

P I M C O

Allianz Poland – Fund Forum, 21 marca 2017 r.

Anna Dragesic, Head of Credit Product Management PIMCO

Papiery skarbowe to nie wszystko – w poszukiwaniu możliwości inwestycyjnych na globalnym rynku instrumentów dłużnych

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Presented in Poland



Anna Dragesic, CFA

Anna Dragesic jest wiceprezesem wykonawczym w biurze w Londynie. Szefuje zespołowi PIMCO odpowiedzialnemu za zarządzanie produktami kredytowymi w Europie, nadzorując globalne i regionalne oferty kredytowe. W PIMCO pracuje od 2009 r., wcześniej była zatrudniona w ScotiaBank w Toronto, ostatnio zarządzając ryzykiem kredytowym instrumentów pochodnych na stopy procentowe.

Ma 10 lat doświadczeń w zakresie usług inwestycyjnych i finansowych. Ukończyła Wharton School na University of Pennsylvania ze stopniem MBA, a także Schulich School of Business na York University w Toronto ze stopniem licencjackim.

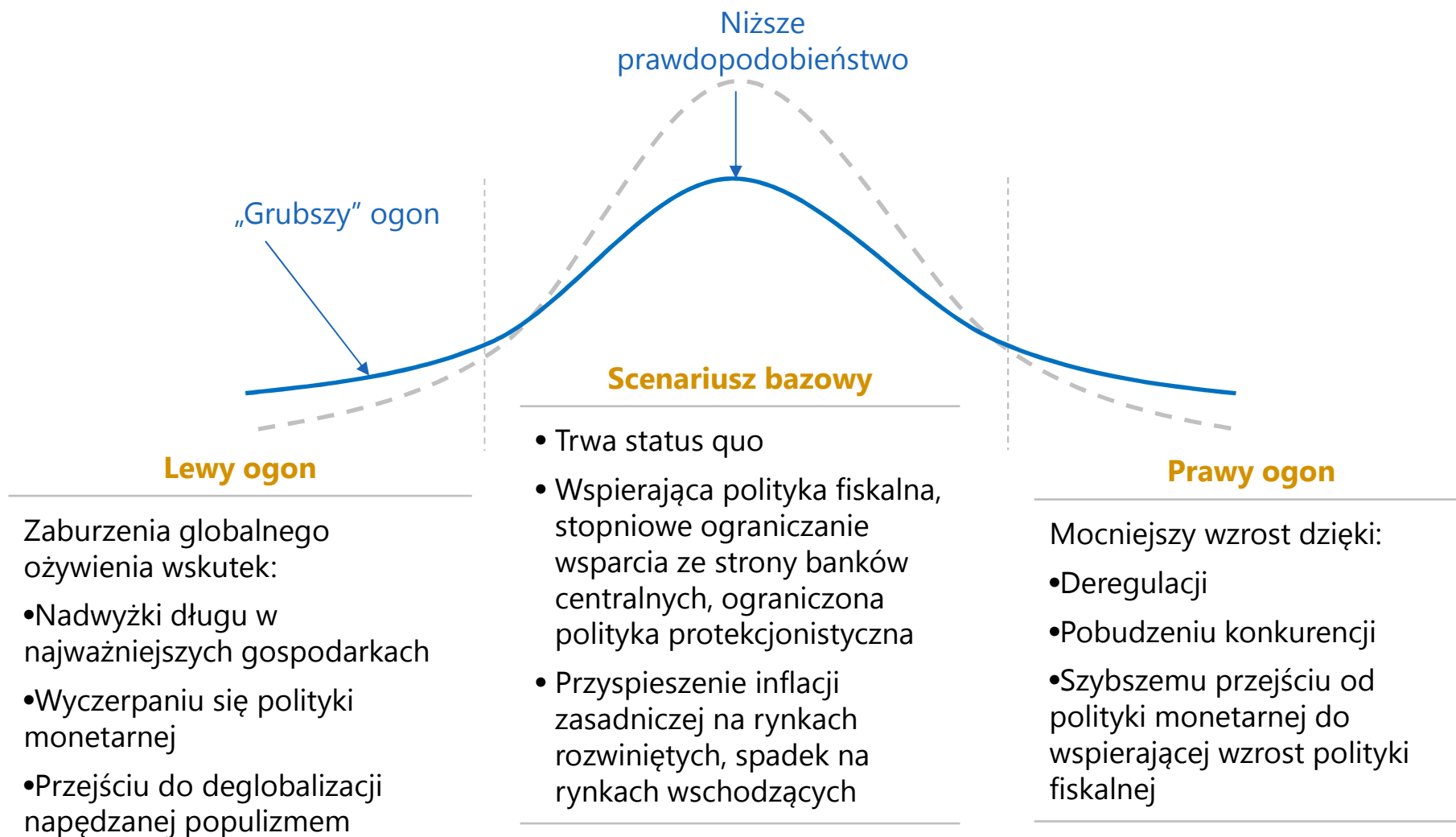
1. Perspektywy i podejście makroekonomiczne
2. Globalne rynki instrumentów kredytowych
3. Możliwości inwestycyjne
4. Załącznik

Perspektywy i podejście makroekonomiczne

Perspektywy cykliczne wg PIMCO

Podróż w nieznane

WYNIKI MAKROEKONOMICZNE W TRAKCIE CYKLU



As of December 2016; SOURCE: PIMCO
Refer to Appendix for additional, outlook and risk information.

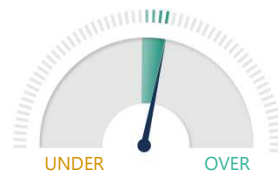
Perspektywy wzrostu i podejście do alokacji aktywów

Globalny kontekst makroekonomiczny

Kontynuacja globalnego wzrostu o dynamice **2,5%-3,0%**

Spodziewamy się wzrostu globalnej inflacji do ok. **2,0%-2,5%**

**OGÓLNE
RYZYO**



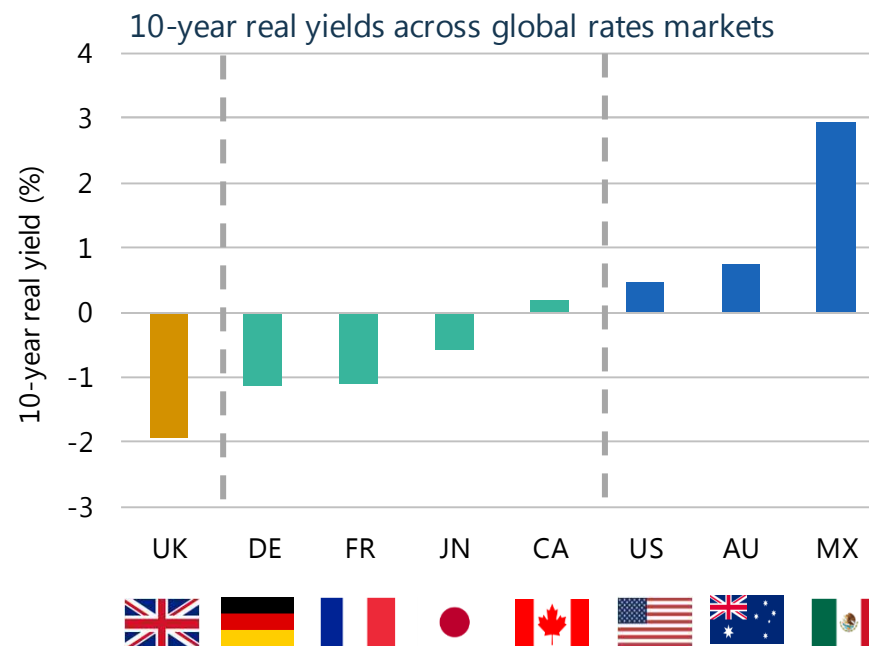
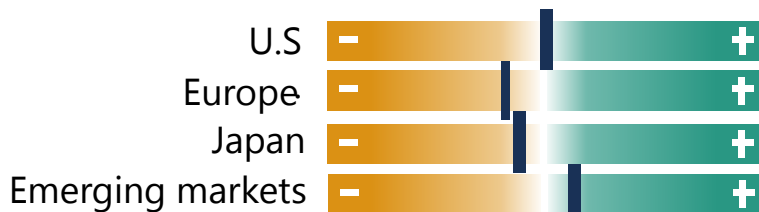
<i>AKCJE</i>	<i>STOPY PROCENTOWE</i>	<i>INSTR. KREDYT.</i>	<i>GOSPODARKA REALNA</i>	<i>WALUTY</i>
<p>A semi-circular gauge chart with a needle pointing towards the 'OVER' side. The needle is positioned approximately 50% of the way from 'UNDER' to 'OVER'.</p>	<p>A semi-circular gauge chart with a needle pointing towards the 'UNDER' side. The needle is positioned approximately 25% of the way from 'UNDER' to 'OVER'.</p>	<p>A semi-circular gauge chart with a needle pointing towards the 'OVER' side. The needle is positioned approximately 75% of the way from 'UNDER' to 'OVER'.</p>	<p>A semi-circular gauge chart with a needle pointing towards the 'OVER' side. The needle is positioned approximately 75% of the way from 'UNDER' to 'OVER'.</p>	<p>A semi-circular gauge chart with a needle pointing towards the 'OVER' side. The needle is positioned approximately 50% of the way from 'UNDER' to 'OVER'.</p>

Refer to Appendix for additional forecast and risk information.

