PIMCO

Credit Markets and Global Trends

Private & Public Pensions Summit

November 2021

A company of Allianz

Important information

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Risks

There are risks involved in making investments into collective investment schemes, the following risks are relevant to an investment into Funds:

- 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.
- **Equities** may decline in value due to both real and perceived general market, economic and industry conditions. 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.
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- **Currency rates** may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.
- **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.
- **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.
- **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations.
- Entering into **short sales** includes the potential for loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the 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.

"Additional Information/Documentation: A Prospectus is available for PIMCO Funds 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 and is available in English, French, German, Italian, Portuguese and Spanish. The KIIDs can be obtained from 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 .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."

Biographical information

Matthew Livas, CFA

Mr. Livas is a senior vice president and credit product strategist in the London office. Prior to joining PIMCO in 2018, he spent over five years at BlackRock as head of European credit product strategy, with responsibility for leveraged finance, absolute return credit and private credit strategies. Previously he was with Morgan Stanley for 11 years across the investment banking and fixed income divisions. He has 20 years of investment experience and holds a master's degree in economics and economic history from the University of Edinburgh.

Looking back: Historical performance of market sectors

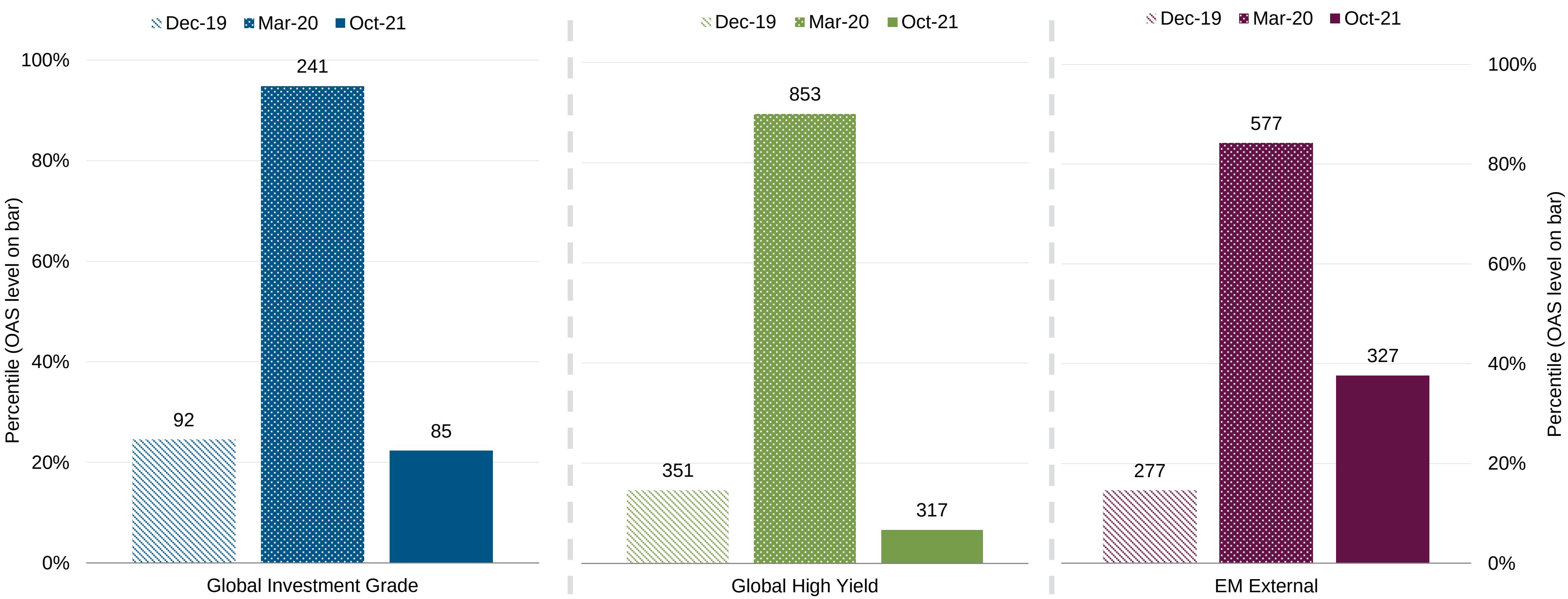
No single asset class outperforms in every given year

