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Patience Yields Results

Though Short-Term Returns Can Vary, Long-Term Returns Tend to Anchor on Starting Yields

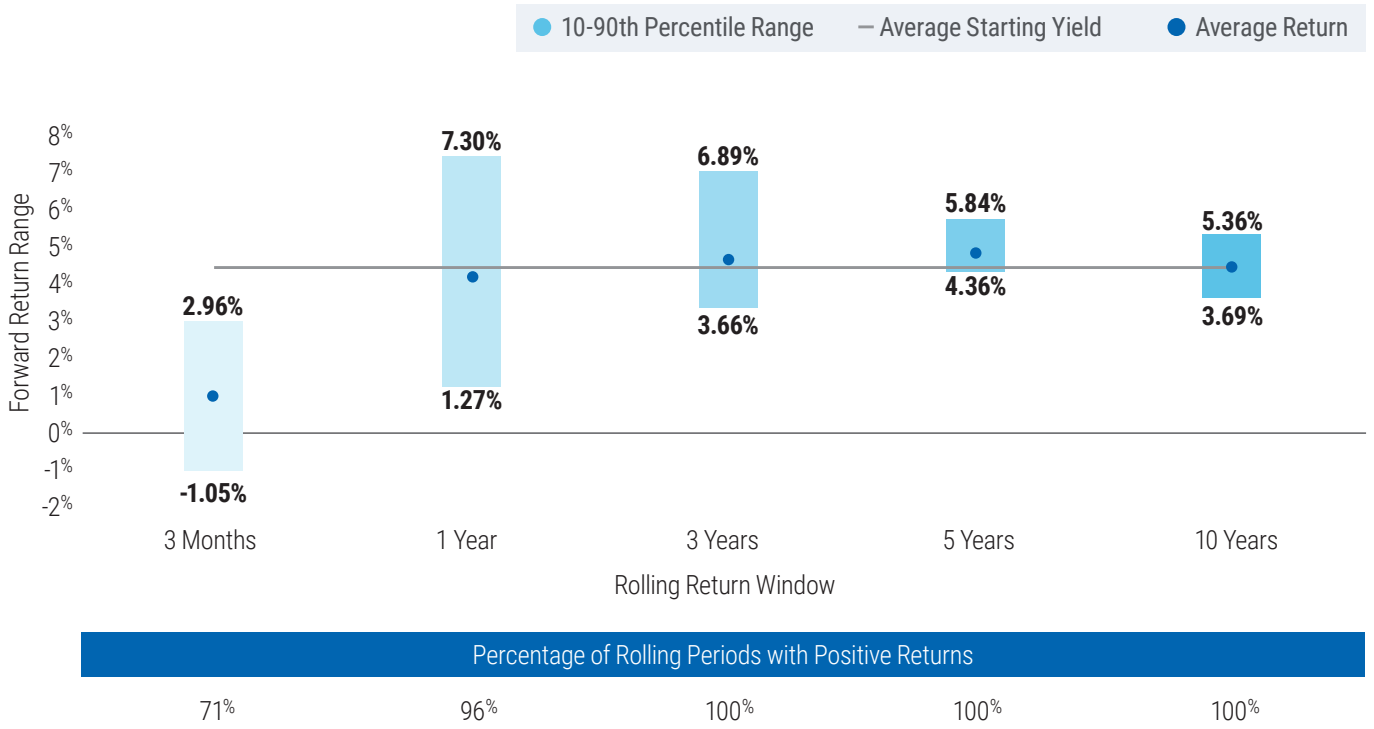
WHAT WE THINK:

- **Short Term Inflation Pressures, Long Term Near Target:** Energy shock lifts near term inflation risks, but tighter financial conditions limit sustained pressure on inflation.
- **Resilient but Uneven Growth:** Global growth, largely supported by AI, remains resilient though recession risks have risen.
- **Policy Tug of War:** Central banks are unlikely to go along with the market's expectations; high debt levels limit fiscal capacity to offset shocks.

WHAT IT MEANS FOR INVESTORS:

Despite the potential for near-term volatility, data suggests that current yields more consistently reward patient, long-term fixed income investors with returns near their starting yields as their time horizon grows.

Bloomberg U.S. Aggregate Return Distribution when starting yields are between 4-5%



Percentage of Rolling Periods with Positive Returns				
71%	96%	100%	100%	100%

As of 30 June 2026; Source: Bloomberg, PIMCO.
Past performance is not a guarantee nor a reliable indicator of future performance.
Yield and return are shown for the Bloomberg U.S. Aggregate Bond Index since its inception.
Refer to Appendix for additional index and risk information.

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One of the limitations of hypothetical results is that they are generally prepared with the benefit of hindsight. In additional, hypothetical scenarios do not involve financial risk, and no hypothetical illustration can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation if any specific trading program which cannot be fully accounted for in the preparation of a hypothetical illustration and all of which can adversely affect actual results.

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Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

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