



QUARTERLY REVIEW

Corporate Income Fund

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio delivered positive total returns and outperformed its benchmark, the Bloomberg U.S. Corporate Investment Grade Bond Index, for the three-month period ended December 31, 2023.

Relative Performance Drivers:

Security selection drove outperformance, led upward by selection decisions in the banking, communications, and energy sectors.

Sector allocation boosted performance as well as the use of credit derivatives aided results and was further supported by underweight allocations to the capital goods and technology sectors.

Interest rate management was mixed but detracted from performance overall. Yield curve positioning detracted while an overweight duration relative to the benchmark boosted returns.

Additional Highlights:

Investment-grade corporate bonds traded higher over the fourth quarter against the backdrop of broadly positive macroeconomic sentiment and falling U.S. Treasury yields.

We trimmed financials over the past quarter, swapping them out for higher quality industrials, amid concerns about the potential impact of the Fed's quantitative tightening and rich valuations.

In our view, the market may be overestimating the probability of a soft landing, and the recent melt-up in risk assets could be followed by a risk-off event in early 2024.

FUND INFORMATION

Symbol	PRPIX
CUSIP	741478101
Inception Date of Fund	October 31, 1995
Benchmark	Bloomberg US Corp Invest-Grd Index
Expense Information (as of the most recent Prospectus)*	0.69% (Gross) 0.59% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	\$556,728,372
Percent of Portfolio in Cash	0.8%

*The Fund operates under a contractual expense limitation that expires on September 30, 2025.

PERFORMANCE

(NAV, total return)

	Three Months	One Year	Annualized				30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^o
			Three Years	Five Years	Ten Years	Fifteen Years		
Corporate Income Fund	8.54%	8.79%	-3.60%	2.06%	2.60%	4.87%	4.79%	4.71%
Bloomberg U.S. Corporate Investment Grade Bond Index	8.50	8.52	-3.29	2.63	2.95	4.81	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Corporate Income Fund	Oct 31 1995	8.25%	-0.66%	5.08%	6.57%	-3.06%	14.58%	7.87%	-0.76%	-17.02%	8.79%
Bloomberg U.S. Corporate Investment Grade Bond Index		7.46	-0.68	6.11	6.42	-2.51	14.54	9.89	-1.04	-15.76	8.52

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](https://www.troweprice.com). The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

^oExcludes 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.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

PERFORMANCE REVIEW

Corporate Bond Yields Fell After Dovish Fed Pivot

Investment-grade corporate bonds traded higher over the fourth quarter against the backdrop of varying macroeconomic sentiment and falling U.S. Treasury yields. Increased belief in a soft landing, falling yields among dovish FOMC commentary, and cooling inflation data led to periods of risk-on sentiment, while generally strong employment data moderated risk appetites. Corporate bonds ended the quarter on strong footing as investors welcomed dovish commentary and an increase in the predicted number of rate cuts in 2024 from the Federal Reserve.

Elevated interest rate volatility early in the quarter and better-than-expected economic data contributed to a steady increase in Treasury yields throughout October. However, the Fed's dovish pivot in late November, confirmed at the December FOMC meeting, then caused a large drop in rates, particularly in intermediate- and long-term yields. The 10-year Treasury note yield fell quarter over quarter to 3.85% at the end of December, down from 4.59%. The yield curve stayed inverted, with the two-year yield settling at 4.73%. The Federal Open Market Committee did not raise rates during the quarter, leaving the Fed funds target rate range at 5.25%-5.50%. Attracting more attention at the December meeting was the release of updated economic projections, which showed a median fed funds rate forecast of 4.6% for year-end 2024, implying three rate cuts, an increase from the two penciled in previously.

Yields on investment-grade corporate bonds followed Treasury yields downward and ended the quarter slightly lower, which contributed to total returns. Tighter corporate credit spreads, which saw 25 basis points of tightening in November alone, and the income from coupon payments helped corporate bonds post positive excess returns.