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EM Sovereigns 9.88%	Agency MBS 6.96%	Agency MBS 8.52%	High Yield bonds 49.34%	High Yield bonds 13.97%	EM Sovereigns 8.46%	EM Sovereigns 18.54%	High Yield bonds 7.27%	Investment grade bonds 7.49%	Bank loans 2.60%	High Yield bonds 13.65%	EM Sovereigns 9.32%	Bank loans 1.02%	High Yield bonds 14.96%	Investment grade bonds 7.78%
High Yield bonds 9.45%	EM Sovereigns 6.28%	Investment Grade bonds -2.96%	EM Corporates 38.61%	EM Corporates 13.50%	Agency MBS 6.32%	High Yield bonds 17.34%	Bank Loans 5.99%	Agency MBS 6.15%	Agency MBS 1.51%	EM Corporates 10.43%	EM Corporates 7.89%	Agency MBS 0.99%	EM Sovereigns 14.42%	EM Corporates 7.35%
Bank Loans 7.43%	Investment Grade bonds 3.75%	EM Sovereigns -10.91%	EM Sovereigns 28.18%	EM Sovereigns 12.04%	Investment Grade bonds 5.07%	EM Corporates 16.95%	Investment Grade bonds -0.43%	EM corporates 5.70%	EM sovereigns 1.23%	EM Sovereigns 10.19%	High Yield bonds 7.41%	Investment grade bonds -0.47%	EM Corporates 13.55%	EM Sovereigns 5.88%
EM Corporates 6.64%	EM Corporates 3.45%	EM Corporates -15.36%	Investment Grade bonds 14.09%	Bank Loans 7.63%	High Yield bonds 4.76%	Investment Grade bonds 10.35%	Agency MBS -1.45%	EM sovereigns 5.53%	EM corporates 1.18%	Bank loans 7.65%	Investment grade bonds 5.36%	High Yield bonds -1.68%	Investment grade bonds 11.85%	High Yield bonds 5.70%
Agency MBS 5.22%	High Yield bonds 2.73%	Bank Loans -15.83%	Bank Loans 12.28%	Investment Grade bonds 6.83%	EM Corporates 3.24%	Bank Loans 8.50%	EM Corporates -1.73%	High yield bonds 4.18%	Investment grade bonds -0.13%	Investment grade bonds 5.69%	Bank loans 4.29%	EM Corporates -1.72%	Bank loans 8.96%	Agency MBS 3.87%
Investment Grade bonds 3.48%	Bank Loans 2.06%	High Yield bonds -23.43	Agency MBS 5.75%	Agency MBS 5.50%	Bank Loans 2.53%	Agency MBS 2.60%	EM Sovereigns -6.58%	Bank loans 2.17%	High yield bonds -1.62%	Agency MBS 1.67%	Agency MBS 2.48%	EM Sovereigns -4.61%	Agency MBS 6.35%	Bank loans -2.08%

As of 31 December 2020.
SOURCE: PIMCO, Barclays, BofA Merrill Lynch, JPMorgan
Note: Investment Grade Bonds are represented by the Bloomberg Global Aggregate Credit Index, EM Sovereigns are represented by the JPMorgan EMBI Global, Bank Loans are represented by the CSFB Leveraged Loan Index, EM Corporates are represented by the JPMorgan CEMBI Diversified Index, High Yield are represented by the BofA Merrill lynch DM High Yield BB-B 2% Constrained, and Agency MBS is represented by the Bloomberg Fixed Rate MBS Index.
Past performance is not a guarantee or reliable indicator of future results. For illustrative purposes only.
Refer to Appendix for additional performance and fee, chart, index and risk information.

Looking at the present: Spreads have largely retraced back to pre-covid levels

Current Spread Percentile relative to historical levels



As of 31 October 2021. SOURCE: Bloomberg, ICE BofA Merrill Lynch, JP Morgan
Historical levels considered starting from October 2000. Spread refers to Option Adjusted Spread (OAS). OAS shown is versus treasuries
Benchmark: Global IG is represented by the Bloomberg Global Aggregate Credit Index, Global High Yield is represented by the ICE BofA ML Developed Market High Yield Index (HYDC), EM External is represented by the JPM EMBIG Index
Refer to Appendix for additional index, investment strategy, OAS, and outlook information.

