



PORTFOLIO UPDATE

Ultra Short-Term Bond Fund - I Class

As of June 30, 2019



Portfolio Manager:
Joe Lynagh

Managed Fund Since:
2012

Joined Firm:
1990

MARKET COMMENTARY

The investment-grade U.S. fixed income market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, produced positive absolute returns in June.

The 10-year U.S. Treasury yield decreased during June, ending at 2.00%, down from 2.14% at the end of May, according to the U.S. Treasury. The Fed signaled a possible rate cut and other central banks turned increasingly dovish. The statement from the June FOMC meeting stated that the committee will be closely monitoring incoming economic data and will "act as appropriate to sustain the expansion," which market participants took to indicate a possible rate cut soon. Nonfarm payroll growth was weak, significantly underperforming expectations, as employers added only 75,000 jobs in May, and inflation data was also subdued.

Dovish central bank communications also bolstered the investment-grade (IG) corporate sector. Spreads, as represented by the corporate portion of the index, tightened over the month. In addition to the Fed's increased dovishness, investor sentiment improved after European Central Bank President Mario Draghi revealed that the central bank could introduce new stimulus measures at next month's policy meeting. Technical factors were also supportive as supply levels have been down relative to last year.

Securitized credit sectors and agency mortgage-backed securities produced positive total returns but did not keep pace with IG corporates. Asset-backed securities performed the worst as spreads widened after outperforming in May's period of market volatility. Both commercial mortgage-backed securities and agency mortgage-backed securities (MBS) produced flat excess returns as spreads for each sector were mildly volatile but ended the month at a level generally close to where they started. Talks of housing finance reform weighed on MBS.

INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with minimal fluctuations in principal value and liquidity.

FUND INFORMATION

Symbol	TRSTX
CUSIP	77957P501
Inception Date of Fund	July 06, 2017
Benchmark	Bloomberg Barclays Short-Term Gov/Corp Index
Expense Information (as of the most recent Prospectus)*	0.36% (Gross) 0.25% (Net)
Fiscal Year End	May 31
12B-1 Fee	-

* The I Class operates under a contractual operating expense limitation that expires on September 30, 2019.

PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized			30-Day SEC Yield	30-Day SEC Yield w/o Waiver ^o
					Three Years	Five Years	Since Inception 12/3/12		
Ultra Short-Term Bond Fund - I Class	0.22%	1.13%	2.27%	3.48%	2.28%	1.70%	1.39%	2.62%	2.62%
Bloomberg Barclays Short-Term Government/Corporate Index	0.31	0.78	1.53	2.71	1.60	1.12	0.91	-	-

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

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (7/6/17) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

^oExcludes the effect of contractual expense limitation arrangements.

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

Source for Bloomberg Barclays data: Bloomberg Index Services Limited. See additional disclosures.

RISK RETURN CHARACTERISTICS

(The exhibit will be available after three years of performance history in the class.)

TOP ISSUERS

Comprising 11.2% of total net assets.

	% of Fund
CenterPoint Energy	1.5%
CommonSpirit Health	1.4
Broadcom	1.3
Plains All American Pipeline	1.0
Energy Transfer	1.0
Pentair	1.0
Danske Bank	1.0
Swedbank	1.0
Cnh Industrial	0.9
EDP - Energias de Portugal	0.9

Issuers are as of the date indicated and are subject to change.

PORTFOLIO CHARACTERISTICS

	Ultra Short-Term Bond Fund - I Class	Bloomberg Bar- clays Short-Term Gov/Corp Index
Number of Holdings	542	545
Weighted Average Maturity	1.39 years	0.49 years
Weighted Average Effective Duration	0.81 years	0.48 years
Weighted Average Coupon	2.99%	2.01%
Yield to Maturity	2.73%	2.19%
Percent of Portfolio in Cash	0.5%	-
Total Assets (all share classes)	1,342,553,289	-

SECTOR DIVERSIFICATION

	Corporate Bonds & Notes	Asset- Backed Securities	Mortgage- Backed Securities	U.S. Treas- ury Bonds and Notes	Govern- ment Re- lated	Non US\$ Denomi- nated	CMBS	Reserves
Ultra Short-Term Bond Fund - I Class	57.1%	18.0%	18.0%	3.9%	1.5%	0.8%	0.2%	0.5%
Bloomberg Barclays Short-Term Gov/Corp Index	20.7	0.0	0.0	72.8	6.5	0.0	0.0	0.0
Over/Underweight	36.5	18.0	18.0	-69.0	-5.0	0.8	0.2	0.5

CREDIT QUALITY DIVERSIFICATION

	U.S. Treas*	U.S. Govt Ag**	AAA	AA	A	BBB	BB	Not Rated	Reserves
Ultra Short-Term Bond Fund - I Class	3.9%	0.1%	22.5%	12.0%	19.0%	33.5%	2.6%	6.1%	0.5%
Bloomberg Barclays Short-Term Gov/Corp Index	72.8	6.4	0.5	4.5	8.1	7.4	0.2	0.0	0.0
Over/Underweight	-69.0	-6.3	21.9	7.4	10.8	26.1	2.3	6.1	0.5

*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.

Source for Bloomberg Barclays data: Bloomberg Index Services Limited.

MATURITY DIVERSIFICATION

	0-1 Year	1-3 Years	3-5 Years	5-7 Years	7-10 Years	10-20 Years	20-30 Years	30+ Years
Ultra Short-Term Bond Fund - I Class	35.4%	60.6%	3.7%	0.3%	0.0%	0.0%	0.0%	0.0%

Definitions

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

Additional Disclosures

Source for Bloomberg Barclays index data: Bloomberg Index Services Ltd. Copyright 2019, Bloomberg Index Services Ltd. Used with permission.

Unless otherwise noted, returns are shown with gross dividends reinvested.

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.

Sources for credit quality: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps.

Source for Maturity Diversification: T Rowe Price.

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 should not be deemed a recommendation to buy or sell any of the securities mentioned.

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