QUARTERLY REVIEW

New Income Fund – Multi-Class

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio produced positive total returns but underperformed the Bloomberg U.S. Aggregate Bond Index for the three-month period ended December 31, 2023.

Relative performance drivers:
- Interest rate management detracted from relative results.
- Security selection detracted, largely due to positioning in agency mortgage-backed securities.
- Sector allocation added value.

Additional highlights:
- The portfolio remained defensively positioned, as we believe that markets have yet to feel the full effects of substantial monetary tightening.
- We shifted to a short duration target early in January based on our view that yields have fallen more in recent months than economic reality dictates, and we are positioned for a steepening yield curve.

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)*	0.53% (Gross) 0.44% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$16,910,978,977
Percent of Portfolio in Cash	1.6%

*The Fund operates under a contractual expense limitation that expires on September 30, 2024.
Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	One Year	Three Years (Annualized)	Five Years (Annualized)	Ten Years (Annualized)	Fifteen Years (Annualized)	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
New Income Fund	Aug 31 1973	6.29%	4.72%	-3.74%	0.60%	1.48%	2.89%	4.15%	4.06%
New Income Fund - Advisor Class	Sep 30 2002	6.04	4.53	-4.19	0.19	1.15	2.57	3.69	–
New Income Fund - R Class	Sep 30 2002	5.99	3.93	-4.40	-0.07	0.84	2.28	3.54	3.37
New Income Fund - I Class	Aug 28 2015	6.18	4.68	-3.70	0.67	1.56	2.94	4.24	–
Bloomberg U.S. Aggregate Bond Index		6.82	5.53	-3.31	1.10	1.81	2.68	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Income Fund	Aug 31 1973	5.74%	0.18%	2.64%	4.01%	-0.63%	9.26%	5.74%	-0.57%	-14.34%	4.72%
New Income Fund - Advisor Class	Sep 30 2002	5.53	-0.06	2.40	3.75	-0.94	8.91	5.41	-1.07	-14.95	4.53
New Income Fund - R Class	Sep 30 2002	5.17	-0.37	2.07	3.37	-1.25	8.57	5.05	-1.25	-14.87	3.93
New Income Fund - I Class	Aug 28 2015	5.74	0.23	2.80	4.16	-0.50	9.39	5.85	-0.50	-14.25	4.68
Bloomberg U.S. Aggregate Bond Index		5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53

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. 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 (8/28/15) 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.
The fund is subject to the risks of fixed income investing, including interest rate risk and credit risk.

PERFORMANCE REVIEW

Benchmark Finishes Year in Positive Territory After Strong Rally

The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, rebounded after losing ground for two straight quarters and produced its best quarterly performance since 1989 for the three months ended December 31, 2023. As a result of the rally, which was fueled by falling Treasury yields as well as tighter credit spreads, the benchmark moved into positive territory for the annual period and was able to avoid an unprecedented third straight down year.

Treasury yields fell as economic data and Federal Reserve communications led to a market consensus that Fed rate hikes had come to an end and that rate cuts could come at a faster pace in 2024 than previously expected. After raising its short-term lending benchmark to a target range of 5.25% to 5.50% in July, a 22-year high, the central bank left rates unchanged in the fourth quarter. Perhaps more importantly, its updated economic forecast indicated that the median projection was for rate cuts of 75 basis points in 2024, up from the 50 basis points of easing in the previous outlook.

Treasury yields declined across the curve, although intermediate yields dropped somewhat more than yields for longer maturities. The yield of the benchmark 10-year Treasury note briefly touched 5% for the first time since 2007 in October but then fell to 3.88% by year-end, in line with where it had started 2023.

Absolute and excess returns were broadly positive among the major credit sectors within the benchmark. IG corporate bonds generated the strongest excess returns, led by BBB rated and longer-dated credits. Agency mortgage-backed securities (MBS) also performed well amid falling interest rates and lower rate volatility. Commercial mortgage-backed securities (CMBS) and asset-backed securities produced more muted gains but generally lagged the more-liquid IG corporate and MBS sectors.

Outside of the index, high yield bonds enjoyed a very strong quarter from both a total- and excess-return perspective as expectations for a soft economic landing grew. After leading for most of the year, floating-rate bank loans trailed high yield bonds as rate cut expectations were pulled forward.