Podejście do globalnych stóp procentowych:

Ograniczanie ryzyka stopy, staranny dobór możliwości inwestycyjnych i dywersyfikacja

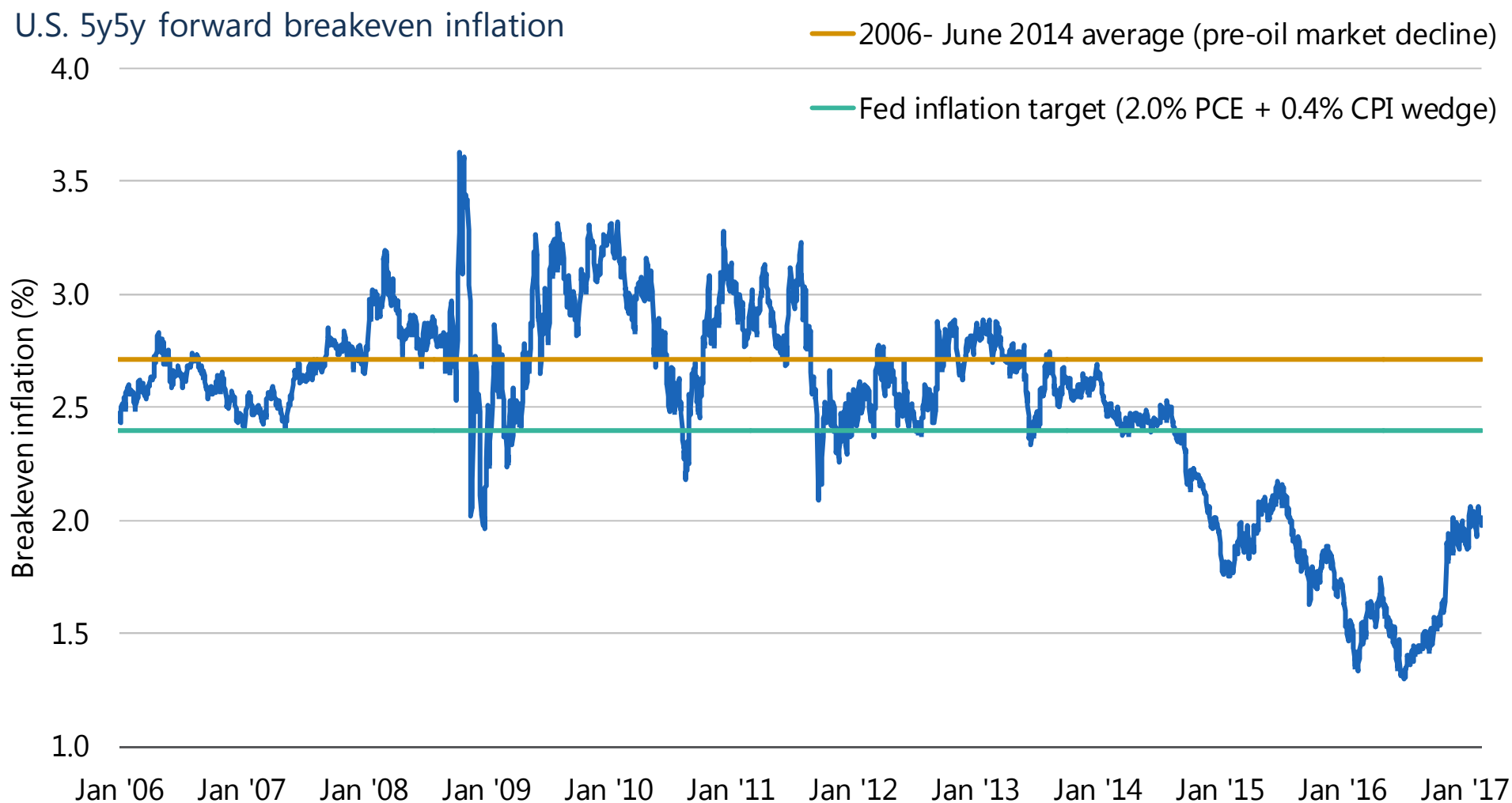
Podejście sektorowe



As of 31 December 2016.
 SOURCE: Bloomberg, PIMCO
 Refer to Appendix for additional correlation, outlook, investment strategy, forecast, and risk information.

Podejście do aktywów z gospodarki realnej:

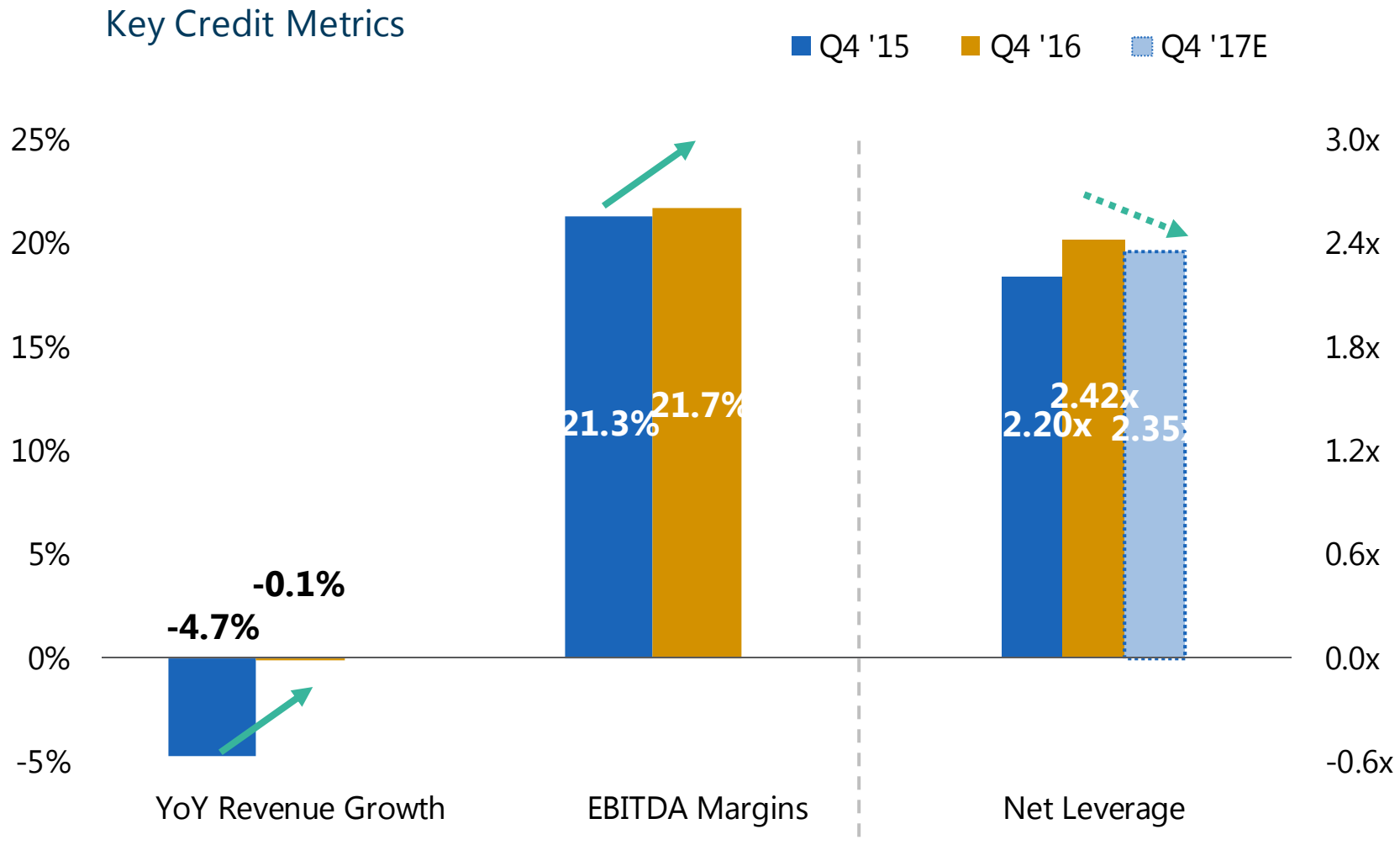
Skarbowe instrumenty chroniące przed inflacją są atrakcyjne, gdyż długofalowe oczekiwania inflacyjne odbiły, ale wciąż są niskie



