



GIS Global Real Return Fund



Quarterly Investment Report | 1Q21

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Refer to Appendix for additional information

IMPORTANT NOTICE

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

Executive summary

Portfolio Performance

Over the quarter the GIS Global Real Return Fund posted negative returns but outperformed its benchmark. Outperformance was primarily driven by breakeven strategies.

CONTRIBUTORS

- Overweight US breakevens
- Overweight European breakevens

DETRACTORS

- Overweight US duration
- Underweight U.K. breakevens

Performance periods ended 31 Mar '21	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	-2.53	-0.38	9.17	5.77	5.85	5.29	5.63
Fund after fees	-2.65	-0.62	8.64	5.25	5.34	4.78	5.10
Benchmark*	-2.61	-0.88	6.40	5.05	4.88	4.54	4.89

Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.

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

Portfolio strategy

Interest rates: We express a modest overweight duration position overall and continue to favor owning U.S. rates

Reflation: We maintain an overweight to breakeven inflation in the U.S., where reflationary pressure is stronger than other developed economics and breakeven levels still below fair value. We remain underweight to U.K. breakeven inflation on a relative basis to U.S. expectations given their structural richness.

*Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged Index

Relative value: Selective in curve positioning across rates and breakeven inflation. Within U.S. TIPS, we favor the 7-10yr and 20-25yr portion of the curve given compelling relative values

Spread sectors: Maintain exposure to select high-conviction spread sectors, including Danish mortgages and non-Agency MBS. We remain close to benchmark in terms of currency exposure

Class:	INST
Inception date:	30 Sep '03
Fund assets (in millions):	\$2,859.13
Unified management fee	0.490%

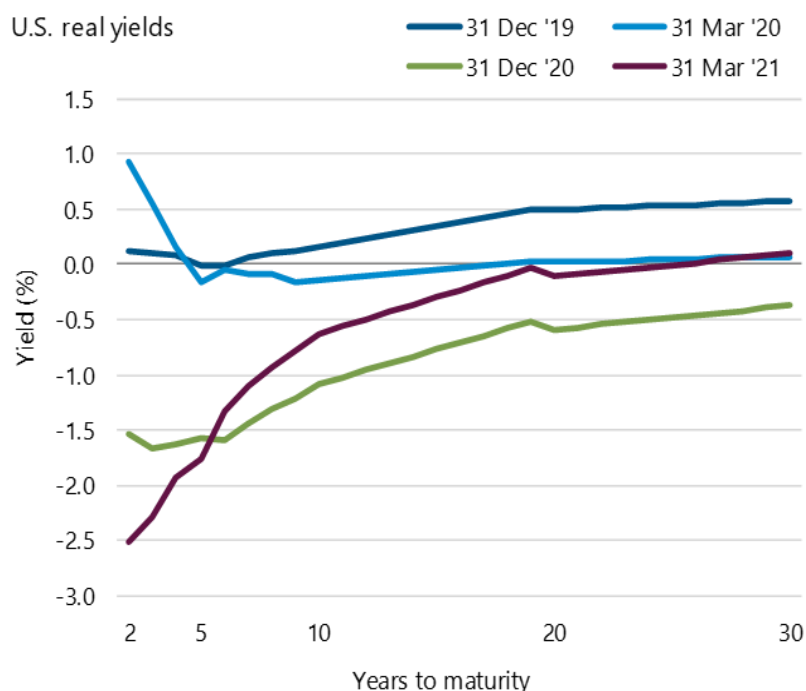
Summary information	31 Mar '21
Effective duration (yrs)	12.47
Inflation-linked bond duration (yrs)	12.44
Non Inflation-linked bond duration (yrs)	0.03
Benchmark duration - provider (yrs)	12.17
Benchmark duration - PIMCO (yrs)	12.09
Effective maturity (yrs)	13.42
Average coupon	1.05%
Yield Beta	1.00
Tracking error (10 yrs)	1.07
Information ratio (10 yrs)	0.22

Sector allocation	Dur. (yrs)	MV(%)
Euro Government-related	0.96	2.39
U.K. Government-related	6.21	27.34
U.S. Government-related	3.81	47.32
Other Government-related	0.63	7.58
Securitized	0.16	6.78
Invest. Grade Credit	0.60	7.25
High Yield Credit	0.00	0.12
Emerging Markets	0.02	0.28
Municipal/Other	0.00	0.00
Net other short duration instruments	0.07	0.96
Total	12.47	100

