



PIMCO Enhanced Short Maturity Active ESG Exchange-Traded Fund



Quarterly Investment Report | 4Q22

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 Fund's interest rate strategies contributed to performance, while spread sector strategies detracted from performance.

CONTRIBUTORS

- Holdings of investment grade corporate credit
- U.S. interest rate positioning
- Holdings of external emerging market debt

DETRACTORS

- Holdings of Agency MBS
- Select holdings of securitized credit

Performance periods ended 31 Dec '22	3 mos.	6 mos.	1 yr.	3 yrs.	SI
NAV total returns (after fees)	0.86	0.97	-0.46	0.60	0.67
Market price returns	0.64	0.78	-0.58	0.55	0.62
Benchmark*	0.87	1.33	1.50	0.71	0.73

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and principal value will fluctuate, so that Fund shares may be worth more or less than their original cost when sold. Performance data current to the most recent month-end is available at www.pimco.com or call 888-400-4ETF.

Portfolio strategy

- Modestly overweight duration: Hold moderate U.S. duration given current valuations. Remain active as the Fed weighs further monetary action in 2023
- Curve positioning: Actively position to minimize risk. Favor portions of the curve which provide attractive levels of roll-down.
- Selectively allocate to high quality spread sectors: Emphasize opportunities within securitized credit, favor select investment grade corporates over generic beta.
- Green/social bonds: We continuously seek to identify attractively priced green bonds to address climate change and social issues.

*FTSE 3-Month Treasury Bill Index; **Green Bonds** are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects. **Social Bonds** are use-of-proceeds bonds earmarked to finance new and existing projects or activities with positive social impacts.

Fund ticker	EMNT
Fund CUSIP	72201R643
Inception date:	10 Dec '19
Shares outstanding	1,590,000
Gross expense ratio:	0.37%
Net expense ratio:	0.25%

The Net Expense Ratio reflects a contractual fee waiver and/or expense reduction, which is in place through 31 October 2023 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.

Adjusted expense ratio:	0.24%
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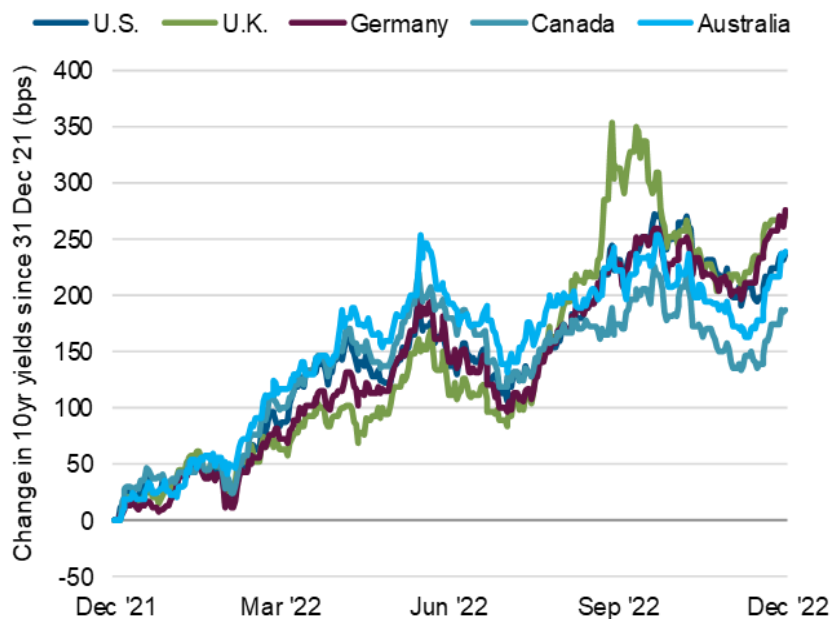
The Adjusted Expense Ratio excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from investments on short sales, incurred directly by the Fund or indirectly through the Fund's investments in underlying PIMCO Funds (if applicable), none of which are paid to PIMCO.

