PIMCO Managed Core Bond Pool

Quarterly Investment Report | 4Q23

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.

Executive summary

Portfolio Performance

Over the quarter, the Managed Core Bond Pool generated positive returns. Positions in U.S. and Canada duration, and exposures to investment grade and high yield corporate credit spreads contributed to performance. However, this was slightly offset by exposures to TIPS and province related spread strategies, which detracted from performance.

CONTRIBUTORS

- Positions in U.S. duration
- Positions in Canadian duration
- Exposure to investment grade and high yield corporate credit spreads

DETRACTORS

- Exposure to TIPS
- Positions in province related spread strategies
- There were no other material detractors

Performance periods ended 31 Dec '23	3 mos.	6 mos.	1 yr.	3 yrs.	SI
Fund before fees	6.57	4.70	8.23	-0.02	1.15
Fund after fees	6.28	4.13	7.06	-1.11	0.06
Benchmark*	5.67	3.60	6.33	-2.47	-1.05

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.

Portfolio strategy

- The Managed Core Bond Pool seeks to diversify its exposures globally across regions and sectors in seeking to improve portfolio outcomes across market environments.
- The Fund's yield is sourced from a more diversified mix of high-quality sectors including mortgages, corporates, and select EM exposures, which also provides for a more balanced approach across duration and credit risks.
- We are cautious on generic credit and believe that the recent tightening in credit spreads reduces opportunity and has an asymmetric potential for spreads to widen further. Instead, we believe we can find better opportunities within securitized fixed income, senior global financials, and provincials which offer attractive yields given their level of risk.
- On non-Canadian markets, we seek tactical opportunities that provide attractive risk-reward profiles and the ability to diversify sources of return. We are tactically overweight to select emerging market Latin American currencies given strong technical and fundamental characteristics

Series:	**A**
Inception date:	**14 Feb '20**
Fund assets (in CAD millions):	**CAD1,252.35**
Series A MER:**	**1.190%**
Series A management fee:***	**1.090%**

Summary information	31 Dec '23
Estimated yield to maturity (Gross of fee)****	5.16%
Effective duration (yrs)	4.65
Benchmark duration - provider (yrs)	6.70
Benchmark duration - PIMCO (yrs)	6.66
Effective maturity (yrs)	7.36
Average coupon	4.16%

Pool allocation (MV%)[1]	30 Sep '23
PIMCO MONTHLY INCOME FD (CAD) CLS I	47.56
PIMCO CANADIAN TOTL RETRN BD FD CLS I	26.72
PIMCO IG FUND (CA) CLASS I	11.89
PIMCO GLBL ADV STRT BD FD (CAD) CLS I	10.86
PIMCO UNCONSTRAINED BD FD (CAD) CLASS I	1.97

[1]Portfolio holdings disclosed after 60 day reporting lag from most recent quarter end.

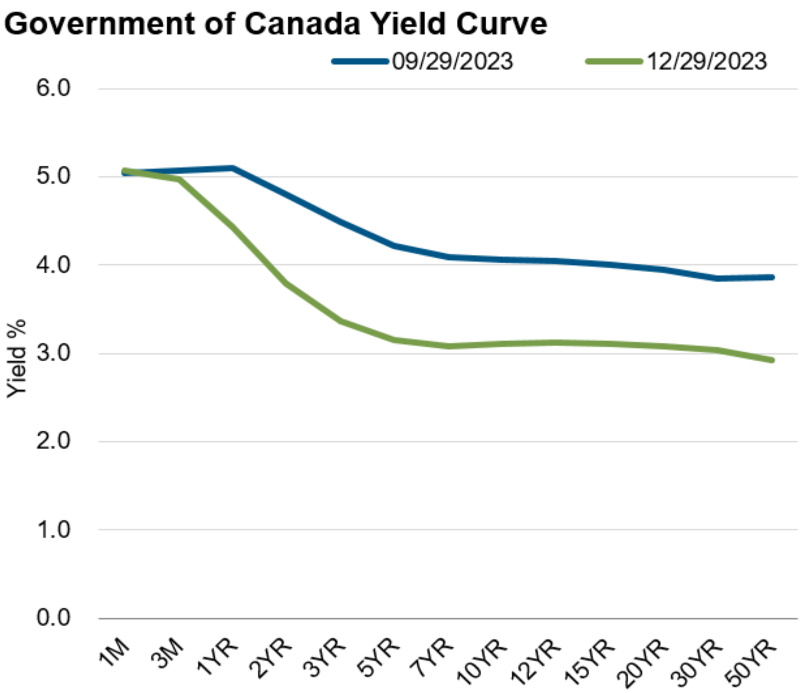
*Bloomberg Global Aggregate (CAD Hedged) Index