Quarter in Review

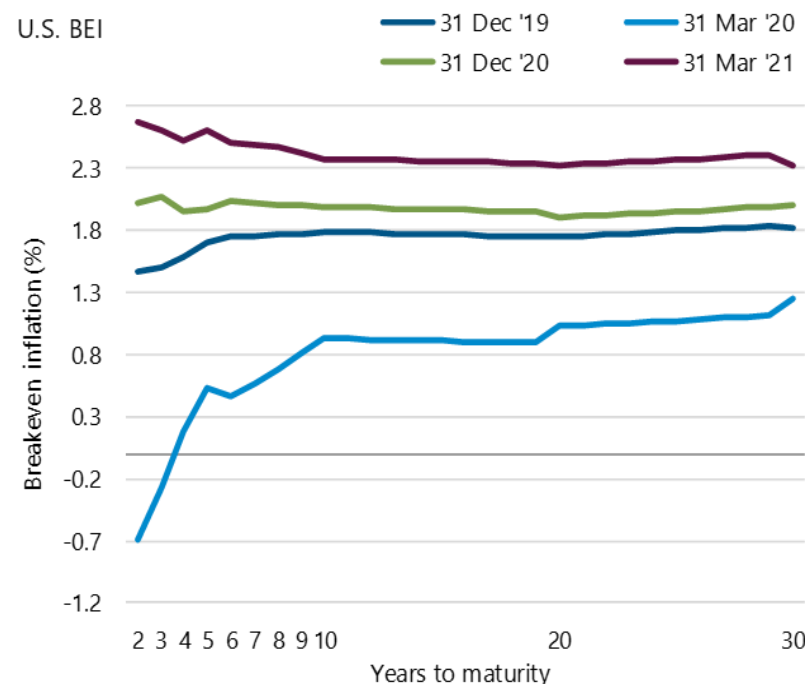
Real yields trended higher while breakevens reached multi-year highs

Global inflation-linked bonds returned 1.78% -2.65%. U.S. real yields steepened but outperformed nominal comparators with the 10y breakeven ending at 2.37%. Inflation expectations were supported by positive vaccine headlines, stronger energy prices and fiscal policy announcements. U.K. inflation-linked bonds also outperformed nominal bonds however overall performance was negative. Like the US, U.K. real rates moved higher due to improving macro conditions. European real yields also outperformed nominal comparators. Real yields, particularly the periphery, continued to be supported by the PEPP and European recovery fund.



U.S. real yields shifted higher alongside nominal rates as the market pulled forward expectations for Fed rate hikes given the efficient vaccine rollout and further fiscal stimulus.

While real yields ended higher alongside nominal rates, TIPS continued to handily outperform comparable nominal Treasuries over the quarter.



Breakeven inflation rates continued to firm in Q1 and reached multi-year highs, supported by the continued reflationary momentum in the markets.

Progress in the vaccine rollout, higher energy prices, a new stimulus package, and economic data that pointed to signs of recovery all lent aid to the reflationary theme.

SOURCE: Bloomberg

Market Summary

Q1 '21: Global ILBs posted negative returns as real yield rose in the U.K. and US amid vaccine rollout and further stimulus

Over the quarter the GIS Global Real Return Fund posted negative returns but outperformed its benchmark. Outperformance was primarily driven by breakeven strategies.

U.S. real interest rates

U.S. rates experienced a notable sell-off over the period. With the vaccine rollout and release of strong economic data, markets priced in sooner than previously expected Fed rate hikes. Real yields followed nominal rates higher though considerably outperformed given continued reflation momentum in markets.

