



PIMCO Municipal Bond Fund



Quarterly Investment Report | 1Q24

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.

Executive summary

Portfolio Performance

Municipals posted a negative return in the first quarter as tax-exempt yields broadly rose. The Fund's institutional share class outperformed its benchmark, driven by the Fund's yield curve strategies.

CONTRIBUTORS

- Yield curve strategies contributed to performance.
- A tactical allocation to taxable municipals contributed to performance.
- An overweight exposure to the industrial revenue sector contributed to performance.

DETRACTORS

- No meaningful detractors over the quarter.

Performance periods ended 31 Mar '24	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	0.91	8.93	6.96	0.57	2.64	3.80	4.28
Fund after fees	0.80	8.70	6.49	0.13	2.19	3.35	3.80
Benchmark*	-0.39	7.48	3.13	-0.41	1.59	2.66	4.12

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

Market sentiment shifted negatively after strong economic data reintroduced uncertainty around timing of Fed rate cuts. Our baseline view is that that risks of recession and rekindled inflation remain magnified despite an achievable soft landing. We are maintaining a slight overweight duration position in our muni funds but continue to monitor given the current rate volatility.

We are selectively reducing exposure to higher quality bonds and rotating into higher yielding credits due to stronger relative value in the lower quality market segment. The overall credit environment within the asset class remains strong as strong balance sheets support fundamentals.

*Bloomberg Municipal Bond Index;

Yield to Maturity (YTM) is the estimated total return of a bond if held to maturity. YTM accounts for the present value of a bond's future coupon payments. Refer to the Important Disclosures at the conclusion of this report for additional important information.

Class:	INST
Inception date:	31 Dec '97
Fund assets (in millions):	\$2,603.07
Gross expense ratio:	0.47%
Adjusted expense ratio:	0.44%

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	31 Mar '24
Estimated yield to maturity (Gross of fee)	4.63%
30-day SEC yield	3.89%
Distribution yield	4.07%
Effective duration (yrs)	6.30
Benchmark duration - provider (yrs)	6.07
Benchmark duration - PIMCO (yrs)	6.08
Effective maturity (yrs)	9.32
Average coupon	4.15%
Tracking error (10 yrs)	1.05
Information ratio (10 yrs)	0.65

Top 5 municipal sectors	Portfolio
Ind Dev/Pollution Ctrl	14.48%
Special Tax	13.16%
Transportation	12.44%
State/Local GO	9.11%
Hospital Rev.	9.09%

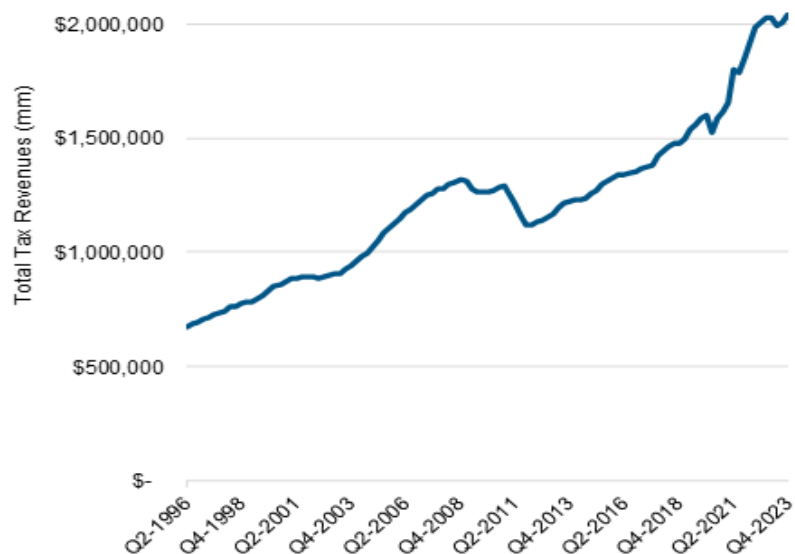
Top 5 state concentrations	Portfolio
Other	25.99%
New York	12.67%
California	7.71%
Texas	6.74%
Illinois	4.89%

Quarter in Review

Rising Yields Drive Mixed Performance

Municipals posted mixed performance over the quarter, as broader rate markets experienced mostly negative returns. The Bloomberg Municipal Bond Index posted total returns of -0.39% as AAA tax-exempt yields rose 21-57bps¹ across the curve after strong economic data reintroduced uncertainty around timing of Fed rate cuts. IG Municipals outperformed the US Treasury Index, which fell -0.96% as tax-exempts benefitted from a supportive technical environment. High yield tax-exempts outperformed their investment grade counterparts with the High Yield Municipal Bond Index posting Q1 total returns of 1.51%.

