PIMCO
Marketing Communication

Global Investment Grade Credit Fund

PERFORMANCE SUMMARY

The Global Investment Grade Credit Fund returned -1.13% (Institutional, Income shares net of fees) and -1.11% (Institutional, Accumulation shares net of fees) in October. Year-to-date the Fund has returned 0.48% (Institutional, Income shares net of fees) and 0.54% (Institutional, Accumulation shares net of fees).

The Bloomberg Global Aggregate Credit Index underperformed like-duration government bonds by 0.3% over the month, while spreads widened by 7bps to 127bps.

Contributors

- An underweight to the government-related sector, as supranationals underperformed the broader market over the month
- Security selection within emerging markets external debt, as exposure to select real estate issuers outperformed

Detractors

- Exposure to securitized products, as select agency mortgage-backed securities underperformed amid continued volatility in rates
- FX strategies, as modest long exposures to a diversified basket of emerging markets currencies and to the Japanese Yen underperformed versus the U.S. dollar
- Duration strategies, and in particular an overweight to USD duration, as rates continued to sell off amid a repricing of policy rate expectations

Past performance is not a reliable indicator of future results

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
Institutional, Acc (%)	-1.11	-3.36	-3.31	4.23	-4.73	0.11	1.99	3.84
Institutional, Inc (%)	-1.13	-3.42	-3.30	4.20	-4.74	0.11	1.98	4.12
Benchmark (%)	-0.92	-3.07	-3.25	3.79	-4.42	0.78	1.99	—

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.

Performance (Net of Fees)	Oct'2018-Oct'2019	Oct'2019-Oct'2020	Oct'2020-Oct'2021	Oct'2021-Oct'2022	Oct'2022-Oct'2023
Institutional, Acc (%)	12.68	3.20	1.39	-18.19	4.23
Institutional, Inc (%)	12.71	3.17	1.36	-18.14	4.20
Benchmark (%)	12.72	5.61	1.25	-16.91	3.79

The following information is additional to, and should be read only in conjunction with, the calendar year performance data presented below.

Calendar Year (Net of Fees)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
Institutional, Acc (%)	-0.78	7.46	0.49	7.45	6.54	-0.85	12.54	5.93	-1.39	-15.52	0.54
Institutional, Inc (%)	-0.80	7.46	0.55	7.37	6.58	-0.88	12.53	5.94	-1.35	-15.51	0.48
Benchmark (%)	-0.43	7.49	-0.13	5.69	5.36	-0.47	11.85	7.78	-0.95	-14.22	0.39

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record. 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.

The fund is considered to be actively managed in reference to the below benchmark as further outlined in the prospectus and key investor information document/key information document.
Bloomberg Global Aggregate Credit Index (USD Hedged) is an unmanaged Index that provides a broad- based measure of the global investment- grade fixed income markets. The three major components of this index are the U. S. Aggregate, the Pan- European Aggregate, and the Asian- Pacific Aggregate Indices. This index excludes Government and Securitized Securities. The index also includes Eurodollar and Euro- Yen corporate bonds, Canadian securities, and USD investment grade 144A securities. It is not possible to invest directly in an unmanaged index.

Key Facts

	Accumulation	Income
Bloomberg Ticker	PIMGIAD	PIMGIID
ISIN	IE0034085260	IE0033386453
Sedol	B00L5D0	3338645
CUSIP	G7096Y587	G7096Y512
Valoren	1928026	1872373
WKN	A0DN9E	A0DN9F
Inception Date	18/04/2008	23/07/2003
Distribution	-	Quarterly
Unified Management Fee	0.49% p.a.	0.49% p.a.
Fund Type	UCITS	
Portfolio Manager	Mark Kiesel, Mohit Mittal, Jelle Brons	
Total Net Assets	9.7 (USD in Billions)	
Fund Base Currency	USD	
Share Class Currency	USD	

