PIMCO Diversified Fixed Interest Fund
Anchor your portfolio with domestic and global bonds

WHY INVEST IN THE FUND?

1. True core bond holding
   The fund seeks to provide consistent income, low volatility and diversification within a broader asset allocation.

2. One stop active solution for Australian and global bonds
   Designed specifically for Australian investors, the fund provides a strategic allocation to both global and Australian fixed interest, which seeks to harness the best opportunities across Australia and the globe.

3. Diversification
   The fund is designed to have low, or negative, correlation to many assets, including equities, which have been prone to volatility when markets have become risk-averse.

DIVERSIFIED EXPOSURE TO A BROAD RANGE OF REGIONS

Source: PIMCO, 30 September 2021

FUND IN NUMBERS

22 years
Track record of the PIMCO Diversified Fixed Interest Fund

6.09%
The total return of the fund since inception

A+
Average Credit Quality

Source: PIMCO, 30 September 2021.

1. PIMCO Diversified Interest Fund Inception date is 26 May 1999.
2. Past performance is not a guarantee or a reliable indicator of future results. Fund performance is quoted net of fees and expenses and assumes the reinvestment of all distributions but does not take into account personal income tax. Based on annualised returns for the PIMCO Diversified Fixed Interest Fund Wholesale Class net of fees since class inception (28 April 2004) to 30 September 2021.
3. This is the average credit quality of the bonds held in the fund. Source: PIMCO 30 September 2021.
Role in a portfolio

**CORE BOND HOLDING**
The fund can serve as an anchor fixed income allocation, offering the potential for income, capital gains, diversification and a hedge against the volatility in higher-risk asset classes, including equities.

**PORTFOLIO DIVERSIFICATION**
Invested in bonds from Australia and around the world, the fund can help diversify investors’ portfolios that are heavily weighted toward global or domestic growth assets.

**INCOME**
With quarterly distributions, the fund can provide an income stream.

**FUND OBJECTIVE**
To achieve maximum total return by investing in underlying funds that invest in Australian and overseas bonds, and to seek to preserve capital through prudent investment management.

**RATINGS**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Assigned Date</th>
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<tbody>
<tr>
<td>Zenith 5</td>
<td>November 2020</td>
</tr>
<tr>
<td>Highly Recommended</td>
<td>March 2021</td>
</tr>
<tr>
<td>Morningstar Silver</td>
<td>January 2020</td>
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*Please refer to relevant research house disclaimer to obtain further information about the meaning of the rating and the rating scale. Rating is only one factor to be taken into account when deciding whether to invest.

Because the fund maintains a structural allocation to both Australian and global fixed interest, it can provide a ‘one-stop shop’ investment for Australian fixed interest investors.

– Rob Mead, Portfolio Manager

**OUR EXPERTISE**

**Robert Mead**
Co-head of Asia-Pacific Portfolio Management
Managing Director
32 years investment experience

**Sachin Gupta**
Head of Global Portfolio Management Desk
Managing Director
24 years investment experience

**Adam Bowe**
Portfolio Manager, Fixed Income Australia
19 years investment experience

To learn more about PIMCO please contact your local Account Manager.

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PIMCO’s time-tested investment process: analysing the capital markets from top to bottom

PIMCO’s investment process combines an informed global macroeconomic outlook with robust bottom-up analysis. Our Australian investment specialists contribute to our global top-down views and then implement these views through bottom-up strategies.

STARTING AT THE TOP

PIMCO’s investment process is anchored by our economic forums. At our annual Secular Forum, our global investment professionals gather with industry experts for a discussion about the economic, social and political trends that are likely to affect the global economy and financial markets over the next three to five years. We also hold quarterly Cyclical Forums to refine our longer-term views and forecast shorter-term economic performance in all major regions as well as country-specific forums.

FROM THE BOTTOM UP

Rigorous bottom-up analysis is meshed with our top-down themes to identify the most attractive securities for our clients’ portfolios. PIMCO’s regional and specialist portfolio managers work extensively with our robust global research team – industry sector specialists, who log millions of miles a year to target opportunities across the globe and capital structure before the market does.

DEDICATED CLIENT SERVICE EXPERTISE

PIMCO’s expansive team of dedicated investment professionals have weathered various market cycles, and are experts in generating alpha, managing risk and providing the highest level of client service to help meet the asset management needs of financial advisers and your clients.

ADDING VALUE FROM TOP TO BOTTOM

Source: PIMCO, 2021
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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 the current low interest rate environment increases this risk. Current 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 involves special risks, including currency fluctuations, political and economic risks, and risks associated with the securities markets. Mortgate and asset-backed securities (which includes agency and non-agency mortgages, commercial mortgage-backed securities 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. Diversification does not ensure against loss. Investment involves risk including possible loss of the principal amount invested. Past performance is not a reliable indicator of future results. The value of units of the Fund and the Fund’s distributions, if any, may fall or rise. Investment returns may be exposed to exchange rate fluctuations. In an environment where interest rates may trend upward, rising rates will negatively impact most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations.

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