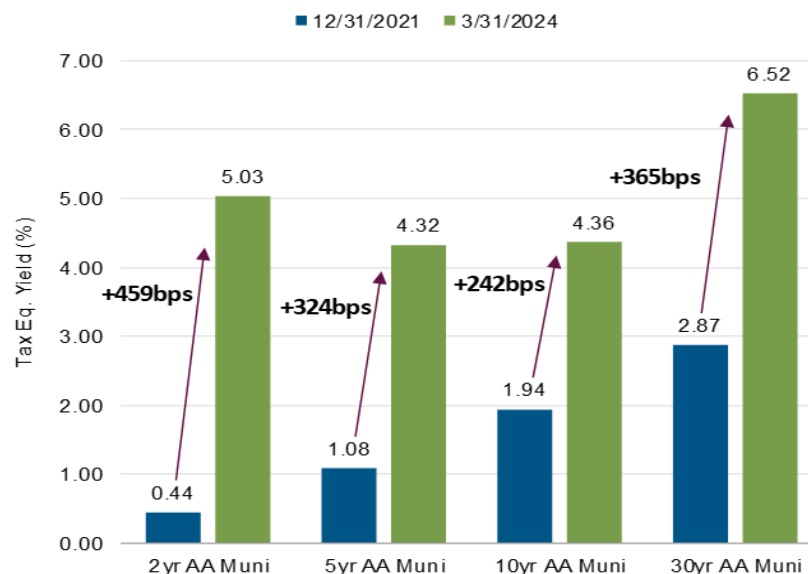
Rolling 12 month State and Local Government Tax Revenues



4Q23 state and local tax collections increased 1.3% annually and are up 20% compared to the trailing 5-year Q4 average. Additionally, Moody's municipal ratings upgrades outpaced downgrades in 4Q23, marking the 12th consecutive quarter of this trend.

Source: United States Census Bureau
¹Refinitiv TM3

Tax Equivalent yields have increased significantly



Investment grade muni yields currently are in their 91st percentile over the last 10 years. PIMCO's capital market assumptions project munis to post strong performance over the secular horizon on a tax and loss adjusted basis, with HY munis projected to be the highest returning US fixed income asset class.

Source: Refinitiv TM3

Market Summary

Munis posted mixed returns in the first quarter as rates sold off

The Fund's yield curve strategies, tactical allocation to taxable municipals, and overweight exposure to the industrial revenue sector contributed to performance.

