QUARTERLY REVIEW

Ultra Short-Term Bond Fund

As of March 31, 2024

PORTFOLIO HIGHLIGHTS

The portfolio outperformed its benchmark, the Bloomberg Short-Term Government/Corporate Index, for the three-month period ended March 31, 2024.

Relative Performance Drivers:

Sector allocation contributed to relative results. Out-of-benchmark allocations to asset-backed and residential mortgage-backed securities performed well over the quarter.

Security selection among investment-grade corporate bonds boosted relative returns.

Interest rate management detracted in aggregate as exposure to the two-year rate became a headwind.

Additional Highlights:

A focus on relative valuation, driven by the extremely tight spread environment, drove the portfolio to one of its largest positioning changes over recent periods.

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.

FUND INFORMATION

Symbol	TRBUX
CUSIP	77957P303
Inception Date of Fund	December 03, 2012
Benchmark	Bloomberg Short-Term Gov/Corp Index
Expense Information (as of the most recent Prospectus)*	0.33% (Gross) 0.31% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$2,186,819,202
Percent of Portfolio in Cash	-1.0%

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

PERFORMANCE

(NAV, total return)

	Three Months	One Year	Annualized Three Years	Annualized Five Years	Annualized Ten Years	Annualized Since Inception 12/3/12	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
Ultra Short-Term Bond Fund	1.62%	6.64%	2.37%	2.57%	2.03%	1.82%	4.93%	4.91%
Bloomberg Short-Term Government/Corporate Index	1.18	5.19	2.34	2.07	1.52	1.37	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ultra Short-Term Bond Fund	Dec 03 2012	0.28%	0.41%	2.01%	1.83%	1.87%	3.58%	3.10%	0.20%	-0.83%	6.47%
Bloomberg Short-Term Government/Corporate Index		0.18	0.26	0.80	0.98	1.99	2.69	1.31	0.10	0.69	5.19

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

Yield-Focused Investors Tightened Spreads
Shorter-maturity bond markets generated negative total returns over the first quarter. Yields on investment-grade corporate bonds, asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS) followed Treasury yields higher. The first quarter saw a record-breaking amount of new investment-grade issuance, which the market digested, tightening corporate bond spreads. Yield-focused investors persued outside corporates for higher yields, which generated strong demand for MBS and ABS sectors, tightening spreads and bolstering returns. Meanwhile, RMBS spreads widened slightly. Excess returns were positive for all sectors but RMBS, with non-agency CMBS bonds producing the strongest excess returns.

U.S. Treasuries generated negative returns and underperformed corporate bonds on an absolute return basis as investors sought riskier assets. Similar to front-end yields, intermediate- and long-term Treasury yields increased throughout the quarter alongside stronger than-expected inflation data. The market relaxed their optimistic expectations of rate cuts in early 2024, pushing cuts out, with less than three cuts expected in the second half of 2024. U.S. Treasury bill yields also ended the quarter higher even though the Federal Open Market Committee (FOMC) elected to keep the fed funds target rate unchanged.

The FOMC left rates in the 5.25% to 5.50% range at its January and March meetings and left the dot plot unchanged for 2024 in the latter meeting. The Fed's rhetoric and unchanged dot plot left the door open for the market to price in rate cuts for June or July of 2024. The FOMC removed a rate cut from 2025, however, which could be implying that the Fed is comfortable with keeping rates higher for longer.

The T. Rowe Price Ultra Short-Term Bond Fund generated positive returns and outperformed the Bloomberg Short-Term Government/Corporate Index in the first quarter of 2024. Relative performance was driven by the following factors:

Sector Allocation Was Constructive
Sector allocation contributed, aided by out-of-benchmark allocations to ABS, RMBS, and CMBS. After initially widening, spreads in the interest rate-sensitive RMBS sector benefited from the Fed's unchanged dot plot projections for year-end despite upticks in inflation. Spreads in the shorter-duration ABS sector tightened as the technicals for the sector remained strong. CMBS had spreads tighten throughout the quarter and the performance of the sector continued to catch up to the investment-grade corporate bond rally that occurred late last year. Additionally, a relative overweight to investment-grade corporates and a corresponding underweight to Treasuries were additive as corporate bonds held in well relative to Treasuries.

