

Fund information

Fund inception date	2 December 1992	
Strategy	Global Bond	
Total Net Assets (in millions)	\$12,886.3	
Portfolio manager(s)	Andrew Balls Sachin Gupta Lorenzo Pagani	
Effective duration (yrs)	7.74	
Benchmark duration (yrs)	8.09	
Effective maturity (yrs)	8.97	
Inst. share 30-day SEC yield	1.34%	
Class	CUSIP	Ticker
Institutional	693390882	PFORX

Expenses

Gross Expense Ratio (%)	0.60
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 -1.42% after fees in February, outperforming the Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index by 0.24%. Year-to-date the Fund has returned -1.47% after fees, outperforming the benchmark by 0.62%.

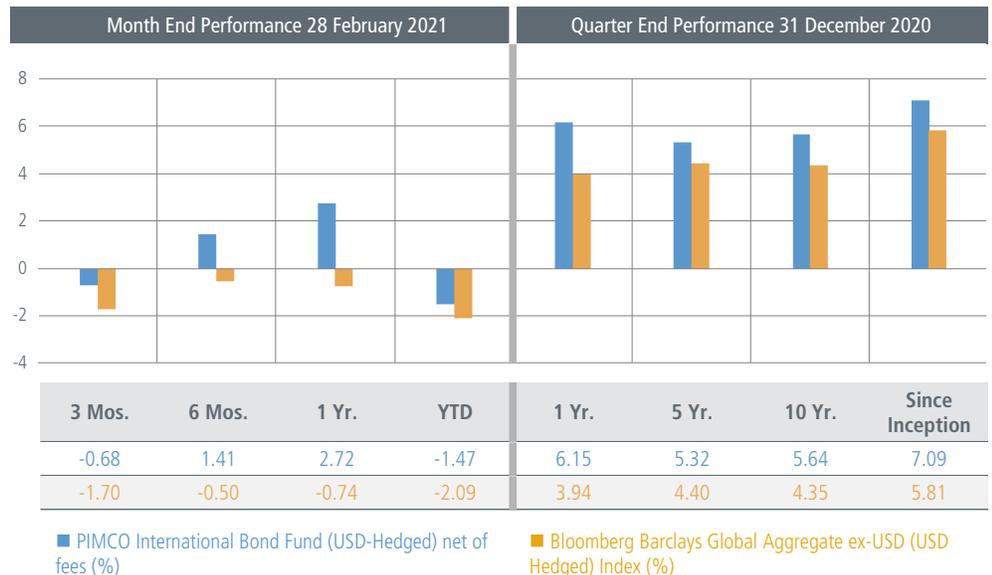
Developed rates rose dramatically in February, contributing to an uptick in market volatility. The broader trends in yields moving higher so far in 2021 have reflected expectations for higher growth and inflation, though February's moves also featured a re-pricing in timing expectations for central bank policy tightening and some technical pressures. In the U.S., the 10-year Treasury ended the month 34 bps higher at 1.40%. Meanwhile, equities experienced some volatility as concerns over rising rates weighed on sentiment, but still ended the month higher. Credit spreads also tightened.

Contributors

- Duration and curve positioning in the U.S.
- Positions in non-Agency MBS
- Underweight to duration in the U.K.

Detractors

- Overweight to duration in Australia
- Overweight to duration in Canada
- Exposure to Danish mortgages



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.

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.

