PIMCO

Investment Grade Credit Bond Fund

SHARE CLASS: **INSTITUTIONAL** | AS OF: **30 NOVEMBER 2020** | **Monthly Commentary**

Fund information		
Fund inception date		28 April 2000
Strategy		Investment Grade
Total Net Assets (in millions)		$20,269.0
Portfolio manager(s)		Mark Kiesel Mohit Mittal Amit Arora
Effective duration (yrs)		7.96
Benchmark duration (yrs)		8.56
Effective maturity (yrs)		12.28
Inst. share 30-day SEC yield		1.98%
Class	CUSIP	Ticker
Institutional	722005816	PIGIX

Expenses	
Gross Expense Ratio (%)	0.85
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 2.99% after fees in November, outperforming the Bloomberg Barclays U.S. Credit Index by 0.44%. Year-to-date the Fund has returned 6.67% after fees, while the benchmark returned 8.85%.

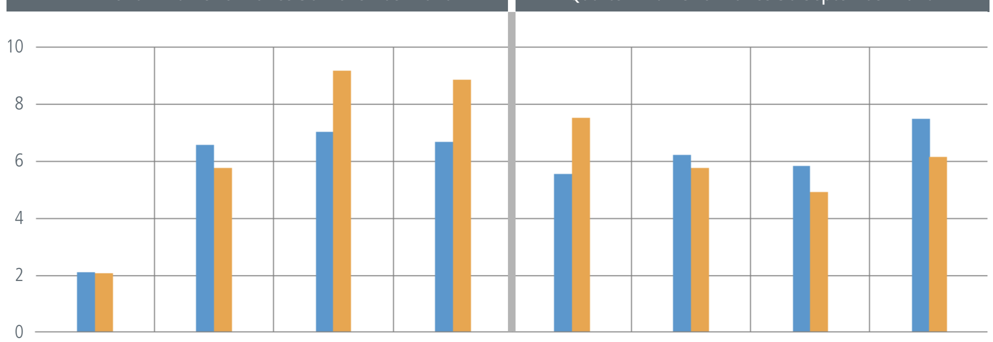
In November, the Bloomberg Barclays U.S. Credit Index returned 2.55%, outperforming like-duration Treasuries by 2.11%. Investment grade credit spreads tightened 19 basis points and yields fell 0.21% to 1.73%[1].

Contributors

- Tactical exposure to emerging markets
- Overweight banks
- Overweight gaming

Detractors

- Underweight utilities
- Underweight refining



	Month End Performance 30 November 2020				Quarter End Performance 30 September 2020			
	3 Mos.	6 Mos.	1 Yr.	YTD	1 Yr.	5 Yr.	10 Yr.	Since Inception
PIMCO Inv. Grade Credit Bond Fund net of fees (%)	2.09	6.56	7.03	6.67	5.54	6.21	5.82	7.48
Bloomberg Barclays U.S. Credit Index (%)	2.04	5.75	9.17	8.85	7.50	5.75	4.92	6.14

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 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
Banks	19.36	14.75
Gaming	2.71	0.22
Financial Other	3.21	0.93
Wireless	2.79	1.37
Airlines	1.55	0.28

Top 5 underweight industries

	% Market Value	
	Fund	Index
Pharmaceuticals	1.22	5.42
Technology	4.81	7.91
Retailers	0.93	3.26
Food & Beverage	1.62	3.32
Electric Utility	5.33	7.00

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

Portfolio positioning

The Fund is positioned modestly underweight developed market interest rate duration. In terms of sector positioning, the Fund favors banks and specialty finance, particularly names with higher equity capital ratios, healthy balance sheets, and exposure to housing activity. We are finding value in companies benefitting from the strong demand for broadband and connected devices, particularly tower companies and select wireless providers. We emphasize select REITs which benefit from attractive underlying asset quality and meaningful covenants. 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 with relatively strong fundamentals. We remain cautious on generic non-financial corporate credit, and particularly sectors with weaker outlooks such as retail.

Month in review

The Fund's bottom-up sector and security selection drove outperformance for the month, in addition to positive contributions from macro positioning.

Tactical exposure to emerging markets contributed to performance as the sector gained over the month amid on positive vaccine developments and broader global recovery. Overweight exposure to banks contributed to performance given their higher beta nature and the broader rally of risk assets. In addition, overweight exposure to gaming contributed to performance as travel back into Macau has slowly returned.

Conversely, the Fund's underweight exposure to utilities detracted as the sector gained on the optimism of a Biden presidency leading to increased taxes benefitting utilities and support for renewables. Further, an underweight to refining detracted from performance as the sector rallied with higher oil prices.

Outlook and strategy

PIMCO will continue to leverage our bottom-up capabilities as the economy improves, albeit with an uneven recovery dependent on the path of the virus. Bifurcation in markets remains elevated, underscoring the importance of an actively-managed approach in credit. We remain constructive on investment grade credit today given a strong technical picture: massive savings investment imbalance combined with low global government yields continues to drive demand for high quality income producing assets. Further, investment grade credit remains supported by unprecedented accommodative central bank policy including the Fed's corporate purchase program, which has improved liquidity conditions and provided a backstop for markets. Strong demand has balanced elevated corporate issuance, and we expect supply to slow going forward. Valuations remain at levels that provide a compelling risk/return proposition for long term oriented investors, particularly in today's prolonged low rate environment. 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

★★★★
MORNINGSTAR RATING

Category: **Corporate Bond**
Number of funds in category: **190**
Criteria: **Risk-Adjusted Return**

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 **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. **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 Rating™ as of 30 November 2020 for the Institutional series; other classes may have different performance characteristics. The PIMCO Investment Grade Credit Bond Fund was rated against the following numbers of Corporate Bond funds over the following time periods: Overall 4 Stars (190 funds rated); 3 Yrs. 3 Stars (190 funds rated); 5 Yrs. 4 Stars (135 funds rated); 10 Yrs. 5 stars (89 funds rated). **Past performance is no guarantee of future results.** The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The information contained herein: (1) is proprietary to Morningstar (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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. 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 Barclays Credit Investment Grade Index. It is not possible to invest directly in an unmanaged index.

PIMCO Investments LLC, distributor, 1633 Broadway, New York, NY, 10019 is a company of PIMCO.

[1]Spreads referenced are the average option adjusted spread (OAS) level as generated by Bloomberg Barclays. 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 Barclays U.S. Credit Index and its respective sub-sectors.

Beta is a measure of price sensitivity to market movements. Market beta is 1.

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

Real Estate Investment Trust (REIT); U.S. Federal Reserve (Fed)

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