

### Fund identification

Fund ticker	LDUR
Fund cusip	72201R718
iNAV (indicative NAV) ticker	LDUR.IV
Exchange	NYSE Arca
Total Net Assets (MM)	\$653.3
NAV (month-end)	\$102.08
Shares outstanding	6,400,000

### Trading information (quarterly averages)

Bid/ask spread	
as of market close (%)	0.09

### Trading information (monthly averages)

Premium/discount	
as of market close (%)	0.06
Average daily volume	
in shares	71,109

### Portfolio manager

David Braun



Jerome Schneider



Sonali Pier



The fund is managed by an expert team of veteran fixed income investors: David Braun is a senior member of PIMCO's liability driven investment portfolio management team; Jerome Schneider is head of our short-term and funding desk; and Sonali Pier focuses on high yield and multi-sector credit opportunities and is a co-manager on several PIMCO high yield credit funds. The team draws on PIMCO's time-tested investment process: our rigorously developed global macro outlook, bottom-up credit analysis and research teams' deep reservoir of specialized investment expertise.

### Performance summary

The PIMCO Enhanced Low Duration Active Exchange-Traded Fund returned 0.25% (NAV returns) in September, outperforming the ICE BofAML 1-3 Yr Treasury Index by 0.22%. Year-to-date the Fund has returned 3.91% (NAV returns), outperforming the benchmark by 0.86%.

### Contributors include:

- Short exposure to high yield corporate credit
- Holdings of select asset backed securities
- Long U.S. dollar biases versus the Australian and Canadian dollars

### Detractors include:

- There were no notable detractors

### MONTH-END PERFORMANCE AS OF 30 SEP '20

	1-mo	3-mos	6-mos	YTD
Enhanced Low Duration Active Exchange-Traded Fund NAV Total Returns (%)	0.25	0.79	4.98	3.91
Enhanced Low Duration Active Exchange-Traded Fund Market Price Returns (%)	0.19	0.74	4.13	4.02
ICE BofAML 1-3 Yr Treasury Index (%)	0.03	0.10	0.24	3.05

### QUARTER-END PERFORMANCE AS OF 30 SEP '20

	1-yr	3-yr	5-yr	SI*
Enhanced Low Duration Active Exchange-Traded Fund NAV Total Returns (%)	4.61	3.24	3.03	2.76
Enhanced Low Duration Active Exchange-Traded Fund Market Price Returns (%)	4.70	3.23	3.06	2.77
ICE BofAML 1-3 Yr Treasury Index (%)	3.58	2.64	1.80	1.59

\*Fund inception date: 22 January 2014

### EXPENSES

Gross Expense Ratio (%)	0.86
Net Expense Ratio (%)	0.79

The Net Expense Ratio reflects a contractual fee waiver and/or expense reduction, which is in place through 31 October 2020 and renews automatically for a full year unless terminated by PIMCO in accordance with the terms of the agreement.

Adjusted Expense Ratio (%)	0.39
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The Adjusted Expense Ratio is the same as the Net Expense Ratio, but also 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. 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](http://www.pimco.com) or call 888-400-4ETF.*

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.

# Enhanced Low Duration Active Exchange-Traded Fund (LDUR)

## Explanation of portfolio characteristics

- The Fund remains tactical with its overall duration positioning. We hold U.S. duration and dynamically adjust along the yield curve to emphasize capital appreciation opportunities.
- We hold diversified exposures to high quality spread sectors such as investment grade credit and Agency mortgages. In corporate credit markets, we remain opportunistic, emphasizing issuers with resilient balance sheets. We also maintain a modest short to high yield corporate credit to hedge against widening spreads in lower quality credit.
- We maintain modest exposure in select emerging markets, which continues to diversify the portfolio and provides potential sources of high-quality income.
- The Fund also maintains exposure to Agency and non-Agency MBS, as we believe they provide attractive risk adjusted returns given potential for resiliency in the asset classes.

## Market commentary

The Low Duration Active ETF's NAV outperformed its benchmark in September, as the Fund's spread, currency, and duration strategies contributed to performance.

Risk appetites declined in September as rising virus infections, declining expectations of further fiscal stimulus, and electoral jitters weighed on sentiment. The S&P 500 experienced its first monthly decline since March, as credit spreads widened, the dollar strengthened, and developed market rates fell (though U.S. rates remained range-bound). Economic data were mixed, with some metrics highlighting a gradual recovery, but also others indicating a slowdown in momentum. Meanwhile, the Fed signaled that interest rates would remain anchored near zero through the end of 2023, with QE to continue at the current pace.

