

New Zealand Investors: Selling Restriction

The offer made in this IM to New Zealand investors is available only to, and may only be accepted by, Wholesale Investors who have completed a Wholesale Investor Certification or a Minimum Subscription Price Certification. Each New Zealand investor acknowledges and agrees that:

- a. he, she or it has not offered, sold or transferred, and will not offer, sell or transfer, directly or indirectly, any Units in the Fund and he, she or it has not granted, issued or transferred, and will not grant, issue or transfer an interest in, or options over, directly or indirectly, any Units in the Fund other than in accordance with an exclusion under Part 1 of Schedule 1 of the FMCA NZ; and
- b. he, she or it has not distributed and will not distribute, directly or indirectly, the IM or any other offering materials or advertisement in relation to any offer of any Units in the Fund, in each case in New Zealand other than to a person who is a Wholesale Investor; and
- c. he, she or it will notify the RE if they cease to be a Wholesale Investor.

This IM is not a product disclosure statement for the purposes of the FMCA NZ and does not contain all the information typically included in such offering documentation. This offer of Units does not constitute a “regulated offer” for the purposes of the FMCA NZ and, accordingly, there is neither a product disclosure statement nor a register entry in respect of the offer.

The offer made in this IM is not to be treated as an offer to, and is not capable of acceptance by, any person in New Zealand other than a Wholesale Investor. Units in the Fund may only be offered in New Zealand in accordance with the FMCA NZ and the Financial Markets Conduct Regulations 2014.

New Zealand Wholesale Investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

Warning for New Zealand Wholesale Investors relying on the Minimum Subscription Price Exception or the Extended Minimum Subscription Price Exception**Warning**

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is NZ\$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

General restrictions on offering


This IM does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended (‘US Securities Act’). The Units in the Fund have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the US to, or for, the account of any US Person except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws. This IM is not to be treated as an offer to sell, or a solicitation of an offer to buy, any Units in any jurisdiction in which it is unlawful to make such an offer or solicitation or to any person to whom it is unlawful to make such an offer or solicitation. If persons in jurisdictions other than Australia or New Zealand receive this IM, they are required to inform themselves about and observe restrictions on the distribution of this IM and the offering of Units applicable in such jurisdictions. If you received this IM electronically a paper copy will be provided free upon request. Please call PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583 for a copy.

GST

Unless otherwise stated, all fees quoted in the IM are inclusive of Goods and Services Tax (‘GST’) after allowing for an estimate for Reduced Input Tax Credits (‘RITCs’).

Australian Dollars

All amounts are in Australian Dollars unless otherwise stated.

A company of **Allianz** 

PIMCO Target Return Fund

Information Memorandum



PIMCO Funds

ARSN 110 855 055 | APIR ETL0050AU | ISSUE DATE 2 OCTOBER 2023

Contents

1. Fund at a glance
2. About the Responsible Entity
3. PIMCO Target Return Fund
4. Managing risk
5. Investing and withdrawals
6. Enquiries and complaints
7. Fees and other costs
8. Taxation
9. Other important information
10. Glossary of important terms

Investor Services

PIMCO Investor Services
 Phone: 1300 113 547 (Australia)
 or +61 2 8823 2583
 Fax: +61 2 9151 4096
 Mail: GPO Box 804
 Melbourne VIC 3001
 Email:
investorservices@au.pimco.com
 Web: pimco.com.au

Investment Manager

PIMCO Australia Pty Limited
 ABN No. 54 084 280 508
 AFSL No. 246862
 Level 19, 5-17 Martin Place
 Sydney NSW 2000
 Australia

Responsible Entity

PIMCO Australia Management Limited
 ABN No. 37 611 709 507
 AFSL No. 487505
 Level 19, 5-17 Martin Place
 Sydney NSW 2000
 Australia

This is the Information Memorandum ('IM') for Units in the PIMCO Target Return Fund (ARSN 110 855 055) (the 'Fund') and was issued on 2 October 2023. This IM has been prepared and issued by PIMCO Australia Management Limited (ABN 37 611 709 507 AFSL No. 487505) in its capacity as the responsible entity of the Fund (referred to throughout this IM as the '**Responsible Entity**', '**RE**', '**us**', '**our**' or '**we**'). The investment manager of the Fund is PIMCO Australia Pty Limited (ABN 54 084 280 508 AFSL 246862) and is referred to throughout this IM as the '**Investment Manager**' or '**PIMCO**'. The Custodian and Administrator of the Fund is State Street Australia Limited (ABN 21 002 965 200 AFSL 241419) and is referred to throughout this IM as 'SSAL' or 'the Custodian'.

This IM is prepared for your general information only. It is not intended to be a recommendation by the RE, the Investment Manager, any associate, employee, agent or officer of the RE nor the Investment Manager or any other person to invest in the Fund. This IM does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Fund solely on the information in this IM. You should consider the suitability of the Fund in view of your financial position and investment objectives and needs and you may want to seek professional investment advice before making an investment decision. A glossary of important terms used in this IM can be found in the '**Glossary of important terms**' section.

The RE and the Investment Manager and their respective employees, agents or officers do not guarantee the success, repayment of capital or any rate of return on income or capital or investment performance of the Fund. Past performance is no indication of future performance. Units in the Fund are offered and issued by the RE subject to the Constitution of the Fund, and on the terms and conditions described in this IM. You should read this IM because you will become bound by it if you become a Unit holder of the Fund.

The offer made in this IM is available only to persons who qualify as 'wholesale clients' within the meaning of section 761G of the Corporations Act 2001 (Cth) ('**Corporations Act**') receiving this IM in Australia or 'wholesale investors' within the meaning of clause 3 of Schedule 1 of the Financial Markets Conduct Act 2013 ('**FMCA NZ**') receiving this IM in New Zealand (electronically or otherwise).

By lodging an application form in respect of the offer of Units contained in this IM an investor declares and warrants to the Responsible Entity that it is a wholesale client or Wholesale Investor (as applicable).

This IM is not a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. The level of disclosure in this IM is less than that of a product disclosure statement, prospectus or similar disclosure document. A copy of this IM does not need to be, and has not been, lodged with the Australian Securities and Investments Commission.