As of 17 February 2017
SOURCE: Bloomberg

Globalne rynki instrumentów kredytowych

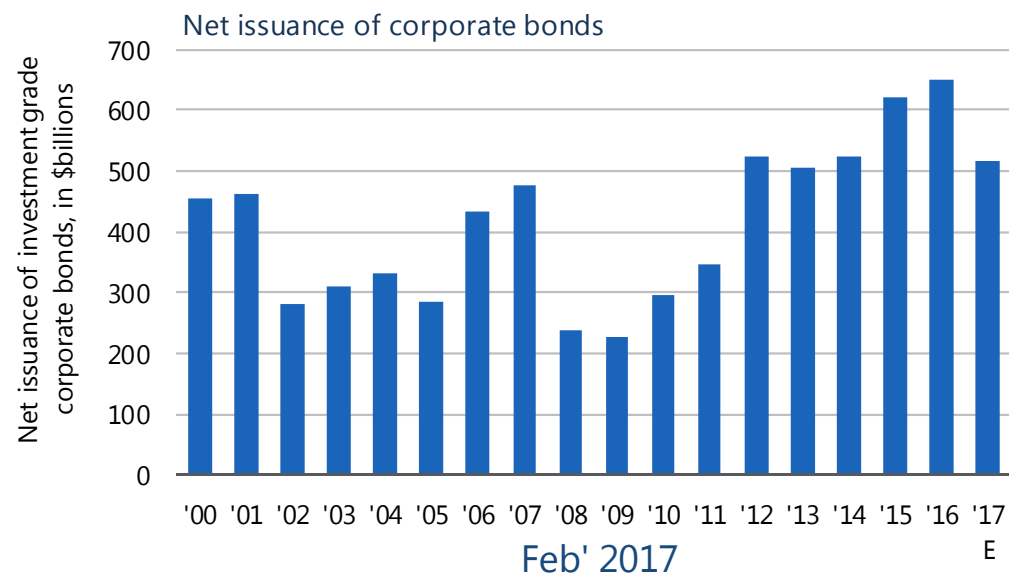
Analiza fundamentalna aktywów o ratingu inwestycyjnym: Spodziewana poprawa zdolności kredytowej przy wyższej rentowności, rzadszych fuzjach i przejęciach oraz zmianach w polityce podatkowej



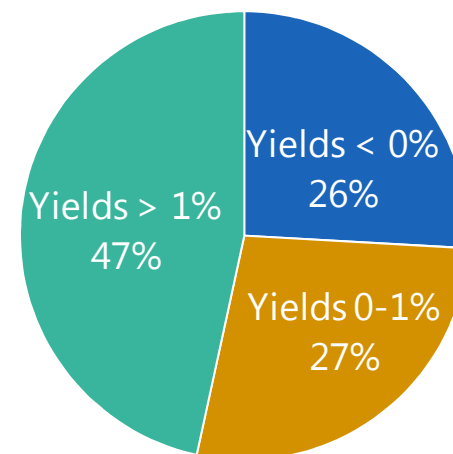
Based on Q4 2016 results. SOURCE: PIMCO
Refer to the Appendix for additional investment strategy, outlook and risk information

Analiza techniczna aktywów o ratingu inwestycyjnym : Potwierdzenie zasadności inwestycji w instrumenty kredytowe

- Większe emisje ze strony przedsiębiorstw w przededniu zacieśnienia polityki Fed, choć emisje powinny zwalniać z uwagi na wyższe oprocentowanie i potencjalne zmiany w polityce podatkowej



- Niskie / ujemne globalne oprocentowanie obligacji skarbowych powinno zwiększać popyt na aktywa kredytowe

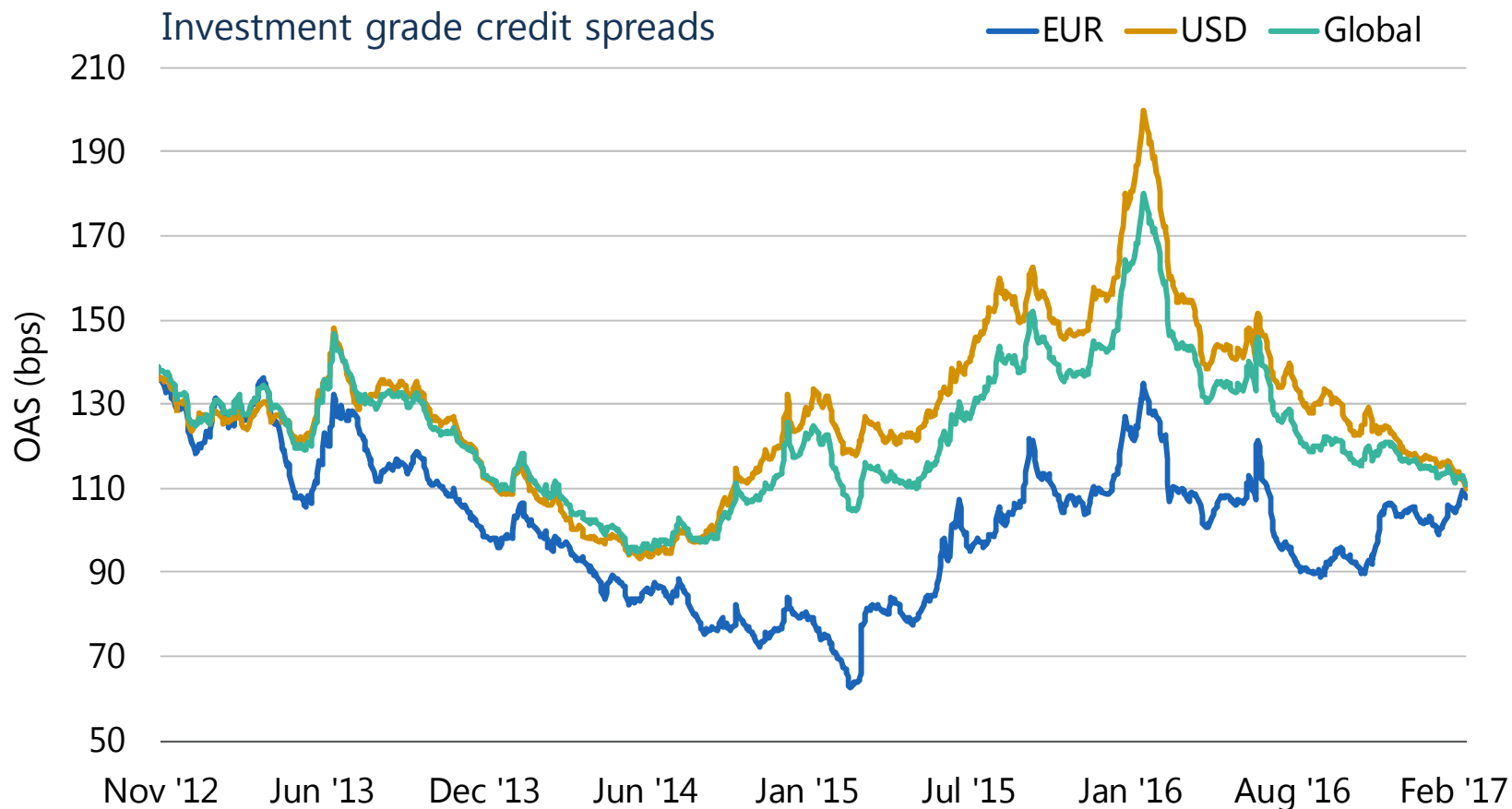


*Yield Breakdown of Government Bonds in the
Barclays Global Agg Treasury Index*

As of 28 February 2017. Top chart as of 31 December 2016. SOURCE: JPMorgan, Barclays.
Past performance is not a guarantee or a reliable indicator of future results. For illustrative purposes only.
 Refer to Appendix for additional index, investment strategy and risk information.

Wycena: Preferowane instrumenty kredytowe z USA z uwagi na bardziej atrakcyjny spread

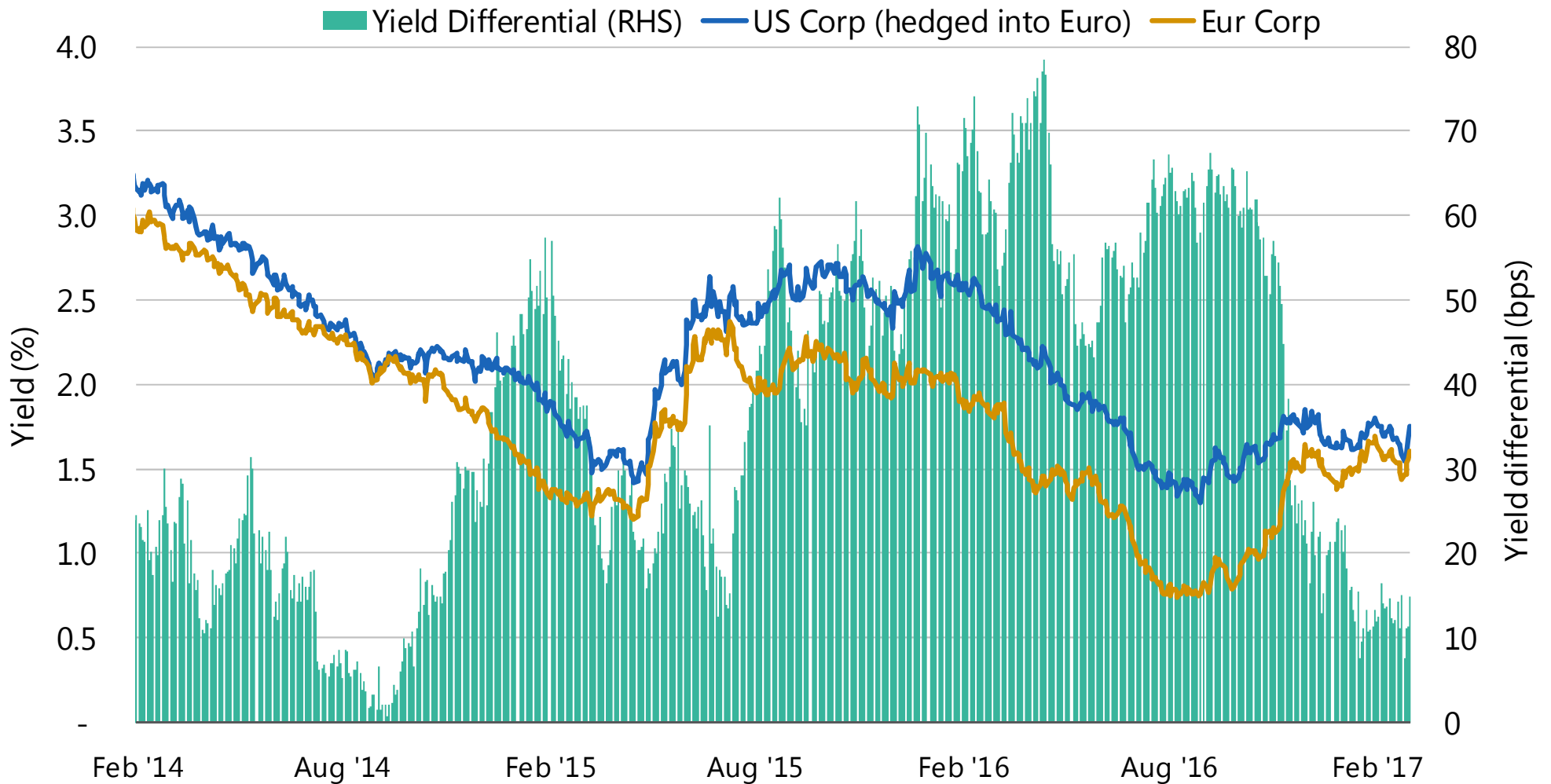
- Globalne instrumenty kredytowe dają inwestorom możliwość osiągnięcia atrakcyjnego przychodu z jednoczesną ochroną przed spadkami



