PIMCO

PIMCO Real Return Fund

Quarterly Investment Report | 3Q22

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 company of Allianz

Executive summary

Portfolio Performance

Over the quarter, the Real Return Fund (institutional share class, after fees) posted negative absolute returns of -5.42%, modestly underperforming its benchmark. Contributions from the Fund's breakeven inflation positioning and U.S interest rate positioning were offset by detractions from the Fund's exposure to Danish covered bonds, Eurozone instrument selection, and U.S. Agency mortgage holdings.

CONTRIBUTORS

Breakeven inflation positioning
U.S. interest rate positioning

DETRACTORS

Exposure to Danish covered bonds
Eurozone instrument selection
Exposure to U.S. Agency mortgage holdings

Performance periods ended 30 Sep '22	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	-5.31	-11.29	-11.94	1.31	2.30	1.32	5.59
Fund after fees	-5.42	-11.49	-12.34	0.86	1.85	0.87	5.11
Benchmark*	-5.14	-10.92	-11.57	0.79	1.95	0.98	4.69

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.

Portfolio strategy

Interest rates: We express an underweight position in duration overall, mainly sourced via Japanese rates. We express an underweight to U.S. interest rates as persistent inflation is likely to lead to more rate hikes.

Reflation: We maintain an overweight to breakeven inflation in the U.S., as long-term inflation expectations are still well anchored. We moved to a neutral stance in U.K. breakeven inflation as a result of volatility from pension plan selling.

Relative value: Selective in curve positioning across rates and breakeven inflation. Within U.S. TIPS, we favor the 5-7yr and 15-20yr portion of the curve given compelling relative values.

Spread sectors: Maintain exposure to select high-conviction spread sectors, including non-Agency MBS and Danish covered bonds.

*Bloomberg U.S. TIPS Index; ‡The SEC yield is an annualized yield based on the most recent 30 day period. The fund’s yield quotation includes an adjustment to the principal value of the TIPS securities to reflect changes in the government’s official inflation rate, if any; changes in the government’s official inflation rate can cause the fund’s yield to vary substantially from one month to the next. At times, including during periods of deflation, the SEC yield calculation may result in a negative number. If the current 30-day SEC yield is denoted with a "‡", we believe it is attributable to a rise in the inflation rate, and might not be repeated. Due to the consolidation of operations and permanence of the fund’s fee waivers, such waivers do not materially affect the fund’s SEC yield. The SEC yield will differ (at times, significantly) from the fund's actual experience and any inflation adjustment to principal is treated as income; as a result, income distributions from the fund may be higher or lower than implied by the SEC yield.

Class:	**INST**
Inception date:	**29 Jan '97**
Fund assets (in millions):	**$10,014.74**
Gross expense ratio:	**0.47%**
Adjusted expense ratio:	**0.45%**

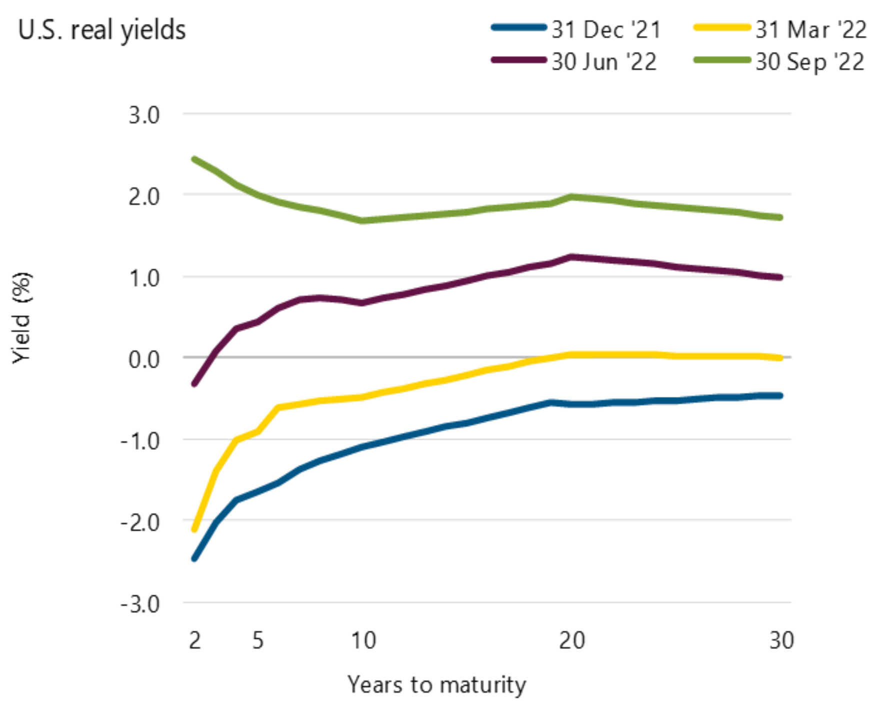
The Adjusted Expense Ratio excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from investments on short sales, incurred directly by the Fund or indirectly through the Fund’s investments in underlying PIMCO Funds (if applicable), none of which are paid to PIMCO.

