



GIS Dynamic Multi-Asset Fund



Quarterly Investment Report | 3Q21

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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 Dynamic Multi-Asset strategy returned -2.55%. The thematic equity positioning detracted from performance in particular a long exposure to the Chinese consumer discretionary and healthcare sectors via baskets of stocks alongside our Cyclical 2.0 and High Quality thematic. Short exposure to broad market indices and long exposure to Japanese stocks added to returns.

CONTRIBUTORS

- Short exposure to broad market indices
- Long exposure to Japanese equities via broad market indices and a basket of stocks

DETRACTORS

- Long exposure to the Chinese disruption theme via a basket of stocks
- Long exposure to green and digital themes via a basket of stocks
- Long exposure to High Quality stocks in the U.S. and Taiwan via baskets of stocks

Performance periods ended 30 Sep '21	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	-2.55	0.87	7.09	7.07	6.20	--	6.68
Fund after fees	-2.76	0.44	6.18	6.17	5.35	--	5.84
Benchmark*	-0.14	-0.28	-0.56	-0.47	-0.43	--	-0.42

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

Recent volatility in rates and equity markets is an indication that investors are struggling to balance a fairly supportive medium term outlook for growth and corporate fundamentals with a much more challenged picture in the short term. In the medium term, ongoing policy support, economic reopening, and macro and corporate tailwinds, combined with high levels of innovation and technological adoption should keep growth above trend and markets well supported through 2022.

However, the balance of risks is much more nuanced between now and the end of the year. Supply chain bottlenecks and a worsening energy crisis are putting upward pressure on prices. Even if the risks around higher inflation may be more persistent than investors and policy makers had first thought, ultimately, we expect these factors to be temporary as supply chain bottlenecks work themselves out and in light of the above, we remain constructive on the outlook for 2022

*Euro Short-Term Rate (ESTER)

Class:	INST
Inception date:	25 Feb '16
Fund assets (in millions):	€7,340.44
Unified management fee:	0.850%

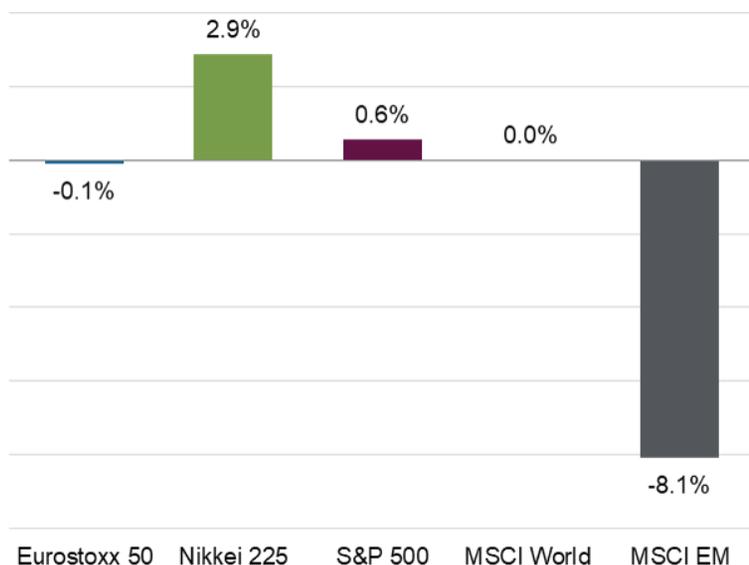
Sector diversification	Market value
U.S. Equities	8.5%
Developed ex-U.S. Equities	7.1%
Emerging Markets Equities	12.4%
U.S. Fixed Income	8.2%
Developed ex-U.S. Fixed Income	30.4%
Emerging Markets Fixed Income	1.8%
Commodities	0.0%
Net Other Short Duration Instruments	31.5%

Quarter in Review

Equities faced headwinds from rising inflation and expectations of tapering by central banks

The global economic recovery continued at a slower pace but remained uneven across sectors. Risk asset performance was mixed in Q3 as global equities rallied earlier in the quarter before ending about flat, while credit spreads modestly widened and oil prices surged. Developed market yields were also mixed: the U.S. 10-year yield fell at the start of the quarter before retracing the move to end at 1.49%, while the U.K 10-year yield rose 31 bps to 1.02%. Meanwhile, central banks generally shifted toward less supportive stances, with the Fed indicating that it would begin tapering its asset purchases within the calendar year and may even raise rates as early as 2022.