1. FUND AT A GLANCE

ARSN	110 855 055
APIR	ETL0050AU
Investment objective	To maximise total returns in excess of the Bloomberg AusBond Bank Bills Index consistent with prudent capital preservation and income generation
Investments	Principal investment in global fixed interest securities
Benchmark index	Bloomberg AusBond Bank Bill Index
Indicative investment timeframe	3 years
Minimum initial ¹ investment	\$30,000,000
Minimum additional ¹ investment	None
Minimum withdrawal ¹	None
Minimum balance ¹	\$100,000
Access to your money ²	Monthly, generally within 7 Business Days of the applicable unit price being calculated ³
Buy/Sell Spread ⁴	Buy: NIL Sell: 0.10%
Distributions	Quarterly
Valuation frequency	Monthly
Management fees ⁵	0.62%
Investment Manager	PIMCO Australia Pty Limited

¹The RE may in its discretion accept lower initial or additional investment or withdrawal amounts from eligible investors. The RE may alter the minimum amounts specified at any time without prior notice to investors.

²Refer to 'Access to your money' in the 'Investing and withdrawals' section for further details.

³30 days' notice is required to make a withdrawal from the Fund. The RE may in its discretion shorten the notice period.

⁴The Buy/Sell Spread may be changed at the discretion of the RE without notice.

⁵Management fees include responsible entity fees, investment management fees and estimated expense recoveries.

2. ABOUT 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 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 IM. Our responsibilities and obligations as the Responsible Entity of the Fund are governed by the Fund's constitution ('Constitution') as well as the Corporations Act 2001 (Cth) ('Corporations Act') and general trust law.

The RE has appointed SSAL as the custodian and administrator for the Fund. Subject to the relevant agreements between the RE and SSAL, the RE, at its discretion, may change the custodian and administrator from time to time and appoint additional service providers.

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. 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.

The PIMCO Group has been managing fixed interest assets for Australian clients since 1997. 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, manages over US\$1.79 trillion (including non-third party assets) for investors around the world and employs almost 950 investment professionals across all its offices.

PIMCO's goal is to provide attractive returns while maintaining a strong culture of risk management and long-term discipline. PIMCO's investment process emphasises well researched fundamental economic and credit analysis to identify value in market sectors and individual securities. It takes moderate risk across many different portfolio positions to ensure that no single risk dominates returns.

3. PIMCO TARGET RETURN FUND

Investors acquiring Units in the Fund under this IM will be issued Institutional Class Units.

Fund description

The Fund seeks to maximise total returns in excess of the Bloomberg AusBond Bank Bill Index consistent with prudent capital preservation and income generation. The Fund provides access to a range of opportunities across investment markets. While maintaining exposure predominantly to Australian and Global Fixed interest markets, the Fund is also expected to have exposure to other investment strategies, including but not limited to, global macro-economic, relative value and systematic investment strategies. The Fund may invest in Investment Grade securities, Asset-backed securities, Emerging Market securities, high yield securities, bank loans and CDO Equity tranches, among others, relying on PIMCO's assessment of Relative Value opportunities. The Fund may also have exposure to other asset class risk through relative value and systematic investment strategies. PIMCO may gain this investment exposure through investing some or all of the Fund's assets in other funds managed by PIMCO or its affiliates.

Investment objective

To maximise total returns over the Bloomberg AusBond Bank Bill Index consistent with prudent capital preservation and income generation.

Investment strategy

In pursuing the Fund's investment objective, PIMCO applies a wide range of diverse strategies including Duration analysis, Credit analysis, Relative Value analysis, Sector Allocation and Rotation and security selection. PIMCO's investment strategy emphasises active decision making with a long-term focus and seeks to avoid extreme swings in Duration with a view to creating a steady stream of returns. PIMCO concentrates on two sources of return:

- Sector Allocation and Rotation; and
- 'bottom up' Credit Analysis of individual bonds and issuers.

Sector Allocation and Rotation

Historically the allocation between various sectors of the bond market has been an important source of return in investment portfolios. PIMCO's sector allocation is driven by its economic overview which is determined by a combination of its long term (secular) outlook and short term (cyclical) outlook.

The secular outlook focuses on economic fundamentals such as trends in productivity and interest rates over a five year period. The cyclical outlook fine tunes the secular outlook over a one year horizon.

Bottom up Credit Analysis

PIMCO's credit analysts use the following criteria:

- Cash flow: is this growing and predictable or are there limitations?

- Qualitative factors: what are the relevant qualitative factors, such as industry leadership, management strength, prudent accounting and financial flexibility.
- Capital Structure: will the issuer be able to withstand cyclical downturns through having strong asset support with sufficient Liquidity?
- Industry dynamics: does the relevant industry demonstrate good growth potential, the ability to access Capital Markets and an ability to be defensive in times of a downturn?

Investment in PIMCO-managed funds

The Investment Manager may invest some or all of the Fund's assets in other funds managed by PIMCO or its affiliates ('PIMCO Funds') in order to obtain exposure to particular markets, sectors or strategies in a cost-effective manner. These PIMCO Funds may be Australian or foreign domiciled funds. The Investment Manager will determine target allocations of the Fund to each of the PIMCO Funds and will seek to manage the Fund to broadly reflect such target allocations. However, at any time the actual allocation of the Fund to the underlying PIMCO Funds may vary materially from the target allocation, as a result of applications for, and withdrawals of Units in the Fund, changes in the value of the investments of the Fund, the frequency of application and redemption dealing days for the underlying PIMCO Funds, restrictions on withdrawals from the underlying PIMCO Funds, changes in market conditions and other factors.

Although the Fund does not currently intend to borrow for investment purposes, certain PIMCO Funds are expected to use leverage (through the use of borrowings, Derivatives and/or other investment techniques) as part of their investment strategy. Where a PIMCO Fund uses leverage, it may create an opportunity for greater total returns but may also magnify losses. PIMCO may from time to time change the portion of the Fund that invests in the PIMCO Funds, the PIMCO Funds in which the Fund invests and/or the target allocations to each PIMCO Fund.

Investment guidelines

PIMCO has adopted the following guidelines in managing the Fund:

- **Duration** - The average portfolio Duration of the Fund will vary based on PIMCO's forecast of interest rates and under normal conditions is expected to range between minus two and positive seven years.
- **Credit quality** – The Fund is not subject to any restrictions on credit quality but will invest predominantly in Investment Grade securities. Ratings will be determined using the higher of Moody's, S&P or Fitch or, if unrated, determined by PIMCO to be of comparable quality.
- **Currency Hedging** – PIMCO may, but is not required to, Hedge the currency exposure of the Fund. At the date of this IM, the Fund aims to be predominantly hedged into Australian dollars with the goal of reducing the impact of adverse movements in foreign currencies.

