

## Updated for Institutional Global Multi-Sector Bond Fund May – December Distributions

A portion of the 2016 dividends paid by the Price funds will be reclassified for 1099 purposes. A reclassification means that the tax character of the dividend on the shareholder's 1099 mailed in January is different than the character shown on the statement which reported the dividend when it was paid. Tax character means whether the dividend is from taxable or tax-exempt income, short-term or long-term gain, or return of capital.

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Emerging Markets Local Currency Bond	192	01/29/2016	\$0.025234087	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	02/29/2016	\$0.027407372	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	03/31/2016	\$0.028825523	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	04/29/2016	\$0.029126707	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	05/31/2016	\$0.027065719	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	06/30/2016	\$0.028692193	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	07/29/2016	\$0.030618884	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	08/31/2016	\$0.030910409	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	09/30/2016	\$0.032903096	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	10/31/2016	\$0.029641067	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	11/30/2016	\$0.029219029	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond	192	12/30/2016	\$0.032906110	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	01/29/2016	\$0.029627140	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	02/29/2016	\$0.030361313	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	03/31/2016	\$0.028952540	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	04/29/2016	\$0.029481521	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	05/31/2016	\$0.025092826	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	06/30/2016	\$0.025106058	Income Dividend	Return of Capital
Emerging Markets Local Multi- Sector Account Portfolio	324	07/29/2016	\$0.028211281	Income Dividend	Return of Capital

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Emerging Markets Local Multi-Sector Account Portfolio	324	08/31/2016	\$0.027676515	Income Dividend	Return of Capital
Emerging Markets Local Multi-Sector Account Portfolio	324	09/30/2016	\$0.027212783	Income Dividend	Return of Capital
Emerging Markets Local Multi-Sector Account Portfolio	324	10/31/2016	\$0.025492919	Income Dividend	Return of Capital
Emerging Markets Local Multi-Sector Account Portfolio	324	11/30/2016	\$0.025360742	Income Dividend	Return of Capital
Emerging Markets Local Multi-Sector Account Portfolio	324	12/30/2016	\$0.030720162	Income Dividend	Return of Capital
Emerging Markets Bond	110	01/29/2016	\$0.006440907	Income Dividend	Return of Capital
Emerging Markets Bond	110	02/29/2016	\$0.007136589	Income Dividend	Return of Capital
Emerging Markets Bond	110	03/31/2016	\$0.007290548	Income Dividend	Return of Capital
Emerging Markets Bond	110	04/29/2016	\$0.007697557	Income Dividend	Return of Capital
Emerging Markets Bond	110	05/31/2016	\$0.007477840	Income Dividend	Return of Capital
Emerging Markets Bond	110	06/30/2016	\$0.007867585	Income Dividend	Return of Capital
Emerging Markets Bond	110	07/29/2016	\$0.007940114	Income Dividend	Return of Capital
Emerging Markets Bond	110	08/31/2016	\$0.007959871	Income Dividend	Return of Capital
Emerging Markets Bond	110	09/30/2016	\$0.008402886	Income Dividend	Return of Capital
Emerging Markets Bond	110	10/31/2016	\$0.007934407	Income Dividend	Return of Capital
Emerging Markets Bond	110	11/30/2016	\$0.007832595	Income Dividend	Return of Capital
Global Multi-Sector Bond	175	01/29/2016	\$0.027711944	Income Dividend	Return of Capital
Global Multi-Sector Bond	175	02/29/2016	\$0.032101309	Income Dividend	Return of Capital
Global Multi-Sector Bond	175	03/31/2016	\$0.031606740	Income Dividend	Return of Capital
Global Multi-Sector Bond	175	04/29/2016	\$0.032771039	Income Dividend	Return of Capital
Global Real Estate	173	03/30/2016	\$0.009873890	Income Dividend	Return of Capital
Global Real Estate	173	6/29/2016	\$0.012836057	Income Dividend	Return of Capital
Global Real Estate	173	9/29/2016	\$0.008886501	Income Dividend	Return of Capital
Global Real Estate	173	12/19/2016	\$0.077592000	Income Dividend	Long-Term Capital Gain
Global Real Estate	173	12/19/2016	\$0.002212540	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	01/29/2016	\$0.007068846	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	02/29/2016	\$0.007784505	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	03/31/2016	\$0.008454850	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	04/29/2016	\$0.008604346	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	05/31/2016	\$0.009009801	Income Dividend	Return of Capital

