QUARTERLY REVIEW

Short-Term Bond Fund – Multi-Class

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio performed in line with its benchmark, the Bloomberg 1-3 Year U.S. Government/Credit Index, for the three-month period ended December 31, 2023.

Relative Performance Drivers:

- Sector allocation contributed in aggregate, led by an overweight to investment-grade corporate bonds and a corresponding underweight to U.S. Treasuries along with out-of-benchmark positions in residential mortgage-backed securities and asset-backed securities.
- Security selection among investment-grade corporate bonds was muted.
- Interest rate management detracted in aggregate, dragged lower by yield curve positioning-and, to a lesser extent-duration posture.

Additional Highlights

- Our allocation to corporate bonds held steady as corporate credit spreads tightened throughout the fourth quarter.
- While front-end rates have likely seen a peak for this cycle, we believe we are well-positioned to capitalize on elevated yield opportunities with rate inversion still persistent across the curve.

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)	$4,692,192,355
Percent of Portfolio in Cash	1.0%

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)

				Annualized				
	Inception Date	Three Months	One Year	Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield
Short-Term Bond Fund	Mar 02 1984	2.72%	5.08%	0.03%	1.77%	1.43%	2.05%	4.57%
Short-Term Bond Fund - Advisor Class	Dec 31 2004	2.63	4.80	-0.18	1.51	1.15	1.77	4.27
Short-Term Bond Fund - I Class	Dec 17 2015	2.75	5.21	0.14	1.83	1.51	2.11	4.69
Bloomberg 1-3 Year U.S. Government/Credit Bond Index		2.69	4.61	0.09	1.51	1.27	1.52	–

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

Falling Treasury Yields Helped Total Returns
Shorter-maturity bond markets traded higher against the backdrop of falling Treasury yields. Yields on investment-grade corporate bonds, commercial mortgage-backed securities, asset-backed securities (ABS), and residential mortgage-backed securities (RMBS) followed Treasury yields downward and ended the quarter lower, which bolstered total returns. Additionally, risk markets started to reprice a greater likelihood of a soft landing, which was a tailwind for fixed income risk assets. Excess returns were positive across spread sectors, with corporate bonds producing the strongest excess returns.

U.S. Treasuries generated positive returns but underperformed corporate bonds on an absolute return basis. Similar to front-end yields, intermediate- and long-term Treasury yields declined sharply in November alongside encouraging inflation data, which fueled hopes that the Fed would not need to hike rates further to combat inflation. U.S. Treasury bill yields also ended the quarter lower even though the Federal Open Market Committee (FOMC) elected to keep the fed funds target rate unchanged.

While the FOMC left rates in the 5.25% to 5.50% range at its November and December meetings, the Fed made a dovish pivot in the latter meeting. Changes to policymakers' rhetoric and the summary of economic projections during its December meeting implied that rate hikes are off the table and opened the door to rate cuts in the first half of 2024.

The T. Rowe Price Short-Term Bond Fund generated positive returns and performed in line with the Bloomberg 1-3 Year U.S. Government/Credit Index in the fourth quarter of 2023. 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 residential mortgage-backed securities (RMBS) and asset-backed securities (ABS) helped relative performance. ABS spreads tightened broadly in November amid subdued new issuance and risk-on sentiment spurred by falling Treasury yields. The interest rate-sensitive RMBS sector also benefited from the rally in Treasury yields.

Security Selection saw Muted Performance
Security selection had a more muted performance over the fourth quarter. Our holdings of bonds in the financial sector did not keep pace with the benchmark even as the industry performed well over the period.

Interest Rate Management Weighed on Results
Interest rate management modestly weighed on relative results, dragged lower by positioning across key rates. Over the period, we maintained a more neutral duration profile, electing for a more conservative approach while awaiting greater transparency from the Fed on the future path for rates. However, average duration leaked slightly long and detracted modestly.

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.

Risk Profile
As measured by option-adjusted spread duration, the portfolio's overall risk level ended the period slightly lower, driven by a decrease in the portfolio's allocation to RMBS. Our allocation to Treasuries also declined modestly; however, liquidity increased, staying near the high end of the fund's typical range. We are positioned to be liquidity providers should future bouts of spread volatility create opportunities.

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. Our allocation to corporate bonds held steady as corporate credit spreads tightened throughout the fourth quarter.

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 corporate bond valuations continued to reflect the stronger soft-landing narrative, we made additions in ABS and CMBS, and our allocation to the ABS and CMBS sectors ended the period slightly higher. Conversely, our allocation to RMBS declined slightly.

