PIMCO

PIMCO Asia High Yield Bond Fund

Fund information

Total Net Assets	2.4 (USD in Billions)
Fund Type	UCITS
Portfolio Manager	Stephen Chang, Abhijeet Neogy, Mohit Mittal

Class	ISIN	
E	**Accumulation**	**Income**
CHF(H)	IE00BN783Q47	IE00BN783M09
EUR(H)	IE00BKT1DM62	IE00BN783L91
HKD(U)	—	IE00BGSXSD13
SGD(H)	—	IE00BGSXS868
USD	IE00BGSXQR19	IE00BGSXQS26
ADMIN		
USD	—	IE00BGSXSC06
HINST		
USD	IE00BMCDD344	IE00BMCDD450
INST		
AUD(H)	—	IE000VCG0152
CHF(H)	IE00BLNP8X73	IE00BN783N16
EUR(H)	IE00BKT1DL55	IE00BN783P30
GBP(H)	IE0003HFMGT8	IE00BKVCZD26
SGD(H)	—	IE000A2Q5570
USD	IE00BGSXQQ02	IE00BJK9HS65
INVST		
AUD(H)	—	IE00BMW4SX28
CNH(H)	—	IE00BMW4SY35
EUR(H)	—	IE00BMW4SW11
SGD(H)	—	IE00BLD0YC39
USD	IE0004EFXLD4	IE00BLD0YB22

(U) = Unhedged, (H) = Hedged

Morningstar Rating™ ★★★★★

The investment objective of the Fund is to seek maximum total return consistent with prudent investment management.

PERFORMANCE SUMMARY

The PIMCO Asia High Yield Bond Fund returned 1.86% (Institutional, Accumulation shares) and -3.22% (Institutional, Accumulation shares net of 5% preliminary charge) in February. Year-to-date the Fund has returned 4.14% (Institutional, Accumulation shares) and -1.06% (Institutional, Accumulation shares net of 5% preliminary charge).

- The J.P. Morgan Asia Credit Index returned 0.06% in February and spreads tightened by 18bps. In February, the HY segment outperformed, returning 2.12% vs. -0.28% for the investment grade (IG) segment. Asia HY spreads tightened by 41bps over the month and Asia IG spreads tightened by 16bps. Asia HY's performance was driven by strong performance from India industrials, frontier sovereigns, Macao gaming and China and Hong Kong real estate.
- The J.P. Morgan Asia Credit Index's excess return was at 0.95% for February. The excess return for the IG and HY segment was at 0.69% and 2.55%, respectively.

Contributors

- Credit selection in India corporate credit contributed to relative performance, notably within the Industrials sector
- Credit selection in China real estate contributed to relative performance

Detractors

- Underweight exposure to Hong Kong real estate and Philippine industrials detracted from relative performance
- Credit selection within Asia quasi-sovereign credit detracted from relative performance, notably due to China financials

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	SI
Institutional, Acc (%)[1]	1.86	5.92	11.10	0.54	-7.01	-1.56	-1.41
Net of 5% Preliminary Charge[2]	-3.22	0.65	5.56	-4.51	-8.59	-2.56	-2.41
Institutional, Inc (%) [1]	1.79	5.88	10.98	0.57	-7.02	-1.56	-1.41
Net of 5% Preliminary Charge[2]	-3.29	0.61	5.47	-4.41	-8.58	-2.56	-2.41
Benchmark (%)	2.21	7.04	12.39	4.21	-6.20	-1.31	—

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 J.P. Morgan JACI Non-Investment Grade Index. 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: 14 Feb 2019
Accumulation inception date: 14 Feb 2019

