

# PIMCO Global Bond Fund

## PERFORMANCE SUMMARY

The PIMCO Global Bond Fund (the "Fund") returned -0.66% (Institutional Class, net of fees) in February outperforming the Bloomberg Global Aggregate Bond Index hedged into AUD by 0.14%. Year-to-date the Fund has returned -0.94% (Institutional Class, net of fees), while the benchmark returned -1.11%.

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

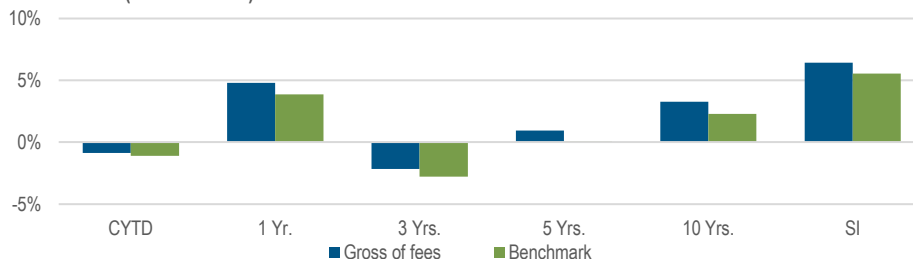
### Contributors

- Underweight exposure to duration in U.S., particularly via the front-end and long-end of the yield curve, as yields rose.
- Long exposure to U.S. non-agency RMBS, as spreads tightened.
- Long exposure to the U.S. dollar, as the currency appreciated against the Australian dollar.

### Detractors

- Overweight exposure to duration in the U.K., as yields rose.
- Overweight exposure to duration in the dollar bloc, as yields rose.
- Curve positioning in the euro bloc, as yields rose.

Performance (Gross of Fees)



Performance	CYTD	1 mos.	3 mos.	FYTD	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
Gross of fees (%)	-0.87	-0.63	2.56	3.45	4.78	-2.16	0.93	3.27	6.42
Net of fees (%)	-0.94	-0.66	2.45	3.14	4.33	-2.59	0.49	2.81	5.92
Benchmark (%)	-1.11	-0.80	1.87	2.02	3.86	-2.78	0.06	2.28	5.53
Gross of fee Alpha (%)	0.24	0.18	0.69	1.43	0.93	0.62	0.87	0.99	0.89

Past performance is not a reliable indicator of future results

Returns for periods longer than 1 year are annualised

Net of Fees - Fund performance is quoted net of fees and expenses and assumes the reinvestment of all distributions but does not take into account personal income tax

SI is the performance since inception. Inception date is 20/07/1998

The benchmark is the Bloomberg Global Aggregate Bond Index hedged into AUD

## Key Facts

Bloomberg Ticker	PIMGLBD
ISIN	AU60ETL01129
APIR	ETL0112AU
Inception date	20 July 1998
Distribution	Quarterly
Management Fee <sup>1</sup>	0.44% p.a.
Portfolio Managers	Sachin Gupta, Andrew Balls, Lorenzo Pagani
Total Net Assets	7.1 (AUD in Billions)

<sup>1</sup>In addition to the Management Fee there may be other fees and costs associated with an investment in this fund. For a detailed explanation on fees and costs please refer to the Product Disclosure Statement.

## Investment Statistics

Fund Duration (yrs)	5.21
Benchmark Duration (yrs)	6.63
Estimated Yield to Maturity (%) <sup>Ⓢ</sup>	4.82
Average Coupon (%)	3.05
Effective Maturity (yrs)	6.00

<sup>Ⓢ</sup>Yield to Maturity (YTM) is the estimated annual rate of return that would be received if the Fund's current securities were all held to their maturity and all coupons and principal were made as contracted. YTM does not account for fees or taxes. YTM is not a forecast, and is not a guarantee of, the future return of the Fund. The Fund's actual return will depend on a range of factors, including fluctuations in the value of the Fund's securities held from time to time.

## Risk Profile

### Important Notice

Please note that this material contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

### Investment Adviser

PIMCO Australia Pty Ltd  
Level 19, 5 Martin Place  
Sydney, NSW, 2000  
1300 113 547  
investorservices@au.pimco.com

