

**Fund identification**

Fund ticker	LDUR
Fund cusip	72201R718
iNAV (indicative NAV) ticker	LDUR.IV
Exchange	NYSE Arca
Total Net Assets (MM)	\$961.6
NAV (month-end)	\$94.84
Shares outstanding	10,140,000

**Trading information (quarterly averages)**

Median Bid/ask spread	
as of market close (%)	0.04

**Trading information (monthly averages)**

Premium/discount	
as of market close (%)	-0.08
Average daily volume	
in shares	80,553

**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 1.23% (NAV returns) in December, outperforming the ICE BofAML 1-3 Year U.S. Treasury Index by 0.11%. Year-to-date the Fund has returned 4.86% (NAV returns), outperforming the benchmark by 0.60%.

**Contributors include:**

- Select holdings of securitized credit
- Holdings of Agency MBS
- Holdings of investment grade corporate credit

**Detractors include:**

- US duration positioning

**MONTH-END PERFORMANCE AS OF 31 DEC '23**

	1-mo	3-mos	6-mos	YTD
Enhanced Low Duration Active Exchange-Traded Fund NAV Total Returns (%)	1.23	2.57	3.76	4.86
Enhanced Low Duration Active Exchange-Traded Fund Market Price Returns (%)	1.18	2.64	3.80	4.78
ICE BofAML 1-3 Year U.S. Treasury Index (%)	1.12	2.49	3.25	4.26

**QUARTER-END PERFORMANCE AS OF 31 DEC '23**

	1-yr	3-yr	5-yr	SI*
Enhanced Low Duration Active Exchange-Traded Fund NAV Total Returns (%)	4.86	-0.02	1.73	1.90
Enhanced Low Duration Active Exchange-Traded Fund Market Price Returns (%)	4.78	-0.06	1.68	1.89
ICE BofAML 1-3 Year U.S. Treasury Index (%)	4.26	-0.04	1.30	1.06

\*Fund inception date: 22 January 2014

**EXPENSES**

Gross Expense Ratio (%)	0.51
Adjusted Expense Ratio (%)	0.46

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. 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 is modestly underweight headline duration. We hold U.S. duration and dynamically adjust along the yield curve to help emphasize capital appreciation opportunities.
- In corporate credit, we emphasize selection and relative value over generic beta exposures and remain cautious on generic credit – mindful of the less attractive risk/reward dynamics today – though continue to have a bias toward shorter-maturity and high quality names. We favor select A1 and A2 rated Commercial Paper issues as recent spread widening has provided attractive levels of yield with a short time to maturity profile.
- Holdings of Agency mortgage-backed securities help provide the strategy with high quality and diversifying sources of yield. We also have positions in non-Agency mortgages given attractive loss-adjusted yields and inherent fundamental strength.
- We currently have minimal exposure to currencies, though continue to seek overshoots and undershoots in select currencies that provide attractive risk-reward opportunities. We are long AUD to benefit from earlier China re-opening given thawing of trade relations and expected ramp up in Chinese purchases of commodities. Additionally, the Fund holds a long exposure to the Japanese yen given cheap valuations and its potential diversification benefits.

## Market commentary

The Low Duration Active ETF's NAV outperformed its benchmark in Q4'23, as the Fund's spread strategies and currency strategies contributed to performance while duration strategies detracted from performance.

Indications of slowing inflation and a cooling labor market led market participants to price in an accelerated path of rate cuts for 2024, prompting a broad rally across the global bond market. Risk sentiment rebounded, with the MSCI World rising 11.53%, while the dollar weakened. The Fed paused rate hikes for the third consecutive time, while the central bank's dot plot pointed to the potential for 75 bps of cuts in 2024. Global developed central banks broadly maintained hawkish stances, with both the ECB and BoE signaling that rates would remain restrictive for longer. Meanwhile, the BoJ maintained its negative interest rate policy and left its dovish guidance unchanged.

We will continue to manage the strategy for investors who seek maximum total return, consistent with preservation of capital and prudent investment management. We aim to position the portfolio for resiliency as economic fundamentals evolve and central banks weigh further monetary action in 2024.

AS OF 31 DECEMBER 2023

### Summary information

Effective duration (yrs)	1.43
Benchmark duration (yrs)	1.83
Effective maturity (yrs)	0.99

### Portfolio characteristics

	% of MV	% of duration
<b>Government-Related</b>	<b>52.5</b>	<b>19.3</b>
U.S. Treasury	52.5	19.3
U.S. TIPS	0.0	0.0
U.S. Agency	0.0	0.0
U.S. Government Other	0.0	0.0
<b>Securitized</b>	<b>26.2</b>	<b>61.6</b>
Agency MBS	10.1	31.0
Non-agency MBS	3.9	7.7
CMBS	0.1	0.0
Asset Backed Securities	9.9	17.0
Other	2.3	5.9
<b>Investment Grade Credit</b>	<b>19.7</b>	<b>15.4</b>
<b>High Yield Credit</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-U.S. Developed</b>	<b>0.0</b>	<b>0.0</b>
<b>Emerging Markets</b>	<b>0.0</b>	<b>0.0</b>
<b>Other</b>	<b>0.0</b>	<b>0.0</b>
Convertibles	0.0	0.0
Euro/Yankees	0.0	0.0
Preferred Stock	0.0	0.0
Municipals	0.0	0.0
Other	0.0	0.0
<b>Net Other Short Duration Instruments<sup>1</sup></b>	<b>1.5</b>	<b>3.6</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)

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

Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

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.

*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.*

**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.

**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. 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 New York Stock Exchange (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 New York Stock Exchange 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.

**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. 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. 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.

**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 daily premium/discount is the difference between the daily market price for shares of the Fund and the Fund's net asset value. For purposes of the premium/discount information, market price is determined using NYSE Arca's or New York Stock Exchange's, as applicable, Official Closing Price or if it more accurately reflects market price at the time as of which NAV is calculated, the midpoint between the national best bid and national best offer as of that time. Market price for purposes of other information is calculated as follows: (i) for time periods preceding December 17, 2020, 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 and (ii) for the time periods starting December 17, 2020, the NYSE Arca's or New York Stock Exchange's, as applicable, Official Closing Price or, if it more accurately reflects market price at the time as of which NAV is calculated, the midpoint between the national best bid and national best offer as of that time. **Market Price** is the Official Closing Price on NYSE Arca or the New York Stock Exchange, as applicable, 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 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.

**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.

In order to provide additional information regarding the **intra-day** value of shares of the Fund, the NYSE Arca, Inc., New York Stock Exchange 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.

**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.

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 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. 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.

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