P I M C O

## PIMCO Funds

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# PIMCO TRENDS Managed Futures Strategy Fund – Wholesale Class

*Product Disclosure Statement*

A company of Allianz

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*This Product Disclosure Statement (“**PDS**”) has been prepared and issued by PIMCO Australia Management Limited (“**the RE**”, “**we**”, “**us**” or “**our**”) and is a summary of the significant information relating to an investment in Wholesale Class units in the PIMCO TRENDS Managed Futures Strategy Fund (“**Fund**”).*

*You should consider the information in this PDS before making a decision about investing in the Fund. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.*

*The offer to which this PDS relates is only available to persons receiving this PDS (electronically or otherwise) in Australia.*

*This PDS does not constitute a direct or indirect offer of securities in the U.S. or to any U.S. Person as defined in Regulation S under the U.S. Securities Act of 1933 as amended (“**U.S. Securities Act**”). The RE may vary its position and offers may be accepted on merit at its discretion. The units in the Fund have not been, and will not be, registered under the U.S. Securities Act unless otherwise approved by the RE and may not be offered or sold in the U.S. to, or for, the account of any U.S. Person (as defined) except in a transaction that is exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.*

*Certain information in this PDS is subject to change. The RE will notify you of any changes to this information that have a materially adverse impact on you or other significant events that affect the information contained in this PDS. Any updated information which is not materially adverse may be updated and obtained online at www.pimco.com.au or by calling 1300 113 547 (Australia) or +61 2 8823 2583. A paper copy of the updated information will be provided, or an electronic copy made available, free of charge on request.*

## 1. Investment overview

This section sets out the key information regarding investing in the Fund and refers to the sections of the PDS where you can find further information.

| FUND FEATURE | SUMMARY | SECTION |
|---|---|---|
| **Investment objective** | The Fund seeks positive, risk-adjusted returns, consistent with prudent investment management. | 4 |
| **Investment strategy** | The Fund will pursue a quantitative trading strategy intended to capture the persistence of price trends (up and/or down) observed in global financial markets and commodities. The Fund's investment strategy represents a composite of financial and commodity futures designed to provide exposure to global financial market and commodity price trends. | 4 |
| **Risk level** | High<br><br>There is a high level risk of loss of investment over one year. Investment in the Fund has the potential to produce medium to high level returns over the suggested time frame. | 1 |
| **Minimum suggested time frame** | The minimum suggested time frame for investment in the Fund is 5 years, however depending on an investor's circumstances, investment in the Fund may be suitable for a shorter time frame. | 1 |
| **Benchmark** | Bloomberg AusBond Bank Bill Index | |
| **Key risks of investing** | All investments, including investments in managed investment schemes such as the Fund, come with a degree of risk. The key risks associated with the Fund include:<br>**Derivatives Risk:** the risk of investing in derivative instruments (such as futures, swaps and structured securities) including liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity.<br>**Model Risk:** the Fund's investment models used in making investment allocation decisions may not adequately take into account certain factors and may result in a decline in the value of an investment in the Fund.<br>**Leveraging Risk:** the risk that certain transactions of the Fund may give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged.<br>**Commodity Risk:** the risk that investing in commodity-linked derivative instruments may subject the Fund to greater volatility than investments in traditional securities.<br>**Equity Risk:** the value of equity securities, such as common stocks and preferred stocks, or indirect exposure to equity securities via derivatives may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries.<br>**Interest Rate Risk:** the risk that fixed income securities or indirect exposure to interest rate securities via derivatives will decline in value because of a change in interest rates.<br>**Management Risk:** the risk that the investment techniques and risk analyses applied by the Investment Manager will not produce the desired results and that external factors may affect the investment techniques available to the Investment Manager. | 6 |
| **Minimum initial investment**<br><br>**Minimum additional investment**<br><br>**Minimum investment balance**<br><br>**Minimum withdrawal amount** | $20,000<br><br>Nil<br><br>$20,000<br><br>Nil | 8, 10 |
| **Management fee** | **Management fee**: 1.50% p.a. of the Fund's NAV (inclusive of GST and net of any RITC at the prescribed rate) | 7 |
| **Buy/sell spread** | The current buy/sell spread of the Fund is +0.10%/-0.10%, however a different buy/sell spread may apply if the estimate changes. There is no buy spread incurred on distributions which arere-invested. | 7 |
| **Unit pricing frequency** | Each Business Day | 7 |
| **Cut-off times** | Valid applications and withdrawal requests need to be received by our Administrator before 2:00pm on a Business Day to be processed using the unit price on that Business Day. | 8, 10 |
| **Income distribution frequency** | If any, annually as at 30 June. The Responsible Entity may cause a special distribution to be made at any time during the year. | 9 |
| **Income distribution reinvestment plan** | Yes. Distributions are automatically reinvested unless you instruct us otherwise. | 9 |

## 2. ASIC Benchmarks and disclosure principles

The Australian Securities and Investments Commission (“**ASIC”**) requires a responsible entity of a fund that qualifies as a ‘hedge fund’ for the purposes of ASIC Regulatory Guide 240: *Hedge Funds: Improving disclosure* (“**RG 240”**) to disclose information against the benchmarks and disclosure principles set out in RG 240. The Fund is a ‘hedge fund’ for the purposes of RG 240. These benchmarks and disclosure principles are designed to assist investors to make informed decisions about investing in hedge funds.

The following table provides a summary of the benchmarks and disclosure principles addressed in this PDS. Further information relating to each benchmark and disclosure principles is set out in the PDS.

| ASIC BENCHMARK OR DISCLOSURE PRINCIPLE | SUMMARY | SECTION |
|---|---|---|
| **Valuation of assets** | The RE has and implements a policy that requires valuation of the Fund’s assets that are not exchange traded to be provided by an independent administrator. The valuation of all Fund assets is provided by State Street Australia Limited (ABN 21 002 965 200 AFSL 241419) (“**State Street**”), who has been appointed as the Administrator of the Fund. State Street is unrelated to both the RE and the Investment Manager. The valuation of the assets of the Fund is conducted by State Street on each Business Day for the preceding Business Day.<br>For those unlisted securities where the market values are not available (or where the RE reasonably believes that the market values do not represent a fair value), then the RE may require State Street to use another valuation method provided that it is in line with market practice and can be independently verified. | 4 |
| **Periodic Reporting** | ASIC requires that the Fund has and implements a policy to report on certain key information. The Fund does not comply with this Benchmark.<br>**Daily reporting**<br>The unit price is calculated daily and published on www.pimco.com.au generally within 3 Business Days of the relevant valuation day.<br>**Monthly reporting**<br>The Fund discloses key information to investors monthly in the report from the Investment Manager which is published on www.pimco.com.au generally within 20 Business Days of the end of each month.<br>**Annual reporting**<br>The Fund has implemented a policy to report to investors on key information annually and as soon as practicable after 30 June each year. This includes the Fund’s annual reports which are published on www.pimco.com.au which include a report from the RE and concise financial statements.<br>However the Fund does not meet all the requirements of this benchmark as the Fund does not provide details of any derivatives counterparties that it may engage as this information is confidential and proprietary and it does not provide actual allocations to each asset type. | 12 |
| **Investment Strategy** | The Fund will pursue a quantitative trading strategy intended to capture the persistence of price trends (up and/or down) observed in global financial markets and commodities. The Fund’s investment strategy represents a composite of financial and commodity futures designed to provide exposure to global financial market and commodity price trends. | 2, 4 |
| **Investment Manager** | PIMCO Australia Pty Limited (“**PIMCO**”) is the Investment Manager of the Fund. Both PIMCO and the RE are members of the PIMCO Group, one of the largest investment managers in the world. | 3 |
| **Fund structure** | The Fund is an Australian managed investment scheme registered with ASIC under the Corporations Act.<br>The RE has appointed a number of key service providers who are involved in the ongoing operation and administration of the Fund, including PIMCO as Investment Manager of the Fund and State Street as the Custodian and Administrator of the Fund. | 4 |
| **Valuation, location and custody of assets** | The Fund has a valuation policy where the Fund’s assets and liabilities are usually valued each Business Day by the Administrator. A calendar of non-valuation days for the Fund is available at pimco.com.au.<br>The assets of the Fund are held by State Street as the custodian of the Fund or by sub-custodians appointed by State Street.<br>The Fund does not have a specific geographic allocation policy. | 4 |
| **Liquidity** | The Fund accepts applications and redemptions on a daily basis. The RE reasonably expects that 80% of the Fund’s assets are capable of being realised within 10 Business Days under normal market conditions. | 1 |
| **Leverage** | The Fund may invest in a variety of transactions with a leveraged component. These include derivatives, commodity index-linked notes and short sales.<br>In respect of the Fund, there is no maximum permitted level of leverage. | 4 |

<table>
<tr>
<td>Derivatives</td>
<td>The Fund will invest under normal circumstances in derivative instruments linked to interest rates, currencies, mortgages, credit, commodities (including individual commodities and commodity indices), equity indices and volatility-related instruments. The Fund invests in derivative instruments, including futures, options on futures, options and swap agreements. These instruments may provide exposure to various underlying asset classes including but not limited to:
<ul>
<li>listed equities;</li>
<li>government and corporate bonds;</li>
<li>securitised debt;</li>
<li>short-term interest rates;</li>
<li>commodities; and</li>
<li>currencies.</li>
</ul>
Examples of some market exposures that can be held by the fund include but are not limited to:
<table>
<tr><th>ASSET CLASS</th><th>EXAMPLE EXPOSURE</th></tr>
<tr><td>Currency</td><td><ul><li>U.S. Dollar</li><li>Mexican Peso</li><li>British Pound</li><li>Australian Dollar</li></ul></td></tr>
<tr><td>Interest Rate</td><td><ul><li>U.S. 5, 10 and 30-year Treasury notes and bonds</li><li>Australian 10-year Commonwealth Government Bonds</li><li>U.K. 10-year Gilts</li></ul></td></tr>
<tr><td>Equity</td><td><ul><li>U.S. equities</li><li>European equities</li><li>Australian equities</li><li>Chinese equities</li></ul></td></tr>
<tr><td>Commodity</td><td><ul><li>WTI and Brent Crude Oil</li><li>Natural Gas</li><li>Coal</li><li>Gold</li><li>Corn</li></ul></td></tr>
</table>
The risks of investing in derivative instruments include liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity.</td>
<td>4</td>
</tr>
<tr>
<td>Short Selling</td>
<td>It is expected that the Fund will make short sales as part of its overall portfolio management strategies including to attempt to profit from the potential decline in value of a security or to offset a potential decline in the value of a security.<br>Short sales expose the Fund to the risk that it will be required to acquire, convert or exchange securities to replace the borrowed securities (also known as “covering” the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss to the Fund.</td>
<td>4</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>Withdrawals will generally be paid within seven Business Days of receipt of a withdrawal request.</td>
<td>10</td>
</tr>
</table>

# 3. About PIMCO

## THE RESPONSIBLE ENTITY

PIMCO Australia Management Limited is the responsible entity for the Fund. We are responsible for the day-to-day operation of the Fund and for ensuring it complies with the Fund's constitution ("**Constitution**") and relevant laws. This responsibility includes establishing, implementing and monitoring the Fund's investment objective and strategy. We are the issuer of units in the Fund and have prepared this PDS. Our responsibilities and obligations as the responsible entity of the Fund are governed by the Constitution as well as the Corporations Act 2001 (Cth) ("**Corporations Act**") and general trust law.

