PIMCO

# Total Return Bond Fund

### Fund information

| | |
|---|---|
| Total Net Assets | 4.2 (USD in Billions) |
| Fund Type | UCITS |
| Portfolio Manager | Mohit Mittal, Qi Wang, Mark Kiesel, Dan Ivascyn |

| Class | ISIN | |
|---|---|---|
| **E** | **Accumulation** | **Income** |
| CHF(H) | IE00B884NX39 | — |
| EUR(H) | IE00B11XZB05 | IE00B7KBLB99 |
| SGD(H) | IE00B1LHWR71 | — |
| USD | IE00B11XZ988 | IE00B0M2Y900 |
| **ADMIN** | | |
| EUR(H) | IE00B4WVMF73 | — |
| SGD(H) | — | IE000S2L68V5 |
| USD | IE0032303764 | IE000G2EJJY1 |
| **HINST** | | |
| USD | IE0032313243 | IE00BFMWWR92 |
| **INST** | | |
| CAD(H) | — | IE00B7GJZX79 |
| CHF(H) | IE00B3STRQ43 | — |
| EUR(H) | IE0033989843 | IE00B0V9T086 |
| EUR(U) | IE0009725304 | — |
| GBP(H) | IE00B4PRCS59 | IE00B0V9T193 |
| SGD(H) | IE00B57MJS46 | — |
| USD | IE0002460867 | IE0002459976 |
| **INVST** | | |
| CHF(H) | IE00B5WJ1L72 | — |
| EUR(H) | IE00B0105X63 | — |
| USD | IE0005300243 | IE0005300136 |
| **MRETL** | | |
| HKD(U) | — | IE00B84FQ080 |

(U) = Unhedged, (H) = Hedged

The investment objective of the Fund is to seek to maximise total return, consistent with preservation of capital and prudent investment management.

## PERFORMANCE SUMMARY

The Total Return Bond Fund returned 1.12% (Institutional, Accumulation shares) and -3.94% (Institutional, Accumulation shares net of 5% preliminary charge) in March, outperforming the Bloomberg U.S. Aggregate Index by 0.20%. Year-to-date the Fund has returned -0.03% (Institutional, Accumulation shares) and -5.04% (Institutional, Accumulation shares net of 5% preliminary charge), while the benchmark returned -0.78%.

Equity markets continued their upward trajectory, while bond indices modestly rose as several global central banks sent dovish signals to the market. U.S. credit spreads tightened, and developed sovereign bond yields fell, while the dollar strengthened. In the U.S., the 10-year Treasury fell 5 bps to 4.20% as the Federal Reserve reaffirmed its expectation of three rate cuts in 2024. In Germany, the 10-year bund yield fell 11 bps to 2.30%. In the U.K., 10-year Gilt yields fell 19 bps to 3.93%, while 10-year Japanese government bond yields rose 2 bps to 0.73%.

### Contributors

- An overweight to Agency MBS
- Tactical U.S. duration positioning
- Positions within securitized credit, particularly AAA CLOs and non-Agency MBS

