P I M C O

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

SHARE CLASS: **INSTITUTIONAL** | AS OF: **30 NOVEMBER 2021** | **Monthly Commentary**

Fund information		
Fund inception date		2 December 1992
Strategy		Global Bond
Total Net Assets (in millions)		$14,393.5
Portfolio manager(s)		Andrew Balls Sachin Gupta Lorenzo Pagani
Effective duration (yrs)		6.95
Benchmark duration (yrs)		8.24
Effective maturity (yrs)		8.29
Inst. share 30-day SEC yield		1.23%
Class	CUSIP	Ticker
Institutional	693390882	PFORX

Expenses	
Gross Expense Ratio (%)	0.52
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.

Performance summary

The PIMCO International Bond Fund (U.S. Dollar-Hedged) returned 0.67% after fees in November versus the Bloomberg Global Aggregate ex-USD (USD Hedged) Index, which returned 1.05% for the month. Year-to-date the Fund has returned –1.29% after fees, while the benchmark returned –0.86%.

Investor risk appetite declined in November as concerns about the new Omicron variant and elevated inflation weighed on sentiment. Global equities sold off - the MSCI World index fell 2.2% - and credit spreads widened while the dollar strengthened. Oil prices fell on news that the U.S. will release oil from the Strategic Petroleum Reserve. Developed sovereign yields were volatile intra-month and broadly ended lower, with 10-year yields in the U.K. and Germany falling more than 20bps amid concerns over rising cases in Europe. The U.S 10-year fell 11 bps to 1.44% even as the Fed began tapering assets at a monthly pace of $15 billion.

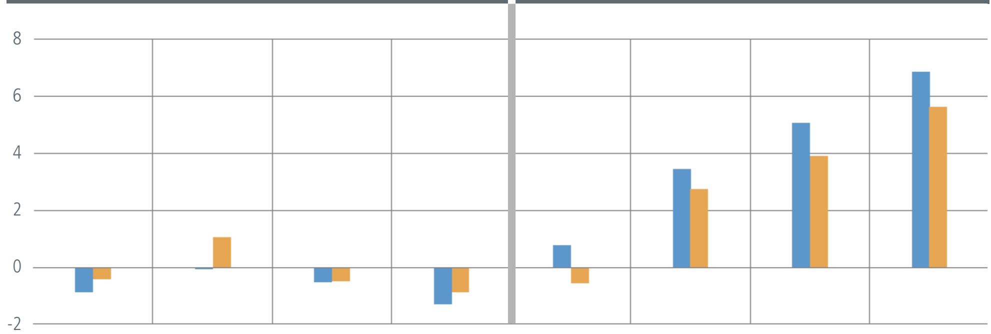
Contributors

- Underweight to non-financial investment-grade corporate credit
- Overweight to duration in Denmark
- Preference for duration in Eurozone peripherals, particularly Italy

Detractors

- Positioning in government-related securities
- Duration and curve positioning in the Eurozone
- Underweight to duration in the U.K.

Month End Performance 30 November 2021 | Quarter End Performance 30 September 2021



	3 Mos.	6 Mos.	1 Yr.	YTD	1 Yr.	5 Yr.	10 Yr.	Since Inception
PIMCO International Bond Fund (USD-Hedged) net of fees (%)	-0.86	-0.04	-0.50	-1.29	0.75	3.44	5.06	6.85
Bloomberg Global Aggregate ex-USD (USD Hedged) Index (%)	-0.40	1.03	-0.46	-0.86	-0.54	2.71	3.87	5.60

■ PIMCO International Bond Fund (USD-Hedged) net of fees (%) ■ 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 PIMCO.com or by calling 888.87.PIMCO.
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.

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.

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.

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 characteristics as of 30 November 2021		
	Duration (years)	
	Fund	Index
Government Related	5.15	6.19
Inflation Linked	0.12	0.00
Securitized [1]	-0.33	0.01
Covered Bonds and Pfandbriefe	0.40	0.17
Investment Grade Credit	0.30	0.62
High Yield Credit	0.05	0.00
Municipals	0.00	0.00
Emerging Markets	1.10	1.25
EM External Sovereigns	0.20	0.04
EM External Quasi-Sovereigns	0.06	0.01
EM External Corporates	0.01	0.01
EM Local	0.85	1.19
EM Short Duration Instruments	-0.02	0.00
Other [2]	0.00	0.00
Net Other Short Duration Instruments [3]	0.16	0.00

[1] The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

[2] "Other" may include municipals, convertibles, preferreds, and yankee bonds.

[3] Net Other Short Duration Instruments includes securities and other instruments (except those 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.

Regional allocation		
	Duration (years)	
	Fund	Index
United States	-0.57	0.12
Japan	2.13	2.21
Eurozone	2.37	2.65
United Kingdom	0.84	0.98
Europe non-EMU [4]	0.53	0.19
Dollar Block [5]	0.55	0.58
Other Industrialized Countries [6]	0.00	0.24
Emerging Markets	1.10	1.27
EM - Asia	0.77	1.10
EM - Latin America	0.08	0.05
EM - CEEMEA [7]	0.25	0.12

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.

