

# Corporate Income Fund (PRPIX)

As of March 31, 2026



T. Rowe Price

## Portfolio Highlights

The portfolio generated negative total returns and underperformed its benchmark, the Bloomberg U.S. Corporate Investment Grade Bond Index, for the three-month period ended March 31, 2026.

### Relative Performance Drivers:

- Off-benchmark holdings within the energy sector hindered performance.
- Interest rate management detracted from performance during the quarter.
- Our allocation within the securitized, government-related, and Treasuries sectors aided our portfolio performance compared to the benchmark.

### Additional Highlights:

- Multiple events-including geopolitical conflict with Iran and energy price increases-kept rates volatile. Ultimately, the Treasury curve rose throughout the period, and ended flatter.
- We maintain a positive but cautious near-term view on global growth, supported by ongoing fiscal tailwinds and still-resilient economic activity.

## Fund Information

CUSIP	741478101
Inception Date of Fund	October 31, 1995
Benchmark	Bloomberg US Corp Invest-Grd Index
Expense Information (as of the most recent Prospectus) <sup>(1)</sup>	0.72%(Gross) 0.59%(Net)
Total Assets (all share classes)	\$287,683,498
Percent of Portfolio in Cash	0.6%

<sup>(1)</sup>The Fund operates under a contractual expense limitation that expires on July 31, 2027.

## Performance (%) (NAV, total return performance > 1 year is annualized)

	3m	1yr	3yrs	5yrs	10yrs	15yrs	30-Day SEC Yield	30-Day SEC Yield w/o Waiver <sup>(2)</sup>
Corporate Income Fund	-0.89	4.38	4.81	0.52	2.47	3.43	4.67	4.50
Bloomberg U.S. Corporate Investment Grade Bond Index	-0.54	4.78	4.70	0.76	2.81	3.59	N/A	N/A

## Calendar Year Performance (%) (NAV, total return)

	Inception Date	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Corporate Income Fund	Oct 31 1995	5.08	6.57	-3.06	14.58	7.87	-0.76	-17.02	8.79	2.75	7.90
Bloomberg U.S. Corporate Investment Grade Bond Index		6.11	6.42	-2.51	14.54	9.89	-1.04	-15.76	8.52	2.13	7.77

**Past performance is not a guarantee or a reliable indicator of future results. 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](http://troweprice.com).**

The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

<sup>(2)</sup>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(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

**Risks: Interest rates:** A rise in interest rates typically causes the price of a fixed rate debt instrument to fall and its yield to rise. Conversely, a decline in interest rates typically causes the price of a fixed rate debt instrument to rise and the yield to fall. **Derivatives:** The use of derivatives exposes the fund to additional volatility and potential losses. A derivative involves risks different from, and possibly greater than, the risks associated with investing directly in the assets on which the derivative is based, including liquidity risk, valuation risk, correlation risk, market risk, interest rate risk, leverage risk, counterparty and credit risk, operational risk, management risk, legal risk, and regulatory risk. See the prospectus for more detail on the fund's principal risks.

## Performance Review

### Federal Reserve Responds to Ongoing Uncertainty

The U.S. investment-grade fixed income market, as measured by the Bloomberg U.S. Corporate Investment Grade Bond Index, finished the first quarter with negative results and underperformed relative to Treasuries. U.S. Treasury yields rose significantly across the curve late in the period despite the Federal Reserve keeping the federal funds target rate unchanged. Inflation concerns and a market reassessment of future rate cuts from the Federal Reserve stemming from increasing hostilities between the U.S., Israel, and Iran pushed Treasury yields higher.

While spreads tightened in January, supported by strong technicals and solid inflows, this reversed in February and March. Rising net supply combined with artificial intelligence (AI) disruption fears and a sharp deterioration in risk sentiment tied to the Iran conflict, drove spreads wider into quarter-end.

### Relative Performance

The portfolio generated negative total returns and underperformed its benchmark in the first quarter. In aggregate, security selection and interest rate management hindered returns, while asset allocation contributed slightly to performance.

### Security Selection Hindered Returns

Off-benchmark selection within the energy sector significantly hindered performance. Our out-of-benchmark holdings of Raizen Fuels in particular detracted from results. Raizen (a sugar and ethanol producer) sold off sharply due to a combination of mounting losses, increasing debt, and weaker operating conditions. These pressures led to credit rating downgrades, raising concerns about shareholder support and pushing the company into distressed territory despite efforts to stabilize its capital structure.

