

## SHINING A LIGHT ON THE..... PIMCO GIS Income Fund

### AT A GLANCE

#### Investment Objective

The primary investment objective of the Fund is to seek high current income, consistent with prudent investment management. Long-term capital appreciation is a secondary objective. The Fund will utilise a global multi-sector strategy that seeks to combine the Investment Advisor's total return investment process and philosophy with income maximization. Portfolio construction is founded on the principle of diversification across a broad range of global fixed income securities. Top-down and bottom-up strategies are used to identify multiple sources of value to generate consistent returns.

#### Inception Date

16 October 2014 (original strategy 30 November 2012)

#### Fund Factsheet Link

<https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000011XLG>

#### Management

##### Manager Name

##### Start Date

Daniel Ivascyn

30<sup>th</sup> November 2012

Alfred Murata

30<sup>th</sup> November 2012

Joshua Anderson

30<sup>th</sup> July 2018

### FUND PERFORMANCE

Performance from 16<sup>th</sup> October 2014 to 31<sup>st</sup> January 2023:

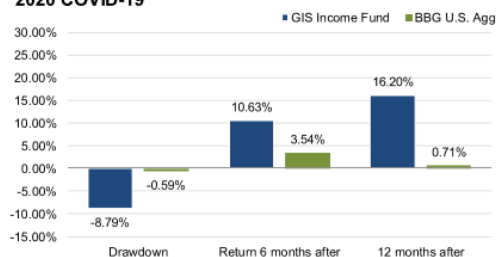
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



16/10/2014 - 31/01/2023 Data from FE fundinfo 2023

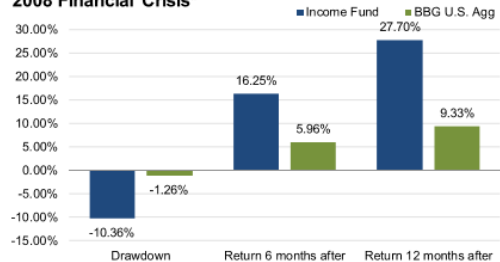
## Performance: PIMCO GIS Income Fund

### 2020 COVID-19



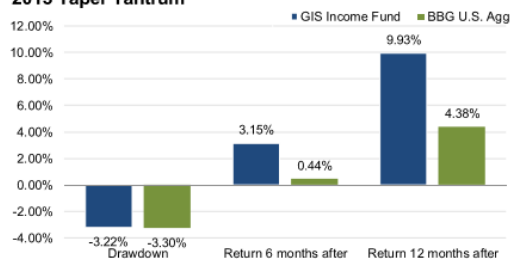
## Performance: PIMCO Income Representative Account

### 2008 Financial Crisis\*



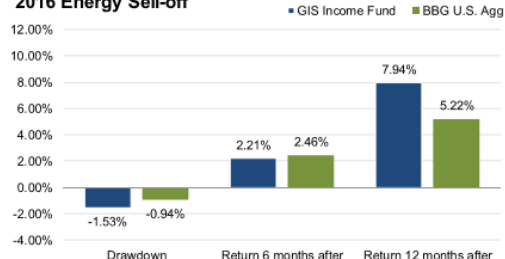
## Performance: PIMCO GIS Income Fund

### 2013 Taper Tantrum



## Performance: PIMCO GIS Income Fund

### 2016 Energy Sell-off



As of 31 March 2021. Source: PIMCO

\* Performance shown for Income Representative Account

Past performance is not a guarantee or a reliable indicator of future results. Performance is shown for the institutional class, accumulation, USD shares, annualized and net of fees.

Drawdown Dates include: Financial Crisis: 2/28/2009; Taper Tantrum: 6/30/2013; Energy Sell-off: 9/30/2015; 2020 COVID-19 3/31/2020

Refer to Appendix and the relevant sections of the Fund prospectus for additional performance and fee, GIS Funds, index, representative account and risk information.

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30

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Index	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑	↑↑
Bloomberg US Aggregate TR in GB	1.00	-2.05	-0.63	4.19	4.52	6.23	-5.42	22.44	6.37	12.56	-3.84
Pimco GIS Income Inst Acc GBP in GB**	1.55	-8.41	2.36	4.95	5.27	5.11	-3.25	27.54	7.51		

\*\* The history of this unit/share class has been extended, at FE fundinfo's discretion, to give a sense of a longer track record of the fund as a whole.

Please 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.

