P I M C O

Global Bond Fund

PIMCO Funds: Global Investors Series Plc

SHARE CLASS: **INSTITUTIONAL** | AS OF: **31 JANUARY 2021** | **Monthly Commentary**

Fund information		
Total net assets (in millions)		$16,291.5
Fund type		UCITS
Portfolio manager(s)		Andrew Balls Sachin Gupta Lorenzo Pagani
Effective duration (yrs)		6.84
Benchmark duration (yrs)		7.36
Average maturity (yrs)		9.48
Class	CUSIP	ISIN
Accumulation	G7096V443	IE0002461055
Income	G7096V450	IE0002460198

Unified management fee	
Institutional class, Accumulation shares	0.49% p.a.
Institutional class, Income shares	0.49% p.a.

Performance summary

The PIMCO GIS Global Bond Fund returned -0.22% (Institutional Class, Accumulation shares net of fees) and -0.24% (Institutional Class, Income shares net of fees) in January, outperforming the Bloomberg Barclays Global Aggregate (USD Hedged) Index by 0.32% and 0.30% respectively. Over the past 3 months the Fund has returned 1.52% (Institutional Class, Accumulation shares net of fees) and 1.48% (Institutional Class, Income shares net of fees), outperforming the benchmark by 1.18% and 1.14% respectively.

Risk asset performance was mixed in January as concerns over the vaccine rollout and potential for more lockdowns weighed on sentiment. Global equities experienced volatility and closed slightly lower, the dollar strengthened and oil prices rose, while credit spreads were little changed. Meanwhile, developed market rates broadly rose and curves steepened, with US rates rising earlier in the month on fiscal stimulus expectations. The FOMC confirmed that its asset purchase program would remain at its current pace until "substantial further progress" had been made toward its dual objective.

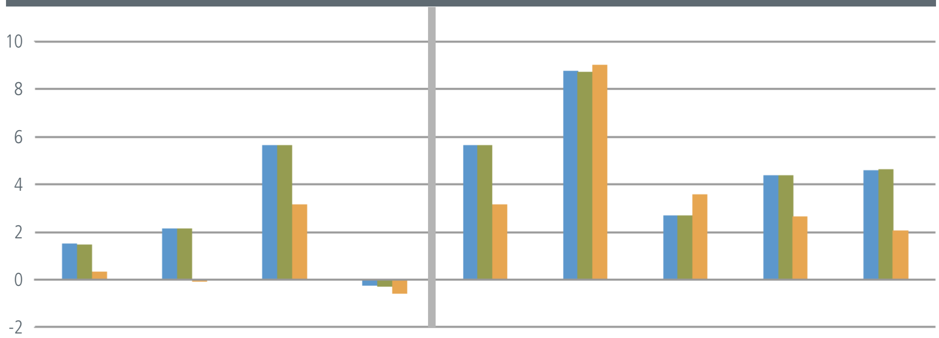
Contributors

- Positions in Agency and non-Agency MBS
- Duration and curve positioning in the U.S.
- Underweight to duration in the U.K.

Detractors

- Exposure to a rotating basket of EM FX
- Overweight to duration in Australia

Month End Performance 31 January 2021 | Rolling Performance



3 Mos.	6 Mos.	1 Yr.	YTD	01/2020 - 01/2021	01/2019 - 01/2020	01/2018 - 01/2019	01/2017 - 01/2018	01/2016 - 01/2017
1.52	2.17	5.64	-0.22	5.64	8.76	2.71	4.39	4.62
1.48	2.16	5.64	-0.24	5.64	8.72	2.71	4.39	4.66
0.34	-0.02	3.15	-0.54	3.15	9.01	3.58	2.67	2.08

■ PIMCO GIS Global Bond Fund Institutional-Acc, net of fees (%)¹

■ PIMCO GIS Global Bond Fund Institutional-Inc, net of fees (%)²

■ Bloomberg Barclays Global Aggregate (USD Hedged) Index (%)*

Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future. The benchmark is the Bloomberg Barclays Global Aggregate (USD Hedged) Index. All periods longer than one year are annualised. SI is the performance since inception.

[1] *Accumulation class inception date: 12 March 1998*

[2] *Income class inception date: 18 April 2001*

* *Benchmark is shown for performance comparison purposes only.*

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.

This is for professional investor use only and not for public distributions.