Interest rate strategies

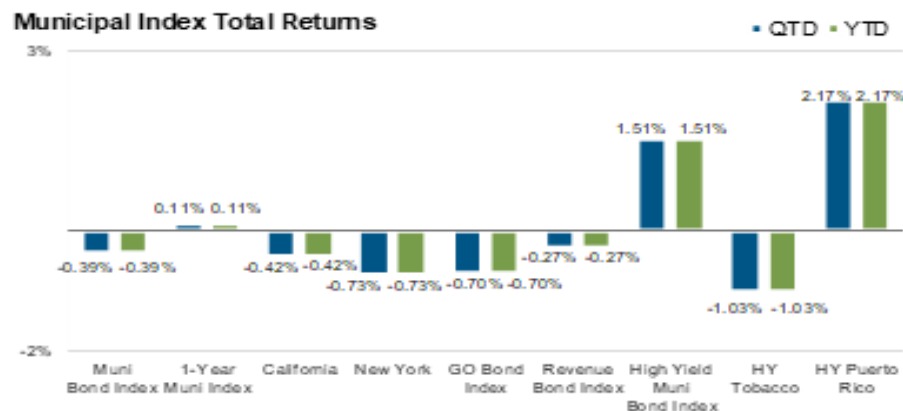
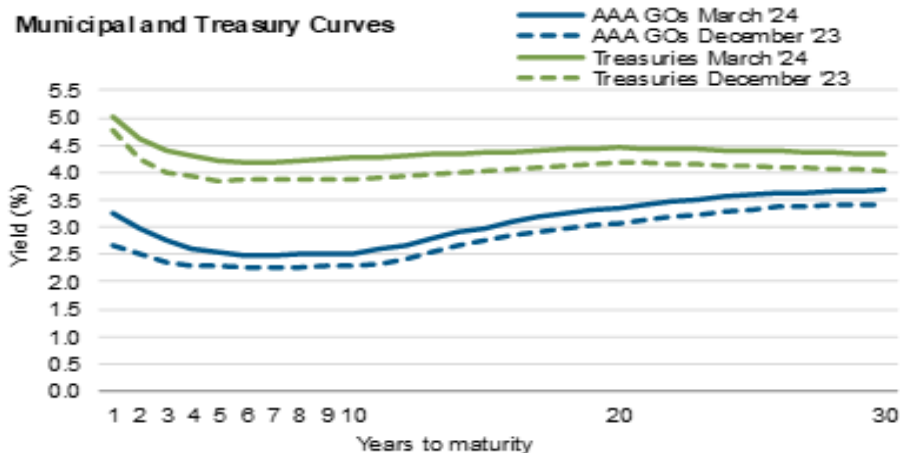
Markets sold off due to stronger than expected economic data and AAA tax-exempt rates rose between 21-57bps across the curve as market volatility persisted.

Sector strategies

The revenue segment outperformed general obligation debt during the quarter. Within the revenue segment, the industrial revenue and healthcare sectors were the top performing sectors. The resource recovery and special tax sectors were the worst performing revenue sectors in the investment grade segment of the market.

Quality

Within the investment grade municipal market, A and BBB-rated munis outperformed the index. AAA and AA munis underperformed the broader investment grade index. The high yield muni market outperformed the investment grade segment.



Source: Municipal yields: Thomson Reuters; Treasury yields: Bloomberg; Municipal Total Returns: Barclays live where Muni Bond Index is the Bloomberg Muni Bond Index, 1-Year Muni Index is the 1-Year component of the Bloomberg Muni Bond Index, California is the California component of the Bloomberg Muni Bond Index, New York is the New York component of the Bloomberg Muni Bond Index, GO Bond Index is the General Obligation Bond component of the Bloomberg Muni Bond Index, Revenue is the Revenue Bond component of the Bloomberg Muni Bond Index, High Yield Muni Bond Index is a proxy for the Bloomberg High Yield Muni Bond Index, HY Tobacco is the High Yield Tobacco component of the Bloomberg High Yield Muni Bond Index, and HY Puerto Rico is the High Yield Puerto Rico component of the Bloomberg High Yield Muni Bond 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.

Investment implications: Opportune time to consider going active in global fixed income

Look global

Greater-than-usual focus on bond markets outside of the U.S.

Lock in elevated yields

Intermediate maturities can offer a “sweet spot” with markets expecting cash rates to fall

Favor high quality

Up-in-quality bias in both public and private credit markets

Go active

Differentiated macro paths present compelling opportunities for active investors

Portfolio Outlook

Strategic Outlook

A perceived “last mile” problem in the Fed’s battle against inflation led bond markets to retrace their Q4’23 rally and bring expectations for 2024 cuts in line with the Fed’s dot plot. Risk sentiment remained robust despite the possibility of “higher-for-longer” rates, with the MSCI World finishing the quarter up 9.01% and credit spreads broadly tightening. The Fed paused once again and maintained its forecast for three 25-basis-point rate cuts in 2024. Global developed central banks largely followed suit, with both the ECB and BoE leaving rates on hold. Meanwhile, in Japan, the BoJ raised its policy rate for the first time since 2007, marking the end of negative interest rate policies.

Key strategies

Interest rate strategies

We’re maintaining a slightly overweight duration position relative to benchmarks. We are maintaining a barbelled yield curve position given the current steepness of the benchmark municipal yield curve. We anticipate market volatility will continue, as markets digest key economic data points.

General obligation securities

We remain selective with respect to general obligation debt due to credit pressures created by unfunded pension liabilities. Seek exposures to issuers with attractive relative valuations, and issuers that benefit from stronger economic trends with more robust pension systems.