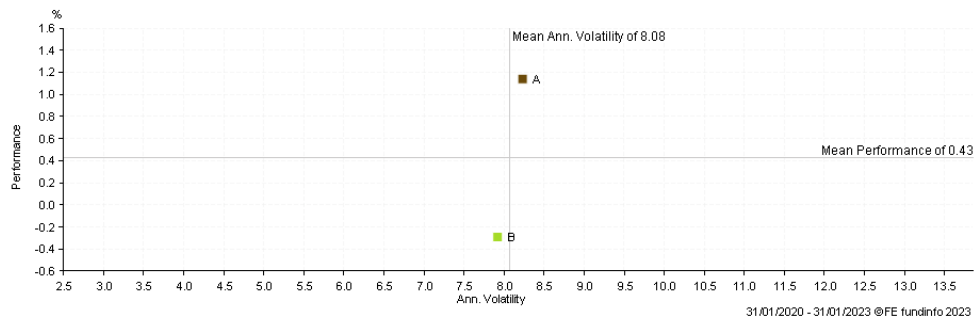
## RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
1.14	1.15	-14.89	4.69	-14.89	67	78	4.19

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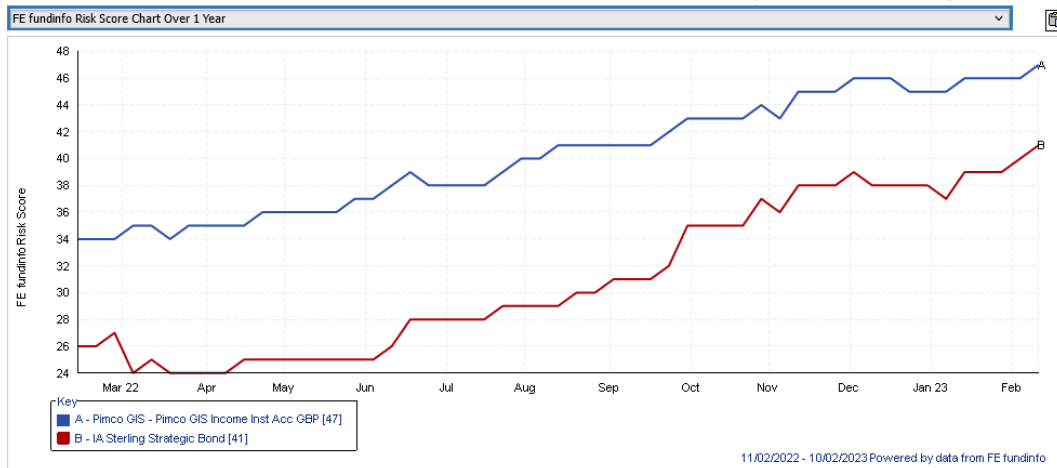
## VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
A	Pimco GIS - Income Inst Acc GBP in GB**	1.14	8.23
B	Bloomberg US Aggregate TR in GB	-0.29	7.92

\*\* The history of this unit/share class has been extended, at FE fundinfo's discretion, to give a sense of a longer track record of the fund as a whole.

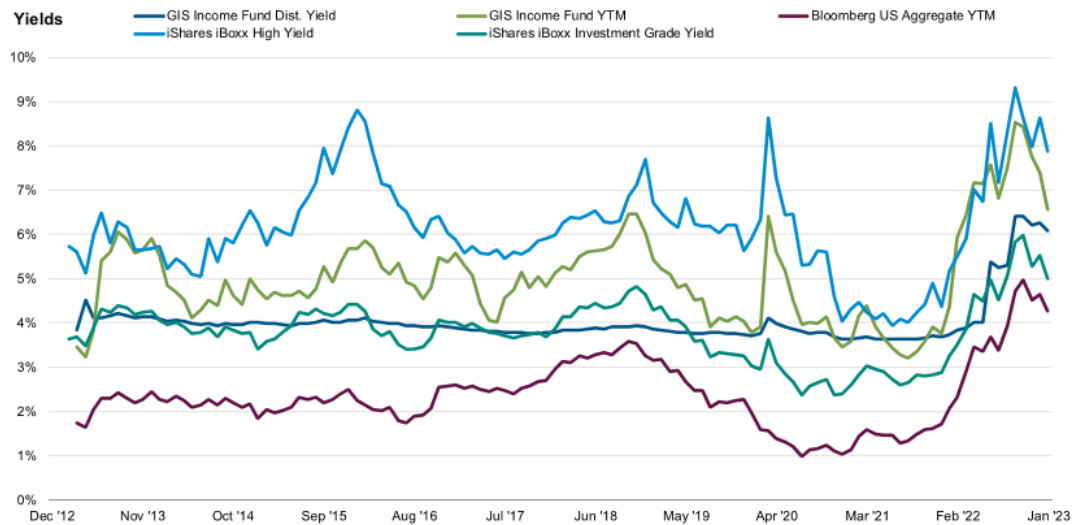


## FUND SIZE



## YIELD – CURRENT YIELD 6.3% (CHART BELOW BASED ON USD)

Past performance does not predict future returns



As of 31 January 2023. Source: PIMCO.

