**PROSPECTUS**

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T. Rowe Price

# Global Allocation Fund

*Investor Class*

*I Class*

*Advisor Class*

March 1, 2017

A fund seeking long-term capital appreciation and income through a broadly diversified global portfolio of stocks, bonds, and other investments.



T. Rowe Price
INVEST WITH CONFIDENCE

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# SUMMARY

## Investment Objective

The fund seeks long-term capital appreciation and income.

## Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the fund.

***Fees and Expenses of the Fund***

| | Investor Class | I Class | Advisor Class |
|---|---|---|---|
| ***Shareholder fees (fees paid directly from your investment)*** | | | |
| Maximum account fee | $20[a] | — | — |
| ***Annual fund operating expenses (expenses that you pay each year as a percentage of the value of your investment)*** | | | |
| Management fees | 0.69% | 0.69% | 0.69% |
| Distribution and service (12b-1) fees | — | — | 0.25 |
| Other expenses | 0.36[b] | 0.35[b,f] | 0.42[b] |
| Acquired fund fees and expenses | 0.19 | 0.19 | 0.19 |
| Total annual fund operating expenses | 1.24[c] | 1.23[c] | 1.55[c] |
| Fee waiver/expense reimbursement | (0.09)[d,e] | (0.39)[d,f] | (0.30)[d,g] |
| **Total annual fund operating expenses after fee waiver/expense reimbursement** | **1.15**[c,e] | **0.84**[c,f] | **1.25**[c,g] |

[a] Subject to certain exceptions, accounts with a balance of less than $10,000 are charged an annual $20 fee.

[b] Restated to reflect current fees.

[c] The figures shown in the fee table do not match the “Ratio of expenses to average net assets” shown in the Financial Highlights table, as that figure does not include acquired fund fees and expenses and excludes expenses permanently waived as a result of investments in other T. Rowe Price mutual funds.

[d] T. Rowe Price Associates, Inc. is required to permanently waive a portion of its management fee charged to the fund in an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. The amount of the waiver will vary each fiscal year in proportion to the amount invested in other T. Rowe Price mutual funds. The T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

[e] T. Rowe Price Associates, Inc. has agreed (through February 28, 2018) to waive its fees and/or bear any expenses (excluding interest, expenses related to borrowings, taxes and brokerage, extraordinary expenses, and acquired fund fees and expenses) that would cause the class’ ratio of expenses to average daily net assets to exceed 1.05%. The agreement may be terminated at any time beyond February 28, 2018, with approval by the fund’s Board of Directors. Fees waived and expenses paid under this agreement are subject to reimbursement to T. Rowe Price Associates, Inc. by the fund whenever the class’ expense ratio is below 1.05%. However, no reimbursement will be made more than three years after the waiver or payment, or if it would result in the expense ratio exceeding 1.05% (excluding interest, expenses related to borrowings, taxes and brokerage, extraordinary expenses, and acquired fund fees and expenses).

[f] T. Rowe Price Associates, Inc. has agreed (through February 28, 2018) to pay the operating expenses of the fund’s I Class excluding management fees; interest; expenses related to borrowings; taxes and brokerage; nonrecurring, extraordinary expenses; and acquired fund fees and expenses (“I Class Operating Expenses”), to the extent the I Class Operating Expenses exceed 0.05% of the class’ average daily net assets. Any expenses paid under this agreement are subject to reimbursement to T. Rowe Price Associates, Inc. by the fund whenever the fund’s I Class Operating Expenses are below 0.05%. However, no reimbursement will be made more than three years after the

payment of the I Class Operating Expenses or if such reimbursement would cause the fund's I Class Operating Expenses to exceed 0.05%. The agreement may be terminated at any time beyond February 28, 2018, with approval by the fund's Board of Directors.

[g] T. Rowe Price Associates, Inc. has agreed (through February 28, 2018) to waive its fees and/or bear any expenses (excluding interest, expenses related to borrowings, taxes and brokerage, extraordinary expenses, and acquired fund fees and expenses) that would cause the class' ratio of expenses to average daily net assets to exceed 1.15%. The agreement may be terminated at any time beyond February 28, 2018, with approval by the fund's Board of Directors. Fees waived and expenses paid under this agreement are subject to reimbursement to T. Rowe Price Associates, Inc. by the fund whenever the class' expense ratio is below 1.15%. However, no reimbursement will be made more than three years after the waiver or payment, or if it would result in the expense ratio exceeding 1.15% (excluding interest, expenses related to borrowings, taxes and brokerage, extraordinary expenses, and acquired fund fees and expenses).

**Example** This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The example assumes that you invest $10,000 in the fund for the time periods indicated and then redeem all of your shares at the end of those periods, that your investment has a 5% return each year, and that the fund's operating expenses remain the same. The example also assumes that an expense limitation currently in place is not renewed; therefore, the figures have been adjusted to reflect fee waivers or expense reimbursements only in the periods for which the expense limitation arrangement is expected to continue. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

| | *1 year* | *3 years* | *5 years* | *10 years* |
|---|---|---|---|---|
| Investor Class | $117 | $385 | $672 | $1,492 |
| I Class | 86 | 352 | 638 | 1,454 |
| Advisor Class | 127 | 460 | 816 | 1,820 |

**Portfolio Turnover** The fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when the fund's shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the fund's performance. During the most recent fiscal year, the fund's portfolio turnover rate was 46.6% of the average value of its portfolio.

## Investments, Risks, and Performance

**Principal Investment Strategies** The fund seeks to invest in a broadly diversified global portfolio of investments, including U.S. and international stocks, bonds and short-term securities, and alternative investments. The fund uses an active asset allocation strategy in conjunction with fundamental research to select individual investments. T. Rowe Price, the fund's investment adviser, allocates the fund's assets among various asset classes and market sectors based on its assessment of U.S. and global economic and market conditions, interest rate movements, industry and issuer conditions and business cycles, and other relevant factors. Under normal conditions, the fund's portfolio will consist of approximately 60% stocks; 30% bonds, money market securities, and other debt instruments; and 10% alternative investments.

The fund's investments in alternative investments may include unregistered hedge funds or other private or registered investment companies. The fund may also gain exposure to specific asset classes through the use of certain types of derivatives or by investing in other T. Rowe Price mutual funds that focus their investments in a given asset class.

T. Rowe Price may adjust the fund's portfolio and overall risk profile by making tactical decisions to overweight or underweight particular asset classes or sectors based on its outlook for the global economy and securities markets, as well as by adjusting the fund's overall derivatives exposure and allocations to alternative investments, including through hedge funds.

The fund expects to normally invest approximately half of its equity investments in U.S. stocks and half in international stocks. When deciding upon overall allocations to stocks, T. Rowe Price examines relative values and prospects among growth- and value-oriented stocks, small- to large-cap stocks, and stocks of companies involved in activities related to commodities and other real assets, as well as by evaluating economic conditions affecting the U.S. and international developed and emerging markets.

The fund invests in alternative investments, including hedge funds and other private or registered investment companies that, in the opinion of T. Rowe Price, have the potential to produce attractive long-term risk-adjusted returns and exhibit a relatively low correlation of returns to more traditional asset classes. The fund's alternative investments are expected to be less connected to movements in the major equity and bond markets. This is expected to enhance the fund's overall diversification and offer potentially greater downside protection for the fund than more typical equity investments.

The fund expects to normally invest approximately one-third of its debt investments in international issuers, and the fund may invest up to 25% of its total assets in debt instruments that are rated below investment grade or deemed to be of comparable quality by T. Rowe Price. The fund expects to invest in a diversified portfolio of debt instruments, including U.S. dollar-denominated and non-U.S. dollar-denominated obligations of U.S. and international issuers (including issuers in emerging markets). The fund may purchase securities of any maturity and investments are chosen across the entire government, inflation-linked, corporate, and mortgage-backed and asset-backed securities markets, as well as bank loans. When deciding whether to adjust the duration or credit risk exposure of the fund's debt investments or the fund's allocations among various sectors, the adviser weighs factors such as the overall outlook for inflation and the global economy, expected interest rate movements and currency valuations, and the yield advantage that lower-rated instruments may offer over investment-grade bonds.

The fund may use options, futures, and forward currency exchange contracts for a variety of purposes, although the fund expects to primarily use these instruments to efficiently access or adjust exposure to certain market segments, in an attempt to manage portfolio volatility, or to benefit from what the adviser believes is a risk premium in the options market (for example, an option's price reflects a greater degree of volatility that would typically be realized in the market). The fund's use of options primarily involves selling (also known as "writing") and buying call options (or options on related futures contracts) involving stock and investment-grade bond indexes in an effort to enhance risk-adjusted returns, although the fund may buy or sell options for other purposes. This option overlay strategy is generally designed to benefit from a risk premium in the options market and dampen the fund's overall volatility when compared to a pure bond or equity portfolio. The fund's use of futures typically involves buying equity index futures contracts on an index as an efficient means of gaining exposure to a particular segment of the U.S. stock market (for example, U.S. small-cap stocks), as well as using Treasury futures to adjust portfolio duration or to reduce the fund's overall volatility to manage the volatility of the fund or one of its underlying strategies. The fund uses forward currency exchange contracts primarily to moderate the currency exposure associated with part of the fund's international equity holdings.

**Principal Risks** As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund's share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

*Active management risk* The fund is subject to the risk that the investment adviser's judgments about the attractiveness, value, or potential appreciation of the fund's investments may prove to be incorrect. The fund could underperform in comparison to other funds with similar objectives and investment strategies if the fund's overall asset allocation or investment selection strategies fail to produce the intended results.

*Risks of stock investing* Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

*Fixed income markets risk* Economic and other market developments can adversely affect fixed income securities markets. At times, participants in these markets may develop concerns about the ability of certain issuers of debt securities to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market. Those concerns could cause increased volatility and reduced liquidity in particular securities or in the overall fixed income markets and the related derivatives markets. A lack of liquidity or other adverse credit market conditions may hamper the fund's ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

*Bond investing risk* Bonds and other debt securities have three main sources of risk—interest rate risk, credit risk, and liquidity risk. ***Interest rate risk*** is the risk that a rise in interest rates will cause the price of a fixed rate debt security fund to fall (bond prices and interest rates usually move in opposite directions). Generally, securities with longer maturities and funds with longer weighted average maturities suffer greater price declines than those with shorter maturities when interest rates rise. Mortgage-backed securities and other asset-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments and rising rates can lead to decreased prepayments and greater volatility. Bank loans and other floating rate investments will typically experience less price volatility than a fixed rate holding in the event of interest rate changes. ***Credit risk*** is the risk that an issuer of a debt security could suffer an adverse change in financial condition that results in a payment default (failure to make scheduled interest or principal payments) or inability to meet another financial obligation, potentially reducing the fund's income level and share price. This risk is increased when a security is downgraded or the perceived creditworthiness of the issuer deteriorates. ***Liquidity risk*** is the risk that the fund may not be able to sell a holding in a timely manner at a price that reflects what the fund believes it should be worth.

While the fund's bond investments are expected to primarily be investment grade, the fund may invest in bonds that are rated below investment grade, also known as high yield or "junk" bonds, including those with the lowest credit rating. High yield bond issuers are more likely to suffer an adverse change in financial condition that would result in the inability to meet a financial obligation. Accordingly, the securities they issue carry a higher risk of default and should be considered speculative. The fund's exposure to credit risk, in particular, is increased to the extent it invests in high yield bonds.

*International investing risk* Investing in the securities of non-U.S. issuers involves special risks not typically associated with investing in U.S. issuers. International securities tend to be more volatile and less liquid than investments in U.S. securities and may lose value because of adverse local, political, social, or economic developments overseas, or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, international investments are subject to settlement practices and regulatory and financial reporting standards that differ from those of the U.S.

*Emerging markets risk* The risks of international investing are heightened for securities of issuers in emerging market countries. Emerging market countries tend to have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries. In addition to all of the risks of investing in international developed markets, emerging markets are more susceptible to governmental interference, local taxes being imposed on international investments, restrictions on gaining access to sales proceeds, and less liquid and less efficient trading markets.

*Market capitalization risk* Because the fund may invest in companies of any size, its share price could be more volatile than a fund that invests only in large companies. Small and medium-sized companies often have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies. Larger companies may not be able to attain the high growth rates of successful smaller companies, especially during strong economic periods, and they may be less capable of responding quickly to competitive challenges and industry changes.

*Derivatives risk* The fund uses options, futures, and forward currency exchange contracts, and is therefore potentially exposed to additional losses not typically associated with direct investments in traditional securities. In addition, for instruments not traded on an exchange, there is a risk that a counterparty to the transaction could default and fail to meet its obligations under the derivatives contract. The values of the fund's positions in index options and futures will fluctuate in response to changes in the value of the underlying index or security and the fund is exposed to the risk that the underlying index or security will not move in a direction that is favorable to the fund. Selling options could limit the fund's opportunity to profit from a greater increase in the market value of the reference asset or specific holdings within the underlying index. As a result, selling call options could diminish the fund's returns during periods of strong equity market performance. When the fund purchases an option, it may lose the premium paid for the option if the market value of the reference asset or index decreases or remains the same. The fund's attempts to hedge currency exposure through forward currency exchange contracts could cause the fund to fail to obtain the benefit of an increase in an international holding's local currency relative to the U.S. dollar. As a result, the fund's use of forward currency exchange contracts could dampen the fund's returns during periods of a weakening U.S. dollar relative to other currencies. Unusual market conditions or the lack of a liquid market for particular options or futures may reduce the fund's returns, and investment in a futures contract could lead to losses in excess of the fund's initial investment. Changes in regulations could significantly impact the fund's ability to invest in specific types of derivatives, which could limit the fund's ability to employ certain strategies that use derivatives.

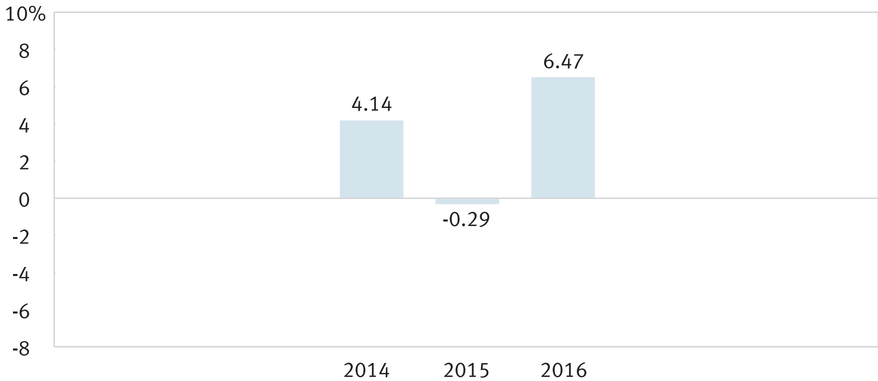
*Alternative investments/Hedge fund risk* The fund's exposure to alternative investments may prove to be more correlated to the broad markets or the remainder of the fund's portfolio than anticipated and thus reduce the value of such investments. A hedge fund is considered an illiquid asset by the fund, is not subject to the same regulatory requirements as mutual funds and other investment companies, and could underperform comparable hedge funds with alternative strategies. Hedge funds are not required to provide periodic pricing or valuation information to investors, and often engage in leveraging, short-selling, commodities investing and other speculative investment practices that are not fully disclosed and may increase the risk of investment loss. Their underlying holdings are not as transparent to investors or typically as diversified as those of traditional mutual funds, and an investor's (i.e., the fund's) redemption rights are typically limited. All of these factors make the fund's investments in alternative investments and hedge funds more difficult to value and monitor when compared to more traditional investments, and may increase the fund's liquidity risks.

**Performance** The following performance information provides some indication of the risks of investing in the fund. The fund's performance information represents only past performance (before and after taxes) and is not necessarily an indication of future results.

The following bar chart illustrates how much returns can differ from year to year by showing calendar year returns and the best and worst calendar quarter returns during those years for the fund's Investor Class. Returns for other share classes vary since they have different expenses.

Global Allocation Fund

*Calendar Year Returns*




| | Quarter Ended | Total Return | | Quarter Ended | Total Return |
|---|---|---|---|---|---|
| Best Quarter | 9/30/16 | 4.75% | Worst Quarter | 9/30/15 | -6.32% |

The following table shows the average annual total returns for each class of the fund that has been in operation for at least one full calendar year, and also compares the returns with the returns of a relevant broad-based market index, as well as with the returns of one or more comparative indexes that have investment characteristics similar to those of the fund.

In addition, the table shows hypothetical after-tax returns to demonstrate how taxes paid by a shareholder may influence returns. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements, such as a 401(k) account or individual retirement account. After-tax returns are shown only for the Investor Class and will differ for other share classes.

***Average Annual Total Returns***

| | Periods ended December 31, 2016 | | |
|---|---|---|---|
| | *1 Year* | *Since inception* | *Inception date* |
| **Investor Class** | | | ***05/28/2013*** |
| *Returns before taxes* | 6.47 % | 4.68 % | |
| *Returns after taxes on distributions* | 6.01 | 4.06 | |
| *Returns after taxes on distributions and sale of fund shares* | 3.90 | 3.43 | |
| **I Class** | | | ***03/23/2016*** |
| *Returns before taxes* | — | — | |
| **Advisor Class** | | | ***05/28/2013*** |
| *Returns before taxes* | 6.39 | 4.60 | |
| Morningstar Global Allocation Index (reflects no deduction for fees, expenses, or taxes) | 7.00 | 4.19 [a] | |
| Lipper Flexible Portfolio Funds Index | 7.16 | 4.43 [a] | |

[a] Return as of 5/28/13.

Updated performance information is available through **troweprice.com**.

## Management

**Investment Adviser** T. Rowe Price Associates, Inc. (T. Rowe Price)

| Portfolio Manager | Title | Managed Fund Since | Joined Investment Adviser |
|---|---|---|---|
| Charles M. Shriver | Chairman of Investment Advisory Committee | 2013 | 1999 |

## Purchase and Sale of Fund Shares

The fund generally requires a $2,500 minimum initial investment ($1,000 minimum initial investment if opening an IRA, a custodial account for a minor, or a small business retirement plan account). Additional purchases generally require a $100 minimum. These investment minimums may be waived or modified for financial intermediaries and certain employer-sponsored retirement plans submitting orders on behalf of their customers. Advisor Class shares may generally only be purchased through a financial intermediary or retirement plan.

The I Class generally requires a $1,000,000 minimum initial investment and there is no minimum for additional purchases, although the initial investment minimum may be waived for intermediaries and retirement plans maintaining omnibus accounts, and certain institutional client accounts for which T. Rowe Price or its affiliate has discretionary investment authority.

For investors holding shares of the fund directly with T. Rowe Price, you may purchase, redeem, or exchange fund shares by mail; by telephone (1-800-225-5132 for IRAs and nonretirement accounts; 1-800-492-7670 for small business retirement plans; and 1-800-638-8790 for institutional investors and financial intermediaries); or, for certain accounts, by accessing your account online through **troweprice.com**.

If you hold shares through a financial intermediary or retirement plan, you must purchase, redeem, and exchange shares of the fund through your intermediary or retirement plan. You should check with your intermediary or retirement plan to determine the investment minimums that apply to your account.

### Tax Information

Any dividends or capital gains are declared and paid annually, usually in December. Redemptions or exchanges of fund shares and distributions by the fund, whether or not you reinvest these amounts in additional fund shares, may be taxed as ordinary income or capital gains unless you invest through a tax-deferred account (in which case you will be taxed upon withdrawal from such account).

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the fund through a broker-dealer or other financial intermediary (such as a bank), the fund and its related companies may pay the intermediary for the sale of fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information. However, the fund and its investment adviser do not pay broker-dealers and other financial intermediaries for sales or related services of the I Class shares.

## ORGANIZATION AND MANAGEMENT

### How is the fund organized?

The fund was incorporated in Maryland in 2013 and is an "open-end management investment company," or mutual fund. Mutual funds pool money received from shareholders and invest it to try to achieve specified objectives.

***Shareholders have benefitted from T. Rowe Price's investment management experience since 1937.***

### What is meant by "shares"?

As with all mutual funds, investors purchase shares when they put money in the fund. These shares are part of the fund's authorized capital stock, but share certificates are not issued.

Each share and fractional share entitles the shareholder to:

- Receive a proportional interest in income and capital gain distributions. For funds with multiple share classes, the income dividends for each share class will generally differ from those of other share classes to the extent that the expense ratios of the classes differ.
- Cast one vote per share on certain fund matters, including the election of the fund's directors/trustees, changes in fundamental policies, or approval of material changes to the fund's investment management agreement. Shareholders of each class have exclusive voting rights on matters affecting only that class.