Looking forward: Age of Transformation

Investors should prepare to navigate unfamiliar terrain as the macroeconomic landscape undergoes dramatic transformations over the secular horizon

Three trends driving secular transformations

The transition to green energy

Faster adoption of new technologies

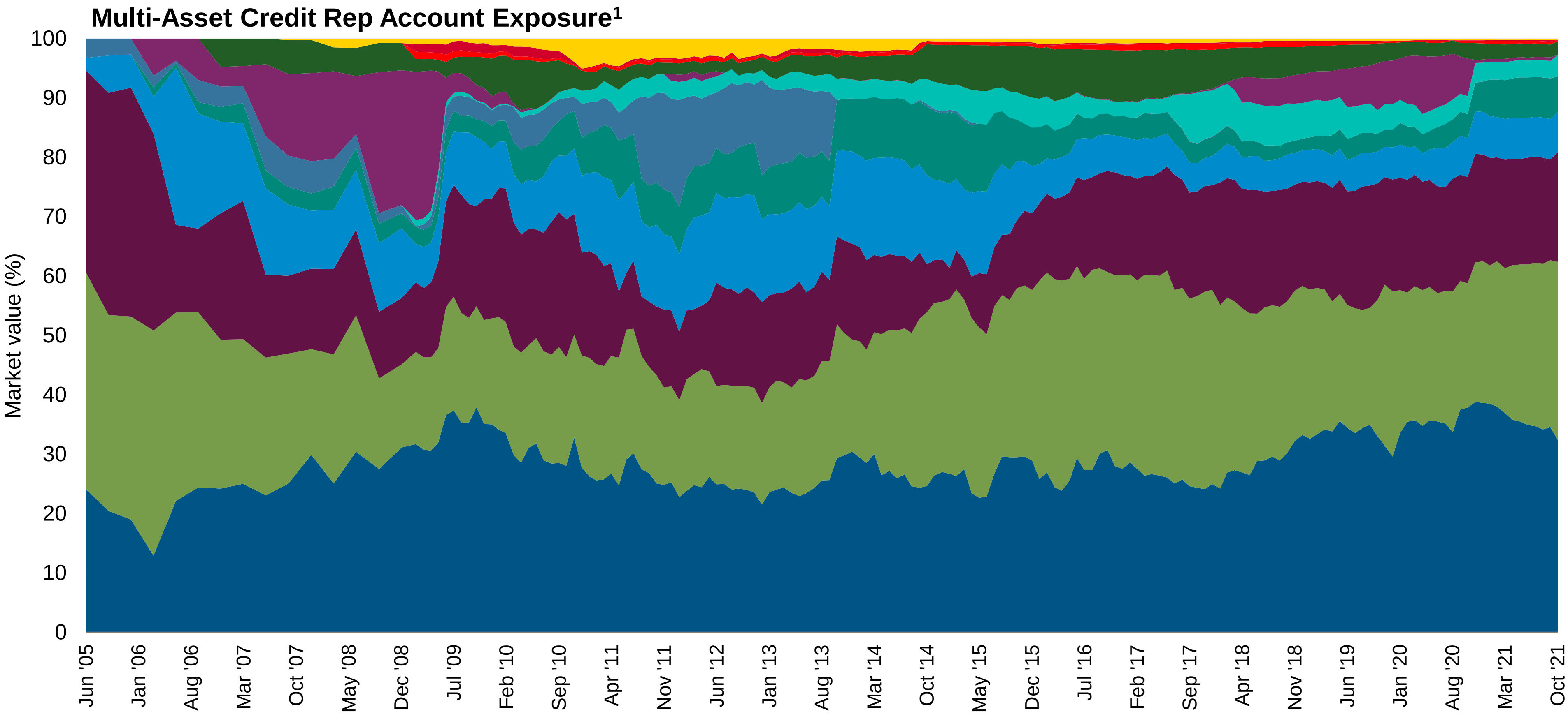
Share the gains from growth more widely

Key Implications

- **A more uncertain, volatile, and divergent growth and inflation environment** than in the "New Normal" decade.
- **Lower and more volatile returns across asset classes** given high starting valuations and the outlook for disruption, division, and divergence.
- **Lower terminal policy rates** in this cycle and **relatively range-bound real and nominal rates** over the secular horizon.

