

# Dynamic Bond Fund

## PERFORMANCE SUMMARY

The Dynamic Bond Fund returned 0.09% (Institutional, Income shares net of fees) and 0.07% (Institutional, Accumulation shares net of fees) in February. Year-to-date the Fund has returned 0.67% (Institutional, Income shares net of fees) and 0.62% (Institutional, Accumulation shares net of fees).

**Tech stocks led a broad market rally fueled by advancements in artificial intelligence, while bond indexes faced challenges as yields rose.** U.S. credit spreads tightened, and developed sovereign bond yields rose, while the dollar strengthened. In the U.S., the 10-year Treasury rose 34 bps to 4.25% as unexpectedly resilient inflation and strong economic data challenged market expectations of rapid rate cuts. In Germany, the 10-year bund yield rose 25 bps to 2.41%. In the U.K., 10-year Gilt yields rose 33 bps to 4.12%, while 10-year Japanese government bond yields fell 2 bps to 0.71%.

### Contributors

- Exposure to the cash interest rate in the US, from carry
- Holdings of investment grade and high yield corporate credit, as spreads tightened and through carry
- Holdings of securitized credit, primarily non-Agency Mortgage Backed Securities

### Detractors

- Long exposure to US duration, as yields rose
- Long exposures to the Japanese yen, as it depreciated against the US dollar
- Long exposure to Australian and Canadian duration, as yields rose

### Past performance is not a reliable indicator of future results

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
Institutional, Acc (%)	0.07	2.81	4.27	7.02	-0.41	1.65	1.99	2.54
Institutional, Inc (%)	0.09	2.78	4.29	7.03	-0.42	1.65	1.99	2.22
Benchmark (%)	0.43	1.36	2.72	5.37	2.61	2.06	1.46	—

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.

Performance (Net of Fees)	Feb'2019-Feb'2020	Feb'2020-Feb'2021	Feb'2021-Feb'2022	Feb'2022-Feb'2023	Feb'2023-Feb'2024
Institutional, Acc (%)	3.04	6.62	-2.23	-5.59	7.02
Institutional, Inc (%)	3.11	6.60	-2.28	-5.59	7.03
Benchmark (%)	2.16	0.37	0.10	2.41	5.37

The following information is additional to, and should be read only in conjunction with, the calendar year performance data presented below.

Calendar Year (Net of Fees)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Institutional, Acc (%)	2.27	-2.22	5.30	4.72	1.45	4.82	5.67	0.20	-8.00	7.22	0.62
Institutional, Inc (%)	2.29	-2.23	5.37	4.64	1.45	4.81	5.67	0.18	-7.99	7.16	0.67
Benchmark (%)	0.16	0.19	0.48	1.08	1.99	2.29	0.63	0.10	1.69	5.20	0.89

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record. The benchmark is the Inception to June 30, 2022 1 Month USD Libor. July 1, 2022 onwards ICE BofA SOFR Overnight Rate Index

All periods longer than one year are annualised. SI is the performance since inception.

The fund is considered to be actively managed in reference to the below benchmark as further outlined in the prospectus and key investor information document/key information document.

ICE BofA SOFR Overnight Rate Index tracks the performance of a synthetic asset paying SOFR to a stated maturity. The index is based on the assumed purchase at par of a synthetic instrument having exactly its stated maturity and with a coupon equal to that days fixing rate. That issue is assumed to be sold the following business day (priced at a yield equal to the current day fixing rate) and rolled into a new instrument. It is not possible to invest directly in an unmanaged index.

## Key Facts

	Accumulation	Income
Bloomberg Ticker	PUNBIAU	PUBIUI
ISIN	IE00B3FNF987	IE00B53XYJ72
Sedol	B3FNF98	B53XYJ7
CUSIP	G70980571	G7097J175
Valoren	4848583	10827676
WKN	A0RK3Q	A0YGSL
Inception Date	15/12/2008	22/02/2010
Distribution	-	Quarterly
Unified Management Fee	0.90% p.a.	0.90% p.a.
Fund Type	UCITS	
Portfolio Manager	Marc Seidner, Mohit Mittal, Daniel J. Ivascyn	
Total Net Assets	3.4 (USD in Billions)	
Fund Base Currency	USD	
Share Class Currency	USD	

**Credit and Default Risk:** A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a loan or meet a contractual obligation. This could cause the value of its bonds to fall or become worthless. Funds with high exposures to non-investment grade securities have a higher exposure to this risk. **Currency Risk:** Changes in exchange rates may cause the value of investments to decrease or increase. **Derivatives and Counterparty Risk:** The use of certain derivatives could result in the fund having a greater or more volatile exposure to the underlying assets and an increased exposure to counterparty risk. This may expose the fund to larger gains or losses associated with market movements or in relation to a trade counterparty being unable to meet its obligations. **Emerging Markets Risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Investments in these markets may expose the fund to larger gains or losses. **Liquidity Risk:** Difficult market conditions could result in certain securities becoming hard to sell at a desired time and price. **Interest Rate Risk:** Changes in interest rates will usually result in the values of bond and other debt instruments moving in the opposite direction (e.g. a rise in interest rates likely leads to fall in bond prices). **Mortgage Related and Other Asset Backed Securities Risks:** Mortgage or asset backed securities are subject to similar risks as other fixed income securities, and may also be subject to prepayment risk and higher levels of credit and liquidity risk.