### Does the fund have annual shareholder meetings?

The mutual funds that are sponsored and managed by T. Rowe Price ("T. Rowe Price Funds") are not required to hold regularly scheduled shareholder meetings. To avoid unnecessary costs to the funds' shareholders, shareholder meetings are only held when certain matters, such as changes in fundamental policies or elections of directors/trustees, must be decided. In addition, shareholders representing at least 10% of all eligible votes may call a special meeting for the purpose of voting on the removal of any fund director or trustee. If a meeting is held and you cannot attend, you can vote by proxy. Before the meeting, the funds will send or make available to you proxy materials that explain the matters to be decided and include instructions on voting by mail, telephone, or the Internet.

## Who runs the fund?

### General Oversight

The fund is governed by a Board of Directors (the “Board”) that meets regularly to review the fund’s investments, performance, expenses, and other business affairs. The Board elects the fund’s officers. At least 75% of Board members are independent of T. Rowe Price and its affiliates (the “Firm”).

### Investment Adviser

T. Rowe Price is the fund’s investment adviser and oversees the selection of the fund’s investments and management of the fund’s portfolio pursuant to an investment management agreement between the investment adviser and the fund. T. Rowe Price is a SEC-registered investment adviser that provides investment management services to individual and institutional investors, and sponsors and serves as adviser and sub-adviser to registered investment companies, institutional separate accounts, and common trust funds. The address for T. Rowe Price is 100 East Pratt Street, Baltimore, Maryland 21202. As of December 31, 2016, the Firm had approximately $810 billion in assets under management and provided investment management services for more than 8 million individual and institutional investor accounts.

### Portfolio Management

T. Rowe Price has established an Investment Advisory Committee with respect to the fund. The committee chairman has day-to-day responsibility for managing the fund’s portfolio and works with the committee in developing and executing the fund’s investment program. The members of the committee are as follows: Charles M. Shriver, Chairman, Stephen L. Bartolini, Robert L. Harlow, Steven C. Huber, Stefan Hubrich, Robert M. Larkins, Sean McWilliams, Sebastien Page, Robert A. Panariello, Darrell M. Riley, and Toby M. Thompson. The following information provides the year that the chairman (the “portfolio manager”) first joined the Firm and the chairman’s specific business experience during the past five years (although the chairman may have had portfolio management responsibilities for a longer period). Mr. Shriver has been chairman of the committee since the fund’s inception in 2013. He joined the Firm in 1991 and his investment experience dates from 1999. He has served as a portfolio manager with the Firm throughout the past five years. The Statement of Additional Information provides additional information about the portfolio manager’s compensation, other accounts managed by the portfolio manager, and the portfolio manager’s ownership of the fund’s shares.

Applicable law generally requires a fund to obtain shareholder approval when hiring investment sub-advisers. However, the fund has obtained exemptive relief from the SEC to permit its investment adviser, subject to the approval and oversight of the fund’s Board, to make decisions about the fund’s sub-advisory arrangements without obtaining shareholder approval. The relief permits the fund and its investment adviser to engage one or more sub-advisers to make day-to-day investment decisions for all or a portion of the fund’s assets. Under the arrangement, the investment adviser would retain ultimate responsibility for overseeing the sub-advisers, including monitoring and evaluating their performance, and would maintain responsibility for the fund's overall investment program and for implementing procedures reasonably designed to ensure that sub-advisers comply with the fund's investment policies and restrictions. The arrangement allows the fund's investment adviser, without the approval of the fund's shareholders, to recommend to the Board that the fund: (1) hire an unaffiliated or affiliated sub-adviser, including terminating an existing sub-adviser and replacing it with one or more unaffiliated or affiliated sub-advisers; and (2) materially amend a sub-advisory agreement with an unaffiliated or affiliated sub-adviser. If the Board determines that such a recommendation is in the best interests of the fund and its shareholders, the fund will inform shareholders of the hiring of a new sub-adviser within 90 days after the hiring of the new sub-adviser pursuant to a notice and information statement. If the fund's investment adviser engages one or more sub-advisers to manage a portion of the fund's portfolio, the aggregate fees paid to all sub-advisers will be disclosed in the Statement of Additional Information.

## The Management Fee

The management fee consists of two components—an "individual fund fee," which reflects the fund's particular characteristics, and a "group fee." The group fee, which is designed to reflect the benefits of the shared resources of the Firm, is calculated daily based on the combined net assets of all T. Rowe Price Funds (except the Funds-of-Funds, TRP Reserve Funds, Multi-Sector Account Portfolios, and any index or private label mutual funds). The group fee schedule (in the following table) is graduated, declining as the combined assets of the T. Rowe Price Funds rise, so shareholders benefit from the overall growth in mutual fund assets.

***Group Fee Schedule***

| | |
|---|---|
| 0.334%* | First $50 billion |
| 0.305% | Next $30 billion |
| 0.300% | Next $40 billion |
| 0.295% | Next $40 billion |
| 0.290% | Next $60 billion |
| 0.285% | Next $80 billion |
| 0.280% | Next $100 billion |
| 0.275% | Next $100 billion |
| 0.270% | Thereafter |

* Represents a blended group fee rate containing various breakpoints.

The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. On October 31, 2016, the annual group fee rate was 0.29%. The individual fund fee, also applied to the fund's average daily net assets, is 0.40%.

A discussion about the factors considered by the Board and its conclusions in approving the fund's investment management agreement (and any sub-advisory agreement, if applicable) appear in the fund's semiannual report to shareholders for the period ended April 30.

## MORE INFORMATION ABOUT THE FUND AND ITS INVESTMENT RISKS

Consider your investment goals, your time horizon for achieving them, and your tolerance for risk. The fund seeks to invest in a broadly diversified global portfolio with an emphasis on both capital appreciation and income. Generally, the fund is intended for those seeking an approach that emphasizes stocks for potential appreciation and some income but also invests in bonds and other investments designed to produce income and temper volatility. If you want to diversify your portfolio by adding a fund with investments in both international and domestic stocks and bonds and you are comfortable with the risks that accompany international investments (including the special risks associated with investing in emerging markets), the fund could be an appropriate part of your overall investment strategy. If you seek a global portfolio with broad exposure to equity and fixed income markets, the fund may be an appropriate stand-alone investment.

The fund offers a way to try to balance the potential capital appreciation of common stocks with the income and relative stability of bonds over the long term. The fund's investment adviser regularly reviews the fund's overall asset allocation and may make gradual changes based on T. Rowe Price's outlook for the economy, interest rates, and financial markets. The fund does not attempt to time short-term market swings.

Stocks of many well-established corporations offer the potential for appreciation and rising dividends. While smaller companies usually reinvest earnings in their own growth and therefore pay little or no dividends, they may offer the possibility of even greater appreciation if their businesses prosper. Historically, stocks have provided higher returns over time than bonds or money market securities and offer a way to invest for long-term growth of capital. Also, stocks have provided greater long-term protection against the erosion of purchasing power caused by inflation than bonds. The fund's broad diversification means your ability to achieve capital appreciation and earn income does not hinge on the performance of any one asset class or the success of any particular investment approach. While there is no guarantee, spreading investments across several types of assets and being further diversified within asset classes is expected to reduce the fund's overall volatility, since prices of different asset classes may respond differently to changes in economic conditions and interest rate levels. A rise in bond prices, for example, could help offset a fall in stock prices. Money market securities or other short-term investments should have a stabilizing influence. In addition, the steady income provided by bonds can contribute favorably to the fund's total return by cushioning the impact of any price declines and enhancing price increases.

Investing a portion of your overall portfolio in stock funds with foreign holdings can enhance your diversification and increase the fund's available investment opportunities.

The fund employs an option overlay strategy, which typically involves writing (i.e., selling) or holding (i.e., buying) call options on stock indexes, investment-grade bonds, U.S. Treasury futures, or some other reference asset in an effort to enhance risk-adjusted returns or manage the fund's overall volatility and bond exposure, although the fund may buy or sell options for other purposes. The strategy involves writing or buying calls on the S&P 500 Index and other indexes. The fund uses equity futures to manage the overall equity exposure associated with the strategy. As the seller of a call option, the fund receives a premium from the purchaser, who has the right to any appreciation in the value of the underlying reference asset (e.g., the index or U.S. Treasury future) over a fixed price (the "strike price") on or before a certain date in the future (the "expiration date"). If the purchaser does not exercise the option, the seller retains the premium and, if the purchaser exercises the option, the seller pays the purchaser the difference between the value of the underlying reference asset and the exercise price of the option. The options written by the fund will typically be rolled over on a monthly basis—for example, by purchasing a previously written option (which closes an existing option position) and writing a new option. In addition to buying and selling call options, the fund's option overlay strategy could also involve the buying or selling of put options.

The fund may buy Russell 2000 Index futures contracts mainly as an efficient means of gaining exposure to the U.S. small-cap stock market, as well as to serve as a cash management tool and to enhance the fund's returns. Although Russell 2000 Index futures are designed to represent the investable U.S. small-cap stock market, their returns have at times exceeded the value of their underlying index, which could serve as a favorable alternative to directly purchasing individual small-cap stocks. The fund's long futures positions are rolled over on a regular basis in an effort to maintain the fund's small-cap stock exposure in the desired proportion to the fund's overall equity exposure. The fund may use futures to respond to interest rate changes and adjust the duration of the fund's bond portfolio, as well as a cash management tool. The fund may sell options on U.S. Treasury futures as a means of managing the overall volatility of the fund's bond investments.

The fund typically uses forward currency exchange contracts to help protect a portion of its international equity holdings from unfavorable changes in foreign currency exchange rates. This strategy is intended to moderate the overall currency risk inherent in a global portfolio and should benefit the fund during periods of a strong U.S. dollar. The fund normally limits its currency forward positions to the major developed market currencies outside the U.S.

The fund also seeks to diversify its overall portfolio by allocating a portion of its assets to alternative investments. The fund considers alternative investments to be assets that, in the opinion of the fund's investment adviser, should achieve a relatively low correlation to the major equity and fixed income markets (for example, stocks of U.S. and international developed market issuers and investment-grade bonds issued in the U.S.) and accordingly a low correlation to the remainder of the fund's portfolio. Such investments could include a variety of strategies involving less traditional equity and fixed income securities, currencies, commodities, and derivative instruments that are designed to provide attractive long-term risk-adjusted returns along with lower correlation to traditional markets and some downside protection qualities in negative equity markets. The fund expects to gain its exposure to alternative investments through investments in one or more unaffiliated hedge funds, although the fund may achieve such exposure through funds traded on foreign exchanges and other private and registered investment companies that concentrate on certain alternative investments. In addition, the fund may also hire unaffiliated investment sub-advisers who specialize in managing alternative investments in order to directly manage a portion of the fund's portfolio. However, the fund does not currently utilize any unaffiliated subadvisers.

The fund will select hedge funds or other alternative funds, as well as any investment sub-advisers, based on their investment strategies and historical performance and their ability to seek alternative investments that have shown the potential to perform independently of each other and achieve a relatively low correlation to the major equity and fixed income markets. The fund's allocations to alternative investments are expected to typically comprise approximately 10% of the fund's total assets.

As with any mutual fund, there is no guarantee the fund will achieve its objective. The fund's share price fluctuates, which means you could lose money when you sell your shares of the fund. The fund's program of investing in stocks, bonds, alternative investments and certain types of derivatives exposes it to a variety of risks. Each of these is proportional to the percentage of assets the fund has in those investments. Some particular risks affecting the fund include the following:

**Risks of stock investing** Stock prices can fall because of weakness in the broad market, a particular industry, or specific holdings. The value of the fund's stock investments could be subject to unpredictable declines in the value of individual stocks and periods of below-average performance in the equity market as a whole. The market as a whole can decline for many reasons, including adverse local, political, social, or economic developments in the U.S. or abroad, changes in investor psychology, or heavy selling at the same time by major institutional investors in the market, such as mutual funds, pension funds, and banks. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of the issuer's bonds and preferred stock take precedence over the claims of those who own common stock. In addition, the adviser's assessment of companies held by the fund may prove incorrect, resulting in losses or poor performance even in a rising market. Legislative, regulatory, or tax developments may affect the investment strategies available to portfolio managers, which could adversely affect the ability to implement the fund's overall investment program and achieve the fund's investment objective.

**Market risk** The market price of investments owned by the fund may go up or down, sometimes rapidly or unpredictably. The fund's investments may decline in value due to factors affecting the overall markets, or particular industries or sectors. The value of a holding may decline due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for an issuer's financial condition, changes in interest or currency rates, or adverse investor sentiment generally. The value of a holding may also decline due to factors which negatively affect a particular industry or industries, such as labor shortages, increased production costs, or competitive conditions within an industry. The fund may experience heavy redemptions that could cause it to liquidate its assets at inopportune times or at a loss or depressed value, which could cause the value of your investment in the fund to decline.

**Interest rate risk** This is the risk that prices of bonds and other fixed income securities will increase as interest rates fall and that prices will decrease as interest rates rise (bond prices and interest rates usually move in opposite directions). Prices fall because the bonds and notes in the fund's portfolio become less attractive to other investors when securities with higher yields become available. Because the fund allocates a portion of investments in debt securities, it carries more interest rate risk than a fund holding predominantly stocks but less than a fund holding predominately bonds.

**Prepayment risk and extension risk** Prepayment risk is the risk that the principal on mortgage-backed securities, other asset-backed securities or any debt security with an embedded call option may be prepaid at any time, which could reduce the security's yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which tends to make mortgage-backed securities, asset-backed securities, and other callable debt securities more volatile.

**Credit risk** This is the risk that an issuer of a debt instrument or counterparties to an over-the-counter derivative held by the fund will default (fail to make scheduled payments), potentially reducing the fund's income and share price. Credit risk is increased when portfolio holdings are downgraded or the perceived creditworthiness of an issuer or counterparty deteriorates.

**Liquidity risk** This is the risk that the fund may not be able to sell a holding in a timely manner at a desired price. Sectors of the bond market can experience sudden downturns in trading activity. During periods of reduced market liquidity, the spread between the price at which a security can be bought and the price at which it can be sold can widen, and the fund may not be able to sell a holding readily at a price that reflects what the fund believes it should be worth. Less liquid securities can also become more difficult to value. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional broker-dealers to make a market in fixed income securities or the lack of an active market. The potential for price movements related to liquidity risk may be magnified by a rising interest rate environment or other circumstances where selling activity from fixed income investors may be higher than normal, potentially causing increased supply in the market.

**Risks of international investing** To the extent the fund invests in international stocks and bonds, it is also subject to the special risks associated with such investments, whether denominated in U.S. dollars or foreign currencies. These risks include potentially adverse local, political, social, and economic developments overseas, greater volatility, less liquidity, differing regulatory environments and accounting standards, uncertain tax laws, different trading days and higher transaction costs than U.S. trading markets. A trading market may close without warning for extended time periods, preventing the fund from buying or selling securities in that market. International investments include the possibility that foreign currencies will decline against the U.S. dollar, lowering the value of securities denominated in those currencies. The overall impact of currency fluctuations on the fund's holdings can be significant and unpredictable, depending on the currencies represented in the fund's portfolio and how each foreign currency appreciates or depreciates in relation to the U.S. dollar and whether currency positions are hedged.

To the extent that the fund invests in emerging markets (including frontier markets), it is subject to greater risk than funds investing only in developed markets. The economic and political structures of emerging market countries, in most cases, do not compare favorably with the U.S. or other developed countries in terms of wealth and stability, and certain financial markets often lack liquidity. The economies of emerging market countries are less developed, can be overly reliant on particular industries, and more vulnerable to the ebb and flow of international trade, trade barriers, and other protectionist or retaliatory measures. While some emerging market countries have made progress in economic growth, liberalization, fiscal discipline, and political and social stability, there is no assurance these trends will continue and significant risks, such as war and terrorism, continue to affect some emerging market countries.

**Derivatives risk** The value of the fund's positions in index options will fluctuate in response to changes in the value of the underlying index. Writing index call options can help reduce the risk of selecting particular stocks, but it limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash at the time of selling the call option. Continual call writing could cause the fund to underperform more conventional equity portfolios during periods of strong equity market returns. Losses associated with the writing call options could exceed the premium received by the fund as a result of options use, and writing any call options on securities not owned by the fund exposes the fund to a potentially unlimited risk of loss. Buying call options allows the fund to benefit from any appreciation in the value of the reference asset, but if the reference asset's value does not increase, the fund may lose the premium paid for it. If an option purchased by the fund were permitted to expire without being sold or exercised, its premium would represent a loss to the fund. The market value of the fund's futures contracts may not perfectly correlate with changes in the value of the contracts' underlying index. Since losses could result from market movement, the fund may need to sell other portfolio securities at disadvantageous times in order to meet daily margin requirements. The options or futures markets may experience reduced liquidity, which could result in losses to the fund and cause the fund to be unable to settle its futures positions. In addition, the fund's transaction costs and portfolio turnover rate could be increased by choosing to roll over an expiring option or futures contract. The fund's use of forward currency exchange contracts exposes the fund to the risk of losses due to the potential failure of counterparties to meet the terms of the agreements, as well as the risk that hedging foreign currency exposure back to the U.S. dollar will cause the fund to forgo the benefit otherwise available from an increase in the foreign currency. The use of call options and forward currency exchange contracts could dampen returns and cause the fund to underperform funds with similar asset allocation strategies.

**Alternative investments/Hedge fund risk** The fund's exposure to alternative investments through hedge fund investments is considered to be illiquid and the fund will indirectly bear its pro rata share of the hedge fund's fees and expenses, which are typically higher than a traditional mutual fund. Hedge funds often have advance notice requirements and withdrawal windows which limit investors' ability to readily redeem shares of a hedge fund. If a hedge fund were to engage in activity deemed inappropriate by the fund, pursue a different strategy than the fund was led to believe the hedge fund would follow, or the strategy is more correlated to the broad markets than desired, the fund may not be able to withdraw its investment in certain hedge funds promptly after a decision has been made to do so, causing the fund to incur a significant loss and adversely affect its total return.

Hedge funds' holdings and investment strategies are not as transparent as those of traditional mutual funds (and the fund will not look through to the hedge fund's underlying investments in determining compliance with its investment restrictions). Therefore, the fund relies primarily on the limited pricing and valuation information provided by the hedge fund managers in order to value its hedge fund investments. Investors should be aware that valuations of illiquid securities involve various judgments and consideration of factors that may be subjective. There is a risk that inaccurate valuations of hedge fund positions could adversely affect the stated value of the fund and the amounts that shareholders receive upon the redemption of fund shares. In addition, should disputes arise between the fund and a hedge fund in which it invests, the fund may not be able to rely on the protections under the Investment Company Act of 1940 that are afforded to investors in registered investment companies, such as mutual funds. Finally, regulatory changes could limit the ability of a hedge fund to properly implement its alternative strategies or prevent the fund from gaining its desired exposure to alternative investments through hedge funds.

**Efforts to reduce risk** Consistent with the fund's objective, the portfolio manager uses various tools to try to reduce risk and increase total return, including:

- Attempting to reduce the impact of a single holding or sector on the fund's net asset value.
- Thorough research of stocks, bonds, and other investments by our analysts to find the most favorable investment opportunities.
- Gradual shifts in allocations to stocks, bonds, and other investments to take advantage of market opportunities and changing economic conditions.

**Additional strategies and risks** While most assets will be invested in the holdings and other instruments previously described, the fund may employ other strategies that are not considered part of the fund's principal investment strategies. For example, the adviser may attempt to manage overall portfolio volatility, which may result in the fund outperforming the general securities market during periods of flat or negative market performance. In addition, the fund may use options, futures, and currency forwards for a variety of purposes other than those considered principal strategies. The fund may buy index put options in an attempt to protect the fund from a significant market decline or buy or write options involving other indexes or securities. The fund may also use other types of futures as a cash management tool and use currency forwards to derive a benefit from a currency believed to be appreciating in value versus other currencies or for other types of currency hedging techniques. In addition, the fund may to a limited extent use other types of derivative instruments.

A derivative involves risks different from, and possibly greater than, the risks associated with investing directly in the assets on which the derivative is based. Derivatives can be highly volatile, illiquid, and difficult to value. Changes in the value of a derivative may not properly correlate with changes in the value of the underlying asset, reference rate, or index. The fund could be exposed to significant losses if it is unable to close a derivatives position due to the lack of a liquid trading market. Derivatives involve the risk that a counterparty to the derivatives agreement will fail to make required payments or comply with the terms of the agreement. There is also the possibility that limitations or trading restrictions may be imposed by an exchange or government regulation, which could adversely impact the value and liquidity of a derivatives contract subject to such regulation.

Recent regulations have changed the requirements related to the use of certain derivatives. Some of these new regulations have limited the availability of certain derivatives and made their use by funds more costly. The SEC has proposed a rule that would change the regulation of derivatives and how they are used by registered investment companies, such as the T. Rowe Price Funds. If adopted as proposed, the rule could require significant changes to the funds' use of derivatives. It is expected that additional changes to the regulatory framework will occur, but the extent and impact of additional new regulations are not certain at this time.

