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.

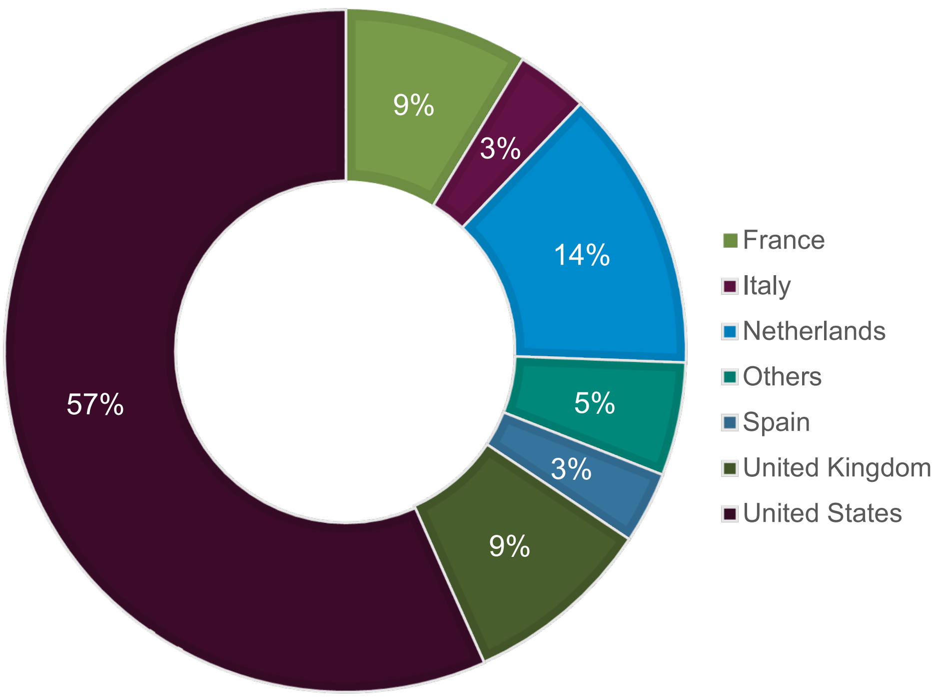
2 INVESTMENT ACROSS THE CAPITAL STRUCTURE

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 30 June 2025

FUND IN NUMBERS

A-

Average Credit Quality[1]

7.15%

Current yield-to-maturity on the fund[2]

89

Number of issuers in the portfolio

Source: PIMCO as of 30 June 2025

1 This is the average credit quality of the bonds held in the fund. Source: PIMCO 30 June 2025.
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 OPPORTUNTITIES

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

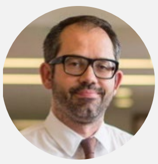
Recommended
Lonsec Research

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

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Portfolio Manager
Capital Securities and Financial
19 years of investment experience

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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

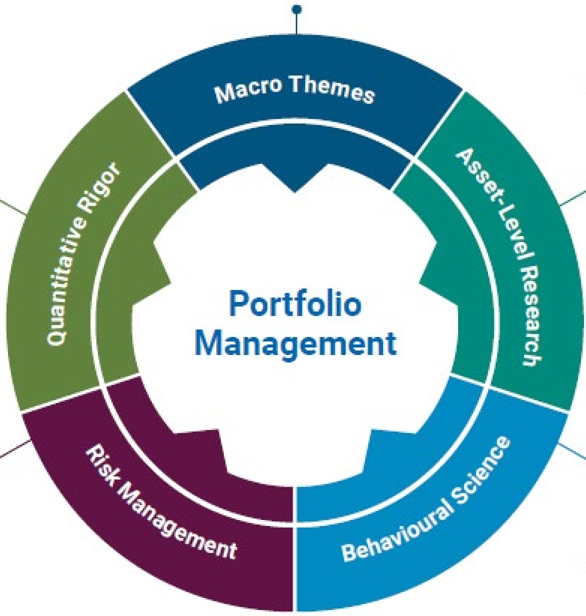
Rigorous bottom-up analysis is meshed with our top-down themes to identify the most attractive securities for our clients’ portfolios. PIMCO’s regional and specialist portfolio managers work extensively with our robust global research team – industry sector specialists, who log millions of miles a year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

MACRO THEMES

Our annual Secular Forum helps us cultivate longer-term investment themes while our three Cyclical Forums refine those views against more timely market and economic conditions.



QUANTITATIVE RIGOR

PIMCO’s quantitative investment professionals are integrated into all aspects of portfolio management, leveraging technology and proprietary analytics to uncover data-driven insights.

RISK MANAGEMENT

Our robust risk management framework is central to our process, using targeted tools to surface, manage and diversify portfolio and firm-wide risks.

ASSET-BASED RESEARCH

PIMCO’s global team of credit analysts and asset experts conduct independent, in-depth analysis to uncover relative value across public and private markets globally.

BEHAVIOURAL SCIENCE

Our investment process employs behavioural science practices to maximise the exchange of ideas, challenge biases, and continuously evaluate our practices and thinking.

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

Source: PIMCO, 2025

PIMCO

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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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