PIMCO

Q2 2020

PIMCO Enhanced Short Maturity Active ESG ETF (EMNT)

POSITIONING

- ***Rates***: *We are moderate with overall duration positioning, but remain tactical to balance global risks as markets and policy makers respond to evolving conditions*
- ***Credit***: *We are focusing on security selection with a bias toward high quality, liquid names, and avoiding sectors with structural challenges from an ESG perspective, such as the oil and automotive industries*
- ***Securitized:*** *We are overweight Agency MBS given their attractive valuations and the fact that the sector is essentially government guaranteed, has better liquidity, and offers the potential for more resiliency in downturns*
- ***Green Bonds:*** *We continuously seek to identify attractively priced green bonds to address climate change issues and support leading environmental practices*

PERFORMANCE

Performance (% net of fees)	YTD	3-mo	6-mo	1-yr	5-yrs	10-yrs	SI*
Fund	1.30	1.92	1.30	0.00	0.00	0.00	1.53
Benchmark	0.52	0.14	0.52	1.56	1.15	0.61	0.62
Excess returns (bps)	78	178	78	-156	-115	-61	91

Benchmark: FTSE 3-Month Treasury Bill Index

Gross expense ratio: 0.50%

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 www.pimco.com

ATTRIBUTION Q2 2020

Contributors

- Holdings of investment grade corporate credit
- U.S. interest rate positioning
- Holdings of securitized credit

Detractors

- There were no notable detractors

KEY STATISTCS

	Fund	Benchmark
Base Currency	USD	
Market Value (mm)	88	
Duration (Years)	0.51	0.23
Avg. Maturity (Years)	0.53	
Mortgage Spread	0.79	0.00
Corporate Spread	0.66	0.00
Swap Spread	0.00	0.00
EM Spread	0.05	0.00
Covered Bond Spread	0.00	0.00
Sovereign Related Spread	0.02	0.00

NOTE: Portfolio structure is subject to change without notice and may not be representative of current or future allocations.
Spread compares U.S. treasuries with a given security type, such as mortgages, corporate credit, swaps, etc.

SOURCE FOR ALL GRAPHS (UNLESS OTHERWISE STATED): PIMCO. As of 30 June 2020 unless otherwise stated

* Inception date: 10 December 2019

Past performance is not a guarantee or a reliable indicator of future results.

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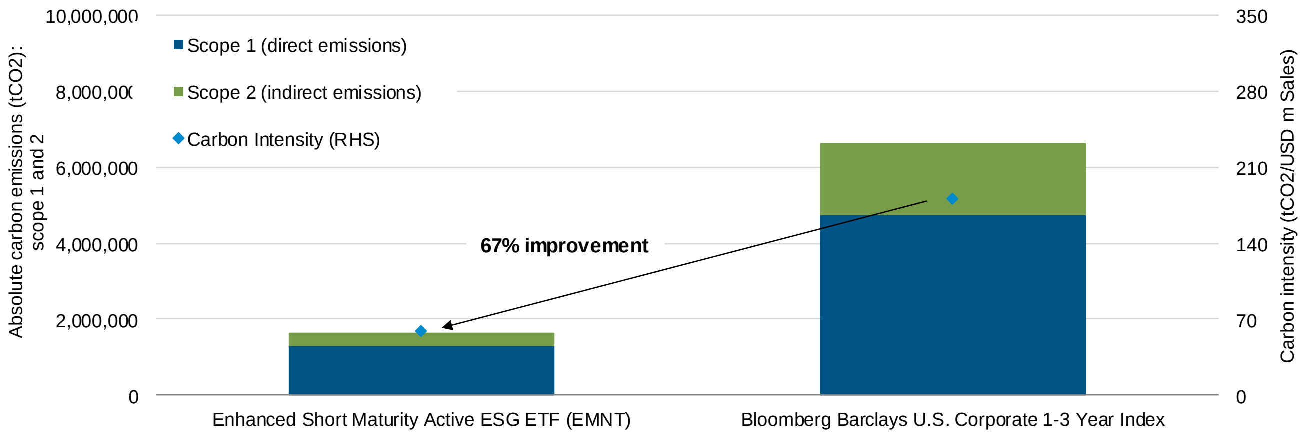
ESG CHARACTERISTICS