**2016 Reclassifications**

T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	<u>Tax Character</u>	
				Before Reclassification	After Reclassification
Institutional Emerging Markets Bond	163	06/30/2016	\$0.009081648	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	07/29/2016	\$0.009253665	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	08/31/2016	\$0.009954958	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	09/30/2016	\$0.010577146	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	10/31/2016	\$0.009445055	Income Dividend	Return of Capital
Institutional Emerging Markets Bond	163	11/30/2016	\$0.009401015	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	01/29/2016	\$0.024064651	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	02/29/2016	\$0.028686735	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	03/31/2016	\$0.027778100	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	04/29/2016	\$0.031062146	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	05/31/2016	\$0.023021308	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	06/30/2016	\$0.023965160	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	07/29/2016	\$0.025552008	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	08/31/2016	\$0.024620243	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	09/30/2016	\$0.025702050	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	10/31/2016	\$0.023294749	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	11/30/2016	\$0.025355069	Income Dividend	Return of Capital
Institutional Global Multi-Sector Bond	152	12/30/2016	\$0.027898286	Income Dividend	Return of Capital
Institutional International Bond	167	01/29/2016	\$0.010416611	Income Dividend	Return of Capital
Institutional International Bond	167	02/29/2016	\$0.011601504	Income Dividend	Return of Capital
Institutional International Bond	167	03/31/2016	\$0.010438303	Income Dividend	Return of Capital
Institutional International Bond	167	04/29/2016	\$0.012667781	Income Dividend	Return of Capital
Institutional International Bond	167	05/31/2016	\$0.013810535	Income Dividend	Return of Capital
Institutional International Bond	167	06/30/2016	\$0.014876839	Income Dividend	Return of Capital
Institutional International Bond	167	07/29/2016	\$0.016974454	Income Dividend	Return of Capital
Institutional International Bond	167	08/31/2016	\$0.016613120	Income Dividend	Return of Capital
Institutional International Bond	167	09/30/2016	\$0.014556173	Income Dividend	Return of Capital

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Institutional International Bond	167	10/31/2016	\$0.013510332	Income Dividend	Return of Capital
Institutional International Bond	167	11/30/2016	\$0.015655974	Income Dividend	Return of Capital
Institutional International Bond	167	12/30/2016	\$0.017491351	Income Dividend	Long-Term Capital Gain
International Bond	76	01/29/2016	\$0.009252088	Income Dividend	Return of Capital
International Bond	76	02/29/2016	\$0.010430777	Income Dividend	Return of Capital
International Bond	76	03/31/2016	\$0.008848507	Income Dividend	Return of Capital
International Bond	76	04/29/2016	\$0.010889210	Income Dividend	Return of Capital
International Bond	76	05/31/2016	\$0.011780887	Income Dividend	Return of Capital
International Bond	76	06/30/2016	\$0.013508927	Income Dividend	Return of Capital
International Bond	76	07/29/2016	\$0.015297810	Income Dividend	Return of Capital
International Bond	76	08/31/2016	\$0.015419478	Income Dividend	Return of Capital
International Bond	76	09/30/2016	\$0.013054363	Income Dividend	Return of Capital
International Bond	76	10/31/2016	\$0.002454884	Income Dividend	Long-Term Capital Gain
International Bond	76	10/31/2016	\$0.009568126	Income Dividend	Return of Capital
International Bond	76	11/30/2016	\$0.013390383	Income Dividend	Long-Term Capital Gain
International Bond	76	11/30/2016	\$0.000636841	Income Dividend	Return of Capital
International Bond	76	12/30/2016	\$0.013265350	Income Dividend	Long-Term Capital Gain
International Bond	76	12/30/2016	\$0.002614024	Income Dividend	Return of Capital
Mortgage-Backed Securities Multi-Sector Account Portfolio	326	01/29/2016	\$0.009752227	Income Dividend	Return of Capital
Real Estate	122	12/14/2016	\$0.083243570	Income Dividend	Long-Term Capital Gain
Short-Term Bond	55	02/29/2016	\$0.002162945	Income Dividend	Return of Capital
Short-Term Bond	55	03/31/2016	\$0.003039157	Income Dividend	Return of Capital
Short-Term Bond	55	04/29/2016	\$0.003152249	Income Dividend	Return of Capital
Small-Cap Value	46	12/15/2016	\$0.014264516	Income Dividend	Long-Term Capital Gain
Spectrum Income	88	12/30/2016	\$0.033718028	Income Dividend	Long-Term Capital Gain
<b>Advisor Class</b>					
Emerging Markets Local Currency Bond - Advisor Class	292	01/29/2016	\$0.024780935	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	02/29/2016	\$0.026938324	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	03/31/2016	\$0.028283866	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	04/29/2016	\$0.028588379	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	05/31/2019	\$0.026501477	Income Dividend	Return of Capital

