Performance summary

The PIMCO Income Fund returned 1.46% after fees in August, and year-to-date the Fund has returned 1.19% after fees.

The Income Fund continued to provide investors with attractive monthly distributions through August. The higher yielding portion of the portfolio contributed as risk assets continued to rally after sharp drawdowns in March. The higher quality portion of the portfolio was mixed over the month.

Contributors
- Holdings of securitized credit, across both Agency MBS and non-Agency MBS
- Holdings of corporate credit, as spreads tightened
- Short exposure to non-U.S. developed duration
- Exposure to emerging market debt and currencies

Detractors
- Exposure to U.S. duration

The Lipper Fund Awards recognized the PIMCO Income Fund, Institutional for the 10 year performance period out of 37 funds under the Multi-Sector Income Funds Classification.
Month in review

Risk assets rallied in August despite the continued growth of virus cases across the globe and mixed economic data. U.S. equities reached record-highs - with the S&P 500 marking its best August since 1986 - as credit spreads tightened, the dollar weakened, developed market rates rose (after the U.S. 10yr set a new low), and curves steepened. Promising quarterly earnings across certain sectors and the Fed’s shift in inflation framework - which would enable the central bank to allow inflation to exceed the 2% target and further support the economy - helped contribute to investor optimism.

Against this backdrop, performance was strong over the month, bringing year-to-date returns back into positive territory after Q1’s volatility. The Fund’s holdings of securitized credit were the largest contributors; non-agency MBS spreads tightened as home price fundamentals remained solid and mortgage delinquencies have ebbed. Corporate credit positions were positive along with exposure to emerging market debt, while emerging market currencies modestly contributed over the month.

Interest rate strategies were mixed during the month, as rates crept higher across most developed markets. The Fund’s short exposure to non-U.S. developed market duration contributed, while exposure to U.S. duration detracted.

Portfolio positioning

The Fund is divided into two general segments: higher yielding assets that are expected to benefit when economic growth is robust and higher quality assets that are expected to benefit if economic growth is weak.

Within the higher quality segment, we remain cautious overall as real rates in many markets are close to zero or even negative. We have added to our U.S. duration exposure, where rates remain higher relative to other developed countries. To balance these positions, we look to hedge some of our duration exposure with a short position in Japan where real yields are already negative.

The higher yielding segment is weighted toward senior positions in the capital structure. We seek to be diversified across credit exposures within corporate, securitized, and emerging market debt. We’ve added to investment grade corporate positions over the past several months as issuance levels have been high. We remain cautious in our allocation to high yield corporates and are mindful of liquidity. We continue to look for opportunities to add senior securitized credit exposure, particularly in non-Agency U.S. and UK mortgages, which feature strong “bend but don’t break” resilience and attractive loss-adjusted yields through a range of downside economic scenarios.
**Outlook and strategy**

The global economy has started to recover from the deepest but also shortest recession in modern times, but the path of recovery is expected to be slow and uneven. This recessionary environment is very different from past periods given the external shock of the global COVID-19 pandemic. Fiscal and monetary policymakers around the world have responded forcefully to coronavirus-related volatility with the Federal Reserve announcing an easing package including near-zero policy rates, large-scale asset purchases, lower rates on currency swaps and regulatory relief for banks. Support from U.S. fiscal policymakers followed with the passage of the $2 trillion CARES Act and an extension of policy support currently being negotiated.

Given the swift and large monetary and fiscal policy response and in the absence of major imbalances in the real economy that would require a prolonged period of cleansing and adjustment, we expect the global economy to transition from intense near-term hurting during the virus-suppression phase to gradual healing. Our baseline continues to be a bumpy and uneven recovery with pre-crisis level of economic activity unlikely to be reached before 2022 in most Western economies.

Within the Income Strategy, we remain focused on diversification and staying senior in the capital structure. We remain focused on “bend but not break” exposures, where we may experience some price volatility but seek to avoid defaults.

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**Management profile**

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Rating</th>
<th>Category</th>
<th>Number of funds</th>
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<td>Dan Ivascyn</td>
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<td>★★★★★</td>
<td>Multisector Bond</td>
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<td>Alfred Murata</td>
<td>Managing Director</td>
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<td>Risk-Adjusted Return</td>
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<td>Joshua Anderson</td>
<td>Managing Director</td>
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**Criteria:** Risk-Adjusted Return

**2007 30 MAR INCEPTION DATE**

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. 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. 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. The Fund is non-diversified, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund. 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. Portfolio turnover may indicate higher transactions costs and may result in higher taxes when fund shares are held in a taxable account.

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 where the fund’s financial statements prepared later and 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.

In the absence of major imbalances in the real economy that would require a prolonged period of cleansing and adjustment, we expect the global economy to transition from intense near-term hurting during the virus-suppression phase to gradual healing. Our baseline continues to be a bumpy and uneven recovery with pre-crisis level of economic activity unlikely to be reached before 2022 in most Western economies.

Payment 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 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.

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*Please see the fund’s most recent shareholder report for more details.*
1099 DIV sent to shareholders for the calendar year.

The estimated composition of such distribution through a Section 19 Notice. The amounts and composition of distributions reported on any Section 19 Notice issued by the Fund are

Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (“ROC”) of your investment in the Fund. If the Fund estimates that a portion of its

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

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.

Mortgage Backed Securities (MBS); European Union (EU).

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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

Outlook and strategies are subject to change without notice. Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All

will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in

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

specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

The Morningstar Rating™ as of 31 August 2020 for the Institutional series; other classes may have different following numbers of Multisector Bond funds over the following time periods: Overall 5 Stars (293 funds rated); 3 Yrs. 3 Stars (293 funds rated); 5 Yrs. 5 Stars (251 funds rated); 10 Yrs. 5 stars (128 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. Morningstar, Inc. © 2020. All rights reserved. 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. 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. It is not possible to invest directly in an unmanaged index.

Morningstar Rating™ as of 31 August 2020 for the Institutional series; other classes may have different performance characteristics. The PIMCO Income Fund was rated against the following periods:

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a riskadjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper Fund Awards from Refinitiv, © 2020 Refinitiv. All rights reserved. Used under license. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.