### Detractors

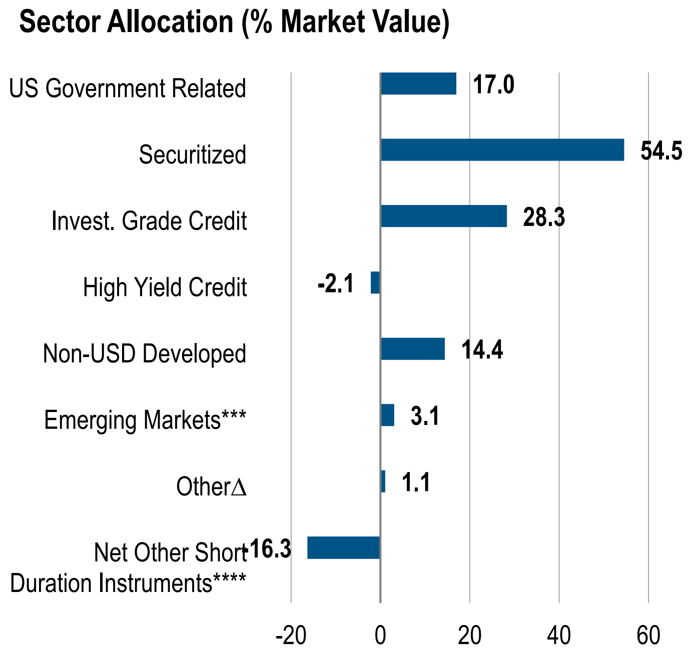
- No notable detractors

| Performance (Net of Fees) | 1 Mo. | 3 Mos. | 6 Mos. | 1 Yr. | 3 Yrs. | 5 Yrs. | 10 Yrs. | SI |
|---|---|---|---|---|---|---|---|---|
| Institutional, Acc (%)[1] | 1.12 | -0.03 | 6.86 | 3.33 | -2.74 | 0.54 | 1.62 | 4.38 |
| Net of 5% Preliminary Charge[2] | -3.94 | -5.04 | 1.52 | -1.82 | -4.40 | -0.49 | 1.10 | 4.17 |
| Institutional, Inc (%) [1] | 1.05 | -0.09 | 6.80 | 3.31 | -2.75 | 0.53 | 1.61 | 4.35 |
| Net of 5% Preliminary Charge[2] | -4.03 | -5.05 | 1.46 | -1.87 | -4.40 | -0.49 | 1.09 | 4.13 |
| Benchmark (%) | 0.92 | -0.78 | 5.99 | 1.70 | -2.46 | 0.36 | 1.54 | — |

**Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.** The benchmark is the Bloomberg U.S. Aggregate Index. All periods longer than one year are annualised. SI is the performance since inception. [1] Performance shown is on a NAV-to-NAV basis in the denominated currency, excluding the preliminary charge and on the assumption that distributions are reinvested, as applicable. [2] Performance shown is on a NAV-to-NAV basis in the denominated currency, taking into account the preliminary charge and on the assumption that distributions are reinvested, as applicable. A preliminary charge of up to 5% may or may not be deducted from the subscription amount depending on the distributor from whom you had purchased shares, as such this may not represent actual performance returns. Investment returns denominated in non-local currency may be exposed to exchange rate fluctuations.
Income inception date: 25 Apr 2000
Accumulation inception date: 31 Jan 1998

## MONTH IN REVIEW

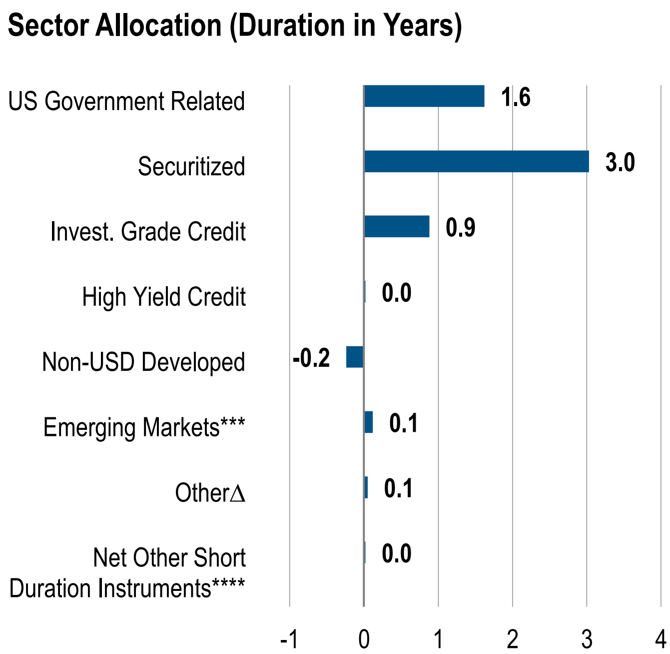
Interest rate strategies contributed to relative performance over the month. Tactical U.S. duration positioning contributed to relative performance.
Spread sector strategies contributed to relative performance over the month. An overweight to Agency MBS, and positions within securitized credit, particularly AAA CLOs and non-Agency MBS, contributed to relative performance.
Currency strategies contributed relative performance, driven by modest exposure to emerging market currencies, as the currencies appreciated relative to the U.S. dollar.




Market Value % may not equal 100 due to rounding.