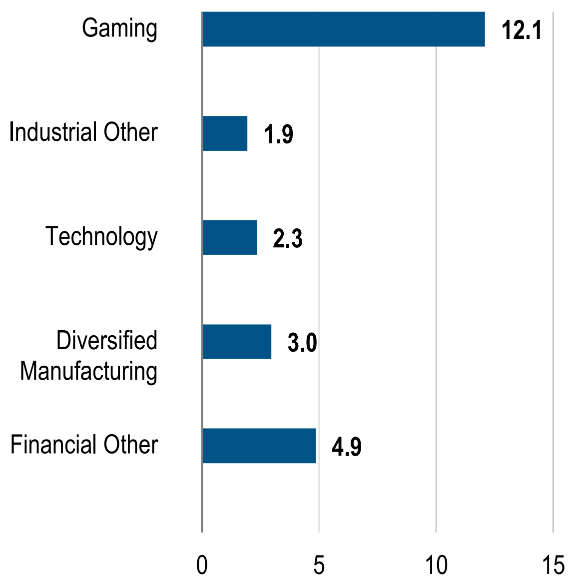
MONTH IN REVIEW

- Asia high yield outperformed in February on the backs of strong performance from India industrials, Macao gaming, China and Hong Kong real estate, and frontier sovereigns. Pakistan's sovereign bonds tightened as a result of a successful general election and parliament election, which could potentially lead to an improvement in its external financing. Over in India, Vedanta's bond restructuring also led to some spread tightening.

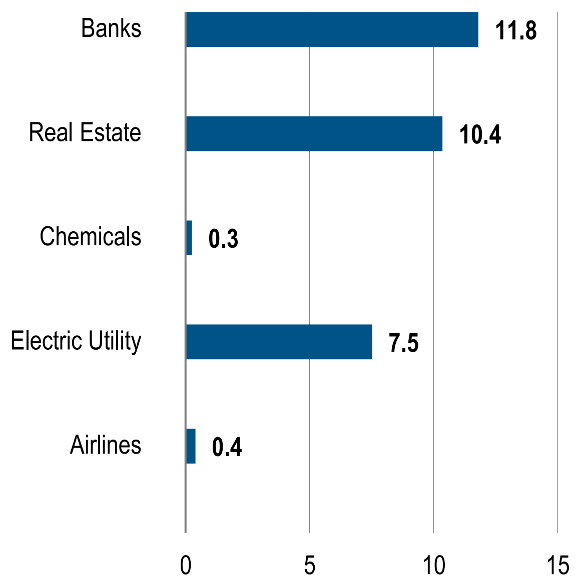
- Central banks in the region, such as South Korea, India, Thailand, and Indonesia maintained their benchmark rates. The Fed continues to remain data-driven and need clear evidence of softening inflation before a rate cut is considered. The US Treasury curve widened by 3-28bps across the curve, and the 10Yr Treasury yield widened by 19bps to 4.24%. Over in China, policymakers cut its 5-year loan prime rate, which is typically tied to mortgage rates, by 25bps in an attempt to stimulate housing demand and supporting infrastructure investment. China also announced 2024 economic targets in the recent NPC meeting at around ~5% growth. Policymakers also expanded fiscal issuance quota, vowed to manage property risk, improve policy, and support private business and foreign investment.

- Given the highly dynamic situation, we continue to monitor and take actions when we see opportunities. We believe rigorous risk management and careful security selection will be crucial for investors in the region. We continue to believe that active management is especially important during this fast-moving cycle where dislocations are likely and capturing resulting opportunities can be key to producing alpha.

Top 5 overweights (% Market Value)



Top 5 underweights (% Market Value)



PORTFOLIO POSITIONING

We expect performance in Asia high yield to be uneven with differentiation in fundamentals likely to continue, highlighting the importance of active credit selection. We continue to maintain a focus on a high quality and diversified portfolio, and choose to not stretch for yields. The Fund focuses on sectors with stronger long-term growth potential and more attractive relative value.
We remain selective and focused on bottom-up credit selection. We are constructive on the Macao gaming and India renewable energy sectors due to the continued recovery and policy tailwinds. We continue to be underweight China banks and LGFVs, and select Asian financials, partly due to relatively tight valuations, and are finding better value in other global financial credits. We are maintaining a cautious and selective stance towards the China property sector. Valuations are attractive, but continued volatility, funding challenges, and weaker fundamentals are potential risks. Thematically, we are seeing select opportunities to capitalize on the cyclical recovery of the COVID-reopening across the region. We continue to rely on the insights and top picks of our credit research analysts and expect to maintain a selective and up-in-quality approach. We are reducing asymmetric risk and closely monitoring concentrations.

Fund Statistics

Effective Duration (yrs)	2.19
Benchmark Duration (yrs)	2.56
Estimated Yield to Maturity (%)⊕	11.16
Annualised Distribution Yield (%)†	7.02
Effective Maturity (yrs)	4.70
Average Credit Quality	BA+

Unified Management Fee

Administrative	1.15% p.a.
E	1.55% p.a.
H Institutional	0.82% p.a.
Institutional	0.65% p.a.
Investor	1.00% p.a.