The RE has appointed State Street as the custodian ("**Custodian**") and administrator ("**Administrator"**) for the Fund. Subject to the relevant agreements between the RE and the Custodian/Administrator, the RE, at its discretion, may change the Custodian and Administrator from time to time and appoint additional service providers.

## THE INVESTMENT MANAGER

PIMCO is the Investment Manager of the Fund. Both PIMCO and the RE are members of the PIMCO Group, one of the largest investment managers in the world. As the Investment Manager, PIMCO will make investment decisions in relation to the Fund. PIMCO Group's history dates back to 1971 when it was established as a specialist fixed interest manager. The PIMCO Group has its head office in Newport Beach, California, USA with offices located in New York, Austin, Chicago, Solana Beach, Miami, London, Luxembourg, Dublin, Munich, Paris, Tokyo, Singapore, Sydney, Hong Kong, Shanghai, Toronto, Montreal, Zurich, Milan, São Paulo, Taipei, and Madrid.

For Australian clients, the PIMCO Group has been managing fixed interest assets since 1997 and alternative assets since 2006. Through various holding company structures, the PIMCO Group is majority owned by Allianz SE. Allianz SE is a European based multinational insurance and financial services holding company and a publicly traded German company. The PIMCO Group, as at 30 June 2023, managed over US$1.79 trillion (including non-third party assets) for investors around the world and employs over 950 investment professionals across all its offices.

## INVESTMENT MANAGER PERSONNEL

Implementation and ongoing development efforts of the Fund are led by Matthew Dorsten, Ph.D., to oversee the implementation, development and monitoring of the strategy.

| NAME AND TITLE | KEY INFORMATION |
|---|---|
| **Matthew P. Dorsten**<br>Executive Vice President, PIMCO | Mr. Dorsten is an executive vice president in the Newport Beach office and a portfolio manager in the quantitative strategies group. He is the lead portfolio manager for managed futures in addition to having portfolio management responsibilities in multi-asset alternative risk premia and beta replication strategies. He was previously a member of the financial engineering group working on mortgage-backed securities and event-linked bonds.<br>Prior to joining PIMCO in 2006, he received his Ph.D. in theoretical particle physics from the California Institute of Technology, where he was a National Science Foundation Graduate Research Fellow. He has 17 years of investment experience and holds undergraduate degrees in mathematics and physics from Ohio State University. |

There is no specific time allocation spent on the fund or its strategy expected by individual members of the team.

# 4. About the PIMCO TRENDS Managed Futures Strategy Fund

## INVESTMENT OBJECTIVE

The Fund seeks positive, risk-adjusted returns, consistent with prudent investment management.

## INVESTMENT STRATEGY

To achieve the Fund's investment objective, the Fund will pursue a quantitative trading strategy intended to capture the persistence of price trends (up and/or down) observed in global financial markets and commodities. The Fund's investment strategy represents a composite of financial and commodity futures designed to provide exposure to global financial market and commodity price trends. Within the strategy's allocations, contracts are positioned either long or short based on various characteristics related to their prices. When making allocation decisions for the strategy, the Investment Manager considers various qualitative and quantitative factors relating to the U.S. and non-U.S. economies, and securities and commodities markets. The Investment Manager uses these qualitative and quantitative factors to help determine the Fund's target asset allocation and to identify potentially attractive relative value and risk hedging strategies.

The Fund will invest under normal circumstances in derivative instruments (including futures, options on futures, options and swap agreements) linked to interest rates, currencies, mortgages, credit, commodities (including individual commodities and commodity indices), equity indices and volatility-related instruments. The Fund's investments in derivative instruments will generally be backed by a short to intermediate duration portfolio which may consist of cash equivalent securities and fixed income instruments.

Fixed income instruments include, but are not limited to:

- securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises ("**U.S. Government Securities**");
- debt securities and other similar instruments issued by

various U.S. and non-U.S. public- or private-sector entities;

- corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper;
- mortgage-backed and other asset-backed securities;
- inflation-indexed bonds issued both by governments and corporations;
- structured notes, including hybrid or "indexed" securities and event-linked bonds;
- bank capital and trust preferred securities;
- loan participations and assignments; and
- delayed funding loans and revolving credit facilities.

The Fund may seek to gain exposure to the commodity futures markets primarily through investments in swap agreements and futures. The Fund may also invest in leveraged or unleveraged commodity index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the performance of commodity indices. These commodity index-linked notes are sometimes referred to as "structured notes" because the terms of these notes may be structured by the issuer and the purchaser of the note. The value of these notes will rise or fall in response to changes in the underlying commodity or related index.

The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund. In addition, the Fund may invest its assets in particular sectors of the commodities futures market. The Fund may invest in high yield securities. The Fund may invest without limitation in securities denominated in foreign currencies and in Australian dollar-denominated securities of local or foreign issuers.

The Fund may obtain foreign currency exposure (from non-AUD denominated securities or currencies) without limitation. The Fund may invest without limitation in securities and instruments that are economically tied to emerging market countries. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Fund may purchase and sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales.

In order to meet the Fund's investment objective, asset classes and investment ranges may be changed from time to time. The RE has full discretion in relation to asset allocation ranges. We will give investors written notice of any material variation which we believe they would not have reasonably expected.

## DERIVATIVES

The investment strategy involves the use of derivatives. Both exchange-traded derivatives and derivatives traded over the counter may be used to manage risk or gain exposure to investments when appropriate.

Where derivative counterparties need to be engaged, the Investment Manager has processes and procedures to select, monitor and review derivatives counterparties as part of its risk management framework. The framework provides for managing dollar exposures to individual counterparties in accordance with internal risk guidelines and assessing counterparties based on their creditworthiness.

The services provided by derivatives clearers include the provision of execution, settlement, custody, financing, derivatives clearing and reporting services to the Fund. In order to secure the obligations to each derivatives clearer, the Fund may be required to provide collateral. Where these transactions occur, the assets held by each derivatives clearer are generally charged in favour of the derivatives clearer. The derivatives clearers may have the right to re-use the Fund’s assets held in custody for other purposes. Collateral held by a derivatives clearer also may not be segregated from the assets of the derivatives clearer. Although certain assets may be held on trust with the derivatives clearers and the Fund may benefit from certain client protections at the derivatives clearers, investors should assume that assets held with the derivatives clearers as subject to counterparty exposure and the Fund may be a general creditor to each derivatives clearer. Additionally, claims against the collateral by third parties may potentially be accelerated in the event of insolvency of the Responsible Entity in certain circumstances.

The Investment Manager will invest in cash equivalent securities and fixed income instruments, which are intended to serve as margin or collateral for the Fund’s derivatives position, common and preferred stocks as well as convertible securities of issuers in commodity-related industries, collateralized debt obligations, event-linked bonds and event-linked swaps.

In circumstances where derivatives are used, the notional exposure may exceed the net asset value **(“NAV”)** of the Fund.

## SHORT SELLING

A short sale involves the sale of a security that is borrowed from a broker or other institution to complete the sale.

The Fund may make short sales as part of its overall portfolio management strategies or to offset a potential decline in value of a security. A short sale involves the sale of a security that is borrowed from a broker or other institution to complete the sale. Short sales expose the Fund to the risk that it will be required to acquire, convert or exchange securities to replace the borrowed securities (also known as “covering” the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss to the Fund. In order to manage this risk, when making a short sale (other than a “short sale against the box”, i.e. selling against securities already owned by the Fund), the Fund must segregate or earmark assets determined to be liquid by PIMCO in accordance with procedures established by the Investment Manager or otherwise cover its position in a permissible manner. To the extent the Fund engages in short selling, the Fund will do so to the extent permitted by the laws and regulations of each jurisdiction.

Where the Investment Manager believes it appropriate to do so, the Fund may use derivatives (as further outlined below) to create synthetic short positions. Synthetic short positions are positions which are in economic terms equivalent to short positions and will be implemented through the use of financial derivative instruments. The Investment Manager will use synthetic short positions which are consistent with the investment policy of the Fund primarily for investment purposes in seeking to achieve the Fund's investment objective. The proportion of long and short exposures in the Fund will depend on the market conditions at any given time. It is possible that the Fund may have long only exposure, or conversely short only exposure at any point in time. Such positions may be taken across various asset classes contemplated under the investment policy of the Fund as set out herein.

**Short selling example**

The Fund believes the price of NEW asset **(“NEW**”) will decrease, so the Fund decides to sell short 100 securities of NEW to benefit from a price fall.

At the time the Fund executes the short-sell order for 100 securities the price per security is $50. The Fund borrows the securities from a securities lender to immediately sell them on the market. The Fund receives $5,000 from this sale.

5 days later, the NEW assets drop in price to $40 per security. The Fund buys 100 NEW securities on the market, costing the Fund $4,000. The Fund returns 100 NEW securities to the lender. The Fund has only spent $4,000 to buy 100 NEW securities, however was able to sell the NEW securities for $5,000, so the profit on this transaction was $1,000.

Alternatively, if, after 5 days, the price of NEW had risen to $60, the Fund would have had to buy the NEW securities on market $6,000. The Fund would have received $5,000, but had to spend $6,000, so the Fund would have lost $1,000. This example does not consider the cost of borrowing under the securities lending arrangement. As the increase in the price of a security is theoretically not limited, short selling can result in losses in excess of the initial investment.

## LEVERAGE

The Fund may be leveraged through the use of derivatives and short selling. Leveraging through securities lending is permitted and will be deployed in accordance with the Fund's investment strategy. The use of derivatives (whether for hedging or investment purposes) may give rise to a leveraged exposure. By way of an example, where the Fund is leveraged at 1600%, for every $1 of the Fund's NAV, the Fund is leveraged $16. There is no maximum permitted level of leverage in respect of the Fund. The leverage figure is calculated using the sum of the notional values of the derivatives used and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time. The Fund may also be exposed to leveraging risk by borrowing money for investment purposes in limited circumstances such as through reverse repurchase agreements, loans of portfolio securities, bank borrowing and the use of when-issued, delayed delivery or forward commitment transactions.

**Leverage example**

The below hypothetical example provides an indication of how gross leverage taken by the Fund in the form of derivatives exposure can result in losses on the invested amount.

In the example, the fund purchases sixteen (16) 10-year Australian Commonwealth Government Treasury Bonds Futures contracts, each with a face value of $100,000. This implies a total notional value of $1,600,000 taken from the initial $100,000 client investment.

For the purposes of this example, it is assumed that the value contributed by the investor is the sole value contributed to the Fund.

It is also assumed that the Fund has no other investments. It is also assumed that there is no cost of purchasing these investments which may not be the case.

