T. Rowe Price®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

New Income Fund – Multi-Class

As of March 31, 2022

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the Bloomberg U.S. Aggregate Bond Index for the three-month period ended March 31, 2022.

Relative performance drivers:

- Yield curve positioning contributed to relative results.
- Security selection added value.
- Sector allocation detracted from performance.

Additional highlights:

- We ended the period positioned for further flattening and deeper inversions of the yield curve.
- Volatility is likely to continue as financial conditions turn more restrictive, and we are aiming to maintain ample liquidity so that we can potentially take advantage of any opportunities that arise.

FUND INFORMATION

Symbol	PRCIX
CUSIP	779570100
Inception Date of Fund	August 31, 1973
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus)	0.41%
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$19,094,859,415
Percent of Portfolio in Cash	3.6%

PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	One Year	Annualized Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
New Income Fund	Aug 31 1973	-5.79%	-3.82%	1.58%	2.07%	2.22%	3.65%	1.92%	–
New Income Fund - Advisor Class	Sep 30 2002	-6.08	-4.51	1.11	1.67	1.91	3.34	0.65	–
New Income Fund - R Class	Sep 30 2002	-5.93	-4.45	0.91	1.41	1.61	3.06	1.42	1.34%
New Income Fund - I Class	Aug 28 2015	-5.86	-3.84	1.64	2.16	2.29	3.70	2.18	–
Bloomberg U.S. Aggregate Bond Index		-5.93	-4.15	1.69	2.14	2.24	3.56	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
New Income Fund	Aug 31 1973	5.86%	-2.26%	5.74%	0.18%	2.64%	4.01%	-0.63%	9.26%	5.74%	-0.57%
New Income Fund - Advisor Class	Sep 30 2002	5.60	-2.50	5.53	-0.06	2.40	3.75	-0.94	8.91	5.41	-1.07
New Income Fund - R Class	Sep 30 2002	5.39	-2.78	5.17	-0.37	2.07	3.37	-1.25	8.57	5.05	-1.25
New Income Fund - I Class	Aug 28 2015	5.86	-2.26	5.74	0.23	2.80	4.16	-0.50	9.39	5.85	-0.50
Bloomberg U.S. Aggregate Bond Index		4.21	-2.02	5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54

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 1-877-804-2315 or visit troweprice.com. Read it carefully. 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.
°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.
This Fund involves a high-risk approach to income from foreign bonds, and its share price could fluctuate significantly. The Fund is subject to the risks unique to international investing, including unfavorable changes in currency values, as well as credit risk and interest rate risk. To the extent the Fund invests in emerging markets, the international investing risks are heightened and may result in higher short-term volatility.
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.

PERFORMANCE REVIEW

Investment-Grade Bonds Hurt by Sharp Rise in Yields
The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, produced negative results for the three-month period as a sharp rise in Treasury yields and widening credit spreads led to the worst quarterly performance for the benchmark in 42 years.

Treasury yields increased during the period as the market reacted to an increasingly hawkish approach to monetary policy from the Federal Reserve in the face of persistent inflation. The central bank, which had begun tapering its bond purchases in November, ended its quantitative easing program in March, a milestone that was soon followed by the Fed's first rate increase since 2018.

In addition to raising the fed funds target rate from near zero to a range of 0.25% to 0.50%, policymakers also released an updated economic forecast, which showed they were expecting to raise rates about seven times in 2022, according to the median projection, up from the three hikes that were forecast in December. Meanwhile, market-based measures showed that investors expected an even more aggressive tightening than the Fed over the next year. Two-year Treasury yields increased the most as the curve flattened, and the 2/10-year segment of the curve, which is closely watched as a recession indicator, briefly inverted.

Rising rates weighed on total returns for all the major sectors in the benchmark, while credit spreads generally widened as the Russian invasion of Ukraine exacerbated already weakening risk sentiment. In terms of excess returns, the IG corporate sector was the weakest performer, and agency mortgage-backed securities (MBS) faced headwinds from rate volatility and uncertainty about the Fed's plans to reduce its balance sheet. AAA rated GNMA mortgage-backed securities and higher-quality asset-backed securities held up relatively well but still finished with negative excess returns.

