PIMCO Inflation Response Multi-Asset 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.

Executive summary

Portfolio Performance

The Inflation Response Multi-Asset Fund delivered positive absolute returns of 2.31%, and outperformed its benchmark (Institutional share class, net of fees) over the quarter. Positive contributions from the Fund's bottom-up commodity strategies, a short exposure to Eurozone interest rates, and bottom-up EM currency strategies outweighed detractions from the Fund's overweight exposure to U.S. interest rates, a tactical allocation to commodities, and bottom-up REIT strategies.

CONTRIBUTORS	DETRACTORS
Bottom-up commodity strategies	Overweight exposure to U.S. interest rates
Short exposure to Eurozone interest rates	Tactical allocation to commodities
Bottom-up EM currency strategies	Bottom-up REIT strategies

Performance periods ended 31 Mar '24	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	2.48	8.33	8.14	5.79	6.81	4.80	4.01
Fund after fees	2.31	7.96	7.39	5.06	6.08	4.05	3.24
Benchmark*	0.94	5.73	3.13	3.07	4.17	2.05	1.36

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.

Portfolio strategy

TIPS: The Fund is slightly overweight headline duration. 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 also added some Australian duration given attractive yields, global diversification, and the view that rate hikes have had a stronger impact on the real economy. We 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.

Currency: Roughly benchmark-weight exposure to EM FX, but within currencies we seek alpha opportunities via an FX relative value carry strategy in DM and liquid EM FX.

REITs: Broadly in line with index exposure given recent repricing higher while continuing to be selective in single-name selection and tactical around prevailing valuations.

Gold: This position is dynamically adjusted based on valuation framework of gold relative to real yields.

*45% Bloomberg U.S. TIPS Index, 20% Bloomberg Commodity Index Total Return, 15% JPMorgan Emerging Local Markets Index Plus (Unhedged), 10% Dow Jones U.S. Select REIT Total Return Index, 10% Bloomberg Gold Subindex 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.

Class:	**INST**
Inception date:	**31 Aug '11**
Fund assets (in millions):	**$1,796.44**
Gross expense ratio:	**0.98%**
Net expense ratio:	**0.82%**

The Net Expense Ratio reflects a contractual fee waiver and/or expense reduction, which is 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 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.

Adjusted expense ratio: 0.69%

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.

Summary information	31 Mar '24
30 Day SEC Yield	
Subsidized	5.26%
Unsubsidized	5.01%
Distribution yield	0.18%
Effective duration (yrs)	3.31
Inflation-linked bond duration (yrs)	4.19
Non Inflation-linked bond duration (yrs)	-0.88
Benchmark duration - provider (yrs)	3.11
Benchmark duration - PIMCO (yrs)	3.11
Effective maturity (yrs)	2.64
Average coupon	1.20%
Yield Beta	1.00
Net currency exposure	6.68%
Tracking error (10 yrs)	2.30
Information ratio (10 yrs)	0.89