Summary information	30 Sep '22
30-day SEC yield	2.07%
Distribution yield	1.39%
Effective duration (yrs)	6.48
Inflation-linked bond duration (yrs)	7.35
Non Inflation-linked bond duration (yrs)	-0.87
Benchmark duration - provider (yrs)	6.94
Benchmark duration - PIMCO (yrs)	6.80
Effective maturity (yrs)	6.27
Average coupon	1.15%
Yield Beta	1.00
Net currency exposure	0.05%
Tracking error (10 yrs)	1.04
Information ratio (10 yrs)	-0.08

Quarter in Review

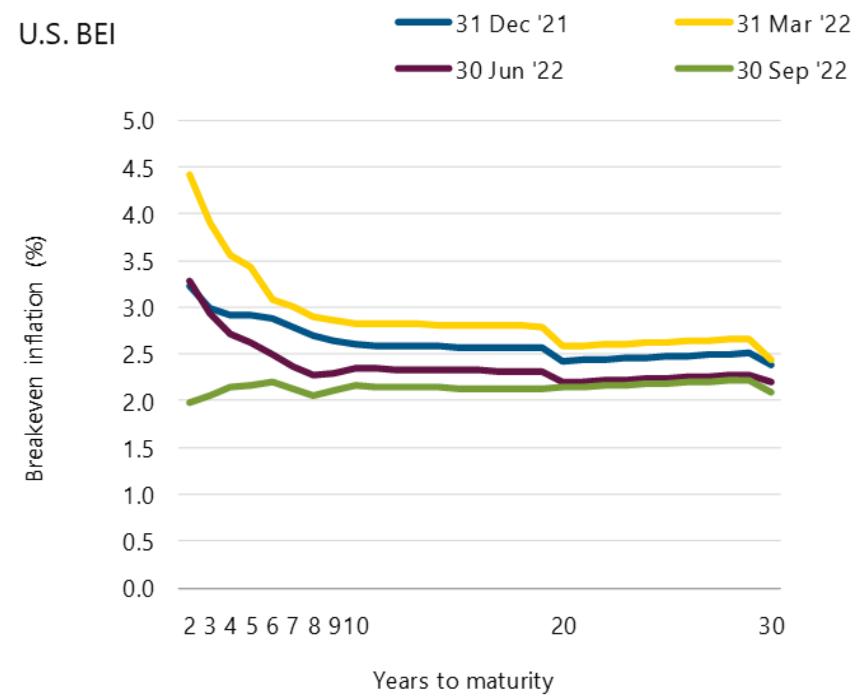
Real yields rose sharply while inflation expectations moderated

U.S. TIPS returned -5.14%, as represented by the Bloomberg U.S. TIPS Index, and underperformed comparable nominal Treasuries. Markets continued to re-price real rates sharply higher as the Fed implemented multiple rate hikes over the quarter. Breakeven inflation rates generally moved lower as broader risk-off trading, increased odds of a recession in the near-term, and weaker commodities prices weighed on inflation expectations.



U.S. real yields sold off across maturities over the quarter as CPI readings remained stubbornly high and the Fed continued to signal a sharp focus on tackling inflation. This was reinforced with sequential 75bps hikes and hawkish messaging over Q3.

TIPS delivered negative returns, underperforming comparable nominal Treasuries.



U.S. breakevens were volatile over the quarter but broadly fell across maturities. Broader risk-off trading and increased odds of a recession in the near-term led to lower expectations. Commodity prices also fell, despite geopolitical conflict.

