



QUARTERLY REVIEW

Inflation Protected Bond Fund

As of June 30, 2020

PORTFOLIO HIGHLIGHTS

The T. Rowe Price Inflation Protected Bond Fund produced positive returns and outperformed the Bloomberg Barclays U.S. TIPS Index for the three-month period ended June 30, 2020.

Relative Performance Drivers:

- The portfolio's TIPS allocation contributed to relative results.
- Out-of-benchmark positions produced mixed results.
- Interest rate management modestly helped portfolio performance.

Additional Highlights:

- We added to TIPS as inflation expectations appeared to bottom out.
- While aggressive central bank and fiscal stimulus have reduced the probability of deflation, inflation is likely to remain muted in the near term.

FUND INFORMATION

Symbol	PRIPX
CUSIP	77958D101
Inception Date of Fund	October 31, 2002
Benchmark	Bloomberg Barclays US TIPS Index
Expense Information (as of the most recent Prospectus)*	0.57% (Gross) 0.41% (Net)
Fiscal Year End	May 31
12B-1 Fee	-
Total Assets (all share classes)	\$414,002,084
Percent of Portfolio in Cash	1.0%

* The Fund operates under contractual expense limitations that expire on September 30, 2020 and September 30, 2021.

PERFORMANCE

(NAV, total return)

	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^o
				Three Years	Five Years	Ten Years	Fifteen Years		
Inflation Protected Bond Fund	4.33%	6.13%	8.32%	5.10%	3.54%	3.16%	3.66%	-6.76%	-6.92%
Bloomberg Barclays U.S. TIPS Index	4.24	6.01	8.28	5.05	3.75	3.52	4.00	-	-

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Inflation Protected Bond Fund	Oct 31 2002	6.29%	12.02%	6.36%	-8.77%	3.42%	-1.51%	3.52%	2.75%	-1.33%	8.65%
Bloomberg Barclays U.S. TIPS Index		6.31	13.56	6.98	-8.61	3.64	-1.44	4.68	3.01	-1.26	8.43

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. 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. 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.

Investors should note that if interest rates rise significantly from current levels, total returns will decline and may even turn negative in the short term.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

PERFORMANCE REVIEW

TIPS Benefit From Rebound in Inflation Expectations

U.S. Treasury inflation protected securities (TIPS) produced positive absolute returns for the quarter and significantly outperformed nominal U.S. Treasuries amid a rebound in inflation expectations.

TIPS benefited as the Federal Reserve expanded its balance sheet and Treasury yields were less volatile than in the first quarter. The overall tone of economic data also improved throughout the period. After briefly going negative in late April, oil prices began to recover as OPEC cut production and an easing of lockdowns led to higher demand. Ten-year break-even spreads, which are a measure of inflation expectations, started the quarter at 0.87% but rose to 1.34% by the end of June.

Although the headline consumer price index (CPI) firmed at the end of the period as gasoline prices spiked in June, inflation readings remained well below historical averages for longer periods. CPI increased 0.6% for the 12-month period ended in June, and core CPI increased 1.2% for the June annual period.

The core personal consumption expenditure (PCE) price index, which is the Federal Reserve's preferred inflation gauge, rose by 1.0% for the 12-month period ended in May (the latest data available), down from 1.7% at the end of the first quarter and well below the central bank's 2.0% inflation target. In its latest summary of economic projections, the Fed predicted that inflation would run below its target through at least 2022.

The Treasury curve steepened during the period, as short- and intermediate-term yields decreased due to the Fed's ongoing policy support while long-end yields modestly increased amid strengthening economic data. After starting April at 0.70%, the yield of the benchmark 10-year Treasury note traded in a relatively narrow range and finished the quarter at 0.66%.

The T. Rowe Price Inflation Protected Bond Fund generated positive returns and outperformed the Bloomberg Barclays U.S. TIPS Index in the second quarter of 2020. Relative performance was driven by the following factors:

TIPS Allocation Added Value

The portfolio's TIPS allocation contributed to relative results as real yields declined into negative territory across the curve. Holding overweight positions in some longer-term TIPS added value as inflation expectations continued to rebound from their March lows amid abundant fiscal and monetary stimulus.

Mixed Results From Non-Benchmark Holdings

The portfolio's out-of-benchmark credit allocations produced mixed results. An allocation to shorter-dated investment-grade (IG) corporate credit slightly contributed as the Fed began buying corporate bond exchange-traded funds and a basket of shorter-maturity IG corporate bonds.

