



# GIS Global Low Duration Real Return Fund



Quarterly Investment Report | 2Q22

**Marketing material / communication  
For professional use only**

Refer to Appendix for additional information

## **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

*Past performance does not predict future results.*

## Portfolio Performance

Over the quarter, the GIS Global Low Duration Real Return Fund (institutional share class, after fees) posted negative absolute returns of -1.08% and underperformed its benchmark. Contributions from the Fund's underweight exposures to UK breakevens, US interest rates and exposure to Danish covered bonds were offset by detractions from its country and security selection in European rates and overweight exposure to UK interest rates.

### CONTRIBUTORS

- Underweight UK breakevens
- Underweight US interest rates
- Exposure to Danish covered bonds

### DETRACTORS

- Country and security selection in European rates
- Overweight UK interest rates

Performance periods ended 30 Jun '22	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	SI
Fund before fees	-0.96	-0.43	1.86	3.83	3.52	2.57
Fund after fees	-1.08	-0.67	1.37	3.33	3.02	2.07
Benchmark*	-0.90	-0.43	2.33	3.32	3.09	2.12

***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 following information should be read in conjunction with the 12-month rolling past performance information provided later in this presentation***

## Portfolio strategy

**Interest rates:** We express an underweight position in duration overall, primarily sourced in Eurozone rates and we closed a modest underweight to U.S. duration, taking profit as US yields have sold off significantly

**Reflation:** We maintain an overweight to breakeven inflation in the U.S., as long-term inflation expectations are still well anchored. Against this, we remain underweight to U.K. breakeven inflation given their structural richness

**Relative value:** Selective in curve positioning across rates and breakeven inflation. Within U.S. TIPS, from curve perspective, we favor the 7-10yr and 20-30yr portion given compelling relative values

**Spread sectors:** Maintain exposure to select high-conviction spread sectors, including non-Agency MBS and Danish covered bonds.

Class:	INST
Inception date:	18 Feb '14
Fund assets (in millions):	\$982.22
Unified management fee:	0.490%

Summary information	30 Jun '22
Effective duration (yrs)	2.06
Inflation-linked bond duration (yrs)	3.22
Non Inflation-linked bond duration (yrs)	-1.16
Benchmark duration - provider (yrs)	2.88
Benchmark duration - PIMCO (yrs)	2.84
Effective maturity (yrs)	2.93
Average coupon	0.76%
Yield Beta	1.00
Tracking error (5 yrs)	0.96
Information ratio (5 yrs)	-0.06

\*Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index;

# Fund specific risks

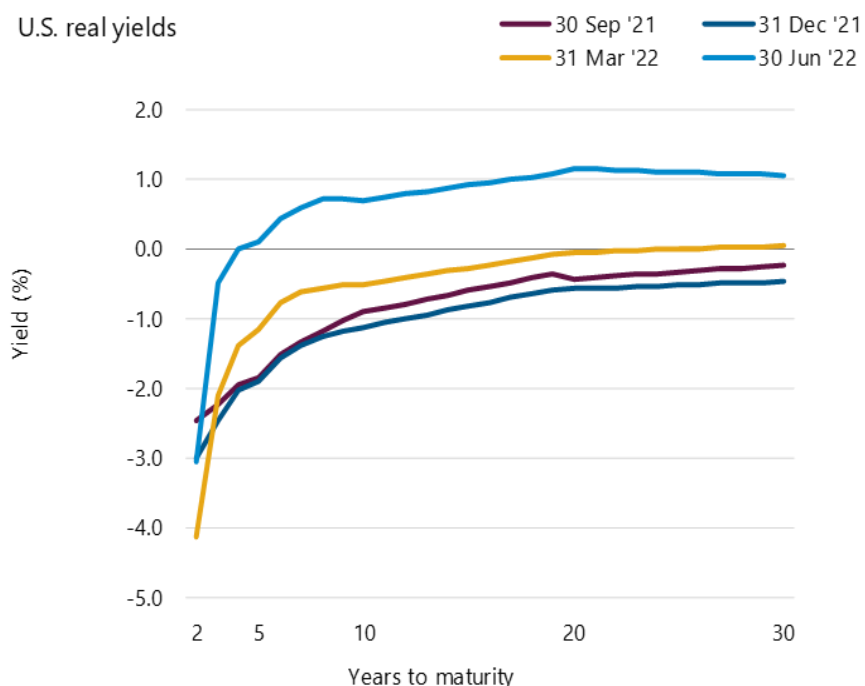
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Risk	Risk Description
<b>Credit and Default Risk</b>	A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a loan or meet a contractual obligation. This could cause the value of its bonds to fall or become worthless. Funds with high exposures to non-investment grade securities have a higher exposure to this risk.
<b>Currency Risk</b>	Changes in exchange rates may cause the value of investments to decrease or increase.
<b>Derivatives and Counterparty Risk</b>	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.
<b>Fixed Income Risk</b>	There is a risk that the institution which issued the securities will fail, which would result in a loss of income to the fund. Fixed income values are likely to fall if interest rates rise.
<b>Liquidity Risk</b>	Difficult market conditions could result in certain securities becoming hard to sell at a desired time and price.
<b>Interest Rate Risk</b>	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).
<b>Mortgage Related and Other Asset Backed Securities Risks</b>	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.

