PIMCO

Global Core Asset Allocation Fund

PIMCO Funds: Global Investors Series Plc

SHARE CLASS: **INSTITUTIONAL** | AS OF: **31 MAY 2022** | **Monthly Commentary**

Fund information		
Total net assets (in millions)		$844.0
Fund type		UCITS
Portfolio manager(s)		Erin Browne Geraldine Sundstrom Emmanuel Sharef
Effective duration (yrs)		3.39
Benchmark duration (yrs)		2.86
Class	CUSIP	ISIN
Accumulation	G70975787	IE00B639QY17

Unified Fee	
Institutional class, Accumulation shares	0.95% p.a.

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. **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).

This is a marketing communication. Please refer to the Prospectus of the PIMCO Funds: Global Investors Series Plc and to the KIID before making any final investment decisions.

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.

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Performance summary

The PIMCO GIS Global Core Asset Allocation Fund returned 0.00% (Institutional Class, Accumulation shares net of fees) in May versus the 60% MSCI All Country World Index/40% Bloomberg Global Aggregate USD Hedged, which returned 0.02%. Year-to-date the Fund has returned -12.14% (Institutional Class, Accumulation shares net of fees), while the benchmark returned -10.73%.

Risk appetite declined in May amid elevated inflationary risks. Global equities fell throughout most of the month but rose towards the end - with the S&P up 0.2% - credit spreads widened modestly, and energy prices continued to gain. Developed sovereign yields broadly ended higher as the Bank of England increased its policy rate by 25 basis points and the European Central Bank alluded to a rate hike as early as July. Meanwhile, the U.S. 10-year Treasury yield fell 9 bps to 2.84% as the Fed increased interest rates by 50 bps and laid out plans to begin reducing its balance sheet in June.

Contributors

- Relative value REITs strategies
- Overweight US equities
- Overweight Japan equities

Detractors

- Overweight securitized credit
- Eurozone duration positioning
- Eurozone equities positioning

Performance (Net of Fees)	1 Mo	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
Institutional class, Accumulation (%)	0.00	-5.60	-9.48	-8.09	6.75	5.46	4.60	5.78
Benchmark (%)	0.02	-5.45	-8.73	-6.75	7.16	6.20	7.25	—

Past performance does not predict future results.

Performance (Net of Fees)	May '21-May '22	May '20-May '21	May '19-May '20	May '18-May '19	May '17-May '18
Institutional class, Accumulation (%)	-8.09	26.39	4.71	1.54	5.61
Benchmark (%)	-6.75	23.78	6.62	2.08	7.56

Past performance does not predict future results.

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

Performance (Net of Fees)	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
Institutional class, Accumulation (%)	-7.24	7.58	-0.90	4.18	14.18	-5.16	15.57	14.59	11.01	-12.14
Benchmark (%)	13.18	5.61	-0.80	6.45	15.18	-4.86	19.18	12.65	10.28	-10.73

Past performance does not predict future results.

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record. The benchmark is the 60% MSCI All Country World Index/40% Bloomberg Global Aggregate USD Hedged. All periods longer than one year are annualised. SI is the performance since inception.

Allocation of market value as of 31 May 2022

	31/03/2022	30/04/2022	31/05/2022
US Equities	41.5	42.6	46.5
Developed ex-US Equities	15.2	15.5	15.6
Emerging Markets Equities	7.0	7.2	7.3
US Fixed Income	45.3	42.5	53.9
Developed ex-US Fixed Income	14.8	18.1	19.2
Emerging Markets Fixed Income	20.7	21.4	21.1
Commodities	0.0	0.0	0.0
Net Other Short Duration Instruments [1]	-45.1	-47.1	-63.6

[1] Net Other Short Duration Instruments includes securities and other instruments (except those 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, short duration derivatives and derivatives offsets. 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. Derivatives Offsets includes offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position.

Top 5 active currency exposure

	% Market Value
Chile	1.32
Norway	1.25
South Africa	1.20
United States	-1.16
Mexico	-1.18

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.
MV% may not equal 100 due to rounding.

Portfolio positioning

Equities: We currently have a modest overweight on overall equity risk as we believe that equities are pricing in an overly pessimistic economic outlook. Despite this, risks remain so we continue to emphasize higher quality exposures that are characterized by higher profitability, higher operating cash flows, lower leverage, and that we would expect to grow earnings even through a downturn.

