



STRATEGY HIGHLIGHTS

As of 30 September 2020

## US Investment Grade Core Bond Strategy

**Total Strategy Assets:**<sup>1</sup> \$8.5 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Focuses primarily on investment-grade, U.S. fixed income securities, with the ability to integrate non-index sectors and securities.
- Integrates proprietary credit and capital market research to identify market inefficiencies and relative value opportunities.
- Adds value primarily through sector allocation and individual security selection. Can also adjust duration and term structure positioning to enhance return potential and defend against rising rates.
- Employs a risk-aware approach, with risk exposures based on conviction levels and available opportunities.
- Exploits market inefficiencies through opportunistic trading conducted by specialist teams.
- Excess Return Target of 50 basis points over a market cycle. (Not a formal objective and it can be changed without prior notice.)
- The excess return target represents the portfolio manager's goal of outperforming the stated standard benchmark for the strategy, employing its standard investment guidelines. A strategy's standard benchmark may be different from a client benchmark. The target is based on an analysis of a strategy's historical performance, investment universe, anticipated future market conditions, peer performance, benchmark characteristics, investment guidelines and other factors. The target reflects the current views of the portfolio manager and is subject to change. There is no guarantee that the target will be realized or achieved and actual results experienced by clients may vary from the target shown.

### PORTFOLIO CONSTRUCTION

- Duration is managed within +/- 20% of benchmark
- Sector exposure will typically range +/- 25% relative to the benchmark
- Average credit quality of the portfolio is AA- or better
- Expected tracking error should range between 0.5% and 1.0% in most market environments

### BENCHMARK

- Bloomberg Barclays U.S. Aggregate Bond Index

### PORTFOLIO MANAGEMENT

#### Brian Brennan, CFA<sup>®</sup>

- 34 years of investment experience; 20 years with T. Rowe Price.
- M.A., Trinity College
- B.S., Trinity College

#### Andy McCormick

- 37 years of investment experience; 12 years with T. Rowe Price.
- B.S., Syracuse University

#### Rob Larkins, CFA<sup>®</sup>

- 17 years of investment experience; 17 years with T. Rowe Price.
- M.B.A., University of Pennsylvania, The Wharton School
- B.S., Brigham Young University

#### Stephen Bartolini, CFA<sup>®</sup>

- 21 years of investment experience; 10 years with T. Rowe Price.
- M.B.A., University of Maryland, Robert H. Smith School of Business
- B.S., George Washington University

#### Chris Brown, CFA<sup>®</sup>

- 20 years of investment experience; 15 years with T. Rowe Price.
- M.B.A., University of Maryland
- B.A., Washington & Lee University

### PORTFOLIO SPECIALISTS

#### Jeff DeVack, CFA<sup>®</sup>

- 20 years of investment experience; 9 years with T. Rowe Price.
- B.B.A., Loyola University Maryland, Sellinger School of Business

Portfolio Specialists do not assume management responsibilities.

CFA<sup>®</sup> and Chartered Financial Analyst<sup>®</sup> are registered trademarks owned by CFA Institute.

