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

Quarterly Investment Report | 4Q23

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.

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.

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Executive summary

Portfolio Performance

The Fund's interest rate and spread strategies contributed to relative performance, while currency strategies detracted over the quarter.

Class:	**INST**
Inception date:	**02 Dec '92**
Fund assets (in millions):	**$14,156.77**
Gross expense ratio:	**0.63%**
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.

CONTRIBUTORS

- Overweight exposure to duration in the dollar bloc, as yields fell
- Overweight exposure to duration in the U.K., as yields fell
- Curve positioning and instrument selection within European rate strategies, as yields fell while swap spreads tightened

DETRACTORS

- Curve positioning within U.S. rate strategies, as yields fell
- Underweight exposure to duration in Japan, as yields fell
- Short exposure to the euro, as the currency appreciated against the U.S. dollar

Performance periods ended 31 Dec '23	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	6.11	5.99	10.03	-0.49	2.55	3.96	6.81
Fund after fees	5.98	5.73	9.49	-0.99	2.04	3.45	6.28
Benchmark*	5.36	4.54	8.32	-1.22	1.50	2.80	5.11

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 call 888.87.PIMCO.

Summary information	31 Dec '23
30-day SEC yield	2.97%
Distribution yield	3.44%
Effective duration (yrs)	6.34
Benchmark duration - provider (yrs)	7.16
Effective maturity (yrs)	7.49
Tracking error (10 yrs)	1.28
Information ratio (10 yrs)	0.50

Portfolio strategy

- Underweight overall duration: Maintain underweights to duration in Japan and China. Favor exposure to duration in the Dollar bloc (particularly Australia and New Zealand).
- European duration positioning: Overweight to Euro bloc duration, favoring Denmark vs. the Eurozone broadly. Maintain modest overweight to duration in the U.K.
- Selective credit holdings: Prefer high quality securitized credit over corporate credit. Neutral to Eurozone peripheral countries following the BTP-Bund spread's repricing wider.
- Currency positioning: Continue to seek out diversifying relative value opportunities in select DM and EM currencies.

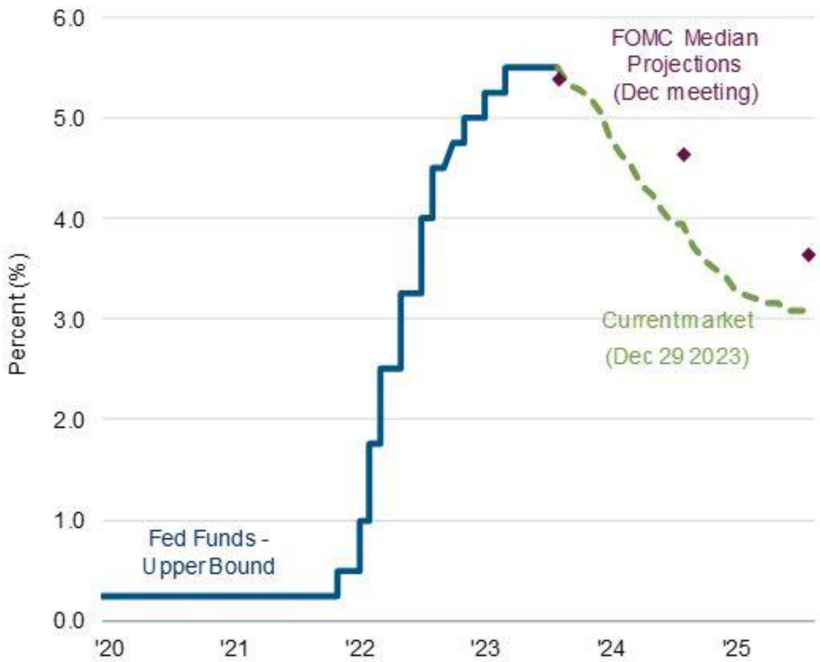
Regional allocation (% DWE by currency of settlement)	Portfolio	BM*
United States	-0.49%	0.00%
Japan	16.88%	25.62%
Eurozone	40.43%	35.99%
United Kingdom	13.94%	8.70%
Europe non-EMU	4.74%	1.87%
Dollar Block	14.87%	7.32%
Other industrialized countries	0.00%	0.00%
Emerging markets	9.64%	20.49%
Total	**100%**	**100%**