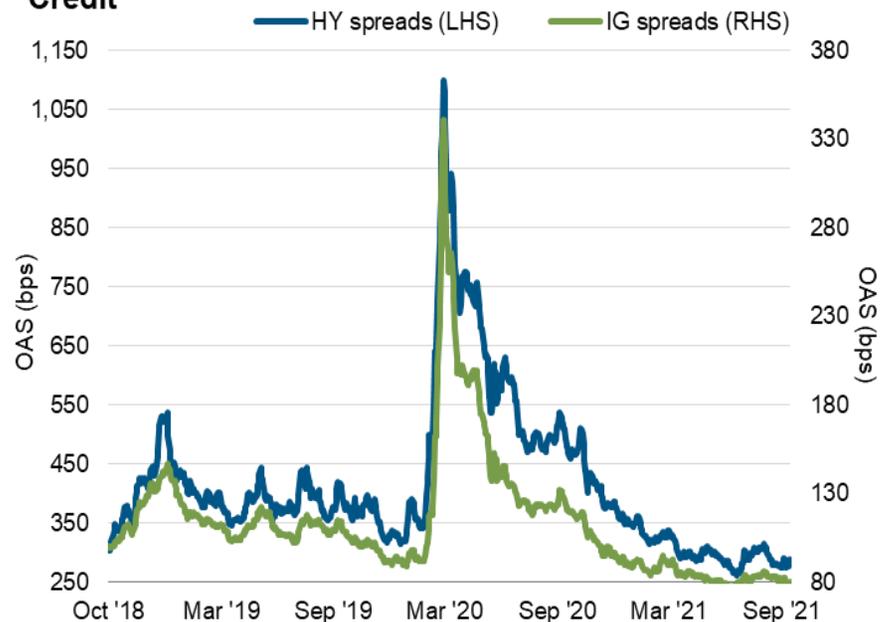
Equity



In equities, the market experienced volatility as stocks sold-off in September, stripping away returns made previously, as inflation concerns came to the fore. Investor worries were compounded by a global surge in energy prices. In Asia, Hong Kong markets moved lower following regulatory pressures and the unravelling of Evergrande's debt restructuring with the Hang Seng ending the quarter with its worst fall since the start of the pandemic. Meanwhile, Japanese equities were the clear outperformer with the Nikkei up +2.9%.

Source: Bloomberg.

Credit



Credit spreads moderately widened over the quarter across all three of investment grade, high yield and emerging markets, driven by inflation uncertainty, the Delta variant, heavy supply and pockets of idiosyncratic risks in certain areas.

Source: Bloomberg; "HY spreads" are represented by Bloomberg Barclays U.S. High Yield Average OAS index. "IG spreads" are represented by Bloomberg Barclays U.S. Aggregate Credit Average OAS index.

Market Summary

Q3'21: Mixed returns across markets

The Fund posted negative returns for the quarter driven by its thematic equity position while its short exposure to broad market indices contributed positively to returns.

Equities

Developed market equities were virtually flat over the quarter after a decline of 4.2% in September eliminated the gains made in the previous months. Growth stocks outperformed value stocks by 1.6% over the quarter. In the U.S., equities fell 4.7% in September, snapping a 7-month winning streak to end the quarter up 0.6%. Expectations of economic recovery were balanced by concerns about inflation, political gridlock, rising interest rates and instability in China.