Percentage limitations will apply at the time of investment. The Fund is not required to sell any securities in the event that such limitations are subsequently exceeded, whether as a result of market movements, applications or withdrawals from the Fund or otherwise. The Fund is not required to sell a security in the event such security is downgraded below the Fund's minimum investment quality, provided that such security met the Fund's minimum quality standard at the time of purchase.

4. MANAGING RISK

Investment in the Fund carries risk and neither the performance of the Fund nor the security of your capital is guaranteed by the RE or the Investment Manager. Risks may include possible delays in the payment of withdrawal proceeds, loss of income and capital and volatility of returns. Volatility refers to the degree to which returns may fluctuate around their longer-term average. Each asset class, whether it is cash, fixed interest, property, Australian or international shares, has associated investment risks and the return achieved by each will vary accordingly. We recommend you talk to an adviser about the risks involved in investing in the Fund and how they might impact on your individual financial circumstances.

Subject to any limitations or restrictions stated in the description of the Fund, the Fund may invest without limitation in a wide range of investments, including Government Securities, corporate debt securities including convertible securities and corporate commercial paper, high yield securities, Emerging Market Securities, mortgage-backed and other asset-backed securities, inflation-indexed bonds issued by both governments and corporations, structured notes including hybrid or "indexed" securities, event-linked bonds and loan participations, delayed funding loans and revolving credit facilities, bank certificates of deposit, fixed time deposits and bankers' acceptances, repurchase agreements and reverse repurchase agreements, obligations of international agencies or supranational entities and Derivatives.

The main risk factors which may affect the returns of the Fund include:

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, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets, global political instability, or adverse investor sentiment generally. The value of securities 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.

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 an increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a Fund is likely to 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.

Issuer risk

The value of investments can vary because of changes to management, product distribution or the issuer's business environment.

Fund risk

Risks particular to the Fund include that it could terminate, the fees and expenses could change, the Investment Manager could be replaced and the investment professionals could change. There is also a risk that investing in the Fund may give different results than investing directly in the underlying assets of the Fund because of income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors. We aim to keep fund risk to a minimum by regularly monitoring the Fund.

Security selection risk

The Investment Manager may make investment decisions that result in low returns. This risk is mitigated to some extent by the knowledge and experience of the Investment Manager.

Liquidity risk

There may be times when securities may not be readily sold. However, trading volumes of securities are generally sufficient to satisfy Liquidity requirements when necessary. Note that neither the RE nor the Investment Manager guarantees the Liquidity of the Fund's investments. Certain underlying funds in which the Fund is expected to invest may impose lock-up periods of varying lengths and may have monthly, quarterly or other dealing frequencies. Such lock-up periods and/or dealing frequencies, may affect the ability of the Fund to realise investments in the underlying funds and in turn, affect the RE's ability to meet requests for withdrawals from the Fund.

Currency risk

The Fund may have exposure to foreign currencies, and if they change in value relative to the Australian dollar, the value of the investment can change. The Fund aims to be Hedged into Australian dollars with the goal of reducing the impact of adverse movements in foreign 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.

If the Investment Manager considers that the foreign currency of the country in which the Fund is invested is presently overvalued compared to another foreign currency that is considered to be undervalued, such a position would be reflected as a reduction in exposure to the first currency and an equivalent increase in exposure to the other. The Fund has generally historically been hedged between 90-110% to the AUD. The Investment Manager, in its discretion, may increase the currency positions of the Fund above these levels. In particular, the Fund may take materially greater currency positions at the discretion of the Investment Manager and so may have a greater exposure to global currency movements.

Derivatives risk

The Fund may, but is not required to, use Derivatives for risk management purposes or as part of their investment strategies.

The use of Derivative positions to Hedge the risk of physical securities will involve 'basis risk', which refers to the possibility that Derivative positions may not move perfectly in line with the physical security. Fluctuations in the price of Derivatives reflect movements in the underlying assets, reference rate or index to which the Derivatives relate. As a consequence, the Derivative positions cannot be expected to perfectly Hedge the risk of the physical security.

Other risks associated with Derivatives may include:

- loss of value because of a sudden price move or because of the passage of time;
- potential illiquidity of the Derivative;
- the Fund being unable to meet payment obligations as they arise;
- potential for leverage risk (see below);
- the counterparty to any Derivative contract not being able to meet its obligations under the contract; and
- significant volatility in prices.

Note that neither the RE nor the Investment Manager guarantee that the Fund's Derivatives strategy will be successful.

Leverage risk

Certain transactions 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. Leverage may be incurred when it is believed that it is advantageous to increase the investment capacity of the Fund or to facilitate the clearance of transactions. Leverage creates an opportunity for greater total returns for the Fund, but it

also may magnify losses. The use of Derivatives may also create leverage risk.

To mitigate leverage risk, the Fund will set aside cash or cash equivalents that the Investment Manager reasonably believes to be sufficient to cover net long exposures resulting from swaps, bond futures and forward positions held in the Fund. Cash equivalents are defined as Investment Grade securities (minimum S&P/Moody's rating of A3/P3, or equivalent) with a Duration of one year or less. To the extent the Fund's net long positions are "covered" by cash or cash equivalents, the Fund will be deemed not to be leveraged.

The Fund also may be exposed to leverage risk by borrowing money for investment purposes. The Fund does not itself intend to borrow money for investment purposes but may invest in domestic and foreign based funds which have the ability to do so.

Management risk

The Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Counterparty risk

This is the risk of a counterparty's default resulting in a payment default. A payment default may cause the NAV of the Fund to fall. It is the Investment Manager's intention to only enter into transactions with known and reputable counterparties.

Emerging Markets risk

The Fund may invest in Emerging Market securities. Investment risk may be particularly high to the extent that the Fund invests in Emerging Market securities. These securities may present market, credit, currency, Liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed countries.

Mortgage related and other Asset-backed securities risk

The Fund may invest in a variety of mortgage-related and other Asset-backed securities, which are subject to certain additional risks. 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, the Fund may exhibit additional volatility if it holds mortgage-related securities. This is known as extension 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.

Credit Risk

The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a Derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. The downgrade of the credit 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 a fund. This is especially the case if the Fund consists of securities with widely varying Credit Ratings. Therefore, if a 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. 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.

High yield risk

The Fund may invest in high yield securities and unrated securities of similar credit quality. To the extent the Fund invests in such securities it 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 predominately speculative with respect to the 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 (see 'Liquidity risk'). If the issuer of a security is in default with respect to interest or principal payments, the Fund may lose its entire investment.

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.

Inflation risk

Inflation risk is the risk that returns will not be sufficiently higher than inflation to enable an investor to meet their financial goals.

