



**SEMIANNUAL  
REPORT**  
*Financial Statements*

November 30, 2017

TRRHX

PARJX

RRTNX

T. ROWE PRICE

Retirement 2025 Fund

Retirement 2025 Fund–  
Advisor Class

Retirement 2025 Fund–  
R Class

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

### Investor Class

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
<b>NET ASSET VALUE</b>						
Beginning of period	\$ 16.91	\$ 15.37	\$ 16.46	\$ 16.00	\$ 14.24	\$ 12.03
Investment activities						
Net investment income <sup>(1)</sup>	0.10	0.27	0.27	0.26	0.23	0.23
Net realized and unrealized gain / loss	1.12	1.85	(0.63)	0.77	1.99	2.30
Total from investment activities	1.22	2.12	(0.36)	1.03	2.22	2.53
Distributions						
Net investment income	–	(0.27)	(0.26)	(0.25)	(0.22)	(0.22)
Net realized gain	–	(0.31)	(0.47)	(0.32)	(0.24)	(0.10)
Total distributions	–	(0.58)	(0.73)	(0.57)	(0.46)	(0.32)
<b>NET ASSET VALUE</b>						
End of period	\$ 18.13	\$ 16.91	\$ 15.37	\$ 16.46	\$ 16.00	\$ 14.24

### Ratios/Supplemental Data

Total return <sup>(2)(3)</sup>	7.21%	14.12%	(2.04)%	6.60%	15.76%	21.20%
Ratio of total expenses to average net assets <sup>(3)</sup>	0.00% <sup>(4)</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Ratio of net investment income to average net assets <sup>(3)</sup>	1.16% <sup>(4)</sup>	1.67%	1.73%	1.62%	1.50%	1.69%
Portfolio turnover rate <sup>(3)</sup>	10.8%	15.6%	14.6%	9.2%	12.1%	12.7%

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
--	-------------------------------	--------------------------	---------	---------	---------	---------

### Ratios/Supplemental Data (continued)

Weighted average expense ratio of underlying Price funds <sup>(5)</sup>	0.64% <sup>(4)</sup>	0.67%	0.69%	0.69%	0.70%	0.72%
Effective expense ratio	0.64% <sup>(4)</sup>	0.67%	0.69%	0.69%	0.70%	0.72%
Net assets, end of period (in millions)	\$ 18,439	\$ 18,666	\$ 16,249	\$ 15,565	\$ 12,578	\$ 9,525

- (1) Per share amounts calculated using average shares outstanding method.
- (2) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions; it is not annualized for periods less than one year. The fund's total return may be higher or lower than the investment results of the individual underlying Price funds.
- (3) Reflects the activity of the fund, and does not include the activity of the underlying Price funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price funds in which it invests.
- (4) Annualized
- (5) Reflects the indirect expense impact to the fund from its investment in the underlying Price funds, based on the actual expense ratio of each underlying Price fund weighted for the fund's relative average investment therein.

The accompanying notes are an integral part of these financial statements.

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

### Advisor Class

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
<b>NET ASSET VALUE</b>						
Beginning of period	\$ 16.81	\$ 15.28	\$ 16.37	\$ 15.92	\$ 14.17	\$ 11.99
Investment activities						
Net investment income <sup>(1)</sup>	0.08	0.23	0.23	0.22	0.19	0.19
Net realized and unrealized gain / loss	1.11	1.83	(0.62)	0.76	1.98	2.29
Total from investment activities	1.19	2.06	(0.39)	0.98	2.17	2.48
Distributions						
Net investment income	–	(0.22)	(0.23)	(0.21)	(0.18)	(0.20)
Net realized gain	–	(0.31)	(0.47)	(0.32)	(0.24)	(0.10)
Total distributions	–	(0.53)	(0.70)	(0.53)	(0.42)	(0.30)