## PORTFOLIO POSITIONING

The Fund is modestly underweight headline duration relative to its benchmark with hedges in select regions. The Fund is modestly underweight U.S. duration but remains tactical given valuations. The Fund maintains modest long exposure to duration in Canada, particularly at the front-end of the curve and short exposure to duration in Japan.
The Fund is underweight corporate credit overall, though maintains a bias toward high-quality issues with a preference for senior issues of large national champion banks.
The Fund maintains an overweight to Agency MBS given attractive valuations, favoring higher coupons due to ongoing reduction in the Fed's mortgage holdings and pull-back in lending. Agency MBS are AAA-rated assets that offer relatively attractive spread, high levels of resiliency, and good liquidity. The Fund continues to favor senior positions in securitized credit (non-Agency mortgages, AAA senior CLOs and CMBS) given inherent fundamental strength and the de-leveraging nature of the asset.
The Fund continues to be long TIPS as a hedge against the possibility of inflation being higher than currently priced in the markets.
The Fund remains focused on relative value trades with currencies, and has long exposure to a basket of currencies with attractive valuations, high real carry, and/or supportive fundamentals. The Fund uses a diversified basket of funding currencies from select developed markets and Asian emerging markets.



## OUTLOOK AND STRATEGY

Higher savings balances and a slower pass-through of monetary policy in the U.S. relative to other developed markets could, in our view, keep inflation above the Fed's 2% target over the cyclical horizon. We still expect the Fed to start normalizing policy at midyear, similar to other DM central banks; however, the Fed's subsequent rate-cutting path could be more gradual. Additionally, we believe that an economic soft landing is achievable, but both recessionary and inflationary risks remain elevated in the aftermath of unprecedented global shocks to supply and demand.

The Fund is modestly underweight headline duration relative to its benchmark. The Fund is modestly underweight U.S. duration in aggregate, focusing on curve positioning. The Fund maintains a modest long exposure to duration in Canada, particularly at the front-end of the curve. The Fund maintains a short position to duration in Japan as an advantageous duration hedge.

The Fund maintains an underweight position to non-financial investment grade corporate credit and instead prefers to hold exposure to high-quality securitized assets, such as U.S. non-Agency Residential MBS and AAA tranches of CLOs. The Fund continues to be overweight Agency MBS, focusing on higher coupons due to the ongoing reduction in Fed's mortgage holdings and banks temporarily stepping back in the wake of SVB debacle. The Fund continues to be long TIPS as a hedge against the possibility of inflation being higher than currently priced in the markets.

The Fund maintains long exposure to select developed and emerging market currencies with attractive valuations, high real carry, and/or supportive fundamentals.

### Fund Statistics

| | |
|---|---|
| Effective Duration (yrs) | 5.51 |
| Benchmark Duration (yrs) | 6.21 |
| Estimated Yield to Maturity (%)⊕ | 5.85 |
| Annualised Distribution Yield (%)† | 3.13 |
| Effective Maturity (yrs) | 7.11 |
| Average Credit Quality | AA- |

### Unified Management Fee

| | |
|---|---|
| Administrative | 1.00% p.a. |
| E | 1.40% p.a. |
| H Institutional | 0.67% p.a. |
| Institutional | 0.50% p.a. |
| Investor | 0.85% p.a. |

Source: PIMCO, index provider for benchmark data.
Break-even inflation is the difference between the nominal yield on a fixed-rate investment and the real yield on an inflation-linked investment of similar maturity and credit quality.
U.S. Federal Reserve (Fed); Mortgage-Backed Securities (MBS)
U.S. interest rate strategies encompass the Fund's duration, yield curve, convexity strategies and instrument selection.
Carry is the rate of interest earned by holding the respective securities.
Credit spreads are the difference in yield between any type of bond, and a U.S. treasury of the same maturity.
The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.
References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.
****Net Other Short Duration Instruments includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money, short duration derivatives and derivatives offsets. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category. Derivatives Offsets includes offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position.
⊕PIMCO calculates a Fund's Estimated Yield to Maturity by averaging the yield to maturity of each security held in the Fund on a market weighted basis. PIMCO sources each security's yield to maturity from PIMCO's Portfolio Analytics database. When not available in PIMCO's Portfolio Analytics database, PIMCO sources the security's yield to maturity from Bloomberg. When not available in either database, PIMCO will assign a yield to maturity for that security from a PIMCO matrix based on prior data. The source data used in such circumstances is a static metric and PIMCO makes no representation as to the accuracy of the data for the purposes of calculating the Estimated Yield to Maturity. The Estimated Yield to Maturity is provided for illustrative purposes only and should not be relied upon as a primary basis for an investment decision and should not be interpreted as a guarantee or prediction of future performance of the Fund or the likely returns of any investment.
†Annualised distribution yield= ( Dividend Rate * 4 ) / NAV on ex-dividend day. Annualised Distribution Yield is as of 31/03/2024. Dividend is not guaranteed. A positive distribution yield does not imply a positive return.
ΔWhere permitted by the investment guidelines stated in the portfolios offering documents, "other" may include exposure to, convertibles, preferred, common stock, equity-related securities, and Yankee bonds.
***Short duration emerging markets instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. Emerging Markets includes the value of short duration emerging markets instruments previously reported in another category.
Performance data shown is the after the effect of fees. All periods longer than one year are annualised.
Investment involves risk including possible loss of the principal amount invested. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future. The value of shares of the Fund and the income accruing to them, if any, may fall or rise. Investment returns denominated in non-local currency may be exposed to exchange rate fluctuations. In an environment where interest rates may trend upward, rising rates will negatively impact most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other information is contained in the Fund's Singapore Prospectus which is available and can be obtained from our website www.pimco.com.sg, a Fund distributor or the Singapore Representative. Prospective investors should read the Fund's Singapore Prospectus before deciding whether to subscribe for or purchase shares in any of the Funds. Investors may wish to seek advice from a financial adviser before making a commitment to invest and in the event you choose not to seek advice, you should consider whether the investment is suitable for you.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