As of 28 February 2017. SOURCE: PIMCO, Barclays

EUR is represented by the Barclays Euro Aggregate Credit Index; USD is represented by the Barclays US Credit Index; Global is represented by the Barclays Global Aggregate Credit Index. Refer to Appendix for additional investment strategy, OAS, outlook and risk information

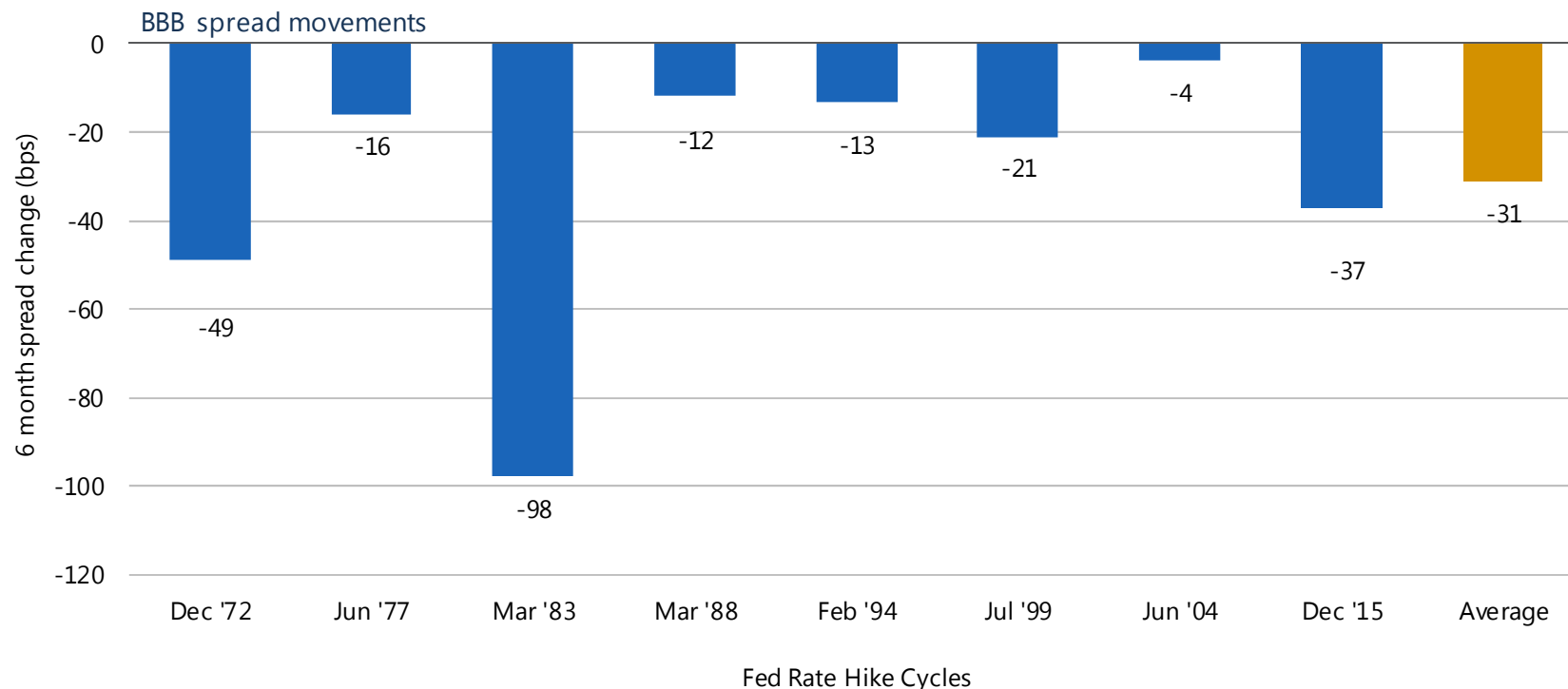
Wycena: Preferowane instrumenty kredytowe z USA z uwagi na wyższe oprocentowanie i bardziej stromą krzywą



As of 28 February 2017. SOURCE: PIMCO
 USD Corp (hedged into Euro) is represented by 10 yr BBB non-financial senior unsecured USD-denominated bonds hedged in Euro and Euro Corp is represented by 10 yr BBB non-financial senior unsecured Eur-denominated bonds
 Refer to Appendix for additional investment strategy, outlook and risk information

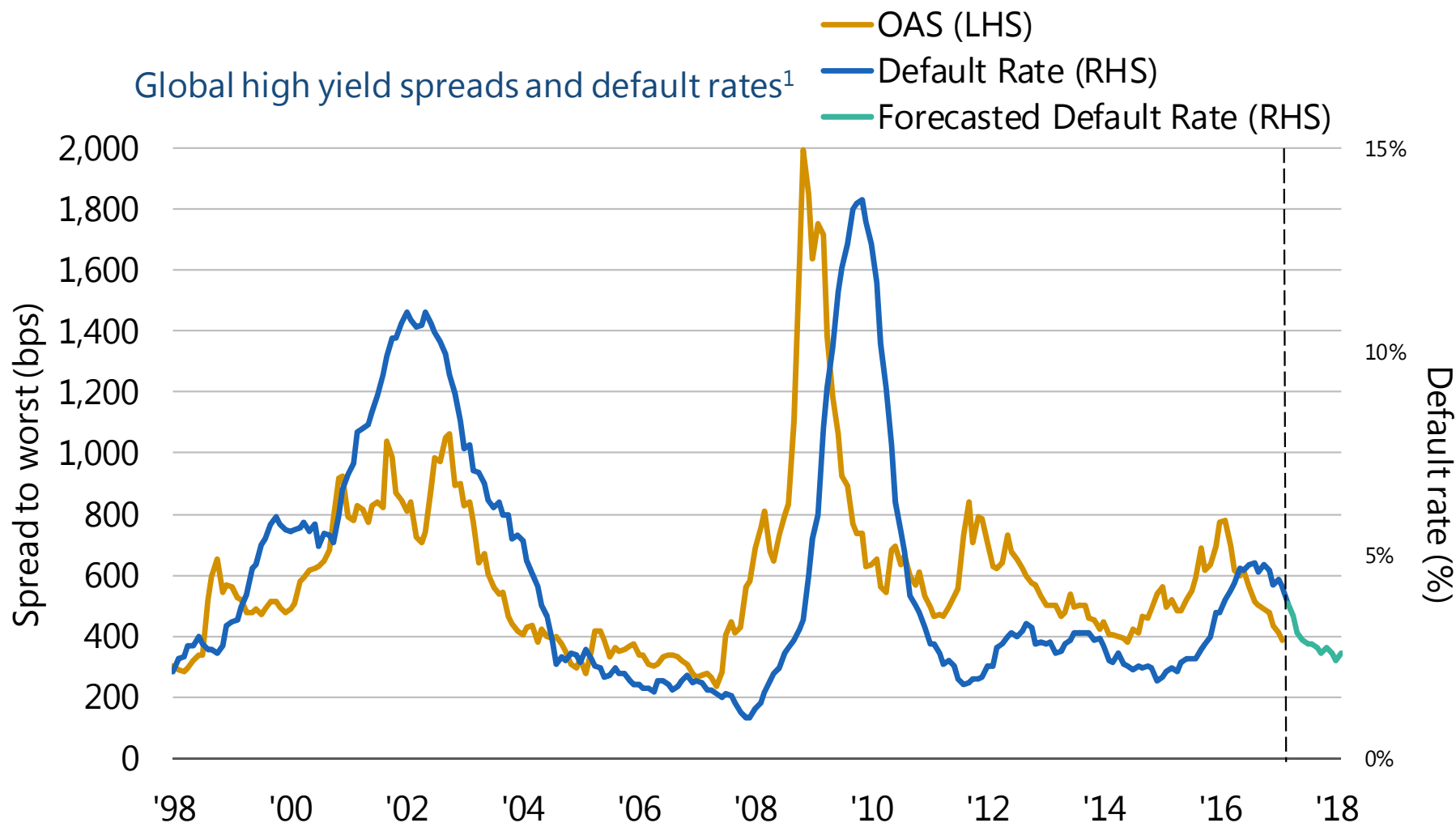
I tym razem będzie tak samo jak zawsze: Podwyższe stóp towarzyszy spadek spreadów

- W poprzednich okresach podwyżek stóp spready kredytowe zwykle spadały, gdyż okresy podwyżek stóp najczęściej wiązały się z szybszym wzrostem gospodarczym, co wspiera fundamentalną sytuację instrumentów kredytowych
- Na przykład wg danych historycznych w półrocznym okresie po pierwszej podwyżce stóp przez Fed spready instrumentów kredytowych o ratingu BBB spadały średnio o ok. 31 punktów bazowych



As of 31 December 2016. SOURCE: PIMCO.
Refer to Appendix for additional credit quality, investment strategy, outlook and risk information.

