

PIMCO High Yield Municipal Bond Fund

PERFORMANCE SUMMARY

The PIMCO High Yield Municipal Bond Fund returned 0.37% at NAV in March versus the Bloomberg High Yield Municipal Bond Index, which returned 1.19% for the month. Year-to-date the Fund has returned 1.33% at NAV, while the benchmark returned 1.51%.

The Bloomberg High Yield Municipal Bond Index returned 1.51% in the first quarter. The Fund's overweight duration position and underweight exposure the healthcare and special tax sectors detracted from performance. This was somewhat offset by the Fund's tactical allocation to taxable municipals and select exposure within the electric utility sector.

Contributors

- A tactical allocation to taxable municipals contributed to performance.
- Select exposure within the electric utility sector contributed to performance.
- No other meaningful contributors over the quarter.

Detractors

- An overweight duration position detracted from performance.
- An underweight exposure to the healthcare sector detracted from performance.
- An underweight exposure to the special tax sector detracted from performance.

	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
■ PIMCO High Yield Municipal Bond Fund share class A at NAV (%)	1.33	9.63	7.14	1.33	7.14	2.43	4.23	3.55
■ Benchmark (%)	-0.95	7.17	4.73	-0.95	4.73	1.97	3.99	3.37
■ PIMCO High Yield Municipal Bond Fund A at MOP	1.51	10.86	7.91	1.51	7.91	3.03	4.55	4.43

Benchmark: Bloomberg High Yield Municipal Bond 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. The maximum offering price (MOP) returns take into account the 2.25% 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	PYMAX	I-2 Shares	PYMPX
C Shares	PYMCX	I-3 Shares	PYMNX
INST Shares	PHMIX		

Fund Inception Date **31 July 2006**

Shareclass A Inception Date **31 July 2006**

Total Net Assets (in millions) **\$4,190.9**

Performance Characteristics

A 30-day SEC yield¹ **3.93%**

¹The 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

Maximum Sales Charge (Load) **2.25%**

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 **0.90%**

A share Adjusted Expense Ratio **0.85%**

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

David Hammer, Kyle Christine

Fund Statistics

Effective Duration (yrs) **6.99**

Effective Maturity (yrs) **12.18**

Sharpe Ratio (10 year) **0.46**

Volatility (10 year) **6.59%**

PORTFOLIO POSITIONING

PIMCO believes municipals offer an attractive value proposition in the current environment, given our view that risks of recession and rekindled inflation remain magnified despite an achievable soft landing. Tax-exempt munis provide diversification benefits, while historically experiencing lower default rates relative to corporates. This view is supported by strong muni credit fundamentals, as rating upgrades continue to outpace downgrades driven by strong balance sheets at the state/local tax level. While we continue to monitor duration exposure, we're maintaining a slight overweight duration position relative to benchmarks, taking a bar bell approach to capitalize on the current shape of the municipal yield curve. We are selectively taking exposure to higher quality munis given their current relative valuations but see increasing value in the lower quality segment for funds that allow for sub investment grade exposure.

The strategy favors revenue-backed bonds, where we see more opportunities to use our credit research capabilities to ascertain the underlying health of individual issuers. We remain selective with respect to general obligation debt but have exposure to certain issuers with attractive valuations relative to fundamentals, and those that benefit from stronger economic and population trends.

QUARTER IN REVIEW

Municipals posted mixed performance over the quarter, as broader rate markets experienced mostly negative returns. The Bloomberg Municipal Bond Index posted total returns of -0.39% as AAA tax-exempt yields rose 21-57bps¹ across the curve after strong economic data reintroduced uncertainty around timing of Fed rate cuts. IG Municipals outperformed the US Treasury Index, which fell -0.96% as tax-exempts benefitted from a supportive technical environment. High yield tax-exempts outperformed their investment grade counterparts with the High Yield Municipal Bond Index posting Q1 total returns of 1.51%. Despite mixed performance, municipal market fund flows turned positive to start the year after two consecutive years of outflows. Inflows totaled ~\$7bn and helped to support asset class performance, however, a significant portion of assets lost in the 2022-23 outflow cycle have yet to return. It is likely that many investors will remain sidelined given continued volatility across rate markets.