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Investments made by a Fund and the results achieved by a Fund are not expected to be the same as those made by any other PIMCO-advised Fund, including those with a similar name, investment objective or policies. A new or smaller Fund's performance may not represent how the Fund is expected to or may perform in the long-term. New Funds have limited operating histories for investors to evaluate and new and smaller Funds may not attract sufficient assets to achieve investment and trading efficiencies. A Fund may be forced to sell a comparatively large portion of its portfolio to meet significant shareholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant share purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

**A word about risk:** Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be appropriate for all investors. **Currency rates** may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **Derivatives** may involve certain costs and risks, such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. **Equities** may decline in value due to both real and perceived general market, economic and industry conditions. Investing in **foreign-denominated and/or -domiciled securities** may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. **Sovereign** securities are generally backed by the issuing government. Obligations of U.S. government agencies and authorities are supported by varying degrees, but are generally not backed by the full faith of the U.S. government. Portfolios that invest in such securities are not guaranteed and will fluctuate in value. **High yield, lower-rated securities** involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. **Mortgage- and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its obligations. Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax. Swaps are a type of derivative; swaps are increasingly subject to central clearing and exchange-trading. Swaps that are not centrally cleared and exchange-traded may be less liquid than exchange-traded instruments. **Inflation-linked bonds (ILBs)** issued by a government are fixed income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. **Treasury Inflation-Protected Securities (TIPS)** are ILBs issued by the U.S. government. Certain **U.S. government securities** are backed by the full faith of the government. Obligations of U.S. government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. government. Portfolios that invest in such securities are not guaranteed and will fluctuate in value. **Diversification** does not ensure against loss.

**Benchmark** - Unless referenced in the prospectus, a benchmark or index in this material is not used in the active management of the Fund, in particular for performance comparison purposes.

Where referenced in the prospectus, a benchmark may be used as part of the active management of the Fund including, but not limited to, for duration measurement, as a benchmark which the Fund seeks to outperform, performance comparison purposes and/or relative VaR measurement. Any reference to an index or benchmark in this material, and which is not referenced in the prospectus , is purely for illustrative or informational purposes (such as to provide general financial information or market context) and is not for performance comparison purposes. Please contact your PIMCO representative for further details.

**Correlation** - As outlined under "Benchmark", where disclosed herein and referenced in the prospectus, a benchmark may be used as part of the active management of the Fund. In such instances, certain of the Fund's securities may be components of and may have similar weightings to the benchmark and the Fund may from time to time show a high degree of correlation with the performance of any such benchmark. However the benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the benchmark.

Investors should note that a Fund may from time to time show a high degree of correlation with the performance of one or more financial indices not referenced in the prospectus. Such correlation may be coincidental or may arise because any such financial index may be representative of the asset class, market sector or geographic location in which the Fund is invested or uses a similar investment methodology to that used in managing the Fund. **Additional Information** - This material may contain additional information, not explicit in the prospectus, on how the Fund or strategy is currently managed. Such information is current as at the date of the presentation and may be subject to change without notice. **Investment Restrictions** - In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by any of the following: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC, Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade).

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