However, positions in asset-backed securities and non-agency residential mortgage-backed securities detracted. Those sectors produced positive excess returns versus comparable Treasuries but lagged the rally in other risk assets as economic shutdowns led to concerns about fundamentals.

Interest Rate Management Modestly Contributed

Interest rate management was slightly positive overall. We tactically managed duration as Treasury yields traded in a tight range for most of the quarter. We held a longer duration posture than the index early in the quarter as a defensive measure, but the portfolio finished the quarter with a relatively neutral stance as economic data began to surprise to the upside.

PORTFOLIO POSITIONING AND ACTIVITY

We moderately increased the portfolio's allocation to TIPS as we believe inflation expectations have bottomed out. Within the sector, we reduced our position in 10-year TIPS and rotated into two- to three-year TIPS based on our view that improving economic conditions could cause short-term inflation expectations to catch up with longer-term expectations.

Out-of-Benchmark Positioning

We reduced our position in investment-grade corporates as valuations became less attractive as bonds recovered from the first-quarter sell-off. Our corporate allocation is structurally focused on shorter-dated issues that could fare well if rates rise. These included banks, finance companies, and consumer cyclicals. Our position in securitized debt at the end of the period was primarily allocated to non-agency residential mortgage-backed securities as well as high-quality asset-backed securities and collateralized loan obligations.

Duration

We moved to a neutral duration posture relative to the benchmark late in the period. The portfolio's yield curve positioning is based on our view that the Fed is likely to keep short-term rates very low while longer-term yields could increase as a result of an improving growth outlook.

MANAGER'S OUTLOOK

We expect U.S. economic data to improve going into the second half of the year as growth begins to recover from a severe contraction. With an improving growth outlook, long-term Treasury yields could increase modestly, while short- and intermediate-term yields are likely to stay relatively steady as a result of the Fed's projections that the fed funds rate will remain near zero for the foreseeable future.

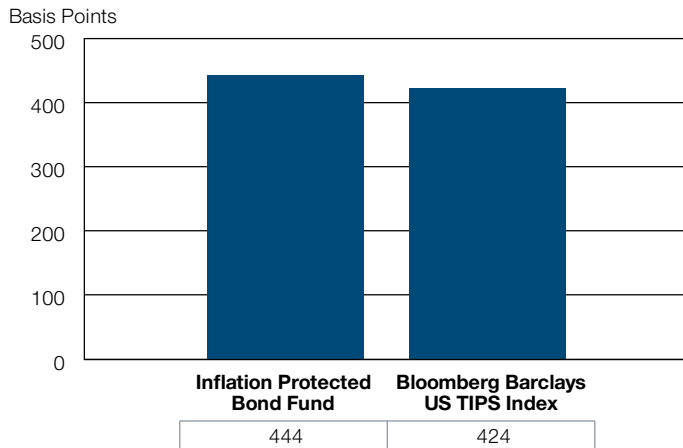
Although inflation expectations and commodity prices have moved higher as global economies have begun to reopen, inflation is likely to remain muted in the near term. While aggressive central bank and fiscal stimulus reduced the probability of deflation, we believe these policies are unlikely to lead to a surge in prices, as some investors fear.

Besides near-term considerations, investors should remember that an investment in TIPS can help preserve real value in their portfolios over longer time periods; even low inflation can erode purchasing power. We will remain disciplined in our investment approach and use the firm's broad credit research capabilities to add securities with attractive valuations to the portfolio.

QUARTERLY ATTRIBUTION

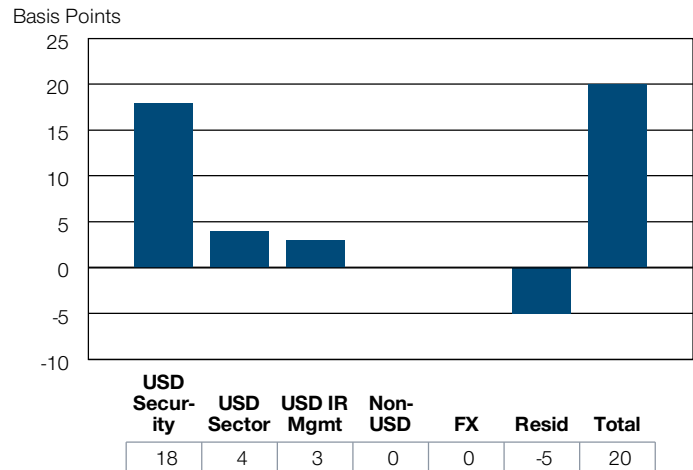
OVERALL PERFORMANCE: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(3 months ended June 30, 2020)



