



STRATEGY HIGHLIGHTS | Ticker: QAAGWX | CUSIP: 77954R104

As of December 31, 2023

## Limited-Term Bond Portfolio

**Total US Short-Term Bond Strategy Assets:**<sup>1</sup> \$9.9 billion | **Total Portfolio Assets:** \$185.5 million

### INVESTMENT APPROACH

- The portfolio seeks to provide a high level of income with fluctuations in principal value consistent with those of a traditional low duration portfolio.
- Utilizes a diversified multi-sector approach to seek to provide investors with consistent returns over a market cycle while minimizing volatility.
- Seeks to add value primarily through sector rotation, individual security selection, and term structure positioning.
- Integrate proprietary credit and capital market research to identify market inefficiencies.
- Structurally overweight investment grade credit sectors as yield has historically played a much larger role than price appreciation in generating excess returns.

### PORTFOLIO CONSTRUCTION

- Non-index foreign bond exposure is limited to 10% (hedged and unhedged)
- During normal market conditions, duration is managed within +/-20% of the benchmark
- Target tracking error range: 40 to 80 basis points
- Investable universe focuses primarily on short-and intermediate-term investment-grade U.S. fixed income securities, with the ability to integrate non-index sectors and securities, including foreign bond s as well as mortgage-backed, commercial mortgage-backed, and asset-backed securities.

### BENCHMARK

- Bloomberg 1-3 Year U.S. Government/Credit Bond Index
- Lipper Variable Annuity Underlying Short Investment Grade Debt Fund Average

### PORTFOLIO MANAGEMENT

#### Michael Reinartz, CFA®

*Co-Portfolio Manager*

- 23 years of investment experience; 27 years with T. Rowe Price.
- B.S., Towson University

#### Steve Kohlenstein, CFA®

*Co-Portfolio Manager*

- 11 years of investment experience; 13 years with T. Rowe Price.
- B.S., Towson University

### PORTFOLIO SPECIALISTS

#### Whitney Reid, CFA®

- 28 years of investment experience; 12 years with T. Rowe Price.
- M.S., Boston University
- B.S., Lehigh University

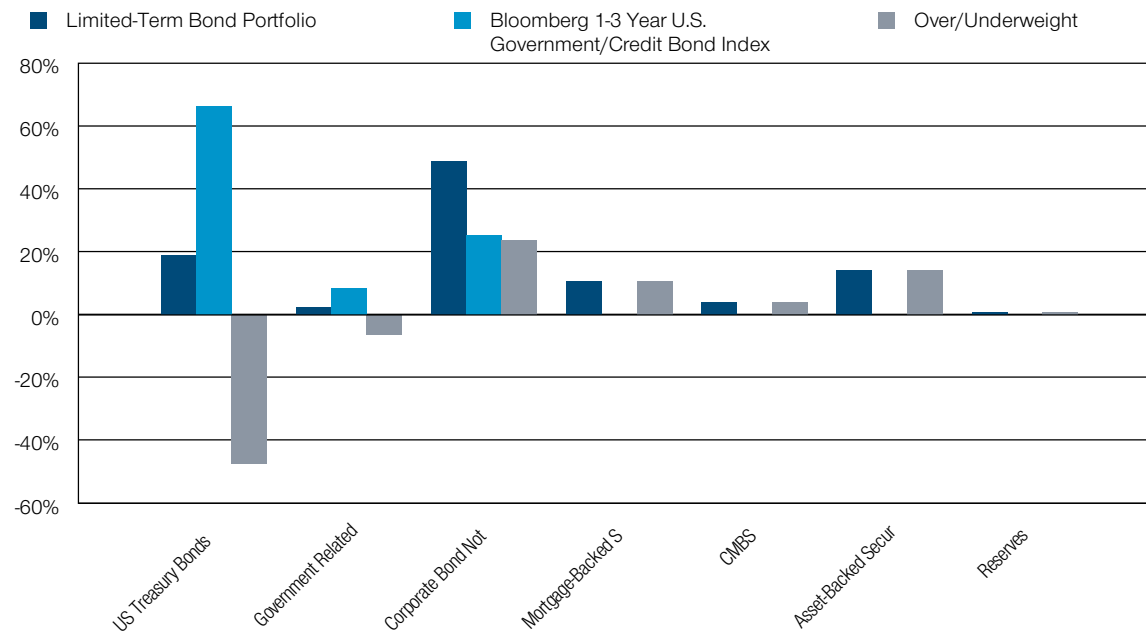
Portfolio Specialists do not assume management responsibilities. For a complete list of the members of the Portfolio's Investment Advisory Committee, please refer to the Portfolio's prospectus. Effective 1 October 2023, Steven Kohlenstein assumed co-portfolio management responsibility for the Portfolio. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

<sup>1</sup> Includes a U.S.-registered mutual fund, variable annuity portfolios, subadvised portfolios, and separate accounts.