As of September 2021. SOURCE: PIMCO

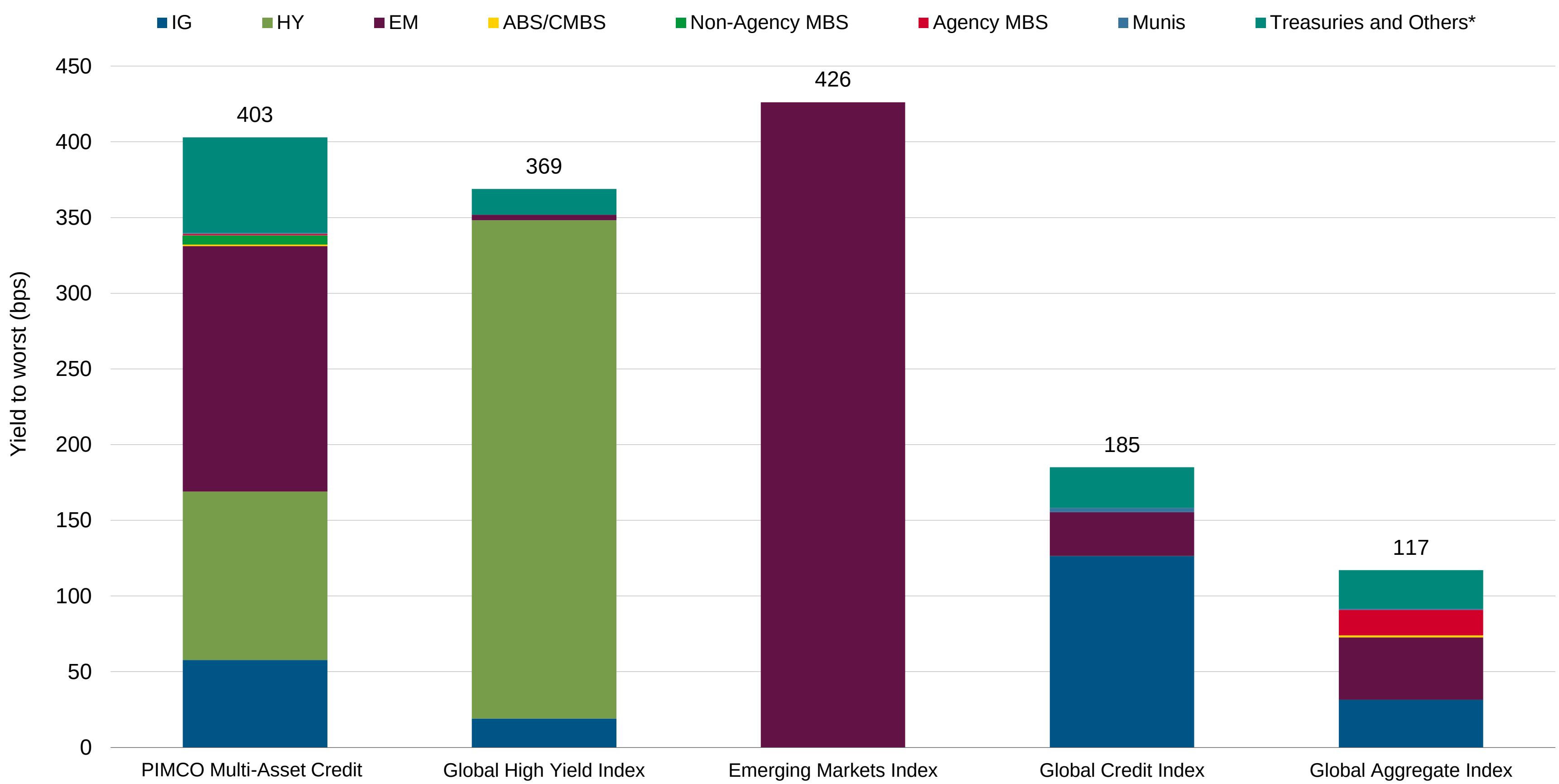
Investment implications: Flexibility and active sector rotation is essential to capture shifts in relative value



	IG Corporates	High Yield	EM Sov	EM Quasi Sov	EM Corp	EM Local	Bank Loans	Agency MBS	Non-Agency MBS	ABS	CMBS	Munis / BABs
Max	39%	38%	39%	26%	12%	18%	9%	25%	9%	1%	2%	5%
Min	13%	14%	5%	2%	0%	0%	0%	0%	0%	0%	0%	0%

As of 31 October 2021. SOURCE: PIMCO.
1Excl. liabilities, unsettled trades with prorated percentage based on the fund allocations to: EM, corp, HY, Munis, Treasuries, Tips, Mtgs etc.
Refer to Appendix for additional performance and fee, attribution analysis, investment strategy, portfolio structure and risk information.

