



PORTFOLIO UPDATE

# New Income Fund - Advisor Class

As of April 30, 2022



**Portfolio Manager:**

Stephen Bartolini

**Managed Fund Since:**

2018

**Joined Firm:**

2010

## INVESTMENT OBJECTIVE

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

## FUND INFORMATION

Symbol	PANIX
CUSIP	779570209
Inception Date of Fund	September 30, 2002
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus)*	0.74%
Fiscal Year End	May 31
12B-1 Fee	0.25%

\*The Advisor Class operates under a contractual expense limitation that expires on September 30, 2022. The fund's net expense ratio reflects a permanent waiver of a portion of the T. Rowe Price Associates, Inc. management fee charged to the fund. This waiver is an amount sufficient to fully offset any acquired fund fees and expenses related to investments in other T. Rowe Price mutual funds. T. Rowe Price funds would be required to seek regulatory approval in order to terminate this arrangement.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield
					Three Years	Five Years	Ten Years	Fifteen Years	
New Income Fund - Advisor Class	-4.08%	-7.91%	-9.92%	-9.09%	-0.32%	0.66%	1.39%	3.01%	1.12%
Bloomberg U.S. Aggregate Bond Index	-3.79	-7.51	-9.50	-8.51	0.38	1.20	1.73	3.25	-

The **1-, 5-, and 10-year** annualized returns as of **3/31/22** were **-4.51%, 1.67%** and **1.91%** 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 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. For Sourcing Information, please see Additional Disclosures.

## MARKET COMMENTARY

The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, produced negative results in April. A sharp rise in Treasury yields and widening credit spreads led to the worst monthly performance for the benchmark since 1980 and coincided with a significant sell-off in equity markets.

Similar to the first quarter, Treasury yields rose across the curve as the market reacted to hawkish statements from the Federal Reserve in the face of persistent inflation. However, the curve flattening trend paused, and the closely watched 2/10-year section of the curve finished the period steeper after briefly inverting early in the month. The benchmark 10-year Treasury yield increased 57 basis points in April, the biggest monthly gain since 2009, and finished at 2.89%.

Signs that the Fed could reduce its balance sheet faster than previously expected helped push longer-term yields higher. The minutes from the Fed's March meeting revealed that policymakers were prepared to reduce the central bank's holdings of Treasuries and mortgage-backed securities (MBS) by USD 95 billion per month, more than the consensus expectation of around USD 80 billion.

Rising rates weighed on total returns for all the major sectors in the benchmark, while credit spreads generally widened. In terms of excess returns, the IG corporate sector was the weakest performer amid heavy new issuance, outflows from the sector, and some disappointing earnings reports. Lower-coupon securities that are more exposed to Fed tightening weighed on performance in the MBS sector. Meanwhile, commercial mortgage-backed securities and asset-backed securities held up fairly well and finished with modestly negative excess returns amid strong demand.

**RISK RETURN CHARACTERISTICS**

(Five Years ended April 30, 2022)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
New Income Fund - Advisor Class	4.82%	-0.50%	1.06	0.73	-0.21	-0.09	2.51%
Bloomberg US Agg Index	3.94	0.00	1.00	1.00	0.00	0.03	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 8.2% of total net assets.

	Industry	% of Fund
Bank of America	Banking	1.6%
JPMorgan Chase	Banking	1.2
AbbVie	Consumer Non Cyclical	0.8
Wells Fargo	Banking	0.8
Goldman Sachs	Banking	0.8
Becton, Dickinson & Company	Consumer Non Cyclical	0.7
Sabine Pass LNG LP	Energy	0.6
Energy Transfer	Energy	0.6
Morgan Stanley	Banking	0.6
British American Tobacco	Consumer Non Cyclical	0.5

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

**PORTFOLIO CHARACTERISTICS**

	New Income Fund - Advisor Class	Bloomberg US Agg Index
Number of Holdings	1,290	12,538
Weighted Average Maturity	6.43 years	8.65 years
Weighted Average Effective Duration	6.45 years	6.40 years
Weighted Average Coupon	2.37%	2.49%
Yield to Maturity	3.61%	3.47%
Percent of Portfolio in Cash	2.8%	-
Total Assets (all share classes)	17,978,549,463	-

**SECTOR DIVERSIFICATION**

	U.S. Treas- uries	Government Re- lated	Corporate	Mortgage	CMBS	ABS	High Yield	Non-U.S. \$ Denom	Reserves
New Income Fund - Advisor Class	27.4%	0.6%	26.6%	27.2%	3.9%	6.7%	4.5%	0.3%	2.8%
Bloomberg US Agg Index	40.1	5.5	24.7	27.4	1.1	0.3	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-12.7</b>	<b>-4.8</b>	<b>1.9</b>	<b>-0.3</b>	<b>2.8</b>	<b>6.4</b>	<b>4.5</b>	<b>0.3</b>	<b>2.8</b>

For Sourcing Information, please see Additional Disclosures.

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	B	Not Rated	Reserves
New Income Fund - Advisor Class	27.4%	21.5%	7.7%	6.0%	12.0%	18.1%	3.8%	0.7%	-0.1%	2.8%
Bloomberg US Agg Index	40.1	28.7	4.7	4.5	10.8	11.1	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-12.7</b>	<b>-7.2</b>	<b>3.0</b>	<b>1.4</b>	<b>1.2</b>	<b>7.0</b>	<b>3.8</b>	<b>0.7</b>	<b>-0.1</b>	<b>2.8</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
New Income Fund - Advisor Class	4.8%	26.5%	24.2%	16.8%	10.4%	11.5%	5.7%	0.1%
Bloomberg US Agg Index	0.0	20.8	17.7	21.0	22.6	6.1	10.9	0.9
<b>Over/Underweight</b>	<b>4.8</b>	<b>5.7</b>	<b>6.4</b>	<b>-4.2</b>	<b>-12.1</b>	<b>5.4</b>	<b>-5.2</b>	<b>-0.7</b>

**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.

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Source for Maturity Diversification: T Rowe Price.

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