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PIMCO RealEstateRealReturn Strategy Fund

Quarterly Investment Report | 1Q24

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.

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Executive summary

Portfolio Performance

Over the quarter, the RealEstateRealReturn Fund (institutional share class, after fees) posted negative absolute returns of -0.92%, underperforming its benchmark. The Fund's short exposure to Eurozone interest rates, exposure to non-agency mortgages, and an overweight exposure to U.S. breakevens were additive to performance relative to the benchmark. The Fund's structural allocation to TIPS as collateral, active REIT strategies, and an overweight exposure to U.S. interest rates detracted.

Class:	INST
Inception date:	30 Oct '03
Fund assets (in millions):	$530.59
Gross expense ratio:	3.13%
Adjusted expense ratio:	0.74%

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.

CONTRIBUTORS

Short exposure to Eurozone interest rates
Exposure to non-agency mortgages
Overweight exposure to U.S. breakeven inflation

DETRACTORS

Structural allocation to TIPS as collateral
Active REIT strategies
Overweight exposure to U.S. interest rates

Performance periods ended 31 Mar '24	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	-0.73	17.24	8.13	3.81	5.87	8.22	11.08
Fund after fees	-0.92	16.81	7.33	3.04	5.09	7.42	10.27
Benchmark*	-0.39	15.89	10.45	3.69	2.99	5.91	7.79

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 pimco.com or call 888.87.PIMCO.

Summary information	31 Mar '24
30-day SEC yield	7.62%
Number of stocks	144
Weighted average market cap ($MM)	40,371.54
Trailing P/E ratio	30.85
Dividend yield	3.67
Forward P/E ratio	36.77
Price/Sales	6.26
Price/Book	2.43
Price/Cash Flow	14.96

Portfolio strategy

Active REIT strategies: Focusing on investing in names exhibiting above-average unlevered IRR profiles (volatility adjusted). Currently, sectors that look the most attractive on this metric include Gaming, Towers, Hotels, Single-Family Rentals, Apartments, and Manufactured Housing. In addition to attractive valuation, we favor the residential-related sectors driven by favorable demand/supply dynamics and low housing affordability, which should continue to benefit the rental market. We also see attractive opportunities in Data Centers and Towers, which should benefit from secular tailwinds from digitalization, data consumption, and AI.

Collateral: The Fund expresses a flat to slightly overweight duration position overall. Regionally, an overweight to U.S. duration (given attractive yield levels and the recent back-up in rates) is partially offset by a modest short to Eurozone duration. We continue to be selective within curves and securities depending on prevailing valuations and market events.

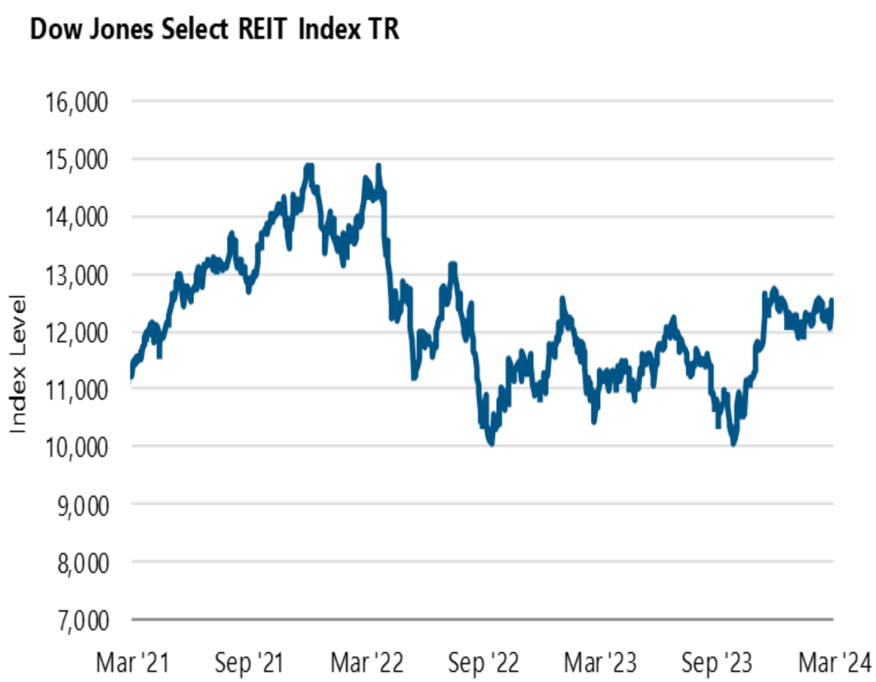
Real estate sectors	Market value %
Diversified	22.55
Apartments	18.86
Warehouse/Industry	16.78
Storage	7.16
Hotels	6.73
Regional Malls	6.04
Health Care	5.38
Manufactured Homes	4.18
Office Property	3.86
Shopping Centers	3.80
Single Tenant	3.40

*Dow Jones U.S. Select REIT Total Return Index ‡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.