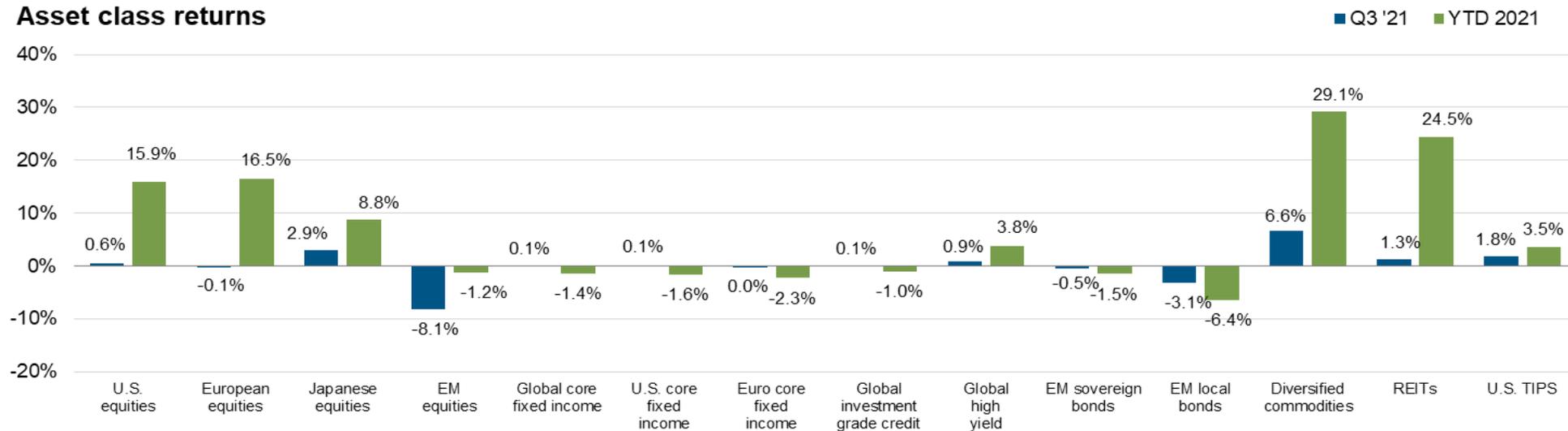
Rates

Developed market yields rose sharply in the latter half of the quarter, driven by inflation concerns and anticipation of scaled back support from central banks. Despite a shift higher at the end of Q3, the U.S. 10yr yield still remained below 2021 highs as well as its pre-COVID levels.

Credit

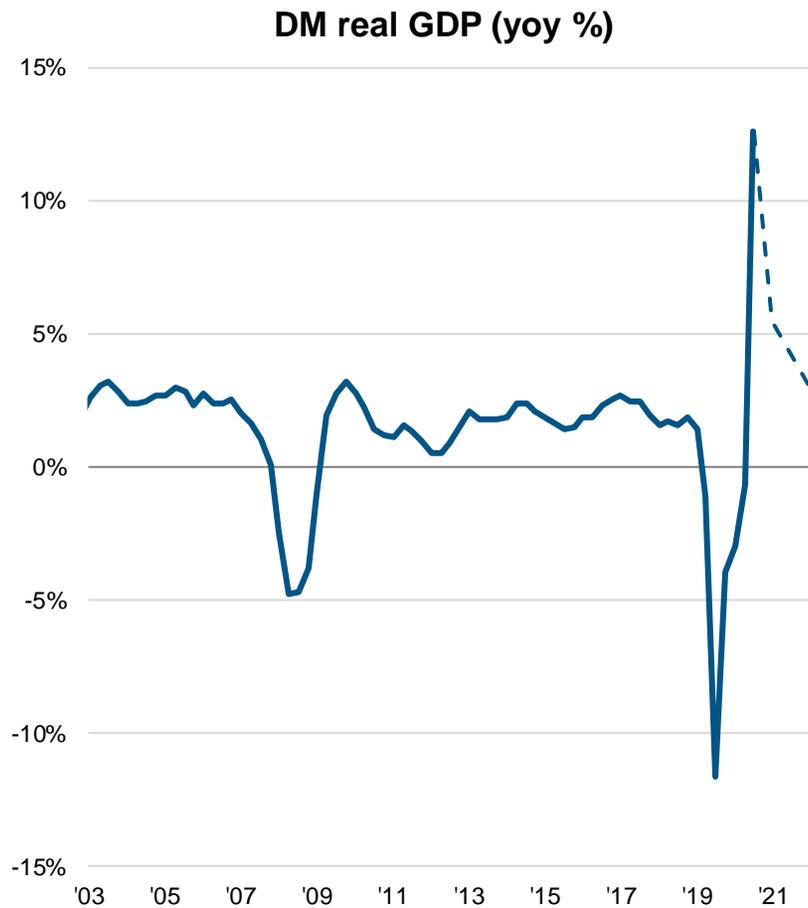
Credit spreads ended the quarter at 82bps, widening by 1bp during the third quarter. Investment grade markets continued to benefit from supportive monetary and fiscal policies, strong earnings results, and the improving Covid-19 situation but were balanced by rising inflation concerns and increased interest rate volatility late in the quarter.