The Fund's benchmark is the Bloomberg U.S. Aggregate. Other indices to represent yield levels across broader fixed income market. U.S. High Yield ETF = iShares iBoxx\$ High Yield Corporate Bond ETF, U.S. IG Corporate ETF = iShares iBoxx\$ Investment Grade Corporate Bond ETF, U.S. Agg = Bloomberg U.S. Aggregate Index. PIMCO GIS Income fund distribution only includes dividend distribution. Distributions are not guaranteed. Refer to Appendix for additional performance and fee, chart, index, risk and information. For information on risks in respect to this fund, please see slide 4 of this presentation.

PIMCO

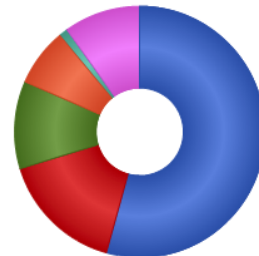
31

## SECTOR WEIGHTINGS

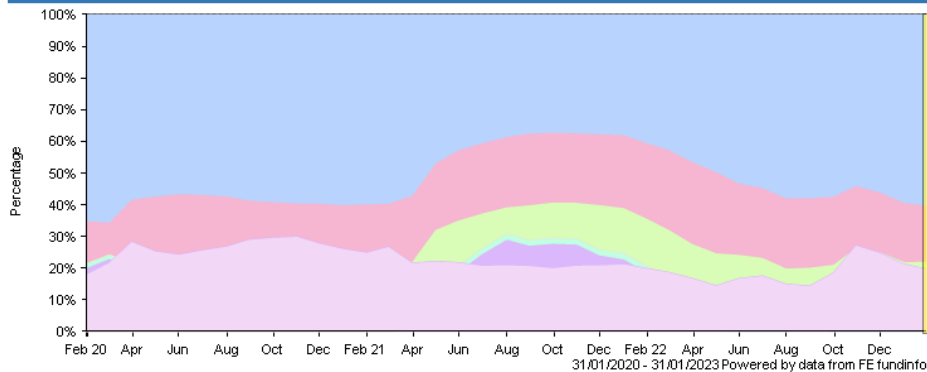
### Sector Weightings as at January 31, 2023

Rank	Change	Name	%
1	▲	ASSET/MORTGAGE-BACKED SECURITIES	66.03
2	▲	CORPORATE BONDS	19.40
3	▲	INVESTMENT GRADE BONDS	13.71
4	▲	GOVERNMENT BONDS	9.04
5	▲	LOCAL GOVERNMENT BONDS	1.40
6	▲	MONEY MARKET	-21.61
7	▲	OTHERS	12.02

▼ Faller ▲ Riser ► No Change ■ New Entry



### Sector Weightings



### Sector holdings as at 31/01/2023

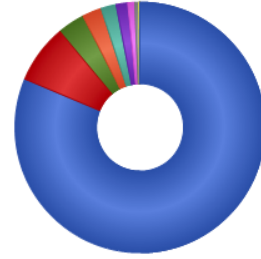
Name	% Weighting
Asset/Mortgage-Backed Securities	66.03
Corporate Bonds	19.40
Investment Grade Bonds	13.71
Government Bonds	9.04
Local Government Bonds	1.40
Money Market	-21.61
Others	12.02

## REGION WEIGHTINGS

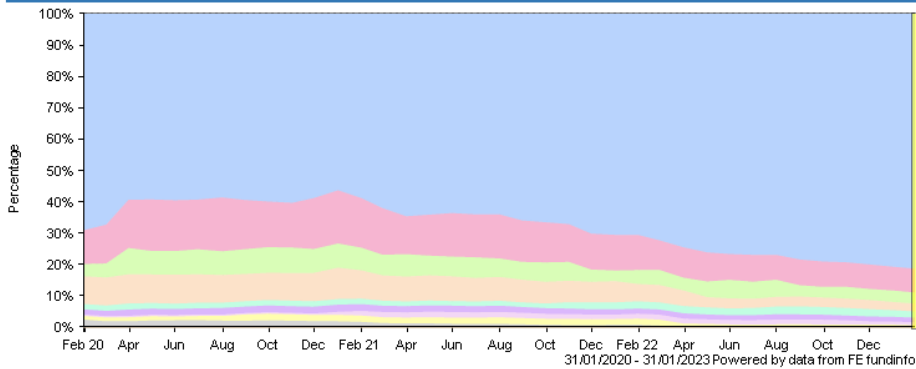
Region Weightings as at January 31, 2023