The Statement of Additional Information contains more detailed information about the fund and its investments, operations, and expenses.

## INVESTMENT POLICIES AND PRACTICES

This section takes a detailed look at some of the types of the fund's securities and the various kinds of investment practices that may be used in day-to-day portfolio management. The fund's investments are subject to further restrictions and risks described in the Statement of Additional Information.

Shareholder approval is required to substantively change the fund's investment objectives. Shareholder approval is also required to change certain investment restrictions noted in the following section as "fundamental policies." Portfolio managers also follow certain "operating policies" that can be changed without shareholder approval.

The fund's holdings in certain kinds of investments cannot exceed maximum percentages as set forth in this prospectus and the Statement of Additional Information. For instance, there are limitations regarding the fund's investments in certain types of derivatives. While these restrictions provide a useful level of detail about the fund's investments, investors should not view them as an accurate gauge of the potential risk of such investments. For example, in a given period, a 5% investment in derivatives could have a significantly greater impact on the fund's share price than its weighting in the portfolio. The net effect of a particular investment depends on its volatility and the size of its overall return in relation to the performance of all other fund investments.

Certain investment restrictions, such as a required minimum or maximum investment in a particular type of security, are measured at the time the fund purchases a security. The status, market value, maturity, duration, credit quality, or other characteristics of the fund's securities may change after they are purchased, and this may cause the amount of the fund's assets invested in such securities to exceed the stated maximum restriction or fall below the stated minimum restriction. If any of these changes occur, it would not be considered a violation of the investment restriction and will not require the sale of an investment if it was proper at the time the investment was made (this exception does not apply to a fund's borrowing policy). However, certain changes will require holdings to be sold or purchased by the fund during the time it is above or below the stated percentage restriction in order for the fund to be in compliance with applicable restrictions.

Changes in the fund's holdings, the fund's performance, and the contribution of various investments to the fund's performance are discussed in the shareholder reports.

***Portfolio managers have considerable discretion in choosing investment strategies and selecting securities they believe will help achieve the fund's objective.***

## Types of Portfolio Securities

In seeking to meet its investment objective, the fund may invest in any type of security or instrument (including certain potentially high-risk derivatives described in this section) whose investment characteristics are consistent with its investment program. The following pages describe various types of the fund's holdings and investment management practices.

*Diversification* As a fundamental policy, the fund will not purchase a security if, as a result, with respect to 75% of its total assets, more than 5% of the fund's total assets would be invested in securities of a single issuer or more than 10% of the outstanding voting securities of the issuer would be held by the fund.

## Common and Preferred Stocks

Stocks represent shares of ownership in a company. Generally, preferred stocks have a specified dividend rate and rank after bonds and before common stocks in their claim on income for dividend payments and on assets should the company be liquidated. After other claims are satisfied, common stockholders participate in company profits on a pro-rata basis and profits may be paid out in dividends or reinvested in the company to help it grow. Increases and decreases in earnings are usually reflected in a company's stock price, so common stocks generally have the greatest appreciation and depreciation potential of all corporate securities. Unlike common stock, preferred stock does not ordinarily carry voting rights. While most preferred stocks pay a dividend, the fund may decide to purchase preferred stock where the issuer has suspended, or is in danger of suspending, payment of its dividend.

## Foreign Securities

The fund may invest in foreign securities. Foreign securities could include non-U.S. dollar-denominated securities traded outside of the U.S. and dollar-denominated securities of foreign issuers traded in the U.S. Investing in foreign securities involves special risks that can increase the potential for losses. These include exposure to potentially adverse local, political, social, and economic developments such as war, political instability, hyperinflation, currency devaluations, and overdependence on particular industries; government interference in markets such as nationalization and exchange controls, expropriation of assets, or imposition of punitive taxes; the imposition of international trade and capital barriers, and other protectionist or retaliatory measures; potentially lower liquidity and higher volatility; possible problems arising from accounting, disclosure, settlement, and regulatory practices and legal rights that differ from U.S. standards; and the potential for fluctuations in foreign exchange rates to decrease the investment's value (favorable changes can increase its value). These risks are heightened for the fund's investments in emerging markets. The fund may purchase American Depositary Receipts and Global

Depositary Receipts, which are certificates evidencing ownership of shares of a foreign issuer. American Depositary Receipts and Global Depositary Receipts trade on established markets and are alternatives to directly purchasing the underlying foreign securities in their local markets and currencies. Such investments are subject to many of the same risks associated with investing directly in foreign securities. For purposes of the fund's investment policies, investments in depositary receipts are deemed to be investments in the underlying securities. For example, a depositary receipt representing ownership of common stock will be treated as common stock.

*Operating policy* There is no limit on the fund's investments in foreign securities, including investments in emerging market securities.

### Participation Notes (P-notes)

The fund may gain exposure to securities traded in foreign markets through investments in P-notes. P-notes are generally issued by banks or broker-dealers and are designed to offer a return linked to an underlying common stock or other security. An investment in a P-note involves additional risks beyond the risks normally associated with a direct investment in the underlying security. While the holder of a P-note is entitled to receive from the broker-dealer or bank any dividends paid by the underlying security, the holder is not entitled to the same rights (e.g., voting rights) as a direct owner of the underlying security. P-notes are considered general unsecured contractual obligations of the banks or broker-dealers that issue them as the counterparty. As such, the fund must rely on the creditworthiness of the counterparty for its investment returns on the P-notes, and could lose the entire value of its investment in the event of default by a counterparty. Additionally, there is no assurance that there will be a secondary trading market for a P-note or that the trading price of a P-note will equal the value of the underlying security.

*Operating policy* Investments in P-notes are limited to 20% of total assets. Investments in P-notes are not subject to the limit on investments in hybrid instruments.

### Bonds

A bond is an interest-bearing security. The issuer has a contractual obligation to pay interest at a stated rate on specific dates and to repay principal (the bond's face value) on a specified date. An issuer may have the right to redeem or "call" a bond before maturity, and the investor may have to reinvest the proceeds at lower market rates. Bonds can be issued by U.S. and foreign governments, states, and municipalities, as well as a wide variety of companies.

A bond's annual interest income, set by its coupon rate, is usually fixed for the life of the bond. Its yield (income as a percent of current price) will fluctuate to reflect changes in interest rate levels. A bond's price usually rises when interest rates fall and vice versa, so its yield generally stays consistent with current market conditions.

Conventional fixed rate bonds offer a coupon rate for a fixed maturity with no adjustment for inflation. Real rate of return bonds also offer a fixed coupon but include ongoing inflation adjustments for the life of the bond.

Bonds may be unsecured (backed by the issuer's general creditworthiness only) or secured (also backed by specified collateral). Bonds include asset- and mortgage-backed securities.

Certain bonds have floating or variable interest rates that are adjusted periodically based on a particular index. These interest rate adjustments tend to minimize fluctuations in the bonds' principal values. The maturity of certain floating rate securities may be shortened under certain specified conditions.

### Mortgage-Backed Securities

The fund may invest in a variety of mortgage-backed securities. Mortgage lenders pool individual home mortgages with similar characteristics to back a certificate or bond, which is sold to investors such as the fund. Interest and principal payments generated by the underlying mortgages are passed through to the investors. The "big three" issuers are the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. Government National Mortgage Association certificates are backed by the full faith and credit of the U.S. government, while others, such as the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation certificates, are only supported by the ability to borrow from the U.S. Treasury or by the credit of the agency. (Since September 2008, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation have operated under conservatorship of the Federal Housing Finance Agency, an independent federal agency.) Private mortgage bankers and other institutions also issue mortgage-backed securities.

Mortgage-backed securities are subject to scheduled and unscheduled principal payments as homeowners pay down or prepay their mortgages. As these payments are received, they must be reinvested when interest rates may be higher or lower than on the original mortgage security. Therefore, these securities are not an effective means of locking in long-term interest rates. In addition, when interest rates fall, the rate of mortgage prepayments, including refinancings, tends to increase. Refinanced mortgages are paid off at face value or "par," causing a loss for any investor who may have purchased the security at a price above par. In such an environment, this risk limits the potential price appreciation of these securities and can negatively affect the fund's net asset value. When interest rates rise, the prices of mortgage-backed securities can be expected to decline. In addition, when interest rates rise and prepayments slow, the effective duration of mortgage-backed securities extends, resulting in increased price volatility. There is no limit on the portion of the fund's fixed income investments that may be invested in mortgage-backed securities or asset-backed securities.

Additional mortgage-backed securities in which the fund may invest include:

**Collateralized Mortgage Obligations** Collateralized mortgage obligations are debt securities that are fully collateralized by a portfolio of mortgages or mortgage-backed securities including Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and non-agency-backed mortgages. All interest and principal payments from the underlying mortgages are passed through to the collateralized mortgage obligations in such a way as to create different classes with varying risk characteristics, payment structures, and maturity dates. Collateralized mortgage obligation classes may pay fixed or variable rates of interest, and certain classes have priority over others with respect to the receipt of prepayments and allocation of defaults.

**Stripped Mortgage Securities** Stripped mortgage securities are created by separating the interest and principal payments generated by a pool of mortgage-backed securities or a collateralized mortgage obligation to create additional classes of securities. Generally, one class receives interest-only payments and another receives principal-only payments. Unlike other mortgage-backed securities and principal-only strips, the value of interest-only strips tends to move in the same direction as interest rates. The fund can use interest-only strips as a hedge against falling prepayment rates (when interest rates are rising) and/or in an unfavorable market environment. Principal-only strips can be used as a hedge against rising prepayment rates (when interest rates are falling) and/or in a favorable market environment. Interest-only strips and principal-only strips are acutely sensitive to interest rate changes and to the rate of principal prepayments.

A rapid or unexpected increase in prepayments can severely depress the price of interest-only strips, while a rapid or unexpected decrease in prepayments could have the same effect on principal-only strips. Of course, under the opposite conditions these securities may appreciate in value. These securities can be very volatile in price and may have less liquidity than most other mortgage-backed securities. Certain non-stripped collateralized mortgage obligation classes may also exhibit these qualities, especially those that pay variable rates of interest that adjust inversely with, and more rapidly than, short-term interest rates. In addition, if interest rates rise rapidly and prepayment rates slow more than expected, certain collateralized mortgage obligation classes, in addition to losing value, can exhibit characteristics of long-term securities and become more volatile. There is no guarantee that the fund's investments in collateralized mortgage obligations, interest-only strips, or principal-only strips will be successful, and the fund's total return could be adversely affected as a result.

*Operating policy* The fund's investments in stripped mortgage securities are limited to 10% of its total assets.

**Commercial Mortgage-Backed Securities** Commercial mortgage-backed securities are securities created from a pool of commercial mortgage loans, such as loans for hotels, shopping centers, office buildings, and apartment buildings. Interest and principal payments from the loans are passed on to the investor according to a schedule of payments. Credit quality depends primarily on the quality of the loans themselves and on the structure of the particular deal. Generally, deals are structured with senior and subordinate classes. The degree of subordination is determined by the rating agencies who rate the individual classes of the structure. Commercial mortgages are generally structured with prepayment penalties, which greatly reduce prepayment risk to the investor. However, the value of these securities may change because of actual or perceived changes in the creditworthiness of the individual borrowers, their tenants, the servicing agents, or the general state of commercial real estate. There is no limit on the portion of the fund's fixed income investments in these securities.

### Asset-Backed Securities

An underlying pool of assets, such as credit card or automobile trade receivables or corporate loans or bonds, backs these bonds and provides the interest and principal payments to investors. On occasion, the pool of assets may also include a swap obligation, which is used to change the cash flows on the underlying assets. As an example, a swap may be used to allow floating rate assets to back a fixed rate obligation. Credit quality depends primarily on the quality of the underlying assets, the level of any credit support provided by the structure or by a third-party insurance wrap or a line of credit, and the credit quality of the swap counterparty, if any. The underlying assets (i.e., loans) are sometimes subject to prepayments, which can shorten the security's effective maturity and may lower its return. The value of these securities also may change because of actual or perceived changes in the creditworthiness of the individual borrowers, the originator, the servicing agent, the financial institution providing the credit support, or the swap counterparty. There is no limit on the portion of the fund's fixed income investments that may be invested in mortgage-backed securities or other asset-backed securities.

### Inflation-Linked Securities

Inflation-linked securities are income-generating instruments whose interest and principal payments are adjusted for inflation—a sustained increase in prices of goods and services that erodes the purchasing power of money. Treasury inflation-protected securities are inflation-linked securities issued by the U.S. government. Inflation-linked bonds are also issued by corporations, U.S. government agencies, and foreign governments. The inflation adjustment, which is typically applied monthly to the principal of the bond, follows a designated inflation index, such as the Consumer Price Index. A fixed coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of your investment. Because of this inflation-adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed rate bonds.

Inflation-protected bonds normally will decline in price when real interest rates rise. (A real interest rate is calculated by subtracting the inflation rate from a nominal interest rate. For example, if a 10-year Treasury note is yielding 5% and inflation expectations for the next 10 years are 2%, the real interest rate is 3%.) If inflation is negative, the principal and income of an inflation-protected bond could decline and result in losses for the fund.

### Municipal Securities

The fund may invest in municipal notes and bonds, which are interest-bearing securities issued by state and local governments and governmental authorities to pay for public projects and services. The issuer of a municipal security has a contractual obligation to pay interest at a stated rate and to repay principal (the bond's face value) on a specified date. An issuer may have the right to redeem or "call" a bond before maturity, which could require reinvestment of the proceeds at lower rates. The fund may purchase insured municipal bonds, which provide a guarantee that the bond's interest and principal will be paid when due if the issuing entity defaults. Municipal bond insurance does not guarantee the price of the bond.

Income received from most municipal securities is exempt from federal income taxes. As a result, the yield on a municipal bond is typically lower than the yield on a taxable bond of similar quality and maturity. Like a taxable bond, a municipal bond's price usually rises when interest rates fall and vice versa so its yield generally stays consistent with current market conditions.

### Loan Participations and Assignments

The fund may make investments through the purchase or execution of a privately negotiated note or loan, or may acquire loans as an assignment from another lender that holds a direct interest in the loan or as a participation interest in another lender's portion of the loan. Larger loans to corporations or governments may be shared or syndicated among several lenders, usually banks. The fund could participate in such syndicates or could buy part of a loan, becoming a direct lender. These loans may often be obligations of companies or governments in financial distress or in default. These investments involve special types of risk, including those of being a lender, reduced liquidity, increased credit risk, and volatility.

Bank loans may be acquired directly through an agent acting on behalf of the lenders participating in the loan, as an assignment from another lender who holds a direct interest in the loan, or as a participation interest in another lender's portion of the loan. An assignment typically results in the purchaser succeeding to all rights and obligations under the loan agreement between the assigning lender and the borrower. However, assignments may be arranged through private negotiations, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender.

A participation interest is a fractional interest in a loan, issued by a lender or other financial institution. To the extent the fund invests in loans through participation interests, it will be more difficult for it to enforce its rights against the borrower because it will have established a direct contractual relationship with the seller of the participation interest but not with the borrower. When the fund invests in a loan by participation, it must rely on another party not only for the enforcement of its rights against the borrower, but also for the receipt and processing of payments due under the loan. Investing in a participation interest limits the fund's ability to file a claim directly as a creditor in the event of the borrower's bankruptcy.

*Operating policy* The fund's investments in loan participations and assignments are limited to 10% of its total assets.

### High Yield Bonds

The price and yield of noninvestment-grade (high yield) bonds can be expected to fluctuate more than the price and yield of higher-quality bonds. Because these bonds are rated below BBB (or an equivalent rating) or are in default, they are regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. Successful investment in lower-medium and low-quality bonds involves greater investment risk and is highly dependent on T. Rowe Price's credit analysis. A real or perceived economic downturn or higher interest rates could cause a decline in high yield bond prices by lessening the ability of issuers to make principal and interest payments. These bonds are often thinly traded and can be more difficult to sell and value accurately than high-quality bonds. Because objective pricing data may be less available, judgment may play a greater role in the valuation process. In addition, the entire high yield bond market can experience sudden and sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large or sustained sales by major investors, a high-profile default, or just a change in the market's psychology. This type of volatility is usually associated more with stocks than bonds, but high yield bond investors should be prepared for it.

*Operating policy* The fund may invest up to 25% of its total assets in bonds, loans, and other debt instruments that are rated below investment-grade. Investments in hedge funds and other private investment companies are not subject to this limit.

### Convertible Securities and Warrants

The fund may invest in debt or preferred equity securities that are convertible into, or exchangeable for, equity securities at specified times in the future and according to a certain exchange ratio. Convertible bonds are typically callable by the issuer, which could in effect force conversion before the holder would otherwise choose. Traditionally, convertible securities have paid dividends or interest at rates higher than common stocks but lower than nonconvertible securities. They generally participate in the appreciation or depreciation of the underlying stock into which they are convertible, but to a lesser degree than common stock. Some convertible securities combine higher or lower current income with options and other features. Warrants are options to buy, directly from the issuer, a stated number of shares of common stock at a specified price anytime during the life of the warrants (generally, two or more years). Warrants have no voting rights, pay no dividends, and can be highly volatile. In some cases, the redemption value of a warrant could be zero.

### Zero Coupon Bonds and Pay-in-Kind Bonds

A zero coupon bond does not make cash interest payments during a portion or all of the life of the bond. Instead, it is sold at a deep discount to face value, and the interest consists of the gradual appreciation in price as the bond approaches maturity. Zero coupon bonds can be an attractive financing method for issuers with near-term cash-flow problems or seeking to preserve liquidity. Pay-in-kind bonds pay interest in cash or additional securities, at the issuer's option, for a specified period. Like zero coupon bonds, they may help a corporation conserve cash flow. Pay-in-kind prices reflect the market value of the underlying debt plus any accrued interest. Zero coupon bonds and pay-in-kinds can be higher- or lower-quality debt, and both are more volatile than coupon bonds.

The fund is required to distribute to shareholders income imputed to any zero coupon bonds or pay-in-kind investments even though such income may not be received by the fund as distributable cash. Such distributions could reduce the fund's reserve position and require it to sell securities and incur a gain or loss at a time it may not otherwise want to in order to provide the cash necessary for these distributions.

*Operating policy* The fund's investments in zero coupon and pay-in-kind bonds are limited to 10% of its total assets.

### Derivatives and Leverage

A derivative is a financial instrument whose value is derived from an underlying security, such as a stock or bond, or from a market benchmark, such as an interest rate index. Many types of investments representing a wide range of risks and potential rewards may be considered derivatives, including conventional instruments such as futures and options, as well as other potentially more complex investments such as swaps and structured notes. The use of derivatives can involve leverage. Leverage has the effect of magnifying returns, positively or negatively. The effect on returns will depend on the extent to which an investment is leveraged. For example, an investment of $1, leveraged at 2 to 1, would have the effect of an investment of $2. Leverage ratios can be higher or lower with a corresponding effect on returns. The fund may use derivatives in certain situations to help accomplish any or all of the following: to hedge against a decline in principal value, to increase yield, to manage exposure to changes in interest or currency exchange rates, to invest in eligible asset classes with greater efficiency and at a lower cost than is possible through direct investment, or to adjust portfolio duration or credit risk exposure.

Derivatives that may be used include the following instruments, as well as others that combine the risk characteristics and features of futures, options, and swaps:

**Futures and Options** Futures, a type of potentially high-risk derivative, are often used to manage or hedge risk because they enable the investor to buy or sell an asset in the future at an agreed-upon price. Options, another type of potentially high-risk derivative, may be used to generate additional income, to enhance returns, or as a defensive technique to protect against anticipated declines in the value of an asset. Call options give the investor the right to purchase (when the investor purchases the option), or the obligation to sell (when the investor "writes" or sells the option), an asset at a predetermined price in the future. Put options give the purchaser of the option the right to sell, or the seller (or "writer") of the option the obligation to buy, an asset at a predetermined price in the future. Futures and options contracts may be bought or sold for any number of reasons, including to manage exposure to changes in interest rates, bond prices, foreign currencies, and credit quality; as an efficient means of increasing or decreasing the fund's exposure to certain markets; in an effort to enhance income; to improve risk-adjusted returns; to protect the value of portfolio securities; and to serve as a cash management tool. Call or put options may be purchased or sold on securities, futures, financial indexes, and foreign currencies. The fund may choose to continue a futures contract by "rolling over" an expiring futures contract into an identical contract with a later maturity date. This could increase the fund's transaction costs and portfolio turnover rate.

Futures and options contracts may not always be successful hedges; their prices can be highly volatile; using them could lower the fund's total return; the potential loss from the use of futures can exceed the fund's initial investment in such contracts; and the losses from certain options written by the fund could be unlimited.