Summary information	31 Dec '22	
Total net assets (USD in MM)	\$154.26	
30-day SEC yield	4.07%	
Distribution yield	4.17%	
Effective duration (yrs)	0.38	
Benchmark duration - provider (yrs)	0.22	
Benchmark duration - PIMCO (yrs)	0.22	
Effective maturity (yrs)	0.74	
Average coupon	2.99%	
Net currency exposure	0.05%	
Sector allocation	Dur. (yrs)	MV
US Government Related	0.00	0.42%
Securitized	0.13	20.47%
Invest. Grade Credit	0.17	47.13%
High Yield Credit	0.00	0.00%
Non-USD Developed	0.02	10.09%
Emerging Markets	0.00	0.00%
Other	0.00	0.00%
Net Other Short Duration Instruments	0.06	21.89%
Total	0.38	100%

Quarter in Review

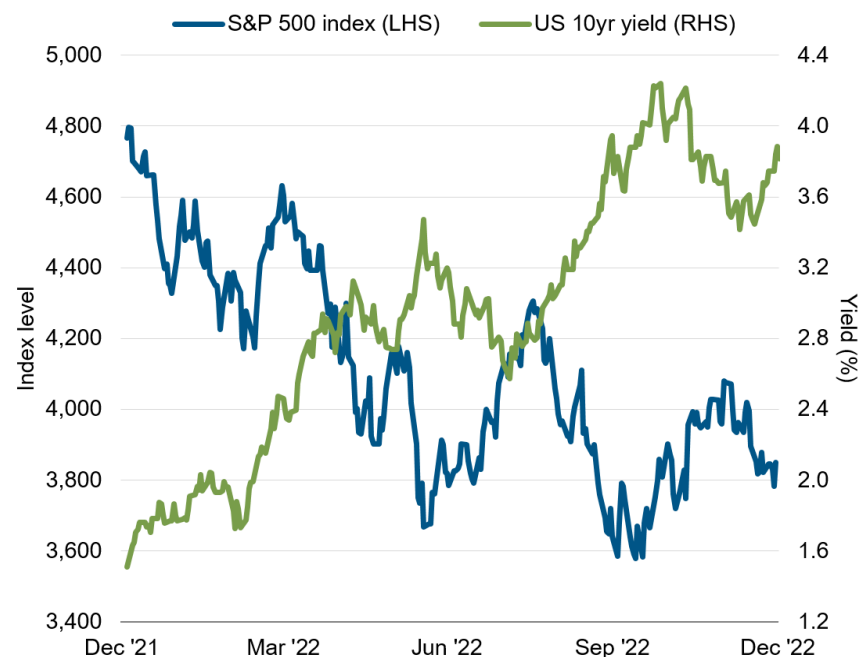
Volatility persists, yields end the year higher

Although inflation remained elevated, recent U.S. inflation data showed some signs of deceleration in both the core and headline components. The Federal Reserve hiked its policy rate (125 bps over the quarter) and shifted their projected terminal rate higher. Several other central banks similarly continued to implement tighter monetary policies, including the Bank of Japan, who surprised markets with an adjustment to their yield curve control framework. Against a backdrop of sharply higher rates, the US Aggregate Index delivered a return of -13.0%, its worst calendar year return in over 40 years.



Developed market yields broadly rose over the quarter, as central banks continued to pursue tighter monetary policies in response to persistent inflationary pressures - with the U.K. being an outlier as market confidence improved.

Source: Bloomberg



The S&P 500 finished the fourth quarter with only modest gains, and capped its worst calendar year since 2008. After hitting a near-three-month low at the beginning of December as hopes grew that the Fed would signal that an end to its rate hike cycle, the 10-year yield climbed steadily to end the year at 3.87%.

Source: Bloomberg

Market Summary

Q4'22: Volatility persists, yields end the year higher

The Fund's interest rate strategies contributed to performance, while spread sector strategies detracted from performance.