MANAGER'S OUTLOOK

As the FOMC's preferred measure of inflation continued to decelerate with U.S. growth simultaneously remaining resilient, market sentiment began to price a goldilocks scenario with a possibility that the Fed could be able to orchestrate a soft landing. With this backdrop in mind, front-end rates have likely seen a peak for this cycle, but we are well-positioned to capitalize on elevated yield opportunities with rate inversion still persistent across the curve, in our view.

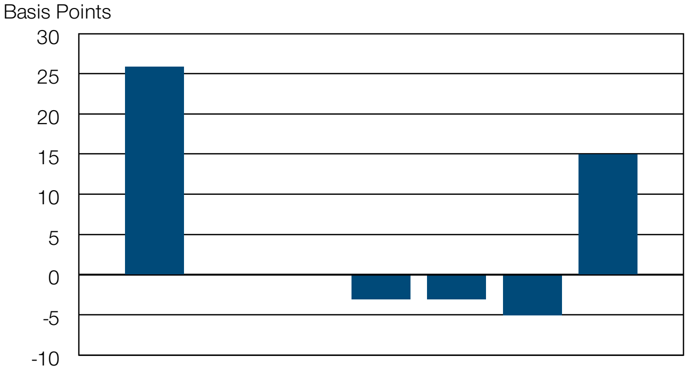
While rate and spread volatility could oscillate and persist as additional economic data adjusts the forecast and timing for cuts, we agree that cuts are the most logical next step should macroeconomic data continue to cool. However, we acknowledge that the path to sustainable lower inflation could get bumpier if the trend of economic data deviates from current market expectations.

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

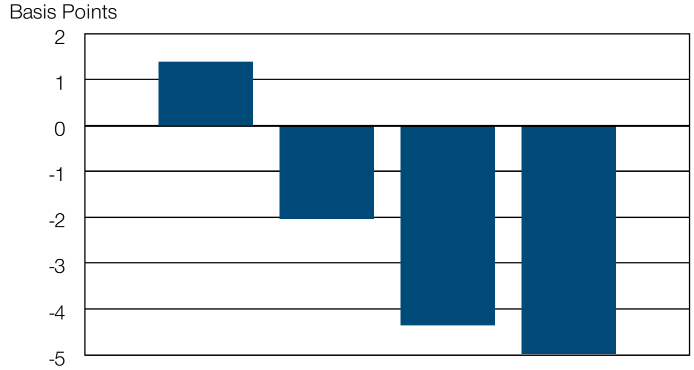
(3 months ended December 31, 2023)



USD Sector	FX	Coun-try	USD Secur-ity	Resid	US IR Mgmt	Total
26	0	0	-3	-3	-5	15

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

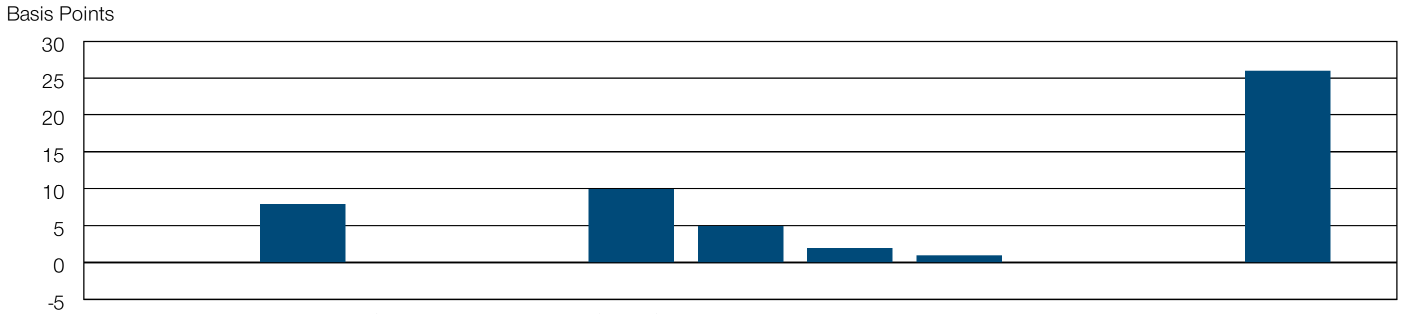
(3 months ended December 31, 2023)