## EXAMPLE OF LEVERAGE

| | FUND ACTIVITY | | UNITHOLDER ACTIVITY | |
|---|---|---|---|---|
| **DAY 1** | Unit price | $1 | Unitholder investment | 100,000 units |
| | Total Fund Value | 100,000 units x $1 = $100,000 | Unitholder balance | 100,000 units x $1 = $100,000 |
| | Investment made by fund | Purchase 16 x 10-year Australian Commonwealth Government Treasury Bonds Futures contracts | | |
| | Cost of purchasing the futures contracts | $0 | | |
| | Notional value of investment | $1,600,000 | | |
| **DAY 2** | The value of the 10-year Australian Commonwealth Government Treasury Bonds Futures contract **declines by 2%** | | | |
| | Value loss per futures contract | $100,000 x –2% = –$2,000 (i.e. $2,000 loss per contract) | Unitholder investment | 100,000 units |
| | Total Fund dollar loss | –$2,000 x 16 contracts = –$32,000 | Unitholder balance | 100,000 units x $0.68 = $68,000 |
| | Total Fund Value | $100,000 – $32,000 = $68,000 | Unitholder dollar loss | –$32,000 |
| | Unit Price | $68,000 / 100,000 units = $0.68 | Unitholder return | –32% |

The previous example is a hypothetical example and used for illustrative purposes only. The previous example is not necessarily reflective of any current or planned investment made by the Fund.

## LOCATION AND CURRENCY DENOMINATION OF THE ASSETS OF THE FUND

The assets of the Fund are generally denominated in the currency of the relevant jurisdiction, for example commodity futures in Australia will be denominated in Australian dollars. The Fund does not have a specific geographic allocation policy.

## RISK MANAGEMENT

The RE has implemented and regularly reviews a risk management framework including proprietary risk management software and strict trading rules to manage the Fund's exposures. PIMCO's Portfolio Risk Management team provides independent oversight of the Fund's portfolio, including monitoring of exposures at the portfolio, asset class, and individual security level. PIMCO's Portfolio Risk Management team enforces internally defined targets and limits, and partners with the portfolio managers to provide analysis and insights on portfolio construction, stress tests, potential drawdowns and other market risks.

## RELATED PARTY RELATIONSHIPS

The RE is majority owned by Allianz SE and part of the PIMCO Group. For these purposes, a related party includes certain entities and individuals that have a close relationship with the RE, including, but not limited to Allianz SE itself, other subsidiaries of Allianz SE and the PIMCO Group entities and other funds operated or managed by members of the PIMCO Group.

The RE may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. The RE may also enter into financial or other transactions with related parties in relation to the assets of the Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

The Investment Manager is a related party of the RE. The RE has entered into an arm's length investment management agreement with the Investment Manager to manage the assets of the Fund.

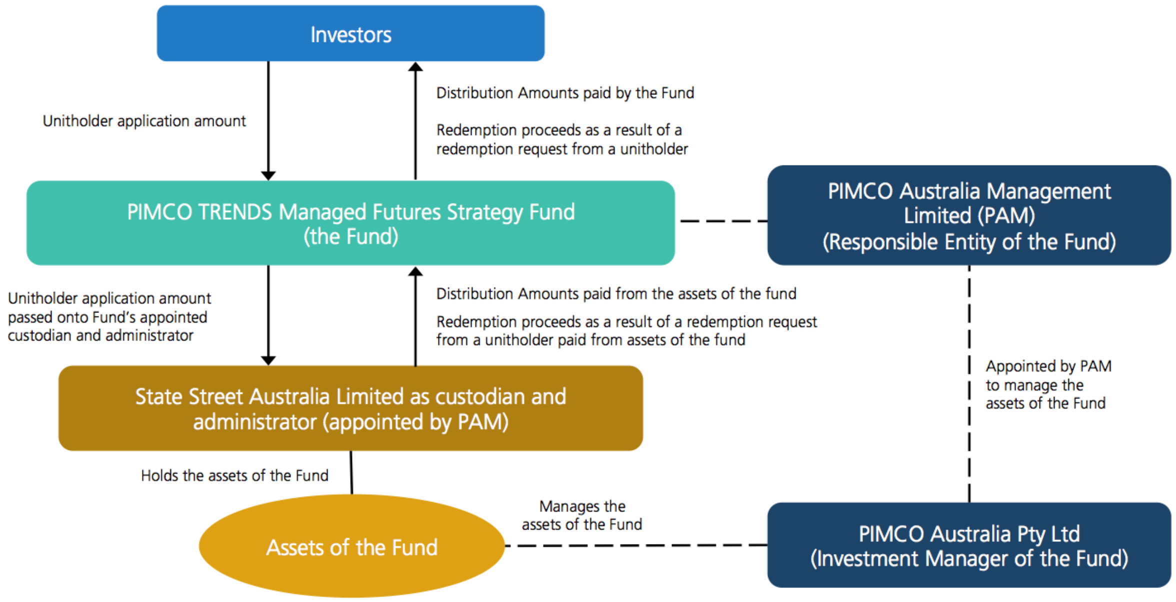
The RE has a policy in place to identify conflicts of interest that may arise in relation to the provision of its financial services and manage the effects of those identified conflicts of interest so that the quality of the financial services we provide is not significantly compromised. The RE will review its policy on a regular basis.

## THE FUND'S INVESTMENT STRUCTURE

The Fund is a registered managed investment scheme under the Corporations Act and is governed by the Constitution. This means your money is pooled together with monies from other investors. This pool is used to buy investments that are managed on behalf of all investors in the Fund. The Fund's assets are acquired in accordance with the Fund's investment strategy. Investors receive units when they invest in the Fund. In general, each unit represents an equal undivided interest in the assets of the Fund subject to liabilities; however it does not give the investor an interest in any particular asset of the Fund. Your units will represent the value of your investment in the Fund, referable to the relevant class.

The diagram below illustrates the key entities involved in the Fund, their relationship to each other, their roles and the flow of investment money through the Fund as at the date of this PDS.

## INVESTMENT STRUCTURE



## THE FUND'S KEY SERVICE PROVIDERS

Operational functions relating to the Fund are outsourced to external parties. The Fund has appointed State Street as Custodian and Administrator. Detailed written Service Provider Agreements between the RE and outsourced service providers, detailing matters such as services and appropriate service levels (among other matters), are in place and are subject to ongoing review.

The RE has entered into separate agreements with each of its service providers which set out the terms and conditions of the relationship, as well as the consequences of any breaches of the terms of the relationship and rights of termination.

The RE has in place procedures to monitor key service providers with the aim of ensuring services are provided in accordance with the service agreements and service level standards. The service providers may be changed from time to time, including the Custodian where we are satisfied that a replacement custodian meets applicable regulatory requirements.

| KEY SERVICE PROVIDER | SCOPE OF SERVICES | JURISDICTION |
|---|---|---|
| PIMCO Australia Pty Limited (ABN 54 084 280 508, AFSL 246862) | PIMCO Australia Pty Limited is the Investment Manager of the Fund and its role is to manage the Fund's assets on a discretionary basis.<br><br>Under the investment management agreement between the RE and the Investment Manager, the RE may terminate the Investment Manager's appointment in certain circumstances, including 60 Business Days' written notice to the Investment Manager, or as a result of certain significant breaches by the Investment Manager of the investment management agreement. | Australia |
| State Street Australia Limited (ABN 21 002 965 200 AFSL 241419) | The RE has appointed State Street as Custodian of the Fund. In its role as Custodian, the Custodian safekeeps assets of the Fund.<br><br>State Street has also been appointed by the RE as the Administrator of the Fund. The Administrator of the Fund provides administration services to the RE on behalf of the Fund which includes keeping the register of unitholders, arranging for the issue and withdrawal of units and calculation of unit prices and fees.<br><br>In accordance with the relevant agreements between the RE and State Street, State Street has no supervisory role in relation to the operation of the Fund, and has no liability or responsibility to investors for any acts or omissions. State Street does not make investment decisions in respect of the assets held or manage those assets.<br><br>The RE will pay State Street a fee for acting as the Fund's Custodian and Administrator. This fee is not an additional fee to you and is included in the management costs described in the PDS. | Australia |
| PricewaterhouseCoopers (ABN 54 003 311 617 AFSL 244572) | The RE has appointed PricewaterhouseCoopers as the Fund's financial statement and compliance plan auditor.<br><br>PricewaterhouseCoopers is responsible for auditing the Fund's annual financial statements and the Responsible Entity's compliance with the compliance plan of the Fund. | Australia |

## ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

In buying, selling or retaining underlying investments, PIMCO does not generally intend to target or optimise the Fund's investments to maximise labour standards or environmental, social or governance (**ESG**) outcomes. However, to the extent that PIMCO believes those matters may affect the value, risk or performance of an underlying investment, they may be considered. PIMCO will generally consider these factors in Top-down Analysis of strategic positioning and Bottom-up Analysis of security selection of the underlying investments to the extent that PIMCO believes these factors may affect the risk and return outcomes of such investments but this will not be the sole basis for determining whether to obtain, sell or retain an investment. In relation to the Fund, PIMCO does not have, and does not intend to apply, a predetermined view as to what constitutes labour standards or ESG considerations. These will be determined on a case-by-case basis for the Fund. Overall, labour standards and ESG matters will be considered as part of the broader due diligence process and risk analysis for investments but will not be determinative in the decision making process.

# 5. Benefits of investing in the Fund

Significant features and benefits of investing in the Fund are:

### QUANTITATIVE INVESTING PLATFORM

- Supported by a deep global presence, the Fund capitalises on PIMCO's thought leadership and time-tested investment process and quantitative investment platform, which blends quantitative research and insights with macro and micro considerations to guide portfolio construction.
- Over 80 investment professionals engaged in quantitative trading, research and analytics.
- The Fund takes advantage of PIMCO's robust execution process and platform.

### DIVERSIFICATION

- Trend-following strategies such as those which the Fund utilises can demonstrate favourable diversification benefits in a broader asset allocation.
- The Fund is designed to optimise quantitative strategies that emphasise the diversifying properties of trend-following to increase the diversification benefits in a client's broader portfolio.

### REGULAR REPORTING

- Monthly, quarterly and annual reporting is provided to keep you up to date on your investments.

# 6. Risks of investing in the Fund

All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets acquired under the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The significant risks below should be considered in light of your risk profile when deciding whether to invest in the Fund. Your risk profile will vary depending on a range of factors, including your age, the investment time frame (how long you wish to invest for), your other investments or assets you may have and your risk tolerance. The significant risks of the Fund are described below.

We do not guarantee the liquidity of the Fund's investments, repayment of capital or any rate of return or the Fund's investment performance. The value of the investments will vary. The level of returns will vary and future returns may differ from past returns. Returns are not guaranteed and you may lose money by investing in the Fund. Laws affecting managed investment schemes may also change in the future.

Investors who have a diversified portfolio, with exposure to different funds or other assets, and different asset classes, can reduce overall investment risk. The Fund is not intended to be used as a standalone product.

The RE does not offer advice that takes into account your personal financial situation, including advice about whether the Fund is suitable for your circumstances. If you require personal financial advice, you should contact a licensed financial adviser.