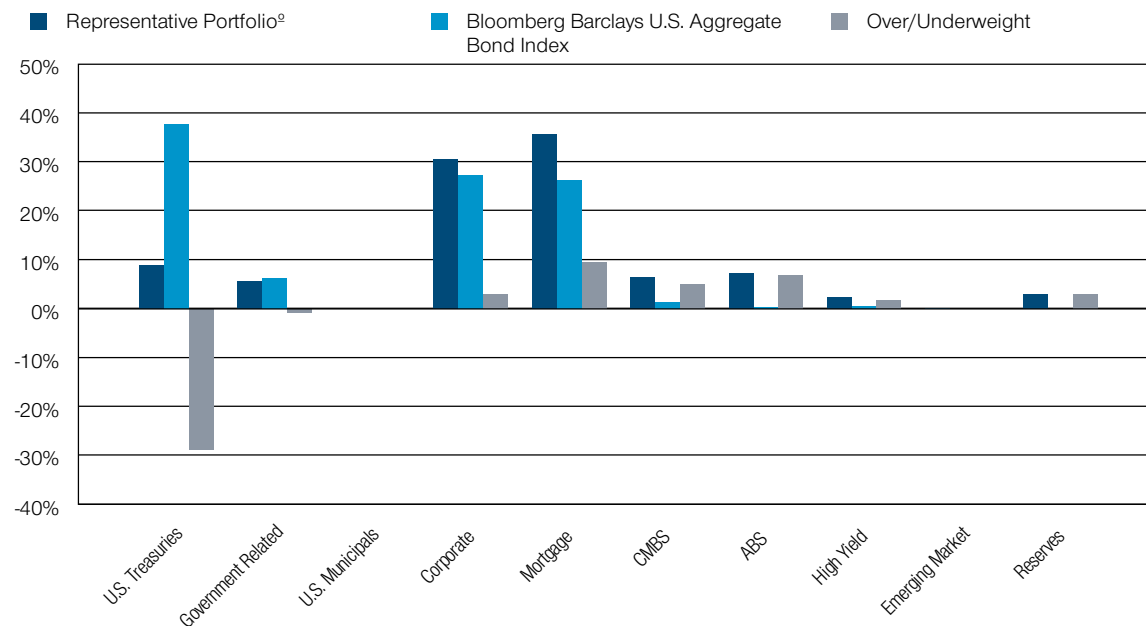
<sup>1</sup> Includes a sub-fund of a Luxembourg domiciled SICAV, a common trust fund, separate accounts, and a subadvised portfolio.

<sup>2</sup> Assets reported are as of 30 June 2020.

**TOP ISSUERS**

	<b>% of Representative Portfolio<sup>2</sup></b>
Bank of America	1.4%
Goldman Sachs	0.9
Comcast	0.9
Wells Fargo	0.8
Saudi Arabian Oil	0.7
Morgan Stanley	0.7
Bangkok Bank PCL/Hong Kong	0.7
Perrigo	0.7
Williams Companies	0.6
Energy Transfer	0.6
<b>Total</b>	<b>8.0%</b>

**SECTOR DIVERSIFICATION**



**PORTFOLIO CHARACTERISTICS**

	<b>Representative Portfolio<sup>2</sup></b>	<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>
Weighted Average Coupon	3.05%	3.01%
Weighted Average Maturity	7.79 years	8.13 years
Weighted Average Effective Duration	6.15 years	6.03 years
Yield to Maturity	1.76%	1.19%
Average Credit Quality	AA-	AA1/AA2
Number of Holdings	192	11,902

<sup>2</sup>Please see Additional Disclosures section for further information.

**PERFORMANCE**

	Three Months	Year-to-Date	One Year	Annualized			
				Three Years	Five Years	Ten Years	Fifteen Years
US Investment Grade Core Bond Composite (Gross)	1.14%	6.39%	6.60%	5.37%	4.52%	3.97%	4.99%
US Investment Grade Core Bond Composite (Net)	1.07	6.19	6.34	5.11	4.26	3.71	4.73
Bloomberg Barclays U.S. Aggregate Bond Index	0.62	6.79	6.98	5.24	4.18	3.64	4.48
Value Added (Gross)	0.52	-0.40	-0.38	0.13	0.34	0.33	0.51
Value Added (Net)	0.45	-0.60	-0.64	-0.13	0.08	0.07	0.25

