

PIMCO Mortgage-Backed Securities Fund

PERFORMANCE SUMMARY

The PIMCO Mortgage-Backed Securities Fund returned 1.22% at NAV in March, outperforming the Bloomberg U.S. MBS Fixed-Rate Index by 0.16%. Year-to-date the Fund has returned -0.09% at NAV, while the benchmark returned -1.04%.

In the first quarter, the Bloomberg Fixed Rate MBS Index returned -1.04%, underperforming like-duration Treasuries by 14 bps.

A Shares	PMRAX	I-2 Shares	PMRPX
C Shares	PMRCX	I-3 Shares	PSANX
INST Shares	PTRIX		

Fund Inception Date	31 July 1997
Shareclass A Inception Date	31 July 2000
Total Net Assets (in millions)	\$141.6

Performance Characteristics

A 30-day SEC yield ¹	3.64%
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¹The 30 day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

Contributors

- U.S. duration positioning
- Agency MBS relative value strategies
- Exposure to senior non-Agency RMBS

Detractors

- There were no material detractors for this Fund

Basic Facts

Dividend frequency	Monthly with Daily Accrual
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Fund Expenses

Maximum Sales Charge (Load)	3.75%
Maximum Deferred Sales Charge (Load)	1.00%
Class A shares are subject to an initial sales charge (as a percentage of offering price). A CDSC (as a percentage of the lower of the original purchase price or redemption price) may be imposed in certain circumstances on Class A shares that are purchased without an initial sales charge and then redeemed during the first 12 months after purchase. Class C shares are subject to a CDSC, which may apply in the first year.	
A share Gross Expense Ratio	1.52%

A share Adjusted Expense Ratio	0.90%
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.	

Portfolio Managers

Mike Cudzil, Daniel Hyman, Munish GuptaMU

Fund Statistics

Effective Duration (yrs)	5.20
Effective Maturity (yrs)	8.55
Sharpe Ratio (10 year)	0.00
Volatility (10 year)	4.52%

	Month end performance 31 March 2024				Quarter end performance 31 March 2024			
	3 mos.	6 mos.	1 yr.	YTD	1 yr.	5 yrs.	10 yrs.	Since inception
■ PIMCO Mortgage-Backed Securities Fund share class A at NAV (%)	-0.09	6.20	2.69	-0.09	2.69	-0.23	1.36	4.12
■ PIMCO Mortgage-Backed Securities Fund A at MOP	-3.83	2.27	-1.11	-3.83	-1.11	-0.99	0.97	3.97
■ Benchmark (%)	-1.04	6.36	1.39	-1.04	1.39	-0.39	1.12	3.82

■ PIMCO Mortgage-Backed Securities Fund share class A at NAV (%)
 ■ PIMCO Mortgage-Backed Securities Fund A at MOP

Benchmark: Bloomberg U.S. MBS Fixed-Rate Index

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 www.pimco.com or call (888) 87-PIMCO. The maximum offering price (MOP) returns take into account the 3.75% maximum initial sales charge.

Certain Funds may offer a share class with an inception date which is different than the inception date of the Fund. 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. The performance figures presented reflect the total return performance, unless otherwise noted, for A class shares 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.

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.

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 POSITIONING

We maintained our relative Agency MBS spread exposure during the quarter and maintained an overweight position relative to the benchmark. We continue to find relative value opportunities between coupons, issuers, and collateral types and view the sector as broadly attractive given its strong liquidity, high quality and elevated spread, and diversification benefits versus other risk assets. We have an overweight to conventional 30-year MBS and GNMA MBS and an underweight to 15-year MBS. With respect to coupon positioning, we maintain an overweight to higher coupon MBS and an underweight to lower coupon MBS. Within mortgage credit, we continue to favor high quality, senior non-Agency mortgages as the sector benefits from the strong U.S. housing market, which is supported by limited supply and strong borrower fundamentals.