[4] Europe Non-EMU: Denmark, Greenland, Iceland, Jersey Channel Islands, Liechtenstein, Norway, Sweden, and Switzerland

[5] Dollar Block includes Australia, New Zealand, and Canada

[6] OIC includes Supranationals and any other country with a GNI of $12,275 / per capita

[7] CEEMEA includes EM countries in Central and Eastern Europe, the Middle East, and Africa

Portfolio positioning

The Fund is underweight to duration overall, including a moderate underweight in the U.S. as we expect that factors such as reduced monetary support and increased growth and inflation expectations could place upward pressure on yields over time. In the eurozone, the Fund is underweight duration in aggregate with an overweight in the peripherals and an underweight in the core/semi-core regions. The Fund remains underweight to duration in the U.K.

The Fund is underweight to investment-grade corporate credit given tight valuations. Instead, the Fund favors senior securitized assets, like non-Agency mortgages as well as U.K. residential mortgages and Danish covered bonds. The Fund also continues to hold positions in U.S. TIPS and high-quality EM external debt.

In currencies, the Fund is neutral to the U.S. dollar with exposure to select DM and EM currencies based on valuations, favorable terms of trade dynamics and relative monetary policy expectations.

Month in review

Investor risk appetite declined in November as concerns about the new Omicron variant and elevated inflation weighed on sentiment. Global equities sold off - the MSCI World index fell 2.2% - and credit spreads widened while the dollar strengthened. Oil prices fell on news that the U.S. will release oil from the Strategic Petroleum Reserve. Developed sovereign yields were volatile intra-month and broadly ended lower, with 10-year yields in the U.K. and Germany falling more than 20bps amid concerns over rising cases in Europe. The U.S 10-year fell 11 bps to 1.44% even as the Fed began tapering assets at a monthly pace of $15 billion.

Sovereign rate strategies detracted from relative performance over the month. Contributions from an overweight to duration in Denmark were more than offset by detractions from duration and curve positioning in the Eurozone, U.K. and U.S.

Spread sector strategies detracted modestly from relative performance over the month. Contributions from a preference for duration in Eurozone peripherals, particularly Italy, and an underweight to non-financial investment-grade corporate credit were more than offset by detractions from positioning in government-related securities.

Currency strategies also detracted modestly from relative performance over the month primarily due to long exposure to the Norwegian krone.

Outlook and strategy

Looking ahead to 2022, the global growth rebound will likely give way to a synchronized moderation, albeit to a still above-trend pace. As returns across asset classes will likely be lower and more volatile going forward given starting valuations today and key secular drivers, we remain focused on careful portfolio positioning, capital preservation, and liquidity management.

By positioning cautiously and emphasizing liquidity, we believe we will be better prepared to respond to a variety of shocks. We are underweight duration in the Fund as central banks globally seem to remain focused on inflation risks, contributing to elevated volatility. In Europe, accommodative ECB action suggests a more favorable view on peripheral eurozone rates relative to those of core and semi-core. We continue to hold a moderate allocation to TIPS in the portfolio based on attractive valuations and as a hedge against a potential inflation overshoot. We are neutral to the U.S. dollar with exposure to select developed and emerging market currencies based on valuations, favorable terms of trade dynamics and relative monetary policy expectations.

In spread sectors, we continue to be selective within corporate credit, favoring banks and other financial issuers. We remain focused on securitized assets, including U.S. non-agency mortgages, U.K. residential mortgages, and Danish mortgages, which offer defensive qualities in addition to reasonable risk premia for liquidity, complexity, and uncertainty over the timing of cash flows. We also continue to hold high quality EM external debt of sovereign and quasi-sovereign issuers in the Middle East.

Management profile

Andrew Balls
Managing Director and CIO Global Fixed Income

Sachin Gupta
Managing Director

Lorenzo Pagani
Managing Director

1992 2 DEC
INCEPTION DATE

$14.3BN
ASSETS UNDER MANAGEMENT

122 ANALYSTS
Dedicated research analysts. 87 in U.S., 23 in U.K./Europe, 10 in Asia/Pacific, 2 in South America

Access opportunities outside the U.S.

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 financial advisor or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

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.

Past rankings are no guarantee of future rankings. The 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 Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

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.

Duration is a measure of a portfolio's price sensitivity 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.

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.

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. Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All periods longer than one year are annualized. This material contains the current opinions of the manager but not necessarily those of PIMCO and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission.

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

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Developed Markets (DM); Emerging Markets (EM); Treasury Inflation Protected Securities (TIPS)U.S. Federal Reserve Bank (Fed); European Central Bank (ECB)

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.

Mortgage-and asset-backed securities (MBS) may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its obligations

The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio.

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