Rank	Change	Name	%
1	►	NORTH AMERICA	135.58
2	►	EUROPE EX UK	12.64
3	►	UK	5.90
4	►	AMERICAS	4.19
5	►	GLOBAL EMERGING MARKETS	3.27
6	►	AUSTRALASIA	2.52
7	►	SOUTH AFRICA	1.50
8	►	PACIFIC BASIN	0.87
9	►	MIDDLE EAST/ AFRICA	0.21
10	►	INTERNATIONAL	0.02
11	►	NOT SPECIFIED	-0.05
12	►	JAPAN	-5.27
13	►	MONEY MARKET	-61.37

▼ Faller ▲ Riser ► No Change ■ New Entry



Region Weightings



Region holdings as at 31/01/2023

Name	% Weighting
North America	135.58
Europe ex UK	12.64
UK	5.90
Americas	4.18
Global Emerging Markets	3.27
Australasia	2.52
South Africa	1.50
Pacific Basin	0.86
Middle East/ Africa	0.21
Others	-66.66

31/01/2020 - 31/01/2023 Powered by data from FE fundinfo

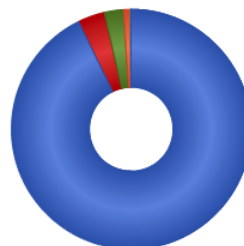
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## ASSET / CURRENCY / CREDIT RATING WEIGHTINGS

Asset Weightings as at January 31, 2023

Rank	Change	Name	%
1	►	GLOBAL FIXED INTEREST	149.68
2	►	UK FIXED INTEREST	5.90
3	►	AMERICAN EMERGING FIXED INTEREST	4.18
4	►	EUROPEAN EMERGING FIXED INTEREST	1.46
5	►	ASIA PACIFIC EMERGING FIXED INTEREST	0.14
6	►	FIXED INTEREST	0.02
7	►	MONEY MARKET	-61.37

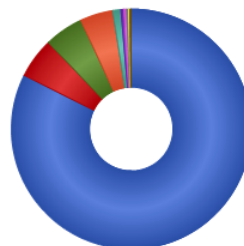
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Currency Weightings as at September 30, 2022

Rank	Change	Name	%
1	►	US DOLLAR	102.36
2	►	CANADIAN DOLLAR	6.77
3	►	BRITISH POUND	6.51
4	►	EURO	5.55
5	►	SA RAND	1.35
6	►	PERU NEW SOL	0.48
7	►	RUSSIAN ROUBLE	0.47
8	►	ARGENTINE PESO	0.32
9	►	JAPANESE YEN	0.22
10	►	OTHERS	0.20

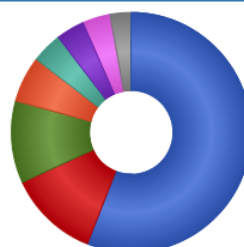
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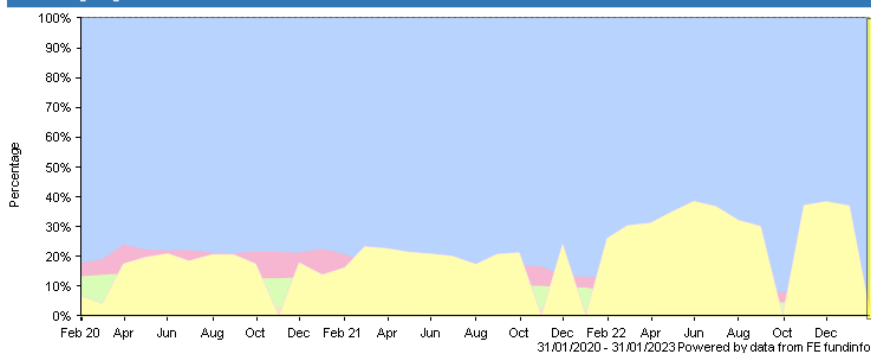
Credit Rating Weightings as at January 31, 2023

Rank	Change	Name	%
1	►	AAA	55.97
2	►	BB	12.20
3	►	BBB	11.08
4	►	B-	6.21
5	►	A+	4.13
6	►	A	3.81
7	►	AA	3.79
8	►	B	2.82

▼ Faller ▲ Riser ► No Change ■ New Entry



Asset Weightings



Asset holdings as at 31/01/2023

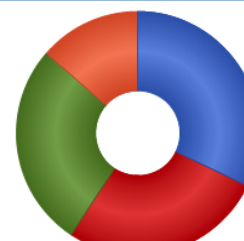
Name	% Weighting
Global Fixed Interest	149.68
UK Fixed Interest	5.90
American Emerging Fixed Interest	4.18
European Emerging Fixed Interest	1.45
Asia Pacific Emerging Fixed Interest	0.13
Fixed Interest	0.02
Money Market	-61.37
Others	0.00

