QUARTERLY REVIEW

Short-Term Bond Fund – Multi-Class

As of March 31, 2024

PORTFOLIO HIGHLIGHTS

The portfolio outperformed its benchmark, the Bloomberg 1-3 Year U.S. Government/Credit Index, for the three-month period ended March 31, 2024.

Relative Performance Drivers:

- Sector allocation contributed in aggregate, aided by allocations to the securitized sectors and the investment-grade corporate bond sector.
- The performance impact of security selection among investment-grade corporate bonds remained muted.
- Interest rate management contributed in aggregate, boosted by positioning across key rates.

Additional Highlights

- The portfolio's overall risk level ended the period slightly higher, driven by an increase in the portfolio's allocation to ABS.
- Market sentiment relaxed optimistic views of the number of rate cuts in 2024 and pushed cuts out, with less than three cuts expected in the second half of 2024.

FUND INFORMATION

Symbol	PRWBX
CUSIP	77957P105
Inception Date of Fund	March 02, 1984
Benchmark	Bloomberg 1-3 Yr US Gov/Credit Index
Expense Information (as of the most recent Prospectus)	0.46%
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$4,673,844,863
Percent of Portfolio in Cash	-0.5%

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	Annualized Three Years	Annualized Five Years	Annualized Ten Years	Annualized Fifteen Years	30-Day SEC Yield
Short-Term Bond Fund	Mar 02 1984	0.71%	4.15%	0.22%	1.61%	1.47%	1.93%	4.72%
Short-Term Bond Fund - Advisor Class	Dec 31 2004	0.64	4.05	0.01	1.40	1.19	1.65	4.43
Short-Term Bond Fund - I Class	Dec 17 2015	0.97	4.51	0.41	1.76	1.57	2.01	4.83
Bloomberg 1-3 Year U.S. Government/Credit Bond Index		0.42	3.49	0.25	1.36	1.29	1.51	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Short-Term Bond Fund	Mar 02 1984	0.60%	0.60%	1.58%	1.33%	1.38%	4.31%	4.54%	-0.24%	-4.52%	5.08%
Short-Term Bond Fund - Advisor Class	Dec 31 2004	0.30	0.09	1.50	1.02	1.06	4.23	3.98	-0.35	-4.77	4.80
Short-Term Bond Fund - I Class	Dec 17 2015	0.60	0.39	1.90	1.64	1.49	4.18	4.64	0.04	-4.59	5.21
Bloomberg 1-3 Year U.S. Government/Credit Bond Index		0.77	0.65	1.28	0.84	1.60	4.03	3.33	-0.47	-3.69	4.61

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 (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.

PERFORMANCE REVIEW

Yield-Focused Investors Tightened Spread
Shorter-maturity bond markets generated negative total returns over the first quarter. Yields on investment-grade corporate bonds, asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS) followed Treasury yields higher. The first quarter saw a record-breaking amount of new investment-grade issuance, which the market digested, leading to tighter corporate bond spreads. Yield-focused investors also generated strong demand for MBS and ABS sectors, further tightening spreads and bolstering returns. Meanwhile, RMBS spreads widened slightly. Excess returns were positive for all sectors but RMBS, with non-agency CMBS bonds producing the strongest excess returns.

U.S. Treasuries generated negative returns and underperformed corporate bonds on an absolute return basis as investors sought riskier assets. Similar to front-end yields, intermediate- and long-term Treasury yields increased throughout the quarter alongside stronger than-expected inflation data. The market relaxed their optimistic expectations of rate cuts in early 2024, pushing cuts out, with less than three cuts expected in the second half of 2024. U.S. Treasury bill yields also ended the quarter higher even though the Federal Open Market Committee (FOMC) elected to keep the fed funds target rate unchanged.

The FOMC left rates in the 5.25% to 5.50% range at its January and March meetings and left the dot plot unchanged for 2024 in the latter meeting. The Fed's rhetoric and unchanged dot plot continues to leave the door open for the market to price in rate cuts for June or July of 2024. The FOMC removed a rate cut from 2025, however, which could be implying that the Fed is comfortable with keeping rates higher for longer.