SOURCE: Bloomberg

Market Summary

Q3 '22: TIPS post negative returns as real rates rose sharply

The Fund's breakeven inflation positioning and U.S. interest rate positioning were additive to performance. Exposure to Danish covered bonds, Eurozone instrument selection, and exposure to U.S. Agency mortgage holdings detracted.

U.S. real interest rates

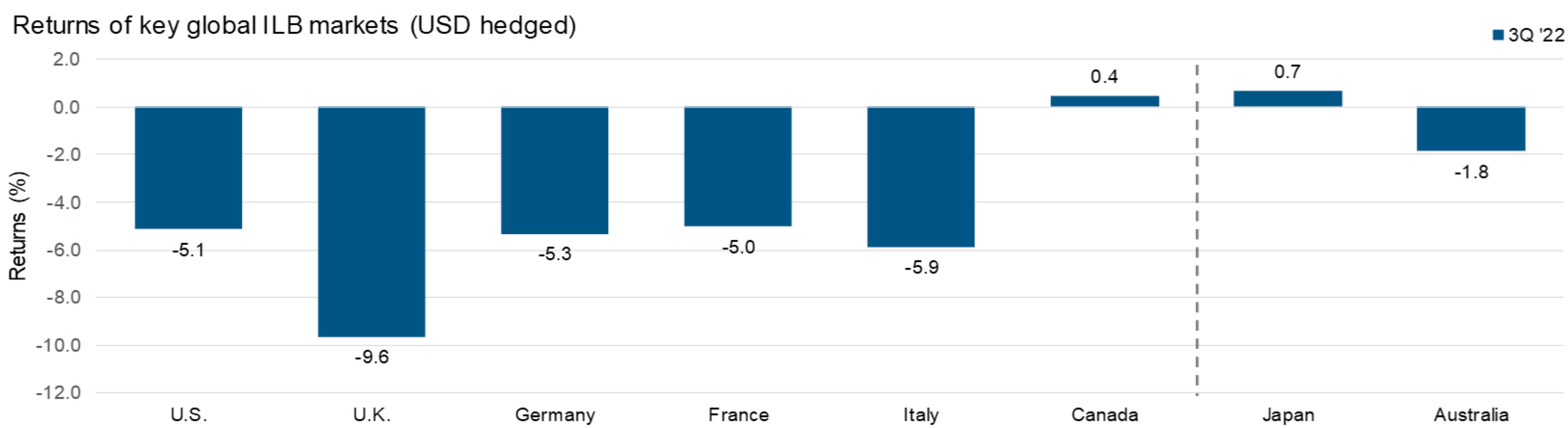
U.S. real yields rose sharply across the curve as the Fed continued to implement a restrictive policy, reinforced by multiple rate hikes this year. Despite increasing recessionary risks, markets continued to price in additional rate hike expectations for the remainder of the year.

U.S. breakeven inflation expectations

In July, U.S. inflation expectations broadly climbed higher after Chairman Powell's comments were interpreted as dovish, despite a 75 bps rate hike. Breakevens moves were mixed in August, with longer-term expectations rising while short-and-medium term expectations fell amid rate hike fears. Breakevens fell across all maturities in September, as the Fed continued to focus on fighting inflation as see through the third 75 bps rate hike of this cycle.

Global inflation-linked bonds (ILBs)

ILB markets delivered negative returns as breakevens moved lower amid rate hiking cycles globally in an effort to combat inflation. In the U.K. and Eurozone, inflation expectations fell over the quarter given weakening commodity prices. With the winter season ahead, focus remains on the conflict in Ukraine and its implications for energy and food prices.