## MONTH IN REVIEW

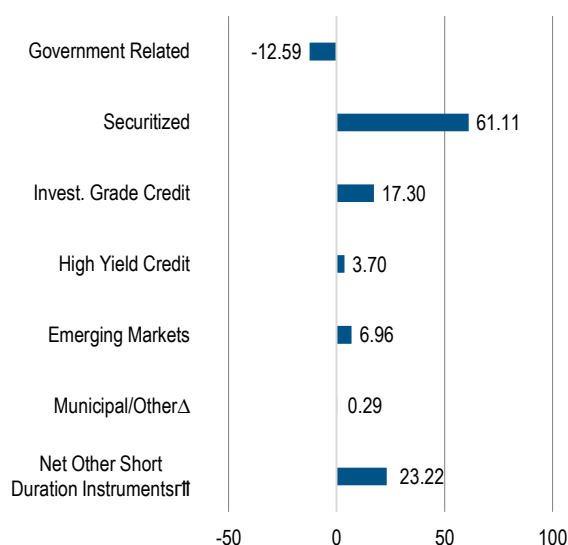
PIMCO GIS Dynamic Bond Fund's performance in February was slightly positive, driven by contributions from spread strategies while currencies were roughly flat and duration strategies detracted.

Interest rate strategies were negative last month. Long exposure to US duration detracted from performance as US interest rates rose over the month. Volatility in the rates market remains elevated as expectations of market rate cuts continue to fluctuate. Elsewhere, long exposure to dollar block duration such as Canada and Australia also detracted as rates rose.

Spread strategies were positive in February. Long exposure to securitized credit, particularly non-Agency MBS and CDO/CLOs contributed as spreads tightened. Additionally, long exposure to investment grade and high yield corporate credit also contributed to performance as corporate credit spreads tightened.

Currency strategies were roughly flat last month. Long exposure to the Japanese Yen detracted over the month as the Yen depreciated versus the USD. Overall, the Fund has kept its overall exposure to currency risk at a modest level, as our near term conviction remains low versus the potential for volatility.

### Sector Allocation (% Market Value)



## PORTFOLIO POSITIONING

The portfolio is positioned across a diverse set of global opportunities in developed and emerging market economies.

### Interest Rates

We have reduced duration over the month, yet still favor long US interest rate exposure versus other global developed rates as a hedge against a risk asset sell-off. Elsewhere, the Fund maintained long exposures to Canadian and Australian duration given the potential for rates to decline more rapidly due to their higher rate sensitivity.

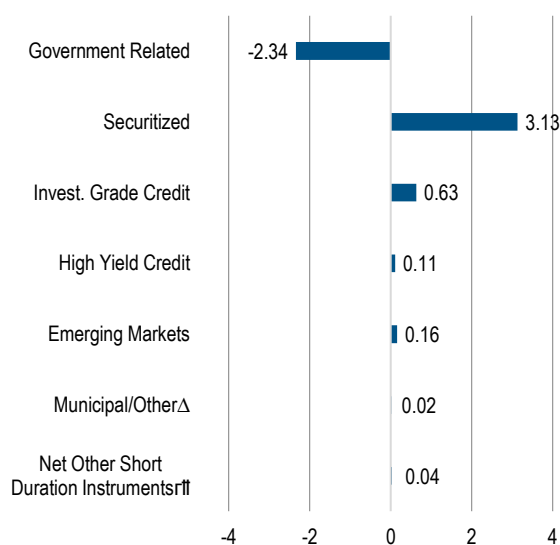
### Credit Spreads

We see value in securitized credit including Non Agency MBS as the sector is relatively insulated from key risks facing global markets. We also continue to hold select Agency MBS as a way to maintain a high quality, very liquid position that offers a "safe spread" over US Treasuries. Within corporate credit, we are selective in our exposure to high yield credit and prefer defensive non cyclical sectors while still slightly favoring financials, along with telecommunications and healthcare for investment grade credit.

### Currencies

We remain tactical with currency positioning, holding modest long positions across a diversified selection of both DM and EM currencies. The fund remains diversified across a basket of EM countries including Brazil and Turkey. Additionally, the fund recently initiated a short position to the Chinese Yuan amidst negative risk sentiment on the country and an uncertain domestic economic outlook.

### Sector Allocation (Duration in Years)



## OUTLOOK AND STRATEGY

Growing economic and political headwinds as well as still-sticky inflation trends are, in our view, likely to challenge the possibility of a soft-landing. Although supply chain improvements can be expected to continue moderating inflation, other near-term trends – such as the resumption of student loan payments and higher gas prices – could weaken the otherwise resilient U.S. consumer. These factors, when combined with tight labor markets and sticky wages, are likely to keep recession risks elevated.

