

PIMCO ETFs

OBJECTIVE: Credit

AS OF:

31 DECEMBER 2023

**Fund information**

Fund ticker	<b>HYS</b>
Fund cusip	<b>72201R783</b>
iNAV (indicative NAV) ticker	<b>HYS.IV</b>
Exchange	<b>NYSE Arca</b>
Total Net Assets (MM)	<b>\$1,249.1</b>
NAV (month-end)	<b>\$93.22</b>
Market Price (month end)	<b>\$93.08</b>
Shares outstanding	<b>13,400,000</b>

**Trading information (quarterly averages)**

Median Bid/ask spread	
as of market close (%)	<b>0.03</b>

**Trading information (monthly averages)**

Premium/discount	
as of market close (%)	<b>0.20</b>
Average daily volume	
in shares	<b>157,041</b>

**Portfolio manager**

Matt Dorsten



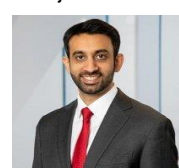
David Forgash



Jason Vivas



Tanuj Dora



PIMCO serves as the investment adviser for the fund. The Fund's portfolio is jointly and primarily managed by Matt Dorsten, David Forgash, Jason Vivas, and Tanuj Dora. Mr. Dorsten is an Executive Vice President of PIMCO. Mr. Forgash is an Executive Vice President of PIMCO. Mr. Vivas is a Senior Vice President of PIMCO. Mr. Dora is a Vice President of PIMCO.

**About the fund**

The 0-5 Year High Yield Corporate Bond Index Exchange-Traded Fund is designed to capture, before fees and expenses, continuous exposure to the short maturity segment of the high yield corporate bond market. The fund tracks The ICE BofAML 0-5 Year US High Yield Constrained Index, and aims to achieve the yield, volatility level, and low or negative correlations to other asset classes inherent in short maturity high yield.

**Performance summary**

The 0-5 Year High Yield Corporate Bond Index ETF returned 5.54% (at market price) & 5.52% (at NAV), while The ICE BofAML 0-5 Year US High Yield Constrained Index returned 5.33% for Q4' 23. The yield for HYS has become more attractive (7.12% SEC Yield) in the context of the current environment with a low duration of 1.99 years.

Portfolio composition has remained stable as of 31 December 2023, tracking that of the ETF's index closely. The largest sectors held include lodging, technology, and financials. The ETF continues to maintain its strong emphasis on short-dated bonds, reflected by its duration of approximately 2 years and its average maturity at approximately 3 years, while seeking to maintain a relatively healthy yield. The most represented credit quality in HYS is within the BB- to B+ range. Among lower quality CCC bonds, emphasis has been given to those issuers where research indicates that rating agencies may be lagging improved fundamentals and we view as rising stars.

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

	1-mo	3-mos	6-mos	SI*
0-5 Year High Yield Corporate Bond Index ETF NAV Total Returns (%)	3.01	5.52	6.62	4.60
0-5 Year High Yield Corporate Bond Index ETF Market Price Returns (%)	2.66	5.54	6.21	4.58
ICE BofA 0-5 Yr US HY Constrained Index (%)	2.97	5.33	6.71	5.12

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

	1-yr	3-yr	5-yr	10-yr
0-5 Year High Yield Corporate Bond Index ETF NAV Total Returns (%)	11.76	3.50	4.63	3.77
0-5 Year High Yield Corporate Bond Index ETF Market Price Returns (%)	11.38	3.33	4.66	3.74
ICE BofA 0-5 Yr US HY Constrained Index (%)	12.09	3.96	5.07	4.29

\*Fund inception date: 16 June 2011

**EXPENSES**

Gross Expense Ratio (%)	0.56
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*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.

# 0-5 Year High Yield Corporate Bond (HYS)

## Quarter in review

0-5 year U.S. high yield spreads tightened by 87 bps to 352 bps this quarter while BB/B spreads tightened by 75 bps to 266 bps.

Spreads tightened amid benign inflation data and market expectations of ending the rate-hiking cycle in the U.S.