*Operating policies* Initial margin deposits on futures and premiums on options used for non-hedging purposes will not exceed 5% of the fund's net asset value. The total market value of securities covering call or put options may not exceed 25% of its total assets. No more than 5% of its total assets will be committed to premiums when purchasing call or put options.

**Swaps** The fund may invest in interest rate, index, total return, credit default, and other types of swap agreements, as well as options on swaps, commonly referred to as "swaptions," and interest rate swap futures, which are instruments that provide a way to obtain swap exposure and the benefits of futures in one contract. All of these agreements are considered derivatives and, in certain cases, high-risk derivatives. Interest rate, index, and total return swaps are two-party contracts under which the fund and a counterparty, such as a broker or dealer, agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or indexes. Credit default swaps are agreements where one party (the protection buyer) will make periodic payments to another party (the protection seller) in exchange for protection against specified credit events, such as defaults and bankruptcies related to an issuer or underlying credit instrument. Swap futures are futures contracts on interest rate swaps that enable purchasers to settle in cash at a future date at the price determined by a specific benchmark rate at the end of a fixed period. Swaps, swaptions, and swap futures can be used for a variety of purposes, including to manage the fund's overall exposure to changes in interest or foreign currency exchange rates and credit quality; as an efficient means of adjusting the fund's exposure to certain markets; in an effort to enhance income or total return or protect the value of portfolio securities; to serve as a cash management tool; and to adjust portfolio duration or credit risk exposure.

There are risks in the use of swaps and related instruments. Swaps could result in losses if interest or foreign currency exchange rates or credit quality changes are not correctly anticipated by the fund. Total return swaps could result in losses if the reference index, security, or investments do not perform as anticipated. Credit default swaps can increase the fund's exposure to credit risk and could result in losses if evaluation of the creditworthiness of the counterparty, or of the company or government on which the credit default swap is based, is incorrect. The use of swaps, swaptions, and swap futures may not always be successful. Using them could lower the fund's total return, their prices can be highly volatile, and the potential loss from the use of swaps can exceed the fund's initial investment in such instruments. Also, the other party to a swap agreement could default on its obligations or refuse to cash out the fund's investment at a reasonable price, which could turn an expected gain into a loss. Although there should be minimal counterparty risk associated with investments in interest rate swap futures, the fund could experience delays and/or losses due to the bankruptcy of a swap dealer through which the fund engaged in the transaction.

*Operating policies* A swap agreement with any single counterparty will not be entered into if the net amount owed or to be received under existing contracts with that party would exceed 5% of the fund's total assets or if the net amount owed or to be received by the fund under all outstanding swap agreements will exceed 10% of its total assets. (Swap agreements that are cleared and settled through a clearinghouse, or traded on an exchange or swap execution facility, are not subject to these limits.) For swaptions, the total market value of securities covering call or put options may not exceed 25% of the fund's total assets. No more than 5% of its total assets will be committed to premiums when purchasing call or put swaptions.

**Hybrid Instruments** Hybrid instruments (a type of potentially high-risk derivative) can combine the characteristics of securities, futures, and options. For example, the principal amount or interest rate of a hybrid could be tied (positively or negatively) to the price of some commodity, currency, security, or securities index or another interest rate (each a "benchmark"). Hybrids can be used as an efficient means of pursuing a variety of investment goals, including currency hedging, duration management, and increased total return. Hybrids may or may not bear interest or pay dividends. The value of a hybrid or its interest rate may be a multiple of a benchmark and, as a result, may be leveraged and move (up or down) more steeply and rapidly than the benchmark. These benchmarks may be sensitive to economic and political events, such as commodity shortages and currency devaluations, which cannot be readily foreseen by the purchaser of a hybrid. Under certain conditions, the redemption value of a hybrid could be zero. Thus, an investment in a hybrid may entail significant market risks that are not associated with a similar investment in a traditional, U.S. dollar-denominated bond that has a fixed principal amount and pays a fixed rate or floating rate of interest. The purchase of hybrids also exposes the fund to the credit risk of the issuer of the hybrid. These risks may cause significant fluctuations in the net asset value of the fund.

***Hybrids can have volatile prices and limited liquidity, and their use may not be successful.***

*Operating policy* The fund's investments in hybrid instruments are limited to 10% of its total assets.

**Currency Derivatives** The fund may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through forward currency exchange contracts, which are contracts between two counterparties to exchange one currency for another on a future date at a specified exchange rate. In addition to foreign currency forwards, futures, swaps, and options on foreign currencies may also be used to protect the fund's foreign securities from adverse currency movements relative to the U.S. dollar, as well as to gain exposure to currencies and markets expected to increase or decrease in value relative to other currencies or securities.

The fund may attempt to hedge its exposure to potentially unfavorable currency changes. Forward currency contracts can be used to adjust the foreign exchange exposure of the fund with a view to protecting the portfolio from adverse currency movements, based on T. Rowe Price's outlook. However, forward currency contracts can also be used in an effort to benefit from a currency believed to be appreciating in value versus other currencies. The fund may invest in non-U.S. currencies directly without holding any non-U.S. securities denominated in those currencies.

Forward currency contracts involve special risks, including, but not limited to, the potential for significant volatility in currency markets, and the risk that in certain markets, particularly emerging markets, it is not possible to engage in effective foreign currency hedging. In addition, such transactions involve the risk that currency movements will not occur as anticipated by T. Rowe Price, which could reduce the fund's total return.

The fund may enter into foreign currency transactions under the following circumstances:

***Lock In*** When the fund desires to lock in the U.S. dollar price on the purchase or sale of a security denominated in a foreign currency.

***Cross Hedge*** If a particular currency is expected to decrease in value relative to another currency, the fund may sell the currency expected to decrease and purchase a currency that is expected to increase against the currency sold. The fund's cross hedging transactions may involve currencies in which the fund's holdings are denominated. However, the fund is not required to own securities in the particular currency being purchased or sold.

***Direct Hedge*** If the fund seeks to eliminate substantially all of the risk of owning a particular currency or believes the portfolio could benefit from price appreciation in a given country's bonds but did not want to hold the currency, it could employ a direct hedge back into the U.S. dollar. In either case, the fund would enter into a forward contract to sell the currency in which a portfolio security is denominated and purchase U.S. dollars at an exchange rate established at the time it initiated the contract. The cost of the direct hedge transaction may offset most, if not all, of the yield advantage offered by the foreign security, but the fund would hope to benefit from an increase (if any) in the value of the bond.

***Proxy Hedge*** In certain circumstances, a different currency may be substituted for the currency in which the investment is denominated, as part of a strategy known as proxy hedging. In this case, the fund, having purchased a security, will sell a currency whose value is believed to be closely linked to the currency in which the security is denominated. This type of hedging entails greater risk than a direct hedge because it is dependent on a stable relationship between the two currencies paired as proxies, and that relationship may not always be maintained. The fund may also use these instruments to create a synthetic bond, which is issued in one currency with the currency component transformed into another currency.

***Costs of Hedging*** When the fund purchases a foreign bond with a higher interest rate than is available on U.S. bonds of a similar maturity, the additional yield on the foreign bond could be substantially lessened if the fund were to enter into a direct hedge by selling the foreign currency and purchasing the U.S. dollar. This is what is known as the "cost" of hedging. A proxy hedge, which is less costly than a direct hedge, may attempt to reduce this cost through an indirect hedge back to the U.S. dollar.

It is important to note that hedging costs are treated as capital transactions and are not, therefore, deducted from the fund's dividend distribution and are not reflected in its yield. Instead, such costs will, over time, be reflected in the fund's net asset value per share and total return. Hedging may result in the application of the mark-to-market and straddle provisions of the Internal Revenue Code. These provisions could result in an increase (or decrease) in the amount of taxable dividends paid by the fund and could affect whether dividends paid by the fund are classified as capital gains or ordinary income.

### Investments in Other Investment Companies

The fund may invest in other investment companies, including open-end funds, closed-end funds, and exchange-traded funds.

The fund may purchase the securities of another investment company to temporarily gain exposure to a portion of the market while awaiting purchase of securities or as an efficient means of gaining exposure to a particular asset class. The fund might also purchase shares of another investment company to gain exposure to the securities in the investment company's portfolio at times when the fund may not be able to buy those securities directly. Any investment in another investment company would be consistent with the fund's objective and investment program.

The risks of owning another investment company are generally similar to the risks of investing directly in the securities in which that investment company invests. However, an investment company may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the fund's performance. In addition, because closed-end funds and exchange-traded funds trade on a secondary market, their shares may trade at a premium or discount to the actual net asset value of their portfolio securities and their shares may have greater volatility if an active trading market does not exist.

As a shareholder of another investment company, the fund must pay its pro-rata share of that investment company's fees and expenses. The fund's investments in non-T. Rowe Price investment companies are subject to the limits that apply to investments in other funds under the Investment Company Act of 1940 or under any applicable exemptive order.

The fund may also invest in certain other T. Rowe Price Funds as a means of gaining efficient and cost-effective exposure to certain asset classes, provided the investment is consistent with the fund's investment program and policies.

Investments in other investment companies could allow the fund to obtain the benefits of a more diversified portfolio than might otherwise be available through direct investments in a particular asset class, and will subject the fund to the risks associated with the particular asset class or asset classes in which an underlying fund invests. Examples of asset classes in which other mutual funds (including T. Rowe Price Funds) focus their investments include high yield bonds, inflation-linked securities, floating rate loans, international bonds, emerging market bonds, stocks of companies involved in activities related to real assets, stocks of companies that focus on a particular industry or sector, and emerging market stocks. If the fund invests in another T. Rowe Price Fund, the management fee paid by the fund will be reduced to ensure that the fund does not incur duplicate management fees as a result of its investment.

### Illiquid Securities

Some of the fund's holdings may be considered illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold in the ordinary course of business within seven days at approximately the prices at which they are valued. The determination of liquidity involves a variety of factors. Illiquid securities may include hedge funds and private placements that are sold directly to a small number of investors, usually institutions. Unlike public offerings, such securities are not registered with the SEC. Although certain of these securities may be readily sold (for example, pursuant to Rule 144A under the Securities Act of 1933) and therefore deemed liquid, others may have resale restrictions and be considered illiquid. The sale of illiquid securities may involve substantial delays and additional costs, and the fund may only be able to sell such securities at prices substantially lower than what it believes they are worth.

*Operating policy* The fund's investments in illiquid securities are limited to 15% of its net assets.

## Types of Investment Management Practices

### Reserve Position

A certain portion of the fund's assets may be held in reserves. The fund's reserve positions will primarily consist of: 1) shares of a T. Rowe Price internal money fund or short-term bond fund (which does not charge any management fees); 2) short-term, high-quality U.S. and foreign dollar-denominated money market securities, including repurchase agreements; and 3) U.S. dollar or non-U.S. dollar currencies. In order to respond to adverse market, economic, political, or other conditions, the fund may assume a temporary defensive position that is inconsistent with its principal investment objective and/or strategies and may invest, without limitation, in reserves. If the fund has significant holdings in reserves, it could compromise its ability to achieve its objective. The reserve position provides flexibility in meeting redemptions, paying expenses and managing cash flows into the fund, and can serve as a short-term defense during periods of unusual market volatility. Non-U.S. dollar reserves are subject to currency risk.

### When-Issued Securities

The fund may purchase securities on a when-issued or delayed delivery basis or may purchase or sell securities on a forward commitment basis. There is no limit on fund investments in these securities. The price of these securities is fixed at the time of the commitment to buy, but delivery and payment take place after the customary settlement period for that type of security (often a month or more later). During the interim period, the price and yield of the securities can fluctuate, and typically no interest accrues to the purchaser. At the time of delivery, the market value of the securities may be more or less than the purchase or sale price. To the extent the fund remains fully or almost fully invested (in securities with a remaining maturity of more than one year) at the same time it purchases these securities, there will be greater fluctuations in the fund's net asset value than if the fund did not purchase them.

## Borrowing Money and Transferring Assets

The fund may borrow from banks, other persons, and other T. Rowe Price Funds for temporary emergency purposes to facilitate redemption requests, or for other purposes consistent with the fund's policies as set forth in this prospectus and the Statement of Additional Information. Such borrowings may be collateralized with the fund's assets, subject to restrictions.

*Fundamental policy* Borrowings may not exceed 33⅓% of the fund's total assets. This limitation applies at the time of the transaction and continues to the extent required by the Investment Company Act of 1940.

## Lending of Portfolio Securities

The fund may lend its securities to broker-dealers, other institutions, or other persons to earn additional income. Risks include the potential insolvency of the broker-dealer or other borrower that could result in delays in recovering securities and capital losses. Additionally, losses could result from the reinvestment of collateral received on loaned securities in investments that decline in value, default, or do not perform as well as expected.

*Fundamental policy* The value of loaned securities may not exceed 33⅓% of the fund's total assets.

## Credit Quality Considerations

The credit quality of many fund holdings is evaluated by rating agencies such as Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P), and Fitch Ratings, Inc. (Fitch). Credit quality refers to the issuer's ability and willingness to meet all required interest and principal payments. The highest ratings are assigned to issuers perceived to have the lowest credit risks. T. Rowe Price credit research analysts also evaluate the fund's holdings, including those rated by outside agencies. Other things being equal, bonds and other debt obligations with lower ratings typically have higher yields due to greater credit risk.

Credit quality ratings are not guarantees. They are estimates of an issuer's creditworthiness and ability to make interest and principal payments as they come due. Ratings can change at any time due to actual or perceived changes in an issuer's creditworthiness or financial fundamentals.

Bonds rated Baa and above by Moody's, and BBB and above by S&P and Fitch, are considered to be "investment grade." Bonds that are rated below these categories are considered to have greater credit risk and are referred to as "below investment grade" or "noninvestment grade." Bonds rated below investment grade range from speculative to highly speculative with respect to the issuer's ability or willingness to pay interest and repay principal. The following table summarizes the rating scales and associated credit risk assigned by the major rating agencies. Within these categories, the rating may be modified with a symbol (such as 1, 2, and 3, or a plus or minus) to indicate whether the bond is ranked in the higher or lower end of its rating category. T. Rowe Price generally relies upon its own credit analysis when selecting investments.

***Ratings of Debt Securities***

| Moody's | S&P | Fitch | Description of Category |
|---|---|---|---|
| Aaa | AAA | AAA | Lowest level of credit risk with extremely strong capacity to meet financial commitments |
| Aa | AA | AA | Very low credit risk with very strong capacity to meet financial commitments |
| A | A | A | Low credit risk with strong capacity to meet financial commitments |
| Baa | BBB | BBB | Moderate credit risk with adequate capacity to meet financial commitments |
| Ba | BB | BB | Subject to substantial credit risk and adverse conditions could lead to inadequate capacity to meet financial commitments |
| B | B | B | Subject to high credit risk and adverse conditions will likely impair capacity to meet financial commitments |
| Caa | CCC | CCC | Subject to very high credit risk and dependent upon favorable conditions to meet financial commitments |
| Ca | CC | CC | Highly vulnerable to nonpayment and likely in, or very near, default with some prospect of recovery of principal and interest |
| C | C | C | Typically in default with little prospect for recovery of principal and interest |
| — | D | D | In default |

### Portfolio Turnover

Turnover is an indication of frequency of trading. The fund will not generally trade in securities for short-term profits, but when circumstances warrant, securities may be purchased and sold without regard to the length of time held. Each time the fund purchases or sells a security, it incurs a cost. This cost is reflected in its net asset value but not in its operating expenses. The higher the turnover rate, the higher the transaction costs and the greater the impact on the fund's total return. Higher turnover can also increase the possibility of taxable capital gain distributions. The fund's portfolio turnover rates are shown in the Financial Highlights tables.

## FINANCIAL HIGHLIGHTS

The Financial Highlights tables, which provide information about each class' financial history, are based on a single share outstanding throughout the periods shown. The tables are part of the fund's financial statements, which are included in its annual report and are incorporated by reference into the Statement of Additional Information (available upon request). The total returns in the tables represent the rate that an investor would have earned or lost on an investment in the fund (assuming reinvestment of all dividends and distributions and no payment of any applicable account or redemption fees). The financial statements in the annual report were audited by the fund's independent registered public accounting firm, PricewaterhouseCoopers LLP.

***Financial Highlights***

| *Investor Class* | *5/28/13* through 10/31/13* | *Year ended October 31* 2014 | 2015 | 2016 |
|---|---|---|---|---|
| Net asset value, beginning of period | $10.00 | $10.46 | $11.07 | $10.84 |
| **Income From Investment Operations** | | | | |
| Net investment income[a] | 0.04[b] | 0.13[b] | 0.12[b] | 0.12[e] |
| Net gains or losses on securities (both realized and unrealized) | 0.42 | 0.55 | (0.04) | 0.32 |
| Total from investment operations | 0.46 | 0.68 | 0.08 | 0.44 |
| **Less Distributions** | | | | |
| Dividends (from net investment income) | — | (0.06) | (0.11) | (0.10) |
| Distributions (from capital gains) | — | (0.01) | (0.20) | (0.07) |
| Returns of capital | — | — | — | — |
| Total distributions | — | (0.07) | (0.31) | (0.17) |
| **Net asset value, end of period** | **$10.46** | **$11.07** | **$10.84** | **$11.11** |
| **Total return** | **4.60%[b]** | **6.55%[b]** | **0.83%[b]** | **4.14%[e]** |
| **Ratios/Supplemental Data** | | | | |
| Net assets, end of period (in thousands) | $52,106 | $78,867 | $150,939 | $170,463 |
| Ratio of expenses to average net assets | 0.98%[b,c] | 0.98%[b] | 0.98%[b,d] | 0.98%[d,e] |
| Ratio of net income to average net assets | 0.89%[b,c] | 1.21%[b] | 1.12%[b] | 1.15%[e] |
| Portfolio turnover rate | 22.4% | 33.4% | 33.5% | 46.6% |

* Inception date.

[a] Per share amounts calculated using average shares outstanding method.

[b] Excludes expenses in excess of a 1.05% contractual expense limitation in effect through February 28, 2018, and expenses permanently waived of 0.08%, 0.07%, and 0.07% of average net assets for the years ended 10/31/15, 10/31/14, and 10/31/13, respectively, related to investments in T. Rowe Price mutual funds.

[c] Annualized.

[d] Includes interest expense related to borrowings equal to 0.01% and 0.01% of average net assets for the years ended 10/31/16 and 10/31/15, respectively.

[e] Includes expenses repaid (0.03% of average net assets) related to its contractual expense limitation; excludes expenses permanently waived (0.09% of average net assets for the year ended 10/31/16) related to its investments in T. Rowe Price mutual funds.

*Financial Highlights*

| *I Class* | *3/23/16* through 10/31/16* |
|---|---|
| Net asset value, beginning of period | $10.47 |
| **Income From Investment Operations** | |
| Net investment income[a] | 0.08[b] |
| Net gains or losses on securities (both realized and unrealized) | 0.59 |
| Total from investment operations | 0.67 |
| **Less Distributions** | |
| Dividends (from net investment income) | — |
| Distributions (from capital gains) | — |
| Returns of capital | — |
| Total distributions | — |
| **Net asset value, end of period** | **$11.14** |
| **Total return** | **6.40%[b]** |
| **Ratios/Supplemental Data** | |
| Net assets, end of period (in thousands) | $11,442 |
| Ratio of expenses to average net assets | 0.66%[b,c,d,e] |
| Ratio of net income to average net assets | 1.39%[b,c,e] |
| Portfolio turnover rate | 46.6% |

* Inception date.

[a] Per share amounts calculated using average shares outstanding method.

[b] Excludes expenses waived (0.30% of average net assets) related to the contractual operating expense limitation in effect through February 28, 2018.

[c] Annualized.

[d] Includes interest expense related to borrowings equal to 0.01% of average net assets for the period ended 10/31/16.

[e] Excludes expenses permanently waived of 0.08% of average net assets for the period ended 10/31/16, respectively, related to investments in T. Rowe Price mutual funds.

### *Financial Highlights*

| *Advisor Class* | *5/28/13* through 10/31/13* | *Year ended October 31* 2014 | 2015 | 2016 |
|---|---|---|---|---|
| Net asset value, beginning of period | $10.00 | $10.46 | $11.05 | $10.82 |
| **Income From Investment Operations** | | | | |
| Net investment income[a] | 0.03[b] | 0.12[b] | 0.11[b] | 0.11[b] |
| Net gains or losses on securities (both realized and unrealized) | 0.43 | 0.54 | (0.03) | 0.31 |
| Total from investment operations | 0.46 | 0.66 | 0.08 | 0.42 |
| **Less Distributions** | | | | |
| Dividends (from net investment income) | — | (0.06) | (0.11) | (0.10) |
| Distributions (from capital gains) | — | (0.01) | (0.20) | (0.07) |
| Returns of capital | — | — | — | — |
| Total distributions | — | (0.07) | (0.31) | (0.17) |
| **Net asset value, end of period** | **$10.46** | **$11.05** | **$10.82** | **$11.07** |
| **Total return** | **4.60%[b]** | **6.35%[b]** | **0.83%[b]** | **3.96%[b]** |
| **Ratios/Supplemental Data** | | | | |
| Net assets, end of period (in thousands) | $625 | $2,203 | $4,316 | $6,111 |
| Ratio of expenses to average net assets | 1.08%[b,c] | 1.08%[b] | 1.08%[b,d] | 1.08%[b,d] |
| Ratio of net income to average net assets | 0.78%[b,c] | 1.10%[b] | 1.00%[b] | 1.06%[b] |
| Portfolio turnover rate | 22.4% | 33.4% | 33.5% | 46.6% |

* Inception date.