### NET ASSET VALUE

End of period	\$ 18.00	\$ 16.81	\$ 15.28	\$ 16.37	\$ 15.92	\$ 14.17
---------------	----------	----------	----------	----------	----------	----------

### Ratios/Supplemental Data

Total return <sup>(2)(3)</sup>	7.08%	13.78%	(2.25)%	6.30%	15.47%	20.84%
Ratio of total expenses to average net assets <sup>(3)</sup>	0.25% <sup>(4)</sup>	0.25%	0.25%	0.25%	0.25%	0.25%
Ratio of net investment income to average net assets <sup>(3)</sup>	0.92% <sup>(4)</sup>	1.42%	1.48%	1.36%	1.24%	1.43%
Portfolio turnover rate <sup>(3)</sup>	10.8%	15.6%	14.6%	9.2%	12.1%	12.7%

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
--	-------------------------------	--------------------------	---------	---------	---------	---------

### Ratios/Supplemental Data (continued)

Weighted average expense ratio of underlying Price funds <sup>(5)</sup>	0.64% <sup>(4)</sup>	0.67%	0.69%	0.69%	0.70%	0.72%
Effective expense ratio	0.89% <sup>(4)</sup>	0.92%	0.94%	0.94%	0.95%	0.97%
Net assets, end of period (in millions)	\$ 1,841	\$ 1,825	\$ 1,714	\$ 1,723	\$ 1,436	\$ 922

(1) Per share amounts calculated using average shares outstanding method.

(2) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions; it is not annualized for periods less than one year. The fund's total return may be higher or lower than the investment results of the individual underlying Price funds.

(3) Reflects the activity of the fund, and does not include the activity of the underlying Price funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price funds in which it invests.

(4) Annualized

(5) Reflects the indirect expense impact to the fund from its investment in the underlying Price funds, based on the actual expense ratio of each underlying Price fund weighted for the fund's relative average investment therein.

The accompanying notes are an integral part of these financial statements.

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

### R Class

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
<b>NET ASSET VALUE</b>						
Beginning of period	\$ 16.64	\$ 15.14	\$ 16.23	\$ 15.79	\$ 14.07	\$ 11.90
Investment activities						
Net investment income <sup>(1)</sup>	0.06	0.18	0.19	0.18	0.15	0.16
Net realized and unrealized gain / loss	1.10	1.82	(0.62)	0.76	1.96	2.28
Total from investment activities	1.16	2.00	(0.43)	0.94	2.11	2.44
Distributions						
Net investment income	–	(0.19)	(0.19)	(0.18)	(0.15)	(0.17)
Net realized gain	–	(0.31)	(0.47)	(0.32)	(0.24)	(0.10)
Total distributions	–	(0.50)	(0.66)	(0.50)	(0.39)	(0.27)
<b>NET ASSET VALUE</b>						
End of period	\$ 17.80	\$ 16.64	\$ 15.14	\$ 16.23	\$ 15.79	\$ 14.07

### Ratios/Supplemental Data

Total return <sup>(2)(3)</sup>	6.97%	13.49%	(2.53)%	6.09%	15.14%	20.63%
Ratio of total expenses to average net assets <sup>(3)</sup>	0.50% <sup>(4)</sup>	0.50%	0.50%	0.50%	0.50%	0.50%
Ratio of net investment income to average net assets <sup>(3)</sup>	0.66% <sup>(4)</sup>	1.17%	1.24%	1.14%	0.99%	1.17%
Portfolio turnover rate <sup>(3)</sup>	10.8%	15.6%	14.6%	9.2%	12.1%	12.7%

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	6 Months Ended 11/30/17	Year Ended 5/31/17	5/31/16	5/31/15	5/31/14	5/31/13
--	-------------------------------	--------------------------	---------	---------	---------	---------

