



PORTFOLIO UPDATE

Limited Duration Inflation Focused Bond Fund

As of December 31, 2022



Portfolio Manager:
Michael Sewell

Managed Fund Since:
2020

Joined Firm:
2004

INVESTMENT OBJECTIVE

The fund seeks a level of income that is consistent with the current rate of inflation.

FUND INFORMATION

Symbol	TRBFX
CUSIP	872798103
Inception Date of Fund	September 29, 2006
Benchmark	Bloomberg US 1-5 Yr Treasury TIPS Index
Expense Information (as of the most recent Prospectus)*	0.49% (Gross) 0.41% (Net)
Fiscal Year End	May 31
12B-1 Fee	-

*The Fund operates under a contractual expense limitation that expires on September 30, 2023.

PERFORMANCE

(NAV, total return)

	Annualized							30-Day SEC Yield	30-Day SEC Yield w/o Waiver [®]
	One Month	Three Months	One Year	Three Years	Five Years	Ten Years	Fifteen Years		
Limited Duration Inflation Focused Bond Fund	-0.45%	0.92%	-5.23%	1.88%	2.22%	1.08%	1.74%	5.42%	5.33%
Bloomberg U.S. 1-5 Year Treasury TIPS Index	-0.31	1.30	-3.96	2.32	2.48	1.30	2.18	-	-

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. The Fund's high current yield is due to the rise in the inflation rate, which might not be repeated. Changes in the rate of inflation may cause the Fund's yield to vary substantially from one month to the next.

[®]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.

Investors should note that if interest rates rise significantly from current levels, total returns will decline and may even turn negative in the short term.

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

Overall, Treasury inflation protected securities (TIPS) and nominal Treasuries registered negative returns in December, capping a historic year of double-digit losses for both sectors. Inflation-linked Treasuries underperformed their nominal counterparts over the one-month period but slightly outperformed over the calendar year.

As anticipated, the Federal Reserve (Fed) raised the target range on its policy interest rate by 50 basis points in December, bringing it to a 15-year high of 4.25% to 4.50%. Fed officials also upwardly revised their interest rate and inflation forecasts. However, investors largely shrugged off the Fed's more hawkish outlook given a continued moderation in inflation readings, leading short-term nominal yields to finish the month little changed. Meanwhile, intermediate- and long-term nominal yields rose on economic reopening in China and more flexible yield curve policy in Japan.

The improved economic outlook in China helped boost oil prices and, in turn, TIPS break-even spreads in the second half of the month. Nevertheless, break-even spreads finished December lower as real yields outpaced increases in nominal rates. Falling equity prices added downward pressure on market-based inflation expectations. In terms of actual inflation, the headline and core consumer price indices rose 7.1% and 6.0%, respectively, over the year ended November, below expectations and less than their prior month increases. The Fed's favored inflation metric, the core personal consumption expenditures price index, advanced 4.7% year over year, slightly above forecasts but down from 5.0% in October.

Nonfarm payrolls beat estimates with a gain of 263,000 in November alongside an acceleration in wage growth. Other economic data painted a more negative picture of the U.S. economy, however. Durable goods orders, retail sales, and forward-looking housing data disappointed with month-over-month decreases in November. Additionally, some high-profile firms conducted layoffs or signaled job cuts in the year ahead.

RISK RETURN CHARACTERISTICS

(Five Years ended December 31, 2022)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Limited Duration Inflation Focused Bond Fund	3.20%	-0.30%	1.04	0.95	-0.36	0.30	0.73%
Bloomberg US 1-5 Yr Treasury TIPS Index	3.01	0.00	1.00	1.00	0.00	0.41	0.00

Past performance is not a reliable indicator of future performance. Figures are calculated using monthly data and are net of fees.

PORTFOLIO CHARACTERISTICS

	Limited Duration Inflation Focused Bond Fund	Bloomberg US 1-5 Yr Treasury TIPS Index
Number of Holdings	126	19
Weighted Average Maturity	2.68 years	2.90 years
Weighted Average Effective Duration	2.70 years	2.74 years
Weighted Average Coupon	0.65%	0.56%
Yield to Maturity	4.51%	4.49%
Percent of Portfolio in Cash	-0.3%	-
Total Assets (all share classes)	6,883,319,499	-

SECTOR DIVERSIFICATION

	US Treasury Bonds Notes	TIPS	Government Related	Mortgage-Backed Securities	Inflation Swaps	Asset-Backed Securities	Reserves
Limited Duration Inflation Focused Bond Fund	10.5%	81.9%	0.5%	3.7%	1.5%	2.1%	-0.3%
Bloomberg US 1-5 Yr Treasury TIPS Index	0.0	100.0	0.0	0.0	0.0	0.0	0.0
Over/Underweight	10.5	-18.1	0.5	3.7	1.5	2.1	-0.3

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	AAA	AA	A	BBB	Not Rated	Reserves
Limited Duration Inflation Focused Bond Fund	92.4%	4.3%	0.6%	1.1%	0.3%	1.5%	-0.3%
Bloomberg US 1-5 Yr Treasury TIPS Index	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Over/Underweight	-7.6	4.3	0.6	1.1	0.3	1.5	-0.3

*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.

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
Limited Duration Inflation Focused Bond Fund	1.9%	51.3%	44.2%	1.2%	1.4%	0.0%	0.0%	0.0%
Bloomberg US 1-5 Yr Treasury TIPS Index	0.0	50.5	49.5	0.0	0.0	0.0	0.0	0.0
Over/Underweight	1.9	0.8	-5.3	1.2	1.4	0.0	0.0	0.0

For Sourcing Information, please see Additional Disclosures.

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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