[a] Per share amounts calculated using average shares outstanding method.

[b] Excludes expenses in excess of a 1.15% contractual expense limitation in effect through February 28, 2018, and expenses permanently waived of 0.08%, 0.08%, 0.07%, and 0.07% of average net assets for the years ended 10/31/16, 10/31/15, 10/31/14, and 10/31/13, respectively, related to investments in T. Rowe Price mutual funds.

[c] Annualized.

[d] Includes interest expense related to borrowings equal to 0.01% and 0.01% of average net assets for the year ended 10/31/16 and 10/31/15, respectively.

## DISCLOSURE OF FUND PORTFOLIO INFORMATION

The T. Rowe Price Funds' portfolio holdings are disclosed on a regular basis in their semiannual and annual shareholder reports, and on Form N-Q, which is filed with the SEC within 60 days of each fund's first and third fiscal quarter-end. The money funds also file detailed month-end portfolio holdings information on Form N-MFP with the SEC each month. Form N-MFP is publicly available immediately upon filing with the SEC. In addition, the funds disclose their calendar quarter-end portfolio holdings on **troweprice.com** 15 calendar days after each quarter. Under certain conditions, up to 5% of a fund's holdings may be included in this portfolio list without being individually identified. Generally, securities would not be individually identified if they are being actively bought or sold and it is determined that the quarter-end disclosure of the holding could be harmful to the fund. A security will not be excluded for these purposes from a fund's quarter-end holdings disclosure for more than one year. Money funds also disclose on **troweprice.com** their month-end portfolio holdings five business days after each month-end and historical information about fund investments for the previous six months, as of the last business day of the preceding month, including, among other things, the percentage of the fund's investments in daily and weekly liquid assets, the fund's weighted average maturity and weighted average life, the fund's market-based net asset value, and the fund's net inflows and outflows. The quarter-end portfolio holdings will remain on the website for one year and the month-end money fund portfolio holdings will remain on the website for six months. Each fund also discloses its 10 largest holdings on **troweprice.com** on the seventh business day after each month-end. These holdings are listed in alphabetical order along with the aggregate percentage of the fund's total assets that these 10 holdings represent. Each monthly top 10 list will remain on the website for six months. A description of T. Rowe Price's policies and procedures with respect to the disclosure of portfolio information is available in the Statement of Additional Information and through **troweprice.com**.

# Information About Accounts in T. Rowe Price Funds

# 3

The following policies and procedures generally apply to Investor Class, I Class, Advisor Class, and R Class accounts in the T. Rowe Price Funds.

## INVESTING WITH T. ROWE PRICE

This section of the prospectus explains the basics of investing with T. Rowe Price and describes some of the different share classes that may be available. Certain share classes can be held directly with T. Rowe Price, while other share classes must typically be held through a financial intermediary, such as a bank, broker, retirement plan recordkeeper, or investment adviser.

## AVAILABLE SHARE CLASSES

Each class of a fund's shares represents an interest in the same fund with the same investment program and investment policies. However, each class is designed for a different type of investor and has a different cost structure primarily due to shareholder services or distribution arrangements that may apply only to that class. For example, certain classes may make payments to financial intermediaries for various administrative services they provide (commonly referred to as administrative fee payments) and/or make payments to certain financial intermediaries for distribution of the fund's shares (commonly referred to as 12b-1 fee payments). Determining the most appropriate share class depends on many factors, including how much you plan to invest, whether you are investing directly in the fund or through a financial intermediary, and whether you are investing on behalf of a person or an organization.

While many T. Rowe Price Funds are offered in more than one class, not all funds are offered in the classes described in this section. The front cover and Section 1 of this prospectus indicate which share classes are available for the fund. This section generally describes the differences between Investor Class, I Class, Advisor Class, and R Class shares. This section does not describe the policies that apply to accounts in T. Rowe Price institutional funds and certain other types of funds. Policies for these other funds are described in their respective prospectuses and all available share classes for the T. Rowe Price Funds are described more fully in the funds' Statement of Additional Information.

### Investor Class

A T. Rowe Price Fund that does not include the term "institutional" or indicate a specific share class as part of its name is considered to be the Investor Class of that fund. The Investor Class is generally designed for individual investors, but is also available to institutions and a wide variety of other types of investors. The Investor Class may be purchased directly from T. Rowe Price or through a retirement plan or financial intermediary. The Investor Class does not impose sales charges and does not make any 12b-1 fee payments to financial intermediaries but may make administrative fee payments at an annual rate of up to 0.15% of the class' average daily net assets.

### I Class

The I Class may be purchased directly from T. Rowe Price or through a financial intermediary. The I Class does not impose sales charges and does not make any administrative fee payments or 12b-1 fee payments to financial intermediaries.

I Class shares are designed to be sold to corporations, endowments and foundations, charitable trusts, defined benefit and defined contribution retirement plans, brokers, registered investment advisers, banks and bank trust programs, investment companies and other pooled investment vehicles, and certain individuals meeting the investment minimum or other specific criteria. The I Class generally requires a $1,000,000 initial investment minimum, although the minimum may be waived for retirement plans, financial intermediaries maintaining omnibus accounts for their customers, client accounts for which T. Rowe Price or its affiliate has discretionary investment authority, and certain other accounts. For investors holding the I Class through a T. Rowe Price managed account program, the fees and terms and conditions of the managed account program will be applicable. Accounts that are not eligible for the I Class may be converted to the Investor Class following notice to the financial intermediary or investor.

### Advisor Class

The Advisor Class is designed to be sold through various financial intermediaries, such as broker-dealers, banks, insurance companies, retirement plan recordkeepers, and financial advisors. The Advisor Class must be purchased through an eligible financial intermediary (except for certain retirement plans held directly with T. Rowe Price). The Advisor Class does not impose sales charges but may make 12b-1 fee payments at an annual rate of up to 0.25% of the class' average daily net assets and may also separately make administrative fee payments at an annual rate of up to 0.15% of the class' average daily net assets.

The Advisor Class requires an agreement between the financial intermediary and T. Rowe Price to be executed prior to investment. Purchases of Advisor Class shares for which the required agreement with T. Rowe Price has not been executed or that are not made through an eligible financial intermediary are subject to rejection or cancellation without prior notice to the financial intermediary or investor, and accounts that are no longer eligible for the Advisor Class may be converted to the Investor Class following notice to the financial intermediary or investor.

### R Class

The R Class is designed to be sold through financial intermediaries for employer-sponsored defined contribution retirement plans and certain other accounts. The R Class must be purchased through an eligible financial intermediary (except for certain retirement plans held directly with T. Rowe Price). The R Class does not impose sales charges but may make 12b-1 fee payments at an annual rate of up to 0.50% of the class' average daily net assets and may also separately make administrative fee payments at an annual rate of up to 0.15% of the class' average daily net assets.

The R Class requires an agreement between the financial intermediary and T. Rowe Price to be executed prior to investment. Purchases of R Class shares for which the required agreement with T. Rowe Price has not been executed or that are not made through an eligible financial intermediary are subject to rejection or cancellation without prior notice to the financial intermediary or investor, and accounts that are no longer eligible for the R Class may be converted to the Investor Class or Advisor Class following notice to the financial intermediary or investor.

## DISTRIBUTION AND SHAREHOLDER SERVICING FEES

### Administrative Fee Payments (Investor Class, Advisor Class, and R Class)

Certain financial intermediaries perform recordkeeping and administrative services for their clients that would otherwise be performed by the funds' transfer agent. T. Rowe Price Funds (other than I Class shares) may make administrative fee payments to retirement plan recordkeepers, broker-dealers, and other financial intermediaries (at an annual rate of up to 0.15% of the fund's average daily net assets) for transfer agency, recordkeeping, and other administrative services that they provide on behalf of the funds. These administrative services may include maintaining account records for each customer; transmitting purchase and redemption orders; delivering shareholder confirmations, statements, and tax forms; and providing support to respond to customers' questions regarding their accounts. Except for funds that have an all-inclusive management fee, these separate administrative fee payments are reflected in the "Other expenses" line that appears in a fund's fee table in Section 1.

### 12b-1 Fee Payments (Advisor Class and R Class)

Mutual funds are permitted to adopt a 12b-1 plan to pay certain expenses associated with the distribution of the fund's shares out of the fund's assets. Each fund offering Advisor and/or R Class shares has adopted a 12b-1 plan under which those classes may make payments (for the Advisor Class, at an annual rate of up to 0.25% of the class' average daily net assets, and for the R Class, at an annual rate of up to 0.50% of the class' average daily net assets) to various financial intermediaries, such as brokers, banks, insurance companies, investment advisers, and retirement plan recordkeepers for distribution and/or shareholder servicing of the Advisor and R Class shares. The 12b-1 plans provide for the class to pay such fees to the fund's distributor and for the distributor to then pay such fees to the financial intermediaries that provide services for the class and/or make the class available to investors.

For the Advisor Class, distribution payments may include payments to financial intermediaries for making the Advisor Class shares available to their customers (e.g., providing the fund with "shelf space" or inclusion on a "preferred list" or "supermarket" platform). For the R Class, distribution payments may include payments to financial intermediaries for making the R Class shares available as investment options to retirement plans and retirement plan participants, assisting plan sponsors in conducting searches for investment options, and providing ongoing monitoring of investment options.

Shareholder servicing payments under the plans may include payments to financial intermediaries for providing shareholder support services to existing shareholders of the Advisor and R Class. These payments may be more or less than the costs incurred by the financial intermediaries. Because the fees are paid from the Advisor Class or R Class net assets on an ongoing basis, they will increase the cost of your investment over time. In addition, payments of 12b-1 fees may influence your financial advisor's recommendation of the fund or of any particular share class of the fund. 12b-1 fee payments are reflected in the "Distribution and service (12b-1) fees" line that appears in a fund's fee table in Section 1.

### Comparison of Fees

The following table summarizes the distribution and shareholder servicing fee arrangements applicable to each class.

| *Class* | *12b-1 Fee Payments* | *Administrative Fee Payments* |
|---|---|---|
| Investor Class | None | Up to 0.15% per year |
| I Class | None | None |
| Advisor Class | Up to 0.25% per year | Up to 0.15% per year |
| R Class | Up to 0.50% per year | Up to 0.15% per year |

## ACCOUNT SERVICE FEE

### Investor Class

In an effort to help offset the disproportionately high costs incurred by the funds in connection with servicing lower-balance accounts that are held directly with the T. Rowe Price Funds' transfer agent, an annual $20 account service fee (paid to T. Rowe Price Services, Inc., or one of its affiliates) is charged to certain Investor Class accounts with a balance below $10,000. The determination of whether a fund account is subject to the account service fee is based on account balances and services selected for accounts as of the last business day of August. The fee may be charged to an account with a balance below $10,000 for any reason, including market fluctuation and recent redemptions. The fee, which is automatically deducted from an account by redeeming fund shares, is typically charged to accounts in early September each calendar year. Such redemption may result in a taxable gain or loss to you.

The account service fee generally does not apply to fund accounts that are held through a financial intermediary, participant accounts in employer-sponsored retirement plans for which T. Rowe Price Retirement Plan Services provides recordkeeping services, or money market funds that are used as a T. Rowe Price Brokerage sweep account. Regardless of a particular fund account's balance on the last business day of August, the account service fee is automatically waived for accounts that satisfy any of the following conditions:

- Any accounts for which the shareholder has elected to receive electronic delivery of all of the following: account statements, transaction confirmations, prospectuses, and shareholder reports;
- Any accounts of a shareholder with at least $50,000 in total assets with T. Rowe Price (for this purpose, total assets includes investments through T. Rowe Price Brokerage and investments in T. Rowe Price Funds, except for those held through a retirement plan for which T. Rowe Price Retirement Plan Services provides recordkeeping services); or
- Any accounts of a shareholder who is a T. Rowe Price Preferred Services, Personal Services, or Enhanced Personal Services client (enrollment in these programs generally requires T. Rowe Price assets of at least $100,000—visit **troweprice.com** or call 1-800-537-1098 for more information).

T. Rowe Price reserves the right to authorize additional waivers for other types of accounts or to modify the conditions for assessment of the account service fee. Fund shares held in a T. Rowe Price IRA, Education Savings Account, or small business retirement plan account (including certain 403(b) plan accounts) are subject to the account service fee and may be subject to additional administrative fees when distributing all fund shares from such accounts.

## POLICIES FOR OPENING AN ACCOUNT

Investor and I Class shares may be purchased directly from T. Rowe Price or through various financial intermediaries. Advisor and R Class shares must be purchased through a financial intermediary (except for certain retirement plans held directly at T. Rowe Price). If you are opening an account through an employer-sponsored retirement plan or other financial intermediary, you should contact the retirement plan or financial intermediary for information regarding its policies on opening an account, including the policies relating to purchasing, exchanging, and redeeming shares, and the applicable initial and subsequent investment minimums.

### Tax Identification Number

Investors must provide T. Rowe Price with a valid Social Security number or taxpayer identification number on a signed New Account Form or W-9 Form, and financial intermediaries must provide T. Rowe Price with their certified taxpayer identification number. Otherwise, federal law requires the funds to withhold a percentage of dividends, capital gain distributions, and redemptions and may subject you or the financial intermediary to an Internal Revenue Service fine. If this information is not received within 60 days of the account being established, the account may be redeemed at the fund's then-current net asset value.

### Important Information Required to Open a New Account

Pursuant to federal law, all financial institutions must obtain, verify, and record information that identifies each person or entity that opens an account. This information is needed not only for the account owner and any other person who opens the account, but also for any person who has authority to act on behalf of the account.

When you open an account, you will be asked for the name, U.S. street address (post office boxes are not acceptable), date of birth, and Social Security number or taxpayer identification number for each account owner and person(s) opening an account on behalf of others, such as custodians, agents, trustees, or other authorized signers. Corporate and other institutional accounts require documents showing the existence of the entity (such as articles of incorporation or partnership agreements) to open an account. Certain other fiduciary accounts (such as trusts or power of attorney arrangements) require documentation, which may include an original or certified copy of the trust agreement or power of attorney, to open an account.

T. Rowe Price will use this information to verify the identity of the person(s)/entity opening the account. An account cannot be opened until all of this information is received. If the identity of the account holder cannot be verified, T. Rowe Price is authorized to take any action permitted by law. (See "Rights Reserved by the Funds" later in this section.)

Institutional investors and financial intermediaries should call Financial Institution Services at 1-800-638-8790 for more information on these requirements, as well as to be assigned an account number and instructions for opening an account. Other investors should call Investor Services at 1-800-638-5660 for more information on these requirements.

The funds are generally available only to investors residing in the United States. However, purchases in state tax-free funds are limited to investors living in states where the fund is available for sale. The address of record on your account must be located in one of these states or you will be restricted from opening an account. In addition, nongovernment money market funds that operate as "retail money market funds" pursuant to Rule 2a-7 are required to limit their beneficial owners to natural persons. An investor in a retail money market fund is required to demonstrate eligibility (for example, by providing a valid Social Security number) before an account can be opened.

## PRICING OF SHARES AND TRANSACTIONS

### How and When Shares Are Priced

The trade date for your transaction request depends on the day and time that T. Rowe Price receives your request and will normally be executed using the next share price calculated after your order is received in correct form by T. Rowe Price or its agent (or by your financial intermediary if it has the authority to accept transaction orders on behalf of the fund). The share price, also called the net asset value, for each share class of a fund is calculated as of the close of trading on the New York Stock Exchange ("NYSE"), which is normally 4 p.m. ET, on each day that the NYSE is open for business. Net asset values are not calculated for the funds on days when the NYSE is scheduled to be closed for trading (for example, weekends and certain U.S. national holidays). If the NYSE is unexpectedly closed due to weather or other extenuating circumstances on a day it would typically be open for business, or if the NYSE has an unscheduled early closing on a day it has opened for business, the funds reserve the right to treat such day as a business day and accept purchase and redemption orders and calculate their share price as of the normally scheduled close of regular trading on the NYSE for that day.

To calculate the net asset value, a fund's assets are valued and totaled, liabilities are subtracted, and each class' proportionate share of the balance, called net assets, is divided by the number of shares outstanding of that class. Market values are used to price portfolio holdings for which market quotations are readily available. Market values generally reflect the prices at which securities actually trade or represent prices that have been adjusted based on evaluations and information provided by the fund's pricing services. Investments in other mutual funds are valued at the closing net asset value per share of the mutual fund on the day of valuation. If a market value for a portfolio holding is not available or normal valuation procedures are deemed to be inappropriate, the fund will make a good faith effort to assign a fair value to the holding by taking into account various factors and methodologies that have been approved by the fund's Board. This value may differ from the value the fund receives upon sale of the securities.

Amortized cost is used to price securities held by money market funds and certain short-term debt securities held by other funds. The retail and government money market funds, which seek to maintain a stable net asset value of $1.00, use the amortized cost method of valuation to calculate their net asset value. Amortized cost allows the money market funds to value a holding at the fund's acquisition cost with adjustments for any premiums or discounts, and then round the net asset value per share to the nearest whole cent. The amortized cost method of valuation enables the money market funds to maintain a $1.00 net asset value, but it may also result in periods during which the stated value of a security held by the funds differs from the market-based price the funds would receive if they sold that holding. The current market-based net asset value per share for each business day in the preceding six months is available for the retail and government money market funds through **troweprice.com**. These market-based net asset values are for informational purposes only and are not used to price transactions.

The funds use various pricing services to provide closing market prices and information used to adjust those prices and to value most fixed income securities. A fund cannot predict how often it will use closing prices and how often it will adjust those prices. As a means of evaluating its fair value process, the fund routinely compares closing market prices, the next day's opening prices in the same markets, and adjusted prices.

Non-U.S. equity securities are valued on the basis of their most recent closing market prices at 4 p.m. ET, except under the following circumstances. Most foreign markets close before 4 p.m. ET. For example, the most recent closing prices for securities traded in certain Asian markets may be as much as 15 hours old at 4 p.m. ET. If a fund determines that developments between the close of a foreign market and the close of the NYSE will affect the value of some or all of the fund's securities, the fund will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of 4 p.m. ET. In deciding whether to make these adjustments, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities.

A fund may also fair value certain securities or a group of securities in other situations—for example, when a particular foreign market is closed but the fund is open. For a fund that has investments in securities that are primarily listed on foreign exchanges which trade on weekends or other days when the fund does not price its shares, the fund's net asset value may change on days when shareholders will not be able to purchase or redeem the fund's shares. If an event occurs that affects the value of a security after the close of the market, such as a default of a commercial paper issuer or a significant move in short-term interest rates, a fund may make a price adjustment depending on the nature and significance of the event. The funds also evaluate a variety of factors when assigning fair values to private placements and other restricted securities. Other mutual funds may adjust the prices of their securities by different amounts or assign different fair values than the fair value that the fund assigns to the same security.

***The various ways you can purchase, sell, and exchange shares are explained throughout this section. These procedures differ based on whether you hold your account directly with T. Rowe Price or through an employer-sponsored retirement plan or financial intermediary.***

## INVESTING DIRECTLY WITH T. ROWE PRICE

The following policies apply to accounts that are held directly with T. Rowe Price and not through a financial intermediary.

### Options for Opening Your Account

If you own other T. Rowe Price Funds, you should consider registering any new account identically to your existing accounts so you can exchange shares among them easily (the name[s] of the account owner[s] and the account type must be identical).

For joint accounts or other types of accounts owned or controlled by more than one party, either owner/party has complete authority to act on behalf of all and give instructions concerning the account without notice to the other party. T. Rowe Price may, in its sole discretion, require written authorization from all owners/parties to act on the account for certain transactions (for example, to transfer ownership). There are multiple ways to establish a new account directly with T. Rowe Price.

**Online** You can open a new Investor Class account online. (I Class accounts must currently be opened either by telephone or in writing.) Go to **troweprice.com/newaccount** to choose the type of account you wish to open.

You can exchange shares online from an existing account in one fund to open a new account in another fund. The new account will have the same registration as the account from which you are exchanging, and any services (other than systematic purchase and systematic distribution arrangements) that you have preauthorized will carry over from the existing account to the new account.