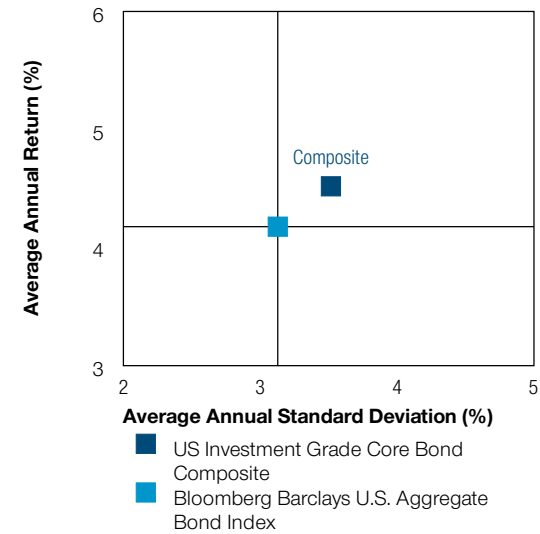
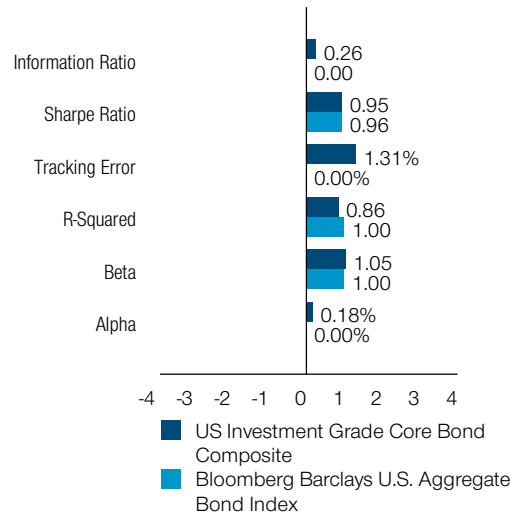
**Past performance is not a reliable indicator of future performance.**

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains.

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 September 2020



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.

**FEE SCHEDULE****US Investment Grade Core Bond Composite**

The US Investment Grade Core Bond Composite seeks current income and capital appreciation primarily through investment in sectors and investment grade securities in U.S. Fixed Income Indices, including the Bloomberg Barclays U.S. Aggregate Index. The strategy does not typically deviate significantly from the benchmark, but has flexibility to do so when market conditions warrant. (Created June 2006) (Formerly known as the U.S. Core Fixed Income Composite)

First \$50 million	25 basis points
Next \$50 million	20 basis points
Above \$100 million	17.5 basis points*
Above \$250 million	12.5 basis points*
Minimum separate account size	\$50 million

\* A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Disclosure

## US Investment Grade Core Bond Composite

Period Ended December 31, 2019

Figures Shown in U.S. dollar

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Annual Returns (%)	7.42	6.91	5.58	-1.79	6.20	0.98	3.00	4.36	-0.16	9.52
Net Annual Returns (%) <sup>1</sup>	7.16	6.65	5.32	-2.03	5.93	0.73	2.75	4.10	-0.41	9.25
Bloomberg Barclays U.S. Aggregate Bond Index (%)	6.54	7.84	4.21	-2.02	5.97	0.55	2.65	3.54	0.01	8.72
Composite 3-Yr St. Dev.	4.09	2.68	2.21	2.70	2.66	2.87	2.92	2.73	2.73	2.80
Bloomberg Barclays U.S. Aggregate Bond Index 3-Yr St. Dev.	4.17	2.78	2.38	2.71	2.63	2.88	2.98	2.78	2.84	2.87
Composite Dispersion	N/A	N/A	N/A	0.16	0.10	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	220.6	230.9	959.5	1,043.5	677.6	1,215.9	1,490.9	1,613.2	1,636.7	1,697.8
# of Accts. in Comp.	2	3	9	9	6	6	6	5	5	5
Total Firm Assets (Billions)	485.0	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2 <sup>2</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). TRP has been independently verified for the 23-year period ended June 30, 2019 by KPMG LLP. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

TRP is a U.S. investment management firm with various investment advisers registered with the U.S. Securities and Exchange Commission, the U.K. Financial Conduct Authority, and other regulatory bodies in various countries and holds itself out as such to potential clients for GIPS purposes. TRP further defines itself under GIPS as a discretionary investment manager providing services primarily to institutional clients with regard to various mandates, which include U.S., international, and global strategies but excluding the services of the Private Asset Management group. The minimum asset level for equity portfolios to be included in composites is \$5 million and prior to January 2002 the minimum was \$1 million. The minimum asset level for fixed income and asset allocation portfolios to be included in composites is \$10 million; prior to October 2004 the minimum was \$5 million; and prior to January 2002 the minimum was \$1 million. Valuations are computed and performance reported in U.S. dollars.

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives which generally represent less than 10% of a portfolio.

Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions and/or a presentation that adheres to the GIPS® standards are available upon request.