Quarter in Review

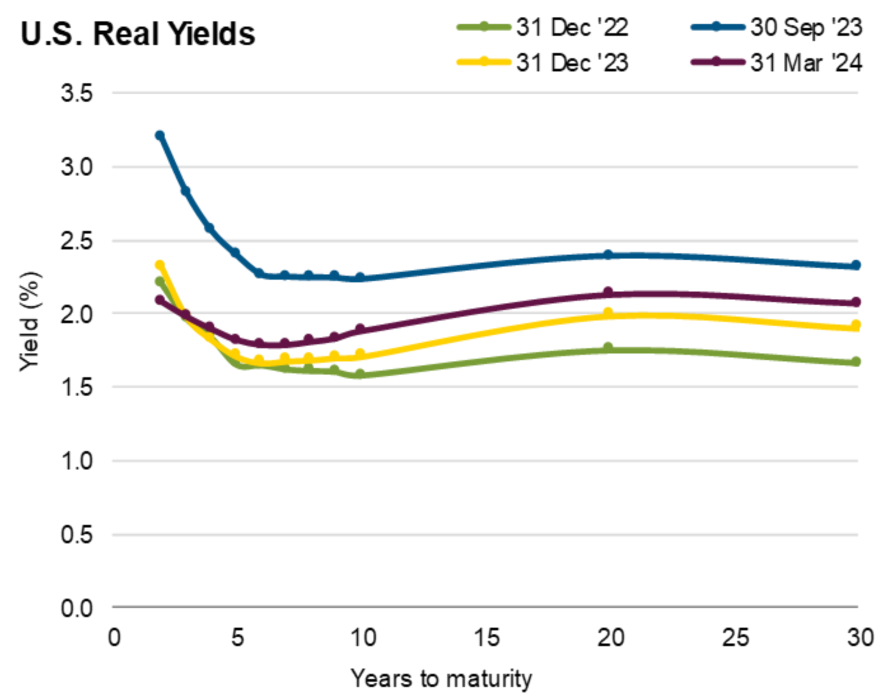
Both REITs and TIPS posted modestly negative returns Q1

Real estate investment trusts (REITs) delivered modestly negative returns in Q1, and underperformed broader U.S. equities which continued to rally over the quarter. U.S. TIPS returns were modestly negative as front-end U.S. real yields rallied, while longer-term maturities moved higher. U.S. inflation expectations rose over the quarter driven by noise within rental prices and a reacceleration in core services prices.



REIT returns were modestly negative in Q1, which underperformed the broader rally in equities. U.S. equities continued to rally in Q1 as consumer sentiment hit its highest level in nearly three years. The Dow Jones U.S. Select REIT Index returned -0.4% over the quarter, underperforming the S&P 500 Index which delivered gains of 10.6%. Across sectors, REITs delivered mostly positive returns with Retail Malls, Factory Outlets and Hotel REITs leading that pack. Towers, Diversified, and Manufactured Homes REITs were the laggards within the asset class.

SOURCE: Bloomberg



U.S. real yields climbed higher across the curve in Q1, outside of the front-end of the curve which rallied. The Fed held rates steady in January and March while exuding a more dovish tone in a commitment to rate cuts commencing around mid-year. TIPS delivered modestly negative returns, but outperformed comparable nominal Treasuries in Q1 '24. U.S. breakevens moved higher across maturities over the quarter. Core CPI remained sticky ~4% (y/y) supported by core services inflation and sticky shelter prices. The Fed categorized the recent uptick in inflation as noise and continued to maintain a high bar for further rate hikes despite resilient employment and growth data.

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Market Summary

Q1 '24: Returns were modestly negative for both REITs and TIPS

The Fund's short exposure to Eurozone interest rates, exposure to non-agency mortgages, and an overweight exposure to U.S. breakevens were additive to performance relative to the benchmark. The Fund's structural allocation to TIPS as collateral, active REIT strategies, and an overweight exposure to U.S. interest rates detracted.

