



PORTFOLIO UPDATE

# Institutional Long Duration Credit Fund

As of September 30, 2019



**Portfolio Manager:**

Rob Larkins

**Managed Fund Since:**

2018

**Joined Firm:**

2003

## INVESTMENT OBJECTIVE

The fund seeks to provide high income.

## FUND INFORMATION

Symbol	RPLCX
CUSIP	77958B600
Inception Date of Fund	June 03, 2013
Benchmark	Bloomberg Barclays US Long Credit Index
Expense Information (as of the most recent Prospectus)	0.45%
Fiscal Year End	May 31
12B-1 Fee	-

## MARKET COMMENTARY

Investment-grade corporate bonds lost ground but held up better than Treasuries as conciliatory gestures from both sides of the U.S.-China trade dispute in the first half of the month helped ease concerns about the impact tariffs could have on long-term economic growth. Heavy new issuance-including a record-setting week at the start of the month-was easily digested by strong demand.

Longer-term Treasury yields increased in September as positive economic and trade news dampened investor enthusiasm for safer assets such as U.S. government bonds. Although sentiment waned later in the month, the overall tone was positive enough to reverse some of the steep drop in Treasury yields that occurred in August. After starting the month at 1.50%, the yield of the 10-year U.S. Treasury note, which serves as a benchmark for many key lending rates, rose to 1.90% by September 13-its highest level since the beginning of August-but settled at 1.68% by month-end. The 30-year Treasury bond yield increased to 2.12% from a record-setting low of 1.94% reached near the end of August.

Corporate bonds produced negative returns, but outperformed Treasuries and municipal bonds, while underperforming high-yield and mortgage-backed securities, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index. Among investment-grade industries, financials produced the strongest gains, while consumer non-cyclical and communications suffered the greatest losses. Crossover fared the best across the investment-grade quality spectrum, while AA+ fared worse. According to Bloomberg Barclays, primary market issuance rose month over month as USD \$189.7 billion in new deals came to the market.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			30-Day SEC Yield
					Three Years	Five Years	Since Inception 6/3/13	
Institutional Long Duration Credit Fund	-1.75%	6.45%	22.71%	21.98%	6.26%	6.76%	6.60%	3.23%
Bloomberg Barclays U.S. Long Credit Bond Index	-1.47	5.62	21.92	19.91	6.46	6.90	6.62	-

**Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](http://troweprice.com). Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit [troweprice.com](http://troweprice.com). Read it carefully.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The fund is subject to the risks of fixed income investing, including interest rate risk and credit risk. High yield bonds are subject to additional credit risk and volatility. Any investments in foreign markets are subject to political risk and currency risk.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

Source for Bloomberg Barclays data: Bloomberg Index Services Limited. See additional disclosures.

**RISK RETURN CHARACTERISTICS**

(Five Years ended September 30, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Institutional Long Duration Credit Fund	7.46%	0.01%	0.98	0.97	-0.12	0.77	1.24%
Bloomberg Barclays US Long Credit Index	7.54	0.00	1.00	1.00	0.00	0.78	0.00

**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.

**TOP 10 ISSUERS**

Comprising 18.8% of total net assets.

	Industry	% of Fund
JPMorgan Chase	Banking	2.6%
Verizon Wireless	Communications	2.3
FirstEnergy	Electric	2.2
AT&T	Communications	1.8
Liberty Mutual Holding	Insurance	1.7
Morgan Stanley	Banking	1.7
L3Harris Technologies	Capital Goods	1.7
PPL	Electric	1.6
Cigna	Insurance	1.6
Kinder Morgan	Natural Gas	1.6

Issuers are as of the date indicated and are subject to change.

**PORTFOLIO CHARACTERISTICS**

	Institutional Long Duration Credit Fund	Bloomberg Bar- clays US Long Credit Index
Number of Holdings	161	2,284
Weighted Average Maturity	18.25 years	23.47 years
Weighted Average Effective Duration	14.42 years	14.18 years
Weighted Average Coupon	4.79%	5.15%
Yield to Maturity	3.67%	3.64%
Percent of Portfolio in Cash	0.9%	-
Total Assets (all share classes)	36,511,035	-

**SECTOR DIVERSIFICATION**

	Banking	Energy	Electric Utility	Insur- ance	Health/ Pharma	Tele- com	Non Corpo- rate	Basic In- dustry	Tech- nology	Home Building	Other
Institutional Long Duration Credit Fund	14.4%	10.0%	9.8%	8.1%	7.5%	7.0%	5.8%	5.8%	4.3%	4.3%	23.0%
Bloomberg Barclays US Long Credit Index	7.6	9.4	9.5	5.4	9.9	7.4	9.1	3.6	6.3	0.2	31.7
<b>Over/Underweight</b>	<b>6.8</b>	<b>0.6</b>	<b>0.3</b>	<b>2.7</b>	<b>-2.4</b>	<b>-0.3</b>	<b>-3.3</b>	<b>2.3</b>	<b>-1.9</b>	<b>4.0</b>	<b>-8.7</b>

**CREDIT QUALITY DIVERSIFICATION**

	AAA	AA	A	BBB	BB	Not Rated	Reserves
Institutional Long Duration Credit Fund	0.0%	5.3%	28.6%	63.5%	1.4%	0.3%	0.9%
Bloomberg Barclays US Long Credit Index	3.4	9.5	35.6	51.5	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-3.4</b>	<b>-4.2</b>	<b>-6.9</b>	<b>12.0</b>	<b>1.4</b>	<b>0.3</b>	<b>0.9</b>

Source for Bloomberg Barclays data: Bloomberg Index Services Limited.

**MATURITY DIVERSIFICATION**

	0-1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	10-20 Years	20-30 Years	30+ Years
Institutional Long Duration Credit Fund	0.9%	0.0%	0.6%	5.2%	20.4%	25.6%	44.5%	2.9%
Bloomberg Barclays US Long Credit Index	0.0	0.0	0.0	0.0	0.0	32.3	61.4	6.3
<b>Over/Underweight</b>	<b>0.9</b>	<b>0.0</b>	<b>0.6</b>	<b>5.2</b>	<b>20.4</b>	<b>-6.6</b>	<b>-16.9</b>	<b>-3.5</b>

**Definitions**

Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond Fund to changes in interest rates. In general, the longer the average duration, the greater the Fund's sensitivity to interest rates.

**Additional Disclosures**

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T. Rowe Price uses a custom structure for diversification reporting on this product.

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

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

Source for Maturity Diversification: T. Rowe Price.

"Other" includes any categories not explicitly mentioned.

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

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

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