



PORTFOLIO UPDATE

# Short-Term Bond Fund - Advisor Class

As of September 30, 2021



**Portfolio Manager:**  
Michael Reinartz

**Managed Fund Since:**  
2015

**Joined Firm:**  
1996

## INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity.

## FUND INFORMATION

Symbol	PASHX
CUSIP	77957P204
Inception Date of Fund	December 31, 2004
Benchmark	Bloomberg 1-3 Yr US Gov/Credit Index
Expense Information (as of the most recent Prospectus)	0.72%
Fiscal Year End	May 31
12B-1 Fee	0.25%

## MARKET COMMENTARY

The investment-grade U.S. fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, produced negative results in September due to a rapid rise in intermediate and longer-term Treasury yields late in the month. The benchmark 10-year yield reached its highest levels since mid-June and ended the month at 1.52%, while the five-year Treasury yield reached its highest point in more than a year.

The Federal Reserve's monetary policy meeting on September 22 appeared to be a major catalyst for higher rates as the outcome was slightly more hawkish than many market participants expected. Fed officials indicated that they were likely to announce a reduction in their monthly purchases of Treasuries and mortgage-backed securities in November and that tapering would likely wrap up in mid-2022. In addition, the central bank's updated economic projections showed that officials were evenly split over starting rate hikes in 2022 or 2023, while longer-term forecasts pointed to the fed funds rate reaching 1.8% by 2024 after a slow pace of rate hikes. Some positive economic news, including better-than-expected retail sales data, and signs that the spread of the delta variant may be easing also pushed yields higher.

Rising Treasury yields drove the total returns of all the major sectors in the benchmark into negative territory for the month; however, credit spreads tightened in most segments. Agency mortgage-backed securities performed well as it appeared that the Fed's tapering news had already been priced in during prior months. Demand for both investment-grade corporate bonds and securitized credit was strong in the face of elevated new issuance.

## 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	
Short-Term Bond Fund - Advisor Class	0.07%	0.00%	0.27%	1.02%	3.08%	2.00%	1.52%	2.30%	0.29%
Bloomberg 1-3 Year U.S. Government/Credit Bond Index	-0.08	0.09	0.09	0.30	2.87	1.89	1.47	2.35	-

**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.

**RISK RETURN CHARACTERISTICS**

(Five Years ended September 30, 2021)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Short-Term Bond Fund - Advisor Class	1.84%	0.13%	0.98	0.19	0.06	0.47	1.66%
Bloomberg 1-3 Yr US Gov/Credit Index	0.91	0.00	1.00	1.00	0.00	0.83	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.

	% of Fund
PG&E	1.1%
Imperial Brands	0.9
Synchrony Financial	0.9
Charter Communications	0.8
AbbVie	0.8
Hyundai Motor	0.8
Goldman Sachs	0.7
Energy Transfer	0.7
Avolon Holdings	0.7
Aercap Holdings	0.7

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

**PORTFOLIO CHARACTERISTICS**

	Short-Term Bond Fund - Advisor Class	Bloomberg 1-3 Yr US Gov/Credit Index
Number of Holdings	982	1,598
Weighted Average Maturity	2.05 years	1.92 years
Weighted Average Effective Duration	1.83 years	1.85 years
Weighted Average Coupon	2.08%	1.70%
Yield to Maturity	1.04%	0.38%
Percent of Portfolio in Cash	0.1%	-
Total Assets (all share classes)	6,163,055,966	-

**SECTOR DIVERSIFICATION**

	US Treas- ury Bonds Notes	Govern- ment Re- lated	Corporate Bond Notes	Mortgage- Backed Securities	CMBS	Asset- Backed Securities	Reserves
Short-Term Bond Fund - Advisor Class	15.7%	2.5%	48.3%	13.3%	6.8%	13.3%	0.1%
Bloomberg 1-3 Yr US Gov/Credit Index	68.1	9.5	22.4	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-52.4</b>	<b>-7.0</b>	<b>25.9</b>	<b>13.3</b>	<b>6.8</b>	<b>13.3</b>	<b>0.1</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
Short-Term Bond Fund - Advisor Class	15.7%	3.5%	18.3%	7.1%	22.0%	32.1%	0.7%	0.3%	0.2%	0.1%
Bloomberg 1-3 Yr US Gov/Credit Index	68.1	3.0	4.6	6.0	10.5	7.8	0.0	0.0	0.0	0.0
<b>Over/Underweight</b>	<b>-52.4</b>	<b>0.5</b>	<b>13.8</b>	<b>1.2</b>	<b>11.5</b>	<b>24.2</b>	<b>0.7</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</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
Short-Term Bond Fund - Advisor Class	18.9%	59.9%	19.6%	1.4%	0.3%	0.0%	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**

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Source for Maturity Diversification: T Rowe Price.

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