P I M C O

High Yield Fund

SHARE CLASS: **A** | AS OF: **31 DECEMBER 2021** | **Monthly Commentary**

Fund information	
Fund inception date	15 December 1992
Strategy	Income
Total Net Assets (in millions)	$10,908.1
Portfolio manager(s)	Andrew Jessop Sonali Pier Amit Agrawal
Effective duration (yrs)	3.52
Benchmark duration (yrs)	4.16
Effective maturity (yrs)	5.41
A share 30-day SEC yield	2.84%

Class	CUSIP	Ticker
A	693390379	PHDAX
C	693390353	PHDCX
I2	72201M735	PHLPX
I3	72202E161	PHNNX
R	72200Q794	PHYRX
Institutional	693390841	PHIYX
Administrative	693390650	PHYAX

Expenses	
Gross Expense Ratio (%)	0.91
Adjusted Expense Ratio (%)	0.90

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.

* The A Class incepted on 13 January 1997, which may be different than the inception date of the Fund. 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.

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.

Performance summary

The PIMCO High Yield Fund returned 2.03% at NAV in December, outperforming the ICE BofAML U.S. High Yield, BB-B Rated, Constrained Index by 0.12%. Year-to-date the Fund has returned 3.68% at NAV, while the benchmark returned 4.60%.

U.S. high yield spreads tightened 57 bps to 311 bps this month while BB/B spreads tightened 56 bps to 268 bps. The lower-rated CCC cohort underperformed BB-rated credits this month. December had the strongest monthly performance for high yield in 2021 as concerns about the severity of the Omicron variant receded.

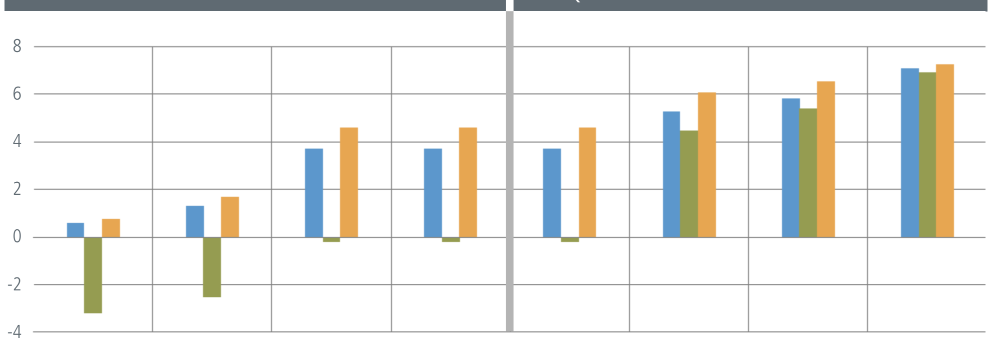
Contributors

- Security selection in Support Services
- Security selection in Technology
- Security selection in Healthcare

Detractors

- Underweight exposure to the Energy sector
- Security selection in Building Products
- Overweight exposure to the Support Services sector

Month End Performance 31 December 2021 | Quarter End Performance 31 December 2021



	3 Mos.	6 Mos.	1 Yr.	YTD	1 Yr.	5 Yr.	10 Yr.	Since Inception*
PIMCO High Yield Fund at NAV (%)	0.59	1.29	3.68	3.68	3.68	5.25	5.80	7.06
PIMCO High Yield Fund at MOP (%)	-3.19	-2.51	-0.20	-0.20	-0.20	4.45	5.40	6.89
ICE BofAML U.S. High Yield, BB-B Rated, Constrained Index (%)	0.73	1.67	4.60	4.60	4.60	6.04	6.54	7.23

■ PIMCO High Yield Fund at NAV (%)
■ PIMCO High Yield Fund at MOP (%)
■ ICE BofAML U.S. High Yield, BB-B Rated, Constrained Index (%)

If this material is used after 31 March 2022, 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.

Top 5 overweight industries		
	% Market Value	
	Fund	Index
Building Materials	3.86	1.64
Healthcare	9.07	7.06
Captive Consumer	2.17	1.40
Lodging	3.30	2.76
Packaging	2.47	1.95

Top 5 underweight industries		
	% Market Value	
	Fund	Index
Financial Other	1.79	2.86
Wirelines	1.67	2.75
Home Construction	0.07	1.18
Automotive	1.07	2.32
Metals & Mining	1.29	2.73

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

Portfolio positioning

The Fund continues to favor defensive, non-cyclical sectors with relatively stable cash flows, and remains broadly underweight to more cyclical sectors and/or those which we perceive to be in secular decline as a result of changing market or customer dynamics, although we are finding opportunities where fundamental-adjusted valuations are compelling.