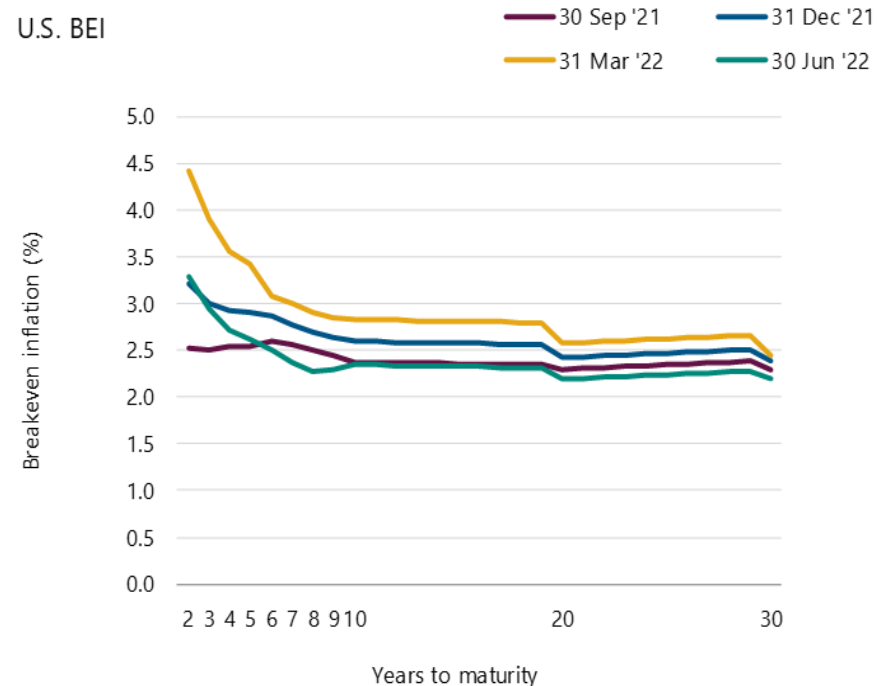
# Quarter in Review

## Real yields continued to surge higher while inflation expectations moderated

U.S. TIPS returned -6.08%, as represented by the Bloomberg U.S. TIPS Index, and underperformed comparable nominal Treasuries. Markets re-priced real rates higher as the Fed continued to tighten monetary policy. Breakeven inflation rates generally moved lower as weaker commodities prices, growth concerns, and tighter monetary policy weighed on inflation expectations.



U.S. real yields sold off over the quarter as CPI readings remained stubbornly high and the Fed continued to signal a sharp focus on tackling inflation, which was reinforced with a 75bps hike at the June meeting. TIPS delivered negative returns given the selloff in real yields.



U.S. breakevens were volatile over the quarter but broadly fell across maturities. Weaker commodity prices in June, growth concerns, and tighter monetary policy weighed on inflation expectations.

SOURCE: Bloomberg

# Market Summary

## Q2 '22: Global ILBs post negative returns as markets re-priced real rates higher

The Fund's exposure to Danish covered bonds, underweight exposure to UK breakevens and US interest rates were additive to performance relative to the benchmark. Country and security selection in European rates and overweight exposure to UK interest rates detracted.

