

# Diversified Income Fund

## Fund information

Total Net Assets	7.6 (USD in Billions)
Fund Type	UCITS
Portfolio Manager	Sonali Pier, Alfred Murata, Charles Watford, Regina Borromeo, Dan Ivascyn

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

## PERFORMANCE SUMMARY

The Diversified Income Fund returned 1.28% (E, Accumulation shares) and -3.81% (E, Accumulation shares net of 5% preliminary charge) in March. Year-to-date the Fund has returned 1.18% (E, Accumulation shares) and -3.89% (E, Accumulation shares net of 5% preliminary charge).

Risk assets broadly rallied to close the quarter, fueled by resilient corporate earnings and a boom in artificial intelligence, as U.S. equities saw their best start to the year since 2019. Total returns were broadly positive across fixed income markets, with most spread sectors outperforming Treasuries over the month. U.S. Treasury yields modestly declined as the U.S. Federal Reserve leaned dovish at the March meeting, signaling the U.S. central bank is on track for rate cuts later this year. The U.S. 10y yield fell by 5bps to 4.20%. Over the month, emerging markets, high yield, and investment grade spreads tightened by respectively 21bps, 7bps, and 4bps.

## Contributors

- Security selection with emerging markets
- Tactical exposure to securitized assets

## Detractors

- Security selection with high yield credit
- U.S. interest rate positioning

Class	ISIN	
	Accumulation	Income
<b>E</b>		
CHF(H)	IE00BKTN2037	—
EUR(H)	IE00B1Z6D669	IE00B4TG9K96
SGD(H)	—	IE00B95F0K20
USD	IE00B1D7YK27	IE00B193MK07
<b>ADMIN</b>		
EUR(H)	IE00B1XK9L79	—
GBP(H)	—	IE00B4PJC039
JPY(H)	IE000UZ6SRN9	—
SEK(H)	IE00BMT63P80	—
SGD(H)	—	IE00BJLMMQ78
USD	—	IE00B4KNT432
<b>HINST</b>		
USD	IE00B4QX9925	IE00B8DTBM88
<b>INST</b>		
CAD(H)	IE00B4QL5Y33	—
CHF(H)	IE00B3ZYSN64	IE00B7VCGY95
EUR(H)	IE00B1JC0H05	IE00B28D5Z40
GBP(H)	IE00B13H3C75	IE00B0Y8YW95
MXN(H)	IE00BMVMC131	—
SEK(H)	IE00B11XYT14	—
SGD(H)	—	IE00BK5WW150
USD	IE00B0C18065	IE00B138GV00
<b>INVST</b>		
EUR(H)	IE00B120J296	IE00B97J1N24
USD	IE00B962TR28	IE00B8WS6X29
<b>MRETL</b>		
AUD(H)	—	IE00B95MX153
USD	—	IE00B3Y5VT74
<b>W</b>		
CHF(H)	IE00BLCB7400	IE00BLCB7392
EUR(H)	IE00BLCB7285	IE00BLCB7178
GBP(H)	IE00BLCB7061	IE00BLCB7M88
SGD(H)	—	IE00BLCB6Z43
USD	IE00BLCB6Y36	IE00BLCB6X29

(U) = Unhedged, (H) = Hedged

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
E, Acc (%) <sup>1</sup>	1.28	1.18	8.38	7.08	-2.52	0.67	2.35	4.26
Net of 5% Preliminary Charge <sup>2</sup>	-3.81	-3.89	2.96	1.74	-4.17	-0.36	1.83	3.96
E, Inc (%) <sup>1</sup>	1.28	1.19	8.39	7.15	-2.52	0.68	2.35	4.34
Net of 5% Preliminary Charge <sup>2</sup>	-3.80	-3.88	3.00	1.81	-4.18	-0.34	1.83	4.04
Benchmark (%)	1.39	0.98	8.88	8.73	-0.03	2.20	3.40	—

**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 1/3 each - Bloomberg Global Aggregate Credit ex Emerging Markets, USD Hedged; ICE BofAML BB-B Rated Developed Markets High Yield Constrained Index, USD Hedged; and JPMorgan EMBI Global, USD Hedged. All periods longer than one year are annualised. SI is the performance since inception. <sup>1</sup> 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. <sup>2</sup> 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.