The T. Rowe Price Short-Term Bond Fund generated positive returns and outperformed the Bloomberg 1-3 Year U.S. Government/Credit Index in the first quarter of 2024. Relative performance was driven by the following factors:

Sector Allocation Was Beneficial
Sector allocation contributed, aided by an overweight to investment-grade corporate bonds and a corresponding underweight to Treasuries as corporate credit spreads tightened.

Out-of-benchmark allocations to the securitized sectors, including RMBS, CMBS, and ABS, contributed to relative performance. Spreads in the shorter-duration ABS sector tightened as the technicals for the sector remained strong. After initially widening, spreads in the interest rate-sensitive RMBS sector benefited from the Fed's unchanged dot plot projections for year-end despite upticks in inflation. Meanwhile, the CMBS sector performed well as the securitized sector continued to catch up with the investment-grade corporate rally that occurred late last year.

Interest Rate Management Was Constructive
Interest rate management contributed to relative results, boosted by positioning across key rates. The portfolio was positioned more efficiently in the first quarter and was less exposed to the two-year rate. While much of the yield curve moved higher following a repricing of 2024 rate predictions, the two-year increased more than the six-month or five-year where we hold modest overweights relative to benchmark.

Security Selection Saw Muted Performance
Security selection within investment-grade corporate bonds had a muted performance impact over the first quarter. However, our Treasury selection detracted modestly.

PORTFOLIO POSITIONING AND ACTIVITY

Portfolio Positioning and Activity
Relative to the benchmark, we continued to underweight U.S. Treasuries, while aiming to add high-quality yield by overweighting spread sectors and selectively taking out-of-benchmark positions in higher-yielding securitized debt. Tighter spreads have made recycling risk a focus and we have continued to exchange richer valuations for cheaper alternatives where we hold high convictions. Allocation to investment-grade corporate bonds dropped over the period while securitized allocations increased, notably in CLOs, but we believe we can maintain ample dry powder if the current market environment changes dramatically.

Risk Profile
While being mindful of the current spread environment, we look for opportunities to keep elevated yields in the portfolio. As measured by option-adjusted spread duration, the portfolio's overall risk level ended the period slightly higher, driven by an increase in the portfolio's allocation to ABS. Our allocation to Treasuries ended roughly unchanged, and liquidity stayed near the high end of the fund's typical range.

Corporate Bonds
Investment-grade corporate debt continued to represent our largest absolute and relative position. BBB rated bonds remained a significant holding with our holdings concentrated in shorter maturities. Our research analysts believe these bonds are often mispriced and represent attractive relative value. After tightening significantly throughout the first quarter, we do not see room for corporate spreads to tighten much further. Accordingly, our allocation to corporate bonds decreased slightly.

Other Allocations
We continued to hold out-of-benchmark positions in ABS, CMBS, and RMBS to provide diversified sources of what we believe to be high-quality yield. As the market moved away from a risk-off sentiment, we made additions in ABS, CMBS, and RMBS, and our allocation to the ABS sector ended the period slightly higher.

MANAGER'S OUTLOOK

A "higher for longer" rate environment continues to be favorable for short-term portfolios where the inversion across key rates creates a unique opportunity for shareholders to capitalize on increased yields and return potential with limited duration risk potential. Recent economic data confirm that the road for the Fed will likely remain "bumpy," but there is still conviction that the next phase of this cycle will be cuts. The timing, frequency, and scale are all yet to be determined.