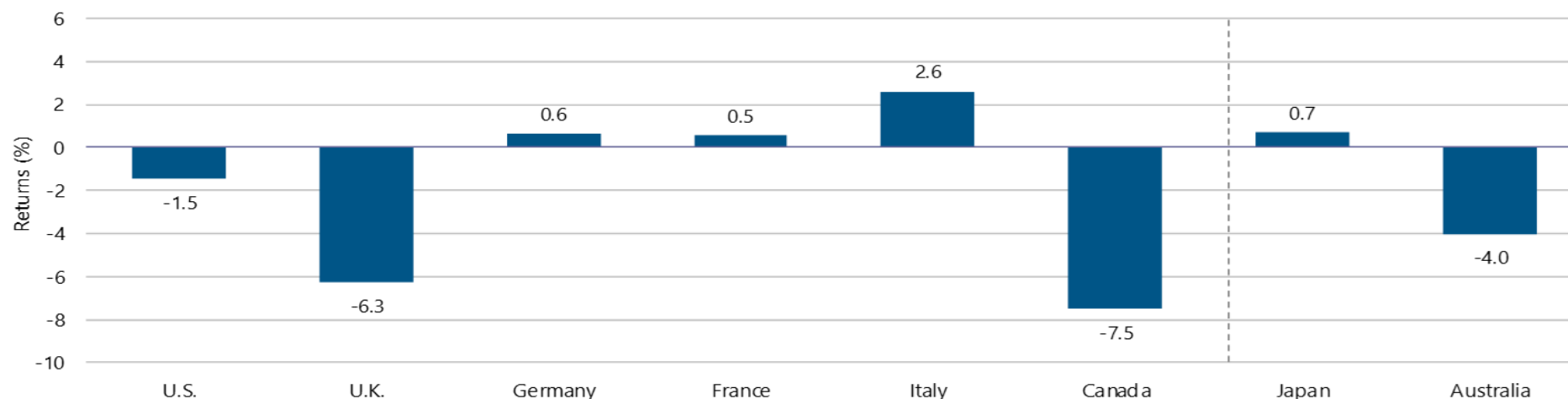
U.S. breakeven inflation expectations

U.S. breakeven inflation continued meaningfully higher over Q1. 10-year breakeven inflation reached its highest level since April 2013. With the vaccine rollout underway and reopening of the economy, several employment and manufacturing prints pointed to the strength of the recovery. Higher energy prices and a second large stimulus package lent the reflationary theme further support. Continued Fed purchases were also constructive for breakeven pricing.

Global inflation-linked bonds (ILBs)

ILB markets saw negative performance amid the global rate sell-off, while still handily outperformed nominal counterparts. Global breakeven inflation rates climbed higher over Q1. U.K. linkers delivered negative returns while breakeven followed the global move higher. European linker markets posted positive returns aided by risk-on momentum as well as ECB and fiscal support.

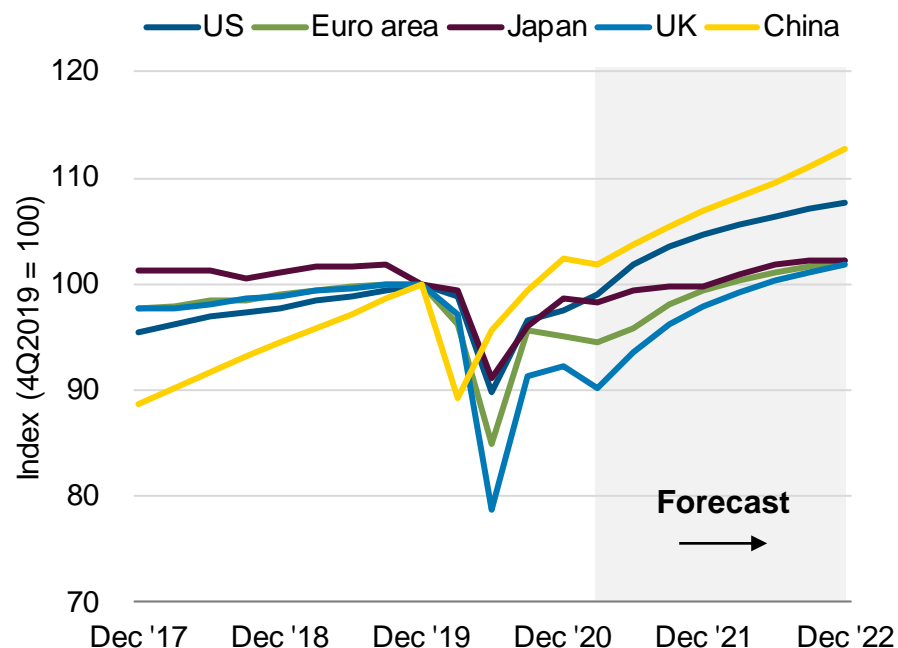
Returns of key global ILB markets (USD hedged)



SOURCE: Bloomberg Barclays Inflation-Linked Bond Country Indices.

