



T. Rowe Price

PORTFOLIO UPDATE

Limited Duration Inflation Focused Bond Fund

As of December 31, 2023



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)*	0.55% (Gross) 0.46% (Net)
Fiscal Year End	May 31
12B-1 Fee	–

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

PERFORMANCE

(NAV, total return)

	One Month	Three Months	One Year	Annualized				30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^o
				Three Years	Five Years	Ten Years	Fifteen Years		
Limited Duration Inflation Focused Bond Fund	1.18%	2.58%	3.02%	1.02%	2.77%	1.54%	1.90%	1.42%	1.34%
Bloomberg U.S. 1-5 Year Treasury TIPS Index	1.32	2.88	4.45	1.92	3.29	1.94	2.65	–	–

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 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.

^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.

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.

MARKET COMMENTARY

Treasury inflation protected securities and nominal Treasuries generated strong positive total returns in December as yields continued to fall across the curve. A dovish pivot from the Fed during December's Federal Open Market Committee (FOMC) meeting combined with cooling economic data drove yields downwards. Nominal Treasuries outperformed their inflation-linked counterparts over the one-month period, and break-even spreads narrowed marginally across the curve amid softer-than-expected inflation data.

The FOMC left the fed funds rate unchanged for a third straight meeting in December, as expected. Attracting more attention was the release of updated economic projections, which showed a median fed funds rate forecast of 4.6% for year-end 2024, implying three rate cuts verses the two penciled in previously. Meanwhile, the futures market was pricing in six cuts by year-end, which is too aggressive in our view. Policymakers also slightly lowered their inflation projections for next year, expecting core and headline inflation to both end the year at 2.4%, down from 2.6% and 2.5%, respectively, in the September release.

In notable economic news, declining inflation data helped move yields lower while employment data encouraged the market's anticipation for a soft landing. Nonfarm payrolls increased by 199,000 in November, slightly more than expected and an improvement from October. The unemployment rate fell from 3.9% to 3.7% despite an uptick in the labor force participation rate, suggesting that demand for workers remains relatively solid despite a reduced pace of hiring. The consumer price index report for November was broadly in line with expectations. Goods prices continued to deflate, but shelter costs modestly accelerated, suggesting that the road to sustainably lower inflation will be bumpy. Finally, the Fed's preferred inflation measure, core personal consumption expenditures price index, rose by less than expected, dropping to 3.2%, the lowest since mid-2021.

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

RISK RETURN CHARACTERISTICS

(Five Years ended December 31, 2023)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Limited Duration Inflation Focused Bond Fund	3.40%	-0.55%	1.04	0.95	-0.69	0.25	0.76%
Bloomberg US 1-5 Yr Treasury TIPS Index	3.23	0.00	1.00	1.00	0.00	0.42	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	55	21
Weighted Average Maturity	2.97 years	2.91 years
Weighted Average Effective Duration	2.53 years	2.73 years
Weighted Average Coupon	0.55%	0.87%
Yield to Maturity	4.31%	4.26%
Percent of Portfolio in Cash	3.3%	–
Total Assets (all share classes)	7,424,776,512	–

SECTOR DIVERSIFICATION

	US Treas- ury Bonds Notes	TIPS	Govern- ment Re- lated	Mortgage- Backed Securities	Inflation Swaps	Reserves
Limited Duration Inflation Focused Bond Fund	-0.2%	96.4%	0.2%	0.2%	0.1%	3.3%
Bloomberg US 1-5 Yr Treasury TIPS Index	0.0	100.0	0.0	0.0	0.0	0.0
Over/Underweight	-0.2	-3.6	0.2	0.2	0.1	3.3

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	AAA	AA	A	Not Rated	Reserves
Limited Duration Inflation Focused Bond Fund	96.4%	0.1%	0.2%	0.1%	-0.1%	3.3%
Bloomberg US 1-5 Yr Treasury TIPS Index	100.0	0.0	0.0	0.0	0.0	0.0
Over/Underweight	-3.6	0.1	0.2	0.1	-0.1	3.3

*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	3.7%	47.3%	47.8%	0.0%	1.2%	0.0%	0.0%	0.0%
Bloomberg US 1-5 Yr Treasury TIPS Index	0.0	48.3	51.7	0.0	0.0	0.0	0.0	0.0
Over/Underweight	3.7	-1.0	-3.9	0.0	1.2	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

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](https://www.troweprice.com). Read it carefully.

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

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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.

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2016-US-29065 202401-3307926