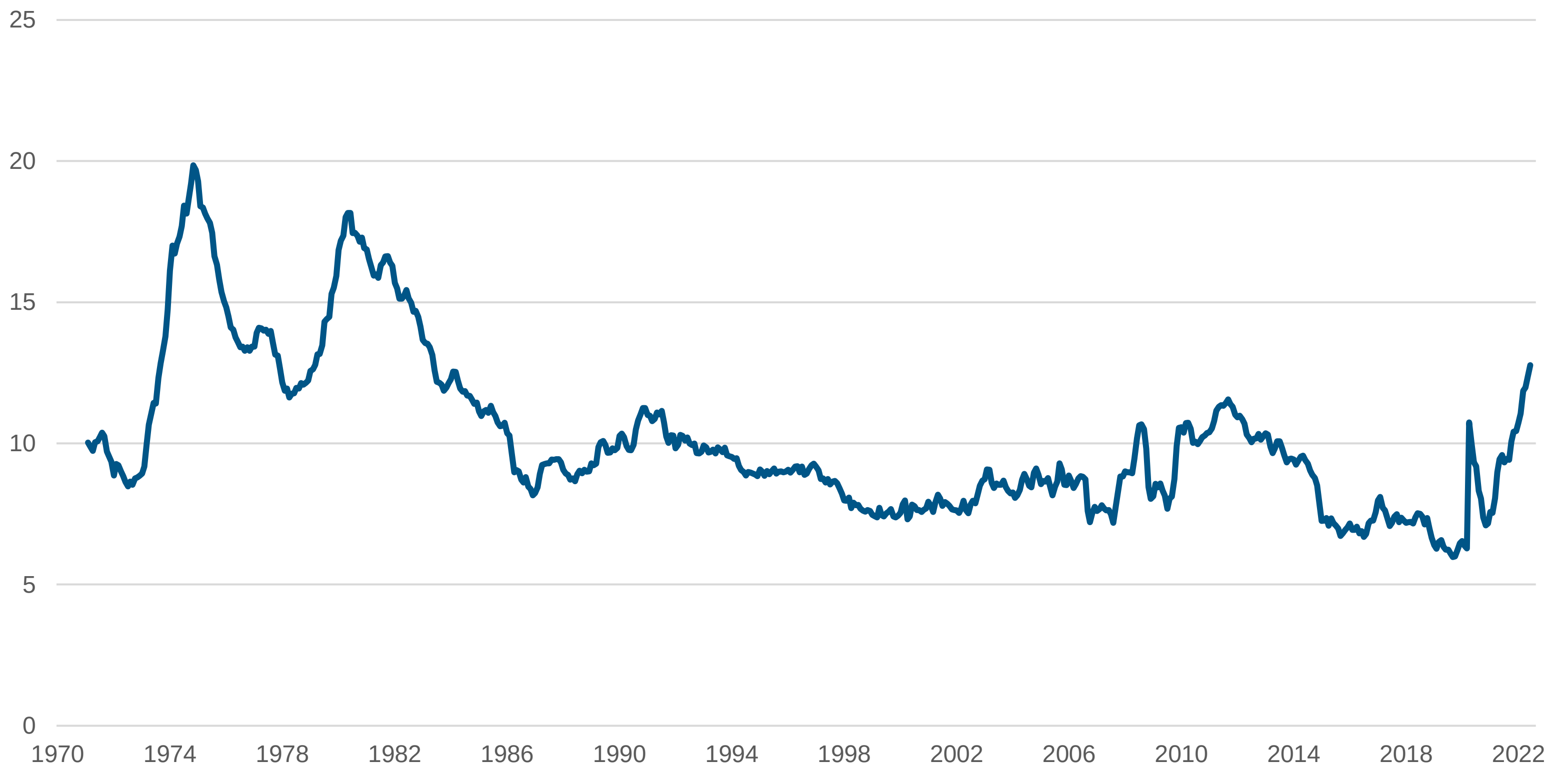
SOURCE: Bloomberg Inflation-Linked Bond Country Indices.

PIMCO

Cyclical Outlook: Prevailing Under Pressure

With yields now higher, we believe bonds offer compelling value in this challenging macro environment

Misery Index – Developed Markets



We believe:

Shallow but longer recession

Inflation is sticky

Monetary policy: tighter for longer

Source: Haver, Arthur Okun, PIMCO calculations as of September 2022.
The misery index displays the sum of inflation and unemployment rates. Developed market data encompasses the U.S., U.K., Japan, Canada, and Euro area.

Portfolio Outlook

Strategic outlook

Our baseline forecast is for shallow recessions across developed markets, especially in the euro area and the U.K., which face disruptions from the war in Ukraine. U.S. real GDP will also likely experience a period of modest contraction. Meanwhile, core inflation rates that are above central bank targets now appear more entrenched, and although headline inflation is still likely to eventually moderate meaningfully over our cyclical horizon, it now looks likely to take more time. The combination of higher unemployment and stubbornly above-target inflation has put central bankers in a tough spot, but their overall actions to date suggest they are squarely focused on bringing inflation down. In the U.S., for example, we expect the Fed will raise its policy rate to a range of 4.5%–5%.

