



GIS US Short-Term Fund



Quarterly Investment Report | 1Q21

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Refer to Appendix for additional information

IMPORTANT NOTICE

Please note that this material 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.

Executive summary

Portfolio Performance

The Fund's spread sector strategies contributed to performance, while interest rate and currency strategies were neutral for performance.

CONTRIBUTORS

- U.S interest rate positioning
- Select holdings of securitized credit
- Holdings of investment grade corporate credit

DETRACTORS

- An overweight to Canadian duration
- Holdings of government related securities

Performance periods ended 31 Mar '21	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
Fund before fees	0.29	0.67	4.58	2.63	2.87	--	2.41
Fund after fees	0.18	0.44	4.11	2.17	2.41	--	1.95
Benchmark*	0.02	0.04	0.21	1.45	1.15	--	0.87

Past Performance is not a guarantee or reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.

Unit value can go up as well as down and any capital invested in the fund may be at risk. The fund may invest in non-U.S. and non-eurozone securities which involve potentially higher risks including currency fluctuations and political or economic developments. These may be enhanced when investing in emerging markets. Funds that invest in high-yield, lower-rated securities, will generally involve greater volatility and risk to principal than investments in higher-rated securities. The fund may use derivatives for hedging or as part of its investment strategy which may involve certain costs and risks. Portfolios investing in derivatives could lose more than the principal amount invested. For more details on the fund's potential risks, please read the Prospectus and Key Investor Information Document.

Portfolio strategy

- Tactical on overall duration: Moderate headline duration positioning, favoring high quality developed markets as markets and policy makers react to uncertainty.
- Curve positioning: Tactically adjust positioning to minimize risk. Favor the probability of a steeper curve given potential for inflation expectations to extend given fiscal and monetary responses.
- Selectively allocate to high quality spread sectors: Select investment grade credits and asset backed securities are attractive for diversification and income.
- Tactical currency positioning: Currency positions are modest in size and serve to hedge global risks.

*FTSE 3-Month Treasury Bill Index

Class:	INST
Inception date:	30 Jun '14
Fund assets (in millions):	\$3,100.47
Unified management fee	0.450%

Summary information	31 Mar '21
Estimated yield to maturity (Gross of fee)	0.87%
Effective duration (yrs)	0.35
Effective maturity (yrs)	0.29
Average coupon	1.32%
Tracking error (5 yrs)	1.62
Information ratio (5 yrs)	0.77

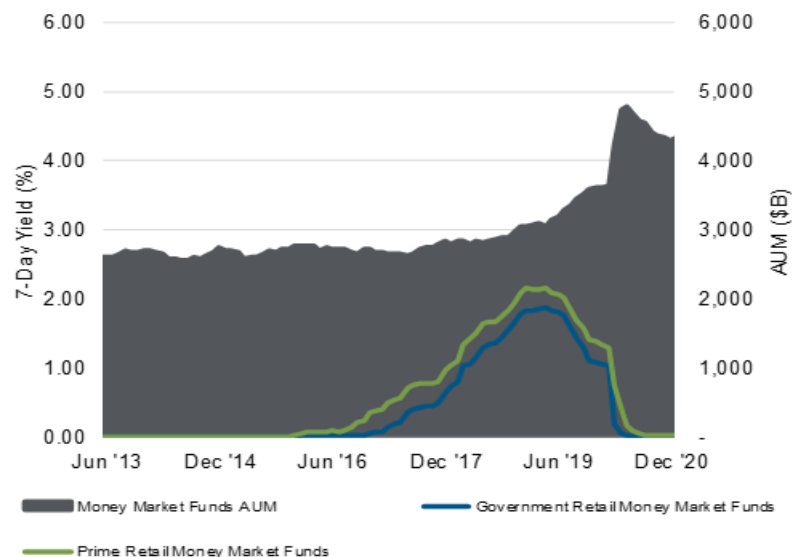
Sector allocation	Dur. (yrs)	MV
Government related	-0.55	10.26%
Securitized	0.21	14.41%
Investment grade credit	0.27	30.39%
High yield credit	0.01	2.28%
Non-U.S. developed	0.06	9.76%
Emerging markets	0.00	0.69%
Other	0.12	13.04%
Net other short duration instruments	0.23	19.18%
Total	0.35	100%

