

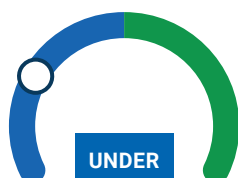
Risk-Off, Yield-On

PIMCO believes an extreme shift in macroeconomic conditions over the course of 2022 and the corresponding impact on financial markets have significantly altered the relative attractiveness of asset classes. Markets are moving away from a “TINA” world (where “there is no alternative” to equities) to one in which fixed income is increasingly appealing.

Yet, as we navigate a period of elevated inflation and an economic slowdown, our starting point is one of caution. PIMCO’s business cycle models forecast a U.S. recession in the next year, and the U.S. Federal Reserve is pressing ahead with policy tightening despite increasing strain in financial markets.

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

OVERALL RISK

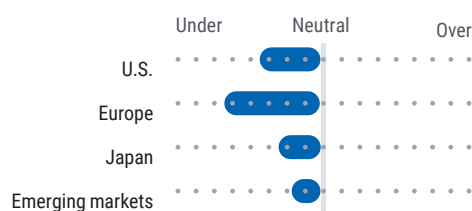


Our view is that the global economy will enter a significant slowdown, with some countries tipping into recession. We are therefore underweight risk. We believe most asset classes are not yet fully discounting the impact of sticky inflation, persistent interest rate hikes, and lower growth.

POSITIONING

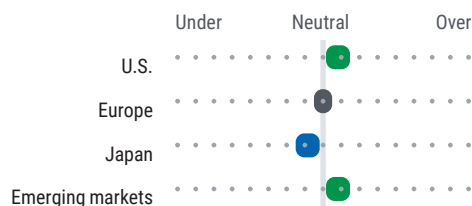
OPPORTUNITIES

EQUITIES



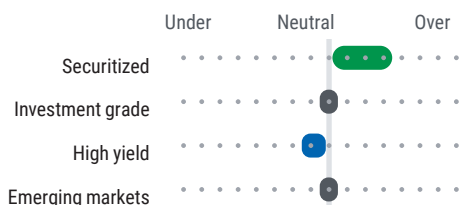
We maintain a negative outlook for equities given elevated recessionary risk. Valuations are still far above levels consistent with our macro outlook, and Bloomberg’s consensus estimates for 2023 earnings growth remain too optimistic. Among developed markets (DMs), neither the U.S. nor Europe is attractive. Synchronized policy tightening also makes emerging market (EM) equities unattractive. Among sectors, we prefer defensive areas, such as healthcare, versus cyclical areas such as industrials.

RATES



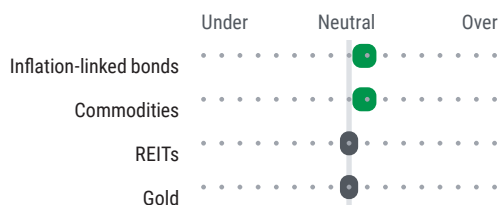
Duration has historically been a valuable hedge in uncertain times, but sticky inflation keeps us close to neutral. Duration should become increasingly attractive; however, with the first opportunities in the most rate-sensitive DMs and certain EMs that hiked early. Duration should also become attractive in the U.S. as the Fed brings the hiking cycle to a close and as economic fundamentals deteriorate further.

CREDIT



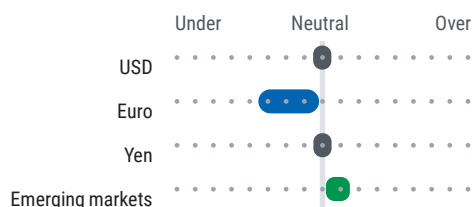
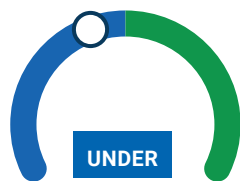
We believe credit will become attractive again after yields stabilize – likely at higher levels than we’ve seen in the last decade. In corporate credit, we think higher-quality issuers are best positioned to navigate cyclical pressures, and lower-quality and cyclically sensitive issuers will suffer. U.S. agency mortgage-backed securities (MBS) with high coupons could provide attractive returns, as they are of higher average quality and tend to provide good liquidity at an attractive spread.

REAL ASSETS



We currently favor select assets within commodities markets, which should provide an inflation hedge. However, as we progress through 2023, inflation is likely to moderate and economic growth will turn negative – a challenging scenario for commodities historically. Our view on real estate investment trusts (REITs) is neutral, with a focus on relative value opportunities. Lastly, we maintain a balanced allocation to inflation-linked bonds as we expect inflation to be sticky in the near term.

CURRENCIES



We believe the U.S. dollar can continue to outperform in the short term. However, overvaluation concerns should begin to prevail when peak rates are reached. The euro faces structural challenges, particularly in peripheral economies, which may discourage investors even as rates rise, while a resolution to the war in Ukraine (not our base case) would present an upside risk. We find select EM currencies attractive relative to DM, but overall we maintain modest overweights given prevailing macro conditions.