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Emerging Markets Local Currency Bond - Advisor Class	292	06/30/2016	\$0.028138220	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	07/29/2016	\$0.030052116	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	08/31/2016	\$0.030333092	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	09/30/2016	\$0.032304302	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	10/31/2016	\$0.029099592	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	11/30/2016	\$0.028708239	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond - Advisor Class	292	12/30/2016	\$0.032298011	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	01/29/2016	\$0.006263772	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	02/29/2016	\$0.006869208	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	03/31/2016	\$0.006949037	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	04/29/2016	\$0.007324017	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	05/31/2016	\$0.007198300	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	06/30/2016	\$0.007544556	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	07/29/2016	\$0.007586369	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	08/31/2016	\$0.007554458	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	09/30/2016	\$0.008037618	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	10/31/2016	\$0.007574880	Income Dividend	Return of Capital
Emerging Markets Bond – Advisor Class	210	11/30/2016	\$0.007535913	Income Dividend	Return of Capital
Global Real Estate – Advisor Class	273	3/30/2016	\$0.009873890	Income Dividend	Return of Capital
Global Real Estate – Advisor Class	273	6/29/2016	\$0.011848668	Income Dividend	Return of Capital
Global Real Estate – Advisor Class	273	9/29/2016	\$0.008886501	Income Dividend	Return of Capital
Global Real Estate – Advisor Class	273	12/19/2016	\$0.077592000	Income Dividend	Long-Term Capital Gain
Global Real Estate – Advisor Class	273	12/19/2016	\$0.002212540	Income Dividend	Return of Capital
Global Multi-Sector Bond Advisor Class	275	01/29/2016	\$0.026216584	Income Dividend	Return of Capital
Global Multi-Sector Bond Advisor Class	275	02/29/2016	\$0.030521464	Income Dividend	Return of Capital

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Global Multi-Sector Bond Advisor Class	275	03/31/2016	\$0.029885276	Income Dividend	Return of Capital
Global Multi-Sector Bond Advisor Class	275	04/29/2016	\$0.031001641	Income Dividend	Return of Capital
International Bond - Advisor Class	276	01/29/2016	\$0.007498311	Income Dividend	Return of Capital
International Bond - Advisor Class	276	02/29/2016	\$0.008706455	Income Dividend	Return of Capital
International Bond - Advisor Class	276	03/31/2016	\$0.007140143	Income Dividend	Return of Capital
International Bond - Advisor Class	276	04/29/2016	\$0.008765549	Income Dividend	Return of Capital
International Bond - Advisor Class	276	05/31/2016	\$0.010320486	Income Dividend	Return of Capital
International Bond - Advisor Class	276	06/30/2016	\$0.011239351	Income Dividend	Return of Capital
International Bond - Advisor Class	276	07/29/2016	\$0.013386806	Income Dividend	Return of Capital
International Bond - Advisor Class	276	08/31/2016	\$0.013129183	Income Dividend	Return of Capital
International Bond - Advisor Class	276	09/30/2016	\$0.010465106	Income Dividend	Return of Capital
International Bond - Advisor Class	276	10/31/2016	\$0.002454884	Income Dividend	Long-Term Capital Gain
International Bond - Advisor Class	276	10/31/2016	\$0.007328614	Income Dividend	Return of Capital
International Bond - Advisor Class	276	11/30/2016	\$0.013390383	Income Dividend	Long-Term Capital Gain
International Bond - Advisor Class	276	12/30/2016	\$0.013265350	Income Dividend	Long-Term Capital Gain
Real Estate – Advisor Class	222	12/14/2016	\$0.083243570	Income Dividend	Long-Term Capital Gain
Short-Term Bond – Advisor Class	255	02/29/2016	\$0.001762429	Income Dividend	Return of Capital
Short-Term Bond – Advisor Class	255	03/31/2016	\$0.002496170	Income Dividend	Return of Capital
Short-Term Bond – Advisor Class	255	04/29/2016	\$0.002624087	Income Dividend	Return of Capital
Small-Cap Value – Advisor Class	246	12/15/2016	\$0.014264516	Income Dividend	Long-Term Capital Gain
<b>I Class</b>					
Emerging Markets Local Currency Bond -I Class	438	01/29/2016	\$0.026624840	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	02/29/2016	\$0.028868906	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	03/31/2016	\$0.029951971	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	04/29/2016	\$0.030832954	Income Dividend	Return of Capital

