

# PIMCO Asia High Yield Bond Fund

Morningstar Rating™ ★★★★★

## PERFORMANCE SUMMARY

The PIMCO Asia High Yield Bond Fund returned 0.36% (Institutional, Income shares net of fees) and 0.30% (Institutional, Accumulation shares net of fees) in August. Year-to-date the Fund has returned 11.22% (Institutional, Income shares net of fees) and 11.19% (Institutional, Accumulation shares net of fees).

- The J.P. Morgan Asia Credit Index returned 1.63% in August and spreads were slightly tighter. In August, the high yield (HY) segment underperformed, returning 0.48% vs. 1.82% for the investment grade (IG) segment. Asia HY spreads tightened by 32bps over the month and Asia IG spreads tightened by 3bps
- The J.P. Morgan Asia Credit Index's excess return was at 0.03% for August. The excess return for the IG and HY segment was at 0.13% and -0.60%, respectively

### Contributors

- Country selection within EM Asia sovereign credit contributed to relative performance, notably an underweight to Maldives and an overweight to Pakistan
- Exposure to tactical non-EM Asia financials corporate credit contributed to relative performance

### Detractors

- Duration positioning detracted from relative performance, notably an underweight to Thailand rates
- Active currency positioning in JPY, EUR, and CNY detracted from relative performance

### Past performance is not a reliable indicator of future results

Performance (Net of Fees)	1 Mo.	3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.	SI
Institutional, Acc (%)	0.30	2.69	6.77	18.62	-4.80	-1.18	-0.11
Institutional, Inc (%)	0.36	2.88	6.85	18.58	-4.81	-1.16	-0.09
Benchmark (%)	0.48	3.30	7.39	20.70	-3.63	-0.76	—

Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.

Performance (Net of Fees)	Aug'2019-Aug'2020	Aug'2020-Aug'2021	Aug'2021-Aug'2022	Aug'2022-Aug'2023	Aug'2023-Aug'2024
Institutional, Acc (%)	6.26	2.77	-27.00	-0.36	18.62
Institutional, Inc (%)	6.28	2.90	-27.05	-0.29	18.58
Benchmark (%)	5.92	1.54	-27.23	1.90	20.70

The following information is additional to, and should be read only in conjunction with, the calendar year performance data presented below.

Calendar Year (Net of Fees)	2020	2021	2022	2023	YTD
Institutional, Acc (%)	5.20	-10.31	-14.01	0.45	11.19
Institutional, Inc (%)	5.20	-10.32	-13.98	0.42	11.22
Benchmark (%)	4.94	-11.05	-15.09	4.76	12.68

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record. The benchmark is the J.P. Morgan JACI Non-Investment Grade Index  
All periods longer than one year are annualised. SI is the performance since inception.

The fund is considered to be actively managed in reference to the below benchmark as further outlined in the prospectus and key investor information document/key information document.

The J.P. Morgan JACI Non-Investment Grade Index comprises fixed rate US Dollar-denominated high yield bonds issued by Asia sovereigns, quasi-sovereigns, banks and corporates. The existing JACI Non-IG contains both fixed and floating rate bonds issued by Asia-domiciled entities having a nominal outstanding of at least US\$150 million and more than one year to maturity.

## Key Facts

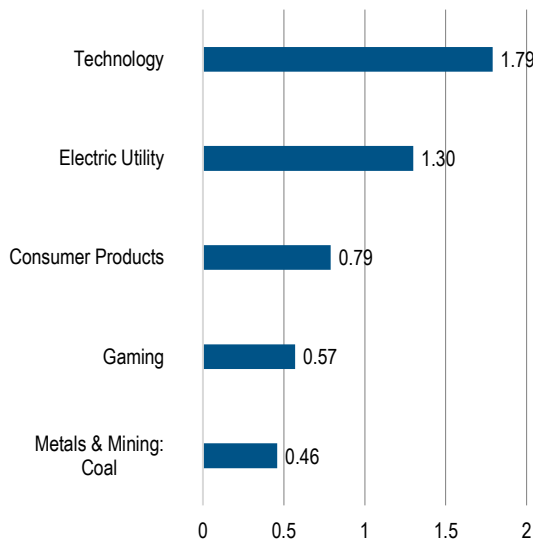
	Accumulation	Income
Bloomberg Ticker	PIAHYIA	PIAHYII
ISIN	IE00BGSXQQ02	IE00BJK9HS65
Sedol	BGSXQQ0	BJK9HS6
CUSIP	G7S11T648	G7110D106
Valoren	45165905	46300553
WKN	A2PAD0	A2PDZS
Inception Date	14/02/2019	14/02/2019
Distribution	-	monthly
Unified Management Fee	0.65% p.a.	0.65% p.a.
Fund Type	UCITS	
Portfolio Manager	Stephen Chang, Abhijeet Neogy, Mohit Mittal	
Total Net Assets	2.1 (USD in Billions)	
Fund Base Currency	USD	
Share Class Currency	USD	

