



PM CHARTBOOK

Charting Public Credit With Mohit Mittal

APRIL 2025, CIO CORE STRATEGIES

Mohit Mittal, PIMCO's CIO of Core Strategies, shows how public corporate credit has remained highly liquid and exhibited narrow bid-ask spread during recent periods of elevated volatility.

IMPORTANT NOTICE

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Bid-Ask Spreads Indicate No Significant Stress in Public Credit Market Liquidity

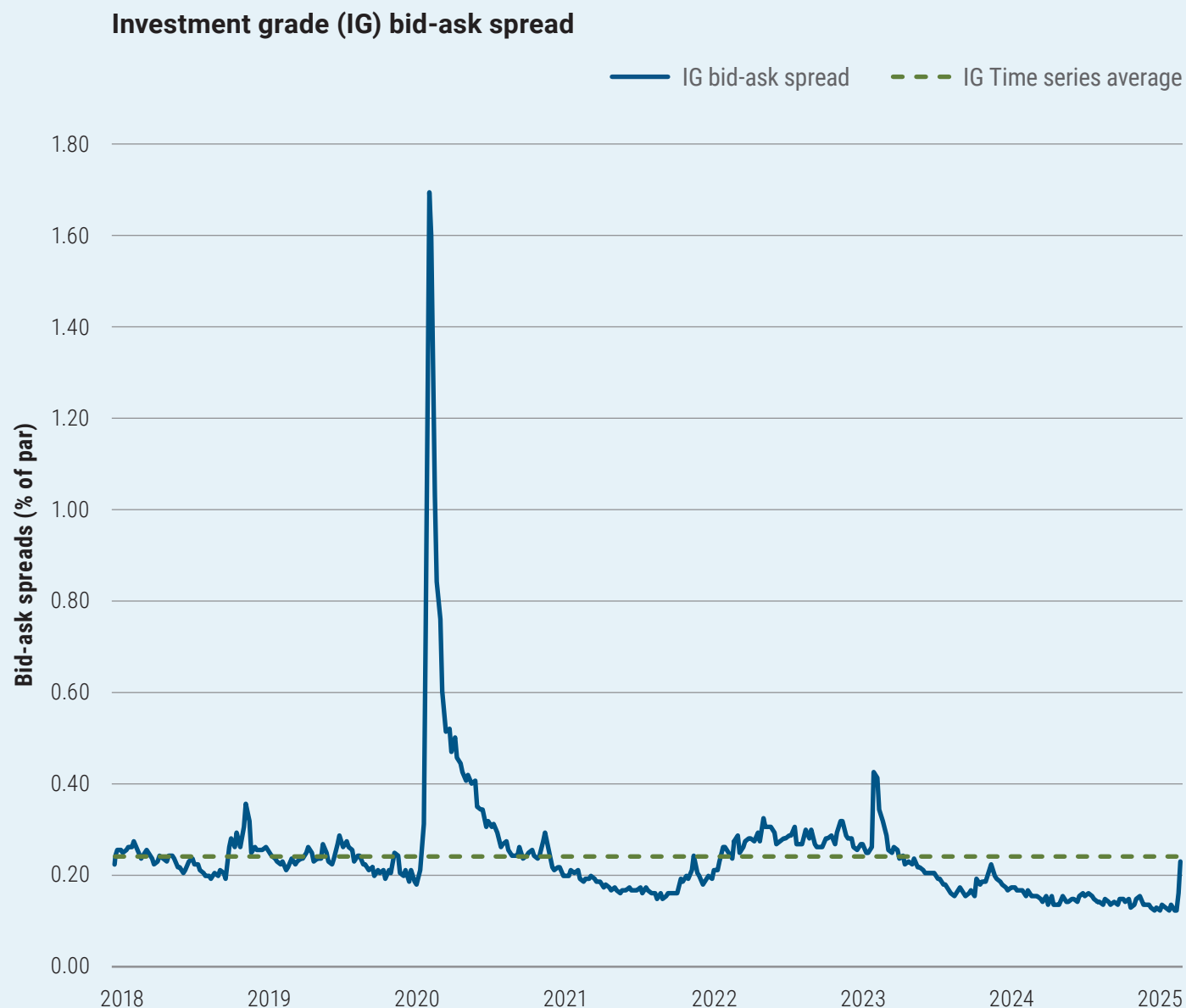
Recent Treasury sell-offs have sparked premature and unwarranted concerns about public fixed income valuations and liquidity, particularly in public credit.