**As of 30/06/2023. Management expense ratio is based on total expenses, including the management fee, (excluding 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. ***The Annual Management Fee is used to pay for investment management services and general administration of the fund, this fee does not include taxes. ****Yield to Maturity (YTM) is the estimated total return of a bond if held to maturity. YTM accounts for the present value of a bond's future coupon payments. Refer to the Important Disclosures at the conclusion of this report for additional important information

Quarter in Review

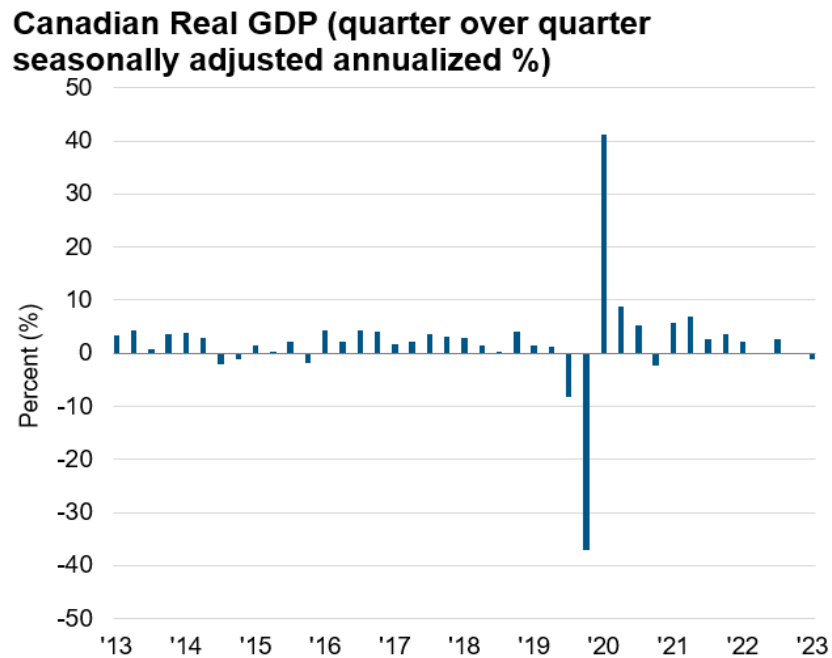
Growing divergence between Canada and the U.S. as yields rally hard

Indications of easing inflation and a less active labor market led to expectations of faster 2024 rate cuts, sparking a global bond rally with the largest two month intensity seen in over three decades. In Canada, ~125 basis points (bps) of cuts are anticipated for 2024, with the BoC possibly cutting rates as early as Q2’24. Canada's declining real GDP per capita contrasts with U.S. growth, hinting at a deeper economic slowdown as high levels of immigration partially mask the extent of underlying weakness. A unique Canadian challenge is the inclusion of mortgage costs in the CPI, which, due to constant resets, affect inflation and complicate monetary policy.



The Canadian yield curve rallied significantly in the quarter. The Canadian 2yr yield fell by 98 bps in the period to finish the quarter at 3.89%. Meanwhile the 10yr and 30yr yield fell by 91 and 78 bps respectively, ending the quarter at 3.11% 3.03%.

Source : PIMCO



The Canadian November CPI showed a higher-than-expected 3.1% annual change. Despite adding 25,000 jobs, unemployment rose to 5.8%, reflecting the impact of high levels of immigration. Q3 GDP shrank at an annualized rate of -1.10%, with October showing little change.

