

# PIMCO CommodityRealReturn Strategy Fund®

## PERFORMANCE SUMMARY

The PIMCO CommodityRealReturn Strategy Fund® returned 1.53% at NAV in April versus the Bloomberg Commodity Index Total Return, which returned 2.69% for the month. Year-to-date the Fund has returned 3.78% at NAV, while the benchmark returned 4.94%.

The Bloomberg Commodity Total Return Index<sup>1</sup> returned 2.69% for the month. That brings year-to-date Index performance to 4.94%.

### Contributors

- Overweight exposure to U.S. breakeven inflation
- Exposure to non-agency mortgage-backed securities (MBS)

### Detractors

- Structural allocation to TIPS
- Active strategies in Metals
- Exposure to agency mortgage-backed securities (MBS)
- Overweight exposure to U.S. interest rates

Month end performance 30 April 2024				Quarter end performance 31 March 2024			
3 mos.	6 mos.	1 yr.	YTD	1 yr.	5 yrs.	10 yrs.	Since inception
3.11	0.50	0.73	3.78	-1.57	6.88	-1.56	3.06
-2.59	-5.00	-4.79	-1.91	-6.99	5.68	-2.12	2.79
4.53	-0.18	2.89	4.94	-0.56	6.38	-1.56	1.49

■ PIMCO CommodityRealReturn Strategy Fund® share class A at NAV (%)
 ■ Benchmark (%)

■ PIMCO CommodityRealReturn Strategy Fund® A at MOP

**Benchmark:** Bloomberg Commodity Index Total Return

*Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit [www.pimco.com](http://www.pimco.com) or call (888) 87-PIMCO. The maximum offering price (MOP) returns take into account the 5.5% maximum initial sales charge.*

Certain Funds may offer a share class with an inception date which is different than the inception date of the Fund. For the periods prior to the inception date of a share class, performance information is based on the performance of the Fund's oldest class shares, adjusted to reflect the fees and expenses paid by that class of shares. The performance figures presented reflect the total return performance, unless otherwise noted, for A class shares and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. Periods less than one year are cumulative.

Differences in the Fund's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the pricing methodologies used by the Fund and the index.

There is no assurance that any fund, including any fund that has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) a fund's total return in excess of that of the fund's benchmark between reporting periods or 2) a fund's total return in excess of the fund's historical returns between reporting periods. Unusual performance is defined as a significant change in a fund's performance as compared to one or more previous reporting periods.

**IMPORTANT NOTICE** Please note that this material contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

A Shares	PCRX	I-2 Shares	PCRPX
ADMIN Shares	PCRRX	I-3 Shares	PCRNX
C Shares	PCRCX	R Shares	PCSRX
INST Shares	PCRIX		

Fund Inception Date	28 June 2002
Shareclass A Inception Date	29 November 2002

Total Net Assets (in millions) **\$4,956.3**

### Performance Characteristics

A 30-day SEC yield <sup>1</sup>	
Subsidized	7.73%
Unsubsidized	7.64%

<sup>1</sup>The 30 day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. The Subsidized yield includes contractual expense reimbursements and it would be lower without those reimbursements. The Unsubsidized 30 Day SEC yield excludes contractual expense reimbursements. †The SEC yield is an annualized yield based on the most recent 30 day period. The fund's yield quotation includes an adjustment to the principal value of the TIPS securities to reflect changes in the government's official inflation rate, if any; changes in the government's official inflation rate can cause the fund's yield to vary substantially from one month to the next. At times, including during periods of deflation, the SEC yield calculation may result in a negative number. If the current 30-day SEC yield is denoted with a "†", we believe it is attributable to a rise in the inflation rate, and might not be repeated. Due to the consolidation of operations and permanence of the fund's fee waivers, such waivers do not materially affect the fund's SEC yield. The SEC yield will differ (at times, significantly) from the fund's actual experience and any inflation adjustment to principal is treated as income; as a result, income distributions from the fund may be higher or lower than implied by the SEC yield.

### Basic Facts

Dividend frequency **Quarterly**

### Fund Expenses

Maximum Sales Charge (Load) **5.50%**

Maximum Deferred Sales Charge (Load) **1.00%**

Class A shares are subject to an initial sales charge (as a percentage of offering price). A CDSC (as a percentage of the lower of the original purchase price or redemption price) may be imposed in certain circumstances on Class A shares that are purchased without an initial sales charge and then redeemed during the first 12 months after purchase. Class C shares are subject to a CDSC, which may apply in the first year.