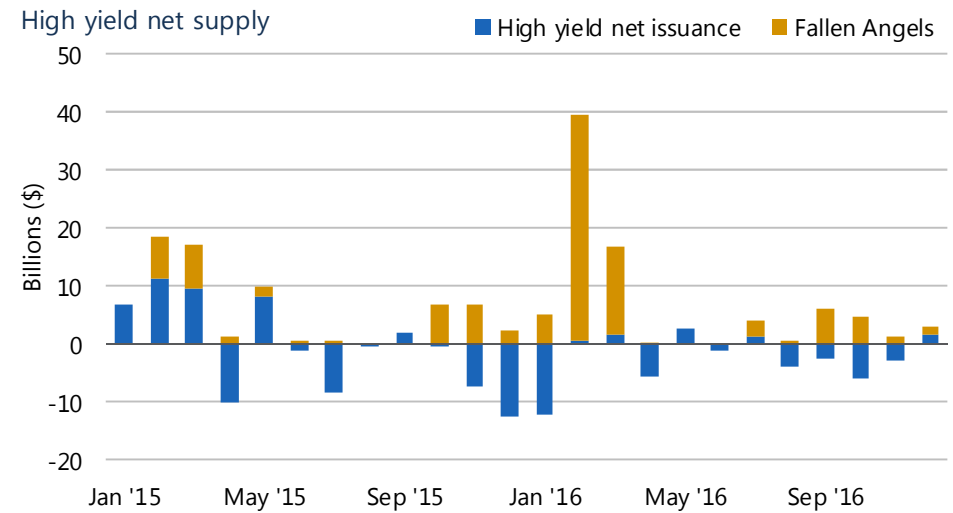
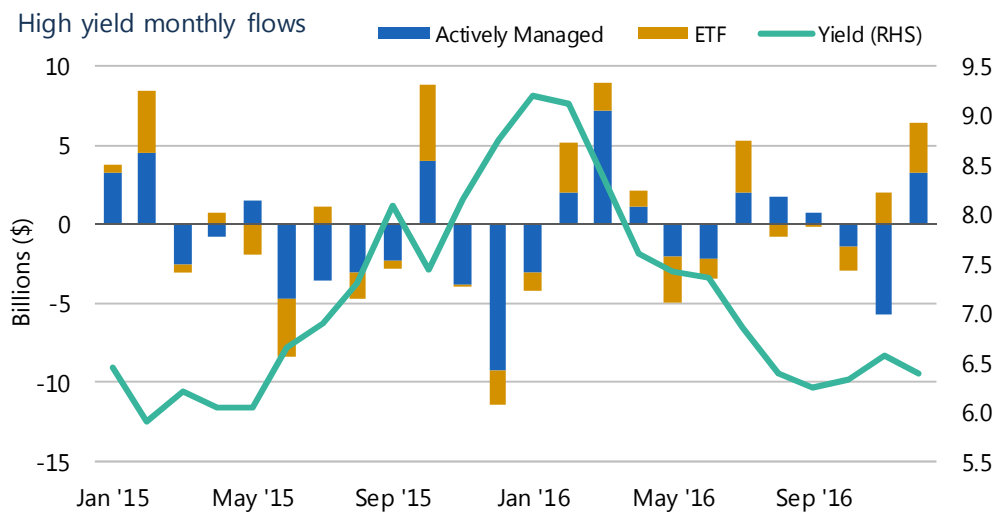
Analiza fundamentalna instrumentów wysokodochodowych: Spodziewany spadek wskaźnika defaultu dzięki spadkom w sektorach towarowych



As of 28 February 2017. SOURCE: BofA Merrill Lynch, Moody's

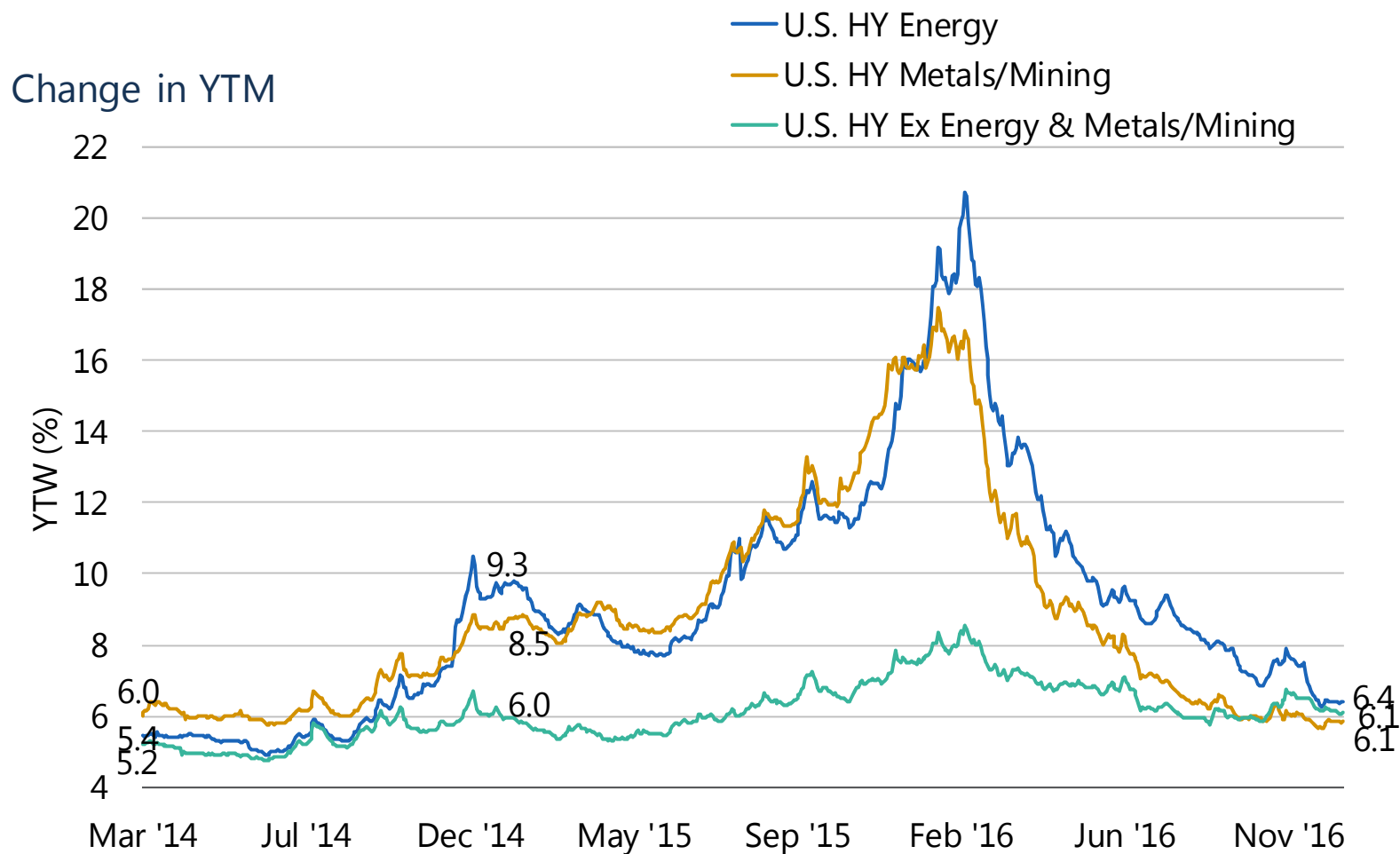
¹ High Yield represented by BofA Merrill Lynch Developed Markets High Yield Constrained Index. High Yield outperformed duration neutral treasuries over the relevant period. The BofA Merrill Lynch Developed Markets High Yield Constrained Index provides a longer historical spread used in the calculation of excess spread.

Analiza techniczna instrumentów wysokodochodowych : Korzystną analizę techniczną uzasadnia ograniczona podaż netto



As of 31 December 2016. SOURCE: Lipper, JPMorgan, BofA Merrill Lynch
 High Yield net supply removes calls, tenders, and maturities
 Refer to Appendix for additional investment strategy, outlook, and risk information.