*Bloomberg Global Aggregate ex-USD (USD Hedged) Index;

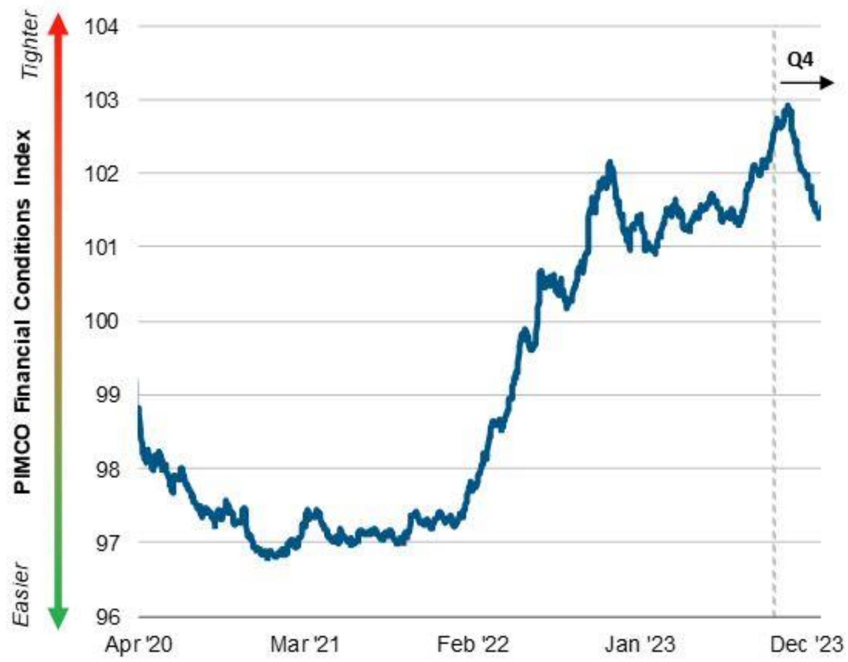
Quarter in Review

Early signs of economic weakening spark market optimism

Indications of slowing inflation and a cooling labor market led market participants to price in an accelerated path of rate cuts for 2024, prompting a broad rally across the global bond market. Risk sentiment rebounded, with the MSCI World rising 11.53%, while the dollar weakened. The Fed paused rate hikes for the third consecutive time, while the central bank's dot plot pointed to the potential for 75 bps of cuts in 2024. Global developed central banks broadly maintained hawkish stances, with both the ECB and BoE signaling that rates would remain restrictive for longer. Meanwhile, the BoJ maintained its negative interest rate policy and left its dovish guidance unchanged.



Weakening economic data has sparked optimism, with market participants pricing in roughly 6 cuts in 2024, for a total of more than 150 bps.



After rising for much of 2023, financial conditions notably eased over the quarter amid early signs of economic weakening.

Source: Bloomberg

Source: Bloomberg
The PIMCO Financial Conditions Index (FCI) is a proprietary index that summarizes the information about the future state of the economy contained in a wide range of financial variables. It includes variables such as the Fed funds rate, bond yields, credits, equity prices, oil prices, and the broad trade-weighted USD, all of which will impact the economy. The weights of these variables is determined by simulations with the Federal reserve's FRB/US model. An increase (decline) in the FCI implies a tightening (easing) of financial conditions.

Market Summary

Q4'23: Weakening economic data

The Fund's interest rate and spread sector strategies contributed to relative performance, while currency strategies detracted over the quarter.

