PIMCO

Global Real Return Fund

Fund information

Total Net Assets	2.2 (USD in Billions)
Fund Type	UCITS
Portfolio Manager	Lorenzo Pagani, Steve Rodosky, Yi Qiao, Daniel He

Class	ISIN	
E	**Accumulation**	**Income**
EUR(H)	IE00B11XZ541	—
USD	IE00B11XZ657	IE00B0MD9N28
ADMIN		
USD	IE0034234553	—
HINST		
USD	IE00B016J437	—
INST		
CHF(H)	IE0033667878	IE00BYXVW560
EUR(H)	IE0033666466	IE00B0V9TB92
GBP(H)	IE0034235527	IE00B07Q3Z63
SGD(H)	IE00B29WLV81	—
USD	IE0033591748	IE0033591854
USD	IE00BF5Q1Q07	—
INVST		
CHF(H)	—	IE00B4Y6GV43
EUR(H)	IE0034350524	—
USD	IE0033591961	IE0033592043

(U) = Unhedged, (H) = Hedged

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

PERFORMANCE SUMMARY

The Global Real Return Fund returned 1.26% (E, Accumulation shares) and -3.80% (E, Accumulation shares net of 5% preliminary charge) in March. Year-to-date the Fund has returned 0.00% (E, Accumulation shares) and -4.99% (E, Accumulation shares net of 5% preliminary charge).

Global inflation-linked bonds (ILBs) delivered positive returns in March as global real yields generally fell.

Overall, Global ILBs returned +1.29%, as represented by the Bloomberg World Government Inflation-Linked Bond Index (USD hedged).

Contributors

- Eurozone duration strategies, including curve position and instrument selection
- Off-benchmark exposure to Non-agency and U.S. agency MBS

Detractors

- U.S. interest rate strategies
- Security selection in U.S. breakeven inflation exposure

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
E, Acc (%)[1]	1.26	0.00	5.94	0.68	-2.60	0.51	1.96	2.94
Net of 5% Preliminary Charge[2]	-3.80	-4.99	0.63	-4.37	-4.25	-0.52	1.44	2.65
E, Inc (%)[1]	1.30	-0.01	5.98	0.68	-2.58	0.52	1.97	2.85
Net of 5% Preliminary Charge[2]	-3.73	-4.98	0.66	-4.34	-4.24	-0.51	1.44	2.56
Benchmark (%)	1.29	-0.45	5.59	0.30	-2.20	0.85	2.67	—

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 World Government Inflation-Linked Bond USD Hedged 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: 28 Oct 2005
Accumulation inception date: 31 Mar 2006

MONTH IN REVIEW

Global inflation-linked bonds (ILBs) posted positive returns in March as global real yields generally fell. In the U.S., Treasury Inflation-Protected Securities (TIPS) delivered positive returns and outperformed comparable nominal Treasuries. U.S. breakevens were roughly unchanged as Chair Powell dovishly reaffirmed the Fed's commitment to cutting rates by categorizing the recent inflation uptick as noisy and dismissing questions about the strength in the labor market. Headline CPI rose slightly to 3.2% year-over-year (YoY) in February, while core fell modestly to 3.8% YoY.
In the U.K., ILBs delivered positive returns and outperformed comparable nominals. On the inflation front, both headline and core CPI moderated to 3.4% YoY and 4.5% YoY, respectively. The BoE kept its policy rate on hold but confirmed the market's expectations of multiple upcoming rate cuts. Eurozone ILB returns were positive and outperformed comparable nominals. Eurozone headline inflation printed slightly lower in February at 2.6% YoY due to a smaller rise in food prices and the drop in energy prices, while core CPI fell to 3.1% YoY. The ECB expressed confidence that inflation will continue to moderate amid declining wage growth, which reaffirmed market expectations that rate cuts would occur as soon as June 2024.

Inflation-Linked Bond Exposure (%DWE)

Inflation Linked Bonds	
United States	44
United Kingdom	40
Europe	14
Canada	3
Other	4
Non Inflation Linked Bonds	
United States	-8
United Kingdom	1
Europe	3
Canada	0
Other	2
Net Other Short Duration Instruments	-3

Source: PIMCO

PORTFOLIO POSITIONING

Favoring Global vs U.S. duration:
- Moved to an overall duration underweight sourced in the U.S. given stronger growth and inflation momentum in recent months
- Preference for Global vs U.S. duration, expressed through a marginal overweight in U.K. and Australian duration because CB policies there have passed-through to the real economy faster given variable mortgage rates. This is also aimed to increase global diversification
- Maintain underweight to European duration via the short-term part of the curve given re-pricing of rate cuts expectations for later in 2024. Maintain 10s30s curve steepener exposure which is less volatile

Tactical breakeven inflation (BEI) positions in select regions:
- Maintain overweight to U.S. breakevens versus the benchmark as longer-term expectations are still anchored despite elevated inflation uncertainty
- Maintain underweight in Eurozone breakevens (positive in PMV terms) versus and increase in in U.S. breakevens as expectations are currently trading at rich levels relative to the U.S.
- Remain flat versus the benchmark in U.K. breakevens
- Maintain marginal overweight relative to the benchmark in Japanese breakevens as carry is positive

Focused on high conviction, high quality positions:
- Remain cautious overall within corporate credit given continued fragilities
- FX Carry strategy (relative value, favoring high carry DM and liquid EM currencies)
- Remain constructive on U.S. non-Agency MBS
- Exposure to Italy spread as higher rates are attracting more yield-based buyers

OUTLOOK AND STRATEGY

Given PIMCO's outlook, the Fund seeks opportunities to capture incremental yield through country, curve, and security positioning. We look to emphasize countries offering better relative value, concentrate on curve positioning to incorporate elements of our economic outlook and pricing, and to respond to changes in the policies being pursued by central banks.
The Fund seeks to tactically manage its real duration position relative to benchmark, looking to capitalize on yield curve relative value opportunities. We plan to tactically respond to anticipated short-term inflation mispricing due to changes in commodity prices and seasonal trends.
The Fund's currency positioning will focus on relative value across countries and look for opportunities given the current market environment.

Fund Statistics

Effective Duration (yrs)	8.94
Benchmark Duration (yrs)	9.28
Estimated Yield to Maturity (%)⊕	4.70
Annualised Distribution Yield (%)†	1.49
Effective Maturity (yrs)	8.98
Average Credit Quality	AA

Unified Management Fee

Administrative	0.99% p.a.
E	1.39% p.a.
H Institutional	0.66% p.a.
Institutional	0.49% p.a.
Investor	0.84% p.a.

Source: PIMCO, index provider for benchmark data.
Mortgage-Backed Securities (MBS); US Federal Reserve (The Fed); Consumer Price Index (CPI);; Bank of Japan (BOJ); Bank of England (BOE)
Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. government.
Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.
References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.
⊕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.
References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States
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. **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. 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. 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. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations. **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. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **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. **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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