REITs

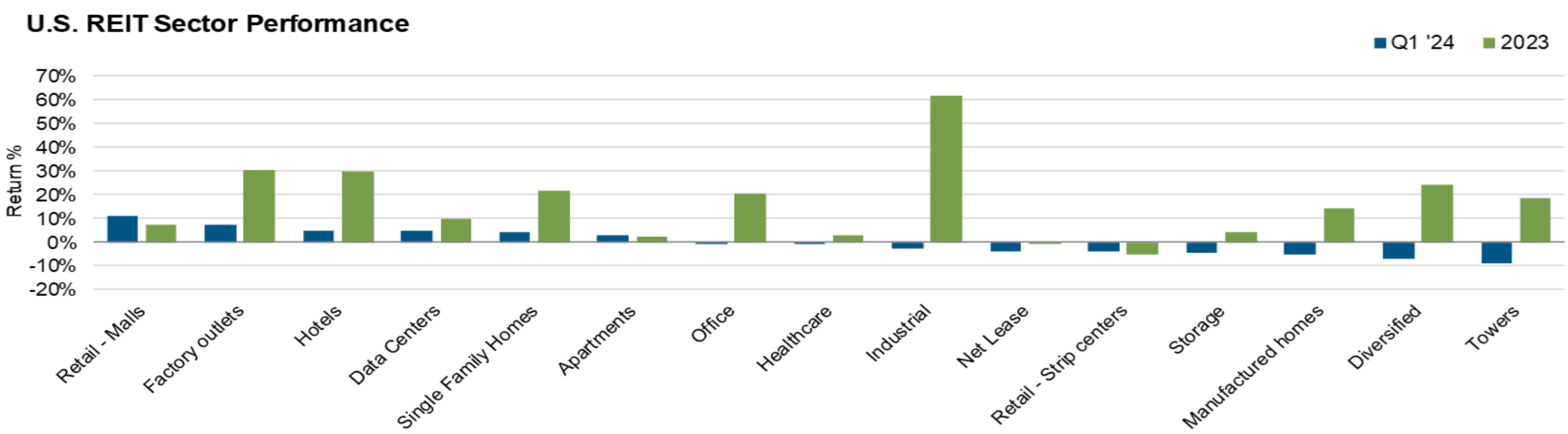
Within REITs, Retail Malls, Factory Outlets and Hotel REITs were the best performers in Q1, delivering returns in excess of 4.5%. Towers, Diversified, and Manufactured Homes REITs were the laggards within the asset class, posting losses in excess of -4.8%.

U.S. breakeven inflation expectations

In January, U.S. inflation expectations broadly rose across the curve as the Fed indicated a rate cut in March was not likely. U.S. breakevens again moved higher in February as the Fed's tone turned more hawkish, emphasizing patience with cutting rates this year. In March, U.S. breakevens were roughly unchanged as the Fed dovishly reaffirmed their commitment to cutting rates by categorizing the recent inflation uptick as nosy and dismissing questions about the strength in the labor market.

Global inflation-linked bonds (ILBs)

Global ILB markets delivered marginally negative returns as real yields rose across countries given the repricing of rate cut expectations for later in 2024. Eurozone breakevens increased slightly despite declining inflation. U.K. breakevens rose across the curve due to surprising U.K. GDP growth in January. Both the ECB and BoE expressed confidence that inflation would continue to moderate amid declining wage growth, which reaffirmed market expectations that rate cuts would occur as soon as June 2024.



SOURCE: Bloomberg

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Investment implications:
Opportune time to consider going active in global fixed income

Look global	Greater-than-usual focus on bond markets outside of the U.S.
Lock in elevated yields	Intermediate maturities can offer a “sweet spot” with markets expecting cash rates to fall
Favor high quality	Up-in-quality bias in both public and private credit markets
Go active	Differentiated macro paths present compelling opportunities for active investors

Source: PIMCO

Portfolio Outlook

Strategic outlook

Higher savings balances and a slower pass-through of monetary policy in the U.S. relative to other developed markets could, in our view, keep inflation above the Fed's 2% target over the cyclical horizon. We still expect the Fed to start normalizing policy at midyear, similar to other DM central banks; however, the Fed's subsequent rate-cutting path could be more gradual. Additionally, we believe that an economic soft landing is achievable, but both recessionary and inflationary risks remain elevated in the aftermath of unprecedented global shocks to supply and demand.

