

PIMCO GNMA and Government Securities Fund



Quarterly Investment Report | 1Q24



**LSEG Lipper
Fund Awards**

2024 Winner
United States

The Lipper Fund Awards recognized the PIMCO GNMA and Government Securities Fund; Institutional for the 10 year performance period out of 13 funds under the GNMA Funds Classification.

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.

Executive summary

Portfolio Performance

The GNMA strategy returned -0.11% (net of fees) in Q1. Agency MBS relative value strategies, U.S. duration positioning and structured Agency MBS positions contributed to performance and there were no material detractors for the fund.

CONTRIBUTORS

Agency MBS relative value strategies
U.S. duration positioning
Structured Agency MBS positions

DETRACTORS

- There were no material detractors for this fund

Performance periods ended 31 Mar '24	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	0.01	7.23	3.42	-2.16	0.73	1.84	4.84
Fund after fees	-0.11	6.97	2.91	-2.65	0.23	1.33	4.32
Benchmark*	-1.06	6.17	1.65	-2.52	-0.28	1.05	3.80

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 call 888.87.PIMCO.

Portfolio strategy

Interest rate strategies: We tactically adjust our exposure to duration as a way to diversify the spread risk within the portfolio.

Agency MBS relative value strategies: We look to adjust our Agency MBS spread exposure as a function of valuations. During the quarter, we decreased our relative Agency MBS spread exposure and maintained our overweight position versus the benchmark.

Class:	INST
Inception date:	31 Jul '97
Fund assets (in millions):	\$1,429.30
Gross expense ratio:	1.34%
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.

Summary information	31 Mar '24
30-day SEC yield	4.19%
Distribution yield	4.50%
Effective duration (yrs)	4.96
Effective maturity (yrs)	7.34
Average coupon	3.70%
Tracking error (10 yrs)	0.67
Information ratio (10 yrs)	0.42

Sector allocation	Dur. (yrs)	MV
GNMA MBS	5.92	106.11%
FNMA, FHLMC and Other Agency MBS	-0.35	19.38%
Non-Agency MBS	0.05	1.73%
Home Equity ABS	0.00	0.00%
CMBS	0.01	0.08%
Other MBS	0.01	0.21%
U.S. Government Related	-0.53	-22.53%
Other	0.04	0.82%
Net Short Duration Instruments	-0.18	-5.79%
Total	4.96	100%

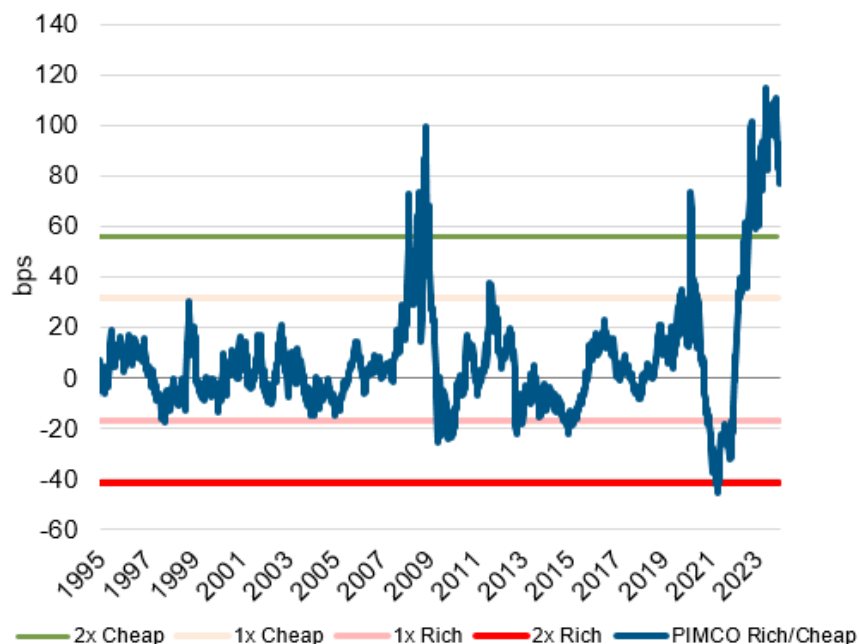
*Bloomberg GNMA Index;