Relative performance was driven by the following factors:

Interest Rate Management Detracted

Interest rate management was the largest detractor from relative performance. Positioning for a steeper U.S. yield curve weighed on results after the steepening trend that commenced in July abruptly reversed course in early November. The Fed's surprising dovish turn, softer-than-expected inflation data, and crowded short-duration positioning facilitated a steep decline in longer-term yields into year-end.

A shorter average duration posture also weighed on results. Although we shifted to a neutral position later in the period, we had entered the fourth quarter holding less duration than the benchmark, which detracted as yields tumbled.

On the positive side, positioning for a steeper European yield curve was additive as the market began to price in cuts by the European Central Bank.

Security Selection Weighed on Performance

Security selection was hurt by the portfolio's positioning in the agency MBS sector. Our overweight to GNMA pools, which generally have a lower duration profile than conventional MBS, was a headwind as conventionals outperformed in a declining rate environment. Selection in CMBS also weighed on results. However, selection in investment-grade (IG) corporates was aided by a mix of telecom, utilities, and health care names.

Currency Positioning Was a Slight Drag

A long U.S. dollar position versus a basket of global currencies was a mild detractor. The strong dollar trend that had persisted since mid-summer broke down as market participants anticipated that U.S. rates would be lower in the near future, and the portfolio eliminated the trade.

Sector Allocation Added Value

Sector allocation contributed to relative results, largely due to an underweight to Treasuries and government agency debt combined with out-of-benchmark positions in high yield bonds and loans. Treasuries underperformed as credit spreads tightened, while below investment-grade securities performed especially well in a risk-on environment. Additionally, the portfolio's high yield bond holdings meaningfully outperformed the broadly strong high yield market.

PORTFOLIO POSITIONING AND ACTIVITY

Credit sectors delivered robust results in 2023, yet we believe that caution is warranted and have kept the portfolio's credit risk level below its longer-term average. Valuations are less attractive after spread tightening, and we are not yet convinced that the Fed will achieve a soft economic landing.

While the economy has held up much better than expected this year, and the Fed's recent dovish pivot could help growth maintain momentum, we believe that the effects of the large-scale monetary tightening the Fed delivered since March 2022 have more likely been delayed rather than avoided.

Added Duration While Maintaining Steepening Bias

We added duration during the period, largely neutralizing the short position with which we began the quarter. However, we shifted to a short duration target early in January as we believe that yields have fallen more in recent months than economic reality dictates. Along the curve, we favored steepening trades, which could work in both a "hard landing" scenario, where the Fed cuts rates, or a "no landing" scenario, where the economy reaccelerates as the Fed shifts away from aggressively fighting inflation.

Reduced Agency MBS After Rally

We reduced our allocation in agency MBS, moving from an overweight to a slight underweight. The sector had one of its strongest quarters ever as the Fed's more-dovish tone helped calm interest rate volatility.

In CMBS, we added risk hedges using short positions in indexed derivatives (CMBX). We aimed to essentially neutralize the portfolio's beta exposure while maintaining idiosyncratic credits that our analysts favor. In general, we remain wary of commercial real estate fundamentals and expect more volatility in the sector as developments slowly unfold.

Added to IG Corporate Exposure

We added slightly to IG corporate risk using liquid credit index swap (CDX) instruments, and we also bought some corporate cash bonds. These were primarily shorter-dated securities as we sought to take advantage of a very flat credit curve, where spreads for shorter maturities are competitive with spreads for longer maturities but with significantly lower spread duration risk.

Initiated TIPS Position
Near the end of the quarter, we initiated a position in 10-year Treasury inflation protected securities (TIPS). Breakeven spreads looked low relative to headline inflation, and we believe TIPS could benefit from a near-term rebound in economic data thanks to the recent significant loosening of financial conditions.

MANAGER'S OUTLOOK

In the wake of the Fed's December meeting, it appears increasingly likely that the central bank's hiking cycle has come to an end. Policymakers have now turned their attention to the timing of rate cuts, with central bank forecasts indicating three cuts in 2024. Meanwhile, market-based forecasts at year-end pointed to six cuts in the new year, commencing in March. In our view, market pricing may be overdone barring a significant downside surprise in incoming data, which would not be promising for risk assets.

In credit markets, we have looked to take advantage of our analysts' best security ideas while monitoring markets for any pricing dislocations or relative value opportunities. Although the recent rally has been impressive, valuations have broadly richened, and we remain concerned that investors may be overexuberant about a prospective soft economic landing. Moreover, bank funding conditions remain fragile, particularly for smaller regional banks.