Similarly, our selection within the technology sector also hindered returns as spreads widened over the quarter due to a large amount of debt brought to market. Within the technology sector, there were concerns regarding Oracle over mounting debt issuance to fund AI capital expenditures which worried investors.

### Interest Rate Management Detracted

Interest rate management hindered performance during the quarter. Our overweight to the five-year key rate hindered performance as that portion of the curve rose notably over the quarter. Similarly, we were underweight the 20-year key rate, which saw better performance than other portions of the curve.

### Sector Allocation Contributed Moderately

Sector allocation was a tailwind to performance as portfolio construction efforts helped to offset the detractions described above. Off-benchmark allocations to securitized and taxable municipal bonds were top contributors in this regard. Within the securitized sector, holdings of whole business franchises and cell tower trusts helped relative performance thanks to strong investor demand, resilience in spreads, and significant income generation. Taxable municipal bonds benefitted from demand for higher-quality assets given market volatility and extremely low issuance.

## Portfolio Positioning And Activity

### Actively Managing Risk

Credit risk, as measured by our duration-times-spread ratio relative to the benchmark, fluctuated over the course of the first quarter, ending the period lower. This reflected a deliberate effort to reduce overall risk exposure as the Iranian conflict erupted, significantly increasing uncertainty and market risk along with it in our view. Credit risk reduction was accomplished through multiple avenues including the disposition of issuers with lower credit quality, selling assets in higher beta areas of the market like automotives, and through credit derivatives.

### Rotating Between Sectors

Within the portfolio's primary allocation of corporate credit, we rotated away from financials and toward industrials. Of note, we reduced exposure to life and property and casualty insurers where we believe heightened exposure to private credit could continue to present headwinds to performance. Also, in financials we reduced exposure to European banks given our less optimistic view of growth in Europe. Proceeds were reallocated toward areas like technology and communications where AI-related issuance and fears of disruption respectively drove better valuations and more attractive entry points to high-quality firms in our estimation.

### Active Interest Rate Management

We actively managed duration and yield curve positioning throughout the quarter. Our USD rates exposure shifted from near neutral in January to a more pronounced long position in February before being modestly reduced in March.

We adjusted curve positioning by reducing longs in the two-year segment, adding a short position in the five-year, and maintaining a 5s30s steepener after scaling it back earlier in the quarter.

### Manager's Outlook

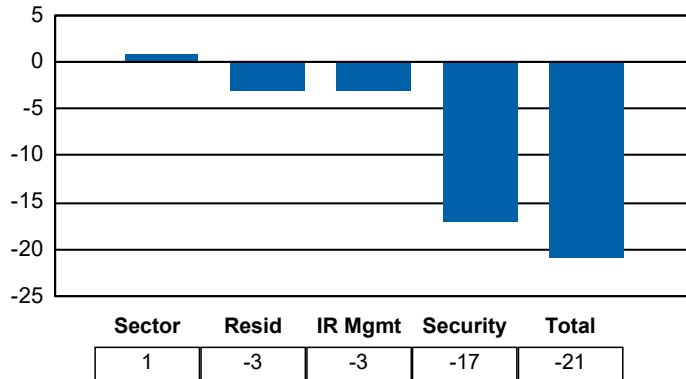
As the U.S. is navigating the energy shock tied to conflict in the Middle East, growth looks reasonable near-term, but we are more cautious on the second half of 2026 as fiscal support such as tax refunds wear off. The conflict with Iran and closure of the Strait of Hormuz has also contributed to our view that growth will be more challenged in the second half of the year. We believe that an inflation shock will likely roll through various parts of the real economy over the coming quarters. In our view, the economy is more likely than not to remain on solid footing in the U.S., but growth may be challenged more than previously expected. That said, if the Strait fully opens soon, we think the Fed could potentially ease rates late this year, perhaps more than the market currently estimates.