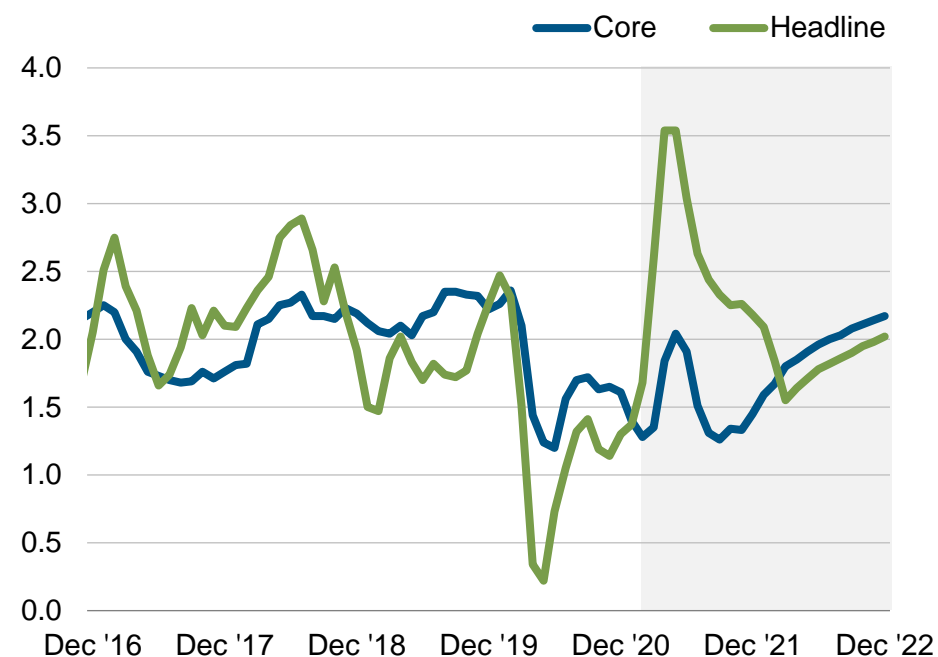
Cyclical Outlook: Dealing with an Inflation Head Fake

Real GDP growth (4Q 2019 = 100)



Strong global recovery forecast in 2021 amid significant fiscal support, accommodative monetary policy, diminishing lockdowns, and accelerating vaccinations

A bumpy near-term path for U.S. CPI inflation



Inflation likely to rise temporarily, but expected to remain below target over the next one to two years

Portfolio Outlook

Strategic outlook

We forecast a stronger global recovery in 2021 than we previously anticipated amid significant fiscal support, accommodative monetary policy, diminishing lockdowns, and accelerating vaccinations. We now expect world GDP growth in excess of 6% in 2021, up from 5% previously. Meanwhile, we believe that inflation will remain below central bank targets over the next one to two years, notwithstanding a temporary spike over the next several months (which could cause a "head fake" in markets). However, it seems likely that financial markets will remain focused on upside inflation risks in the near term, thus contributing to elevated volatility.

Key strategies

Interest rates

We express a modest overweight duration position overall and continue to favor owning U.S. rates relative to other developed markets. We continue to be selective within curves and securities depending on prevailing valuations and market events.

Relative value

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

Reflation

We remain overweight U.S. breakeven inflation. Reflationary pressure remains strong while current levels are still below long-term fair value. Against U.S. overweight, we remain underweight U.K. expectations given their structural richness. We maintain modest overweight positions in select global ILBs, including Italy given valuations near deflation floor.

Spread sectors

We remain cautious overall within generic corporate credit. We prefer U.S. non-Agency MBS given attractive valuations and yield pickup.