### U.S. real interest rates

U.S. real yields climbed higher across the curve as the Fed continued to exude a hawkish tone. Markets priced in additional front-loaded rate hike expectations over the year, despite elevated recessionary risks.

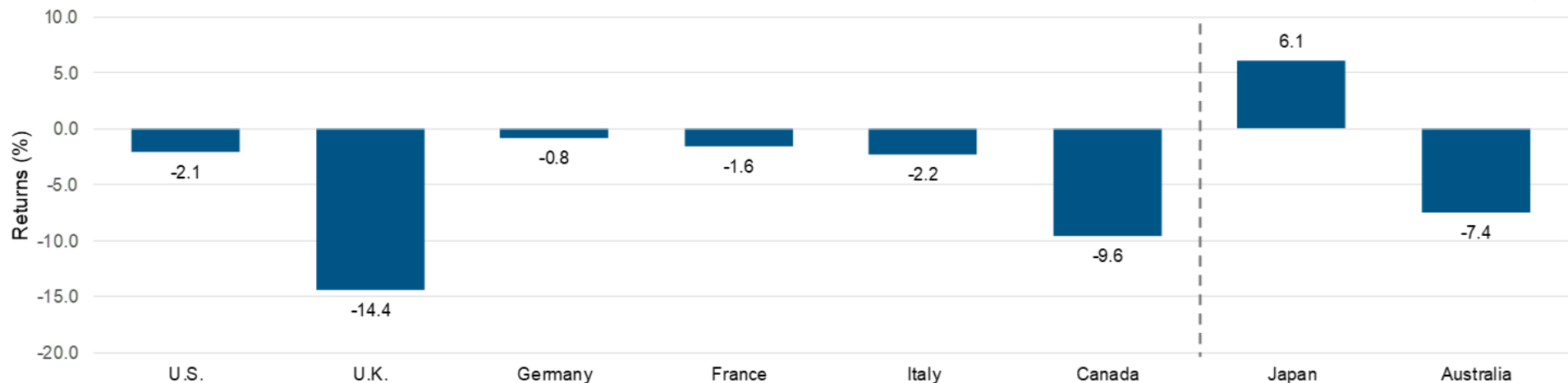
### U.S. breakeven inflation expectations

In April, U.S. inflation expectations surpassed previously historic levels, with 10-year breakevens reaching a record high of 3.04% before moderating to close out the month. Breakevens moved lower in May as shorter-term expectations outperformed longer-term expectations amid rising commodity prices. Breakevens continued to fall in June given expectations for tighter monetary policy and in turn a more material risk of economic contraction.

### Global inflation-linked bonds (ILBs)

ILB markets delivered negative returns and underperformed their nominal counterparts as breakevens moved lower given rising real yields globally. In the U.K. and Eurozone, inflation expectations remained volatile given the ongoing conflict in Ukraine. With the conflict surpassing its fifth month, the market's focus remains on the inflation implications across regions.

Returns of key global ILB markets (USD hedged)

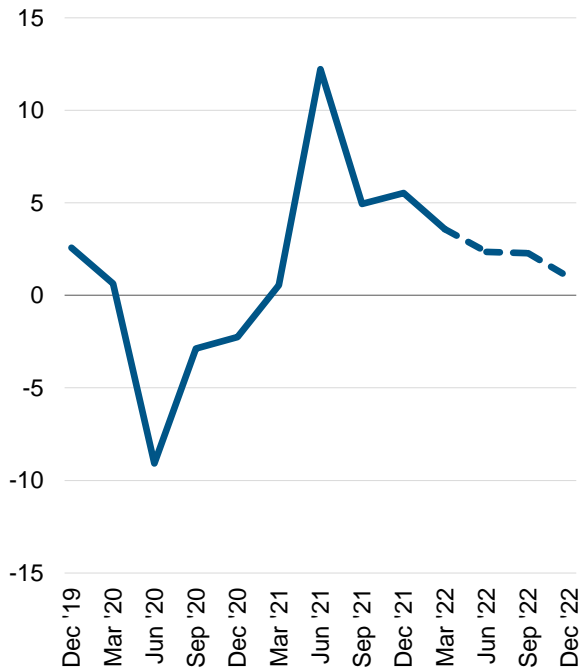


SOURCE: Bloomberg Inflation-Linked Bond Country Indices.

