

SEPTEMBER 2020

# PIMCO's UCITS ETF Range: For European and Global Investors

Delivering High Performance Fixed  
Income in an ETF Wrapper

# A global leader in fixed income and ETFs



\* SOURCE: PIMCO, as of 31 July 2020.

## ACTIVE UCITS ETFs

- PIMCO Euro Short Maturity
- PIMCO Sterling Short Maturity
- PIMCO US Dollar Short Maturity
- PIMCO Covered Bond
- PIMCO Euro Low Duration Corporate Bond
- PIMCO US Low Duration Corporate Bond

## SMART PASSIVE UCITS ETFs

- PIMCO US Short-Term High Yield Corporate Bond Index
- PIMCO Euro Short-Term High Yield Corporate Bond Index
- PIMCO Emerging Markets Advantage Local Bond Index

# EMEA investors are rapidly adopting (fixed income) ETFs

As ETFs celebrate their 20th birthday in Europe this year, their advantages are being recognized by investors across the spectrum. Nowhere is this more true than with fixed income.

The growth of ETFs in Europe over the last three years has outpaced that of mutual funds by a factor of three—ETFs now make up more than 8% of total invested AUM in the region. More to the point, fixed income ETFs have grown at twice the rate of equity ETFs, and four times that of their corresponding fixed income mutual funds.

## ETFs ADDRESS IMPORTANT NEEDS FOR FIXED INCOME INVESTORS

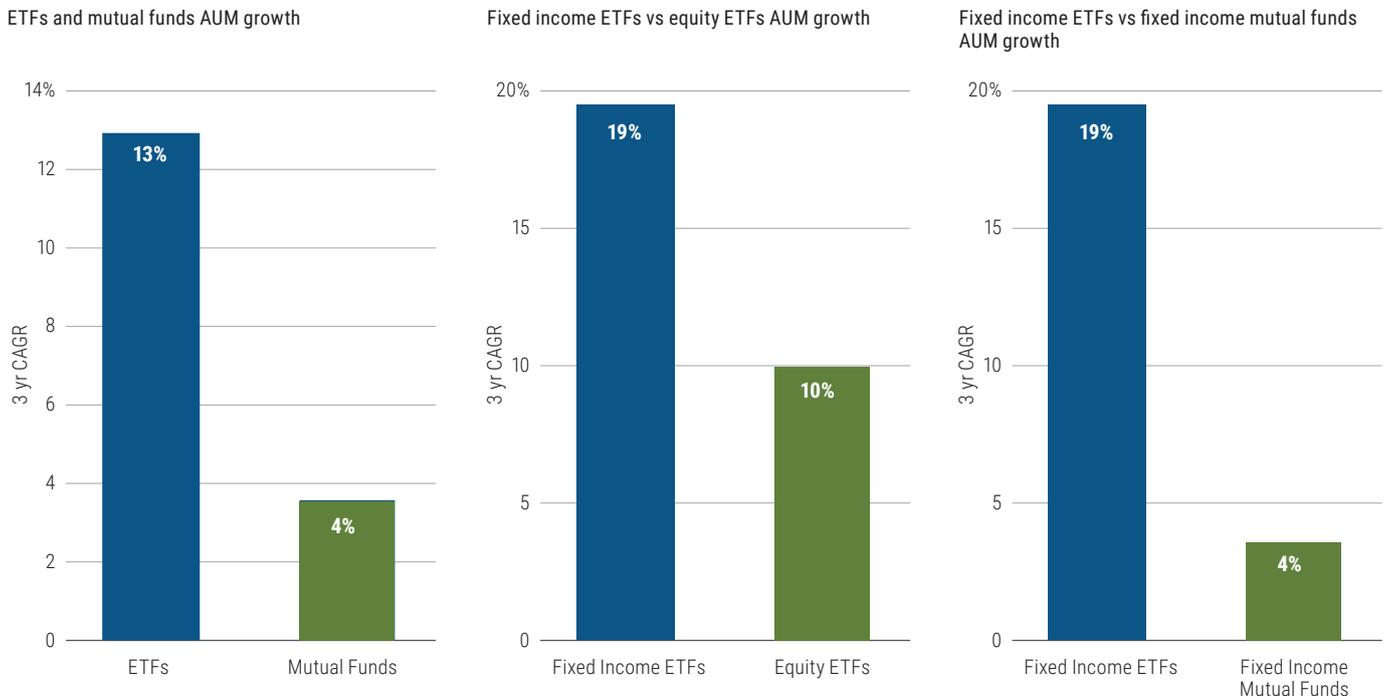
- ETFs offer investors an intuitive way to gain access to **instant and diversified allocations of bonds**.
- They **trade efficiently** on an open exchange, with one single share class and **no minimum investment levels or additional costs**.
- They offer **greater levels of transparency** than traditional mutual funds and are **priced continuously** throughout each trading day.



