PIMCO

PIMCO Diversified Income Fund

PERFORMANCE SUMMARY

The PIMCO Diversified Income Fund returned 1.56% after fees in September, outperforming the Bloomberg Global Aggregate (USD Hedged) Index by 0.40%. Year-to-date the Fund has returned 7.03% at NAV, while the benchmark returned 4.38%.

Financial markets broadly gained in September as yields fell amid the start of quantitative easing by central banks. Credit spreads broadly tightened and developed sovereign bond yields fell while the dollar weakened. The U.S. 10-year Treasury yield ended 12 bps lower at 3.78% as the Fed cut its policy rate by 50 bps. The German 10-year Bund yield fell 18 bps to 2.12% amid cooling inflation, while the U.K. 10-year Gilt yield moved less markedly, falling 1 bp to 4.00% as the BoE held rates steady. In Japan, 10-year government bond yields fell 4 bps to 0.86% as reactions to the Fed cut were tempered by a mixed BoJ outlook.

Contributors

- Overweight exposure to high yield, particularly via CDX
- Positioning within European emerging markets, particularly exposure to sovereign debt
- Duration positioning

Detractors

- Tactical exposure to securitized credit, particularly Agency RMBS
- Positioning within high yield financials, particularly underweight exposure to specialty finance

	Month end performance 30 September 2024				Quarter end performance 30 September 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 (%)	5.05	5.64	15.38	7.03	15.38	2.03	3.84	5.89
Benchmark 1 (%)	4.24	4.37	10.63	4.38	10.63	0.57	2.33	3.52
Benchmark 2 (%)	5.04	5.71	15.09	6.75	15.09	2.25	3.70	5.76

■ PIMCO Diversified Income Fund share class INST at NAV (%) ■ Benchmark 1 (%) ■ Benchmark 2 (%)

Benchmark 1: Bloomberg Global Aggregate (USD Hedged) 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	PDVPX
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)	$2,974.9

Performance Characteristics

INST 30-day SEC yield[1]	5.52%

[1]The 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	0.79%
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

Daniel J. Ivascyn, Alfred Murata, Regina Borromeo, Sonali Pier, Charles Watford

Fund Statistics

Effective Duration (yrs)	5.00
Effective Maturity (yrs)	7.99
Sharpe Ratio (10 year)	0.36
Volatility (10 year)	6.55%

PORTFOLIO POSITIONING

The Fund is staying close to the benchmark in terms of duration exposure, although it has made tactical adjustments as rates have remained volatile this year. 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 maintain an overweight to high yield with a focus on active sector, issuer, and security selection as spread dispersion, particularly in the lower quality cohort, has risen substantially. Given compressed spreads in investment grade credit, we are focusing on sectors that have historically been more resilient to higher rates. Within emerging markets, we are staying selective and sizing our positions conservatively amid continued geopolitical uncertainty; given our expectation for diverging growth cycles and elevated uncertainty over global monetary and fiscal policy, we are focusing on opportunities that offer an attractive risk/reward balance. We maintain exposure to Agency and non-Agency MBS given their diversification benefits, stable cash flows, and resilient fundamentals.

Sector Allocation (% Market Value)	Fund
US Government Related[¶]	5.5
Securitized[ɸ]	25.1
Invest. Grade Credit	22.8
High Yield Credit	23.1
Non-USD Developed	21.6
Emerging Markets[Ω]	21.1
Other[Δ]	2.9
Net Other Short Duration Instruments[r‡]	-22.2

MONTH IN REVIEW

In September, credit spreads broadly tightened, while returns were positive as the Fed cut rates in response to easing inflation and a cooling labor market. Specifically, global investment grade (IG) credit[1] spreads tightened 1 bp, developed market BB-B high yield (HY)[2] spreads widened 6 bps, and EM external[3] spreads tightened 19 bps, respectively returning 1.46%, 1.12%, and 1.61% over the month.

The Fund's overweight exposure to high yield, particularly via CDX, contributed to performance as risk assets continued to rally with market expectations of a soft landing. Positioning within European emerging markets, particularly exposure to sovereign debt, contributed to performance as the region faces idiosyncratic moves. Duration positioning contributed to performance as rates fell over the period.

Conversely, tactical exposure to securitized credit, particularly Agency RMBS, detracted from performance as spreads widened. Positioning within high yield financials, particularly underweight exposure to specialty finance, detracted from performance as their ability to generate attractive absolute profitability remains strong.

Sector Allocation (Duration in Years)	Fund
US Government Related[¶]	0.5
Securitized[ɸ]	0.8
Invest. Grade Credit	1.1
High Yield Credit	0.4
Non-USD Developed	0.7
Emerging Markets[Ω]	1.2
Other[Δ]	0.3
Net Other Short Duration Instruments[r‡]	0.0

OUTLOOK AND STRATEGY

In our view, inflation risks have diminished as supply/demand and labor market dynamics have come into better balance. However, we maintain that recession risks in the U.S. remain elevated, as the interplay between slower activity and labor market growth could potentially lead to a more pronounced downturn. Furthermore, we believe that while other developed markets appear to be more stable, their ongoing low growth, coupled with geopolitical challenges, makes them susceptible to negative shocks.

Investment grade credit market technicals are supportive as a steepening curve continues to draw in yield-focused buyers on the long-end and investors moving out of cash on the short end. High yield fundamentals remain strong, and although modest spread widening is expected, total yields should remain attractive. Given divergent growth expectations in emerging markets, we are sizing positions conservatively as we weigh the impacts of geopolitical risks, commodity prices and the upcoming U.S. election. This warrants a patient approach and a 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.

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.

ᶲThe Securitized bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds. ꟳNet 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. ΩShort 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.

ΔOther 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 Aggregate (USD 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.

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.

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

[1]Bloomberg Global Aggregate Credit USD Hedged Index, [2]ICE BofA Merrill Lynch BB-B Developed Market High Yield Index USD Hedged, [3] J.P. Morgan EMBI Global Index

Emerging Markets (EM); Residential Mortgage-Backed Securities (RMBS); U.S. Federal Reserve Bank (Fed); Credit Default Swap Index (CDX); Bank of England (BoE); Bank of Japan (BoJ).