### MARKET RISK

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, supply and demand for particular securities or instruments, changes in the general outlook for corporate earnings, changes in interest rates, changes in currency values, or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities. Credit ratings downgrades may also negatively affect securities held by the Fund. Even when markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level. For instance, terrorism, market manipulation, government defaults, government shutdowns, political changes or diplomatic developments and natural/environmental disasters can all negatively impact the securities markets, which could cause the Fund to lose value. Any market disruptions could also prevent the Fund from executing advantageous investment decisions in a timely manner. Funds that have focused their investments in a region enduring geopolitical market disruption will face higher risks of loss. Thus, you should closely monitor current market conditions to determine whether the Fund meets your individual financial needs and tolerance for risk.

Further, changes in tax, legal and economic policy, political events and technology failure can all directly or indirectly create an environment that may influence the value of your investments.

### INTEREST RATE RISK

Interest rate risk is the risk that fixed income securities and other instruments in the Fund's portfolio will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities may decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Interest rate changes can be sudden and unpredictable, and the Fund may lose money as a result of movements in interest rates. The Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended. During periods of very low or negative interest rates, the Fund may be unable to maintain positive returns. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, may result in heightened market volatility and may detract from Fund performance to the extent the Fund is exposed to such interest rates.

## CALL RISK

Call risk refers to the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security in which the Fund has invested, the Fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favourable features.

## CREDIT RISK

The Fund could lose money, directly or indirectly, if the issuer or guarantor of a fixed income security, or the counterparty to a derivative, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Bonds are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. The downgrade of the credit rating of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Measures such as average credit quality may not accurately reflect the true credit risk of the Fund. This is especially the case if the Fund consists of securities with widely varying credit ratings. Therefore, if the Fund has an average credit rating that suggests a certain credit quality, the Fund may in fact be subject to greater credit risk than the average would suggest. This risk is greater to the extent the Fund uses leverage or derivatives in connection with the management of the Fund.

## CRYPTOCURRENCY FUTURES

PIMCO TRENDS Managed Futures Strategy Fund may invest in cash settled futures based on cryptocurrency futures that are traded on futures exchanges registered with the CFTC. Investments in cryptocurrency futures provide exposure to the underlying crypto currency. The value of cryptocurrency (and therefore, the price of crypto currency futures), is generally not backed by any government, corporation, or other identified body. Cryptocurrency is a new technological innovation with a limited history; it is a highly speculative asset and future regulatory actions or policies may limit, perhaps to a materially adverse extent, the value of the Fund's exposure to cryptocurrencies through its investment in cryptocurrency futures.

The value of the Fund's investment exposure to cryptocurrency is subject to fluctuations in the value of the cryptocurrency, which has been and may in the future be highly volatile, and could result in losses to the Fund. The value of cryptocurrency is determined by the supply and demand for the cryptocurrency in the global market for cryptocurrency trading, which consists primarily of transactions on electronic exchanges. The price of cryptocurrency could drop precipitously (including to zero) for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaws or operational issues in underlying blockchain systems or a change in user preference among cryptocurrencies. Regulatory changes or actions may alter the nature of an investment in cryptocurrency futures or restrict the use of cryptocurrency or the operations of the cryptocurrency network or exchanges on which cryptocurrency trades in a manner that adversely affects the price of cryptocurrency futures, which could adversely impact the Fund and necessitate the payment of large daily variation margin payments to settle the Fund's losses.

## CURRENCY RISK

The Fund may invest, directly or indirectly, in other countries, and if their currencies change in value relative to the Australian dollar, the value of the investment can change. The Fund may also, directly or indirectly, take currency positions with or without owning securities denominated in such currencies. There can be no assurance that the Fund will be hedged at all times or that the Investment Manager will be successful at employing the hedge.

## DERIVATIVES RISK

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. The Fund typically uses derivatives as a substitute for taking a position in the underlying asset, as part of strategies designed to gain exposure to, for example, issuers, portions of the yield curve, indices, sectors, currencies, and/or geographic regions, and/or to reduce exposure to other risks, such as interest rate, credit or currency risk. The Fund may also use derivatives for leverage, in which case their use would involve leveraging risk, and in some cases, may subject the Fund to the potential for unlimited loss. The use of derivatives may cause the Fund's investment returns to be impacted by the performance of securities the Fund does not own and result in the Fund's total investment exposure exceeding the value of its portfolio.

The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk (which may be heightened for highly-customized derivatives), interest rate risk, market risk, credit risk and management risk, as well as risks arising from changes in applicable requirements. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative instrument may not correlate perfectly with the underlying asset, rate or index. By investing in a derivative instrument, the Fund could lose more than the initial amount invested and derivatives may increase the volatility of the Fund, especially in unusual or extreme market conditions. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial or that, if used, such strategies will be successful. Over-the-counter ("**OTC**") derivatives are also subject to the risk that a counterparty to the transaction will not fulfil its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Fund's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction.

Participation in the markets for derivative instruments involves investment risks and transaction costs to which the Fund may not be subject absent the use of these strategies. The skills needed to successfully execute derivative strategies may be different from those needed for other types of transactions. If the Fund incorrectly forecasts the value and/or creditworthiness of securities, currencies, interest rates, counterparties or other economic factors involved in a derivative transaction, the Fund might have been in a better position if the Fund had not entered into such derivative transaction. In evaluating the risks and contractual obligations associated with particular derivative instruments, it is important to consider that certain derivative transactions may be modified or terminated only by mutual consent of the Fund and its counterparty. Therefore, it may not be possible for the Fund to modify, terminate, or offset the Fund's obligations or the Fund's exposure to the risks associated with a derivative transaction prior to its scheduled termination or maturity date, which may create a possibility of increased volatility and/or decreased liquidity to the Fund. In such case, the Fund may lose money.

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, appropriate derivative transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Fund may wish to retain the Fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other appropriate counterparty can be found. When such markets are unavailable, the Fund will be subject to increased liquidity and investment risk.

When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. Although hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying instrument, and there can be no assurance that the Fund's hedging transactions will be effective.

The regulation of the derivatives markets has increased over the past several years, and additional future regulation of the derivatives markets may make derivatives more costly, may limit the availability or reduce the liquidity of derivatives, or may otherwise adversely affect the value or performance of derivatives. Any such adverse future developments could impair the effectiveness or raise the costs of the Fund's derivative transactions, impede the employment of the Fund's derivatives strategies, or adversely affect the Fund's performance.

## FUTURES CONTRACT RISK

A futures contract is an exchange-traded contract to buy or sell an underlying asset, such as a security, currency or commodity, for a set price on a future date. The purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. There can be no guarantee that there will be a correlation between price movements in the futures contract and the underlying asset. In addition, there are significant differences between the futures market and the markets for underlying assets, which could result in an imperfect correlation between the markets. The degree of imperfect correlation depends on circumstances such as variations in speculative market demand for futures and futures options on underlying assets, including technical influences in futures trading and futures options, and differences between the futures contract and underlying asset due to factors such as interest rate levels, maturities and creditworthiness of issuers.

Futures contracts are traded on exchanges, so that, in most cases, a party can close out its position on the exchange for cash, without delivering the underlying asset. Because the futures utilized by the Fund are exchange traded, the primary credit risk on futures contracts resides with the Fund's clearing broker or the clearinghouse. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Fund's ability to invest in derivatives, limit the Fund's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Fund's performance. Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. There can be no assurance that a liquid market will exist at a time when the Fund seeks to close out a futures or a futures option position, and the Fund would remain obligated to meet margin requirements until the position is closed.

In addition, certain futures contracts may be relatively new instruments without a significant trading history. As a result, there can be no assurance that an active secondary market will develop or continue to exist.

## EMERGING MARKETS RISK

The Fund may invest, directly or indirectly, in emerging market securities. Foreign (non-Australian) investment risk may be particularly high to the extent the Fund invests in emerging market securities. Emerging market securities may present market, credit, currency, liquidity, legal, political and other risks different from, and potentially greater than, the risks of investing in securities and instruments economically tied to developed foreign countries. To the extent the Fund invests in emerging market securities that are economically tied to a particular region, country or group of countries, the Fund may be more sensitive to adverse political or social events affecting that region, country or group of countries. Economic, business, political, or social instability may affect emerging market securities differently, and often more severely, than developed market securities. If the Fund focuses its investments in multiple asset classes of emerging market securities, the Fund may have a limited ability to mitigate losses in an environment that is adverse to emerging market securities in general. Emerging market securities may also be more volatile, less liquid and more difficult to value than securities economically tied to developed foreign countries. The systems and procedures for trading and settlement of securities in emerging markets are less developed and less transparent and transactions may take longer to settle. Rising interest rates, combined with widening credit spreads, could negatively impact the value of emerging market debt and increase funding costs for foreign issuers. In such a scenario, foreign issuers might not be able to service their debt obligations, the market for emerging market debt could suffer from reduced liquidity, and the Fund could lose money.

### HIGH YIELD RISK

Funds that invest in high yield securities and unrated securities of similar credit quality (commonly known as "high yield securities" or "junk bonds") may be subject to greater levels of credit risk, call risk and liquidity risk than funds that do not invest in such securities. These securities are considered predominantly speculative with respect to an issuer's continuing ability to make principal and interest payments, and may be more volatile than other types of securities. An economic downturn or individual corporate developments could adversely affect the market for these securities and reduce the Fund's ability to sell these securities at an advantageous time or price. An economic downturn would generally lead to a higher non-payment rate and a high yield security may lose significant market value before a default occurs. High yield securities structured as zero-coupon bonds or pay-in-kind securities tend to be especially volatile as they are particularly sensitive to downward pricing pressures from rising interest rates or widening spreads and may require the Fund to make taxable distributions of imputed income without receiving the actual cash currency. Issuers of high yield securities may have the right to "call" or redeem the issue prior to maturity, which may result in the Fund having to reinvest the proceeds in other high yield securities or similar instruments that may pay lower interest rates. The Fund may also be subject to greater levels of liquidity risk than funds that do not invest in high yield securities. In addition, the high yield securities in which the Fund invests may not be listed on any exchange and a secondary market for such securities may be comparatively illiquid relative to markets for other more liquid fixed income securities. Consequently, transactions in high yield securities may involve greater costs than transactions in more actively traded securities. A lack of publicly-available information, irregular trading activity and wide bid/ask spreads among other factors, may, in certain circumstances, make high yield debt more difficult to sell at an advantageous time or price than other types of securities or instruments. These factors may result in the Fund being unable to realise full value for these securities and/or may result in the Fund not receiving the proceeds from a sale of a high yield security for an extended period after such sale, each of which could result in losses to the Fund. Because of the risks involved in investing in high yield securities, an investment in the Fund should be considered speculative.

### ISSUER RISK

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets. A change in the financial condition of a single issuer may affect securities markets as a whole.

### LIQUIDITY RISK

Particular investments may be difficult to purchase or sell and the Fund may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

### MODEL RISK

In making investment allocation decisions, PIMCO may utilise quantitative models that may be proprietary or developed by third-parties. These models are used by PIMCO to help determine the Fund's target asset allocation and to identify potentially attractive relative value and risk hedging strategies. The Fund's investment models used in making investment allocation decisions may not adequately take into account certain factors and may result in a decline in the value of your investment.

