PIMCO

Dynamic Bond Fund

SHARE CLASS: **A** | AS OF: **30 JUNE 2020** | **Monthly Commentary**

Fund information	
Fund inception date	30 June 2008
Strategy	Absolute Return Bond
Total Net Assets (in millions)	$3,185.1
Portfolio manager(s)	Marc Seidner Mohsen Fahmi Dan Ivascyn
Effective duration (yrs)	1.36
Effective maturity (yrs)	0.13
A share 30-day SEC yield	1.52%

Class	CUSIP	Ticker
A	72201M479	PUBAX
C	72201M297	PUBCX
I2	72201M453	PUCPX
I3	72202E179	PFNUX
R	72201M289	PUBRX
Institutional	72201M487	PFIUX

Market Indices*	Dynamic Bond Fund Correlation to Asset Classes
Bloomberg Barclays U.S. Aggregate Index	0.39
S&P 500 Index	0.23
MSCI World Index	0.29
JPMorgan Emerging Markets Bond Index (EMBI) Global	0.50
Bloomberg Commodity Index Total Return	0.20
HFRX Global Hedge Fund Index	0.40

*Since Inception

Expenses	
Gross Expense Ratio (%)	1.41
Adjusted Expense Ratio (%)	1.21

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 Dynamic Bond Fund returned 1.84% at NAV in June, outperforming the 3 Month USD LIBOR Index by 1.72%. Year-to-date the Fund has returned 0.67% at NAV, while the benchmark returned 0.85%.

Risk assets broadly gained in June as investors focused on the path of the economic recovery. Global equities gained - with the S&P 500 posting its best quarter since 1998 -oil prices rose, and credit spreads tightened while the dollar weakened. Sovereign yields were broadly mixed, with curves modestly steepening in some regions as central bank activity generally anchored rates around current levels. Markets remained optimistic even with a resurgence in corona virus cases and building tensions in Asia as China imposed its national-security law in Hong Kong.

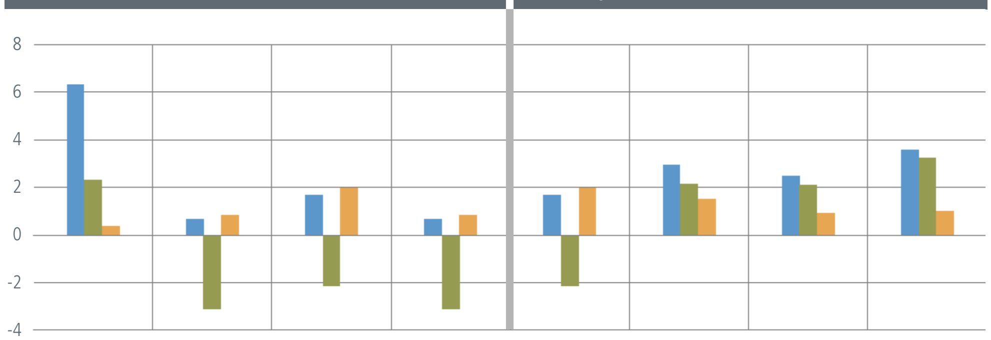
Contributors

- Long exposure to non-Agency MBS
- Long exposure to investment grade and high yield corporate credit
- Long exposure to U.S. duration
- Holdings of EM external debt

Detractors

- Long exposure to the Peruvian sol
- Short exposure to U.K. duration

Month End Performance 30 June 2020 | Quarter End Performance 30 June 2020



3 Mos.	6 Mos.	1 Yr.	YTD	1 Yr.	5 Yr.	10 Yr.	Since Inception
6.32	0.67	1.67	0.67	1.67	2.93	2.48	3.56
2.32	-3.07	-2.12	-3.07	-2.12	2.16	2.09	3.23
0.36	0.85	1.97	0.85	1.97	1.51	0.92	0.99

■ PIMCO Dynamic Bond Fund at NAV (%)
■ 3 Month USD LIBOR Index (%)
■ PIMCO Dynamic Bond Fund at MOP (%)

If this material is used after 30 September 2020, 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.

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.

Portfolio characteristics as of 30 June 2020		
	% Market Value	Duration (years)
Government-Related	**-18.0**	**-1.92**
U.S. Treasury [1]	-0.6	-0.64
U.S. Agency [2]	0.0	0.00
Swaps and Liquid Rates [3]	-17.4	-1.28
Securitized [4]	**68.3**	**1.79**
Agency MBS	41.7	1.06
Non-Agency MBS	21.6	0.57
CMBS	1.0	0.00
Asset Backed Securities	4.0	0.16
Other	0.1	0.00
Investment Grade Credit	**19.6**	**0.72**
High Yield Credit	**-1.8**	**0.08**
Non-U.S. Developed	**0.2**	**0.16**
Emerging Markets	**6.1**	**0.28**
Bonds and Other Long Duration Instruments	6.2	0.28
Short Duration Instruments [5]	-0.1	0.00
Other	**3.5**	**0.21**
Net Other Short Duration Instruments [6]	**22.1**	**0.03**

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.

[1] Includes U.S. Treasury notes, bonds, futures, and inflation-protected securities

[2] Includes U.S. agencies, FDIC-guaranteed and government-guaranteed corporate securities, and supranationals

[3] Includes U.S. dollar denominated interest rate swaps, swaptions, options, and other rate related derivatives. Other portfolio derivatives, where applicable, may be included as part of other sectors based upon their underlying risk characteristics.

[4] The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

[5] Short Duration Instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. Includes the value of short duration emerging markets instruments previously reported in "Cash Equivalents".