**Fixed income ETFs are growing faster than equity ETFs—and faster than their fixed income mutual fund peers.**



**Figure 1: European ETF adoption outpaces mutual funds, and fixed income ETF adoption outpaces both**



SOURCE: PIMCO and Morningstar. As of 31 July 2020. All data is for the Morningstar open-end and ETF ex-Fund of Funds, ex-Feeder universe for Europe.

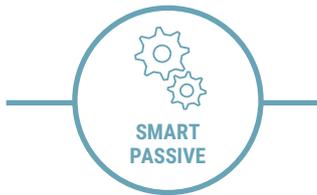
# PIMCO's innovative approach has made it one of EMEA's largest ETF managers

PIMCO aims to deliver its fixed income expertise in whatever form makes most sense for its clients – and increasingly that means ETFs.



## PIMCO'S ACTIVE ETFs

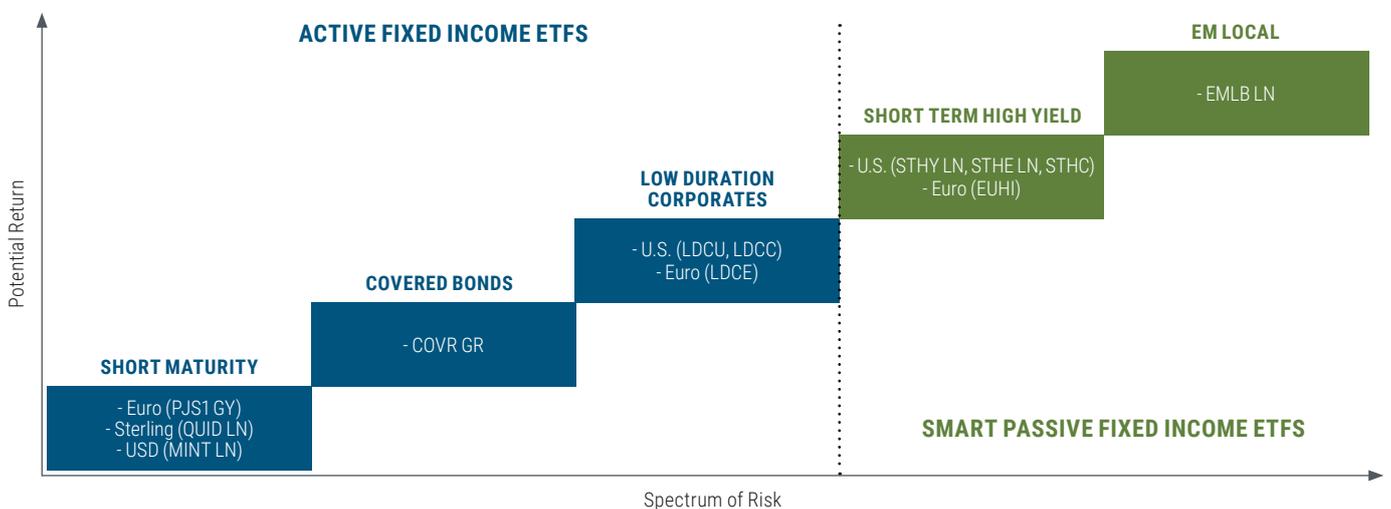
- PIMCO's **global investment process is vehicle agnostic**, a combination of macroeconomic insights and rigorous bottom-up analysis that has been tested across virtually every market environment, and which has made PIMCO a leader in fixed income for nearly 50 years.
- PIMCO's active ETFs are powered by the same **portfolio manager teams, broad and deep credit resources, proprietary analytics, and risk management** that are used to manage PIMCO's \$1.92 tn in assets under management (as of 30 June 2020).



## PIMCO'S SMART PASSIVE ETFs

- PIMCO's **smart index construction** is designed to reduce transaction costs and be representative, relevant, and sustainable – minimizing unnecessary portfolio turnover, identifying more cost-effective exposures, and avoiding bonds that are credit-impaired.
- PIMCO's **risk factor optimization** recreates indices intelligently and cost-effectively using proprietary analytics.
- PIMCO's **execution capabilities** minimize transaction costs, while cash creations and redemptions allow for additional flexibility and liquidity beyond traditional in-kind creations and redemptions.