Models rely on accurate market data inputs. If inaccurate market data is entered into a model, the resulting information will be incorrect. In addition, the models used may be predictive in nature and such models may result in an incorrect assessment of future events. The models evaluate securities or securities markets based on certain assumptions concerning the interplay of market factors. The markets or the prices of individual securities may be affected by factors not foreseen in developing the models.

### COMMODITY RISK

The Fund's investments in commodity-linked derivative instruments may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The Fund may concentrate its assets in a particular sector of the commodities market (such as oil, metal or agricultural products). As a result, the Fund may be more susceptible to risks associated with those sectors. The prices for commodities in those sectors may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies.

### EQUITY RISK

Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred securities, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. These risks are generally magnified in the case of equity investments in distressed companies.

### LEVERAGING RISK

Certain transactions of the Fund may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions. The use of derivatives may also create leveraging risk. The Fund also may be exposed to leveraging risk by borrowing money for investment purposes. Leveraging may cause the Fund to liquidate portfolio positions to satisfy its obligations. Leveraging, including borrowing, may cause the Fund to be more volatile than if the Fund had not been leveraged. This is because leveraging tends to exaggerate the effect of any increase or decrease in the value of the Fund's portfolio securities. Certain types of leveraging transactions could theoretically be subject to unlimited losses in cases where the Fund, for any reason, is unable to close out the transaction. In addition, to the extent the Fund borrows money, interest costs on such borrowings may not be recovered by any appreciation of the securities purchased with the borrowed amounts and could exceed the Fund's investment returns, resulting in greater losses. Moreover, to make payments of interest and other loan costs, the Fund may be forced to sell portfolio securities when it is not otherwise advantageous to do so.

### MANAGEMENT RISK

The Fund is actively managed. PIMCO and each individual portfolio manager will apply investment techniques and risk analysis in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results. Certain securities or other instruments in which the Fund seeks to invest may not be available in the quantities desired. In addition, regulatory restrictions, actual or potential conflicts of interest or other considerations may cause PIMCO to restrict or prohibit participation in certain investments. In such circumstances, PIMCO or the individual portfolio managers may determine to purchase other securities or instruments as substitutes. Such substitute securities or instruments may not perform as intended, which could result in losses to the Fund. To the extent the Fund employs strategies targeting perceived pricing inefficiencies, arbitrage strategies or similar strategies, it is subject to the risk that the pricing or valuation of the securities and instruments involved in such strategies may change unexpectedly, which may result in reduced returns or losses to the Fund. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and each individual portfolio manager in connection with managing the Fund and may also adversely affect the ability of the Fund to achieve its investment objectives. There also can be no assurance that all of the personnel of PIMCO will continue to be associated with PIMCO for any length of time. The loss of the services of one or more key employees of PIMCO could have an adverse impact on the Fund's ability to realize its investment objective.

### SHORT SALE RISK

A short sale involves the sale by the Fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. The Fund may also enter into a short position through a forward commitment or a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the Fund will incur a loss equal to the increase in price from the time that the short sale was entered into plus any transaction costs (i.e., premiums and interest) paid to the broker-dealer to borrow securities. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. By contrast, a loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot decrease below zero. By investing the proceeds received from selling securities short, the Fund could be deemed to be employing a form of leverage, which creates special risks. The use of leverage may increase the Fund's exposure to long security positions and make any change in the Fund's net asset value greater than it would be without the use of leverage. This could result in increased volatility of returns. There is no guarantee that any leveraging strategy the Fund employs will be successful during any period in which it is employed. In times of unusual or adverse market, economic, regulatory or political conditions, the Fund may not be able, fully or partially, to implement its short selling strategy. Periods of unusual or adverse market, economic, regulatory or political conditions generally may exist for as long as six months and, in some cases, much longer. Also, there is the risk that the third party to the short sale will not fulfil its contractual obligations, causing a loss to the Fund.

## MORTGAGE-RELATED AND OTHER ASSET-BACKED SECURITIES RISK

Mortgage-related and other asset-backed securities represent interests in "pools" of mortgages or other assets such as consumer loans or receivables held in trust and often involve risks that are different from or possibly more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if the Fund holds mortgage-related securities, it may exhibit additional volatility since individual mortgage holders are less likely to exercise prepayment options, thereby putting additional downward pressure on the value of these securities and potentially causing the Fund to lose money. This is known as extension risk. Mortgage-backed securities can be highly sensitive to rising interest rates, such that even small movements can cause an investing Fund to lose value. Mortgage-backed securities, and in particular those not backed by a government guarantee, are subject to credit risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. The Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities, and asset-backed securities may not have the benefit of any security interest in the related assets.

## SOVEREIGN DEBT RISK

Sovereign debt risk is the risk that fixed income instruments issued by sovereign entities may decline in value as a result of default or another adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion. A sovereign entity's failure to make timely payments on its debt can result from many factors, including, without limitation, insufficient foreign currency reserves or an inability to sufficiently manage fluctuations in relative currency valuations, an inability or unwillingness to satisfy the demands of creditors and/or relevant supranational entities regarding debt service or economic reforms, the size of the debt burden relative to economic output and tax revenues, cash flow difficulties, and other political and social considerations. The risk of loss to the Fund in the event of a sovereign debt default or other adverse credit event is heightened by the unlikelihood of any formal recourse or means to enforce its rights as a holder of the sovereign debt. In addition, sovereign debt restructurings, which may be shaped by entities and factors beyond the Fund's control, may result in a loss in value of the Fund's sovereign debt holdings.

## QUANTITATIVE INVESTING RISK

The Investment Manager employs and/or relies on algorithms, models or other systems in connection with many of its investment activities on behalf of the Fund, including research, forecasting, selection, optimization, order routing, execution, and allocation processes (together, "Systems"). These Systems, which may be employed together and operate without human intervention, rely heavily on the use of proprietary and non-proprietary data, software, hardware, and intellectual property, including data, software and hardware that may be licensed or otherwise obtained from third parties. The use of such Systems has inherent limitations and risks. Although we take reasonable steps to develop and use Systems appropriately and effectively, there can be no assurance that we will successfully do so. The Systems are extremely complex and may involve the use of financial, economic, econometric and statistical theories, research and modelling and related translation into computer code. Errors may occur in the design, writing, testing, monitoring, and/or implementation of Systems, including in the manner in which Systems function together. The effectiveness of Systems may diminish over time, including as a result of changes to the market structure or changes in the behaviour of market participants. The quality of the resulting analysis, investment selections, portfolio construction, asset allocations, proposed trades, risk management, allocations of investment opportunities and trading strategies depends on a number of factors including the accuracy and quality of data inputs into the Systems, including through automated and manual integration of completed transactions, the mathematical and analytical assumptions and underpinnings of the Systems' coding, the accuracy in translating those analytics into program code or interpreting the output of a System by another System in order to facilitate a transaction, change in market conditions, the successful integration of the various Systems into the portfolio selection and trading process and whether actual market events correspond to one or more assumptions underlying the Systems. Accordingly, Systems will experience and are subject to errors and/or mistakes ("System Incidents") that may adversely impact the Fund. For example, System Incidents may result in Systems performing in a manner other than as intended, including but not limited to, failure to achieve desired performance or investment objectives, execution of unanticipated trades or failure or delays in executing intended trades, failure to properly allocate trades, failure to properly gather and organize available data, or failure to identify hedging or other risk management opportunities or targets.

Given the complexity of the investments and strategies of the Fund, the Investment Manager relies on quantitative models, data, and trading algorithms supplied by third parties, which may be used to provide services to the Fund.

Such models, data and algorithms are used to construct sets of transactions and investments, to implement investment decisions, and to provide risk management insights. When the third-party models, data or algorithms prove to be incorrect or incomplete, any decisions or investments made in reliance thereon expose the Fund to additional risks. For example, the Investment Manager does not have the same insight or access into the construction, coding or testing of the algorithms, and the Investment Manager will be exposed to systems, cyber security and other risks associated with the third party models, data or algorithms.

The Systems rely heavily on appropriate data inputs and it is impracticable and likely impossible to factor all relevant, available data into the Systems. The Investment Manager will use its discretion to determine what data to gather and what subset of data the Systems utilize. In addition, due to the automated nature of gathering data, the volume and depth of data available, the complexity and often manual nature of data cleaning, and the fact that the data may come from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, Investment Manager at all times. Where incorrect or incomplete data is available, Investment Manager may, and often will, continue to generate forecasts and make investment decisions based on the data available. Additionally, Investment Manager may determine that certain available data, while potentially useful in generating forecasts and/or making investment decisions, is not cost effective to gather due to, among other factors, the technology costs or third-party vendor costs and, in such cases, Investment Manager will not utilize such data. Investment Manager has full discretion to select the data it utilizes, and may elect to use or may refrain from using any specific data or type of data in the Systems. The data used in the development of use of Systems may not be the most accurate data available or free of errors.

Further, if incorrect market or other data is entered into an otherwise properly functioning System, the Systems' resulting output, including proposed trades or investment recommendations, may be inconsistent with the underlying investment strategy. Even if data is input correctly, prices anticipated by the data through the Systems may differ substantially from market prices, especially for financial instruments with complex characteristics, such as derivatives, in which the Fund may invest. Most Systems require continual monitoring and enhancements, and there is no guarantee that such monitoring and enhancements will be successful or that Systems will operate as intended. The successful deployment of the investment strategy, the portfolio construction process and/or the trading process could be severely compromised by software or hardware malfunctions, viruses, glitches, connectivity loss, system crashes or various other System Incidents, including, in particular, where multiple Systems contribute to the process, in particular where there is no human intervention (e.g., where one System develops a potential recommended signal or possible trade, another System interprets or optimizes that recommended signal or possible trade to facilitate a trade order, another System routes and executes that trade order, and another System allocates the completed trade, and where this process runs again in reliance on the preceding automated transaction). System Incidents may be difficult to detect and the Investment Manager may not immediately or ever detect certain System Incidents, which may have an increasing impact on the Fund over time. The Investment Manager has adopted policies and procedures that implement controls governing the use of quantitative investment models, as well as related electronic trading systems that it believes are reasonably designed to prevent, detect, escalate and remediate System Incidents. Investment Manager will address System Incidents in accordance with this policy but there is no guarantee that measures taken to address a System Incident will be successful. Further, PIMCO generally does not expect to disclose all System Incidents to Unit holders.