Against this macro backdrop, we believe investment-grade corporate credit is positioned to deliver solid performance in 2026. All-in yields rose over March and look attractive, continuing to draw strong demand from major domestic and foreign investors. Corporate fundamentals are generally strong, with resilient earnings and conservative balance sheets. While valuations are rich versus long-term averages and spreads could be vulnerable to episodes of volatility, history suggests that spreads can trade at tight levels for prolonged periods in environments of moderate growth and contained default risk. Our focus remains on using our global research platform-both quantitative and fundamental-to identify idiosyncratic opportunities, avoid deteriorating credits, and actively manage sector and curve positioning to help mitigate downside risks and enhance risk-adjusted return potential.

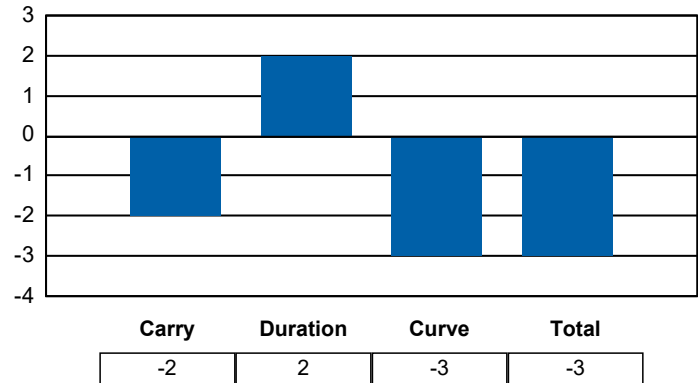
As always, we will rely on our global research platform-both quantitative and fundamental-to navigate the evolving macro environment and identify the most attractive opportunities across corporate credit.

**Quarterly Attribution**

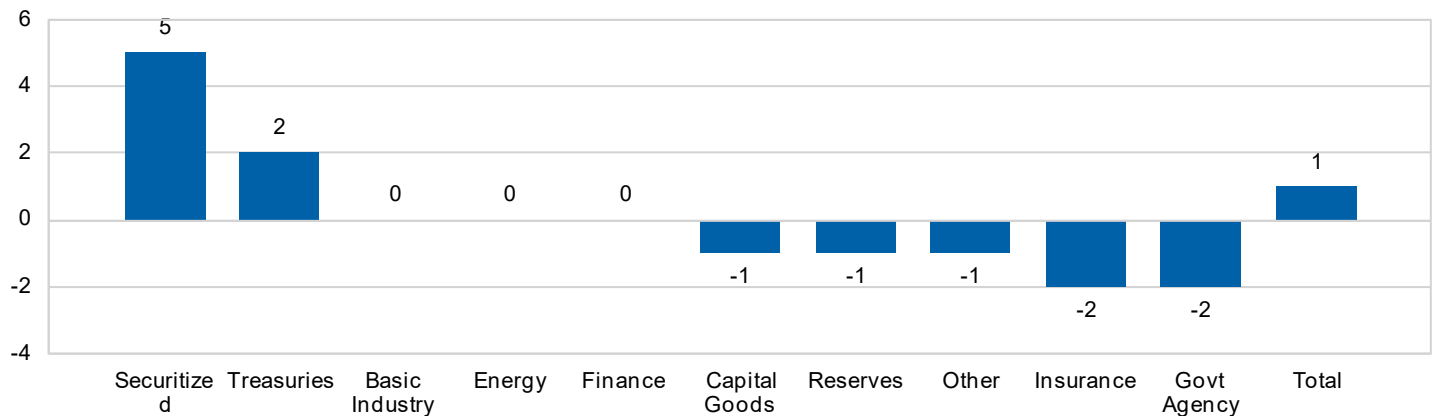
**Contribution To Allocation Effect: Fund vs. Bloomberg US Corp Invest-Grd Index (3 months ended March 31, 2026) (bps)**



