QUARTERLY REVIEW

New Income Fund

As of March 31, 2024

PORTFOLIO HIGHLIGHTS

The portfolio produced negative total returns and underperformed the Bloomberg U.S. Aggregate Bond Index for the three-month period ended March 31, 2024.

Relative performance drivers:

- Interest rate management detracted from relative results due to positioning on the European yield curve.
- Security selection contributed, led by IG corporates.
- Sector allocation was an overall contributor.

Additional highlights:

- We increased credit risk in the portfolio in light of an improved global growth environment and markedly looser financial conditions.
- We believe that the increased idiosyncratic risk we are seeing in credit markets at the issuer level has the potential to create opportunities for active managers.

FUND INFORMATION

Symbol	PRCIX
CUSIP	779570100
Inception Date of Fund	August 31, 1973
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus)*	0.53% (Gross) 0.44% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$16,829,338,956
Percent of Portfolio in Cash	0.5%

*The Fund operates under a contractual expense limitation that expires on September 30, 2024.

PERFORMANCE

(NAV, total return)

			Annualized					
	Three Months	**One Year**	**Three Years**	**Five Years**	**Ten Years**	**Fifteen Years**	**30-Day SEC Yield**	**30-Day SEC Yield w/o Waiver°**
New Income Fund	-0.96%	0.58%	-3.20%	-0.23%	1.17%	2.75%	4.58%	4.49%
Bloomberg U.S. Aggregate Bond Index	-0.78	1.70	-2.46	0.36	1.54	2.62	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
New Income Fund	Aug 31 1973	5.74%	0.18%	2.64%	4.01%	-0.63%	9.26%	5.74%	-0.57%	-14.34%	4.72%
Bloomberg U.S. Aggregate Bond Index		5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53

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.
°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 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

Bonds Start Year With Down Quarter Amid Rising Yields
Following its strongest quarter of total returns since 1989 in the fourth quarter of 2023, the Bloomberg U.S. Aggregate Bond Index gave back some gains in the first quarter as investors reduced their expectations for Federal Reserve rate cuts, sending Treasury yields higher.

Market expectations at the start of year had pointed to as many as six rate cuts in 2024 with the first cut coming as early as March. But Fed communications indicating that policymakers were in no hurry to start cutting rates, along with higher-than-expected growth and inflation data, led markets by period-end to price in only three cuts this year, in line with the Fed's Summary of Economic Projections.

Treasury yields increased across the curve, with yields in the two- to five-year portion of the curve rising more than other segments. After starting the period at 3.88%, the benchmark 10-year Treasury note yield rose as high as 4.34% in mid-March before dropping back to 4.20% at period-end.

While rising Treasury yields weighed on absolute results, excess returns were largely positive among the major credit sectors within the benchmark. Securitized credit sectors produced some of the best results in the index, benefiting from strong demand in the face of heavy supply. Investment-grade (IG) corporates, despite record issuance, also produced solid excess returns amid strong demand for high yields. Conversely, agency mortgage-backed securities (MBS) lagged as longer-duration lower-coupon securities, which comprise a large part of the market, fared poorly with Treasury yields rising.

Outside the benchmark, high yield corporate bonds outperformed their IG counterparts. Bank loans trailed the high yield bond market but still had a good quarter, benefiting from higher-for-longer rate expectations and high spread carry. Amid strong risk appetite, emerging markets bonds produced impressive results, led by some higher-yielding countries that caught a tailwind from positive domestic developments.

Relative performance was driven by the following factors:

Interest Rate Management Weighed on Performance
Interest rate management was an overall detractor from relative performance. The portfolio's short relative duration position in the U.S. added value as Treasury yields increased during the period; however, positioning for a steeper European yield curve was a negative offsetting position. Similar to the dynamic in the U.S., investors dialed back their projections for rate cuts by the European Central Bank this year as the European growth outlook improved, causing the euro area curve to flatten in a bearish manner.

Security Selection Added Value
Security selection was a significant contributor, particularly in the IG corporate sector, where a mix of health care, banking, and telecom names outperformed. Using credit default swap indexes (CDX) for liquid exposure to corporates also added value. Selection contributed to a lesser extent in the asset-backed securities (ABS) sector, where whole-business securitizations produced strong results.