PIMCO

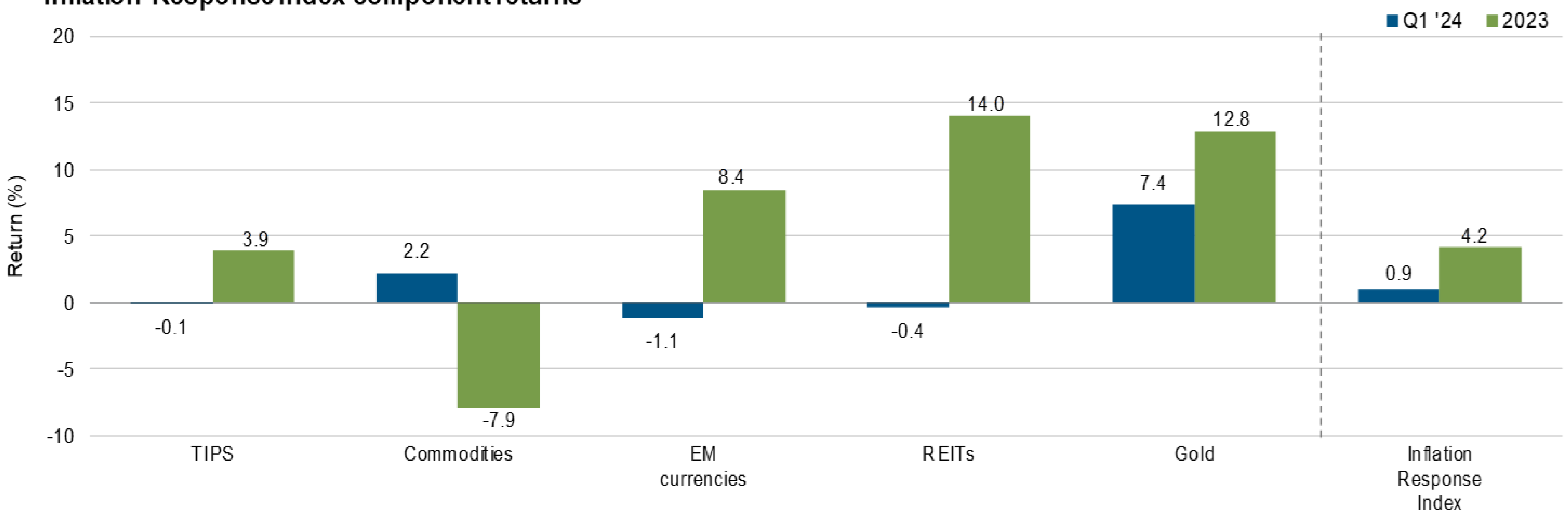
Quarter in Review

Real asset returns were mixed in Q1

The Inflation Response Index returned 0.94% over the quarter, with two of the five underlying asset classes posting positive returns

- Treasury Inflation Protected Securities (TIPS) posted modestly negative returns as real yields sold-off outside the front-end of the curve
- Commodities rallied in Q1 on gains across most underlying sectors, led by crude oil and precious metals
- EM currencies posted negative returns in Q1 primarily due the strength of the U.S. dollar, which has rallied on the back of stronger than expected US economic data driving delayed forecasts for US Fed rate cuts
- REIT performance was modestly negative in Q1 as rising interest rates were a headwind for REIT returns. REITs underperformed broader equities which rallied sharply amid elevated levels of consumer confidence
- Gold prices rallied in Q1, reaching fresh all-time highs, driven by continued above-trend buying from central banks and expectations for Fed cuts this year

Inflation Response Index component returns



SOURCE: PIMCO, Bloomberg. Inflation Response Index is a blend of 45% Bloomberg U.S. TIPS Index, 20% Bloomberg Commodity Index Total Return, 15% JPMorgan Emerging Markets Index Plus (Unhedged), 10% Dow Jones U.S. Select REIT Index Total Return, 10% Bloomberg Gold Subindex Total Return.

Market Summary

Q1 '24: TIPS returns were modestly negative as real rates sold-off outside of front-end maturities which rallied

The Inflation Response Multi-Asset Fund delivered positive absolute returns, and outperformed its benchmark (Institutional share class, net of fees) over the quarter. The Fund's bottom-up commodity strategies, short exposure to Eurozone interest rates, and bottom-up EM currency were additive to relative performance. The Fund's overweight exposure to U.S. interest rates, a tactical allocation to commodities, and bottom-up REIT strategies detracted.

U.S. TIPS

U.S. TIPS returned -0.08%, as represented by the Bloomberg U.S. TIPS Index, and outperformed comparable nominal Treasuries. Front-end U.S. real yields rallied, while longer-term maturities moved higher in Q1 given resilient economic data. U.S. inflation expectations rose over the quarter driven by noise within rental prices and a reacceleration in core services prices.