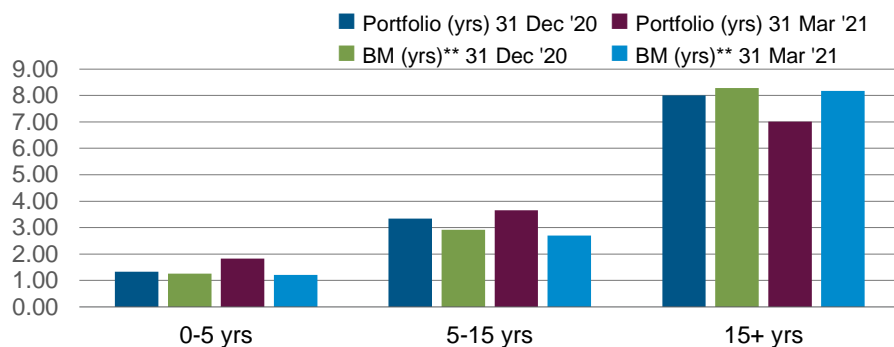
Sector Exposure

	% of Market value		Duration in years	
	31 Dec '20	31 Mar '21	31 Dec '20	31 Mar '21
Inflation-Linked Bond Exposure	77.74	78.98	12.81	12.44
United States	47.50	44.35	4.21	4.00
United Kingdom	27.44	27.28	6.34	5.95
Europe	23.29	24.80	1.58	1.77
Canada	1.42	1.45	0.27	0.26
Other	7.75	7.71	0.41	0.45
Other short duration instruments	-29.66	-26.61	-0.01	0.00
Non Inflation-Linked Bond Exposure	22.26	21.02	-0.14	0.03
United States	0.77	7.55	-0.27	-0.11
United Kingdom	-0.15	0.06	0.20	0.26
Europe	-13.98	-18.51	-0.42	-0.71
Canada	0.00	0.00	0.00	0.00
Other	3.99	4.34	0.26	0.52
EM short duration instruments	0.01	0.01	0.00	0.00
Net other short duration instruments*	31.62	27.57	0.09	0.07
Total	100	100	12.67	12.47

*Net Other Short Duration Instruments includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money and derivatives offset. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category.

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		BM (yrs)**	
	31 Dec '20	31 Dec '20	31 Mar '21	31 Mar '21
0-5 yrs	1.33	1.26	1.82	1.21
5-15 yrs	3.34	2.92	3.65	2.70
15+ yrs	8.00	8.28	7.01	8.18
Total	12.67	12.46	12.47	12.09

Interest rate exposure

	Portfolio (yrs)	BM (yrs)**	Portfolio (yrs)	BM (yrs)**
	31 Dec '20	31 Dec '20	31 Mar '21	31 Mar '21
Effective duration	12.67	12.46	12.47	12.09
Bull market duration	12.30	12.52	12.00	12.16
Bear market duration	13.21	12.39	12.86	12.02
Spread duration				
Mortgage spread duration	0.72	0.00	0.46	0.00
Corporate spread duration	0.05	0.00	0.05	0.00
Emerging markets spread duration	0.03	0.00	0.02	0.00
Swap spread duration	0.02	0.00	0.07	0.00
Covered bond spread duration	0.31	0.00	0.61	0.00
Sovereign related spread duration	0.00	0.00	0.00	0.00

Derivative exposure (% of duration)

	31 Dec '20	31 Mar '21
Government futures	-12.26	-11.50
Interest rate swaps	-0.14	-0.18
Credit default swaps*	0.20	0.54
Purchased swaps	-0.42	0.00
Written swaps	0.62	0.54
Options	0.21	0.92
Purchased Options	-1.35	-1.97
Written Options	1.56	2.89
Mortgage Derivatives	0.00	0.00
Money Market Derivatives	0.02	0.24
Futures	0.00	0.00
Interest rate swaps	0.02	0.24
Other Derivatives	0.00	0.00

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO

Benchmark: Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged Index

Country and currency exposure

Country exposure by currency of settlement

	31 Dec '20		31 Mar '21	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	4.05	99.52	4.03	99.76
Japan	0.15	0.00	0.14	0.02
Eurozone	1.14	0.13	1.04	0.03
Euro Currency	0.00	0.13	0.00	0.03
European Union	0.01	0.00	0.03	0.00
France	0.98	0.00	0.83	0.00
Germany	-0.51	0.00	-0.61	0.00
Italy	0.42	0.00	0.58	0.00
Spain	0.24	0.00	0.20	0.00
United Kingdom	6.54	0.13	6.19	0.09
Europe non-EMU	0.32	0.05	0.60	0.00
Denmark	0.29	0.06	0.58	0.01
Sweden	0.03	-0.01	0.02	-0.01
Dollar Block	0.44	0.09	0.45	0.03
Australia	0.11	0.04	0.10	0.01
Canada	0.28	0.04	0.26	0.00
New Zealand	0.05	0.00	0.09	0.02
Other Industrialized Countries	0.00	0.00	0.00	0.03
Chile	0.00	0.00	0.00	0.02
Israel	0.00	0.01	0.00	0.00
EM - Asia	0.00	0.02	0.00	0.02
China	0.00	0.01	0.00	0.01
Indonesia	0.00	0.01	0.00	0.01
EM - Latin America	0.03	0.06	0.02	0.03
Argentina	0.00	0.01	0.00	0.01
Brazil	0.00	0.00	0.00	0.01
Mexico	0.00	0.01	0.00	0.01
Peru	0.03	0.03	0.02	0.00
EM - CEEMEA	0.00	0.00	0.00	0.00
Total	12.67	100	12.47	100

