PIMCO

PIMCO Total Return Managed Account

Highlights

- A true core bond strategy focusing on high-quality intermediate-term bonds and aiming to avoid concentrated risk exposure
- Employs a variety of value-added strategies across the global bond markets to increase total return potential and reduce overall risk
- Has sought consistent, solid results in both up and down markets
- Use of a PIMCO-managed commingled fund within the portfolio allows for greater diversification potential than smaller separate accounts could otherwise achieve
- Pursues maximum total return – income plus capital appreciation – an approach pioneered by PIMCO over 50 years ago

This managed account seeks maximum total return – income plus capital appreciation – through investment in an intermediate-term portfolio of primarily high-quality bonds

Total Return Philosophy

PIMCO differentiates itself from many managers by taking a total return approach to bond management. Rather than seek only income, PIMCO pursues maximum total return – income plus capital appreciation. PIMCO pioneered this philosophy over 50 years ago, and it has been critical to the firm's long-term performance record.

Our Total Return philosophy is founded on the principle of diversification. We believe that no single strategy should dominate returns. By relying on multiple sources of value that arise from a diversified portfolio, we seek to generate a solid, consistent track record.

Portfolio Construction

PIMCO Total Return managed account portfolios are constructed with three components: a core segment of individual bonds and two sector-oriented PIMCO-managed commingled vehicles.

The core segment normally represents 55%–100% of the overall portfolio and focuses on liquid bonds of the highest credit quality.

The commingled vehicles together represent 0% to normally no more than 45% of the portfolio and invest in specialized areas of the bond market. This time-tested structure allows smaller managed account portfolios to model PIMCO's institutional Total Return strategy by providing the flexibility to invest across all sectors of the bond market on a cost-effective basis.

The managed account strategies described in this material are offered by Pacific Investment Management Company LLC and are available exclusively through financial professionals. Managed accounts have a minimum asset level and may not be appropriate for all investors. Financial professionals seeking more information should contact their managed accounts department or call their PIMCO representative. The managed account portfolio consists of individual securities and a select combination of proprietary, commingled vehicles. These vehicles are available only through managed accounts utilizing the managed account strategy and are available by prospectus only.

Past performance is not a guarantee or a reliable indicator of future results. More information on Wrap Program fees are described in Part 2A of PIMCO's Form ADV. SMA portfolios will be charged a wrap fee which is all-inclusive of advisory, trading, custodial and administrative fees.

Actual fees will vary by client. Individual results may vary as a result of market conditions, trading costs and other factors, which may be unique to each account. Individual account holdings will vary depending on the size of an account, cash flows and account restrictions. Portfolio holdings are subject to change daily without notice. At any time an individual account managed in this strategy may or may not include securities held by another portfolio. Consequently, any particular account may have portfolio characteristics and performance that differ from another individual account in this strategy.

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 and 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. **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.

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

Total Return Managed Account Fee Schedule: Maximum fee on all assets: 3.00%.

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 and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. 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 LLC in the United States and throughout the world. **Pacific Investment Management Company LLC**, 650 Newport Center Drive, Newport Beach, CA 92660 | 800.387.4626