

# Income Fund

Morningstar Rating™ ★★★★★

## PERFORMANCE SUMMARY

The Income Fund returned 1.26% (Institutional, Income shares net of fees) and 1.34% (Institutional, Accumulation shares net of fees) in March, outperforming the Bloomberg U.S. Aggregate Index by 0.34% (Institutional, Income shares net of fees) and 0.41% (Institutional, Accumulation shares net of fees). Year-to-date the Fund has returned 1.45% (Institutional, Income shares net of fees) and 1.52% (Institutional, Accumulation shares net of fees), while the benchmark returned -0.78%.

The GIS Income Fund continued to provide investors with consistent and competitive monthly distributions through March. The portfolio's duration strategies contributed to performance in March, specifically, the fund's exposure to US duration as rates broadly fell in this market. Holdings of corporate credit and exposure to a basket of emerging market currencies also contributed to performance. The overall performance of residential mortgages was positive, as Agency MBS contributed to fund performance during the month.

### Contributors

- Exposure to the US cash interest rate, from carry
- Holdings of US Agency MBS, as spreads tightened, and through carry and selection
- Holdings of investment grade and high yield corporate credit, as spreads tightened, and through carry and selection
- Holdings of EM external debt, as spreads tightened and through selection

### Detractors

- Long exposure to the Japanese yen as it depreciated against the US dollar
- Long exposure to select EM local debt, as yields rose
- Long exposure to US Treasury Inflation-Protected Securities ("TIPS"), as breakeven inflation levels fell
- Short exposure to the Canadian dollar as it appreciated against the US dollar

Past performance is not a reliable indicator of future results

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
Institutional, Acc (%)	1.34	1.52	7.40	7.86	1.54	3.26	4.24	5.02
Institutional, Inc (%)	1.26	1.45	7.34	7.83	1.54	3.24	4.24	5.02
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.

Performance (Net of Fees)	Mar'2019-Mar'2020	Mar'2020-Mar'2021	Mar'2021-Mar'2022	Mar'2022-Mar'2023	Mar'2023-Mar'2024
Institutional, Acc (%)	-3.50	16.20	-1.98	-0.98	7.86
Institutional, Inc (%)	-3.59	16.21	-2.03	-0.91	7.83
Benchmark (%)	8.93	0.71	-4.15	-4.78	1.70

The following information is additional to, and should be read only in conjunction with, the calendar year performance data presented below.

Calendar Year (Net of Fees)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Institutional, Acc (%)	7.28	2.93	8.30	7.36	0.21	9.15	6.53	2.58	-7.49	8.61	1.52
Institutional, Inc (%)	7.20	2.94	8.37	7.36	0.21	9.11	6.52	2.60	-7.52	8.66	1.45
Benchmark (%)	5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53	-0.78

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record. The benchmark is the Bloomberg U.S. Aggregate Index

All periods longer than one year are annualised. SI is the performance since inception.

The fund is considered to be actively managed in reference to the below benchmark as further outlined in the prospectus and key investor information document/key information document.

Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

### Key Facts

	Accumulation	Income
Bloomberg Ticker	PIMINIA	PINCMII
ISIN	IE00B87KCF77	IE00B8JDQ960
Sedol	B87KCF7	B8JDQ96
CUSIP	G7113P361	G7112M427
Valoren	19931094	19762787
WKN	A1J7HG	A1J5ZC
Inception Date	30/11/2012	30/11/2012
Distribution	-	monthly
Unified Management Fee	0.55% p.a.	0.55% p.a.
Fund Type	UCITS	
Portfolio Manager	Dan Ivascyn, Alfred Murata, Joshua Anderson	
Total Net Assets	76.5 (USD in Billions)	
Fund Base Currency	USD	
Share Class Currency	USD	

**Credit and Default Risk:** A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a loan or meet a contractual obligation. This could cause the value of its bonds to fall or become worthless. Funds with high exposures to non-investment grade securities have a higher exposure to this risk. **Currency Risk:** Changes in exchange rates may cause the value of investments to decrease or increase. **Derivatives and Counterparty Risk:** The use of certain derivatives could result in the fund having a greater or more volatile exposure to the underlying assets and an increased exposure to counterparty risk. This may expose the fund to larger gains or losses associated with market movements or in relation to a trade counterparty being unable to meet its obligations. **Emerging Markets Risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Investments in these markets may expose the fund to larger gains or losses. **Liquidity Risk:** Difficult market conditions could result in certain securities becoming hard to sell at a desired time and price. **Interest Rate Risk:** Changes in interest rates will usually result in the values of bond and other debt instruments moving in the opposite direction (e.g. a rise in interest rates likely leads to fall in bond prices). **Mortgage Related and Other Asset Backed Securities Risks:** Mortgage or asset backed securities are subject to similar risks as other fixed income securities, and may also be subject to prepayment risk and higher levels of credit and liquidity risk.