A share Gross Expense Ratio **1.50%**

A share Net Expense Ratio **1.44%**

The Net Expense Ratio reflects a contractual fee waiver related to the Fund's subsidiary that will not terminate so long as PIMCO's advisory contract with the Fund's subsidiary is in place. The Net Expense Ratio reflects a contractual fee waiver and/or expense reduction, which is in place through July 31, 2024 and renews automatically for a full year unless terminated by PIMCO in accordance with the terms of the agreement. See the Fund's prospectus for more information.

A share Adjusted Expense Ratio **1.19%**

The Adjusted Expense Ratio excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from investments on short sales, incurred directly by the Fund or indirectly through the Fund's investments in underlying PIMCO Funds (if applicable), none of which are paid to PIMCO.

### Portfolio Managers

Steve Rodosky, Greg Sharenow, Andrew DeWitt

### Fund Statistics

Effective Duration (yrs) **3.22**

Effective Maturity (yrs) **1.30**

Sharpe Ratio (10 year) **-0.11**

Volatility (10 year) **16.20%**

## PORTFOLIO POSITIONING

The Fund maintains full exposure to the Bloomberg Commodity Total Return Index, collateralized by a portfolio of TIPS and other high-quality fixed income securities.

The Fund's active commodity trades are primarily focused on relative value opportunities in commodity markets. Several key themes in energy include a preference for refined margins and oil volatility. In agriculture, we are trading relative value in wheat. In metals, we are trading relative value between gold and real rates. We also maintain exposure to California Carbon Allowances.

In the collateral portfolio, the headline duration position is close to neutral. Regionally, we maintain a slight overweight to U.S. duration, as well as with modest exposure to U.K. and Australian duration given attractive yields in the regions, and global diversification benefits. We also maintain a modest short to Eurozone duration. On the inflation front, we continue to maintain an overweight to U.S. breakevens as long-term inflation expectations are still well anchored despite inflation staying above the Fed's target, and perhaps even accelerating a bit in the near term. We maintain an underweight/short position in Eurozone breakevens given EUR HICP is still rich and less attractive than U.S. breakevens (RV view). We still prefer to have a positive % market value exposure. We also maintain modest positions in select global ILBs, including Japanese linkers given they lagged global recovery initially and provide asymmetric payoff opportunities.

## MONTH IN REVIEW

Commodities were higher in April as most subsectors gained. Oil prices were volatile over the month but ended flat at ~\$87/barrel. Ongoing tensions in the Middle East provided price support, but the gains were curtailed as some of the tensions de-escalated and on account of U.S. inventory builds. U.S. natural gas prices rose on signs of production pullback. Base metal prices rallied as the U.S. and U.K. announced restrictions on Russian metals for exchange delivery, as well as the theme of elevated demand prospects amid energy transition. Gold prices were higher on continued central bank purchases, despite the Federal Reserve's likely delay of potential rate cuts. In grains, wheat prices rose on dry weather in the U.S., while soybeans sold off on expectations of a high Brazilian output.

Commodity Exposure (% Market Value)	Fund	Benchmark
Energy	32.9	29.5
Emission	2.1	0.0
Livestock	6.2	5.8
Industrial Metals	16.8	16.8
Precious Metals	18.3	20.0
Agriculture	26.2	27.9

Sector Allocation (% Market Value)	Fund
<b>Inflation Linked Bonds</b>	<b>113.8</b>
United States	113.4
United Kingdom	0.0
Europe	3.9
Canada	0.3
Other <sup>Δ</sup>	2.5
Other Short Duration Instruments	-6.3
<b>Non Inflation Linked Bonds</b>	<b>-13.8</b>
US Government Related <sup>†</sup>	-25.0
Mortgage	17.6
Invest. Grade Credit	0.0
High Yield Credit	0.0
Non-U.S. Developed	2.1
Emerging Markets <sup>Ω</sup>	1.0
EM Short Duration Instruments	0.0
Municipal	0.0
Other <sup>Δ</sup>	0.1
Net Other Short Duration Instruments <sup>††</sup>	-9.7

## OUTLOOK AND STRATEGY

PIMCO has a positive outlook for commodities based on supply constraints, the transition to a net-zero economy, and a recovery in the Chinese economy.

In energy, tightness persists in the oil market due to OPEC+ continuing to limit production, persistent capex underinvestment and the forecasted slowdown in U.S. supply. We also expect global oil demand to remain resilient, and a reduction in interest rates could provide a further tailwind for oil markets. Metals are also facing an environment of capex underinvestment and it remains to be seen how green transition demand is met. Agricultural markets have endured several years of weather disruptions, which left lean inventories across much of the supply chain. We remain most constructive on wheat prices given that inventories remain at multi-year lows. More broadly in agriculture, absent further escalation in the Black Sea, the main determinant of prices over 2024 is likely to be weather. In the Fund's collateral portfolio, we seek out relative value opportunities across countries, curve structures, as well as between real and nominal rates. We remain overweight U.S. breakeven inflation as the embedded inflation expectations in markets remain fair to cheap given the asymmetric risk to inflation surprises. We also hold off-benchmark positions in U.S. agency and non-agency MBS offering attractive risk return profile.

