PIMCO

PIMCO Low Duration ESG Fund

Quarterly Investment Report | 2Q22

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.

A company of Allianz

Executive summary

Class:	INST
Inception date:	31 Dec '96
Fund assets (in millions):	$437.54
Gross expense ratio:	0.50%

Portfolio Performance

The Fund's interest rate strategies contributed to performance while spread and currency strategies detracted from performance.

CONTRIBUTORS

- U.S. interest rate positioning
- Country selection within non-EU, non-U.S. developed market interest rate strategies

DETRACTORS

- Holdings of external emerging market debt
- Holdings of investment grade corporate credit
- Select holdings of securitized credit

Performance periods ended 30 Jun '22	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	-1.51	-4.65	-5.09	0.11	1.05	1.47	3.91
Fund after fees	-1.63	-4.88	-5.56	-0.39	0.54	0.97	3.39
Benchmark*	-0.50	-2.84	-3.30	0.24	0.94	0.79	2.86

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 pimco.com or call 888.87.PIMCO.

Summary information	30 Jun '22
30-day SEC yield	2.34%
Distribution yield	1.41%
Effective duration (yrs)	1.00
Benchmark duration - provider (yrs)	1.85
Benchmark duration - PIMCO (yrs)	1.85
Effective maturity (yrs)	0.12
Average coupon	1.92%
Net currency exposure	-2.83%
Tracking error (10 yrs)	1.36
Information ratio (10 yrs)	0.14

Portfolio strategy

- Underweight headline duration: Hold moderate U.S. duration but continue to favor U.S. rate exposures over other developed markets
- 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

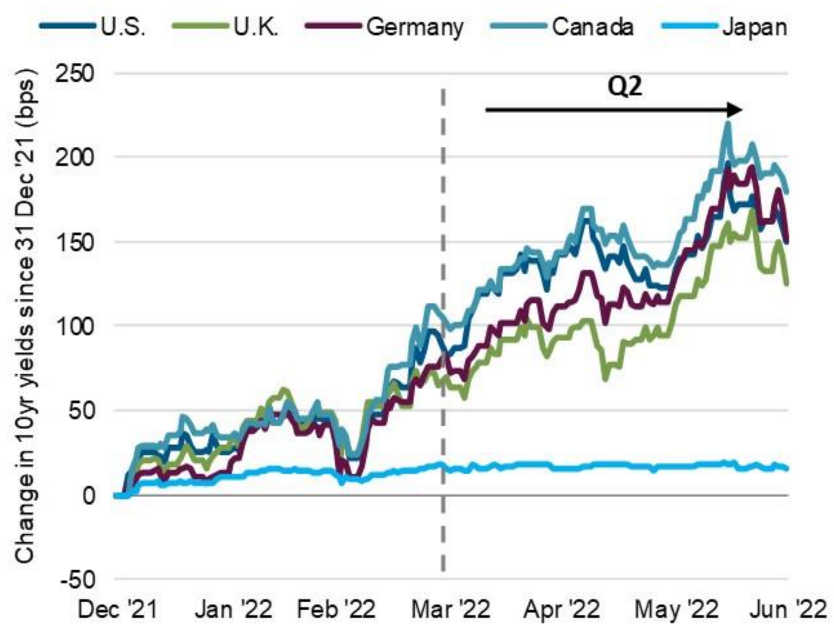
Sector allocation	Dur. (yrs)	MV
US Government Related	-0.33	34.02%
Securitized	0.27	6.27%
Invest. Grade Credit	0.57	20.79%
High Yield Credit	0.02	0.49%
Non-USD Developed	-0.71	-0.01%
Emerging Markets	0.17	5.15%
Other	0.07	3.32%
Net Other Short Duration Instruments	0.93	29.96%
Total	**1.00**	**100%**

*ICE BofAML 1-3 Year U.S. Treasury Index;