**Credit and Default Risk:** A decline in the financial health of an issuer of a fixed income security can lead to an inability or unwillingness to repay a loan or meet a contractual obligation. This could cause the value of its bonds to fall or become worthless. Funds with high exposures to non-investment grade securities have a higher exposure to this risk. **Currency Risk:** Changes in exchange rates may cause the value of investments to decrease or increase. **Derivatives and Counterparty Risk:** The use of certain derivatives could result in the fund having a greater or more volatile exposure to the underlying assets and an increased exposure to counterparty risk. This may expose the fund to larger gains or losses associated with market movements or in relation to a trade counterparty being unable to meet its obligations. **Emerging Markets Risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Investments in these markets may expose the fund to larger gains or losses. **Liquidity Risk:** Difficult market conditions could result in certain securities becoming hard to sell at a desired time and price. **Interest Rate Risk:** Changes in interest rates will usually result in the values of bond and other debt instruments moving in the opposite direction (e.g. a rise in interest rates likely leads to fall in bond prices). **China InterBank Bond Market ("CIBM"):** The fund may be exposed to liquidity risks, settlement risks, default of counterparties and market volatility associated with CIBM. In addition, the CIBM rules are new and still subject to further clarification and/or changes, which may adversely affect the fund's capability to invest in the CIBM.

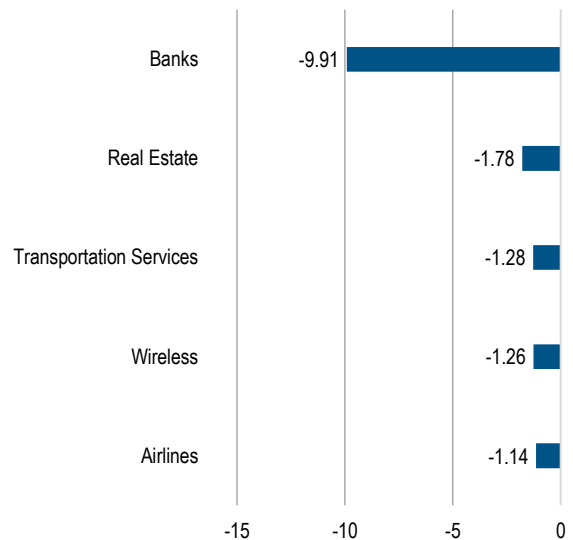
**MONTH IN REVIEW**

- Developed market yields were mixed as markets searched for direction in a volatile environment. U.S. investment-grade and high yield credit spreads modestly tightened, while the U.S. 10-year Treasury yield fell 13 bps to 3.90%. In Japan, 10-year government bond yields ended 16 bps lower at 0.90% as an unexpected hike by the Bank of Japan in late July diminished risk sentiment. As August drew to a close, the initial panic gave way to measured optimism, backed by macro data and dovish commentary. Fed Chair Powell also indicated that the time had come for the Fed to consider rate cuts from their current 23-year high, citing downside risks to the labor market. Asian currencies broadly appreciated in August against the USD, as the Fed is likely to adjust rates faster than other central banks.
- In Asia credit, the investment grade segment outperformed in August led by Southeast Asia sovereigns and government-related credit. The high yield segment underperformed as high-beta frontier sovereigns such as Sri Lanka and Pakistan were negatively impacted by the risk-off sentiment at the start of August, and China property credits underperformed as China physical property sales remain sluggish.
- Given the highly dynamic situation, we continue to monitor and take actions where we see opportunities. We believe rigorous risk management and careful security selection will be crucial for investors in the region. We continue to believe that active management is especially important during this fast-moving cycle where dislocations are likely and capturing resulting opportunities can be key to producing alpha.