### Ratios/Supplemental Data (continued)

Weighted average expense ratio of underlying Price funds <sup>(5)</sup>	0.64% <sup>(4)</sup>	0.67%	0.69%	0.69%	0.70%	0.72%
Effective expense ratio	1.14% <sup>(4)</sup>	1.17%	1.19%	1.19%	1.20%	1.22%
Net assets, end of period (in millions)	\$ 1,385	\$ 1,338	\$ 1,209	\$ 1,162	\$ 885	\$ 583

- (1) Per share amounts calculated using average shares outstanding method.
- (2) Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions; it is not annualized for periods less than one year. The fund's total return may be higher or lower than the investment results of the individual underlying Price funds.
- (3) Reflects the activity of the fund, and does not include the activity of the underlying Price funds. However, investment performance of the fund is directly related to the investment performance of the underlying Price funds in which it invests.
- (4) Annualized
- (5) Reflects the indirect expense impact to the fund from its investment in the underlying Price funds, based on the actual expense ratio of each underlying Price fund weighted for the fund's relative average investment therein.

The accompanying notes are an integral part of these financial statements.

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

November 30, 2017

PORTFOLIO OF INVESTMENTS <sup>(1)</sup>	\$ Value 5/31/17	\$ Purchase Cost	\$ Sales Cost	Shares	\$ Value 11/30/17
(Cost and value in \$000s)					
<b>EQUITY MUTUAL FUNDS 67.4%</b>					
<b>T. Rowe Price Funds:</b>					
Equity Index 500 Fund	3,364,739	93,323	451,632	43,427,919	3,097,279
Growth Stock Fund	2,355,571	39,224	330,686	29,963,378	2,138,786
Value Fund	1,957,590	142,137	124,747	53,122,597	2,125,966
Overseas Stock Fund	1,435,351	17,614	123,344	123,681,242	1,408,729
International Value Equity Fund	1,365,940	31,692	121,418	86,190,176	1,319,572
International Stock Fund	1,294,901	12,767	148,717	62,104,872	1,194,898
Emerging Markets Stock Fund	587,541	12,547	41,411	14,388,279	631,933
Mid-Cap Growth Fund (2)	571,707	36,846	39,097	6,428,707	606,034
Mid-Cap Value Fund	558,225	33,520	42,124	18,211,569	587,505
Small-Cap Value Fund	387,003	6,644	35,745	7,639,069	395,398
New Horizons Fund (2)	330,538	53,915	20,566	6,926,112	391,741
Small-Cap Stock Fund	407,944	6,919	53,976	7,461,886	387,496
Real Assets Fund	352,025	7,338	41,537	28,858,256	331,293
<b>Total Equity Mutual Funds (Cost \$10,030,013)</b>					<b>14,616,630</b>
<b>BOND MUTUAL FUNDS 31.7%</b>					
<b>T. Rowe Price Funds:</b>					
New Income Fund	4,334,047	221,631	630,240	413,389,405	3,914,798
Limited Duration Inflation Focused Bond Fund	753,171	164,605	84,447	165,667,599	833,308
Emerging Markets Bond Fund	596,074	54,033	56,539	46,152,629	579,677
High Yield Fund	626,116	25,302	136,750	75,472,474	510,194
International Bond Fund	538,974	43,116	239,542	39,655,581	358,883
U.S. Treasury Long-Term Fund	—	245,182	1,257	19,205,580	242,566
Dynamic Global Bond Fund	—	207,513	1,283	20,905,309	205,499
International Bond Fund (USD Hedged)	—	183,942	1,102	18,274,180	183,473
Floating Rate Fund	—	32,623	231	3,277,770	32,352
<b>Total Bond Mutual Funds (Cost \$6,834,231)</b>					<b>6,860,750</b>
<b>SHORT-TERM INVESTMENTS 0.9%</b>					
<b>T. Rowe Price Funds:</b>					
U.S. Treasury Money Fund, 0.71% (3)	12,835	652,716	477,040	188,509,833	188,510
<b>Total Short-Term Investments (Cost \$188,510)</b>					<b>188,510</b>
<b>Total Investments in Securities</b>					<b>\$ 21,665,890</b>
<b>100.0% of Net Assets (Cost \$17,052,754)</b>					

- (1) Each underlying Price fund is an affiliated company; the fund is invested in the Investor Class of each underlying Price fund.
- (2) Non-income producing
- (3) Seven-day yield



**Affiliated Companies**

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the six months ended November 30, 2017. Net realized gain (loss), investment income, and change in net unrealized gain/loss reflect all activity for the period then ended.