Developed market debt

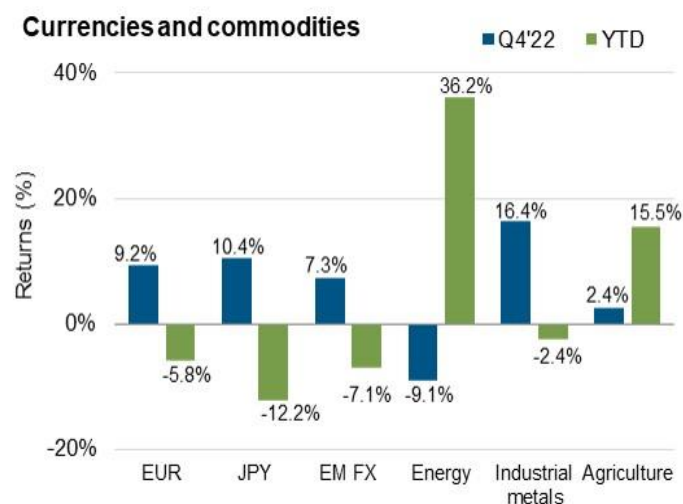
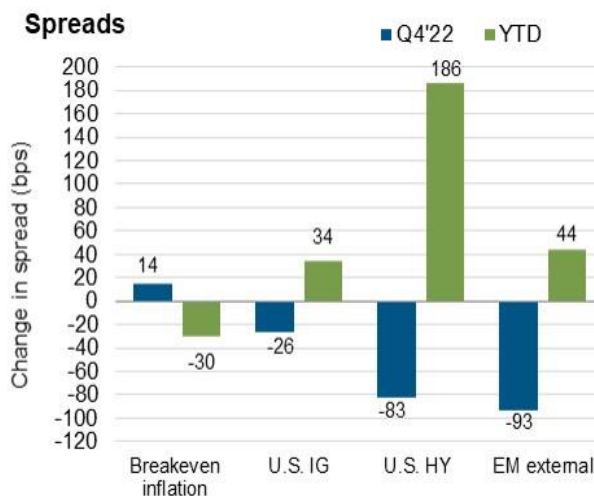
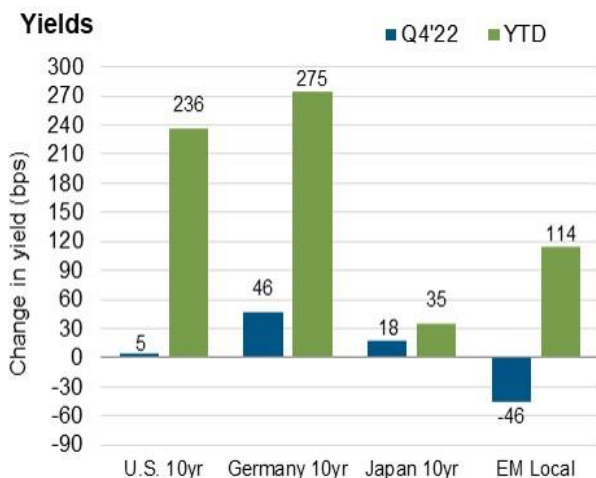
Developed market yield moves were mixed over the quarter. In the U.S., front-end yields rose more meaningfully than those on longer-dated bonds as the Fed raised the federal funds rate by a total of 125 bps and signaled that rates will remain elevated for some time. U.K. gilt yields fell as the political environment stabilized following the resignation of Liz Truss, while Japanese rates rose following the BOJ's surprise adjustment to their yield curve control framework.

Mortgage-backed securities

Agency MBS returned 2.14% during Q4, outperforming like-duration Treasuries by 106 bps. Despite initially challenged performance amidst heightened volatility and higher rates, Agency MBS rallied alongside the broader rates market during the latter half of Q4. Legacy non-Agency residential MBS spreads widened during the quarter, while non-Agency commercial MBS returned 0.67%, underperforming like-duration Treasuries by 42 bps.

