PIMCO

Global Investment Grade Credit Fund

Fund information

Total Net Assets	9.8 (USD in Billions)
Fund Type	UCITS
Portfolio Manager	Mark Kiesel, Mohit Mittal, Jelle Brons

Class	ISIN	
E	**Accumulation**	**Income**
CHF(H)	IE00B3SL5777	—
EUR	—	IE00BGJWX109
EUR(H)	IE00B11XZ434	IE00B66BK865
GBP(H)	—	IE00B65YMD51
SGD(H)	—	IE00B7Y26570
USD	IE00B3K7XK29	IE00B2R34T20
ADMIN		
CHF(H)	IE00B8XY1019	—
EUR(H)	IE00B4WX2D18	IE00B4WX2F32
GBP(H)	—	IE00B3L7TL48
HKD(U)	—	IE00BF0F6C36
SEK(H)	IE00B8HPJ955	—
SGD(H)	—	IE00BF99S647
USD	IE00B3KYRN47	IE00B3KYRP60
HINST		
USD	IE00B3CLHY41	IE00BFMWWN54
USD	IE00BMZ5G611	—
INST		
AUD(H)	—	IE00BL0BLL78
CHF(H)	IE00B4YLF345	IE00BVL8FF90
CZK(H)	—	IE00BWC52L19
EUR	IE00B873BF95	—
EUR(H)	IE0032876397	IE00B3D1YW09
GBP(H)	IE00B0HZNB91	IE00B3BMD843
HKD(U)	—	IE0003BVXS59
NOK(H)	IE00B702RN60	—
SEK(H)	IE00B5NBMF36	—
SGD(H)	—	IE00BYXVW891
USD	IE0034085260	IE0033386453
USD	IE00B8DTNZ55	IE00BD08CW06
INVST		
AUD(H)	—	IE00BG0J8F99
CHF(H)	IE00B57KGL06	IE00B3KQH416
EUR(H)	IE00B063CF11	IE00B3KQH291
GBP(H)	—	IE00B3KQH309
SGD(H)	—	IE00B9238163
USD	IE00B05K1Q71	IE00B3KQH184
MRETL		
HKD(U)	—	IE00BF0F6B29
USD	—	IE00B889SK00
W		
CHF(H)	IE00BLCB6K99	—
EUR(H)	IE00BLCB6D23	IE00BLCB6F47
GBP(H)	IE00BLCB6G53	IE00BLCB6H60
SGD(H)	—	IE00BNGFND31
USD	IE00BLCB6L07	IE00BLCB6J84

(U) = Unhedged, (H) = Hedged

The investment objective of the Fund is to seek to maximise total return, consistent with preservation of capital and prudent investment management.

PERFORMANCE SUMMARY

The Global Investment Grade Credit Fund returned 1.19% (E, Accumulation shares) and -3.89% (E, Accumulation shares net of 5% preliminary charge) in March. Year-to-date the Fund has returned 0.17% (E, Accumulation shares) and -4.86% (E, Accumulation shares net of 5% preliminary charge).

The Bloomberg Global Aggregate Credit Index outperformed like-duration government bonds by 0.4% over the month, while spreads tightened by 4bps to 92bps.

Contributors

- Tactical exposure to securitized products, as select agency mortgage-backed securities outperformed as spreads tightened
- An overweight to and security selection within banking and brokerage, as the sector and select senior and subordinated bonds outperformed
- Security selection within emerging markets external debt, as select overweight emerging markets sovereign issuers outperformed

Detractors

- Security selection within finance companies, as a select issuer underperformed amid concerns over weakening operating fundamentals
- Security selection within media, as a select issuer underperformed amid negative ratings actions

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
E, Acc (%)[1]	1.19	0.17	7.48	5.20	-2.88	-0.12	1.77	4.14
Net of 5% Preliminary Charge[2]	-3.89	-4.86	2.12	-0.06	-4.52	-1.14	1.25	3.80
E, Inc (%)[1]	1.18	0.19	7.42	5.18	-2.88	-0.13	1.77	3.32
Net of 5% Preliminary Charge[2]	-3.88	-4.84	2.03	-0.10	-4.53	-1.15	1.25	2.99
Benchmark (%)	1.21	0.05	7.31	5.59	-1.58	1.31	2.61	—

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. The benchmark is the Bloomberg Global Aggregate Credit Index (USD Hedged). All periods longer than one year are annualised. SI is the performance since inception. [1] Performance shown is on a NAV-to-NAV basis in the denominated currency, excluding the preliminary charge and on the assumption that distributions are reinvested, as applicable. [2] Performance shown is on a NAV-to-NAV basis in the denominated currency, taking into account the preliminary charge and on the assumption that distributions are reinvested, as applicable. A preliminary charge of up to 5% may or may not be deducted from the subscription amount depending on the distributor from whom you had purchased shares, as such this may not represent actual performance returns. Investment returns denominated in non-local currency may be exposed to exchange rate fluctuations.
Income inception date: 30 Apr 2008
Accumulation inception date: 10 Dec 2008

