



All Asset Fund All Asset All Authority Fund

The PIMCO All Asset Strategy

Fund Overview



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In times of global economic uncertainty it can be beneficial for investors to have access to a wide range of investment solutions. Investors seeking to boost their return potential in challenging environments may want to consider the benefits of PIMCO's All Asset Strategy, a fund-of-funds approach that offers tactical allocation to a wide selection of PIMCO funds.

What is the PIMCO All Asset Strategy?

The All Asset Strategy is actually a combination of several strategies that together seek to increase an investor's real return potential. These strategies:

1. Consider non-traditional asset classes – Investors tend to focus exclusively on traditional stocks and bonds, but there are times when non-traditional asset classes can offer more attractive risk/return profiles. Non-traditional asset classes include asset classes such as Treasury Inflation-Protected Securities (TIPS), commodities and emerging markets bonds. Certain non-traditional asset classes (including commodities and emerging markets bonds) may be subject to greater price volatility than traditional stocks and bonds.
2. Seek managers with a proven track record – Investing with managers who have delivered solid returns over a variety of market conditions, demonstrating a clear expertise in their particular investment style.
3. Actively manage the asset mix – Asset allocation is not a one-time event. Understanding and monitoring asset classes and markets can allow a manager to make timely adjustments to the portfolio allocation in pursuit of additional return.



How is this strategy implemented?

The All Asset Strategy guides two funds: PIMCO All Asset Fund and PIMCO All Asset All Authority Fund. Robert Arnott is the portfolio manager of both funds. Mr. Arnott invests the portfolios across a wide selection of PIMCO funds, including those that invest in traditional and non-traditional asset classes. In determining the allocation, Mr. Arnott relies on a number of essential building blocks, including: the long-term potential of each asset class/sector; equity and bond risk premiums; potential value-added of the underlying PIMCO funds over their benchmarks; and proprietary active asset allocation models. In addition, Mr. Arnott meets regularly with key investment professionals from our team to review the funds' allocation strategy and the performance of the underlying funds.

Who manages PIMCO's All Asset Strategy?

PIMCO's All Asset Strategy delivers two levels of expert management: one for investments and one for asset allocation.

Who is responsible for the investment management?

The underlying funds are all managed by our managers at PIMCO. We are a leading global investment management firm, serving millions of individual investors and a client list that includes many of the largest companies and institutions in the United States. Widely recognized for our bond management expertise, we have also developed a range of innovative investment strategies offering intelligent access to other asset classes, including stocks, commodities and real estate.

Who is responsible for the allocation management?

We have hired Research Affiliates, LLC, an advisory firm headed by Robert Arnott, as the funds' asset allocation sub-advisor. Mr. Arnott has over 25 years of investment management experience, including serving as an equity strategist at Salomon Brothers and as President and Chief Investment Officer at TSA Capital Management (now TSAAnalytic). He is a prolific author, and editor of the *Financial Analysts Journal*. His award-winning research has been published in periodicals such as *The Harvard Business Review*. Mr. Arnott graduated summa cum laude from the University of California in 1977 in economics, applied mathematics and computer science.

How can investors access PIMCO's All Asset Strategy?

PIMCO's All Asset Strategy is available through:

PIMCO All Asset Fund – A core holding offering a prudent approach for investors interested in adding potential alpha (incremental risk-adjusted return) to their portfolio. The fund has a secondary benchmark created by adding 5% to the annual percentage change in the Consumer Price Index.

PIMCO All Asset All Authority Fund – A core holding offering a prudent approach for investors interested in adding potential alpha (incremental risk-adjusted return) to their portfolio. PIMCO All Asset All Authority Fund differs from PIMCO All Asset Fund in that it can invest in PIMCO funds that provide negative exposure to the equity markets and can employ leverage. The fund has a secondary benchmark created by adding 6.5% to the annual percentage change in the Consumer Price Index.

A VARIETY OF ASSET CLASSES HAVE PROVIDED ATTRACTIVE RISK-ADJUSTED RETURNS

As these results for the last 10 years show, non-traditional asset classes offered attractive returns to investors. Of course, these asset classes often carry additional risk as well.

Asset Class	10-Year Volatility	10-Year Returns	10-Year Return Per Unit of Risk	10-Yr S&P 500 Correlation
Short-Term Bonds	1.65%	3.69%	2.24	-24.30%
Core Bonds	3.79%	6.41%	1.69	-7.94%
Emerging Markets Currencies	6.89%	8.96%	1.30	65.30%
Inflation-Linked Bonds	6.74%	7.49%	1.11	2.77%
Emerging Markets Debt	9.86%	10.70%	1.09	53.81%
Long Credit	10.25%	8.46%	0.83	24.20%
Long Treasuries	10.47%	8.24%	0.79	-24.06%
High Yield Debt	10.19%	7.07%	0.69	63.81%
Emerging Markets Equities	25.12%	13.44%	0.53	82.59%
REITs	25.68%	8.71%	0.34	64.47%
Commodities	17.46%	5.18%	0.30	34.23%
Traditional 60/40 Portfolio	9.85%	1.87%	0.19	98.82%
International Equities	18.47%	1.57%	0.08	89.15%
Global Equities	17.07%	-0.09%	(0.01)	97.25%
Large Cap U.S. Equities	16.43%	-0.43%	(0.03)	100.00%

Index performance provided is for illustrative purposes and is not indicative of past or future performance of any PIMCO product.