Quarter in Review

Higher global rates and strong performance across risk assets

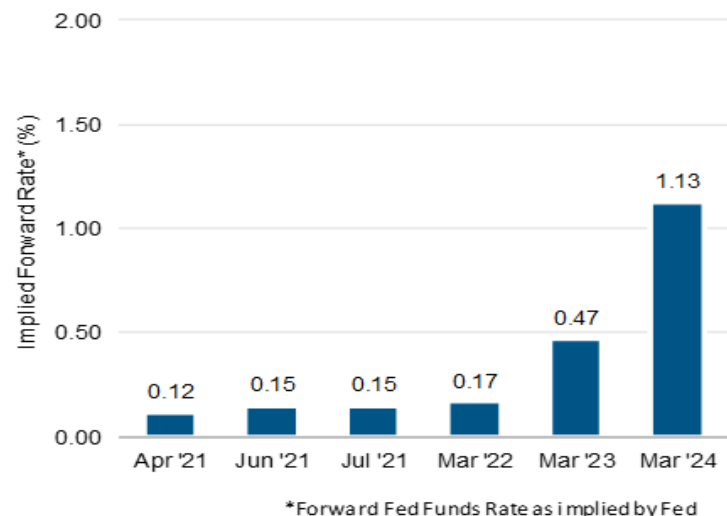
Despite mixed trends in infection rates across regions, optimism for a global recovery built in Q1 against a backdrop of generally improving economic data, increasing vaccinations, and sustained fiscal and monetary support. Developed market yields rose sharply, driven by improved growth outlooks and higher inflation expectations, as well as anticipation of an earlier start to central bank policy normalization. Meanwhile, global equities gained and credit spreads tightened as risk sentiment remained robust.

Money fund assets swell, yields stagnate



Developed market yields continued to rise in Q1 – with U.S. rates leading the way – driven by stronger growth, higher inflation expectations, and a re-pricing for when central banks may start to raise rates

U.S. rates projected to stay low



Securitized assets, including Agency MBS and non-agency MBS, performed well in tandem with the broad rally in risk assets.

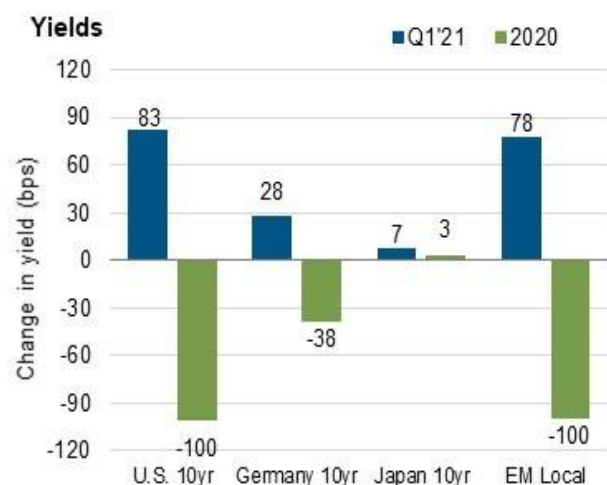
Market Summary

Q1'21: Risk sentiment remained robust

The Fund's interest rate and spread sector strategies contributed to performance, while currency strategies detracted

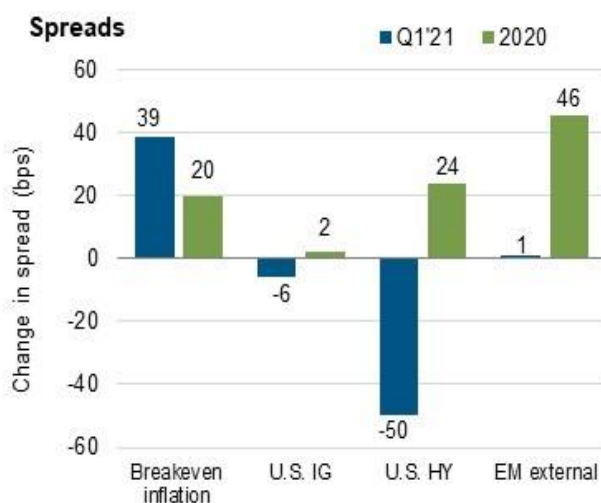
Developed market debt

Developed market yields rose dramatically over the quarter and curves steepened alongside expectations for recovering growth and inflation, as well as some repricing of expectations for central bank policy. In the US, the 10 year yield rose 83 bps to 1.74% – its highest level since January 2020. Rates in Germany, the UK, and Japan also rose – albeit less sharply than those in the US.



