

PIMCO International Bond Fund (U.S. Dollar-Hedged)

PERFORMANCE SUMMARY

The PIMCO International Bond Fund (U.S. Dollar-Hedged) returned 0.01% after fees in February, outperforming the Bloomberg Global Aggregate ex-USD (USD Hedged) Index by 0.15%. Year-to-date the Fund has returned -0.18% at NAV, while the benchmark returned -0.30%.

Tech stocks led a broad market rally fueled by advancements in artificial intelligence, while bond indexes faced challenges as yields rose. U.S. credit spreads tightened, and developed sovereign bond yields rose, while the dollar strengthened. In the U.S., the 10-year Treasury rose 34 bps to 4.25% as unexpectedly resilient inflation and strong economic data challenged market expectations of rapid rate cuts. In Germany, the 10-year bund yield rose 25 bps to 2.41%. In the U.K., 10-year Gilt yields rose 33 bps to 4.12%, while 10-year Japanese government bond yields fell 2 bps to 0.71%.

Contributors

- Underweight exposure to duration in U.S., particularly via the front-end and long-end of the yield curve, as yields rose.
- Positioning within EM Asia currencies, including short exposure to the Taiwanese dollar, as the currency depreciated against the U.S. dollar.
- Long exposure to U.S. non-agency RMBS, as spreads tightened.

Month end performance 29 February 2024

	3 mos.	6 mos.	1 yr.	YTD		1 yr.	5 yrs.	10 yrs.	Since inception
■	3.15	4.89	7.82	-0.18	■	9.49	2.04	3.45	6.28
■	2.42	3.86	7.10	-0.30	■	8.32	1.50	2.80	5.11

■ PIMCO International Bond Fund (U.S. Dollar-Hedged) share class INST at NAV (%) ■ Benchmark (%)

Detractors

- Overweight exposure to duration in the U.K., as yields rose.
- Overweight exposure to duration in the dollar bloc, as yields rose.
- Curve positioning in the euro bloc, as yields rose.

Quarter end performance 31 December 2023



REFINITIV LIPPER FUND AWARDS

2023 WINNER
UNITED STATES

The Lipper Fund Awards recognized the PIMCO International Bond Fund (US Dollar-Hedged) Fund, Institutional for the 10 year performance period out of 19 funds under the International Income Funds Classification.

A Shares	PFOAX	I-2 Shares	PFBPX
ADMIN Shares	PFRAX	I-3 Shares	PFONX
C Shares	PFOCX	R Shares	PFRRX
INST Shares	PFORX		

Fund Inception Date **02 December 1992**

Shareclass INST Inception Date **02 December 1992**

Total Net Assets (in millions) **\$14,217.2**

Performance Characteristics

INST 30-day SEC yield¹ **3.02%**

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

INST share Gross Expense Ratio **0.63%**

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) **5.68**

Effective Maturity (yrs) **6.37**

Sharpe Ratio (10 year) **0.51**

Volatility (10 year) **3.79%**

Benchmark: Bloomberg Global Aggregate ex-USD (USD Hedged) 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.

PORTFOLIO POSITIONING

The Fund is underweight overall duration, focusing on country selection. We maintain an overweight to duration in Australia, and have increased our underweight in the U.S. The Fund is neutral headline duration in Europe, preferring exposure to Denmark. The Fund sources a majority of its duration underweight from Japan, given recent steps toward monetary policy normalization.

The Fund maintains an underweight to investment-grade corporate credit given our assessment of valuations. Instead, we favor senior securitized assets, like non-agency mortgages and Danish covered bonds. We maintain exposure to U.S. TIPS as we believe valuations are attractive. Within sovereign spread strategies, we continue to hold high quality EM external debt, focusing exposure in Eastern Europe where spreads widened following the Russian invasion.

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	2.5
Japan	1.0
United Kingdom	1.0
Dollar Block	0.9
EM - Asia	0.6
Europe non-EMU	0.3
EM - CEEMEA	0.2
EM - Latin America	0.0
Other Industrialized Countries	0.0
EM - Other	0.0

MONTH IN REVIEW

Tech stocks led a broad market rally fueled by advancements in artificial intelligence, while bond indexes faced challenges as yields rose. U.S. credit spreads tightened, and developed sovereign bond yields rose, while the dollar strengthened. In the U.S., the 10-year Treasury rose 34 bps to 4.25% as unexpectedly resilient inflation and strong economic data challenged market expectations of rapid rate cuts. In Germany, the 10-year bund yield rose 25 bps to 2.41%. In the U.K., 10-year Gilt yields rose 33 bps to 4.12%, while 10-year Japanese government bond yields fell 2 bps to 0.71%.