Sector Diversification (Duration in Years)	Fund
<b>Inflation Linked Bonds</b>	<b>3.7</b>
United States	3.5
United Kingdom	0.0
Europe	0.1
Canada	0.0
Other <sup>Δ</sup>	0.1
Other Short Duration Instruments	0.0
<b>Non Inflation Linked Bonds</b>	<b>-0.5</b>
US Government Related <sup>¶</sup>	-1.2
Mortgage	1.0
Invest. Grade Credit	0.0
High Yield Credit	0.0
Non-U.S. Developed	-0.1
Emerging Markets <sup>Ω</sup>	0.0
EM Short Duration Instruments	0.0
Municipal	0.0
Other <sup>Δ</sup>	0.0
Net Other Short Duration Instruments <sup>¶¶</sup>	-0.2

*Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the fund's prospectus and summary prospectus, if available, which may be obtained by contacting your investment professional or PIMCO representative or by visiting [www.pimco.com](http://www.pimco.com). Please read them carefully before you invest or send money.*

<sup>1</sup>Net Other Short Duration Instruments includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money, short duration derivatives and derivatives offsets. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category. Derivatives Offsets includes offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position. <sup>2</sup>May include nominal and inflation-protected Treasuries, Treasury futures and options, agencies, FDIC-guaranteed and government-guaranteed corporate securities, and interest rate swaps. <sup>3</sup>Short duration emerging markets instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. Emerging Markets includes the value of short duration emerging markets instruments previously reported in another category.

<sup>4</sup>Other may include convertibles, preferreds, and yankee bonds.

Investments made by a Fund and the results achieved by a Fund are not expected to be the same as those made by any other PIMCO-advised Fund, including those with a similar name, investment objective or policies. A new or smaller Fund's performance may not represent how the Fund is expected to or may perform in the long-term. New Funds have limited operating histories for investors to evaluate and new and smaller Funds may not attract sufficient assets to achieve investment and trading efficiencies. A Fund may be forced to sell a comparatively large portion of its portfolio to meet significant shareholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant share purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

**A word about risk: Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and may not be appropriate for all investors. The fund will seek exposure to commodities through **commodity-linked derivatives** and through the PIMCO Cayman Commodity Fund I Ltd., a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). The Subsidiary is advised by PIMCO, and has the same investment objective as the Fund. The Subsidiary (unlike the Fund) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. **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. **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. Certain **U.S. Government securities** are backed by the full faith of the government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. 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. **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. **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. **Diversification** does not ensure against loss.

**Effective duration** is a measure of a portfolio's price sensitivity to interest rate changes, including expected changes in cash flows caused by embedded options. The **Sharpe Ratio** measures the risk-adjusted performance. The risk-free rate is subtracted from the rate of return for a portfolio and the result is divided by the standard deviation of the risk-free rate subtracted from the portfolio returns. **Volatility** is measured by the standard deviation, or dispersion of a set of data from its mean, based on historical portfolio returns. A larger spread of data indicates higher standard deviation and higher volatility. **Effective maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other share classes are either lower or not available.

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

Bloomberg Commodity Index Total Return is an unmanaged index composed of futures contracts on a number of physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. The futures exposures of the benchmark are collateralized by US T-bills. It is not possible to invest directly in an unmanaged index.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This material contains the current opinions of the manager and such opinions are subject to change without notice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America LLC in the United States and throughout the world. ©2024, PIMCO. **PIMCO Investments LLC, distributor**, 1633 Broadway, New York, NY, 10019 is a company of PIMCO.

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<sup>2</sup>The Harmonised Indices of Consumer Prices (HICP) is an economic indicator that measures the changes over time in the prices of consumer goods and services acquired by households. The HICP gives a comparable measure of inflation in the euro-zone, the EU, the European Economic Area and for other countries including accession and candidate countries. It is calculated according to a harmonised approach and a single set of definitions. It also provides the official measure of consumer price inflation in the euro-zone for the purposes of monetary policy in the euro area and assessing inflation convergence as required under the Maastricht criteria.

**Treasury Inflation-Protected Securities (TIPS)** are inflation-linked bonds issued by the U.S. government.

Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.

Organization of the Petroleum Exporting Countries (OPEC); US Federal Reserve (the Fed)