Security Selection Added to Gains
Security selection within corporate bonds aided relative performance. Investment-grade corporate spreads were chased tighter throughout the quarter by yield-seeking investors. As a result of the tight spreads and positive risk sentiment present throughout the quarter, BBB rated bonds were most additive relative to the higher quality bias held in the benchmark.

Interest Rate Management Detracted
Interest rate management hindered relative performance. Relative to a benchmark focused around the six-month key rate, the portfolio's exposure to the two-year rate was a headwind. Outside one-year rates, yields across the curve reflected the markets shifting sentiment and moved higher by 35-40 basis points in a largely parallel move.

PORTFOLIO POSITIONING AND ACTIVITY

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 higher, driven by an increase in allocations to the securitized sectors. Our cash holdings decreased as we deployed reserves, though we are still holding on to a flexible amount of dry powder. Our allocation to U.S. Treasuries ended roughly unchanged, and overall liquidity stayed 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.

While recent warm macroeconomic data have rates increasing across the curve, we continued to position the portfolio's duration around the middle of its historical range. The anticipation that the Fed will still cut rates is intact, but tempered with an understanding that they are likely to be more data dependent with warmer inflation prints creating a speed bump for timing.

Corporate Bonds
Investment-grade corporate debt continued to represent our largest absolute and relative position. However, our allocation to corporate bonds decreased throughout the quarter as we trimmed corporate bonds that appear to be fully priced in favor of holdings in the securitized sectors. Within the funds corporate allocation, 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.

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. A focus on relative valuation, driven by the extremely tight spread environment, drove the portfolio to one of its largest positioning changes over recent periods. Notable shifts towards securitized sectors, specifically ABS and CLOs, were funded by sales out of corporates.

MANAGER'S OUTLOOK

A "higher for longer" rate environment continues to be favorable for ultra short-term portfolios where the inversion across key rates creates a unique opportunity for shareholders to capitalize on increased yields and return potential with limited duration risk. Recent economic data confirms that the road for the Fed will likely remain "bumpy," but there is still conviction that the next phase of this cycle will be cuts. The timing, frequency, and scale are all yet to be determined.

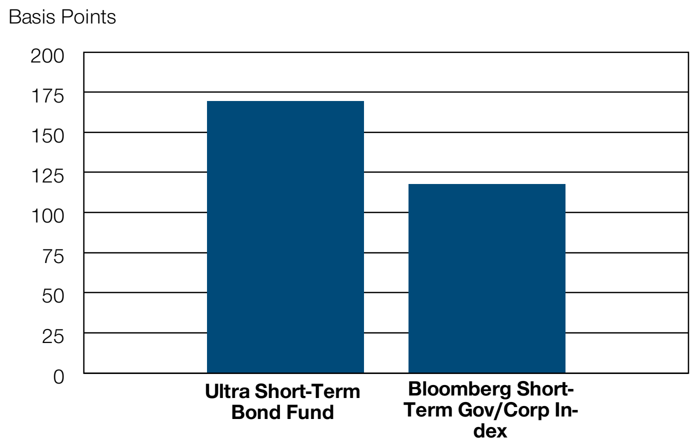
The continuance of strong economic growth has left the market comfortable taking more risk which inevitably has pushed spreads to near-term tights and furthered the anticipation of a goldilocks scenario for the Fed. There has been a record level of new issuance from investment grade corporates year-to-date with investors rushing to purchase. Even at current valuations, if demand for corporate bonds remains strong or new issuance falls, we could see spreads push even tighter.

