QUARTERLY REVIEW

Total Return Fund

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio produced strongly positive returns but lagged the Bloomberg U.S. Aggregate Bond Index for the three-month period ended December 31, 2023.

Relative performance drivers:

- Interest rate management detracted from relative performance. Positioning for a steeper U.S. yield curve weighed on results after the steepening trend that commenced in July abruptly reversed course in early November.
- The portfolio's structural underweight to IG corporates detracted, but a structural underweight to U.S. Treasuries in favor of below-IG credit sectors strongly contributed.
- Security selection was hurt by the portfolio's positioning in the agency MBS sector. Our overweight to GNMA pools, which generally have a lower-duration profile than conventional MBS, was a headwind.

Additional highlights:

- Credit risk levels slightly increased over the quarter as we reduced defensive positions and added some risk using liquid synthetic instruments. However, risk levels remained relatively low when viewed on a longer-term basis.
- Given the intensity of the year-end rates rally, Treasury yields could see some retracement especially if incoming inflation data surprise negatively. We will look to take advantage of the strategy's flexibility to manage interest rate exposures to leverage our platform's high-conviction macro views in both the U.S. and globally.

FUND INFORMATION

Symbol	PTTFX
CUSIP	872803101
Inception Date of Fund	November 15, 2016
Benchmark	Bloomberg US Agg Index
Expense Information (as of the most recent Prospectus)*	0.60% (Gross) 0.46% (Net)
Fiscal Year End	May 31
12B-1 Fee	–
Total Assets (all share classes)	$683,754,045 (USD)
Percent of Portfolio in Cash	0.0%

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

PERFORMANCE

(NAV, total return)

			Annualized				
	Three Months	One Year	Three Years	Five Years	Since Inception 11/15/16	30-Day SEC Yield	30-Day SEC Yield w/o Waiver°
Total Return Fund	6.50%	5.75%	-3.71%	1.24%	1.54%	4.82%	4.72%
Bloomberg U.S. Aggregate Bond Index	6.82	5.53	-3.31	1.10	1.22	–	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2017	2018	2019	2020	2021	2022	2023
Total Return Fund	Nov 15 2016	5.01%	0.23%	9.98%	8.37%	0.44%	-15.96%	5.75%
Bloomberg U.S. Aggregate Bond Index		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.

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 is subject to risks of fixed income investing, including interest rate risk and credit risk. The Fund's investments in high-yield securities are subject to greater volatility and credit risk than investment-grade bonds.

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

PERFORMANCE REVIEW

Benchmark Finishes Year in Positive Territory After Strong Rally

The U.S. investment-grade (IG) fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, rebounded after losing ground for two straight quarters and produced its best quarterly performance since 1989 for the three months ended December 31, 2023. As a result of the rally, which was fueled by falling Treasury yields as well as tighter credit spreads, the benchmark moved into positive territory for the annual period and was able to avoid an unprecedented third straight down year.

Treasury yields fell as economic data and Federal Reserve communications led to a market consensus that Fed rate hikes had come to an end and that rate cuts could come at a faster pace in 2024 than previously expected. After raising its short-term lending benchmark to a target range of 5.25% to 5.50% in July, a 22-year high, the central bank left rates unchanged in the fourth quarter. Perhaps more importantly, its updated economic forecast indicated that the median projection was for rate cuts of 75 basis points in 2024, up from the 50 basis points of easing in the previous outlook.

Treasury yields declined across the curve, although intermediate yields dropped somewhat more than yields for longer maturities. The yield of the benchmark 10-year Treasury note briefly touched 5% for the first time since 2007 in October but then fell to 3.88% by year-end, in line with where it had started 2023.

Absolute and excess returns were broadly positive among the major credit sectors within the benchmark. IG corporate bonds generated the strongest excess returns, led by BBB rated and longer-dated credits. Agency mortgage-backed securities (MBS) also performed well amid falling interest rates and lower rate volatility. Commercial mortgage-backed securities (CMBS) and asset-backed securities produced more muted gains but generally lagged the more-liquid IG corporate and MBS sectors.