To open an account online for the first time or with a different account registration, you must be a U.S. citizen residing in the U.S. or a resident alien and not subject to Internal Revenue Service backup withholding. Additionally, you must provide consent to receive certain documents electronically. You will have the option of providing your bank account information, which will enable you to make electronic funds transfers to and from your bank account. To set up this banking service online, additional steps will be taken to verify your identity.

**By Mail** If you are sending a check, please make your check payable to T. Rowe Price Funds (otherwise it may be returned) and send the check, together with the applicable New Account Form, to the appropriate address. (Please refer to the appropriate address under "Contacting T. Rowe Price" later in this section to avoid a delay in opening your new account.) T. Rowe Price does not accept third-party checks for initial purchases; however, third-party checks are typically accepted for additional purchases to an existing account. In addition, T. Rowe Price does not accept purchases by cash, traveler's checks, money orders, or credit card checks. For exchanges from an identically registered account, be sure to specify the fund(s) and account number(s) that you are exchanging out of and the fund(s) you wish to exchange into.

**By Telephone** Direct investors can call Shareholder Services at 1-800-225-5132 (institutional investors should call 1-800-638-8790) to exchange from an existing fund account to open a new identically registered account in another fund. You may also be eligible to open a new account by telephone and provide your bank account information in order to make an initial purchase. To set up the account and banking service by telephone, additional steps will be taken to verify your identity and the authenticity of your bank account. Although the account may be opened and the purchase made, services may be not be established and Internal Revenue Service penalty withholding may occur until we receive the necessary signed form to certify your Social Security number or taxpayer identification number.

**In Person** You can also open a new account by visiting one of the T. Rowe Price Investor Centers located in downtown Baltimore, Colorado Springs, Owings Mills, Tampa, northern Virginia, or downtown Washington, D.C. Please refer to "Contacting T. Rowe Price" later in this section for the specific locations and phone numbers of the T. Rowe Price Investor Centers.

### How Your Trade Date Is Determined

If you invest directly with T. Rowe Price and your request to purchase, sell, or exchange shares is received by T. Rowe Price or its agent in correct form by the close of the NYSE (normally 4 p.m. ET), your transaction will be priced at that business day's net asset value. If your request is received by T. Rowe Price or its agent in correct form after the close of the NYSE, your transaction will be priced at the next business day's net asset value.

*Note:* There may be times when you are unable to contact us by telephone or access your account online due to extreme market activity, the unavailability of the T. Rowe Price website, or other circumstances. Should this occur, your order must still be placed and received in correct form by T. Rowe Price prior to the time the NYSE closes to be priced at that business day's net asset value. The time at which transactions and shares are priced and the time until which orders are accepted may be changed in case of an emergency or if the NYSE closes at a time other than 4 p.m. ET. The funds reserve the right to not treat an unscheduled intraday disruption or closure in NYSE trading as a closure of the NYSE, and still accept transactions and calculate their net asset value as of 4 p.m. ET.

### Transaction Confirmations

We send immediate confirmations for most of your fund transactions. However, certain transactions, such as systematic purchases and systematic redemptions, dividend reinvestments, checkwriting redemptions from money funds, and transactions in money market funds used as a Brokerage sweep account, do not receive an immediate transaction confirmation but are reported on your account statement. Please review transaction confirmations and account statements as soon as you receive them, and promptly report any discrepancies to Shareholder Services.

### Telephone and Online Account Transactions

You may access your accounts and conduct transactions involving Investor Class accounts using the telephone or the T. Rowe Price website at **troweprice.com**. You can only conduct transactions involving the I Class over the telephone or in writing. The T. Rowe Price Funds and their agents use reasonable procedures to verify the identity of the shareholder. If these procedures are followed, the funds and their agents are not liable for any losses that may occur from acting on unauthorized instructions. Please review your confirmation carefully, and contact T. Rowe Price immediately about any transaction you believe to be unauthorized. Telephone conversations are recorded.

### Purchasing Shares

Shares may be purchased in a variety of ways.

**By Check** Please make your check payable to the T. Rowe Price Funds. Include a New Account Form if establishing a new account, and include either a fund investment slip or a letter indicating the fund and your account number if adding to an existing account. Your transaction will receive the share price for the business day that the request is received by T. Rowe Price or its agent prior to the close of the NYSE (not the day the request is received at the post office box).

**By Electronic Transfer** Shares may be purchased using the Automated Clearing House system if you have established the service on your account, which allows T. Rowe Price to request payment for your shares directly from your bank account or other financial institution account. You may also arrange for a wire to be sent to T. Rowe Price (wire transfer instructions can be found at **troweprice.com/wireinstructions** or by calling Shareholder Services). T. Rowe Price must receive the wire by the close of the NYSE to receive that day's share price. There is no assurance that you will receive the share price for the same day you initiated the wire from your financial institution.

**By Exchange** You may purchase shares of a fund using the proceeds from the redemption of shares from another fund. The redemption and purchase will receive the same trade date and the new account will have the same registration as the account from which you are exchanging. The purchase must still generally meet the applicable minimum investment requirement.

**Systematic Purchases (Automatic Asset Builder)** You can instruct T. Rowe Price to automatically transfer money from your account at your bank or other financial institution at least once per month, or you can instruct your employer to send all or a portion of your paycheck to the fund or funds that you designate. Each systematic purchase must be at least $100 per fund account to be eligible for the Automatic Asset Builder service. To automatically transfer money to your account from a bank account or through payroll deductions, complete the appropriate section of the New Account Form when opening a new account or complete an Account Services Form to add the service to an existing account. Prior to establishing payroll deductions, you must set up the service with T. Rowe Price so that the appropriate instructions can be provided to your employer.

### Initial Investment Minimums

Investor Class accounts, other than Summit Funds, require a $2,500 minimum initial investment ($1,000 minimum initial investment for IRAs, certain small business retirement accounts, and custodial accounts for minors, known as Uniform Gifts to Minors Act or Uniform Transfer to Minors Act accounts). Summit Funds require a $25,000 minimum initial investment. I Class accounts generally require a $1,000,000 minimum initial investment, although the minimum may be waived for certain types of accounts. If you request the I Class of a particular fund when you open a new account but the investment amount does not meet the applicable minimum, the purchase will be automatically invested in the Investor Class of the same fund.

### Additional Investment Minimums

Investor Class accounts, other than Summit Funds, require a $100 minimum for additional purchases, including those made through Automatic Asset Builder. Summit Funds require a $100 minimum for additional purchases through Automatic Asset Builder and a $1,000 minimum for all other additional purchases. I Class accounts require a $100 minimum for additional purchases through Automatic Asset Builder but do not require a minimum amount for other additional purchases.

### Exchanging and Redeeming Shares

Certain T. Rowe Price Funds assess a fee on redemptions of shares (including exchanges out of a fund) that are not held for a specified period of time. Please refer to “Contingent Redemption Fee” later in this section.

**Exchanges** You can move money from one account to an existing, identically registered account or open a new identically registered account. For taxable accounts, an exchange from one fund to another will be reported to the Internal Revenue Service as a sale for tax purposes. (Exchanges into a state tax-free fund are limited to investors living in states where the fund is available for sale and institutional investors are restricted from exchanging into a fund that operates as a retail money market fund.) You can set up systematic exchanges so that money is automatically moved from one fund account to another on a regular basis.

**Receiving Redemption Proceeds** Redemption proceeds can be mailed to your account address by check or sent electronically to your bank account by Automated Clearing House transfer or bank wire. You can set up systematic redemptions and have the proceeds automatically sent via check or Automated Clearing House on a regular basis. If your request is received in correct form by T. Rowe Price or its agent on a business day prior to the close of the NYSE, proceeds are usually sent on the next business day. However, if you request a redemption from a money market fund on a business day prior to noon ET and request to have proceeds sent via bank wire, proceeds are normally sent later that same day.

Proceeds sent by Automated Clearing House transfer are usually credited to your account the second business day after the sale, and there are typically no fees associated with such payments. Proceeds sent by bank wire are usually credited to your account the next business day after the sale (except for wire redemptions from money market funds received prior to noon ET). A $5 fee will be charged for an outgoing wire of less than $5,000, in addition to any fees your financial institution may charge for an incoming wire.

***If for some reason your request to exchange or redeem shares cannot be processed because it is not received in correct form, we will attempt to contact you.***

If you request to redeem a specific dollar amount and the market value of your account is less than the amount of your request and we are unable to contact you, your redemption will not be processed and you must submit a new redemption request in correct form.

If you change your address on an account, proceeds will not be mailed to the new address for 15 calendar days after the address change, unless we receive a letter of instruction with a Medallion signature guarantee.

Please note that large purchase and redemption requests initiated through the Automated Clearing House may be rejected, and in such instances, the transaction must be placed by calling Shareholder Services.

**Checkwriting** You may write an unlimited number of free checks on any money market fund and certain bond funds, with a minimum of $500 per check. Keep in mind, however, that a check results in a sale of fund shares; a check written on a bond fund will create a taxable event that must be reported by T. Rowe Price to the Internal Revenue Service as a redemption.

### Converting to Another Share Class

You may convert from one share class of a fund to another share class of the same fund. Although the conversion has no effect on the dollar value of your investment in the fund, the number of shares owned after the conversion may be greater or less than the number of shares owned before the conversion, depending on the net asset values of the two share classes. A conversion between share classes of the same fund is a nontaxable event. The new account will have the same registration as the account from which you are converting.

T. Rowe Price conducts periodic reviews of account balances and may, if your account balance in a fund exceeds the minimum amount required for the I Class, automatically convert your Investor Class shares to I Class shares. You will be notified before an automatic conversion occurs and will have an opportunity to instruct T. Rowe Price not to effect the conversion.

### Maintaining Your Account Balance

*Investor Class* Due to the relatively high cost to a fund of maintaining small accounts, we ask you to maintain an account balance of at least $1,000 ($10,000 for Summit Funds). If, for any reason, your balance is below this amount for three months or longer, we have the right to redeem your account at the then-current net asset value after giving you 60 days to increase your balance.

*I Class* To keep operating expenses lower, we ask you to maintain an account balance of at least $1 million. If your investment falls below $1 million (even if due to market depreciation), we have the right to convert your account to a different share class in the same fund with a higher expense ratio or redeem your account at the then-current net asset value after giving you 60 days to increase your balance.

The redemption of your account could result in a taxable gain.

## INVESTING THROUGH A FINANCIAL INTERMEDIARY

The following policies apply to accounts that are held through a financial intermediary.

Accounts in Investor Class and I Class shares are not required to be held through a financial intermediary, but accounts in Advisor Class and R Class shares must be held through an eligible financial intermediary (except for certain retirement plans held directly with T. Rowe Price). It is important that you contact your retirement plan or financial intermediary to determine the policies, procedures, and transaction deadlines that apply to your account. The financial intermediary may charge a fee for its services.

### Opening an Account

The financial intermediary must provide T. Rowe Price with its certified taxpayer identification number. Financial intermediaries should call Financial Institution Services for an account number and wire transfer instructions. In order to obtain an account number, the financial intermediary must supply the name, taxpayer identification number, and business street address for the account. (Please refer to “Contacting T. Rowe Price” later in this section for the appropriate telephone number and mailing address.) Financial intermediaries must also enter into a separate agreement with the fund or its agent.

### How the Trade Date Is Determined

If you invest through a financial intermediary and your transaction request is received by T. Rowe Price or its agent in correct form by the close of the NYSE, your transaction will be priced at that business day's net asset value. If your request is received by T. Rowe Price or its agent in correct form after the close of the New York Stock Exchange, your transaction will be priced at the next business day's net asset value unless the fund has an agreement with your financial intermediary for orders to be priced at the net asset value next computed after receipt by the financial intermediary.

The funds have authorized certain financial intermediaries or their designees to accept orders to buy or sell fund shares on their behalf. When authorized financial intermediaries receive an order in correct form, the order is considered as being placed with the fund and shares will be bought or sold at the net asset value next calculated after the order is received by the authorized financial intermediary. The financial intermediary must transmit the order to T. Rowe Price and pay for such shares in accordance with the agreement with T. Rowe Price, or the order may be canceled and the financial intermediary could be held liable for the losses. If the fund does not have such an agreement in place with your financial intermediary, T. Rowe Price or its agent must receive the request in correct form from your financial intermediary by the close of the NYSE in order for your transaction to be priced at that business day's net asset value.

*Note:* The time at which transactions and shares are priced and the time until which orders are accepted by the fund or a financial intermediary may be changed in case of an emergency or if the NYSE closes at a time other than 4 p.m. ET. The funds reserve the right to not treat an unscheduled intraday disruption or closure in NYSE trading as a closure of the NYSE, and still accept transactions and calculate their net asset value as of 4 p.m. ET. Should this occur, your order must still be placed and received in correct form by T. Rowe Price (or by the financial intermediary in accordance with its agreement with T. Rowe Price) prior to the time the NYSE closes to be priced at that business day's net asset value.

### Purchasing Shares

All initial and subsequent investments by financial intermediaries should be made by bank wire or electronic payment. There is no assurance that the share price for the purchase will be the same day the wire was initiated. Purchases by financial intermediaries are typically initiated through the National Securities Clearing Corporation or by calling Financial Institution Services.

### Investment Minimums

You should check with your financial intermediary to determine what minimum applies to your initial and additional investments.

The funds, other than Summit Funds, require a $2,500 minimum initial investment and Summit Funds require a $25,000 minimum initial investment, although the minimum is generally waived or modified for any retirement plans and financial intermediaries establishing accounts in the Investor Class, Advisor Class, or R Class. I Class accounts generally require a $1,000,000 minimum initial investment, although the minimum is waived for certain retirement plans and financial intermediaries maintaining omnibus accounts for their customers.

Investments through a financial intermediary generally do not require a minimum amount for additional purchases.

### Redeeming Shares

Certain T. Rowe Price Funds assess a fee on redemptions of shares (including exchanges out of a fund) that are not held for a specified period of time. Please refer to "Contingent Redemption Fee" later in this section.

Unless otherwise indicated, redemption proceeds will be sent via bank wire to the financial intermediary's designated bank. Redemptions by financial intermediaries are typically initiated through the National Securities Clearing Corporation or by calling Financial Institution Services. Normally, the fund transmits proceeds to financial intermediaries for redemption orders received in correct form on either the next business day or third business day after receipt of the order, depending on the arrangement with the financial intermediary. Proceeds for redemption orders received prior to noon ET for a money market fund may be sent via wire the same business day. You must contact your financial intermediary about procedures for receiving your redemption proceeds.

Please note that certain purchase and redemption requests initiated through the National Securities Clearing Corporation may be rejected, and in such instances, the transaction must be placed by contacting Financial Institution Services.

## GENERAL POLICIES RELATING TO TRANSACTIONS

***The following policies and requirements apply generally to accounts in the T. Rowe Price Funds, regardless of whether the account is held directly or indirectly with T. Rowe Price.***

The funds generally do not accept orders that request a particular day or price for a transaction or any other special conditions. However, when authorized by the fund, certain institutions, financial intermediaries, or retirement plans purchasing fund shares directly with T. Rowe Price may place a purchase order unaccompanied by payment. Payment for these shares must be received by the time designated by the fund (not to exceed the period established for settlement under applicable regulations). If payment is not received by this time, the order may be canceled. The institution, financial intermediary, or retirement plan is responsible for any costs or losses incurred by the fund or T. Rowe Price if payment is delayed or not received.

**U.S. Dollars** All purchases must be paid for in U.S. dollars; checks must be drawn on U.S. banks. In addition, we request that you give us at least three business days' notice for any purchase of $5 million or more.

**Nonpayment** If a check or Automated Clearing House transfer does not clear or payment for an order is not received in a timely manner, your purchase may be canceled. You (or the financial intermediary) will be responsible for any losses or expenses incurred by the fund or its transfer agent, and the fund can redeem shares in your account or another identically registered T. Rowe Price account as reimbursement. The funds and their agents have the right to reject or cancel any purchase, exchange, or redemption due to nonpayment.

**State Tax-Free Funds** Each state tax-free fund is limited to investors living in certain states where the fund is registered to sell its shares. If the address of record on your account is no longer located in one of these states, you will no longer be permitted to purchase additional shares of the fund.

**Retail Money Market Funds** The retail money market funds have implemented policies and procedures designed to limit purchases to accounts beneficially owned by a natural person. Purchases of a retail money market fund may be rejected from an investor who has not demonstrated sufficient eligibility to purchase shares of the fund or from a financial intermediary that has not demonstrated adequate procedures to limit investments to natural persons. In addition, purchases may be prohibited or subject to certain conditions during periods where a liquidity fee or redemption gate is in effect.

## Contingent Redemption Fee

Short-term trading can disrupt a fund's investment program and create additional costs for long-term shareholders. For these reasons, all share classes of the T. Rowe Price Funds listed in the following table assess a fee on redemptions (including exchanges out of a fund), which reduces the proceeds from such redemptions by the amounts indicated:

***T. Rowe Price Funds With Redemption Fees***

| *Fund* | *Redemption fee* | *Holding period* |
|---|---|---|
| Africa & Middle East | 2% | 90 days or less |
| Asia Opportunities | 2% | 90 days or less |
| Credit Opportunities | 2% | 90 days or less |
| Emerging Europe | 2% | 90 days or less |
| Emerging Markets Bond | 2% | 90 days or less |
| Emerging Markets Corporate Bond | 2% | 90 days or less |
| Emerging Markets Local Currency Bond | 2% | 90 days or less |

| T. Rowe Price Funds With Redemption Fees | | |
|---|---|---|
| **Fund** | **Redemption fee** | **Holding period** |
| Emerging Markets Stock | 2% | 90 days or less |
| Emerging Markets Value Stock | 2% | 90 days or less |
| Equity Index 500 | 0.5% | 90 days or less |
| European Stock | 2% | 90 days or less |
| Extended Equity Market Index | 0.5% | 90 days or less |
| Floating Rate | 2% | 90 days or less |
| Global Growth Stock | 2% | 90 days or less |
| Global High Income Bond | 2% | 90 days or less |
| Global Real Estate | 2% | 90 days or less |
| Global Stock | 2% | 90 days or less |
| High Yield | 2% | 90 days or less |
| Intermediate Tax-Free High Yield | 2% | 90 days or less |
| International Bond | 2% | 90 days or less |
| International Concentrated Equity | 2% | 90 days or less |
| International Discovery | 2% | 90 days or less |
| International Equity Index | 2% | 90 days or less |
| International Stock | 2% | 90 days or less |
| International Value Equity | 2% | 90 days or less |
| Japan | 2% | 90 days or less |
| Latin America | 2% | 90 days or less |
| New Asia | 2% | 90 days or less |
| Overseas Stock | 2% | 90 days or less |
| QM Global Equity | 2% | 90 days or less |
| QM U.S. Small & Mid-Cap Core Equity | 1% | 90 days or less |
| QM U.S. Small-Cap Growth Equity | 1% | 90 days or less |
| Real Assets | 2% | 90 days or less |
| Real Estate | 1% | 90 days or less |
| Small-Cap Value | 1% | 90 days or less |
| Spectrum International | 2% | 90 days or less |
| Tax-Efficient Equity | 1% | less than 365 days |
| Tax-Free High Yield | 2% | 90 days or less |
| Total Equity Market Index | 0.5% | 90 days or less |
| U.S. Bond Enhanced Index | 0.5% | 90 days or less |

Redemption fees are paid to the fund (and not to T. Rowe Price) to deter short-term trading, offset costs, and help protect the fund's long-term shareholders. Subject to the exceptions described on the following pages, all persons holding shares of a T. Rowe Price Fund that imposes a redemption fee are subject to the fee, whether the person is holding shares directly with a T. Rowe Price Fund, through a retirement plan for which T. Rowe Price serves as recordkeeper, or indirectly through a financial intermediary (such as a broker, bank, or investment adviser), recordkeeper for retirement plan participants, or other third party.

**Computation of Holding Period** When an investor sells shares of a fund that assesses a redemption fee, T. Rowe Price will use the "first-in, first-out" method to determine the holding period for the shares sold. Under this method, the date of redemption or exchange will be compared with the earliest purchase date of shares held in the account. The day after the date of your purchase is considered Day 1 for purposes of computing the holding period. For a fund with a 365-day holding period, a redemption fee will be charged on shares sold **before** the end of the required holding period. For funds with a 90-day holding period, a redemption fee will be charged on shares sold **on or before** the end of the required holding period. For example, if you redeem your shares on or before the 90th day from the date of purchase, you will be assessed the redemption fee. If you purchase shares through a financial intermediary, consult your financial intermediary to determine how the holding period will be applied.