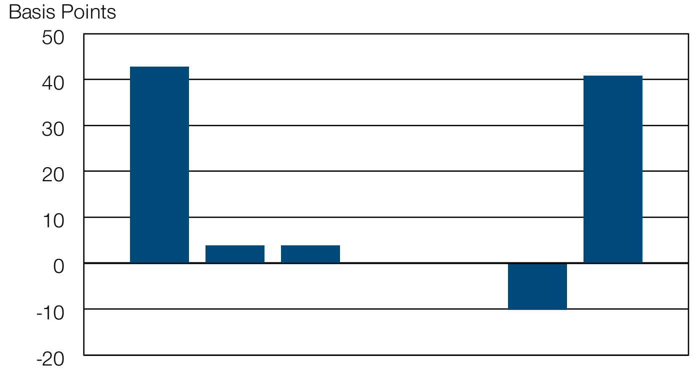
The continuance of strong economic growth has left the market comfortable taking more risk, which inevitably has pushed spreads to near-term tights and furthered the anticipation of a goldilocks scenario for the Fed. There has been a record level of new issuance from investment-grade corporates year-to-date with investors rushing to purchase. Even at current valuations, if demand for corporate bonds remains strong or new issuance falls, we could see spreads push even tighter.

In the current environment, active management can play an even more instrumental role in achieving investor objectives. Our continued goal is to provide high-quality, consistent yield and income appropriate for a short-term bond strategy with modest credit and duration risk. Using the breadth and depth of our global research platform, we will look to selectively add to high-conviction positions as volatility creates attractive entry points.

QUARTERLY ATTRIBUTION

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

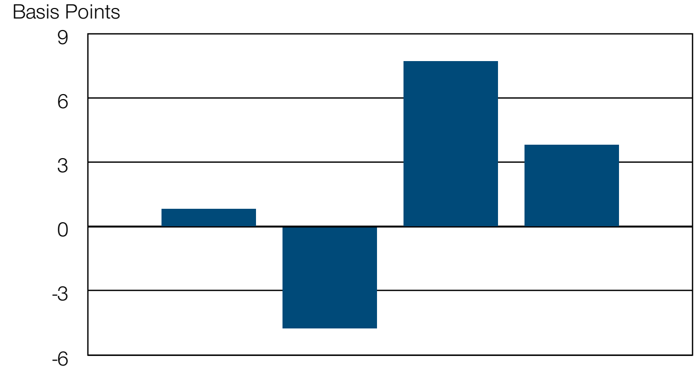
(3 months ended March 31, 2024)



USD Sector	US IR Mgmt	USD Secur-ity	Coun-try	FX	Resid	Total
43	4	4	0	0	-10	41

INTEREST RATE MANAGEMENT: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

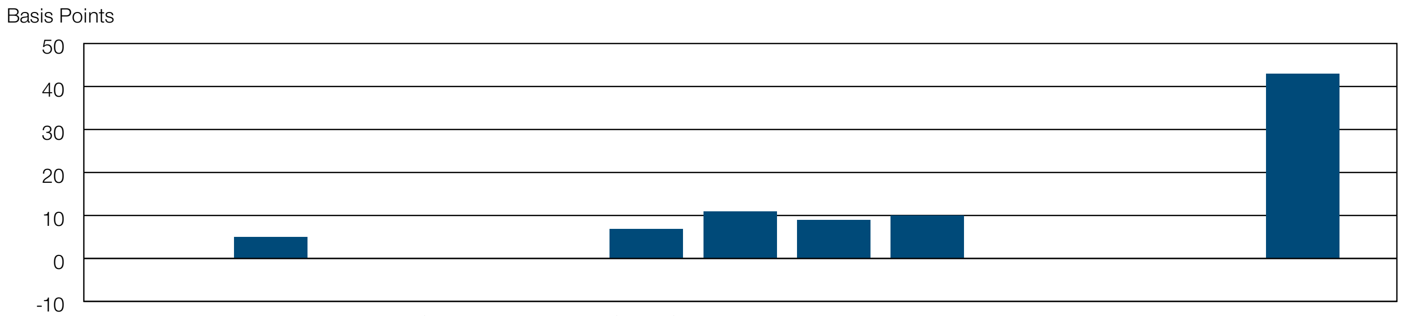
(3 months ended March 31, 2024)