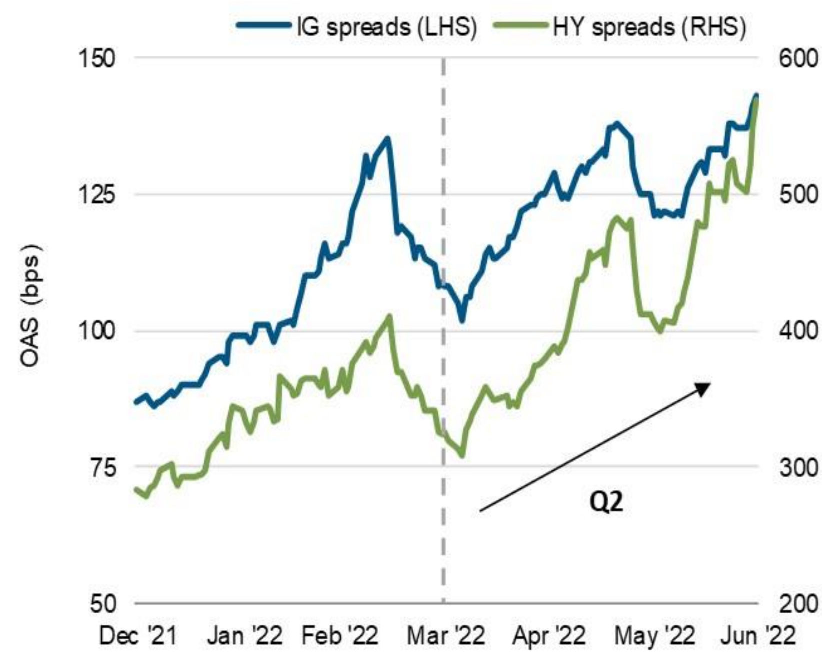
Quarter in Review

A challenging environment for fixed income as yields rose

The fundamental backdrop showed signs of a slowdown amid weakening economic data releases, while inflation remained elevated. In response, central banks adopted more hawkish stances. The Fed delivered a 75bps hike in June (the first since 1994) and shifted expectations for future hikes forward, while the BoE and BoC also raised their policy rates. Meanwhile, performance was challenged for both “safe-haven” and risk assets as global yields rose meaningfully and risk sentiment waned. Equities broadly ended lower – with some markets dipping into bear territories – while credit and EM external spreads widened.



Global yields rose sharply as central banks continued to scale back support in response to inflationary pressures. In the U.S., the 10yr yield reached an intra-quarter high of nearly 3.5% – it's highest level since 2011.



Credit spreads – both investment-grade and high yield – widened in Q2 as market sentiment waned. Meanwhile, mortgage credit, alongside most spread assets, also underperformed across the quality spectrum.

Source: Bloomberg

SOURCE: Bloomberg. “IG Spreads” are represented by Bloomberg US Agg Corporate Avg OAS index. "HY spreads" are represented by Bloomberg US Corporate High Yield Avg OAS index.

Market Summary

Q2'22: Rising yields constituted a notable headwind to most asset classes

The Fund's interest rate strategies contributed to performance while spread and currency strategies detracted from performance.

Developed market debt

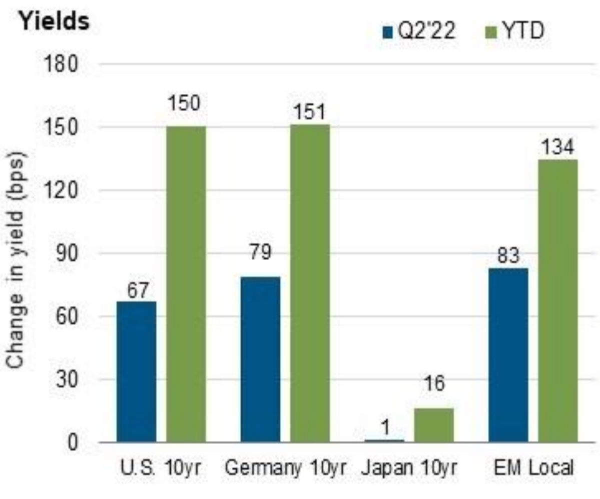
Developed market yields broadly rose as central banks largely pursued tighter monetary policies over the quarter. Yields rose in the U.S. with the 10-year Treasury peaking near 3.5% as the Fed, in prioritizing addressing inflation, hiked interest rates by a total of 125 basis points and began tapering its balance sheet. U.K. and German rates also rose meaningfully amid elevated inflationary pressure, while Japanese rates remained largely range-bound.