Outside of the index, high yield bonds enjoyed a very strong quarter from both a total- and excess-return perspective as expectations for a soft economic landing grew. After leading for most of the year, floating-rate bank loans trailed high yield bonds as rate cut expectations were pulled forward.

Interest Rate Management Detracted

Interest rate management detracted from relative performance. Positioning for a steeper U.S. yield curve weighed on results after the steepening trend that commenced in July abruptly reversed course in early November. The Fed's surprising dovish turn, softer-than-expected inflation data, and crowded short duration positioning facilitated a steep decline in longer-term yields into year-end.

A shorter average duration posture also weighed on results. Although we shifted to a neutral position later in the period, we had entered the fourth quarter holding less duration than the benchmark, which detracted as yields tumbled.

A curve-flattening trade in Japan, and a short duration position in the UK also dampened results. Japanese government bond yields declined to a greater degree in the 5- to 10-year portion of the curve. As such, holding less duration there and overweighting the long end of the Japanese curve detracted. Falling U.S. yields and receding speculation about an imminent policy pivot from the Bank of Japan, alongside the central bank's regular bond-buying operations, also added downward pressure on yields. Government bonds in the UK also rallied as softer-than-expected inflation in the UK supported Bank of England rate cut bets, contributing to the move lower in gilt yields.

Sector Allocations Were Positive

However, the portfolio's structural underweight to U.S. Treasuries in favor of credit sectors strongly contributed. Out-of-benchmark allocations to high yield bonds and, to a lesser extent, bank loans (including the impact of derivatives that help us efficiently control spread risk in those sectors) were strong contributors. Treasuries underperformed as credit spreads tightened, while below investment-grade securities performed especially well in a risk-on environment. Additionally, the portfolio's high yield bond holdings meaningfully outperformed the broadly strong high yield market. As the risk environment turned more positive, we reduced credit hedges and used liquid derivative instruments to add to risk exposures later in the period. These tactical moves partially offset the detraction from defensive hedges.

An overweight to agency MBS also helped as the sector benefited from a strong run of performance on a more optimistic interest rate outlook.

The portfolio's structural underweight to IG corporates, which enables larger allocations to below-IG and securitized credit, detracted. The IG corporate sector had a strong quarter, while securitized credit produced good, but less robust, results.

Security Selection Weighed on Performance

Security selection was hurt by the portfolio's positioning in the agency MBS sector. Our overweight to GNMA pools, which generally have a lower-duration profile than conventional MBS, was a headwind as conventionals outperformed in a declining rate environment.

However, IG corporate selection was additive, with telecom and financial names among the top contributors. Overweighting Rogers Communications and AT&T added value. Both companies benefit from solid fundamentals and have made some balance-sheet-positive decisions to deleverage and focus on paying down debt.

PORTFOLIO POSITIONING AND ACTIVITY

Credit risk levels slightly increased over the quarter as we reduced defensive positions and added some risk using liquid synthetic instruments. However, risk levels remained relatively low when viewed on a longer-term basis.

Valuations are not at extreme levels but are on the tighter side of fair. And, although there was a significant loosening of financial conditions over the past quarter, monetary policy is restrictive and could remain so for longer than the market expects. While expected Fed cuts are welcome, their motivation is key. "Insurance" cuts in response to lower inflation and stable growth would be supportive of risk assets. However, past cutting cycles have more often come in response to slowing growth.

Reduced Agency MBS After Rally and Added to IG Corporates

We brought down our allocation in agency MBS, moving from an overweight to an underweight. The sector had one of its strongest quarters ever with the Fed's more dovish tone helping calm rate volatility and stoking demand for spread products. We also eliminated much of our TBA exposure in favor of specified mortgage pools where there's more transparency into the loan collateral, and we continue to favor GNMAs over conventionals.