**Transactions Not Subject to Redemption Fees** The T. Rowe Price Funds will not assess a redemption fee with respect to certain transactions. As of the date of this prospectus, the following shares of T. Rowe Price Funds will not be subject to redemption fees:

- Shares redeemed through an automated, systematic withdrawal plan;
- Shares redeemed through or used to establish certain rebalancing, asset allocation, wrap, and advisory programs, as well as non-T. Rowe Price fund-of-funds products, if approved in writing by T. Rowe Price;
- Shares purchased through the reinvestment of dividends or capital gain distributions;*
- Shares converted from one share class to another share class of the same fund;*
- Shares redeemed automatically by a fund to pay fund fees or shareholder account fees (e.g., for failure to meet account minimums);
- Shares purchased by rollover or changes of account registration within the same fund;*
- Shares redeemed to return an excess contribution from a retirement account;
- Shares of T. Rowe Price Funds purchased by another T. Rowe Price Fund and shares purchased by discretionary accounts managed by T. Rowe Price or one of its affiliates (please note that other shareholders of the investing T. Rowe Price Fund are still subject to the policy);
- Transactions initiated by the trustee or adviser to a donor-advised charitable gift fund as approved by T. Rowe Price;

- Certain transactions in defined benefit and nonqualified plans, subject to prior approval by T. Rowe Price;
- Shares that are redeemed in-kind;
- Shares transferred to T. Rowe Price or a financial intermediary acting as a service provider when the age of the shares cannot be determined systematically;* and
- Shares redeemed in retirement plans or other products that restrict trading to no more frequently than once per quarter or other approved time period, if approved in writing by T. Rowe Price.

* Subsequent exchanges of these shares into funds that assess redemption fees will subject such shares to the fee.

**Redemption Fees on Shares Held in Retirement Plans** If shares are held in a retirement plan, redemption fees generally will be assessed on shares redeemed by exchange only if they were originally purchased by a participant-directed exchange. However, redemption fees may apply to transactions other than exchanges depending on how shares of the plan are held at T. Rowe Price or how the fees are applied by your plan's recordkeeper. To determine which of your transactions are subject to redemption fees, you should contact T. Rowe Price or your plan recordkeeper.

**Omnibus Accounts** If your shares are held through a financial intermediary in an omnibus account, T. Rowe Price relies on the financial intermediary to assess the redemption fee on underlying shareholder accounts. T. Rowe Price seeks to enter into agreements with financial intermediaries establishing omnibus accounts that require the intermediary to assess the redemption fees. There are no assurances that T. Rowe Price will be successful in identifying all financial intermediaries or that the intermediaries will properly assess the fees.

Certain financial intermediaries may not apply the exemptions previously listed to the redemption fee policy; all redemptions by persons trading through such intermediaries may be subject to the fee. Certain financial intermediaries may exempt transactions not listed from redemption fees, if approved by T. Rowe Price. Persons redeeming shares through a financial intermediary should check with their respective intermediary to determine which transactions are subject to the fees.

### Liquidity Fees and Redemption Gates—Retail Money Market Funds

A money market fund that operates as a retail money market fund pursuant to Rule 2a-7 under the Investment Company Act of 1940 has the ability to impose liquidity fees of up to 2% of the value of the shares redeemed if the fund's weekly liquid assets fall below certain thresholds, as specified in Rule 2a-7. A retail money market fund also has the ability to impose a redemption gate, which enables the fund to temporarily suspend redemptions for up to 10 days within a 90-day period if the fund's weekly liquid assets fall below a certain threshold, as specified in Rule 2a-7. A money market fund's Board has ultimate discretion to determine whether or not a liquidity fee or redemption gate would be in the best interests of the fund's shareholders and should be imposed.

A money market fund that operates as a government money market fund pursuant to Rule 2a-7 is not required to impose a liquidity fee or redemption gate upon the sale of your shares. The Boards of the T. Rowe Price money market funds that operate as government money market funds have determined that the funds do not intend to impose liquidity fees and redemption gates. However, the Board of a T. Rowe Price government money market fund reserves the right to impose liquidity fees and redemption gates in the future, at which point shareholders would be provided with at least 60 days' notice prior to such a change.

If a liquidity fee is in place, all exchanges out of the fund will be subject to the liquidity fee, and if a redemption gate is in place, all exchanges out of the fund will be suspended. When a liquidity fee or redemption gate is in place, the fund may elect to not permit the purchase of shares or to subject the purchase of shares to certain conditions, which may include affirmation of the purchaser's knowledge that a liquidity fee or a redemption gate is in effect.

**Omnibus Accounts** If your shares are held through a financial intermediary, T. Rowe Price may rely on the financial intermediary to assess any applicable liquidity fees or impose redemption gates on underlying shareholder accounts. In certain situations, T. Rowe Price enters into agreements with financial intermediaries maintaining omnibus accounts that require the financial intermediary to assess liquidity fees or redemption gates. There are no assurances that T. Rowe Price will be successful in ensuring that all financial intermediaries will properly assess the fees.

Please refer to Sections 1 and 2 of retail money market fund prospectuses for more information regarding liquidity fees and redemption gates.

### Large Redemptions

Large redemptions (for example, $250,000 or more) can adversely affect a portfolio manager's ability to implement a fund's investment strategy by causing the premature sale of securities that would otherwise be held longer. Therefore, the fund reserves the right (without prior notice) to pay all or part of redemption proceeds with securities from the fund's portfolio rather than in cash ("redemption in-kind"). If this occurs, the securities will be selected by the fund in its absolute discretion, and the redeeming shareholder or account will be responsible for disposing of the securities and bearing any associated costs and risks (for example, market risks until the securities are disposed of). In addition, we request that you give us at least three business days' notice for any redemption of $5 million or more.

### Delays in Sending Redemption Proceeds

Under certain circumstances, and when deemed to be in a fund's best interests, proceeds may not be sent for up to seven calendar days after receipt of a valid redemption order.

In addition, if shares are sold that were just purchased and paid for by check or Automated Clearing House transfer, the fund will process your redemption but will generally delay sending the proceeds for up to 10 calendar days to allow the check or Automated Clearing House transfer to clear. If, during the clearing period, we receive a check drawn against your newly purchased shares, it will be returned marked "uncollected." (The 10-day hold does not apply to purchases paid for by bank wire or automatic purchases through payroll deduction.)

The Board of a retail money market fund may impose a redemption gate and elect to temporarily suspend redemptions for up to 10 business days in a 90-day period if the fund's weekly liquid assets fall below 30% of its total assets and the fund's Board determines that imposing a redemption gate is in the fund's best interests. In addition, under certain limited circumstances, the Board of a money market fund may elect to permanently suspend redemptions in order to facilitate an orderly liquidation of the fund (subject to any additional liquidation requirements).

### Involuntary Redemptions and Share Class Conversions

Since nongovernment money market funds that operate as retail money market funds are required to limit their beneficial owners to natural persons, shares held directly by an investor or through a financial intermediary in these funds that are not eligible to invest in a retail money market fund are subject to involuntary redemption at any time without prior notice.

Shares held by any investors or financial intermediaries that are no longer eligible to invest in the I Class or who fail to meet or maintain their account(s) at the investment minimum are subject to involuntary redemption at any time or conversion to the Investor Class of the same fund (which may have a higher expense ratio). Investments in Advisor Class shares that are no longer held through an eligible financial intermediary may be automatically converted by T. Rowe Price to the Investor Class of the same fund following notice to the financial intermediary or shareholder. Investments in R Class shares that are no longer held on behalf of an employer-sponsored defined contribution retirement plan or other eligible R Class account or that are not held through an eligible financial intermediary may be automatically converted by T. Rowe Price to the Investor Class or Advisor Class of the same fund following notice to the financial intermediary or shareholder.

### Excessive and Short-Term Trading Policy

Excessive transactions and short-term trading can be harmful to fund shareholders in various ways, such as disrupting a fund's portfolio management strategies, increasing a fund's trading and other costs, and negatively affecting its performance. Short-term traders in funds that invest in foreign securities may seek to take advantage of developments overseas that could lead to an anticipated difference between the price of the funds' shares and price movements in foreign markets. While there is no assurance that T. Rowe Price can prevent all excessive and short-term trading, the Boards of the T. Rowe Price Funds have adopted the following trading limits that are designed to deter such activity and protect the funds' shareholders. The funds may revise their trading limits and procedures at any time as the Boards deem necessary or appropriate to better detect short-term trading that may adversely affect the funds, to comply with applicable regulatory requirements, or to impose additional or alternative restrictions.

Subject to certain exceptions, each T. Rowe Price Fund restricts a shareholder's purchases (including through exchanges) into a fund account for a period of 30 calendar days after the shareholder has redeemed or exchanged out of that same fund account (the "30-Day Purchase Block"). The calendar day after the date of redemption is considered Day 1 for purposes of computing the period before another purchase may be made.

**General Exceptions** As of the date of this prospectus, the following types of transactions generally are not subject to the funds' excessive and short-term trading policy:

- Shares purchased or redeemed in money market funds and ultra short-term bond funds;
- Shares purchased or redeemed through a systematic purchase or withdrawal plan;
- Checkwriting redemptions from bond funds and money market funds;
- Shares purchased through the reinvestment of dividends or capital gain distributions;
- Shares redeemed automatically by a fund to pay fund fees or shareholder account fees;
- Transfers and changes of account registration within the same fund;
- Shares purchased by asset transfer or direct rollover;
- Shares purchased or redeemed through IRA conversions and recharacterizations;
- Shares redeemed to return an excess contribution from a retirement account;
- Transactions in Section 529 college savings plans;
- Certain transactions in defined benefit and nonqualified plans, subject to prior approval by T. Rowe Price;
- Shares converted from one share class to another share class in the same fund;
- Shares of T. Rowe Price Funds that are purchased by another T. Rowe Price Fund, including shares purchased by T. Rowe Price fund-of-funds products, and shares purchased by discretionary accounts managed by T. Rowe Price or one of its affiliates (please note that shareholders of the investing T. Rowe Price Fund are still subject to the policy); and
- Transactions initiated by the trustee or adviser to a donor-advised charitable gift fund as approved by T. Rowe Price.

Transactions in certain rebalancing, asset allocation, wrap programs, and other advisory programs, as well as non-T. Rowe Price fund-of-funds products, may also be exempt from the 30-Day Purchase Block, subject to prior written approval by T. Rowe Price.

In addition to restricting transactions in accordance with the 30-Day Purchase Block, T. Rowe Price may, in its discretion, reject (or instruct a financial intermediary to reject) any purchase or exchange into a fund from a person (which includes individuals and entities) whose trading activity could disrupt the management of the fund or dilute the value of the fund's shares, including trading by persons acting collectively (e.g., following the advice of a newsletter). Such persons may be barred, without prior notice, from further purchases of T. Rowe Price Funds for a period longer than 30 calendar days, or permanently.

**Financial Intermediary Accounts** If you invest in T. Rowe Price Funds through a financial intermediary, you should review the financial intermediary's materials carefully or consult with the financial intermediary directly to determine the trading policy that will apply to your trades in the funds as well as any other rules or conditions on transactions that may apply. If T. Rowe Price is unable to identify a transaction placed through a financial intermediary as exempt from the excessive trading policy, the 30-Day Purchase Block may apply.

Financial intermediaries may maintain their underlying accounts directly with the fund, although they often establish an omnibus account (one account with the fund that represents multiple underlying shareholder accounts) on behalf of their customers. When financial intermediaries establish omnibus accounts in the T. Rowe Price Funds, T. Rowe Price is not able to monitor the trading activity of the underlying shareholders. However, T. Rowe Price monitors aggregate trading activity at the financial intermediary (omnibus account) level in an attempt to identify activity that indicates potential excessive or short-term trading. If it detects such trading activity, T. Rowe Price may contact the financial intermediary to request personal identifying information and transaction histories for some or all underlying shareholders (including plan participants, if applicable) pursuant to a written agreement that T. Rowe Price has entered into with each financial intermediary. If T. Rowe Price believes that excessive or short-term trading has occurred and there is no exception for such trades under the funds' Excessive and Short-Term Trading Policy previously described, it will instruct the financial intermediary to impose restrictions to discourage such practices and take appropriate action with respect to the underlying shareholder, including restricting purchases for 30 calendar days or longer. Each financial intermediary has agreed to execute such instructions pursuant to a written agreement. There is no assurance that T. Rowe Price will be able to properly enforce its excessive trading policies for omnibus accounts. Because T. Rowe Price generally relies on financial intermediaries to provide information and impose restrictions for omnibus accounts, its ability to monitor and deter excessive trading will be dependent upon the intermediaries' timely performance of their responsibilities.

T. Rowe Price may allow a financial intermediary or other third party to maintain restrictions on trading in the T. Rowe Price Funds that differ from the 30-Day Purchase Block. An alternative excessive trading policy would be acceptable to T. Rowe Price if it believes that the policy would provide sufficient protection to the

T. Rowe Price Funds and their shareholders that is consistent with the excessive trading policy adopted by the funds' Boards.

**Retirement Plan Accounts** If shares are held in a retirement plan, generally the 30-Day Purchase Block applies only to shares redeemed by a participant-directed exchange to another fund. However, the 30-Day Purchase Block may apply to transactions other than exchanges depending on how shares of the plan are held at T. Rowe Price or the excessive trading policy applied by your plan's recordkeeper. An alternative excessive trading policy may apply to the T. Rowe Price Funds where a retirement plan has its own policy deemed acceptable to T. Rowe Price. You should contact T. Rowe Price or your plan recordkeeper to determine which of your transactions are subject to the funds' 30-Day Purchase Block or an alternative policy.

***There is no guarantee that T. Rowe Price will be able to identify or prevent all excessive or short-term trades or trading practices.***

### Unclaimed Accounts and Uncashed Checks

If your account has no activity for a certain period of time and/or mail sent to you from T. Rowe Price (or your financial intermediary) is returned by the post office, T. Rowe Price (or your financial intermediary) may be required to transfer your account and any assets related to uncashed checks to the appropriate state under its abandoned property laws. To avoid such action, it is important to keep your account address up to date and periodically communicate with T. Rowe Price by contacting us or logging in to your account at least once every two years.

### Delivery of Shareholder Documents

If two or more accounts own the same fund, share the same address, and T. Rowe Price reasonably believes that the two accounts are part of the same household or institution, we may economize on fund expenses by mailing only one shareholder report and prospectus for the fund. If you need additional copies or do not want your mailings to be "householded," please call Shareholder Services.

T. Rowe Price can deliver account statements, transaction confirmations, prospectuses, tax forms, and shareholder reports electronically. If you are a registered user of **troweprice.com**, you can consent to the electronic delivery of these documents by logging in and changing your mailing preferences. You can revoke your consent at any time through **troweprice.com**, and we will begin to send paper copies of these documents within a reasonable time after receiving your revocation.

### Signature Guarantees

A shareholder or financial intermediary may need to obtain a Medallion signature guarantee in certain situations, such as:

- Requests to wire redemption proceeds when bank account information is not already authorized and on file for an account;
- Requests to redeem over a specific dollar amount (varies by share class);

- Remitting redemption proceeds to any person, address, or bank account not on file;
- Establishing certain services after an account is opened; or
- Changing the account registration or broker-dealer of record for an account.

Financial intermediaries should contact T. Rowe Price Financial Institution Services for specific requirements.

The signature guarantee must be obtained from a financial institution that is a participant in a Medallion signature guarantee program. You can obtain a Medallion signature guarantee from most banks, savings institutions, broker-dealers, and other guarantors acceptable to T. Rowe Price. When obtaining a Medallion signature guarantee, please discuss with the guarantor the dollar amount of your proposed transaction. It is important that the level of coverage provided by the guarantor's stamp covers the dollar amount of the transaction or it may be rejected. We cannot accept guarantees from notaries public or organizations that do not provide reimbursement in the case of fraud.

### Responsibility for Unauthorized Transactions

T. Rowe Price and its agents use procedures reasonably designed to confirm that telephone, electronic, and other instructions are genuine. These procedures include recording telephone calls; requiring personalized security codes or other information online and certain identifying information for telephone calls; requiring Medallion signature guarantees for certain transactions and account changes; and promptly sending confirmations of transactions and address changes. If T. Rowe Price and its agents follow these procedures, they are not responsible for any losses that may occur due to unauthorized instructions. For transactions conducted online, we recommend the use of a secure Internet browser. In addition, you should verify the accuracy of your confirmation statements immediately after you receive them and notify T. Rowe Price of any inaccuracies.

### Fund Operations and Shareholder Services

T. Rowe Price and The Bank of New York Mellon, subject to the oversight of T. Rowe Price, each provide certain accounting services to the T. Rowe Price Funds. T. Rowe Price Services, Inc. acts as the transfer agent and dividend disbursing agent and provides shareholder and administrative services to the funds. T. Rowe Price Retirement Plan Services, Inc. provides recordkeeping, sub-transfer agency, and administrative services for certain types of retirement plans investing in the funds. These companies receive compensation from the funds for their services. The funds may also pay financial intermediaries for performing shareholder and administrative services for underlying shareholders in omnibus accounts. In addition, certain funds serve as an underlying fund in which some fund-of-funds products, the T. Rowe Price Spectrum and Retirement Funds, invest. Subject to approval by each applicable fund's Board, each underlying fund bears its proportionate share of the direct operating expenses of the T. Rowe Price Spectrum and Retirement Funds. All of the fees discussed above are included in a fund's financial statements and, except for funds that have an all-inclusive management fee, are also reflected in the "Other expenses" line that appears in a fund's fee table in Section 1.

## CONTACTING T. ROWE PRICE

### Accounts Held Directly With T. Rowe Price

Investors who want to open an account directly with T. Rowe Price or who already have an account held directly with T. Rowe Price (and not through a financial intermediary) should refer to the following information.

**Online** You can open an account and place most transactions online at **troweprice.com**.

**Telephone** If you have questions relating to the opening of a new account (including Traditional, Roth, and Rollover IRAs and most nonretirement accounts) with T. Rowe Price, please call Investor Services at 1-800-638-5660. To place a transaction, report unauthorized activity on your account or a discrepancy on your transaction confirmation, elect out of the "householding" of prospectuses and shareholder reports, or ask a question about an existing account, please call Shareholder Services at 1-800-225-5132. If you find our phones busy during unusually volatile markets, please consider placing your order online.

To access information on fund performance, prices, account balances, and your latest transactions 24 hours a day, please call T. Rowe Price Tele*Access® at 1-800-638-2587. (Please note that transactions cannot be placed through Tele*Access®.)

If you are an institutional investor opening an account directly with T. Rowe Price or have questions or want to place a transaction on an existing account, please call Financial Institution Services at 1-800-638-8790.

For inquiries regarding funds owned in a small business retirement plan, which include SEP-IRA, SAR-SEP, SIMPLE IRA, individual 401(k), profit sharing, money purchase pension, and certain 403(b) plan accounts, please call T. Rowe Price Retirement Client Services at 1-800-492-7670 or consult your plan administrator. Requests for redemptions from these types of retirement accounts may be required to be in writing.

Funds held through other employer-sponsored retirement plans should call the appropriate telephone number that appears on your retirement plan account statement.

If you hold shares of a T. Rowe Price Fund through a T. Rowe Price Brokerage account and want to place a transaction, please call 1-800-225-7720.

For inquiries or to place a transaction, the hearing-impaired should call 1-800-367-0763 (1-800-521-0325 if you hold shares in a small business retirement plan account).

**By Mail** Please be sure to use the correct address to avoid a delay in opening your account or processing your transaction. These addresses are subject to change at any time, so you may want to consider checking **troweprice.com/contactus** or calling the appropriate telephone number to ensure that you use the correct mailing address.

Investors (other than institutions and small business retirement plans) opening a new account or making additional purchases by check should use the following addresses:

***via U.S. Mail***
T. Rowe Price Account Services
P.O. Box 17300
Baltimore, MD 21297-1300

***via private carriers/overnight services***
T. Rowe Price Account Services
Mail Code 17300
4515 Painters Mill Road
Owings Mills, MD 21117-4903

Investors (other than institutions and small business retirement plans) requesting an exchange or redemption should use the following addresses:

***via U.S. Mail***
T. Rowe Price Account Services
P.O. Box 17468
Baltimore, MD 21298-8275

***via private carriers/overnight services***
T. Rowe Price Account Services
Mail Code 17468
4515 Painters Mill Road
Owings Mills, MD 21117-4903

Investors in a small business retirement plan opening a new account, making a purchase by check, or placing an exchange or redemption should use the following addresses:

***via U.S. Mail***
T. Rowe Price Retirement Client Services
P.O. Box 17479
Baltimore, MD 21297-1479

***via private carriers/overnight services***
T. Rowe Price
Attn.: Retirement Operations
4515 Painters Mill Road
Owings Mills, MD 21117-4903

Institutional investors opening a new account, making a purchase by check, or placing an exchange or redemption should use the following addresses:

***via U.S. Mail***
T. Rowe Price Financial Institution Services
P.O. Box 17300
Baltimore, MD 21297-1603

***via private carriers/overnight services***
T. Rowe Price Financial Institution Services
Mail Code: OM-4232
4515 Painters Mill Road
Owings Mills, MD 21117-4842

*Note*: Your transaction will receive the share price for the business day that the request is received by T. Rowe Price or its agent prior to the close of the NYSE (normally 4 p.m. ET), which could differ from the day that the request is received at the post office box.