Wycena instrumentów wysokodochodowych : Sektory towarowe wyszły z dołka, w przyszłości stopę zwrotu generować będą dochody



As of 31 December 2016. SOURCE: Barclays

HY Energy represented by Barclays HY Energy Index, HY Metals/Mining represented by Barclays Metals/Mining Index, HY Ex Energy and Metals/Mining represented by Barclays HY Ex Energy and Metals/Mining Index

Refer to Appendix for additional credit quality, outlook, and risk information

Wycena instrumentów wysokodochodowych : Instrumenty amerykańskie i ze strefy euro

	US HY	Euro HY
YTW (%)	6.2	3.3
OAS (bps)	422	378
Duration (years)	4.0	3.2
Average quality	B+	BB-
Market Value (\$bn)	1,314	301

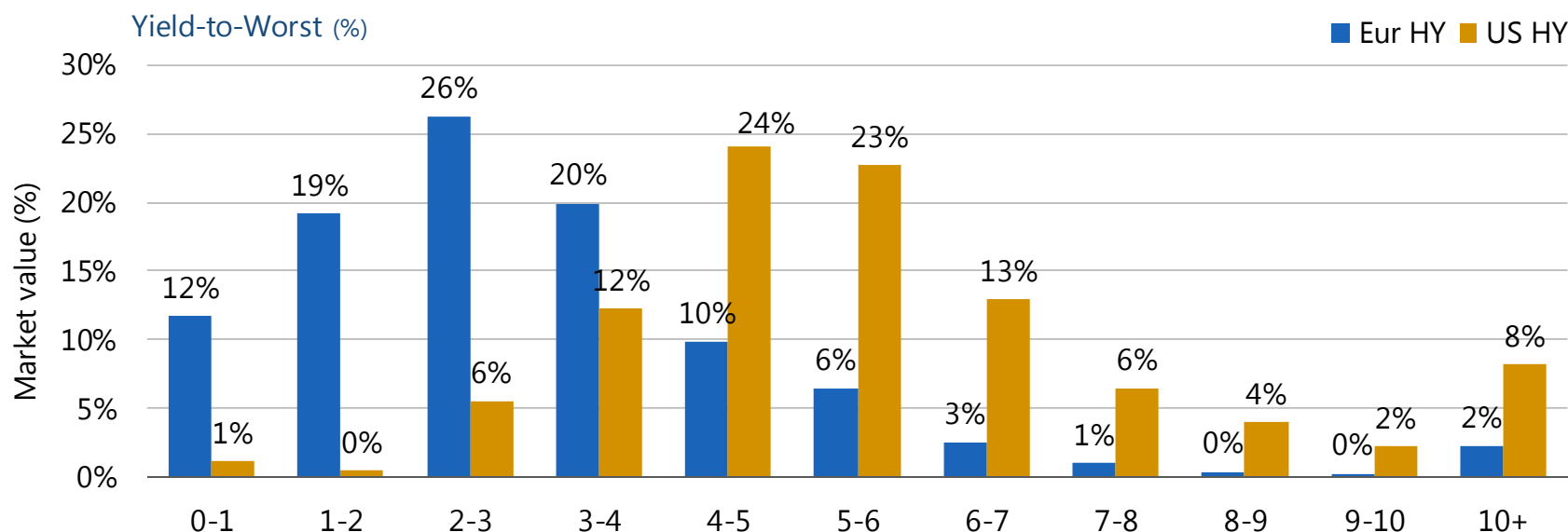
Sector Exposure (MV %)

Energy	15.0	5.9
Banks	2.5	16.4

Obecnie preferujemy wysokodochodowe instrumenty amerykańskie, a nie instrumenty w euro, ze względu na:

Wyższy absolutny zwrot

Amerykański rynek instrumentów dochodowych jest większy i bardziej płynny niż w strefie euro



As of 31 December 2016

SOURCE: PIMCO, BofA Merrill Lynch

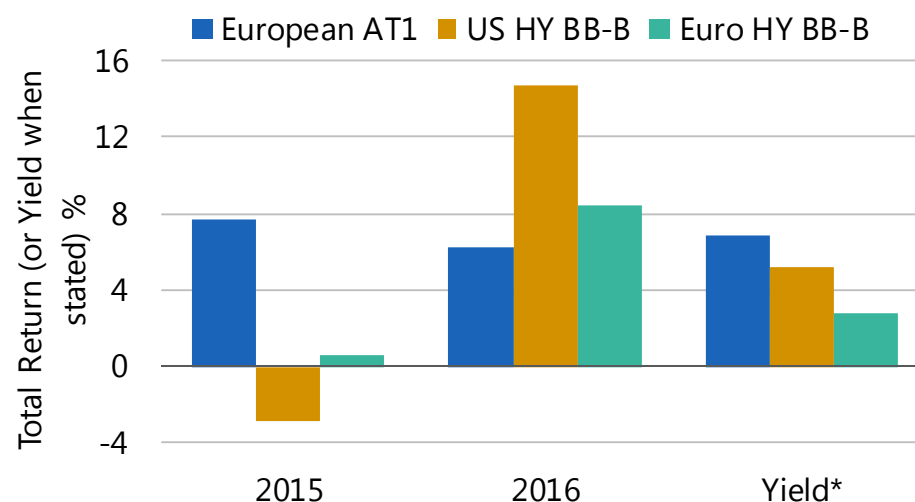
Benchmark: US High Yield is represented by the BofA ML U.S. HY Constrained Index. Euro High Yield is represented by the BofA ML Eur. HY Constrained Index

Refer to Appendix for additional investment strategy and outlook information

Instrumenty kapitałowe: Chyba już po burzy

- **Mocna sytuacja fundamentalna** – perspektywy instrumentów kapitałowych poprawiły się w 2017 r., gdyż sytuacja fundamentalna banków nadal jest mocna, a większość niekorzystnych czynników odnotowanych w 2016 r. już ustąpiła
- **Pozytywna analiza techniczna** – w 2017 r. spodziewana jest mniejsza podaż kapitału AT1 po stronie europejskich banków wraz ze zmianami regulacyjnymi, przy czym popyt prawdopodobnie pozostanie wysoki, gdyż instrumenty AT1 zapewniają atrakcyjny zwrot
- **Atrakcyjna wycena** – europejskie instrumenty AT1 to obecnie klasa aktywów o najwyższej stopie zwrotu (YTW 7%) na rynkach kredytowych, gdyż nie uczestniczyła w hossie na szerokim rynku w 2016 r., zwłaszcza na amerykańskich i europejskich rynkach instrumentów wysokodochodowych

Headwinds for the banking sector in 2016	Does it still represent a risk in 2017?
Framework for the coupon risk on AT1 (MDA risk)	No
Concerns on European banks profitability	Much lower risk
Idiosyncratic events (Deutsche Bank)	Much lower risk
Litigation risk for banks	Much lower risk
Concerns on Italian banks	Much lower risk
Political risk in Europe	Yes



As of 24 January 2017. SOURCE: Barclays, BofA ML, PIMCO
 * Yields as of 31 January 2017
 Refer to Appendix for additional outlook and risk information.