**Top 5 overweighted (% Market Value)**



**Top 5 underweight (% Market Value)**



## PORTFOLIO POSITIONING

We expect performance in Asia high yield to be uneven with differentiation in fundamentals likely to continue, highlighting the importance of active credit selection. We continue to maintain a focus on a high quality and diversified portfolio, and choose to not stretch for yields. The Fund focuses on sectors with stronger long-term growth potential and more attractive relative value.

We remain selective and focused on bottom-up credit selection. We are constructive on the Macao gaming and India renewable energy sectors due to the continued recovery and policy tailwinds. We continue to be underweight China banks and local government financing vehicles (LGFVs), and select Asian financials, partly due to relatively tight valuations, and are finding better value in other global financial credits. We see a divergence in growth within Asia despite the outlook for lower rates. We are constructive on India as the economy benefits from robust economic and credit growth. We have a more cautious view on China in view of a structural slowdown. We expect performance dispersion within Asia credits to be high, and as such, we look to rely on the insights and top picks of our credit research analysts and expect to maintain a selective and up-in-quality approach.

## Fund Statistics

Effective Duration (yrs)	1.92
Benchmark Duration (yrs)	2.57
Current Yield (%) <sup>Ⓔ</sup>	7.60
Estimated Yield to Maturity (%) <sup>Ⓔ</sup>	8.50
Annualised Distribution Yield (%) <sup>†</sup>	7.85
Average Coupon (%)	5.96
Effective Maturity (yrs)	3.57

## OUTLOOK AND STRATEGY

We continue to expect Asia's growth-inflation dynamics to diverge from the rest of the world, but the outlook for each economy varies. We believe economic growth in many Asian markets will remain resilient. Amid, more supportive economic and monetary environment, emerging market debt and Asia credit continues to be a source of carry and diversification. Overall, we see opportunities in Asia credit for investors who employ an active and selective investment approach, such as in economies like Indonesia and India.

We have a more cautious view on China as recent trade and policy measures have supported growth, but the recovery remains fragile without further stimulus. Policymakers have highlighted additional measures to support domestic consumption through supply-side measures, but measures outlined for the still struggling property market remain limited. China's property sector remains a drag on growth, and we expect ageing demographics and significant overbuilt inventories to keep real estate investment and new starts weak. The government intends to boost the manufacturing sector and supply chains in more concrete ways, as well as technology sectors such as green energy, AI and biotech. This structural shift will have long-term implications of the factors driving China's growth, and will significantly impact global trade relations and the broader economy.

Asia credit spread and yield remain at historically heightened levels, but there could potentially be more volatility ahead. With a current spread over Treasuries (SOT) of 625bps, Asia HY continues to trade relatively wide with a 282bps and 242bps premium over U.S. and global high yield respectively.

The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The Quality ratings of individual issues/issuers are provided to indicate the credit worthiness of such issues/issuer and generally range from AAA or Aaa (highest) to D or C (lowest) for S&P and Moody's respectively. The JACI Non-Investment Grade Index tracks total returns for US dollar-denominated bonds issued by Asia sovereign, quasi-sovereign, and corporate borrowers. Countries covered are Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, Macau, Mongolia, Pakistan, The Philippines, Taiwan, Thailand, Singapore, South Korea, Sri Lanka and Vietnam. The existing JACI Non-IG contains both fixed and floating rate bonds issued by Asia-domiciled entities having a nominal outstanding of at least US\$150 million and more than one year to maturity. Emerging Markets (EM).

Yields reported gross of fees, the deduction of which will reduce the yield. Yields are reported in the base currency of the fund and are not specific to the share class. The current yield illustrates the income investors could get from the portfolio as a percentage of market value of the securities assuming a holding period of one year. The current yield does not take into account the future cash flows of bonds, but rather is a snapshot of the income in the portfolio as of a certain point in time.

Annualised Distribution Yield is as of last month ending 08/31/2024.