# Cyclical Outlook: “Anti-Goldilocks” backdrop and elevated recession risks

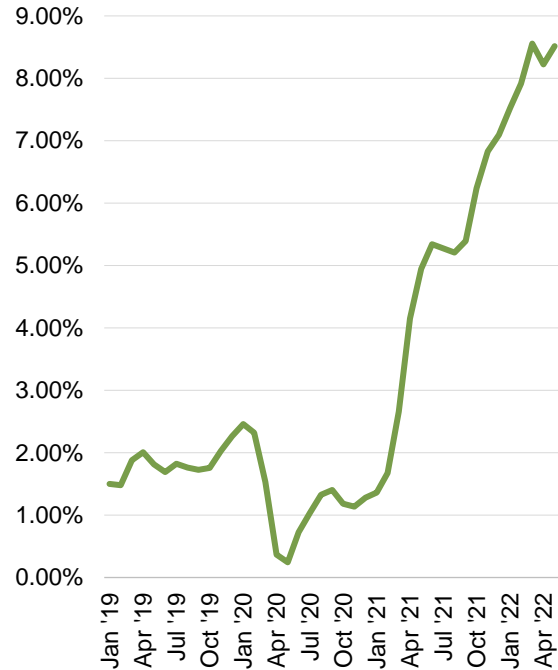
## Activity too cold

US real GDP\*



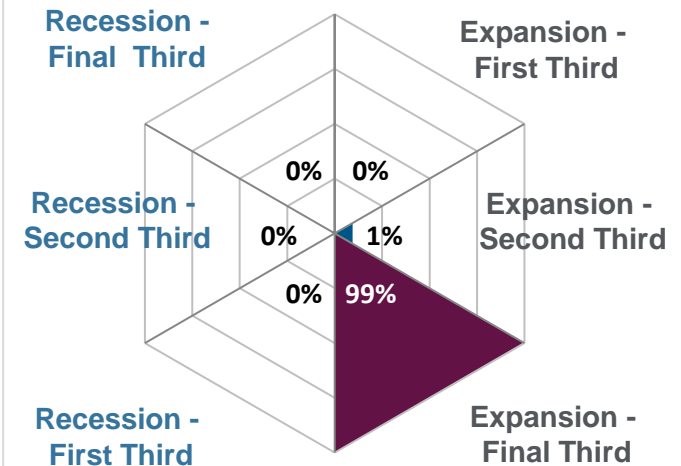
## Inflation too hot

US headline CPI y/y



## Recession risk elevated

Stylized business cycle model



For illustrative purposes only. As of June 2022. SOURCE: PIMCO

\* Figures in percentages.

The dynamic factor model (DFM) divides the business cycle into six phases; for example, 2T (second third) expansion is the mid-cycle expansion phase. The model incorporates a set of underlying factors with the potential to drive economic growth and assumes various economic time series are realizations of these factors with varying time lags. We estimate these factors based on 750 U.S. time-series variables covering a wide range of phenomena, including growth and its components, inflation components, labor market data, surveys, housing statistics, banking data, interest rates, asset price series, and more.

Refer to Appendix for additional outlook and risk information.

# Portfolio Outlook

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## Strategic outlook

PIMCO's baseline outlook for the cyclical horizon has inflation to remain elevated for most of 2022, although we are likely close to the peak in CPI for this cycle. As a result of the magnitude and persistence of recent inflation readings, we anticipate 150-200 bps of rate hikes from DM central banks' over the next year and higher level of terminal rates in many EM economies. We also expect DM GDP growth to decelerate from a 4.0% annual average pace in 2021 to 2.0-3.0%, which we expect to support elevated recession risks. We anticipate economic recovery to continue to exhibit volatility given central bank's focus on fighting inflation over supporting growth.

## Key strategies

### Interest rates

We maintain an underweight duration position overall, primarily sourced in Eurozone rates. We express a neutral stance in U.S. rates given re-pricing higher of real rates and more balanced risks going forward. We continue to be selective within curves and securities depending on prevailing valuations and market events.

### Relative value

The strategy remains tactical in terms of curve and country positioning based on relative value and roll-down opportunities. We seek to exploit attractive security mispricings and market dislocations.