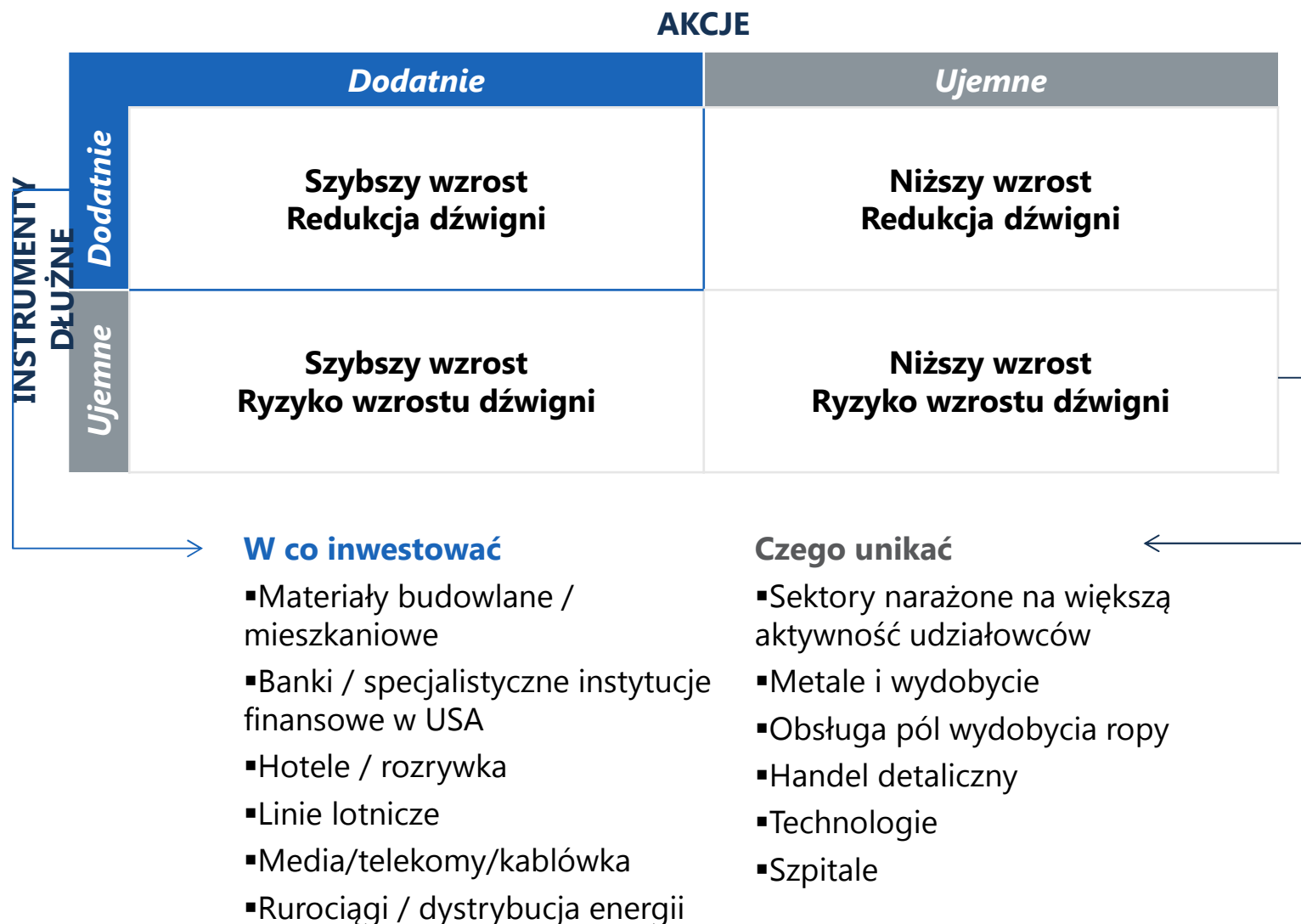
Możliwości inwestycyjne

Gdzie widzimy wartość na globalnym rynku instrumentów kredytowych: Bieżące tematy inwestycyjne

<i>Przedsiębiorstwa o ratingu inwestycyjnym</i>	<ul style="list-style-type: none">• Widzimy długofalową względną wartość w wysokiej jakości instrumentach kredytowych przedsiębiorstw odpornych na turbulencje, a jednocześnie sprzedajemy niedawno nabyte instrumenty nowych emisji, których spready spadły od czasu emisji
<i>Sektor finansowy</i>	<ul style="list-style-type: none">• Przeważamy banki, które kontynuują redukcję dźwigni i poprawę struktury kapitałów• Bardziej strome krzywe dochodowości i bardziej przychylne otoczenie regulacyjne powinny wspierać rentowność banków
<i>Sekurytyzacja</i>	<ul style="list-style-type: none">• Głównie nieagencyjne kredyty hipoteczne z uwagi na mocny amerykański rynek mieszkaniowy• Ekspozycja na wysokiej jakości instrumenty CLO i emisje niepodporządkowanych kredytów studenckich
<i>Wysokodochodowe obligacje korporacyjne</i>	<ul style="list-style-type: none">• Instrumentom wysokodochodowym nadal sprzyja niski poziom wskaźnika defaultu• Potencjalne wsparcie dzięki szybszemu wzrostowi gospodarczemu w USA w oparciu o nakłady budżetowe
<i>Rynki wschodzące</i>	<ul style="list-style-type: none">• Ostrożne podejście do rynków wschodzących z uwagi na potencjalnie bardziej restrykcyjną politykę handlową, mocniejszego dolara i wyższe stopy procentowe• Nadal głównie kraje o mocnej sytuacji fundamentalnej i wiarygodności kredytowej
<i>Waluty / duracja</i>	<ul style="list-style-type: none">• Długa pozycja w USD, któremu sprzyjać powinno rozejście się polityki banków centralnych• Nadal rosnąca krótka ekspozycja na koszyk walut azjatyckich i innych bardziej otwartych gospodarek, które odczułyby ograniczenia w globalnym handlu• Neutralne nastawienie lub lekkie niedoważenie duracji, ale przeważenie środka krzywej ze względu na atrakcyjne możliwości handlu carry

As of 31 December 2016. SOURCE: PIMCO
Refer to Appendix for additional investment strategy, outlook and risk information

Zasady identyfikacji możliwości inwestycji w instrumenty kredytowe wg PIMCO



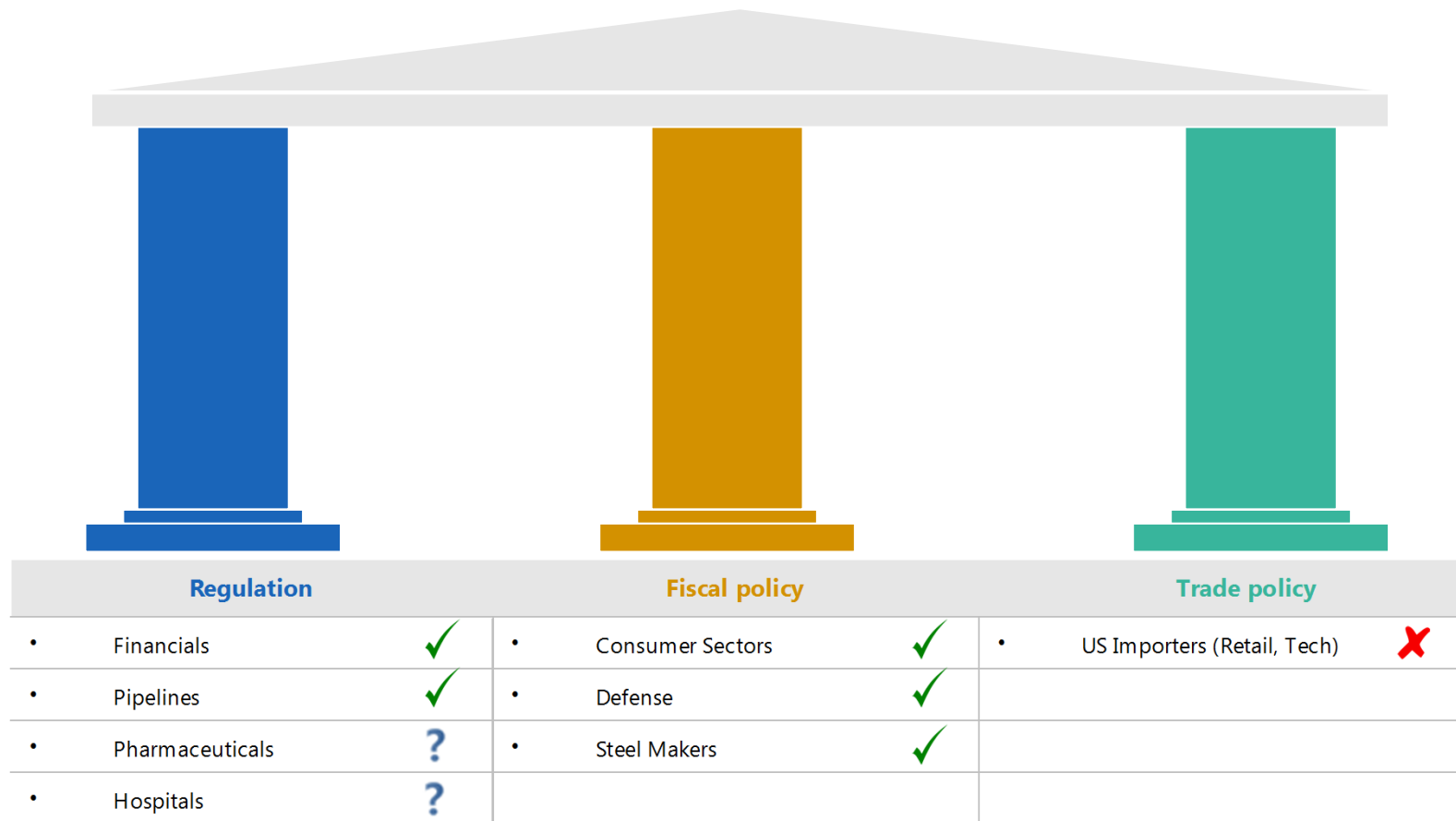
As of 31 December 2016

For illustrative purposes only

Refer to Appendix for additional investment strategy and risk information.