## HOLDINGS

Top 10 Holdings as at September 30, 2022

Rank	Change	Name	%	Sector Ranking*
1	■	FNMA TBA 3.5% NOV 30YR 3.50% 14/11/2052	7.12	n/a
2	■	FNMA TBA 3.0% NOV 30YR 3.00% 14/11/2052	6.02	n/a
3	■	FNMA TBA 4.0% NOV 30YR 4.00% 14/11/2052	6.02	n/a
4	■	BNP PARIBAS ISSUANCE BV SR SEC ABS 1.39% 12/04/2024	3.01	n/a
Total			22.17	

\* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).



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## FIXED INCOME MEASURES

Fixed Income Measures	Investment	Category Average
Effective Duration	3.03	4.43
Modified Duration	5.26	4.82
Effective Maturity	8.54	7.31
Credit Quality	A+	BBB
Weighted Coupon	—	4.42
Weighted Price	88.27	85.91
Yield to Maturity	—	5.96

## MATURITY SCHEDULE

### Bond Breakdown

Credit Quality

Coupon Range

Maturity Schedule

vs. Category ▾

### Maturity (Years)

■ Investment %

■ Category %

1–3	22.21	11.08	
3–5	39.70	29.92	
5–7	23.42	15.03	
7–10	21.00	14.30	
10–15	12.55	6.50	
15–20	2.56	4.32	
20–30	22.41	6.65	
>30	37.17	1.74	

Investment as of 30 Sept 2022 | Category: Global Flexible Bond - GBP Hedged as of 31 Jan 2023 | Source: Holdings-based calculations.

## OTHER DATA

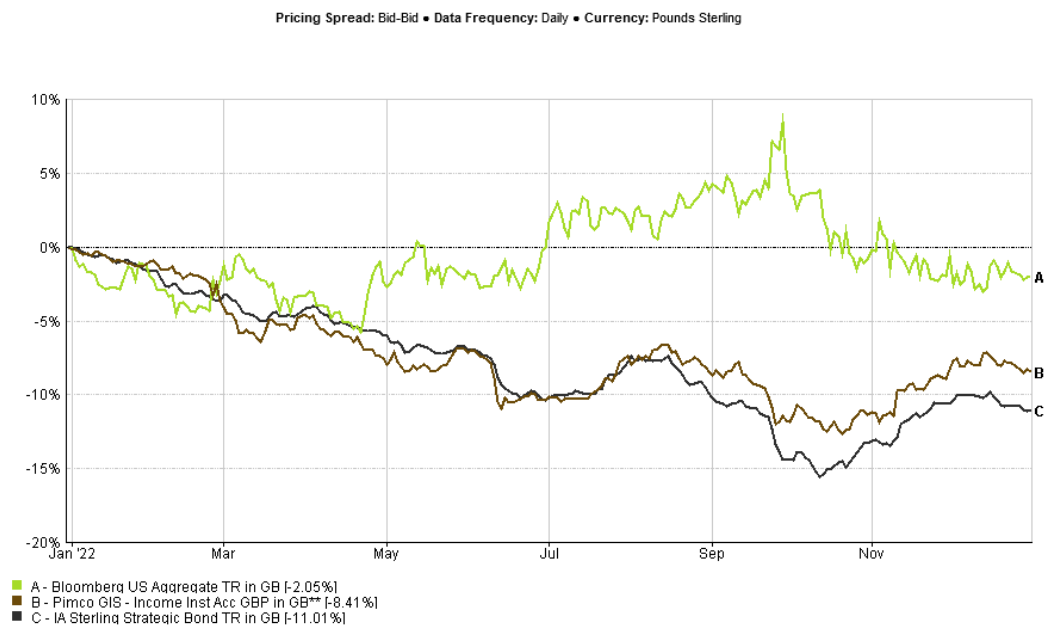
Benchmark	Bloomberg US Aggregate
Fees	0.55%

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Bull Points (pros)	Bear points (cons)
<ul style="list-style-type: none"> <li>• Flagship strategy</li> <li>• Fixed Income specialists</li> <li>• High yield</li> <li>• Focus on preserving capital and generating yield</li> </ul>	<ul style="list-style-type: none"> <li>• Fund size</li> </ul>

## UPDATE....

We are in an environment where bond strategies have come back into “fashion”. Effectively, as part of a balanced portfolio they can provide an element of downside protection. However 2022 was a difficult year for these strategies. The strategic bond sector was down -11.01%. This was slightly ahead of the strategic bond index, but it does carry a little more risk when compared to other strategies.