Carry	Duration	Curve	Total
1	-5	8	4

SECTOR ALLOCATION: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

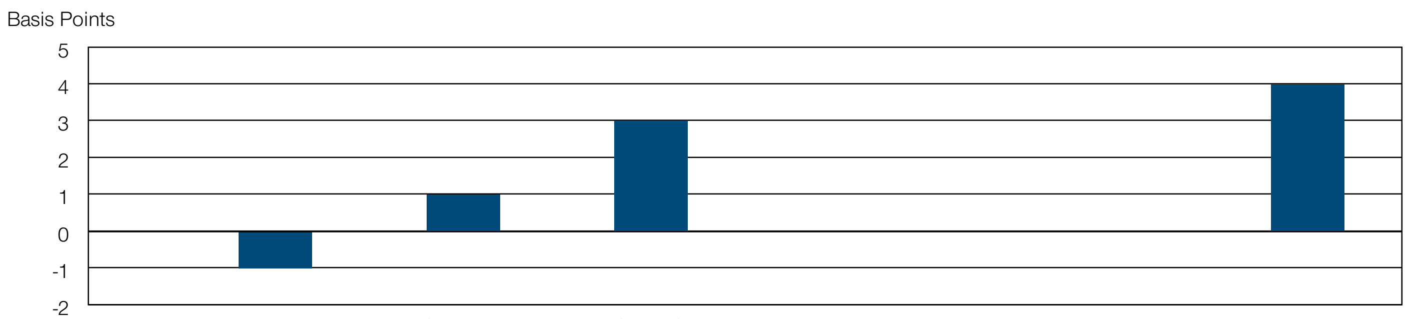
(3 months ended March 31, 2024)



Re-serves	Treasury	TIPS	Govt Re-lated	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Deriva-tives	Other	Total
0	5	0	0	0	7	11	9	10	0	0	0	43

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

(3 months ended March 31, 2024)



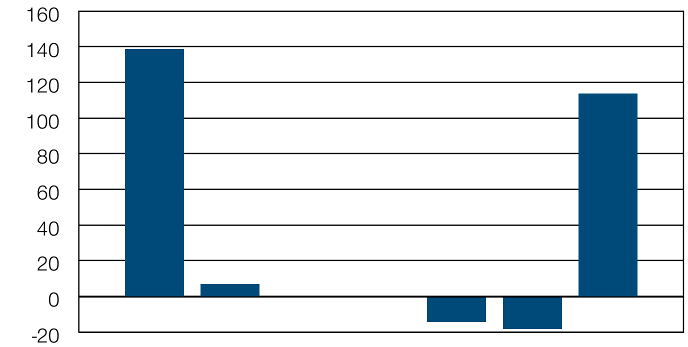
Re-serves	Treasury	TIPS	Govt Re-lated	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Deriva-tives	Other	Total
0	-1	0	1	0	3	0	0	0	0	0	0	4

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

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

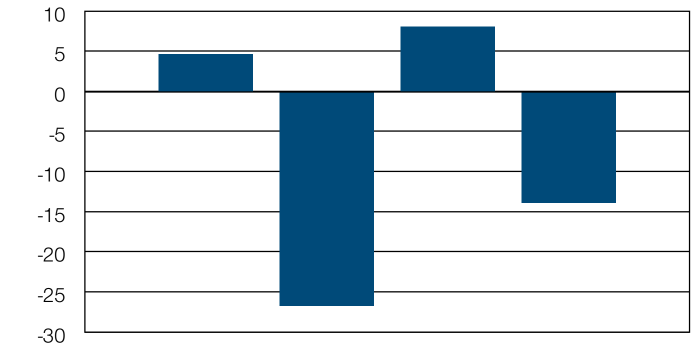
(12 months ended March 31, 2024)