Key strategies

Interest rates

We maintain an underweight duration position overall, primarily sourced in Japanese rates as macroeconomic conditions are likely to pressure the Bank of Japan into softening yield control measures, leading to an asymmetric payoff opportunity. We express an underweight to both U.S. and Eurozone rates as persistent inflation is likely to lead to more rate hikes. We continue to be selective within curves and securities depending on prevailing valuations and market events.

Relative value

The strategy remains tactical in terms of curve and country positioning based on relative value and roll-down opportunities. We seek to exploit attractive security mispricings and market dislocations.

Reflation

We remain overweight U.S. breakeven inflation as longer-term expectations are still well anchored despite strong CPI prints recently. We express a neutral stance to U.K. inflation expectations as a result of volatility from pension plan selling. We maintain a modest overweight to both Eurozone and Japanese ILBs given favorable valuations.

Spread sectors

We remain cautious overall within generic corporate credit. We prefer U.S. non-Agency MBS and Danish covered bonds given attractive valuations and yield pickup. Within currencies, we currently see limited active opportunities but continue to seek opportunities from overshoots and undershoots that provide attractive risk-reward profiles and the ability to diversify sources of return.

Sector exposure

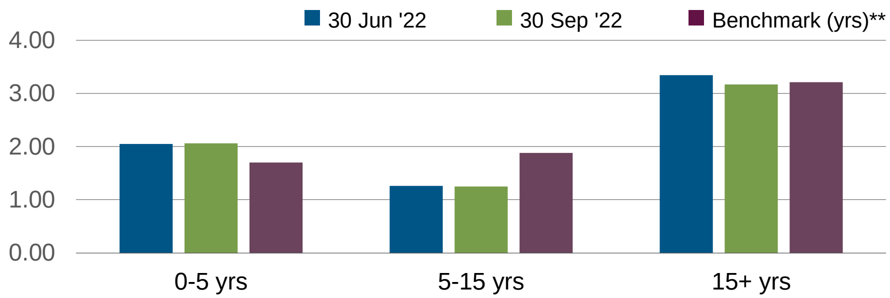
	% of Market value		Duration in years	
	30 Jun '22	30 Sep '22	30 Jun '22	30 Sep '22
Inflation Linked Bonds	**84.97**	**99.49**	**7.73**	**7.35**
United States	97.00	99.17	7.35	7.00
United Kingdom	1.16	1.28	0.01	0.07
Europe	5.08	4.66	0.23	0.18
Canada	0.30	0.29	0.01	0.01
Other***	0.94	0.91	0.05	0.05
Other Short Duration Instruments	-19.51	-6.82	0.07	0.04
Non Inflation Linked Bonds	**15.03**	**0.51**	**-1.08**	**-0.87**
US Government Related	-7.30	-10.40	-0.61	-0.54
Mortgage	7.04	7.63	0.27	0.35
Invest. Grade Credit	0.67	0.59	0.01	0.01
High Yield Credit	0.09	0.10	0.00	0.00
Non-U.S. Developed	-23.62	-19.81	-0.93	-0.85
Emerging Markets	0.13	0.13	0.01	0.01
EM Short Duration Instruments	0.00	0.00	0.00	0.00
Other***	0.62	0.66	0.01	0.01
Net Other Short Duration Instruments**	37.41	21.62	0.17	0.14
Total	**100**	**100**	**6.65**	**6.48**

**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.

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

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	30 Jun '22	**30 Sep '22**	**30 Sep '22**
0-5 yrs	2.05	2.06	1.70
5-15 yrs	1.26	1.25	1.88
15+ yrs	3.34	3.17	3.21
Total	**6.65**	**6.48**	**6.80**

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	30 Jun '22	**30 Sep '22**	**30 Sep '22**
Effective duration	6.65	6.48	6.80
Bull market duration	6.60	6.53	6.83
Bear market duration	6.65	6.44	6.76
Spread duration			
Mortgage spread duration	0.45	0.55	0.00
Corporate spread duration	0.04	0.03	0.00
Emerging markets spread duration	0.01	0.01	0.00
Swap spread duration	0.21	0.16	0.00
Covered bond spread duration	0.43	0.33	0.00
Sovereign related spread duration	0.00	0.00	0.00

Derivative exposure (% of duration)