Credit

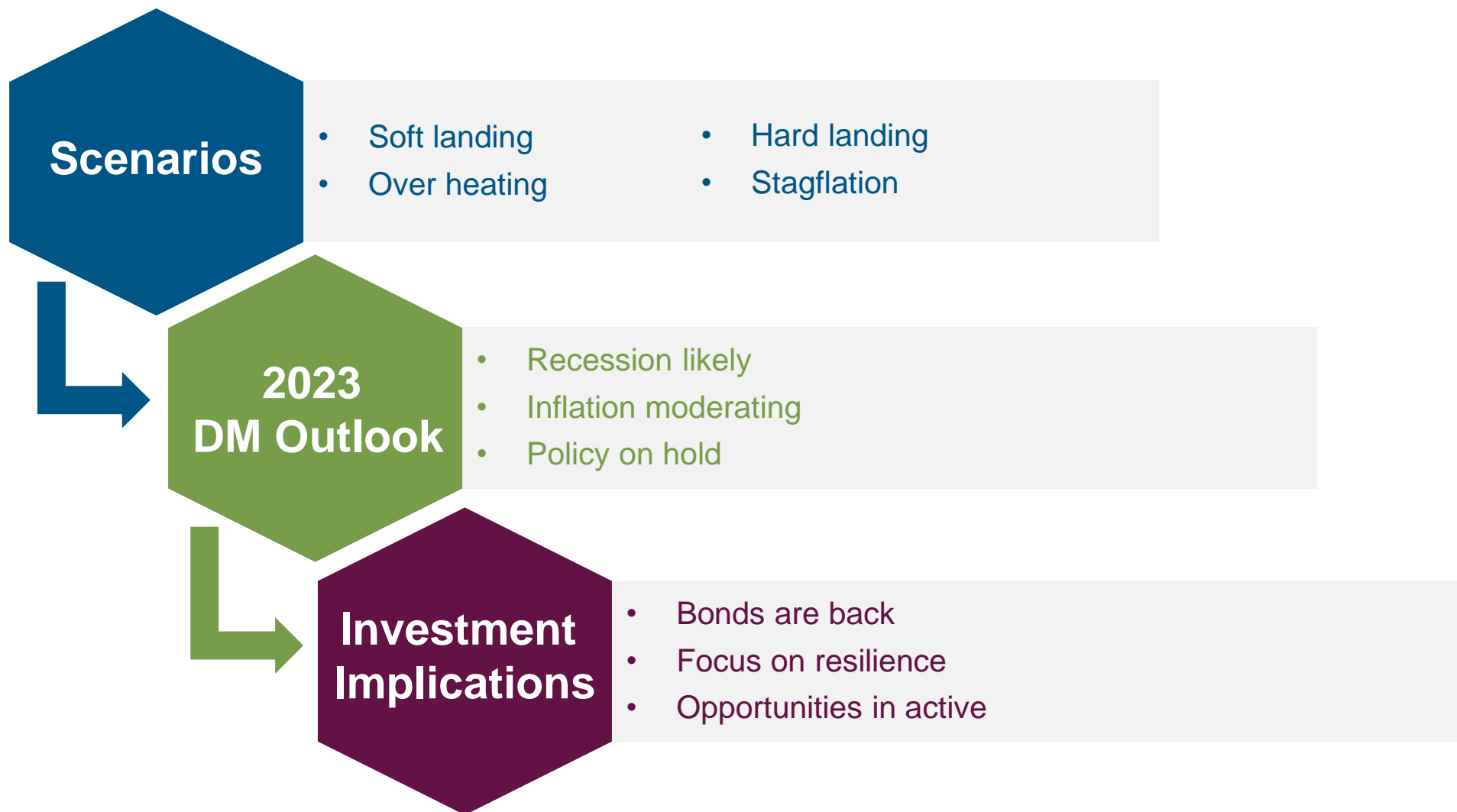
U.S. investment grade credit spreads tightened 26 bps, ending the quarter at 121 bps. The sector returned 3.44%, outperforming like-duration treasuries by 2.68%. Credit spreads tightened during the quarter amid modestly better growth expectations and declining inflation.