	Enhanced Short Maturity Active ESG ETF (EMNT)	Market Average*	EMNT Improvement vs. Market Average
Number of corporate issuers	64	525	-
Average MSCI ESG score (corporates)	6.63	5.40	+23%
Average PIMCO ESG score (corporates)	3.32	3.17	+5%
Average PIMCO ESG score (mortgages)	4.73	0.00	-
Green / Social bond exposure (%MV)	8.5%	0.9%	10x
Carbon Intensity of utilities ((Scope 1, 2 tCO2 e)/Revenues in USD m)	0	2,255	-100%
Carbon Intensity of ex-utilities ((Scope 1, 2 tCO2 e)/Revenues in USD m)	60	78	-23%

NOTE: ESG scores based on corporate exposure. **MSCI ESG scores** are based on a 1-10 score with 1 being poor and 10 being excellent. These scores correspond to a rating between best (AAA) and worst (CCC) of the underlying MSCI rated corporate portfolio holdings. **Average MSCI ESG Score** and **"E" Score** are calculated as the weighted average of all the rated securities (corporates only) in the Fund, using MSCI rating data. This number may differ from ESG scores calculated by other providers. **PIMCO ESG scores** are based on a 1-5 scale with 1 being poor and 5 being excellent. **Average PIMCO ESG, "E",** and **Green Bond Score** are calculated as the weighted average of all the rated securities in the Fund. **PIMCO Green Bond Score** is based on PIMCO's assessment of the bond's strategic fit and impact of green bonds, sourced from Bloomberg's ESG fields. Percentage of PIMCO Low Duration ESG Fund and benchmark market value with an MSCI Rating: 58.4% and 99.6% respectively as of 30 June 2020.
*Bloomberg Barclays U.S. Corporate 1-3Y Index included to compare EMNT to market average

CARBON INTENSITY



Fund's average corporate issuer emits 4,984,993 less tons of CO_2 than the benchmark's, which is equivalent to:

189,543,452 Incandescent lamps switched to LEDs,

OR

83,083,213 Tree seedlings grown for 10 years,

OR

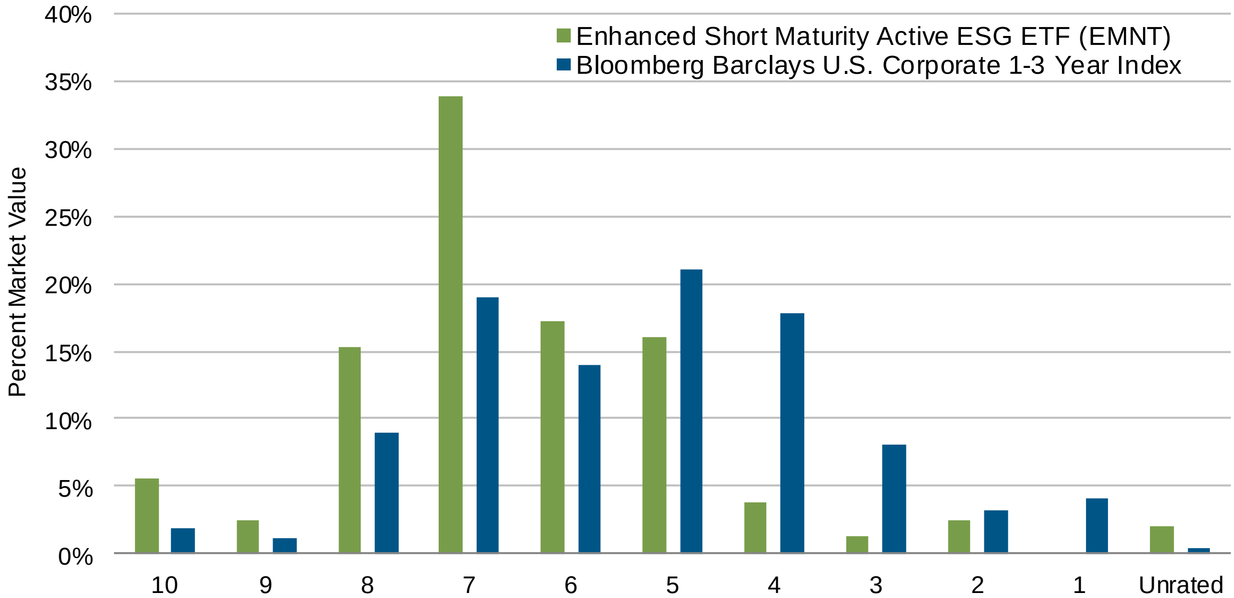
1,076,672 Passenger vehicles taken off the road in one year,

