

PIMCO ETFs

OBJECTIVE: EQUITY | AS OF: 30 SEPTEMBER 2020

|                                 |                |
|---------------------------------|----------------|
| TICKER:                         | MFEM           |
| FUND INCEPTION DATE:            | 31 AUGUST 2017 |
| CUSIP:                          | 72202L389      |
| TOTAL NET ASSETS (IN MILLIONS): | \$649.1        |
| GROSS EXPENSE RATIO:            | 0.50%          |
| NET EXPENSE RATIO:              | 0.49%          |

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.

**Index provider**

Robert Arnott

Christopher Brightman

**Portfolio Characteristics**

|                                    | Fund   | MSCI EM* |
|------------------------------------|--------|----------|
| Number of Holdings                 | 585    | 1321     |
| P/E (Trailing 12-month)            | 16.75  | 16.93    |
| Weighted average market cap (\$mm) | 66,575 | 114,898  |

**Index - factor allocations (%)**

|                | Market value weighted |
|----------------|-----------------------|
| Value          | 12.1                  |
| Low Volatility | 27.7                  |
| Quality        | 24.1                  |
| Momentum       | 36.0                  |
| Size           | 0.0                   |

**GICS sectors (%)**

|                        | Fund | MSCI EM* |
|------------------------|------|----------|
| Energy                 | 7.8  | 5.4      |
| Materials              | 12.3 | 6.9      |
| Industrials            | 4.3  | 4.4      |
| Consumer Discretionary | 17.5 | 20.2     |
| Consumer Staples       | 8.6  | 6.1      |
| Health Care            | 1.9  | 4.4      |
| Financials             | 9.0  | 16.5     |
| Information Technology | 19.3 | 18.5     |
| Communication Services | 12.6 | 12.7     |
| Utilities              | 4.3  | 2.0      |
| Real Estate            | 1.8  | 2.4      |
| No Classification      | 0.0  | 0.0      |

\*The MSCI Emerging Markets Index is being shown for illustrative purposes to highlight characteristics of the Fund against a conventional broader market reference point. The MSCI Emerging Markets Index is not a benchmark included in the Fund's prospectus.

**Fund description**

PIMCO RAFI™ Dynamic Multi-Factor Emerging Markets Equity ETF (Ticker: MFEM) is a smart beta strategy that seeks to track the investment results of the RAFI™ Dynamic Multi-Factor Emerging Markets Index. The fund is designed to provide investors with the benefits of dynamically-weighted exposure to multiple equity factors, including value, quality, low volatility and momentum - a diversified approach that seeks to improve return potential.

**Investor benefits**

Incorporating the latest smart beta research from Research Affiliates™, MFEM seeks to provide diversification and structural sources of returns through an in-depth methodology that seeks to introduce a "buy-low, sell-high" discipline to factor investing.

Potential benefits of the fund include:

- Exposure to multiple emerging market equity factors that theory and research have linked to higher returns, a combination that may offer a smoother ride than single-factor approaches.
- Stocks in each factor portfolio are weighted by fundamental measures of company size, breaking the link between price and portfolio weight (except in the momentum factor portfolio). Research Affiliates Fundamental Index (RAFI™) is an investment approach that seeks to systematically rebalances portfolio weights back to fundamental size, allowing mean reversion to drive returns.

A dynamic weighting process that overweights factors that may be more attractive on a forward-looking basis, reducing the potential risk associated with buying expensive factors.

**The fund advantage**

PIMCO and Research Affiliates™ believe that our differentiated approach to multi-factor investing creates the potential for higher returns through both factor portfolio construction and dynamic allocation of the individual factor portfolios. We believe this value conscious approach to factor investing makes MFEM an attractive strategy for smart beta investors, and can serve as a complement to or replacement for traditional equity approaches.

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**IMPORTANT NOTICE**

Please note that the following 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.

# RAFI™ Dynamic Multi-Factor Emerging Markets Equity

AS OF: 30 SEPTEMBER 2020

## Performance (total returns %)

|                            | Since Inception | 3 yr         | 1 yr         | 6 mos        | 3 mos       |
|----------------------------|-----------------|--------------|--------------|--------------|-------------|
| <b>PIMCO ETF</b>           |                 |              |              |              |             |
| NAV                        | -1.39           | -0.80        | -0.20        | 29.57        | 8.24        |
| Share price (market price) | -1.38           | -0.90        | 0.50         | 29.60        | 9.49        |
| <b>Benchmark (%)</b>       | <b>-1.12</b>    | <b>-0.57</b> | <b>-0.09</b> | <b>29.11</b> | <b>8.44</b> |

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 by calling 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.

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.

The performance figures presented reflect the total return performance and reflect changes in share price and reinvestment of dividend 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.

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. 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.

**A word about risk:** Equities may decline in value due to both real and perceived general market, economic and industry conditions. 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. **Model Risk** is the risk that the investment models used in constructing the Underlying Index may not adequately take into account certain factors and may result in a decline in the value of the Underlying Index and, therefore, the Fund. **Management and Tracking Error Risk** is the risk that the portfolio manager's investment decisions may not produce the desired results or that the Fund's portfolio may not closely track the Underlying Index for a number of reasons. **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.

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.

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 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.

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 (when market price is above NAV) or discounts (when market price is below NAV) reflect 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 discount or premium could be significant. Data in chart format displaying the frequency distribution of discounts and premiums of the Market Price against the NAV can be found for each Fund at [www.pimco.com](http://www.pimco.com).

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 RAFI™ Dynamic Multi-Factor Emerging Markets index takes time-varying exposures to five return factors; value, low volatility, quality, momentum and size. The index uses recent and historical metrics to tilt toward factor portfolios which can be particularly attractive on a forward looking basis.

A "factor" is a generic label for company and stock price characteristics that provide the common sources of return across a broad universe of equity securities. **Momentum:** Using price trends to forecast returns or buying stocks with strong recent performance and selling stocks with weak recent performance based on trends. **Quality:** Companies exhibiting "high quality" metrics such as high profitability combined with conservative investment tend to outperform lower quality stocks over time. **Size:** Factors such as value, quality, low volatility, and momentum may tend to be stronger among the stocks of smaller companies. **Value:** Tendency of cheaper stocks to outperform more expensive stocks over time.

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. 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. ©2020, PIMCO.

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## Investment products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

## Trading information

Ticker symbol: MFEM  
 CUSIP: 72202L389  
 iNav (indicative NAV) ticker: MFEM.iv  
 Lead Market Maker: Jane Street  
 Exchange: NYSE Arca

## About the benchmark

The RAFI™ Dynamic Multi-Factor EM index strategy takes time-varying exposures to four return factors; value, low volatility, quality, and momentum. The index uses recent and historical metrics to tilt toward factor portfolios which are particularly attractive on a forward looking basis.

It is not possible to invest directly in an unmanaged index.

## About PIMCO

PIMCO is one of the world's premier fixed income investment managers. Since our founding in 1971 in Newport Beach, California, we have continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. Today our professionals work in 17 offices across the globe, united by a single purpose: creating opportunities for investors in every environment.

To discover more about tradable and transparent PIMCO ETFs, please contact your advisor, call 1.888.400.4ETF (1.888.400.4383)

or visit [www.pimco.com](http://www.pimco.com)

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