Source: U.S. 10yr, Germany 10yr, Japan 10yr, Breakeven inflation (Bloomberg); EM local (JPMorgan GBI-EM Global Diversified Composite Yield to Maturity Index); U.S. investment grade credit (Bloomberg U.S. Credit Index); U.S. high yield credit (Bloomberg U.S. Corporate High Yield Average OAS Index); EM external (JPMorgan Emerging Bond Index Global Sovereign Spread); EUR (EUR/USD Spot Exchange Rate - Price of 1 EUR in USD); JPY (USD/JPY Spot Exchange Rate - Price of 1 USD in JPY); EM currencies (JPMorgan ELM I Plus Composite); Energy (Bloomberg Energy Subindex Total Return Index); Industrial metals (Bloomberg Industrial Metals Subindex Total Return Index); Agriculture (Bloomberg Agriculture Total Return Index); Agency MBS (Bloomberg US Agency Fixed Rate Index); Non-Agency commercial MBS (Bloomberg Investment Grade Non-Agency CMBS Index); Like-duration treasuries or global government bonds are calculated by the index provider by comparing the index return to a hypothetical matched position of treasuries or global government bond, respectively.

Strained Markets, Strong Bonds: Investment Implications

Our process helps us evaluate a range of scenarios to determine the most likely road ahead.



Portfolio Outlook

Strategic outlook

We expect a modest recession in 2023 across developed markets as central banks continue to battle inflation, yet uncertainties remain. Central banks are expected to remain restrictive with higher policy rates likely resulting in tighter financial conditions. We expect DM central banks to continue to hike for the next quarter or so and believe the U.S. Federal Reserve may need to reach a roughly 5% nominal federal funds rate before slowing. We continue to see a strong case for investing in bonds, after yields reset higher in 2022 and with an economic downturn looking likely in 2023.

Key strategies

Duration

- Hold moderate U.S. interest rate exposure as the substantial repricing in rates makes duration an attractive source of carry
- Utilize floating-rate securities to generate attractive yield, reduce volatility, and preserve optionality

Curve

- Look to capture roll-down from steepness at the front-end of the U.S. yield curve
- Maintain defensive, tactical positioning to minimize overall interest rate risk in the portfolio

Credit selection

- Emphasize risk and liquidity management to appropriately size select opportunities in securitized credit including ABS, CMBS, and CLOs
- Favor bottom up security selection in corporate credit to find attractive opportunities and actively limit exposure to generic corporate beta

ESG

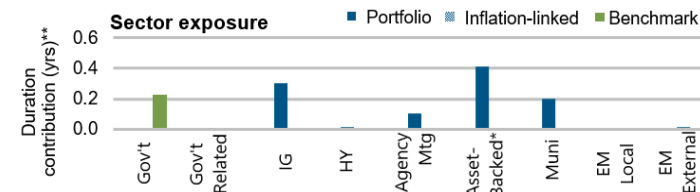
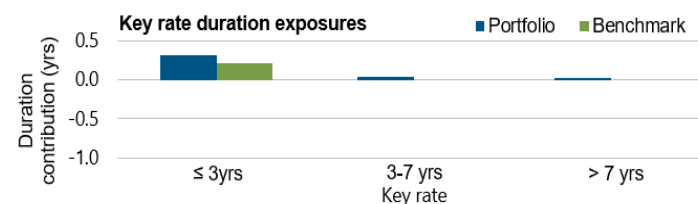
- We are focusing on security selection with a bias toward high quality, liquid names, avoiding sectors with structural challenges from an ESG perspective
- We seek to identify attractively priced green bonds to address climate change issues and support leading environmental practices

