PIMCO

Investment Grade Credit Bond Fund

SHARE CLASS: **INSTITUTIONAL** | AS OF: **30 JUNE 2022** | **Monthly Commentary**

Fund information	
Fund inception date	28 April 2000
Strategy	Investment Grade
Total Net Assets (in millions)	$13,970.4
Portfolio manager(s)	Mark Kiesel Mohit Mittal Amit Arora
Effective duration (yrs)	6.94
Benchmark duration (yrs)	7.35
Effective maturity (yrs)	10.89
Inst. share 30-day SEC yield	5.09%

Class	CUSIP	Ticker
Institutional	722005816	PIGIX

Expenses	
Gross Expense Ratio (%)	0.52
Adjusted Expense Ratio (%)	0.50

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 Investment Grade Credit Bond Fund returned –3.38% after fees in June versus the Bloomberg U.S. Credit Index, which returned –2.61% for the month. Year-to-date the Fund has returned –15.25% after fees, while the benchmark returned –13.81%.

In June, the Bloomberg U.S. Credit Index returned -2.61%, underperforming like-duration Treasuries by -1.51%. Investment grade credit spreads widened 22 bps and yields rose 0.47% to 4.58%[1].

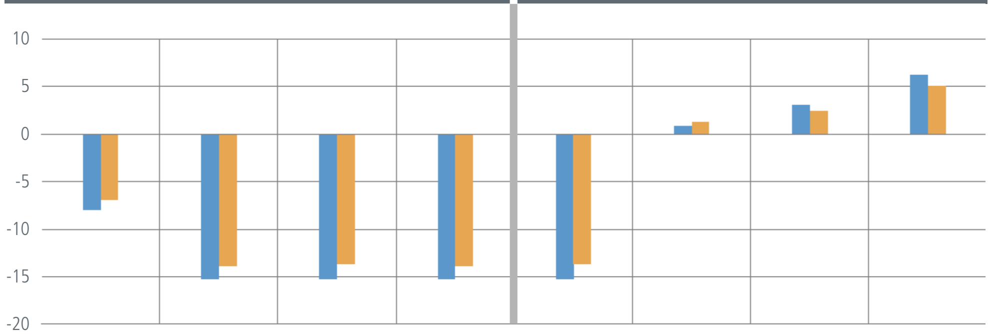
Contributors

- European duration positioning
- Underweight exposure to energy

Detractors

- Overweight exposure to gaming
- Name selection within utilities
- Tactical exposure to EM

Month End Performance 30 June 2022 | Quarter End Performance 30 June 2022



	3 Mos.	6 Mos.	1 Yr.	YTD	1 Yr.	5 Yr.	10 Yr.	Since Inception
PIMCO Inv. Grade Credit Bond Fund net of fees (%)	-7.92	-15.25	-15.25	-15.25	-15.25	0.80	2.99	6.18
Bloomberg U.S. Credit Index (%)	-6.90	-13.81	-13.64	-13.81	-13.64	1.24	2.45	5.02

■ PIMCO Inv. Grade Credit Bond Fund net of fees (%) ■ Bloomberg U.S. Credit 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 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 minimum initial investment for institutional class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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.

Top 5 overweight industries

	% Market Value	
	Fund	Index
Financial Other	5.49	1.52
Banks	19.78	15.90
Gaming	2.79	0.08
Airlines	2.18	0.25
Wireless	3.08	1.29

Top 5 underweight industries

	% Market Value	
	Fund	Index
Pharmaceuticals	0.84	4.65
Retailers	0.35	3.21
Technology	5.38	8.08
Integrated Oil	0.58	2.18
Diversified Manufacturing	0.68	2.08

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

Portfolio positioning

The Fund is positioned underweight developed market duration and staying close to the index overall. In terms of sector positioning, the Fund favors sectors that exhibit resiliency to rising rates such as banks and specialty finance. Within banks, we particularly like names we consider to have higher equity capital ratios, healthy balance sheets, and exposure to housing activity. We are finding opportunities in non-cyclical sectors that may be better insulatetd from an economic slowdown such as utilities. Further, we are finding value in companies benefitting from the strong demand for broadband and connected devices, particularly tower companies and select wireless providers. The Fund maintains exposure to industries tied to housing, specifically building materials, mortgage originators, and non-Agency MBS where fundamentals remain strong with higher homeowner equity. The Fund also maintains an overweight to select corporate, quasi-sovereign and sovereign issues in emerging markets, particularly credits we believe to have relatively strong fundamentals. Conversely, we are cautious on sectors that face potential regulatory headwinds and those that face potential M&A and obsolescence risk.

Month in review

The Fund's bottom-up sector and security selection drove underperformance for the month, while macro positioning contributed to performance.

Our underweight to European duration contributed to performance as rates rose. The fund's underweight exposure to energy contributed to performance as spreads widened alongside the broader market sell-off.

Conversely, the fund's overweight exposure to gaming detracted from performance as the sector underperformed amid COVID restrictions in Macau. Name selection within utilities detracted from performance as the sector faced higher input costs and inflation. Lastly, tactical exposure to emerging markets detracted from performance as the Russia/Ukraine conflict persisted.

Outlook and strategy

Significant uncertainty clouds the outlook as the global economy continues to confront elevated inflation and potential recession risks. In our base case, growth wanes modestly as inflation remains persistent and then moderates gradually. However, there are risks to this outlook including an elevated risk of recession over the medium term, which may be more prolonged due to a less vigorous response by central banks and governments. Credit market technicals remain supportive alongside continued demand for high quality income producing assets globally. Valuations are above long term median levels which warrants a patient approach and focus on maintaining liquidity and flexibility in portfolios, capitalizing on opportunities as they present themselves. We continue to seek out high conviction opportunities, with a preference from sectors that have historically been more resilient to rising rates and non-cyclical sectors that may be better anchored in an economic slowdown. Our bottom-up positioning emphasizes companies with high barriers to entry, pricing power, asset coverage, and management teams that favor bondholders in the capital structure.

Management profile

Mark Kiesel
Managing Director and CIO Global Credit

Mohit Mittal
Managing Director

Amit Arora
Executive Vice President

2000
28 APR
INCEPTION DATE

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Seeks attractive returns from high quality corporate bonds

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: 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. **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.

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. Credit Index is an unmanaged index comprised of publicly issued U.S. corporate and specified non-U.S. debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. This index was formerly known as the Bloomberg Credit Investment Grade Index. 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.

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[1]Spreads referenced are the average option adjusted spread (OAS) level as generated by Bloomberg. Excess Returns are measured by comparing individual securities within the index against like-duration U.S. Treasuries. All spread and performance figures are as reported by Bloomberg Barclays for the Bloomberg U.S. Credit Index and its respective sub-sectors.Like-duration Treasuries are calculated by the index provider by comparing the index return to a hypothetical matched position in Treasuries.

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.

Mortgage-backed securities (MBS); U.S. Federal Reserve Bank (Fed)

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