



Short-Term Bond Fund

Total US Short-Term Bond Strategy Assets:¹ \$9.9 billion | **Total Fund Assets:** \$4.7 billion

INVESTMENT APPROACH

- The portfolio seeks to provide a high level of income with fluctuations in principal value consistent to those of a traditional low duration portfolio.
- Utilizes a diversified multi-sector approach in an effort 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.
- Investors should note that if interest rates rise from current levels, bond fund total returns may decline.

PORTFOLIO CONSTRUCTION

- Non-dollar foreign bond exposure is limited to 10% (hedged and unhedged).
- During normal market conditions, duration is typically 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 bonds as well as mortgage-backed, commercial mortgage-backed, and asset-backed securities.

BENCHMARK

- Bloomberg 1-3 Year U.S. Government/Credit Bond Index

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

For a complete list of the members of the Fund's Investment Advisory Committee, please refer to the Fund's prospectus.

Effective 1 October 2023, Steven Kohlenstein assumed co-portfolio management responsibility for the Fund.

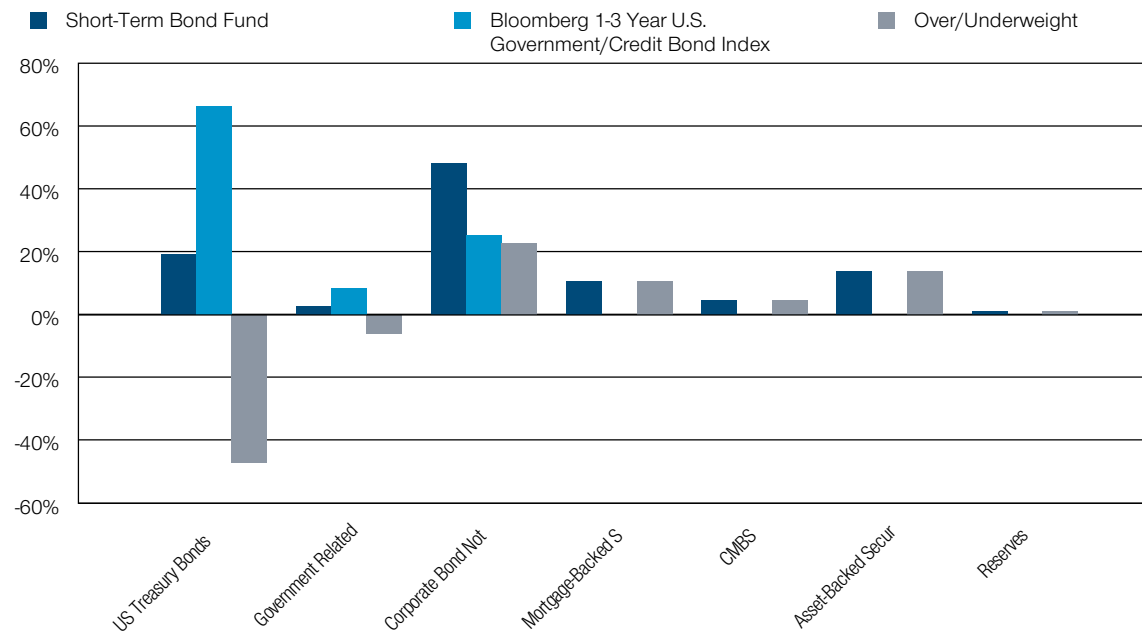
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¹ Includes a U.S.-registered mutual fund, variable annuity portfolios, subadvised portfolios, and separate accounts.

TOP ISSUERS

	% of Fund
Vistra	0.8%
Bank of America	0.8
Energy Transfer	0.8
AbbVie	0.8
JPMorgan Chase	0.7
Goldman Sachs	0.7
Morgan Stanley	0.7
Bank of Montreal	0.7
Charter Communications	0.7
Verizon Wireless	0.7
Total	7.4%