Carry	Duration	Curve	Total
1	-2	-4	-5

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

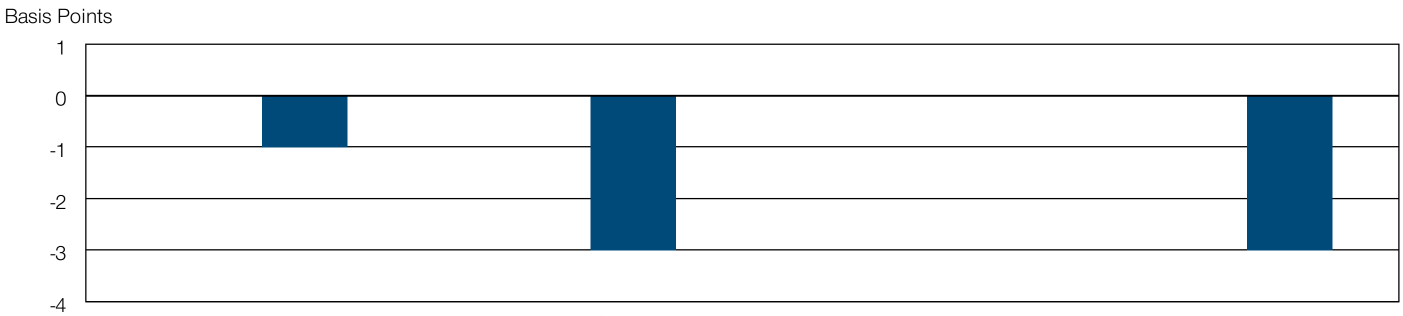
(3 months ended December 31, 2023)



Reserves	Treasury	Govt Re-lated	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Deriva-tives	Total
0	8	0	0	10	5	2	1	0	0	26

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

(3 months ended December 31, 2023)

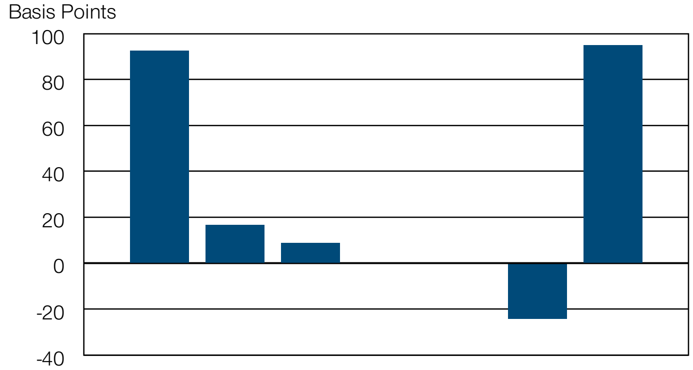


Reserves	Treasury	Govt Re-lated	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Deriva-tives	Total
0	-1	0	0	-3	0	0	0	0	0	-3

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.

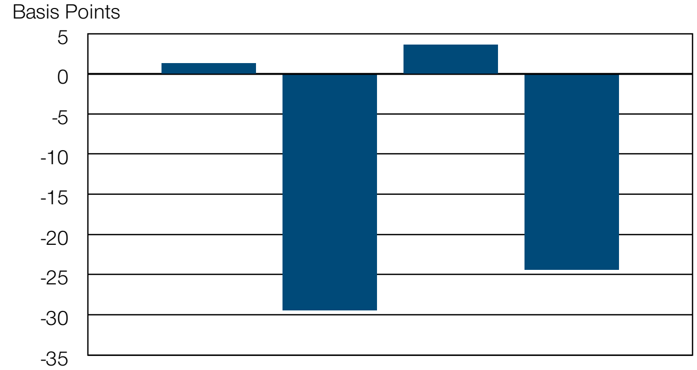
12-MONTH ATTRIBUTION

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX
(12 months ended December 31, 2023)