Source: PIMCO

*Non-agency may include non-agency mortgage backed securities, asset backed securities, and commercial mortgage backed securities

**For spread sectors, the relevant spread duration contribution is used

Position



Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	30 Sep '22	31 Dec '22	30 Sep '22	31 Dec '22	31 Dec '22	31 Dec '22
US Government Related	14.57	0.42	0.01	0.00	100.00	0.22
Government - Treasury	9.16	0.42	0.01	0.00	100.00	0.22
US Agency	5.41	0.00	0.00	0.00	0.00	0.00
Swaps and Liquid Rates	0.00	0.00	0.00	0.00	0.00	0.00
Securitized*	25.46	20.47	0.24	0.13	0.00	0.00
Invest. Grade Credit	45.26	47.13	0.23	0.17	0.00	0.00
High Yield Credit	0.00	0.00	0.00	0.00	0.00	0.00
Non-USD Developed	5.66	10.09	0.02	0.02	0.00	0.00
Emerging Markets	0.00	0.00	0.00	0.00	0.00	0.00
Bonds and Other Long Duration Instruments	0.00	0.00	0.00	0.00	0.00	0.00
EM Short Duration Instruments	0.00	0.00	0.00	0.00	0.00	0.00
Other***	0.40	0.00	0.00	0.00	0.00	0.00
Net Other Short Duration Instruments**	8.64	21.89	0.02	0.06	0.00	0.00
Commingled Cash Vehicles	0.00	0.00	0.00	0.00	0.00	0.00
Certificate of Deposit/Commercial Paper/STIF	3.78	11.11	0.00	0.01	0.00	0.00
Government Related	0.00	0.00	0.00	0.00	0.00	0.00
MBS/ABS	0.58	1.51	0.01	0.05	0.00	0.00
Credit	0.00	0.00	0.00	0.00	0.00	0.00
Bankers Acceptance	1.37	0.00	0.00	0.00	0.00	0.00
Other***	12.38	12.90	0.00	0.00	0.00	0.00
Short Duration Derivatives and Derivative Offsets	0.00	0.00	0.00	0.00	0.00	0.00
Net Unsettled Trades	-9.48	-3.62	0.00	0.00	0.00	0.00
Total	100	100	0.52	0.38	100	0.22

*Securitized includes Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

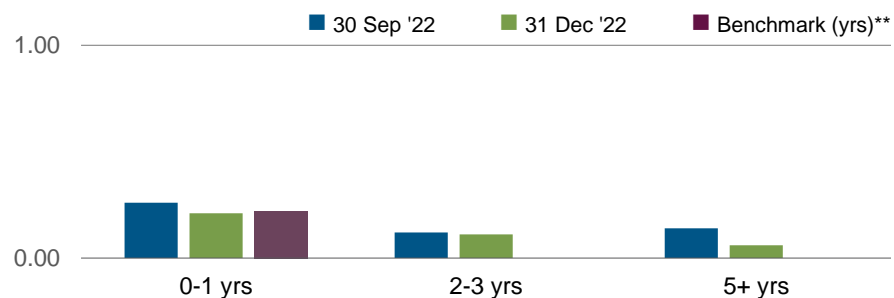
**Net Other Short Duration Instruments includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled 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.

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

Benchmark: FTSE 3-Month Treasury Bill Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '22	31 Dec '22	31 Dec '22
0-1 yrs	0.26	0.21	0.22
2-3 yrs	0.12	0.11	0.00
5+ yrs	0.14	0.06	0.00
Total	0.51	0.37	0.22

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '22	31 Dec '22	31 Dec '22
Effective duration	0.52	0.38	0.22
Bull market duration	0.48	0.35	0.22
Bear market duration	0.52	0.36	0.22
Spread duration			
Mortgage spread duration	0.71	0.51	0.00
Corporate spread duration	0.40	0.31	0.00
Emerging markets spread duration	0.02	0.02	0.00
Swap spread duration	0.00	0.00	0.00
Covered bond spread duration	0.00	0.00	0.00
Sovereign related spread duration	0.02	0.00	0.00