The rapid rundown of the Fed's reverse repurchase facility combined with ongoing quantitative tightening could begin to deplete bank reserves, which could adversely affect Treasury market liquidity. Banks hoarding reserves could further impede the flow of credit to the economy and contribute to higher risk-asset volatility. As such, we maintain a generally defensive approach.

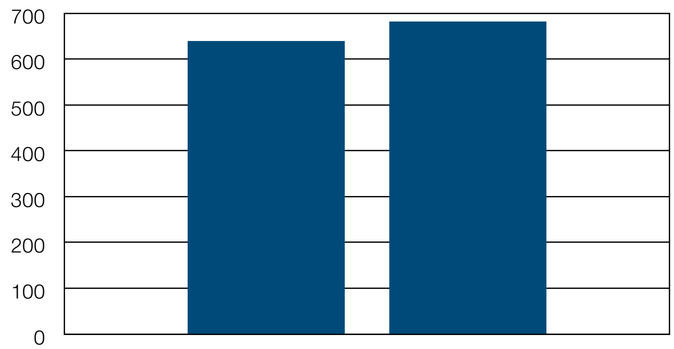
We want to be prepared to be liquidity providers and take advantage of any market turbulence that arises. As always, we rely on our broad and deep global research platform to parse the complex macro environment and inform portfolio positioning.

QUARTERLY ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points

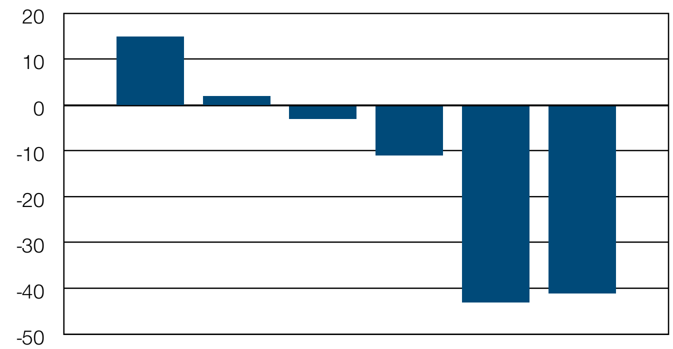


New Income Fund	Bloomberg US Agg Index
641	682

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

(3 months ended December 31, 2023)

Basis Points

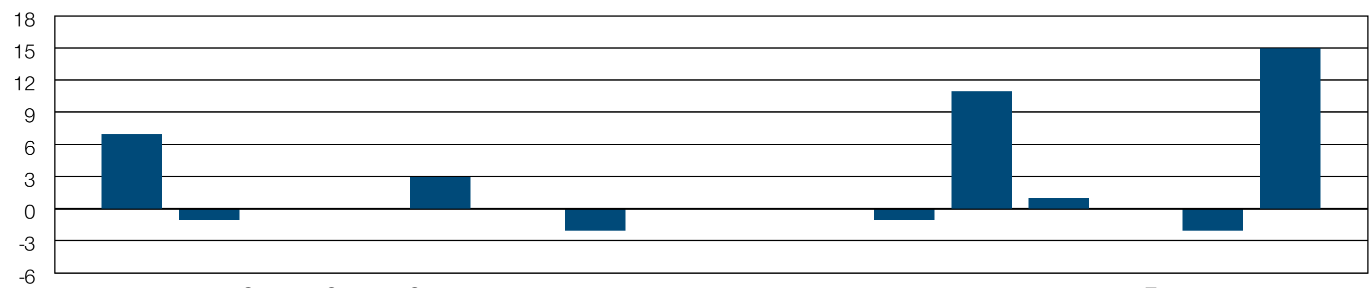


USD Sector	Resid	Non-USD(Hedged & Unhedged)	USD Security	Duration-Curve	Total
15	2	-3	-11	-43	-41