**Figure 2: The PIMCO UCITS ETF franchise: offering strategies across the spectrum of fixed income**



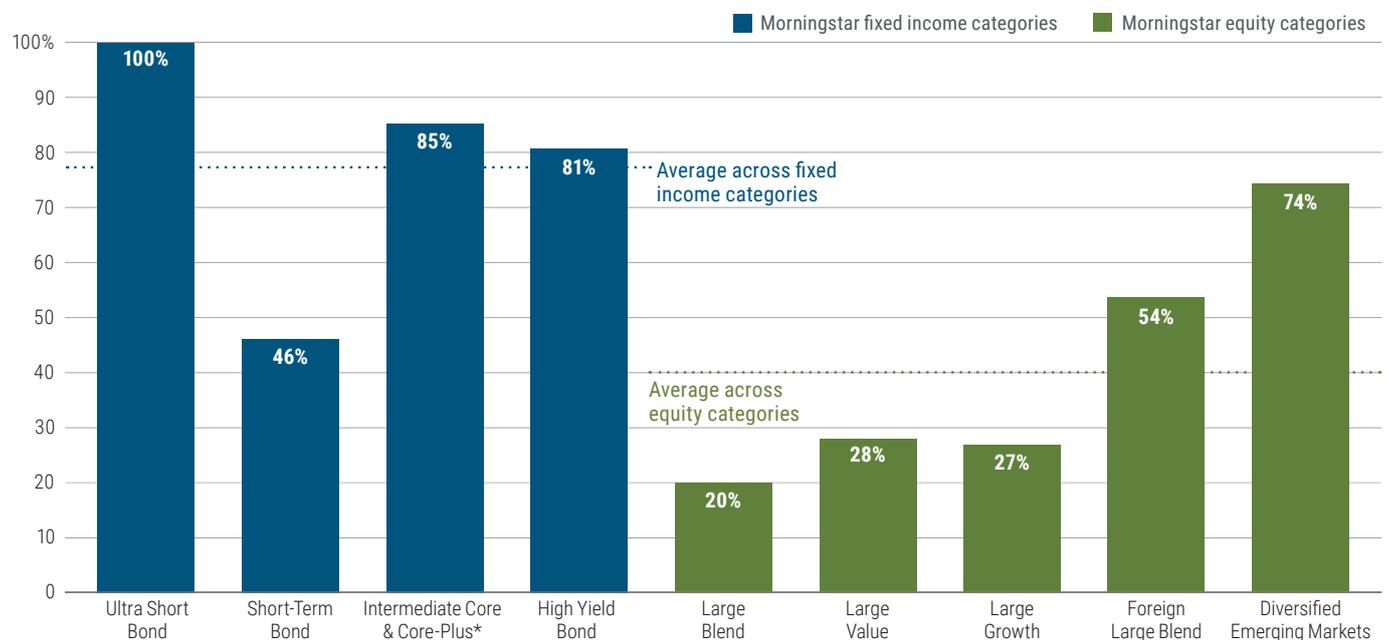
SOURCE: PIMCO. For illustrative purposes only.

# ETFs are not passive by nature and active bond management has a history of outperformance

The persistent underperformance of active equity funds over the last ten years explains much of the growing preference for passive equity investments—and passive equity ETFs. But the story with bonds is different:

- Fixed income indices are generally far larger than equity indices, with less-liquid underlying securities. After factoring in trading costs and fees, passive fixed income ETFs virtually guarantee underperformance in their attempt to “mirror” their indices. Smart index construction represents an attempt to improve on pure passive exposures and mitigate trading costs.
- Because bond markets and bond indices are far less efficient than their equity peers, active approaches have a better chance to deliver index-beating returns in fixed income. In fact, across the major bond categories, more than 78% of active fixed income funds (including active ETFs) outperformed their passive peers, net of fees, over the last 10 years. For equities, the corresponding number is 40%.

**Figure 3: Percentage of active funds within each category that outperform the passive median fund (10-year horizon)**



SOURCE: PIMCO and Morningstar Direct. As of 30 June 2020.

**Past performance is not a guarantee nor a reliable indicator of future performance.**

For illustrative purposes only.

Note that in the case of some categories, the percentage of active funds that outperform the median passive fund is lower than the percentage of active funds that outperform their primary prospective benchmarks. The explanation for this is the range of benchmarks included in Morningstar categories. Some categories (such as Intermediate-Term Bond) contain funds with largely the same prospectus benchmark; others, such as Short-Term Bond, contain funds with a range of benchmarks. Based on Morningstar U.S. Fund categories (Institutional shares only). \* Combines the Morningstar U.S. Fund Intermediate Core and Core-Plus categories.