OUTLOOK AND STRATEGY

In our cyclical outlook, Navigating the Descent, we anticipate a downshift toward stagnation or mild contraction in 2024. The standout strength of the U.S. is likely to fade over the cyclical horizon, and countries with more rate-sensitive markets will likely slow more markedly. But, current starting yields, which have historically been highly correlated with returns, are still near highest levels.
We continue to expect Asia's growth-inflation dynamics to diverge from the rest of the world. We believe economic growth in many Asian markets will remain resilient as the recovery continues. The Fed's potential rate cuts should stabilize the Asia credit market overall, but the outlook for each economic varies. Overall, we see opportunities in Asia credit for investors who employ an active and selective investment approach.
China's slowing growth momentum and weak property market create downside risks. A key swing factor will be the willingness of policymakers to provide more material support. Policymakers have announced more supportive measures, but the impact will ultimately depend on implementation. An overall improvement in income expectations and property easing is needed to revive sentiment and stabilize the property market.
Asia credit valuations remain attractive, but there could potentially be more volatility ahead. With a current spread over Treasuries (SOT) of 787bps, Asia HY continues to trade relatively wide with a 475bps and 392bps premium over U.S. and global high yield respectively. Technicals remain supportive as we expect negative net financing for 2024 amid flush onshore liquidity.

Source: PIMCO, index provider for benchmark data.
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 or Aaa (highest) to D or C (lowest) for S&P and Moody's respectively.
The JACI Non-Investment Grade Index tracks total returns for US dollar-denominated bonds issued by Asia sovereign, quasi-sovereign, and corporate borrowers. Countries covered are Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, Macau, Mongolia, Pakistan, The Philippines, Taiwan, Thailand, Singapore, South Korea, Sri Lanka and Vietnam. The existing JACI Non-IG contains both fixed and floating rate bonds issued by Asia-domiciled entities having a nominal outstanding of at least US$150 million and more than one year to maturity.
Emerging Markets (EM).
⊕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 * 12) / NAV on ex-dividend day. Annualised Distribution Yield is as of 29/02/2024. 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.

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 suitable 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.

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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.

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. 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. Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **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. 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.

Benchmark - Unless referenced in the prospectus, 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, 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 , 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.

Correlation - As outlined under "Benchmark", where disclosed herein and referenced in the prospectus, a benchmark may be used as part of the active management of the Fund. In such instances, certain of the Fund's securities may be components of and may have similar weightings to the benchmark and the Fund may from time to time show a high degree of correlation with the performance of any such benchmark. However the benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the benchmark.

Investors should note that a Fund may from time to time show a high degree of correlation with the performance of one or more financial indices not referenced in the prospectus. Such correlation may be coincidental or may arise because any such financial index may be representative of the asset class, market sector or geographic location in which the Fund is invested or uses a similar investment methodology to that used in managing the Fund. **Additional Information** - This material may contain additional information, not explicit in the prospectus, on how the Fund or strategy is currently managed. Such information is current as at the date of the presentation and may be subject to change without notice. **Investment Restrictions** - In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest up to 100% of its 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, Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade).

PIMCO Funds: Global Investors Series plc is an umbrella type open-ended investment company with variable capital and with segregated liability between Funds incorporated with limited liability under the laws of Ireland with registered number 276928. PIMCO Funds: Global Investors Series plc has appointed PIMCO Asia Pte Ltd as the Singapore Representative. The Funds typically offer different share classes, which are subject to different fees and expenses (which may affect performance), have different minimum investment requirements and are entitled to different services.All periods longer than one year are annualized. This material contains the current opinions of the manager but not necessarily those of PIMCO and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Unified management fee is a single fixed Management Fee out of which the fees of the Investment Advisers, the Administrator and Custodian shall be paid, and certain other expenses including the fees of Paying Agents (and other local representatives) in jurisdictions where the Funds are registered. PIMCO is a trademark of Allianz Asset Management of America LLC in the United States and throughout the world. This advertisement has not been reviewed by the Monetary Authority of Singapore. PIMCO Asia Pte Ltd, 8 Marina View, #30-01 Asia Square Tower 1, Singapore 018960, Registration No. 199804652K.