SECTOR DIVERSIFICATION

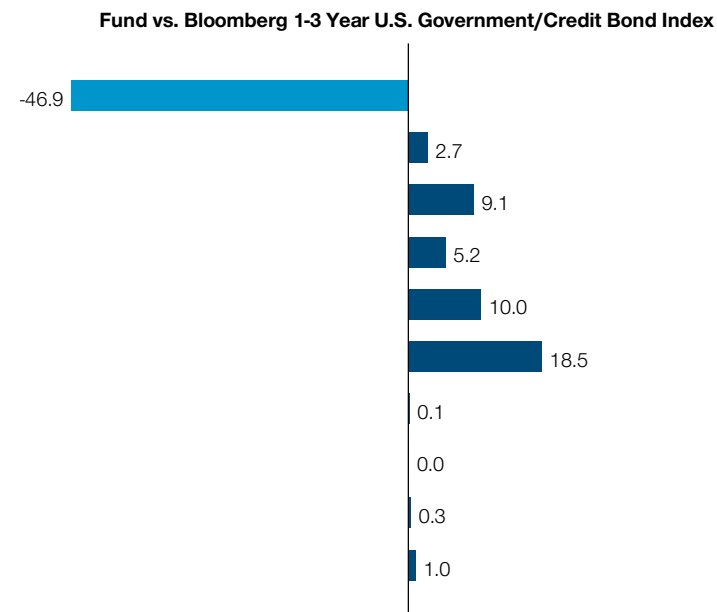
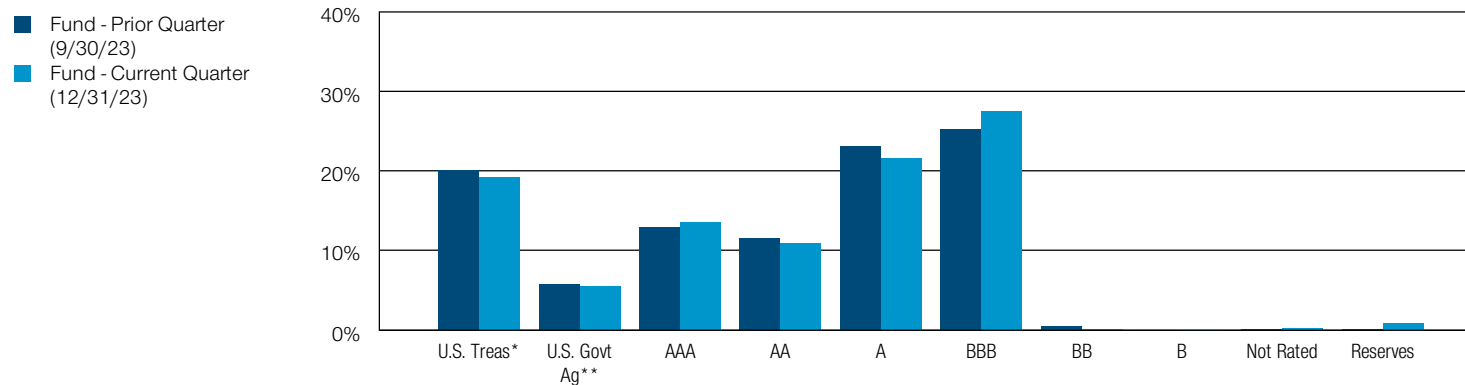


PORTFOLIO CHARACTERISTICS

	Fund	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	865	1,996

CREDIT QUALITY DIVERSIFICATION

	% of Fund	% of Index
U.S. Treasury*	19.3	66.2
U.S. Government Agency Securities**	5.5	2.9
AAA	13.6	4.5
AA	10.9	5.8
A	21.6	11.6
BBB	27.6	9.1
BB	0.2	0.0
B	0.0	0.0
Not Rated	0.3	0.0
Reserves	1.0	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
Short-Term Bond Fund	2.72%	5.08%	0.03%	1.77%	1.43%	2.05%
Bloomberg 1-3 Year U.S. Government/Credit Bond Index	2.69	4.61	0.09	1.51	1.27	1.52
Lipper Short Investment Grade Bond Funds Index	3.02	5.98	0.65	2.16	1.72	2.52
Lipper Short Investment Grade Debt Funds Average	3.00	5.78	0.43	1.88	1.53	2.36
Lipper Ranking	–	287 of 387	239 of 357	194 of 330	139 of 240	100 of 155
Morningstar Short-Term Bond Category	3.34	5.73	0.14	1.88	1.58	2.46
Morningstar Ranking	–	389 of 574	263 of 535	251 of 495	199 of 357	140 of 230

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

The Fund's expense ratio as of the most recent prospectus was **0.46%**. See the prospectus for details.

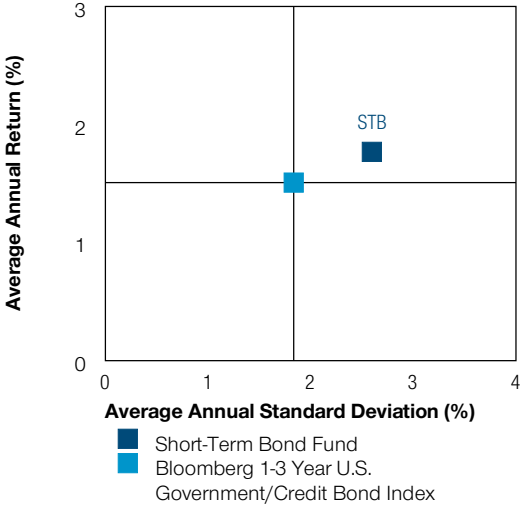
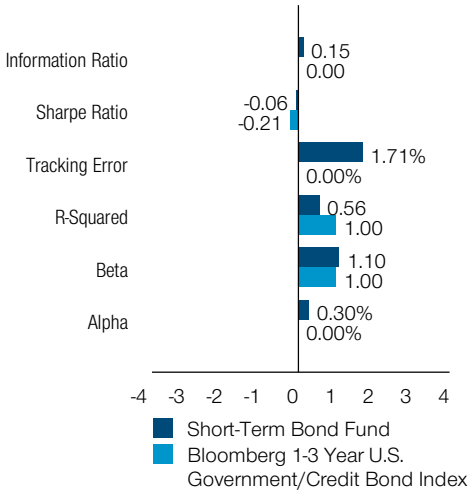
Lipper rankings are based on cumulative total return. The Lipper Average consists of all share classes; each share class is counted separately.

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

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 Fund assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Fund to changes in interest rates. In general, the longer the average maturity or duration, the greater the Fund'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 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.

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