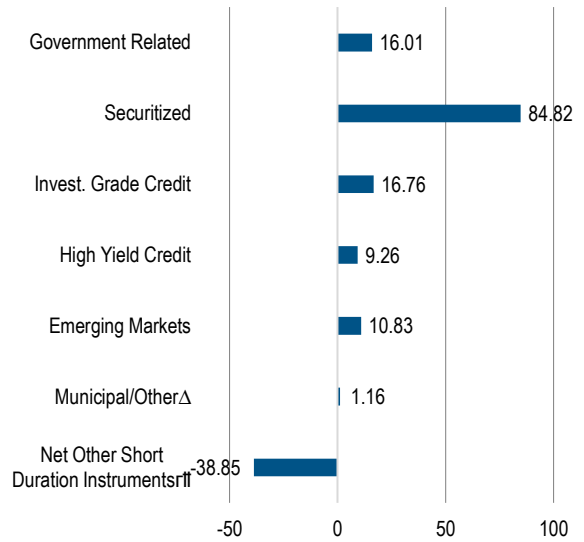
**MONTH IN REVIEW**

**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%.

Against this backdrop, performance was positive over the month. Within the higher quality portion of the portfolio, the fund's exposure to US duration contributed to performance as rates fell in this market. The fund's exposure to investment grade corporate credit and Agency MBS also contributed to performance.

Within the higher yielding portion of the portfolio, the fund's exposure to high yield corporate credit and exposure to a basket of emerging market currencies contributed to performance.

**Sector Allocation (% Market Value)**



**PORTFOLIO POSITIONING**

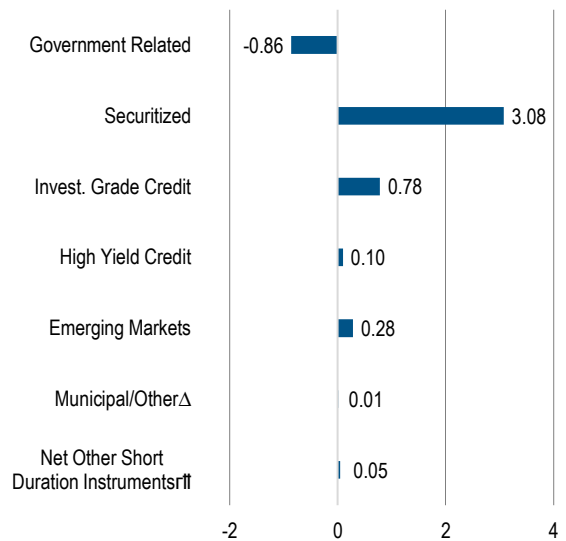
The fund can be divided into two broad segments: higher yielding assets, which are expected to benefit when economic growth is robust and higher quality assets, which are expected to perform well in risk-off scenarios.

Within the higher quality segment, net portfolio duration decreased over the month as yields fell across the U.S. yield curve. We continue to favor US duration, as nominal rates remain higher relative to other developed countries. Within investment grade corporate credit, we continue to favor systemically important banks given fundamentals and defensive sectors, such as utilities and healthcare.

To balance these positions, we maintained our short position to Japanese duration as an advantageous duration hedge.

In the higher yielding segment, we seek to stay diversified across corporate, securitized, and emerging market credit. Within high yield credit, we remain selective and mindful of liquidity conditions favoring senior secured bonds. In securitized credit, we continue to look for opportunities to add senior exposure to asset-backed securities.

**Sector Allocation (Duration in Years)**



## 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. Within the Income Strategy, we are focused on quality, diversification, and seniority in the capital structure. The strategy has an income-oriented approach that aims to be flexible and resilient in times of market volatility over the longer term.

## Fund Statistics

Effective Duration (yrs)	3.44
Benchmark Duration (yrs)	6.21
Estimated Yield to Maturity (%) <sup>Ⓔ</sup>	6.82
Annualised Distribution Yield (%) <sup>†</sup>	6.12
Effective Maturity (yrs)	4.97

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

Mortgage-Backed Securities (MBS); Emerging Markets (EM); U.S. Federal Reserve Bank (Fed); Bank of Japan (BOJ)

Carry is the rate of interest earned by holding the respective securities

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.

References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.

<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>Yields reported gross of fees, the deduction of which will reduce the yield. Yields are reported in the base currency of the fund and are not specific to the share class. The current yield illustrates the income investors could get from the portfolio as a percentage of market value of the securities assuming a holding period of one year. The current yield does not take into account the future cash flows of bonds, but rather is a snapshot of the income in the portfolio as of a certain point in time.

<sup>†</sup>Annualised Distribution Yield is as of last month ending 03/31/2024.

<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.

Carry is the rate of interest earned by holding the respective securities

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.

<sup>Ⓚ</sup>PIMCO calculates a Funds 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.

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**Benchmark:** Unless referenced in the prospectus and relevant key investor information document/key information document, 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 and relevant key investor information document/key information document 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 and relevant key investor information document / key information document, 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 and relevant key investor information document / key information document, 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 and relevant key investor information document / key information document. 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.

#### PERFORMANCE AND FEES

**Past performance is not a guarantee or a reliable indicator of future results.** The "gross of fees" performance figures, if included, are presented before management fees and custodial fees, but do reflect commissions, other expenses and reinvestment of earnings. The "net of fees" performance figures reflect the deduction of ongoing charges. All periods longer than one year are annualized. 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.

**Outlook:** 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 appropriate 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.

**ESG Category Article 6 Funds:** Article 6 funds do not have sustainable investment as its objective, nor do they promote environmental and/or social characteristics. While such funds integrate sustainability risks into its investment policy (as further outlined in the Prospectus) and this integration process forms part of the investment level due diligence of the fund, ESG information is not the sole or primary consideration for any investment decision with respect to the fund.

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