USD Sector	USD Security	Country	FX	US IR Mgmt	Resid	Total
139	7	0	0	-14	-18	114

INTEREST RATE MANAGEMENT: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

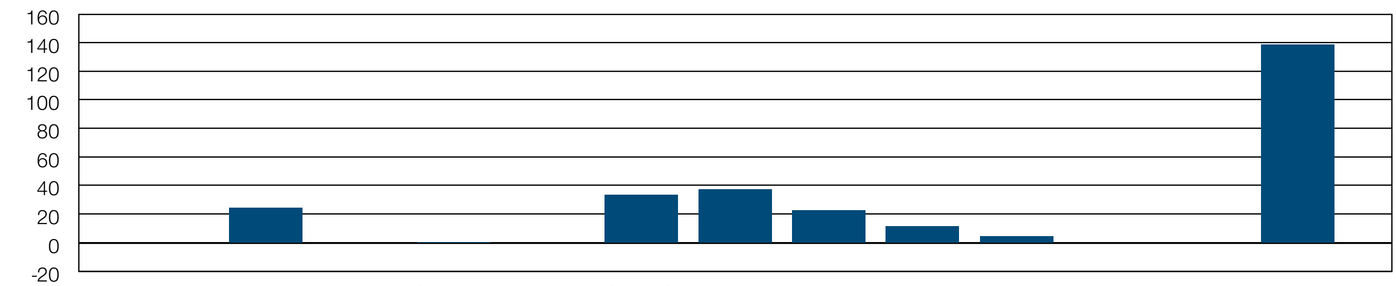
(12 months ended March 31, 2024)



Carry	Duration	Curve	Total
5	-27	8	-14

SECTOR ALLOCATION: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

(12 months ended March 31, 2024)



Reserves	Treasury	TIPS	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	25	0	1	0	34	38	23	12	5	0	0	139

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX

(12 months ended March 31, 2024)

Reserves	Treasury	TIPS	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	-2	0	4	0	5	0	0	0	0	0	0	7

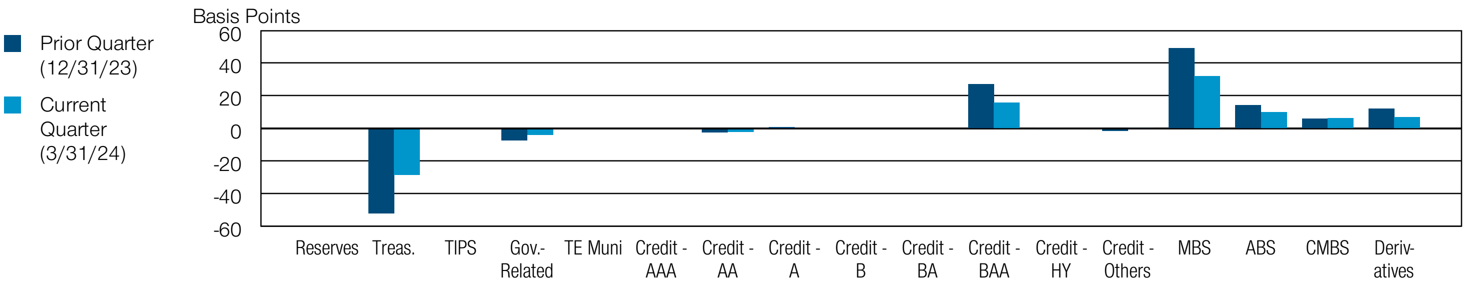
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such 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) 12/31/23 (Prior Quarter)	Contribution to TEV (Annualized) 3/31/24 (Current Quarter)
Systematic	50.0 bps	39.6 bps
Foreign Exchange	0.0	0.0
Curve	3.3	0.5
Inflation Linked	0.0	0.0
Swap Spreads	1.4	0.2
Volatility	0.8	1.2
Spread Government Related	1.3	0.6
Spread Credit and EMG	10.4	1.5
Spread Securitized	32.7	7.8
Spread Other	0.1	27.7
Idiosyncratic	0.5	0.1
Credit Default	0.0	0.5
Total	**50.5**	**40.1**

