PIMCO Global Bond Fund

PIMCO Australia Funds

SHARE CLASS: **WHOLESALE** | AS OF: **31 MARCH 2022** | **Monthly Commentary**

Fund information	
Bloomberg ticker	EQTPGBW
ISIN	AU60ETL00188
APIR	ETL0018AU
Inception date	28 April 2004
Distribution	Quarterly
Management fee[1]	0.49% p.a.
Portfolio manager(s)	Sachin Gupta Andrew Balls Lorenzo Pagani
Total net assets (in millions)	6,987.1 AUD
Fund duration (yrs)	6.49
Benchmark duration (yrs)	7.28
Yield to maturity (%)[2]	2.76
Average coupon (%)	1.86
Average maturity (yrs)	8.01

[1]In addition to the Management Fee there may be other fees and costs associated with an investment in this fund. For a detailed explanation on fees and costs please refer to the Product Disclosure Statement. [2]Yield to Maturity (**YTM**) is the estimated annual rate of return that would be received if the Fund's current securities were all held to their maturity and all coupons and principal were made as contracted. YTM does not account for fees or taxes. YTM is not a forecast, and is not a guarantee of, the future return of the Fund. The Fund's actual return will depend on a range of factors, including fluctuations in the value of the Fund's securities held from time to time.

Risk Profile

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 foreign denominated and/or domiciled 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 PDS.

Performance summary

The PIMCO Global Bond Fund returned -1.94% (Wholesale Class, net of fees) in March, outperforming the Bloomberg Global Aggregate Index (AUD Hedged) by 0.19%. Year-to-date the Fund has returned -4.66% (Wholesale Class, net of fees), outperforming the benchmark by 0.32%.

Risk assets broadly gained in March despite heightened volatility following the Russian invasion of Ukraine and shifting monetary policy expectations. Global equities rallied - with the S&P up 3.7% - and credit spreads tightened, while sanctions on Russia and supply chain disruptions continued to push commodity prices higher. Meanwhile, developed sovereign yields broadly rose - the U.S.10-year yield rose 51 bps to 2.34% - as the Fed raised rates by 25 bps and alluded to a potentially faster pace of rates despite geopolitical uncertainty.

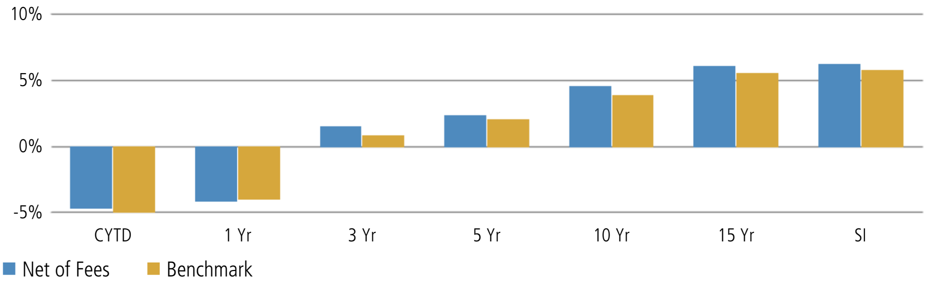
Contributors

- Duration and curve positioning in the U.S.
- Long exposure to EM External debt
- Exposure to Danish mortgages

Detractors

- An underweight to non-financial investment-grade corporate credit
- Positioning in Agency MBS
- Positions in non-Agency MBS

Performance



Performance	1 Mo	3 Mo	FYTD	1 Yr	3 Yr	5 Yr	10 Yr	SI
Net of Fees (%)	-1.94	-4.66	-4.86	-4.12	1.48	2.34	4.52	6.18
Benchmark (%)	-2.13	-4.98	-4.90	-4.01	0.84	1.99	3.88	5.71
Outperformance (%)	0.19	0.32	0.04	-0.11	0.64	0.35	0.64	0.47

Past performance is not a reliable indicator of future results
Returns for periods longer than 1 year are annualised
Net of Fees - Fund performance is quoted net of fees and expenses and assumes the reinvestment of all distributions but does not take into account personal income tax
SI is the performance since inception. Inception date is 28 April 2004
The benchmark is the Bloomberg Global Aggregate Index (AUD Hedged)

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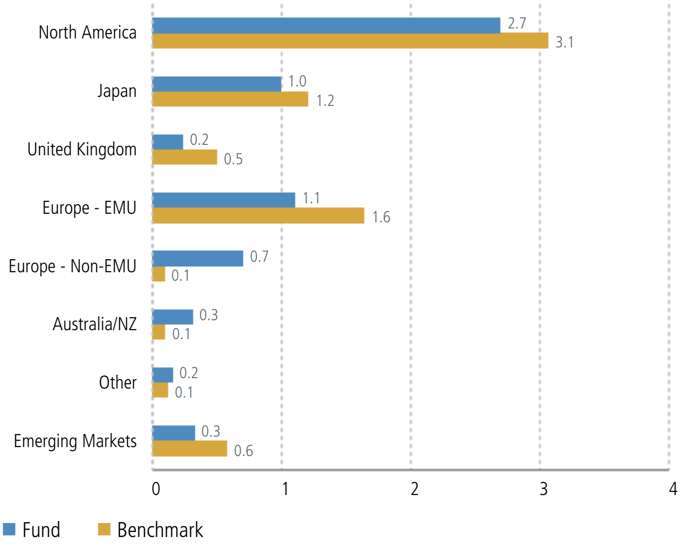
Regional Exposure (by currency, Dur in Yrs)



The benchmark is the Bloomberg Global Aggregate Index (AUD Hedged)

Portfolio positioning

The Fund is underweight to duration overall, including a modest underweight in the U.S. as we believe that rising inflationary pressures and quantitative tightening may place upward pressure on yields. In the eurozone, the Fund is underweight duration in aggregate with an overweight in the peripherals and an underweight in the core/semi-core regions. The Fund remains underweight to duration in the U.K.

