



## PORTFOLIO UPDATE

# Short-Term Bond Fund

As of February 29, 2024

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Michael Reinartz	2015	1996
Steve Kohlenstein	2023	2010

Effective 1 October 2023, Steven Kohlenstein assumed co-portfolio management responsibility for the Fund.

## INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity.

## FUND INFORMATION

Symbol	PRWBX
CUSIP	77957P105
Inception Date of Fund	March 02, 1984
Benchmark	Bloomberg 1-3 Yr US Gov/Credit Index
Expense Information (as of the most recent Prospectus)	0.46%
Fiscal Year End	May 31
12B-1 Fee	—

## PERFORMANCE

(NAV, total return)

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	One Month	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield
					Three Years	Five Years	Ten Years	Fifteen Years	
Short-Term Bond Fund	-0.14%	1.60%	0.38%	5.02%	0.08%	1.67%	1.42%	1.98%	4.57%
Bloomberg 1-3 Year U.S. Government/Credit Bond Index	-0.36	1.22	0.02	4.58	0.10	1.41	1.24	1.51	–

The **1-, 5-, and 10-year** annualized returns as of **12/31/23** were **5.08%, 1.77% and 1.43%** for the fund. **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](https://www.troweprice.com).** 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.

## MARKET COMMENTARY

The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, recorded negative returns for a second straight month in February. Strong labor data along with higher-than-expected inflation led investors to move back expectations for the start of Fed rate cuts, a change in sentiment that helped push Treasury yields higher.

The closely watched 2-year/10-year and 5-year/30-year portions of the curve flattened during the month as intermediate yields increased more than yields at the long end. After starting the month at 3.99%, the yield of the benchmark 10-year Treasury note increased to 4.25% by the end of February, about the same level last seen in early December.

Rates began to move higher at the start of the month in the wake of the strongest payroll jobs data since the previous January, and the report also included the news that average hourly earnings had surprised to the upside. The rise in yields was further boosted mid-month by a consumer price index report that came in above consensus expectations. While the Fed didn't have a policy meeting in February, communications from policymakers supported the view that rate cuts are not imminent. Most notably, in an interview on 60 Minutes, Fed Chair Jerome Powell said that "almost all" members of the Fed's rate-setting committee expect to cut rates this year. But he pushed back against the market's expectations for a cut as soon as March, saying "the danger of moving too soon is that the job's not quite done."

Absolute results were negative in all the major benchmark sectors due to rising Treasury yields, while excess returns were mixed. Commercial mortgage-backed securities (CMBS) and asset-backed securities produced positive excess returns amid solid demand. Conversely, the agency mortgage-backed securities sector recorded the weakest excess returns as investors dialed back rate cut expectations and volatility picked up. IG corporates, meanwhile, faced headwinds from a record amount of new issuance during the month.

**RISK RETURN CHARACTERISTICS**

(Five Years ended February 29, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Short-Term Bond Fund	2.60%	0.32%	1.08	0.56	0.15	-0.13	1.71%
Bloomberg 1-3 Yr US Gov/Credit Index	1.85	0.00	1.00	1.00	0.00	-0.33	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 6.7% of total net assets.

	% of Fund
AbbVie	0.8%
JPMorgan Chase	0.8
Apollo Global Management	0.7
Bank of America	0.7
Verizon Wireless	0.7
Morgan Stanley	0.6
Charter Communications	0.6
Citigroup	0.6
Crown Castle	0.6
Enbridge	0.6

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

**PORTFOLIO CHARACTERISTICS**

	Short-Term Bond Fund	Bloomberg 1-3 Yr US Gov/Credit Index
Number of Holdings	879	2,008
Weighted Average Maturity	2.18 years	1.87 years
Weighted Average Effective Duration	1.85 years	1.75 years
Weighted Average Coupon	4.17%	2.75%
Yield to Maturity	5.71%	4.90%
Percent of Portfolio in Cash	0.5%	–
Total Assets (all share classes)	4,666,978,325	–

**SECTOR DIVERSIFICATION**

	US Treas- ury Bonds Notes	Govern- ment Re- lated	Corporate Bond Notes	Mortgage- Backed Securities	CMBS	Asset- Backed Securities	Reserves
Short-Term Bond Fund	19.8%	2.2%	48.3%	9.5%	4.2%	15.5%	0.5%
Bloomberg 1-3 Yr US Gov/Credit Index	66.5	8.1	25.4	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-46.7</b>	<b>-5.9</b>	<b>22.9</b>	<b>9.5</b>	<b>4.2</b>	<b>15.5</b>	<b>0.5</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
Short-Term Bond Fund	19.8%	5.1%	13.6%	10.7%	23.0%	26.7%	0.2%	0.4%	0.5%
Bloomberg 1-3 Yr US Gov/Credit Index	66.5	2.6	4.3	5.7	11.7	9.2	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-46.7</b>	<b>2.5</b>	<b>9.3</b>	<b>5.1</b>	<b>11.2</b>	<b>17.5</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</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
Short-Term Bond Fund	19.8%	55.7%	17.5%	2.4%	1.9%	2.7%	0.0%	0.0%

**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**

**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.**

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

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