Quarter in Review

The mortgage market continues to offer compelling relative value opportunities at attractive valuations

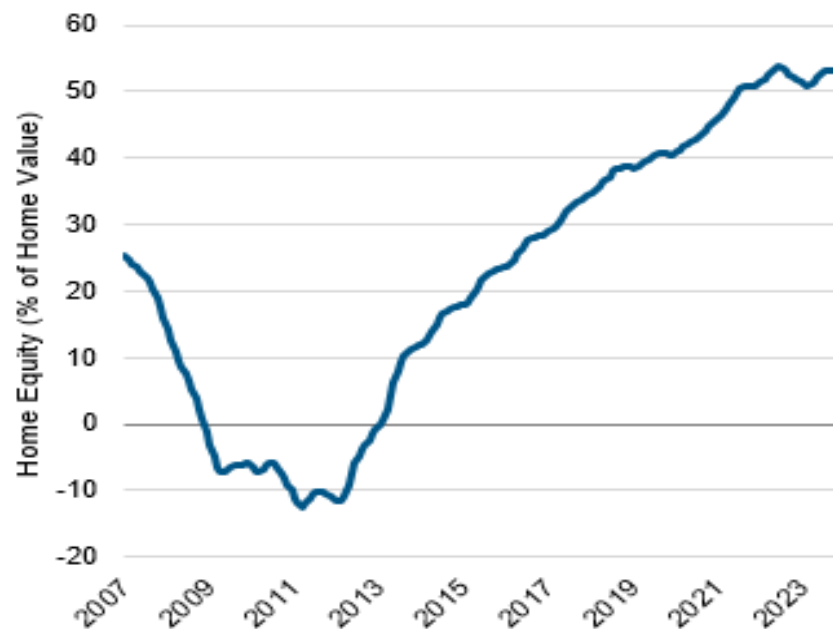
Agency MBS¹ returned -1.04% in the first quarter, underperforming like-duration Treasuries by 14 bps. Legacy non-Agency residential MBS spreads tightened during the quarter while non-Agency CMBS² returned 1.97%, outperforming like-duration Treasuries by 240 bps.

Volatility-Adjusted MBS Spreads



Spreads widened during the first quarter and Agency MBS valuations remain at attractive levels from a historical standpoint.

Homeowner Equity



Agency MBS investors are benefitting from wider spreads and little prepayment risk, as refinancing activity remains very low

Source: PIMCO

¹ Represented by the Bloomberg Fixed Rate MBS Index

² Represented by the Bloomberg Investment Grade Non-Agency CMBS Index

Source: Bloomberg

Market Summary

Mortgages underperformed during the quarter as spreads widened.

Agency MBS widened in Q1 and remain at attractive levels.

Interest rates

U.S. interest rates increased during the quarter and we decreased the Fund's duration exposure. We continue to utilize interest rate options to help hedge extension and prepayment risk.