The Fund is underweight to investment-grade corporate credit given tight valuations. Instead, the Fund favors senior securitized assets, like non-Agency mortgages as well as U.K. residential mortgages and Danish covered bonds. The Fund also continues to hold positions in U.S. TIPS and high-quality EM external debt.

In currencies, the Fund is short the U.S. dollar with exposure to select DM and EM currencies based on relative value and valuations in commodity exposure.

Month in review

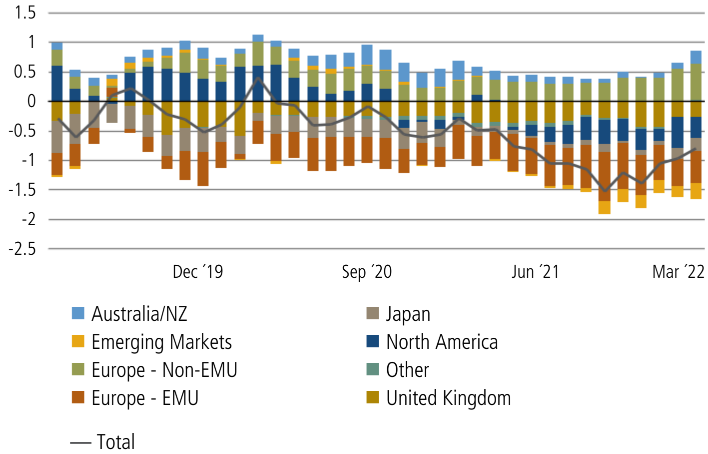
Risk assets broadly gained in March despite heightened volatility following the Russian invasion of Ukraine and shifting monetary policy expectations. Global equities rallied - with the S&P up 3.7% - and credit spreads tightened, while sanctions on Russia and supply chain disruptions continued to push commodity prices higher. Meanwhile, developed sovereign yields broadly rose - the U.S.10-year yield rose 51 bps to 2.34% - as the Fed raised rates by 25 bps and alluded to a potentially faster pace of rates despite geopolitical uncertainty.

Sovereign rate strategies contributed to relative performance over the month. Contributions from an underweight to duration in the U.S. and Eurozone more than offset detractions from an overweight to duration in Australia.

Spread sector strategies detracted modestly from relative performance over the month. Contributions from positions in EM external debt and exposure to Danish mortgages were more than offset by contributions from positions in Agency MBS and an underweight to non-financial investment-grade corporate credit.

Currency strategies contributed to relative performane over the month.

Active Regional Exposure vs. Benchmark (by currency, Dur in Yrs)



The benchmark is the Bloomberg Global Aggregate Index (AUD Hedged)

Outlook and strategy

Significant uncertainty clouds the outlook as the global economy confronts a shock that is negative for growth and may spur further inflation. In our base case, growth may remain supported by the post-pandemic economic reopening and pent-up savings, potentially bolstering demand, and inflation may peak in the next few months and then moderate gradually.

In this uncertain environment, we favor portfolio flexibility and liquidity to respond to events and potentially take advantage of opportunities. We are underweight duration in the Fund as central banks globally seem to remain focused on inflation risks, contributing to elevated volatility. From a country relative value standpoint, we have favored taking duration in select dollar bloc countries (Australia, New Zealand, and Canada) vs. the Eurozone, UK, and Japan. We continue to hold a moderate allocation to TIPS in the portfolio based on attractive valuations and as a hedge against a potential inflation overshoot. We are moderately underweight the U.S. dollar with exposure to select developed and emerging market currencies that may benefit from rising commodity prices.

In spread sectors, we continue to be selective within corporate credit, favoring banks and other financial issuers. We remain focused on securitized assets, including U.S. non-agency mortgages, U.K. residential mortgages, and Danish mortgages, which we believe may offer defensive qualities in addition to reasonable risk premia for liquidity, complexity, and uncertainty over the timing of cash flows. We also continue to hold high quality EM external debt of sovereign and quasi-sovereign issuers in the Middle East.

G10 positions refers to G10 currencies: U.S. dollar, euro, British pound, Japanese yen, Australian dollar, New Zealand dollar, Canadian dollar, Swiss franc, Norwegian krone and Swedish krona.
Currency strategies are volatile and currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

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Beta: Beta is a measure of price sensitivity to market movements. Market beta is 1.
Diversification: Diversification does not ensure against losses.
Duration: Duration is the measure of a bond's price sensitivity to interest rates and is expressed in years.
Fluctuations: There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Forecasts: Forecasts are based on proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor the purchase or sale of any financial instrument.
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