Source: Bloomberg

Market Summary

Q4'23: Growing divergence between Canada and the U.S. as yields rally hard

The Fund's positions in U.S. and Canadian duration along with exposure to investment grade and high yield corporate credit spreads contributed to performance, while exposures to TIPS and province related spread strategies detracted from performance.

Developed market debt

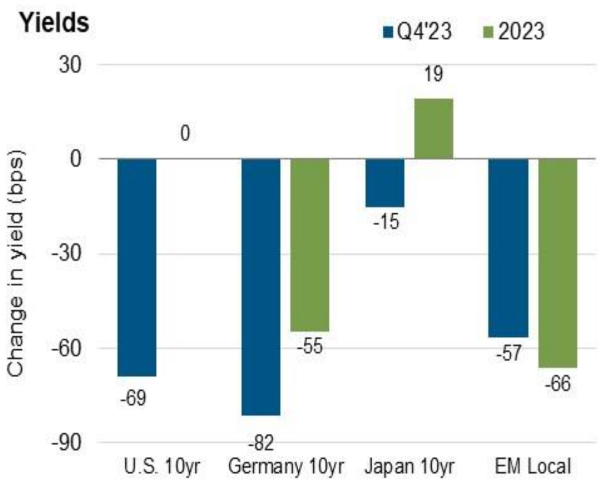
Indications of slowing inflation in the second half of the quarter prompted markets to price in accelerated expectations of rate cuts for next year. Yields fell broadly in developed markets as central banks held rates steady, including in the U.S., U.K., and Germany. In Japan, yields fell more modestly as the Bank of Japan weighed a potential exit to its accommodative monetary policy.

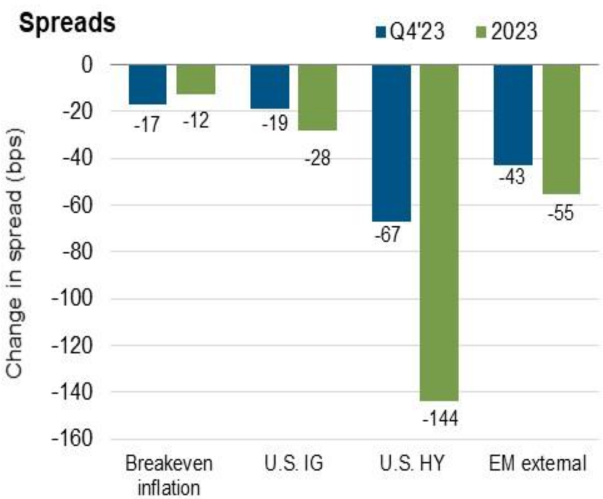
Credit

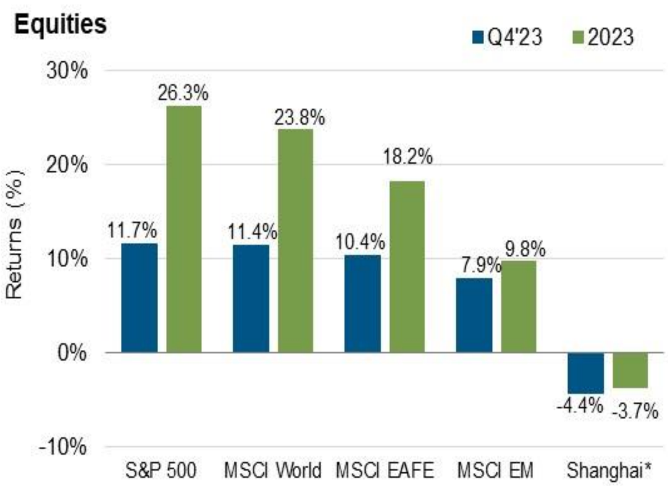
U.S. investment grade credit[1] spreads tightened 19 bps, ending the quarter at 93 bps. The sector returned 8.15%, outperforming like-duration treasuries by 1.81%. High quality credit posted two strong months of returns to end the year amid the rate rally.

Equities

Developed market equities[2] rose 11.4% in the fourth quarter of 2023 driven by optimism around interest rate cuts, easing inflationary pressures, and economic growth.