Affiliate	Net Realized Gain/(Loss)	Change in Net Unrealized Gain/Loss	Investment Income
<b>T. Rowe Price Funds:</b>			
Dynamic Global Bond Fund	\$ —	\$ (731)	\$ 187
Emerging Markets Bond Fund	4,249	(13,891)	18,533
Emerging Markets Stock Fund	18,217	73,256	—
Equity Index 500 Fund	193,337	90,849	29,861
Floating Rate Fund	—	(40)	107
Growth Stock Fund	180,162	74,677	—
High Yield Fund	1,906	(4,474)	15,712
International Bond Fund	(3,039)	16,335	3,510
International Bond Fund (USD Hedged)	1	633	142
International Stock Fund	42,895	35,947	—
International Value Equity Fund	20,035	43,358	—
Limited Duration Inflation			
Focused Bond Fund	251	(21)	—
Mid-Cap Growth Fund	22,559	36,578	—
Mid-Cap Value Fund	14,879	37,884	—
New Horizons Fund	15,380	27,854	—
New Income Fund	(1,798)	(10,640)	56,375
Overseas Stock Fund	35,758	79,108	—
Real Assets Fund	5,166	13,467	—
Small-Cap Stock Fund	17,262	26,609	—
Small-Cap Value Fund	10,764	37,496	—
U.S. Treasury Long-Term Fund	—	(1,359)	461
Value Fund	74,142	150,986	—
U.S. Treasury Money Fund	—	—	602
Totals	\$ 652,126#	\$ 713,881	\$ 125,490+

# Capital gain/loss distributions from mutual funds represented \$0 of the net realized gain (loss).

+ Investment income comprised \$125,490 of income distributions from underlying Price funds.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$17,052,754)	\$ 21,665,890
Receivable for shares sold	22,517
Receivable for investment securities sold	22,485
Total assets	<u>21,710,892</u>

**Liabilities**

Payable for shares redeemed	45,002
Other liabilities	1,257
Total liabilities	<u>46,259</u>

**NET ASSETS****\$ 21,664,633****Net Assets Consist of:**

Undistributed net investment income	\$ 188,598
Accumulated undistributed net realized gain	581,345
Net unrealized gain	4,613,136
Paid-in capital applicable to 1,197,310,339 shares of \$0.0001 par value capital stock outstanding; 30,000,000,000 shares of the Corporation authorized	<u>16,281,554</u>

**NET ASSETS****\$ 21,664,633****NET ASSET VALUE PER SHARE****Investor Class****(\$18,438,986,995 / 1,017,259,109 shares outstanding) \$ 18.13****Advisor Class****(\$1,840,700,490 / 102,244,100 shares outstanding) \$ 18.00****R Class****(\$1,384,945,130 / 77,807,130 shares outstanding) \$ 17.80**

The accompanying notes are an integral part of these financial statements.

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 11/30/17
<b>Investment Income</b>	
Income distributions from underlying Price funds	\$ 125,490
Expenses	
Rule 12b-1 fees	
Advisor Class	2,332
R Class	3,406
Total expenses	5,738
Net investment income	119,752
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain on sales of underlying Price funds	652,126
Change in net unrealized gain / loss on underlying Price funds	713,881
Net realized and unrealized gain / loss	1,366,007
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 1,485,759</b>

The accompanying notes are an integral part of these financial statements.

