

Fund information

Fund inception date	31 July 2003	
Strategy	Income	
Total Net Assets (in millions)	\$5,348.3	
Portfolio manager(s)	Dan Ivascyn Alfred Murata Eve Tournier Sonali Pier	
Effective duration (yrs)	6.02	
Benchmark duration (yrs)	6.92	
Effective maturity (yrs)	9.65	
Inst. share 30-day SEC yield	2.08%	
Class	CUSIP	Ticker
Institutional	693391880	PDIIIX

Expenses

Gross Expense Ratio (%)	0.79
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.



REFINITIV LIPPER FUND AWARDS
2020 WINNER
UNITED STATES

The Lipper Fund Awards recognized the Diversified Income Fund, Institutional for the 5 year performance period out of 69 funds under the Multi-Sector Income Funds Classification.

Performance summary

The PIMCO Diversified Income Fund returned 3.38% after fees in November, outperforming the Bloomberg Barclays Global Credit Hedged USD Index by 1.13%. Year-to-date the Fund has returned 5.20% after fees, while the benchmark returned 6.75%.

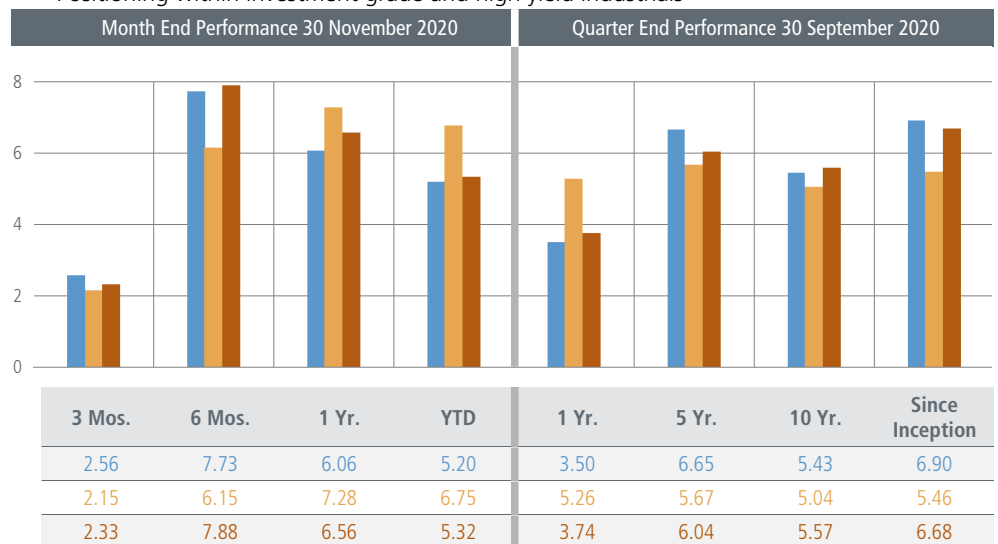
Risk assets broadly gained in November as positive vaccine developments and the US election outcomes - a Biden victory alongside a potentially divided congress - bolstered market optimism. Global equities rallied with the S&P 500 hitting record highs, credit spreads tightened, the dollar weakened, and oil prices rose. Developed sovereign yields were broadly mixed - U.S. yields fell and the curve flattened, while yields in the U.K. and Germany ended the month higher.

Contributors

- Positioning within high yield credit, particularly exposure to high yield index CDX
- Overweight exposure to financials
- Exposure to non-Agency RMBS

Detractors

- Positioning within investment grade and high yield industrials



- PIMCO Diversified Income Fund net of fees (%)
- Bloomberg Barclays Global Credit Hedged USD Index (%)
- 1/3 each - Bloomberg Barclays 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 (%) (Secondary benchmark)

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 PIMCO.com or by calling 888.87.PIMCO.

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.

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.

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.

Portfolio characteristics as of 30 November 2020

	% Market Value	Duration (years)	
	Fund	Fund	Index
Government-Related	18.0	1.26	0.53
Securitized ¹	10.4	0.27	0.00
Investment Grade Credit	22.4	1.39	3.44
High Yield Credit	27.0	0.50	0.31
Non-U.S. Developed	12.2	0.70	1.92
Emerging Markets	26.5	1.42	0.72
Other	4.7	0.43	0.00
Net Other Short Duration Instruments ²	-21.2	0.05	0.00

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

MV% may not equal 100 due to rounding.