In 4Q23, the top-performing industries within 0-5 year U.S. HY were insurance (8.5%), healthcare (6.8%), and services (6.8%). The worst-performing sectors were energy (4.0%), technology & electronics (2.7%), and transportation (2.5%).\*

\*All performance is represented by The ICE BofAML 0-5 Year US HY Constrained Index

## High Yield outlook

Although high yield companies have built up sufficient liquidity reserves, some issuers continue to face challenges including rising costs and supply chain bottlenecks. Net new supply remained below long-term average in 2023. Defaults have remained benign thus far, but we expect defaults to pick up modestly from here and for the default rate to increase closer to longer term averages in the low single digits. As a risk asset, high yield may be volatile due to fears of slowdown in economic growth as financial conditions are tightened and companies experience earnings weakness.

Overall, we are cautiously constructive on high yield alongside better valuations, improved quality profile and resilient corporate balance sheets. However, risks surrounding the upcoming recession, margin pressure and geopolitical uncertainty lead us to emphasize a cautious and highly selective approach focused on high conviction credits.

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

"Fallen angels" is the term given to a bond that was rated investment grade but has since been downgraded to high yield.

AS OF 31 DECEMBER 2023

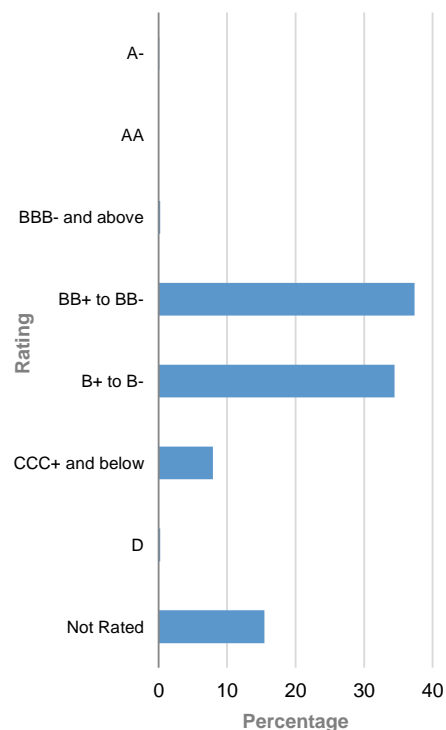
### Summary information

Effective duration (yrs)	1.99
Benchmark duration (yrs)	2.01
Effective maturity (yrs)	3.23
SEC Yield	7.12

### Top 10 industries (% Market Value)

Financial Other	6.05
Technology	5.89
Media Cable	5.27
Pipelines	5.25
Lodging	5.06
Healthcare	4.28
Gaming	3.56
Packaging	3.35
Aerospace/Defense	3.26
Independent E&P	3.02

### Credit Rating - S&P



**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. **Credit Ratings** for each issue are obtained using ratings from Standard & Poor's (S&P). The ratings range from AAA (highest) to D (lowest) and are subject to change. Not every instrument is rated. The "Not Rated Others" category may include, but is not limited to, derivatives and Treasury repos. The credit quality of a particular security or group of securities does not ensure the stability or safety of the overall portfolio. The weightings are calculated using PIMCO's internal risk calculations, which may differ from the net asset calculations of the Fund's custodian, and utilize PIMCO's classifications of issuers (e.g. how PIMCO classifies "corporate" instruments, which may include loans). This information is not a guarantee of, or reflective of, the overall credit risk of the Fund's aggregate portfolio—the Fund's portfolio itself has not been rated. The **SEC yield** is an annualized yield based on the most recent 30 day period.

## 0-5 Year High Yield Corporate Bond (HYS)

*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. **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 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 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 current 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. **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. 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. **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.

The Fund uses an **indexing approach** and may be affected by a general decline in market segments or asset classes relating to its Underlying Index. The Fund invests in securities and instruments included in, or representative of, its Underlying Index regardless of the investment merits of the Underlying Index.

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.

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PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors.

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P I M C O

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