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 11/30/17	Year Ended 5/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 119,752	\$ 330,595
Net realized gain	652,126	300,952
Change in net unrealized gain / loss	713,881	2,073,808
Increase in net assets from operations	1,485,759	2,705,355
Distributions to shareholders		
Net investment income		
Investor Class	-	(289,381)
Advisor Class	-	(23,711)
R Class	-	(14,876)
Net realized gain		
Investor Class	-	(332,253)
Advisor Class	-	(33,412)
R Class	-	(24,270)
Decrease in net assets from distributions	-	(717,903)
Capital share transactions*		
Shares sold		
Investor Class	1,553,273	3,559,206
Advisor Class	211,696	521,662
R Class	135,738	300,861
Distributions reinvested		
Investor Class	-	612,477
Advisor Class	-	57,093
R Class	-	39,145
Shares redeemed		
Investor Class	(3,048,854)	(3,451,293)
Advisor Class	(321,841)	(637,520)
R Class	(180,371)	(332,138)
Increase (decrease) in net assets from capital share transactions	(1,650,359)	669,493
<b>Net Assets</b>		
Increase (decrease) during period	(164,600)	2,656,945
Beginning of period	21,829,233	19,172,288
<b>End of period</b>	<b>\$ 21,664,633</b>	<b>\$ 21,829,233</b>

# T. ROWE PRICE RETIREMENT 2025 FUND

Unaudited

## STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 11/30/17	Year Ended 5/31/17
Undistributed net investment income	188,598	68,846
*Share information		
Shares sold		
Investor Class	88,942	222,791
Advisor Class	12,233	32,844
R Class	7,911	19,120
Distributions reinvested		
Investor Class	-	39,388
Advisor Class	-	3,688
R Class	-	2,552
Shares redeemed		
Investor Class	(175,767)	(215,192)
Advisor Class	(18,510)	(40,219)
R Class	(10,516)	(21,112)
Increase (decrease) in shares outstanding	(95,707)	43,860

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Retirement Funds, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). T. Rowe Price Retirement 2025 Fund (the fund) is an open-end management investment company and is one of the portfolios established by the corporation. The fund invests in a portfolio of other T. Rowe Price stock and bond funds (underlying Price funds) that represent various asset classes and sectors. The fund's allocation among underlying Price funds will change, and its asset mix will become more conservative over time. The fund is nondiversified for purposes of the 1940 Act, due to its limited number of investments; however, its investments in underlying Price funds are selected to provide exposure to a diversified portfolio of securities. The fund seeks the highest total return over time consistent with an emphasis on both capital growth and income.

The fund has three classes of shares: the Retirement 2025 Fund (Investor Class), Retirement 2025 Fund—Advisor Class (Advisor Class), and Retirement 2025 Fund—R Class (R Class). Advisor Class shares are sold only through unaffiliated brokers and other financial intermediaries, and R Class shares are available to retirement plans serviced by intermediaries. The Advisor Class and R Class each operate under separate Board-approved Rule 12b-1 plans, pursuant to which each class compensates financial intermediaries for distribution, shareholder servicing, and/or certain administrative services; the Investor Class does not pay Rule 12b-1 fees. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to all classes; and, in all other respects, the same rights and obligations as the other classes.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations of the underlying Price funds are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale of the underlying Price funds.

**Investment Transactions, Investment Income, and Distributions** Purchases and sales of the underlying Price funds are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Gains and losses realized on sales of the underlying Price funds are reported on the identified cost basis. Income and capital gain distributions from the underlying Price funds are recorded on the ex-dividend date. Dividends received from underlying Price fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared and paid by each class annually. A capital gain distribution may also be declared and paid by the fund annually.

**Class Accounting** Income distributions from the underlying Price funds and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. The Advisor Class and R Class each pay Rule 12b-1 fees in an amount not exceeding 0.25% and 0.50%, respectively, of the class's average daily net assets.