Emerging markets exposure by country of risk

	31 Dec '20			31 Mar '21		
	% of MV short duration Instruments	% of MV bonds	Duration (yrs)	% of MV short duration Instruments	% of MV bonds	Duration (yrs)
Argentina	0.00	0.01	0.00	0.00	0.01	0.00
Brazil	0.01	0.01	0.00	0.01	0.01	0.00
Peru	0.00	0.34	0.03	0.01	0.25	0.02
Total	0.01	0.35	0.03	0.01	0.26	0.02

Additional share class performance

Global Real Return Fund (net of fees performance)

Performance periods ended: 31 Mar '21	Unified Management Fee	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Global Real Return Fund Administrative Accumulation	0.990	USD	17 Dec '04	-2.74	-0.86	8.15	4.74	4.82	4.26	4.35
Global Real Return Fund E Class Income	1.390	USD	28 Oct '05	-2.87	-1.06	7.66	4.32	4.40	3.85	3.94
Global Real Return Fund E Class Accumulation	1.390	USD	31 Mar '06	-2.85	-1.05	7.70	4.32	4.41	3.85	4.09
Global Real Return Fund H Institutional Accumulation	0.660	USD	21 May '04	-2.68	-0.73	8.45	5.08	5.18	4.60	4.94
Global Real Return Fund Institutional Income	0.490	USD	30 Dec '05	-2.67	-0.63	8.67	5.25	5.33	4.78	4.83
Global Real Return Fund Institutional Accumulation	0.490	USD	30 Sep '03	-2.65	-0.62	8.64	5.25	5.34	4.78	5.10
Global Real Return Fund Investor Accumulation	0.840	USD	04 Mar '04	-2.73	-0.80	8.24	4.88	4.97	4.41	4.57
Global Real Return Fund Investor Income	0.840	USD	24 Feb '09	-2.71	-0.78	8.26	4.88	4.98	4.42	5.51
Global Real Return Fund R Class Accumulation	0.760	USD	30 Nov '12	-2.66	-0.75	8.39	4.96	5.05	-	3.37
Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged Index	-	-	-	-2.61	-0.88	6.40	5.05	4.88	4.54	4.89
Global Real Return Fund Institutional USD (Currency Exposure) Accumulation	0.490	USD	01 Sep '17	-3.41	1.31	13.81	3.77	-	-	4.29
Bloomberg Barclays World Government Inflation-Linked Bond USD Unhedged Index	-	-	-	-3.35	1.03	11.45	3.62	3.99	3.24	4.08
Global Real Return Fund Institutional CHF (Hedged) Accumulation	0.490	CHF	16 May '08	-2.90	-1.24	7.25	2.39	2.61	3.01	3.24
Global Real Return Fund Institutional CHF (Hedged) Income	0.490	CHF	30 Oct '15	-2.93	-1.18	7.28	2.39	2.60	-	2.70
Global Real Return Fund Investor CHF (Hedged) Income	0.840	CHF	24 Feb '09	-2.96	-1.36	6.92	2.03	2.25	2.65	3.92
Bloomberg Barclays World Government Inflation-Linked Bond CHF Hedged Index	-	-	-	-2.90	-1.51	4.99	2.33	2.26	2.85	2.95
Global Real Return Fund E Class EUR (Hedged) Accumulation	1.390	EUR	31 Mar '06	-3.02	-1.48	6.70	1.88	2.17	2.63	3.15
Global Real Return Fund Institutional EUR (Hedged) Accumulation	0.490	EUR	30 Sep '03	-2.83	-1.06	7.62	2.80	3.09	3.56	4.22
Global Real Return Fund Institutional EUR (Hedged) Income	0.490	EUR	30 Dec '05	-2.84	-1.05	7.65	2.80	3.10	3.56	3.86
Global Real Return Fund Investor EUR (Hedged) Accumulation	0.840	EUR	07 Apr '04	-2.90	-1.17	7.28	2.47	2.74	3.21	3.76
Bloomberg Barclays World Government Inflation-Linked Bond Euro Hedged Index	-	-	-	-2.81	-1.36	5.32	2.79	2.75	3.45	3.97
Global Real Return Fund E Class GBP (Hedged) Income	1.390	GBP	15 Jun '09	-2.83	-1.14	7.42	2.89	3.21	3.36	4.19
Global Real Return Fund Institutional GBP (Hedged) Income	0.490	GBP	27 Apr '05	-2.61	-0.68	8.33	3.80	4.12	4.29	4.76
Global Real Return Fund Institutional GBP (Hedged) Accumulation	0.490	GBP	05 Feb '04	-2.58	-0.68	8.36	3.83	4.13	4.30	5.19
Global Real Return Fund R Class GBP (Hedged) Accumulation	0.760	GBP	30 Nov '12	-2.72	-0.79	8.03	3.54	3.84	-	2.72
Bloomberg Barclays World Government Inflation-Linked Bond GBP Hedged Index	-	-	-	-2.61	-1.01	6.00	3.86	3.88	4.20	5.02
Global Real Return Fund Institutional SGD (Hedged) Accumulation	0.490	SGD	29 Feb '08	-2.67	-0.62	8.49	4.65	4.91	4.63	4.37
Bloomberg Barclays World Government Inflation-Linked Bond SGD Hedged Index	-	-	-	-2.60	-0.90	6.22	4.63	4.53	4.49	4.26

