

Fund information

Fund inception date	29 January 1997	
Strategy	Real Return	
Total Net Assets (in millions)	\$9,522.2	
Portfolio manager(s)	Stephen Rodosky Daniel He	
Effective duration (yrs)	8.01	
Benchmark duration (yrs)	7.74	
Effective maturity (yrs)	8.02	
A share 30-day SEC yield	-5.72%	
Class	CUSIP	Ticker
A	693391120	PRTNX
C	693391146	PRTCX
I2	72201M636	PRLPX
I3	72202E310	PRNPX
R	72200Q760	PRRRX
Institutional	693391104	PRRIX
Administrative	693391112	PARRX

Expenses

Gross Expense Ratio (%)	1.38
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.

Performance summary

The PIMCO Real Return Fund returned 1.32% at NAV in June, outperforming the Bloomberg Barclays U.S. TIPS Index by 0.20%. Year-to-date the Fund has returned 5.99% at NAV, while the benchmark returned 6.01%.

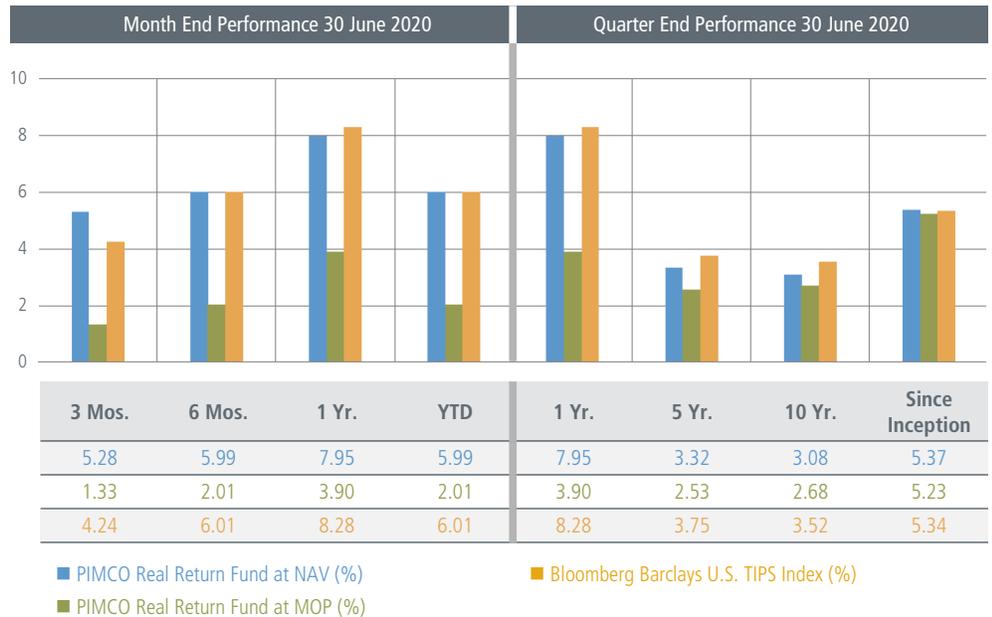
U.S. Treasury Inflation Protected Securities (TIPS) returned 1.1%, as represented by the Bloomberg Barclays U.S. TIPS Index, and outperformed comparable nominal Treasuries in June, as represented by the Bloomberg Barclays US Comparator Inflation Linked Bonds All Maturities Index.

Contributors

- Positions in non-agency mortgage-backed securities (MBS)
- U.S. breakeven inflation positioning
- U.K. breakeven inflation positioning

Detractors

- Eurozone duration positioning



If this material is used after 30 September 2020, 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.

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.

IMPORTANT NOTICE

Please note that this material contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

Portfolio characteristics as of 30 June 2020

Inflation-linked bonds	% Market Value	Duration (years)
United States	101.8	8.33
United Kingdom	0.4	0.03
Europe	2.0	0.10
Canada	0.3	0.02
Other	2.9	0.19
Other Short Duration Instruments	-8.4	0.00
Non inflation-linked bonds	% Market Value	Duration (years)
US Government Related	-12.6	-0.91
Mortgage	14.5	0.38
Invest. Grade Credit	2.1	0.06
High Yield Credit	-1.0	0.00
Non-U.S. Developed	-14.9	-0.28
Emerging Markets	0.2	0.02
EM Short Duration Instruments	0.0	0.00
Municipal	0.0	0.00
Other	0.3	0.01
Net Other Short Duration Instruments ¹	12.2	0.08

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.

¹ 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 overweight duration position overall. We currently favor U.S. rates given more attractive valuations and potential for capital appreciation in adverse market environments. We remain long U.S. TIPS breakeven inflation (BEI) as U.S. breakeven valuations are near the cheapest levels on record and far below the central bank target. We remain underweight U.K. inflation expectations on a relative basis to U.S. expectations given rich valuations.

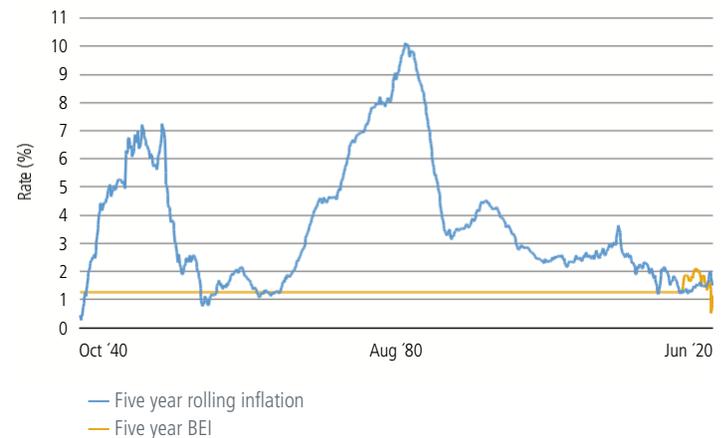
We maintain select high-quality spread sector positions, including agency mortgage-backed securities (MBS) for attractive spreads over Treasuries. We remain close to benchmark within currencies given heightened macro uncertainty.

Month in review

In June, Global ILBs returned 1.12%, as represented by the Bloomberg Barclays World Government Inflation-Linked Bond Index (USD hedged), continuing the strong performance since March. Central Bank purchases continued to support breakevens on top of the relatively more risk-on market tone as global lock-down conditions began to be lifted. Worries surrounding a potential second-wave late in the month had little impact on breakevens.

In the U.S., Treasury Inflation Protected Securities (TIPS) posted positive absolute returns and outperformed nominal Treasuries. Breakevens started the month off strongly with the front-end outperforming along the curve spurred by broad risk-on market sentiment (equity and oil prices rallied) and a better than expected employment report. Mid-month breakevens flattened with the back end falling. May Consumer Price Index (CPI) printed worse than market expectations at -0.06% MoM (1.24% YoY), however, there were encouraging signs with certain key components starting to rebound, such as, owners' equivalent rent. The small move down was temporary as through middle/late June breakevens moved wider despite risk-asset selling off late in the month on fears surrounding a second wave of coronavirus infections.

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. 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: Inflation-linked bonds (ILBs) issued by a government are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. Government. **Mortgage and asset-backed securities** 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. **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.

The value of most bond funds and fixed income securities are impacted by **changes in interest rates**. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other share classes are either lower or not available.

Duration is a measure of a portfolio's price sensitivity expressed in years. Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

Bloomberg Barclays 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 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. ©2020, PIMCO.

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Bloomberg Barclays 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.

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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.

Mortgage-Backed Securities (MBS); Month-over-Month (MoM); Year-over-Year (YoY)