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PIMCO Short Term Municipal Bond Active Exchange-Traded Fund

FUND DESCRIPTION

The Short Term Municipal Bond Active Exchange-Traded Fund is an actively managed exchange-traded fund (ETF). Designed for investors seeking tax-exempt income, the fund consists of a diversified portfolio of primarily short duration, high credit quality bonds which carry interest income that is exempt from federal tax and in some cases state tax. With this fund, investors will see the names of the bonds owned daily. In the municipal bond market, we believe issuer-specific credit analysis is critical. Unlike index funds that typically rely solely on a rating agency for credit analysis, PIMCO applies extensive research on each municipal bond we own in the fund. We believe it is imperative to analyze each issuer, both at purchase and on an ongoing basis, to avoid what we believe are municipalities of deteriorating credit quality as we look to preserve investors' capital. Active management not only enables the fund to invest in only the issuers and securities we like, but also allows us to change the portfolio structure should credit conditions change. In addition, active management allows for management of capital gains and losses, working to minimize the tax effect of gains, while harvesting losses when available.

INVESTOR BENEFITS

The ETF structure allows for trading throughout the day and has the same expense ratio for all investors, regardless of size. Fund shares are publicly traded, offering accessibility to any investor who can access a major stock exchange. Additionally, ETFs offer increased transparency by disclosing underlying holdings in the portfolio on a daily basis.

Potential benefits of this fund include:

- Access to PIMCO's credit expertise in an actively managed municipal portfolio
- Potential to avoid credit losses that may arise in an unmanaged index ETF
- Active management of capital gains and losses
- A nationally diversified portfolio of primarily high quality, AMT-free bonds
- Access to PIMCO's institutional pricing power in the municipal market

THE FUND ADVANTAGE

PIMCO's proprietary portfolio management systems and 20-plus years of municipal bond experience give this fund what we feel is a distinct edge in navigating the municipal bond market. Unlike passive index strategies which typically outsource credit decisions to rating agencies, PIMCO conducts continuous surveillance of credits owned in the portfolio. With bond investing, picking "the winners" sometimes just means that you just get your money back, but avoiding defaults is of paramount importance. This is the reason why thorough credit analysis and active management may make sense for municipal bond investing.

TICKER	SMMU
FUND INCEPTION DATE	01 February 2010
CUSIP	72201R874
TOTAL NET ASSETS (IN MILLIONS)	$975.5

Portfolio Manager

David Hammer, Kyle Christine

Basic facts

Dividend frequency	Monthly

Fund expenses

Gross Expense Ratio	0.35%

Bond risk measures

Effective Duration (yrs)	2.16
Effective Maturity (yrs)	2.58
Number of securities	338

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Sector Allocation (% Market Value)	Fund
State/Local GO	12.6
Education Rev.	2.0
Hospital Rev.	13.4
Housing Rev.	14.1
Ind Dev/Pollution Ctrl	11.8
Lease Rev.	1.5
Power Rev.	6.3
Special Tax	7.2
Transportation	4.9
Water & Sewer	5.6
Tobacco	0.1
Net Short Duration Instruments Muni	0.2
Other Muni	8.8
Net Short Duration Instruments ex-Muni	11.5

Performance (average annual returns %)	QTD	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	SI
PIMCO ETF						
NAV	0.70	4.15	3.71	1.77	1.82	1.52
Share price (market price)	0.70	4.06	3.71	1.74	1.80	1.52
Benchmark (%)	0.56	3.47	3.19	1.73	1.58	1.33

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 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.

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.

Performance characteristics

SEC 30-day yield (%)	2.75%

The 30 day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

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Trading information

Ticker symbol	SMMU
CUSIP	72201R874
iNav (indicative NAV) ticker	SMMU.IV
Lead Market Maker	Susquehanna Capital Group
Exchange	NYSE Arca

About the benchmark

The Bloomberg 1-Year Municipal Bond Index is the 1 Year (1-2) component of the Bloomberg Municipal Bond Index. The Bloomberg Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long term tax-exempt bond market. To be included in the Index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P and Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark. It is not possible to invest directly in an index.

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

Sector Allocation:
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, short duration derivatives and derivatives offsets. 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. Derivatives Offsets includes offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position.

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 and summary prospectus, if available, which may be obtained by contacting your investment professional or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest.

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.

A word about risk: Investing in the **bond market** is subject to certain risks including the risk that fixed income securities will decline in value because of changes in interest rates; the risk that fund shares could trade at prices other than the net asset value; and the risk that the managers investment decisions might not produce the desired results. Income from **municipal bonds** is exempt from federal income tax, but may be subject to state and local taxes and at times the alternative minimum tax; a strategy concentrating in a single or limited number of states or invests a substantial portion of its assets in the bonds of similar municipal projects is subject to greater risk of adverse economic conditions and regulatory changes. **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.
In order to provide additional information regarding the intra-day value of shares of the Fund, 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. Further, any provider(s) of the iNAV is not responsible for the iNAV and makes no representation or warranty as to the accuracy of the iNAV.
Net Asset Value (NAV) represents an ETFs 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 Funds 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 on the official closing prices of a funds listing exchange, which typically are provided as of the close of regular trading hours and do not represent the returns you would receive if you traded shares at other times nor any transaction or other expenses.
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. **Premium/Discount** is the difference between the market price and NAV expressed as a percentage of NAV. **Market Price** is the Official Closing Price on NYSE Arca, the New York Stock Exchange or Nasdaq, 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 the 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 ETFs 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 ETFs shares fluctuate continuously throughout the trading day based on market supply and demand, which may not correlate to NAV. The trading prices of an ETFs 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.
Effective duration is a measure of a portfolios price sensitivity to interest rate changes, including expected changes in cash flows caused by embedded options. **Effective maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bonds effective maturity by the market value of the security.
MV% may not equal 100 due to rounding.
Portfolio structure is subject to change without notice and may not be representative of current or future allocations.
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