Investment implications: Multi-Asset Credit can offer a compelling and diversified yield relative to single sectors



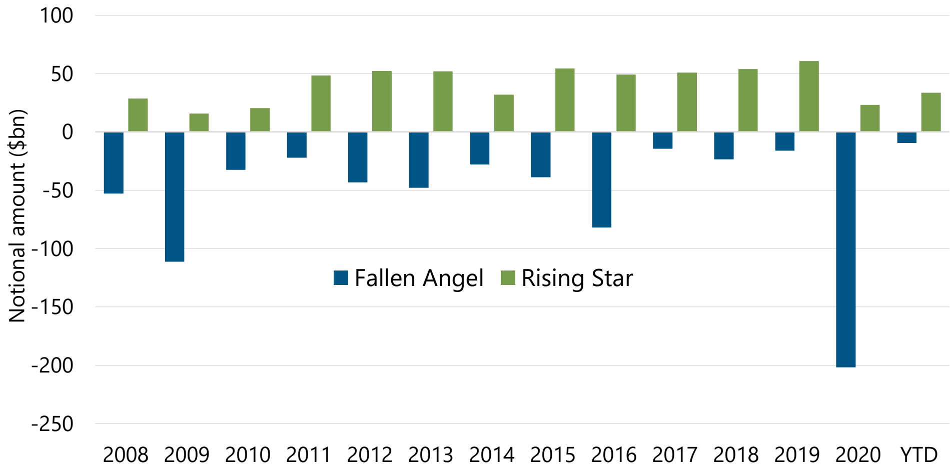
As of 31 October 2021.
SOURCE: PIMCO, Bloomberg
EM: JPMorgan EMBI Global (USD Hedged) , HY: ICE BofA Merrill Lynch BB-B Rated Developed Markets High Yield Constrained Index (USD Hedged), IG: Bloomberg Global Aggregate Credit ex Emerging Markets Index (USD Hedged), Global Aggregate Index: Bloomberg Global Aggregate Index
* Includes Govt Guaranteed, International, Converts/Eqy/Pfd, etc.
Refer to Appendix for additional performance and fee, attribution analysis, GIS funds, investment strategy, portfolio structure and risk information.
Yield to Worst (YTW) is the estimated lowest potential yield that can be received on a bond without the issuer actually defaulting. The YTW is calculated by making worst-case scenario assumptions by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the bond's issuer. PIMCO calculates a Fund's Estimated YTW by averaging the YTW of each security held in the Fund on a market-weighted basis. PIMCO pulls each security's YTW 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 portfolio. The measure does not reflect the deduction of fees and expenses and is not necessarily indicative of the portfolio’s worst possible performance.

Current opportunities in global credit

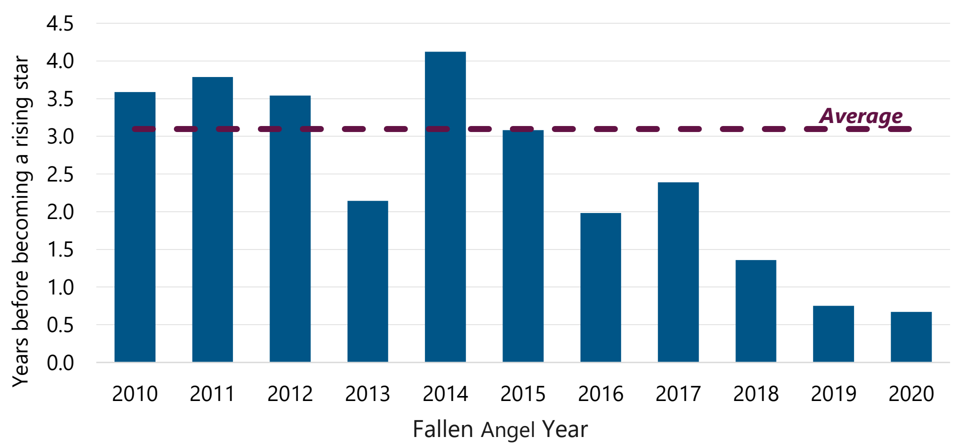
Opportunity #1: "Crossover" credit - total return upside