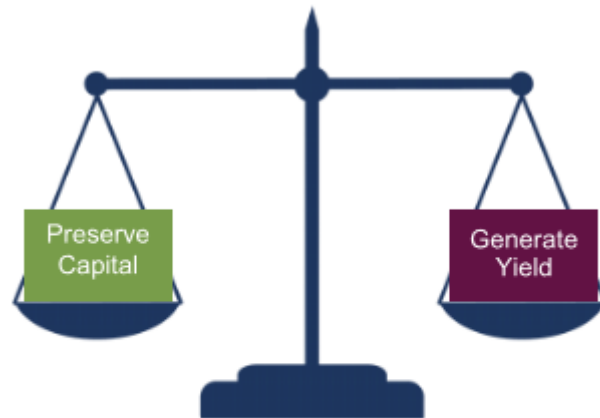


\*\* The history of this unit/share class has been extended, at FE fundinfo's discretion, to give a sense of a longer track record of the fund as a whole.

Fixed income saw the worst drawdown in at least 40 years, rising inflation and rates caused the sell down, and now with a more stable environment fixed income offers a potentially attractive entry point for investors. The yield to maturity which provides an indication of potential future returns has risen from 3.8% to 7.4% for this strategy. The yield has increased from 4% to 6.3%. We can expect these figures to pull back a little but the team believe investors can expect higher returns than they have seen more recently.

The image below shows what the team are looking to achieve:

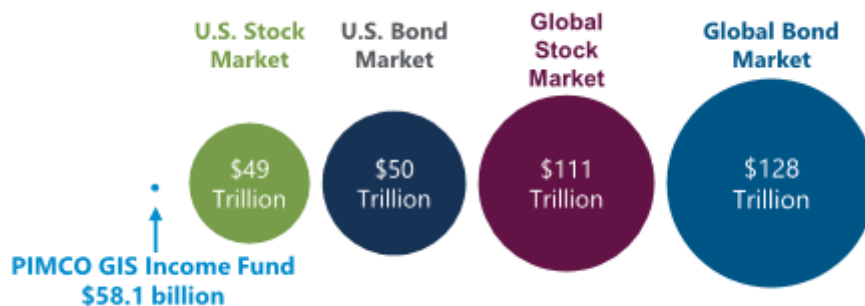




## Key Guidelines

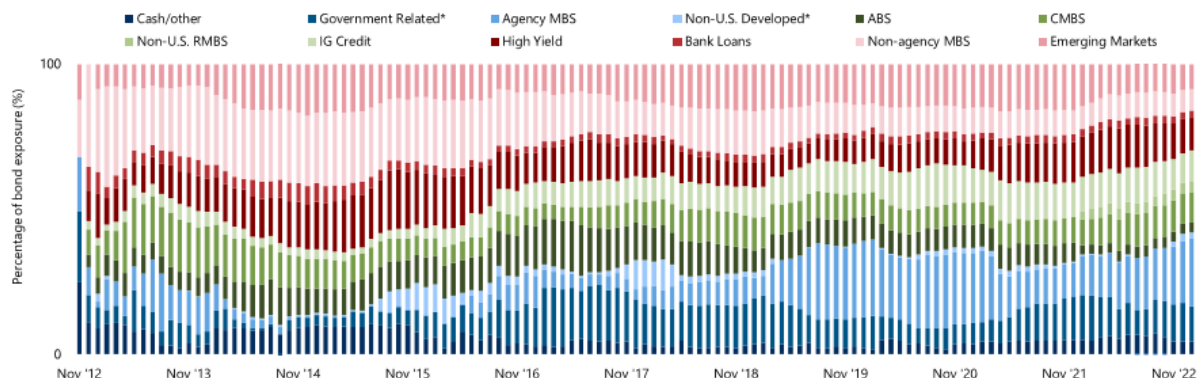
- **Duration:** 0 to + 8 years
- **EM:** Max 20%
- **Corporate HY:** Max 50%
- **FX:** Max 30%

This is the flagship strategy for PIMCO and 85% of investors are retail customers. Their reputation rides on this and therefore risk control is central to everything they do. We talked a lot about the size of the fund and does that create problems. This is something investors will need to consider. They argue that the fixed income market is very large and therefore there is plenty of opportunity for what they are looking to achieve. There are areas where they can't invest but it doesn't restrict them. It is also important to reflect that the size of the company means that they are offered new issues before others.



The chart below outlines the active nature of the strategy.