## ADDITIONAL DISCLOSURES

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of Composite assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Composite to changes in interest rates. In general, the longer the average maturity or duration, the greater the Composite's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

Unless indicated otherwise the source of all data is T. Rowe Price.

The specific securities identified and described do not represent all of the securities purchased or sold for this Composite. This information is not intended to be a recommendation to take any particular investment action and is subject to change. No assumption should be made that the securities identified and discussed were or will be profitable.

Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

The Top Issuers excludes U.S. Treasuries, institutional funds, agencies and securitized products.

Source for Sector Diversification: T. Rowe Price

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Credit Quality Ratings are obtained using Bloomberg Barclays methodology using ratings derived from Moody's Investors Service (Moody's), Standard & Poor's (S&P) and Fitch Ratings (Fitch). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps. Unrated securities totaled less than 1% of the portfolio at the end of the reporting period.

© 2020, Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "Moody's"). All rights reserved. Moody's ratings and other information ("Moody's Information") are proprietary to Moody's and/or its licensors and are protected by copyright and other intellectual property laws. Moody's Information is licensed to Client by Moody's. MOODY'S INFORMATION MAY NOT BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. Moody's (R) is a registered trademark.

Copyright © 2020 Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries.

The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS Disclosure page for additional information on the composite.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

## Risks

The following risks are materially relevant to the portfolio.

**ABS/MBS risk** - These securities may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk.

**Credit risk** - A bond or money market security could lose value if the issuer's financial health deteriorates.

**Default risk** - The issuers of certain bonds could become unable to make payments on their bonds.

**Derivatives risk** - Derivatives may result in losses that are significantly greater than the cost of the derivative.

**Emerging markets risk** - Emerging markets are less established than developed markets and therefore involve higher risks.

**Interest rate risk** - When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.

**Issuer concentration risk** - To the extent that a portfolio invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers.

**Liquidity risk** - Any security could become hard to value or to sell at a desired time and price.

**Prepayment and extension risk** - With mortgage- and asset-backed securities, or any other securities whose market prices typically reflect the assumption that the securities will be paid off before maturity, any unexpected behaviour in interest rates could impact portfolio performance.

**Sector concentration risk** - The performance of a portfolio that invests a large portion of its assets in a particular economic sector (or, for bond portfolios, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market.

## General Portfolio Risks

**Capital risk** - The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different. **Counterparty risk** - An entity with which the portfolio transacts may not meet its obligations to the portfolio. **Geographic concentration risk** - To the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - A portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment portfolio risk** - Investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Management risk** - The investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - Operational failures could lead to disruptions of portfolio operations or financial losses.

**IMPORTANT INFORMATION**

**This material is being furnished for general informational and/or marketing purposes only.** The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request.

It is not intended for distribution to retail investors in any jurisdiction.

**Australia** - Issued in Australia by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741) which is registered in Australia with its registered office at Level 50, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000. T. Rowe Price Australia Limited is licensed by the Australian Securities and Investments Commission. For Wholesale Clients only.

**Canada** - Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

**DIFC** - Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd. This material is communicated on behalf of T. Rowe Price International Ltd by its representative office which is regulated by the Dubai Financial Services Authority. For Professional Clients only.

**EEA ex-UK** - Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à r.l. 35 Boulevard du Prince Henri L-1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only.

**UK** - This material is issued and approved by T. Rowe Price International Ltd, 60 Queen Victoria Street, London, EC4N 4TZ which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only.

**Hong Kong** - Issued by T. Rowe Price Hong Kong Limited, 6/F, Chater House, 8 Connaught Road Central, Hong Kong. T. Rowe Price Hong Kong Limited is licensed and regulated by the Securities & Futures Commission. For Professional Investors only.

**Singapore** - Issued in Singapore by T. Rowe Price Singapore Private Ltd., No. 501 Orchard Rd, #10-02 Wheelock Place, Singapore 238880. T. Rowe Price Singapore Private Ltd. is licensed and regulated by the Monetary Authority of Singapore. For Institutional and Accredited Investors only.

**Switzerland** - Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland. For Qualified Investors only.

**USA** - Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

© 2020 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.  
2016-GL-5397