Regulatory risk

Change in applicable laws, including tax laws, may affect returns and the value of the investments in the Fund.

5. INVESTING AND WITHDRAWALS

Reporting to Unit holders

Regular, simple to read and complete reports are made available to Unit holders in the Fund. These reports comprise:

- **Annual report to Unit holders** including financial statements and auditor's report.
- **Transaction reports** confirming all additional investments, withdrawals, and payments (issued monthly and following transactions, and on request).
- **Distribution statements** issued for each Distribution notifying Unit holders of the value of their investment prior to Distribution, income from their investments and confirming their requirements for reinvestment or payment to the Unit holder's nominated account.
- **Tax statements** issued annually, providing a report of any Distributions during the relevant financial year and other information for tax purposes.

Investors will be able to access the annual report of the Fund on the website at pimco.com.au from 30 September each year. You can choose to receive a copy of the annual report, free of charge, by ticking the appropriate section on the Application Form. For updated information on performance, Unit prices, fund size and other general information about the Fund Unit holders can call PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583 or visit pimco.com.au.

Distributions

A Distribution comprises a Unit holder's share of any distributable income (includes taxable capital gains) earned by the Fund. A Unit holder's share of any distributable income is generally based on the number of Units in each class of Units held by the Unit holder at the end of the Distribution period. However, in some circumstances, a Unit holder may also receive a Distribution from the Fund where they have made a large withdrawal from that Fund, such as where the withdrawal comprises 5% or more of the Units on issue. In these circumstances their withdrawal proceeds are taken to include a component of distributable income and there is a reduction in the amount of distributable income distributed at the end of each Distribution period.

Generally, the income entitlements of Unit holders of the Fund are determined quarterly (March, June, September and December) and Distributions for the Fund are normally paid by the 15th day of the following month,

although the Distribution at the end of a financial year may take longer. While the RE aims to calculate and pay Distributions quarterly, the Constitution of the Fund allows for a Distribution period of up to 12 months.

If you are a Unit holder in the Fund, you can:

- have your Distribution reinvested back into the Fund; or
- have your Distribution directly credited to your nominated bank account.

If you do not make a direction, your Distribution will be reinvested and will be taken to be received prior to the next valuation time after the relevant Distribution period. Please note that New Zealand investors can only have their income distribution reinvested.

The Constitution provides for money payable to a Unit holder to be reinvested where the RE attempts to pay the money by electronic transfer and the electronic transfer fails on three occasions.

Valuation of the Fund and application price of Units

The value of the Fund will be determined on the last Business Day of each month. Dealings in Units of the Fund are permitted only at the Unit price calculated monthly on the last Business Day of each month.

The value of a Unit in the Fund reflects the value of the assets of the Fund less the liabilities of the Fund and is determined in accordance with the Fund's Constitution. The application price of a Unit in the Fund is, in general terms, based on the NAV of the relevant class of the Fund divided by the number of Units on issue in each class, which is adjusted down. The NAV per Unit can be increased by the RE to make an allowance for transaction costs required for buying investments; this is known as the Buy Spread. At the date of this IM, the Buy Spread will be nil.

Unit pricing policy

The RE has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating Unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are not covered by, or involve a departure from, the Unit pricing policy) will be made available to investors free of charge on request.

Investing in the Fund

Applications are only accepted from Wholesale Clients (for Australian investors) and Wholesale Investors (for New Zealand investors) and only from those persons who receive this IM (electronically or otherwise) within Australia and New Zealand.

Making an application

To invest, please complete the Application Form accompanying this IM and make your payment as set out in the Application Form. Application Forms should be sent directly to:

PIMCO Investor Services
GPO Box 804
Melbourne VIC 3001

Applications can be made on any Business Day. However, for Unit pricing purposes and income accrual purposes, Units will only be issued on the last Business Day of each month. Applications must be received by 2pm Sydney time on the last Business Day of the month to receive the Unit price applicable for that month. Applications received after 2pm Sydney time on the last Business Day of the month will be held over until the next month and processed at the application price for the next month.

The RE reserves the right to refuse any application without giving a reason. If for any reason the RE refuses or is unable to process an application to invest in the Fund, subject to regulatory considerations, the RE will return the application money to the applicant.

At the date of this IM, the minimum investment amount in the Fund is \$30,000,000. Application requests received from New Zealand investors must be in Australian dollars. We are unable to accept application amounts quoted in New Zealand dollars.

Additional investments

Unit holders can add to their investment by completing an Additional Investment Form (available at pimco.com.au). At the date of this IM, the minimum additional investment in the Fund is Nil.

Access to your money

Units can only be withdrawn on the last Business Day of each month.

The RE will generally allow investors to access their investment within seven Business Days following the monthly valuation of the Fund provided requisite notice is given. 30 days' notice is required to make a withdrawal from the Fund.

The Constitution allows the RE to make payment of withdrawal proceeds up to 30 days after the withdrawal has been processed.

The period may be extended by a further 30 days if the RE considers this is in the interests of Unit holders. An example of where the RE may extend this period is where there has been a large withdrawal request and the RE is not able to realise sufficient assets at a fair value during the initial 30 day period. The period can be further extended where the RE is unable to realise sufficient assets to satisfy the request within that extended time period.

The time for satisfying a withdrawal request may be further extended 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 (although after 90 days the Fund will be taken not to be liquid for so long as those circumstances apply).

Fund Liquidity

Where the Fund is not liquid (as defined in the Corporations Act) a Unit holder does not have a right to withdraw from the Fund and can only withdraw where the RE makes a withdrawal offer to Unit holders in accordance with the Corporations Act. The RE is not obliged to make such offers. The Fund will be liquid if at least 80% of its assets are liquid assets. Broadly, liquid assets are money in an account or on deposit with a financial institution, bank accepted bills, marketable securities, other prescribed property and other assets that the RE reasonably expects can be realised for their market value within the period specified in the Constitution for satisfying redemption requests while the Fund is liquid.

Withdrawal requests

Holders of Units in the Fund can withdraw their investment by completing a withdrawal form (available at pimco.com.au) and mailing, faxing or emailing a scanned copy to:

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

For joint accounts, please ensure all signatories sign the Declaration and Signatures section of the Application Form. All signatories must also sign withdrawal requests.

Withdrawal requests must be received by 2pm Sydney time 30 calendar days prior to the last Business Day of a month, or such other time as determined by the RE from time to time, to receive the withdrawal price calculated at the end of that month. If the request is received after the relevant cut-off time, it will be treated as having been received prior to the cut-off time in the following month.