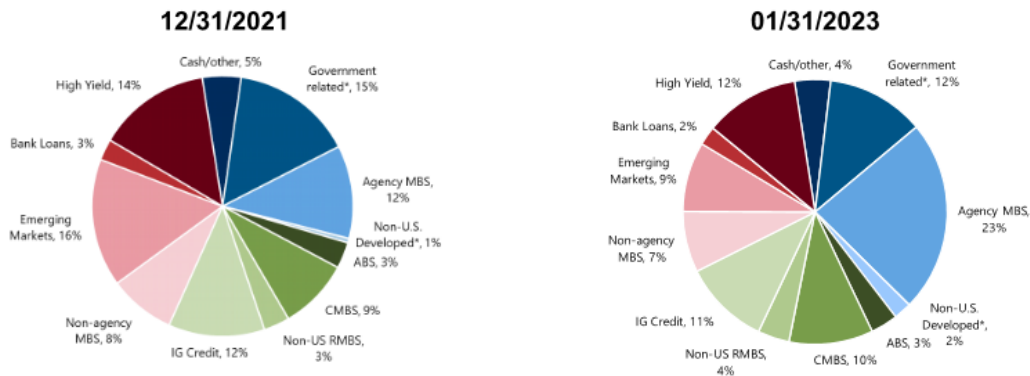
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The strategy does have exposure to high yield but the focus is on quality. This really ties in with the fact this is a flagship strategy and the protection of returns and yield is central to how they manage this.

Duration is important and they can move this over time. This was as low as 1.26 at the end December 2021, and has increased slightly to 3.31. This means there is less interest rate risk.



Strategy	Dec-2021	Jan-2023	Δ	Rationale
<b>Duration (Years)</b>	1.26	3.31	2.05	
U.S. Duration	1.95	3.91	1.96	Favour U.S. vs. other DM countries given relatively higher interest rates
<b>Sectors (% Bond Exposure)</b>				
Agency MBS	12	23	11	Added exposure as valuations look more attractive given Fed activity
Corporate Credit	26	22	-4	Focus on quality. Favour index exposure with better liquidity than cash bonds
Emerging Markets	16	9	-7	Reduced EM exposure given heightened geopolitical activity
Securitised Credit	23	25	2	Added exposure given strong fundamentals and attractive yields

As of 31 January 2023. SOURCE: PIMCO

\* "Government related" and "Non-U.S. developed": excludes any interest rate linked derivatives used to manage our duration exposure in the following countries: U.S., Japan, United Kingdom, Australia, Canada and European Union (ex-peripheral countries). Derivative instruments may include interest rate swaps, futures and swap option. All other government related securities such as government bonds, Treasury inflation protected securities, FDIC-guaranteed and government-guaranteed corporate securities are included.

Refer to Appendix for additional GIS Funds, investment strategy, portfolio structure and risk information.

The investment philosophy is best outlined below:

  
**Seek consistent income**

Seek consistent income distribution as a driver of total returns over time

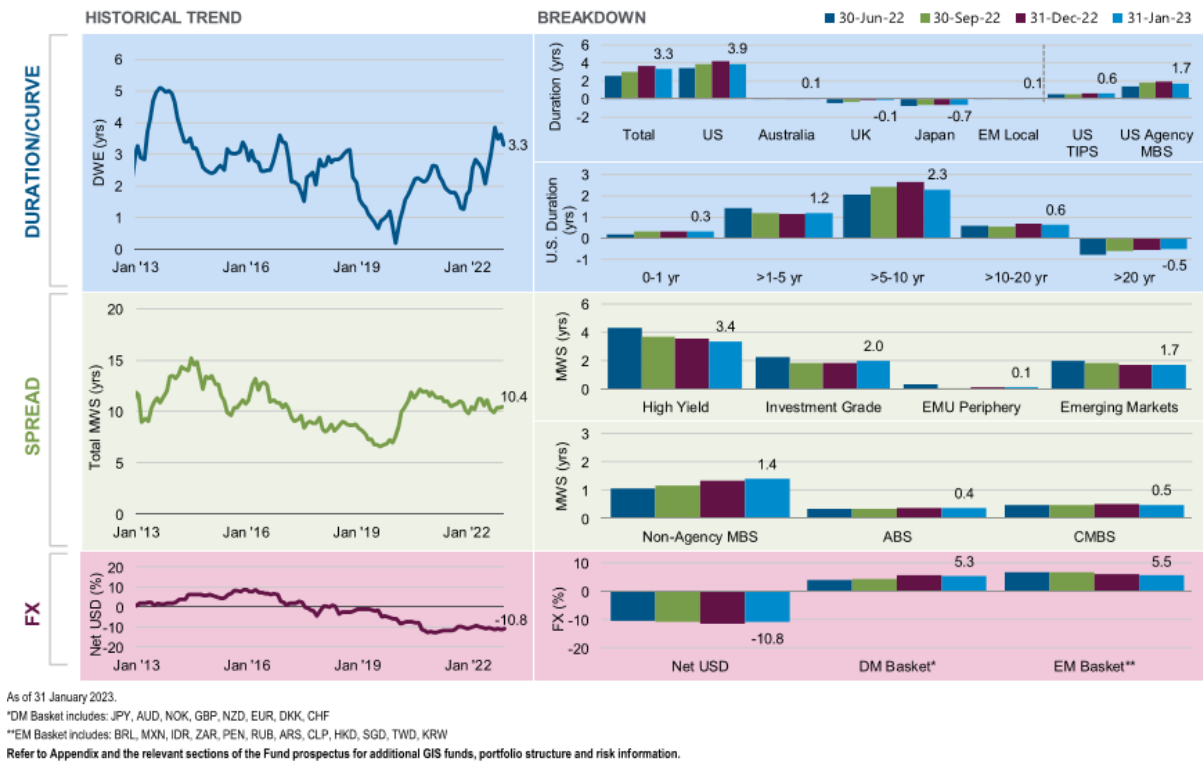
  
**Be global and flexible**

Seek opportunities across entire global bond market and have broad flexibility to express secular thinking and core investment themes

  
**Focus on downside risk**

Focus on high quality and senior secured bonds to help diversify during periods of market stress

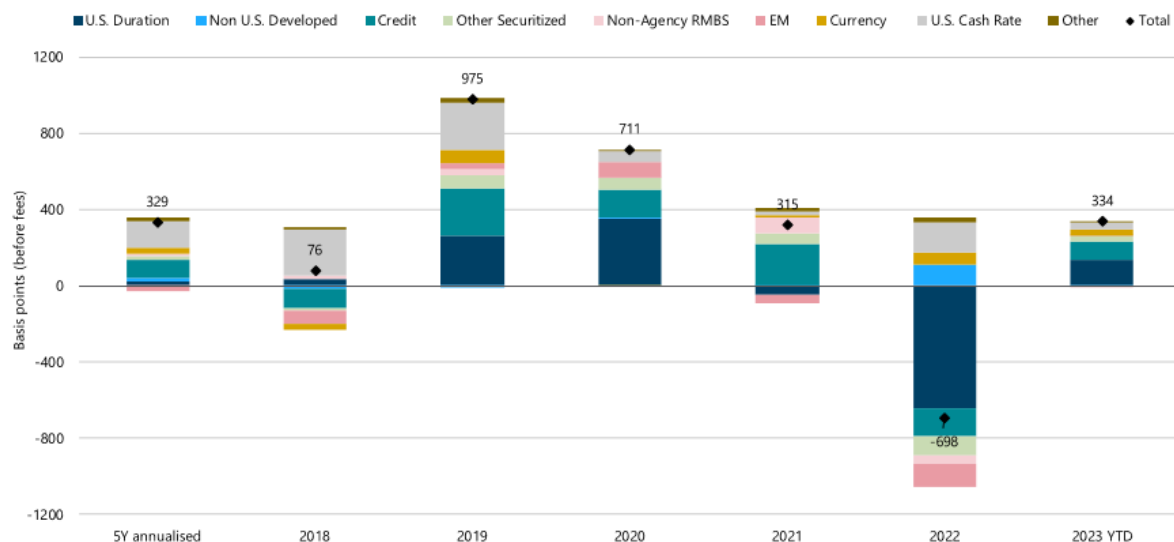
We have outlined how they are active across asset allocation, but they are also active across duration, spreads and currency.



We do see this as slightly more volatile than other strategies we have reviewed but the yield is also higher. It also uses a wider spread of assets to drive returns.

*Past performance does not predict future returns*

## Performance Attribution (Before Fees)



As of 31 January 2023. SOURCE: PIMCO. Performance is shown for the institutional class.  
 Refer to Appendix for additional performance and fee, attribution analysis index, and risk information.  
 For information on risks in respect to this fund, please see slide 4 of this presentation. Full 12 months rolling performance chart in the appendix.

We don't feel this falls into the high risk category in terms of strategic bonds but downside protection is not as strong as some other strategies we have reviewed. However, at the same time the yield and yield to maturity is higher. The balance is therefore between risk and reward.

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In summary, this strategy was launched in 2012 and is the flagship strategy for PIMCO. Risk controls are central to everything they do to ensure this remains a key part. At the same time they are not tied down by this. It delivers a strong yield, and the yield to maturity has increased and this provides a good indication of future returns. The size of the strategy might be seen as a potential risk. They argue that even at the current size they can still manage the fund with plenty of liquidity. They do use derivatives, particularly when managing duration risk.

*The source of information in this note has been provided by Premier Miton and is correct as of January 2023. 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.*