### Reflation

We remain overweight U.S. breakeven inflation as longer-term expectations are still well anchored despite strong CPI prints recently. Against U.S. overweight, we remain underweight U.K. expectations given their structural richness.

### Spread sectors

We remain cautious overall within generic corporate credit. We prefer U.K. and U.S. non-Agency MBS and Danish covered bonds given attractive valuations and yield pickup. Within currencies, we currently see limited active opportunities but continue to seek opportunities from overshoots and undershoots that provide attractive risk-reward profiles and the ability to diversify sources of return.

# Sector Exposure

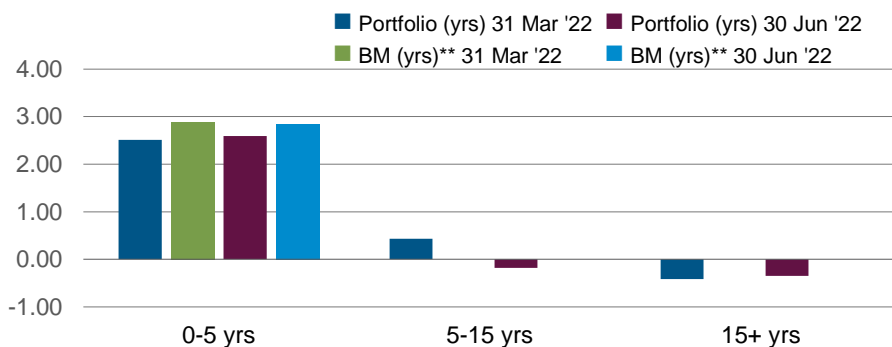
	% of Market value		Duration in years	
	31 Mar '22	30 Jun '22	31 Mar '22	30 Jun '22
<b>Inflation Linked Bonds</b>	<b>104.79</b>	<b>101.74</b>	<b>3.47</b>	<b>3.22</b>
United States	54.32	58.28	2.13	2.11
United Kingdom	6.15	6.08	0.18	0.18
Europe	19.22	16.07	0.70	0.55
Canada	0.23	0.23	0.01	0.01
Other	6.69	6.35	0.29	0.26
Other Short Duration Instruments	18.18	14.74	0.16	0.11
<b>Non Inflation Linked Bonds</b>	<b>-4.79</b>	<b>-1.74</b>	<b>-0.94</b>	<b>-1.16</b>
United States	-6.62	-1.49	-0.63	-0.31
United Kingdom	0.10	0.35	0.04	0.01
Europe	-23.36	-13.97	-1.49	-1.03
Canada	0.00	0.00	0.00	0.00
Other	8.68	-3.73	0.98	0.03
EM Short Duration Instruments	-0.04	0.01	0.00	0.00
Net other short duration instruments*	16.44	17.10	0.16	0.14
<b>Total</b>	<b>100</b>	<b>100</b>	<b>2.52</b>	<b>2.06</b>

\*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.



# Portfolio characteristics

## Key rate duration exposure



	Portfolio (yrs)		BM (yrs)**	
	31 Mar '22	31 Mar '22	30 Jun '22	30 Jun '22
0-5 yrs	2.51	2.89	2.59	2.84
5-15 yrs	0.43	0.00	-0.18	0.00
15+ yrs	-0.42	0.00	-0.35	0.00
<b>Total</b>	<b>2.52</b>	<b>2.89</b>	<b>2.06</b>	<b>2.84</b>

## Interest rate exposure

	Portfolio (yrs)	BM (yrs)**	Portfolio (yrs)	BM (yrs)**
	31 Mar '22	31 Mar '22	30 Jun '22	30 Jun '22
Effective duration	2.52	2.89	2.06	2.84
Bull market duration	2.18	2.90	1.92	2.85
Bear market duration	2.73	2.88	2.25	2.83
<b>Spread duration</b>				
Mortgage spread duration	0.18	0.00	0.27	0.00
Corporate spread duration	0.01	0.00	0.01	0.00
Emerging markets spread duration	0.02	0.00	0.02	0.00
Swap spread duration	-0.17	0.00	-0.25	0.00
Covered bond spread duration	1.07	0.00	0.76	0.00
Sovereign related spread duration	0.00	0.00	0.00	0.00