Sovereign rate strategies detracted from relative performance over the month. Contributions from underweight exposure to duration in the U.S, particularly via the front-end and long-end of the yield curve, were more than offset by detractions from overweight exposure to duration in the U.K., overweight exposure to duration in the dollar bloc, and curve positioning in the euro bloc.

Spread sector strategies contributed to relative performance over the month, primarily from long exposure to U.S. non-agency RMBS, selection across the coupon stack within U.S. agency MBS, and an underweight to corporate credit.

Currency strategies contributed to relative performance over the month, primarily from positioning within EM Asia currencies, including short exposure to the Taiwanese dollar.

Sector Allocation (% Duration Weighted Exposure)

	Fund
Government Related	56.2
Inflation Linked	3.6
Securitized [®]	18.7
Covered Bonds and Pfandbriefe	3.3
Investment Grade Credit	2.7
High Yield Credit	0.1
Municipals	0.1
EM External [®]	3.9
EM Local [®]	10.6
Other ^Δ	0.0
Net Other Short Duration Instruments [®]	0.8

OUTLOOK AND STRATEGY

Further disinflation and the potential for a faster cutting cycle should, in our view, raise the prospects for a soft landing. However, this is not to say that we believe that the path toward a soft landing is the only possible path. It is our view that the tighter-for-longer strategy that central banks have been communicating along with the strong possibility of stagnation in developed market supply and demand growth leave recession risks elevated.

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 Denmark and dollar bloc countries (Australia, New Zealand, Canada) vs. Japan. We continue to hold a moderate allocation to U.S. TIPS in the portfolio as we believe valuations are attractive. We hold exposure to select developed market currencies (USD, JPY, NOK), as well as select emerging markets currencies (IDR, INR, HUF, ZAR, PLN, BRL, MXN) currencies based on valuations.

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

INST SHARE MORNINGSTAR RATING™

★★★★★

OVERALL MORNINGSTAR RATING™ as of 02/29/2024

Category	Global Bond-USD Hedged
Number of funds in category	110
Criteria	Risk-Adjusted Return

Sector Allocation (Duration in Years)	Fund
Government Related	3.2
Inflation Linked	0.2
Securitized [§]	1.1
Covered Bonds and Pfandbriefe	0.2
Investment Grade Credit	0.2
High Yield Credit	0.0
Municipals	0.0
EM External [®]	0.2
EM Local [®]	0.6
Other ^Δ	0.0
Net Other Short Duration Instruments [¶]	0.0

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.

*The Securitization bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds. [†]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. [‡]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.

[§]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. The Fund is **non-diversified**, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

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 29 February 2024 for the INST Shares; other classes may have different performance characteristics. The PIMCO International Bond Fund (U.S. Dollar-Hedged) was rated against the following numbers of Fixed Income, Foreign / Global over the following time periods: Overall 5 Stars (110 funds rated); 3 Yrs. 5 Stars (110 funds rated); 5 Yrs. 5 Stars (101 funds rated); 10 Yrs. 5 stars (63 funds rated). Past performance is no guarantee of future results. A rating is not a recommendation to buy, sell or hold a fund.

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The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com. Although Refinitiv Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper. © 2023 Refinitiv. All rights reserved. Used under license. Past rankings are no guarantee of future rankings.

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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 Hedged) 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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Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

References to agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.

Collateralized Loan Obligation (CLO); Emerging Market (EM); Mortgage-backed securities (MBS); Treasury Inflation-Protected Securities (TIPS); Australian dollar (AUD); Brazilian real (BRL); Residential Mortgage-backed securities (RMBS); Hungarian forint (HUF); Indian rupee (INR); Indonesia rupiah (IDR); Japanese yen (JPY); Mexican peso (MXN); Norwegian krone (NOK); Polish zloty (PLN); South African rand (ZAR)