Past performance is not a guarantee or reliable indicator of future results. 10-Year Annualized Returns, Standard Deviation and Correlation to the Equity Market for Period ended 30 November 2010. Asset classes are represented by the following indexes: Short-Term Bonds=BofA ML 1–3 Year Gov./Credit Index; Core Bonds=Barclays Capital U.S. Aggregate Index; Emerging Markets Currencies=JP Morgan ELMI + Index; Inflation-Linked Bonds=Barclays Capital U.S. TIPS Index; Emerging Markets Debt=JP Morgan EMBI Global; Long Treasuries=Barclays Capital Long-Term Treasury Index; Long Credit=Barclays Capital U.S. Long Credit Index; High Yield Debt=ML U.S. High Yield BB/B Constrained Index; Commodities=DJ-UBS Total Return Commodity Index; Emerging Markets Equities=MSCI EM Equity Index; REITs=NAREIT REITs Index; Traditional 60/40 Portfolio=60% S&P 500/40% BCAG; International Equities=MSCI EAFE Equity Index; Large Cap U.S. Equities=S&P 500 Index; Global Equities=MSCI World Equity Index.

How can I learn more?

Ask your financial advisor for more information about these funds, including a copy of their prospectuses. You can also visit pimco.com/investments or call us at **888.87.PIMCO**.

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information is contained in the funds' prospectuses and summary prospectuses, if available, which may be obtained by contacting your financial advisor, by visiting pimco.com/investments or by calling 888.87.PIMCO. Please read them carefully before you invest or send money.

A word about risk: The funds invest in other PIMCO funds and performance is subject to underlying investment weightings, which will vary. Investing in the bond market is subject to certain risks, including market, interest rate, issuer, credit and inflation risk; investments may be worth more or less than the original cost when redeemed. 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. Commodities contain heightened risk, including market, political, regulatory and natural conditions, and may not be suitable for all investors. Mortgage- and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee, there is no assurance that private guarantors will meet their obligations. 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. Investing in securities of smaller companies tends to be more volatile and less liquid than securities of larger companies. 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. Equities may decline in value due to both real and perceived general market, economic and industry conditions. Derivatives and commodity-linked 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. Commodity-linked derivative instruments may involve additional costs and risks, such as changes in commodity index volatility or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Investing in derivatives could lose more than the amount invested. The cost of investing in the fund will generally be higher than the cost of investing in a fund that invests directly in individual stocks and bonds. The fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

Standard deviation is an absolute measure of volatility measuring dispersion about an average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk. The 10-Year Return Per Unit of Risk is calculated by dividing the 10-Year Return of an asset class by its 10-Year Volatility. Volatility is defined as standard deviation, which is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Correlation is a statistical measure of how two securities move in relation to each other. The BofA Merrill Lynch Government Corporate 1-3 year index is an unmanaged index that trades short-term U.S. government securities and short-term domestic investment grade corporate bonds with maturities between 1 and 2.99 years. BofA Merrill Lynch U.S. High Yield, BB-B Rated, Constrained Index tracks the performance of BB-B Rated U.S. Dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Barclays Capital Long-Term Treasury consists of U.S. Treasury issues with maturities of 10 or more years. Barclays Capital 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 indexes that are calculated and reported on a regular basis. Barclays Capital U.S. Long Credit Index is the credit component of the Barclays Capital U.S. Government/Credit Index, a widely recognized index that features a blend of U.S. Treasury, government-sponsored (U.S. Agency and supranational), and corporate securities limited to a maturity of more than ten years. Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity and at least \$250 million par amount outstanding. Performance data for this index prior to 10/97 represents returns of the Barclays Capital Inflation Notes Index. The Dow Jones UBS Commodity Total Return Index is an unmanaged index composed of futures contracts on 19 physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. Prior to 7 May 2009, this index was known as the Dow Jones AIG Commodity Total Return Index. The JPMorgan Emerging Markets Bond Index Plus is a total return index that tracks the traded market for U.S. dollar-denominated Brady and other similar sovereign restructured bonds traded in the emerging markets. The JPMorgan Emerging Markets Bond Index Global is an unmanaged index which tracks the total return of U.S.-dollar-denominated debt instruments issued by emerging markets sovereign and quasi-sovereign entities: Brady Bonds, loans, Eurobonds, and local market instruments. The Morgan Stanley Capital International Emerging Markets Index is an unmanaged index that measures equity market performance in the global emerging markets. As of May 2005, the Emerging Markets Index (float-adjusted market capitalization index) consisted of indexes in 26 emerging countries. The MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, Far East Index) is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar-adjusted basis. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. Since June 2007 the MSCI World Index consisted of the following 23 developed market country indexes. The index represents the unhedged performance of the constituent stocks, in U.S. dollars. The National Association of Real Estate Investment Trusts (NAREIT) Equity Index is an unmanaged market-weighted index of tax qualified REITs listed on the New York Stock Exchange, American Stock Exchange and the NASDAQ National Market System, including dividends. The Balanced 60/40 Index is a composite of the S&P 500 (60%), and the Barclays Capital U.S. Aggregate Index (40%). The S&P 500 Index is an unmanaged market index generally considered representative of the stock market as a whole. The index focuses on the Large-Cap segment of the U.S. equities market. It is not possible to invest directly in an unmanaged index.

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