Similarly, we trimmed non-agency residential MBS as the sector produced strong results in recent months, taking valuations to less appealing levels in some segments of the diverse market, such as single-family-rental and credit-risk-transfer securities.

We added IG corporates, focusing on financials that looked inexpensive relative to industrials. By quarter-end, though, much of that relative cheapness had diminished. Meanwhile, we trimmed high yield bonds and bank loans.

Initiated TIPS Position

Near the end of the quarter, we initiated a position in 10-year Treasury inflation protected securities (TIPS). Break-even spreads looked low relative to headline inflation, and we believe TIPS could benefit from a near-term rebound in economic data thanks to the recent significant loosening of financial conditions.

Duration and Curve Management

From a rates perspective, the portfolio shifted from a slightly short duration stance to a neutral posture by quarter-end. Along the curve, we favored steepening trades, which could work in both a "hard landing" scenario, where the Fed cuts rates, or a "no landing" scenario, where the economy reaccelerates to the Fed's shift away from aggressively fighting inflation.

MANAGER'S OUTLOOK

The U.S. economy remains surprisingly resilient despite an exceptionally rapid increase in borrowing costs, as well as a banking crisis in March that briefly had investors bracing for an imminent recession. Fiscal largesse has supported the economy, and consumers have kept spending amid a tight labor market. Notwithstanding some weak credits, corporations have weathered higher rates quite well to date, and there are only isolated areas of real fundamental concern in credit markets.

We believe that risk assets could continue to perform well in early 2024 with the economy and corporate earnings remaining resilient. Moreover, significant investor assets are sitting in money markets and cash. We remain concerned over a longer horizon, though, that monetary policy lags have lengthened in the current cycle and may be delayed rather than avoided.

The scale of tightening also raises the risk of accidents in the financial system. In a risk-off scenario, market liquidity could be challenged by a glut of Treasury supply combined with falling bank reserves as the Fed continues to shrink its balance sheet. As such, we will be selective in credit markets in areas where our fundamental and quantitative platforms see relative value rather than taking broad market risk. We believe that some dispersion seen in sector valuations creates potential dislocation opportunities.

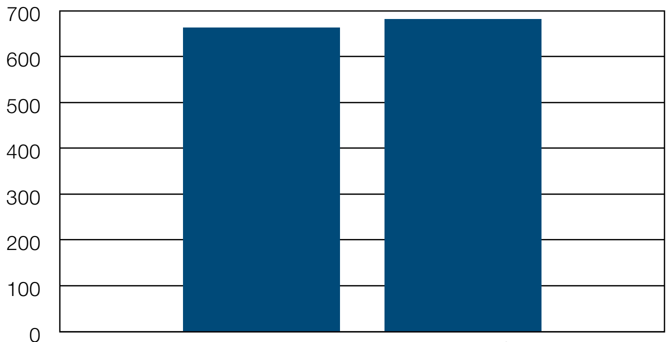
We believe the highs for Treasury yields have been hit in this cycle. Given the intensity of the year-end rates rally, however, Treasury yields could see some retracement especially if incoming inflation data surprise negatively. We will look to take advantage of the strategy's flexibility to manage interest rate exposures to leverage our platform's high-conviction macro views in both the U.S. and globally.

