PIMCO

PIMCO International Bond Fund (Unhedged)

PERFORMANCE SUMMARY

The PIMCO International Bond Fund (Unhedged) returned 0.87% after fees in March, outperforming the Bloomberg Global Aggregate ex-USD (USD Unhedged) Index by 0.63%. Year-to-date the Fund has returned -2.38% at NAV, while the benchmark returned -3.21%.

A perceived "last mile" problem in the Fed's battle against inflation led bond markets to retrace their Q4'23 rally and bring expectations for 2024 cuts in line with the Fed's dot plot. Risk sentiment remained robust despite the possibility of "higher-for-longer" rates, with the MSCI World finishing the quarter up 9.01% and credit spreads broadly tightening. The Fed paused once again and maintained its forecast for three 25-basis-point rate cuts in 2024. Global developed central banks largely followed suit, with both the ECB and BoE leaving rates on hold. Meanwhile, in Japan, the BoJ raised its policy rate for the first time since 2007, marking the end of negative interest rate policies.

Contributors

- Underweight exposure to duration in the U.S., as yields rose.
- Selection across the coupon stack within U.S. agency MBS.
- Long exposure to U.S. non-agency MBS and high-quality CLOs, as spreads tightened.

Detractors

- Overweight exposure to duration in the U.K., as yields rose.
- Underweight exposure to duration in China, as yields fell.
- Long exposure to the Japanese yen, as the currency depreciated against a basket of major developed market currencies.

	Month end performance 31 March 2024				Quarter end performance 31 March 2024			
	3 mos.	6 mos.	1 yr.	YTD	1 yr.	5 yrs.	10 yrs.	Since inception
■	-2.38	7.37	1.56	-2.38	1.56	-1.61	-0.47	2.82
■	-3.21	5.71	-0.71	-3.21	-0.71	-2.49	-1.38	1.74

■ PIMCO International Bond Fund (Unhedged) share class INST at NAV (%) ■ Benchmark (%)

Benchmark: Bloomberg Global Aggregate ex-USD (USD Unhedged) Index

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 or call (888) 87-PIMCO.

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 institutional 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. The minimum initial investment for Institutional class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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	PFUAX	INST Shares	PFUIX
ADMIN Shares	PFUUX	I-2 Shares	PFUPX
C Shares	PFRCX	I-3 Shares	PFUNX

Fund Inception Date	30 April 2004
Shareclass INST Inception Date	30 April 2004
Total Net Assets (in millions)	$830.8

Performance Characteristics

INST 30-day SEC yield[1]	4.13%

[1]The 30 day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

Basic Facts

Dividend frequency	Monthly with Daily Accrual

Fund Expenses

INST share Gross Expense Ratio	0.66%
INST share Adjusted Expense Ratio	0.50%

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

Andrew Balls, Sachin Gupta, Lorenzo Pagani

Fund Statistics

Effective Duration (yrs)	5.76
Effective Maturity (yrs)	5.95
Sharpe Ratio (10 year)	-0.18
Volatility (10 year)	8.64%

PORTFOLIO POSITIONING

The Fund is underweight overall duration, focusing on countries where yields have reached attractive levels. We maintain an overweight to duration in Australia and increased our underweight in the U.S. We remain overweight duration in the U.K. and close to neutral duration in Europe. The Fund expresses a key underweight in Japan, focusing on the longer-end of the curve given the end to the yield curve control regime established by the Bank of Japan. Furthermore, we reduced our underweight to Chinese rates.

We are more constructive on corporate credit given a relatively resilient macro backdrop, but remain cautious in our overall spread exposure given tight valuations. We hold a reduced underweight to non-financial investment grade corporate credit. We prefer instead senior securitized assets, like non-agency mortgages. We maintain an overweight to agency MBS, favoring higher coupons. Within sovereign spread strategies, we remain close to neutral in Eurozone peripheral countries.

