



**FACT SHEET**

# U.S. Bond Enhanced Index Fund

As of September 30, 2018



**Portfolio Manager:**  
Robert M. Larkins

**Managed Fund Since:**  
2007

**Joined Firm:**  
2003

## FUND INFORMATION

Symbol	PBDIX
CUSIP	741495105
Inception Date of Fund	November 30, 2000
Benchmark	Bloomberg Barclays US Agg Index
Expense Information (as of the most recent Prospectus)*	0.30%
Fiscal Year End	October 31
Total Annual Operating Expenses per \$1,000	\$3.00
12B-1 Fee	-
Redemption Fee**	0.50%
Portfolio Holdings Turnover†	73.6%
Total Assets (all share classes)	\$1,079,649,027
Percent of Portfolio in Cash	0.2%
Beta	1.02

\* Figure is equivalent to the annual Operating Expense ratio.

\*\*The redemption fee applies on shares held for 90 days or less.

†Portfolio Turnover represents 1 year period ending 12/31/17.

## PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield
				Three Years	Five Years	Ten Years	Fifteen Years	
U.S. Bond Enhanced Index Fund	-0.10%	-1.65%	-1.24%	1.39%	2.19%	3.80%	3.72%	3.18%
Bloomberg Barclays U.S. Aggregate Bond Index	0.02	-1.60	-1.22	1.31	2.16	3.77	3.78	-

Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. The performance information shown does not reflect the deduction of any redemption fee; if it did, the performance would be lower. To obtain the most recent month-end performance, or to request a prospectus or summary prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing, please visit our website or contact a T. Rowe Price representative at 1-855-405-6488. The average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions.

## INVESTMENT OBJECTIVE AND STRATEGY

The fund seeks to provide a total return that matches or incrementally exceeds the performance of the U.S. investment-grade bond market.

Seeks to match the performance of the overall U.S. investment-grade bond market, as represented by the Barclays Capital U.S. Aggregate Index, which typically includes more than 6,000 fixed-income securities with an overall intermediate to long average maturity.

Strategy is to match the performance of the index net of fund expenses, which means the fund will attempt to offset the expenses that it incurs and have its total return match the total return of the index.

## BENEFITS AND RISKS

Gives income investors a cost-effective way to seek to approximate the performance of the broad investment-grade bond market.

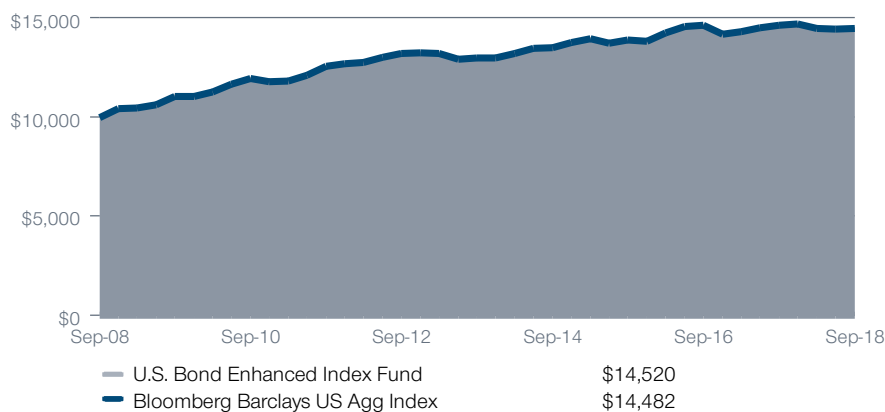
Has an intermediate risk/reward profile and should offer a higher yield than less volatile short-term bond funds and a lower yield than longer-term funds.

Yield and share price will vary with interest rate changes. If interest rates rise significantly from current levels, bond fund total returns will decline and may even turn negative in the short term.

There is also a chance that one of the fund's holdings will have its credit rating downgraded or will default.

## CUMULATIVE RETURNS

Growth of \$10,000



**MORNINGSTAR™**

Overall Morningstar Rating™

Morningstar Category™ Intermediate-Term Bond

Rated against 902 Intermediate-Term Bond funds, as of 9/30/2018, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.

**SECTOR DIVERSIFICATION**

	Corporate	Mortgage	U.S. Treasury	Government Related	ABS	CMBS	High Yield	Reserves	U.S. Municipal
U.S. Bond Enhanced Index Fund	30.9%	30.2%	25.4%	5.6%	3.5%	2.4%	1.6%	0.2%	0.1%
Bloomberg Barclays US Agg Index	24.6	28.1	38.3	6.4	0.6	1.2	0.7	0.0	0.0
<b>Over/Underweight</b>	<b>6.3</b>	<b>2.1</b>	<b>-12.9</b>	<b>-0.8</b>	<b>2.9</b>	<b>1.2</b>	<b>0.9</b>	<b>0.2</b>	<b>0.1</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
U.S. Bond Enhanced Index Fund	25.4%	29.7%	5.8%	6.1%	12.3%	18.9%	1.6%	0.0%	0.2%
Bloomberg Barclays US Agg Index	38.1	29.3	5.1	3.5	10.6	12.7	0.8	0.0	0.0
<b>Over/Underweight</b>	<b>-12.6</b>	<b>0.4</b>	<b>0.7</b>	<b>2.5</b>	<b>1.7</b>	<b>6.2</b>	<b>0.8</b>	<b>0.0</b>	<b>0.2</b>

\*U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The ratings of U.S. Treasury securities are derived from the ratings on the U.S. government.

\*\*U.S. government agency securities are issued or guaranteed by a U.S. government agency, and may include conventional pass-through securities and collateralized mortgage obligations; unlike Treasuries, government agency securities are not issued directly by the U.S. government and are generally unrated but may have credit support from the U.S. Treasury (e.g., FHLMC and FNMA issues) or a direct government guarantee (e.g., GNMA issues). Therefore, this category may include rated and unrated securities.

**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
U.S. Bond Enhanced Index Fund	3.2%	13.5%	24.1%	13.1%	28.7%	4.3%	12.2%	0.8%

**Definitions**

Beta: A measure of market risk of an investment option that shows how responsive the investment is to a given market index, such as the Standard & Poor's 500 Index. By definition, the beta of the benchmark is 1.00. An investment with a beta of 1.10 is expected to perform 10% better than the index in up markets and 10% worse in down markets. Usually, higher betas represent riskier investments.

**Additional Disclosures**

Morningstar rated the fund 3, 3, and 2 stars among 902, 796 and 577 Intermediate-Term Bond funds for the 3-, 5-, and 10-year periods (as applicable) ending 9/30/2018, respectively. The Morningstar Rating™ for funds, or "star rating", is calculated for funds with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. Source for Morningstar data: © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no**

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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.

Sources for credit quality: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P. 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.

Source for Maturity Diversification: T Rowe Price.

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

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