



## PORTFOLIO UPDATE

# Limited-Term Bond Portfolio

As of March 31, 2024

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

## INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with moderate fluctuations in principal value.

## PORTFOLIO INFORMATION

Symbol	QAAGWX
CUSIP	77954R104
Inception Date of Portfolio	May 13, 1994
Benchmark	Bloomberg 1-3 Yr US Gov/Credit Index
Expense Information (as of the most recent Prospectus)*	0.70% (Gross) 0.50% (Net)
Fiscal Year End	December 31
12B-1 Fee	—

\*The Portfolio operates under a contractual expense limitation that expires on April 30, 2024.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	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	
Limited-Term Bond Portfolio	0.34%	0.75%	4.29%	0.24%	1.72%	1.42%	1.83%	4.56%	4.54%
Lipper Variable Annuity Underlying Short Investment Grade Debt Fund Average	0.48	0.89	4.67	0.49	1.45	1.32	1.93	—	—
Bloomberg 1-3 Year U.S. Government/Credit Bond Index	0.40	0.42	3.49	0.25	1.36	1.29	1.51	—	—

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

**Figures shown do not reflect fees at the insurance product or contract level; if these fees were included, returns would be lower.**

<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.

The fund is subject to the risks of fixed income investing, including interest rate risk and credit risk.

## 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.

**RISK RETURN CHARACTERISTICS**

(Five Years ended March 31, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Limited-Term Bond Portfolio	2.63%	0.40%	1.04	0.48	0.19	-0.13	1.88%
Bloomberg 1-3 Yr US Gov/Credit Index	1.84	0.00	1.00	1.00	0.00	-0.38	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 6.5% of total net assets.

	% of Portfolio
Crown Castle	0.9%
AbbVie	0.7
JPMorgan Chase	0.7
Morgan Stanley	0.6
Goldman Sachs	0.6
American Tower	0.6
Citigroup	0.6
V. F.	0.6
Bank of America	0.6
Ross Stores	0.6

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

**PORTFOLIO CHARACTERISTICS**

	Limited-Term Bond Portfolio	Bloomberg 1-3 Yr US Gov/Credit Index
Number of Holdings	792	2,011
Weighted Average Maturity	2.16 years	1.88 years
Weighted Average Effective Duration	1.86 years	1.76 years
Weighted Average Coupon	4.32%	2.79%
Percent of Portfolio in Cash	-0.2%	–
Total Assets (all share classes)	186,390,430	–

**SECTOR DIVERSIFICATION**

	US Treas- ury Bonds Notes	TIPS	Govern- ment Re- lated	Corporate Bond Notes	Mortgage- Backed Securities	CMBS	Asset- Backed Securities	Reserves
Limited-Term Bond Portfolio	18.5%	0.5%	2.3%	47.7%	9.7%	4.0%	17.6%	-0.2%
Bloomberg 1-3 Yr US Gov/Credit Index	66.7	0.0	8.0	25.3	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-48.2</b>	<b>0.5</b>	<b>-5.7</b>	<b>22.4</b>	<b>9.7</b>	<b>4.0</b>	<b>17.6</b>	<b>-0.2</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
Limited-Term Bond Portfolio	19.0%	5.1%	14.2%	11.3%	22.8%	26.7%	0.5%	0.5%	-0.2%
Bloomberg 1-3 Yr US Gov/Credit Index	66.7	2.6	4.3	5.7	11.5	9.2	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-47.7</b>	<b>2.5</b>	<b>9.9</b>	<b>5.6</b>	<b>11.3</b>	<b>17.6</b>	<b>0.5</b>	<b>0.5</b>	<b>-0.2</b>

**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
Limited-Term Bond Portfolio	20.8%	56.4%	16.2%	1.9%	2.0%	2.8%	0.0%	0.0%

**Definitions**

Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond Portfolio to changes in interest rates. In general, the longer the average duration, the greater the Portfolio'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](https://www.troweprice.com). Read it carefully.**

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