Rising stars outpaced fallen angels YTD, with a faster upgrade cycle than in previous years

Annual Fallen Angel and Rising Star Volumes

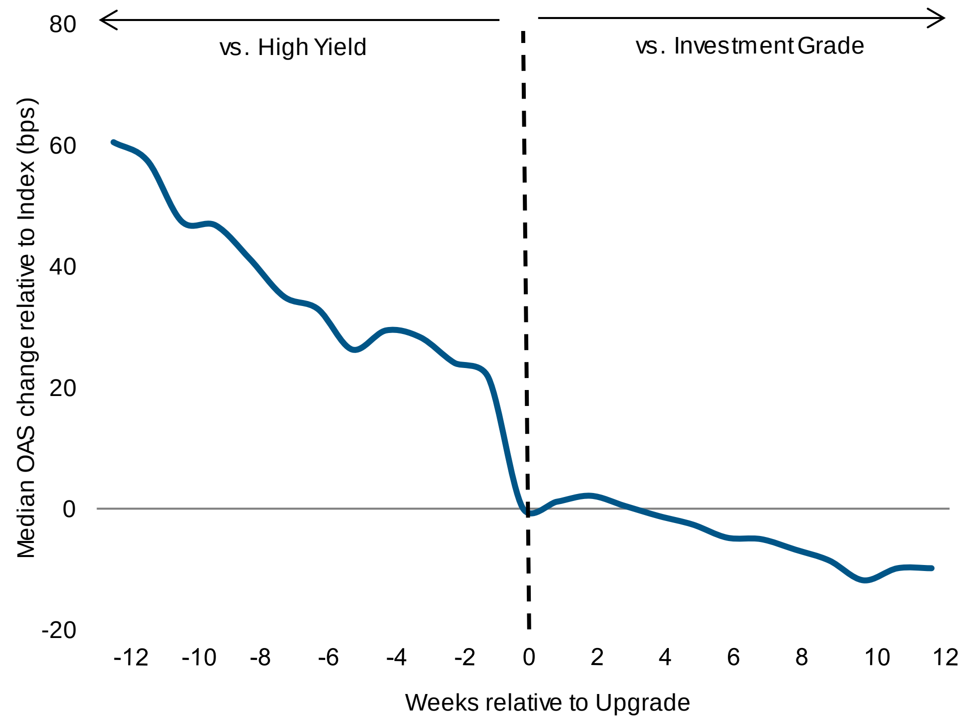


Avg yrs spent in the HY Index before returning to the IG Index *



As of 30 September 2021. SOURCE: Barclays Research.
Rising stars and fallen angels are shown for the US investment grade market.
* Only includes bonds that were originally downgraded to high yield. **For Illustrative purposes only**

