

**Fund information**

|                                |                              |        |
|--------------------------------|------------------------------|--------|
| Fund inception date            | 29 January 1997              |        |
| Strategy                       | Real Return                  |        |
| Total Net Assets (in millions) | \$11,987.0                   |        |
| Portfolio manager(s)           | Stephen Rodosky<br>Daniel He |        |
| Effective duration (yrs)       | 7.17                         |        |
| Benchmark duration (yrs)       | 7.58                         |        |
| Effective maturity (yrs)       | 6.91                         |        |
| A share 30-day SEC yield‡      | 8.81%                        |        |
| Class                          | CUSIP                        | Ticker |
| A                              | 693391120                    | PRTNX  |
| C                              | 693391146                    | PRTCX  |
| I2                             | 72201M636                    | PRLPX  |
| I3                             | 72202E310                    | PRNPX  |
| R                              | 72200Q760                    | PRRRX  |
| Institutional                  | 693391104                    | PRRIX  |
| Administrative                 | 693391112                    | PARRX  |

‡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; as a result, income distributions from the fund may be higher or lower than implied by the SEC yield.

**Expenses**

|                            |      |
|----------------------------|------|
| Gross Expense Ratio (%)    | 0.87 |
| Adjusted Expense Ratio (%) | 0.85 |

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.

**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.

**Performance summary**

The PIMCO Real Return Fund returned -1.39% at NAV in March, outperforming the Bloomberg U.S. TIPS Index by 0.47%. Year-to-date the Fund has returned -3.13% at NAV, while the benchmark returned -3.02%.

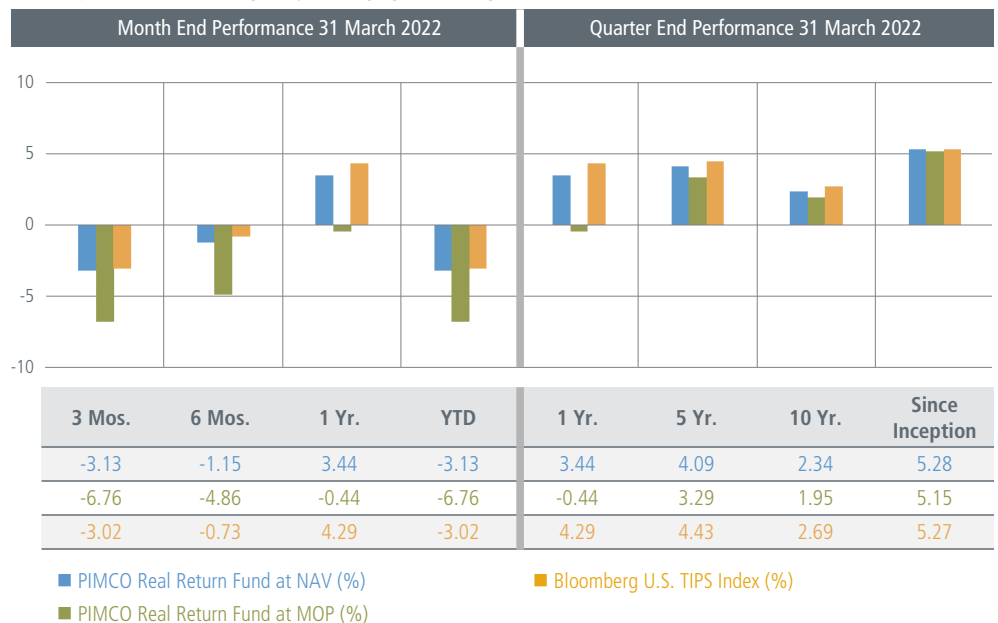
U.S. Treasury Inflation Protected Securities (TIPS) returned -1.86%, as represented by the Bloomberg U.S. TIPS Index, and notably outperformed comparable nominal Treasuries in March as represented by the Bloomberg US Comparator Inflation Linked Bonds All Maturities Index.

**Contributors**

- Eurozone breakeven inflation positioning
- U.S. interest rate positioning
- Exposure to Danish covered bonds
- U.S. breakeven inflation positioning

**Detractors**

- U.K. breakeven inflation positioning
- Exposure to U.S. Agency mortgage holdings



If this material is used after 30 June 2022, it must be accompanied by the most recent Performance Supplement. 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 maximum offering price (MOP) returns take into account the 3.75% maximum initial sales charge.

