# SHINING A LIGHT ON THE...... PIMCO GIS Emerging Markets Opportunities Fund

## AT A GLANCE

## **Investment Objective**

The investment objective of the Fund is to seek to maximise total return, consistent with prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 50% of its net assets in Fixed Income Instruments of issuers that are economically tied to emerging market countries, related derivatives (of the type detailed below) on such securities and emerging market currencies.

Inception Date	4 <sup>th</sup> June 2019
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapsh
	ot/snapshot.aspx?id=F000013OIB

Management	
Manager Name	Start Date
Yacov Arnopolin	4 <sup>th</sup> June 2019
Pramol Dhawan	4 <sup>th</sup> June 2019

#### **FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2020 to 31<sup>st</sup> May 2022:

	2020	2021	2022
PIMCO GIS Emerging Markets Opportunities	4.67%	-2.42%	-0.48%
Fund			
JPM EMBI Global Diversified TR USD	2.01%	-0.89%	-8.68%

Performance over 12 months, and since launch:

	1 year	Since launch
PIMCO GIS Emerging Markets Opportunities Fund	1.61%	3.28%
JPM EMBI Global Diversified TR USD	-4.56%	-6.05%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Credit Quality
-	-	-	-	-	-	Medium/Low

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Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

Credit Quality	
AAA	36.58%
AA	9.41%
Α	6.03%
BBB	29.25%
BB	10.85%
В	4.47%
Below B	3.42%
Not Rated	0.00%

Top 5 Holdings – 367 bond holdings, 418 other holdings		
IRS CNY 2.50000 06/16/21-1Y (WHT) LCH	-	23.74%
Receive		
5 Year Treasury Note Future Sept 22	-	17.09%
CDX IG38 5Y ICE	-	13.40%
IRS KRW 1.75000 12/15/21-5Y LCH Receive	-	12.78%
United States Treasury Bonds 2.375% 2.375%	-	9.42%

Fixed Income	
Effective Maturity	6.43
Effective Duration	3.42

## **UPDATE....**

This was a new introduction for us. This fund was launched three years ago in June 2019. We would want to do more work before considering adding to our watch list.

Emerging markets are seen an alternative credit option to developed markets. They feel it offers low valuations and the underlying credit risk is no different to that of US corporates with the same rating. Over the last ten years emerging market debt has delivered higher returns with less volatility and there is a high degree of diversification. As with any region care needs to be taken as there will be winners and losers, especially with the war in the Ukraine.

Some of those winners include Chile, Brazil, and South Africa. The strategy aims to offer a best idea funds to investors that invests across both hard and local currency and corporates as well as sovereign debt.

This aims to protect on the downside and this is one of the key elements of this strategy. The returns come from three areas:

Reconstructing the EM risk profile (around 35% of returns) – this looks at the risks within the index and how they can mitigate those risks.

Active allocation across hard and local currency (around 20% of returns) – this considers investments across asset classes which includes interest rates, currencies, country by country allocation etc.

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Alpha overlay (around 45% of returns) – this is about positioning, which can include bespoke investment deals.

This is all about diversification across EM so no one country dominates the portfolio, and the fund currently has more hard currency debt.

In an uncertain environment for fixed income investments EM offers something different, and allowing a specialist to manage selection across the market takes away that risk from individual investors.

In summary, this is effectively a strategic bond that focuses purely on the emerging markets. We would want to do more work on this strategy before we consider adding to the watchlist but there many positives so we would want to see who else offers these types of funds.

The source of information in this note has been provided by PIMCO and is correct as of June 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.