Rising Stars

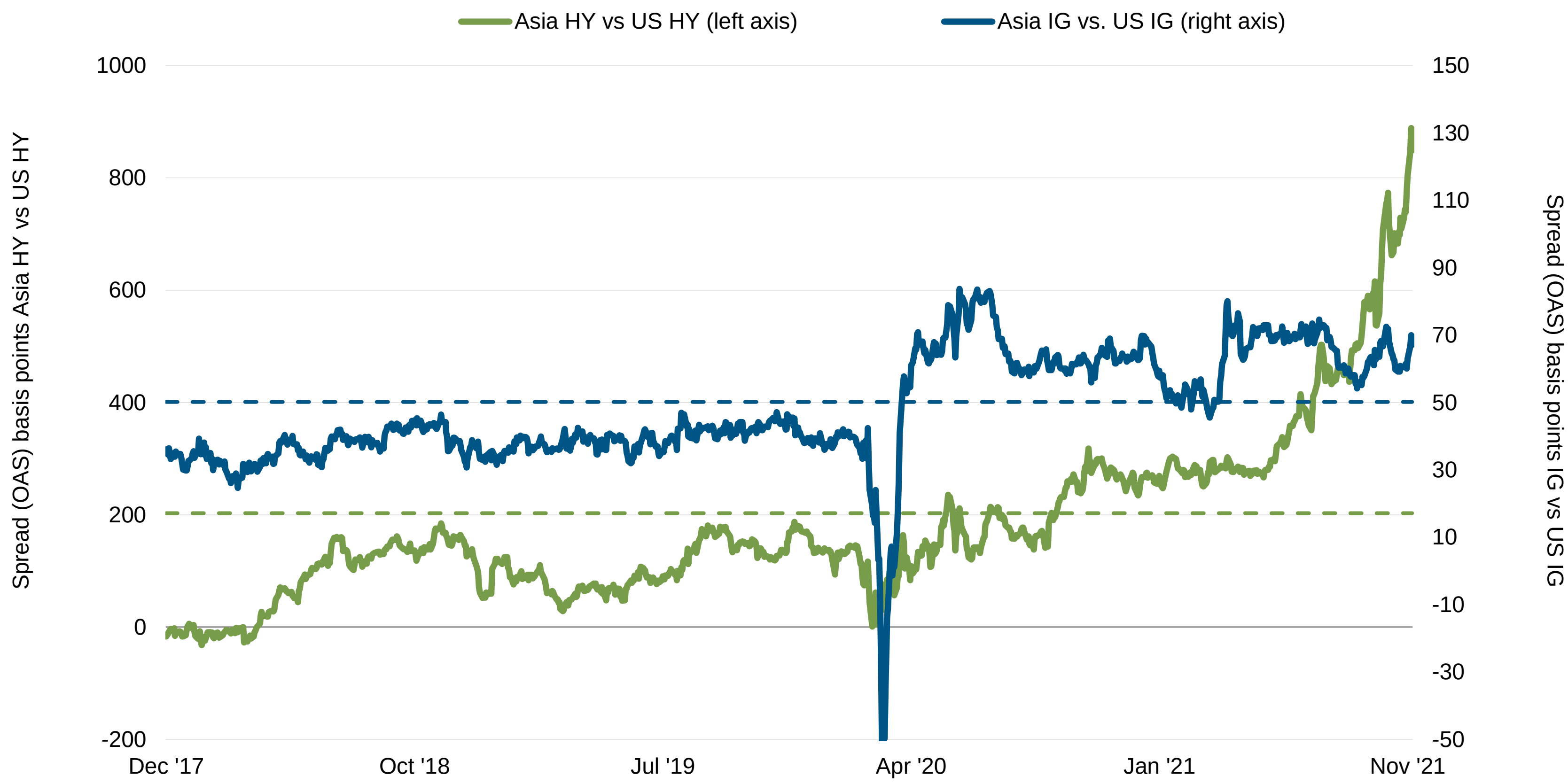


Rising star bonds outperform the HY index during the months ahead of their upgrades and marginally outperform the IG index following the upgrade to IG

Opportunity #2: Asia credit – opportunities through turmoil

Attractive yield premium following recent dislocation

Asia premium: above 3-yr average



As of 10 November 2021. SOURCE: PIMCO, Bloomberg, JPM.