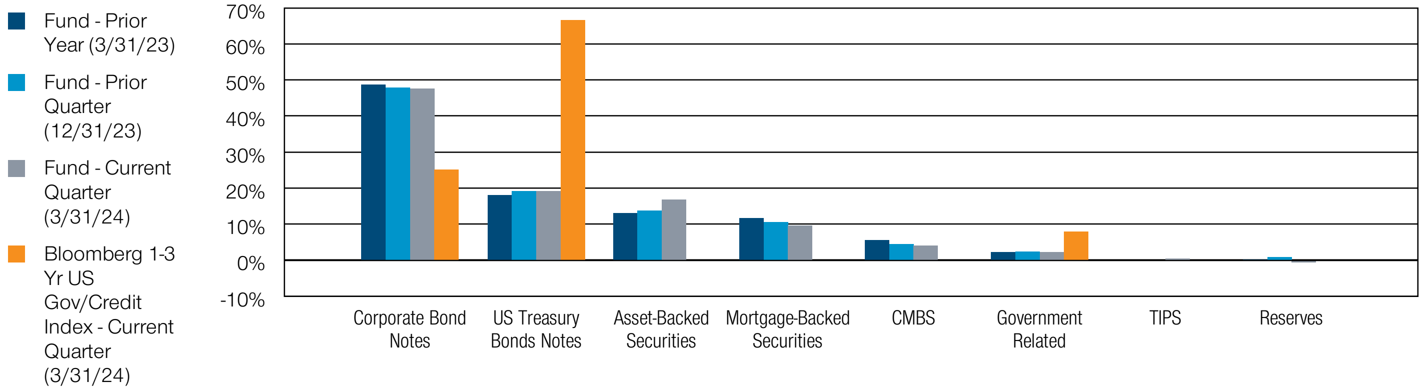
SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



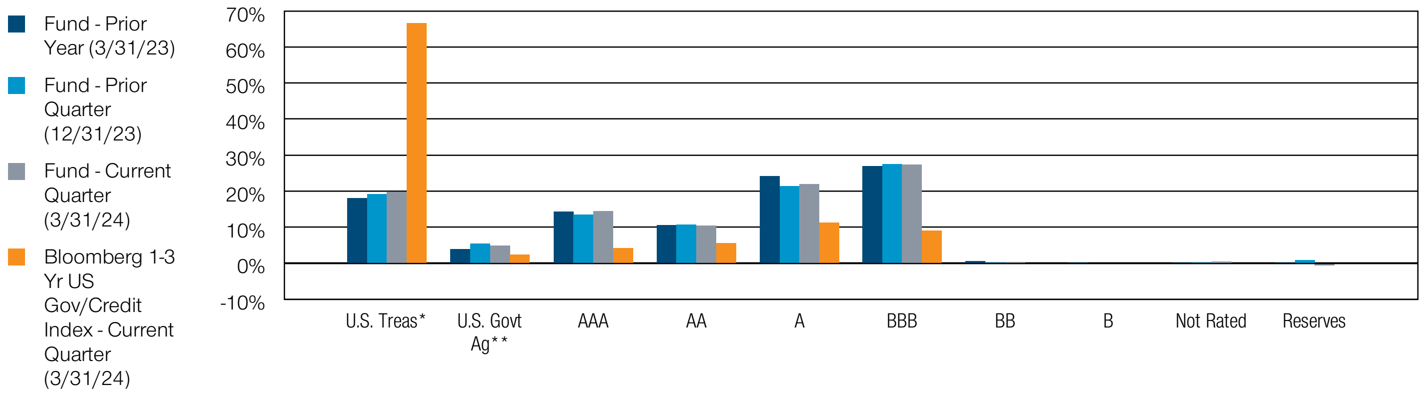
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking 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. 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.

PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



HOLDINGS

TOP ISSUERS

Issuer	% 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
Viatris	0.6

FUND INFORMATION

	Short-Term Bond Fund	Short-Term Bond Fund - Advisor Class	Short-Term Bond Fund - I Class
Symbol	PRWBX	PASHX	TBSIX
Expense Information	0.46%	0.74%	0.33%
Fiscal Year End Date	5/31/23	5/31/23	5/31/23
12B-1 Fee	–	0.25%	–

The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee.

PORTFOLIO MANAGEMENT

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

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.

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 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. 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.

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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