Asset class returns



Source: Barclays, BofA, JPMorgan, Bloomberg; U.S. equities: S&P 500 Index; European equities: Eurostoxx 50 Index; Japanese equities: Nikkei 225 Index; EM Equities: MSCI EM Index; Global core fixed income: Bloomberg Barclays Global Aggregate Index; Global investment grade credit: Bloomberg Barclays Global Aggregate Credit Index; U.S. high yield: ICE BofAML BB-B Rated Developed Markets High Yield Constrained Index; EM sovereign bonds: JP Morgan EMBI Index; EM local bonds: JPMorgan GBI-EM Global Diversified Index; U.S. TIPS: Barclays U.S. Treasury Inflation; REITs: Dow Jones U.S. Select REIT Total Return Index; Diversified commodities: Dow Jones-UBS Commodity Index.

Global growth and inflation likely to moderate in 2022



Above trend growth likely for 2021 and 2022, though the pace of growth to slow



Inflation likely to remain elevated in the near-term before gradually slowing into the second half of 2022

Portfolio Outlook

Strategic outlook

PIMCO's baseline outlook for the cyclical horizon has the global economy continuing its uneven recovery in 2021 before shifting to a more moderate pace of above-trend growth in 2022. Since inflation follows growth with a lag, we project inflation in developed markets will also slow into the second half of 2022. While levels could remain elevated in the near-term, the factors that drove inflation higher should dissipate over the course of the next year. However, we are mindful that longer-term inflation expectations could accelerate further. Meanwhile, several developed market central banks have already begun tapering asset purchase programs and we expect that others will likely follow.

Key strategies

Equity

Today, we focus equity risk in three key areas. The first is sectors positioned to benefit from secular growth trends like digitalization and the sustainability revolution. The second is high-quality companies, mainly across the semiconductor and healthcare sectors. And the third is companies that can benefit from a more inflationary environment, these are companies with significant barriers to entry and strong pricing power that can harvest inflation through price increases.

Credit

Our exposure to credit remains low as we prefer to express risk in the portfolio via equity markets. Still, we favor housing-related credits given strong fundamentals, along with higher-quality investment grade. We have also recently added some small exposures to AT1s and HY spreads.

Rates

While we believe that duration has limited upside considering where rates are, our view is supportive of yield fair value. We thus continue to run our duration at the low end of our historical range and remains mainly focused on Australian, Canadian and European nominal duration. We are not invested in TIPS since we believe that real rates are currently fairly priced.

Currency

We maintain our differentiated approach centered on monetary policy and in particular money printing, running shorts in regions where we've seen increased money supply growth such as the UK and Peru versus those which have not such as New Zealand and Chile.