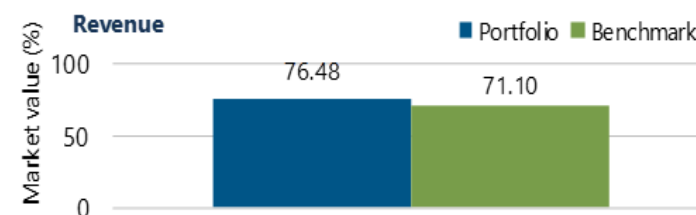
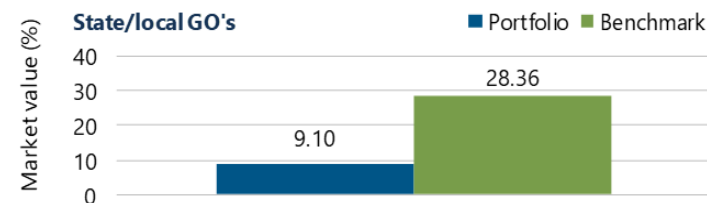
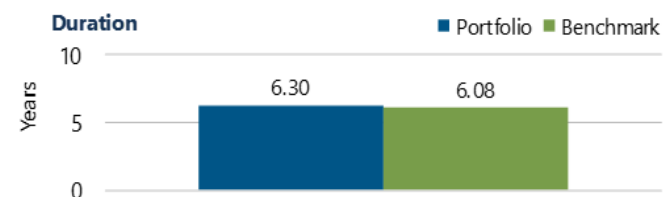
Revenue securities

The strategy favors revenue securities where we can better use our credit research capabilities to ascertain the underlying health of issuers.

Seek exposure to high quality issuers in the transportation and special tax sectors along with Puerto Rico in the lower quality space.

Source: PIMCO
Benchmark: Bloomberg Municipal Bond Index

Position



Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	31 Dec '23	31 Mar '24	31 Dec '23	31 Mar '24	31 Mar '24	31 Mar '24
State/Local GO	10.69	9.11	0.80	0.67	28.36	1.62
Pre-Refunded	0.04	0.04	0.00	0.00	0.40	0.01
Education Rev.	2.28	1.80	0.19	0.15	6.68	0.42
Hospital Rev.	7.84	9.09	0.60	0.63	9.11	0.59
Housing Rev.	5.03	5.72	0.48	0.52	3.44	0.30
Ind Dev/Pollution Ctrl	15.11	14.48	0.80	0.78	4.62	0.24
Lease Rev.	5.27	3.83	0.39	0.33	6.38	0.39
Power Rev.	4.18	3.32	0.30	0.24	4.90	0.28
Resource Recovery	0.34	0.58	0.03	0.03	0.06	0.00
Special Tax	14.50	13.16	1.14	0.98	11.55	0.74
Transportation	15.15	12.44	1.13	0.98	15.65	0.95
Water & Sewer	5.44	4.59	0.41	0.38	8.73	0.52
Tobacco	1.33	1.28	0.04	0.03	0.07	0.00
Net Other Short Duration Instruments Muni****	0.14	0.14	0.00	0.00	0.00	0.00
Other Muni	2.02	2.05	0.17	0.17	0.00	0.00
Net Other Short Duration Instruments ex-Muni****	17.70	14.78	0.01	0.01	0.00	0.00
US Government Related	-9.18	0.00	-0.60	0.00	0.00	0.00
Mortgage	1.48	2.96	0.17	0.33	0.00	0.00
Invest. Grade Credit	0.45	0.42	0.06	0.06	0.00	0.00
High Yield Credit	0.19	0.18	0.01	0.01	0.00	0.00
Non-USD Developed	0.00	0.00	0.00	0.00	0.00	0.00
Emerging Markets**	0.00	0.00	0.00	0.00	0.00	0.00
Other***	0.00	0.00	0.00	0.00	0.05	0.00
EM Short Duration Instruments	0.00	0.00	0.00	0.00	0.00	0.00
Total	100	100	6.12	6.30	100	6.07

**Emerging markets 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. Emerging Markets includes the value of short duration emerging markets instruments previously reported in another category.