Relative Performance

The portfolio generated strong positive total returns and outperformed its benchmark in the fourth quarter. In aggregate, interest rate management detracted on the margin, while security selection drove outperformance. Sector allocation had a positive impact on relative performance as well.

Constructive Security Selection in Aggregate

Credit selection within the banking sector aided relative performance where we favor larger, higher quality institutions. As corporate markets rallied in the final two months of the year, banks, which historically traded with lower sensitivity to broader risk sentiment relative to industrials, have traded with higher sensitivity since the sector experienced stress in the first quarter of 2023. This higher sensitivity helped them outperform in November and December, but as holdings like Ally Financial outperformed throughout the quarter, we became concerned that sentiment and valuations mean better opportunities could be found in other areas of the market. Per our analysts' recommendations, we sold Ally Financial in the second half of the quarter.

Our selection in the communications sector also boosted returns. Overweight positioning relative to the benchmark in Rogers Communications, AT&T, and T-Mobile all contributed to performance. Rogers Communications, a Canadian wireless, cable, and media company, outperformed owing to its successful

acquisition of Shaw Communications and stronger-than-expected Q3 results. AT&T and T-Mobile performed well with increased postpaid phone net adds and rising free cash flow.

Security selection within the energy sector boosted results. On overweight position in Hess, a U.S. E&P company, was the largest contributor, followed by an out-of-benchmark position in the mid-sized Norwegian continental Shelf E&P company, Var Energi ASA.

Sector Allocation Had a Positive Impact

Sector allocation had a positive impact on the portfolio's relative results in the fourth quarter. The largest contributor came from the portfolio's use of credit derivatives, more than offsetting allocations that detracted. These more liquid instruments outperformed their cash bond counterparts. An underweight allocation to the capital goods sector also contributed. Out-of-benchmark allocations to Treasuries and the securitized sector, which lagged the strong performance of corporate credit, as well as an underweight to the communications sector detracted this quarter.

Mixed Interest Rate Management

Interest rate management was mixed. Yield curve positioning detracted from performance. The fund held a steepener in place throughout the quarter, hindering performance in December when the curve bull flattened after the dovish FOMC pivot. However, our average overweight duration versus the benchmark when yields dropped boosted our returns overall. Likewise, our use of Treasury futures to manage duration also contributed.

PORTFOLIO POSITIONING AND ACTIVITY

Swapping Financials for Industrials

We trimmed financials over the past quarter, swapping them out for higher-quality industrials, amid a downgraded outlook of the investment-grade corporate sector. While we do not believe it is cause for alarm, fundamentals have been deteriorating on the margin as firms are forced to issue debt at higher levels. Additionally, while technicals have been a tremendous tailwind for the sector in 2023, the index-yield level moved sharply lower in December. We believe the combination of these lower all-in yields and tighter spreads could bring forward supply and temper demand in early 2024, particularly in financials. With this in mind, we reduced risk on the margin, primarily in the financial sector where the basis against industrials has compressed. On the long end of the curve, we targeted banking after a strong bounce across the year. Positions in Ally Financial and PNC were eliminated towards the end of the quarter, and we sold some of our positions in Morgan Stanley. We then initiated positions in names like AutoZone, a retailer with high margins and resilience during economic downturns, and Marriott.

Adjusting Cyclical Sector Exposure

In November, our analysts identified valuation changes that led us to adjust our exposure to a cyclical sector: exploration and production (E&Ps). Given the possibility for slowing growth in the short term balanced with structural optimism in the long term, our desired level of exposure changed, and we stopped adding E&Ps. However, we remain comfortable with our current holdings: Given our belief that we are entering the early phase of the next secular bullish cycle for energy, we still believe the sector should benefit from meaningful valuation in the medium to long-term. In particular, E&Ps should benefit most directly from higher oil prices which would accompany a bull cycle. With this in mind, we

maintained overweight positions in Occidental Petroleum Corporation and Hess, both U.S. E&Ps, as well as an out-of-benchmark exposure to Var Energi ASA, a Norwegian continental shelf E&P company.