## Derivative exposure (% of duration)

	31 Mar '22	30 Jun '22
<b>Government futures</b>	-83.03	-90.03
<b>Interest rate swaps</b>	-18.83	-22.95
<b>Credit default swaps*</b>	0.80	0.43
Purchased swaps	0.00	0.00
Written swaps	0.80	0.43
<b>Options</b>	10.03	2.70
Purchased Options	-10.08	-10.51
Written Options	20.11	13.21
<b>Mortgage Derivatives</b>	0.00	0.00
<b>Money Market Derivatives</b>	4.73	5.70
Futures	4.25	5.18
Interest rate swaps	0.49	0.52
<b>Other Derivatives</b>	0.00	0.00

\* Shown as a percentage of market value

\*\*Benchmark duration is calculated by PIMCO  
Benchmark: Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index

# Country and currency exposure

## Country exposure by currency of settlement

	31 Mar '22		30 Jun '22	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
<b>United States</b>	<b>1.74</b>	<b>99.99</b>	<b>1.95</b>	<b>100.16</b>
<b>Japan</b>	<b>0.13</b>	<b>0.05</b>	<b>-0.57</b>	<b>-0.09</b>
<b>Eurozone</b>	<b>-0.68</b>	<b>-0.12</b>	<b>-0.37</b>	<b>-0.09</b>
Euro Currency	0.00	-0.12	0.00	-0.09
European Union	-0.11	0.00	-0.04	0.00
France	0.20	0.00	0.17	0.00
Germany	-1.08	0.00	-0.36	0.00
Italy	0.16	0.00	-0.19	0.00
Spain	0.15	0.00	0.05	0.00
<b>United Kingdom</b>	<b>0.22</b>	<b>0.04</b>	<b>0.19</b>	<b>-0.02</b>
<b>Europe non-EMU</b>	<b>1.04</b>	<b>0.02</b>	<b>0.79</b>	<b>0.04</b>
Denmark	1.00	0.05	0.75	0.07
Sweden	0.04	0.03	0.04	0.03
Switzerland	0.00	-0.06	0.00	-0.06
<b>Dollar Block</b>	<b>0.06</b>	<b>-0.03</b>	<b>0.05</b>	<b>-0.04</b>
Australia	0.02	-0.02	0.02	-0.02
Canada	0.01	-0.01	0.01	-0.01
New Zealand	0.03	0.00	0.02	0.00
<b>Other Industrialized Countries</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EM - Asia</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EM - Latin America</b>	<b>0.01</b>	<b>0.05</b>	<b>0.01</b>	<b>0.03</b>
Argentina	0.00	0.01	0.00	0.01
Brazil	0.00	0.03	0.00	0.03
Colombia	0.00	0.01	0.00	0.01
Peru	0.01	0.00	0.01	-0.02
<b>EM - CEEMEA</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>	<b>2.52</b>	<b>100</b>	<b>2.06</b>	<b>100</b>

## Emerging markets exposure by country of risk

	31 Mar '22			30 Jun '22		
	% of MV short duration Instruments	% of MV bonds	Duration (yrs)	% of MV short duration Instruments	% of MV bonds	Duration (yrs)
Argentina	0.00	0.00	0.00	0.00	0.01	0.00
Peru	-0.04	0.26	0.01	0.01	0.25	0.01
<b>Total</b>	<b>-0.04</b>	<b>0.26</b>	<b>0.01</b>	<b>0.01</b>	<b>0.26</b>	<b>0.01</b>

# Additional share class performance

## Performance (Institutional class, Accumulation Shares)

Past performance does not predict future results

Performance (Net of Fees)	30 Jun '17 30 Jun '18	30 Jun '18 30 Jun '19	30 Jun '19 30 Jun '20	30 Jun '20 30 Jun '21	30 Jun '21 30 Jun '22
Before fees (%)	2.06	4.07	3.29	6.40	1.86
After fees (%)	1.56	3.56	2.79	5.88	1.37
Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index (%)*	2.02	3.50	2.31	5.33	2.33
Before fees alpha (bps)	4	57	98	106	-47
After fees alpha (bps)	-46	6	47	55	-96

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

Past performance does not predict future results

Calendar Year (Net of Fees)	2015	2016	2017	2018	2019	2020	2021	YTD
After fees (%)	-0.91	3.56	1.67	0.19	5.21	5.14	4.28	-0.67
Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index (%)*	0.02	3.24	1.51	1.15	4.55	3.75	5.44	-0.43

As of 30 June 2022. SOURCE: PIMCO.