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points

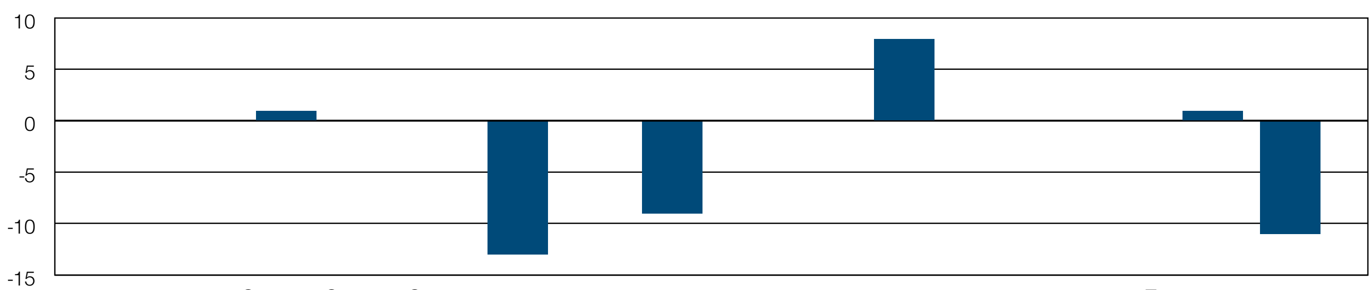


US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
7	-1	0	0	3	0	-2	0	0	0	-1	11	1	0	-2	15

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points



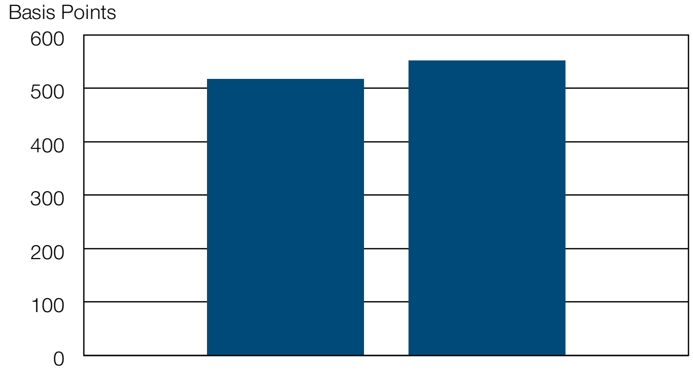
US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	1	0	0	-13	0	-9	0	0	8	0	0	0	1	-11

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.

12-MONTH ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

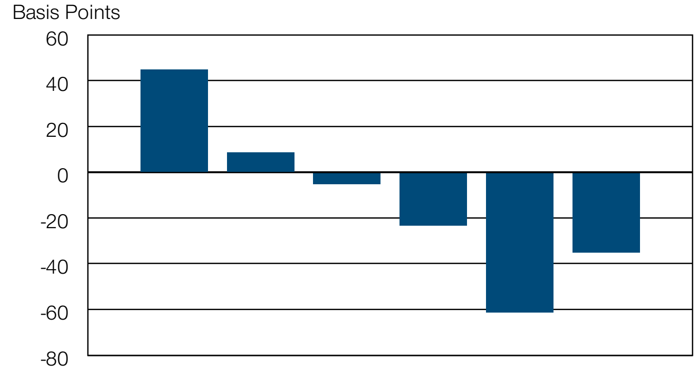
(12 months ended December 31, 2023)



New Income Fund	Bloomberg US Agg Index
518	553

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

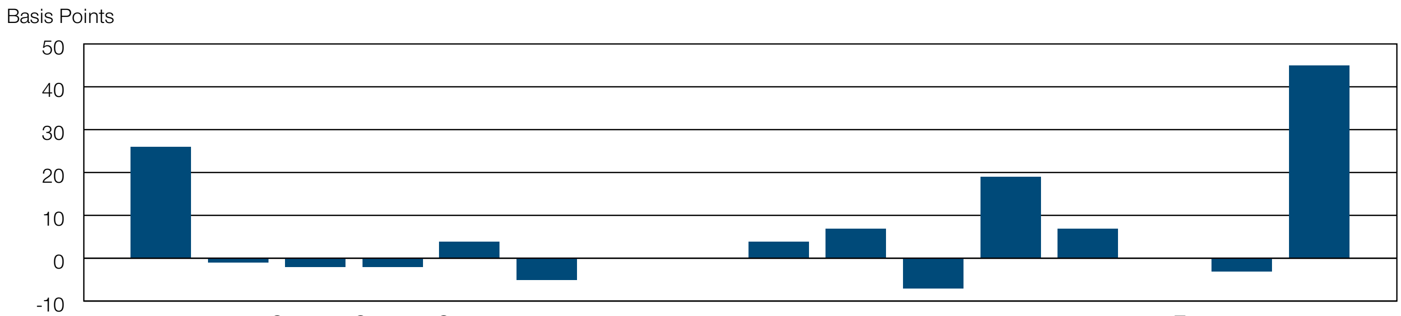
(12 months ended December 31, 2023)



