What can bond investors do to help manage interest rate risk?

**THE CONCERN: MANAGE INTEREST RATE RISK**
To help protect against interest rate risk, investors may be compelled to remove duration from their portfolios by moving to a money market fund or bank deposits, but that may not be the best strategy.

**THE IMPACT: LOW REAL YIELDS**
Although this preventive action may reduce a portfolio's aggregate risk profile, it creates obstacles to generating even nominal positive returns.

**THE VALUE: SHORT DURATION STRATEGIES HAVE MULTIPLE ROLES**
Active strategies like PIMCO's can offer enhanced yield potential while managing interest rate risk by emphasizing precise yield curve positioning and navigating areas of rate volatility. The portfolios focus on high quality securities, maintain a high degree of liquidity and manage NAV (net asset value) volatility, which helps to mitigate overall risk.

**ROLE IN A PORTFOLIO: ACTIVELY MANAGED SHORT-DURATION STRATEGIES PROVIDE THE POTENTIAL FOR ENHANCED YIELDS OVER CASH WHILE CUSHIONING AGAINST UNWANTED INTEREST RATE VOLATILITY.**

**Benefits:**
- Lower duration helps cushion against interest rate risk
- More flexibility
- Expanded investable universe

* Short-term bond strategies are not money market funds and may be subject to additional volatility/risk.

For illustrative purposes only.
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. 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. Management risk is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results, and that certain policies or developments may affect the investment techniques available to PIMCO in connection with managing the strategy.

Money market funds may only invest in certain high quality short term investments issued by the U.S. government, U.S. corporations, and state and local governments that are subject to strict diversification and maturity standards and ultra-short bond funds are not subject to these requirements. Further, money market funds seek to maintain a stable NAV of $1.00 per share.

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Pacific Investment Management Company LLC, 650 Newport Center Drive, Newport Beach, CA 92660 | 800.387.4626