Rates: We have upgraded our view on duration primarily as a defensive ballast for our risk-on exposures. We believe current yields present an attractive entry point for long term investors. In the developed world, we have a bias towards the U.S. and prefer relative value trades within emerging markets, emphasizing countries that are further along in their hiking cycles.

Credit: We remain overweight credit broadly though we are focused on higher quality credits. Non agency mortgages are responsible for the majority of our overweight as they continue to be supported by strong fundaments and offer attractive valuations. We are cautious on corporate credit.

Currency: We continue to favor currencies of commodity-exporting countries that we expect to benefit from higher commodity prices, like the Australian Dollar, South African Rand, Brazilian Real, and Chilean Peso over currencies of commodity-importing regions and countries like the Euro and British Pound.

Month in review

Developed market equities gained 0.1% in May following a volatile month of trading driven largely by uncertainty around inflation and the related course of central bank policy. The Russian invasion of Ukraine continued to play an important role in the behavior of global markets, as sanctions on Russia and constrained food and energy exports from the region added to inflationary pressures. In the U.S., equities recovered from near bear -market territory to finish the month 0.2% higher. Stocks slid in early May as investors weighed lofty valuations, the Federal Reserve's interest rate hiking plan, and concerns about future economic growth. European equities posted a modest loss in May, falling 0.8%, as the introduction of an embargo on Russian oil added pressure to record levels of inflation. In Japan, equities finished the month 1.7% higher after the Japanese economy shrank at a slower-than-expected rate.

Developed sovereign yields were broadly higher in May as most central banks continued to prioritize addressing inflation risks. In the U.S., yields rose meaningfully early in the month as the Fed raised its policy rate by 50 basis points and laid out plans to begin reducing its balance sheet in June. But yields fell later in the month amid rising growth concerns, ending 9 bps lower at 2.84%. In the U.K. and Germany, yields rose across the curve after the Bank of England raised rates by 25 bps and the European Central Bank signaled a rate hike as early as July. The 10-year gilt and Bund yields climbed 20 bps and 18 bps to 2.10% and 1.12%, respectively.

Agency MBS returned 1.11% in May, outperforming like-duration Treasuries by 70 bps. Legacy non-agency residential MBS spreads widened by 20 bps, while non-agency CMBS returned -0.38%, underperforming like-duration Treasuries by 105 bps.

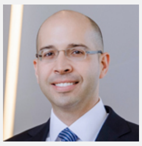
Outlook and strategy

We are firmly in late-cycle expansion and risks to growth have increased. We maintain a modestly risk-on posture, but are positioned at less than average levels of active risk. We recognize there are risks to our growth and inflation outlook and volatility is likely to stay elevated in this late cycle period, so we continue to focus on high-quality assets, inflation hedges, and maintaining dry powder to capitalize on dislocations. In our base case, growth remains supported by the post-pandemic economic reopening and inflation will peak later this year. However, an escalation of the Russia-Ukraine war or a deepening of COVID-induced supply chain disruptions could shock both growth and inflation. Therefore, we are reducing active beta tilts and focusing on relative value opportunities. We believe a measured and dynamic approach to portfolio construction will be crucial for the path ahead.

Management profile

Erin Browne
Managing Director

Geraldine Sundstrom
Managing Director



Emmanuel Sharef
Executive Vice President

Asset allocation for a changing world

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

Share 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 Key Investor Information Document.
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.

The benchmark is a blend of 60% MSCI All Country World Index/40% Bloomberg Global Aggregate USD Hedged. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of 46 country indices comprising 23 developed and 23 emerging market country indices. Bloomberg Global Aggregate (USD Hedged) Index 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. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian Government securities, and USD investment grade 144A securities. It is not possible to invest directly in an unmanaged index.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other share classes are either lower or not available.

"Developed Market Equities" proxy for MSCI World Index, "U.S.Equities" proxy for S&P 500 Index, "European Equities" proxy for MSCI Europe (MSDEE15N), "Dollar" proxy for U.S. Dollar, "Emerging Markets" proxy for MSCI Emerging Markets Daily Net TR Index, "Japan Equities" proxy for Nikkei 225, "EM Debt" proxy for JPM EMBI Index, "Local Debt is proxy for JP Morgan GBI-EM Global Diversified Index. "Agency MBS" proxy for Bloomberg ABS Index. "Global Investment grade" proxy for Bloomberg Global Aggregate Credit USD Hedged Index. "Global high yield" proxy for Bloomberg Global High Yield Index.