Conversely, positioning within the agency MBS sector weighed on relative results as parts of the sector struggled amid the increase in rates. Specifically, an underweight to conventional MBS in favor of GNMAs was a headwind, as were overweights to some underperforming lower-coupon issues.

Sector Allocations Were an Overall Contributor
The portfolio benefited from out-of-benchmark positions in high yield bonds, Treasury inflation protected securities, and non-agency residential mortgage-backed securities, which were supported by strong investor risk appetite, signs of improving global growth, higher oil prices, and stubborn inflation data.

An overweight to ABS and an out-of-benchmark position in collateralized loan obligations contributed to a lesser degree as securitized credit spreads tightened. The sectors benefited from high investor demand and inflows into multi-sector bond funds, whose managers took advantage of ample issuance to deploy cash.

Conversely, a lack of exposure to taxable municipal bonds, which were aided by scarce supply, slightly hurt performance.

PORTFOLIO POSITIONING AND ACTIVITY

In light of an improved global growth environment and markedly looser financial conditions since the Fed signaled that its aggressive policy tightening campaign was complete, we increased credit risk in the portfolio over the past quarter.

Added to Credit Risk Amid More Favorable Backdrop
We added to high yield bonds, bank loans, and emerging markets sovereign credit as the backdrop appeared more conducive to risk. While spreads are tight, we see value in high yield bonds as a result of their high all-in yields, which should support demand, and low dollar prices. In addition, a healthy economy and improved credit profiles outside of a few large, troubled issuers should be supportive. We also like bank loans, which offered the highest spreads of major credit sectors, and a later start for Fed rate cuts could keep loan yields higher for longer. And emerging markets assets, in our view, stand to benefit from an upturn in global growth, past-peak monetary tightening in many countries, compelling yields, and positive technicals.

Increased Overweight to IG Corporates
Record IG corporate issuance created some attractive opportunities in the primary market, and we increased our overweight allocation. Our purchases spanned a variety of industries, but larger acquisitions included bonds in the banking, health care, utility, and energy sectors.

With Disinflation Stalling, TIPS Appeared Attractive
The portfolio increased its out-of-benchmark allocation to TIPS. Inflation has meaningfully declined from its peak, but the disinflationary trend appears to have stalled around the 3% level, and we believe that rising oil prices and continued high wage growth will challenge a further decline. In light of these factors, inflation pricing in the TIPS market appeared cheap, especially if the Fed begins cutting rates prematurely.

Maintaining a Bias Toward a Shorter Duration
The portfolio maintained a shorter duration posture than the index for most of the quarter based on the view that the market had gone too far in pricing in rate cuts this year. As implied market pricing moved closer to the Fed's projections, we moved to a neutral stance ahead of the FOMC's March meeting, expecting a strong reaction in either direction. Still, we are biased toward a shorter relative duration based on growth and inflation fundamentals that support the Fed taking its time to start cutting rates.

MANAGER'S OUTLOOK

We still expect the Federal Reserve to cut interest rates this year, but we agree with the shift in market consensus during the quarter and now anticipate a smaller number of cuts along with a later start date. Recent firm inflation data, if it persists, skews the risks to fewer-or even no-cuts this year barring an unexpected labor market slowdown or financial system shock.

We are biased toward a shorter relative duration position based on our view that a recent series of better-than-expected growth data increases the risk of higher yields in the near term. While we plan to be patient in adding duration to the portfolio and positioning for expected curve steepening, we will look to take advantage of any trading opportunities that develop as yields fluctuate and we approach the cutting cycle.

In credit markets, we are being careful with where to take risk and are generally favoring higher-quality and more-liquid securities. While tight credit spreads provide limited upside potential, we don’t see a catalyst for materially wider spreads in the near term with the economy remaining resilient and the Fed looking to ease policy to support a continued expansion. We also believe that the increased idiosyncratic risk we are seeing in credit markets at the issuer level has the potential to create opportunities for active managers.

