

New Income Fund - I Class



T. Rowe Price

(PRXEX)

As of December 31, 2025

Portfolio Management	Managed Since	Joined Firm
Anna Dreyer	2024	2008
Carolyn Roby	2025	2006

Investment Objective

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

General Information

CUSIP	779570407
Inception Date	August 28, 2015
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus) ⁽¹⁾	0.35%

⁽¹⁾T. Rowe Price Associates, Inc., permanently waives a portion of the fund's management fee in order to ensure that the fund's management fee does not duplicate the management fees of each underlying fund. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

Market Commentary

The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, delivered modestly negative returns in December, ending a four-month winning streak; however, the benchmark finished with gains for both the quarter and the calendar year. Higher yields at the long end of the U.S. Treasury curve weighed on results in December, although credit sectors remained resilient and posted positive excess returns.

The Treasury yield curve steepened during the month as another Federal Reserve rate cut pushed shorter-maturity yields lower while longer-term yields increased amid positive economic data and lingering fiscal concerns. The yield of the benchmark 10-year Treasury note rose from 4.02% to 4.18% by month-end.

A divided Fed announced at its December meeting that it would lower its target range for the federal funds rate by 25 basis points to the 3.50%-3.75% range, marking the third consecutive meeting at which it cut rates. Three policymakers dissented from the decision, with two officials favoring no change to the policy rate and one preferring a 50-basis-point cut. Meanwhile, in the central bank's revised Summary of Economic Projections, the median forecast pointed to only one cut in 2026, and market-based indicators were signaling a pause at the Fed's upcoming January meeting.

Despite the increase in longer-term Treasury yields, most credit sectors delivered positive total returns for the month, aided by tighter spreads and coupon payments, although IG corporates produced negative total returns due to the sector's longer duration profile. Excess returns were positive for all the major credit sectors in the benchmark, led by agency mortgage-backed securities, which benefited from lower rate volatility and manageable supply. IG corporates also delivered solid excess returns, while commercial mortgage-backed securities and asset-backed securities produced more muted gains.

Performance (%) (NAV, total return Performance > 1yr is Annualized)

	1m	3m	1yr	3yrs	5yrs	10yrs	15yrs	30-Day SEC Yield
New Income Fund - I Class (PRXEX)	-0.11	1.01	7.04	4.38	-0.60	1.82	2.24	4.28
Bloomberg U.S. Aggregate Bond Index (LBAGG)	-0.15	1.10	7.30	4.66	-0.36	2.01	2.42	N/A

Past performance is not a guarantee or a reliable indicator of future results. 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.

The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund is referred to as the "investor class"). The total return figures for this I Class have been calculated using the performance data of the Investor Class (incepted 8/31/73) up to the inception date of the I Class (8/28/15) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

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

Risks: Interest rates: A rise in interest rates typically causes the price of a fixed rate debt instrument to fall and its yield to rise. Conversely, a decline in interest rates typically causes the price of a fixed rate debt instrument to rise and the yield to fall. **Derivatives:** The use of derivatives exposes the fund to additional volatility and potential losses. 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, including liquidity risk, valuation risk, correlation risk, market risk, interest rate risk, leverage risk, counterparty and credit risk, operational risk, management risk, legal risk, and regulatory risk. See the prospectus for more detail on the fund's principal risks.

THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS, OR SUMMARY PROSPECTUS IF AVAILABLE.
<https://prospectus-express.broadridge.com/summary.asp?doctype=pros&clientid=trowepll&fundid=779570407>

Risk Return Characteristics (Five Years ended December 31, 2025)

	Annualized Std. Deviation (%)	Alpha (%)	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error (%)
New Income Fund - I Class	6.22	-0.30	0.98	0.99	-0.39	-0.62	0.60
Bloomberg US Agg Index	6.31	0.00	1.00	1.00	0.00	-0.58	0.00

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

Top 10 Issuers (%)

	Fund
U.S. Treasuries	31.8
FNMA - Mortgages	13.7
FHLMC - Mortgages	5.6
GNMA	5.1
Bank of America	0.8
JPMorgan Chase	0.7
Banco Santander	0.6
Goldman Sachs	0.5
T-Mobile US	0.5
NRG Energy	0.5

Comprising 59.8% of total net assets.

Portfolio Characteristics

	Fund	LBAGG
Number of Holdings	1,654	13,974
Weighted Average Maturity	8.43 years	8.17 years
Weighted Average Effective Duration	5.76 years	5.92 years
Weighted Average Coupon	4.51%	3.65%
Yield to Maturity	4.71%	4.32%
Total Assets (all share classes)	\$16,924,414,495	N/A
Percent of Portfolio in Cash	0.8%	N/A

Sector Diversification (%)

	Fund	LBAGG
U.S. Treasuries	31.8	45.7
Mortgage	26.4	24.3
Corporate	23.3	24.0
ABS	7.7	0.4
High Yield	4.1	0.0
Government Related	2.1	4.2
Non-U.S. \$ Denom	1.8	0.0
CMBS	1.8	1.4
Reserves	0.8	0.0

Credit Quality

Credit Quality Diversification (%)	Fund	LBAGG
U.S. Treas	31.8	45.7
U.S. Govt Ag	24.4	24.9
AAA	8.9	3.5
AA	4.6	4.9
A	8.9	11.2
BBB	15.8	9.9
BB	2.6	0.0
B	1.5	0.0
CCC	0.0	0.0
C	0.0	0.0
Not Rated	0.9	0.1
Reserves	0.8	0.0

Maturity

Maturity Diversification (%)	Fund	Fund vs. LBAGG
0-1 Year	2.4	2.4
1-3 Years	14.8	-9.0
3-5 Years	16.8	-4.0
5-7 Years	26.0	12.8
7-10 Years	20.5	-3.3
10-20 Years	11.4	3.4
20-30 Years	7.9	-1.7
30+ Years	0.2	-0.5

Additional Disclosures & Definitions

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.

Visit Troweprice.com/glossary for a glossary of financial terminology.

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Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

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

Credit ratings for the securities held in the Fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The Fund is not rated by any agency. U.S. Government Agency securities, if any, may include conventional pass-through securities and collateralized mortgage obligations. This category may include rated and unrated securities.

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.

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

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