

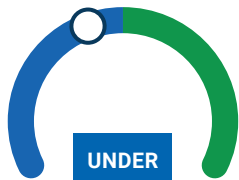
Late-Cycle Strategies

PIMCO believes that the economy is in the later stages of expansion. For investors, we suggest following a late-cycle playbook to help build resilient multi-asset portfolios.

In positioning multi-asset portfolios, PIMCO has reduced overall beta exposure to reflect the lower returns and higher volatility expected in this environment. From a cross-asset perspective, PIMCO prefers equities versus duration and corporate credit, while recognizing bonds' role as a portfolio diversifier. Within asset classes, the firm is emphasizing higher-quality exposures. PIMCO also favors assets that may benefit from higher inflation and help diversify portfolios, such as commodities and select currencies.

Here is a summary of how we are positioning multi-asset portfolios in light of our global economic outlook.

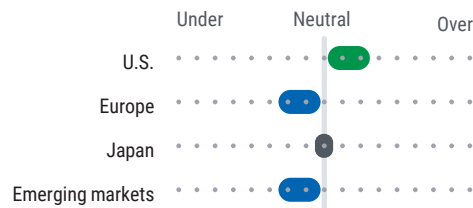
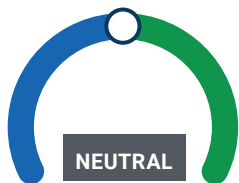
OVERALL RISK



We are cautious on active risk in multi-asset portfolios amid a late-cycle environment where global growth is increasingly susceptible to downside shocks and inflation pressures remain strong. We are focused on high-quality assets, inflation hedges, and maintaining dry powder to capitalize on dislocations.

POSITIONING

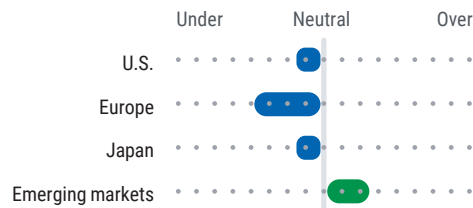
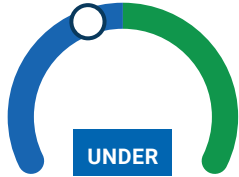
EQUITIES



OPPORTUNITIES

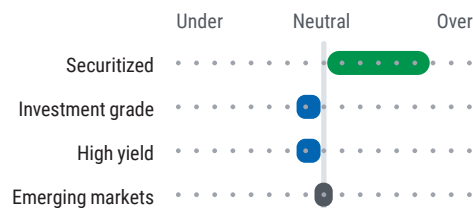
We expect equities to deliver lower returns and higher volatility in a late-cycle environment and therefore are neutral equities versus our benchmarks. We are emphasizing stocks with strong balance sheets that can continue to grow earnings at attractive levels even if headline growth slows, favoring sectors such as healthcare, pharmaceuticals, and semiconductors. Additionally, we see attractive opportunities in infrastructure and green energy stocks that should benefit from tight commodity inventories. From a regional perspective, we are overweight the U.S. given higher-quality characteristics and underweight Europe and emerging markets, which are vulnerable to a growth slowdown due to linkages with Russia and China, respectively.

RATES



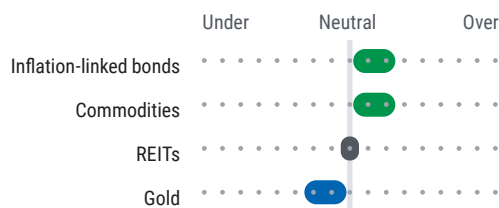
As rates have sold off, valuations have become more attractive, but persistent inflation, robust growth, and tighter central bank policies could lead to further upward pressure. We are modestly underweight developed market duration and within emerging markets, we continue to favor relative value trades, focusing on countries that are further along in the hiking cycle.

CREDIT



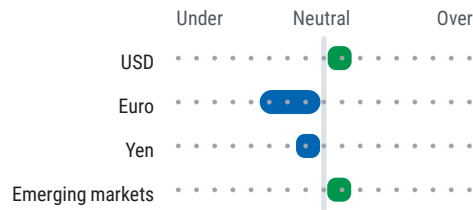
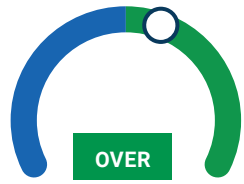
We are taking a selective approach in credit markets, preferring strong cash-flow-generating corporate bonds where spreads remain wide to pre-COVID-19 levels and sectors we believe are default remote, such as financials. We continue to focus exposures in reopening sectors like travel and airlines, which have lagged more generic sectors. Within securitized credit, we prefer non-agency U.S. mortgages, which we expect to be supported by strong fundamentals and diminishing supply.

REAL ASSETS



Based on the view that inflation risk is skewed to the upside over the near term, we are overweight real assets. We see opportunities within commodities, particularly oil, which we expect to experience elevated prices over the cyclical horizon.

CURRENCIES



We are taking moderately active risk in our currency positioning, focusing on exposures can help diversify and serve as return drivers in a late-cycle environment. One of our higher-conviction views is currencies of commodity-exporting, Latin American countries which appear cheap, offer attractive carry, and stand to benefit from higher commodity prices.

Past performance is not a guarantee or a reliable indicator of future results.

A word about risk: All investments contain risk and may lose value. 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. **Inflation-linked bonds (ILBs)** issued by a government are fixed income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. **Treasury Inflation-Protected Securities (TIPS)** are ILBs issued by the U.S. government. Equities may decline in value due to both real and perceived general market, economic and industry conditions. **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. REITs are subject to risk, such as poor performance by the manager, adverse changes to tax laws or failure to qualify for tax-free pass-through of income. **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. 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. **Currency rates** may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be suitable for all investors. **Diversification** does not ensure against loss.

Beta is a measure of price sensitivity to market movements. Market beta is 1.

The terms "cheap" and "rich" as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.

Carry is the rate of interest earned by holding the respective securities. The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio.

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