

December 2020

# Low Duration Income Fund – Distribution Update



Effective January 4<sup>th</sup> 2021, the PIMCO Low Duration Income Fund (the “Fund”) is changing its daily distribution rate, which over the course of the month will lead to a monthly distribution rate change from \$0.0245/share to \$0.0200/share (Institutional Class).<sup>1</sup>

- Dividend Distribution Rate change over the course of the month per share class:

Share Class	Dividend Distribution Rate per Share <sup>1</sup>
Institutional	\$0.02000
I-2	\$0.01928
I-3	\$0.01893
A	\$0.01713
C	\$0.01499

## Performance ending 30 September 2020

Name	S.I (30 July 2004)	10YR	5YR	3YR	1YR	YTD	SEC Yield	Gross Expense Ratio	Adjusted Expense Ratio
Low Duration Income Fund Institutional (at NAV)	3.80	3.68	5.58	3.28	3.12	1.00	2.29%	0.55%	0.51%
Low Duration Income Fund I-2 (at NAV)	3.69	3.58	5.47	3.18	3.02	0.93	2.19%	0.65%	0.61%
Low Duration Income Fund I-3 (at NAV)	3.71	3.58	5.44	3.12	2.96	0.89	2.14%	0.75%	0.66%
Low Duration Income Fund A (at NAV)	3.38	3.27	5.16	2.87	2.71	0.70	1.85%	0.95%	0.91%
Low Duration Income Fund A (at MOP)	3.24	3.03	4.68	2.08	0.36	-1.59	1.85%	0.95%	0.91%
Low Duration Income Fund C (at NAV)	3.07	2.96	4.85	2.56	2.40	0.47	1.60%	1.25%	1.21%
Low Duration Income Fund C (at MOP)	3.07	2.96	4.85	2.56	1.41	-0.51	1.60%	1.25%	1.21%
Bloomberg Barclays US Aggregate 1-3 Year	2.59	1.58	2.05	2.76	3.44	2.85			
Morningstar Short Term Bond Category	2.30	1.85	2.28	2.69	3.26	2.64			

As of 30 September 2020. Source: PIMCO. Performance displayed is for the Institutional class shares net of fees. Periods one year and longer are average annual returns. Periods less than one year are cumulative. The SEC yield is an annualized yield based on the most recent 30 day period. SEC Yield is as of 30 November 2020. For the Summary Prospectus, visit [pimco.com](http://pimco.com). 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. 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 [www.pimco.com](http://www.pimco.com) or call (888) 87-PIMCO. The maximum offering price (MOP) returns take into account the Class A maximum initial sales charge of 2.25%. The maximum offering price (MOP) returns take into account the contingent deferred sales charge (CDSC) for Class C shares, which for this fund is 1.00%. This charge may apply to shares redeemed during the first year of ownership.*

<sup>1</sup> The Fund’s actual distribution rate may be higher or lower. See additional disclosures below.

## Additional Details

- The drop in yields across fixed income markets in recent years has left investors around the world searching for yield.
- We recognize the importance of income to our investors, but we also aim to balance this with the desire to preserve capital. In this environment, we believe it is critical to seek to generate income in a diversified and prudent manner.
- While the change on the daily distribution rate is the result of the significant drop in yields across sectors, PIMCO Low Duration Income Fund will continue to seek to maintain a high and consistent level of dividend income by investing in a broad array of fixed income sectors and utilizing income efficient investment strategies.
- Since conversion to its current strategy in January 2017, PIMCO Low Duration Income Fund has delivered strong risk-adjusted returns, outpacing the Morningstar Short Term Bond Category & the Bloomberg Barclays U.S. Aggregate Bond 1-3 Year Index.
- Importantly, our portfolio management team will continue to use the Fund's full investment guideline flexibility to seek to achieve the Fund's investment objectives to maximize current income with a secondary objective of long-term capital appreciation, while limiting overall interest rate exposure.
- The dividend distribution paid at month-end January 2021 to shareholders of record during the month will reflect the adjusted daily distribution rate. The new daily distribution rate is reflected on the Fund's webpage under the "Yields and Distributions" tab in the section entitled "Historical Prices & Distributions".

*This material is authorized for use only when preceded or accompanied by the current PIMCO Funds prospectus or summary prospectus, if available.*

The performance figures presented reflect the total return performance for the Institutional Class shares (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.

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.

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.

It is important to note that differences exist between the fund's daily internal accounting records, the fund's financial statements prepared in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. It is possible that the fund may not issue a Section 19 Notice in situations where the fund's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Please see the fund's most recent shareholder report for more details.

Although the Fund may seek to maintain level distributions, the Fund's distribution rates may be affected by numerous factors, including but not limited to changes in realized and projected market returns, fluctuations in market interest rates, Fund performance,

and other factors. There can be no assurance that a change in market conditions or other factors will not result in a change in the Fund's distribution rate or that the rate will be sustainable in the future. For instance, during periods of low or declining interest rates, the Fund's distributable income and dividend levels may decline for many reasons. For example, the Fund may have to deploy uninvested assets (whether from purchases of Fund shares, proceeds from matured, traded or called debt obligations or other sources) in new, lower yielding instruments. Additionally, payments from certain instruments that may be held by the Fund (such as variable and floating rate securities) may be negatively impacted by declining interest rates, which may also lead to a decline in the Fund's distributable income and dividend levels.

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.

**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 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. **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.

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 long-term, especially during periods of downturn in the market. Investors should consult their investment professional prior to making an investment decision.

**Bloomberg Barclays U.S. Aggregate 1-3 Years Index** represents securities that are SEC-registered, taxable, and dollar denominated with a maturity between one and three years. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. It is not possible to invest directly in an unmanaged index.

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