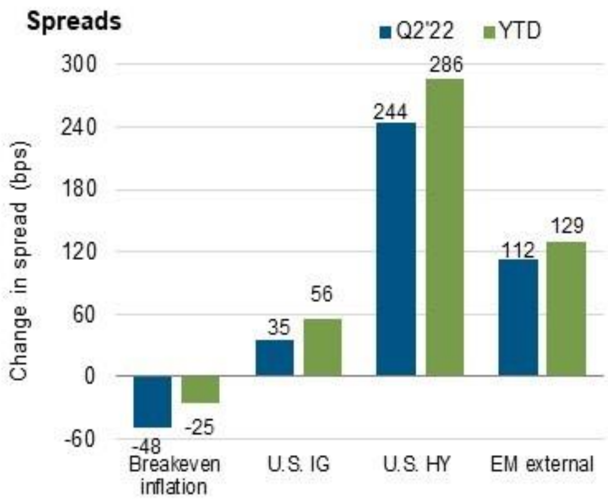
Mortgage-backed securities

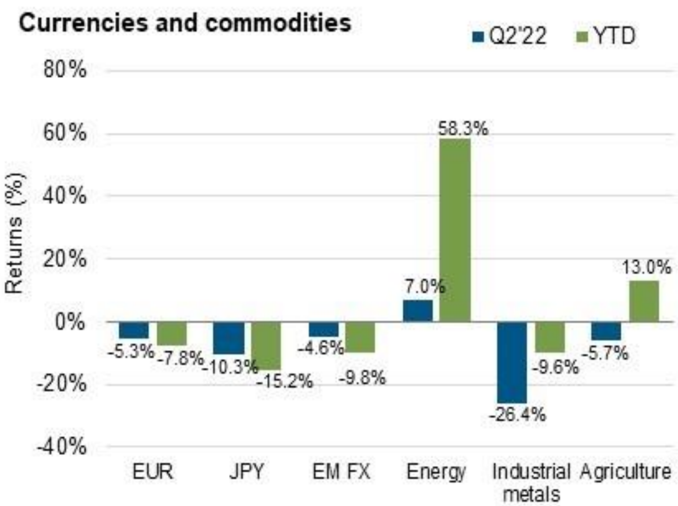
Agency MBS returned -4.01% during Q2, underperforming like duration Treasuries by 98 bps. Volatility in the Agency MBS market persisted during the quarter as rates continued to sell off and the Fed began its balance sheet reductions. Legacy non-Agency residential MBS spreads widened 65 bps alongside the broader credit market, while non-Agency commercial MBS returned -3.25%, underperforming like-duration Treasuries by 114 bps.

Credit

U.S. investment grade credit spreads widened 35 bps, ending the quarter at 143 bps. The sector returned -6.90%, underperforming like-duration treasuries by -2.05%. Credit spreads widened due to an increasingly hawkish tone from the Fed, inflationary concerns, and weaker economic data. However, demand for high quality, income-producing assets is expected to pick up at higher yields.