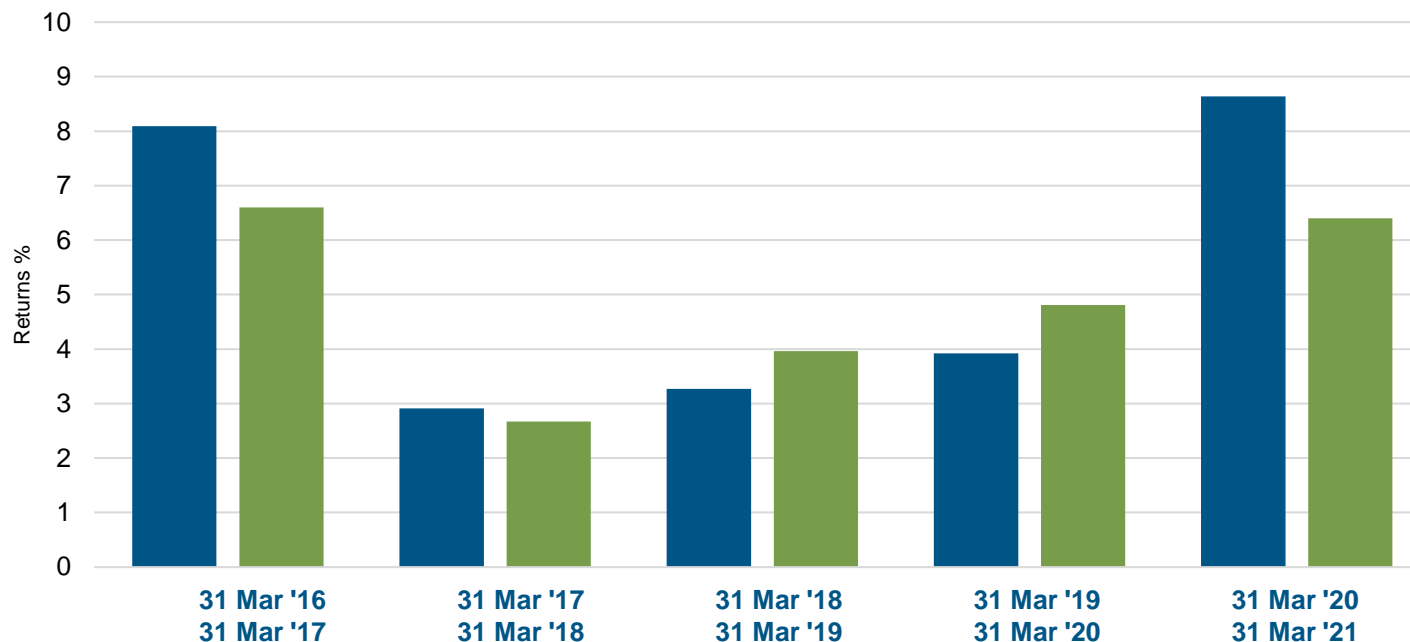
Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.