Currency strategies continue to act as a diversifying strategy in the portfolio and positioning remains tactical. We focus on relative value with longs to a basket of currencies with attractive valuations, high real carry, and/or supportive fundamentals. We use a diversified basket of funding currencies from developed markets and Asia.

Regional diversification (Duration in Years)	Fund
Eurozone	2.6
United Kingdom	1.1
Japan	1.0
Dollar Block	1.0
EM - Asia	0.6
EM - CEEMEA	0.3
Europe non-EMU	0.2
EM - Latin America	0.0
Other Industrialized Countries	0.0
EM - Other	0.0

QUARTER IN REVIEW

A perceived “last mile” problem in the Fed’s battle against inflation led bond markets to retrace their Q4’23 rally and bring expectations for 2024 cuts in line with the Fed’s dot plot. Risk sentiment remained robust despite the possibility of “higher-for-longer” rates, with the MSCI World finishing the quarter up 9.01% and credit spreads broadly tightening. The Fed paused once again and maintained its forecast for three 25-basis-point rate cuts in 2024. Global developed central banks largely followed suit, with both the ECB and BoE leaving rates on hold. Meanwhile, in Japan, the BoJ raised its policy rate for the first time since 2007, marking the end of negative interest rate policies.

Sovereign rate strategies contributed to relative performance over the quarter. Contributions from underweight exposure to duration in the U.S. more than offset detractions from overweight exposure to duration in the U.K. and underweight exposure to duration in China.

Spread sector strategies contributed to relative performance over the quarter, primarily from selection across the coupon stack within U.S. agency MBS and long exposure to U.S. non-agency MBS and high-quality CLOs.

Currency strategies contributed to relative performance over the quarter. Contributions from short exposure to the Chinese yuan more than offset detractions from long exposure to the Japanese yen.

Sector Allocation (% Duration Weighted Exposure)	Fund
Government Related	51.2
Inflation Linked	4.6
Securitized[ϕ]	21.9
Covered Bonds and Pfandbriefe	2.1
Investment Grade Credit	3.7
High Yield Credit	0.1
Municipals	0.1
EM External[₴]	6.1
EM Local[₴]	10.8
Other[Δ]	0.0
Net Other Short Duration Instruments[rǂ]	-0.8

OUTLOOK AND STRATEGY

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.

In this uncertain environment, we favor portfolio flexibility and liquidity to respond to events and potentially take advantage of opportunities. We are underweight duration in the Fund as central banks assess the speed and timing of rate cuts, contributing to elevated volatility. From a country standpoint, we favor taking duration in the U.K. and dollar bloc countries (primarily Australia) vs. Japan. We continue to hold a moderate allocation to TIPS in the portfolio based on attractive valuations. We hold exposure to select developed market currencies (USD, JPY), as well as select emerging markets currencies (IDR, INR, ZAR, PLN, BRL, MXN) based on valuations.

In spread sectors, we continue to be cautious within corporate credit, focusing on security selection. We remain focused on securitized assets, such as U.S. non-Agency mortgages, which we believe offer defensive qualities in addition to reasonable risk premia for liquidity, complexity, and uncertainty over the timing of cash flows.

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. Please read them carefully before you invest or send money.

[ɸ]The Securitized bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds. [ᴦǂ]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. [ꞓ]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.

[Δ]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: 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. 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. **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.

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 Global Aggregate ex-USD (USD Unhedged) Index provides a broad-based measure of the global investment-grade fixed income markets. The major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian Government securities. It is not possible to invest directly in an unmanaged index.

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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. Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. government.

PTP-bund spread refers to the difference in the yield of Italian 10-year government bonds (BTP) and Germany 10-year bonds (or "bunds").

Bank of England (BoE); Bank of Japan (BoJ); Collateralized Loan Obligations (CLO); Developed Markets (DM); Emerging Markets (EM); European Central Bank (ECB); Mortgage-Backed Securities (MBS); Residential Mortgage-Backed Securities (RMBS).

Investment Products

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