



PORTFOLIO UPDATE

New Income Fund

As of September 30, 2020



Portfolio Manager:
Stephen Bartolini

Managed Fund Since:
2018

Joined Firm:
2010

INVESTMENT OBJECTIVE

The fund seeks to maximize total return through income and capital appreciation.

FUND INFORMATION

Symbol	PRCIX
CUSIP	779570100
Inception Date of Fund	August 31, 1973
Benchmark	Bloomberg Barclays US Agg Index
Expense Information (as of the most recent Prospectus)*	0.51%
Fiscal Year End	May 31
12B-1 Fee	-

*The Fund operates under a contractual expense limitation that expires on September 30, 2021. The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield
					Three Years	Five Years	Ten Years	Fifteen Years	
New Income Fund	-0.12%	1.40%	4.01%	4.53%	4.30%	3.70%	3.35%	4.41%	1.57%
Bloomberg Barclays U.S. Aggregate Bond Index	-0.05	0.62	6.79	6.98	5.24	4.18	3.64	4.48	-

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. 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. 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. The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

MARKET COMMENTARY

The investment-grade U.S. fixed income market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, generated modestly negative returns in September. Treasury yields fell slightly in the intermediate and longer portions of the curve. However, corporate credit spreads widened across most subsectors, and agency mortgage-backed securities posted negative returns.

U.S. Treasuries generated moderately positive absolute returns amid slightly lower yields for most maturities. During the month, Federal Reserve Chair Jerome Powell announced that the Federal Open Market Committee (FOMC) will keep its policy rate near 0% until inflation exceeds 2% for some time, which helped keep short-term yields anchored at low levels. Growing concerns about the prospects for a fiscal stimulus package and signs that the economic recovery is moderating sent yields lower. The economy added 1.37 million jobs in August, marginally below expectations, and claims for initial unemployment benefits continued to run above 800,000 per week.

Investment-grade corporate bonds lagged other sectors in the index. Corporate spreads vacillated initially but widened later in the month. Macroeconomic uncertainty, equity losses, rising European coronavirus cases, and domestic political uncertainty fueled risk-off sentiment and pushed spreads higher. New supply was heavy for most of the period. While demand was steady at times, risk appetite decreased later in the month and led to a less-favorable technical backdrop.

Asset-backed securities and commercial mortgage-backed securities held up relatively well despite a busy month of new issuance and generated positive returns. Spreads ended the month slightly tighter for both sectors as new supply was met with strong demand. Agency mortgage-backed securities, on the other hand, posted negative returns as increased issuance and elevated prepayment and forbearance risks all weighed on the sector.

RISK RETURN CHARACTERISTICS

(Five Years ended September 30, 2020)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
New Income Fund	4.16%	-0.66%	1.08	0.65	-0.19	0.61	2.49%
Bloomberg Barclays US Agg Index	3.13	0.00	1.00	1.00	0.00	0.96	0.00

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

TOP ISSUERS

Comprising 7.8% of total net assets.

	Industry	% of Fund
Becton, Dickinson & Company	Consumer Non Cyclical	1.0%
Wells Fargo	Banking	1.0
AbbVie	Consumer Non Cyclical	0.9
Bank of America	Banking	0.8
British American Tobacco	Consumer Non Cyclical	0.7
Cigna	Insurance	0.7
JPMorgan Chase	Banking	0.7
Energy Transfer	Energy	0.7
Brixmor Property	REITs	0.7
Comcast	Communications	0.7

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

PORTFOLIO CHARACTERISTICS

	New Income Fund	Bloomberg Bar- clays US Agg Index
Number of Holdings	1,478	11,902
Weighted Average Maturity	7.17 years	8.13 years
Weighted Average Effective Duration	6.47 years	6.03 years
Weighted Average Coupon	3.17%	3.01%
Yield to Maturity	2.09%	1.19%
Percent of Portfolio in Cash	2.3%	-
Total Assets (all share classes)	21,757,627,687	-

SECTOR DIVERSIFICATION

	U.S. Treas- uries	Govern- ment Re- lated	Corporate	Mortgage	CMBS	ABS	High Yield	Non-U.S. \$ Denom	Reserves
New Income Fund	15.3%	1.3%	32.1%	25.0%	8.2%	7.9%	4.1%	0.6%	2.3%
Bloomberg Barclays US Agg Index	37.4	6.3	27.2	26.0	1.3	0.4	0.5	0.0	0.0
Over/Underweight	-22.1	-4.9	4.8	-1.0	6.9	7.5	3.5	0.6	2.3

For Sourcing Information, please see Additional Disclosures.

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	B	Not Rated	Reserves
New Income Fund	15.3%	16.6%	12.7%	5.0%	11.0%	28.6%	4.4%	3.4%	0.8%	2.3%
Bloomberg Barclays US Agg Index	37.4	27.5	4.8	3.6	12.1	14.1	0.5	0.0	0.0	0.0
Over/Underweight	-22.1	-10.9	7.9	1.4	-1.1	14.5	3.8	3.4	0.8	2.3

* 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
New Income Fund	8.0%	29.8%	24.9%	15.3%	11.6%	4.4%	5.5%	0.5%
Bloomberg Barclays US Agg Index	0.0	24.4	34.7	11.3	9.7	5.4	13.7	0.9
Over/Underweight	8.0	5.4	-9.8	4.0	2.0	-1.0	-8.2	-0.4

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.

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