Issuance totaled \$102bn in the first quarter, compared to \$96bn in 4Q23 and \$81bn in the first quarter of 2023. Gross tax-exempt issuance totaled \$94bn, up 49% year-over-year while taxable muni supply underwhelmed, totaling \$8bn, down 55% year over year. While tax-exempt issuance was the highest since Q1 2007, higher rate levels relative to previous years continued to hinder issuers from utilizing taxable advance refunding which was a core driver of taxable muni issuance in recent years.²

Sector Allocation (% Market Value)	Fund
State/Local GO	6.2
Pre-Refunded	0.0
Education Rev.	2.4
Hospital Rev.	11.8
Housing Rev.	7.2
Ind Dev/Pollution Ctrl	17.2
Lease Rev.	4.7
Power Rev.	4.5
Resource Recovery	0.9
Special Tax	14.7
Transportation	7.3
Water & Sewer	3.2
Tobacco	2.6
Net Other Short Duration Instruments Muni [¶]	0.1
Other Muni	2.9
US Government Related [¶]	0.0
Mortgage	2.4
Invest. Grade Credit	0.8
High Yield Credit	1.8
Non-USD Developed	0.0
Emerging Markets [¶]	0.0
Other ^Δ	0.4
Net Other Short Duration Instruments ex-Muni [¶]	9.2

OUTLOOK AND STRATEGY

We continue to believe that municipals provide an attractive risk-adjusted value proposition for tax-aware investors. Relative to corporate credit, we favor municipals in the current environment given their high quality nature. Current fundamentals remain strong, as municipalities have maintained robust rainy day funds and state tax revenues remain above pre-pandemic levels. In addition, absolute yields currently sit in the 91st percentile over the last 10 years. Lastly, PIMCO's capital market assumptions project munis to post strong performance over the secular horizon on a tax and loss adjusted basis, with HY Munis projected to be the highest returning US fixed income asset class.

Net positive supply dynamics are projected for April and May, likely creating technical headwinds for the asset class. Given current valuations and the unfavorable technical backdrop, we remain focused on liquidity management to capitalize on any opportunities that may arise as a result of these dynamics while mitigating any added pressure that may arise due to tax related selling. We're currently finding the most value in the lower quality portion of the market where attractive spreads relative to corporates are still prevalent, specifically higher quality unrated securities. Our top ideas within the muni market today include affordable housing, Puerto Rico, and prepaid gas bonds where we are able to leverage PIMCO's broader research teams to analyze these niche muni opportunities. From a yield curve positioning standpoint, we're taking a barbell approach to capture attractive front-end yields while capitalizing on the steepness of the 10-30 slope.

A SHARE MORNINGSTAR RATING™



OVERALL MORNINGSTAR RATING™ as of 03/31/2024

Category	High Yield Muni
Number of funds in category	185
Criteria	Risk-Adjusted Return

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.

¹May include nominal and inflation-protected Treasuries, Treasury futures and options, agencies, FDIC-guaranteed and government-guaranteed corporate securities, and interest rate swaps. ²Short 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. ³Net 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.

⁴Other 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 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. Investors will, at times, incur a tax liability. Income from **municipal bonds** is exempt from federal income tax and may be subject to state and local taxes and at times the alternative minimum tax. **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.

Monthly Morningstar Rating™ as of 31 March 2024 for the A Shares; other classes may have different performance characteristics. The PIMCO High Yield Municipal Bond Fund was rated against the following numbers of Fixed Income, Municipals over the following time periods: Overall 4 Stars (185 funds rated); 3 Yrs. 4 Stars (185 funds rated); 5 Yrs. 5 Stars (176 funds rated); 10 Yrs. 4 stars (118 funds rated). Past performance is no guarantee of future results. A rating is not a recommendation to buy, sell or hold a fund. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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.

The Bloomberg High Yield Municipal Bond Index measures the non-investment grade and non-rated U.S. tax-exempt bond market. It is an unmanaged index made up of dollar-denominated, fixed-rate municipal securities that are rated Ba1/BB+/BB+ or below or non-rated and that meet specified maturity, liquidity, and quality requirements. It is not possible to invest directly in an unmanaged index.

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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.

PIMCO does not provide legal or tax advice. Please consult your tax and/or legal counsel for specific tax or legal questions and concerns.

1 Refinitiv TM3

2 JP Morgan