

onemarkets

PIMCO Global Balanced Allocation

Website Disclosure

1. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

2. THE ENVIRONMENTAL AND / OR SOCIAL CHARACTERISTICS PROMOTED BY THE FUND

The Sub-Fund will promote environmental characteristics by actively engaging with companies and issuers on material climate and biodiversity related matters, which may include encouraging companies to align to the Paris Agreement, adopt science-based targets for carbon emissions reduction and/or broadly advance their sustainability commitments. The sub-fund is pursuing environmental and social characteristics both through a set of exclusion and active engagement with issuers in the portfolio.

3. INVESTMENT STRATEGY

Investment strategy

The fund is a multi-asset portfolio which will invest primarily in equities, government bonds, corporate bonds; exposures will be obtained via plain vanilla securities, as well as derivatives. The fund applies exclusion criteria to all of its holdings and as a result invests 51% of its net assets in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics). A residual portion of the sub-fund holdings are not aligned with these characteristics (#2 Other) and includes cash and other instruments used for hedging and risk management of the fund.

The Sub-Fund will promote environmental characteristics by actively engaging with companies and issuers on material climate and biodiversity related matters, which may include encouraging companies to align to the Paris Agreement, adopt science-based targets for carbon emissions reduction and/or broadly advance their sustainability commitments. All securities are selected according to PIMCO's internal screening process designed to incorporate ESG factors. PIMCO relies primarily on internal research for decision-making; however, PIMCO also screens substantial amounts of external research. The research and analysis provided by external data providers is one of many factors in PIMCO's ESG analysis of issuers, the outcome of which is a proprietary ESG assessment and score which may differ from that of other providers.

In addition, the Sub-Fund will promote environmental characteristics through an exclusion screening process. The screening process excludes the following sectors:

1. Companies that are involved in severe violations of the UN Global Compact
2. Companies manufacturing, maintaining, or trading controversial and/or morally unacceptable weapons, as identified through the international obligations, treaties and legislations.
3. Companies involved in thermal coal production and/or production of energy from thermal coal which derive from these businesses more than 10% of their consolidated revenues. It's also requested a mandatory phase out by 2028.
4. Companies involved in controversial fuel production and companies that extract hydrocarbons with controversial techniques or in areas with high environmental impact.
5. Companies involved in the tobacco production which derive from these businesses more than 5% of their consolidated revenues.

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6. Companies involved in the nuclear energy production which derive from these businesses more than 15% of their consolidated revenues.
7. Companies involved in the weapons production which derive from these businesses more than 10% of their consolidated revenues.
8. Companies involved in the gambling business which derive from these businesses more than 15% of their consolidated revenues.
9. Companies involved in the adult entertainment business which derive from these businesses more than 15% of their consolidated revenues

PIMCO will continue to assess market conditions in order to ensure the Sub-Fund is up to date with relevant ESG and Sustainability Regulations.

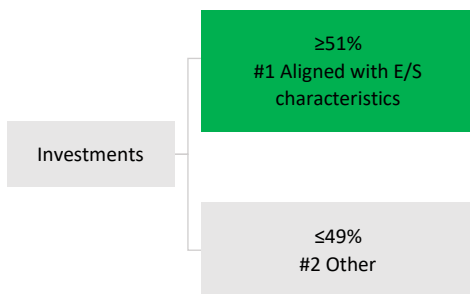
Good governance

The sub-fund assesses “good governance” by reference to alignment with industry-established practices and norms on management, board structure, corporate culture, diversity process etc. These are identified by its team of credit analysts through a proprietary ESG scoring system which considers how an issuer currently fares relative to its peers in the industry, and the issuer’s ESG momentum.

4. PROPORTION OF INVESTMENTS

The fund applies exclusion criteria to all of its holdings and as a result invests 51% of its net assets in investments that are aligned with the promoted environmental and social characteristics.

The Sub-Fund does not intend to make any sustainable investments.



5. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

PIMCO’s ESG Engagement framework is the first step to measure the level of success of our activity. To that end, rather than focus on certain ESG issues, we have established a priority to develop a methodology that demonstrates measurement and the progress of PIMCO’s ESG engagement. Our proposed approach seeks to include clear milestones, metrics and actionable steps to quantify issuer performance including:

1. Internal Evaluation: transparency and willingness to engage, policy and process review, impact assessment and engagement objective setting, as well as a flag system (e.g. red/green) of identifying credit risk that could drag on performance or opportunity for positive impact, etc.
2. External Issuer: acknowledgement of objective by issuer, a solid commitment and action plan, evidence of implementation, evaluation of outcomes (e.g. TCFD reporting), etc.

PIMCO will continue to assess market conditions in order to ensure the Sub-Fund is up to date with relevant ESG and Sustainability Regulations.

Additionally, the Management Company monitors the handling of sustainability risks and adherence to the defined asset proportions. Among the different risks deriving from ESG matters the risks for a company which arise climate change poses a significant risk to the long-term financial sustainability of a company. Therefore, a better understanding of the potential impacts of sustainability risks is in the best interest of the investors.

An ex-post screen of the asset allocation is as well conducted by the depositary as on of its responsibilities.