Despite the volatility induced by recent tariff announcements, bond liquidity remains robust, with no material signs of stress in public IG credit.

As is typical during periods of heightened volatility, public credit (IG) bid-ask spreads have widened—a trend that has historically, at times, indicated a more challenging environment for liquidity. However, current spreads remain well within their long-term average range and are below the peaks seen during 2022's volatility.

Source: MarketAxess and TRACE as of 22 April 2025

Time series average reflects CP+BASI, a group of indices that tracks bid-ask spreads across global credit, rates and emerging bond markets. These indices provide a useful gauge of general market liquidity as well as relative trading activity.

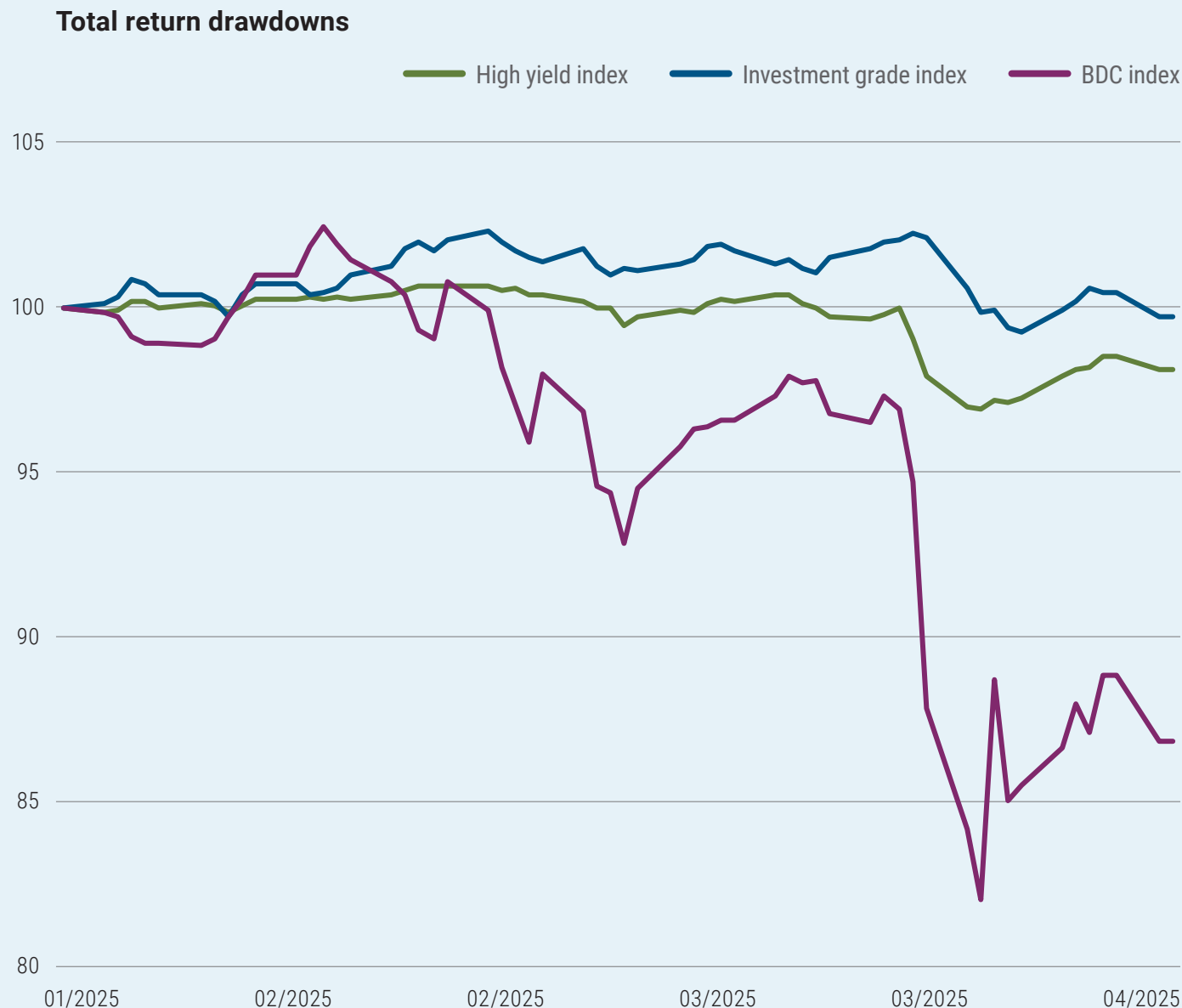


Public Credit Remained Relatively Stable While Tradeable BDCs Plunged

Since the end of January, the total returns of investment grade and high yield bonds have remained relatively stable, reinforcing our confidence in their resilience. In contrast, business development companies (BDCs), which invest in debt of private small- and mid-sized businesses and serve as a general indicator of less liquid private corporate credit markets, have seen significant declines. This drop highlights the negative impact of the current environment on the credit quality of the underlying holdings.

Source: MarketAxess, TRACE, and S&P Business Development Companies Index as of 22 April 2025

High yield index reflects the Bloomberg U.S. Corporate High Yield Bond Index, an index that tracks the performance of the USD-denominated, high-yield, fixed-rate corporate bond market. Investment grade index reflects the Bloomberg U.S. Corporate Investment Grade Index, an index that tracks the performance of the U.S. investment grade, fixed-rate, taxable corporate bond market. BDC index reflects the S&P Business Development Companies Index that tracks leading business development companies that trade on major U.S. exchanges.