Source: U.S. 10yr, Germany 10yr, Japan 10yr, Breakeven inflation (Bloomberg); EM local (JPMorgan GBI-EM Global Diversified Composite Yield to Maturity Index); U.S. investment grade credit (Bloomberg U.S. Credit Index); U.S. high yield credit (ICE BofA High Yield Constrained Index); EM external (JPMorgan Emerging Bond Index Global Sovereign Spread); S&P 500 (S&P 500 Total Return Index); MSCI EAFE (MSCI EAFE Net Total Return USD Index); MSCI EM (MSCI Emerging Net Total Return USD Index); Shanghai (Shanghai Stock Exchange Composite Index).
1: Bloomberg US Credit Index
2: MSCI World Index

PIMCO

Navigating the Descent: Four economic themes

Peak inflation and rising unemployment consistent with rate cuts

Soft landings are possible, but risks remain

Markets already price a substantial cutting cycle

Global divergence in monetary policy

As of 31 December 2023. Source: PIMCO

Portfolio Outlook

Strategic Outlook

Further disinflation and the potential for a faster cutting cycle should, in our view, raise the prospects for a soft landing. However, this is not to say that we believe that the path toward a soft landing is the only possible path. It is our view that the tighter-for-longer strategy that central banks have been communicating along with the strong possibility of stagnation in developed market supply and demand growth leave recession risks elevated.

Key strategies

Duration

We are now neutral on duration given the intensity of the recent rally in rates. We expect to remain dynamic with our exposure entering 2024.

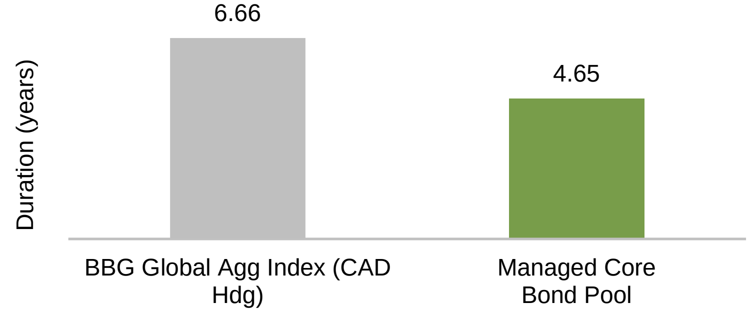
Spread Sector Strategies

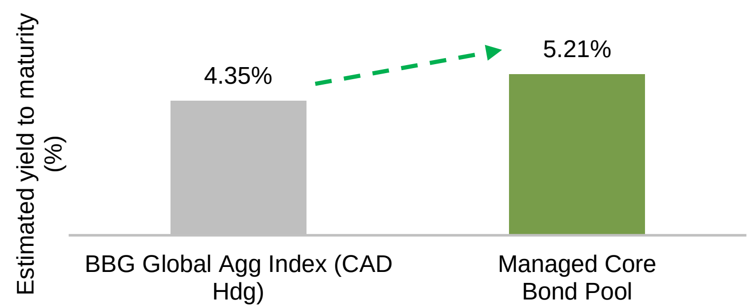
While cautious on credit generally, we see value in high quality U.S. financial issuer debt with a bias towards debt on the senior portion of the capital structure. This includes debt from systemically important banks which offer attractive yields given relative credit and interest rate risk. We are also constructive on U.S. non-agency securitized fixed income (MBS and ABS) as higher spreads combined with asset protection offers compelling valuations on a risk-adjusted basis.

Currency Positioning

We remain tactical in currency exposure to countries that have strong fundamentals and offer the potential for higher yield and diversification.