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6. METHODOLOGIES

The Investment Manager evaluates and weighs a variety of financial factors and non-financial factors (such as the exclusion screening process and issuer engagement as described herein) when making investment decisions. Increasing and diversifying the information assessed by the portfolio management team of the Investment Manager generates a more holistic view. Furthermore, the Investment Manager applies internal processes with binding criteria to incorporate such exclusions. In addition, the companies in which investments are made follow good governance practices as determined by the Investment Manager.

The Investment Manager's team generally assesses the ESG profile of the issuers that they cover relative to peers with a goal of separating leading issuers from issuers who are not as advanced on their sustainability journey. Additionally, its credit analysts include a forward-looking view of the issuers by indicating improving/ deteriorating or stable.

7. DATA SOURCES AND PROCESSING

Data sources

Analysts review their companies' ESG performance based on information available in public filings, recent news and controversies, as well as through regular engagement with company management teams to assign separate scores for "E", "S", and "G."

The Investment Manager regularly evaluates ESG research providers, which may add additional input into its in-house analysis conducted by its credit, sovereign and mortgage analyst teams. The Investment Manager currently utilises MSCI as the primary external provider of ESG ratings and research, but it also uses Reprisk for controversies, CDP for climate change (e.g., including granular data on corporate issuer's carbon emissions and their strategy), TPI for low-carbon transition (e.g., forward looking and industry specific carbon intensity metrics), Maplecroft for sovereign insights, and Freedom House for data on sovereigns to mention a few.

The Investment Manager believes it is important to have all of its expert analysts monitor the ESG risks that are relevant to their particular sector and universe of securities; as such, each analyst is responsible for the issuers that are part of his/her coverage, and has the final say in determining the ESG profile of the said issuer.

Measures taken to ensure data quality

The analysts, portfolio managers and dedicated ESG resources regularly meet to exchange and challenge ideas, and update frameworks when needed.

Processing

MSCI data flows directly into the Investment Manager's proprietary IT systems, enabling credit analysts to use this information efficiently.

The Investment Manager developed a proprietary scoring methodology that covers the broad fixed income universe. Its enhanced research process incorporates a detailed ESG asset assessment that complements the traditional ratings assigned by analysts.

The Investment Manager has proprietary ESG scores for corporate issuers, sovereigns, securitised issuers and municipal issuers, in addition to PIMCO's proprietary ESG labelled bond scoring framework to evaluate green, social and sustainability bond issuances. PIMCO uses MSCI and other data providers for reference but make its own assessment based on PIMCO's own, independent analysis of the industry and relevant ESG factors.

Proportion of data that are estimated

Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

8. LIMITATIONS TO METHODOLOGIES AND DATA

There is a lack of standardised taxonomy of ESG evaluation methodology and the way in which different funds will apply ESG criteria may vary, as there are not yet commonly agreed principles and metrics for assessing the sustainable

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characteristics of investments made by funds. In evaluating a security based on sustainable characteristics, the Investment Manager is dependent upon information and data sources provided by internal research teams and complemented by external ESG rating providers, which may be incomplete, inaccurate or unavailable. Nevertheless, companies are regularly monitored and assessed by SI, also cooperating with a partner to assess external data sources to calculate the overall sustainability (risk) exposure of a fund portfolio based on the defined sustainability factors. The results of the assessment are compiled and constantly monitored by the internal Risk Management function against the limits set in the (sub-) fund risk profile.

9. DUE DILIGENCE

In terms of continuous due diligence, PIMCO has developed a proprietary scoring methodology that covers the broad fixed income universe and helps to keep updated the ESG assessment of the underlying investments in the Sub-fund. In fact, PIMCO's enhanced research process incorporates a detailed ESG asset assessment that complements the traditional ratings assigned by analysts. The Investment Manager has proprietary ESG scores for corporate issuers, sovereigns, securitised issuers and municipal issuers, as well as PIMCO's proprietary ESG labelled bond scoring framework to evaluate green, social and sustainability bond issuances. PIMCO continues to assess market conditions in order to ensure the Sub-Fund is up to date with relevant ESG and Sustainability Regulations. As an example, the screening process, based also on aforementioned scores, may start to exclude sectors deemed by the Investment Manager to be harmful to the environment, including the coal industry and unconventional oil (such as arctic oil and oil sands).

10. ENGAGEMENT POLICIES

The objective of engagement at PIMCO is to influence change, improve returns and reduce risks for our clients. As one of the largest bondholders in the world, PIMCO has a large and important platform to engage with issuers to drive meaningful change on sustainability dimensions. Importantly, we prioritise engagement where financial exposure, influence and thematic exposure are the greatest. PIMCO believes bondholder engagement in the research phase is critical to understanding the risk and reward profile of an issuance and ultimately making buy/sell decisions. The top three to five ESG topics for each company is identified based on internal ESG assessment, external ESG data, research by Non-Governmental Organizations (NGOs), and expertise input from collaborative initiatives. PIMCO initiates engagement by setting up meetings or calls with the company with specific questions identified as material. The goal is to maintain a constructive and ongoing dialogue by providing specific recommendations and references and setting regular follow-up where appropriate. PIMCO also leverages collaborative engagement to amplify our reach and reinforce the message.

11. DESIGNATED REFERENCE BENCHMARK

No specific index has been designated as a benchmark to determine the alignment with the promoted environmental and/or social safeguards.