QUARTERLY ATTRIBUTION

OVERALL PERFORMANCE: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points

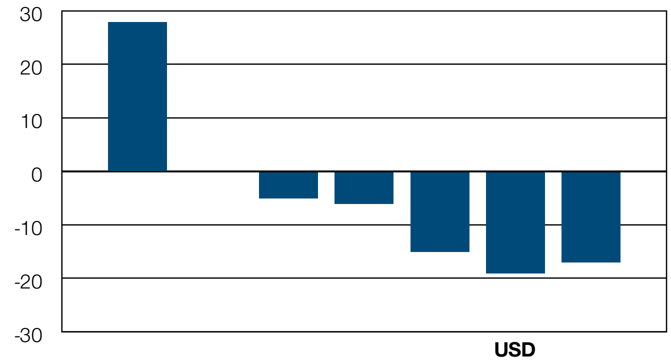


Total Return Fund	Bloomberg US Agg Index
665	682

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

(3 months ended December 31, 2023)

Basis Points

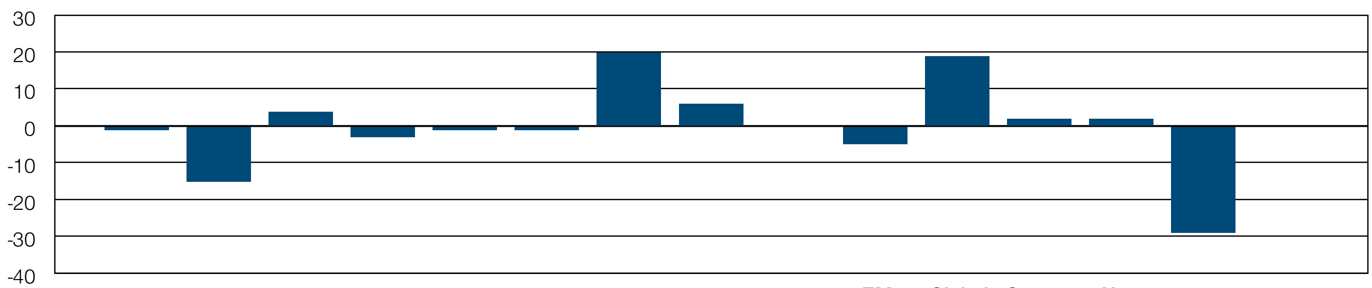


Resid	USD Sector	FX	Non-USD	USD IR Mgmt	USD Security	Total
28	0	-5	-6	-15	-19	-17

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points



TIPS	IG Corp	MBS	ABS	CMBS	CLO	High Yield	Bank Loans	EM Corp	EM Sovereign	Global Sovereign	Government Related	Non-Agency MBS	Other	Total
-1	-15	4	-3	-1	-1	20	6	0	-5	19	2	2	-29	0

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(3 months ended December 31, 2023)

Basis Points

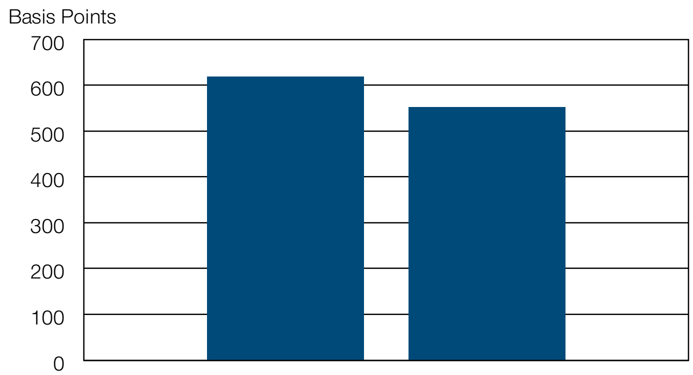
TIPS	IG Corp	MBS	ABS	CMBS	CLO	High Yield	Bank Loans	EM Corp	EM Sovereign	Global Sovereign	Government Related	Non-Agency MBS	Other	Total
0	7	-23	0	-3	0	0	0	0	0	-1	1	0	0	-19