## Portfolio characteristics as of 31 March 2022

| Inflation-linked bonds                            | % Market Value | Duration (years) |
|---|----------------|------------------|
| United States                                     | 94.2           | 7.86             |
| United Kingdom                                    | 1.0            | 0.00             |
| Europe  | 5.9            | 0.29             |
| Canada  | 0.3            | 0.01             |
| Other   | 1.0            | 0.06             |
| Other Short Duration Instruments                  | -29.8          | 0.07             |
| Non inflation-linked bonds                        | % Market Value | Duration (years) |
| US Government Related                             | -12.2          | -0.87            |
| Mortgage  | 6.3            | 0.21             |
| Invest. Grade Credit                              | 0.6            | 0.01             |
| High Yield Credit                                 | 0.1            | 0.00             |
| Non-U.S. Developed                                | -23.9          | -0.67            |
| Emerging Markets                                  | 0.1            | 0.01             |
| EM Short Duration Instruments                     | 0.0            | 0.00             |
| Municipal   | 0.0            | 0.00             |
| Other   | 0.7            | 0.01             |
| Net Other Short Duration Instruments <sup>1</sup> | 55.8           | 0.18             |

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

MV% may not equal 100 due to rounding.

<sup>1</sup> 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.

## Portfolio positioning

The Fund expresses an underweight to duration positioning overall, mainly sourced in Eurozone rates given a low carry profile and rich levels. We maintain a modest underweight position in U.S. rates as a hawkish Fed confronts higher inflation and a tighter labor market. We maintain an overweight to U.S. TIPS breakeven inflation (BEI) as long-term inflation expectations are still well anchored despite recent CPI beats. We remain underweight U.K. inflation expectations on a relative basis to U.S. expectations given their structural richness.

We remain cautious overall within generic corporate credit, while we remain constructive on US. non-Agency MBS. We maintain an overweight exposure to Danish covered bonds. On the currency front, we moved close to home in all currency positions as the desk maintains low conviction on these trades though will continue to seek opportunities from overshoots and undershoots that provide attractive risk-reward profiles and the ability to diversify sources of return.

## Month in review

In the U.S., Treasury Inflation-Protected Securities (TIPS) posted negative returns but notably outperformed comparable nominal Treasuries. Breakevens were volatile over the month, but broadly moved higher. 10-year breakevens had a record-setting March, reaching 2.98% before ending the month at 2.82%, 20bps higher MoM. Shorter-term expectations outperformed throughout the month on the backs of another firm CPI release in February and a surging commodities sector, although the latter moderated as the month progressed. Longer-term expectations remained relatively anchored given the Fed's hawkish tone signaling the possibility of one to two 50bps rate hikes this year. February CPI came in at 7.9% y/y for headline, 6.4% for core with strength focused in retail goods.

### Monthly rolling five year inflation vs. current five year breakeven inflation



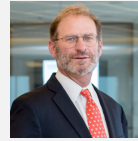
## Outlook and strategy

Given PIMCO's outlook for a sustained low real-rate environment, the Fund seeks opportunities to capture incremental yield through country, curve, and security positioning. We look to emphasize countries offering better relative value, concentrate on curve positioning to incorporate elements of our economic outlook and pricing, and to respond to divergence in the policies being pursued by central banks.

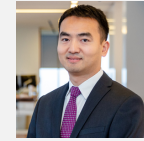
The Fund seeks to tactically manage its real duration position relative to benchmark, looking to capitalize on yield curve relative value opportunities. We remain overweight U.S. breakeven inflation, as we believe markets are inaccurately pricing longer-term inflation risk. We plan to tactically respond to anticipated short-term inflation mispricing due to changes in commodity prices and seasonal trends.

The Fund continues to express a bias towards high-quality spread sectors as a potential source of attractive risk-adjusted alpha.

### Management profile



**Stephen Rodosky**  
Managing Director



**Daniel He**  
Senior Vice President

**1997**  
**29 JAN**  
INCEPTION DATE

**10**  
PORTFOLIO  
MANAGERS

- Average years of experience **11**
- Resources in **3 global offices**

Help protect long-term purchasing power

*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](http://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 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.

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.

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**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 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.

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. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world. ©2022, PIMCO.

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**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 \$250 million par amount outstanding. Performance data for this index prior to 10/97 represents returns of the Barclays Inflation Notes Index.

**The Bloomberg U.S. Comparator Inflation Linked Bonds All Maturities Index** is an unmanaged market index comprised of all U.S. Treasury Securities. The construction of this index is driven by the construct of the Bloomberg U.S. TIPS Index, with all Treasury Inflation-Protected Securities matched with the most comparable nominal U.S. Treasury to gauge relative performance of the two asset classes.

Carry is the rate of interest earned by holding the respective securities. The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio.

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.

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

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.

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.

U.S. Federal Reserve (Fed); Consumer Price Index (CPI).