OR

574,970 Homes powered by clean energy for one year in the United States

Corporate bonds only. Scope 1 emissions are the direct emissions of a company. Scope 2 emissions are indirect carbon emissions. Absolute carbon emission analysis takes the total emission per issuer into consideration. Utilities' Green Bonds are given 10% of the parent company's CO2e intensity. Source: MSCI. Reported by companies or estimated.

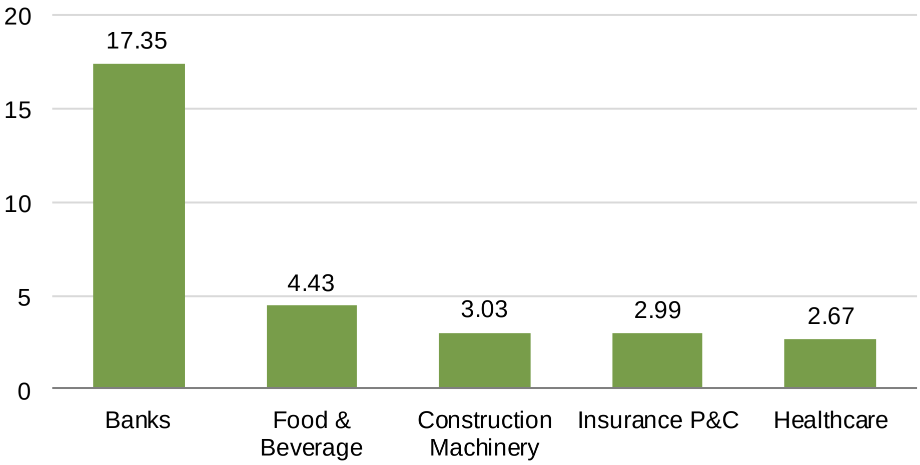
CORPORATE EXPOSURE



MSCI ESG ratings of corporate issuers

NOTE: MSCI ESG scores measure an issuer's ESG quality on a AAA-CCC scale relative to peers within a specific industry. MSCI letter ratings normalize these scores across sectors to provide a portfolio-level view of ESG quality.

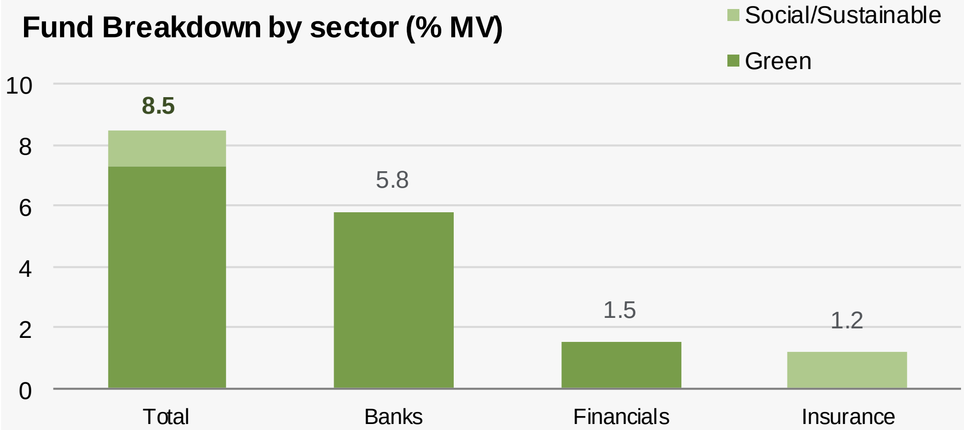
Top industry exposures (% MV)