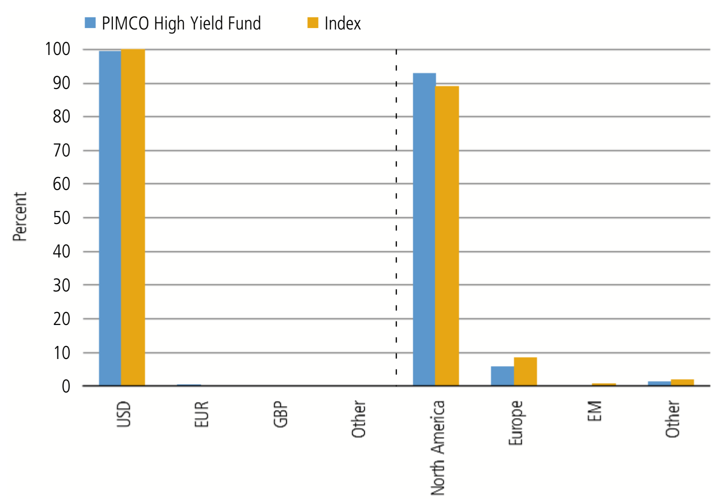
We favor U.S. high yield as we believe that the U.S. market benefits from a broader and more diverse buyer base and offers greater liquidity and higher yields on an absolute level. We continue to focus on industries perceived to have strong asset coverage, manageable leverage levels, and favorable secular and cyclical trends, such as building materials and healthcare. We are cautious on industries that we believe are facing meaningful secular challenges. We continue to look for credits that may be acquisition targets and those that may benefit from early refinancing situations.

Overall, we are cautiously optimistic and are focused on maintaining sufficient liquidity in the portfolio by allocating to shorter-dated and liquid credits.

Month in review

BB/B spreads tightened 56 bps to 268 bps this month. In December, the top-performing industries within BB/B U.S. HY were energy (2.54%) led by exploration and production, healthcare (1.92%) led by pharmaceuticals, and media (1.87%) led by printing and publishing. The worst-performing sectors were banking (0.33%), services (1.23%) where support-services lagged, and insurance (1.28%) where life insurance lagged.*

Contributors to relative performance were led by security selection in support services, security selection in technology, and security selection in healthcare. Detractors from relative performance were led by underweight exposure to the energy sector, security selection in building products, and overweight exposure to the support services sector.



Outlook and strategy

A robust growth backdrop, improving credit fundamentals, and wide-open access to capital markets have contributed to meaningful spread tightening. Spreads remain historically tight, while yields have risen slightly from the all-time lows set in September. HY default levels have been low and we expect that to continue given the economic rebound.

The ratings mix of the index has improved due to the fallen angels and defaults in 2020. Defaults inclusive of distressed transactions in 2021 amounted to $13bn, which is the lightest in a calendar year since 2007.** As a risk asset, high yield remains sensitive to negative macro headlines, political risks, and equity market volatility.

In the portfolio we intend to continue to maintain a defensive approach overall, but have added positions in high quality cyclicals, which should benefit from a pickup in demand.

Management profile

Andrew Jessop
Managing Director

Sonali Pier
Executive Vice President

Amit Agrawal
Senior Vice President, Portfolio Manager

1992
15 DEC
INCEPTION DATE

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PRODUCT MANAGERS

55 **ANALYSTS**
Dedicated research analysts. 34 in U.S., 10 in U.K./Europe, 9 in Asia/Pacific, 2 in South America

A risk-focused approach to high yield investing

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: 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. 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. **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 inception date for the ICE BofAML U.S. High Yield, BB-B rated, Constrained Index was 12/31/1996. Prior to 12/31/1996, the performance of the ICE BofAML US High Yield, Cash Pay, BB-B Rated Index is shown. ICE BofAML U.S. High Yield, BB-B Rated, Constrained Index tracks the performance of BB-B Rated U.S. Dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. ICE BofAML US High Yield, Cash Pay, BB-B Rated Index is comprised of fixed income securities rated BB and B. The index tracks the performance of below investment grade U.S. Dollar-denominated corporate bonds publicly issued in the US domestic market. Excludes pay-in-kind bonds and deferred interest bonds that are not yet accruing a coupon. Prior to September 25th, 2009, the ICE BofAML Indices were known as the Merrill Lynch Indices. 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.

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The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. *The ICE BofA Merrill Lynch U.S. High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The BB and CCC sector returns are subsets of the index.

** Source: JP Morgan High Yield Bond and Leveraged Loan Market Monitor

High Yield (HY)

Fallen Angels: Companies downgraded from investment grade to high yield