The portfolio's relative performance was driven by the following factors:

Interest Rate Management Contributed
Interest rate management was a significant contributor to relative results. Our duration underweight in two- and five-year maturities and an overweight at the long end of the curve were beneficial as the yield curve flattened. However, moving from a neutral to a slightly longer overall duration posture later in the period offset some of these gains as Treasury yields continued to increase.

Security Selection Was Beneficial
Security selection in IG corporates aided results. Our focus on shorter-maturity bonds helped as longer-dated corporates underperformed amid increased risk aversion and investor concerns about rising rates. Selection of agency MBS also contributed due to our emphasis on higher-coupon segments that outperformed in the face of rising rates.

Sector Allocation Weighed on Results
Sector allocation detracted from the portfolio's overall relative performance, due mainly to an underweight to Treasuries. Although Treasuries performed poorly in absolute terms, they held up better than IG spread sectors on a duration-adjusted basis in a risk-off environment.

An out-of-benchmark allocation to non-agency residential mortgage-backed securities (RMBS) also hampered results, but this was offset by contributions from non-benchmark allocations to bank loans and collateralized loan obligations (CLOs).

PORTFOLIO POSITIONING AND ACTIVITY

While we maintained overweights to credit sectors that offer higher yield potential than the benchmark, the portfolio remained relatively defensively positioned at period-end in response to the increased potential for market volatility.

Moved to Slightly Longer Duration Bias
After maintaining a slightly short duration posture for much of the quarter, we shifted to a slightly longer duration bias late in the period following the rapid rise in rates. We expect economic growth to slow in the second quarter, and a considerable amount of tightening has already been priced into the Treasury curve in a short period of time.

Positioned for Additional Curve Flattening
The portfolio benefited from its flattening bias during the first quarter and ended the period positioned for further flattening and deeper inversions of the yield curve. We continued to have conviction in holding flatteners given how far it appears the Fed needs to tighten to temper inflation expectations. We expect that there will be episodic periods of curve steepening, particularly as the Fed lays out its plans to reduce its balance sheet, but we believe these events will be short-lived in the context of a hiking cycle.

Trimmed IG Corporate Allocation
We trimmed our allocation to IG corporates during the period. While valuations have improved, spreads have further room to rise given the combination of slower growth and tighter monetary policy. Our holdings within the sector are focused on shorter maturities, helping to dampen the impact of credit spread volatility. However, we selectively purchased long-term bonds from high-quality companies trading at discounts caused by the sharp increase in underlying rates rather than credit-related concerns.

Added to ABS, RMBS Positions
In securitized credit, ABS and RMBS positions were bolstered. ABS spreads widened due to heavy supply and the volatile macro backdrop. However, consumer credit performance remains very strong, with loan delinquencies and losses near record lows. We also added incrementally to RMBS positions to take advantage of unjustified widening in spreads. Credit-risk-transfer securities and non-qualified mortgage bonds are areas where our securitized team is seeing price dislocations.

Underweight to Agency MBS Increased
Our underweight to agency MBS increased as we chose not to reinvest principal paydowns. We expect the rate-sensitive sector to continue to struggle as the Fed begins to reduce its balance sheet, and extension risk remains a threat if rates rise further. Within the sector, we are generally favoring shorter-duration higher-coupon MBS.

Additional Allocations
We reduced our out-of-benchmark holdings of emerging markets (EM) sovereign and corporate debt, helping to raise liquidity and lower exposure to China, which continues to face growth

challenges. Higher U.S. rates and a stronger dollar are headwinds for EM debt more broadly, and the inflationary impact of the Russia-Ukraine crisis will be a fiscal impediment in many countries.

We added to Treasuries, reducing the portfolio's underweight allocation. Our positions in Treasuries, along with agency MBS and cash, provide the portfolio with liquidity that should help enable us to take advantage of any further potential price dislocations.

MANAGER'S OUTLOOK

Treasury yields have significantly increased in reaction to signals from the Federal Reserve that it will be aggressive in tightening policy to fight still-elevated inflation, and we believe rates could continue to be volatile as investors adjust to central bank policy that appears intent on expeditiously tightening financial conditions that remain too loose for the current environment.