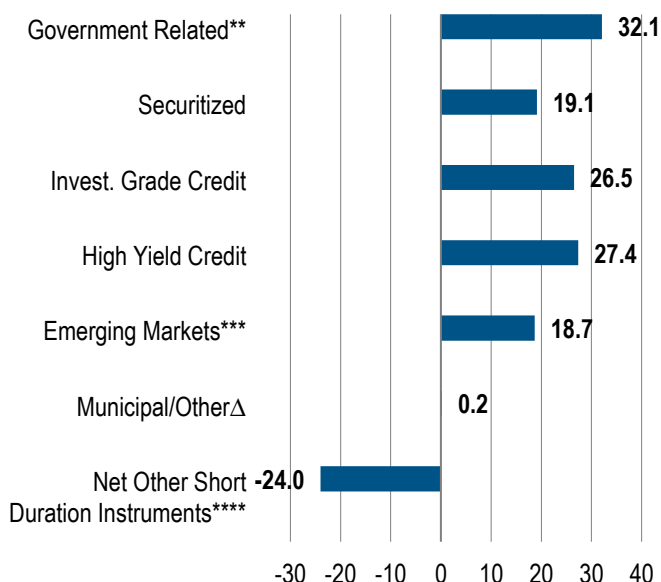
Income inception date: 31 Jul 2006

Accumulation inception date: 11 Sep 2006

## MONTH IN REVIEW

In March, global investment grade credit<sup>1</sup> spreads tightened by 4bps, global high yield bond<sup>2</sup> spreads tightened by 7bps, and EM external<sup>3</sup> spreads tightened by 21bps. The Fund's underperformance was driven by security selection within high yield credit, including overweight exposure to select issuers in the financial services and telecommunications sectors, which underperformed; and macro strategies, in particular U.S. interest rate positioning. The underperformance was partially offset by security selection with emerging markets, including overweight exposure to select Central Eastern European and Latin American sovereign issuers, which outperformed; and tactical exposure to securitized assets, in particular exposure to agency MBS.

## Sector Allocation (% Market Value)

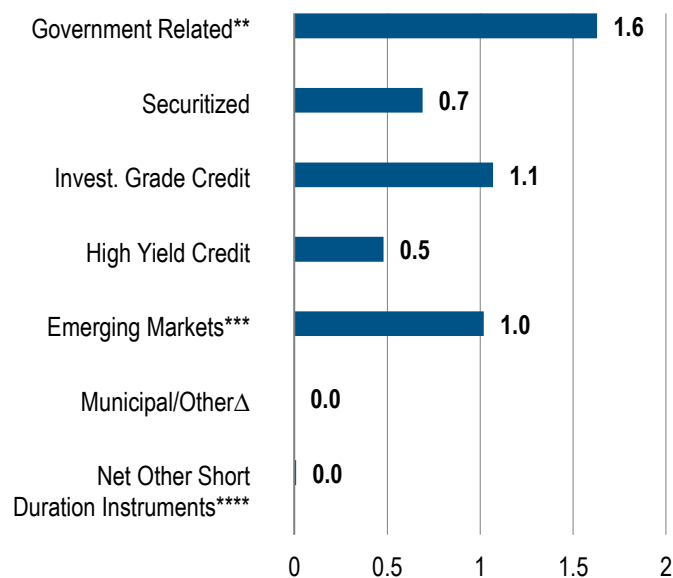


Market Value % may not equal 100 due to rounding.

## PORTFOLIO POSITIONING

Within investment grade corporates, we continue to favor sectors with good earnings visibility, such as media cable and pipelines. Conversely, we are underweight sectors vulnerable to potential margin pressures, such as retail, as well as sectors with asset light business models such as technology. Within high yield credit, we have an up-in quality bias, and remain focused on future rising star opportunities and secured bonds within highly cash-generative industries, such as transportation. Additionally, we maintain our cautious approach to emerging markets exposure, emphasizing countries with credible reform stories, select Eastern European corporate issuers and, more broadly, corporate issuers with hard assets. Within securitized credit, we remain constructive on agency and non-agency mortgages, which benefit from attractive valuations and resilient characteristics given high levels of equity and seasoning as well as resilience across various market environments. We also hold AAA-rated EUR CLO tranches as an attractive substitute to tighter trading generic corporate credit. The Fund is modestly underweight duration, holding a modest short exposure to Japanese duration and underweight exposures to U.S. and European duration in particular. Finally, from a currency standpoint, the Fund continues to hold a modest tactical long exposure to select Latin American and Asian EM currencies.

## Sector Allocation (Duration in Years)



## OUTLOOK AND STRATEGY

We believe credit has rarely appeared more compelling relative to equities, as starting yield levels are historically attractive. Given the ongoing macro-economic uncertainty, the portfolio continues to emphasize resilience, namely through an allocation to Agency and Non-Agency Mortgage Backed Securities. We favor developed markets, in light of the higher quality relative to emerging markets risk, alongside better fundamentals and a more attractive riskreward profile. We continue to see opportunities in select companies with good earnings visibility and that we believe are more resilient to margin pressures, the crossover segment given positive ratings momentum, as well as relative value opportunities in credit derivatives versus cash bonds.

## Fund Statistics

Effective Duration (yrs)	4.91
Benchmark Duration (yrs)	5.30
Estimated Yield to Maturity (%) <sup>⊕</sup>	7.05
Annualised Distribution Yield (%) <sup>†</sup>	4.07
Effective Maturity (yrs)	8.93
Average Credit Quality	A

## Unified Management Fee

Administrative	1.19% p.a.
E	1.59% p.a.
H Institutional	0.86% p.a.
Institutional	0.69% p.a.
Investor	1.04% p.a.
M Retail	1.59% p.a.
W	0.55% p.a.

Source: PIMCO, index provider for benchmark data.

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.

<sup>1</sup>Bloomberg Global Aggregate Credit Index, <sup>2</sup>ICE BofAML Developed Markets High Yield Constrained Index, <sup>3</sup>JPMorgan EMBI Global Index

<sup>\*\*\*\*</sup>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.

<sup>⊕</sup>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.

<sup>†</sup>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.

<sup>Δ</sup>Where 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.

<sup>\*\*\*</sup>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](http://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 **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. **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. The Fund is non-diversified, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund.

Portfolio turnover may indicate higher transactions costs and may result in higher taxes when fund shares are held in a taxable account.

**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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