Commodities

Commodities rallied in Q1 on gains across almost all underlying sectors. Oil prices rose on geopolitical tensions in the Middle East, attacks on Russia’s oil infrastructure and extension of OPEC+ production cuts. Natural gas prices fell due to ample supply and lackluster demand given unseasonably warm weather. Base metals prices were mixed on demand uncertainties in major economies. Precious metals prices rose as the Fed signaled mid-year rate cuts.

REITs / EM currencies

REIT returns were modestly negative in Q1, as rising interest rates were a headwind for REIT returns. REITs underperformed equities which 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.

EM currencies posted negative returns in Q1 amid strength in the U.S. dollar. The early and aggressive policy tightening by EM central banks has paid off well, with EM inflation peaking before DM inflation, and EM domestic demand proving resilient. EM inflation has normalized back to pre-pandemic levels for most EM countries, suggesting no “last mile” issues for EM, unlike those we see in DM. We expect the number of EM central banks which are cutting rates to increase in 2024, providing a tailwind for EM local duration. However, slower policy normalization from core DM central banks will likely prevent EM central banks from cutting aggressively, leading to prolonged high short-term real rates and supporting EM FX.

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

Interest rates / breakeven inflation

The Fund is slightly overweight headline duration. 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 also added some 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. We 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.

Currency positioning

Roughly benchmark-weight exposure to EM FX, but within currencies we seek alpha opportunities via an FX relative value carry strategy in DM and liquid EM FX.

Active commodity strategies

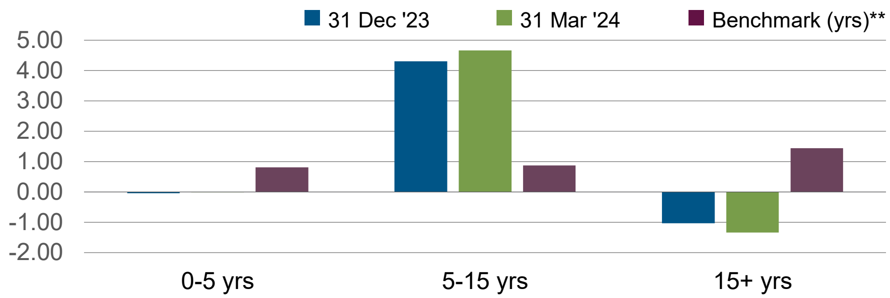
We are implementing a number of broad basket relative value views based on structural risk premia in commodities. We remain modestly underweight in overall commodity exposure, sourced by being slightly underweight to traditional commodities while also featuring a modest exposure to California Carbon Allowances. Some of the main themes within energy include an underweight to natural gas and an overweight to back-end oil. Within agriculture, we have a broad underweight to grains and oilseeds along with an overweight to select softs.

Active REIT strategies

Overall, we focus on investing in names exhibiting above-average unlevered internal rate of return 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.

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	**31 Mar '24**	**31 Mar '24**
0-5 yrs	-0.05	-0.01	0.81
5-15 yrs	4.30	4.66	0.87
15+ yrs	-1.04	-1.34	1.44
Total	**3.21**	**3.31**	**3.12**

Sector diversification	Market value
Inflation Linked Bonds	73.6%
US TIPS	61.8%
Global ILBs	11.8%
Commodities	19.6%
Currencies	14.6%
REITS	10.2%
Precious Metals	8.8%
Non-Index Exposures	-26.7%

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	**31 Mar '24**	**31 Mar '24**
Effective duration	3.20	3.31	3.11
Bull market duration	2.87	2.78	3.13
Bear market duration	3.76	3.59	3.10
Spread duration			
Mortgage spread duration	1.35	1.82	0.00
Corporate spread duration	-0.06	0.01	0.00
Emerging markets spread duration	0.03	0.05	0.00
Swap spread duration	-0.43	-0.81	0.00
Covered bond spread duration	0.49	0.19	0.00
Sovereign related spread duration	0.00	0.00	0.00