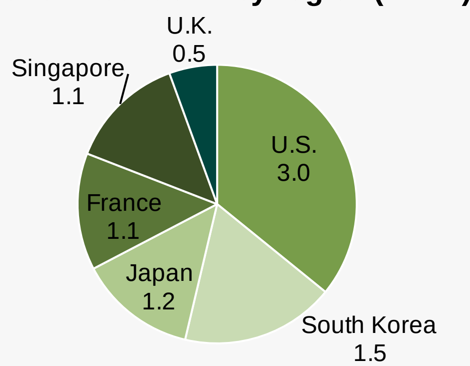
- The portfolio continues to favor best-in-class **banking** names based on ESG measures
- In our credit assessments for banks, we score 13 major ESG factors and compile an overall ESG score weighted according to the impact of each on investments in the banking sector
- Exposure to the **healthcare**, **construction** and **manufacturing** sectors is oriented towards strong ESG performers focused on clean technology, environmental management and product safety
- We continue to identify attractively priced **green bonds** with strong characteristics

GREEN BOND EXPOSURE

Fund Breakdown by sector (% MV)



Fund Breakdown by region (% MV)



SECTOR EXPOSURE

	Fund		Benchmark		Variance	
	MV %	DUR yrs	MV %	DUR yrs	MV %	DUR yrs
Covered Bonds and Pfandbriefe	0.00	0.00	0.00	0.00	0.00	0.00
Local Authorities	0.00	0.00	0.00	0.00	0.00	0.00
Agencies & Supranationals	0.00	0.00	0.00	0.00	0.00	0.00
Municipals	0.86	0.02	0.00	0.00	0.86	0.02
Securitized	27.59	0.02	0.00	0.00	27.59	0.02
Investment Grade Credit	54.75	0.35	0.00	0.00	54.75	0.35
High Yield Credit	0.00	0.00	0.00	0.00	0.00	0.00
EM External	4.53	0.03	0.00	0.00	4.53	0.03
EM Local	0.00	0.00	0.00	0.00	0.00	0.00
Government Related*	16.69	0.08	100.00	0.23	-83.31	-0.15
Inflation Linked	0.00	0.00	0.00	0.00	0.00	0.00
Net Other Short Duration Instruments**	-4.42	0.00	0.00	0.00	-4.42	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00

NOTE: Structural ESG sectors include bonds issued for a social purpose. In the active ESG sector, PIMCO employs its proprietary credit and ESG analysis to focus on best-in-class issuers from an ESG perspective.

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

* Government Related includes securities such as government bonds, derivatives, and other sovereign related securities.

** 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, un-invested 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.

SOCIAL AT THE CENTER OF ESG

Olivia Albrecht
Head of ESG Business Strategy

Del Anderson
Credit Analyst

The social pillar of environmental, social, and governance (ESG) investing is all about people: employees, customers, and suppliers. The outbreak of COVID-19, followed by global demonstrations calling for action on racial injustice and social inequality is arguably the clearest example of a sustainability crisis in the 21st century, and has propelled the S of ESG to the top of corporate and investor agendas. This crisis continues to disproportionately affect the most vulnerable communities in the world, exposing and exacerbating the impacts of inequality across regions.

Watching recent events unfold, we recognize our research and engagement approach should continue to improve. PIMCO is committed to deepening our analysis of material social factors into our fundamental research, while engaging companies on issues of equality, diversity, and human capital management. Moreover, we are active in building and driving greater social bond issuance, particularly social bonds seeking to address near-term COVID-19 response and recovery efforts for disadvantaged groups.

Deeper Dive: Trending 'S' factors

As we actively engage with bond issuers, our credit research team is tracking five major social themes that have emerged with the outbreak of COVID-19. In many cases, these themes affect creditworthiness and drive new social bond issuance.

1. **Health and well-being are key priorities:** Many companies have responded to ensure workers, especially those in essential industries, have equipment and space needed to operate safely. Beyond physical protections, companies are also improving healthcare options encompassing telehealth, mental health counselling, and child care.