Preference for Higher-Quality Segments

All else equal, we have developed a preference for high-quality segments of the market. Historically, the spread between BBs and BBBs after the rally in 2023 is comparatively tight, in our view. While we don't expect a huge recession, we're keeping high yield exposure limited for both valuations and credit concerns.

MANAGER'S OUTLOOK

Investors flocked back to risk assets after the Fed's dovish pivot in November, which was crystallized at the December FOMC meeting. With inflation falling at a faster rate than expected, the Fed's primary concern appears to have shifted to the economic growth trajectory. After the Fed's dovish tilt, the market is now pricing in a near perfect environment with twice as many rate cuts as the Fed has projected. In our view, the market may be overestimating the probability of a soft landing, and the recent melt-up in risk assets could be followed by a risk-off event in early 2024. The market's predicted near-perfect environment, which drove real rates lower and pushed equities higher, loosened financials significantly. Though policy remains restrictive, on the margin, this raises the probability that corporations can "weather the storm" and could cause a re-acceleration of growth, in our view. Meanwhile, we believe that technical conditions including heavy issuance could exacerbate the impact in corporate credit.

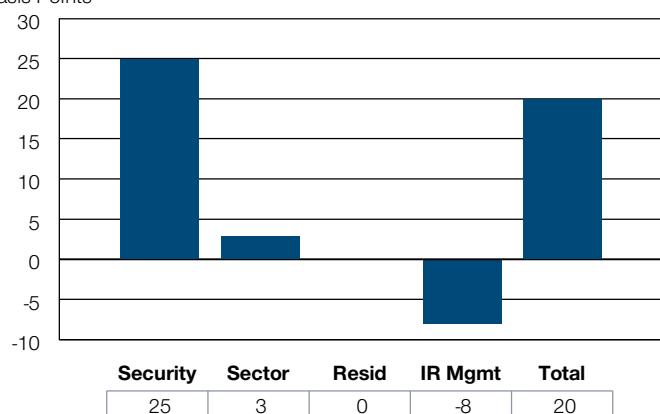
Asset evaluations leave little room for error in the current environment. We believe our best response is to use our platform to seek out as many ideas as we can that will keep up in an environment of reaccelerating growth but have limited relative downside in a growth scare. With this in mind, we have sought to maintain a defensive posture in the portfolio while continuing to take advantage of the highest conviction ideas that our analyst teams provide. In particular, we are avoiding parts of the market that we believe would suffer disproportionately from worsening credit, growth, and liquidity conditions like certain regional banks. Conversely, maintaining the ability to be a liquidity provider without sacrificing excessive yield is a top priority. As always, we will rely on our broad and deep global research platform to parse the complex macro environment and inform portfolio positioning accordingly.

QUARTERLY ATTRIBUTION

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(3 months ended December 31, 2023)

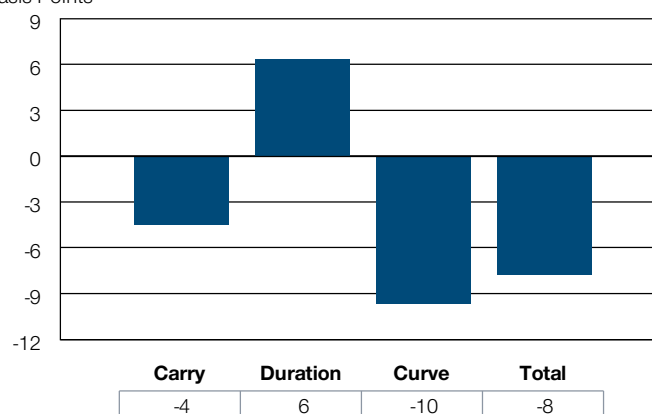
Basis Points



INTEREST RATE MANAGEMENT: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(3 months ended December 31, 2023)

