



PORTFOLIO UPDATE

Ultra Short-Term Bond Fund

As of June 30, 2021



Portfolio Manager:

Alex Obaza

Managed Fund Since:

2020

Joined Firm:

2005

INVESTMENT OBJECTIVE

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

FUND INFORMATION

Symbol	TRBUX
CUSIP	77957P303
Inception Date of Fund	December 03, 2012
Benchmark	Bloomberg Barclays Short-Term Gov/Corp Index
Expense Information (as of the most recent Prospectus)*	0.44% (Gross) 0.35% (Net)
Fiscal Year End	May 31
12B-1 Fee	-

* The Fund operates under a contractual expense limitation that expires on September 30, 2021.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^o
					Three Years	Five Years	Since Inception 12/3/12		
Ultra Short-Term Bond Fund	0.06%	0.18%	0.41%	1.84%	2.69%	2.28%	1.60%	0.39%	0.30%
Bloomberg Barclays Short-Term Government/Corporate Index	-0.01	0.03	0.11	0.25	1.75	1.47	1.00	-	-

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

^oExcludes 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. For Sourcing Information, please see Additional Disclosures.

MARKET COMMENTARY

The investment-grade U.S. fixed income market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, produced positive results in June despite high inflation readings and less dovish signals from the Federal Reserve. The steepening trend reversed course and the yield curve flattened as longer-term Treasury yields finished lower while shorter tenors rose in response to the Fed's indications that rate hikes could commence earlier than previously thought.

Although inflation remained elevated, with the core consumer price index and personal consumption expenditures index reaching their highest annual levels in more than a decade, bond investors seemed to focus on signs that temporary supply and demand imbalances stemming from the pandemic are fading. The bond market also assessed the impact of the Fed's June monetary policy meeting. The central bank's Summary of Economic Projections showed that policymakers now expect two rate hikes by the end of 2023, indicating an earlier start for tightening than in earlier projections. Short-term Treasury yields moved higher in reaction to the Fed's revised rate hike timeline, while the more proactive policy approach and potential for a lower terminal rate pushed down longer-term yields.

Among the major sectors in the benchmark, investment-grade corporates produced the strongest absolute returns, benefiting from decreasing longer-term yields and solid demand. Returns for commercial mortgage-backed securities and asset-backed securities were more muted as heavy new issuance and tight spread levels limited further spread tightening. Meanwhile, agency mortgage-backed securities lagged as the Fed began actively discussing the potential for tapering its asset purchases in the segment.

RISK RETURN CHARACTERISTICS

(Five Years ended June 30, 2021)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Ultra Short-Term Bond Fund	1.44%	1.75%	-1.82	0.04	0.54	0.79	1.51%
Bloomberg Barclays Short-Term Gov/Corp Index	0.31	0.00	1.00	1.00	0.00	1.06	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 13.2% of total net assets.

	% of Fund
Japan	4.4%
Jabil	1.1
General Motors	1.0
Energy Transfer	1.0
Nissan Motor	1.0
Canadian Natural Resources	1.0
Conagra Brands	1.0
Humana	0.9
Goldman Sachs	0.9
Imperial Brands	0.8

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

PORTFOLIO CHARACTERISTICS

	Ultra Short-Term Bond Fund	Bloomberg Bar- clays Short-Term Gov/Corp Index
Number of Holdings	676	513
Weighted Average Maturity	1.34 years	0.49 years
Weighted Average Effective Duration	0.81 years	0.49 years
Weighted Average Coupon	1.97%	2.08%
Yield to Maturity	0.74%	0.19%
Percent of Portfolio in Cash	-0.4%	-
Total Assets (all share classes)	5,088,324,833	-

SECTOR DIVERSIFICATION

	Corporate Bonds & Notes	Asset- Backed Securities	Mortgage- Backed Securities	Govern- ment Re- lated	Non US\$ Denomi- nated	U.S. Treas- ury Bonds and Notes	CMBS	Reserves
Ultra Short-Term Bond Fund	60.5%	13.0%	12.5%	4.7%	4.4%	3.0%	2.3%	-0.4%
Bloomberg Barclays Short-Term Gov/Corp Index	19.8	0.0	0.0	3.9	0.0	76.3	0.0	0.0
Over/Underweight	40.7	13.0	12.5	0.9	4.4	-73.3	2.3	-0.4

For Sourcing Information, please see Additional Disclosures.

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
Ultra Short-Term Bond Fund	3.0%	0.0%	21.7%	6.9%	22.9%	39.6%	1.9%	4.4%	-0.4%
Bloomberg Barclays Short-Term Gov/Corp Index	76.3	3.6	0.6	2.8	10.6	6.0	0.1	0.0	0.0
Over/Underweight	-73.3	-3.6	21.0	4.2	12.4	33.6	1.8	4.4	-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
Ultra Short-Term Bond Fund	34.8%	62.2%	3.0%	0.0%	0.0%	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.

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