2016 Reclassifications					
T. Rowe Price Fund	DST#	2016 Payment Date	Per Share Amount to Reclassify	Tax Character	
				Before Reclassification	After Reclassification
Emerging Markets Local Currency Bond -I Class	438	05/31/2016	\$0.028662720	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	06/30/2016	\$0.030343260	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	07/29/2016	\$0.032368261	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	08/31/2016	\$0.032726917	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	09/30/2016	\$0.034727280	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	10/31/2016	\$0.031291756	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	11/30/2016	\$0.030813830	Income Dividend	Return of Capital
Emerging Markets Local Currency Bond -I Class	438	12/30/2016	\$0.034465123	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	01/29/2016	\$0.006604199	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	02/29/2016	\$0.007287922	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	03/31/2016	\$0.007442624	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	04/29/2016	\$0.007807148	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	05/31/2016	\$0.007752224	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	06/30/2016	\$0.008029038	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	07/29/2016	\$0.008136976	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	08/31/2016	\$0.008120428	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	09/30/2016	\$0.008594552	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	10/31/2016	\$0.008103464	Income Dividend	Return of Capital
Emerging Markets Bond – I Class	530	11/30/2016	\$0.008041761	Income Dividend	Return of Capital
Global Multi-Sector Bond – I Class	223	03/31/2016	\$0.008041160	Income Dividend	Return of Capital
Global Multi-Sector Bond – I Class	223	04/29/2016	\$0.034860660	Income Dividend	Return of Capital
Global Real Estate – I Class	233	12/19/2016	\$0.077592000	Income Dividend	Long-Term Capital Gain
Global Real Estate – I Class	233	12/19/2016	\$0.003199933	Income Dividend	Return of Capital
International Bond – I Class	527	01/29/2016	\$0.010209952	Income Dividend	Return of Capital
International Bond – I Class	527	02/29/2016	\$0.011470805	Income Dividend	Return of Capital
International Bond – I Class	527	03/31/2016	\$0.009912648	Income Dividend	Return of Capital