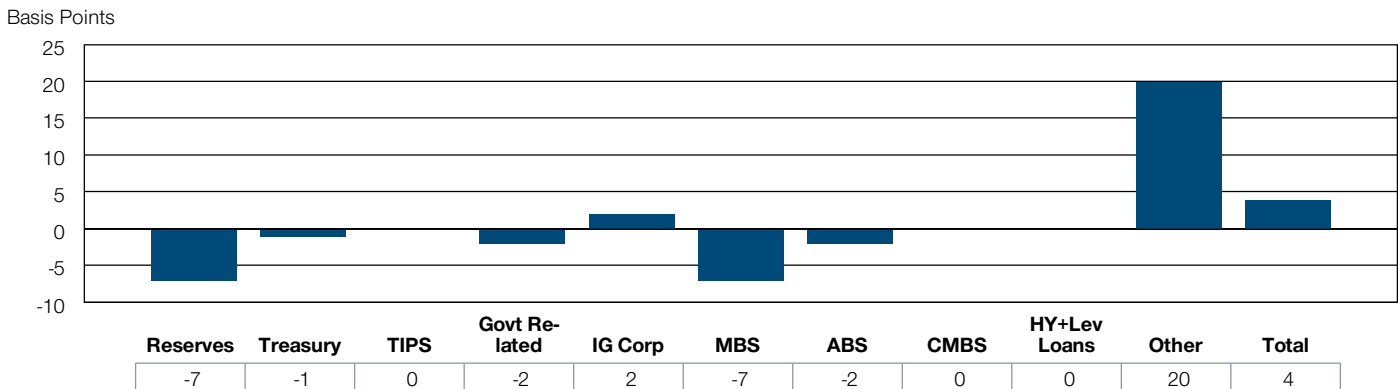
CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(3 months ended June 30, 2020)



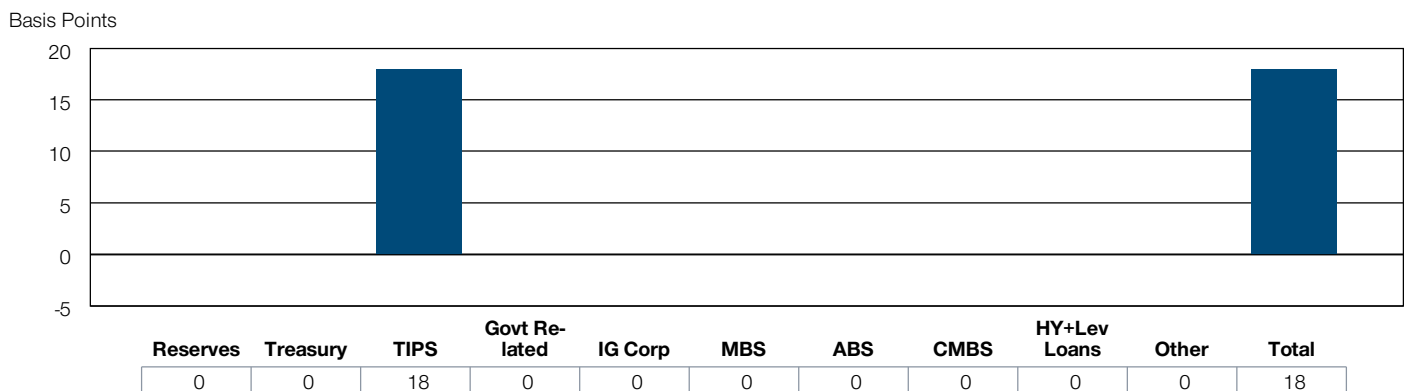
SECTOR ALLOCATION: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(3 months ended June 30, 2020)



SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(3 months ended June 30, 2020)



Past performance is not a reliable indicator of future performance.

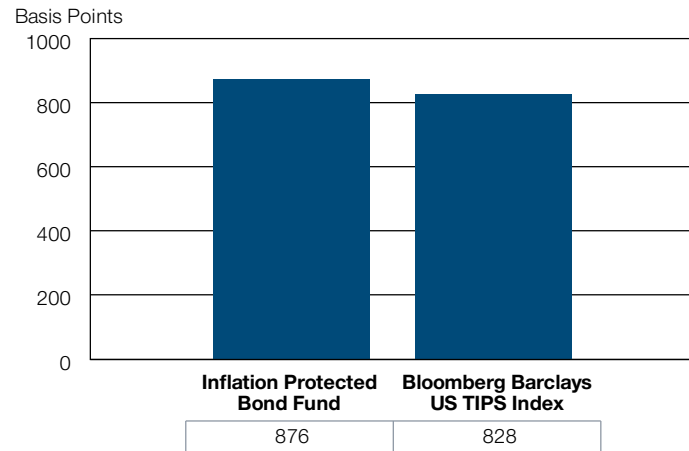
Source: Bloomberg Index Services Limited.