In our view, the path of interest rates is likely to follow the path of growth going forward. Although economic growth appears to be slowing, we believe a very strong jobs market should help support a continued expansion. Moreover, the tight jobs market is likely to keep the Fed on pace for a steeper tightening cycle than investors have seen in decades. With rate hikes now expected at every upcoming meeting, investors are struggling to assess how far the Fed can go before policy becomes overly restrictive.

Although the Treasury yield curve has markedly flattened in recent months, we believe some portions of the curve are likely to continue to flatten or see deeper inversions in this environment, as the Fed appears to be comfortable with an inverted curve. Decelerating economic growth and currently elevated risk-off sentiment should help to limit increases of longer-term rates, while Fed tightening expectations will put upward pressure on short-term rates. In addition, the Fed's long-run neutral rate estimate has served as a ceiling for long-term rates in the past and could hold back yield increases this cycle as well. With 10-year Treasury yields trading around the 2.50% level at the start of April, we have become more comfortable with adding duration.

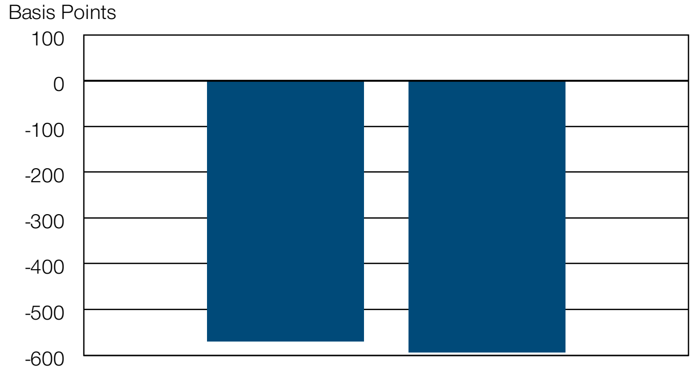
While we believe the economy should be able to weather rate hikes given strong consumer balance sheets, volatility in both Treasury rates and risk assets is likely to continue as financial conditions turn more restrictive. This volatility should help generate opportunities in various sectors to buy bonds at relatively attractive valuations, and we are aiming to maintain ample liquidity so that we can potentially add to these opportunities as they arise.

The current environment doesn't yet appear conducive to adding risk; however, we continue to look to earn yield in the portfolio above the benchmark and to take advantage of the pricing inefficiencies that are prevalent in fixed income markets.

QUARTERLY ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

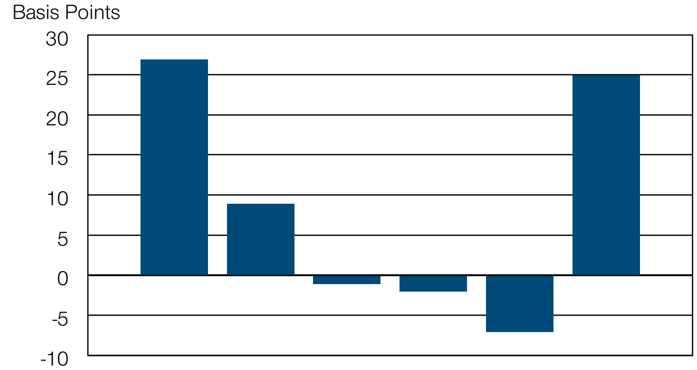
(3 months ended March 31, 2022)



New Income Fund	Bloomberg US Agg Index
-568	-593

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG US AGG INDEX

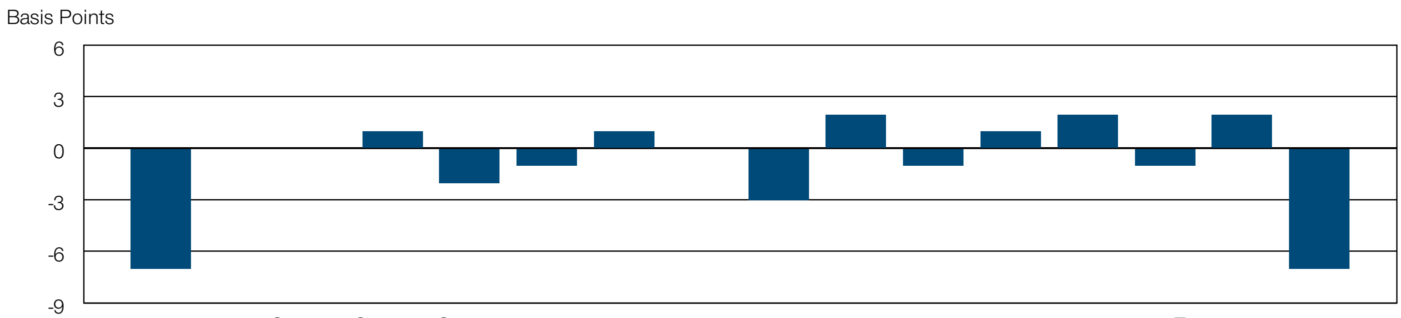
(3 months ended March 31, 2022)



