

PIMCO Australian Short-Term Bond Fund

ARSN 132 708 402

Interim report

For the half-year ended 31 December 2019

PIMCO Australian Short-Term Bond Fund

ARSN 132 708 402

Interim report

For the half-year ended 31 December 2019

Contents

	Page
Directors' report	2
Auditor's independence declaration	4
Condensed statement of comprehensive income	5
Condensed statement of financial position	6
Condensed statement of changes in equity	7
Condensed statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	17
Independent auditor's review report to the members of PIMCO Australian Short-Term Bond Fund	18

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of PIMCO Australian Short-Term Bond Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers PIMCO Australian Short-Term Bond Fund as an individual entity.

The Responsible Entity of PIMCO Australian Short-Term Bond Fund is PIMCO Australia Management Limited (ABN 37 611 709 507) (AFSL 487505).

The Responsible Entity's registered office is:

Level 19, 5 Martin Place
Sydney, NSW 2000.

Directors' report

The directors of PIMCO Australia Management Limited, the Responsible Entity of PIMCO Australian Short-Term Bond Fund (the "Fund"), present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2019.

Principal activities

The Fund mainly invests in fixed interest securities, fixed interest derivatives and currency contracts in accordance with the Fund's Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	PIMCO Australia Management Limited
Investment Manager	PIMCO Australia Pty Limited
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	PricewaterhouseCoopers

Directors

The following persons held office as directors of PIMCO Australia Management Limited during or since the end of the half-year and up to the date of this report:

Adrian P Stewart	
Michael Cheng	(retired from board 1 July 2019)
Eric P Frerer	(retired from board 1 July 2019)
Kimberley Stafford	
V Mangala Ananthanarayanan	(appointed to board 1 July 2019)
Brendon D Rodda	(appointed to board 1 July 2019)

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Fund's Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance for the half-year ended 31 December 2019 was 0.87% (net of fees) for the Institutional Class and 0.85% (net of fees) for the Wholesale Class. The Fund's benchmark (50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg AusBond Bank Bills Index) Index returned 0.59% for the same period.

Directors' report (continued)

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2019	31 December 2018
Operating profit/(loss) before finance costs attributable to unit holders (\$'000)	2,860	5,713
Distributions - Institutional Class Units		
Distributions (\$'000)	901	993
Distributions (cents per unit)	677.33	782.72
Distributions - Wholesale Class Units		
Distributions (\$'000)	1,469	1,482
Distributions (cents per unit)	0.68	0.78

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2019.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of PIMCO Australia Management Limited.



Director

Sydney
 12 March 2020



Auditor's Independence Declaration

As lead auditor for the review of PIMCO Australian Short-Term Bond Fund for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'CJ Cummins', is written over a light blue horizontal line.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
12 March 2020

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Condensed statement of comprehensive income

		Half-year ended	
		31 December 2019	31 December 2018
	Note	\$'000	\$'000
Investment income			
Interest income from financial assets at fair value through profit or loss		5,260	4,488
Interest income from financial assets at amortised cost		51	56
Net foreign exchange gain/(loss)		(203)	(2,055)
Net gains/(losses) on financial instruments at fair value through profit or loss	4	(1,309)	4,129
Other income		4	1
Total investment income/(loss)		<u>3,803</u>	<u>6,619</u>
Expenses			
Management fees	12	640	678
Custody fees		125	109
Transaction costs		131	66
Other expenses	11	47	53
Total expenses		<u>943</u>	<u>906</u>
Operating profit/(loss)		<u>2,860</u>	<u>5,713</u>
Finance costs attributable to unit holders			
Distributions to unit holders	8	(2,370)	(2,475)
(Increase)/decrease in net assets attributable to unit holders	7	(490)	(3,238)
Profit/(loss) for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income for the half-year		<u>-</u>	<u>-</u>

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

		As at	
		31 December 2019	30 June 2019
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		22,201	10,425
Receivables	9	2,124	2,827
Due from brokers - receivable for securities sold		9,381	9,306
Financial assets at fair value through profit or loss	5	347,209	341,780
Margin accounts		<u>4,932</u>	<u>4,352</u>
Total assets		<u>385,847</u>	<u>368,690</u>
Liabilities			
Distributions payable	8	908	13,957
Payables	10	473	388
Due to brokers - payable for securities purchased		13,992	18,906
Financial liabilities at fair value through profit or loss	6	4,313	5,315
Margin accounts		<u>4,412</u>	<u>182</u>
Total liabilities (excluding net assets attributable to unit holders)		<u>24,098</u>	<u>38,748</u>
Net assets attributable to unit holders - liability	7	<u>361,749</u>	<u>329,942</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

	Half-year ended	
	31 December 2019 \$'000	31 December 2018 \$'000
Total equity at the beginning of the half-year	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the half-year	-	-

Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial half-year.