	30 Jun '22	30 Sep '22
Government futures	-31.60	-28.20
Interest rate swaps	-0.62	-1.54
Credit default swaps*	0.20	0.21
Purchased swaps	0.00	0.00
Written swaps	0.20	0.21
Options	1.81	1.89
Purchased Options	-3.25	-4.18
Written Options	5.06	6.07
Mortgage Derivatives	0.00	0.00
Money Market Derivatives	2.17	2.25
Futures	1.62	1.66
Interest rate swaps	0.56	0.58
Other Derivatives	8.39	9.96

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO
Benchmark: Bloomberg U.S. TIPS Index

Country and currency exposure

Country exposure by currency of settlement

	30 Jun '22		30 Sep '22	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	**7.13**	**99.95**	**6.88**	**99.95**
Japan	**-0.49**	**0.00**	**-0.42**	**-0.01**
Eurozone	**-0.45**	**-0.03**	**-0.36**	**-0.05**
Euro Currency	0.00	-0.03	0.00	-0.05
European Union	0.25	0.00	0.25	0.00
France	0.03	0.00	0.02	0.00
Germany	-0.47	0.00	-0.51	0.00
Italy	-0.26	0.00	-0.13	0.00
United Kingdom	**0.00**	**0.06**	**0.00**	**0.04**
Europe non-EMU	**0.44**	**0.00**	**0.37**	**0.04**
Denmark	0.44	0.00	0.37	0.04
Sweden	0.00	-0.01	0.00	0.00
Dollar Block	**0.01**	**0.01**	**0.00**	**0.01**
Canada	0.01	0.00	0.01	0.00
New Zealand	0.00	0.01	0.00	0.01
Other Industrialized Countries	**0.00**	**-0.01**	**0.00**	**-0.01**
EM - Asia	**0.00**	**0.00**	**0.00**	**0.00**
EM - Latin America	**0.01**	**0.03**	**0.01**	**0.03**
Argentina	0.00	0.03	0.00	0.03
Mexico	0.01	0.01	0.01	0.01
Peru	0.00	-0.01	0.00	-0.01
EM - CEEMEA	**0.00**	**0.00**	**0.00**	**0.00**
Total	**6.65**	**100**	**6.48**	**100**

Emerging markets exposure by country of risk

	30 Jun '22			30 Sep '22		
	% of MV short duration Instruments	% of MV bonds	Duration (yrs)	% of MV short duration Instruments	% of MV bonds	Duration (yrs)
Mexico	0.00	0.09	0.01	0.00	0.09	0.01
Peru	0.00	0.04	0.00	0.00	0.04	0.00
Total	**0.00**	**0.13**	**0.01**	**0.00**	**0.13**	**0.01**

Additional share class performance

PIMCO Real Return Fund (net of fees performance)

Performance periods ended: 30 Sep '22	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)	0.87	-	0.85	USD	29 Jan '97	-5.51	-11.67	-12.69	0.45	1.44	0.47	4.67
Class A (at MOP)	0.87	-	0.85	USD	29 Jan '97	-9.06	-14.98	-15.96	-0.82	0.67	0.09	4.54
Class ADMIN	0.72	-	0.70	USD	28 Apr '00	-5.48	-11.60	-12.56	0.60	1.59	0.62	4.84
Class C (at NAV)	1.37	-	1.35	USD	29 Jan '97	-5.64	-11.90	-13.13	-0.05	0.93	-0.03	4.15
Class C (at MOP)	1.37	-	1.35	USD	29 Jan '97	-6.56	-12.74	-13.94	-0.05	0.93	-0.03	4.15
Class I-2	0.57	-	0.55	USD	30 Apr '08	-5.44	-11.54	-12.43	0.75	1.74	0.77	5.01
Class I-3	0.67	0.62	0.60	USD	27 Apr '18	-5.45	-11.56	-12.47	0.71	1.69	0.72	4.96
Class INST	0.47	-	0.45	USD	29 Jan '97	-5.42	-11.49	-12.34	0.86	1.85	0.87	5.11
Class R	1.12	-	1.10	USD	31 Dec '02	-5.57	-11.78	-12.91	0.20	1.19	0.22	4.40
Bloomberg U.S. TIPS Index						-5.14	-10.92	-11.57	0.79	1.95	0.98	4.69

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 2023 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 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. **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. **Sovereign securities** are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. 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. **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. **Diversification** does not ensure against loss.

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.

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Important Disclosures

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.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

Bloomberg U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation-Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least $500 million par amount outstanding. 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.

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.

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.

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.

"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.

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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