PORTFOLIO UPDATE

New Income Fund

As of February 29, 2024

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Stephen Bartolini	2018	2010
Saurabh Sud	2023	2018

INVESTMENT OBJECTIVE

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

FUND INFORMATION

Symbol	PRCIX
CUSIP	779570100
Inception Date of Fund	August 31, 1973
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus)*	0.53% (Gross) 0.44% (Net)
Fiscal Year End	May 31
12B-1 Fee	–

*The Fund operates under a contractual expense limitation that expires on September 30, 2024.

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.

PERFORMANCE

(NAV, total return)

					Annualized					
	One Month	**Three Months**	**Year-to-Date**	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Fifteen Years**	**30-Day SEC Yield**	**30-Day SEC Yield w/o Waiver°**
New Income Fund	-1.41%	2.03%	-1.71%	1.99%	-3.76%	0.01%	1.09%	2.77%	4.19%	4.08%
Bloomberg U.S. Aggregate Bond Index	-1.41	2.08	-1.68	3.33	-3.16	0.56	1.43	2.65	–	–

The **1-, 5-,** and **10-year** annualized returns as of **12/31/23** were **4.72%, 0.60%** and **1.48%** 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.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.
°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.
The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

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

RISK RETURN CHARACTERISTICS

(Five Years ended February 29, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
New Income Fund	6.70%	-0.49%	1.02	0.86	-0.22	-0.30	2.53%
Bloomberg US Agg Index	6.13	0.00	1.00	1.00	0.00	-0.24	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 7.5% of total net assets.

	Industry	% of Fund
AbbVie	Consumer Non Cyclical	1.1%
Bank of America	Banking	1.0
JPMorgan Chase	Banking	0.8
Citigroup	Banking	0.8
Wells Fargo	Banking	0.7
Rogers Communications	Communications	0.7
UBS	Banking	0.6
PG&E	Electric	0.6
Crown Castle	Communications	0.6
Goldman Sachs	Banking	0.6

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

PORTFOLIO CHARACTERISTICS

	New Income Fund	Bloomberg US Agg Index
Number of Holdings	1,505	13,417
Weighted Average Maturity	8.56 years	8.38 years
Weighted Average Effective Duration	5.62 years	6.13 years
Weighted Average Coupon	4.06%	3.24%
Yield to Maturity	5.40%	4.92%
Percent of Portfolio in Cash	0.4%	–
Total Assets (all share classes)	16,489,891,074	–

SECTOR DIVERSIFICATION

	U.S. Treasuries	TIPS	Government Related	Corporate	Mortgage	CMBS	ABS	High Yield	Non-U.S. $ Denom	Reserves
New Income Fund	27.5%	3.8%	1.2%	28.2%	27.4%	1.7%	5.9%	3.2%	0.5%	0.4%
Bloomberg US Agg Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over/Underweight	**27.5**	**3.8**	**1.2**	**28.2**	**27.4**	**1.7**	**5.9**	**3.2**	**0.5**	**0.4**

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	B	Not Rated	Reserves
New Income Fund	31.2%	26.5%	4.9%	4.3%	12.7%	16.4%	2.2%	1.0%	0.5%	0.4%
Bloomberg US Agg Index	41.9	27.2	4.3	4.5	11.5	10.6	0.0	0.0	0.0	0.0
Over/Underweight	**-10.7**	**-0.7**	**0.6**	**-0.2**	**1.2**	**5.9**	**2.2**	**1.0**	**0.5**	**0.4**

*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	1.7%	18.1%	17.3%	15.2%	18.5%	20.0%	8.3%	0.8%
Bloomberg US Agg Index	0.0	22.6	19.5	13.7	26.0	7.4	9.9	0.8
Over/Underweight	**1.7**	**-4.5**	**-2.2**	**1.5**	**-7.5**	**12.5**	**-1.5**	**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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