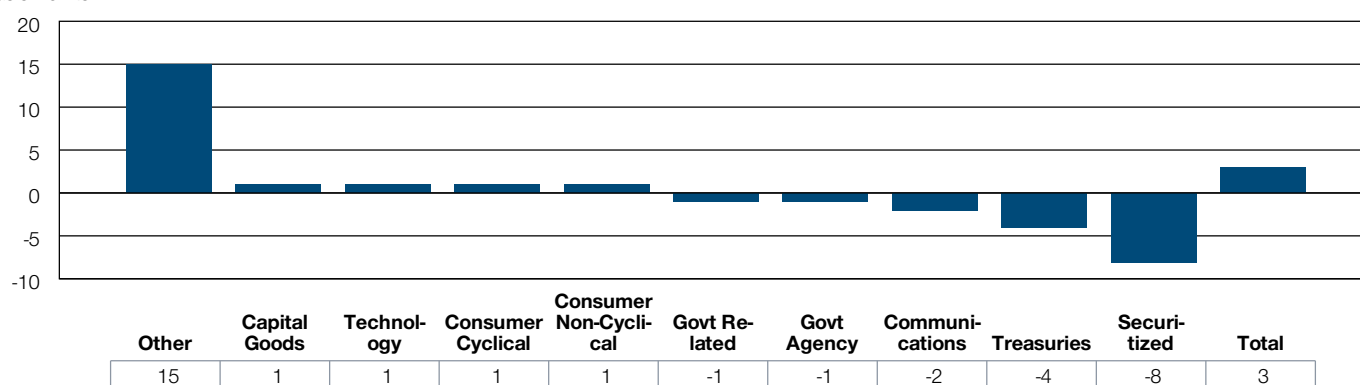
Basis Points



USD SECTOR ALLOCATION - TOP 5/BOTTOM 5: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(3 months ended December 31, 2023)

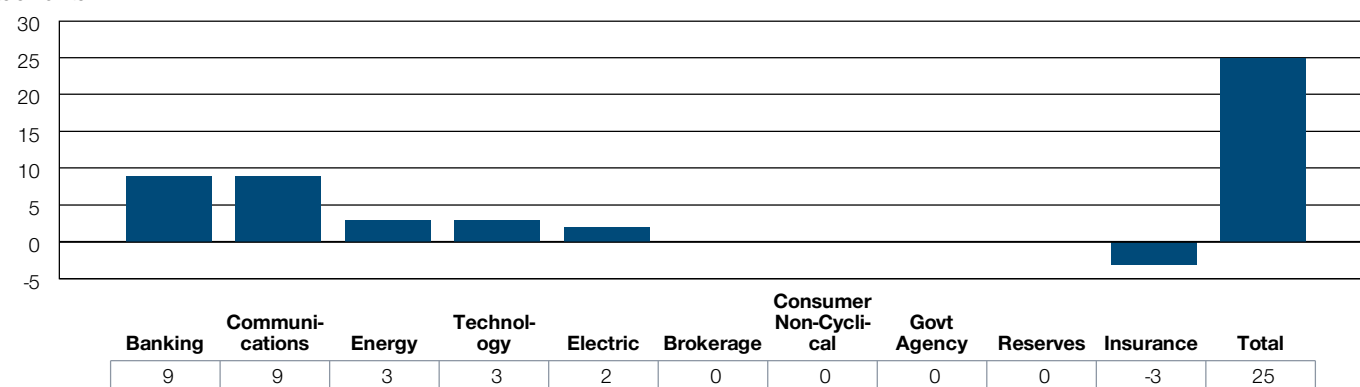
Basis Points



USD SECURITY SELECTION DETAILS - TOP 5/BOTTOM 5: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(3 months ended December 31, 2023)

Basis Points



Past performance is not a reliable indicator of future performance.

Source: Bloomberg Index Services Limited.

