

**Fund information**

Fund inception date	30 June 2005	
Strategy	Domestic Equity	
Total Net Assets (in millions)	\$1,712.7	
Portfolio manager(s)	Bryan Tsu Jing Yang Marc Seidner	
A share 30-day SEC yield	0.14%	
Class	CUSIP	Ticker
A	72201F888	PIXAX
C	72201F870	PIXCX
I2	72201M768	PIXPX
I3	72202E328	PXTNX
Institutional	72201F854	PXTIX

**Expenses**

Gross Expense Ratio (%)	1.20
Adjusted Expense Ratio (%)	1.19

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 RAE PLUS Fund returned -4.65% at NAV in September versus the Russell 1000® Value Index, which returned -3.48% for the month. Year-to-date the Fund has returned 18.29% at NAV, outperforming the benchmark by 2.16%.

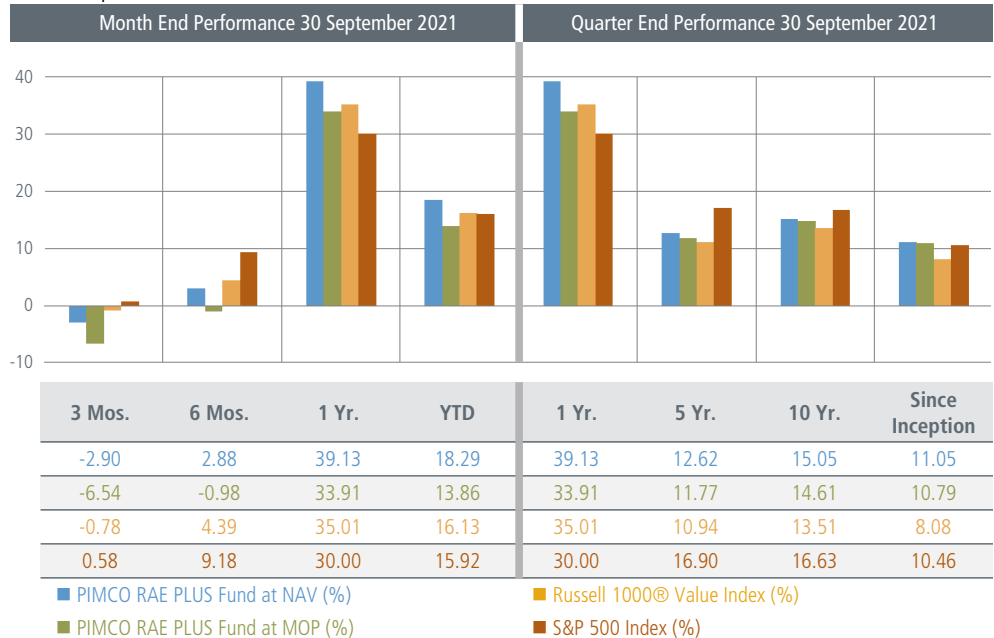
U.S. value equities<sup>1</sup> fell 0.8% in the third quarter amid a stall in the global economic recovery, driven by recurring spikes of COVID-19 Delta variant cases. Against this backdrop, PIMCO's RAE U.S. equity strategy underperformed the Russell 1000 Value Index by 1.9% after fees. Underweight to/selection in materials and selection in health care contributed to relative performance while an overweight to/selection in consumer discretionary and selection in industrials detracted. The fund's bond alpha strategy detracted from performance in the third quarter, driven by short exposure to U.K. inflation.

**Contributors**

- RAE's underweight to/selection in materials
- RAE's selection in health care
- Within PIMCO's "PLUS" bond alpha strategy:
  - Holdings of non-agency mortgages and CLOs
  - Holdings of investment grade and high yield corporate credit
  - U.S. Interest rate strategies

**Detractors**

- RAE's overweight to/selection in consumer discretionary
- RAE's selection in industrials
- Within PIMCO's PLUS bond alpha strategy:
  - Short exposure to U.K. breakeven inflation
  - Short exposure to the Chinese Yuan
  - Exposure to Brazilian rates



If this material is used after 31 December 2021, it must be accompanied by the most recent Performance Supplement. 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 maximum offering price (MOP) returns take into account the 3.75% maximum initial sales charge.

**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.

## RAE equity portfolio/benchmark index

Summary characteristics	RAE	Index
Number of stocks	216	835
Weighted avg market cap (in millions)	194,315	134,774
Trailing P/E ratio	13.4	17.0
Forward P/E ratio	11.8	16.1
Price/Sales	0.8	2.0
Price/Book	2.7	2.6
Price/Cash Flow	8.8	11.7

## Top 5 sectors (MV%)

	RAE	Index
Information Technology	20.0	10.2
Health Care	18.6	17.3
Consumer Discretionary	18.2	5.6
Financials	13.4	21.4
Industrials	9.8	11.6

RAE equity statistics are for the RAE Fundamental US Large model portfolio, which the Fund replicates via total return swaps. Index equity statistics are for the S&P 500 Index, the Fund's benchmark.

## Absolute return bond alpha strategy

### Summary characteristics as of 30 September 2021

	% Market Value	Duration (years)
US Government Related	-0.9	0.18
Securitized <sup>1</sup>	14.0	0.23
Invest. Grade Credit	6.2	0.21
High Yield Credit	1.2	0.01
Non-USD Developed	32.0	0.65
Emerging Markets	10.5	0.10
Other	0.6	0.06
Net Other Short Duration Instruments <sup>2</sup>	36.5	0.09

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

MV% may not equal 100 due to rounding.