Duration-Curve	USD Security	Non-USD(Hedged & Unhedged)	Resid	USD Sector	Total
27	9	-1	-2	-7	25

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

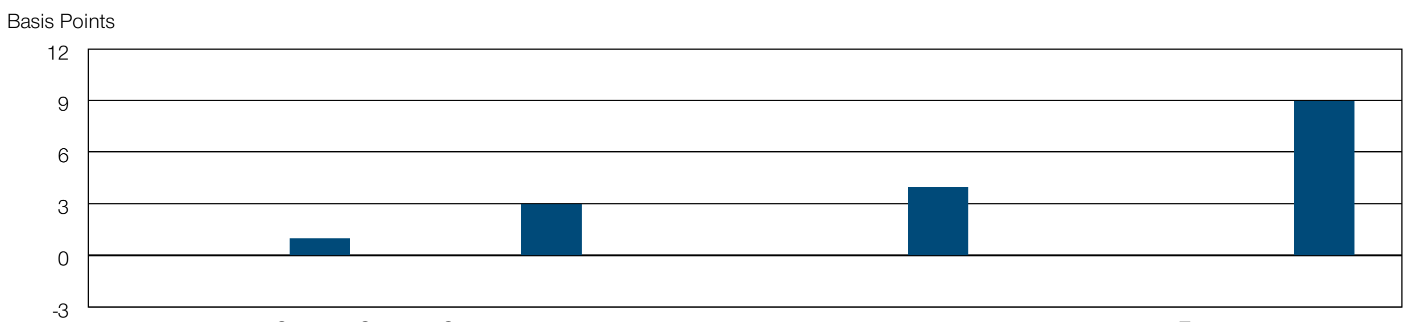
(3 months ended March 31, 2022)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
-7	0	0	1	-2	-1	1	0	-3	2	-1	1	2	-1	2	-7

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended March 31, 2022)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	1	0	0	3	0	0	0	0	4	0	0	0	0	9

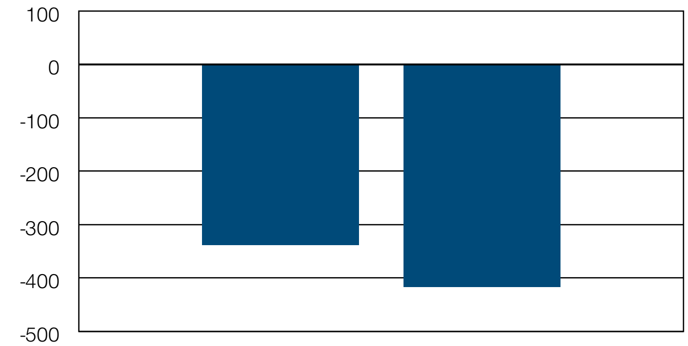
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance for each security is obtained in the local currency and, if necessary, is converted to U.S. dollars using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees. For Sourcing Information, please see Additional Disclosures.