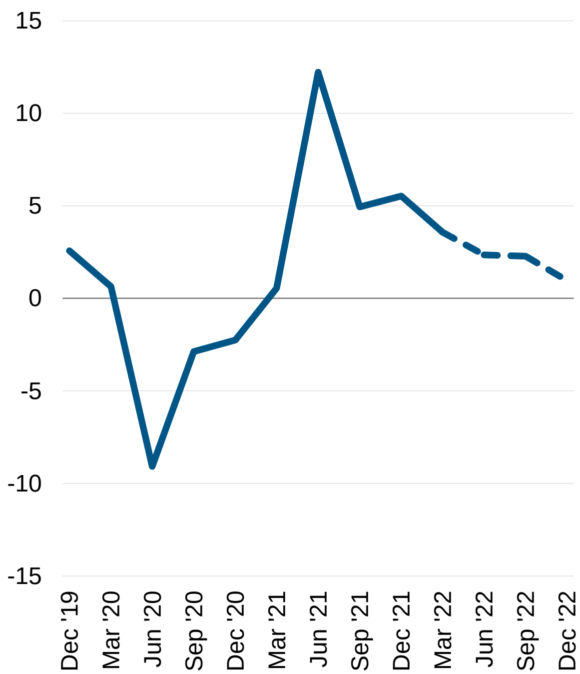


Source: U.S. 10yr, Germany 10yr, Japan 10yr, Breakeven inflation (Bloomberg); EM local (JPMorgan GBI-EM Global Diversified Composite Yield to Maturity Index); U.S. investment grade credit (Bloomberg U.S. Credit Index); U.S. high yield credit (Bloomberg U.S. Corporate High Yield Average OAS Index); EM 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 ELMI 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.

Cyclical Outlook: “Anti-Goldilocks” backdrop and elevated recession risks

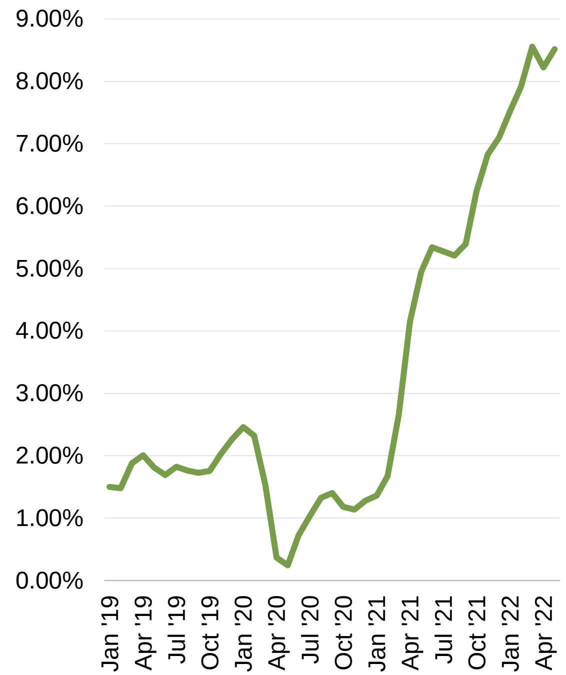
Activity too cold

US real GDP*



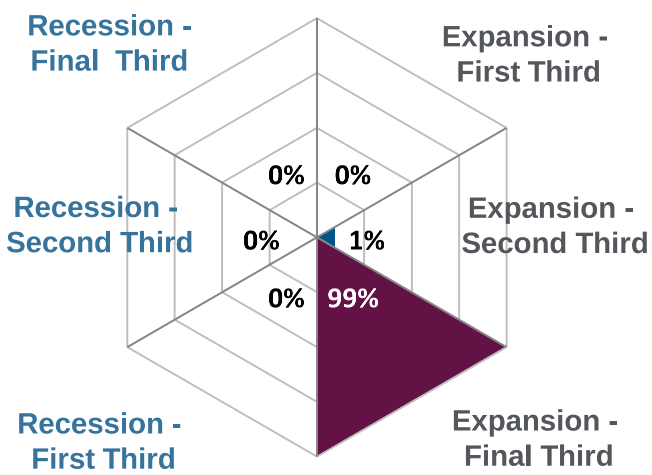
Inflation too hot

US headline CPI y/y



Recession risk elevated

Stylized business cycle model



For illustrative purposes only. As of June 2022. SOURCE: PIMCO
* Figures in percentages.
The dynamic factor model (DFM) divides the business cycle into six phases; for example, 2T (second third) expansion is the mid-cycle expansion phase. The model incorporates a set of underlying factors with the potential to drive economic growth and assumes various economic time series are realizations of these factors with varying time lags. We estimate these factors based on 750 U.S. time-series variables covering a wide range of phenomena, including growth and its components, inflation components, labor market data, surveys, housing statistics, banking data, interest rates, asset price series, and more.
Refer to Appendix for additional outlook and risk information.