# 7. Fees and costs

**DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

**You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.**

**TO FIND OUT MORE**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission ("ASIC") Moneysmart** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. The information in the following fees and costs summary can be used to compare costs between this and other managed investment schemes.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

## FEES AND COSTS SUMMARY

| **PIMCO TRENDS Managed Futures Strategy Fund – Wholesale Class** | | |
|---|---|---|
| **TYPE OF FEE OR COST** | **AMOUNT** | **HOW AND WHEN PAID** |
| **ONGOING ANNUAL FEES AND COSTS**[1,2,3] | | |
| *Management Fees and costs*<br><br>The fees and costs for managing your investment | 1.96% p.a. of the NAV of the Fund referable to the Wholesale Class units[2] | The amount quoted is made up of the following:<br><br>Management fees, which are calculated and accrued daily, and paid in arrears from the Fund's assets on or around the last business day of the quarter.<br><br>Indirect costs (if any) which are deducted from the Fund's assets, accrued daily in the net asset value, and then paid as and when due. |
| *Performance fees*<br><br>Amounts deducted from your investment in relation to the performance of the product | Nil | Not applicable |
| *Transaction costs*<br><br>The costs incurred by the scheme when buying or selling assets | 0.31% of the NAV of the Fund | Paid from the assets of the Fund as incurred. |
| **MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICES OR WHEN YOUR MONEY MOVES IN OR OUT OF THE SCHEME)** | | |
| Establishment fee<br><br>The fee to open your investment | Nil | Not applicable |
| Contribution fee<br><br>The fee on each amount contributed to your investment | Nil | Not applicable |
| Buy-sell spread<br><br>An amount deducted from your investment representing costs incurred in transactions by the scheme | 0.10% upon application and 0.10% upon withdrawal | Charged at the time of the transaction and paid into the Fund when you invest in or withdraw from the Fund. The spread is reflected in the unit price. |
| Withdrawal fee<br><br>The fee on each amount you take out of your investment | Nil | Not applicable |
| Exit fee<br><br>The fee to close your | Nil | Not applicable |

| | | |
|---|---|---|
| investment | | |
| Switching fee<br><br>The fee for changing investment options | Nil | Not applicable |

[1] Unless otherwise stated, all fees and costs quoted are inclusive of GST and net of any RITC at the prescribed rate (depending on the nature of the fee or expense).
[2] The RE may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with investors who are Wholesale Clients (as defined in the Corporations Act).
[3] All estimates of fees and costs in this section are based on information available as at the date of this PDS and reflect the Responsible Entity's reasonable estimates of the typical fees for the current financial year. The costs component of management fees and costs reflect the actual amount incurred for the last financial year and the Responsible Entity's reasonable estimates where information was not available as at the date of this PDS (adjusted to reflect a 12-month period).

## EXAMPLE OF ANNUAL FEES AND COSTS FOR THE FUND

This table gives an example of how the ongoing annual fees and costs for this managed investment product can affect your investment over a 1- year period. You should use this table to compare this product with other products offered by managed investment schemes.

| **Example – PIMCO TRENDS Managed Future Strategy Fund – Wholesale Class** | | |
|---|---|---|
| **BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR[1]** | | |
| Contribution fees | Nil | For every additional $5,000 you put in, you will be charged $0. |
| **PLUS**<br>Management fees and costs<br><br>**PLUS**<br>Performance fees<br><br>**PLUS**<br>Transaction costs | 1.96% p.a.<br><br>Nil<br><br>0.31% p.a. | **And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $980 each year<br><br>**And**, you will be charged or have deducted from your investment $0 in performance fees each year<br><br>**And**, you will be charged or have deducted from your investment $155 in transaction costs |
| **EQUALS**<br>Cost of the Fund | | If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of:<br>$1,135[2]<br><br>**What it costs you will depend on the fees you negotiate.** |

[1] This example assumes the $5,000 contribution occurs at the end of the first year, therefore fees and costs are calculated using the $50,000 balance only.

[2] Additional fees may apply. Please note that this example does not capture all the fees and costs that may apply to you, such as the Buy/Sell Spread. Additional fees may be payable to third parties including financial advisers. You should refer to the Statement of Advice provided by your financial adviser in which details of the relevant fees are set out. ASIC provides a fees calculator on its website www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in the Fund.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

**What do the management fees and costs include?**
Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than by investing directly in the assets. These are the Responsible Entity's Management Fee, and indirect costs (which consist of management costs related to the use of derivatives and, if applicable, costs in certain investee vehicles). They do not include the costs of buying and selling the Fund's assets (transaction costs).

**Management Fee**

The management fee of 1.50% p.a. of the NAV of the Fund referable to Wholesale Class units is payable to the RE of the Fund for managing the assets and overseeing the operations of the Fund. The management fee is accrued daily and paid in arrears from the assets of the Fund at the end of each month. As at the date of this PDS, ordinary expenses such as those payable to the Investment Manager, Responsible Entity, Custodian, Administrator, auditor and other ordinary expenses of operating the Fund are paid out of the management fee at no additional charge to you.

However, where there are extraordinary expenses (if they are incurred in future) such as litigation costs, the costs of convening Unitholder meetings and other unanticipated costs, these will be paid from the assets of the Fund.

**Indirect costs**
Indirect costs generally include management costs (if any) from underlying funds and a reasonable estimate of certain costs of investing in over-the-counter derivatives to gain investment exposure to assets or implement the Fund's investment strategy.

Indirect costs are calculated and incorporate reasonably estimated amounts with reference to the relevant costs incurred during the financial year ending 30 June 2023.Indirect costs of the Fund are reflected in the Wholesale Class unit price and borne by unitholders, but they are not paid to the RE or Investment Manager. Indirect costs of the Fund are estimated to be 0.46% of the NAV of the Fund referable to the Wholesale Class units.

Actual indirect costs for future years may differ.

**Transaction costs**
In managing the assets of the Fund, the Fund may incur transaction costs ("**Transaction Costs**") such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold and the costs of (or transaction costs associated with) derivatives (excluding over-the-counter derivatives).

Transaction Costs arise through the day-to-day trading of the Fund's assets or when there are applications or withdrawals which cause net cash flows into or out of the Fund. These are reflected in the Fund's Wholesale Class unit price.

We estimate that the *total Transaction Costs* for the Fund during the year ended 30 June 2023 was 0.42% of the NAV of the Fund referrable to Wholesale Class units, of which 0.11% was recouped via a Sell spread (see below) when redemptions took place, resulting in *net Transaction Costs* of 0.31%. The dollar value of these *net Transaction Costs* over a 1 year period based on an average account balance of $50,000 is $155. However, such costs for future years may differ.

As net Transaction Costs are factored into the asset value of the Fund's assets referable to Wholesale Class units and reflected in the unit price, they are an additional cost of investment to the investor but they are not a fee paid to the RE or the Investment Manager.

**Buy/sell spread**
The buy/sell spread reflects the estimated costs incurred in buying or selling assets of the Fund when investors invest in or withdraw from the Fund and is designed to ensure, as far as practicable, that transaction costs incurred as a result of an investor entering or leaving the Fund are generally borne by that investor, and not other investors. The buy/sell spread is an additional cost to the investor but is incorporated into the unit price and incurred when an investor invests in or withdraws from the Fund and is not separately charged to the investor. The buy/sell spread is paid into the Fund and not paid to the RE or the Investment Manager. The buy spread at the date of this PDS is 0.10% upon entry ($50 for each $50,000 invested) and the sell spread is 0.10% upon exit ($50 for each $50,000 withdrawn). The buy/sell spread can be altered or waived by the RE at any time to reflect the actual or estimated transaction costs incurred by the Fund. Generally, there will also be no buy spread incurred on distributions which are re-invested. The buy/sell spread may change, without notice, for example, when it is necessary to protect the interests of existing members and if permitted by law. Any updates to the Buy/Sell Spread will be made available on, and can be obtained from, PIMCO's website.

A copy of our Unit Pricing Policy, including details of any discretions that the RE may exercise in various circumstances (including in respect of transaction costs) is available at .

**Can the fees change?**
Yes, all fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution. The maximum management fee specified in the Constitution is 3% per annum of the gross asset value of the Fund (exclusive of GST) ($1,500 for every $50,000 invested). The current fees are as set out in the fees and costs summary on page 24. The RE has the right to recover all expenses properly incurred in managing the Fund and as such these expenses may increase or decrease accordingly. The RE will generally provide investors with at least 30 days' notice of any proposed increase to management fees.

In addition, the Responsible Entity may negotiate, rebate or waive fees for Wholesale Clients (as defined in the Reference Guide) where permitted by law. We do not negotiate fees with retail investors.

**Tax**

In addition to the fees and costs described in this section 7, you should also consider the government taxes and other duties that may apply to an investment in the Fund. See further information on taxation at section 11 of this PDS.

**Other service fees**
Additional fees may also be paid to a financial adviser if you have consulted a financial adviser. You should refer to the Statement of Advice provided by your financial adviser in which details of the fees are set out.

**Updated fees and costs information**
Estimates may be based on a number of factors, including (where relevant), previous financial year information based on reasonable enquiries and typical costs of the relevant investment. As such, the actual fees and costs may differ and are subject to change from time to time. Updated information that is not materially adverse to investors will be updated online at www.pimco.com.au, or you may obtain a paper copy of any updated information from us free of charge on request. However, if a change is considered materially adverse to investors, the RE will issue a replacement PDS and/or incorporated information, both of which will be available online. You can also obtain a copy of these documents, free of charge, by contacting us.

## 8. How to apply

### APPLYING FOR UNITS

Investors can acquire units by:

- completing the application form (“**Application Form”)** accompanying this PDS (available at pimco.com.au) and send it to:

  PIMCO Investor Services
  GPO Box 804
  Melbourne Vic 3001

  accepted payment methods are included in the Application Form.

The minimum initial investment amount for units for Wholesale Class units in the Fund is $20,000.

The price at which units are acquired is determined in accordance with the Constitution (“**Application Price**”). The Application Price is, in general terms, equal to the NAV of the Fund, referable to Wholesale Class units divided by the number of units on issue and adjusted for transaction costs (i.e. the buy spread). Assets are valued in accordance with the RE's valuation policy. At the date of this PDS, there is a buy spread of 0.10%. The buy spread may be altered or waived by the RE at any time.

The Application Price will vary as the market value of assets in the Fund rises or falls.

### APPLICATION CUT-OFF TIMES

If we receive a correctly completed Application Form, identification documents (if applicable) and cleared application money:

- before or at 2:00pm on a Business Day, the application will generally be processed on that Business Day. If your application for units is accepted, you will generally receive the Application Price calculated for that Business Day or if the Application Price is not calculated for that Business Day, the next Application Price which is calculated; or
- after 2:00pm on a Business Day, the application will generally be processed on the next Business Day. If your application for units is accepted, you will generally receive the Application Price calculated for the next Business Day or, if the Application Price is not calculated on
  that Business Day, the next Application Price which is calculated.

The RE will generally determine the Application Price of Wholesale Class units on each Business Day.

### MAKING ADDITIONAL INVESTMENTS

Subject to the above application cut-off times, you can make additional investments into the Fund at any time by sending us your additional investment amount together with a completed Additional Investment Form. There is no minimum additional investment amount for Wholesale Class units in the Fund.

## 9. Distributions

An investor’s share of any distributable income is calculated in accordance with the Constitution and is generally based on the number of units held by the investor at the end of the distribution period.

The distributions you receive are generally assessable income and can be made up of both income and capital. Distributions are generally calculated based on the Fund’s net income at the end of the distribution period divided by the number of units on issue. This gives a distributable income amount per unit. Your distribution entitlement is then determined by multiplying the number of units held by the distributable income amount per unit. An investor who invests during a distribution period may get back some of their capital as income.