Key strategies

Active REIT overweights

Overall, we focus on investing in names exhibiting above-average unlevered IRR profiles (volatility-adjusted). This framework factors in current valuations (i.e. NAV discounts), but also captures fundamental differences between property sectors and companies, such as cap-ex, general and administrative expenses, and near/intermediate/long-term growth profiles. Currently, sectors that look the most attractive on this metric include Gaming, Towers, Hotels, Single-Family Rentals, Apartments, and Manufactured Housing. In addition to attractive valuation, we favor the residential-related sectors driven by favorable demand/supply dynamics and low housing affordability, which should continue to benefit the rental market. We also see attractive opportunities in Data Centers and Towers, which should benefit from secular tailwinds from digitalization, data consumption, and AI.

Active REIT underweights

We remain underweight Healthcare and Triple Net sectors, driven by idiosyncratic company-specific factors and below-average growth potential. We are also modestly Underweight Self-Storage given excess supply and negative move-in rate growth, although we expect fundamentals to improve in 2024 and could get more constructive. Additionally, while we made tactical trades in the Office sector throughout 2023, our general view remains negative given our longer-term secular view that Office remains challenged fundamentally due to obsolete space, ongoing high cap-ex requirements, and pressure from work-from-home trends and potential job cuts in a slowing economy.

Interest rates

The Fund expresses a flat to slightly overweight duration position overall. Regionally, an overweight to U.S. duration (given attractive yield levels and the recent back-up in rates) is partially offset by a modest short to Eurozone duration. We maintain a 10s/30s curve steepener in the U.S., one of our highest conviction views. We also added Australian duration given attractive yields, global diversification, and the view that rate hikes have had a stronger impact on the real economy. We continue to be selective within curves and securities depending on prevailing valuations and market events.

Reflation

We remain 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. Maintain an underweight/short position in Eurozone breakevens given EUR HICP is still rich and less attractive than U.S. breakevens (relative value view). We still prefer to have a positive percentage market value exposure. We maintain modest overweight positions in select global ILBs, including Japanese linkers given they lagged global recovery initially and provide asymmetric payoff opportunities.

Note: EUR HICP is the harmonized index of consumer prices (HICP), used primarily within the European Union. It is a measure of prices paid by consumers for a market basket of goods and services. It is calculated using the same methodology across countries to allow for comparable measures of inflation. The yearly (or monthly) growth rates represent the inflation rate.

Sector exposure

	% of Market value		Duration in years	
	31 Dec '23	31 Mar '24	31 Dec '23	31 Mar '24
Inflation Linked Bonds	**-62.65**	**33.67**	**3.68**	**3.58**
United States	100.66	106.33	3.24	3.31
United Kingdom	0.00	0.00	0.00	0.00
Europe	6.54	6.10	0.18	0.07
Canada	0.72	0.73	0.02	0.02
Other***	3.28	3.25	0.16	0.15
Other Short Duration Instruments	-173.85	-82.74	0.09	0.03
Non Inflation Linked Bonds	**162.65**	**66.33**	**-0.87**	**-0.70**
US Government Related	-23.17	-34.03	-1.03	-1.50
Mortgage	17.91	23.82	0.75	1.15
Invest. Grade Credit	0.15	0.16	0.00	0.00
High Yield Credit	-1.81	-1.93	-0.00	-0.00
Non-U.S. Developed	-12.48	-2.67	-0.32	-0.11
Emerging Markets**	0.11	0.00	0.00	0.00
EM Short Duration Instruments	0.01	0.00	0.00	0.00
Other***	49.40	42.68	0.01	0.01
Net Other Short Duration Instruments****	132.53	38.30	-0.28	-0.24
Total	**100**	**100**	**2.82**	**2.89**

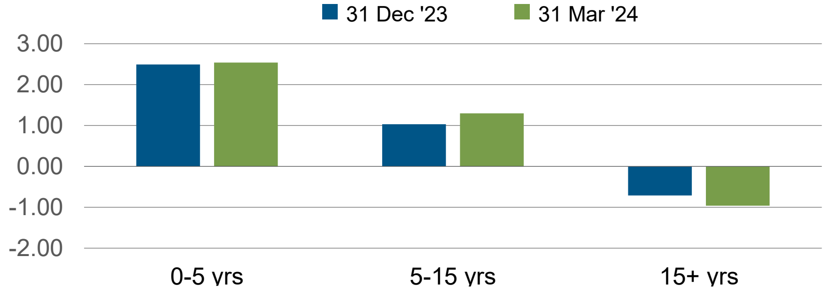
**Emerging markets instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. Emerging Markets includes the value of short duration emerging markets instruments previously reported in another category.