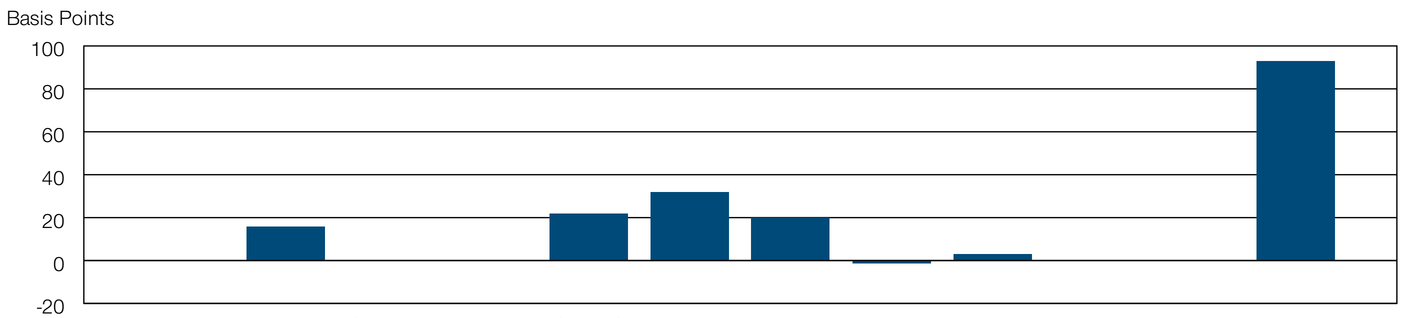
USD Sector	USD Security	Resid	FX	Country	US IR Mgmt	Total
93	17	9	0	0	-24	95

INTEREST RATE MANAGEMENT: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX
(12 months ended December 31, 2023)



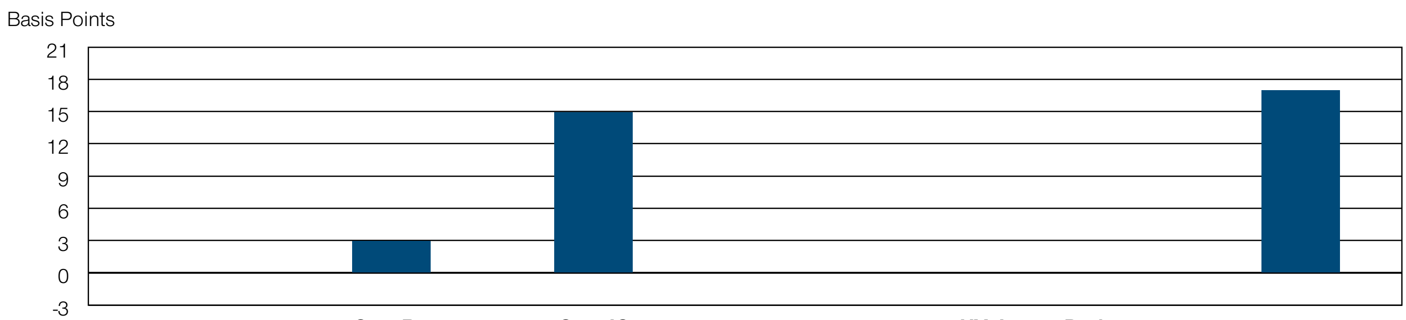
Carry	Duration	Curve	Total
1	-29	4	-24

SECTOR ALLOCATION: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX
(12 months ended December 31, 2023)



Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	16	0	0	22	32	20	-1	3	0	0	93

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG 1-3 YR US GOV/CREDIT INDEX
(12 months ended December 31, 2023)



Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	0	3	0	15	0	0	0	0	0	0	17

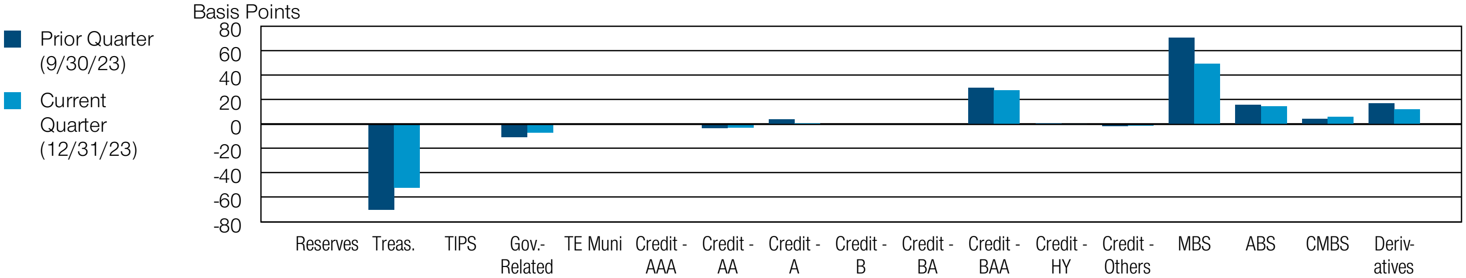
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such 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	60.2 bps	50.0 bps
Foreign Exchange	0.0	0.0
Curve	11.1	3.3
Inflation Linked	0.0	0.0
Swap Spreads	1.8	1.4
Volatility	0.9	0.8
Spread Government Related	0.6	1.3
Spread Credit and EMG	7.8	10.4
Spread Securitized	37.9	32.7
Spread Other	0.1	0.1
Idiosyncratic	0.6	0.5
Total	**60.8**	**50.5**