The Fund generally distributes income annually at the end of June. Distributions are calculated on the last day of the period (30 June), and are usually paid to investors within 14 days of the period end. However the payment of distributions may take longer. Distribution amounts will vary from year to year and there may be times when there is no distribution paid. The RE may change the distribution frequency without notice.

Investors in the Fund can indicate a preference to have their distribution:

- reinvested back into the Fund; or
- directly credited to their nominated bank account.

Investors who do not indicate a preference will have their distributions automatically reinvested. Such applications for reinvestment will be taken to be received prior to the next time the value of the assets of the Fund is determined at the end of the relevant distribution period. There is no buy spread on distributions that are reinvested.

In some circumstances, where an investor makes a large withdrawal request (5% or more of the units on issue at the start of the relevant distribution period), their withdrawal proceeds may be taken to include a component of distributable income.

Indirect Investors, being investors who invest indirectly in the Fund via a master trust or wrap account (commonly known as an IDPS) ("**Indirect Investor**") should review their IDPS Guide for information on how and when they receive any income distributions.

# 10. How to withdraw

Investors in the Fund can withdraw their investment by completing a withdrawal form (available at www.pimco.com.au) and mailing, faxing or emailing it to:

PIMCO Investor Services
GPO Box 804
Melbourne VIC 3001
Email: investorservices.transactions@au.pimco.com
Fax: +61 2 9151 4096

There is no minimum withdrawal amount. Once we receive a withdrawal request, we may act on the withdrawal request without further enquiry if the withdrawal request bears an account number or investor details and (apparent) signature(s), or the investor's authorised signatory's (apparent) signature(s).

The RE will generally allow investors in the Fund to access their investment within seven Business Days of receipt of a withdrawal request. Withdrawal proceeds will be paid to an investor's nominated bank account.

The period of time for meeting a withdrawal request may be extended further where the RE has taken all reasonable steps to realise sufficient assets, but is unable to do so due to circumstances outside its control. In these circumstances the period of time for satisfying withdrawal requests is extended for such further period as those circumstances apply. In certain circumstances, such as when there is a freeze on withdrawals, you may not be able to withdraw your units within the usual period upon request. You will be notified via the PIMCO website, where there is a freeze on withdrawals or other material change to your withdrawal rights. Your units will be withdrawn after the RE has accepted your withdrawal request and the applicable withdrawal price has been determined. The RE is not required to accept a withdrawal request in certain circumstances.

The price at which units are withdrawn ("**Withdrawal Price**") is determined in accordance with the Constitution. The Withdrawal Price is, in general terms, equal to the NAV of the Fund referable to Wholesale Class units, divided by the number of Wholesale Class units in issue and adjusted for transaction costs (i.e. the sell spread). At the date of this PDS, the sell spread is 0.10%. The sell spread may be altered or waived by the RE at any time. The Withdrawal Price will vary as the market value of assets in the Fund rises or falls.

When the Fund is not liquid, an investor can only withdraw when the RE makes a withdrawal offer to investors in accordance with the Corporations Act. The RE is not obliged to make a withdrawal offer.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will depend on the particular IDPS Operator.

## WITHDRAWAL CUT-OFF TIMES

All withdrawal requests must be received by the RE by 2:00pm on a Business Day for processing that day and will generally receive the Withdrawal Price for that Business Day or, if the Withdrawal Price is not calculated for that Business Day, the next Withdrawal Price which is calculated. Any withdrawal request received after that time will be treated as having been received on the next Business Day and will receive the Withdrawal Price calculated for the next Business Day or if the Withdrawal Price is not calculated for the next Business Day, the next Withdrawal Price which is calculated. The RE will generally determine the Withdrawal Price of Wholesale Class units on each Business Day. Where the RE receives a Large Withdrawal Request, the RE has discretion to determine that the Withdrawal Price applicable to that withdrawal request at a Valuation Time on any day which is subsequent to (but in any event within 21 days from) the day the RE received and accepted the withdrawal request.

For these purposes, a Large Withdrawal Request is a request that is:

- in respect of 5% or more of the gross asset value of the Fund or a class of units in the Fund at the time the withdrawal request is received and accepted by the RE;

  *or*

- received on a day on which the RE receives and accepts withdrawal requests for 5% or more of the gross asset value of the Fund or a class of units in the Fund on that day.

# 11. How managed investment schemes are taxed

There are Australian tax implications when investing, withdrawing and receiving income from a registered managed investment scheme (such as the Fund). The RE cannot give tax advice and the RE strongly recommends that you consult your professional tax adviser before investing in the Fund as the tax implications (including income tax, GST, foreign tax and duty) for the Fund can impact investors differently. What follows is a general outline of some key tax considerations for Australian resident investors and non-resident investors. This information is based on our current interpretation of the relevant taxation laws. The Australian tax laws are subject to continual change, and the tax treatment applicable to particular investors may differ. As such, investors should not place reliance on this as a basis for making their decision as to whether to invest.

The Fund is an Australian resident for tax purposes and does not pay tax on behalf of its members. Australian resident investors are assessed for tax on their share of any income and capital gains generated by the Fund and capital gains on disposal of their units in the Fund.

## TAXATION OF THE FUND

The Fund will generally not be liable to pay income tax on the basis that:

- where the Fund is not an Attribution Managed Investment Trust (**"AMIT"**), investors are presently entitled to all of the Fund's distributable income; or
- where the Fund is an AMIT, all taxable income is intended to be attributed to investors for each income year (see below).

## TAXATION OF TRUSTS THAT ARE AMITS

The AMIT provisions in the Income Tax Assessment Act 1997 ("**Tax Act**") apply to qualifying Managed Investment Trusts ("**MITs**") that make an irrevocable election to become an AMIT. The consequences for Australian resident investors should be similar whether the Fund is an AMIT or not (refer to the comments on Australian resident investor tax consequences below).

An AMIT must attribute its taxable income to investors on a fair and reasonable basis, and investors are advised of their share of the taxable income and any cost base adjustment, via an AMIT Member Annual Statement ("**AMMA Statement**").

## TAXATION OF TRUSTS THAT ARE NON-AMITS

Where a Fund is not an AMIT it will be subject to ordinary trust taxation provisions.

Investors who are presently entitled to the net income of the Fund will be liable to pay tax on their share of the distributable income. Investors are advised of their share of the taxable income via an Annual Tax Statement

## TAX POSITION OF AUSTRALIAN RESIDENT INVESTORS

Taxable income earned by the Fund, whether attributed (for an AMIT), distributed, retained or reinvested, can form part of the assessable income for investors in the year of entitlement or allocation. Tax losses incurred by the Fund will remain in the Fund and can be applied to reduce the Fund's income in future years (subject to the Fund satisfying the specific provisions of the trust loss carry forward legislation).

Further, the timing of when the Fund's income is brought to account for tax purposes may be different to when amounts are distributed to you, so that you may be required to pay tax on income that has not yet been or may not be distributed to you.

For each year ending 30 June the RE will send to you the details of assessable income, capital gains, foreign income, tax offsets and any other relevant tax information to include in your tax return and to determine any required tax adjustments. Certain income may impact the cost base of your units in the Fund and if the Fund is an AMIT, the cost base per unit may increase, as well as decrease.

The Fund may derive foreign source income that might be subject to foreign tax. You may also be entitled to tax offsets (e.g. foreign income tax offsets) distributed by the Fund. Provided investors satisfy certain provisions of the Tax Act, investors may be able to utilise these credits against their tax liability on the taxable components of the distributions. In order to claim the amount of tax credits, investors must include the amount of the credits in their assessable income.

## APPLICATIONS AND WITHDRAWALS

If you acquire units part way through a distribution period, that amount of accumulated income which is included in the unit price for the units acquired may eventually be distributed to you as taxable income.

If you withdraw units part way through a distribution period, the value of accumulated income may be included in your withdrawal price.

Your assessable income for each year may include net realised capital gains (i.e. after offsetting capital losses). This will include capital gains made upon withdrawing units from the relevant Fund.

Individuals, trusts and complying superannuation entities may be eligible for CGT concessions in relation to capital gains made with respect to units which are held for at least 12 months.

If you hold your units on revenue account, gains and losses will be taxable as ordinary income or allowed as a deduction, as the case may be, and will not qualify for the CGT discount.

## TAXATION OF NON-RESIDENT INVESTORS

If you are a non-resident investor (for tax purposes) in the Fund, we strongly recommend that you obtain advice based on your particular circumstances. Non-resident investors of the Fund should seek their own independent taxation advice regarding their local, as well as Australian, taxation obligations. As a non-resident, distributions from the Fund may be subject to income tax (which will be withheld by the RE) or withholding tax (which will also be withheld by the RE, depending on your country of residence and the nature and amount of the distribution). Different tax consequences may apply in relation to gains or losses of non-resident investors from the disposal of the units, including whether any gains are subject to tax in Australia.

## GST

The application for and withdrawal of units in the Fund and receipt of distributions will not be subject to GST. However, GST will generally be incurred on various acquisitions made by the Fund.

The Fund may be able to claim input tax credits and/or RITCs of at least 55% of the GST incurred.

Unless otherwise stated, all fees quoted in this PDS are quoted on a GST inclusive basis and net of any applicable RITCs referable to the Fund.

## TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

On your application form you may provide us with your Tax File Number ("**TFN**"), or TFN exemption. Alternatively, if you are investing in the Fund in the course of an enterprise, you may quote an Australian Business Number ("**ABN**"). It is not compulsory for you to quote a TFN, exemption or ABN, but if you do not, then we are required to deduct tax from any distribution payable to you at the highest marginal tax rate plus the Medicare levy (and any other levies we are required to deduct, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws. Non-residents are generally exempt from providing a TFN.

## 12. Additional information about the Fund

### FUND PERFORMANCE AND REPORTING

Up-to-date information on the performance of the Fund will be available by calling PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583 or visiting www.pimco.com.au.

The RE has implemented a policy to provide detailed periodic updates to investors on certain key information in relation to the Fund on an annual and monthly basis as required.

The following information will be included in the Fund's annual disclosure report:

- the liquidity profile of the portfolio of assets as at the end of the relevant period;
- the maturity profile of any liabilities at the end of the relevant period;
- the leverage ratio (including leverage embedded in the assets of the Fund, other than listed equities and bonds) at the end of the relevant period;
- the monthly or annual investment returns since inception; and
- any changes to key service providers since any previous report given to investors, including any change in any related party status.

The Fund's latest annual disclosure report is on our website www.pimco.com.au.

On a monthly basis, the following information will be provided to investors on our website www.pimco.com.au:

- the current total NAV of the Fund and the redemption value of a unit in each class of units as at the date of the NAV;
- any changes in key service providers since any previous report was provided, including any change in related party status;
- the net return on the Fund's assets after fees, costs and taxes; and
- any material change in the Fund's risk profile or strategy and any change in the investment team.

### COOLING OFF PERIOD

If you are a Retail Client (as defined in the Corporations Act) and invest directly in the Fund, you have a cooling off period of up to 14 days from the earlier of:

- confirmation of the investment being received or available; and
- the end of the fifth Business Day after the units are issued.

