

PIMCO Capital Securities Fund

Capitalise on opportunities in the global financial sector by investing across the capital structure

WHY INVEST IN THE FUND?

1

DIVERSIFYING AUSTRALIAN BANK EXPOSURE

Capital Securities offers an opportunity for Australian investors to diversify their concentrated Australian Bank exposure, mainly in Australian Bank equities and hybrid securities, by harnessing a diversified global opportunity set.

2

INVESTMENT ACROSS THE CAPITAL STRUCTURE

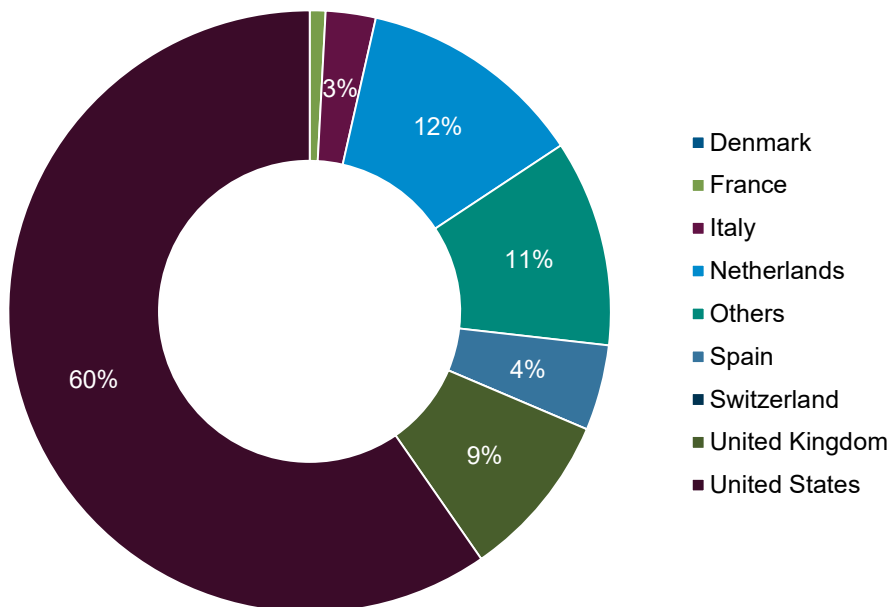
Capital securities are bonds issued by financial institutions that are subordinated to senior debt but rank higher in the capital structure than equity. An allocation to the PIMCO Capital Securities Fund may provide investors with an attractive opportunity relative to both high yield bonds and equities.

3

LOWER INTEREST RATE SENSITIVITY

Compared to other traditional fixed income asset classes, capital securities are less sensitive to changes in interest rates. This makes the fund an attractive alternative for investors that are looking for income but are concerned about rising rates.

CAPITAL SECURITIES INVESTING ACROSS REGIONS CAN HELP DIVERSIFY CONCENTRATED REGIONAL EXPOSURE



Source: PIMCO as of 31 December 2024

FUND IN NUMBERS

A-

Average Credit Quality¹

7.14%

Current yield-to-maturity on the fund²

76

Number of issuers in the portfolio

Source: PIMCO as of 31 December 2024

¹ This is the average credit quality of the bonds held in the fund. Source: PIMCO 31 December 2024.

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.

Role in a portfolio

COMPLEMENT TO TRADITIONAL FIXED INCOME

Because of its higher return potential compared to traditional fixed income, the fund can serve as a diversifier to high yield strategies or a complement to investment grade credit strategies where contingent convertible bonds are not included in typical benchmarks.

YIELD OPPORTUNITIES

Investors with exposure to income producing assets like Australian hybrids, high yield bonds, bank loans or convertibles, may consider substituting part of this allocation into capital securities to diversify exposure without necessarily sacrificing yield.

EQUITY SUBSTITUTE

We believe Capital Securities have historically provided a better risk-adjusted return than financial stocks, even though subordinated debt holders remain more senior in the capital structure than equity holders.

FUND OBJECTIVE

To seek to provide focused exposure to attractively priced Capital Securities together with a maximum total return, consistent with the preservation of capital and prudent investment management.

RATINGS



Rating assigned
November 2024

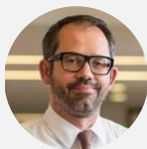
*Please refer to relevant research house disclaimer to obtain further information about the meaning of the rating and the rating scale. Rating is only one factor to be taken into account when deciding whether to invest



The banking sector remains fundamentally healthy, capital ratios have strengthened across the board and asset quality outlook is relatively benign.

– Philippe Bodereau, Portfolio Manager

OUR EXPERTISE



Philippe Bodereau
Portfolio Manager
Global Head of Financial
Research 28 years of
investment experience



Matthieu Loriferne
Portfolio Manager
Capital Securities and Financial
21 years of investment
experience



Michael Bogecho
Portfolio Manager
Capital Securities and Financial
19 years of investment
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PIMCO's time-tested investment process: analysing the capital markets from top to bottom

PIMCO's investment process combines an informed global macroeconomic outlook with robust bottom-up analysis. Our Australian investment specialists contribute to our global top-down views and then implement these views through bottom-up strategies.