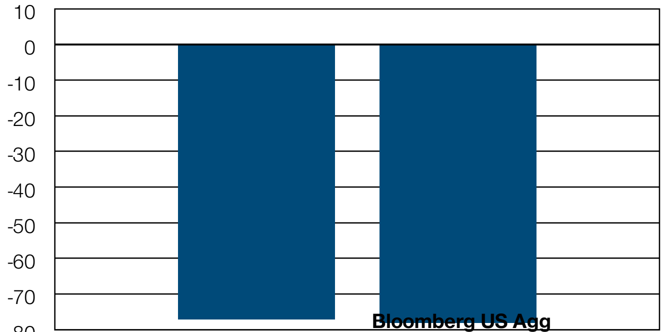
We continue to carefully monitor factors that could lead to increased volatility. Bank funding conditions remain a concern, particularly for smaller regional banks. And the rapid rundown of the Fed’s reverse repurchase facility, combined with ongoing quantitative tightening, are continuing to drain liquidity from the financial system. As always, we will rely on our broad and deep global research platform to parse the complex macro environment and inform portfolio positioning.

QUARTERLY ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended March 31, 2024)

Basis Points

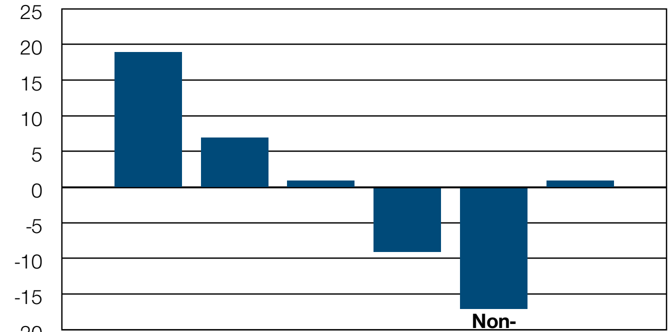


New Income Fund	Bloomberg US Agg Index
-77	-78

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended March 31, 2024)

Basis Points

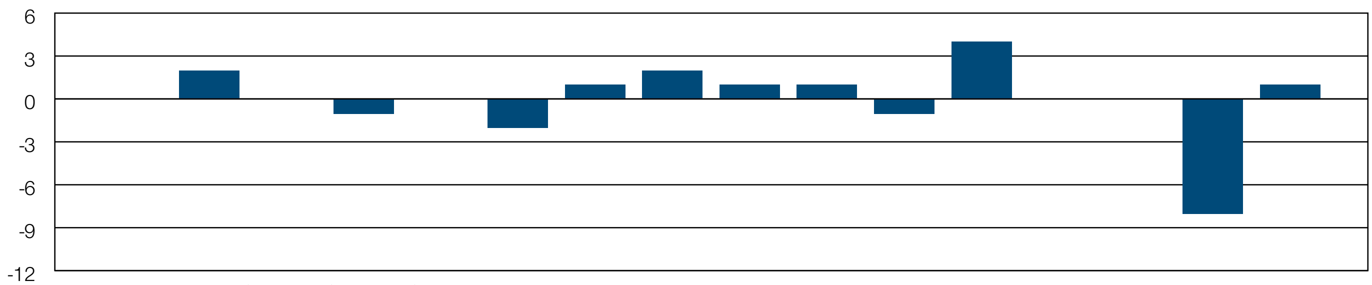


USD Security	Duration-Curve	USD Sector	Resid	Non-USD(Hedged & Unhedged)	Total
19	7	1	-9	-17	1

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended March 31, 2024)

Basis Points

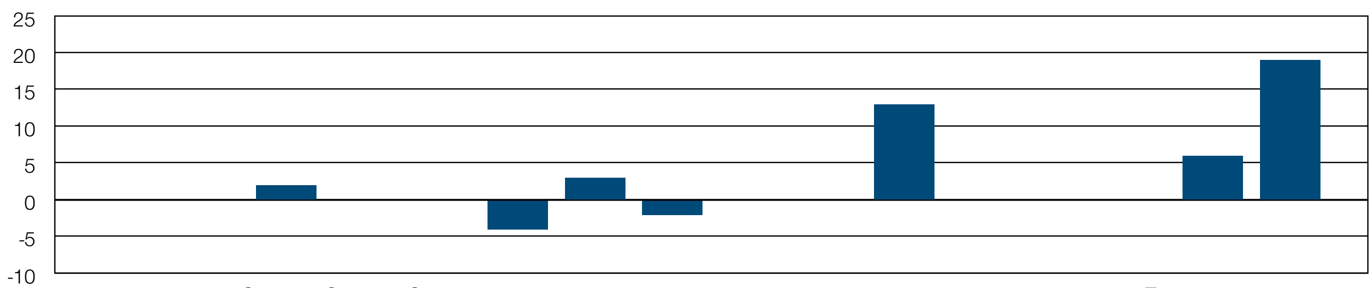


US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	2	0	-1	0	-2	1	2	1	1	-1	4	0	0	-8	1