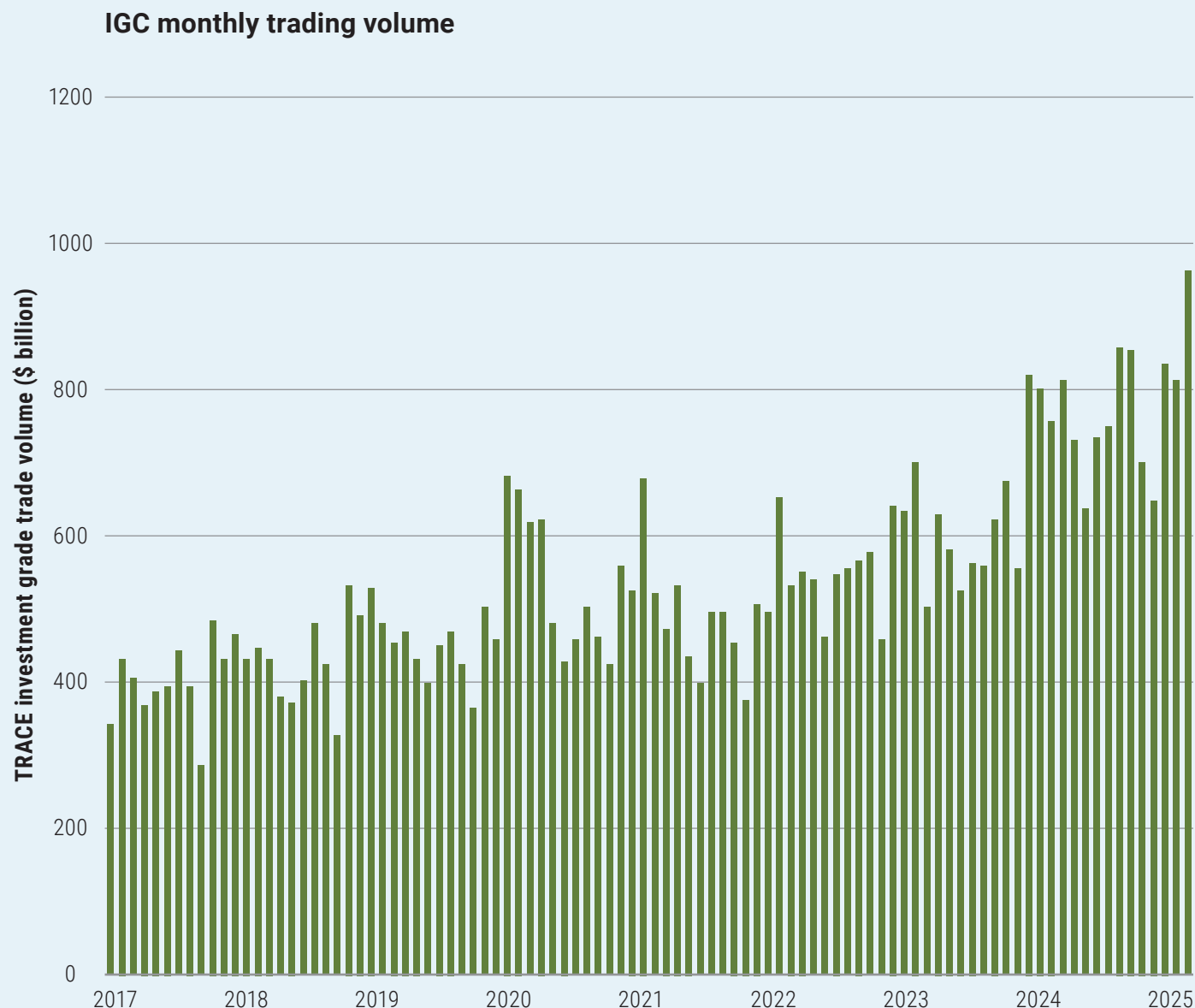
Public Credit Trading Volumes Remain Robust

Investment grade corporate (IGC) bond markets remain highly liquid, trading at tens of billions of dollars per day.

High trading volumes, along with low bid-ask spreads and stable prices have provided investors with a strong liquidity layer in their portfolios, especially relative to equities, which have seen meaningfully higher volatility.

Source: MarketAxess and Trace as of 7 April 2025. **Past performance is not a guarantee or a reliable indicator of future results.**

CP+ BASI is a group of indices that tracks bid-ask spreads across global credit, rates, and emerging bond markets. These indices provide a useful gauge of general market liquidity as well as relative trading activity.

