currency Bond Fund](#) seeks to provide high income and capital appreciation and allows investors to diversify away from the U.S. dollar. Individual investors can access the strategy through a no-load mutual fund ([PRELX](#)) or Advisor class shares ([PAELX](#)) that are available through financial advisors.

The [Emerging Markets Local Currency Bond Fund](#) usually invests at least 80% of its assets in emerging market bonds issued in local currencies. While the mutual fund can invest in bonds issued by companies in emerging markets and other entities, it expects to invest primarily in sovereign bonds issued by emerging market governments. Currently, it has:

- Diversification across more than 15 different emerging market local currencies in Europe, Asia, Latin America, and the Middle East and Africa.
- An approximate duration of 4.5 years.
- An average yield to maturity of about 6.4%.
- Over 70% of its assets in investment-grade bonds.

Complementing T. Rowe Price's existing international bond offerings, the [Emerging Markets Local Currency Bond Fund](#) will use the firm's longstanding expertise and deep resources dedicated to investing in international bonds.

The mutual fund will be managed by Chris Rothery and Andrew Keirle, who have managed this strategy for international institutional investors since 2007 via the T. Rowe Price Funds SICAV - Emerging Local Markets Bond Fund. Mr. Rothery has 23 years of investment experience, 16 of which have been with T. Rowe Price. And Mr. Keirle has been with T. Rowe Price for five years, with a total of 14 years experience in investing.

T. Rowe Price managed \$10.4 billion in emerging markets bond strategies as of March 31, 2011, and has offered the T. Rowe Price Emerging Markets Bond Fund ([PREMX](#)) for over 16 years.

Unlike the Emerging Markets Bond Fund, which invests in bonds issued in U.S. dollars, the potential return of the [Emerging Markets Local Currency Bond Fund](#) will be primarily driven by currency performance, as well as local interest rate movements and credit fundamentals. Consequently, the returns between these two mutual funds can be quite different.

Mr. Keirle further explains the differences between the two mutual funds and the new fund's overall strategy in this [video](#).

"The prospect of currency appreciation is an important component of the [Emerging Markets Local Currency Bond Fund's](#) potential return," Mr. Rothery says. "We're seeing evidence that these currencies may appreciate relative to the U.S. dollar over the long term. But investing in emerging market local currency bonds offers more than diversification away from the U.S. dollar. We're also seeing a structural shift in bond markets, from developed markets to emerging markets, as emerging markets bonds improve in credit quality.

"Additionally, the asset class presently benefits from attractive income potential, given the current low interest rate environment in the United States, with countries like Brazil, Indonesia, and Turkey yielding more than 7%," Mr. Rothery says.

The minimum initial investment in the [Emerging Markets Local Currency Bond Fund](#) and the [Emerging Markets Local Currency Bond Fund -- Advisor Class](#) 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 1.10% for Investor class shares and 1.20% for Advisor class shares.

This fund involves a high-risk approach to income from foreign bonds, and its share price could fluctuate significantly. The fund is subject to the risks unique to international investing, and because the fund's emphasis is on investing in bonds that are traded in emerging market currencies, the value of the fund's holdings will be significantly affected by changes in the exchange rates between the U.S. dollar and the currencies in which the holdings are denominated. In addition, there are interest rate and

credit risks normally associated with investing in bonds as well.

The fund's prospectus, which is available on its site troweprice.com/emf 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 (troweprice.com) is a global investment management organization with \$510 billion in assets under management as of March 31, 2011. 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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