

PIMCO Diversified Income Fund

PERFORMANCE SUMMARY

The PIMCO Diversified Income Fund returned 1.57% after fees in March, outperforming the Bloomberg Global Credit Hedged USD Index by 0.31%. Year-to-date the Fund has returned 1.32% at NAV, while the benchmark returned 0.40%.

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

- Tactical exposure to securitized credit, particularly Agency and non-Agency RMBS
- Overweight exposure to high yield, particularly via CDX
- Duration positioning

Detractors

- Positioning within high yield industrials, particularly an underweight to media
- Positioning within investment grade industrials, particularly an underweight to manufacturing

	Month end performance 31 March 2024				Quarter end performance 31 March 2024			
	3 mos.	6 mos.	1 yr.	YTD	1 yr.	5 yrs.	10 yrs.	Since inception
■ PIMCO Diversified Income Fund share class INST at NAV (%)	1.32	9.23	9.01	1.32	9.01	1.88	3.48	5.76
■ Benchmark 1 (%)	0.40	7.75	6.63	0.40	6.63	1.65	2.89	4.38
■ Benchmark 2 (%)	0.98	8.88	8.73	0.98	8.73	2.20	3.40	5.62

Benchmark 1: Bloomberg Global Credit Hedged USD Index

Benchmark 2: 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

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit www.pimco.com or call (888) 87-PIMCO.

Certain Funds may offer a share class with an inception date which is different than the inception date of the Fund. For the periods prior to the inception date of a share class, performance information is based on the performance of the Fund's oldest class shares, adjusted to reflect the fees and expenses paid by that class of shares. The performance figures presented reflect the total return performance, unless otherwise noted, for institutional class shares and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. Periods less than one year are cumulative. The minimum initial investment for Institutional class shares is \$1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

Differences in the Fund's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the pricing methodologies used by the Fund and the index.

There is no assurance that any fund, including any fund that has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) a fund's total return in excess of that of the fund's benchmark between reporting periods or 2) a fund's total return in excess of the fund's historical returns between reporting periods. Unusual performance is defined as a significant change in a fund's performance as compared to one or more previous reporting periods.

IMPORTANT NOTICE Please note that this material contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

A Shares	PDVAX	INST Shares	PDIIX
ADMIN Shares	PDAAX	I-2 Shares	PDPVX
C Shares	PDICX	I-3 Shares	PDNIX

Fund Inception Date **31 July 2003**

Shareclass INST Inception Date **31 July 2003**

Total Net Assets (in millions) **\$3,344.7**

Performance Characteristics

INST 30-day SEC yield¹ **5.88%**

¹The 30 day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

Basic Facts

Dividend frequency **Monthly with Daily Accrual**

Fund Expenses

INST share Gross Expense Ratio **0.76%**

INST share Adjusted Expense Ratio **0.75%**

The Adjusted Expense Ratio excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from investments on short sales, incurred directly by the Fund or indirectly through the Fund's investments in underlying PIMCO Funds (if applicable), none of which are paid to PIMCO.

Portfolio Managers

Dan Ivascyn, Alfred Murata, Regina Borromeo, Sonali Pier, Charles Watford

Fund Statistics

Effective Duration (yrs) **5.00**

Effective Maturity (yrs) **8.39**

Sharpe Ratio (10 year) **0.33**

Volatility (10 year) **6.59%**

PORTFOLIO POSITIONING

The Fund is staying close to the benchmark in terms of duration exposure, although it has been tactical as rates have remained volatile. We currently favor modest risk-on exposure but plan to take a patient approach while adding risk to the portfolio, avoiding generic corporate credit. We are seeing value in assets that exhibit resiliency to higher rates. We have a cautious approach to EM exposure, staying selective and sizing our positions conservatively. We maintain exposure to Agency and non-Agency RMBS given their diversification benefits, stable cash flows, and resilient fundamentals.

MONTH IN REVIEW

In March, credit spreads tightened while the Fed sent dovish signals to the market. Specifically, global investment grade (IG) credit¹ spreads tightened 5 bps, developed market BB-B high yield (HY)² spreads tightened 10 bps, and EM external³ spreads tightened 21 bps, respectively returning 1.21%, 1.04%, and 2.43% over the month.

