Global Investment Grade Credit Fund

PIMCO Funds: Global Investors Series Plc

SHARE CLASS: **INSTITUTIONAL** | AS OF: **31 OCTOBER 2021** | **Monthly Commentary**

Fund information	
Total net assets (in millions)	$18,347.7
Fund type	UCITS
Portfolio manager(s)	Mark R. Kiesel Mohit Mittal Jelle Brons
Effective duration (yrs)	7.02
Benchmark duration (yrs)	7.35
Average maturity (yrs)	9.57

Class	CUSIP	ISIN
Accumulation	G7096Y587	IE0034085260
Income	G7096Y512	IE0033386453

Unified Fee	
Institutional class, Accumulation shares	0.49% p.a.
Institutional class, Income shares	0.49% p.a.

Performance summary

The PIMCO GIS Global Investment Grade Credit Fund returned -0.90% (Institutional Class, Accumulation shares net of fees) and -0.98% (Institutional Class, Income shares net of fees) in October versus the Bloomberg Global Aggregate Credit Index (USD Hedged), which returned -0.10%. Year-to-date the Fund has returned -1.79% (Institutional Class, Accumulation shares net of fees) and -1.81% (Institutional Class, Income shares net of fees), while the benchmark returned -1.08%.

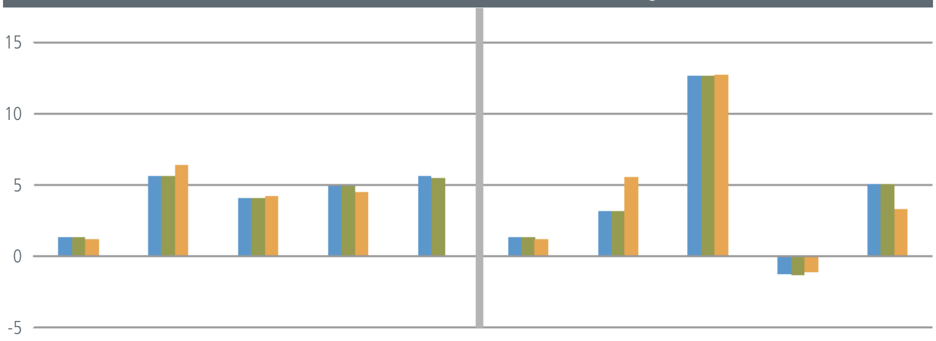
In October, the Bloomberg Global Aggregate Credit Index returned -0.10% (USD Hedged), underperforming like duration government bonds by -0.04%, as spreads widened modestly.

Contributors

- Security selection within the transportation sector
- Security selection within the entertainment sector

Detractors

- Macro strategies, and in particular curve steepener positioning
- Security selection within emerging markets external debt
- An overweight to the gaming sector



	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inceptio	10/20 - 10/21	10/19 - 10/20	10/18 - 10/19	10/17 - 10/18	10/16 - 10/17
PIMCO GIS Global Investment Grade Credit Fund Institutional-Acc, net of fees (%)[1]	1.39	5.64	4.13	4.95	5.65	1.39	3.20	12.68	-1.17	5.08
PIMCO GIS Global Investment Grade Credit Fund Institutional-Inc, net of fees (%)[2]	1.36	5.63	4.12	4.94	5.50	1.36	3.17	12.71	-1.21	5.07
Bloomberg Global Aggregate Credit Index (USD Hedged) (%)*	1.25	6.42	4.27	4.54	—	1.25	5.61	12.72	-1.05	3.33

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] Accumulation class inception date: 18 April 2008
[2] Income class inception date: 23 July 2003

** The fund is actively managed in reference to the Bloomberg Global Aggregate Credit Index (USD Hedged) as further outlined in the prospectus and key investor information document.*

Top 5 overweight industries	
	% Market Value
Gaming	3
Financial Other	3
Real Estate	2
Wireless	2
Airlines	2

Top 5 underweight industries	
	% Market Value
Pharmaceuticals	-3
Electric Utility	-2
Food & Beverage	-2
Integrated Oil	-1
Retailers	-1

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

We continue to like financials, given better starting fundamentals, and among the sectors most affected by the pandemic, such as the travel and leisure sector, we remain highly selective and at current spread levels we see attractive opportunities in issuers with a diversified geographical exposure and a strong liquidity profile. With vaccines in deployment and the economic recovery expected to continue, spreads in these hardest-hit sectors may be poised to outperform and offer further upside, particularly among more resilient issuers that have ample liquidity. Conversely, we are underweight tight trading non-cyclical issuers with limited upside and maintain a cautious approach in secularly challenged sectors, including commodity-related sectors and retail/wirelines.