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended March 31, 2024)

Basis Points



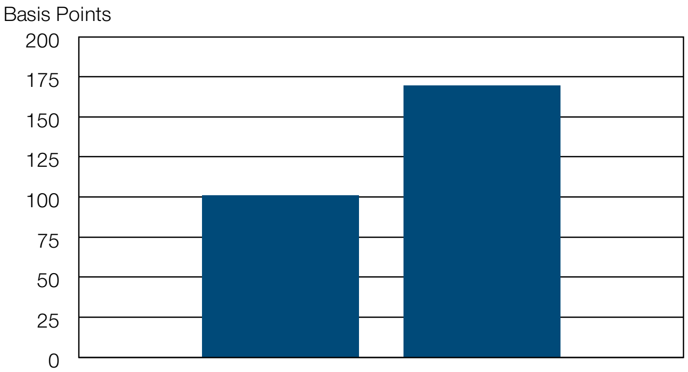
US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	2	0	0	-4	3	-2	0	0	13	0	0	0	6	19

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

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

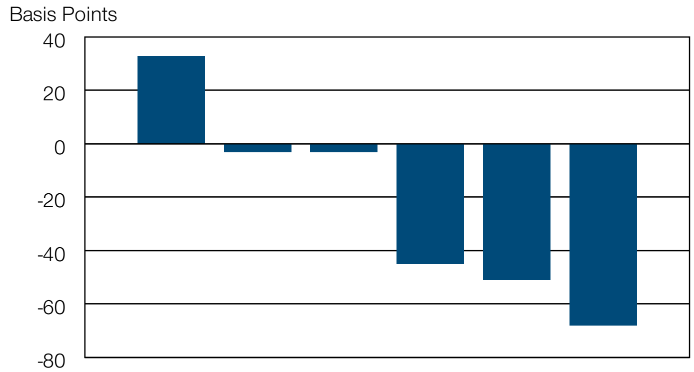
(12 months ended March 31, 2024)



New Income Fund	Bloomberg US Agg Index
101	170

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG US AGG INDEX

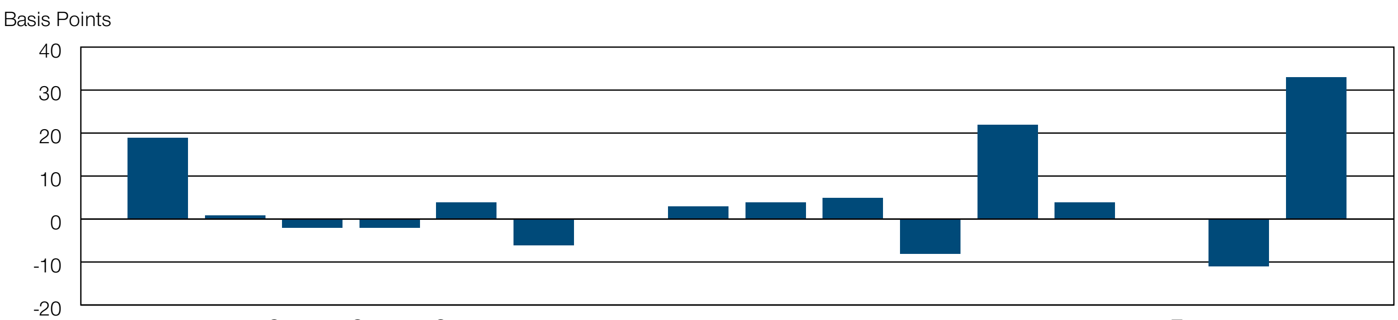
(12 months ended March 31, 2024)