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

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. 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. **Mortgage- and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee, there is no assurance that private guarantors will meet their obligations. **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. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be appropriate for all investors. **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. **Equities** may decline in value due to both real and perceived general market, economic and industry conditions. **The credit quality** of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. **Diversification** does not ensure against loss.

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. Investors should consult their investment professional prior to making an investment decision. Outlook and strategies are subject to change without notice.

This material contains the opinions of the manager and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. It is not possible to invest directly in an unmanaged index. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This is not an offer to any person in any jurisdiction where unlawful or unauthorized.

Pacific Investment Management Company LLC, 650 Newport Center Drive, Newport Beach, CA 92660 is regulated by the United States Securities and Exchange Commission.

PIMCO Europe Ltd (Company No. 2604517) is authorised and regulated by the Financial Conduct Authority (12 Endeavour Square, London E20 1JN) in the UK. The services provided by PIMCO Europe Ltd are not available to retail investors, who should not rely on this communication but contact their financial adviser.

PIMCO Europe GmbH (Company No. 192083, Seidlstr. 24-24a, 80335 Munich, Germany), PIMCO Europe GmbH Italian Branch (Company No. 10005170963), PIMCO Europe GmbH Irish Branch (Company No. 909462), PIMCO Europe GmbH UK Branch (Company No. 2604517) and PIMCO Europe GmbH Spanish Branch (N.I.F. W2765338E) are authorised and regulated by the German Federal Financial Supervisory Authority (BaFin) (Marie-Curie-Str. 24-28, 60439 Frankfurt am Main) in Germany in accordance with Section 15 of the German Securities Institutions Act (WpIG). The Italian Branch, Irish Branch, UK Branch and Spanish Branch are additionally supervised by: (1) Italian Branch: the Commissione Nazionale per le Società e la Borsa (CONSOB) in accordance with Article 27 of the Italian Consolidated Financial Act; (2) Irish Branch: the Central Bank of Ireland in accordance with Regulation 43 of the European Union (Markets in Financial Instruments) Regulations 2017, as amended; (3) UK Branch: the Financial Conduct Authority; and (4) Spanish Branch: the Comisión Nacional del Mercado de Valores (CNMV) in accordance with obligations stipulated in articles 168 and 203 to 224, as well as obligations contained in Title V, Section I of the Law on the Securities Market (LSM) and in articles 111, 114 and 117 of Royal Decree 217/2008, respectively. The services provided by PIMCO Europe GmbH are available only to professional clients as defined in Section 67 para. 2 German Securities Trading Act (WpHG). They are not available to individual investors, who should not rely on this communication.

PIMCO (Schweiz) GmbH (registered in Switzerland, Company No. CH-020.4.038.582-2). The services provided by PIMCO (Schweiz) GmbH are not available to retail investors, who should not rely on this communication but contact their financial adviser.

PIMCO Asia Pte Ltd (Registration No. 199804652K) is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence and an exempt financial adviser. The asset management services and investment products are not available to persons where provision of such services and products is unauthorised.

PIMCO Asia Limited is licensed by the Securities and Futures Commission for Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance. PIMCO Asia Limited is registered as a cross-border discretionary investment manager with the Financial Supervisory Commission of Korea (Registration No. 08-02-307). The asset management services and investment products are not available to persons where provision of such services and products is unauthorised.

PIMCO Investment Management (Shanghai) Limited Unit 3638-39, Phase II Shanghai IFC, 8 Century Avenue, Pilot Free Trade Zone, Shanghai, 200120, China (Unified social credit code: 91310115MA1K41MU72) is registered with Asset Management Association of China as Private Fund Manager (Registration No. P1071502, Type: Other)

PIMCO Australia Pty Ltd ABN 54 084 280 508, AFSL 246862. This publication has been prepared without taking into account the objectives, financial situation or needs of investors. Before making an investment decision, investors should obtain professional advice and consider whether the information contained herein is appropriate having regard to their objectives, financial situation and needs.

PIMCO Japan Ltd, Financial Instruments Business Registration Number is Director of Kanto Local Finance Bureau (Financial Instruments Firm) No. 382. PIMCO Japan Ltd is a member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association. All investments contain risk. There is no guarantee that the principal amount of the investment will be preserved, or that a certain return will be realized; the investment could suffer a loss. All profits and losses incur to the investor. The amounts, maximum amounts and calculation methodologies of each type of fee and expense and their total amounts will vary depending on the investment strategy, the status of investment performance, period of management and outstanding balance of assets and thus such fees and expenses cannot be set forth herein.

PIMCO Taiwan Limited is managed and operated independently. The reference number of business license of the company approved by the competent authority is (110) Jin Guan Tou Gu Xin Zi No. 020. 40F., No.68, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.). Tel: +886 2 8729-5500.

PIMCO Canada Corp. (199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, ON, M5L 1G2) services and products may only be available in certain provinces or territories of Canada and only through dealers authorized for that purpose.

PIMCO Latin America Av. Brigadeiro Faria Lima 3477, Torre A, 5° andar São Paulo, Brazil 04538-133. | No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world. ©2022, PIMCO.