Credit and Default Risk: A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a loan or meet a contractual obligation. This could cause the value of its bonds to fall or become worthless. Funds with high exposures to non-investment grade securities have a higher exposure to this risk. **Currency Risk**: Changes in exchange rates may cause the value of investments to decrease or increase. **Derivatives and Counterparty Risk**: The use of certain derivatives could result in the fund having a greater or more volatile exposure to the underlying assets and an increased exposure to counterparty risk. This may expose the fund to larger gains or losses associated with market movements or in relation to a trade counterparty being unable to meet its obligations. **Emerging Markets Risk**: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Investments in these markets may expose the fund to larger gains or losses. **Liquidity Risk**: Difficult market conditions could result in certain securities becoming hard to sell at a desired time and price. **Interest Rate Risk**: Changes in interest rates will usually result in the values of bond and other debt instruments moving in the opposite direction (e.g. a rise in interest rates likely leads to fall in bond prices). **Mortgage Related and Other Asset Backed Securities Risks**: Mortgage or asset backed securities are subject to similar risks as other fixed income securities, and may also be subject to prepayment risk and higher levels of credit and liquidity risk.

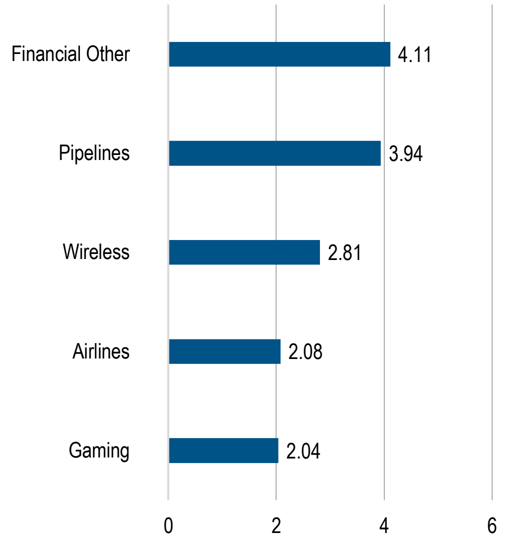
MONTH IN REVIEW

Global investment grade credit spreads widened by 7bps in October to 127bps. October saw continued rate volatility as U.S. economic data releases highlighted consumer balance sheet strength and skewed the future path of U.S. policy rates to the upside. Coupled with heightened geopolitical risks, this resulted in yet another difficult month for financial markets. U.S. Treasury 10-year yields ended the month higher for the sixth consecutive month after briefly crossing 5%, with risk assets also impacted by a subdued sentiment. Against this backdrop, the Bloomberg Global Aggregate Credit Index underperformed like-duration government bonds by 0.3% in October, with a total return of -0.9% (USD hedged) over the month. On the primary market front, October saw a healthy $85bn of gross issuance in U.S. investment grade credit driven by the highest October financials supply in over 5 years, although non-financials issuance was notably light and longer term issuance remained constrained. Amongst sectors, Energy and Technology issuers outperformed over the month on an excess return basis, whilst the Transportation and Real Estate sectors lagged.

Monetary policy in developed markets may diverge going forward. Whilst the hiking cycle across developed markets appears to be largely behind us, U.S. economic growth has been a clear outlier within developed markets, increasing the risk of one additional hike from the Fed. Contrastingly, in Europe the ECB and BoE have likely done enough already, with restrictive monetary policy translating into stagnant growth and cooling economies. Meanwhile in Japan, the BoJ continued along a path of yield curve control relaxation.

Ratings momentum thus far has remained on a positive trajectory. Following the record downgrades in 2020, the market has since experienced a remarkable upgrade cycle. The market saw $166bn of rising stars vs. $26bn of fallen angels in USD debt in 2021 and 2022 combined, and there have been a record ~$117bn of rising stars year-to-date including Ford's $47bn capital structure which was upgraded to IG at the end of the month, versus only ~$16bn of fallen angels year-to-date.

