



T. Rowe Price

PORTFOLIO UPDATE

GNMA Fund

As of March 31, 2024



Portfolio Manager:
Ramon de Castro

Managed Fund Since:
2023

Joined Firm:
2012

INVESTMENT OBJECTIVE

The fund seeks high current income consistent with high overall credit quality and moderate price fluctuation by investing at least 80% of its total assets in Government National Mortgage Association securities backed by the full faith and credit of the U.S. government.

FUND INFORMATION

Symbol	PRGMX
CUSIP	779549104
Inception Date of Fund	November 26, 1985
Benchmark	Bloomberg US GNMA Index
Expense Information (as of the most recent Prospectus)*	0.64% (Gross) 0.62% (Net)
Fiscal Year End	May 31
12B-1 Fee	—

*The Fund operates under a contractual expense limitation that expires on September 30, 2025.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	One Year	Annualized					30-Day SEC Yield w/o Waiver ^o
				Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield	
GNMA Fund	0.91%	-1.14%	1.16%	-3.01%	-0.53%	0.71%	1.74%	3.51%	3.48%
Bloomberg U.S. GNMA Index	1.06	-1.06	1.65	-2.52	-0.28	1.05	2.00	—	—

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.

Source for performance: T. Rowe Price. Fund performance is calculated after the deduction of expenses using the official NAV with dividends reinvested, if any. The value of the investment will vary and is not guaranteed. The management fee has not been deducted and will reduce the performance figures. Sales charges, taxes and other locally applied costs have also not been deducted and if applicable, they will further reduce the performance figures. **Past performance is not a reliable indicator of future performance.**

^oExcludes the effect of contractual expense limitation arrangements. If the expense waiver was not in effect for the 30-Day period shown, there may not be a difference in the 30-day SEC yields shown above.

The fund is subject to the risks of fixed income investing, including interest rate risk and credit risk, and is also subject to prepayment 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 positive returns in March, although first-quarter results were negative as a result of a two-month losing streak at the start of the year. A slight drop in longer-term Treasury yields along with generally tighter credit spreads supported the March rebound.

Treasury yields fluctuated during the month but finished slightly lower across much of the curve. Higher-than-expected inflation data helped drive up Treasury yields through the first half of the month, while a Federal Reserve meeting that was generally perceived as dovish sent rates lower toward the end of March. After starting the month at 4.25%, the benchmark 10-year Treasury yield rose as high as 4.34%, the highest closing level since the end of November, according to Treasury Department data, before dropping back to 4.20% at month-end.

At the Fed meeting, policymakers, as expected, left the federal funds rate unchanged, but investors were more focused on the Summary of Economic Projections, which continued to show that the median Fed forecaster expects three interest rate cuts this year. The projections did point to stronger growth and inflation this year than previously indicated, while also removing one rate cut from the forecast for 2025.

Absolute results were positive in all the major benchmark sectors due to falling Treasury yields, while excess returns were also generally positive. IG corporates benefited from solid technicals, resilient economic data, and a risk-on environment and produced the strongest absolute and excess returns. Commercial mortgage-backed securities (CMBS) performed well-particularly beaten-down, lower-rated issues-amid solid demand, while the agency mortgage-backed securities sector received a boost from expectations for lower rate volatility and manageable supply. Asset-backed securities delivered modest excess returns but trailed other sectors amid elevated new issuance.

THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS, OR SUMMARY PROSPECTUS IF AVAILABLE.

RISK RETURN CHARACTERISTICS

(Five Years ended March 31, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
GNMA Fund	5.76%	-0.32%	0.97	0.99	-0.37	-0.45	0.65%
Bloomberg US GNMA Index	5.91	0.00	1.00	1.00	0.00	-0.39	0.00

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

	GNMA Fund	Bloomberg US GNMA Index
Number of Holdings	758	78
Weighted Average Maturity	7.85 years	7.18 years
Weighted Average Effective Duration	5.92 years	5.85 years
Weighted Average Coupon	3.45%	3.54%
Yield to Maturity	5.01%	5.06%
Percent of Portfolio in Cash	-1.4%	–
Total Assets (all share classes)	1,017,382,456	–

SECTOR DIVERSIFICATION

	GNMA MBS	Agency MBS	ABS	CMO	IO/PO	Reserves
GNMA Fund	95.2%	4.5%	0.2%	0.9%	0.6%	-1.4%
Bloomberg US GNMA Index	100.0	0.0	0.0	0.0	0.0	0.0
Over/Underweight	-4.8	4.5	0.2	0.9	0.6	-1.4

CREDIT QUALITY DIVERSIFICATION

	U.S. Govt Ag**	AAA	AA	Not Rated	Reserves
GNMA Fund	100.8%	0.4%	0.2%	0.0%	-1.4%
Bloomberg US GNMA Index	100.0	0.0	0.0	0.0	0.0
Over/Underweight	0.8	0.4	0.2	0.0	-1.4

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
GNMA Fund	-1.4%	0.3%	5.7%	18.7%	74.9%	1.8%	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. Read it carefully.

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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.

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

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Source for Maturity Diversification: T Rowe Price.

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Unless indicated otherwise the source of all data is T. Rowe Price.

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