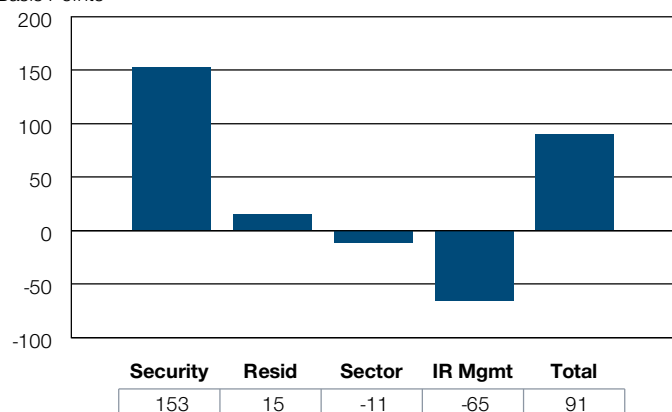
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance 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 US CORP INVEST-GRD INDEX

(12 months ended December 31, 2023)

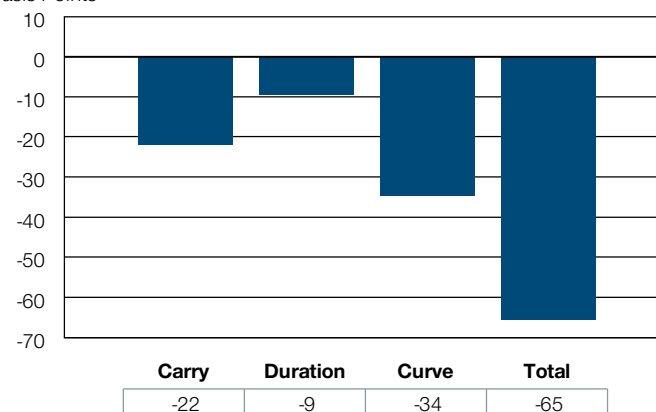
Basis Points



INTEREST RATE MANAGEMENT: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(12 months ended December 31, 2023)

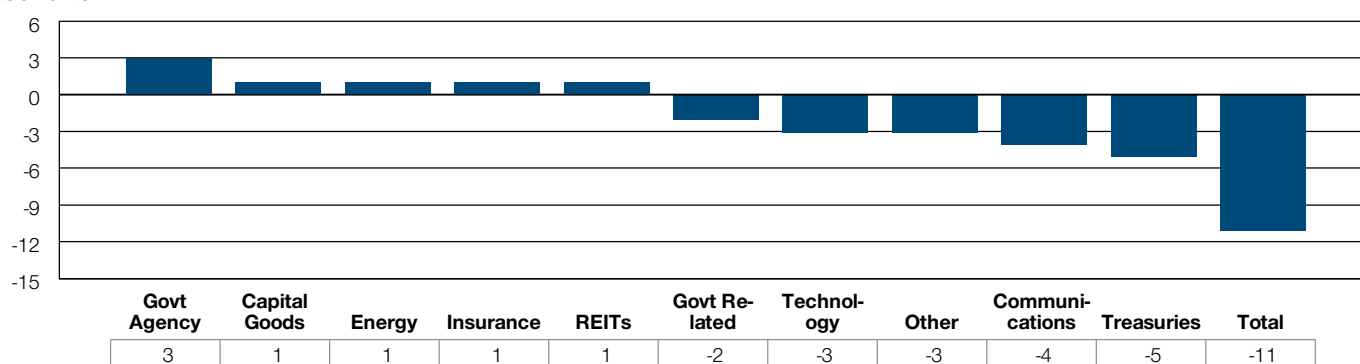
Basis Points



USD SECTOR ALLOCATION - TOP 5/BOTTOM 5: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(12 months ended December 31, 2023)

