



# T. Rowe Price

## PORTFOLIO UPDATE

# Short-Term Bond Fund - I Class

As of March 31, 2024

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

## INVESTMENT OBJECTIVE

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

## FUND INFORMATION

Symbol	TBSIX
CUSIP	77957P402
Inception Date of Fund	December 17, 2015
Benchmark	Bloomberg 1-3 Yr US Gov/Credit Index
Expense Information (as of the most recent Prospectus)	0.33%
Fiscal Year End	May 31
12B-1 Fee	–

## 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.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	One Year	Annualized				30-Day SEC Yield
				Three Years	Five Years	Ten Years	Fifteen Years	
Short-Term Bond Fund - I Class	0.56%	0.97%	4.51%	0.41%	1.76%	1.57%	2.01%	4.83%
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 Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (12/17/15) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

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 March 31, 2024)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Short-Term Bond Fund - I Class	2.54%	0.44%	1.04	0.53	0.23	-0.12	1.71%
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 7.1% of total net assets.

	% of Fund
Crown Castle	0.9%
AbbVie	0.8
JPMorgan Chase	0.8
Bank of America	0.7
Verizon Wireless	0.7
Charter Communications	0.7
Morgan Stanley	0.7
Citigroup	0.6
Enbridge	0.6
Viatis	0.6

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

**PORTFOLIO CHARACTERISTICS**

	Short-Term Bond Fund - I Class	Bloomberg 1-3 Yr US Gov/Credit Index
Number of Holdings	870	2,011
Weighted Average Maturity	2.17 years	1.88 years
Weighted Average Effective Duration	1.86 years	1.76 years
Weighted Average Coupon	4.25%	2.79%
Yield to Maturity	5.74%	4.87%
Percent of Portfolio in Cash	-0.5%	-
Total Assets (all share classes)	4,673,844,863	-

**SECTOR DIVERSIFICATION**

	US Treas- ury Bonds Notes	TIPS	Govern- ment Re- lated	Corporate Bond Notes	Mortgage- Backed Securities	CMBS	Asset- Backed Securities	Reserves
Short-Term Bond Fund - I Class	19.3%	0.5%	2.3%	47.7%	9.7%	4.2%	16.9%	-0.5%
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>-47.4</b>	<b>0.5</b>	<b>-5.7</b>	<b>22.4</b>	<b>9.7</b>	<b>4.2</b>	<b>16.9</b>	<b>-0.5</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
Short-Term Bond Fund - I Class	19.8%	5.1%	14.6%	10.6%	22.2%	27.5%	0.2%	0.6%	-0.5%
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>-46.9</b>	<b>2.5</b>	<b>10.3</b>	<b>4.8</b>	<b>10.7</b>	<b>18.3</b>	<b>0.1</b>	<b>0.6</b>	<b>-0.5</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
Short-Term Bond Fund - I Class	20.2%	57.0%	16.3%	1.8%	2.2%	2.7%	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**

**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.**

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Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

The Top Issuers excludes U.S. Treasuries, institutional funds, agencies and securitized products.

T. Rowe Price uses a custom structure for diversification reporting on this product.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Credit ratings for the securities held in the Fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The Fund is not rated by any agency. U.S. Government Agency securities, if any, may include conventional pass-through securities and collateralized mortgage obligations. This category may include rated and unrated securities.

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Unless indicated otherwise the source of all data is T. Rowe Price.

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