Portfolio Outlook

Strategic outlook

We see an elevated risk of recession over the next two years, reflecting greater potential for geopolitical tumult, stubbornly high inflation that reduces households' real disposable income, and central banks' intense focus on fighting inflation first, which raises the risk of financial accidents on top of the sharp tightening of financial conditions already seen. Moreover, if and when the next recession arrives, we expect the monetary and fiscal responses to be more reserved and arrive later than in the last several recessions when inflation was not a concern and when government debt levels and central bank balance sheets were less bloated.

Key strategies

Duration

- The fund is underweight headline duration, though we maintain our preference for U.S. duration and favor international hedges in regions where yields look rich, including Japan and the U.K.
- We take selective diversifying exposures to front-end emerging markets rates.

Credit selection

- We are focusing on security selection with a bias toward high quality, liquid names while de-emphasizing generic corporate credit exposure
- We continuously seek to identify attractively priced green bonds to address climate change issues and support leading environmental practices

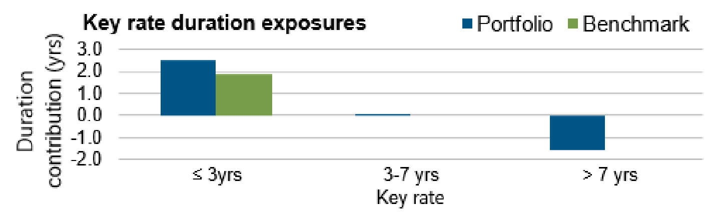
Securitized

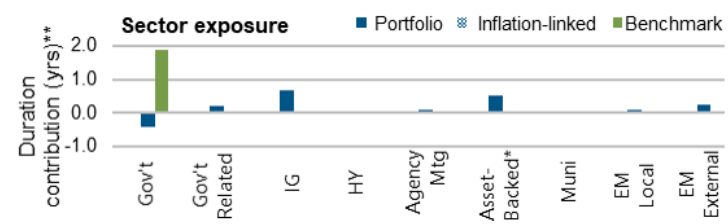
- Emphasize risk and liquidity management to appropriately size select opportunities in securitized credit including ABS, CMBS, and CLOs
- We also continue to favor senior positions in mortgage credit given inherent fundamental strength and the de-leveraging nature of the asset

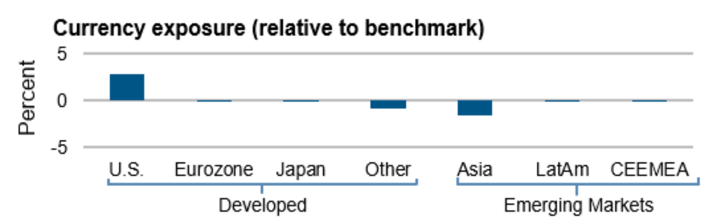
Currency positioning

- We currently have a modest short bias for a basket of emerging market currencies and select developed market currencies versus the U.S. dollar.
- We remain tactical overall and will continue to seek opportunities from overshoots and undershoots that offer attractive relative value

Position







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

Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	31 Mar '22	30 Jun '22	31 Mar '22	30 Jun '22	30 Jun '22	30 Jun '22
US Government Related	6.47	34.02	-0.47	-0.33	100.00	1.85
Government - Treasury	0.91	28.02	-0.69	-0.01	100.00	1.85
US Agency	5.57	5.54	0.19	0.17	0.00	0.00
Swaps and Liquid Rates	-0.02	0.46	0.04	-0.49	0.00	0.00
Securitized*	14.79	6.27	0.64	0.27	0.00	0.00
Invest. Grade Credit	27.86	20.79	0.77	0.57	0.00	0.00
High Yield Credit	1.83	0.49	0.07	0.02	0.00	0.00
Non-USD Developed	4.26	-0.01	-0.42	-0.71	0.00	0.00
Emerging Markets	5.68	5.15	0.20	0.17	0.00	0.00
Bonds and Other Long Duration Instruments	5.74	5.04	0.20	0.17	0.00	0.00
EM Short Duration Instruments	-0.07	0.11	0.00	-0.01	0.00	0.00
Other***	3.64	3.32	0.08	0.07	0.00	0.00
Net Other Short Duration Instruments**	35.47	29.96	0.42	0.93	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	0.77	0.77	0.01	0.01	0.00	0.00
Government Related	23.55	13.14	0.05	0.03	0.00	0.00
MBS/ABS	11.36	12.01	0.06	0.00	0.00	0.00
Credit	3.66	3.34	0.02	0.01	0.00	0.00
Bankers Acceptance	0.00	0.00	0.00	0.00	0.00	0.00
Other***	1.77	20.80	0.01	0.00	0.00	0.00
Short Duration Derivatives and Derivative Offsets	1.07	-24.27	0.29	0.88	0.00	0.00
Net Unsettled Trades	-6.70	4.17	0.00	0.00	0.00	0.00
Total	**100**	**100**	**1.29**	**1.00**	**100**	**1.85**