The following table provides examples of how withdrawal requests will generally be processed in accordance with the Constitution of the Fund.

Withdrawal request received	Applicable withdrawal price	Typical access to funds
Request received prior to 2pm on 29 September 2023 ¹	31 October 2023	Seven Business Days after 31 October 2023 unit price is calculated
Request received after 2pm on 29 September 2023	30 November 2023	Seven Business Days after 30 November 2023 unit price is calculated

If compliance with a withdrawal request would result in a Unit holder having less than the minimum balance amount, the RE is permitted to treat the withdrawal request as relating to the balance of the Unit holder's investment. The RE will refuse to comply with any withdrawal request if the requesting party does not satisfactorily identify themselves as the investor. Withdrawals will only be made payable to the account nominated by you. By lodging a withdrawal request the Unit holder releases, discharges and agrees to indemnify the RE from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any withdrawal request.

The Unit holder also agrees that any payment made in accordance with a withdrawal request shall be a complete satisfaction of the obligations of the RE, notwithstanding any fact or circumstance including that the payment was made without the Unit holder's knowledge or authority. The Unit holder agrees that if the payment is made in accordance with a withdrawal request, the Unit holder and any person claiming through or under the Unit Holder shall have no claim against the RE in relation to the payment.

6. ENQUIRIES AND COMPLAINTS

If you have any enquiries regarding the Fund, please call PIMCO Investor Services on 1300 113 547 (Australia) or +61 2 8823 2583 or visit the website pimco.com.au.

Please contact your account manager or PIMCO Investor Services if you are not completely satisfied with any aspect of our services regarding the management of the Fund:

PIMCO Investor Services
Phone: 1300 113 547 (Australia)
Or: +61 2 8823 2583
Fax: +61 2 9151 4096
Mail: GPO Box 804
Melbourne VIC 3001
Email: investorservices@au.pimco.com
Web: pimco.com.au

Appointment of authorised signatory to operate account

You can appoint a natural person as your authorised signatory. To do so, please nominate them on the initial Application Form and have them sign the relevant sections. If you wish to apply or have applied for units via mFund, please contact PIMCO Investor Services for the appropriate form that your authorised signatories will need to sign. Such appointments will only be cancelled or changed once we receive written instructions from you to do so.

Once appointed, your authorised signatory has full access to operate your investment account for and on your behalf. This includes the following:

- making additional investments;

- requesting income distribution instructions to be changed;
- withdrawing all or part of your investment;
- changing bank account details;
- enquiring and obtaining copies of the status of your investment; and
- having online access to your investment account information.

If you do appoint an authorised signatory:

- you are bound by their acts;
- you release, discharge and indemnify us from and against any losses, liabilities, actions, proceedings, account claims and demands arising from instructions received from your authorised signatories; and
- you agree that any instructions received from your authorised signatory shall be complete satisfaction of our obligations, even if the instructions were made without your knowledge or authority.

Online Access

PIMCO MyInvestments provides you with an easy and convenient way to:

- check the total value of your investment;
- review your recent transaction history, and
- check and update your contact details.

Please visit pimco.com.au to register for PIMCO MyInvestments.

Conditions for online account access

To be able to use PIMCO MyInvestments, you must accept the conditions of use (available at pimco.com.au). PIMCO MyInvestments is provided through the unit registry's website. Alternatively, please contact PIMCO Investor Services if you require a paper copy of these conditions, which they will send you free of charge.

Constitution of the Fund

The RE's responsibilities and obligations as the responsible entity of the Fund are governed by the Constitution of the Fund as well as the Corporations Act and general trust law.

The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the RE as the responsible entity of the Fund and Unit holders, including:

- your right to share in any Fund income, and how we calculate it;
- how we must calculate Unit prices and what you are entitled to receive when you withdraw or if the Fund is wound up;
- your right to withdraw from the Fund - subject to the times when we can delay processing withdrawals, such as if the Fund becomes 'illiquid' or if circumstances beyond our control exist, or deny a withdrawal request (for example, when the Fund has terminated);
- your rights to attend and vote at meetings;
- the duration of the Fund including termination; and

- your ability to transfer Units in accordance with the Constitution of the Fund. The RE has discretion to refuse to register a transfer of Units.

There are also provisions governing our powers and duties, including:

- how we calculate Unit prices, the maximum amount of fees we can charge and expenses we can recover;
- when we can amend the Constitution of the Fund - generally we can only amend the Constitution of the Fund where we reasonably believe that the changes will not adversely affect your rights as a Unit holder. Otherwise the Constitution of the Fund can only be amended if approved by Unit holders;
- when we can retire as the responsible entity of the Fund - which is as permitted by law;
- when we can be removed as the responsible entity of the Fund - which is as required by law; and
- our broad powers to invest, borrow and generally manage the Fund - we do not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Constitution of the Fund.

The Constitution of the Fund also deals with our liabilities in relation to the Fund and when we can be reimbursed for liabilities out of the Fund's assets, for example:

- subject to the Corporations Act, we are not liable for acting in reliance and good faith on professional advice;
- subject to the Corporations Act, we are not liable for any loss suffered by Unit holders; and
- we can be reimbursed for all expenses we incur in connection with the proper performance of our duties in respect of the Fund.

A copy of the Constitution of the Fund is available, free of charge, on request from the RE.

Indemnity

The RE, as the responsible entity of the Fund, is entitled to be indemnified out of the assets of the Fund against all liabilities incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the RE.

Related Party Transactions

The RE and its associates are entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arms' length commercial terms. The RE and its associates are also permitted to hold Units in the Fund in any capacity.

7. FEES AND OTHER COSTS

Fees and other costs

This table 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 Fund's assets as a whole. Information on taxes is 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.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund ¹		
Establishment fee The fee to open your investment.	Nil	There is no establishment fee payable when you set up your investment in the Fund.
Contribution fee The fee on each amount contributed to your investment.	Nil	There is no contribution fee payable when you invest in the Fund.
Withdrawal fee: The fee for each amount you take out of your investment.	Nil	There is no withdrawal fee payable when you withdraw from the Fund.
Exit fee: The fee to close your investment.	Nil	There is no termination fee payable when you end your investment in the Fund.

¹See 'Can the fees change?' below.

Management fees¹

The fees and costs for managing your investment	0.62% ² p.a. (inclusive of GST less RITC) of the NAV of the Fund
---	---

¹Management fees quoted are inclusive of GST and net of any RITC at the prescribed rate.