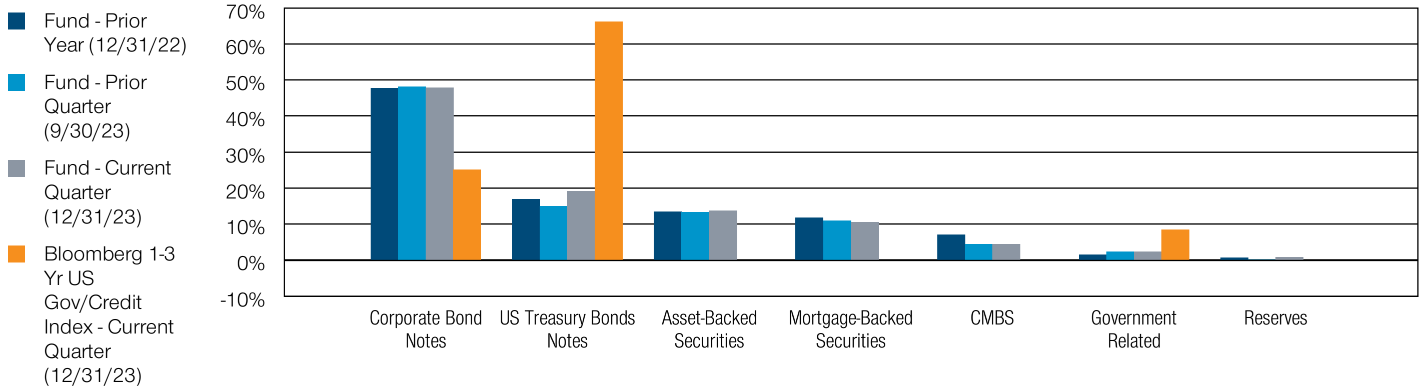
SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



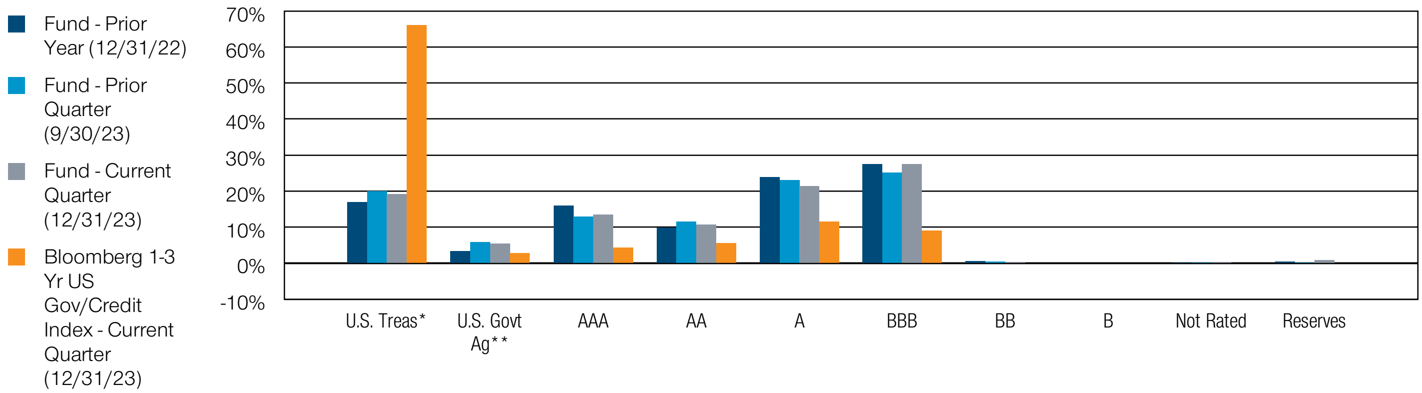
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking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



*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	% of Fund
Vistra	0.8%
Bank of America	0.8
Energy Transfer	0.8
AbbVie	0.8
JPMorgan Chase	0.7
Goldman Sachs	0.7
Morgan Stanley	0.7
Bank of Montreal	0.7
Charter Communications	0.7
Verizon Wireless	0.7

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.

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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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