2. **Work is being reallocated:** Tens of millions of people in the U.S. alone have filed for unemployment, and a much higher number are estimated to be out of work globally. Hourly wage, service workers, people with children, and minorities appear to be disproportionately affected. It is unrealistic to think that all of these workers will return to the same job, in the same capacity. There will likely be winners and losers in the redistribution of work as the recovery progresses.

3. **The way many people work may change permanently:** According to recent Gallup polls, more than 60% of employed Americans say they have worked from home during the pandemic, up from c.30% before widespread "shelter-in-place" orders; three in five workers say they prefer to work from home as much as possible even after public health restrictions are lifted. Employers are starting to think differently about working styles with greater flexibility becoming a higher priority.

4. **Supply chains will need to be de-risked:**. A key outcome of PIMCO's most recent Cyclical Forum was that firms may try to reduce the risks and complexity of global supply chains, with a key step being improved transparency beyond large, first-tier suppliers – critical to managing production stoppages.

5. **Cybersecurity and privacy defenses will increase in importance:** A sharp increase in employees working remotely and customers shopping online increases risks surrounding data and privacy breaches. A recent Verizon report noted VPN usage is up over 80% and collaboration tool usage is up over 1,200% compared to a typical pre-COVID day. Many companies are focused on making the accelerated transformation to digital safer.

The bottom line is that many companies will require capital to successfully manage these five social themes, and we believe that many will come to the bond market to raise capital through debt financing. We are committed to actively engaging with companies through this crisis.

To view our full Viewpoint article, please see [Social at the Center of ESG](#).

PIMCO ESG PHILOSOPHY & PROCESS

At PIMCO our approach to ESG investing rests on two pillars. First, we fully integrate ESG analysis in our firm wide investment process. We do this because we believe it makes good investment sense, consistent with our goal of generating strong risk-adjusted returns for clients. Second, our dedicated investment platform, PIMCO ESG, includes a range of portfolios designed for investors who wish to target positive social and environmental change.

PIMCO ESG

PIMCO ESG portfolios are founded on the belief that investors can achieve both financial returns and positive impact. Our ESG portfolios are managed in an effort to outperform their benchmarks (e.g., BBG Barclays Global Aggregate index) by tapping into PIMCO's time-tested investment process, utilizing our global resources and incorporating consistent macro risk factors, like duration, yield curve and credit positioning, as other PIMCO portfolios. In addition, PIMCO ESG portfolios utilize the three building blocks of exclusions, evaluation and engagement to influence positive change

Exclusions

PIMCO ESG portfolios exclude issuers deemed to be fundamentally misaligned with sustainability principles. Core exclusions include issuers focused or distribution of coal. These are supplemented by a dynamic list of issuers that we have identified as having business practices misaligned with ESG principles or which have failed to demonstrate a willingness to improve or respond to PIMCO's engagement efforts.

Evaluation

As well as excluding "worst-in-class" companies, PIMCO ESG portfolios emphasize "best-in-class" companies. These are identified through a proprietary ESG scoring system which considers how an issuer currently fares relative to its peers in the industry, and whether its ESG practices are on an improving or deteriorating trajectory. The result of this is that issuers already incorporating sound ESG practices are more likely to be held in our ESG portfolios.

Engagement

The final building block of PIMCO ESG is constructive and collaborative engagement with issuers to influence ESG practices over time. We believe that allocating capital toward issuers willing to improve the sustainability of their business practices can generate a greater impact than simply excluding those issuers with poor ESG metrics and favouring those with strong metrics. As such, PIMCO ESG portfolios will overweight issuers that demonstrate a

EXCLUDE

Restrict investment in issuers fundamentally misaligned with sustainability practices

Examples of exclusions

- Controversial weapons
- Tobacco
- Pornography
- Coal

EVALUATE

Emphasize best-in-class ESG issuers and prime ESG engagement candidates in portfolio construction

Attributes of best-in-class issuers

- Good environmental practices
- Strong corporate governance
- Industry-leading social policies

ENGAGE

Engage collaboratively with issuers to change ESG-related business practices

Sample engagement questions

- Are you developing a framework for climate risk reporting?
- What is your policy on parental leave?
- Do you have a culture and conduct committee?