Portfolio positioning

The Fund is modestly underweight to duration overall, but has emphasized sourcing duration from high quality countries such as Denmark, Australia, and Canada, that have the potential to provide diversification benefits in a risk-off scenario. Notably, the Fund is now modestly underweight to duration in the U.S. as rates could face some moderate upward pressure over the cyclical horizon. In the eurozone, the Fund is underweight duration in aggregate with an overweight in the peripherals and an underweight in the core/semi-core regions. The Fund remains underweight to duration in Japan and the U.K.

The Fund continues to take a cautious approach to investment-grade corporate credit given tight valuations and the vulnerable market environment. Instead, the Fund favors senior securitized assets, like Agency and non-Agency mortgages as well as U.K. residential mortgages and Danish covered bonds. The Fund also continues to hold positions in U.S. TIPS and high-quality EM external debt.

In currencies, we are modestly underweight the U.S. dollar against the British pound, euro, Japanese yen and other select developed and emerging market currencies.

Month in review

Risk asset performance was mixed in January as concerns over the vaccine rollout and potential for more lockdowns weighed on sentiment. Global equities experienced volatility and closed slightly lower, the dollar strengthened and oil prices rose, while credit spreads were little changed. Meanwhile, developed market rates broadly rose and curves steepened, with US rates rising earlier in the month on fiscal stimulus expectations. The FOMC confirmed that its asset purchase program would remain at its current pace until "substantial further progress" had been made toward its dual objective.

Sovereign rate strategies contributed to relative performance over the month. Contributions from duration and curve positioning in the U.S. and an underweight to duration in the U.K. more than offset detractions from an overweight to duration in Australia.

Spread sector strategies also contributed to relative performance over the month, primarily due to contributions from positions in Agency and non-Agency MBS and senior and subordinated financials.

Currency strategies modestly detracted from relative performance over the month, primarily due to diversified exposure to select developed and emerging market currencies vs the U.S. dollar.

Outlook and strategy

Global output and demand are likely to rebound strongly in 2021, driven by the rollout of vaccines and continued fiscal and monetary policy support. While valuations seemed to have priced in a return to normality, we remain focused on careful portfolio positioning, capital preservation, and liquidity management.

By positioning cautiously and emphasizing liquidity, we believe we will be better prepared to respond to a variety of shocks. We are modestly underweight duration in the Fund - although global yields are fairly low, we continue to seek relative value opportunities that aim to benefit from an ongoing global grab for duration in the event that the economic outlook worsens. In Europe, accommodative ECB action suggests a more favorable view on peripheral eurozone rates relative to that of core and semi-core. We continue to hold a moderate allocation to TIPS in the portfolio based on attractive valuations and as a hedge against a potential inflation overshoot. We are moderately underweight the U.S. dollar against select developed and emerging market currencies based on valuations.

In spread sectors, we continue to be selective and avoid generic corporate credit risk due to increased risks spurred by recent volatility. We prefer securitized assets, including U.S. non-agency mortgages, U.K. residential mortgages, and Danish mortgages, which offer defensive qualities in addition to reasonable risk premia for liquidity, complexity, and uncertainty over the timing of cash flows. We also continue to hold high quality EM external debt of sovereign and quasi-sovereign issuers in the Middle East.

Management profile

Andrew Balls
Managing Director and CIO Global Fixed Income

Sachin Gupta
Managing Director

Lorenzo Pagani
Managing Director

$16.2BN
ASSETS UNDER MANAGEMENT

36
PORTFOLIO MANAGERS

- Average years of experience **19**
- Resources in **8 global offices**

Access high-quality fixed income worldwide

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 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 may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. 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.

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Benchmark — Unless referenced in the prospectus and relevant key investor information document, a benchmark or index in this material is not used in the active management of the Fund, in particular for performance comparison purposes.
Where referenced in the prospectus and relevant key investor information document a benchmark may be used as part of the active management of the Fund including, but not limited to, for duration measurement, as a benchmark which the Fund seeks to outperform, performance comparison purposes and/or relative VaR measurement. Any reference to an index or benchmark in this material, and which is not referenced in the prospectus and relevant key investor information document, is purely for illustrative or informational purposes (such as to provide general financial information or market context) and is not for performance comparison purposes. Please contact your PIMCO representative for further details.

Additional Information — This material may contain additional information, not explicit in the prospectus, on how the Fund or strategy is currently managed. Such information is current as at the date of the presentation and may be subject to change without notice.

Investment Restrictions — In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest over 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any of the following: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

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

Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

Inflation-linked bonds (ILBs) issued by a government are fixed income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. **Treasury Inflation-Protected Securities (TIPS)** are ILBs issued by the U.S. government.

Mortgage-Backed Securities (MBS); European Central Bank (ECB); Emerging Markets (EM); Federal Open Market Committee (FOMC).

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