No cooling off period applies if you are a Wholesale Client (as defined in the Corporations Act).

The right to cool off may not apply if you are an Indirect Investor, even if you are a Retail Client. Indirect Investors should seek advice from their IDPS Operator or consult the IDPS Guide or similar type document as to whether cooling off rights apply.

### PRIVACY

When you provide instructions to the RE or its related bodies corporate, the RE will be collecting personal information about you. You must ensure that all personal information which you provide to the RE is true and correct in every detail, and should your personal details change it is your responsibility to ensure that you promptly advise the RE of the changes in writing. This information is needed to facilitate, administer and manage your investment, and to comply with Australian taxation laws and other laws and regulations. Otherwise, your application may not be processed or the RE and its delegates will not be able to administer or manage your investment.

The information that you provide may be disclosed to third parties, including but not limited to:

- the ATO, AUSTRAC and other government or regulatory bodies;
- organisations involved in providing, administering and managing the Fund, the administrator, custodian, auditors, or those that provide mailing or printing services; and
- those where you have consented to the disclosure and as required by law.

We may disclose your personal information provided by you or gathered by us to our related PIMCO entities and also non-affiliated third parties, as required or permitted by law. From time to time, these third parties may be located (and therefore your personal information may be disclosed) overseas including Brazil, Canada, Germany, Hong Kong, Italy, Japan, Singapore, Switzerland, United Kingdom and United States of America where your personal information may not receive the level of protection afforded under Australian law.

We have certain notification obligations in the event that an eligible data breach occurs. Where practicable, we will notify any affected individuals where there are reasonable grounds to believe that there has been an eligible data breach that effects their personal information. We take reasonable steps to ensure that any third party we disclose your personal information to is bound by privacy obligations to protect information about you.

We may from time to time provide you with direct marketing and/or educational material about our products and services if you have opted in to receiving them.

You may withdraw your consent to receive marketing communications at any time by contacting PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583, or email investorservices@au.pimco.com.

Subject to some exceptions allowed by law, you can ask for access to your personal information. The RE will give you reasons if the RE denies you access to this information. The RE's Privacy Policy outlines how you can request to access and seek the correction of your personal information. The Privacy Policy is available at pimco.com.au or can be obtained by contacting PIMCO Investor Services.

The RE's Privacy Policy contains information about how you can make a complaint if you think the RE has breached your privacy and about how the RE will deal with your complaint.

You should refer to the RE's Privacy Policy for more detail about the personal information that the RE collects and how the RE collects, uses and discloses your personal information.

Complaints relating to privacy issues should be directed to:

Privacy Officer
PIMCO Australia
Level 19, 5 Martin Place
Sydney NSW 2000
Australia
Email: privacy@au.pimco.com

## THE CONSTITUTION

The Fund is governed by a Constitution that sets out how the Fund must operate, and together with the PDS, the Corporations Act and other laws, regulates the RE's legal relationship with investors. If you invest in the Fund, you agree to be bound by the terms of the PDS and the Constitution. You can request a copy of the Constitution, free of charge. Please consider these documents before investing in the Fund.

The RE may amend the Constitution from time to time in accordance with the provisions of the Fund's Constitution and the Corporations Act.

## DISCLOSING ENTITY

The Fund anticipates that it may, in the future, be a disclosing entity as defined by the Corporations Act.

If the Fund becomes a disclosing entity, it will be subject to regular reporting and disclosure obligations. Investors will have a right to obtain a copy, free of charge, of any of the following documents:

- the most recent annual financial report lodged with ASIC;
- any half yearly financial report lodged with ASIC after the lodgement of that annual financial report but before the date of this PDS; and
- any continuous disclosure notices given by the fund after the lodgement of that annual financial report but before the date of this PDS.

Copies of these documents lodged with ASIC can also be obtained from or inspected at an ASIC office. All continuous disclosure information issued after the date of this PDS is available on our website www.pimco.com.au, in accordance with ASIC's good practice guidance on website disclosure.

## ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING ("AML/CTF")

Australia's AML/CTF laws require the RE to adopt and maintain an Anti-Money Laundering and Counter Terrorism Financing program. A fundamental part of the AML/CTF program is that the RE knows certain information about investors in the Fund.

To meet this legal requirement, the RE needs to collect and verify certain identification information and documentation ("**KYC Documents**") from new investors, and where relevant, from any beneficial owners. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws. Processing of applications or redemptions will be delayed or refused if investors do not provide the KYC Documents when requested.

Under the AML/CTF laws, the RE may be required to submit reports to AUSTRAC or to disclose information we collect and hold about you to other regulatory authorities. This may include the disclosure of your personal information. The RE may not be able to tell you when this occurs and, as a result, AUSTRAC may require the RE to deny you (on a temporary or permanent basis) access to your investment. This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment.

Neither the RE nor PIMCO are liable for any loss you may suffer because of compliance with the AML/CTF laws.

## INDIRECT INVESTORS

You may be able to invest indirectly in the Fund via a master trust or wrap account (commonly known as an IDPS) by directing the IDPS Operator to acquire units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator. The RE is not responsible for the operation of any IDPS. This will mean that you are an Indirect Investor in the Fund and not a unit holder or member of the Fund. Indirect Investors do not acquire the rights of a unit holder as such rights are acquired by the IDPS Operator who then can exercise, or decline to exercise, these rights on your behalf.

Your rights and terms and conditions as an Indirect Investor should be set out in the disclosure document issued by the IDPS Operator.

## NAV FOR THE FUND

The NAV for the Fund is available at www.pimco.com.au.

## U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT

The Foreign Account Tax Compliance Act ("**FATCA**") is a U.S. tax law which was enacted in 2010 for the purpose of improving tax information reporting regarding U.S. persons in respect of their offshore investments to the United States Internal Revenue Service ("**IRS**"). On 28 April 2014, an Inter-Governmental Agreement ("**IGA**") was signed between Australia and the U.S. to facilitate the implementation of FATCA by Australian financial institutions.

In order to comply with FATCA requirements, the RE:

- may require you to provide certain information regarding your identification and will undertake certain due diligence procedures to determine your status for FATCA reporting purposes. This information may be required at the time an application is made for the issue of units in a Fund or at any time after the units have been issued;

- will report annually to the IRS, via the ATO, in relation to relevant investors' financial information required by the ATO (if any) in respect of any investment in a Fund; and
- may withhold tax on U.S. connected payments to non-participating foreign financial institutions.

Accordingly, by making an application to invest in a Fund, you agree to provide the RE with certain identification and related information in order to enable it to comply with its obligations in connection with FATCA.

## COMMON REPORTING STANDARDS

The Common Reporting Standard ("**CRS**") is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted. The Trustee is required to collect certain information about foreign tax residents to provide it to the Australian Taxation Office ('ATO'). The ATO may pass this information onto tax authorities in other jurisdictions who have adopted the CRS. CRS reports are due to the ATO by 31 July of each year for the preceding period from 1 January to 31 December. The requirements are similar to those which exist under FATCA, however, there are a greater number of countries in respect of which the ATO may provide information to the respective tax authorities.

Accordingly, by making an application to invest in a Fund, you agree to provide the RE with certain identification documents and related information in order to enable it to comply with the RE's obligations in connection with CRS.

## CONSENTS

PIMCO Australia Pty Limited has given and, at the date of this PDS, has not withdrawn, its written consent to be named in the PDS as the Investment Manager of the Fund and to the inclusion of the statements made about it, and the Fund which are attributed to it, in the form and context in which they appear.

PIMCO Australia Pty Limited has not otherwise been involved in the preparation of the PDS and has not caused or otherwise authorised the issue of the PDS. PIMCO Australia Pty Limited and its employees and officers do not accept any responsibility arising in any way for errors or omissions from the PDS, other than in relation to the statements for which it has provided its consent.

The Custodian and Administrator has given and, at the date of this PDS, has not withdrawn, its written consent to be named in the PDS as the custodian and administrator of the Fund and to the inclusion of the statements made about it, and the Fund which are attributed to it, in the form and context in which they appear.

The Custodian and Administrator has not otherwise been involved in the preparation of the PDS and has not caused or otherwise authorised the issue of the PDS. The Custodian and its employees and officers do not accept any responsibility arising in any way for errors or omissions from the PDS, other than in relation to the statements for which it has provided its consent.

## TARGET MARKET DETERMINATION

A target market determination (TMD) has been prepared for the Fund by the RE and is available at pimco.com.au. The TMD for the Fund does not form part of this PDS.

## ENQUIRIES

If you have an enquiry regarding the management of the Fund that you have invested in, please speak to your financial adviser or contact PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583, or email investorservices@au.pimco.com. PIMCO Investor Services will attempt to resolve any issues at first contact.

## MAKING A COMPLAINT

If you wish to lodge a complaint, please contact:

Compliance Officer
PIMCO Australia
Level 19, 5 Martin Place
Sydney NSW 2000
Australia
Email: complaints@au.pimco.com

The RE has a complaints policy which is available by contacting PIMCO Investor Services. The RE will acknowledge receipt of a complaint within 1 Business Day, or as soon as practicable. If it is not possible to resolve a complaint immediately, the RE will aim to resolve your complaint and respond to you within 30 days after receiving the complaint.

## THE AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY ("AFCA")

If the RE is unable to resolve your complaint you may be able to seek assistance from AFCA, an independent dispute resolution scheme.

AFCA may be contacted as follows:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Australia
Phone:

Consumer: 1800 931 678 (free call within Australia)
International callers: +61 1800 931 678 (charges may apply)
Members: 1300 56 55 62

Fax: 03 9613 6399
Email: info@afca.org.au

Please include the RE's AFCA membership number (38532) with your enquiry.

If you are investing through an IDPS, then enquiries and complaints should generally be directed to the IDPS Operator, not the RE. However PIMCO's complaints process is also available to indirect investors.

# GLOSSARY

**ATO**

Australian Taxation Office.

**AUSTRAC**

Australian Transaction Reports and Analysis Centre.

**Business Day**

Any day other than Saturday or Sunday on which banks are open for general banking business in Sydney.

**GST**

Goods and Services Tax.

**IDPS**

Investor Directed Portfolio Service or investor-directed portfolio-like managed investment scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers.

**IDPS Operator**

The entity responsible for managing an IDPS.

**NAV**

Net Asset Value (that is, the value of the assets less liabilities).

**PIMCO Investor Services**

Refers to State Street Australia Limited, which has outsourced to OneVue Fund Services Pty Limited (trading as/now owned by IRESS Limited ABN 47 060 313 359) to provide unit registry and certain other client services for the Funds.

**RE**

Refers to PIMCO Australia Management Limited, the responsible entity of the Fund.

**Retail Client**

Persons or entities defined as such under section 761G of the Corporations Act.

**RITC**

Reduced Input Tax Credit. The RE will claim RITCs (where applicable) to reduce the GST incurred by a Fund.

**We, us**

Refers to PIMCO Australia Management Limited.

**Wholesale Client**

Persons or entities defined as such under section 761G of the Corporations Act.

**You, your**

Refers to an investor.