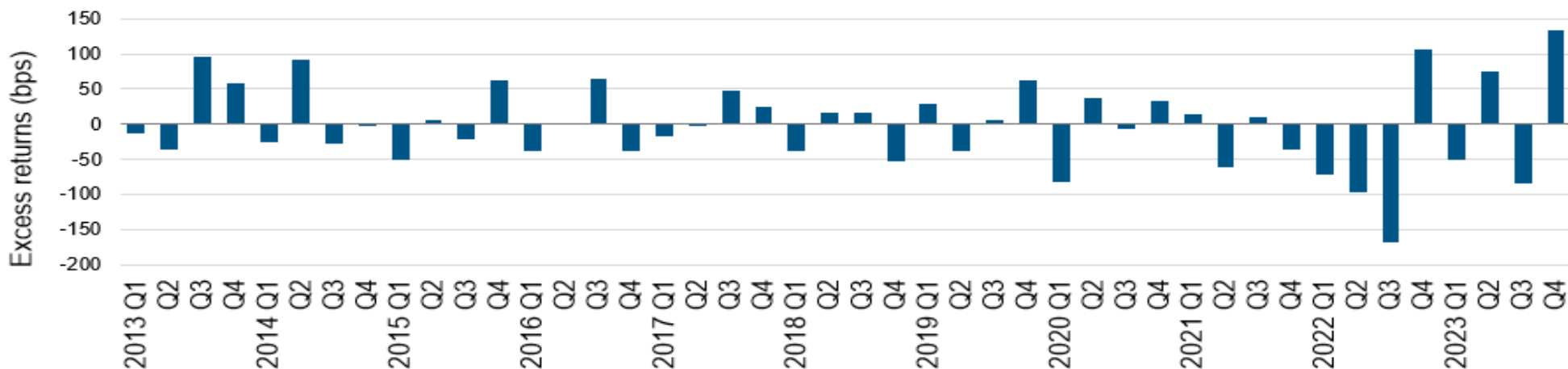
Agency MBS

Agency MBS underperformed like-duration Treasuries during the quarter, with higher coupons outperforming lower coupons. GNMA MBS outperformed conventional MBS during the quarter.

Structured Agency MBS

We maintain exposure to interest-only (IO) and principal-only (PO) securities in order to take advantage of attractive prepayment and collateral characteristics.

Bloomberg Fixed Rate MBS quarterly performance



Source: Bloomberg

Investment implications: Opportune time to consider going active in global fixed income

Look global

Greater-than-usual focus on bond markets outside of the U.S.

Lock in elevated yields

Intermediate maturities can offer a “sweet spot” with markets expecting cash rates to fall

Favor high quality

Up-in-quality bias in both public and private credit markets

Go active

Differentiated macro paths present compelling opportunities for active investors

Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	31 Dec '23	31 Mar '24	31 Dec '23	31 Mar '24	31 Mar '24	31 Mar '24
GNMA MBS	106.59	106.11	5.93	5.92	100.00	5.89
FNMA, FHLMC and Other Agency MBS	27.95	19.38	-0.15	-0.35	-	-
Non-Agency MBS	1.87	1.73	0.06	0.05	-	-
Home Equity ABS	0.00	0.00	0.00	0.00	-	-
CMBS	0.09	0.08	0.01	0.01	-	-
Other MBS	0.19	0.21	0.00	0.01	-	-
US Government Related	-21.79	-22.53	-0.45	-0.53	-	-
Other***	0.90	0.82	0.04	0.04	-	-
Net Short Duration Instruments****	-15.80	-5.79	-0.03	-0.18	-	-
Commingled Cash Vehicles	5.69	0.28	0.00	0.00	-	-
Commercial Paper/STIF	0.16	0.15	0.00	0.00	-	-
Certificate of Deposit	0.00	0.00	0.00	0.00	-	-
Government Related	5.93	5.59	0.05	0.03	-	-
Mortgage	21.45	20.26	0.11	0.10	-	-
ABS	0.00	0.00	0.00	0.00	-	-
Credit	0.00	0.00	0.00	0.00	-	-
Bankers Acceptance	0.00	0.00	0.00	0.00	-	-
Other***	-26.42	-19.24	-0.01	-0.01	-	-
Money Market Futures/Options	-5.56	-2.64	-0.05	-0.11	-	-
Swaps and Other Options	0.07	-12.99	-0.13	-0.19	-	-
Derivative Offset	27.60	38.20	0.00	0.00	-	-
Net Unsettled Trades	-44.71	-35.39	0.00	0.00	-	-
Total	100	100	5.41	4.97	100	5.89

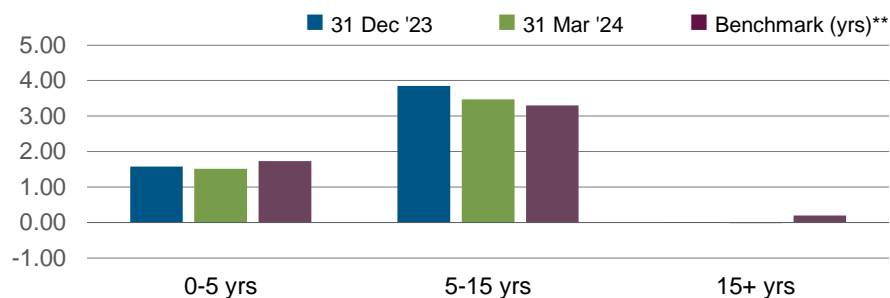
***Investment vehicles not listed, allowed by prospectus.