MONTH IN REVIEW

Global investment grade credit spreads tightened by 4bps in March to 92bps. Risk assets continued to rally over the month as lingering concerns over a macroeconomic slowdown receded further, reinforced by a set of resilient prints in growth indicators. That said, US inflation has continued to prove stickier than expected, with CPI data for February printing slightly above market expectations. Against this backdrop, the Bloomberg Global Aggregate Credit Index outperformed like-duration government bonds by 0.4% in March, with a total return of 1.2% (USD hedged) over the month. On the primary market front, March saw $141bn of gross issuance in U.S. investment grade credit, rounding out a markedly busy first quarter, with issuance for the quarter up 27% versus the average over the last five years. From a sectorial performance standpoint, the communications and energy sectors outperformed during the month on an excess return basis, while capital goods and transportation-related issuers lagged.

Developed market central banks have remained relatively dovish in their forward guidance. The Fed again held rates steady but signaled a readiness to start cutting interest rates this summer should inflation continue to moderate. The ECB similarly kept rates unchanged while expressing increased confidence regarding moderating inflation going forward. Meanwhile in Japan, the BoJ signaled an end to its negative interest rate and yield curve control policies, marking the beginning of a return to a more normalized interest rate environment.

Ratings momentum remained positive, extending a multi-year upgrade cycle. Following record downgrades in 2020, the market experienced a remarkable upgrade cycle over the past three years, with $278bn of rising stars versus only $48bn of fallen angels in USD debt in the 2021 to 2023 period. Ratings momentum remained positive during the first quarter of the year, with the total volume of upgrades from HY to IG adding approximately $9bn of rising stars, versus $5bn of fallen angels.

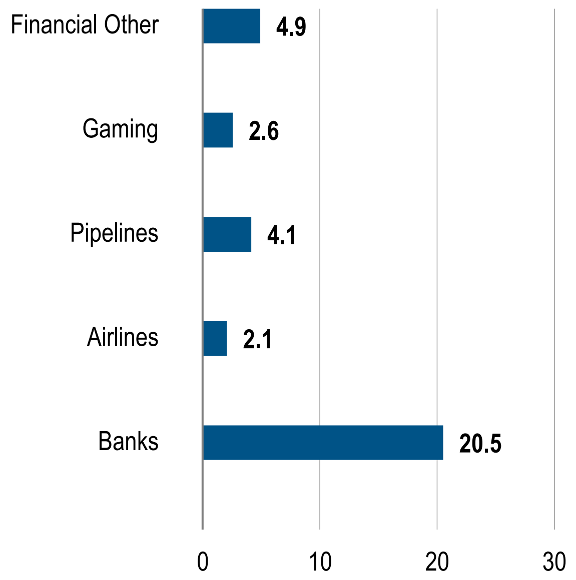
PORTFOLIO POSITIONING

We remain selective on generic corporate credit risk and focus on bottom-up credit selection, emphasizing resilient issuers with positive rating trajectories and attractive valuations.

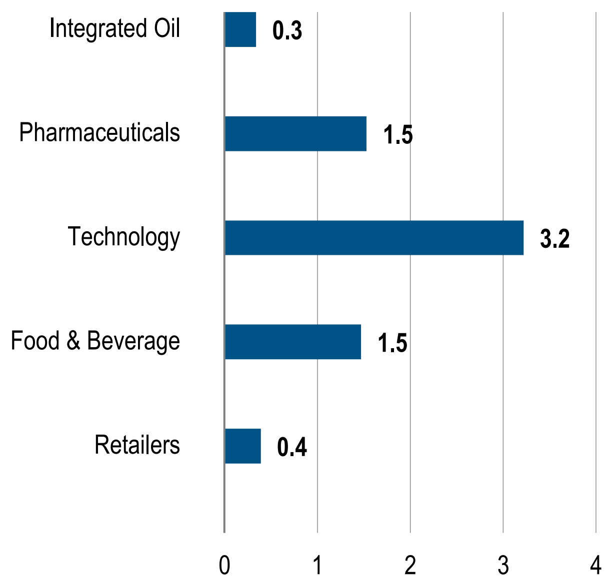
We remain constructive on the gaming and airline sectors, as continued strength in leisure and business travel as well as strong consumer demand is feeding through to material earnings improvements and de-leveraging potential. In addition, we continue to prefer sectors with asset coverage and good earnings visibility, such as pipelines and wireless tower companies. Within financials, we favor the senior debt of large national champion banks, which are well positioned following more than a decade of restructuring, de-risking, and de-leveraging. We remain underweight to issuers with limited upside potential and heightened re-leveraging risk, including in sectors such as food & beverage and pharmaceuticals, and we similarly take a more cautious approach within sectors with asset-light business models or more shareholder-friendly balance sheet practices such as technology.