<b>2016 Reclassifications</b>					
<b>T. Rowe Price Fund</b>	<b>DST#</b>	<b>2016 Payment Date</b>	<b>Per Share Amount to Reclassify</b>	<b><u>Tax Character</u></b>	
				<b>Before Reclassification</b>	<b>After Reclassification</b>
International Bond – I Class	527	04/29/2016	\$0.012187919	Income Dividend	Return of Capital
International Bond – I Class	527	05/31/2016	\$0.013497912	Income Dividend	Return of Capital
International Bond – I Class	527	06/30/2016	\$0.014994458	Income Dividend	Return of Capital
International Bond – I Class	527	07/29/2016	\$0.015994474	Income Dividend	Return of Capital
International Bond – I Class	527	08/31/2016	\$0.016570076	Income Dividend	Return of Capital
International Bond – I Class	527	09/30/2016	\$0.014265444	Income Dividend	Return of Capital
International Bond – I Class	527	10/31/2016	\$0.002454884	Income Dividend	Long-Term Capital Gain
International Bond – I Class	527	10/31/2016	\$0.010128393	Income Dividend	Return of Capital
International Bond – I Class	527	11/30/2016	\$0.013390383	Income Dividend	Long-Term Capital Gain
International Bond – I Class	527	11/30/2016	\$0.001738613	Income Dividend	Return of Capital
International Bond – I Class	527	12/30/2016	\$0.013265350	Income Dividend	Long-Term Capital Gain
International Bond – I Class	527	12/30/2016	\$0.003639568	Income Dividend	Return of Capital
Real Estate – I Class	432	12/14/2016	\$0.083243570	Income Dividend	Long-Term Capital Gain
Short-Term Bond – I Class	442	02/29/2016	\$0.002315812	Income Dividend	Return of Capital
Short-Term Bond – I Class	442	03/31/2016	\$0.003220430	Income Dividend	Return of Capital
Short-Term Bond – I Class	442	04/29/2016	\$0.003372948	Income Dividend	Return of Capital
Small-Cap Value – I Class	538	12/15/2016	\$0.014264516	Income Dividend	Long-Term Capital Gain

### **Explanation of Returns of Capital**

A tax return of capital occurs when a fund pays out more than its taxable income and gains. Funds listed above pay dividends based on daily financial accounting income. For the emerging markets, global and international bond funds, taxable income was less than financial accounting income primarily due to currency losses (treated as capital losses for financial accounting and as ordinary losses for tax). For Mortgage-Backed Securities Multi-Sector Account Portfolio and Short-Term Bond Fund, taxable income was over distributed primarily as a result of paydown losses on asset backed securities (which does not affect daily distributions).

The dollar amount of return of capital for each shareholder is reported in Box 3, Nondividend Distributions, of Form 1099-DIV, mailed in January. Shareholders must reduce the basis of all shares held in the fund on the payment date listed above by the amount reported in Box 3.

Note that we are not distributing losses to shareholders, but we are instructing them of the portion of their dividend which is not taxable.

### **Explanation of Long-Term Capital Gain Reclassification**

International Bond Fund's currency losses resulted in the fund over distributing taxable ordinary income. However, International Bond Fund had undistributed long-term capital gains so that the excess distributions, or portion thereof, were considered to come from long-term capital gains.



Spectrum Income Fund invests in International Bond, Emerging Markets Bond, and Emerging Markets Local Currency Bond funds. As a result of the underlying funds reclassifications Spectrum Income over distributed its taxable ordinary income. Spectrum Income had undistributed long-term capital gains so the excess distributions were considered to come from long-term capital gains.

**Explanation of Reclassifications for Global Real Estate, Real Estate and Small-Cap Value Funds**

*For Global Real Estate, Real Estate and Small-Cap Value, a portion of the Funds' dividends received from REIT's was reclassified as a return of capital and/or long term capital gain, causing a similar reclassification of a portion of the dividends paid by the funds. Forms 1099-DIV will be mailed in February for these funds.*

**Section 1250 Gains**

For the following funds a portion of the long-term capital gain paid in December was derived from Section 1250 property and are subject to a maximum tax rate of 25%. Section 1250 gains are typically due to investments in real estate investment trusts (REITs). Section 1250 gains are reported in Box 2b of Form 1099-DIV

T. Rowe Price Fund	DST Number	2016 Payment Date	Total LTCG Paid Per Share	Percentage of LTCG Subject to 25% Rate	Per Share Long-Term Gain After Reclassification	
					15%/20%	25%
Equity Income	71/271/471/426	12/14/2016	\$1.65	0.020480%	\$1.649662080	\$0.000337920
Extended Equity Market Index	124	12/14/2016	\$1.14	0.343160%	\$1.136087976	\$0.003912024
Institutional Small-Cap Stock	129	12/20/2016	\$0.115	2.217328%	\$0.112450073	\$0.002549927
Small-Cap Stock	65/265/525	12/15/2016	\$0.57	0.597690%	\$0.566593167	\$0.003406833
Global Real Estate	173/273/233	12/19/2016	\$0.177592000*	16.666040%	\$0.147994446	\$0.029597554

\*A portion of the long-term capital gain paid in December was from a reclassification.