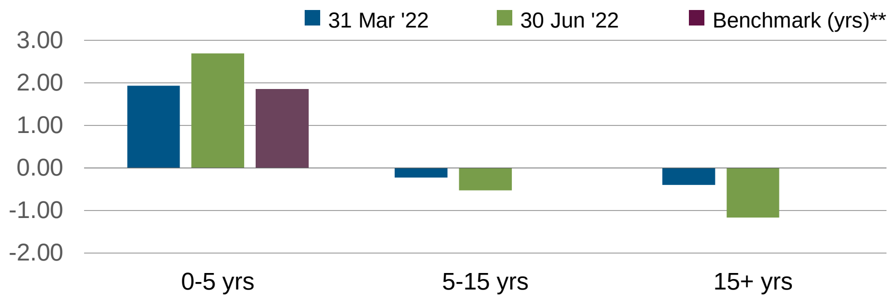
*Securitized includes Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

**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: ICE BofAML 1-3 Year U.S. Treasury Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	31 Mar '22	30 Jun '22	30 Jun '22
0-5 yrs	1.93	2.69	1.85
5-15 yrs	-0.23	-0.53	0.00
15+ yrs	-0.40	-1.17	0.00
Total	**1.29**	**1.00**	**1.85**

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	31 Mar '22	30 Jun '22	30 Jun '22
Effective duration	1.29	1.00	1.85
Bull market duration	1.12	0.84	1.85
Bear market duration	1.47	1.29	1.84
Spread duration			
Mortgage spread duration	0.96	0.59	0.00
Corporate spread duration	0.94	0.71	0.00
Emerging markets spread duration	0.44	0.31	0.00
Swap spread duration	-0.02	-0.08	0.00
Covered bond spread duration	0.01	0.00	0.00
Sovereign related spread duration	0.22	0.20	0.00

Derivative exposure (% of duration)

	31 Mar '22	30 Jun '22
Government futures	-73.05	-37.32
Interest rate swaps	-26.71	-94.89
Credit default swaps*	0.24	0.22
Purchased swaps	0.00	0.00
Written swaps	0.24	0.22
Options	10.77	15.63
Purchased Options	0.00	-1.03
Written Options	10.77	16.66
Mortgage Derivatives	0.84	1.08
Money Market Derivatives	14.58	88.64
Futures	3.39	6.31
Interest rate swaps	11.19	82.32
Other Derivatives	0.00	0.00