Developed market debt

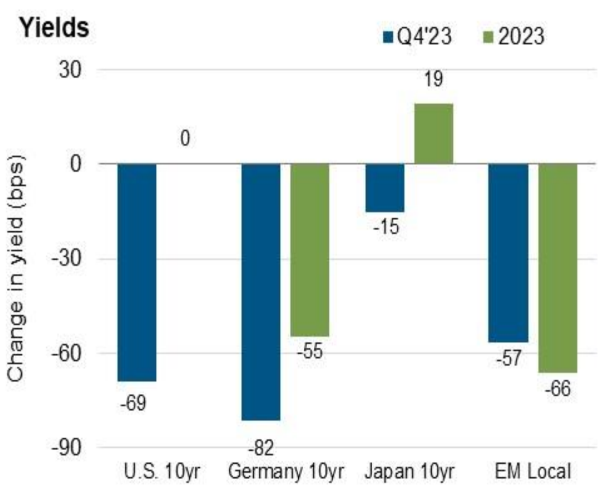
Indications of slowing inflation in the second half of the quarter prompted markets to price in accelerated expectations of rate cuts for next year. Yields fell broadly in developed markets as central banks held rates steady, including in the U.S., U.K., and Germany. In Japan, yields fell more modestly as the Bank of Japan weighed a potential exit to its accommodative monetary policy.

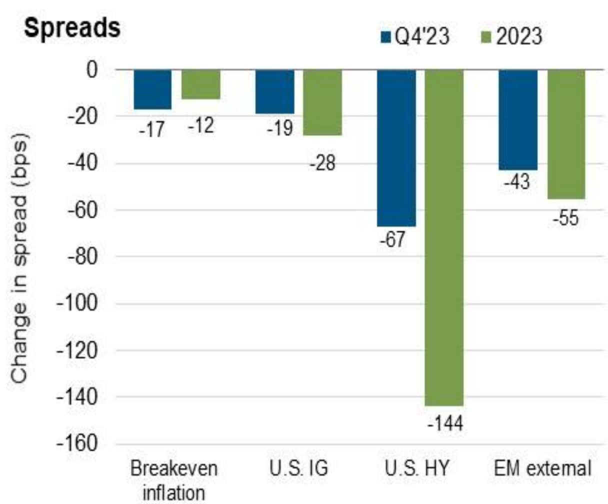
Credit

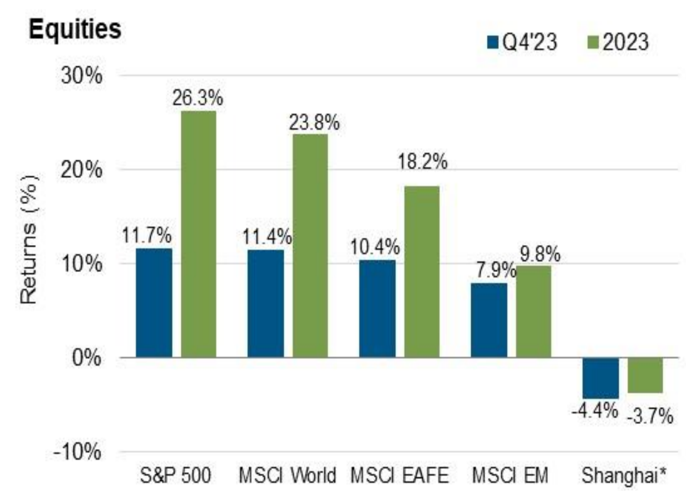
U.S. investment grade credit[1] spreads tightened 19 bps, ending the quarter at 93 bps. The sector returned 8.15%, outperforming like-duration treasuries by 1.81%. High quality credit posted two strong months of returns to end the year amid the rate rally.

Equities

Developed market equities[2] rose 11.4% in the fourth quarter of 2023 driven by optimism around interest rate cuts, easing inflationary pressures, and economic growth.







Source: U.S. 10yr, Germany 10yr, Japan 10yr, Breakeven inflation (Bloomberg); EM local (JPMorgan GBI-EM Global Diversified Composite Yield to Maturity Index); U.S. investment grade credit (Bloomberg U.S. Credit Index); U.S. high yield credit (ICE BofA High Yield Constrained Index); EM external (JPMorgan Emerging Bond Index Global Sovereign Spread); S&P 500 (S&P 500 Total Return Index); MSCI EAFE (MSCI EAFE Net Total Return USD Index); MSCI EM (MSCI Emerging Net Total Return USD Index); *Shanghai (Shanghai Stock Exchange Composite Index).
1: Bloomberg US Credit Index
2: MSCI World Index

Navigating the Descent: Four economic themes

Peak inflation and rising unemployment consistent with rate cuts

Soft landings are possible, but risks remain

Markets already price a substantial cutting cycle

Global divergence in monetary policy

As of 31 December 2023. Source: PIMCO

Portfolio Outlook

Strategic outlook

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.