²The amount of this fee can be negotiated. See "Differential fees" below.

Management fees

The management fees include responsible entity fees, investment management fees, custodian fees, administration fees and other expenses but exclude abnormal expenses. The management fees are calculated and accrued daily based on the NAV of the Fund. The accrued fees are paid in arrears from the assets of the Fund at the end of each month. The management fees reduce the NAV of the Fund and are reflected in the Unit price.

Performance fees

The RE and Investment Manager do not charge performance fees for the Fund.

Differential fee arrangements

The RE may from time to time negotiate a different fee arrangement (by way of rebates) with certain investors. The contact details of the RE are set out at the front of this IM. There is no particular manner of negotiation. Any such rebates will be paid out of the Investment Manager's own funds and are not an additional cost to the Fund.

Fees to Investment Manager

PIMCO will receive management fees (as a proportion of NAV for its investment management services described in this IM). The Fund may invest in other funds managed by PIMCO or its affiliates (each an 'Underlying Fund') where the Investment Manager believes such investment is appropriate to obtain exposure to a particular market or sector or to benefit from economies of scale. Where the Fund invests in an Underlying Fund, it will indirectly bear a portion of the fees and expenses of the Underlying Fund. Except as described below, such fees and expenses will be in addition to the fees and expenses of the Fund. The fees and expenses of the Underlying Funds may include investment management, custodial, administration and other fees and expenses, including performance fees, and may be higher than the fees and expenses of the Fund.

Where the Fund invests in Underlying Funds, the investment management fees payable to PIMCO for managing the Fund will be reduced to reflect the investment management fees the Underlying Funds pay to PIMCO or its affiliates.

The Constitution defines the maximum fees that can be charged:

- The maximum contribution and withdrawal fee chargeable by the Fund is 6% (excluding GST) which is equivalent to \$300,000 for every \$5,000,000 invested or withdrawn. Currently there are no contribution or withdrawal fees charged in relation to the Fund.
- The maximum management fee for the Fund is 2% (excluding GST) per annum of the GAV which is equivalent to \$100,000 for every \$5,000,000 invested.

The Constitution does not define a maximum transaction costs limit.

Transaction and other costs

All government taxes such as stamp duty and GST will be deducted from the Fund as appropriate. Relevant tax information is provided in the 'Taxation' section. RITCs will also be claimed by the Fund where appropriate to reduce the cost of GST to the Fund.

The Fund may incur transaction costs. These transaction costs include brokerage, settlement costs (including custody costs), clearing costs and stamp duty. Transaction costs include costs incurred by the Fund when investors invest in or withdraw from the Fund and when transacting to meet investment objectives. These costs are an additional cost to the investor but are generally reflected in the Unit price (through any Buy/Sell Spread) and not charged separately to the investor. Transaction costs which are not recovered through any Buy/Sell Spreads are deducted from the assets of the Fund from time to time and as they are incurred and are reflected in the Unit price of the Fund.

Buy/Sell Spread

The Buy/Sell Spread for the Fund reflects the estimated transaction costs associated with buying and selling the assets of the Fund when investors invest or withdraw from the Fund. As stated above, the Buy/Sell Spread is an additional cost to the Unit holders but it is included in the Unit price and incurred when an investor invests in or withdraws from the Fund and is not charged as an additional fee. The Buy/Sell Spread is paid into the Fund and not paid to the RE or the Investment Manager. At the date of this IM, the Buy Spread for the Fund is nil and the Sell Spread for the Fund is 0.10%. The Buy/Sell Spread can be altered 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.

Expenses

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 change to the management fees stated above.

We may additionally recover abnormal expenses (such as litigation costs, the costs of convening a Unit holders' meeting, legal advice/proceedings and other irregular expenses as reasonably determined by the RE. The Constitution does not place any limit on the amount of the abnormal expenses that can be paid from the Fund.

Can the fees change?

All fees can change without investor consent, subject to the maximum fee amounts specified in the Constitution of the Fund.

8. TAXATION

There are Australian tax implications when investing, withdrawing and receiving income from the Fund. The Responsible Entity cannot give tax advice and the Responsible Entity recommends that you consult your professional tax adviser as the tax implications for the relevant 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.

Taxation of the Fund

General

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

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

Taxation of trusts that are AMITs

The AMIT provisions in the 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').

Managed Investment Trusts

Eligible MITs may make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding fixed interest securities, derivatives and foreign exchange contracts).

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 Responsible Entity 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 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 may be withheld by the RE) or withholding tax (which may 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 units, including whether any gains are subject to tax in Australia.

Australian 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 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 IM are quoted on a GST inclusive basis and net of any applicable RITCs referable to the Fund.

Tax File Number ('TFN') and Australian Business Number ('ABN')

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.

New Zealand tax resident investors - New Zealand Taxation

The following summary of New Zealand taxation matters is a general guide that outlines the New Zealand taxation implications applicable to New Zealand tax resident investors. The summary is based on the New Zealand tax laws as at the date of this IM. The New Zealand tax laws are subject to continual change, and as the tax treatment applicable to particular investors may differ, it is recommended that all New Zealand investors seek their own professional advice on the taxation implications before investing in the Fund.

The New Zealand taxation treatment of an investment in Australian securities is not the same as for an investment in New Zealand securities. New Zealand investors need to consider both Australian and New Zealand tax implications.

The following summary assumes that no New Zealand tax resident investor will have an interest of 10% or more in the Fund. If that assumption is incorrect, other tax rules will need to be considered.

Classification of the Fund - New Zealand investors

The Fund is a “unit trust” for New Zealand tax purposes. New Zealand resident investors are treated as holding shares in an Australian resident company.

New Zealand Foreign Investment Fund Rules

An investment in the Fund is subject to the New Zealand Foreign Investment Fund (“FIF”) rules. The main method for calculating taxable income under the FIF rules is the Fair Dividend Rate (“FDR”) annual method. Under the FDR annual method, a New Zealand investor is deemed to derive taxable income each year calculated as 5% of the New Zealand dollar market value of the investor’s total offshore portfolio (including the investment in the Fund) at the beginning of the income year (adjusted for any quick sales).

A modified version of the FDR method, the FDR periodic method applies to certain investors, in particular a “unit valuer”. Broadly, a unit valuer is a unit trust or other entity that invests on behalf of others and values its own investors’ interests periodically throughout the income year. Under the FDR periodic method, an investor is deemed to derive taxable income calculated as 5% of the New Zealand dollar market value of the investor’s total offshore portfolio (including the investment in the Fund) at the start of the unit valuation period, multiplied by a fraction, being the number of days in the period divided by 365 (adjusted for any quick sales). The investor’s income for the year is the total of the amounts calculated for each valuation period in the year.

