ZGSB - BMO Global Strategic Bond Fund

PM Commentary

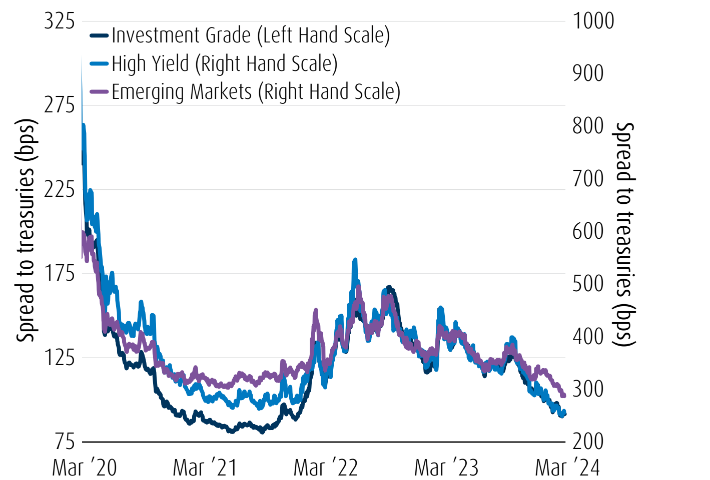
Global investment grade credit posted positive returns of 1.21% for the month, outperforming like-duration government bonds by 0.44%; spreads tightened 5bps amid continued strong earnings results despite heavy issuance to start the year.

Global high yield delivered positive returns of 1.01% with BB's (1.22%) and B's (0.75%) outperforming CCC's (0.65%) amid resilient growth and strong issuance. inflation data and market expectations of an end to the U.S. rate hiking cycle.

External debt returned +1.90%, driven by a 21-bp tightening in spreads as well as a 5-bp decline in underlying U.S. Treasury yields. Local debt posted negative returns of -0.03% as EM currencies continued to face a strong U.S. dollar, and local interest rates slightly rose for the second consecutive month.

The risks for EM in 2024 remain tilted to the upside – the overall EM macro environment remains broadly supportive, given resilient growth, falling inflation, and proactive EM central bank's rate cutting cycles.

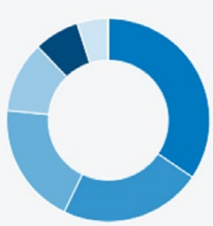
10-year Treasury yields



BMO Global Strategic Bond Fund – F Series, as of March 31st, 2024

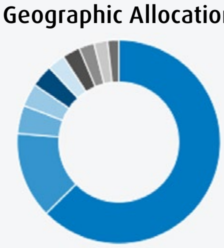
1 mth	3 mth	6 mth	YTD	1 yr	3 yr	5 yr	Annualized Since Inception (May 10th, 2006)
1.68%	2.18%	10.89%	2.18%	10.70%	0.60%	2.80%	5.34%

Sector Allocation



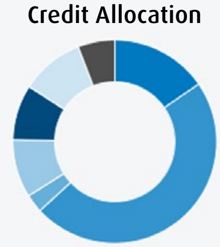
Emerging Market Bonds	34.48%
Securitized Debt	22.65%
High Yield Bonds	19.41%
Investment Grade Bonds	11.32%
Government Bonds	7.18%
Other	4.95%
Municipal Bond	0.01%

Geographic Allocation



United States	61.68%
Other	13.48%
Mexico	4.43%
United Kingdom	3.61%
Panama	3.46%
Saudi Arabia	2.77%
Romania	2.75%
Canada	2.39%
Hungary	2.15%
Italy	1.73%

Credit Allocation



AAA	15.41%
AA	47.74%
A	2.93%
BBB	9.26%
BB	8.77%
B	10.06%
CCC or below	5.84%

Source: PIMCO, BMO Global Asset Management, March 2024

Positioning and outlook

Investment Grade Corporate Credit

We are cautious on generic corporate credit and instead are focusing on sectors that have historically been more resilient to higher rates. We continue to find opportunities in the financials segment as broad-based weakening in preferred shares and bank capital securities has made some of the senior issues from stronger banks more attractive.

High Yield

We maintain an overweight to high yield, with a focus on active sector, issuer and security selection. We are cautiously constructive on fundamentals – while the level of stress in market has been increasing, in contrast to most prior periods heading into a slowdown, the health of corporate, consumer, and bank balance sheets appears reasonably sound. We remain cautious on high yield sectors with heightened sensitivity to disruption, including the raw materials and energy sectors. We continue to emphasize exposure via CDX given superior liquidity.

Emerging Markets (EM)

We remain cautious on EM, staying selective and sizing our positions conservatively. Our focus is on select opportunities that offer an attractive risk/reward balance in an environment of elevated uncertainty over global monetary and fiscal policy. We emphasize a selective approach focusing on issuers with strong fundamentals and ability to repay and seek to avoid the increasing number of lower quality issuers with the risk of permanent capital impairment.

Securitized

We remain constructive on senior US securitized credit broadly. Senior non-agency MBS stands out as attractive given diversification benefits, stable cash flows, and resilient fundamentals. We remain constructive on Agency MBS as technical pressures should continue to wane as demand returns alongside declining volatility, providing tailwinds for spreads to tighten.

PIMCO

PIMCO is a premier global investment solutions provider managing over $1.8 trillion in assets combining global capabilities, broad expertise and investment strategies to bring investors results.

PIMCO has an extensive track record managing single-sector strategies, launching high yield and loan strategies in 1992, securitized and emerging market strategies in 1997, and investment grade credit strategies in 2000; the public credit business today has grown to over $400bn in AUM.

Diversified Income was launched in 2003 as the best reflection of PIMCO's global multi-sector credit views reflected in a benchmark aware approach. The overarching goal is to use our footprint in all relevant markets to match client needs with where we are finding opportunities.

Dan Ivascyn
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Alfred Murata
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Managing Director

Source: PIMCO