## TOP ISSUERS

	% of Portfolio
Goldman Sachs	0.8%
Vistra	0.8
Bank of America	0.7
Energy Transfer	0.7
Bank of Montreal	0.7
Morgan Stanley	0.7
AbbVie	0.7
JPMorgan Chase	0.6
Wells Fargo	0.6
American Tower	0.6
<b>Total</b>	<b>6.9%</b>

## SECTOR DIVERSIFICATION

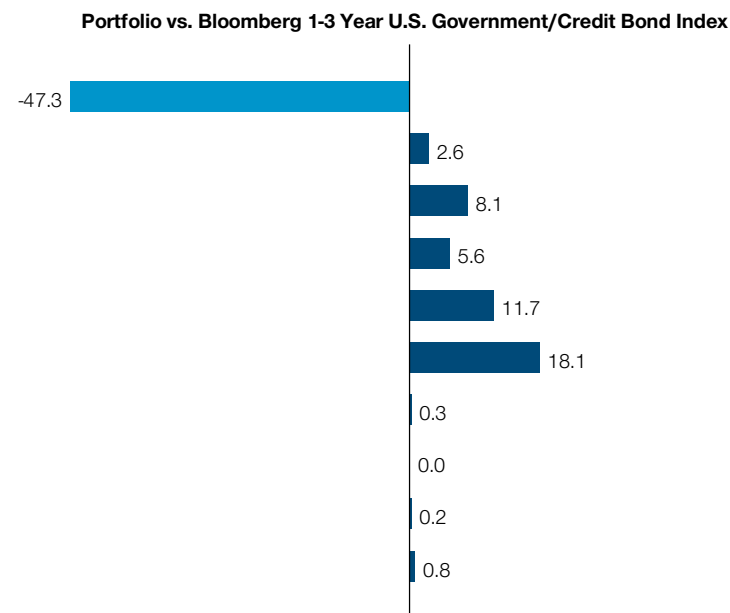


## PORTFOLIO CHARACTERISTICS

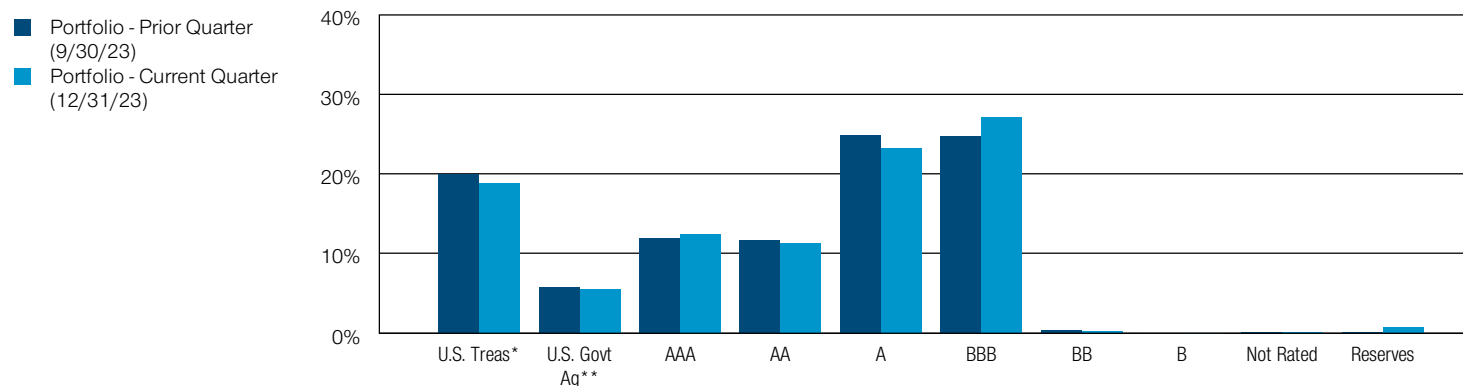
	Portfolio	Bloomberg 1-3 Year U.S. Government/Credit Bond Index
Weighted Average Maturity	2.16 years	1.89 years
Weighted Average Effective Duration	1.81 years	1.77 years
Number of Holdings	776	1,996

