



Product Viewpoint

PIMCO Global Bond Fund — Wholesale Class

ISSUE DATE 16-08-2019

Key information

APIR CODE	ETL0018AU
STATUS	OPEN
ASSET CLASS	FIXED INTEREST
SECTOR	GLOBAL FIXED INTEREST
PRODUCT TYPE	WHOLESALE
LEGAL TYPE	UNIT TRUST
PDS OBJECTIVE	TO ACHIEVE MAXIMUM TOTAL RETURN BY INVESTING IN GLOBAL FIXED INTEREST SECURITIES, AND TO SEEK TO PRESERVE CAPITAL THROUGH PRUDENT INVESTMENT MANAGEMENT
FUND SIZE	\$7,127.37M
MINIMUM INITIAL / ADDITIONAL INVESTMENT	\$20,000 / \$5,000
MINIMUM INVESTMENT BALANCE	\$20,000
DISTRIBUTION FREQUENCY	QUARTERLY

Fees & costs

MANAGEMENT COSTS	0.71% P.A. (INCLUDES INDIRECT COSTS OF 0.22%)
PERFORMANCE FEE	THE RESPONSIBLE ENTITY AND INVESTMENT MANAGER DO NOT CHARGE PERFORMANCE FEES FOR THE FUNDS.
ICR % PA	0.5%
BUY/SELL DIFFERENTIAL	0.1%

Returns after fees (at 31-1-2020)

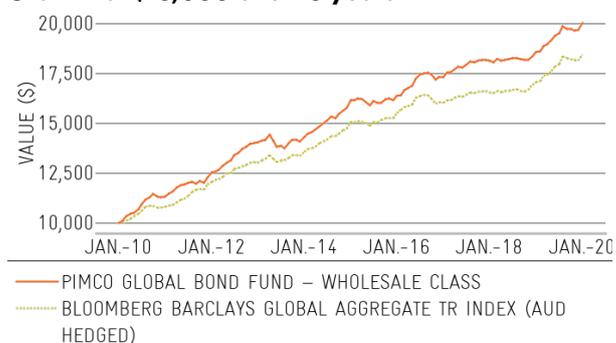
	1 YR	3 YR	5 YR	10 YR
TOTAL RETURN (% PA)	7.82	4.94	4.37	7.19
INCOME RETURN (% PA)	7.14	3.96	4.82	6.59
GROWTH RETURN (% PA)	0.68	0.98	-0.45	0.60
LONSEC BENCHMARK (% PA)	8.09	4.86	4.13	6.32
EXCESS RETURN (% PA)	-0.27	0.08	0.24	0.87

BENCHMARK USED: BLOOMBERG BARCLAYS GLOBAL AGGREGATE TR INDEX (AUD HEDGED)

Asset allocation

	%ACTUAL	%MIN	%MAX	%TARGET
AUSTRALIAN FIXED INTEREST	2.6	-	-	-
GLOBAL FIXED INTEREST	97.4	-	-	-

Growth of \$10,000 over 10 years



What this Rating means

The 'Highly Recommended' rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Fund's rating at 'Highly Recommended' at its most recent review. The rating is supported by the depth and experience of the portfolio management team, in particular, Sachin Gupta and Andrew Balls. In addition, the research and portfolio construction process is considered disciplined and repeatable supported by a notable depth of resourcing.

That said, Lonsec cautions PIMCO's extensive firm-wide funds under management, which are heavily weighted toward fixed income, could inhibit the Fund's ability to manoeuvre in periods of market stress or adverse investor sentiment. The shorter-term performance of the Fund has also disappointed versus the benchmark and objectives. Lonsec will continue to monitor both these issues in future reviews to justify the Fund's premier rating.

Strengths

- Well established collaborative research process for forming macro views.
- PIMCO's scale provides access to industry insights from respected economists and industry professionals.
- Sophisticated systems and tools.

Weaknesses

- Extensive firm-wide funds under management, which are heavily weighted toward fixed income, could inhibit the Fund's ability to manoeuvre in periods of market stress or adverse investor sentiment.

Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK	●		
CAPITAL VOLATILITY		●	
CREDIT RISK		●	
FOREIGN CURRENCY RISK		●	
INTEREST RATE RISK			●
LEVERAGE RISK	●		
SECURITY LIQUIDITY RISK		●	
SECURITY CONCENTRATION RISK	●		
REDEMPTION RISK		●	

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ANALYST: JUDE MCDONNELL | APPROVED BY: PRASANKA RAJAPAKSHA

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What is this Fund?

The PIMCO Wholesale Global Bond Fund (the Fund) is a Global Fixed Interest fund seeking to maximise total returns, with a target Tracking Error of 2-3% p.a. relative to the Bloomberg Barclays Global Aggregate Index Hedged to A\$. It will normally be invested in a mix of bonds paying fixed rate (predominantly) coupons such as those issued by sovereign governments, corporations and other structured securities like mortgage bonds. **Derivatives such as interest rates futures or interest rate swaps and credit default swaps may feature prominently in the Fund and may be used to manage risk or express investment views.**

Using this Fund

Global Fixed Interest funds can provide sound diversification benefits when combined with equities as part of a diversified investment portfolio, **although they have more limited use as standalone income producing products.**

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
●	●	●	●		

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Manager Profile

Pacific Investment Management Company (PIMCO) is primarily a fixed income manager but has some capabilities in commodities and equities although to a much lesser degree. PIMCO has offices in North America, Europe, Asia and Australia and is owned by Allianz Global Investors, a subsidiary of the Munich-based Allianz Group. As of 30 June 2019, PIMCO managed \$1.84 trillion including \$1.42 trillion in third party client assets.

Glossary
[Click here for the glossary of terms.](#)

About Lonsec

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Analyst Disclosure and Certification

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