



February 18, 2015

T. Rowe Price Launches Two New Bond Funds

The Global Unconstrained Bond Fund and the Global High Income Bond Fund Invest to Capitalize on Expanding Fixed Income Opportunities

BALTIMORE, Feb. 18, 2015 /PRNewswire/ --

News

T. Rowe Price (NASDAQ-GS: TROW) has launched the [Global Unconstrained Bond Fund](#) (Investor Class: RPIEX; Advisor Class: PAIEX) and the [Global High Income Bond Fund](#) (Investor Class: RPIHX; Advisor Class: PAIHX), building on the firm's well-established fixed income franchise.

The two new funds are designed to help long-term investors navigate increasingly uncertain fixed income markets, which are characterized today by unprecedented low yields, uncertainty surrounding interest rates, and diverging global monetary policies. While both funds were created to play supporting roles in an investor's portfolio, the Global Unconstrained Bond Fund focuses more on downside protection, while the Global High Income Bond Fund focuses more on capturing upside potential.

Fund Details—Global Unconstrained Bond Fund

- Arif Husain, who has 19 years of investment experience, manages the fund. He also serves as head of International Fixed Income at T. Rowe Price and co-manages the firm's International Bond Fund and institutional international bond strategies.
- The fund seeks to offer some protection against rising rates, with a low correlation to equity markets.
- Through a flexible, benchmark-agnostic approach, the fund will aim to offer low volatility and consistent income, even in rising interest rate environments.
- The fund will seek to achieve this by:
 - Investing at least 80% of its assets in bonds.
 - Focusing mainly on investment-grade securities, with exposure to noninvestment-grade securities (up to 30% of its assets).
 - Investing in a variety of debt securities, including obligations issued by U.S. and foreign governments and corporations, bank loans, and mortgage- and asset-backed securities.
 - Investing at least 40% of its assets in foreign securities, including emerging market debt, which may be denominated in U.S. dollars or non-U.S. currencies.
 - Managing the maturities of the fund's holdings based on Mr. Husain's outlook for interest rates and not attempting to maintain a particular weighted average maturity.
 - Using interest rate futures, interest rate and credit default swaps, and forward currency exchange contracts, primarily to manage interest rate exposure and limit the fund's volatility.
 - Retaining the traditionally attractive characteristics of fixed income investments, including liquidity and diversification.
- The net expense ratio is estimated to be 0.75% for the Investor Class shares and 0.90% for the Advisor Class shares.
- [Download a prospectus](#) for the *Global Unconstrained Bond Fund* 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.*

Fund Details—Global High Income Bond Fund

- Mark Vaselkiv, who has 30 years of investment experience, co-manages the fund with Mike Della Vedova, who has 21 years of investment experience. Mr. Vaselkiv also manages the firm's High Yield Fund and institutional high yield strategies, and Mr. Della Vedova also manages the firm's institutional European high yield strategies.
- The fund seeks to provide high income and, secondarily, capital appreciation by investing in high yield bonds issued by companies around the world.
- With the fund's neutral weighting, about 50% of its assets would be invested in U.S. bonds, 30% in European bonds, and 20% in emerging market bonds.

- T. Rowe Price has managed dedicated high yield strategies since 1984 and had \$24.8 billion in assets in these strategies as of December 31, 2014, including bank loans and European high yield.
- In addition to its legacy of investing in the U.S. high yield market, T. Rowe Price also has decades of experience investing in European and emerging market corporate bonds through its International Bond Fund and Emerging Markets Bond Fund. Strategies specifically dedicated to these regions were launched in 2011.
- The fund will seek to generate higher long-term total returns than U.S.-based credit strategies and its benchmark, the BofA/ML Global High Yield Index, by:
 - Overlaying a top-down outlook on bottom-up fundamental research generated by both credit and equity research analysts.
 - Relying on the firm's global research platform of 212 analysts stationed around the globe.
 - Investing in approximately 125 to 150 issuers across about 30 countries.
 - Limiting the fund's exposure to investment-grade debt to 15%.
 - Investing up to 20% of the fund's assets in bank loans and up to 5% in equities.
- [Download a prospectus](#) for the Global High Income Bond Fund 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.

The funds are subject to interest rate risk, credit risk, and risks of international fixed income investing, including currency risk and political risk. These risks are greater to the extent that the funds invest in emerging markets. High yield bonds carry greater default risk than higher-rated bonds, along with liquidity risks. The Global Unconstrained Bond Fund's use of derivatives may expose it to additional volatility in comparison to investing directly in bonds and other debt securities. The fund is "nondiversified," which means the share price can be expected to fluctuate more than a comparable diversified fund.

The minimum initial investment for both funds is \$2,500, or \$1,000 for retirement accounts or gifts or transfers to minors (UGMA/UTMA) accounts.

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

Quotes

Arif Husain, CFA, portfolio manager of the Global Unconstrained Bond Fund

"With U.S. quantitative easing programs over, we expect overall market volatility to rise. In this environment, many investors may find that their bond portfolios will begin behaving more like equities. This can negate the effectiveness of a balanced portfolio. The Global Unconstrained Bond Fund is designed to behave like a bond fund, especially in times of need. The fund will use a full opportunity set in its aim to provide bond investors with downside protection in volatile markets and rising rate environments, as well as diversification against risky assets."

Mark Vasselkiv, co-portfolio manager of the Global High Income Bond Fund

"The opportunity set for high yield investing has grown exponentially, with the European high yield market tripling in size and emerging market corporate debt issuance doubling since 2008. As the U.S. high yield market has recently enjoyed some of its best performance in years, valuations have become stretched, and there is a shortage of attractive opportunities. The Global High Income Bond Fund will be able to take advantage of an evolving opportunity set for courageous high yield investors seeking high income over the long term."

About T. Rowe Price

Founded in 1937, Baltimore-based T. Rowe Price (troweprice.com) is a global investment management organization with \$746.8 billion in assets under management as of December 31, 2014. 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. For more information, visit troweprice.com, Twitter (twitter.com/troweprice), YouTube (youtube.com/trowepricegroup), LinkedIn (linkedin.com/company/t.-rowe-price), or Facebook (fb.com/troweprice).

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