12-MONTH ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended March 31, 2022)

Basis Points

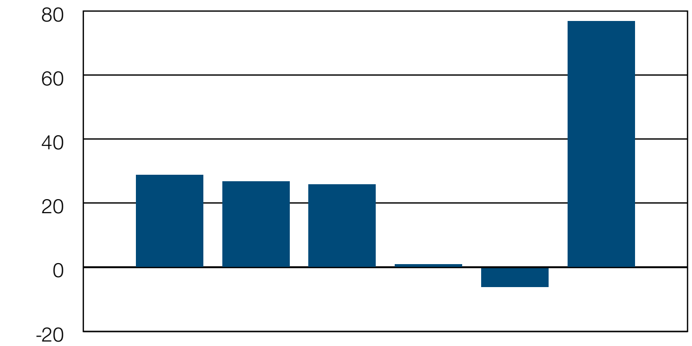


New Income Fund	Bloomberg US Agg Index
-338	-415

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended March 31, 2022)

Basis Points

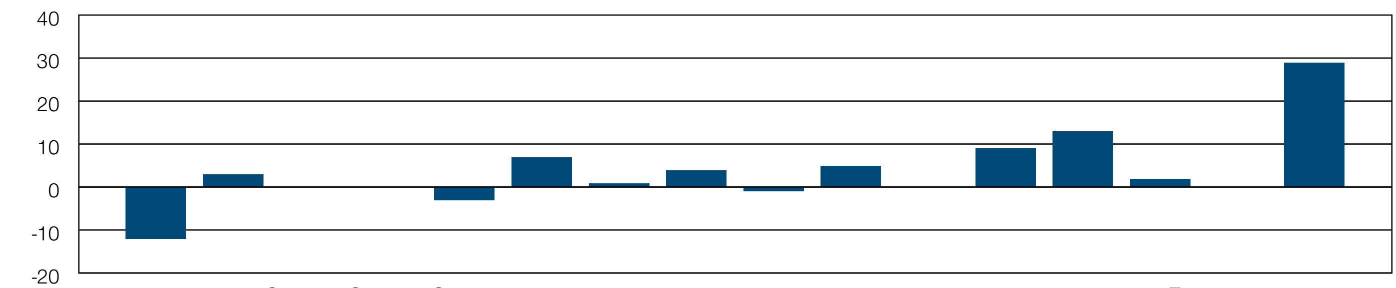


USD Sector	Duration-Curve	USD Security	Non-USD(Hedged & Unhedged)	Resid	Total
29	27	26	1	-6	77

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended March 31, 2022)

Basis Points

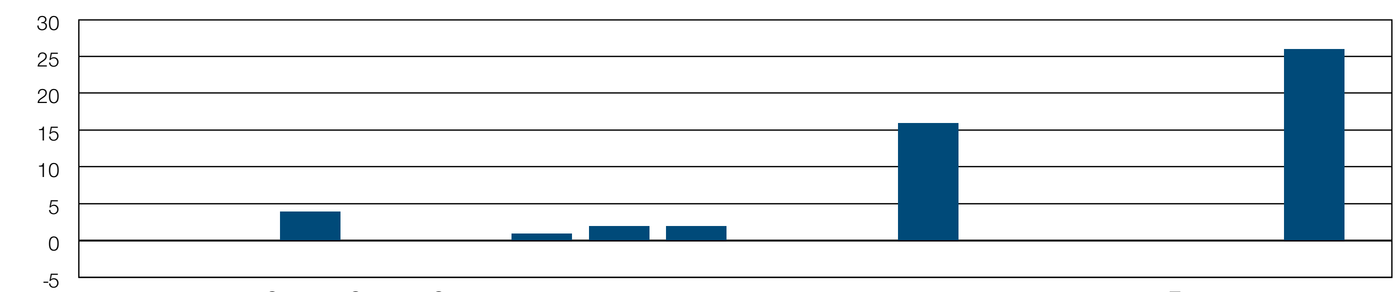


US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
-12	3	0	0	-3	7	1	4	-1	5	0	9	13	2	0	29

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended March 31, 2022)

Basis Points



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	4	0	0	1	2	2	0	0	16	0	0	0	0	26