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows

	Half-year ended	
	31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	201,016	270,151
Purchase of financial instruments at fair value through profit or loss	(213,861)	(262,535)
Net foreign exchange gain/(loss)	(21)	(2,149)
Net movement in margin accounts	3,650	(3,477)
Interest income received	5,744	5,962
Other income received	117	40
Management fees paid	(537)	(402)
Custody fees paid	(128)	(86)
Other expenses paid	(178)	(119)
Net cash inflow/(outflow) from operating activities	<u>(4,198)</u>	<u>7,385</u>
Cash flows from financing activities		
Proceeds from applications by unit holders	58,872	48,722
Payments for redemptions by unit holders	(31,928)	(77,239)
Distributions paid to unit holders	(10,788)	(3,800)
Net cash inflow/(outflow) from financing activities	<u>16,156</u>	<u>(32,317)</u>
Net increase/(decrease) in cash and cash equivalents	11,958	(24,932)
Cash and cash equivalents at the beginning of the half-year	10,425	43,096
Effects of foreign currency exchange rate changes on cash and cash equivalents	(182)	94
Cash and cash equivalents at the end of the half-year	<u>22,201</u>	<u>18,258</u>
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan	4,631	1,483

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Contents

	Page	
1	General information	10
2	Basis of preparation	10
3	Fair value measurement	10
4	Net gains/(losses) on financial instruments at fair value through profit or loss	13
5	Financial assets at fair value through profit or loss	13
6	Financial liabilities at fair value through profit or loss	14
7	Net assets attributable to unit holders	14
8	Distributions to unit holders	15
9	Receivables	15
10	Payables	15
11	Other expenses	16
12	Responsible Entity and Investment Manager's fees and other transactions	16
13	Events occurring after the reporting period	16
14	Contingent assets and liabilities and commitments	16

1 General information

These interim financial statements cover PIMCO Australian Short-Term Bond Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 12 August 2008 and will terminate on 11 August 2088, unless terminated earlier in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is PIMCO Australia Management Limited (ABN 37 611 709 507) (AFSL 487505) (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, 5 Martin Place, Sydney, NSW 2000.

The Fund mainly invests in fixed interest securities, fixed interest derivatives and currency contracts in accordance with the Fund's Product Disclosure Statement and the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime effective 1 July 2017, the Fund's Constitution was amended. The Responsible Entity is therefore no longer contractually obligated to pay distributions. The units in the Fund remained classified as a financial liability due to the different features between the two open classes of units.

The interim financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

2 Basis of preparation

These interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Changes in significant accounting policy

The accounting policies applied in these interim financial statements are the same as those of the previous financial year.

3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed fixed interest securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

3 Fair value measurement (continued)

(a) Fair value in an active market (level 1) (continued)

On 1 July 2018 the Fund changed its fair value inputs to utilise the Fund's Price Source Agreement ("PSA prices") for both quoted financial assets and financial liabilities. In the prior year, the quoted market price used for financial assets was the current bid price and the quoted market price for financial liabilities was the current asking price. This change did not have a material impact on the Fund.

When the Fund holds derivatives with offsetting market risks, it uses bid and ask prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account the current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

3 Fair value measurement (continued)

(c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2019				
Financial assets at fair value through profit or loss:				
Foreign currency contracts	-	2,684	-	2,684
Swap contracts	-	4,188	-	4,188
Futures contracts	1,009	-	-	1,009
Fixed interest securities	-	325,002	-	325,002
Repurchase agreements	-	14,326	-	14,326
Total financial assets at fair value through profit or loss	1,009	346,200	-	347,209
Financial liabilities at fair value through profit or loss:				
Foreign currency contracts	-	737	-	737
Swap contracts	-	3,069	-	3,069
Futures contracts	347	-	-	347
Options contracts	53	107	-	160
Total financial liabilities at fair value through profit or loss	400	3,913	-	4,313
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2019				
Financial assets at fair value through profit or loss:				
Foreign currency contracts	-	1,239	-	1,239
Swap contracts	-	2,442	-	2,442
Futures contracts	515	-	-	515
Fixed interest securities	-	337,584	-	337,584
Total financial assets at fair value through profit or loss	515	341,265	-	341,780
Financial liabilities at fair value through profit or loss:				
Foreign currency contracts	-	1,048	-	1,048
Swap contracts	-	3,683	-	3,683
Futures contracts	519	-	-	519
Options contracts	32	33	-	65
Total financial liabilities at fair value through profit or loss	551	4,764	-	5,315

3 Fair value measurement (continued)

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(e) Financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior reporting period.