Key portfolio characteristics





Source: PIMCO. Yield to Maturity (YTM) is the estimated total return of a bond if held to maturity. YTM accounts for the present value of a bond's future coupon payments. PIMCO calculates a Fund's Estimated YTM by averaging the YTM of each security held in the Fund on a market-weighted basis. PIMCO pulls each security's YTM from PIMCO's Portfolio Analytics database. In general, the calculation will incorporate the yield based on the notional value of all derivative instruments held by a Fund. The measure does not reflect the deduction of fees and expenses and is not necessarily indicative of the Fund's actual performance. A portfolio's actual yield or distribution rate may be significantly lower than its estimated YTM in practice. Also, estimated YTM is not intended to indicate that a portfolio will actually hold any or all of its portfolio securities to maturity in practice, and various securities may be sold or otherwise disposed of prior to maturity. Estimated YTM is not a projection or prediction of the actual yield or return that a portfolio may achieve or any other future performance results. There can be no assurance that a portfolio will achieve any particular level of yield or return and actual results may vary significantly from estimated YTM.

Sector exposure

	Portfolio			
	% Duration		Duration in years	
	30 Sep '23	31 Dec '23	30 Sep '23	31 Dec '23
Government Related	28.94	25.86	1.52	1.20
Securitized*	43.61	39.81	2.29	1.85
Agency Mortgages	32.21	28.01	1.69	1.30
Non-Agency Mortgages	11.12	11.50	0.58	0.53
Asset-Backed Securities	0.28	0.29	0.01	0.01
Investment Grade Credit	19.46	25.08	1.02	1.17
High Yield Credit	1.46	1.70	0.08	0.08
EM External	1.70	2.19	0.09	0.10
EM Local	0.51	0.35	0.03	0.02
Other***	4.39	5.56	0.23	0.26
Net Other Short Duration Instruments*****	-0.06	-0.55	-0.00	-0.03
Total	**100**	**100**	**5.26**	**4.65**

*Securitized includes Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

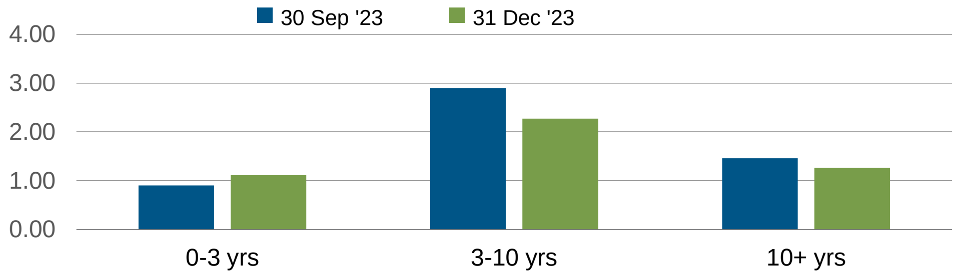
***Investment vehicles not listed, allowed by prospectus.

****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 and derivatives offset. 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.

Benchmark: Bloomberg Global Aggregate (CAD Hedged) Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)	
	30 Sep '23	31 Dec '23
0-3 yrs	0.90	1.11
3-10 yrs	2.90	2.27
10+ yrs	1.46	1.26
Total	**5.26**	**4.64**

Quality exposure (MV%)

	Portfolio	
	30 Sep '23	31 Dec '23
A1/P1	9.87	6.68
AAA	51.42	52.08
AA	8.58	9.16
A	7.79	9.11
Below A1/P1	0.20	0.21
BAA	10.89	11.53
BB	2.84	4.49
B	3.59	1.96
Below B	4.82	4.78
Total	**100**	**100**

Interest rate exposure

	Portfolio (yrs)	
	30 Sep '23	31 Dec '23
Effective duration	5.26	4.65
Bull market duration	5.07	4.53
Bear market duration	5.41	5.03
Spread duration		
Mortgage spread duration	2.66	2.35
Corporate spread duration	1.72	1.44
Emerging markets spread duration	0.16	0.16
Swap spread duration	-0.68	-1.05
Covered bond spread duration	0.03	0.03
Sovereign related spread duration	0.86	0.90