USD Sector	Resid	USD Security	Non-USD(Hedged & Unhedged)	Duration-Curve	Total
33	-3	-3	-45	-51	-68

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

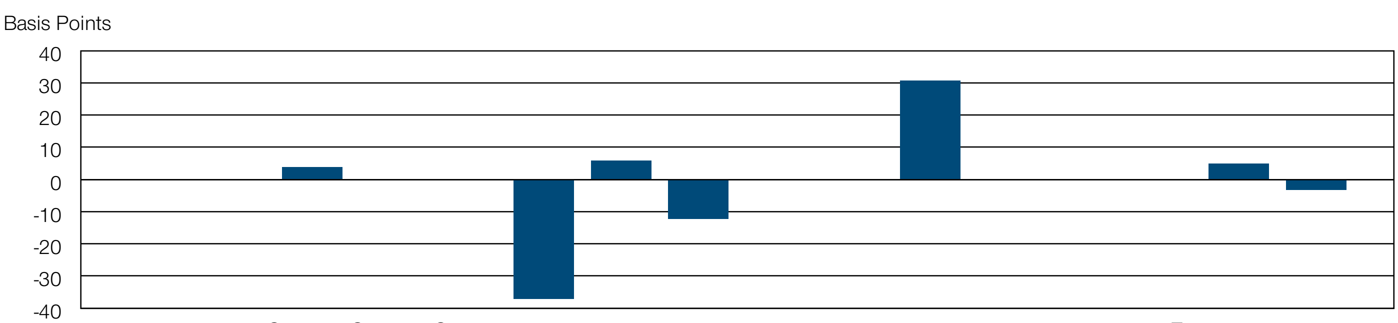
(12 months ended March 31, 2024)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
19	1	-2	-2	4	-6	0	3	4	5	-8	22	4	0	-11	33

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended March 31, 2024)



US Treasury	TIPS	Govt Rel - Sov Quasi	Govt Rel - Tax Muni	Govt Rel - Agy Other	MBS	ABS	CMBS	RMBS	CLO	IG CORPORATES	HIGH YIELD	LOANS	Emerging $ Corporates	Other	Total
0	0	4	0	0	-37	6	-12	0	0	31	0	0	0	5	-3

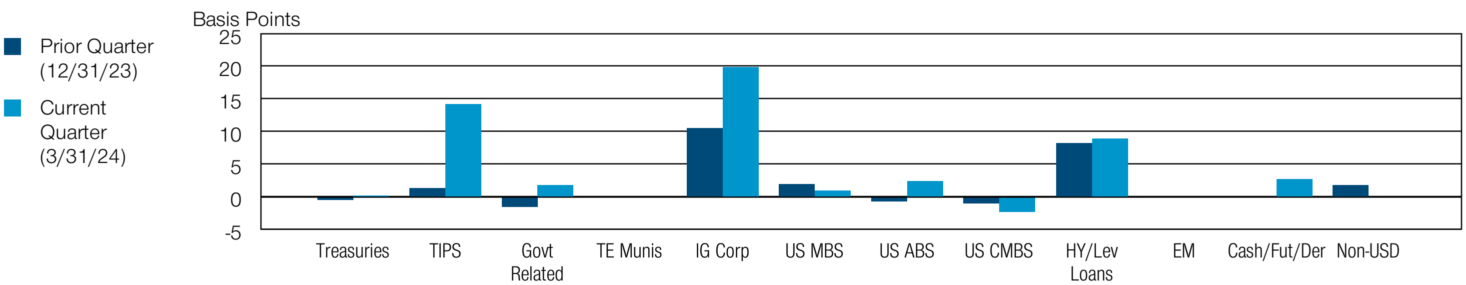
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such 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.