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 an ultra 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

OVERALL PERFORMANCE: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX

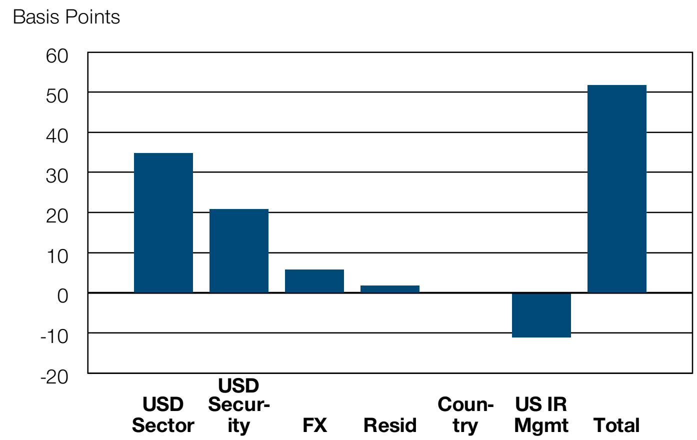
(3 months ended March 31, 2024)



Ultra Short-Term Bond Fund	Bloomberg Short-Term Gov/Corp Index
170	118

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX

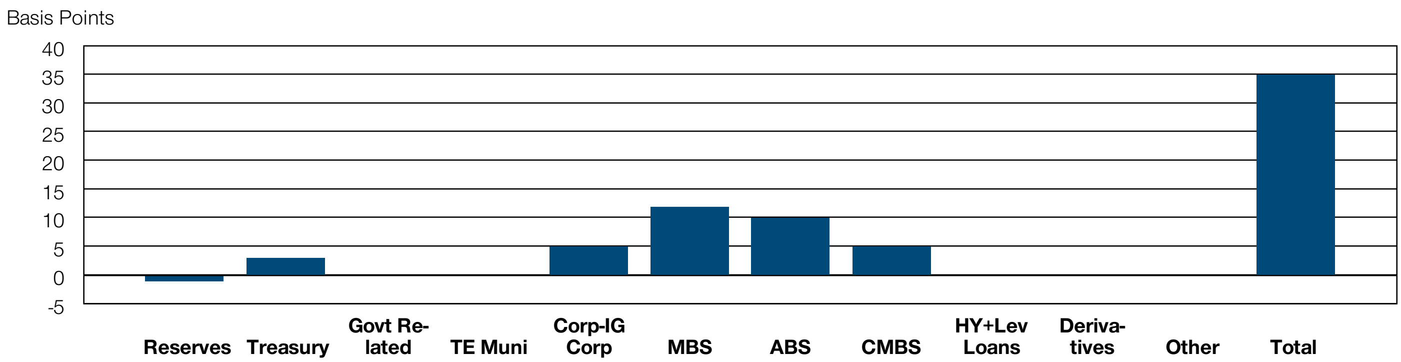
(3 months ended March 31, 2024)



USD Sector	USD Security	FX	Resid	Country	US IR Mgmt	Total
35	21	6	2	0	-11	52

SECTOR ALLOCATION: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX

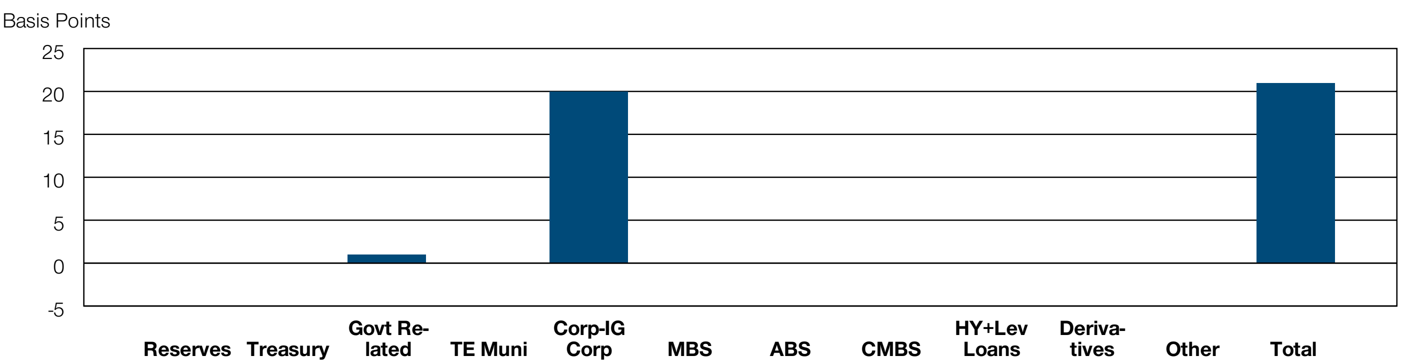
(3 months ended March 31, 2024)



Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
-1	3	0	0	5	12	10	5	0	0	0	35

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX

(3 months ended March 31, 2024)

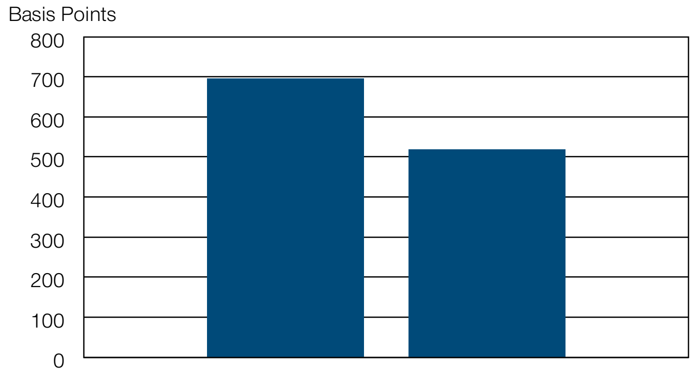


Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	0	1	0	20	0	0	0	0	0	0	21

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.

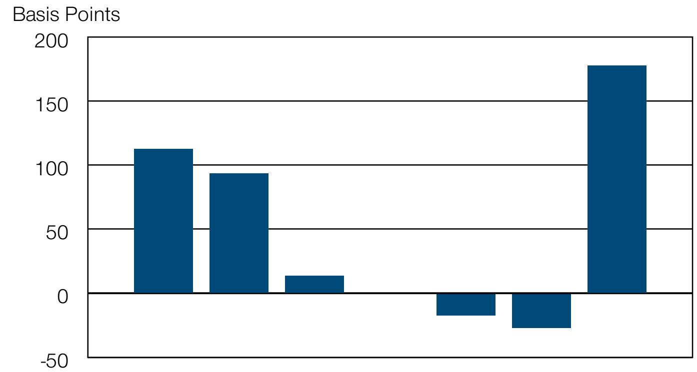
12-MONTH ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX
(12 months ended March 31, 2024)



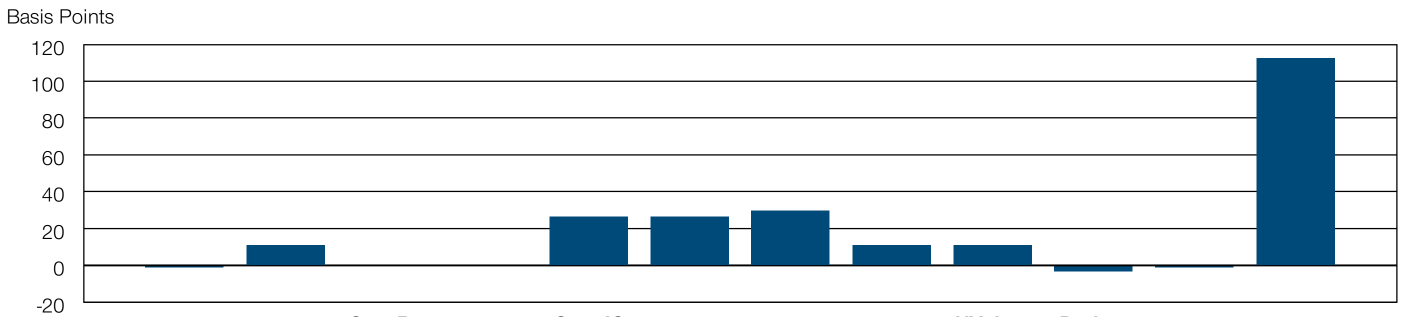
Ultra Short-Term Bond Fund	Bloomberg Short-Term Gov/Corp Index
697	519

CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX
(12 months ended March 31, 2024)