# PIMCO's UCITS ETF range

We manage these portfolios to deliver exposure to either U.S., European or U.K. fixed income markets, and allow clients to choose both accumulating (reinvesting) and income (distributing) share classes. We offer these portfolios in a variety of currencies, including USD, EUR, CHF, and GBP.

## ACTIVE

## SMART PASSIVE

Fund name	Cash management			Covered bond	Corporate		High yield		Emerging markets
		PIMCO Euro Short Maturity UCITS ETF	PIMCO Sterling Short Maturity UCITS ETF	PIMCO US Dollar Short Maturity UCITS ETF	PIMCO Covered Bond UCITS ETF	PIMCO Euro Low Duration Corporate Bond UCITS ETF	PIMCO US Low Duration Corporate Bond UCITS ETF	PIMCO US Short-Term High Yield Corporate Bond Index UCITS ETF	PIMCO Euro Short-Term High Yield Corporate Bond Index UCITS ETF
ISIN	<a href="#">IE00B5ZR2157</a>	<a href="#">IE00B622SG73</a>	<a href="#">IE00B67B7N93</a>	<a href="#">IE00BF8HV717</a>	<a href="#">IE00BP9F2J32</a>	<a href="#">IE00BP9F2H18</a>	<a href="#">IE00B7N3YW49</a>	<a href="#">IE00BD8D5H32</a>	<a href="#">IE00BH3X8336</a>
Exchange ticker	PJS1, PJSR	QUID	MINT, MIST	COVR	LDCE	LDCU, LDCC	STHY, STEA, STHC, STHE, STHS, STYC	EUHI, EUHA	EMLB, EMLI
Common name	EUR MINT	GBP MINT	USD MINT	Covered Bond	Low Duration Euro Corporate	Low Duration US Corporate	Short-Term HY	Euro Short-Term HY	EM Advantage
Portfolio manager	Andrew Bosomworth		Jerome Schneider	Kristion Mierau	Andreas Berndt	Mark Kiesel	Matt Dorsten	Axel Pottorf	Ismael Orenstein
Benchmark	ESTR (European Short-Term Rate)	ICE BofA ML Sterling Government Bill Index	FTSE 3-month Treasury Bill	Barclays Euro Agg. Securitised-Covered, 3% Cap Index	ICE BofA ML 1-5 Year Euro Corporate Index	ICE BofA ML 1-5 Year US Corporate Index	ICE BofA ML 0-5 Year US High Yield Constrained Index	ICE BofA ML 0-5 Year Euro Developed Markets High Yield 2% Constrained Index	PIMCO Emerging Markets Advantage Local Currency Bond Index
AUM (\$mn)	<b>3,108</b>	<b>202</b>	<b>3,952</b>	<b>122</b>	<b>362</b>	<b>135</b>	<b>1,356</b>	<b>121</b>	<b>357</b>
Benefits	Investors can potentially enhance cash returns by slightly extending quality and maturity criteria for non-immediate cash allocations  Tier 2 cash strategy solution			Potential for higher return / yield and lower volatility / duration risk vs. Euro govts  Diversification vs. traditional asset classes	Credit exposure with less sensitivity to interest rate risk  Short-dated corporate bonds can provide enhanced yield potential and additional diversification benefits vs. government bonds		The Funds offer the opportunity to gain exposure to different sectors of the economy  Offers enhanced yield potential to compensate investors for additional credit risk		Seeks to better represent the economic output of emerging market nations by weighting eligible countries based on their share of world GDP

SOURCE: PIMCO, as of 31 July 2020

### For illustrative purposes only.

Share value can go up as well as down and any capital invested in the Fund may be at risk. The Funds may use derivatives for hedging or as part of their investment strategies, which may involve certain costs and risks. For more details on the funds' potential risks, please read the Key Investor Information Document.

**As the rise of ETFs transforms the landscape for European and Global investors, PIMCO remains committed to delivering fixed income leadership and expertise in whatever vehicle best fits their needs.**

Contact your PIMCO representative to learn more about our ETF offerings or visit [\*\*PIMCO.com\*\*](https://www.pimco.com)

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**Your capital is at risk. You may not get back the amount you invested. Past performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.**

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**French language copies of the Sub-Fund's Prospectus, Key Investor Information Documents, articles of incorporation, latest annual and semi-annual Report & Accounts may be obtained from [www.pimco.fr](http://www.pimco.fr).**

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