***Investment vehicles not listed, allowed by prospectus.

****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 and derivatives offset. 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.

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)	
	31 Dec '23	**31 Mar '24**
0-5 yrs	2.49	2.54
5-15 yrs	1.03	1.30
15+ yrs	-0.71	-0.96
Total	**2.81**	**2.88**

Interest rate exposure

	Portfolio (yrs)	
	31 Dec '23	**31 Mar '24**
Effective duration	2.81	2.88
Bull market duration	2.67	2.60
Bear market duration	2.93	2.89
Spread duration		
Mortgage spread duration	1.08	1.40
Corporate spread duration	0.01	0.01
Emerging markets spread duration	-	0.00
Swap spread duration	-0.33	-0.46
Covered bond spread duration	0.24	0.16
Sovereign related spread duration	-	0.00

Derivative exposure (duration in yrs)

	31 Dec '23	31 Mar '24
Government futures	-1.59	-1.61
Interest rate swaps	-0.03	-0.20
Credit default swaps*	-1.81	-1.93
Purchased swaps	-1.81	-1.93
Written swaps	0.00	0.00
Options	-0.22	-0.06
Purchased options	0.00	0.00
Written options	-0.22	-0.06
Mortgage derivatives	0.00	0.00
Money market derivatives	-0.08	-0.20
Futures	-0.06	0.00
Interest rate swaps	-0.01	-0.19
Other Derivatives	0.00	0.00

* Shown as a percentage of market value

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Country and currency exposure

Country exposure by currency of settlement

	31 Dec '23		31 Mar '24	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	**2.90**	**100.95**	**2.99**	**100.88**
Japan	**0.00**	**0.22**	**0.00**	**0.23**
Eurozone	**-0.36**	**-0.04**	**-0.39**	**0.00**
Euro Currency	0.00	-0.04	0.00	0.00
European Union	-0.01	0.00	-0.12	0.00
France	-0.04	0.00	-0.04	0.00
Germany	-0.40	0.00	-0.31	0.00
Italy	0.08	0.00	0.07	0.00
United Kingdom	**0.03**	**0.00**	**0.03**	**0.01**
Europe non-EMU	**0.23**	**-0.01**	**0.15**	**-0.01**
Denmark	0.23	-0.01	0.15	-0.01
Dollar Block	**0.02**	**-0.98**	**0.11**	**-0.95**
Australia	-0.00	0.03	0.10	0.04
Canada	0.02	-0.98	0.02	-0.96
New Zealand	-0.00	-0.02	-0.00	-0.02
Other Industrialized Countries	**-0.00**	**-1.05**	**-0.00**	**-1.08**
South Korea	-0.00	-0.43	-0.00	-0.51
Taiwan	-0.00	-0.62	-0.00	-0.56
EM - Asia	**-0.00**	**-0.09**	**0.00**	**-0.23**
China	-0.00	-0.74	-0.00	-0.77
India	0.00	0.40	0.00	0.39
Indonesia	0.00	0.24	0.00	0.15
EM - Latin America	**0.00**	**0.65**	**0.00**	**0.76**
Argentina	0.00	0.01	0.00	0.01
Brazil	0.00	0.28	0.00	0.22
Colombia	0.00	0.01	0.00	0.01
Mexico	0.00	0.35	0.00	0.52
EM - CEEMEA	**0.00**	**0.35**	**0.00**	**0.38**
South Africa	0.00	0.35	0.00	0.38
Total	**2.81**	**100**	**2.88**	**100**

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Additional share class performance

PIMCO RealEstateRealReturn Strategy Fund (net of fees performance)

Performance periods ended: 31 Mar '24	Maximum Sales Charge (Load)	Maximum Deferred Sales Charge (Load)	Gross expense ratio	Net expense ratio	Adjusted expense ratio	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Class A (at NAV)	5.50	1.00	3.53	-	1.14	USD	30 Oct '03	-0.99	16.59	6.94	2.66	4.67	6.98	9.81
Class A (at MOP)	5.50	1.00	3.53	-	1.14	USD	30 Oct '03	-6.45	10.18	1.06	0.75	3.49	6.38	9.51
Class C (at NAV)	-	1.00	4.28	-	1.89	USD	30 Oct '03	-1.21	16.12	6.06	1.87	3.88	6.19	8.98
Class C (at MOP)	-	1.00	4.28	-	1.89	USD	30 Oct '03	-2.20	15.12	5.06	1.87	3.88	6.19	8.98
Class I-2	-	-	3.23	-	0.84	USD	30 Apr '08	-0.92	16.76	7.20	2.98	4.99	7.32	10.16
Class I-3	-	-	3.33	3.28	0.89	USD	27 Apr '18	-0.91	16.74	7.15	2.91	4.96	7.28	10.11
Class INST	-	-	3.13	-	0.74	USD	30 Oct '03	-0.92	16.81	7.33	3.04	5.09	7.42	10.27
Dow Jones U.S. Select REIT Total Return Index								-0.39	15.89	10.45	3.69	2.99	5.91	7.79