Portfolio characteristics

Equities (market value %)

	Portfolio	
	30 Jun '21	30 Sep '21
US Equities	15.85	8.47
Developed ex-US Equities	10.80	7.14
Eurozone	0.28	-2.81
Japan	7.42	8.54
Other Developed	3.10	1.41
Emerging Markets Equities	12.98	12.45
Total	39.64	28.06

Spreads (years)

	Portfolio	
	30 Jun '21	30 Sep '21
Spread Duration	1.17	1.28
Corporate IG	0.36	0.40
Corporate HY	0.08	0.16
Mortgage	0.13	0.14
Emerging Markets	0.02	0.02
Other	0.58	0.57

Country exposure by currency of settlement (duration in years)

	Portfolio	
	30 Jun '21	30 Sep '21
Developed Markets	1.60	1.50
United States	-0.01	-0.11
Japan	0.17	0.16
Eurozone	0.43	0.45
United Kingdom	0.00	0.00
Other	1.02	1.00
Emerging Markets	-0.01	-0.01
Total	1.60	1.50

Real assets (market value % and years)

	Portfolio	
	30 Jun '21	30 Sep '21
Commodities (MV)	0.00%	0.00%
REITs (MV)	0.22%	0.04%
Real duration (years)	0.00	0.00

Currency exposure (market value %)

	Portfolio	
	30 Jun '21	30 Sep '21
United States	1.71	-2.40
Non-U.S. developed	88.96	94.56
Eurozone	88.92	91.83
Japan	0.02	0.48
Other Non-U.S. developed	0.01	2.26
Emerging markets	9.33	7.83
Hong Kong	4.38	3.44
South Korea	1.72	1.95
Taiwan	4.49	4.64
Other EM	-1.26	-2.19

Benchmark: Euro Short-Term Rate (ESTER)

Additional share class performance

Dynamic Multi-Asset Fund (net of fees performance)