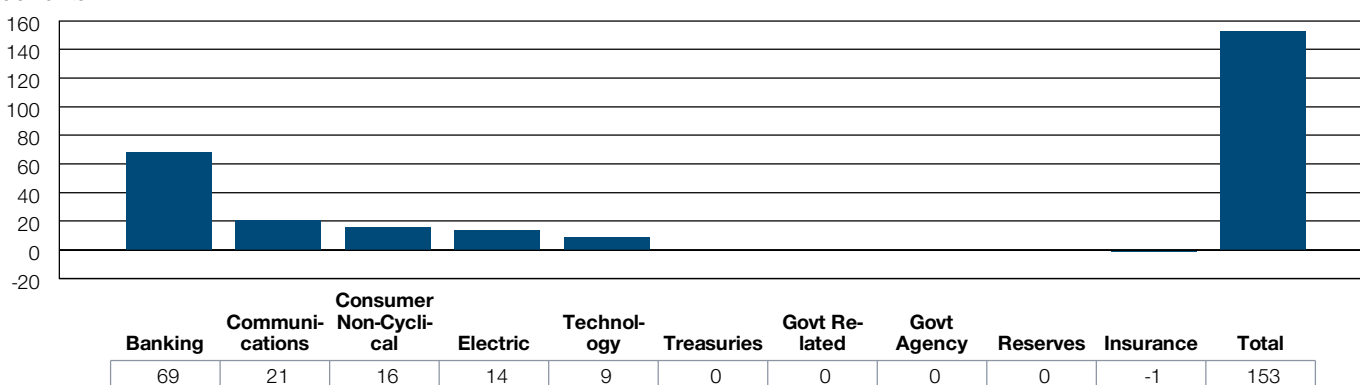
Basis Points



USD SECURITY SELECTION DETAILS - TOP 5/BOTTOM 5: FUND VS. BLOOMBERG US CORP INVEST-GRD INDEX

(12 months ended December 31, 2023)

Basis Points



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Source: Bloomberg Index Services Limited.

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RISK ANALYSIS

ANNUALIZED CONTRIBUTION TO TRACKING ERROR VOLATILITY

Industry	Contribution to TEV 9/30/23 (Prior Quarter)	Contribution to TEV 12/31/23 (Current Quarter)
Others	-0.3 bps	11.4 bps
Consumer Non-Cyclical	8.0	9.6
Insurance	8.4	8.9
Electric	7.6	8.6
Energy	3.1	6.4
Banking	20.1	6.2
Transportation	1.2	4.0
Communications	6.6	3.7
Securitized	1.6	3.6
Treasuries	0.0	3.3
Govt Agency	0.8	2.9
Basic Industry	1.8	2.2
Brokerage	1.4	1.1
REITs	-0.1	0.8
Govt Related	0.4	0.3
Finance	-0.2	0.3
Industrial-Other	0.4	0.1
Natural Gas	0.2	0.1
Reserves	0.0	0.0
Credit Derivatives	0.0	0.0
Financial-Other	-0.1	-0.1
Utility-Other	-0.1	-0.3
Consumer Cyclical	1.4	-1.0
Capital Goods	0.7	-1.8
Technology	2.1	-2.2
Total	64.9	68.2

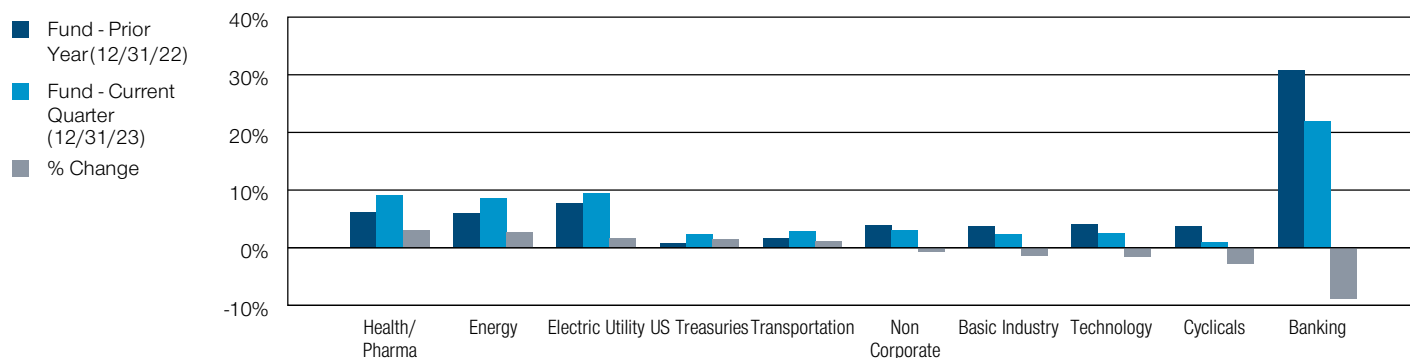
Past performance is not a reliable indicator of future performance.