**Benchmark duration is calculated by PIMCO
Benchmark: FTSE 3-Month Treasury Bill Index

Country and currency exposure

Country exposure by currency of settlement

	30 Sep '22		31 Dec '22	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	0.50	100.03	0.36	99.95
Japan	0.00	0.00	0.00	0.00
Eurozone	0.00	0.03	0.00	0.01
Euro Currency	0.00	0.03	0.00	0.01
United Kingdom	0.01	-0.07	0.01	0.01
Dollar Block	0.00	0.01	0.00	0.02
Australia	0.00	0.00	0.00	0.01
Canada	0.00	0.01	0.00	0.01
Other Industrialized Countries	0.00	0.00	0.00	0.01
Israel	0.00	0.00	0.00	0.01
EM - Latin America	0.00	0.00	0.00	0.00
Total	0.52	100	0.38	100

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, 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.

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.

Exchange Traded Funds ("ETF") are afforded certain exemptions from the Investment Company Act. The exemptions allow, among other things, for individual shares to trade on the secondary market. Individual shares cannot be directly purchased from or redeemed by the ETF. Purchases and redemptions directly with ETFs are only accomplished through creation unit aggregations or "baskets" of shares. Shares of an ETF, traded on the secondary market, are bought and sold at market price (not NAV). Brokerage commissions will reduce returns. Investment policies, management fees and other information can be found in the individual ETF's prospectus.

Buying or selling ETF shares on an exchange may require the payment of fees, such as brokerage commissions, and other fees to financial intermediaries. In addition, an investor may incur costs attributed to the difference between the highest price a buyer is willing to pay to purchase shares of the Fund (bid) and the lowest price a seller is willing to accept for shares of the Fund (ask) when buying or selling shares in the secondary market (the bid-ask spread). Due to the costs inherent in buying or selling Fund shares, frequent trading may detract significantly from investment returns. Investment in Fund shares may not be advisable for investors who expect to engage in frequent trading.

Net Asset Value (NAV) represents an ETF's per-share value. The per-share value of an ETF is calculated by dividing the total value of the securities in its portfolio, less any liabilities, by the number of ETF shares outstanding. ETF shares are valued as of the close of regular trading on the NYSE Arca (normally 4:00 P.M. Eastern Time) (The "NYSE Close") on each business day.

The Fund's Net Asset Value, shares outstanding and total net assets are calculated as of the close of regular trading on each day that the NYSE Arca is open, and do not reflect security transactions or Fund shares created or redeemed on the date stated. Such transactions are recorded on the next business day and reported on the website the following business day.

Returns are average annualized total returns, except for those periods of less than one year, which are cumulative. Market returns are based upon the midpoint of the bid/ask spread at 4:00 pm Eastern time (when NAV is normally determined for most ETFs), and do not represent the returns you would receive if you traded shares at other times.

Market Price is the Official Closing Price on NYSE Arca, or if it more accurately reflects market value at the time as of which NAV is calculated, the midpoint between the national best bid and national best offer as of that time.

Median Bid/Ask Spread is the difference between the bid price for a security and its ask price. It is expressed as a percentage (rounded to the nearest hundredth) that is computed by identifying the fund's national best bid and national best offer as of the end of each 10-second interval during each trading day for the last 30 calendar days, dividing the difference between each such bid and offer by the midpoint of the national best bid and national best offer, and identifying the median of those values.

Important Disclosures

Premium/Discount is the difference between the market price and NAV expressed as a percentage of NAV.

Current holdings are subject to risk. Holdings are subject to change at any time. An investment in an ETF involves risk, including the loss of principal. Investment return, price, yield and Net Asset Value (NAV) will fluctuate with changes in market conditions. Investments may be worth more or less than the original cost when redeemed.