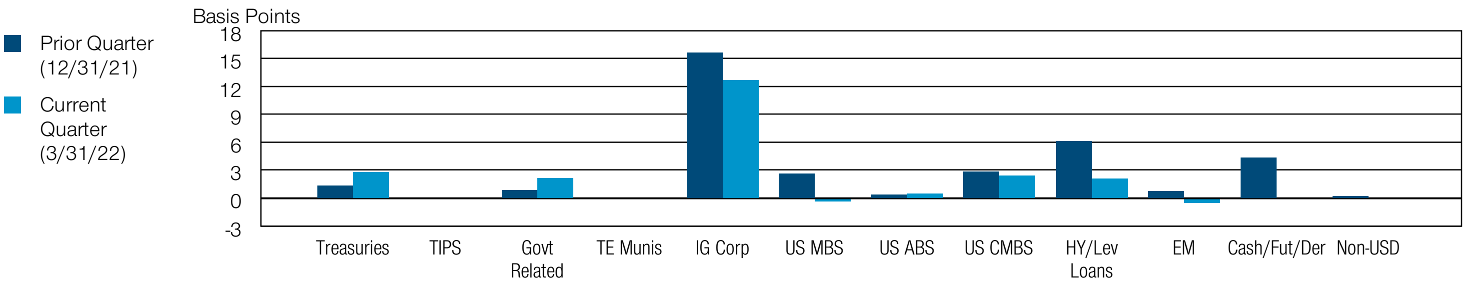
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance for each security is obtained in the local currency and, if necessary, is converted to U.S. dollars using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees. For Sourcing Information, please see Additional Disclosures.

RISK ANALYSIS

RISK FACTOR CONTRIBUTION

	Contribution to TEV (Annualized) 12/31/21 (Prior Quarter)	Contribution to TEV (Annualized) 3/31/22 (Current Quarter)
Systematic	44.0 bps	55.7 bps
Foreign Exchange	0.0	0.0
Curve	10.9	34.1
Inflation Linked	0.0	0.0
Swap Spreads	6.3	3.8
Volatility	-0.2	-0.7
Spread Government Related	1.4	2.7
Spread Credit and EMG	20.4	10.3
Spread Securitized	5.8	5.3
Spread Other	-0.6	0.1
Equity	0.1	0.0
Idiosyncratic	5.7	3.1
Total	**49.7**	**58.8**

SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



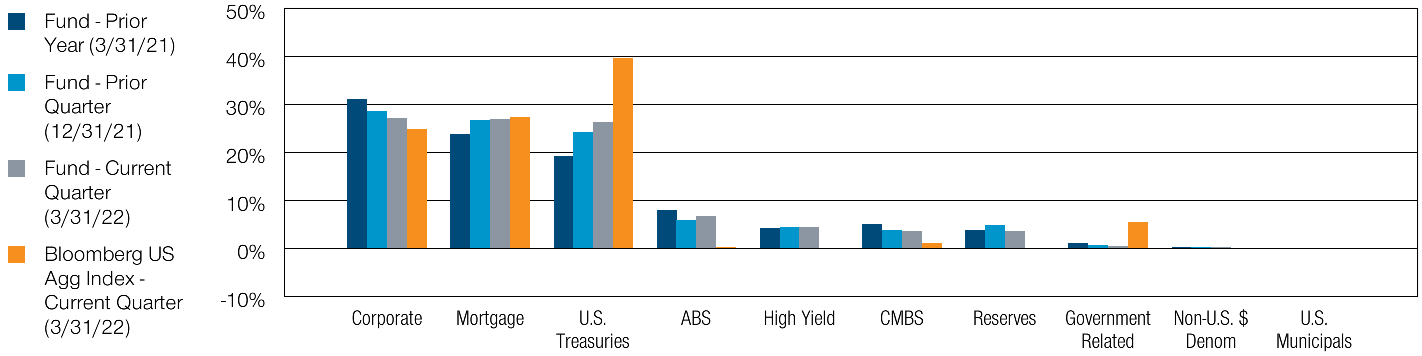
The Risk Factor Contribution and Sector Contribution to Risk charts above show the output from a quantitative ex-ante tracking-error modeling tool. The model estimates the realized tracking error an investor may reasonably expect over the next 12-month period, disaggregated into various sources of risk. The calculations take into account the correlations between each of the portfolio's systematic risk exposures. Our portfolio strategy team uses this output as a risk budget to confirm that the estimated contribution to tracking error from each component best reflects our active management themes.

Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or Tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking error variance, or TE variance. The TE variance is the projected variance of the difference between portfolio and benchmark returns. It is estimated from historical return data and from portfolio and benchmark characteristics. It can be decomposed into three sources: Systematic, Idiosyncratic and Default. Systemic (Market) Risk is the risk due to the effect of all systematic factors of the Bloomberg risk model. Idiosyncratic (nonsystematic) risk is the risk not explained by the combination of all systematic or default factors. It represents risk due to non-default events that affect only the individual issuer or bond. The contribution to TEV is the contribution, in basis points, of a risk factor to total TEV. This measure includes the effect of correlation. The risk factors included in this analysis and shown above are credit spreads, currency, and interest rate duration.This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment actions. **Past performance is not a reliable indicator of future performance.**
Change of methodology: Beginning with the second quarter of 2015, individual sector data is presented without the effects of curve and foreign exchange changes. Because these effects are systemic and generally not sector specific, T. Rowe Price believes the new method's data will better represent each sector's actual TEVs.

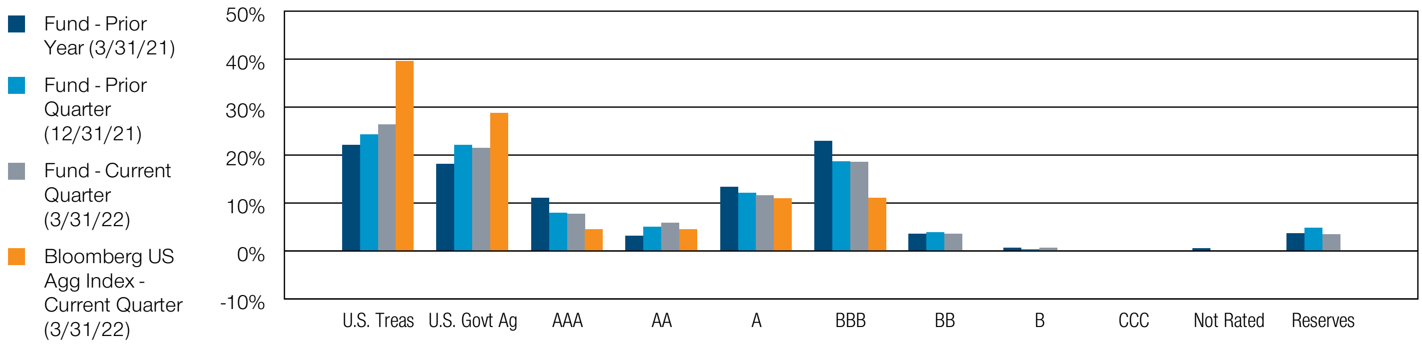
For Sourcing Information, please see Additional Disclosures.

PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



*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.

HOLDINGS

TOP ISSUERS

Issuer	Industry	% of Fund
Bank of America	Banking	1.5%
JPMorgan Chase	Banking	1.2
AbbVie	Consumer Non Cyclical	0.9
Wells Fargo	Banking	0.8
Goldman Sachs	Banking	0.8
Becton, Dickinson & Company	Consumer Non Cyclical	0.7
Verizon Wireless	Communications	0.7
Energy Transfer	Energy	0.6
Sabine Pass LNG LP	Energy	0.5
British American Tobacco	Consumer Non Cyclical	0.5

For Sourcing Information, please see Additional Disclosures.

FUND INFORMATION

	New Income Fund	New Income Fund - Advisor Class	New Income Fund - R Class	New Income Fund - I Class
Symbol	PRCIX	PANIX	RRNIX	PRXEX
Expense Information	0.41%	0.74%	1.24% (Gross) 1.08% (Net)	0.33%
Fiscal Year End Date	5/31/21	5/31/21	5/31/21	5/31/21
12B-1 Fee	–	0.25%	0.50%	–

The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor and R Classes include the applicable 12b-1 fee. The R Class operates under a contractual expense limitation that expires on 9/30/22.

PORTFOLIO MANAGEMENT

Portfolio Manager:
Stephen Bartolini

Managed Fund Since:
2018

Joined Firm:
2010

Additional Disclosures

“Bloomberg®” and Bloomberg U.S. Aggregate Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by T. Rowe Price. Bloomberg is not affiliated with T. Rowe Price, and Bloomberg does not approve, endorse, review, or recommend New Income Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to New Income Fund.

The manager’s views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.
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.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.
Unless indicated otherwise the source of all data is T. Rowe Price.
This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

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