****Net Other Short Duration Instruments includes securities and other instruments (except 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 and derivatives offset. 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.

Benchmark: Bloomberg GNMA Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	31 Mar '24	31 Mar '24
0-5 yrs	1.58	1.51	1.73
5-15 yrs	3.85	3.47	3.30
15+ yrs	-0.01	-0.02	0.20
Total	5.42	4.96	5.23

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	31 Dec '23	31 Mar '24	31 Mar '24
Effective duration	5.41	4.96	5.22
Bull market duration	4.96	3.85	4.53
Bear market duration	6.44	6.64	5.24
Spread duration			
Mortgage spread duration	7.40	7.04	5.26
Corporate spread duration	0.00	0.00	0.00
Emerging markets spread duration	0.05	0.04	0.00
Swap spread duration	-1.44	-1.61	0.00
Covered bond spread duration	0.00	0.00	0.00
Sovereign related spread duration	0.00	0.00	0.00

Derivative exposure (% of duration)

	31 Dec '23	31 Mar '24
Government futures	14.93	15.69
Interest rate swaps	-26.60	-27.84
Credit default swaps*	0.00	0.00
Purchased swaps	0.00	0.00
Written swaps	0.00	0.00
Options	-6.10	-4.95
Purchased Options	0.23	-6.94
Written Options	-6.33	1.98
Mortgage Derivatives	2.79	2.20
Money Market Derivatives	-0.93	-4.39
Futures	-0.93	-2.22
Interest rate swaps	0.00	-2.17
Other Derivatives	0.31	0.32

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO
Benchmark: Bloomberg GNMA Index

Additional share class performance

PIMCO GNMA and Government Securities Fund (net of fees performance)

Performance periods ended: 31 Mar '24	Maximum	Maximum	Gross	Net	Adjusted	NAV	Class	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
	Sales	Deferred												
	Charge	Sales	ratio	ratio	ratio									
	(Load)	Charge												
Class A (at NAV)	3.75	1.00	1.74	-	0.90	USD	30 Nov '00	-0.21	6.75	2.50	-3.04	-0.17	0.93	3.90
Class A (at MOP)	3.75	1.00	1.74	-	0.90	USD	30 Nov '00	-3.97	2.72	-1.36	-4.26	-0.93	0.55	3.75
Class C (at NAV)	-	1.00	2.49	-	1.65	USD	31 May '01	-0.39	6.36	1.74	-3.76	-0.91	0.18	3.12
Class C (at MOP)	-	1.00	2.49	-	1.65	USD	31 May '01	-1.38	5.36	0.75	-3.76	-0.91	0.18	3.12
Class I-2	-	-	1.44	-	0.60	USD	30 Apr '08	-0.14	6.91	2.80	-2.75	0.13	1.23	4.21
Class I-3	-	-	1.54	1.49	0.65	USD	31 Jan '19	-0.15	6.89	2.75	-2.79	0.08	1.18	4.16
Class INST	-	-	1.34	-	0.50	USD	31 Jul '97	-0.11	6.97	2.91	-2.65	0.23	1.33	4.32
Bloomberg GNMA Index								-1.06	6.17	1.65	-2.52	-0.28	1.05	3.80

The Net Expense Ratio for the I-3 Class reflects a contractual supervisory and administrative fee waiver and/or expense reduction in place through 31 July 2024 and renews automatically for a full year unless terminated by PIMCO in accordance with the terms of the agreement. See the Fund's prospectus for more information.