## CREDIT QUALITY DIVERSIFICATION

	% of Portfolio	% of Index
U.S. Treasury*	18.9	66.2
U.S. Government Agency Securities**	5.5	2.9
AAA	12.6	4.5
AA	11.3	5.8
A	23.3	11.6
BBB	27.1	9.1
BB	0.3	0.0
B	0.0	0.0
Not Rated	0.2	0.0
Reserves	0.8	0.0



## QUARTER-OVER-QUARTER CHANGE



\*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.

**PERFORMANCE**

	Three Months	One Year	Annualized (only pertains to the total return figures)			
			Three Years	Five Years	Ten Years	Fifteen Years
Limited-Term Bond Portfolio	2.72%	4.94%	0.11%	1.86%	1.38%	1.94%
Bloomberg 1-3 Year U.S. Government/Credit Bond Index	2.69	4.61	0.09	1.51	1.27	1.52
Lipper Variable Annuity Underlying Short Investment Grade Debt Fund Average	2.67	5.20	0.23	1.54	1.26	1.94
Lipper Ranking	–	22 of 34	18 of 33	7 of 31	10 of 26	12 of 23

**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 Portfolio's total return figures reflect the reinvestment of dividends and capital gains, if any.

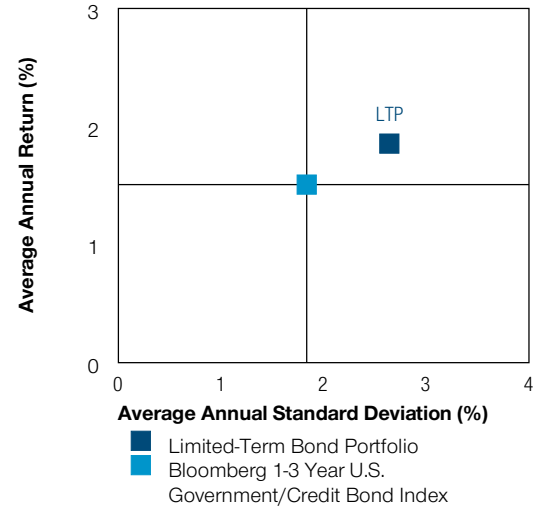
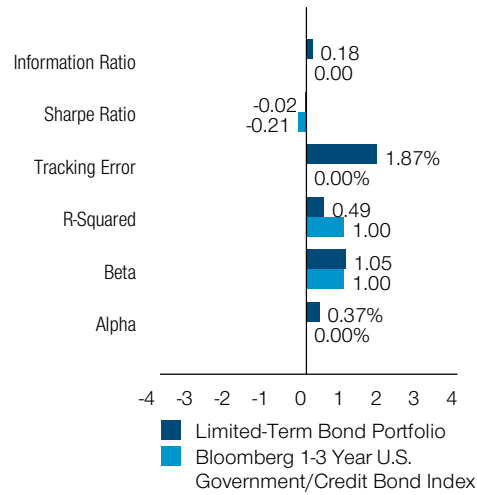
**Figures shown do not reflect fees at the insurance product or contract level; if these fees were included, returns would be lower.**

The Portfolio's net expense ratio as of the most recent prospectus was **0.50%**. For information about the expenses and waivers, see the prospectus for details.

Lipper rankings are based on cumulative total return. The Lipper Average consists of all share classes; each share class is counted separately.

RISK/RETURN CHARACTERISTICS

Five Years ended December 31, 2023



Past performance is not a reliable indicator of future performance. Figures are calculated using monthly data and are net of fees.

**ADDITIONAL DISCLOSURES**

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of Portfolio assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Portfolio to changes in interest rates. In general, the longer the average maturity or duration, the greater the Portfolio's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

**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](https://www.troweprice.com). Read it carefully.**

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

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The Top Issuers excludes U.S. Treasuries, institutional funds, agencies and securitized products.

Source for Sector Diversification: T. Rowe Price

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

Credit ratings for the securities held in the Portfolio 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 Portfolio is not rated by any agency.

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