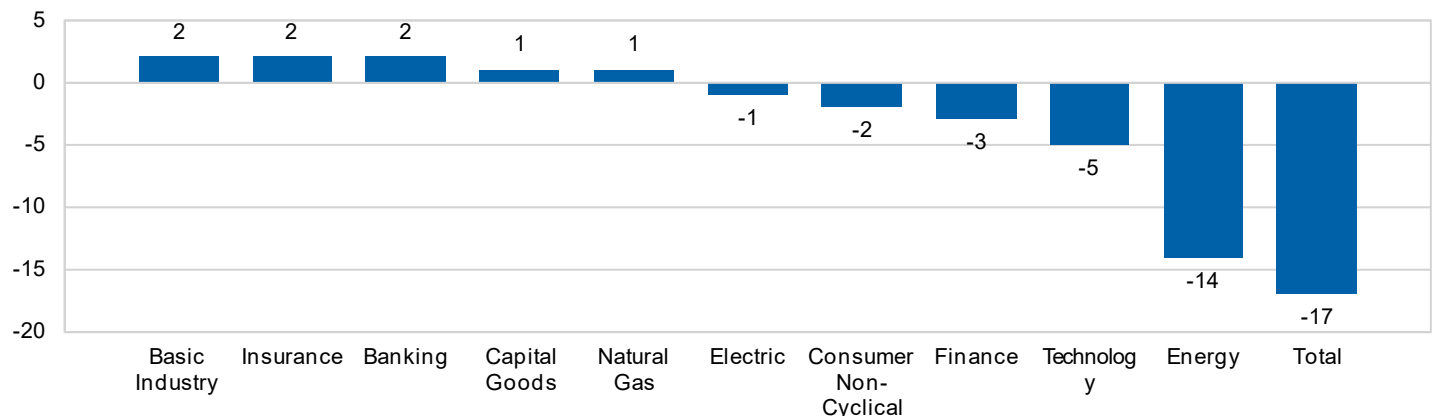
**Interest Rate Management: Fund vs. Bloomberg US Corp Invest-Grd Index (3 months ended March 31, 2026) (bps)**



**USD Sector Allocation - Top 5 and Bottom 5: Fund vs. Bloomberg US Corp Invest-Grd Index (3 months ended March 31, 2026) (bps)**



**USD Security Selection Details - Top 5 and Bottom 5: Fund vs. Bloomberg US Corp Invest-Grd Index (3 months ended March 31, 2026) (bps)**



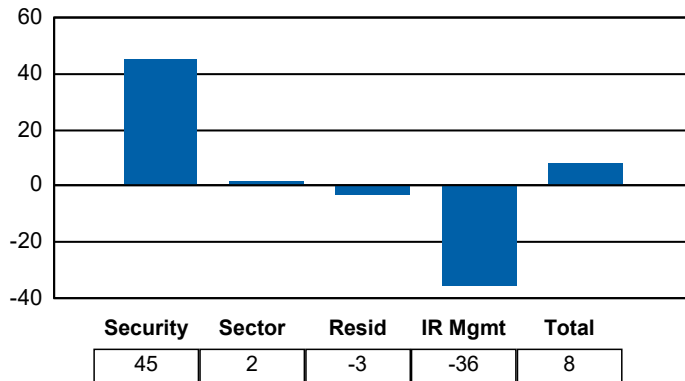
**Past performance is not a guarantee or a reliable indicator of future results.** Carry is the difference in current yield between the portfolio and the benchmark. Yield curve return refers to return on the portfolio due to reshaping of the overall yield curve as modeled by the key rate points. Residual (Resid) curve return refers to return on the portfolio due to reshaping of the yield curve in between the key rate points.

Source: Bloomberg Index Services Limited.

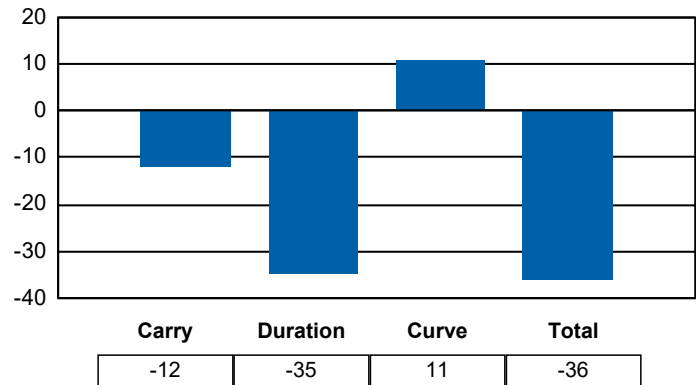
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance for each security is obtained in the local currency and, if necessary, is converted to USD 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**