We seek to position the portfolio for resiliency as the economic impacts of the virus and reopening efforts continue to manifest. We favor interest rate exposure in the U.S. We are emphasizing opportunities that offer ample liquidity, compelling yields, and capital preservation. We remain patient as opportunities emerge, emphasizing bottom up selection over generic beta within high quality spread sectors such as investment grade corporate credit and securitized debt.

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.

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

AS OF 30 SEPTEMBER 2020

### Summary information

Effective duration (yrs)	2.12
Benchmark duration (yrs)	1.90
Effective maturity (yrs)	1.91

### Portfolio characteristics

	% of MV	% of duration
<b>Government-Related</b>	<b>97.6</b>	<b>46.0</b>
U.S. Treasury	95.8	45.8
U.S. TIPS	1.1	4.2
U.S. Agency	2.6	2.4
U.S. Government Other	-2.0	-6.4
<b>Securitized</b>	<b>15.6</b>	<b>15.7</b>
Agency MBS	2.3	3.1
Non-agency MBS	8.2	5.8
CMBS	1.0	1.3
Asset Backed Securities	3.4	4.5
Other	0.7	0.9
<b>Investment Grade Credit</b>	<b>45.6</b>	<b>35.0</b>
<b>High Yield Credit</b>	<b>-1.9</b>	<b>1.2</b>
<b>Non-U.S. Developed</b>	<b>0.0</b>	<b>0.0</b>
<b>Emerging Markets</b>	<b>0.9</b>	<b>0.1</b>
<b>Other</b>	<b>0.5</b>	<b>0.2</b>
Convertibles	0.0	0.0
Euro/Yankees	0.2	0.1
Preferred Stock	0.0	0.0
Municipals	0.3	0.1
Other	0.1	0.0
<b>Net Other Short Duration Instruments<sup>1</sup></b>	<b>-58.4</b>	<b>1.8</b>

*Effective duration is a calculation for bonds with embedded options. For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. Duration is a measure of a portfolio's sensitivity to price, expressed in years.*

*Allocation mix is subject to change and may not be representative of current or future allocations.*

*Allocation percentages may not equal 100 due to rounding.*

*Government-related may include nominal and inflation-protected treasuries, agencies, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.*

<sup>1</sup> *Net Other Short Duration Instruments includes securities and other instruments (except those instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money, short duration derivatives and derivatives offsets. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade or take into account other pertinent factors 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.*

*MV = Market Value*

# Enhanced Low Duration Active Exchange-Traded Fund (LDUR)

*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, which may be obtained by contacting your PIMCO representative. Please read the prospectus carefully before you invest.*

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 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.

ETFs are subject to secondary market trading risks. Shares of an ETF will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that an ETF's exchange listing or ability to trade its shares will continue or remain unchanged. Shares of an ETF may trade on an exchange at prices at, above or below their most recent NAV. The per share NAV of an ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the Fund's holdings. The trading prices of an ETF's shares fluctuate continuously throughout the trading day based on market supply and demand, which may not correlate to NAV. The trading prices of an ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the Fund's shares trading at a premium or discount to NAV.

Buying or selling ETF shares on an exchange may require the payment of brokerage commissions. 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.

The performance figures presented reflect the total return performance for fund type or fund share classes stated. These figures reflect changes in share price, reinvestment of dividends, and capital gain distributions. All periods longer than one year are annualized. 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 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. Current 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. **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. 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. **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.

The value of most bond funds and fixed income securities are impacted by changes in interest rates. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

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**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.

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.

In order to provide additional information regarding the intra-day value of shares of the Fund, the NYSE Arca, Inc. or a market data vendor disseminates every 15 seconds through the facilities of the Consolidated Tape Association or other widely disseminated means an updated Indicative NAV ("iNAV") for the Fund as calculated by an information provider or market data vendor. The Fund is not involved in or responsible for any aspect of the calculation or dissemination of the iNAV and makes no representation or warranty as to the accuracy of the iNAV.

**Holdings:** 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.

Premiums or discounts are the differences (expressed as a percentage) between the NAV and the Market Price of the Fund on a given day, generally at the time the NAV is calculated. A premium is the amount that the Fund is trading above the reported NAV, expressed as a percentage of the NAV. A discount is the amount that the Fund is trading below the reported NAV, expressed as a percentage of the NAV. A discount or premium could be significant. The since inception premium/discount average is calculated by averaging the daily premium/discount since the inception of the fund. The daily premium/discount is the difference between the daily market price for shares of the Fund and the Fund's net asset value. The market price is determined using the midpoint between the highest bid and the lowest offer on the listing exchange, as of the time that the Fund's NAV is calculated.

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