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

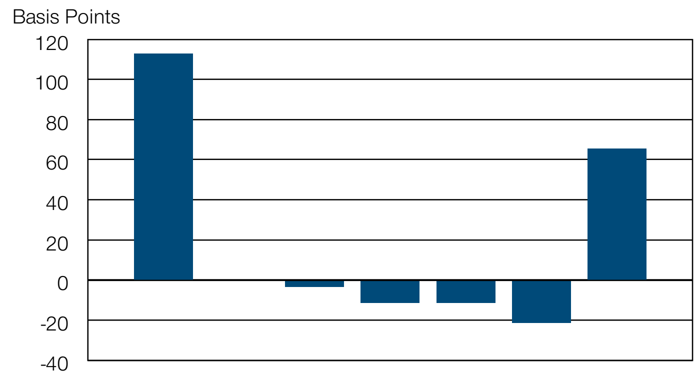
(12 months ended December 31, 2023)



Total Return Fund	Bloomberg US Agg Index
619	553

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

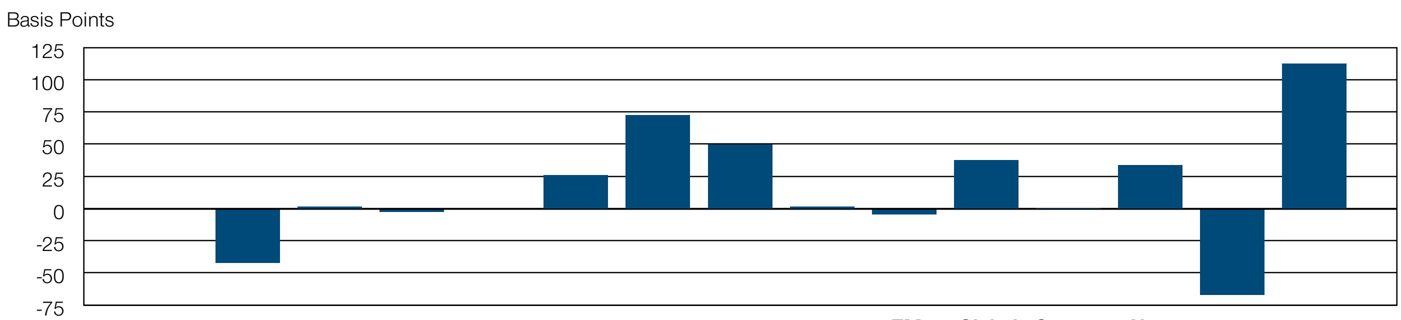
(12 months ended December 31, 2023)



USD Sector	Non-USD	Resid	USD IR Mgmt	FX	USD Secur-ity	Total
113	0	-3	-11	-11	-21	66

SECTOR ALLOCATION: FUND VS. BLOOMBERG US AGG INDEX

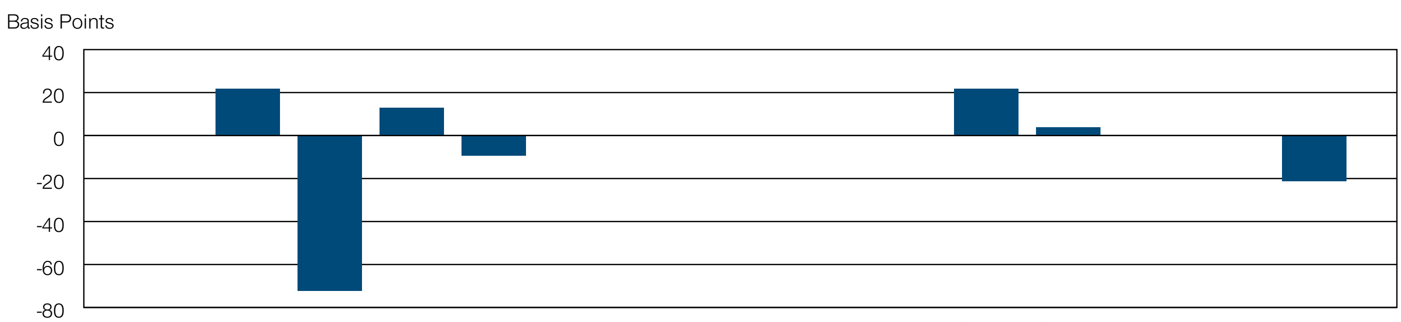
(12 months ended December 31, 2023)