PIMCO calculates a Funds Estimated Yield to Maturity by averaging the yield to maturity of each security held in the Fund on a market weighted basis. PIMCO sources each security's yield to maturity from PIMCO's Portfolio Analytics database. When not available in PIMCO's Portfolio Analytics database, PIMCO sources the security's yield to maturity from Bloomberg. When not available in either database, PIMCO will assign a yield to maturity for that security from a PIMCO matrix based on prior data. The source data used in such circumstances is a static metric and PIMCO makes no representation as to the accuracy of the data for the purposes of calculating the Estimated Yield to Maturity. The Estimated Yield to Maturity is provided for illustrative purposes only and should not be relied upon as a primary basis for an investment decision and should not be interpreted as a guarantee or prediction of future performance of the Fund or the likely returns of any investment.

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**Additional Information/Documentation** A Prospectus is available for PIMCO Funds and UCITS Key Investor Information Documents (KIIDs) (for UK investors) and Packaged retail and insurance-based investment products (PRIIPS) key information document (KIDs) are available for each share class of each of the sub-funds of the Company. The Company's Prospectus can be obtained from [www.fundinfo.com](http://www.fundinfo.com) and is available in English, French, German, Italian, Portuguese and Spanish. The KIIDs and KIDs can be obtained from [www.fundinfo.com](http://www.fundinfo.com) and are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC (the UCITS Directive). In addition, a summary of investor rights is available from [www.pimco.com](http://www.pimco.com). The summary is available in English. The sub-funds of the Company are currently notified for marketing into a number of EU Member States under the UCITS Directive. PIMCO Global Advisors (Ireland) Limited can terminate such notifications for any share class and/or sub-fund of the Company at any time using the process contained in Article 93a of the UCITS Directive.

**Benchmark:** Unless referenced in the prospectus and relevant key investor information document/key information document, a benchmark or index in this material is not used in the active management of the Fund, in particular for performance comparison purposes. Where referenced in the prospectus and relevant key investor information document/key information document a benchmark may be used as part of the active management of the Fund including, but not limited to, for duration measurement, as a benchmark which the Fund seeks to outperform, performance comparison purposes and/or relative VaR measurement. Any reference to an index or benchmark in this material, and which is not referenced in the prospectus and relevant key investor information document / key information document, is purely for illustrative or informational purposes (such as to provide general financial information or market context) and is not for performance comparison purposes. Please contact your PIMCO representative for further details.

**Correlation:** As outlined under "Benchmark", where disclosed herein and referenced in the prospectus and relevant key investor information document / key information document, a benchmark may be used as part of the active management of the Fund. In such instances, certain of the Fund's securities may be components of and may have similar weightings to the benchmark and the Fund may from time to time show a high degree of correlation with the performance of any such benchmark. However the benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the benchmark. Investors should note that a Fund may from time to time show a high degree of correlation with the performance of one or more financial indices not referenced in the prospectus and relevant key investor information document / key information document. Such correlation may be coincidental or may arise because any such financial index may be representative of the asset class, market sector or geographic location in which the Fund is invested or uses a similar investment methodology to that used in managing the Fund.

## PERFORMANCE AND FEES

**Past performance is not a guarantee or a reliable indicator of future results.** The "gross of fees" performance figures, if included, are presented before management fees and custodial fees, but do not reflect commissions, other expenses and reinvestment of earnings. The "net of fees" performance figures reflect the deduction of ongoing charges. All periods longer than one year are annualized. Investments made by a Fund and the results achieved by a Fund are not expected to be the same as those made by any other PIMCO-advised Fund, including those with a similar name, investment objective or policies. A new or smaller Fund's performance may not represent how the Fund is expected to or may perform in the long-term. New Funds have limited operating histories for investors to evaluate and new and smaller Funds may not attract sufficient assets to achieve investment and trading efficiencies. A Fund may be forced to sell a comparatively large portion of its portfolio to meet significant shareholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant share purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

**Outlook:** Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

**ESG Category Article 6 Funds:** Article 6 funds do not have sustainable investment as its objective, nor do they promote environmental and/or social characteristics. While such funds integrate sustainability risks into its investment policy (as further outlined in the Prospectus) and this integration process forms part of the investment level due diligence of the fund, ESG information is not the sole or primary consideration for any investment decision with respect to the fund.

ESG capabilities information provided are for informational purposes only. As the Fund is actively managed and does not promote environmental or social characteristics, the climate related holdings are not static and may vary considerably overtime.

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