For illustrative purposes only

All data as at 30 June 2020 unless otherwise specified.

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 investment professional or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

The performance figures presented reflect the total return performance for Institutional Class shares (after fees) and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. The minimum initial investment for Institutional class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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 and/or the final tax character of those distributions included capital gains and/or a return of capital. Please see the fund's most recent shareholder report for more details.

Although the Fund may seek to maintain stable distributions, the Fund's distribution rates may be affected by numerous factors, including but not limited to changes in realized and projected market returns, fluctuations in market interest rates, Fund performance, and other factors. There can be no assurance that a change in market conditions or other factors will no 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 form 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.

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.

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.

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. 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. **REITs** are subject to risk, such as poor performance by the manager, adverse changes to tax laws or failure to qualify for tax-free pass-through of income. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **Swaps** are a type of derivative; swaps are increasingly subject to central clearing and exchange-trading. Swaps that are not centrally cleared and exchange-traded may be less liquid than exchange-traded instruments. **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.

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Socially responsible investing is qualitative and subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised, by PIMCO will reflect the beliefs or values of any one particular investor. Information regarding responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and PIMCO is dependent on such information to evaluate a company's commitment to, or implementation of, responsible practices. Socially responsible norms differ by region. There is no assurance that the socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results.

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 long-term, especially during periods of downturn in the market. Investors should consult their investment professional prior to making an investment decision.

MSCI ESG RATINGS MODEL

The MSCI ESG Ratings model measures risk exposure and risk management. To score well on a Key Issue, management needs to be commensurate with the level of exposure: a company with high exposure must also have very strong management, whereas a company with limited exposure can have a more modest approach. Conversely, a highly exposed company with poor management will score worse than a company with the same management practices but lower exposure to the risk. While Key Issues are identified by looking quantitatively at each industry as a whole, individual companies' exposure to each issue will vary. MSCI ESG Ratings calculate each company's exposure to key ESG risks based on a granular breakdown of its business: its core product or business segments, the locations of its operations, and other relevant measures such as outsourced production or reliance on government contracts. Risk exposure is scored on a 0-10 scale, with 0 representing no exposure and 10 representing very high exposure. The Risk Exposure Score and Risk Management Score are combined such that a higher level of exposure requires a higher level of demonstrated management capability in order to achieve the same overall Key Issue Score. Key Issue scores are also on a 0-10 scale, where 0 is very poor and 10 is very good. The ESG Ratings model is industry relative and uses a weighted average approach. Key Issue weights are set at the GICS Sub-Industry level (8-digit) based on each industry's relative external impact and the time horizon associated with each risk. Key Issues and weights undergo a formal review and feedback process at the end of each calendar year. Corporate Governance is always material and therefore always weighted and analyzed for all companies. Where there are company-specific exceptions, weights depart from the industry standard weights but remain in proportion. For each company a Weighted Average Key Issue Score is calculated based on the underlying Key Issue scores and weights. To arrive at a final letter rating, the Weighted Average Key Issue Score is normalized by industry. The range of scores for each industry is established annually by taking a rolling three-year average of the top and bottom scores among the MSCI ACWI Index constituents; the values are set at the 97.5th and 2.5th percentile. Using these ranges, the Weighted Average Key Issue Score is converted to an Industry Adjusted Score from 0-10, where zero is worst and 10 is best.

Duration is a measure of a portfolio's price sensitivity expressed in years.

The **ICE BofAML 1-3 Year U.S. Treasury Index** is an unmanaged index comprised of U.S. Treasury securities, other than inflation-protection securities and STRIPS, with at least $1 billion in outstanding face value and a remaining term to final maturity of at least one year and less than three years. It is not possible to invest directly in an unmanaged index.

The issuers referenced are examples of issuers PIMCO considers to be well known and that may fall into the stated sectors. References to specific issuers are not intended and should not be interpreted as recommendations to purchase, sell or hold securities of those issuers. PIMCO products and strategies may or may not include the securities of the issuers referenced and, if such securities are included, no representation is being made that such securities will continue to be included.

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