Country exposure

Country exposure by country of risk

	30 Sep '23		31 Dec '23	
	% of Market value	Duration (yrs)	% of Market value	Duration (yrs)
United States	**66.88**	**2.97**	**70.47**	**2.52**
Japan	**4.82**	**-0.06**	**4.59**	**-0.04**
Eurozone	**5.37**	**-0.04**	**10.38**	**0.08**
Austria	0.02	0.00	0.02	0.00
Belgium	0.03	0.00	0.03	0.00
Euro Currency	1.59	-0.00	4.38	0.00
Finland	0.02	0.00	0.06	0.00
France	0.72	-0.03	1.32	0.00
Germany	-1.51	-0.05	0.18	-0.01
Greece	0.05	0.00	0.05	0.00
Ireland	2.52	0.00	2.42	0.00
Italy	0.37	-0.01	0.41	0.01
Luxembourg	0.78	0.01	0.69	0.01
Netherlands	0.47	0.03	0.47	0.03
Portugal	0.08	0.00	0.09	0.00
Slovenia	0.02	0.00	0.02	0.00
Spain	0.20	0.01	0.25	0.02
United Kingdom	**7.68**	**0.15**	**8.06**	**0.16**
Europe non-EMU	**1.61**	**0.07**	**1.33**	**0.06**
Czech Republic	0.07	0.00	0.06	0.00
Denmark	0.83	0.03	0.64	0.02
Norway	-0.57	-0.02	-0.56	-0.02
Poland	0.11	0.00	0.11	0.00
Sweden	0.03	0.00	0.04	0.00
Switzerland	1.13	0.05	1.03	0.05
Dollar Block	**55.70**	**2.06**	**44.87**	**1.76**
Australia	2.61	0.13	3.32	0.17
Canada	52.73	1.92	41.20	1.58
New Zealand	0.35	0.01	0.35	0.01
Other Industrialized Countries	**0.93**	**0.04**	**0.78**	**0.04**
Bermuda	0.01	0.00	0.08	0.00
Cayman Islands	0.00	0.00	0.01	0.00
Chile	0.01	0.00	0.02	0.00
Israel	0.00	0.00	0.10	0.00
Macao	0.21	0.01	0.23	0.01
Puerto Rico	0.07	0.00	0.07	0.00
Saudi Arabia	0.17	0.01	0.20	0.02
Singapore	-0.06	-0.00	-0.21	-0.01
South Korea	0.43	0.02	0.19	0.01
State of Qatar	0.05	0.00	0.05	0.00
Supranational	0.01	0.00	0.00	0.00

Country exposure

Country exposure by country of risk

	30 Sep '23		31 Dec '23	
	% of Market value	Duration (yrs)	% of Market value	Duration (yrs)
Taiwan	0.00	-0.00	-0.01	-0.00
United Arab Emirates	0.03	0.00	0.04	0.00
EM - Asia	**-1.42**	**-0.06**	**-1.34**	**-0.06**
China	-1.08	-0.05	-0.95	-0.04
India	0.02	0.00	-0.05	-0.00
Indonesia	-0.00	0.00	-0.00	0.00
Malaysia	-0.36	-0.02	-0.34	-0.01
EM - Latin America	**2.52**	**0.06**	**2.71**	**0.07**
Argentina	0.24	0.00	0.27	0.01
Brazil	1.19	0.03	1.24	0.03
Colombia	0.26	-0.00	0.25	-0.00
Mexico	0.73	0.03	0.84	0.04
Peru	0.08	0.00	0.08	0.00
Venezuela	0.02	0.00	0.04	0.00
EM - CEEMEA	**2.47**	**0.06**	**2.54**	**0.06**
Cote dIvoire	0.06	0.00	0.06	0.00
Hungary	0.12	0.00	0.23	0.00
Romania	0.23	0.02	0.24	0.02
Russia	0.44	0.00	0.46	0.00
Serbia & Montenegro	0.01	0.00	0.01	0.00
South Africa	1.04	0.03	1.00	0.03
Turkey	0.57	0.01	0.54	0.01
EM - Other	**0.94**	**-0.00**	**0.88**	**-0.00**
EM Index Product	0.94	-0.00	0.88	-0.00
Liabilities	**-47.50**	**0.00**	**-45.26**	**0.00**
Total	**100**	**5.26**	**100**	**4.65**

PIMCO

Additional series unit performance

PIMCO Managed Core Bond Pool (net of fees performance)

