

PIMCO Investment Grade Credit Fund (Canada)

PERFORMANCE SUMMARY

The PIMCO Investment Grade Credit Fund (Canada) returned -2.40% before fees in April, outperforming the Bloomberg U.S. Credit Index CAD Hedged by 0.18%. Year-to-date the Fund has returned -2.35% before fees.

In April, the Bloomberg U.S. Credit Index returned -2.58%, outperforming like-duration Treasuries by 0.21%. Investment grade credit spreads tightened 3 bps while yields rose 0.43% to 5.68%¹.

Fund information

Fund Inception Date	14 Sep 2015
Strategy	FIXED INCOME, INVESTMENT GRADE
Total Net Assets CAD (in millions)	\$353.24

Contributors

- Duration positioning
- Security selection within banks and brokerage
- Security selection within insurance

Detractors

- Tactical exposure to securitized credit
- Security selection within pipelines

Portfolio Manager

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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 30 Apr 2024				Quarter End Performance 31 Mar 2024			
	3 mos.	6 mos.	1 Yr.	YTD	1 Yr.	3 Yrs.	5 Yrs.	Since inception
■ PIMCO Investment Grade Credit Fund (Canada) Series I Unit (before management and admin fees) (%)	-2.49	7.58	0.84	-2.35	4.09	-2.18	0.94	2.84
■ Bloomberg U.S. Credit Index CAD Hedged (%)	-2.91	6.34	-0.20	-3.13	3.20	-2.42	0.79	1.86

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.

Performance is net of operating expenses, but does not include management or administrative fees. Management fees for Series I units of a Fund are negotiated and paid directly by the investor, not by the Fund, and will not exceed the Series A management fees of the Fund. Please refer to the prospectus for additional details on applicable fees and expenses.

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

The Fund is underweight developed market duration, with a preference for holdings in the intermediate part of the curve. The Fund favors sectors that exhibit resiliency to higher rates such as banks and specialty finance. Within banks, we favor US banks benefitting from high barriers to entry and solid balance sheets, while focusing on senior bonds issued by strong banks given attractive risk-adjusted valuations due to repricing in the sector across the capital structure. We are finding opportunities in non-cyclical sectors that may be better insulated from an economic slowdown. Further, we are finding value in companies benefitting from the strong demand for broadband and connected devices, particularly tower companies and select wireless providers. The Fund maintains exposure to industries tied to housing, including non-Agency MBS where fundamentals remain strong with higher homeowner equity. We are also focusing on Agency MBS as the sector continues to trade cheap relative to long-term levels, largely driven by technical headwinds. The Fund also maintains an overweight to select corporate, quasi-sovereign and sovereign issues in emerging markets, particularly credits we believe to have relatively strong fundamentals. Conversely, we are cautious on sectors that face potential regulatory headwinds and those that face potential M&A and obsolescence risk.

Top 5 overweights (% Market Value)

Pipelines	6.17
Gaming	2.36
Financial Other	3.86
Airlines	2.21
Electric Utility	9.53

MONTH IN REVIEW

The Fund's bottom-up sector and security selection contributed to relative performance for the month, while macro positioning also contributed to performance.

Duration positioning contributed to performance as rates rose. Security selection within banks and brokerage contributed to performance as select issuers benefitted from positive earnings results. Security selection within insurance contributed to performance as select issuers continued to benefit from the higher rate environment. Conversely, tactical exposure to securitized credit detracted from performance as spreads widened. Security selection within pipelines detracted from performance as select issuers were affected by increased leverage due to acquisitions and higher capital expenditures.

Top 5 underweights (% Market Value)

Technology	2.87
Pharmaceuticals	1.78
Food & Beverage	0.24
Diversified Manufacturing	0.55
Railroads	0.16

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. The lack of progress on inflation in the first quarter could delay rate cuts until later this year or even into 2025, with the Fed's subsequent rate-cutting path also potentially being more gradual than other DM central banks. 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 remain strong as demand continues to be supported by high 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 near the lowest levels since 2008 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 for 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.

FUND STATISTICS

Effective Duration (yrs)	6.37
Effective Maturity (yrs)	9.58

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

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 bond's effective maturity by the market value of the security.

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 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.

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: 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 while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its 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. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be appropriate for all investors. Investing in **distressed companies** (both debt and equity) is speculative and may be subject to greater levels of credit, issuer and liquidity risks, and the repayment of default obligations contains significant uncertainties; such companies may be engaged in restructurings or bankruptcy proceedings. Convertible securities may be called before intended, which may have an adverse effect on investment objectives. Entering into **short sales** includes the potential for loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the portfolio. **Currency rates** may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **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 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.

MV% may not equal 100 due to rounding.

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

Bloomberg U.S. Credit Index CAD Hedged is an unmanaged index comprised of publicly issued U.S. corporate and specified non-U.S. debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. This index was formerly known as the Bloomberg Credit Investment Grade Index. It is not possible to invest directly in an unmanaged index.

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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.

¹Spreads referenced are the average option adjusted spread (OAS) level as generated by Bloomberg. Excess Returns are measured by comparing individual securities within the index against like-duration U.S. Treasuries. All spread and performance figures are as reported by Bloomberg for the Bloomberg U.S. Credit CAD Hedged Index and its respective sub-sectors. Like-duration Treasuries are calculated by the index provider by comparing the index return to a hypothetical matched position in Treasuries.

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

Mortgage-Backed Securities (MBS).