Załącznik

Potencjalne skutki programu Trumpa dla sektorów kredytowych*



Również **potencjalne zmiany podatkowe sprzyjać będą obligacjom korporacyjnym** ponieważ:

- niższe opodatkowanie wyników odsetkowych powinno zwiększać popyt na obligacje korporacyjne, a jednocześnie
- zniesienie odliczania kosztów odsetkowych od podstawy opodatkowania na poziomie firm powinno ograniczyć podaż obligacji korporacyjnych

SOURCE: PIMCO. **For illustrative purposes only**

* The assessment is preliminary and is subject to change as information is released about actual policies and priorities
Refer to Appendix for additional outlook and risk information

Globalne rozwiązania PIMCO w zakresie instrumentów kredytowych:

CHARACTERISTICS	GLOBAL INVESTMENT GRADE CREDIT	GLOBAL HIGH YIELD	CAPITAL SECURITIES	DIVERSIFIED INCOME
Description	Invests mainly in the investment grade global corporate bond market	Invests mainly in the upper tiers (BB-B) of the developed HY bond market	Invests mainly in subordinated debt – Tier 1, Tier2 and CoCos - issued by systemic financial institutions globally	Invests across the global credit opportunity set
Benchmark	Barclays Global Agg Credit	BofA Merrill Lynch BB-B Rated Developed Markets HY Constrained	3 Month Libor	1/3 each in: <ul style="list-style-type: none"> • Barclays Global Agg Credit Ex EM • BofA Merrill Lynch BB-B Rated Developed Markets HY • JPM EMBI Global
Yield to Worst	3.55%	4.94%	5.58%	5.31%
Duration	5.84	3.32	4.54	5.37
Average Quality	A-	BB	BBB+	BBB+
Quality Guidelines	Max: 15% High Yield	Max 20% Caa or below	None	Max 10% Caa or below

As of 28 February 2017. SOURCE: PIMCO
 Refer to Appendix for additional index, investment strategy and risk information

Spodziewana dalsza kompresja kapitału w wybranych bankach europejskich, brytyjskich i szwajcarskich

- Spready instrumentów typu CoCo i AT1 były ostatnio niższe od spreadów instrumentów niepodporządkowanych, dzięki czemu ich wycena stała się bardziej atrakcyjna

PIMCO OAS*

Option Adjusted Spread	U.S. Big 6	U.K.	Swiss	Core Europe	Spain	Italy
Secured		75		55	79	87
Senior Unsecured (5yr)	97	140	148	109	88	215
Senior Unsecured (10yr)	145	204	201	144	186	260
Sub Debt/LT2	184	258		283	394	519
T2 CoCos		377	318			
AT1/Preferred	277	506	377	496	681	662
Equity**	P/TBV 1.2x P/E 12.2x	P/TBV 0.7x P/E 20.1x	P/TBV 1.0x P/E 14.0x	P/TBV 0.6x P/E 10.4x	P/TBV 1.0x P/E 10.3x	P/TBV 0.5x P/E 7.0x

Left chart as of 30 November 2016. SOURCE: PIMCO. **For illustrative purposes only**

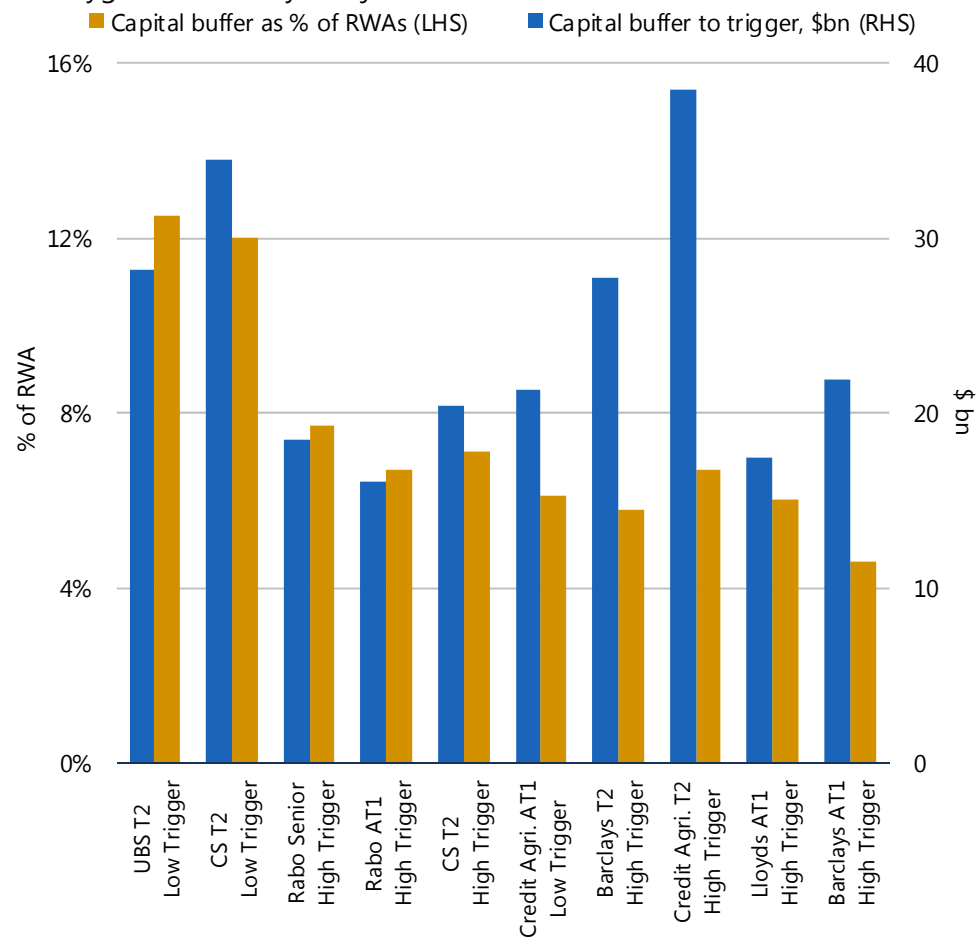
Capital buffers are based on Q2 2016

* OAS = PIMCO Option Adjusted Spread, P/TB = Price to Tangible Book and P/E = Price to Earnings (15e)

** Based on 2016 estimates

Refer to Appendix for additional investment strategy, issuer, OAS, outlook and risk information

- Premia na instrumentach podporządkowanych jest nadal niezwykle wysoka w kontekście szybko poprawiających się wskaźników wiarygodności kredytowej



Appendix

PERFORMANCE AND FEES

Past performance is not a guarantee or a reliable indicator of future results. The “gross of fees” performance figures are presented before management fees and custodial fees, but do 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.

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.

COMPOSITE

Composite performance is preliminary until the 12th business day of the month.

CORRELATION

The correlation of various indices or securities against one another or against inflation is based upon data over a certain time period. These correlations may vary substantially in the future or over different time periods that can result in greater volatility.

CREDIT QUALITY

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, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.

DEFAULT RATE

The Investment Grade default percentages are calculated using cost of the defaulted security over the market values of PIMCO GIS Global Investment Credit Fund on the day prior to the default date. For the purposes of this analysis, a security is considered defaulted if it was held in the Portfolio on the securities reported default date. The High Yield defaults are measured by the sum of the cost value of defaulted issues divided by the respective market value of the PIMCO High Yield representative account in the month in which the default occurred.

DIVERSIFICATION

Diversification does not ensure against losses.

Benchmark - Unless otherwise stated in the prospectus or in the relevant key investor information document, the Fund referenced in this material is not managed against a particular benchmark or index, and any reference to a particular benchmark or index in this material is made solely for risk or performance comparison purposes.

Additional information - This material may contain additional information, not explicit in the prospectus, on how the Fund or strategy is currently managed. Such information is current as at the date of the presentation and may be subject to change without notice.

Appendix

Investment Restrictions - In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest over 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any of the following: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

INVESTMENT STRATEGIES

There is no guarantee that these investment strategies will work under all market conditions and each investor should evaluate their ability to invest for a long-term especially during periods of downturn in the market. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown.

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The issuers referenced are examples of issuers PIMCO considers to be well known and that may fall into the stated sectors. References to specific issuers are not intended and should not be interpreted as recommendations to purchase, sell or hold securities of those issuers. PIMCO products and strategies may or may not include the securities of the issuers referenced and, if such securities are included, no representation is being made that such securities will continue to be included.

OPTION ADJUSTED SPREAD (OAS)

The Option Adjusted Spread (OAS) measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account.

OPINIONS

This material contains the current opinions of the manager and such opinions are subject to change without notice.

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 suitable 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.

PORTFOLIO STRUCTURE

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.

REPRESENTATIVE ACCOUNT

The information is intended to illustrate PIMCO's default track record, using a representative portfolio as compared to the market, using Moody's Investor Services. No guarantee is being made that the structure or actual account holdings of any account will be the same or that similar results will be achieved.

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 the current low interest rate environment increases this risk. Current 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. **Commodities** contain heightened risk, including market, political, regulatory and natural conditions, and may not be suitable for all investors. **Currency rates** may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. **Derivatives** may involve certain costs and risks, such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. **Equities** may decline in value due to both real and perceived general market, economic and industry conditions. 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. **Sovereign securities** are generally backed by the issuing government.

Appendix

RISK (continued)

Obligations of U.S. government agencies and authorities are supported by varying degrees, but are generally not backed by the full faith of the U.S. government. Portfolios that invest in such securities are not guaranteed and will fluctuate in value. **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. **Mortgage- and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its obligations. Income from **municipal bonds** may be subject to state and local taxes and at times the alternative minimum tax. **Swaps** are a type of derivative; swaps are increasingly subject to central clearing and exchange-trading. Swaps that are not centrally cleared and exchange-traded may be less liquid than exchange-traded instruments. **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. Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. government. Certain **U.S. government securities** are backed by the full faith of the government. Obligations of U.S. government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. government. Portfolios that invest in such securities are not guaranteed and will fluctuate in value.

STRATEGY AVAILABILITY

Strategy availability may be limited to certain investment vehicles; not all investment vehicles may be available to all investors. Please contact your PIMCO representative for more information.

TOTAL CARRY

Total Carry refers to the assumed total return a portfolio would potentially achieve over a 3 month period provided that par rates and option adjusted spread (OAS) of each security held in the portfolio and currency exchange rates remain unchanged. This hypothetical example also assumes no defaults are held in the account for the time period calculated. PIMCO makes no representation that any account will achieve similar results and the statistical information provided as total carry in no way reflects the actual returns of any current PIMCO portfolio.

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It is not possible to invest in an unmanaged index.

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