* Shown as a percentage of market value

**Benchmark duration is calculated by PIMCO
Benchmark: ICE BofAML 1-3 Year U.S. Treasury Index

Country and currency exposure

Country exposure by currency of settlement

	31 Mar '22		30 Jun '22	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	**1.67**	**99.62**	**1.45**	**102.83**
Japan	**-0.23**	**-0.02**	**-0.24**	**-0.02**
Eurozone	**-0.01**	**-0.09**	**-0.03**	**-0.20**
Euro Currency	0.00	-0.09	0.00	-0.20
European Union	0.13	0.00	0.18	0.00
Germany	-0.16	0.00	0.08	0.00
Italy	0.01	0.00	-0.29	0.00
Netherlands	0.01	0.00	0.01	0.00
United Kingdom	**-0.21**	**0.03**	**-0.36**	**-0.04**
Europe non-EMU	**0.00**	**0.58**	**0.00**	**0.00**
Norway	0.00	0.58	0.00	0.00
Dollar Block	**0.01**	**0.43**	**0.13**	**-0.86**
Australia	0.00	0.44	0.03	-0.87
Canada	0.01	-0.01	0.01	-0.01
New Zealand	0.00	0.00	0.09	0.02
Other Industrialized Countries	**0.00**	**0.00**	**0.00**	**0.00**
EM - Asia	**0.01**	**-0.50**	**0.01**	**-1.65**
China	0.00	-0.47	0.00	-1.59
Indonesia	0.01	-0.02	0.01	-0.05
EM - Latin America	**0.02**	**-0.05**	**0.02**	**-0.05**
Brazil	0.01	-0.04	0.01	-0.04
Mexico	0.01	-0.01	0.01	-0.01
EM - CEEMEA	**0.02**	**0.00**	**0.02**	**-0.01**
South Africa	0.02	0.00	0.02	-0.01
Total	**1.29**	**100**	**1.00**	**100**

Emerging markets exposure by country of risk

	31 Mar '22			30 Jun '22		
	% of MV short duration Instruments	% of MV bonds	Duration (yrs)	% of MV short duration Instruments	% of MV bonds	Duration (yrs)
Brazil	-0.04	0.30	0.01	0.03	0.28	0.01
India	0.00	4.43	0.14	0.00	3.88	0.12
Indonesia	0.00	0.20	0.00	0.02	0.20	0.00
Mexico	0.01	0.42	0.02	0.02	0.36	0.02
Serbia & Montenegro	0.00	0.41	0.02	0.00	0.33	0.02
South Africa	-0.04	0.00	0.00	0.05	0.00	0.00
Total	**-0.07**	**5.74**	**0.20**	**0.11**	**5.04**	**0.17**

Additional share class performance

PIMCO Low Duration ESG Fund (net of fees performance)

Performance periods ended: 30 Jun '22	Gross expense ratio	Net expense ratio	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Class I-2	0.60	-	USD	19 Nov '10	-1.66	-4.93	-5.66	-0.49	0.44	0.87	3.29
Class INST	0.50	-	USD	31 Dec '96	-1.63	-4.88	-5.56	-0.39	0.54	0.97	3.39
ICE BofAML 1-3 Year U.S. Treasury Index					-0.50	-2.84	-3.30	0.24	0.94	0.79	2.86

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 pimco.com or call 888.87.PIMCO.

For the periods prior to the inception date of a share class, performance information is based on the performance of the Fund's oldest class shares, adjusted to reflect the fees and expenses paid by that class of shares.

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, after fees 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. The minimum initial investment for Institutional, I-2, I-3 and Administrative class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

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.

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.

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 risks, including market, interest rate, issuer, credit, call risk, 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. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **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. 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 assurance that the ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results.

Important Disclosures

PIMCO Low Duration ESG Fund is a diversified portfolio of short- and intermediate-term bonds that is actively managed to maximize return in a risk-controlled framework while focusing on environmental-, social-, and governance oriented (ESG) principles.[1] 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.

Portfolio allocations and other information in the charts in this Quarterly Investment Report are based on the fund's net assets. These percentages may differ from those used for the fund's compliance calculations, including the fund's prospectus, regulatory, and other investment limitations and policies, which may be based on total assets of the fund or other measurements, may include or exclude various categories of investments from those covered in the portfolio allocation categories shown in this report, and may be based on different classifications and measurements of the fund's investments and other criteria. All funds are separately monitored for compliance with prospectus and regulatory requirements.

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.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

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 following defined terms are used throughout the report. Emerging market short duration instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. 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. Short duration derivatives and derivatives offsets include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. Municipals/Other may include convertibles, preferred and yankee bonds.

The performance figures presented reflect the performance for the institutional class unless otherwise noted.

A note about Sector exposure: Other indicates swaps and securities issued in euros.

A note about Emerging markets exposure by country of risk: country of risk reflects the country of incorporation of the ultimate parent company.

PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party.

Important Disclosures

723_QIR-2Q22

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)

723_QIR-2Q22