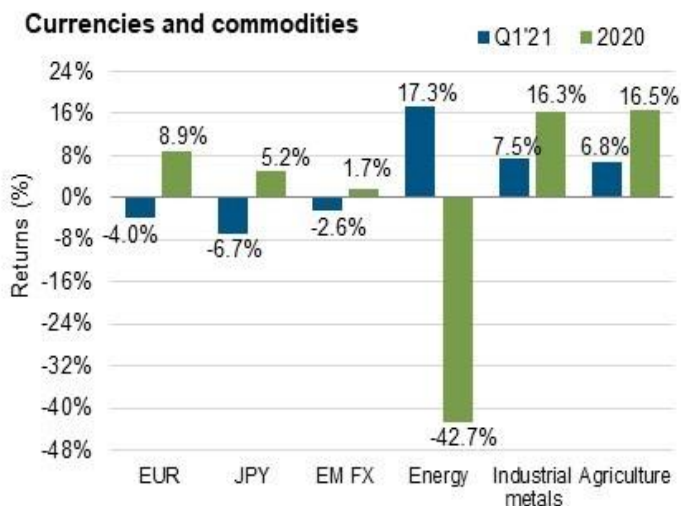
Mortgage-backed securities

U.S. agency mortgage-backed securities (MBS) returned -1.10% for the quarter, outperforming like-duration Treasuries by 15 bps. The sector was challenged amidst rate volatility, but spreads tightened towards the end of the quarter as rates stabilized and buyers rejoined the market. Non-Agency MBS spreads tightened and non-agency commercial MBS returned -1.56%.



Credit

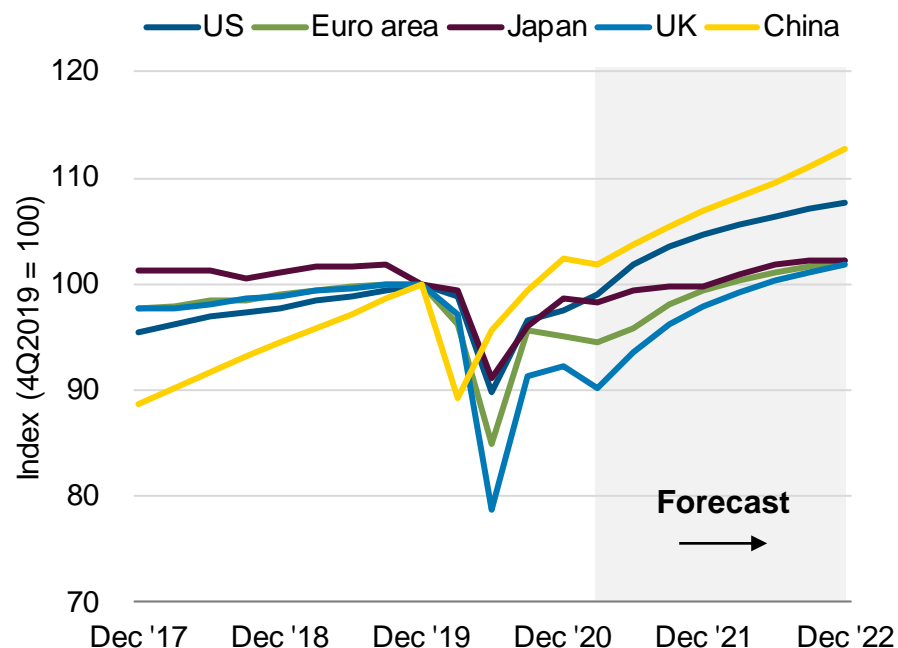
U.S. investment grade credit spreads tightened 6 bps, ending the quarter at 86 bps. The sector outperformed like-duration Treasuries by 0.93% despite returning -4.45%, as developed yields rose sharply due to stronger growth forecasts and higher inflation expectations. Credit spreads tightened modestly amid optimism surrounding vaccine distribution, improving economic data, and continued monetary/fiscal policy as well as strong technicals.