RISK ANALYSIS

RISK FACTOR CONTRIBUTION

	Contribution to TEV (Annualized) 12/31/23 (Prior Quarter)	Contribution to TEV (Annualized) 3/31/24 (Current Quarter)
Systematic	69.7 bps	59.7 bps
Foreign Exchange	5.0	0.1
Curve	45.5	14.3
Inflation Linked	1.3	14.0
Swap Spreads	2.5	2.8
Volatility	-0.2	0.0
Spread Government Related	-0.5	-0.2
Spread Credit and EMG	11.1	28.1
Spread Securitized	1.1	0.0
Spread Other	4.1	0.4
Equity	0.0	0.0
Idiosyncratic	2.4	3.7
Total	**72.2**	**63.3**

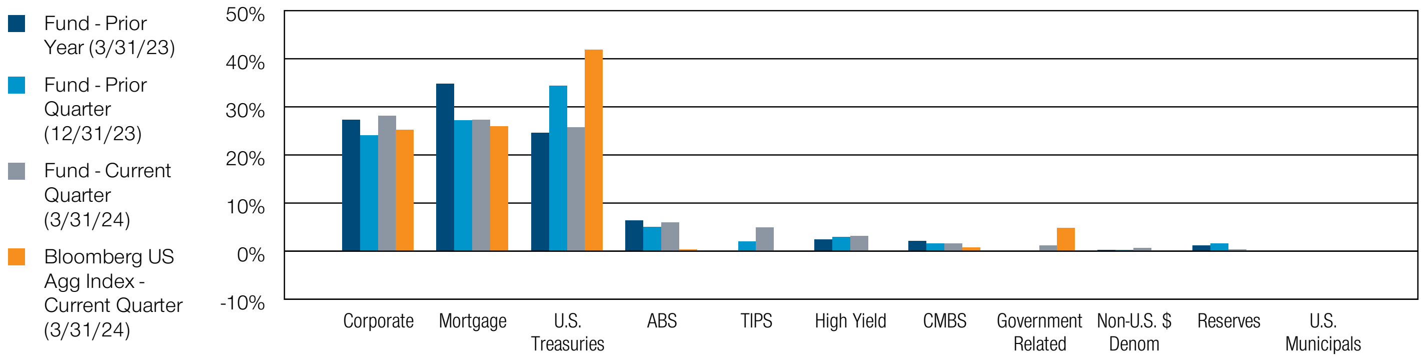
SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



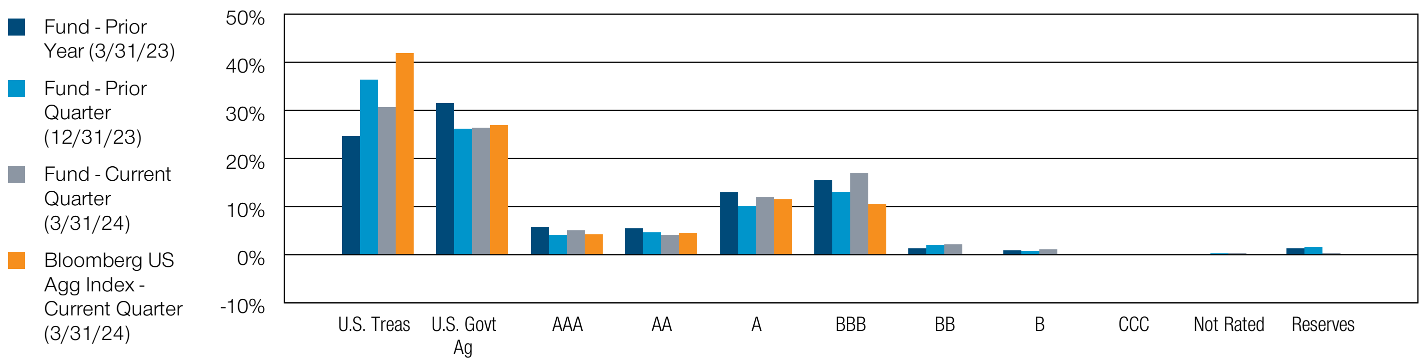
Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking error variance, or TE variance. The TE variance is the projected variance 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.

PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



HOLDINGS

TOP ISSUERS

Issuer	Industry	% of Fund
Bank of America	Banking	0.9%
AbbVie	Consumer Non Cyclical	0.9
UnitedHealth Group	Insurance	0.8
JPMorgan Chase	Banking	0.8
Citigroup	Banking	0.8
Rogers Communications	Communications	0.7
Wells Fargo	Banking	0.6
UBS	Banking	0.6
PG&E	Electric	0.6
Goldman Sachs	Banking	0.5

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Stephen Bartolini	2018	2010
Saurabh Sud	2023	2018

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.

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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