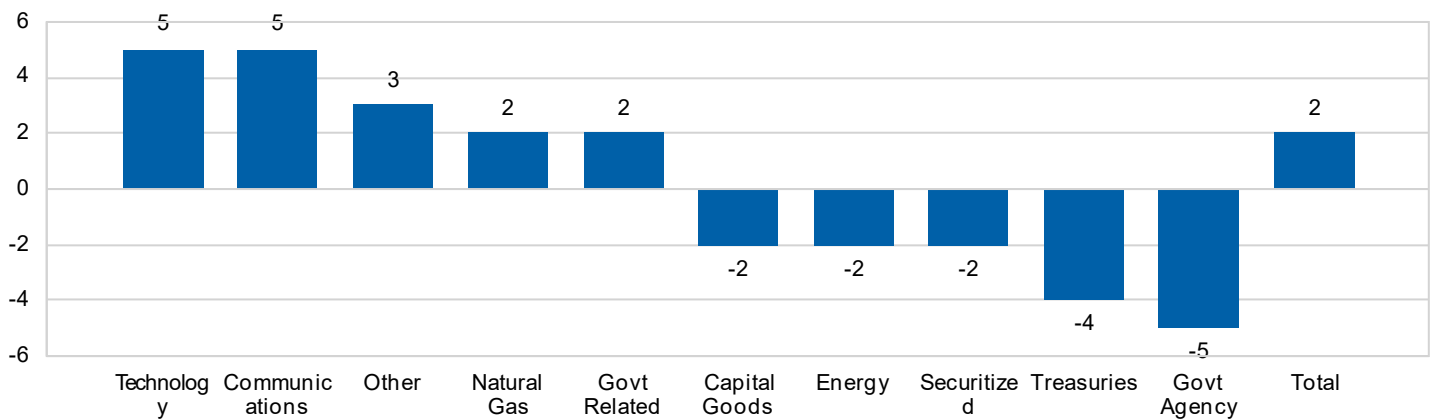
**Contribution To Allocation Effect: Fund vs. Bloomberg US Corp Invest-Grd Index (12 months ended March 31, 2026) (bps)**



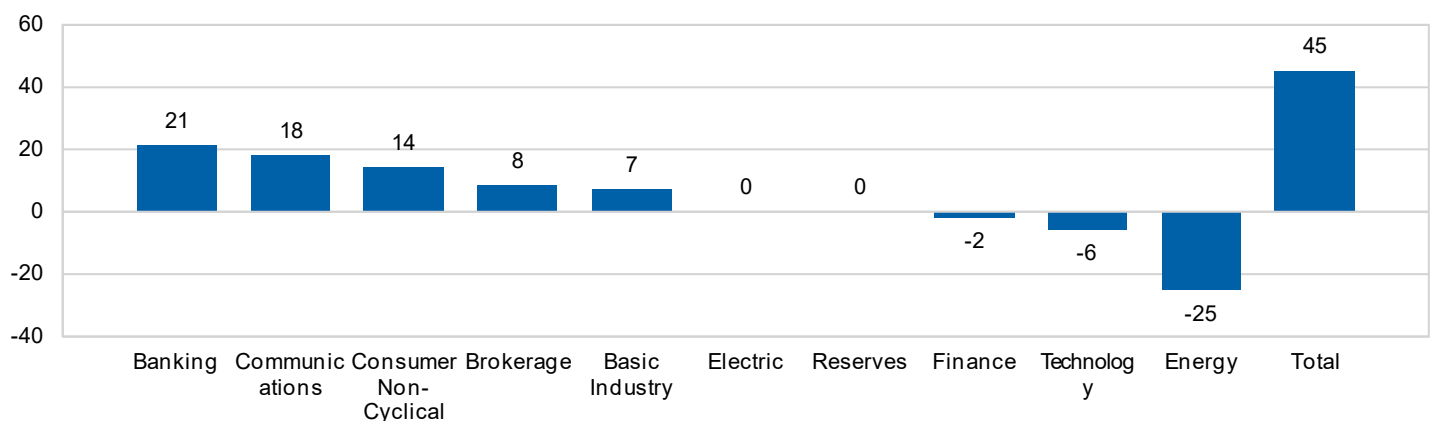
**Interest Rate Management: Fund vs. Bloomberg US Corp Invest-Grd Index (12 months ended March 31, 2026) (bps)**



**USD Sector Allocation - Top 5 and Bottom 5: Fund vs. Bloomberg US Corp Invest-Grd Index (12 months ended March 31, 2026) (bps)**



**USD Security Selection Details - Top 5 and Bottom 5: Fund vs. Bloomberg US Corp Invest-Grd Index (12 months ended March 31, 2026) (bps)**