Key strategies

Interest Rate Strategies

The Fund is underweight to overall duration with a focus on country, maturity and instrument selection. Focus duration underweight in Japan, given the likely end to their Yield Curve Control framework, and China, as yield levels remain compressed versus other major economies.

European Country Positioning

The Fund is overweight overall duration in Europe given growth vulnerabilities, favoring Denmark vs. the Eurozone broadly (core, semi-core, and peripherals).

Spread Positioning

The Fund prefers exposure to senior securitized assets, particularly mortgage-related assets in the U.S. and Europe with strong fundamentals and compelling valuations. Neutral to European peripheral countries following the BTP-Bund spread's repricing wider.

Currencies

Currency strategies continue to act as a diversifying strategy in the portfolio and we seek opportunities in carry and valuation dispersion across countries. Given valuations, we maintain longs to a basket of select developed market, EM Asia, and LatAm countries.

Source: PIMCO

Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	30 Sep '23	31 Dec '23	30 Sep '23	31 Dec '23	31 Dec '23	31 Dec '23
Government Related	19.34	60.76	2.87	4.07	61.54	4.98
Inflation Linked	4.81	4.03	0.23	0.22	-	-
Securitized*	32.37	31.00	1.45	0.84	0.06	0.00
Covered Bonds and Pfandbriefe	2.57	2.79	0.25	0.25	3.78	0.17
Investment Grade Credit	-5.97	-5.58	-0.00	-0.01	10.78	0.51
High Yield Credit	0.29	0.28	0.00	0.00	-	-
Municipals	0.16	0.16	0.01	0.01	-	-
EM External	2.73	2.55	0.14	0.16	0.81	0.04
EM Local	17.08	11.34	0.83	0.65	23.01	1.44
Other* **	0.00	0.00	0.00	0.00	0.01	0.00
Net Other Short Duration Instruments******	26.60	-7.35	0.12	0.14	-	-
Commingled Cash Vehicles	14.39	11.04	0.02	0.01	-	-
Commercial Paper/STIF	2.78	0.03	0.03	0.00	-	-
Govt Related	24.75	25.83	0.05	0.06	-	-
Securitised	3.16	2.92	0.00	0.00	-	-
Credit	2.42	2.22	0.01	0.01	-	-
Other***	3.88	5.63	0.00	-0.00	-	-
Short Duration Derivatives and Derivative Offsets	-5.29	-37.16	0.01	0.06	-	-
Net Unsettled Trades	-19.49	-17.86	0.00	0.00	-	-
Total	**100**	**99.98**	**5.90**	**6.33**	**100**	**7.14**

*Securitized includes Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

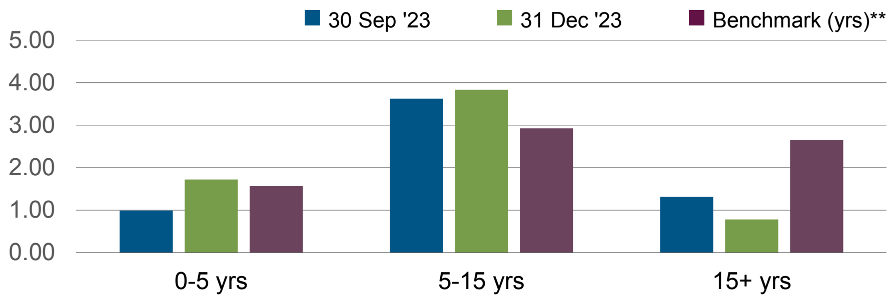
***Investment vehicles not listed, allowed by prospectus.

****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 and derivatives offset. 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.