QUARTER IN REVIEW

Agency MBS¹ returned -1.04% in the first quarter, underperforming like-duration Treasuries by 14 bps as interest rate volatility remained elevated, with markets pricing in fewer rate cuts as economic data continued to show strength. GNMA's outperformed FNMA's, and 15-year MBS outperformed 30-year MBS on an absolute basis. Gross issuance was up 18% m/m in March and was flat y/y to \$79bn, and the Fed continued to allow about \$20bn of MBS to roll off its balance sheet per month. Prepayment speeds increased 10% in March but remain at historically low levels (latest available data). U.S. mortgage rates finished at 7.25% in March. Legacy non-Agency residential MBS spreads tightened during the quarter while non-Agency CMBS² returned 1.97%, outperforming like-duration Treasuries by 240 bps.

Sector Diversification (% Market Value)	Fund
GNMA MBS	25.9
FNMA, FHLMC and Other Agency MBS	98.2
Non-Agency MBS	7.6
Home Equity ABS	1.7
CMBS	0.0
Other MBS	0.5
US Government Related [¶]	-32.9
Other ^Δ	1.1
Net Short Duration Instruments ^{¶¶}	-2.1

Agency MBS sector positioning			
Sector	Portfolio	Benchmark	Difference
15-year All	6.1	10.1	-3.9
30-year GNMA	23.5	22.9	0.7
30-year Conv.	79.1	66.3	12.8

Agency MBS 30-year coupon stack positioning			
Coupon	Portfolio	Benchmark	Difference
<= 2.0	12.6	29.9	-17.3
2.5	9.2	19.4	-10.2
3	22.1	12.5	9.6
3.5	6.8	8.9	-2.1
4	6.2	6.8	-0.6
4.5	16.1	5.1	11.0
5	10.8	5.0	5.9
5.5	5.2	4.7	0.5
6	-2.1	3.8	-5.9
6.5	21.3	2.4	18.9
>= 7.0	0.5	0.8	-0.4

OUTLOOK AND STRATEGY

Agency MBS spreads remain at very attractive levels as the sector continues to offer attractive relative value opportunities and can provide diversification benefits versus other spread products. We have remained underweight in lower coupons given demand pressures and overweight in higher coupons given stronger valuations and better carry.

PIMCO remains constructive on senior U.S. securitized credit. Senior Non-Agency MBS stand out as attractive and should benefit from fundamentally strong U.S. housing markets. Despite increasing rates, we do not believe that affordability will have a material impact on fundamental quality of non-Agency MBS. We are taking a selective approach to risk-taking in CMBS, and we continue to prefer select ABS and CLOs among high quality spread assets. We maintain a moderate absolute long exposure to duration as an additional source of diversification.

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 investment professional or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

¹Net 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, 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. ²May include nominal and inflation-protected Treasuries, Treasury futures and options, agencies, FDIC-guaranteed and government-guaranteed corporate securities, and interest rate swaps.

³Other may include convertibles, preferreds, and yankee bonds.

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. 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. **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.

Effective duration is a measure of a portfolio's price sensitivity to interest rate changes, including expected changes in cash flows caused by embedded options. The **Sharpe Ratio** measures the risk-adjusted performance. The risk-free rate is subtracted from the rate of return for a portfolio and the result is divided by the standard deviation of the risk-free rate subtracted from the portfolio returns. **Volatility** is measured by the standard deviation, or dispersion of a set of data from its mean, based on historical portfolio returns. A larger spread of data indicates higher standard deviation and higher volatility. **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.

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.

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

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.

Bloomberg U.S. MBS Fixed-Rate Index covers the mortgage-backed pass-through securities and hybrid ARM pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The MBS Index is formed by grouping individual fixed rate MBS pools into generic aggregates. It is not possible to invest directly in an unmanaged index.

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¹Bloomberg U.S. Agency Fixed Rate Index

²Bloomberg Investment Grade Non-Agency CMBS Index

Mortgage-Backed Securities (MBS), Collateralized Loan Obligations (CLO); Commercial Mortgage-Backed Securities (CMBS), Ginnie Mae (GNMA); US Federal Reserve (The Fed); Year over Year (YoY).

The S&P/Case-Shiller Home Price Indices measures the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. In addition, the S&P/Case-Shiller® U.S. National Home Price Index is a broader composite of single-family home price indices for the nine U.S. Census divisions and is calculated quarterly.

The RCA CPPI™ (Commercial Property Price Indices) are a series of transaction-based, repeat-sales regression (RSR) indices developed and published by Real Capital Analytics. RCA CPPI covers a broad range of geographies and property types.

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.

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