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 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 call 888.87.PIMCO. The maximum offering price (MOP) returns take into account the Class A maximum initial sales charge of 3.75%. The maximum offering price (MOP) returns take into account the contingent deferred sales charge (CDSC) for Class C shares, which for this fund is 1.00%.

Class A shares are subject to an initial sales charge (as a percentage of offering price). A CDSC (as a percentage of the lower of the original purchase price or redemption price) may be imposed in certain circumstances on Class A shares that are purchased without an initial sales charge and then redeemed during the first 12 months after purchase. Class C shares are subject to a CDSC, which may apply in the first year.

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 Disclosures

This material is authorized for use only when preceded or accompanied by the current PIMCO funds prospectus or summary prospectus, if available.

Past performance is not a guarantee or a reliable indicator of future results. The performance figures presented reflect the total return performance, unless otherwise noted, after fees and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. Periods less than one year are cumulative. The minimum initial investment for Institutional, I-2, I-3 and Administrative class shares is \$1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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.

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.

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 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. Certain **U.S. Government securities** are backed by the full faith of the 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. 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.

Portfolio allocations and other information in the charts in this Quarterly Investment Report 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. All funds are separately monitored for compliance with prospectus and regulatory requirements.

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.

Important Disclosures

The LSEG Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The LSEG Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted 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 LSEG Lipper Fund Award. For more information, see [lipperfundawards.com](https://www.lipperfundawards.com). Although LSEG makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by LSEG Lipper. ©2024 LSEG Lipper. All rights reserved. Used under license. Past rankings are no guarantee of future rankings.

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Bloomberg GNMA Index is an unmanaged index covering mortgage-backed pass-through securities of the Government National Mortgage Association (GNMA). It is not possible to invest directly in an unmanaged index.

The following defined terms are used throughout the report. Emerging market 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. Net other short duration instruments includes securities and other instruments (except 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 and derivatives offset. 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. Short duration derivatives and derivatives offsets include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. Municipals/Other may include convertibles, preferred and yankee bonds.

The performance figures presented reflect the performance for the institutional class unless otherwise noted.

A note about Sector exposure: Other indicates swaps and securities issued in euros.

A note about Emerging markets exposure by country of risk: country of risk reflects the country of incorporation of the ultimate parent company.

PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This material contains the current opinions of the manager 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 LLC in the United States and throughout the world. **PIMCO Investments LLC, distributor**, 1633 Broadway, New York, NY, 10019 is a company of PIMCO ©2024 PIMCO.

Important Disclosures

Acronyms and definitions of investment terms used throughout the report:

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.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

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

Beta is a measure of price sensitivity to market movements. Market beta is 1.

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.

Carry is the rate of interest earned by holding the respective securities.

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.

CPI is the Consumer Price Index.

The **credit quality** of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to 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.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

Duration is the measure of a bond's price sensitivity to interest rates and is 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.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Fallen angel is a bond that was initially given an investment grade rating but has since been reduced to below investment grade status.

GFC is the Global Financial Crisis.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

LNG is Liquefied Natural Gas.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

Rising star is the term given to a bond that was rated high yield but has since been upgraded to investment grade.

"Risk assets" are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

"Safe haven" is an investment that is expected to retain or increase in value during times of market turbulence.

"Safe Spread" is defined as sectors that we believe are most likely to withstand the vicissitudes of a wide range of possible economic scenarios. All investments contain risk and may lose value.

The **SEC yield** is an annualized yield based on the most recent 30 day period. The subsidized yield includes contractual expense reimbursements and it would be lower without those reimbursements. The

Unsubsidized 30 day SEC Yield excludes contractual expense reimbursements.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

The distribution yield for monthly paying Funds is calculated by annualizing actual dividends distributed for the monthly period ended on the date shown and dividing by the net asset value on the last business day for the same period. The distribution yield for quarterly paying Funds is calculated by taking the average of the prior four quarterly distribution yields. The quarterly distribution yields are calculated by annualizing actual dividends distributed for the quarterly period ended on the most recent quarterly distribution date and dividing by the net asset value for the same date. The yield does not include long- or short-term capital gains distributions.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)