**In-Kind Redemptions** In accordance with guidelines described in the fund's prospectus, the fund may distribute shares of the underlying Price funds rather than cash as payment for a redemption of fund shares (in-kind redemption). For financial reporting purposes, the fund recognizes a gain on in-kind redemptions to the extent the value of the distributed shares of the underlying Price funds on the date of redemption exceeds the cost of those shares. Gains and losses realized on in-kind redemptions are not recognized for tax purposes and are reclassified from undistributed realized gain (loss) to paid-in capital. During the six months ended November 30, 2017, the fund realized \$491,701,000 of net gain on \$1,615,314,000 of in-kind redemptions.

**New Accounting Guidance** On August 1, 2017, the fund implemented amendments to Regulation S-X, issued by the Securities and Exchange Commission, which require standardized, enhanced disclosures, particularly related to derivatives, in investment company financial statements. Adoption had no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

## NOTE 2 - VALUATION

The fund's financial instruments are valued, and each class's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC. The fund's financial instruments are reported at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in the underlying Price funds are valued at their closing NAV per share on the day of valuation. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date



Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values. On November 30, 2017, all of the investments in underlying Price funds were classified as Level 1, based on the inputs used to determine their fair values.

### **NOTE 3 - INVESTMENTS IN UNDERLYING PRICE FUNDS**

Purchases and sales of the underlying Price funds during the six months ended November 30, 2017, aggregated \$2,325,149,000 and \$3,855,558,000, respectively.

### **NOTE 4 - FEDERAL INCOME TAXES**

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records

are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of the date of this report.

At November 30, 2017, the cost of investments for federal income tax purposes was \$17,286,318,000. Net unrealized gain aggregated \$4,379,572,000 at period-end, of which \$4,624,974,000 related to appreciated investments and \$245,402,000 related to depreciated investments.

#### **NOTE 5 - RELATED PARTY TRANSACTIONS**

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). Price Associates, directly or through sub-advisory agreements with its wholly owned subsidiaries, also provides investment management services to all the underlying Price funds. Pursuant to various service agreements, Price Associates and its wholly owned subsidiaries provide shareholder servicing and administrative services as well as certain accounting, marketing, and other services to the fund. Certain officers and directors of the fund are also officers and directors of Price Associates and its subsidiaries and the underlying Price funds.

The fund pays no management fees; however, Price Associates receives management fees from the underlying Price funds. The fund operates in accordance with the investment management and special servicing agreements between and among the corporation; the underlying Price funds; Price Associates; and T. Rowe Price Services, Inc., a wholly owned subsidiary of Price Associates. Pursuant to these agreements, expenses associated with the operation of the fund, other than class-specific Rule 12b-1 fees, are borne by each underlying Price fund to the extent of estimated savings to it and in proportion to the average daily value of its shares owned by the fund. Therefore, the expense ratio of each class reflects only its Rule 12b-1 fees, if any. However, the fund indirectly bears its proportionate share of the management fees and operating costs of the underlying Price funds in which it invests.

The fund does not invest in the underlying Price funds for the purpose of exercising management or control; however, investments by the fund may represent a significant portion of an underlying Price fund's net assets. At November 30, 2017, the fund held less than 25% of the outstanding shares of any underlying Price fund.

#### INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, [sec.gov](http://sec.gov).

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

#### HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available electronically on the SEC's website ([sec.gov](http://sec.gov)); hard copies may be reviewed and copied at the SEC's Public Reference Room, 100 F St. N.E., Washington, DC 20549. For more information on the Public Reference Room, call 1-800-SEC-0330.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

# T. ROWE PRICE MUTUAL FUNDS

This page contains supplementary information that is not part of the shareholder report.