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

Portfolio characteristics as of 28 February 2021

	Duration (years)	
	Fund	Index
Government Related	4.96	6.12
Inflation Linked	0.31	0.00
Securitized ¹	0.18	0.01
Covered Bonds and Pfandbriefe	0.40	0.18
Investment Grade Credit	0.36	0.64
High Yield Credit	0.03	0.00
Municipals	0.00	0.00
Emerging Markets	1.34	1.14
EM External Sovereigns	0.28	0.04
EM External Quasi-Sovereigns	0.04	0.01
EM External Corporates	0.01	0.01
EM Local	1.01	1.08
EM Short Duration Instruments	-0.01	0.00
Other	0.00	0.00
Net Other Short Duration Instruments ²	0.16	0.00

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

² 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	-0.59	0.13
Japan	2.22	2.22
Eurozone	2.40	2.70
United Kingdom	0.87	0.91
Europe non-EMU ³	0.58	0.19
Dollar Block ⁴	0.81	0.57
Other Industrialized Countries ⁵	0.12	0.21
Emerging Markets	1.33	1.16
EM - Asia	0.83	0.97
EM - Latin America	0.20	0.06
EM - CEEMEA ⁶	0.30	0.13
EM - Other	0.00	0.00

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

³ Europe Non-EMU: Denmark, Greenland, Iceland, Jersey Channel Islands, Liechtenstein, Norway, Sweden, and Switzerland

⁴ Dollar Block includes Australia, New Zealand, and Canada

⁵ OIC includes Supranationals and any other country with a GNI of \$12,275 / per capita

⁶ CEEMEA includes EM countries in Central and Eastern Europe, the Middle East, and Africa

Portfolio positioning

The Fund is modestly underweight to duration overall, but has emphasized sourcing duration from high quality countries such as Denmark, Australia, and Canada, that have the potential to provide diversification benefits in a risk-off scenario. Notably, the Fund has

moderated its underweight to duration in the U.S. given technical pressures and factors such as increased growth and inflation expectations, which could continue to pressure long-end 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., though moderated its underweight in Japan.

The Fund continues to take a cautious approach to investment-grade corporate credit given tight valuations and the vulnerable market environment. Instead, the Fund favors senior securitized assets, like Agency and 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 modestly underweight the U.S. dollar against a diversified basket of DM currencies as well as select EM currencies.

Month in review

Developed rates rose dramatically in February, contributing to an uptick in market volatility. The broader trends in yields moving higher so far in 2021 have reflected expectations for higher growth and inflation, though February's moves also featured a re-pricing in timing expectations for central bank policy tightening and some technical pressures. In the U.S., the 10-year Treasury ended the month 34 bps higher at 1.40%. Meanwhile, equities experienced some volatility as concerns over rising rates weighed on sentiment, but still ended the month higher. Credit spreads also tightened.

Sovereign rate strategies were about neutral for relative performance over the month. Contributions from duration and curve positioning in the U.S. and underweights to duration in the U.K. and Eurozone more than offset detractions from overweights to duration in Australia, Canada, and Denmark.

Spread sector strategies contributed to relative performance over the month. Contributions from positions in non-Agency MBS as well as senior and subordinated financials more than offset detractions from exposure to Danish mortgages.

Currency strategies also contributed to relative performance over the month, primarily due to long exposure to the Chinese yuan.

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

Outlook and strategy

Global output and demand are likely to rebound strongly in 2021, driven by the rollout of vaccines and continued fiscal and monetary policy support. While valuations seemed to have priced in a return to normality, 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 modestly underweight duration in the Fund - although global yields are fairly low, we continue to seek relative value opportunities that aim to benefit from an ongoing global grab for duration in the event that the economic outlook worsens. In Europe, accommodative ECB action suggests a more favorable view on peripheral eurozone rates relative to that 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 moderately underweight the U.S. dollar against select developed and emerging market currencies based on valuations.

In spread sectors, we continue to be selective and avoid generic corporate credit risk due to increased risks spurred by recent volatility. We prefer 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

\$12.8BN
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.

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. Lipper Fund Awards from Refinitiv, © 2020 Refinitiv. All rights reserved. Used under license. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.

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.

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

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 Barclays 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 suitable 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. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world. ©2021, PIMCO.

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

Developed Markets (DM); Basis Points (bps); Emerging Markets (EM); European Central Bank (ECB); Mortgage-backed Securities (MBS); Treasury Inflation Protected Securities (TIPS).

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