ETF shares may be bought or sold throughout the day at their market price on the exchange on which they are listed. However, there can be no guarantee that an active trading market for PIMCO ETF shares will develop or be maintained, or that their listing will continue or remain unchanged.

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.

No dividend reinvestment service is provided by the Trust. Financial intermediaries may make available the DTC book-entry Dividend Reinvestment Service for use by beneficial owners of Fund shares for reinvestment of their dividend distributions. Beneficial owners should contact their financial intermediary to determine the availability and costs of the service and the details of participation therein. Financial intermediaries may require beneficial owners to adhere to specific procedures and timetables. If this service is available and used, dividend distributions of both income and net capital gains will be automatically reinvested in additional whole shares of the Fund purchased in the secondary market.

The Fund distributes substantially all of its net investment income to shareholders in the form of dividends. Dividend payments are made through DTC participants and indirect participants to beneficial owners then of record with proceeds received from the Fund.

A word about risk: Investing in the **bond market** is subject to certain risks including the risk that fixed income securities will decline in value because of changes in interest rates; the risk that fund shares could trade at prices other than the net asset value; and the risk that the manager's investment decisions might not produce the desired results. **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. 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. **Diversification** does not ensure against loss. **A Fund's ESG investing strategy** may select or exclude securities of certain issuers for reasons other than financial performance. Such strategy carries the risk that the Fund's performance will differ from similar funds that do not utilize an ESG investing strategy. For example, the application of this strategy could affect the Fund's exposure to certain sectors or types of investments, which could negatively impact the Fund's performance. **ESG investing is qualitative and subjective by nature**, and there is no guarantee that the factors utilized by PIMCO or any judgment exercised by PIMCO will reflect the opinions of any particular investor, and the factors utilized by PIMCO may differ from the factors that any particular investor considers relevant in evaluating an issuer's ESG practices. In evaluating an issuer, PIMCO is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, or present conflicting information and data with respect to an issuer, which in each case could cause PIMCO to incorrectly assess an issuer's business practices with respect to its ESG practices. Socially responsible norms differ by region, and an issuer's ESG practices or PIMCO's assessment of an issuer's ESG practices may change over time. There is no standardized industry definition or certification for certain ESG categories, for example "green bonds"; as such, the inclusion of securities in these statistics involves PIMCO's subjectivity and discretion. There is no assurance that the ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. For risks related to a specific fund, please refer to the Fund's prospectus or summary prospectus if available.

PIMCO Enhanced Short Maturity Active ESG Exchange-Traded Fund (EMNT) is an actively managed exchange-traded fund (ETF) that seeks maximum current income, consistent with preservation of capital and daily liquidity, while incorporating PIMCO's environmental-, social- and governance-oriented (ESG) investment strategy. [1]EMNT will primarily invest in short duration investment grade debt securities, and will disclose all portfolio holdings on a daily basis. The average portfolio duration of EMNT will vary based on PIMCO's economic forecasts and active investment process decisions, and will not normally exceed one year. Please see the Fund's prospectus for more detailed information related to its investment objectives, investment strategies and approach to ESG.

[1] The Fund considers ESG factors to choose securities that comprise the fund and to proactively engage with issuers to realize ESG-objectives. Environmental ("E") factors can include matters such as climate change, pollution, waste, and how an issuer protects and/or conserves natural resources. Social ("S") factors can include how an issuer manages its relationships with individuals, such as its employees, shareholders, customers and its community. Governance ("G") factors can include how an issuer operates, such as its leadership, pay and incentive structures, internal controls, and the rights of equity and debt holders.

Important Disclosures

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.

FTSE 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. It is not possible to invest directly in an unmanaged index.

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 L.P. in the United States and throughout the world. **PIMCO Investments LLC**, distributor, 1633 Broadway, New York, NY, 10019 is a company of PIMCO ©2023 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.

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.

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.

"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.

The **SEC yield** is an annualized yield based on the most recent 30 day period.

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)

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