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. For Sourcing Information, please see Additional Disclosures.

12-MONTH ATTRIBUTION

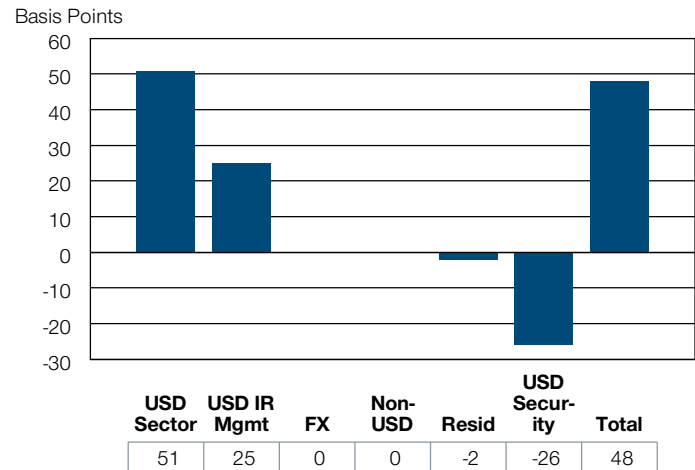
OVERALL PERFORMANCE: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(12 months ended June 30, 2020)



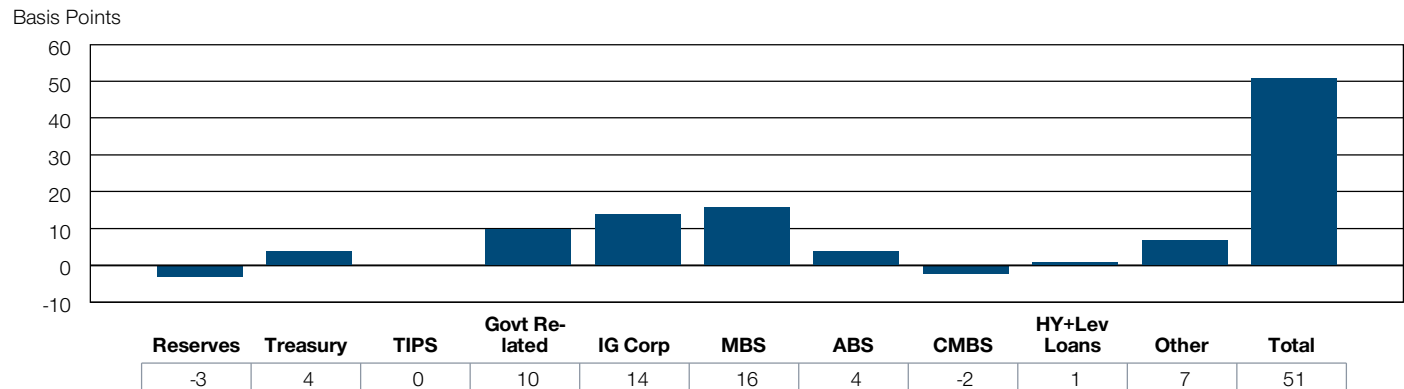
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(12 months ended June 30, 2020)



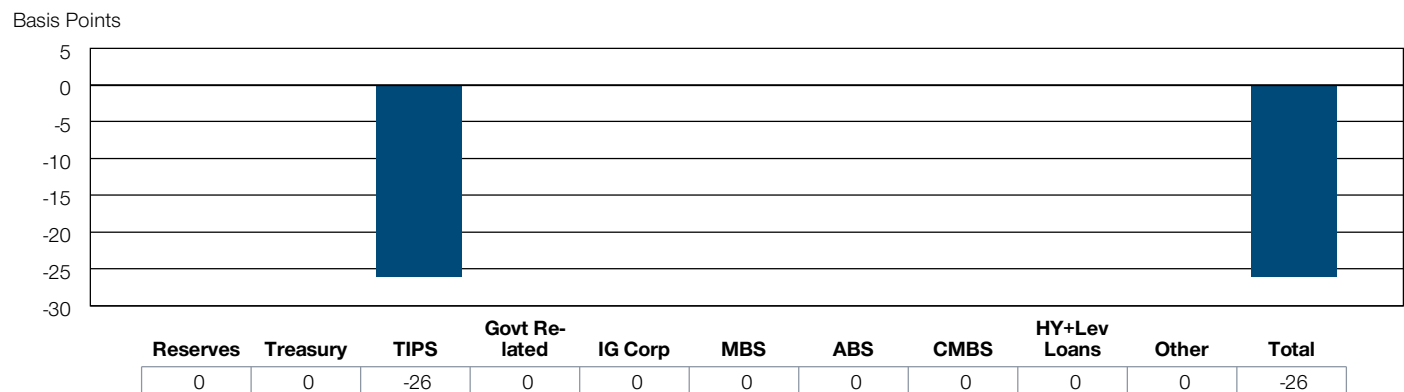
SECTOR ALLOCATION: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(12 months ended June 30, 2020)



SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG BARCLAYS US TIPS INDEX

(12 months ended June 30, 2020)



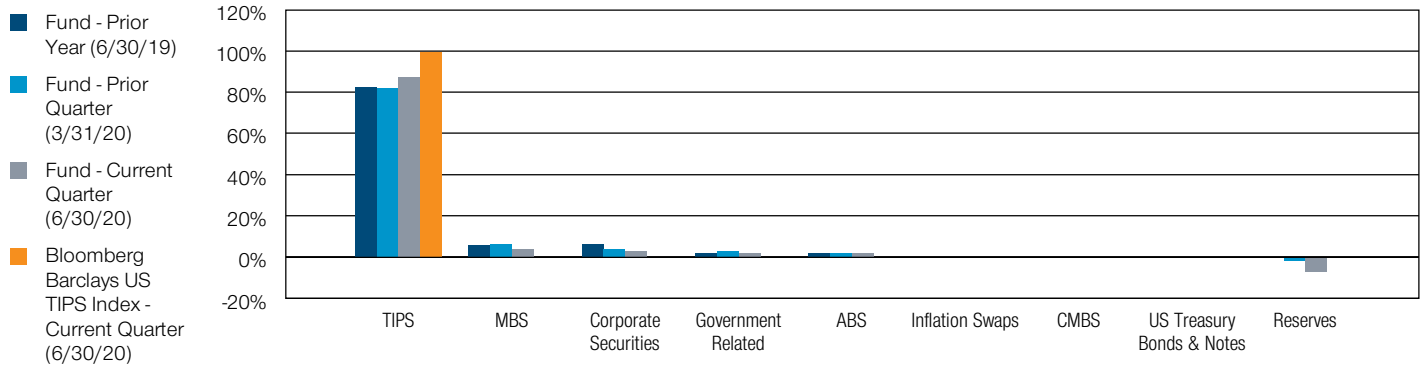
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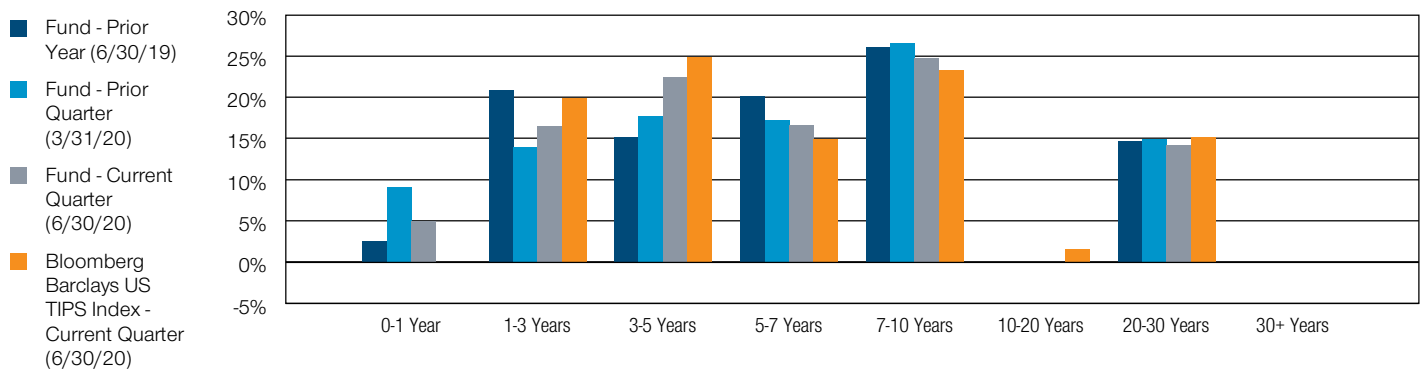
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PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



MATURITY DIVERSIFICATION – CHANGES OVER TIME



PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Stephen Bartolini	2016	2010
Michael Sewell	2020	2004

Additional Disclosures

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Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Source for Maturity Diversification: T Rowe Price.

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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