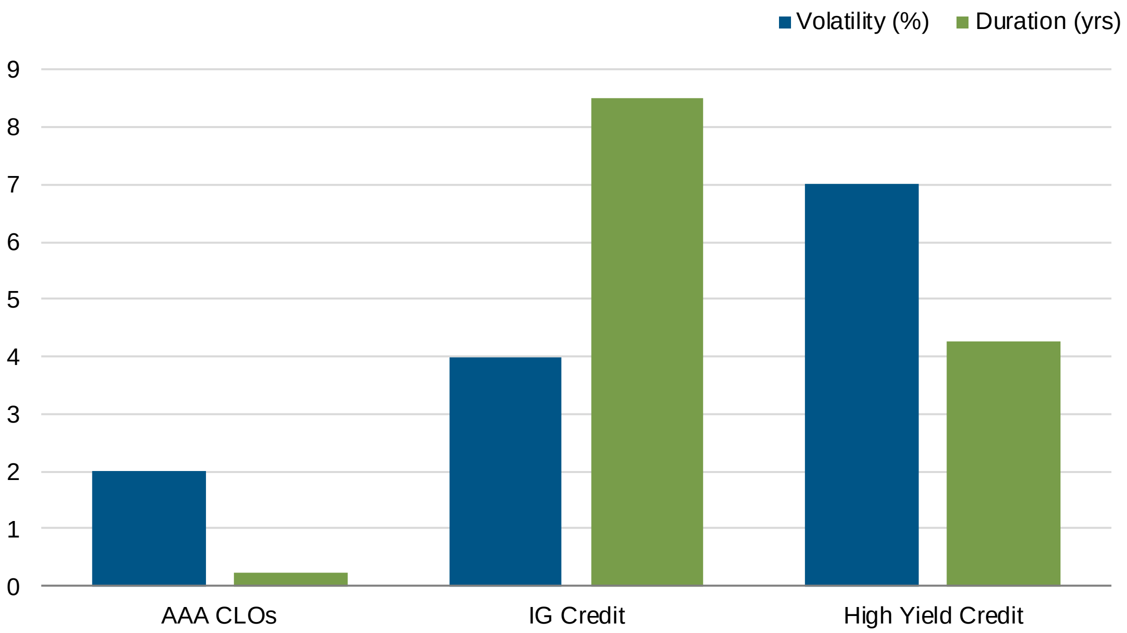
Investment grade credit spreads are comparing the spread of the JP Morgan JACI Investment Grade Index vs the Bloomberg Barclays US Aggregate Credit Index. High Yield spreads compare the JP Morgan JAC HY Index vs the ICE BofAML US High Yield Index.

Opportunity #3: High quality securitised - a substitute for tight-trading IG

While AAA CLOs have never defaulted or lost principal, they trade at substantial premiums to AAA corporate credit

Credit Spreads (OAS) by Rating*

	Investment Grade				High Yield	
	AAA	AA	A	BBB	BB	B
US Corp. Bonds	15	51	68	106	207	316
CLO	114	167	225	341	699	1,000



High quality structure:

AAA CLOs have never defaulted or taken losses

Attractive valuations:

Nearly 100 bps of additional yield over AAA corporates

Low volatility:

Half the volatility of IG Credit and a third the volatility of HY Credit

Low duration:

Floating rate securities with little interest rate risk

As of 31 October 2021. SOURCE: PIMCO, JPMorgan, Bloomberg, BofAML **Hypothetical example for illustrative purposes only.**
* CLO data is from JPMorgan, IG Credit bond data is from Bloomberg Barclays, HY Credit data is from BofAML
Refer to Appendix for additional credit quality, hypothetical example, model, OAS, portfolio analysis, and risk information.

Appendix

Appendix

PERFORMANCE AND FEE

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. 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 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.

ATTRIBUTION ANALYSIS

The attribution analysis contained herein is calculated by PIMCO and is intended to provide an estimate as to which elements of a strategy contributed (positively or negatively) to a portfolio's performance. Attribution analysis is not a precise measure and should not be relied upon for investment decisions.

CHARTS

Performance results for certain charts and graphs may be limited by date ranges specified on those charts and graphs; different time periods may produce different results.

CREDIT QUALITY

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.

DIVERSIFICATION

Diversification does not ensure against losses.

FORECAST

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.

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 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. © 2019.

Benchmark - Unless otherwise stated in the prospectus or in the relevant key investor information document, the Fund referenced in this material is not managed against a particular benchmark or index, and any reference to a particular benchmark or index in this material is made solely for risk or performance comparison purposes.

The fund is considered to be actively managed in reference to the Index by virtue of the fact that the Index is used for performance comparison purposes. Certain of the fund’s securities may be components of and may have similar weightings to the Index. However, the Index is not used to define the portfolio composition of the fund or as a performance target and the fund may be wholly invested in securities which are not constituents of the Index.

Appendix

GIS FUNDS (continued)
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.

HYPOTHETICAL EXAMPLE
Hypothetical and simulated examples have many inherent limitations and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated results and the actual results. There are numerous factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. No guarantee is being made that the stated results will be achieved.

INVESTMENT STRATEGY
There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market.

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

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. **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. **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. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. Entering into **short sales** includes the potential for loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the 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.