During the month, the Fund selectively added exposure to issuers in the banking and brokerage sectors, taking advantage of several attractively priced deals in the primary market, whilst also adding to issuers in the utilities and real estate sectors. Conversely, the Fund trimmed its exposure to select issuers in the media cable sector.

Top 5 overweights (% Market Value)



Top 5 underweights (% Market Value)



OUTLOOK AND STRATEGY

Resilient fundamentals

Investment grade credit fundamentals have remained resilient thus far as earnings as well as debt leverage metrics have remained relatively stable over recent quarters. Slowing consumer demand and margin pressures continue to represent headwinds for select industries and issuers, and tightening credit conditions remain a downside risk over the cyclical horizon. That said, given strong starting levels, credit fundamentals are generally expected to remain resilient even in a downturn.

Accordingly, the ratings momentum both in the crossover space and within the investment grade market remained meaningfully positive in 2023, marking the third year in a remarkable upgrade cycle. While the ratings momentum has remained positive in the first quarter of 2024, downgrades may increase going forward as growth slows.

Supportive technicals

Demand for global investment grade credit remains strong, especially driven by yield-focused buyers and institutional flows, as investors seek high-quality, income-producing assets while pension funds de-risk on the back of improved funding ratios. While gross issuance has had a strong start to the year, net supply is likely to decline this year due to higher maturities.

Additionally, the ECB is continuing to engage in balance sheet reduction, although the impact on the market has been limited to date.

Attractive all-in yields

All-in yields remain elevated compared to the last 15 years and yields around current levels have historically represented attractive entry points for long-term investors. In this environment, non-cyclicals, select consumer-oriented sectors, defensive BBBs, new issues, and potential rising stars continue to offer attractive opportunities, while ongoing macro volatility and recession risk may lead to downside scenarios in lower quality credits.

Fund Statistics

Effective Duration (yrs)	5.37
Benchmark Duration (yrs)	6.04
Estimated Yield to Maturity (%)⊕	5.88
Annualised Distribution Yield (%)†	2.72
Effective Maturity (yrs)	7.82
Average Credit Quality	A

Unified Management Fee

Administrative	0.99% p.a.
E	1.39% p.a.
H Institutional	0.66% p.a.
Institutional	0.49% p.a.
Investor	0.84% p.a.
M Retail	1.39% p.a.
W	0.39% p.a.

Source: PIMCO, index provider for benchmark data.

⊕PIMCO calculates a Fund's Estimated Yield to Maturity by averaging the yield to maturity of each security held in the Fund on a market weighted basis. PIMCO sources each security's yield to maturity from PIMCO's Portfolio Analytics database. When not available in PIMCO's Portfolio Analytics database, PIMCO sources the security's yield to maturity from Bloomberg. When not available in either database, PIMCO will assign a yield to maturity for that security from a PIMCO matrix based on prior data. The source data used in such circumstances is a static metric and PIMCO makes no representation as to the accuracy of the data for the purposes of calculating the Estimated Yield to Maturity. The Estimated Yield to Maturity is provided for illustrative purposes only and should not be relied upon as a primary basis for an investment decision and should not be interpreted as a guarantee or prediction of future performance of the Fund or the likely returns of any investment.

†Annualised distribution yield= (Dividend Rate * 4) / NAV on ex-dividend day. Annualised Distribution Yield is as of 31/03/2024. Dividend is not guaranteed. A positive distribution yield does not imply a positive return.

Performance data shown is the after the effect of fees. All periods longer than one year are annualised.

Investment involves risk including possible loss of the principal amount invested. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future. The value of shares of the Fund and the income accruing to them, if any, may fall or rise. Investment returns denominated in non-local currency may be exposed to exchange rate fluctuations. In an environment where interest rates may trend upward, rising rates will negatively impact most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other information is contained in the Fund's Singapore Prospectus which is available and can be obtained from our website www.pimco.com.sg, a Fund distributor or the Singapore Representative. Prospective investors should read the Fund's Singapore Prospectus before deciding whether to subscribe for or purchase shares in any of the Funds. Investors may wish to seek advice from a financial adviser before making a commitment to invest and in the event you choose not to seek advice, you should consider whether the investment is suitable for you.