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Half-year ended	
	31 December 2019	31 December 2018
	\$'000	\$'000
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	14,032	26,494
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	(385)	6,014
Net gains/(losses) on financial assets at fair value through profit or loss	13,647	32,508
Financial liabilities		
Net realised gain/(loss) on financial liabilities at fair value through profit or loss	(15,951)	(22,984)
Net unrealised gain/(loss) on financial liabilities at fair value through profit or loss	995	(5,395)
Net gains/(losses) on financial liabilities at fair value through profit or loss	(14,956)	(28,379)
Total net gains/(losses) on financial instruments at fair value through profit or loss	(1,309)	4,129

5 Financial assets at fair value through profit or loss

	As at	
	31 December 2019	30 June 2019
	\$'000	\$'000
Financial assets at fair value through profit or loss		
Derivatives (Note 3(c))	7,881	4,196
Fixed interest securities	325,002	337,584
Repurchase agreement	14,326	-
Total financial assets at fair value through profit or loss	347,209	341,780

6 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Financial liabilities at fair value through profit or loss		
Derivatives (Note 3(c))	4,313	5,315
Total financial liabilities at fair value through profit or loss	4,313	5,315

7 Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended			
	31 December 2019 Units'000	31 December 2019 \$'000	31 December 2018 Units'000	31 December 2018 \$'000
Institutional Class Units				
Opening balance	122	125,779	163	167,873
Applications	12	11,993	12	12,555
Redemptions	(6)	(6,673)	(56)	(58,459)
Reinvestment of distributions	4	4,517	1	1,440
Increase/(decrease) in net assets attributable to unit holders	-	230	-	1,520
Closing balance	132	135,846	120	124,929
Wholesale Class Units				
Opening balance	198,586	204,163	173,806	178,675
Applications	44,987	46,608	34,755	35,944
Redemptions	(24,381)	(25,242)	(18,166)	(18,771)
Reinvestment of distributions	110	114	42	43
Increase/(decrease) in net assets attributable to unit holders	-	260	-	1,718
Closing balance	219,302	225,903	190,437	197,609
Closing balance		361,749		322,538

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are two open classes of units at 31 December 2019 and 2018. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

8 Distributions to unit holders

The distributions declared during the half-year were as follows:

	31 December 2019 \$'000	Half-year ended		31 December 2018 CPU
		31 December 2019 CPU	31 December 2018 \$'000	
Distributions - Institutional Class Units				
September	560	418.70	175	103.29
December (payable)	341	258.63	818	679.43
Total distributions	901	677.33	993	782.72
Distributions - Wholesale Class Units				
September	902	0.42	189	0.10
December (payable)	567	0.26	1,293	0.68
Total distributions	1,469	0.68	1,482	0.78
Total distributions	2,370		2,475	

9 Receivables

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Interest receivable	2,085	2,408
Applications receivable	-	271
GST receivable	35	69
Other receivables	-	79
Overdue swap receivable	4	-
Total receivables	2,124	2,827

10 Payables

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Interest payable	-	2
Management fees payable	379	276
Redemptions payable	32	45
Custody fees payable	62	65
Total payables	473	388

11 Other expenses

	Half-year ended	
	31 December 2019 \$'000	31 December 2018 \$'000
Other operating expenses	47	53
Total other expenses	47	53

12 Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The transactions during the half-year and amounts payable as at half-year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Management fees paid for the period	597,989	635,096
Total management fees payable at period end	357,101	545,822
Responsible Entity fees for the period	42,051	43,250
Total fees payable to the Responsible Entity at period end	22,072	44,756

13 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2019 or on the results and cash flows of the Fund for the half-year ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The interim financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of PIMCO Australia Management Limited.



Director

Sydney
12 March 2020



Independent auditor's review report to the unitholders of PIMCO Australian Short-Term Bond Fund

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of PIMCO Australian Short-Term Bond Fund (the Registered Scheme) which comprises the Condensed statement of financial position as at 31 December 2019, the Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors of the Responsible Entity's declaration.

Directors of the Responsible Entity's responsibility for the half-year financial report

The directors of the Responsible Entity of the Registered Scheme are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PIMCO Australian Short-Term Bond Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PIMCO Australian Short-Term Bond Fund is not in accordance with the *Corporations Act 2001* including:

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



1. giving a true and fair view of the Registered Scheme's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Sydney
12 March 2020