The GIS Dynamic Bond fund continues to emphasize flexibility, as the strategy seeks to provide investors a well-equipped fixed income process that can be nimble in a challenging market environment. DBF utilizes a time tested approach that has allowed the fund to remain resilient across a variety of market cycles, including periods of rising rates. The strategy reacts tactically as yield curves continue to shift around the globe.

## Fund Statistics

Effective Duration (yrs)	1.75
Benchmark Duration (yrs)	0.00
Current Yield (%) <sup>Ⓔ</sup>	4.85
Estimated Yield to Maturity (%) <sup>Ⓔ</sup>	7.01
Annualised Distribution Yield (%) <sup>†</sup>	3.73
Average Coupon (%)	4.26
Effective Maturity (yrs)	1.72

Break-even inflation is the difference between the nominal yield on a fixed-rate investment and the real yield on an inflation-linked investment of similar maturity and credit quality.

U.S. Federal Reserve (Fed); Mortgage-Backed Securities (MBS)

U.S. interest rate strategies encompass the Fund's duration, yield curve, convexity strategies and instrument selection.

Carry is the rate of interest earned by holding the respective securities.

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

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.

References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.

<sup>Ⓔ</sup>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, 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.

<sup>Ⓔ</sup>Yields reported gross of fees, the deduction of which will reduce the yield. Yields are reported in the base currency of the fund and are not specific to the share class. The current yield illustrates the income investors could get from the portfolio as a percentage of market value of the securities assuming a holding period of one year. The current yield does not take into account the future cash flows of bonds, but rather is a snapshot of the income in the portfolio as of a certain point in time.

<sup>†</sup>Annualised Distribution Yield is as of last quarter ending 02/29/2024.

<sup>Ⓔ</sup>Where permitted by the investment guidelines stated in the portfolios offering documents, "other" may include exposure to, convertibles, preferred, common stock, equity-related securities, and Yankee bonds.

<sup>Ⓔ</sup>PIMCO calculates a Funds Estimated Yield to Maturity by averaging the yield to maturity of each security held in the Fund on a market weighted basis. PIMCO sources each security's yield to maturity from PIMCO's Portfolio Analytics database. When not available in PIMCO's Portfolio Analytics database, PIMCO sources the security's yield to maturity from Bloomberg. When not available in either database, PIMCO will assign a yield to maturity for that security from a PIMCO matrix based on prior data. The source data used in such circumstances is a static metric and PIMCO makes no representation as to the accuracy of the data for the purposes of calculating the Estimated Yield to Maturity. The Estimated Yield to Maturity is provided for illustrative purposes only and should not be relied upon as a primary basis for an investment decision and should not be interpreted as a guarantee or prediction of future performance of the Fund or the likely returns of any investment.

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**Additional Information/Documentation** A Prospectus is available for PIMCO Funds and UCITS Key Investor Information Documents (KIIDs) (for UK investors) and Packaged retail and insurance-based investment products (PRIIPS) key information document (KIDs) are available for each share class of each of the sub-funds of the Company. The Company's Prospectus can be obtained from [www.fundinfo.com](http://www.fundinfo.com) and is available in English, French, German, Italian, Portuguese and Spanish. The KIIDs and KIDs can be obtained from [www.fundinfo.com](http://www.fundinfo.com) and are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). In addition, a summary of investor rights is available from [www.pimco.com](http://www.pimco.com). The summary is available in English. The sub-funds of the Company are currently notified for marketing into a number of EU Member States under the UCITS Directive. PIMCO Global Advisors (Ireland) Limited can terminate such notifications for any share class and/or sub-fund of the Company at any time using the process contained in Article 93a of the UCITS Directive.

**Benchmark:** Unless referenced in the prospectus and relevant key investor information document/key 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/key 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 / key 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.

**Correlation:** As outlined under "Benchmark", where disclosed herein and referenced in the prospectus and relevant key investor information document / key information document, a benchmark may be used as part of the active management of the Fund. In such instances, certain of the Fund's securities may be components of and may have similar weightings to the benchmark and the Fund may from time to time show a high degree of correlation with the performance of any such benchmark. However the benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the benchmark. Investors should note that a Fund may from time to time show a high degree of correlation with the performance of one or more financial indices not referenced in the prospectus and relevant key investor information document / key information document. Such correlation may be coincidental or may arise because any such financial index may be representative of the asset class, market sector or geographic location in which the Fund is invested or uses a similar investment methodology to that used in managing the Fund.

## PERFORMANCE AND FEES

**Past performance is not a guarantee or a reliable indicator of future results.** The "gross of fees" performance figures, if included, are presented before management fees and custodial fees, but do reflect commissions, other expenses and reinvestment of earnings. The "net of fees" performance figures reflect the deduction of ongoing charges. All periods longer than one year are annualized. 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.

**Outlook:** 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.

**ESG Category Article 6 Funds:** Article 6 funds do not have sustainable investment as its objective, nor do they promote environmental and/or social characteristics.

While such funds integrate sustainability risks into its investment policy (as further outlined in the Prospectus) and this integration process forms part of the investment level due diligence of the fund, ESG information is not the sole or primary consideration for any investment decision with respect to the fund. As the Fund is actively managed and does not promote environmental or social characteristics, the climate related holdings are not static and may vary considerably overtime.

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