Income Fund

Fund description

The Income Fund is a portfolio of a broad range of intermediate-duration bonds that is actively managed to maximize current income while maintaining a relatively low risk profile, with a secondary goal of capital appreciation.

INVESTOR BENEFITS

This fund seeks to meet the needs of investors whose primary goal is a high level of current income. The fund seeks to generate a competitive distribution yield and monthly dividends.

Potential benefits of this fund include:
- A competitive yield - Income Fund yield is competitive with many savings vehicles
- Multiple sources of value - the fund utilizes a broad opportunity set of fixed income securities
- The fund seeks to maintain a high level of quality sources of income in both the investment grade and high yield universe
- The fund seeks to exploit relative value opportunities arising from what we believe are securities misrated by ratings agencies
- Liquidity - the fund structure is designed to provide liquidity when needed

THE FUND ADVANTAGE

The fund utilizes multiple sectors of the bond market in an effort to generate a competitive and consistent distribution yield and monthly dividend. Managed to pursue efficient income generation, the strategy also focuses on PIMCO total-return ideas in an effort to maximize capital appreciation and risk-adjusted returns relative to its peers. This approach seeks to provide consistent income over the long term.

VALUE OF INCOME STRATEGIES

An allocation to PIMCO’s income strategies offers investors the potential for a competitive income stream with long-term capital appreciation. A focus on income can help smooth out return streams during volatile periods and help build total return over the longer term. PIMCO income strategies may also invest in a broad range of securities within the global fixed income opportunity set - from government bonds to investment grade to high yield in domestic, global developed, emerging markets - and, for some strategies, equities. While diversification is not a guarantee against loss, this diversification may prove to be particularly valuable during periods of heightened economic uncertainty.
Recent month-end, visit PIMCO.com or by calling 888.87.PIMCO. Contacting your PIMCO representative. Please read them carefully before you invest or send money.

For instance, during periods of low or declining interest rates, the Fund’s distributable income and dividend levels may decline for many reasons. It is important to note that differences exist between the fund’s daily internal accounting records, the fund’s financial statements prepared in accordance with U.S. GAAP or the final tax character of those distributions.

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. And other information is contained in the fund’s prospectus and summary prospectus, if available, which may be obtained by contacting your PIMCO representative. Please read them carefully before you invest or send money.

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Lipper rankings* (Multi-Sector Income Funds) 10 yrs. 5 yrs. 3 yrs. 1 yr. Fund rank Number of funds Quartile

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment returns and the principal value of an investment will fluctuate. Shares may be worth more or less than original price 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 Bloomberg Barclays U.S. Aggregate Index (the “Index”) and related attribution calculations 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 effect 1) a fund’s total return in excess of that of the Bloomberg Barclays U.S. Aggregate Index; (2) its total return in excess of the Index between reporting periods or (2) a fund’s total return in excess of the Fund 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.

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. 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. Mortgages and asset-backed securities may be subject 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, which is generally supported by a 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 liquidity risk. Derivatives involve certain 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. The Fund is non-diversified, which means that it can concentrate its assets in a smaller number of issuers than a diversified fund. Portfolio turnover may indicate higher transactions costs and may result in higher taxes when fund shares are held in a taxable account. 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.

It is important to note that differences exist between the fund’s daily internal accounting records, the fund’s financial statements prepared in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. It is possible that the fund may not issue a Section 19 Notice in situations later, where the fund’s financial statements prepared in accordance with U.S. GAAP or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Please see the fund’s most recent shareholder report for more details.

Although the fund may seek to maintain stable distributions, the fund’s distribution rates may be affected by numerous factors, including but not limited to changes in realized and projected market returns, fluctuations in market interest rates, Fund performance, and other factors. There can be no assurance that a change in market conditions or other factors will not result in a change in the Fund’s distribution rate or that the rate will be sustainable in the future.

For instance, during periods of low or declining interest rates, the Fund’s distributable income and dividend levels may decline for many reasons. For example, the Fund may have to deploy uninvested assets (whether from purchases of Fund shares, proceeds from matured, traded or called debt obligations or other sources) in new, lower yielding instruments. Additionally, payments from certain instruments that may be held by the Fund (such as variable and floating rate securities) may be negatively impacted by declining interest rates, which may also lead to a decline in the Fund’s distributable income and dividend levels.

Performance

<table>
<thead>
<tr>
<th>Performance (net of fees)</th>
<th>10 yrs.</th>
<th>5 yrs.</th>
<th>3 yrs.</th>
<th>1 yr.</th>
<th>6 mos.</th>
<th>3 mos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIMCO Fund (%)</td>
<td>7.51</td>
<td>4.69</td>
<td>3.32</td>
<td>0.69</td>
<td>-1.68</td>
<td>6.48</td>
</tr>
<tr>
<td>Benchmark (%)</td>
<td>3.82</td>
<td>4.30</td>
<td>5.32</td>
<td>8.74</td>
<td>6.14</td>
<td>2.90</td>
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BASIC FACTS

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<th>Dividend frequency</th>
<th>Daily accrual</th>
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<tr>
<td>Gross Expense Ratio</td>
<td>1.05%</td>
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FUND EXPENSES

| 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.

ABOUT THE BENCHMARK

Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

ABOUT PIMCO

PIMCO is one of the world’s premier fixed income investment managers. Since our founding in 1971 in Newport Beach, California, we have continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. Today our professionals work in 17 offices across the globe, united by a single purpose: creating opportunities for investors in every environment.

FOR MORE INFORMATION, CALL YOUR PIMCO REPRESENTATIVE AT 888.87.PIMCO.

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