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## Risk Analysis

## Annualized Contribution to Tracking Error Volatility (bps)

Industry	Contribution to TEV 12/31/25	Contribution to TEV 3/31/26
Consumer Non-Cyclical	5.9	9.6
Communications	11.3	8.8
Technology	4.0	8.7
Electric	4.5	8.4
Energy	14.6	7.7
Consumer Cyclical	2.0	5.1
Capital Goods	0.3	3.5
Banking	1.8	3.2
Insurance	2.2	2.9
Brokerage	0.4	2.4
Basic Industry	2.2	1.8
Others	4.2	1.6
Transportation	0.4	1.5
Industrial-Other	0.3	0.8
Utility-Other	0.1	0.3
Credit Derivatives	0.0	0.0
Reserves	0.0	0.0
REITs	0.6	-0.1
Finance	0.2	-0.3
Govt Related	0.8	-0.7
Natural Gas	0.1	-0.7
Financial-Other	0.4	-0.8
Securitized	0.8	-1.2
Govt Agency	0.6	-1.5
Treasuries	-2.5	-2.8
<b>Total</b>	<b>55.0</b>	<b>58.3</b>

**Past performance is not a guarantee or a reliable indicator of future results.**

Source: Bloomberg Index Services Limited.

Statistics based on monthly data. Contribution to TEV takes into account the correlation between different risk factors. This information demonstrates, in part, the firm's risk analysis. 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

## Top 10 Year Over Year Changes (By Industry)(%)

	Fund 3/31/25	Fund 3/31/26	% of Change
Technology	3.8	8.7	4.9
Banking	15.6	18.9	3.3
Telecom	3.1	5.8	2.7
Capital Goods	0.7	2.5	1.8
Health/ Pharma	6.2	7.8	1.5
Brokers	1.7	0.9	-0.8
Transportation	2.8	1.5	-1.3
Automotive	3.7	1.5	-2.2
Insurance	9.0	3.5	-5.5
Energy	13.6	7.5	-6.1

## Industry Diversification: Top 5 and Bottom 5 Over/Underweights vs. Bloomberg US Corp Invest-Grd Index

Industry	% of Fund	% of Benchmark	Over/Underweight (%)
US Treasuries	7.9	0.0	7.9
Securitized	4.7	0.0	4.7
Non Corporate	4.3	0.0	4.3
Telecom	5.8	4.4	1.4
Reserves	0.6	0.0	0.6
Health/ Pharma	7.8	9.7	-2.0
Electric Utility	6.5	8.9	-2.4
Capital Goods	2.5	4.9	-2.4
Non Cyclical	2.6	5.4	-2.8
Banking	18.9	22.2	-3.2

## Credit Quality Diversification—Changes Over Time vs. Bloomberg US Corp Invest-Grd Index (%)

	Fund 3/31/25	Fund 12/31/25	Fund 3/31/26	Benchmark 3/31/26
U.S. Treas	7.2	4.0	7.9	0.0
AAA	1.1	0.0	0.0	1.7
AA	2.6	8.4	11.1	15.9
A	31.6	35.3	36.3	45.1
BBB	48.2	40.6	37.3	37.4
BB	5.9	5.0	3.4	0.0
B	0.0	0.0	0.1	0.0
Not Rated	2.4	2.9	3.3	0.0
Reserves	1.0	3.9	0.6	0.0

**Holdings****Top 10 Issuers**

<b>Issuer</b>	<b>Industry</b>	<b>% of Fund</b>
U.S. Treasuries	Sovereign	7.9
Citigroup	Banking	3.2
Morgan Stanley	Banking	3.1
Goldman Sachs	Banking/Credit	2.9
Bank of America	Banking	2.0
Oracle	Technology/Credit	1.8
AT&T	Communications	1.8
JPMorgan Chase	Total Return/Banking	1.7
T-Mobile US	Communications	1.6
Wells Fargo	Banking	1.5

Source: Financial data and analytics provider FactSet. Copyright 2026 FactSet. All rights reserved.

## Portfolio Management

	Managed Since	Joined Firm
Steve Boothe	2018	1999
Lauren Wagandt	2018	2009

## 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](http://troweprice.com). Read it carefully.**

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T. Rowe Price uses a custom structure for sector and industry reporting for 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.

"Other" includes any categories not explicitly mentioned.

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.

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