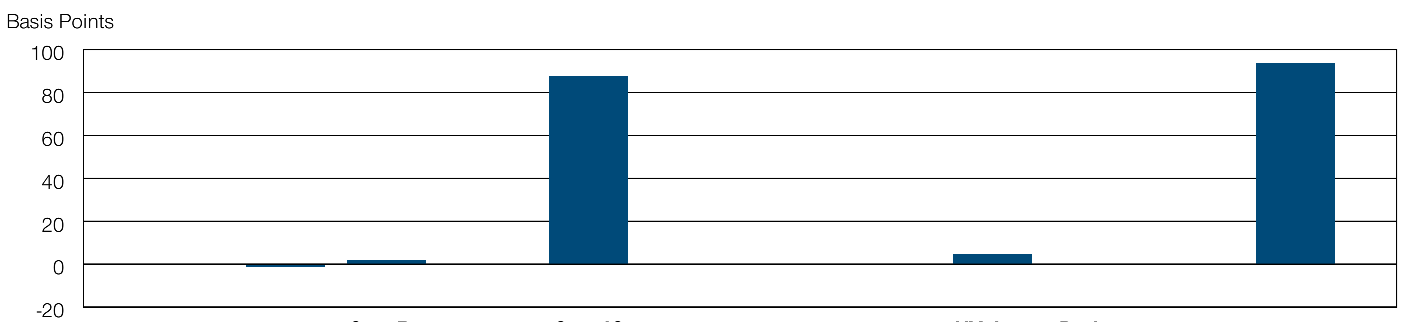
USD Sector	USD Security	FX	Country	US IR Mgmt	Resid	Total
113	94	14	0	-17	-27	178

SECTOR ALLOCATION: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX
(12 months ended March 31, 2024)



Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
-1	11	0	0	27	27	30	11	11	-3	-1	113

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG SHORT-TERM GOV/CORP INDEX
(12 months ended March 31, 2024)



Reserves	Treasury	Govt Related	TE Muni	Corp-IG Corp	MBS	ABS	CMBS	HY+Lev Loans	Derivatives	Other	Total
0	-1	2	0	88	0	0	0	5	0	0	94

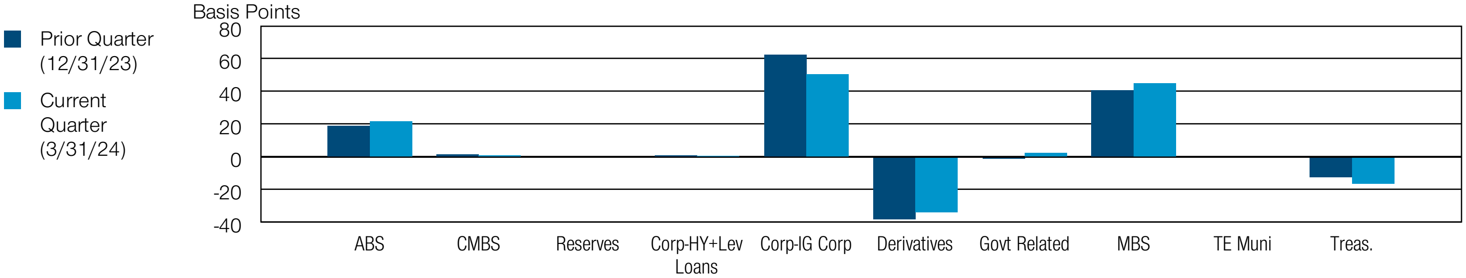
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such 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	74.0 bps	72.6 bps
Foreign Exchange	0.0	0.0
Curve	18.8	27.6
Swap Spreads	3.8	4.2
Volatility	0.1	0.2
Spread Gov-Related	0.1	0.2
Spread Credit and EMG	22.9	11.5
Spread Securitized	28.4	28.5
Spread Other	0.0	0.0
Idiosyncratic	0.6	0.5
Credit Default	0.1	0.1
Total	**74.7**	**73.1**