Income distributions, whether reinvested or received, are not separately taxable to New Zealand investors where the FDR method is applied. No tax deduction is available to a New Zealand investor under the FDR method if the Units decline in value over an income year.

New Zealand individuals and certain family trust investors can elect to be taxed on their actual gain (i.e., aggregate gains and losses in market value over the year, distributions and net sale or redemption proceeds) under the comparative value (“CV”) method, if the actual return is less than the deemed 5% return under the FDR method for the particular year. However, net losses do not arise under this method. With some limited exceptions, if an investor elects to use the CV method it must be applied to all offshore portfolio equity investments held by the investor for that income year (i.e., the investor must choose between the CV method or the FDR method for the investor’s whole portfolio) and from year to year (i.e. switching between methods is limited).

Notwithstanding the above, the CV method (or, if that is not practical, the deemed rate of return method) must be used for certain non-ordinary shares. This includes, where the investments of the Fund (held directly or indirectly) comprise as to 80% or more debt-type-securities and/or fixed-rate foreign equities and the, New Zealand resident investor hedges their investments in the Fund back to New Zealand dollars. Unlike investors choosing to use the CV method (as described above), where investors are obligated to use the CV method for certain non-ordinary shares, net losses can arise.

Any Australian withholding tax deducted from distributions from the Fund may be credited against the New Zealand investor’s income tax liability in respect of the investment in the Fund calculated under the FDR, CV or deemed rate of return methods, subject to the general limitation that the credit allowed is the lesser of the New Zealand tax payable on the FIF income or the Australian withholding tax paid.

Disposal of Units by New Zealand Investors

Where the FDR method is used by a New Zealand investor and the investor buys and sells an investment in the Fund within the same income year or unit valuation period these buys and sells are referred to as “quick sales” and FDR income for the year is increased by the lesser of the amount calculated under:

- the peak holding method amount formula; and
- the quick sale gain amount formula.

Gains made on the redemption or the disposal of Units in the Fund that are not quick sales (see above) are not separately taxable to New Zealand investors where the FDR method is applied.

Where the CV method is applied for the period in which the disposal occurs, proceeds derived from the sale of the Units will be taken into account in the CV method calculation.

New Zealand GST

No New Zealand GST is payable on any distributions nor in respect of the subscription, acquisition, disposal or withdrawal of Units in the Fund.

New Zealand IRD number

It is not necessary for an investor to quote a New Zealand IRD number when investing in the Fund, although this may be requested for FATCA and CRS purposes (see below).

9. OTHER IMPORTANT INFORMATION

Consents

PIMCO Australia Pty Limited has given, and at the date of this IM, has not withdrawn, its written consent:

- to be named in the IM as the investment manager of the Fund; and
- to the inclusion of the statements made about it in the form and context in which they appear.

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

SSAL has given and, at the date of this IM, has not withdrawn, its written consent to be named in this IM as the custodian 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.

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

Cooling off Period

No cooling off period applies to Units offered under this IM as you must be a Wholesale Client or Wholesale Investor to invest in the Fund.

Unit holder's liability

The Constitution for the Fund provides that unless there is a separate agreement with a Unit holder, no Unit holder can be called on to contribute to the assets of the Fund or to its creditors if the Fund is liquidated or becomes insolvent. Therefore it is expected that Unit holders will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested and so it is not possible to give an absolute assurance that a Unit holder's liability will be limited in all circumstances.

In general, the liability of a Unit holder is limited to the amount (if any) which remains unpaid in relation to their subscription for Units in the Fund and certain amounts in respect of tax. The RE is permitted to deduct certain amounts owed to the RE from amounts payable to Unit holders to the extent permitted under the Constitution.

Your 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;
- your mFund broker and your authorised financial adviser or adviser dealer group, their service providers and/or any joint holder of an investment;
- 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 affects 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

Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF") Anti-money laundering

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.

US Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ('**FATCA**') is a US tax law which was enacted in 2010 for the purpose of improving tax information reporting regarding US 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 US 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 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 US 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 RE is required to collect certain information about foreign tax residents to provide it to the 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 the 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.

10. GLOSSARY OF IMPORTANT TERMS

Active Management

A style of investment management which seeks to attain returns above a set Benchmark (such as an index) by Asset Allocation and selection of securities within each asset class.

Application Form

The Application Form used by investors who wish to subscribe for Units directly in the Fund and accompanying this IM.

Asset Allocation

The weighting of assets in an investment portfolio among different asset classes (such as shares, bonds, property and cash).

Asset-backed security

A security collateralized by assets that are not mortgage loans. Common types of asset-backed securities are those backed by credit card receivables, automobile loans, and student loans.

ATO

Australian Taxation Office.

Benchmark

A market measurement, such as an index, which is used by fund managers and investors as a guide to assess the risk and performance of a given investment or portfolio.

Business Day

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

Buy/Sell Spread

The buy/sell spread reflects the estimated transaction costs associated with buying and selling the assets of the Fund, when investors invest in or withdraw from the Fund.

Capital Markets

The part of a financial system concerned with raising capital by dealing in shares, bonds, and other long-term securities.

Capital Structure

The way in which a corporation funds itself shown as a percentage of capital that is at work in a business. Broadly speaking, capital is shown by equity capital, debt capital, and / or hybrid securities.

CDO Equity

The 'equity' tranche of a Collateralised Debt Obligation ('CDO'), so called as it is the most junior and therefore potentially the highest returning and highest risk tranche of a given CDO. Also referred to as the equity tranche as it has a similar risk/return profile to an equity investment.

Collateralised Debt Obligation (CDO)

A diversified, multi-class security, which is backed by pools of bonds, bank loans and/or other assets.

Constitution

The Constitution of the Fund which describes the rights, responsibilities and beneficial interest of both investors and the RE in relation to the Fund.

Corporations Act

The Corporations Act 2001 (Cth) as amended from time to time.

Credit Analysis

Analysis of the standing or creditworthiness of a company, government or financial institution relative to other comparable organisations.

Credit Default Swaps

A credit default swap agreement is where the "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value", of the reference obligation in exchange for the reference obligation.

Credit Exposure and Credit Risk

Credit Risk is the risk that an issuer may default on its obligations. Relative degrees of Credit Risk are categorised by the ratings of the rating agencies. Credit exposure is the measurement of the Credit Risk in a portfolio.