The Net Expense Ratio for the I-3 Class reflects a contractual supervisory and administrative fee waiver and/or expense reduction in place through 31 July 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.

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.

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 pimco.com or call 888.87.PIMCO.The maximum offering price (MOP) returns take into account the Class A maximum initial sales charge of 5.50%.The maximum offering price (MOP) returns take into account the contingent deferred sales charge (CDSC) for Class C shares, which for this fund is 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.

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.

Important Disclosures

This material is authorized for use only when preceded or accompanied by the current PIMCO funds prospectus or summary prospectus, if available.

Past performance is not a guarantee or a reliable indicator of future results. The performance figures presented reflect the total return performance, unless otherwise noted, after fees 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. The minimum initial investment for Institutional, I-2, I-3 and Administrative class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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.

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.

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: 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. **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. **Sovereign securities** are generally backed by the issuing 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. **REITs** are subject to risk, such as poor performance by the manager, adverse changes to tax laws or failure to qualify for tax-free pass-through of income. **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. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **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. Investing in derivatives could lose more than the amount invested. **Diversification** does not ensure against loss.

Portfolio allocations and other information in the charts in this Quarterly Investment Report are based on the fund's net assets. These percentages may differ from those used for the fund's compliance calculations, including the fund's prospectus, regulatory, and other investment limitations and policies, which may be based on total assets of the fund or other measurements, may include or exclude various categories of investments from those covered in the portfolio allocation categories shown in this report, and may be based on different classifications and measurements of the fund's investments and other criteria. All funds are separately monitored for compliance with prospectus and regulatory requirements.

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Important Disclosures

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.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

The Dow Jones U.S. Select Real Estate Investment Trust (REIT) Total Return Index is a subset of the Dow Jones Americas Select Real Estate Securities Index (RESI) and includes only REITs and REIT-like securities. The objective of the index is to measure the performance of publicly traded real estate securities. The indexes are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. It is not possible to invest directly in the index. Prior to April 1st, 2009, this index was named Dow Jones Wilshire REIT Total Return Index.

The following defined terms are used throughout the report. Emerging market short duration 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. 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 and derivatives offset. 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. Short duration derivatives and derivatives offsets include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. Municipals/Other may include convertibles, preferred and yankee bonds.

The performance figures presented reflect the performance for the institutional class unless otherwise noted.

A note about Sector exposure: Other indicates swaps and securities issued in euros.

A note about Emerging markets exposure by country of risk: country of risk reflects the country of incorporation of the ultimate parent company.

PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party.

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788_QIR-1Q24

Important Disclosures

Acronyms and definitions of investment terms used throughout the report:

Alpha is a measure of performance on a risk-adjusted basis calculated by comparing the volatility (price risk) of a portfolio vs. its risk-adjusted performance to a benchmark index; the excess return relative to the benchmark is alpha.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average 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.

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

Beta is a measure of price sensitivity to market movements. Market beta is 1.

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.

Carry is the rate of interest earned by holding the respective securities.

The terms **"cheap" and "rich"** as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.

CPI is the Consumer Price Index.

The **credit quality** of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

Duration is the measure of a bond's price sensitivity to interest rates and is expressed in years.

Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Fallen angel is a bond that was initially given an investment grade rating but has since been reduced to below investment grade status.

GFC is the Global Financial Crisis.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

LNG is Liquefied Natural Gas.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

Rising star is the term given to a bond that was rated high yield but has since been upgraded to investment grade.

"Risk assets" are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

"Safe haven" is an investment that is expected to retain or increase in value during times of market turbulence.

"Safe Spread" is defined as sectors that we believe are most likely to withstand the vicissitudes of a wide range of possible economic scenarios. All investments contain risk and may lose value.

The **SEC yield** is an annualized yield based on the most recent 30 day period. 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.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The quarterly distribution yields are calculated by annualizing actual dividends distributed for the quarterly period ended on the most recent quarterly distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)

788_QIR-1Q24