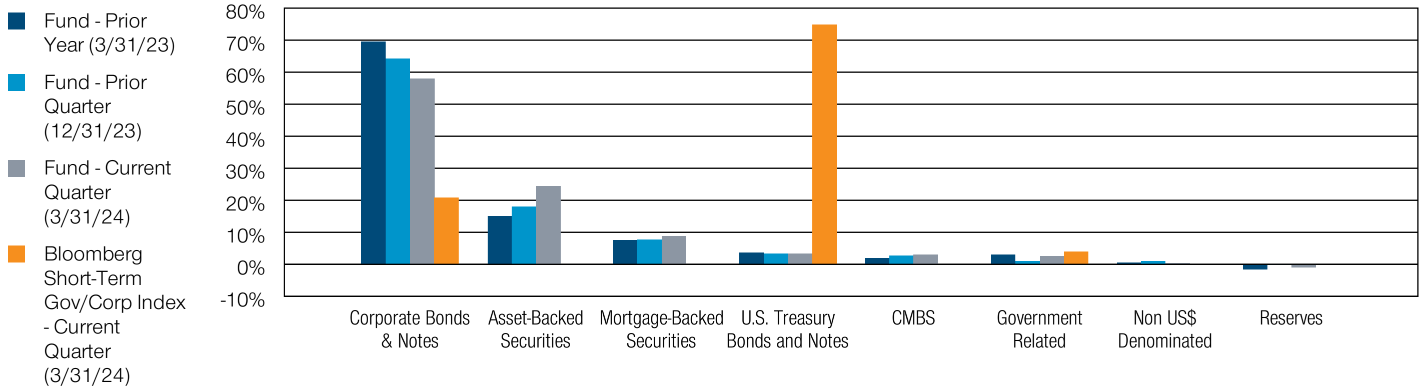
SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



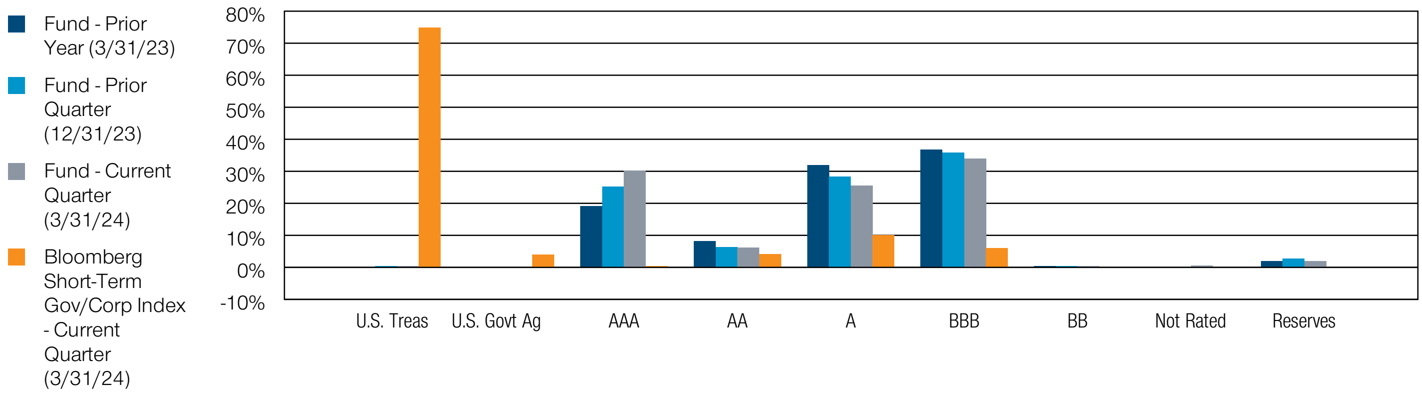
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking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



HOLDINGS

TOP ISSUERS

Issuer	% of Fund
Edison International	1.4%
International Flavors & Fragrances	1.2
Brighthouse Financial	1.1
Daimler Truck Holding	1.1
V. F.	1.0
Volkswagen	1.0
Ovintiv	1.0
Harley-Davidson	0.9
Jabil	0.9
Walgreens Boots Alliance	0.9

PORTFOLIO MANAGEMENT

Portfolio Manager:
Alex Obaza

Managed Fund Since:
2020

Joined Firm:
2005

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