The fund is actively managed in reference to the Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index Index as further outlined in the prospectus and key investor information document

\*The benchmark is shown for performance comparison purpose only. Benchmark: Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index Index.

Past performance is not a guarantee or a reliable indicator of future results. All periods longer than one year are annualised

Refer to Appendix and the relevant sections of the Fund prospectus for additional performance and fee, chart, GIS funds, index, and risk information

# Additional share class performance

Global Low Duration Real Return Fund (net of fees performance)

	30 Jun '17	30 Jun '18	30 Jun '19	30 Jun '20	30 Jun '21	SI
	30 Jun '18	30 Jun '19	30 Jun '20	30 Jun '21	30 Jun '22	
Global Low Duration Real Return Fund E Class Accumulation	0.60	2.60	1.85	4.98	0.46	1.16
Global Low Duration Real Return Fund Institutional Accumulation	1.56	3.56	2.79	5.88	1.37	2.07
Global Low Duration Real Return Fund Investor Accumulation	1.19	3.23	2.37	5.46	1.05	2.48
Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index	2.02	3.50	2.31	5.33	2.33	-
Global Low Duration Real Return Fund Institutional CHF (Hedged) Accumulation	-1.23	0.10	-0.10	4.66	0.10	0.13
Bloomberg World Govt ILB 1-5yr Index (CHF Hedged)	-0.78	-0.02	-0.36	4.10	1.00	-
Global Low Duration Real Return Fund E Class EUR (Hedged) Accumulation	-1.66	-0.42	-0.64	4.05	-0.61	-0.36
Global Low Duration Real Return Fund Institutional EUR (Hedged) Accumulation	-0.80	0.51	0.30	4.93	0.29	0.54
Global Low Duration Real Return Fund Institutional EUR (Hedged) Income	-0.82	0.49	0.27	4.93	0.30	0.85
Bloomberg World Govt ILB 1-5yr Index (EUR Hedged)	-0.35	0.41	0.04	4.36	1.20	-
Global Low Duration Real Return Fund Institutional GBP (Hedged) Accumulation	0.10	1.70	1.18	5.63	1.19	1.78
Global Low Duration Real Return Fund Institutional GBP (Hedged) Income	0.10	1.77	1.30	5.43	1.33	1.39
Bloomberg World Govt ILB 1-5yr Index (GBP Hedged)	0.59	1.65	1.09	4.96	2.15	-

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# Additional share class performance

Global Low Duration Real Return Fund (net of fees performance)

<b>Performance periods ended: 30 Jun '22</b>	<b>Unified Management Fee</b>	<b>NAV currency</b>	<b>Class Inception date</b>	<b>3 mos.</b>	<b>6 mos.</b>	<b>1 yr.</b>	<b>3 yrs.</b>	<b>5 yrs.</b>	<b>SI</b>
Global Low Duration Real Return Fund E Class Accumulation	1.390	USD	18 Feb '14	-1.26	-1.17	0.46	2.41	2.09	1.16
Global Low Duration Real Return Fund Institutional Accumulation	0.490	USD	18 Feb '14	-1.08	-0.67	1.37	3.33	3.02	2.07
Global Low Duration Real Return Fund Investor Accumulation	0.840	USD	05 Oct '16	-1.20	-0.86	1.05	2.95	2.65	2.48
Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index	-	-	-	-0.90	-0.43	2.33	3.32	3.09	2.12
Global Low Duration Real Return Fund Institutional CHF (Hedged) Accumulation	0.490	CHF	18 Feb '14	-1.46	-1.37	0.10	1.53	0.69	0.13
Bloomberg World Govt ILB 1-5yr Index (CHF Hedged)	-	-	-	-1.31	-1.16	1.00	1.56	0.77	0.13
Global Low Duration Real Return Fund E Class EUR (Hedged) Accumulation	1.390	EUR	18 Feb '14	-1.72	-1.72	-0.61	0.91	0.12	-0.36
Global Low Duration Real Return Fund Institutional EUR (Hedged) Accumulation	0.490	EUR	18 Feb '14	-1.51	-1.32	0.29	1.82	1.03	0.54
Global Low Duration Real Return Fund Institutional EUR (Hedged) Income	0.490	EUR	17 Jan '17	-1.48	-1.31	0.30	1.81	1.01	0.85
Bloomberg World Govt ILB 1-5yr Index (EUR Hedged)	-	-	-	-1.31	-1.09	1.20	1.85	1.12	0.59
Global Low Duration Real Return Fund Institutional GBP (Hedged) Accumulation	0.490	GBP	20 Jan '17	-1.17	-0.72	1.19	2.65	1.94	1.78
Global Low Duration Real Return Fund Institutional GBP (Hedged) Income	0.490	GBP	18 Feb '14	-1.10	-0.73	1.33	2.67	1.97	1.39
Bloomberg World Govt ILB 1-5yr Index (GBP Hedged)	-	-	-	-0.94	-0.48	2.15	2.72	2.08	1.46

