

# PIMCO Managed Core Bond Pool

## PERFORMANCE SUMMARY

The PIMCO Managed Core Bond Pool returned 0.99% after fees in March, outperforming the Bloomberg Global Aggregate (CAD Hedged) Index by 0.14%. Year-to-date the Fund has returned 0.46% after fees.

The Managed Core Bond Pool continued to diversify its exposures globally across regions and sectors in seeking to improve portfolio outcomes across market environments.

Securitized and investment grade credit spread exposure contributed to performance. Exposures to emerging markets spreads also contributed to performance.

Exposures to emerging markets duration and breakeven inflation through U.S. TIPS detracted from performance.

## Series A Morningstar Rating™

★★★★

## Overall Morningstar Rating™

### Fund information

Fund Inception Date	14 Feb 2020
Strategy	FIXED INCOME
Total Net Assets CAD (in millions)	\$1,341.57

### Expenses

Management Fee	1.09
MER <sup>1</sup>	1.19

<sup>1</sup>As of December 31 2023. Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

### Contributors

- Allocations to securitized credit spreads
- Exposure to investment grade credit spreads
- Positions in emerging markets spreads

### Detractors

- Allocations to emerging markets duration
- Breakeven inflation through allocations to U.S. TIPS
- There were no other material detractors

## Portfolio Manager

Emmanuel Sharef, Erin Browne

## 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.

### Month End Performance 31 Mar 2024

	3 mos.	6 mos.	1 Yr.	YTD	Quarter End Performance 31 Mar 2024		
					1 Yr.	3 Yrs.	Since inception
■ PIMCO Managed Core Bond Pool Series A Unit net of fees (%)	0.46	6.77	5.02	0.46	5.02	-0.34	0.17
■ Bloomberg Global Aggregate (CAD Hedged) Index (%)	-0.14	5.52	3.33	-0.14	3.33	-1.70	-1.02

■ PIMCO Managed Core Bond Pool Series A Unit net of fees (%)

■ Bloomberg Global Aggregate (CAD Hedged) Index (%)

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all dividends and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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.

## PORTFOLIO POSITIONING

In March, we maintained allocations to Core strategies and Global strategies as rates remain elevated across DM countries. We continue to be constructive on high-quality fixed income in the current environment as spreads are relatively tight across certain credit sectors and we see potential for rates to fall, especially amid a stagnating growth environment. We also rely on the underlying funds to tactically take advantage of day-to-day rate volatility.

We maintained allocations to Investment Grade Credit strategies as they provides U.S. duration exposure alongside a relatively resilient source of spread. IG corporate credit can continue to provide additional carry to the portfolio, but active management is important at this point in the cycle. We favor non-cyclical sectors such as utilities and healthcare, as well as sectors with high barriers to entry and secular growth such as telecom/cable/towers.

We maintained allocations to multi-sector and flexible strategies as their tactical management and diversifier exposures can complement our core fixed income positions. Additionally, they provide the ability to allocate to high-conviction sectors, such as agency and non-agency mortgages.

### Sector Allocation (% Duration Weighted Exposure)

Government Related	21.20
Securitized <sup>†</sup>	44.15
Investment Grade Credit	26.57
High Yield Credit	1.60
EM External	2.51
EM Local	0.17
Other <sup>‡</sup>	4.91
Net Other Short Duration Instruments <sup>¶</sup>	-1.11

## MONTH IN REVIEW

Canadian and other developed market sovereign bond yields fell as central banks sent dovish signals to the market. Canadian inflation data continued to print better than expected results, with the February CPI figure within the Bank of Canada's 1-3 percent target for the second month in a row. In the period, Canadian credit spreads did not exhibit meaningful movements, while U.S. credit spreads tightened.

Against this backdrop, performance was positive over the month. The Pool's exposure to securitized and investment grade credits spreads contributed to performance. Additionally, exposures to emerging market credit spreads contributed to performance.

### Top 10 Country Exposure (Duration %)

United States	52.97
Canada	34.43
United Kingdom	4.23
Australia	3.39
Mexico	0.85
Switzerland	0.85
Netherlands	0.79
Spain	0.58
Euro Currency	-0.62
Japan	-0.76

## 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. We are overweight on duration broadly as developed market central banks signal mid-year rate cuts and are neutral to U.S. duration as growth remains resilient. We are marginally overweight select high-quality emerging markets that maintain positive real rates and room to cut rates. We remain overweight to securitized credit with a strong preference for up-in-quality areas such as non-agency MBS which is supported strong consumer balance sheets and a long-term shortage of homes. We remain underweight to high yield credit amid expectations for an uptick in downgrades and for defaults to continue trending up. We are overweight to the U.S. Dollar, as valuations have become more attractive and carry remains elevated in the near term. We are overweight the Japanese Yen as the BOJ considers further interest rate increases and overweight select emerging market currencies with higher yields.

## FUND STATISTICS

Effective Duration (yrs)	4.63
Effective Maturity (yrs)	7.35

*No offering is being made by this material. Interested investors should obtain a copy of the prospectus, which is available from your Financial Advisor.*

†The Securitized bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

‡Investment vehicles not listed, allowed by prospectus.

§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.

**Effective duration** is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

**Effective maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bonds effective maturity by the market value of the security.

**Past performance is not a guarantee or a reliable indicator of future results.** The performance figures presented reflect the total return performance and reflect changes in unit price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. Funds typically offer different series, which are subject to different fees and expenses (which may affect performance), having different minimum investment requirements and are entitled to different services. 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 unitholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant unit purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

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**A word about risk: The fund invests in other PIMCO funds and performance is subject to underlying investment weightings which will vary.** 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. 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. **The cost of investing in the Fund will generally be higher than the cost of investing in a fund that invests directly in individual stocks and bonds.** **Diversification** does not ensure against loss.

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

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 long-term, especially during periods of downturn in the market.

**Duration** is a measure of a portfolio's price sensitivity expressed in years.

Bloomberg Global Aggregate (CAD Hedged) Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian Government securities, and USD investment grade 144A securities. It is not possible to invest directly in an unmanaged index.

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The Morningstar Rating™ for the A Series; other units may have different performance characteristics. The PIMCO Managed Core Bond Pool was rated against the following numbers of N/A funds over the following time periods: Overall 3 Stars (2 funds rated); 3 Yrs. 1 Stars (0 funds rated); 5 Yrs. - Stars (000 funds rated); 10 Yrs. - stars (0000 funds rated). Past performance is no guarantee of future results. A rating is not a recommendation to buy, sell or hold a fund. The Morningstar Rating™ is calculated from a fund's 3, 5, and 10-year returns measured against a peer group of similar funds. Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk) in comparison to their peer group. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. Funds are rated for up to three time periods—three-, five-, and 10 years—and these ratings are combined to produce The Overall Morningstar Rating™. Funds with less than three years of history are not rated. The Morningstar Rating™ is based on an objective, mathematical calculation and is not to be construed as an endorsement of any fund(s).

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For more information about the risk rating and specific risks that can affect the fund's returns, see the "What are the Risks of Investing in the Fund?" section of the fund's simplified prospectus.

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

Mortgage and asset-backed securities (MBS) References to agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.

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

The terms "cheap" and "rich" as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.

Emerging market (EM); Developing marketing (DM); Bank of Japan (BoJ); Treasury-Inflation-Protected Securities (TIPS); Investment Grade (IG);