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

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '23	31 Dec '23	31 Dec '23
0-5 yrs	0.99	1.72	1.56
5-15 yrs	3.62	3.83	2.92
15+ yrs	1.31	0.78	2.65
Total	**5.92**	**6.33**	**7.13**

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '23	31 Dec '23	31 Dec '23
Effective duration	5.91	6.34	7.13
Bull market duration	5.79	6.27	7.20
Bear market duration	6.19	6.78	7.05
Spread duration			
Mortgage spread duration	1.72	1.25	0.00
Corporate spread duration	-0.06	-0.04	0.60
Emerging markets spread duration	1.01	0.83	1.51
Swap spread duration	2.82	3.20	0.00
Covered bond spread duration	0.27	0.28	0.17
Sovereign related spread duration	0.03	0.02	0.74

Derivative exposure (% of duration)

	30 Sep '23	31 Dec '23
Government futures	-19.72	-9.46
Interest rate swaps	50.46	49.06
Credit default swaps*	4.28	5.90
Purchased swaps	-9.95	-10.05
Written swaps	14.24	15.95
Options	0.07	-0.86
Purchased Options	-2.48	-1.12
Written Options	2.55	0.26
Mortgage Derivatives	0.00	0.00
Money Market Derivatives	0.28	0.58
Futures	0.05	0.05
Interest rate swaps	0.23	0.54
Other Derivatives	-3.54	-3.63

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO
Benchmark: Bloomberg Global Aggregate ex-USD (USD Hedged) Index

Country and currency exposure

Country exposure by currency of settlement

	30 Sep '23		31 Dec '23	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	**0.28**	**99.04**	**-0.03**	**101.63**
Japan	**0.97**	**1.48**	**1.07**	**0.79**
Eurozone	**1.93**	**-0.63**	**2.56**	**-0.72**
Euro Currency	0.00	-0.63	0.00	-0.72
European Union	1.99	0.00	1.81	0.00
France	-0.02	0.00	0.18	0.00
Germany	-0.27	0.00	0.11	0.00
Italy	0.11	0.00	0.31	0.00
Spain	0.12	0.00	0.15	0.00
United Kingdom	**0.75**	**0.08**	**0.88**	**-0.04**
Europe non-EMU	**0.30**	**0.45**	**0.30**	**-0.21**
Denmark	0.25	-0.02	0.25	0.03
Norway	0.00	0.48	0.00	0.28
Sweden	0.01	-0.02	0.01	-0.02
Switzerland	0.05	0.01	0.05	-0.50
Dollar Block	**0.88**	**-1.28**	**0.94**	**-1.76**
Australia	0.43	0.71	0.53	0.20
Canada	0.39	-1.72	0.36	-1.98
New Zealand	0.06	-0.27	0.06	0.02
EM - Asia	**0.77**	**-1.43**	**0.59**	**-2.84**
China	0.47	-1.81	0.48	-2.45
India	0.00	1.40	-0.03	1.07
Indonesia	0.00	0.58	0.00	0.66
Malaysia	-0.08	0.03	-0.10	-0.03
Singapore	-0.02	-0.03	-0.08	-0.01
South Korea	0.36	-0.40	0.27	-0.60
Taiwan	-0.01	-1.57	-0.00	-1.53
Thailand	0.04	0.36	0.05	0.05
EM - Latin America	**0.01**	**1.86**	**0.01**	**2.02**
Argentina	0.00	0.01	0.00	0.00
Brazil	0.00	0.69	0.00	0.97
Chile	0.00	0.01	0.00	0.01
Mexico	0.01	1.16	0.01	1.04
Peru	0.00	-0.01	0.00	0.00
EM - CEEMEA	**0.01**	**0.42**	**0.01**	**1.12**
Czech Republic	0.00	0.01	0.00	0.01
Hungary	0.00	0.23	-0.00	0.24
Israel	0.01	-0.00	0.01	0.00
Poland	0.00	0.01	0.00	0.32
South Africa	0.00	0.18	0.00	0.55
Total	**5.91**	**100**	**6.34**	**100**

PIMCO

Additional share class performance

PIMCO International Bond Fund (U.S. Dollar-Hedged) (net of fees performance)