STARTING AT THE TOP

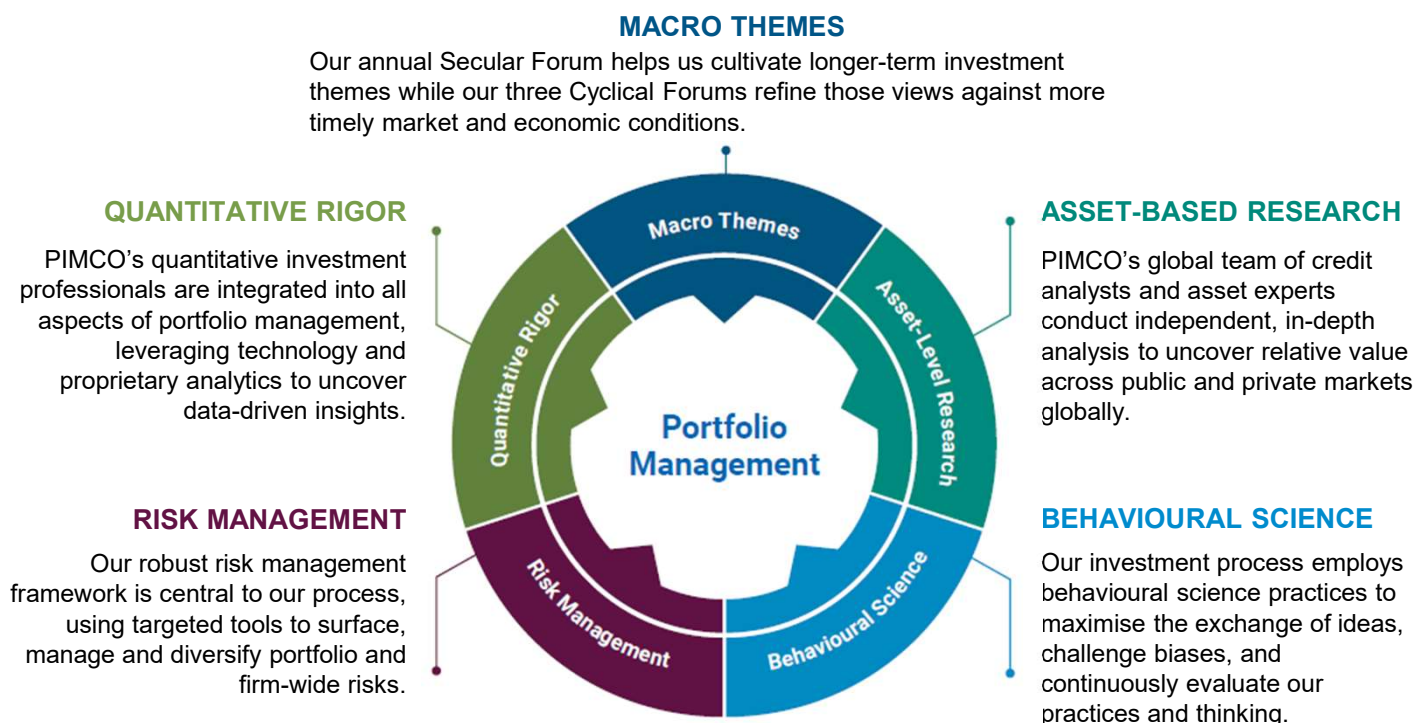
PIMCO's investment process is anchored by our economic forums. At our annual Secular Forum, our global investment professionals gather with industry experts for a discussion about the economic, social and political trends that are likely to affect the global economy and financial markets over the next three to five years. We also hold quarterly Cyclical Forums to refine our longer-term views and forecast shorter-term economic performance in all major regions as well as country-specific forums.

FROM THE BOTTOM UP

Rigorous bottom-up analysis is meshed with our top-down themes to identify the most attractive securities for our clients' portfolios. PIMCO's regional and specialist portfolio managers work extensively with our robust global research team – industry sector specialists, who log millions of miles a year to target opportunities across the globe and capital structure before the market does.

DEDICATED CLIENT SERVICE EXPERTISE

PIMCO's expansive team of dedicated investment professionals have weathered various market cycles, and are experts in generating alpha, managing risk and providing the highest level of client service to help meet the asset management needs of financial advisers and your clients.



PORTFOLIO MANAGEMENT

Our portfolio managers draw on all of these inputs to construct portfolios that emphasise multiple sources of value, targeting exposures with the best risk-adjusted return potential while positioning for various scenarios

Sydney

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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 the current low interest rate environment increases this risk. Current 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. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their 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. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. 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. Diversification does not ensure against loss. Investment involves risk including possible loss of the principal amount invested. Past performance is not a reliable indicator of future results. The value of units of the Fund and the Fund's distributions, if any, may fall or rise. Investment returns may be exposed to exchange rate fluctuations. In an environment where interest rates may trend upward, rising rates will negatively impact most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations.

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