TIPS	IG Corp	MBS	ABS	CMBS	CLO	High Yield	Bank Loans	EM Corp	EM Sover-eign	Global Sover-eign	Govern-ment Related	Non-Agency MBS	Other	Total
0	-42	2	-2	0	26	73	50	2	-4	38	1	34	-67	113

SECURITY SELECTION DETAILS: FUND VS. BLOOMBERG US AGG INDEX

(12 months ended December 31, 2023)



TIPS	IG Corp	MBS	ABS	CMBS	CLO	High Yield	Bank Loans	EM Corp	EM Sover-eign	Global Sover-eign	Govern-ment Related	Non-Agency MBS	Other	Total
0	22	-72	13	-9	0	0	0	0	0	22	4	0	0	-21

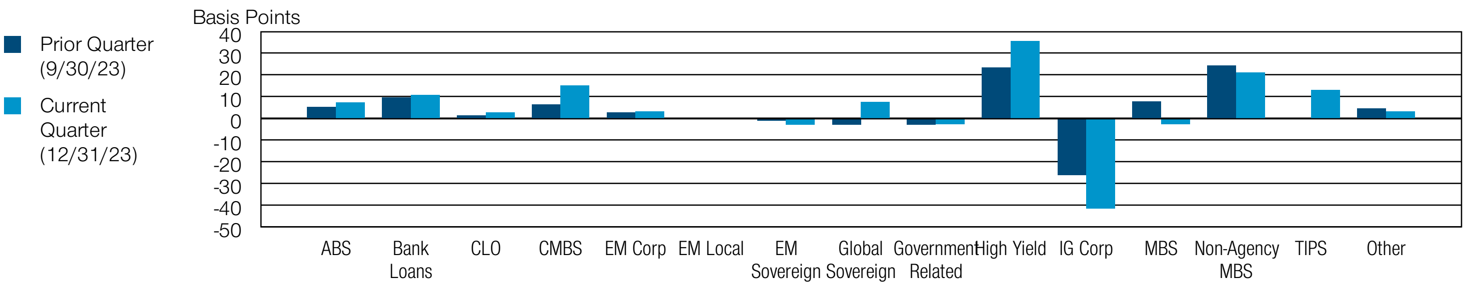
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited.
Analysis represents the performance of the portfolio compared to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such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

RISK ANALYSIS

RISK FACTOR CONTRIBUTION

	Contribution to TEV (Annualized) 9/30/23 (Prior Quarter)	Contribution to TEV (Annualized) 12/31/23 (Current Quarter)
Systematic	43.3 bps	21.7 bps
Foreign Exchange	0.1	-0.1
Curve	12.5	-3.4
Inflation Linked	0.0	8.4
Swap Spreads	0.7	3.8
Volatility	0.4	-0.4
Spread Government Related	0.1	0.0
Spread Credit and EMG	8.1	4.3
Spread Securitized	21.2	8.7
Spread Other	0.1	-0.1
Equity	0.3	0.3
Idiosyncratic	4.9	-0.6
Credit Default	5.7	-2.7
Total	**54.8**	**17.4**

