



PORTFOLIO UPDATE

# Inflation Protected Bond Fund

As of April 30, 2022



**Portfolio Manager:**  
Michael Sewell

**Managed Fund Since:**  
2020

**Joined Firm:**  
2004

## INVESTMENT OBJECTIVE

The fund seeks to provide inflation protection and income by investing primarily in inflation-protected debt securities.

## FUND INFORMATION

Symbol	PRIPX
CUSIP	77958D101
Inception Date of Fund	October 31, 2002
Benchmark	Bloomberg US TIPS Index
Expense Information (as of the most recent Prospectus)*	0.54% (Gross) 0.38% (Net)
Fiscal Year End	May 31
12B-1 Fee	-

\*The Fund operates under a contractual expense limitation that expires on September 30, 2022.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized					30-Day SEC Yield w/o Waiver <sup>o</sup>
					Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield	
Inflation Protected Bond Fund	-2.44%	-3.43%	-5.42%	-0.39%	5.06%	3.70%	1.97%	3.75%	9.09%	8.93%
Bloomberg U.S. TIPS Index	-2.04	-3.04	-5.00	0.75	5.37	3.88	2.27	4.11	-	-

The 1-, 5-, and 10-year annualized returns as of 3/31/22 were 3.44%, 4.30% and 2.41% 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](http://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](http://troweprice.com). Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The Fund's high current yield is due to the rise in the inflation rate, which might not be repeated. Changes in the rate of inflation may cause the Fund's yield to vary substantially from one month to the next.

<sup>o</sup>Excludes 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.

Investors should note that if interest rates rise significantly from current levels, total returns will decline and may even turn negative in the short term.

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

Treasury inflation protected securities (TIPS) extended their sell-off in April but outperformed nominal U.S. government debt for a third consecutive month. While nominal Treasury yields continued to surge, the flattening trend along the nominal curve paused as considerable increases in intermediate- and long-maturity yields outpaced a rise in short-term rates, largely due to signals that the Federal Reserve (Fed) is poised to shrink its balance sheet at nearly twice the pace of its previous quantitative tightening cycle.

Real yields also increased substantially, sliding back into positive territory at the longer end of the curve. Shorter-term break-even spreads retreated on the back of higher real yields, while longer-term inflation expectations edged upward. The 10-year TIPS break-even rate finished the month at 2.88%, up from 2.84% at the start of the period but below its intramonth high, generally tracking moves in oil prices. A stronger U.S. dollar, which reached its highest level since 2002, held back inflation expectations, as did a sharp sell-off in equities and a lower-than-expected increase in the March core consumer price index (CPI).

The Fed's preferred inflation metric, the core personal consumption expenditures (PCE) price index, also surprised to the downside and slowed slightly from the prior month's pace. At the headline level, however, the year-over-year CPI and PCE readings accelerated in March, and the producer price index posted its largest annual gain in the history of the data series.

Key data reflected meaningful headwinds to the U.S. economy but did little to sway expectations for aggressive Fed policy tightening given ongoing inflation pressures and solid job growth. U.S. gross domestic product unexpectedly contracted in the first quarter as a widening trade deficit, driven by strong domestic demand, outweighed generally resilient consumer spending. On the employment front, nonfarm payroll growth in March missed forecasts, but the prior two months' gains were revised higher, and the unemployment rate of 3.6% was lower than anticipated.

**RISK RETURN CHARACTERISTICS**

(Five Years ended April 30, 2022)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Inflation Protected Bond Fund	3.90%	-0.10%	0.97	0.98	-0.31	0.66	0.57%
Bloomberg US TIPS Index	3.96	0.00	1.00	1.00	0.00	0.70	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**

	Inflation Protected Bond Fund	Bloomberg US TIPS Index
Number of Holdings	106	46
Weighted Average Maturity	7.78 years	7.67 years
Weighted Average Effective Duration	7.41 years	7.23 years
Weighted Average Coupon	0.26%	0.69%
Yield to Maturity	3.08%	3.03%
Percent of Portfolio in Cash	0.0%	-
Total Assets (all share classes)	770,677,244	-

**SECTOR DIVERSIFICATION**

	TIPS	Government Re- lated	MBS	ABS	CMBS	Inflation Swaps
Inflation Protected Bond Fund	95.0%	0.4%	2.5%	0.9%	0.1%	1.0%
Bloomberg US TIPS Index	100.0	0.0	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-5.0</b>	<b>0.4</b>	<b>2.5</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	AAA	AA	A	BBB	Not Rated
Inflation Protected Bond Fund	95.0%	2.2%	0.4%	1.0%	0.3%	1.0%
Bloomberg US TIPS Index	100.0	0.0	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-5.0</b>	<b>2.2</b>	<b>0.4</b>	<b>1.0</b>	<b>0.3</b>	<b>1.0</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.

**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
Inflation Protected Bond Fund	1.6%	16.6%	42.3%	1.8%	21.9%	3.5%	12.2%	0.0%
Bloomberg US TIPS Index	0.0	24.4	25.1	14.7	19.4	4.4	12.1	0.0
<b>Over/Underweight</b>	<b>1.6</b>	<b>-7.8</b>	<b>17.3</b>	<b>-12.9</b>	<b>2.5</b>	<b>-0.8</b>	<b>0.1</b>	<b>0.0</b>

For Sourcing Information, please see Additional Disclosures.

## 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

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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.

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Source for Maturity Diversification: T Rowe Price.

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