Credit Rating

The financial standing of a company, government or financial institution relative to other comparable organisations. The credit rating determines what the institution will be charged to borrow funds, in relation both to the amount it is able to borrow and the interest it will be charged. The primary rating agencies are

Moody's, S&P and Fitch. These rating agencies use a rating scale to determine relative degrees of Credit Risk that a government, company or financial institution may have. The rating scale is divided into Investment Grade and sub Investment Grade. Investment Grade securities are rated AAA to BBB-, sub Investment Grade securities are BB+ to D (D = default).

Derivatives

Generally, a derivative is a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Examples include options contracts, futures contracts, options on futures contracts, swap agreements (including, but not limited to, long and short Credit Default Swaps and forward swap spread locks) and options on swap agreements.

Distribution

The amount that is paid to Unit holders after the end of a distribution period. This generally includes any income and capital gains.

Duration

The measure of the sensitivity of fixed interest investments to changing interest rates, measured in terms of years (the larger the number of years in duration, the higher the price sensitivity to changes in interest rates). Duration takes into account the maturity date, the dates when interest is paid, and the amount of that interest.

Emerging Markets

The Investment Manager has broad discretion to identify and invest in countries that it considers to qualify as emerging securities markets. The Investment Manager generally considers an emerging securities market to be one located in any country that is defined as a developing economy by the World Bank or its related organisations or the United Nations or its authorities.

Extended Minimum Subscription Price Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Fitch

Fitch Ratings.

FMCA NZ

The Financial Markets Conduct Act 2013 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, that Act).

Government Securities

Securities issued or guaranteed by governments, their agencies, authorities or subdivisions.

Gross Asset Value (GAV)

The value of assets of the Fund.

Hedging

The practice of undertaking one investment activity in order to protect against loss in another. While hedges can reduce potential losses, they can also reduce potential profits.

High yield / High yield corporate bonds

High yield corporate bonds are bonds that have a credit rating below investment grade.

Investment Grade

A Credit Rating of 'investment grade' indicates that the securities are rated BBB- or higher.

Inflation-linked bonds (securities) vs nominal bonds (securities)

Bonds which are issued with an interest rate or maturity value which is indexed to inflation rather than being fixed when the bond is issued.

Investment Activity Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Investment Business Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Large Person Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Liquidity

The ability of an investment to be easily and quickly converted into cash with little loss of capital.

Maturity

The date on which a loan, bond or other security is due to be repaid.

Minimum Subscription Price Certification

The Minimum Subscription Price Certification in Section 11 of the Application Form accompanying this IM, which must be completed by Wholesale Investors that rely on the Minimum Subscription Price Exception or the Extended Minimum Subscription Price Exception.

Minimum Subscription Price Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Moody's

Moody's Investors Service, Inc.

Mortgage-Backed Assets

A security whose cash-flow depends on the cash-flows of an underlying pool of mortgages. Commercial mortgage-backed securities are backed by a pool of commercial mortgage loans while residential mortgaged-backed securities are backed by a pool of residential mortgage loans.

Net Asset Value (NAV)

The value of assets of the Fund less the value of the liabilities of the Fund (excluding net assets attributable to Unit holders).

NZ Government Agency Exception

Has the meaning given to that term in the definition of 'Wholesale Investors'.

Relative Value

Relative value analysis is an assessment of the intrinsic value of a security relative to another security.

RITC

Reduced Input Tax Credit. The RE will claim RITCs on behalf of the Fund, where applicable, to reduce the GST incurred by the Fund.

S&P

Standard & Poor's Ratings Service.

Sector Allocation and Rotation

There are several sectors to global bond markets, including Government bonds, corporate bonds, high yield debt, mortgages, inflation-linked bonds and Emerging Market Debt. Sector rotation refers to the Investment Manager actively allocating the risk budget between the different sectors of the fixed income market.

Tax Act

Income Tax Assessment Act 1997.

Underlying Fund

Other funds managed by PIMCO or its affiliates that the Fund may invest into.

Units

'Institutional Class' units in the Fund.

US Person

A person so classified under securities or tax law in the United States of America ('US') including, in broad terms, the following persons:

1. any citizen of, or natural person resident in, the US, its territories or possessions; or
2. any corporation or partnership organised or incorporated under any laws of or in the US or of any other jurisdiction if formed by a US Person (other than by accredited investors who are not natural persons, estates or trusts) principally for the purpose of investing in securities not registered under the US Securities Act of 1933; or

3. any agency or branch of a foreign entity located in the US; or
4. a pension plan primarily for US employees of a US Person; or
5. a US collective investment vehicle unless not offered to US Persons; or
6. any estate of which an executor or administrator is a US Person (unless an executor or administrator of the estate who is not a US Person has sole or substantial investment discretion over the assets of the estate and such estate is governed by non-US law) and all the estate income is non-US income not liable to US income tax; or
7. any trust of which any trustee is a US Person (unless a trustee who is a professional fiduciary is a US Person and a trustee who is not a US Person has sole or substantial investment discretion over the assets of the trust and no beneficiary (or settlor, if the trust is revocable) of the trust is a US Person); or
8. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
9. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person.

that rely on the Investment Business Exception, the Investment Activity Exception, the Large Person Exception or the NZ Government Agency Exception.

Wholesale Client

Person or entity which is not a retail client as defined in section 761G of the Corporations Act.

Wholesale Investors

New Zealand investors who fall within at least one of the following categories:

- a. a person who is an investment business within the meaning of clause 37 of Schedule 1 of the FMCA NZ ('Investment Business Exception');
- b. a person who meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMCA NZ ('Investment Activity Exception');
- c. a person who is large within the meaning of clause 39 of Schedule 1 of the FMCA NZ ('Large Person Exception');
- d. a person who is a government agency within the meaning of clause 40 of Schedule 1 of the FMCA NZ ('NZ Government Agency Exception');
- e. a person who is required to pay a minimum subscription price of at least NZ\$750,000 in respect of their investment in the Units in accordance with clause 3(3)(b)(i) of Schedule 1 of the FMCA NZ ('Minimum Subscription Price Exception'); or
- f. a person for whom the amount payable on acceptance of this offer, plus the amounts previously paid by the person for financial products of the RE of the same class as the Units, adds up to at least NZ\$750,000 in accordance with clause 3(3)(b)(ii) of Schedule 1 of the FMCA NZ ('Extended Minimum Subscription Price Exception').

Wholesale Investor Certification

The Wholesale Investor Certification form accompanying this IM, which must be completed by Wholesale Investors