Top 5 overweights (% Market Value)



Source: PIMCO

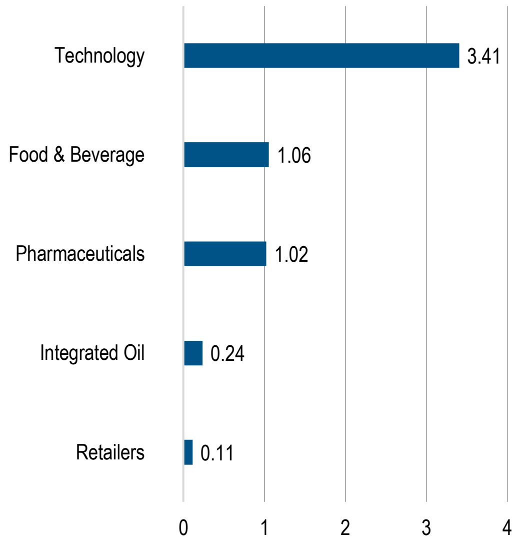
PORTFOLIO POSITIONING

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 for leisure and entertainment services is feeding through to material earnings improvements and de-leveraging potential. 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 issuers with limited upside and potential re-leveraging risk in sectors such as Food & Beverage and Pharmaceuticals as well as 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 the Banking sector and in particular large national champion banks, taking advantage of multiple attractively priced opportunities in the primary market amid a busier new issue calendar in financials. The Fund also added to Agency Mortgages and to select defensive names in the Utility sector.

Top 5 underweights (% Market Value)



Source: PIMCO

OUTLOOK AND STRATEGY

Fundamentals remain resilient

Investment grade credit fundamentals have remained resilient thus far as earnings as well as debt leverage metrics have remained relatively stable over recent quarters; fundamentals are expected to remain resilient even in a downturn given strong starting levels. Tightening credit conditions, particularly in the U.S., have however increased the risk of recession. Additionally, services and wage inflation may prompt global central banks to keep rates higher for longer despite increased risks of a slowdown, with policymakers continuing to prioritize inflation mandates over growth and full employment.

Technicals appear supportive

Demand for global investment grade credit has increased as yields have moved higher, especially driven by institutional flows, due to the need for high quality income and de-risking from equities on the back of improved pension plan funding ratios. While the year has thus far seen healthy gross supply levels, elevated yields are keeping some issuers on the sidelines. The ECB is continuing to engage in balance sheet reduction, although the impact is small relative to the market.

All-in yield valuations screen attractive

All-in yields are back to their highest levels since the global financial crisis and although spreads are somewhat tighter compared to the peaks reached last fall, yields around current levels have historically represented attractive entry points for long-term investors. In particular, non-cyclicals, select COVID-impacted sectors, defensive BBBs, new issues, and potential rising stars continue to offer attractive opportunities, while ongoing macro volatility may lead to downside risk in lower quality credits.

Fund Statistics

Effective Duration (yrs)	6.02
Benchmark Duration (yrs)	5.72
Current Yield (%)⊕	4.49
Estimated Yield to Maturity (%)⊕	6.73
Annualised Distribution Yield (%)†	3.59
Average Coupon (%)	3.97
Effective Maturity (yrs)	9.02

⊕Yields reported gross of fees, the deduction of which will reduce the yield. Yields are reported in the base currency of the fund and are not specific to the share class. The current yield illustrates the income investors could get from the portfolio as a percentage of market value of the securities assuming a holding period of one year. The current yield does not take into account the future cash flows of bonds, but rather is a snapshot of the income in the portfolio as of a certain point in time.
†Annualised Distribution Yield is as of last quarter ending 10/31/2023.
⊕PIMCO calculates a Funds 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 securitys yield to maturity from PIMCOs Portfolio Analytics database. When not available in PIMCOs Portfolio Analytics database, PIMCO sources the securitys 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.