**Investor Centers** To place a transaction or to sit down one-on-one with a counselor for investment guidance or to discuss a full range of investment topics, you may visit one of the T. Rowe Price Investor Centers at the following locations:

***Baltimore Investor Center***
105 East Lombard Street
Baltimore, MD 21202
410-345-5757 or toll-free 888-453-7326

***Owings Mills Investor Center***
Three Financial Center
4515 Painters Mill Road
Owings Mills, MD 21117
410-345-5665 or toll-free 877-374-5245

***Tysons Corner Investor Center***
1600 Tysons Boulevard, Suite 150
McLean, VA 22102
703-873-1200 or toll-free 866-864-9847

***Colorado Springs Investor Center***
2260 Briargate Parkway
Colorado Springs, CO 80920
719-278-5700 or toll-free 866-728-9925

***Tampa Investor Center***
4211 W. Boy Scout Boulevard, 8th Floor
Tampa, FL 33607
813-554-4000 or toll-free 877-453-6447

***Washington, D.C., Investor Center***
1717 K Street, N.W., Suite A–100
Washington, D.C. 20006
202-466-5000 or toll-free 888-801-0316

### Accounts Held Through Financial Intermediaries

If you hold shares of a fund through a financial intermediary, you must contact your financial intermediary to determine the requirements for opening a new account and placing transactions. Financial intermediaries should refer to the following information.

**Telephone** To open a new account, place transactions, or ask any question about an account, please call Financial Institution Services at 1-800-638-8790.

**By Mail** Financial intermediaries should send new account agreements and other documentation to the following addresses:

***via U.S. Mail***
T. Rowe Price Financial Institution Services
P.O. Box 17300
Baltimore, MD 21297-1603

***via private carriers/overnight services***
T. Rowe Price Financial Institution Services
Mail Code: OM-4232
4515 Painters Mill Road
Owings Mills, MD 21117-4842

## INFORMATION ON DISTRIBUTIONS AND TAXES

Each fund intends to qualify to be treated each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. In order to qualify, a fund must satisfy certain income, diversification, and distribution requirements. A regulated investment company is not subject to U.S. federal income tax at the portfolio level on income and gains from investments that are distributed to shareholders. However, if a fund were to fail to qualify as a regulated investment company and was ineligible to or otherwise did not cure such failure, the result would be fund-level taxation and, consequently, a reduction in income available for distribution to the fund’s shareholders.

***To the extent possible, all net investment income and realized capital gains are distributed to shareholders.***

## Dividends and Other Distributions

Dividend and capital gain distributions are reinvested in additional fund shares in your account unless you select another option. Reinvesting distributions results in compounding, which allows you to receive dividends and capital gain distributions on an increasing number of shares.

Distributions not reinvested may be paid by check or transmitted to your bank account via Automated Clearing House or may be automatically invested into another fund account. If the U.S. Postal Service cannot deliver your check or if your check remains uncashed for six months, the fund reserves the right to reinvest your distribution check in your account at the net asset value on the day of the reinvestment and to reinvest all subsequent distributions in additional shares of the fund. Interest will not accrue on amounts represented by uncashed distributions or redemption checks.

The following table provides details on dividend payments:

| ***Dividend Payment Schedule*** | |
|---|---|
| ***Fund*** | ***Dividends*** |
| Money market funds | • Shares purchased via wire that are received by T. Rowe Price by noon ET begin to earn dividends on that day. Shares purchased via a wire received after noon ET and through other methods normally begin to earn dividends on the business day after payment is received by T. Rowe Price.<br>• Dividends are declared daily and paid on the first business day of each month. |
| Bond funds | • Shares normally begin to earn dividends on the business day after payment is received by T. Rowe Price.<br>• Dividends are declared daily and paid on the first business day of each month. |
| These stock funds only:<br>• Balanced<br>• Dividend Growth<br>• Equity Income<br>• Equity Index 500<br>• Global Real Estate<br>• Growth & Income<br>• Personal Strategy Balanced<br>• Personal Strategy Income<br>• Real Estate | • Dividends, if any, are declared and paid quarterly, in March, June, September, and December.<br>• Must be a shareholder on the dividend record date. |
| Other stock funds | • Dividends, if any, are declared and paid annually, generally in December.<br>• Must be a shareholder on the dividend record date. |

| Dividend Payment Schedule | |
|---|---|
| **Fund** | **Dividends** |
| Retirement, Spectrum, and Target Funds:<br>• Retirement Balanced and Spectrum Income | • Shares normally begin to earn dividends on the business day after payment is received by T. Rowe Price.<br>• Dividends are declared daily and paid on the first business day of each month. |
| • All others | • Dividends, if any, are declared and paid annually, generally in December.<br>• Must be a shareholder on the dividend record date. |

Shares of the Retirement Balanced Fund, money market funds, and bond funds, including the Spectrum Income Fund, earn dividends through the date of redemption (for redemptions from money market funds where the request is received prior to noon ET and proceeds are sent via wire, shares only earn dividends through the calendar day prior to the date of redemption). Shares redeemed on a Friday or prior to a holiday will continue to earn dividends until the next business day. Generally, if you redeem all of your shares at any time during the month, you will also receive all dividends earned through the date of redemption in the same check. When you redeem only a portion of your shares, all dividends accrued on those shares will be reinvested, or paid in cash, on the next dividend payment date. The funds do not pay dividends in fractional cents. Any dividend amount earned for a particular day on all shares held that is one-half of one cent or greater (for example, $0.016) will be rounded up to the next whole cent ($0.02), and any amount that is less than one-half of one cent (for example, $0.014) will be rounded down to the nearest whole cent ($0.01). Please note that if the dividend payable on all shares held is less than one-half of one cent for a particular day, no dividend will be earned for that day.

If you purchase and redeem your shares through a financial intermediary, consult your financial intermediary to determine when your shares begin and stop accruing dividends as the information previously described may vary.

## Capital Gain Payments

A capital gain or loss is the difference between the purchase and sale price of a security. If a fund has net capital gains for the year (after subtracting any capital losses), they are usually declared and paid in December to shareholders of record on a specified date that month. If a second distribution is necessary, it is generally paid the following year. A fund may have to make additional capital gain distributions, if necessary, to comply with the applicable tax law. Capital gains are not expected from government or retail money market funds since they are managed to maintain a stable share price. However, if a money market fund unexpectedly has net capital gains for the year (after subtracting any capital losses), the capital gain may be declared and paid in December to shareholders of record.

## Tax Information

In most cases, you will be provided information for your tax filing needs no later than mid-February.

If you invest in the fund through a tax-deferred account, such as an IRA or employer-sponsored retirement plan, you will not be subject to tax on dividends and distributions from the fund or the sale of fund shares if those amounts remain in the tax-deferred account. You may receive a Form 1099-R or other Internal Revenue Service forms, as applicable, if any portion of the account is distributed to you.

If you invest in the fund through a taxable account, you generally will be subject to tax when:

- You sell fund shares, including an exchange from one fund to another.
- The fund makes dividend or capital gain distributions.

Additional information about the taxation of dividends for certain T. Rowe Price Funds is listed below:

| *Tax-Free and Municipal Funds* |
|---|
| • Regular monthly dividends (including those from the state-specific tax-free funds) are expected to be exempt from federal income taxes.<br>• Exemption is not guaranteed, since the fund has the right under certain conditions to invest in nonexempt securities.<br>• Tax-exempt dividends paid to Social Security recipients may increase the portion of benefits that is subject to tax.<br>• For state-specific funds, the monthly dividends you receive are expected to be exempt from state and local income tax of that particular state. For other funds, a small portion of your income dividend may be exempt from state and local income taxes.<br>• If a fund invests in certain "private activity" bonds that are not exempt from the alternative minimum tax, shareholders who are subject to the alternative minimum tax must include income generated by those bonds in their alternative minimum tax calculation. The portion of a fund's income dividend that should be included in your alternative minimum tax calculation, if any, will be reported to you by mid-February on Form 1099-DIV. |

For individual shareholders, a portion of ordinary dividends representing "qualified dividend income" received by the fund may be subject to tax at the lower rates applicable to long-term capital gains rather than ordinary income. You may report it as "qualified dividend income" in computing your taxes, provided you have held the fund shares on which the dividend was paid for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Ordinary dividends that do not qualify for this lower rate are generally taxable at the investor's marginal income tax rate. This includes the portion of ordinary dividends derived from interest, short-term capital gains, distributions from nonqualified foreign corporations, and dividends received by the fund from stocks that were on loan. Little, if any, of the ordinary dividends paid by the Global Real Estate Fund, Real Estate Fund, bond funds, or money market funds is expected to qualify for this lower rate.

For corporate shareholders, a portion of ordinary dividends may be eligible for the 70% deduction for dividends received by corporations to the extent the fund's income consists of dividends paid by U.S. corporations. Little, if any, of the ordinary dividends paid by the international stock funds, bond funds, or money market funds is expected to qualify for this deduction.

A 3.8% net investment income tax is imposed on net investment income, including interest, dividends, and capital gains of U.S. individuals with income exceeding $200,000 (or $250,000 if married filing jointly) and of estates and trusts.

If you hold your fund through a financial intermediary, the financial intermediary is responsible for providing you with any necessary tax forms. You should contact your financial intermediary for the tax information that will be sent to you and reported to the Internal Revenue Service.

**Taxes on Fund Redemptions**

When you sell shares in any fund, you may realize a gain or loss. An exchange from one fund to another fund in a taxable account is also a sale for tax purposes. As long as a money market fund maintains a stable share price of $1.00, a redemption or exchange to another fund will not result in a gain or loss for tax purposes. However, an exchange from one fund into a money market fund may result in a gain or loss on the fund from which shares were redeemed.

All or a portion of the loss realized from a sale or exchange of your fund shares may be disallowed under the "wash sale" rule if you purchase substantially identical shares within a 61-day period beginning 30 days before and ending 30 days after the date on which the shares are sold or exchanged. Shares of the same fund you acquire through dividend reinvestment are shares purchased for the purpose of the wash sale rule and may trigger a disallowance of the loss for shares sold or exchanged within the 61-day period of the dividend reinvestment. Any loss disallowed under the wash sale rule is added to the cost basis of the purchased shares.

T. Rowe Price (or your financial intermediary) will make available to you Form 1099-B, if applicable, no later than mid-February, indicating the date and amount of each sale you made in the fund during the prior year. This information will also be reported to the Internal Revenue Service. For most new accounts or those opened by exchange in 1984 or later, we will provide you with the gain or loss on the shares you sold during the year based on the average cost single category method. You may calculate the cost basis using other methods acceptable to the Internal Revenue Service, such as specific identification.

For mutual fund shares acquired after 2011, federal income tax regulations require us to report the cost basis information to you and the Internal Revenue Service on Form 1099-B using a cost basis method selected by you or, in the absence of such selected method, our default method if you acquire your shares directly from us. Our default method is average cost. For any fund shares acquired through a financial intermediary after 2011, you should check with your financial intermediary regarding the applicable cost basis method. You should, however, note that the cost basis information reported to you may not always be the same as what you should report on your tax return because the rules applicable to the determination of cost basis on Form 1099-B may be different from the rules applicable to the determination of cost basis for reporting on your tax return. Therefore, you should save your transaction records to make sure the information reported on your tax return is accurate. To help you maintain accurate records, T. Rowe Price will make available to you a confirmation promptly following each transaction you make (except for systematic purchases and systematic redemptions) and a year-end statement detailing all of your transactions in each fund account during the year. If you hold your fund through a financial intermediary, the financial intermediary is responsible for providing you with transaction confirmations and statements.

### Taxes on Fund Distributions

T. Rowe Price (or your financial intermediary) will make available to you, as applicable, generally no later than mid-February, a Form 1099-DIV, or other Internal Revenue Service forms, as required, indicating the tax status of any income dividends, dividends exempt from federal income taxes, and capital gain distributions made to you. This information will be reported to the Internal Revenue Service. Taxable distributions are generally taxable to you in the year in which they are paid. A dividend declared in October, November, or December and paid in the following January is generally treated as taxable to you as if you received the distribution in December. Dividends from tax-free funds are generally expected to be tax-exempt for federal income tax purposes. Your bond fund and money market fund dividends for each calendar year will include dividends accrued up to the first business day of the next calendar year. Ordinary dividends and capital gain dividends may also be subject to state and local taxes. You will be sent any additional information you need to determine your taxes on fund distributions, such as the portion of your dividends, if any, that may be exempt from state and local income taxes.

***Taxable distributions are subject to tax whether reinvested in additional shares or received in cash.***

The tax treatment of a capital gain distribution is determined by how long the fund held the portfolio securities, not how long you held the shares in the fund. Short-term (one year or less) capital gain distributions are taxable at the same rate as ordinary income, and gains on securities held for more than one year are taxed at the lower rates applicable to long-term capital gains. If you realized a loss on the sale or exchange of fund shares that you held for six months or less, your short-term capital loss must be reclassified as a long-term capital loss to the extent of any long-term capital gain distributions received during the period you held the shares. For funds investing in foreign securities, distributions resulting from the sale of certain foreign currencies, currency contracts, and the foreign currency portion of gains on debt securities are taxed as ordinary income. Net foreign currency losses may cause monthly or quarterly dividends to be reclassified as returns of capital.

A fund's distributions that have exceeded the fund's earnings and profits for the relevant tax year may be treated as a return of capital to its shareholders. A return of capital distribution is generally nontaxable but reduces the shareholder's cost basis in the fund, and any return of capital in excess of the cost basis will result in a capital gain.

The tax status of certain distributions may be recharacterized on year-end tax forms, such as your Form 1099-DIV. Distributions made by a fund may later be recharacterized for federal income tax purposes—for example, from taxable ordinary income dividends to returns of capital. A recharacterization of distributions may occur for a number of reasons, including the recharacterization of income received from underlying investments, such as real estate investment trusts ("REITs"), and distributions that exceed taxable income due to losses from foreign currency transactions or other investment transactions. Certain funds, including international bond funds and funds that invest significantly in REITs, are more likely to recharacterize a portion of their distributions as a result of their investments.

If the fund qualifies and elects to pass through nonrefundable foreign income taxes paid to foreign governments during the year, your portion of such taxes will be reported to you as taxable income. However, you may be able to claim an offsetting credit or deduction on your tax return for those amounts. There can be no assurance that a fund will meet the requirements to pass through foreign income taxes paid.

If a fund holds certain qualified tax credit bonds and elects to pass through the corresponding interest income and any available tax credits, you will need to report both the interest income and any such tax credits as taxable income. You may be able to claim the tax credits on your federal tax return as an offset to your income tax (including alternative minimum tax) liability, but the tax credits generally are not refundable. There is no assurance, however, that a fund will elect to pass through the income and credits.

If you are subject to backup withholding, we will have to withhold a 28% backup withholding tax on distributions and, in some cases, redemption payments. You may be subject to backup withholding if we are notified by the Internal Revenue Service to withhold, you have failed one or more tax certification requirements, or our records indicate that your tax identification number is missing or incorrect. Backup withholding is not an additional tax and is generally available to credit against your federal income tax liability with any excess refunded to you by the Internal Revenue Service.

The following table provides additional details on distributions for certain funds:

| *Taxes on Fund Distributions* |
|---|
| ***Tax-Free and Municipal Funds*** |
| • Gains realized on the sale of market discount bonds with maturities beyond one year may be treated as ordinary income and cannot be offset by other capital losses.<br>• Payments received or gains realized on certain derivative transactions may result in taxable ordinary income or capital gains.<br>• To the extent the fund makes such investments, the likelihood of a taxable distribution will be increased. |
| ***Limited Duration Inflation Focused Bond and Inflation Protected Bond Funds*** |
| • Inflation adjustments on Treasury inflation protected securities that exceed deflation adjustments for the year will be distributed as a short-term capital gain, resulting in ordinary income.<br>• In computing the distribution amount, the funds cannot reduce inflation adjustments by short- or long-term capital losses from the sales of securities.<br>• Net deflation adjustments for a year may result in all or a portion of dividends paid earlier in the year being treated as a return of capital. |
| ***Retirement, Spectrum, and Target Funds*** |
| • Distributions by the underlying funds and changes in asset allocations may result in taxable distributions of ordinary income or capital gains. |

### Tax Consequences of Liquidity Fees

It is currently anticipated that shareholders of retail money funds that impose a liquidity fee may generally treat the liquidity fee as offsetting the shareholder's amount realized on the redemption (thereby decreasing the shareholder's gain, or increasing the shareholder's loss, on the redeemed amount). A fund that imposes a liquidity fee anticipates using 100% of the fee to help repair a market-based net asset value per share that was below $1.00.

Because the retail money funds use amortized cost to maintain a stable share price of $1.00, in the event that a liquidity fee is imposed, a fund may need to distribute to its remaining shareholders sufficient value to prevent the fund from breaking the buck on the upside (i.e., by rounding up to $1.01 in pricing its shares) if the imposition of a liquidity fee causes the fund's market-based net asset value to reach $1.0050. To the extent that a fund has sufficient earnings and profits to support the distribution, the additional dividends would be taxable as ordinary income to shareholders and would be eligible for deduction by the fund. Any distribution in excess of the fund's earnings and profits would be treated as a return of capital, which would reduce your cost basis in the fund shares.

### Tax Consequences of Hedging

Entering into certain transactions involving options, futures, swaps, and forward currency exchange contracts may result in the application of the mark-to-market and straddle provisions of the Internal Revenue Code. These provisions could result in a fund being required to distribute gains on such transactions even though it did not close the contracts during the year or receive cash to pay such distributions. The fund may not be able to reduce its distributions for losses on such transactions to the extent of unrealized gains in offsetting positions.

### Tax Effect of Buying Shares Before an Income Dividend or Capital Gain Distribution

If you buy shares shortly before or on the record date—the date that establishes you as the person to receive the upcoming distribution—you may receive a portion of the money you just invested in the form of a taxable distribution. Therefore, you may wish to find out a fund's record date before investing. In addition, a fund's share price may, at any time, reflect undistributed capital gains or income and unrealized appreciation, which may result in future taxable distributions. Such distributions can occur even in a year when the fund has a negative return.

## RIGHTS RESERVED BY THE FUNDS

T. Rowe Price Funds and their agents, in their sole discretion, reserve the following rights: (1) to waive or lower investment minimums; (2) to accept initial purchases by telephone; (3) to refuse any purchase or exchange order; (4) to cancel or rescind any purchase or exchange order placed through a financial intermediary no later than the business day after the order is received by the financial intermediary (including, but not limited to, orders deemed to result in excessive trading, market timing, or 5% ownership); (5) to cease offering fund shares at any time to all or certain groups of investors; (6) to freeze any account and suspend account services when notice has been received of a dispute regarding the ownership of the account, or a legal claim against an account, upon initial notification to T. Rowe Price of a shareholder's death until T. Rowe Price receives required documentation in correct form, or if there is reason to believe a fraudulent transaction may occur; (7) to otherwise modify the conditions of purchase and modify or terminate any services at any time; (8) to waive any wire, small account, maintenance, or fiduciary fees charged to a group of shareholders; (9) to act on instructions reasonably believed to be genuine; (10) to involuntarily redeem an account at the net asset value calculated the day the account is redeemed, in cases of threatening conduct, suspected fraudulent or illegal activity, or if the fund or its agent is unable, through its procedures, to verify the identity of the person(s) or entity opening an account; and (11) for money funds, to suspend redemptions to facilitate an orderly liquidation.

The fund's Statement of Additional Information, which contains a more detailed description of the fund's operations, investment restrictions, policies and practices, has been filed with the SEC. The Statement of Additional Information is incorporated by reference into this prospectus, which means that it is legally part of this prospectus even if you do not request a copy. Further information about the fund's investments, including a review of market conditions and the manager's recent investment strategies and their impact on performance during the past fiscal year, is available in the annual and semiannual shareholder reports. These documents and updated performance information are available through troweprice.com. For inquiries about the fund and to obtain free copies of any of these documents, call 1-800-638-5660. If you invest in the fund through a financial intermediary, you should contact your financial intermediary for copies of these documents.

Fund information and Statements of Additional Information are also available from the Public Reference Room of the SEC. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8090. Fund reports and other fund information are available on the EDGAR Database on the SEC's Internet site at http://www.sec.gov. Copies of this information may be obtained, after paying a duplicating fee, by electronic request at publicinfo@sec.gov, or by writing the Public Reference Room, U.S. Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1520.

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T. Rowe Price®
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