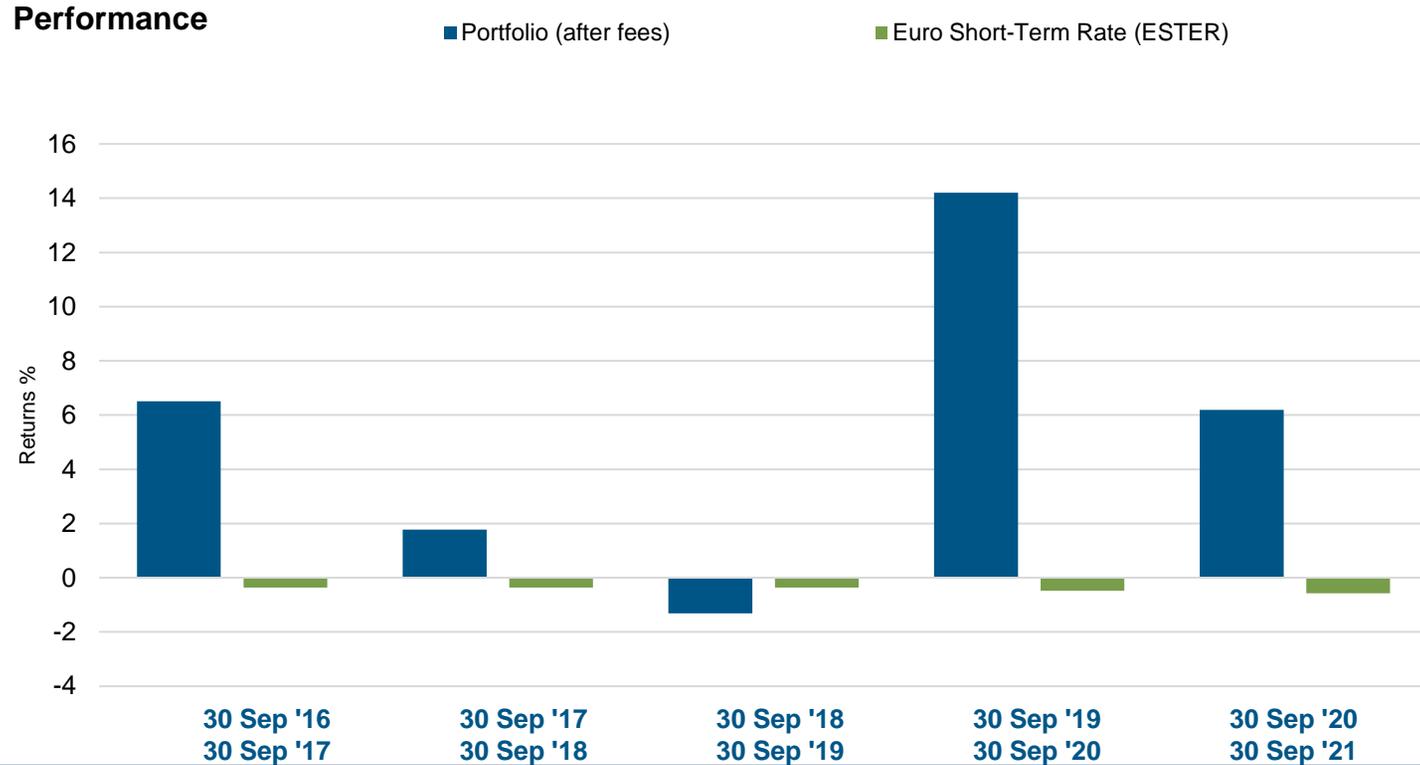
Performance periods ended: 30 Sep '21	Unified Management Fee	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Dynamic Multi-Asset Fund E Class USD (Hedged) Accumulation	1.850	USD	15 Mar '17	-2.74	0.38	6.22	7.22	-	-	6.19
Dynamic Multi-Asset Fund E Class USD (Hedged) Income	1.850	USD	18 Mar '21	-2.71	0.40	-	-	-	-	0.70
Dynamic Multi-Asset Fund E Class USD (Hedged) Income II	1.850	USD	09 Sep '21	-	-	-	-	-	-	-2.60
Dynamic Multi-Asset Fund H Institutional USD (Hedged) Accumulation	1.020	USD	05 Aug '20	-2.53	0.75	7.04	-	-	-	6.81
Dynamic Multi-Asset Fund Institutional USD (Hedged) Income II	0.850	USD	30 Apr '21	-2.61	-	-	-	-	-	-0.12
Dynamic Multi-Asset Fund Institutional USD (Hedged) Accumulation	0.850	USD	25 Feb '16	-2.47	0.92	7.26	8.30	7.53	-	7.98
Dynamic Multi-Asset Fund Investor USD (Hedged) Accumulation	1.200	USD	11 May '21	-2.61	-	-	-	-	-	0.90
Dynamic Multi-Asset Fund M Retail USD (Hedged) Income II	1.850	USD	08 Jan '20	-2.74	0.42	6.18	-	-	-	9.08
Dynamic Multi-Asset Fund T Class USD (Hedged) Accumulation	2.250	USD	09 Sep '21	-	-	-	-	-	-	-2.60
1 Month USD LIBOR	-	-	-	0.02	0.05	0.12	1.19	1.24	-	1.16
Dynamic Multi-Asset Fund M Retail AUD (Hedged) Income II	1.850	AUD	08 Apr '21	-2.86	-	-	-	-	-	-0.52
Bloomberg AusBond Bank Bills Index	-	-	-	0.01	-	-	-	-	-	0.01
Dynamic Multi-Asset Fund Institutional CHF (Hedged) Accumulation	0.850	CHF	14 Mar '18	-2.77	0.42	5.94	5.88	-	-	5.12
SARON ICE BofA SARON Overnight Rate Index	-	-	-	-	-	-	-	-	-	-0.79
Dynamic Multi-Asset Fund E Class Accumulation	1.850	EUR	25 Feb '16	-2.99	-	5.11	5.14	4.28	-	4.76
Dynamic Multi-Asset Fund E Class EUR Income	1.850	EUR	10 Sep '20	-2.97	-	5.07	-	-	-	7.38
Dynamic Multi-Asset Fund Institutional Income II	0.850	EUR	25 Feb '16	-2.70	0.48	6.15	6.19	5.35	-	5.85
Dynamic Multi-Asset Fund Institutional Accumulation	0.850	EUR	25 Feb '16	-2.76	0.44	6.18	6.17	5.35	-	5.84
Dynamic Multi-Asset Fund Investor Accumulation	1.200	EUR	14 Aug '20	-2.89	0.28	5.80	-	-	-	6.79
Dynamic Multi-Asset Fund T Class Accumulation	2.250	EUR	20 Oct '16	-3.06	-0.25	4.70	4.71	-	-	3.81
Dynamic Multi-Asset Fund Z Class Accumulation	0.000	EUR	01 Aug '19	-2.47	0.91	7.08	-	-	-	9.83
Euro Short-Term Rate (ESTER)	-	-	-	-0.15	-0.29	-0.57	-	-	-	-0.42
Dynamic Multi-Asset Fund Institutional GBP (Hedged) Accumulation	0.850	GBP	25 Feb '16	-2.65	0.70	6.62	6.84	6.14	-	6.64
Dynamic Multi-Asset Fund Institutional GBP (Hedged) Income	0.850	GBP	29 Jan '19	-2.62	0.72	6.67	-	-	-	9.35
SONIA ICE BofA SONIA Overnight Rate Index	-	-	-	-	-	-	-	-	-	0.40
Dynamic Multi-Asset Fund Institutional SGD (Hedged) Accumulation	0.850	SGD	30 Jul '21	-	-	-	-	-	-	-1.30
Dynamic Multi-Asset Fund M Retail SGD (Hedged) Income II	1.850	SGD	18 Dec '20	-2.72	0.37	-	-	-	-	0.68
Compounded SG OvernightRate Avg SORA Index	-	-	-	0.03	0.07	-	-	-	-	0.13