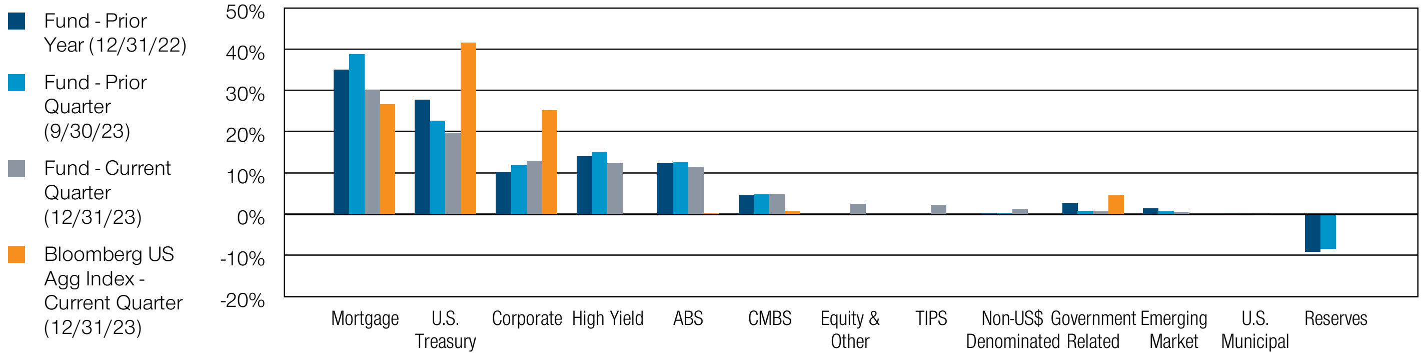
SECTOR CONTRIBUTION TO RISK VERSUS BENCHMARK



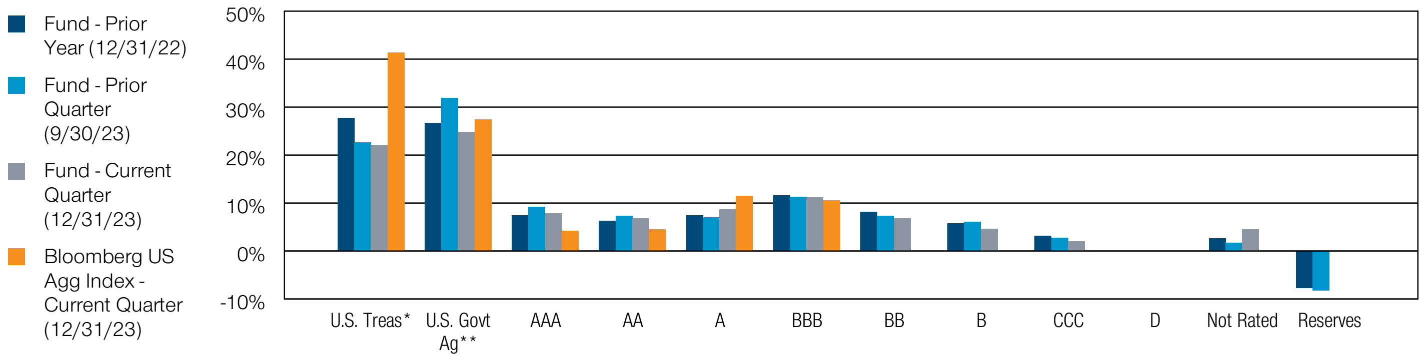
Past performance is not a reliable indicator of future performance.
Source: Bloomberg Index Services Limited. Statistics based on monthly data. TEV, or tracking error volatility, is the standard deviation of the difference between portfolio and benchmark returns. It is the square root of the tracking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



*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.
**U.S. government agency securities are issued or guaranteed by a U.S. government agency, and may include conventional pass-through securities and collateralized mortgage obligations; unlike Treasuries, government agency securities are not issued directly by the U.S. government and are generally unrated but may have credit support from the U.S. Treasury (e.g., FHLMC and FNMA issues) or a direct government guarantee (e.g., GNMA issues). Therefore, this category may include rated and unrated securities.

HOLDINGS

TOP ISSUERS

Issuer	% of Fund
Japan	0.9%
UBS	0.7
T-Mobile US	0.6
Bank of America	0.6
Wells Fargo	0.5
HUB International	0.5
AbbVie	0.5
Morgan Stanley	0.5
Vistra	0.5
UKG	0.5

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Chris Brown	2016	2005
Anna Dreyer	2021	2008

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.

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.

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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