USD Sector	Resid	USD Security	Non-USD(Hedged & Unhedged)	Duration-Curve	Total
45	9	-5	-23	-61	-35

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

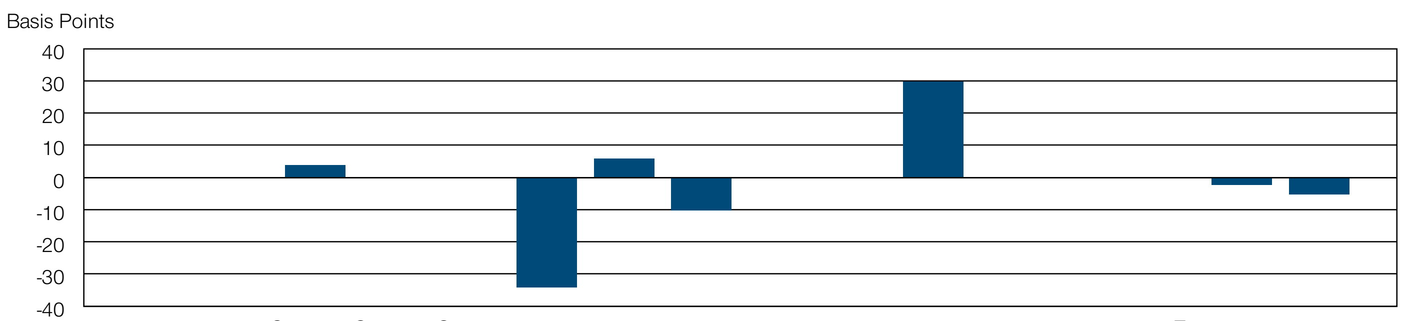
(12 months ended December 31, 2023)



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
26	-1	-2	-2	4	-5	0	0	4	7	-7	19	7	0	-3	45

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended December 31, 2023)



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	-34	6	-10	0	0	30	0	0	0	-2	-5

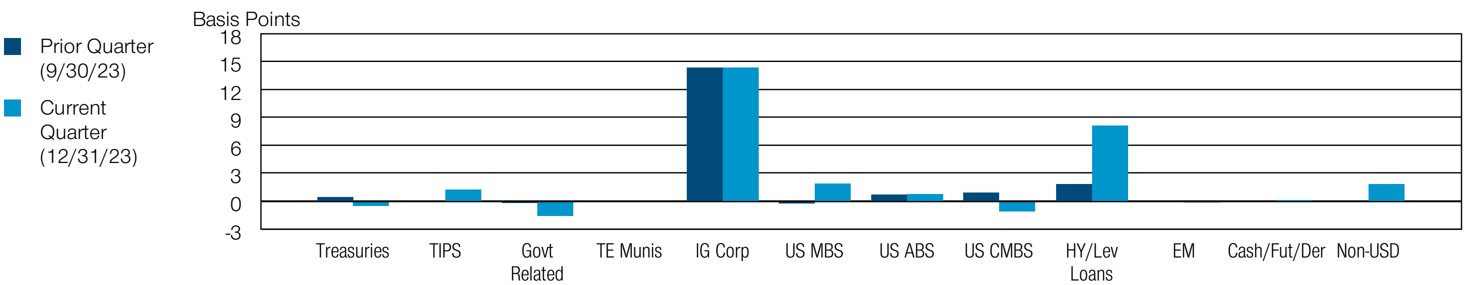
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such 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.

RISK ANALYSIS

RISK FACTOR CONTRIBUTION

	Contribution to TEV (Annualized) 9/30/23 (Prior Quarter)	Contribution to TEV (Annualized) 12/31/23 (Current Quarter)
Systematic	29.1 bps	69.7 bps
Foreign Exchange	3.6	5.0
Curve	12.9	45.5
Inflation Linked	0.0	1.3
Swap Spreads	0.3	2.5
Volatility	-0.1	-0.2
Spread Government Related	0.1	-0.5
Spread Credit and EMG	10.9	11.1
Spread Securitized	0.8	1.1
Spread Other	0.6	4.1
Equity	0.0	0.0
Idiosyncratic	5.5	2.4
Total	**34.6**	**72.2**

SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK

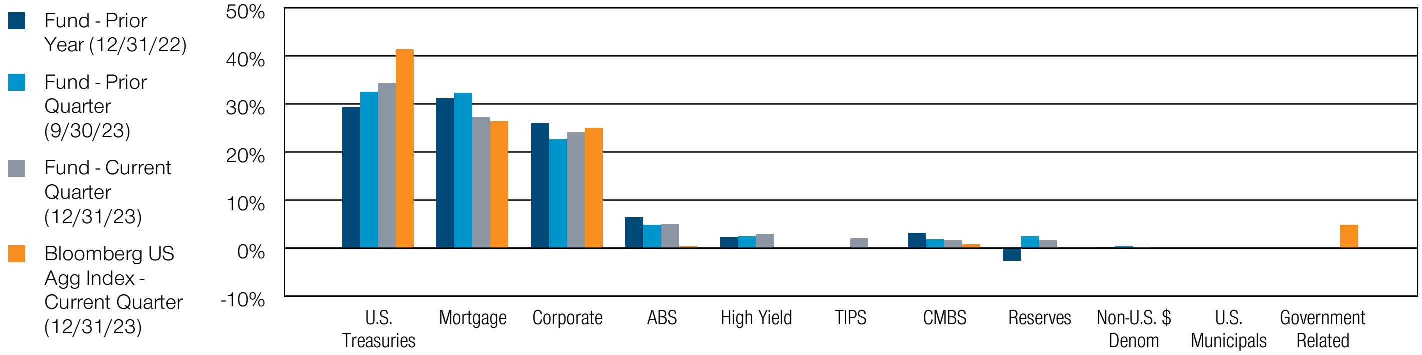


Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking error variance, or TE variance. The TE variance is the projected variance 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. Systematic (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.

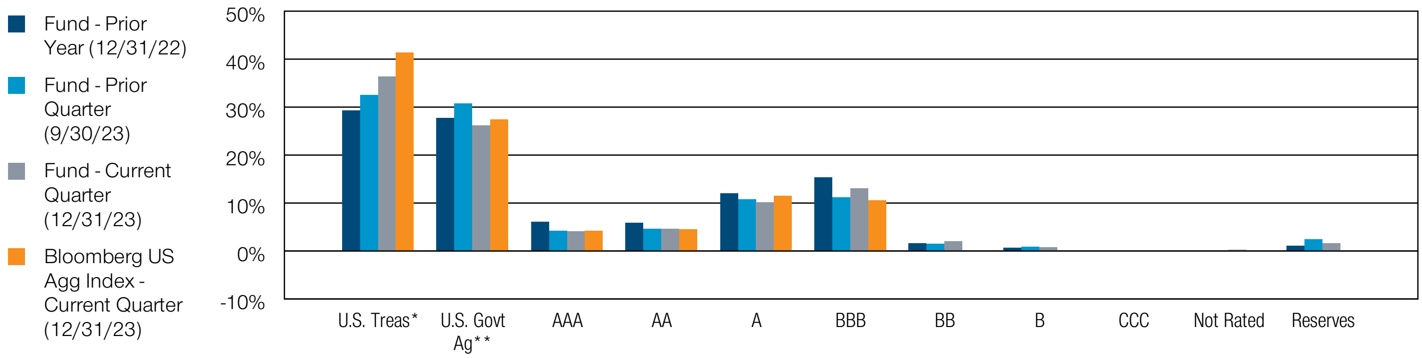
The contribution to TEV is the contribution, in basis points, of a risk factor to total TEV. This measure includes the effect of correlation. The risk factors included in this analysis and shown above are credit spreads, currency, and interest rate duration.

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	1.4%
Wells Fargo	Banking	0.9
JPMorgan Chase	Banking	0.9
UBS	Banking	0.6
Goldman Sachs	Banking	0.6
UnitedHealth Group	Insurance	0.6
AbbVie	Consumer Non Cyclical	0.6
Crown Castle	Communications	0.5
Citigroup	Banking	0.5
Brixmor Property	REITs	0.5

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	0.53% (Gross) 0.44% (Net)	0.81%	1.16% (Gross) 1.08% (Net)	0.36%
Fiscal Year End Date	5/31/23	5/31/23	5/31/23	5/31/23
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 fund operates under a contractual expense limitation that expires on 9/30/24. The R Class operates under a contractual expense limitation that expires on 9/30/24.

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Stephen Bartolini	2018	2010
Saurabh Sud	2023	2018

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 1-877-804-2315 or visit troweprice.com. Read it carefully.

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.

T. Rowe Price Investment Services, Inc., Distributor.
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