Performance periods ended: 31 Dec '23	MER*	Management Fee**	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	SI
Series ETF	0.660	0.590	CAD	14 Feb '20	6.43	4.41	7.64	-0.58	0.59
Series A	1.190	1.090	CAD	14 Feb '20	6.28	4.13	7.06	-1.11	0.06
Series F	0.640	0.590	CAD	14 Feb '20	6.43	4.42	7.66	-0.56	0.61
Series A - USD Hedged	1.190	1.090	USD	23 Dec '20	6.53	4.55	7.86	-0.78	-0.71
Series F - USD Hedged	0.630	0.590	USD	23 Dec '20	6.68	4.85	8.47	-0.23	-0.16
Bloomberg Global Aggregate (CAD Hedged) Index	-	-	-	-	5.67	3.60	6.33	-2.47	-1.05
Bloomberg Global Aggregate (USD Hedged) Index	-	-	-	-	5.99	4.06	7.15	-2.11	0.00

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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.

Important Disclosures

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

Past performance is not a guarantee or a reliable indicator of future results. 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.

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.

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.

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.

For instance, during periods of low or declining interest rates, the Fund's distributable income and dividend levels may decline for many reasons. For example, the Fund may have to deploy uninvested assets (whether from purchases of Fund units, proceeds from matured, traded or called debt obligations or other sources) in new, lower yielding instruments. Additionally, payments from certain instruments that may be held by the Fund (such as variable and floating rate securities) may be negatively impacted by declining interest rates, which may also lead to a decline in the Fund's distributable income and dividend levels.

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Yield to Maturity (YTM) is the estimated total return of a bond if held to maturity. YTM accounts for the present value of a bond's future coupon payments. PIMCO calculates a Fund's Estimated YTM by averaging the YTM of each security held in the Fund on a market-weighted basis. PIMCO pulls each security's YTM from PIMCO's Portfolio Analytics database. In general, the calculation will incorporate the yield based on the notional value of all derivative instruments held by a Fund. The measure does not reflect the deduction of fees and expenses and is not necessarily indicative of the Fund's actual performance. A portfolio's actual yield or distribution rate may be significantly lower than its estimated YTM in practice. Also, estimated YTM is not intended to indicate that a portfolio will actually hold any or all of its portfolio securities to maturity in practice, and various securities may be sold or otherwise disposed of prior to maturity. Estimated YTM is not a projection or prediction of the actual yield or return that a portfolio may achieve or any other future performance results. There can be no assurance that a portfolio will achieve any particular level of yield or return and actual results may vary significantly from estimated YTM.
A word about risk: The Fund invests in other PIMCO funds and performance is subject to underling 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, lowerrated, 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.**

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.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

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

Differences in the Fund's performance versus the FTSE Canada Universe Bond Index (the "Index") and related attribution information with respect to categories of securities or individual positions may be attributable, in part, to differences in the pricing methodologies used by the Fund and the Index.

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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Important Disclosures

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Important Disclosures

Acronyms and definitions of investment terms used throughout the report:

Alpha is a measure of performance on a risk-adjusted basis calculated by comparing the volatility (price risk) of a portfolio vs. its risk-adjusted performance to a benchmark index; the excess return relative to the benchmark is alpha.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average 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.

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

Beta is a measure of price sensitivity to market movements. Market beta is 1.

Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.

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.

CPI is the Consumer Price Index.

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.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

Duration is the measure of a bond's price sensitivity to interest rates and is 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.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Fallen angel is a bond that was initially given an investment grade rating but has since been reduced to below investment grade status.

GFC is the Global Financial Crisis.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

LNG is Liquefied Natural Gas.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

Rising star is the term given to a bond that was rated high yield but has since been upgraded to investment grade.

"Risk assets" are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

"Safe haven" is an investment that is expected to retain or increase in value during times of market turbulence.

The **SEC yield** is an annualized yield based on the most recent 30 day period. The subsidized yield includes contractual expense reimbursements and it would be lower without those reimbursements. The **Unsubsidized 30 day SEC Yield** excludes contractual expense reimbursements.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The quarterly distribution yields are calculated by annualizing actual dividends distributed for the quarterly period ended on the most recent quarterly distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)