Performance periods ended: 31 Dec '23	Gross expense ratio	Net expense ratio	Adjusted expense ratio	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Class A (at NAV)	1.03	-	0.90	USD	20 Jan '97	5.87	5.52	9.05	-1.38	1.63	3.03	5.83
Class A (at MOP)	1.03	-	0.90	USD	20 Jan '97	1.90	1.56	4.96	-2.63	0.86	2.64	5.70
Class ADMIN	0.88	-	0.75	USD	28 Jan '97	5.91	5.60	9.22	-1.23	1.78	3.19	6.02
Class C (at NAV)	1.78	-	1.65	USD	20 Jan '97	5.68	5.12	8.24	-2.12	0.87	2.27	5.04
Class C (at MOP)	1.78	-	1.65	USD	20 Jan '97	4.68	4.12	7.24	-2.12	0.87	2.27	5.04
Class I-2	0.73	-	0.60	USD	30 Apr '08	5.95	5.68	9.38	-1.09	1.93	3.34	6.18
Class I-3	0.83	0.78	0.65	USD	27 Apr '18	5.94	5.65	9.32	-1.14	1.88	3.29	6.12
Class INST	0.63	-	0.50	USD	02 Dec '92	5.98	5.73	9.49	-0.99	2.04	3.45	6.28
Class R	1.28	-	1.15	USD	31 Dec '02	5.81	5.39	8.78	-1.63	1.38	2.78	5.56
Bloomberg Global Aggregate ex-USD (USD Hedged) Index						5.36	4.54	8.32	-1.22	1.50	2.80	5.11

The Net Expense Ratio for the I-3 Class reflects a contractual supervisory and administrative fee waiver and/or expense reduction in place through 31 July 2024 and renews automatically for a full year unless terminated by PIMCO in accordance with the terms of the agreement. See the Fund's prospectus for more information.

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.

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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.

Important Disclosures

This material is authorized for use only when preceded or accompanied by the current PIMCO funds prospectus or summary prospectus, if available.

Past performance is not a guarantee or a reliable indicator of future results. The performance figures presented reflect the total return performance, unless otherwise noted, after fees 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, I-2, I-3 and Administrative class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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.

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.

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.

Portfolio allocations and other information in the charts in this Quarterly Investment Report are based on the fund's net assets. These percentages may differ from those used for the fund's compliance calculations, including the fund's prospectus, regulatory, and other investment limitations and policies, which may be based on total assets of the fund or other measurements, may include or exclude various categories of investments from those covered in the portfolio allocation categories shown in this report, and may be based on different classifications and measurements of the fund's investments and other criteria. All funds are separately monitored for compliance with prospectus and regulatory requirements.

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.

Important Disclosures

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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.

The following defined terms are used throughout the report. Emerging market short duration 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. 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 and derivatives offset. 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. Short duration derivatives and derivatives offsets include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. Municipals/Other may include convertibles, preferred and yankee bonds.

The performance figures presented reflect the performance for the institutional class unless otherwise noted.

A note about Sector exposure: Other indicates swaps and securities issued in euros.

A note about Emerging markets exposure by country of risk: country of risk reflects the country of incorporation of the ultimate parent company.

PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party.

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Important Disclosures

Acronyms and definitions of investment terms used throughout the report:

Alpha is a measure of performance on a risk-adjusted basis calculated by comparing the volatility (price risk) of a portfolio vs. its risk-adjusted performance to a benchmark index; the excess return relative to the benchmark is alpha.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average 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.

“Bend-but-not-break” refers to credits that PIMCO would not expect to default in a credit-stressed environment.

Beta is a measure of price sensitivity to market movements. Market beta is 1.

Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.

Carry is the rate of interest earned by holding the respective securities.

The terms **“cheap” and “rich”** as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager’s future expectations. There is no guarantee of future results or that a security’s valuation will ensure a profit or protect against a loss.

CPI is the Consumer Price Index.

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.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

Duration is the measure of a bond's price sensitivity to interest rates and is 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.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Fallen angel is a bond that was initially given an investment grade rating but has since been reduced to below investment grade status.

GFC is the Global Financial Crisis.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

LNG is Liquefied Natural Gas.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

Rising star is the term given to a bond that was rated high yield but has since been upgraded to investment grade.

“Risk assets” are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

“Safe haven” is an investment that is expected to retain or increase in value during times of market turbulence.

The **SEC yield** is an annualized yield based on the most recent 30 day period. The subsidized yield includes contractual expense reimbursements and it would be lower without those reimbursements. The **Unsubsidized 30 day SEC Yield** excludes contractual expense reimbursements.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The quarterly distribution yields are calculated by annualizing actual dividends distributed for the quarterly period ended on the most recent quarterly distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)

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