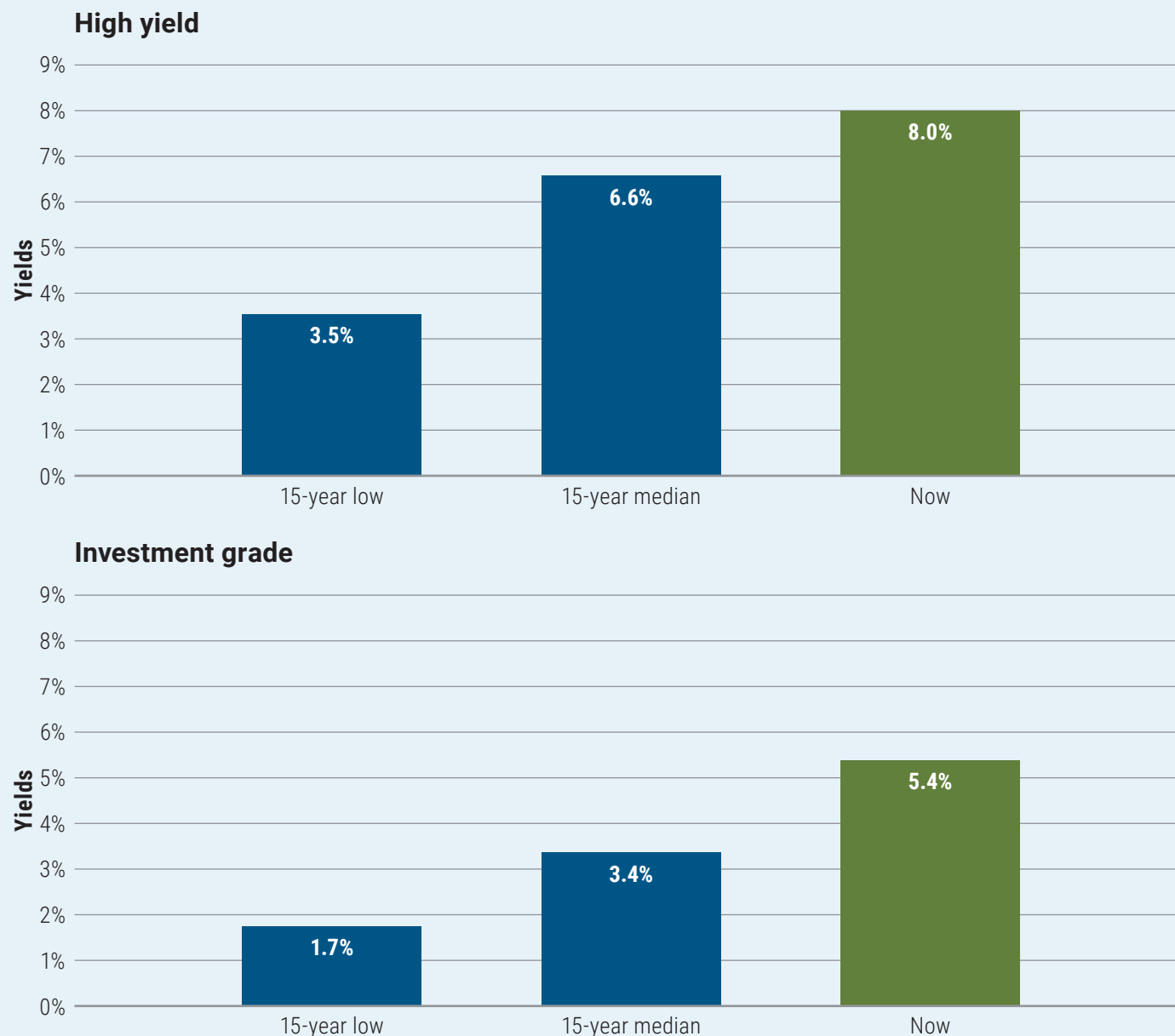


Public Credit Yields Look Especially Attractive Today

Current yields in high-quality fixed income are not only stable in comparison to the high volatility of tradeable BDCs and equities, they are also particularly attractive compared to their historical levels. Investors may not only achieve equity-like returns without having to take up the associated volatility, but also maintain high liquidity levels without sacrificing quality.

Source: MarketAxess and TRACE as of 23 April 2025. **Past performance is not a guarantee or a reliable indicator of future results.**

High yield chart reflects the LF98YW Index, which tracks the yield to worst of the U.S. high yield corporate bond market. Investment grade chart reflects the LUACYW Index, which tracks the yield to worst of the U.S. investment grade corporate bond market. Yield to Worst (YTW) is the estimated lowest potential yield that can be received on a bond without the issuer actually defaulting. The YTW is calculated by making worst-case scenario assumptions by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the bond's issuer.



Appendix

PERFORMANCE

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

CHARTS

Performance results for certain charts and graphs may be limited by date ranges specified on those charts and graphs; different time periods may produce different results. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any PIMCO product

INDEX

It is not possible to invest directly in an unmanaged index

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RISK

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.

Appendix

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