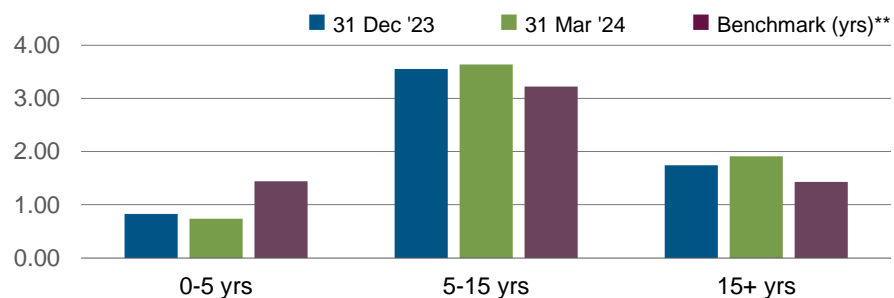
***Investment vehicles not listed, allowed by prospectus.

****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 or take into account other pertinent factors 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.

Benchmark: Bloomberg Municipal Bond Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	31 Mar '24	31 Mar '24
0-5 yrs	0.83	0.74	1.44
5-15 yrs	3.55	3.64	3.22
15+ yrs	1.74	1.91	1.43
Total	6.12	6.29	6.09

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	31 Mar '24	31 Mar '24
Effective duration	6.12	6.30	6.08
Bull market duration	5.80	5.99	5.67
Bear market duration	6.38	6.50	6.45
Spread duration			
Mortgage spread duration	0.00	0.00	0.00
Corporate spread duration	0.26	0.24	0.00
Emerging markets spread duration	0.00	0.00	0.00
Swap spread duration	0.00	0.00	0.00
Covered bond spread duration	0.00	0.00	0.00
Sovereign related spread duration	0.00	0.00	0.00

**Benchmark duration is calculated by PIMCO
Benchmark: Bloomberg Municipal Bond Index

Additional share class performance

PIMCO Municipal Bond Fund (net of fees performance)

Performance periods ended: 31 Mar '24	Maximum Sales Charge (Load)	Maximum Deferred Sales Charge (Load)	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)	2.25	1.00	0.78	-	0.75	USD	01 Apr '98	0.72	8.53	6.16	-0.18	1.88	3.03	3.46
Class A (at MOP)	2.25	1.00	0.78	-	0.75	USD	01 Apr '98	-1.54	6.09	3.77	-0.94	1.41	2.79	3.34
Class C (at NAV)	-	1.00	1.28	-	1.25	USD	01 Apr '98	0.60	8.26	5.64	-0.68	1.37	2.52	2.94
Class C (at MOP)	-	1.00	1.28	-	1.25	USD	01 Apr '98	-0.40	7.26	4.64	-0.68	1.37	2.52	2.94
Class I-2	-	-	0.57	-	0.54	USD	30 Apr '08	0.77	8.64	6.38	0.03	2.09	3.24	3.68
Class I-3	-	-	0.67	0.62	0.59	USD	30 Jul '21	0.76	8.61	6.33	-0.02	2.04	3.19	3.67
Class INST	-	-	0.47	-	0.44	USD	31 Dec '97	0.80	8.70	6.49	0.13	2.19	3.35	3.80
Bloomberg Municipal Bond Index								-0.39	7.48	3.13	-0.41	1.59	2.66	4.12
Lipper General & Insured Municipal Debt Funds Index								0.37	8.04	4.27	-0.63	1.57	2.80	3.81

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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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.

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. **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. Investors will, at times, incur a tax liability. Income from **municipal bonds** is exempt from federal income tax and may be subject to state and local taxes and at times the alternative minimum tax. **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.

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

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 Municipal Bond Index consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market. The index is made up of all investment grade municipal bonds issued after 12/31/90 having a remaining maturity of at least one year. 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.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This material contains the current opinions of the manager 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 LLC in the United States and throughout the world. **PIMCO Investments LLC, distributor**, 1633 Broadway, New York, NY, 10019 is a company of PIMCO ©2024 PIMCO.

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.

"Safe Spread" is defined as sectors that we believe are most likely to withstand the vicissitudes of a wide range of possible economic scenarios. All investments contain risk and may lose value.

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)