During the month, the Fund added exposure via attractively priced primary opportunities in diversified financials, including aircraft lessors which benefit from the progressive recovery in air travel, the subordinated bank capital from a European bank, as well as a new issue from an alternative asset manager which offered an attractive concession. The Fund reduced exposure to tight trading issuers in the cable and telecom sector as well as to a select quasi Sovereign EM name as a way to take profit.

Month in review

Global investment grade credit spreads widened by 3bps in October to 85bps. Inflation concerns and the flattening of global treasury curves weighed on IG credit, resulting in a modest spread widening despite the rally in stock markets. October was characterized by active primary issuance, for a total of $115bn gross issuance in US investment grade. The market is seeing some moderate fatigue with respect to primary issuance, with concessions increasing at the margin and book oversubscriptions slightly lower over the month. By sector, Energy, Utilities and Airlines continued to outperform while Banks underperformed alongside heavy issuance post earnings. Quarterly earnings results have proven solid so far, beating estimates by 13% and 80% of companies topping projections. Banks were the notable outperformer, surpassing consensus expectations by 20%.

The main contributors to performance for the month included security selection within the transportation sector, as airline companies outperformed amid the gradual recovery in air traffic. Moreover, security selection within the entertainment sector added to relative performance as a select US overweight issuer was upgraded. On the other hand, macro strategies, and in particular curve steepener positioning across developed markets, detracted from performance. Other detractors were a security selection within emerging markets external debt, as spreads in the Chinese real estate sector continued to widen and an overweight to the gaming sector, which underperformed on the back of potential regulatory headwinds in Asia.

Outlook and strategy

Over the cyclical horizon, we expect global growth to moderate over the medium term but to remain above trend, while the inflation outlook has become more balanced. Central banks remain committed to supporting the economic recovery while managing the risk of an inflation overshoot.

Ratings momentum remains positive with rising stars continuing to outpace fallen angels, leading to a faster upgrade cycle than in previous periods.

Primary market activity remains elevated but new issuance has been well absorbed by the market and net issuance has slowed down compared to last year. A combination of lower hedging costs and higher yields in the US has contributed to higher hedged yields which should drive foreign demand from Europe and Asia in favour of US and global investment grade markets.

Following the recovery in valuations, spreads are generally back to pre-pandemic levels, but select sectors still trade wide compared to their pre-COVID tights and offer active management opportunities. Cyclical and COVID-impacted sectors, as well as select BBBs and potential rising stars, offer further upside and benefit from the continued reopening of the global economy and improving credit fundamentals.

Management profile

Mark R. Kiesel
Managing Director and CIO Global Credit

Mohit Mittal
Managing Director

Jelle Brons
Senior Vice President

2003
23 JUL
INCEPTION DATE

$18.3BN
ASSETS UNDER MANAGEMENT

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

Seeks attractive returns from high quality corporate bonds

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.

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.

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.

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. Sovereign securities are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. 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. The credit quality of a particular security or group of securities does not ensure the stability or safety of the overall portfolio. Diversification does not ensure against loss.
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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].
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Spreads referenced are the average option adjusted spread (OAS) level as generated by Bloomberg. Excess Returns are measured by comparing individual securities within the index against like-duration Government Bonds. All spread and performance figures are as reported by Bloomberg Barclays for the Bloomberg Global Aggregate Credit Index and its respective sub-sectors.
"rising stars" are bonds that were considered speculation grade when issued but have since improved their financials, reducing the risk of default
"fallen angels" are bonds that at one time in the past were considered to be investment grade and are now categorized as 'junk' bonds due to a reduction in the issuer's credit rating