### Newport Beach Headquarters

650 Newport Center Drive  
Newport Beach, CA 92660

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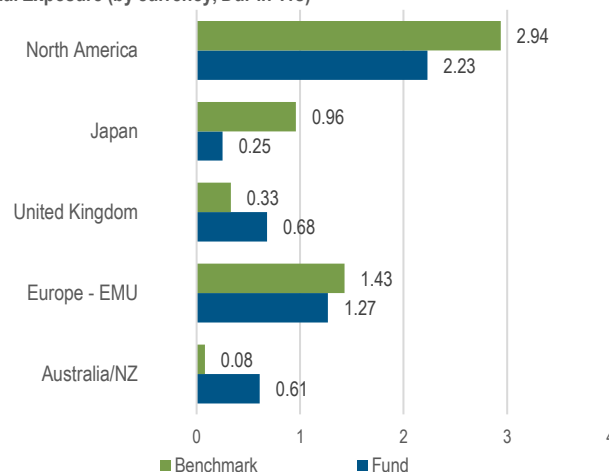
## PORTFOLIO POSITIONING

The Fund is underweight overall duration, focusing on country selection. We maintain an overweight to duration in Australia, and have been increasing our underweight in the U.S. We maintain our overweight to duration in the U.K. and are neutral to duration in Europe, preferring exposure to Denmark. The Fund sources a majority of its duration underweight from Japan, given recent steps toward monetary policy normalisation.

The Fund maintains an underweight to investment-grade corporate credit, favouring instead senior securitised assets, like non-agency mortgages and Danish covered bonds. We maintain exposure to U.S. TIPS as valuations are attractive. Within sovereign spread strategies, we continue to hold high quality emerging market external debt, focusing exposure in Eastern Europe where spreads widened following the Russian invasion.

Currency strategies continue to act as a diversifying strategy in the portfolio and positioning remains tactical. We focus on relative value with longs to a basket of currencies with attractive valuations, high real carry, and/or supportive fundamentals. We use a diversified basket of funding currencies from developed markets and Asia.

Regional Exposure (by currency, Dur in Yrs)



## MONTH IN REVIEW

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

Sovereign rate strategies detracted from relative performance over the month. Contributions from underweight exposure to duration in the U.S., particularly via the front-end and long-end of the yield curve, were more than offset by detractions from overweight exposure to duration in the U.K., overweight exposure to duration in the dollar bloc, and curve positioning in the euro bloc.

Spread sector strategies contributed to relative performance over the month, primarily from long exposure to U.S. non-agency RMBS, underweight exposure to corporate credit, and selection across the coupon stack within U.S. agency MBS.

Currency strategies contributed to relative performance over the month, primarily from long exposure to the U.S. dollar.

## OUTLOOK AND STRATEGY

Further disinflation and the potential for a faster cutting cycle should, in our view, raise the prospects for a soft landing. However, this is not to say that we believe that the path toward a soft landing is the only possible path. It is our view that the tighter-for-longer strategy that central banks have been communicating along with the strong possibility of stagnation in developed market supply and demand growth leave recession risks elevated.

In this uncertain environment, we favour portfolio flexibility and liquidity to respond to events and potentially take advantage of opportunities. We are underweight duration in the Fund as central banks assess the speed and timing of rate cuts, contributing to elevated volatility. From a country standpoint, we favour taking duration in Denmark and dollar bloc countries (primarily Australia) vs. Japan. We continue to hold a moderate allocation to TIPS in the portfolio as a hedge if inflation remains relatively elevated. We hold exposure to select developed market currencies (USD, JPY, NOK), as well as select EM currencies (IDR, INR, HUF, ZAR, PLN, BRL, MXN) based on valuations.

In spread sectors, we continue to be cautious within corporate credit, focusing on security selection. We remain focused on securitised assets, including U.S. non-agency mortgages and Danish mortgages, which we believe offer defensive qualities in addition to reasonable risk premia for liquidity, complexity, and uncertainty over the timing of cash flows.

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**Beta:** Beta is a measure of price sensitivity to market movements. Market beta is 1.

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

**Fluctuation:** There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.

**Forecast:** These forecasts are predictive in nature. Actual results may differ materially from these projections.

All periods longer than one year are annualised.

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**Index:** It is not possible to invest directly in an unmanaged index.

**Investment Strategies:** There is no guarantee that these investment strategies will work under all market conditions and each investor should evaluate their ability to invest for a long-term especially during periods of downturn in the market. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown.

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**Strategy Availability:** Strategy availability may be limited to certain investment vehicles; not all investment vehicles may be available to all investors. Please contact your PIMCO representative for more information.

Interest rate strategies encompass the Fund's duration, yield curve, and convexity strategies.

Benchmark: Bloomberg Global Aggregate Bond Index hedged into AUD.

The Bloomberg Global Aggregate Bond Index hedged into AUD is an unmanaged market index representative of the total return performance of major world bond markets on a AUD hedged basis. It is not possible to invest in an unmanaged index..

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

Emerging Market (EM); Mortgage-backed securities (MBS); Treasury Inflation-Protected Securities (TIPS)

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