Additional share class performance

12-month rolling performance (Institutional class, Accumulation Shares)

Performance

■ Portfolio (after fees) ■ Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged Index



After fees (%)	31 Mar '16 31 Mar '17	31 Mar '17 31 Mar '18	31 Mar '18 31 Mar '19	31 Mar '19 31 Mar '20	31 Mar '20 31 Mar '21
	8.09	2.91	3.27	3.92	8.64
Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged Index (%)	6.60	2.67	3.96	4.81	6.40

As of 31 March 2021. SOURCE: PIMCO.

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

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

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

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

Appendix

Past performance is not a guarantee or a reliable indicator of future results. The “gross of fees” performance figures are presented before management fees and custodial fees, but do reflect commissions, other expenses and reinvestment of earnings. The “net of fees” performance figures reflect the deduction of ongoing charges. All periods longer than one year are annualized.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

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

Index Description —Bloomberg Barclays World Government Inflation-Linked Bond USD Hedged index that measures the performance of the major government inflation-linked bond markets. The Index includes inflation-linked debt issued by the following countries: Australia, Canada, France, Sweden, UK, & the United States. It is not possible to invest directly in an unmanaged index.

The following defined terms are used throughout the report. **Emerging market short duration instruments** includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. **Net other short duration instruments** includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money and derivatives offset. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category. **Short duration derivatives and derivatives offsets** include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. **Municipals/Other** may include convertibles, preferred and yankee bonds.

The average distribution yield is the average of the last four quarterly distribution yields. The quarterly distribution yield is calculated by annualizing the quarter's distribution and dividing by the NAV on the last business day of the period. It does not include long- or short-term capital gains distributions. Average coupon is the average of the coupon payments of the underlying bonds within the portfolio. Average coupon is the average of the coupon payments of the underlying bonds within the portfolio. Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security. Duration is the measure of a bond's price sensitivity to interest rates and is expressed in years. Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change. PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party. Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

Investments made by a Fund and the results achieved by a Fund are not expected to be the same as those made by any other PIMCO-advised Fund, including those with a similar name, investment objective or policies. A new or smaller Fund's performance may not represent how the Fund is expected to or may perform in the long-term. New Funds have limited operating histories for investors to evaluate and new and smaller Funds may not attract sufficient assets to achieve investment and trading efficiencies. A Fund may be forced to sell a comparatively large portion of its portfolio to meet significant shareholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant share purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

Differences in the Fund's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the pricing methodologies used by the Fund and the index.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

Appendix

A word about risk: Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. Inflation-linked bonds (ILBs) issued by a government are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. Sovereign securities are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. Investing in **foreign denominated and/or domiciled securities** may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations. **High-yield**, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. **Derivatives** may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. Diversification does not ensure against loss.

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Benchmark

Unless referenced in the prospectus and relevant key investor information document, a benchmark or index in this material is not used in the active management of the Fund, in particular for performance comparison purposes.

Where referenced in the prospectus and relevant key investor information document a benchmark may be used as part of the active management of the Fund including, but not limited to, for duration measurement, as a benchmark which the Fund seeks to outperform, performance comparison purposes and/or relative VaR measurement. Any reference to an index or benchmark in this material, and which is not referenced in the prospectus and relevant key investor information document, is purely for illustrative or informational purposes (such as to provide general financial information or market context) and is not for performance comparison purposes. Please contact your PIMCO representative for further details.

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

Investment restrictions — In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest over 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any of the following: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

Appendix

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Appendix

Acronyms and definitions of investment terms used throughout the report:

Alpha is a measure of performance on a risk-adjusted basis calculated by comparing the volatility (price risk) of a portfolio vs. its risk-adjusted performance to a benchmark index; the excess return relative to the benchmark is alpha.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

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

Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.

Carry is the rate of interest earned by holding the respective securities.

The terms **"cheap"** and **"rich"** as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.

CPI is the Consumer Price Index.

The **credit quality** of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.

Distribution yield is the measurement of cash flow paid by an exchange-traded fund (ETF), real estate investment trust, or another type of income-paying vehicle.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

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

Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

"Risk assets" are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

"Safe haven" is an investment that is expected to retain or increase in value during times of market turbulence.

The **SEC yield** is an annualized yield based on the most recent 30 day period.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)