## STOCK FUNDS

### Domestic

Blue Chip Growth  
Capital Appreciation<sup>†</sup>  
Capital Opportunity  
Diversified Mid-Cap Growth  
Dividend Growth  
Equity Income  
Equity Index 500  
Extended Equity Market Index  
Financial Services  
Growth & Income  
Growth Stock  
Health Sciences<sup>‡</sup>  
Media & Telecommunications  
Mid-Cap Growth<sup>†</sup>  
Mid-Cap Value<sup>†</sup>  
New America Growth  
New Era  
New Horizons<sup>‡</sup>  
QM U.S. Small & Mid-Cap Core Equity  
QM U.S. Small-Cap Growth Equity  
QM U.S. Value Equity  
Real Estate  
Science & Technology  
Small-Cap Stock<sup>†</sup>  
Small-Cap Value  
Tax-Efficient Equity  
Total Equity Market Index  
U.S. Large-Cap Core  
Value

## ASSET ALLOCATION FUNDS

Balanced  
Global Allocation  
Personal Strategy Balanced  
Personal Strategy Growth  
Personal Strategy Income  
Real Assets  
Spectrum Growth  
Spectrum Income  
Spectrum International  
Target Date Funds<sup>^</sup>

## BOND FUNDS

### Domestic Taxable

Corporate Income  
Credit Opportunities  
Floating Rate  
GNMA  
High Yield<sup>†</sup>  
Inflation Protected Bond  
Limited Duration Inflation  
Focused Bond  
New Income  
Short-Term Bond  
Total Return  
Ultra Short-Term Bond  
U.S. Bond Enhanced Index  
U.S. High Yield  
U.S. Treasury Intermediate  
U.S. Treasury Long-Term

### Domestic Tax-Free

California Tax-Free Bond  
Georgia Tax-Free Bond  
Intermediate Tax-Free High Yield  
Maryland Short-Term Tax-Free Bond  
Maryland Tax-Free Bond  
New Jersey Tax-Free Bond  
New York Tax-Free Bond  
Summit Municipal Income  
Summit Municipal Intermediate  
Tax-Free High Yield  
Tax-Free Income  
Tax-Free Short-Intermediate  
Virginia Tax-Free Bond

## MONEY MARKET FUNDS

### Taxable

Cash Reserves<sup>1</sup>  
Government Money<sup>2</sup>  
U.S. Treasury Money<sup>2</sup>

## MONEY MARKET FUNDS (CONT.)

### Tax-Free

California Tax-Free Money<sup>1</sup>  
Maryland Tax-Free Money<sup>1</sup>  
New York Tax-Free Money<sup>1</sup>  
Summit Municipal Money Market<sup>1</sup>  
Tax-Exempt Money<sup>1</sup>

## INTERNATIONAL/GLOBAL FUNDS

### Stock

Africa & Middle East  
Asia Opportunities  
Emerging Europe  
Emerging Markets Stock  
Emerging Markets Value Stock  
European Stock  
Global Consumer  
Global Growth Stock  
Global Industrials  
Global Real Estate  
Global Stock  
Global Technology<sup>†</sup>  
International Concentrated Equity  
International Discovery  
International Equity Index  
International Stock  
International Value Equity  
Japan  
Latin America  
New Asia  
Overseas Stock  
QM Global Equity

### Bond

Dynamic Global Bond  
Emerging Markets Bond  
Emerging Markets Corporate Bond  
Emerging Markets Local Currency Bond  
Global High Income Bond  
Global Multi-Sector Bond  
International Bond  
International Bond (USD Hedged)

Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

<sup>†</sup>Subject to certain exceptions, the fund is currently closed to new investors and new accounts.

<sup>^</sup>The Target Date Funds are inclusive of the Retirement Funds, the Target Funds, and the Retirement Balanced Fund.

<sup>1</sup>Retail Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Beginning October 14, 2016, the Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

<sup>2</sup>Government Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.



T. Rowe Price Investment Services, Inc.  
100 East Pratt Street  
Baltimore, MD 21202