¹ The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

² Net Other Short Duration Instruments includes securities and other instruments (except those 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.

Portfolio positioning

In this uncertain environment, we plan to take a selective approach and focus on sectors we believe would be resilient across a range of different economic scenarios. We continue to see value in the banking sector, particularly in names with higher equity capital ratios, healthy balance sheets, and exposure to U.S. housing activity. We emphasize sectors that are asset-rich and defensive in nature, continuing to hold core positions in “bend-but-not-break” corporate credits. We have a cautious approach to EM exposure, staying selective and sizing our positions conservatively. Moreover, we maintain exposure to Non-Agency RMBS given their diversification benefits, stable cash flows, and resilient fundamentals and to Agency RMBS given their resilience in downside scenarios, policymaker support, and favorable valuations.

Month in review

In November, credit spreads tightened. Specifically, global investment grade (IG) credit¹ spreads tightened by 18 bps, developed market high yield (HY)² spreads tightened 82 bps, and EM external³ spreads tightened by 38 bps, respectively returning 1.86%, 3.54%, and 3.75% over the month.

Positioning within high yield credit contributed to performance as the sector tightened. Overweight exposure to financials gained as the sector benefitted from better-than-expected earnings on the back of lower loss provision expenses. In addition, exposure to non-Agency RMBS contributed.

Conversely, positioning within investment grade and high yield industrials, particularly our positioning within energy and retail, detracted from performance as positive vaccine developments and US election outcomes led to tighter spreads.

Outlook and strategy

Despite the swift recovery from March lows, uncertainty still surrounds the trajectory of the virus, geopolitical tensions, and presidential election. We remain focused on resilient, “bend but not break” exposures, where we may experience some price volatility but have limited expectation for permanent capital impairment. In particular, we emphasize a high quality bias, a close focus on liquidity, and a preference for diversified sources of return. While maintaining a preference for U.S. duration, we do not anticipate taking large positions and expect to stay fairly close to neutral. Within corporate credit, we continue to see unprecedented accommodative central bank policy support, including the Fed’s corporate purchase program. We are constructive on more defensive credits in certain sectors, such as gaming and lodging, which have not recovered as quickly as the broad credit market. We continue to prefer credits within U.S. domestic-focused, non-cyclical sectors that typically exhibit high barriers-to-entry, solid growth prospects, pricing power, and healthy balance sheets. Given limited explicit policy backstops in emerging markets, we expect global macroeconomic factors to remain the key drivers of performance and accordingly maintain a cautious approach focusing on select opportunities that offer attractive risk/reward balance in positioning for global market healing.

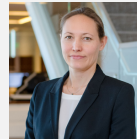
Management profile



Dan Ivascyn
Managing Director
and Group CIO



Alfred Murata
Managing Director



Eve Tournier
Managing Director



Sonali Pier
Executive Vice
President

2003
31 JUL

INCEPTION DATE



MORNINGSTAR RATING

Category: **Multisector Bond**
Number of funds in category: **292**
Criteria: **Risk-Adjusted Return**

Higher income and growth potential from multiple global bond sectors

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 financial advisor or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

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 **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. **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.

The value of most bond funds and fixed income securities are impacted by **changes in interest rates**. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a riskadjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper Fund Awards from Refinitiv, © 2020 Refinitiv. All rights reserved. Used under license. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.

Morningstar Rating™ as of 30 November 2020 for the Institutional series; other classes may have different performance characteristics. The PIMCO Diversified Income Fund was rated against the following numbers of Multisector Bond funds over the following time periods: Overall 5 Stars (292 funds rated); 3 Yrs. 4 Stars (292 funds rated); 5 Yrs. 5 Stars (257 funds rated); 10 Yrs. 5 stars (131 funds rated). **Past performance is no guarantee of future results.** The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. 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. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar, Inc. © 2020. All rights reserved. The information contained herein: (1) is proprietary to Morningstar (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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

Bloomberg Barclays 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). The Bloomberg Barclays 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. It is not possible to invest directly in an unmanaged index.

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 suitable 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. Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All periods longer than one year are annualized. This material contains the current opinions of the manager but not necessarily those of PIMCO and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world. ©2020, PIMCO.

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The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.

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

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

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

Credit default swap index (CDX), is a benchmark financial instrument made up of credit default swaps (CDS).