The Fund's tactical exposure to securitized credit, particularly Agency and non-Agency RMBS, contributed to performance as spreads tightened. Overweight exposure to high yield, particularly via CDX, contributed to performance as investor sentiment improved amid dovish sentiment from the Fed. Duration positioning also contributed to performance as rates fell over the period. Conversely, positioning within high yield industrials, particularly an underweight to media, detracted from performance as select companies benefitted from strong branding and strong content. Positioning within investment grade industrials, particularly an underweight to manufacturing, detracted from performance as easing supply chain constraints enhanced profitability.

Sector Allocation (% Market Value)	Fund
US Government Related [¶]	1.6
Securitized [¶]	24.8
Invest. Grade Credit	23.3
High Yield Credit	25.6
Non-USD Developed	23.3
Emerging Markets ^Ω	19.7
Other ^Δ	3.2
Net Other Short Duration Instruments ^{¶¶}	-21.4

Sector Allocation (Duration in Years)	Fund
US Government Related [¶]	0.3
Securitized [¶]	0.9
Invest. Grade Credit	1.1
High Yield Credit	0.5
Non-USD Developed	0.7
Emerging Markets ^Ω	1.1
Other ^Δ	0.3
Net Other Short Duration Instruments ^{¶¶}	0.0

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.

Credit market technicals are mixed as demand continues to be supported by higher yields, although net new supply has risen due to receding recession fears and growing expectation amongst issuers for yields to stay higher for longer. Valuations are below long term median levels which warrants a patient approach and focus on maintaining liquidity and flexibility in portfolios, capitalizing on opportunities as they present themselves. We continue to seek out high conviction opportunities, with a preference from sectors that have historically been more resilient to higher rates and non-cyclical sectors that may be better anchored in an economic slowdown. Our bottom-up positioning emphasizes companies with high barriers to entry, pricing power, asset coverage, and management teams that favor bondholders in the capital structure.

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the fund's prospectus and summary prospectus, if available, which may be obtained by contacting your investment professional or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

[¶]The Securitized bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds. [†]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. [‡]May include nominal and inflation-protected Treasuries, Treasury futures and options, agencies, FDIC-guaranteed and government-guaranteed corporate securities, and interest rate swaps. [§]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.

[¶]Other may include convertibles, preferreds, and yankee bonds.

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. The strategy may invest all of its assets in **high-yield, lower-rated, securities** which 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. 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. **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.

Effective duration is a measure of a portfolio's price sensitivity to interest rate changes, including expected changes in cash flows caused by embedded options. The **Sharpe Ratio** measures the risk-adjusted performance. The risk-free rate is subtracted from the rate of return for a portfolio and the result is divided by the standard deviation of the risk-free rate subtracted from the portfolio returns. **Volatility** is measured by the standard deviation, or dispersion of a set of data from its mean, based on historical portfolio returns. A larger spread of data indicates higher standard deviation and higher volatility. **Effective maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other share classes are either lower or not available.

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.

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.

Bloomberg Global Credit Hedged USD contains investment grade and high yield credit securities from the Multiverse represented in US Dollars on a hedged basis, (Multiverse is the merger of two groups: the Global Aggregate and the Global High Yield). It is not possible to invest directly in an unmanaged index.

The Bloomberg Global Aggregate Credit ex Emerging Markets (USD Hedged) provides a broad-based measure of the global developed markets investment-grade fixed income markets.

The ICE BofAML BB-B Rated Developed Markets High Yield Constrained Index (USD Hedged) tracks the performance of below investment grade bonds of corporate issuers domiciled in developed market countries rated BB1 through B3, based on an average of Moody's, S&P and Fitch. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. The index is rebalanced on the last calendar day of the month.

The JPMorgan EMBI Global (USD Hedged) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, Brady bonds, loans, Eurobonds and local market instruments. It is not possible to invest in an unmanaged index.

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Credit spreads are the difference in yield between any type of bond, and a U.S. treasury of the same maturity.

¹Bloomberg Global Aggregate Credit USD Hedged Index, ²ICE BofA Merrill Lynch BB-B Developed Market High Yield Index USD Hedged, ³J.P. Morgan EMBI Global Index Emerging Markets (EM); Residential Mortgage-Backed Securities (RMBS); U.S. Federal Reserve Bank (Fed); Credit Default Swap Index (CDX)