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)



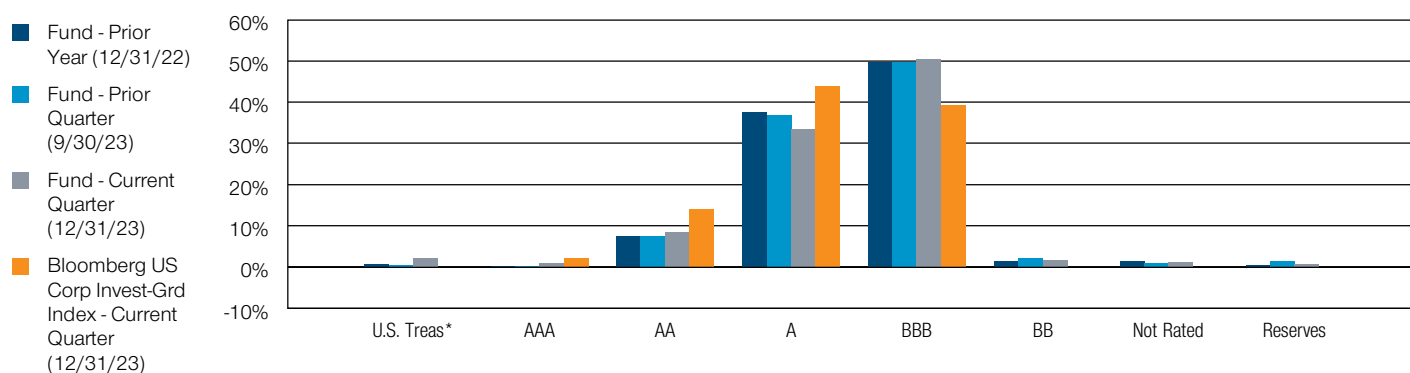
T. Rowe Price uses a custom structure for diversification reporting on this product.

INDUSTRY DIVERSIFICATION

(Top and Bottom Five Over/Underweights vs Bloomberg US Corp Invest-Grd Index)

Industry	% of Fund	% of Bloomberg US Corp Invest-Grd Index	Over/Underweight
Securitized	4.8%	0.0%	4.8%
Non Corporate	3.2	0.0	3.2
Insurance	7.6	4.5	3.1
US Treasuries	2.4	0.0	2.4
Energy	8.7	7.0	1.7
Non Cyclicals	4.9	5.9	-1.0
Banking	22.1	23.2	-1.1
Cyclicals	1.1	4.9	-3.8
Capital Goods	0.9	5.0	-4.0
Technology	2.6	9.4	-6.8

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.

HOLDINGS

TOP ISSUERS

Issuer	Industry	% of Fund
Citigroup	Banking	2.6%
Bank of America	Banking	2.4
Wells Fargo	Banking	2.2
Morgan Stanley	Banking	1.8
UBS	Banking	1.8
UnitedHealth Group	Insurance	1.6
AbbVie	Consumer Non Cyclical	1.6
Banco Santander	Banking	1.5
JPMorgan Chase	Banking	1.5
Norfolk Southern	Transportation	1.3

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund 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. Read it carefully.

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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.

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Unless indicated otherwise the source of all data is T. Rowe Price.

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