<sup>1</sup> The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

<sup>2</sup> 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 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.

## Portfolio positioning

RAE's approach to value investing seeks to select undervalued stocks using valuation metrics designed by Research Affiliates, while also incorporating quality and momentum signals to improve potential performance. Selected stocks are weighted based on fundamental measures of company size such as sales, cash flows, dividends and book value. The fund's approach to weighting stocks based on fundamental measures of company size often results in an overweight to lower priced stocks and an underweight to higher

priced stocks, providing the potential to profit from mean reversion in valuations.

In light of the improving market environment and strong support from the Fed, we modestly increased overall portfolio risk at the beginning of the year, with additional exposure to corporate credit balanced by portfolio duration. We continue to hold core positions in intermediate U.S. treasuries with a curve-steepening bias given the position's yield advantage and potential for volatility in long-end rates. In line with PIMCO's cyclical views, we have meaningfully reduced exposure to agency mortgages, taking profits where valuations look rich. We trimmed exposure to U.S. TIPS as inflation expectations have increased. We remain tactical with respect to currency positions.

## Quarter in review

U.S. value equities<sup>1</sup> fell 0.8% in the third quarter amid a stall in the global economic recovery, driven by recurring spikes of COVID-19 Delta variant cases. Against this backdrop, PIMCO's RAE U.S. equity strategy underperformed the Russell 1000 Value Index by 1.9% after fees. Underweight to/selection in materials and selection in health care contributed to relative performance while an overweight to/selection in consumer discretionary and selection in industrials detracted. The fund's bond alpha strategy contributed in the third quarter, driven by interest rate and spread strategies.

The bond alpha strategy detracted from performance over the quarter. Underperformance over the quarter was driven by negative exposure to U.K. breakeven inflation as changes in energy prices elevated inflation expectations. Exposure to Brazilian rates further detracted from performance as the central banks increased rates over the quarter. Positions in non-agency mortgages, CLOs, and corporate credit contributed to performance and helped offset underperformance in other positions.

## Top 10 holdings

	RAE	Index
Pfizer Inc	4.6	1.2
Apple Inc	4.2	0.0
Gilead Sciences Inc	3.7	0.4
Wells Fargo & Company	2.8	1.0
Amgen Inc	2.6	0.1
Target Corporation	2.1	0.3
Mckesson Corporation	2.0	0.1
Kohls Corporation	2.0	0.0
General Electric Company	1.8	0.6
Oracle Corporation	1.7	0.1

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

## Outlook and strategy

In Q3, the global economic recovery stalled amid recurring spikes of COVID-19 Delta variant cases, lagging vaccine rollouts, and weaker-than-expected growth data, driving equity markets lower. In response to elevated inflation risk from supply bottlenecks and rising global energy prices, Fed officials raised their projected rate paths and signaled they were ready to taper asset purchases - pushing interest rates higher. After value dominated much of the first half of 2021, growth outperformed value for the majority of the quarter. Should the COVID-19 delta variant continue to fade, economic recovery resume, and interest rates continue to rise, this could be a supportive backdrop for value stocks going forward.

Within the bond alpha strategy, increases in U.S. interest rates across the intermediate and long end of the yield curve has been a headwind to core fixed income portfolios across the globe, with many core fixed income benchmarks delivering negative returns YTD. RAE PLUS has been successful in navigating these headwinds by focusing on relative value opportunities in developed market rates, while also drawing from a diversified source of global risk factors, including credit and currency strategies. While rising rates continue to be a concern for fixed income portfolios, the strategy's core exposure to U.S. duration remains a crucial hedge to mitigate large risk-off moves in credit and equity markets, as well as an important source of liquidity within the portfolio.

## Management profile



**Bryan Tsu**  
Executive Vice President



**Jing Yang**  
Executive Vice President



**Marc Seidner**  
Managing Director

**2005**  
**30 JUN**  
INCEPTION DATE

**\$1.7BN**  
ASSETS UNDER  
MANAGEMENT

**5**   
PORTFOLIO  
MANAGERS

**24YRS**  
Average years of  
portfolio managers'  
experience

Seeking attractive results through superior structure

*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](http://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:** In managing the strategy's investments in Fixed Income Instruments, PIMCO utilizes an **absolute return approach**; the absolute return approach does not apply to the equity index replicating component of the strategy. Absolute return portfolios may not fully participate in strong positive market rallies. 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.

The Russell 1000® Value Index measures the performance of large and midcapitalization value sectors of the U.S. equity market, as defined by FTSE Russell. The Russell 1000® Value Index is a subset of the Russell 1000® Index, which measures the performance of the large and mid-capitalization sector of the U.S. equity market. S&P 500 Index is an unmanaged market index generally considered representative of the stock market as a whole. The Index focuses on the large-cap segment of the U.S. equities market. 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. ©2021, PIMCO.

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<sup>1</sup>Russell 1000 Value Index

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.

**Inflation-linked bonds (ILBs)** issued by a government are fixed income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. **Treasury Inflation-Protected Securities (TIPS)** are ILBs issued by the U.S. government.

Research Affiliates' active insights: **Quality** is a quantitative measure of the financial health of a company. **Momentum** is a measure of the price action of a stock. The **size** of a company refers to its economic footprint in a given market. **Style** refers to the characteristic of a stock that makes it more growth or value oriented.

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.

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.

US Federal Reserve (The Fed); Mortgage-Backed Securities (MBS); Collateralized Loan Obligation (CLO)