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# Important Disclosures

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**Past performance is not a guarantee or a reliable indicator of future results.** The “gross of fees” performance figures 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.

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.

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

The following defined terms are used throughout the report. **Emerging market short duration instruments** includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. **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. **Short duration derivatives and derivatives offsets** include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. **Municipals/Other** may include convertibles, preferred and yankee bonds.

The average distribution yield is the average of the last four quarterly distribution yields. The quarterly distribution yield is calculated by annualizing the quarter's distribution and dividing by the NAV on the last business day of the period. It does not include long- or short-term capital gains distributions. Average coupon is the average of the coupon payments of the underlying bonds within the portfolio. 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. 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. PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party. Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

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.

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.

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.

# Important Disclosures

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Unit value can go up as well as down and any capital invested in the fund may be at risk. The fund may invest in non-U.S. and non-eurozone securities which involve potentially higher risks including currency fluctuations and political or economic developments. These may be enhanced when investing in emerging markets. Funds that invest in high-yield, lower-rated securities, will generally involve greater volatility and risk to principal than investments in higher-rated securities. The fund may use derivatives for hedging or as part of its investment strategy which may involve certain costs and risks. Portfolios investing in derivatives could lose more than the principal amount invested. For more details on the fund's potential risks, please read the Prospectus and Key Investor Information Document.

**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 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. 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. Sovereign securities are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. 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, lower-rated, 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. Diversification does not ensure against loss.

## GIS Funds

PIMCO Funds: Global Investors Series plc is an umbrella type open-ended investment company with variable capital and is incorporated with limited liability under the laws of Ireland with registered number 276928. The information is not for use within any country or with respect to any person(s) where such use could constitute a violation of the applicable law. The information contained in this communication is intended to supplement information contained in the prospectus for this Fund and must be read in conjunction therewith. Investors should consider the investment objectives, risks, charges and expenses of these Funds carefully before investing. This and other information is contained in the Fund's prospectus. Please read the prospectus carefully before you invest or send money. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future. Returns are net of fees and other expenses and include reinvestment of dividends. The performance data represents past performance and investment return and principal value will fluctuate so that the PIMCO **GIS Funds** shares, when redeemed, may be worth more or less than the original cost. Potential differences in performance figures are due to rounding. The Fund may invest in non- U.S. or non-Eurozone securities which involves potentially higher risks including non-U.S. or non-Euro currency fluctuations and political or economic uncertainty. For informational purposes only. Please note that not all Funds are registered for sale in every jurisdiction. Please contact PIMCO Europe Ltd for more information. For additional information and/or a copy of the Fund's prospectus, please contact the Administrator: State Street Fund Services (Ireland) Limited, Telephone +353-1-776-0142, Fax +353-1-562-5517. © 2022.

# Important Disclosures

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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.

The fund is actively managed in reference to the Bloomberg World Government Inflation-Linked Bond 1-5 Year USD Hedged Index as further outlined in the prospectus and key investor information document.

## Correlation

As outlined under "Benchmark", where [disclosed herein] and referenced in the prospectus and relevant key investor 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. 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.

**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.

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# Important Disclosures

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## **Additional Information**

A Prospectus is available for PIMCO Funds: Global Investors Series plc (the Company) and Key Investor Information Documents (KIIDs) are available for each share class of each 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 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.

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# Important Disclosures

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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.

**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.

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.

**"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.

**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)