



May 7, 2014

T. Rowe Price Launches Credit Opportunities Fund For Investors Seeking Appreciation And Income

New Mutual Fund Invests in a Variety of Credit-Related Instruments Across the Corporate Capital Structure

BALTIMORE, May 7, 2014 /PRNewswire/ -- T. Rowe Price (NASDAQ-GS: TROW) has launched the [Credit Opportunities Fund](#) (PRCPX), building on the well-established investment process of its high yield franchise. With \$26.6 billion in high yield assets under management as of March 31, 2014, the firm has managed high yield portfolios through numerous market cycles and challenging environments.

The evolution and increasing complexity of capital markets has created opportunities in credit that extend beyond traditional fixed rate bonds. The new fund will have few constraints, allowing it to take advantage of an array of credit instruments that offer compelling risk/return trade-offs. It will take a total return approach that balances capital appreciation and income.

Fund Details

- Paul Karpers, who has 19 years of investment experience, will manage the fund. He also serves as portfolio manager for the T. Rowe Price Institutional High Yield Fund for U.S. institutional investors and the T. Rowe Price Funds SICAV-Global High Yield Bond Fund for non-U.S. institutions domiciled in qualifying jurisdictions.
- Mr. Karpers will rely heavily upon the fundamental research of T. Rowe Price's global fixed income analysts, as well as the firm's Equity Division, to identify compelling investment opportunities across the credit landscape and capital structure.
- The portfolio will be relatively concentrated, consisting of the investment team's highest-conviction ideas for generating total return.
- The fund offers exposure to areas of the credit markets that may not be closely followed by many participants in the traditional asset management industry and, therefore, may be mispriced.
- Mr. Karpers will have considerable latitude to invest across a range of securities and credit situations:
 - No limits on below investment-grade or unrated bonds. These may include distressed or defaulted securities.
 - Up to 50% of assets in bank loans. These floating rate securities, with periodically resetting coupons, typically involve borrowers with significant debt loads and can offer the potential for high yields.
 - Up to 20% in securitized instruments backed by a pool of assets, such as residential or commercial mortgages and loans.
 - Up to 10% in equities or equity-like securities, typically with a focus on deep-value situations and credit themes.
 - Up to 10% in trade claims—outstanding obligations of companies in bankruptcy. Investors can purchase these claims from creditors, often at a deep discount.
 - May purchase both U.S. and non-U.S. issuers, including emerging markets securities.
 - Up to 50% in nondollar-denominated securities (although holdings denominated in other currencies are expected to typically be hedged back to the U.S. dollar).
 - May use derivatives, such as credit default swaps and options, to express a positive or negative view of an issuer's credit quality.
- Economic downturns and distressed situations often present opportunities for investment performance. The fund seeks to capitalize on these sorts of market dislocations.
- The fund is expected to be volatile, with greater risk than a typical high yield fund. In addition to significant credit risk, the portfolio will be less diversified and may hold more illiquid assets, potentially resulting in elevated price volatility. Any foreign holdings could be affected by adverse political or economic events.
- Investors can access the strategy through Investor Class shares of the fund, Advisor Class shares (PAOPX), or the Institutional Credit Opportunities Fund (TRXPX).
- The net expense ratio is estimated to be 0.90% for the Investor Class shares, 1.00% for the Advisor Class shares, and 0.65% for the institutional fund.
- The minimum initial investment in the Credit Opportunities Fund is \$2,500, or \$1,000 for retirement accounts or gifts or transfers to minors (UGMA/UTMA) accounts. The Institutional Credit Opportunities Fund generally requires a \$1 million minimum initial investment.

[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.

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

Quote

Paul Karpers, CFA, portfolio manager

"The Credit Opportunities Fund was designed on the premise that credit markets have grown increasingly large and complex, and the best way to capture opportunities is through a less-constrained approach that's not arbitrarily limited by security type or benchmark considerations.

"For years, our high yield strategies have incorporated a range of instruments—including loans, equities, and credit default swaps—in seeking to provide high current income for investors. The new fund takes this a step further, with greater latitude to pursue capital appreciation and income-oriented ideas across the full range of fixed income opportunities—bringing together the breadth of our research insights to offer what we believe to be the best of what we do in credit-themed investing."

About T. Rowe Price

Founded in 1937, Baltimore-based T. Rowe Price (troweprice.com) is a global investment management organization with \$711.4 billion in assets under management as of March 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).

SOURCE T. Rowe Price

News Provided by Acquire Media