Derivative exposure (% of duration)

	31 Dec '23	31 Mar '24
Government futures	-65.60	-59.71
Interest rate swaps	4.31	-12.96
Credit default swaps*	1.57	1.47
Purchased swaps	0.00	0.00
Written swaps	1.57	1.47
Options	-14.09	-2.92
Purchased Options	0.00	0.00
Written Options	-14.09	-2.92
Mortgage Derivatives	0.00	0.00
Money Market Derivatives	-3.83	-7.56
Futures	-3.96	-0.17
Interest rate swaps	0.13	-7.39
Other Derivatives	3.86	3.10

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO
Benchmark: 45% Bloomberg U.S. TIPS Index, 20% Bloomberg Commodity Index Total Return, 15% JPMorgan Emerging Local Markets Index Plus (Unhedged), 10% Dow Jones U.S. Select REIT Total Return Index, 10% Bloomberg Gold Subindex Total Return Index

Additional share class performance

PIMCO Inflation Response Multi-Asset 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	1.43	1.27	1.14	USD	31 Aug '11	2.17	7.66	6.94	4.60	5.60	3.58	2.77
Class A (at MOP)	5.50	1.00	1.43	1.27	1.14	USD	31 Aug '11	-3.49	1.78	1.01	2.62	4.41	2.99	2.31
Class I-2	-	-	1.08	0.92	0.79	USD	31 Aug '11	2.29	7.81	7.38	4.97	5.98	3.95	3.15
Class I-3	-	-	1.18	0.97	0.84	USD	15 Sep '22	2.29	7.87	7.44	4.96	5.95	3.95	3.15
Class INST	-	-	0.98	0.82	0.69	USD	31 Aug '11	2.31	7.96	7.39	5.06	6.08	4.05	3.24
45% Bloomberg U.S. TIPS Index, 20% Bloomberg Commodity Index Total Return, 15% JPMorgan Emerging Local Markets Index Plus (Unhedged), 10% Dow Jones U.S. Select REIT Total Return Index, 10% Bloomberg Gold Subindex Total Return Index								0.94	5.73	3.13	3.07	4.17	2.05	1.36

The Net Expense Ratio reflects a contractual fee waiver and/or expense reduction, which is 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 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.

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.

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%.

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: The Fund invests in other funds and performance is subject to underlying investment weightings which will vary. 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. 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. 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. **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. The Fund may seek exposure to commodities through **commodity-linked derivatives** through the PIMCO Cayman Commodity Fund VII 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 may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. **Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and may not be appropriate for all investors. **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. **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. Tail risk hedging may involve entering into financial derivatives that are expected to increase in value during the occurrence of tail events. Investing in a tail event instrument could lose all or a portion of its value even in a period of severe market stress. A tail event is unpredictable; therefore, investments in instruments tied to the occurrence of a tail event are speculative. **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.

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Important Disclosures

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.

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 benchmark is a blend of 45% Bloomberg U.S. TIPS Index, 20% Bloomberg Commodity Index Total Return, 15% JPMorgan Emerging Local Markets Index Plus (Unhedged), 10% Dow Jones U.S. Select REIT Total Return Index, 10% Bloomberg Gold Subindex Total Return Index. Bloomberg 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 $500 million par amount outstanding. Performance data for this index prior to October 1997 represents returns of the Bloomberg Inflation Notes Index. 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. JPMorgan Emerging Local Markets Index Plus (Unhedged) tracks total returns for local-currency-denominated money market instruments in 22 emerging markets countries with at least US$10 billion of external trade. 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. Prior to April 1st, 2009, this index was named Dow Jones Wilshire REIT Total Return Index. Bloomberg Gold Subindex Total Return Index reflects the return on fully collateralized positions in the underlying commodity futures. It is not possible to invest directly in an unmanaged 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.

Important Disclosures

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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)

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