[6] 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

The portfolio is positioned across a diverse set of global opportunities in developed and emerging market economies.

Interest Rates

We hold modest long duration position, and favor long US interest rate exposure versus other global developed rates as a hedge against a risk asset sell-off. We hold a short to UK rates as global yields remain low with the potential to move higher due to increased fiscal stimulus. We hold modest long exposure to Italian rates, where spreads are high given continued ECB support, and Canadian rates given the impact of COVID-19.

Credit Spreads

We are cautious in corporate credit, emphasizing bottom-up selection. We see value in Agency and non-Agency mortgages as the sector is well-insulated from key risks facing global markets. Mortgages can be a diversifier to traditional corporate credit and Agency MBS has historically offered the portfolio liquidity. We have modest, selective exposure to high yield credit. We invest in non-cyclical sectors and favor financials within investment grade credit.

Currencies

We remain tactical with currency positioning, holding modest long positions across a diversified selection of higher-yielding EM currencies. We hold a long position in the US dollar versus a basket of developed market currencies.

Month in review

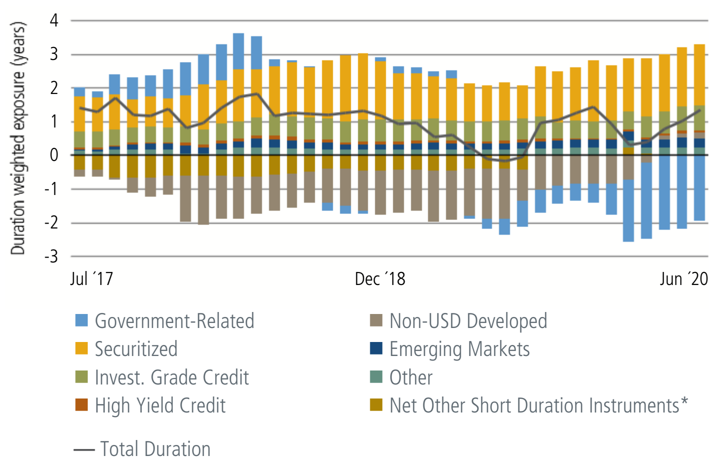
PIMCO Dynamic Bond's performance in June was driven by a diverse set of portfolio positions across duration, spread, and currency strategies.

Interest rate strategies were positive for performance. Long exposure to U.S. duration, primarily at the belly of the curve, contributed as yields fell. Short exposure to U.K. duration detracted; the BOE left rates unchanged and the announced pace of quantitative easing purchases was slower than market expectations. Long exposure to Italian rates contributed.

Spread strategies were positive for performance. Long exposure to investment grade and high yield corporate credit contributed as spreads tightened, spurred by the prospects of economic recovery and progress in COVID-19 vaccine development. Long exposure to Agency and non-Agency MBS contributed. Holdings of EM external debt also contributed amid tightening spreads.

Currency strategies were neutral for performance. Long exposure to the Peruvian sol and short exposure to the euro detracted, while long exposure to the Argentine peso contributed.

Historical Sector Allocation



*Prior to 31 December 2014 these categories were reported separately.
Portfolio allocations and other information in the charts are based on the fund's net assets. These percentages may differ from those used for the fund's compliance calculations, including the fund's prospectus, regulatory, and other investment limitations and policies, which may be based on total assets of the fund or other measurements, may include or exclude various categories of investments from those covered in the portfolio allocation categories shown in this report, and may be based on different classifications and measurements of the fund's investments and other criteria.

Outlook and strategy

Following the longest expansion on record, the global economy began recovering from the deepest yet shortest recession in modern times. Our baseline is an uneven recovery with pre-crisis level of economic activity unlikely before 2022. Dynamic Bond uses diverse positioning with a focus on maintaining portfolio liquidity alongside the flexibility to take advantage of market dislocations.

Interest Rates

We are cautious on interest rate risk and hold a modest long duration position. We favor US duration against rate exposure in other developed regions. Though US yields have fallen, we find US duration attractive given the potential for capital appreciation in adverse market environments. We hold a short position to the UK and a long position to Italian, Canadian, and Peruvian rates.

Credit Spreads

We favor securitized assets, namely Agency and non-Agency mortgages as we see favorable fundamentals in US housing. Despite more attractive corporate credit spread levels, fundamental credit risk is materially higher than in the past, and we remain patient and selective within corporate credit. That said, we hold an allocation to financials, which offer attractive risk-adjusted returns due to improved fundamentals following years of regulation.

Currency

We are tactical in our currency positioning with minimal currency exposure. We see some cheapness in emerging market (EM) currencies on a valuation basis, and see selective, modest EM FX exposure as a potential liquid source of income and diversification. We look at tactical opportunities across currency markets in an effort to benefit from market dislocations given changing central bank policy reactions.

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. Income from municipal bonds may be subject to state and local taxes and at times the alternative minimum tax. **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. **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. **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.

Absolute return portfolios may not fully participate in strong positive market rallies and can charge higher fees than a standard core bond portfolio due to their specialized strategies.

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 3 Month USD LIBOR (London Interbank Offered Rate) Index is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money (3 months) in England's Eurodollar market. It is not possible to invest in an unmanaged 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 suitable 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.

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Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

Mortgage-and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its obligations.

European Central Bank (ECB); Mortgage-Backed Securities (MBS); Foreign Exchange (FX); Bank of England (BOE)

Quantitative easing is a monetary policy whereby a central bank buys government bonds or other financial assets in order to inject money into the economy to expand economic activity.

PIMCO