The 12 months rolling performance can be provided upon request.

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)



	30 Sep '16 30 Sep '17	30 Sep '17 30 Sep '18	30 Sep '18 30 Sep '19	30 Sep '19 30 Sep '20	30 Sep '20 30 Sep '21
Before fees (%)	7.28	2.55	-0.48	15.19	7.10
After fees (%)	6.51	1.78	-1.31	14.20	6.19
Euro Short-Term Rate (ESTER) (%)*	-0.36	-0.36	-0.36	-0.48	-0.58
Before fees alpha (bps)	764	291	-12	1567	768
After fees alpha (bps)	687	214	-95	1468	676

As of 30 September 2021. SOURCE: PIMCO.

The fund is actively managed in reference to the Euro Short-Term Rate (ESTER) Index as further outlined in the prospectus and key investor information document

*The benchmark is shown for performance comparison purpose only. Benchmark: Euro Short-Term Rate (ESTER) 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

The 12 months rolling performance can be provided upon request.

Important Disclosures

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.

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.

Important Disclosures

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. **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.

GIS Funds

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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 Inception to June 30, 2021 1 Month Euribor Rate. July 1, 2021 onward ESTR ICE BofA ESTR Overnight Rate index. as further outlined in the prospectus and key investor information document.

Correlation

As outlined under "Benchmark", where [disclosed herein] and referenced in the prospectus and relevant key investor information document, 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 and relevant key investor information document. 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.

Important Disclosures

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.

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Additional Information/Documentation

A Prospectus is available for PIMCO Funds and Key Investor Information Documents (KIIDs) are available for each share class of each the sub-funds of the Company.

The Company's Prospectus can be obtained from www.fundinfo.com and is available in English, French, German, Italian, Portuguese and Spanish.

The KIIDs can be obtained from www.fundinfo.com and are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive).

In addition, a summary of investor rights is available from www.pimco.com. The summary is available in [English].

The sub-funds of the Company are currently notified for marketing into a number of EU Member States under the UCITS Directive. [PIMCO Global Advisors (Ireland) Limited] can terminate such notifications for any share class and/or sub-fund of the Company at any time using the process contained in Article 93a of the UCITS Directive.

Important Disclosures

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.

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.

The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The quarterly distribution yields are calculated by annualizing actual dividends distributed for the quarterly period ended on the most recent quarterly distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

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)

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