Source: U.S. 10yr, Germany 10yr, Japan 10yr, Breakeven inflation (Bloomberg); EM local (JPMorgan GBI-EM Global Diversified Composite Yield to Maturity Index); U.S. investment grade credit (Bloomberg Barclays U.S. Aggregate Credit Average OAS Index); U.S. high yield credit (Bloomberg Barclays U.S. Corporate High Yield Average OAS Index); EM external (JPMorgan Emerging Bond Index Global Sovereign Spread); EUR (EUR/USD Spot Exchange Rate - Price of 1 EUR in USD); JPY (USD/JPY Spot Exchange Rate - Price of 1 USD in JPY); EM currencies (JPMorgan ELMI Plus Composite); Energy (Bloomberg Energy Subindex Total Return Index); Industrial metals (Bloomberg Industrial Metals Subindex Total Return Index); Agriculture (Bloomberg Agriculture Total Return Index); Agency MBS (Bloomberg US Agency Fixed Rate Index); Non-Agency MBS (Bloomberg Barclays Investment Grade Non-Agency CMBS Index); Like-duration treasuries or global government bonds are calculated by the index provider by comparing the index return to a hypothetical matched position of treasuries or global government bond, respectively.

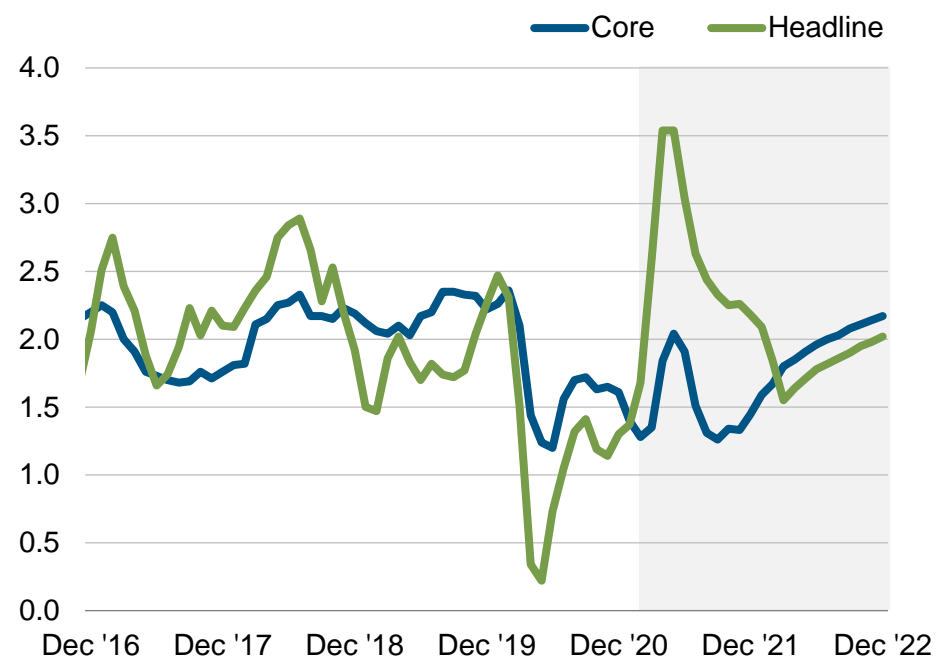
Cyclical Outlook: Dealing with an Inflation Head Fake

Real GDP growth (4Q 2019 = 100)



Strong global recovery forecast in 2021 amid significant fiscal support, accommodative monetary policy, diminishing lockdowns, and accelerating vaccinations

A bumpy near-term path for U.S. CPI inflation



Inflation likely to rise temporarily, but expected to remain below target over the next one to two years

Portfolio Outlook

Strategic outlook

We forecast a stronger global recovery in 2021 than we previously anticipated amid significant fiscal support, accommodative monetary policy, diminishing lockdowns, and accelerating vaccinations. We now expect world GDP growth in excess of 6% in 2021, up from 5% previously. Meanwhile, we believe that inflation will remain below central bank targets over the next one to two years, notwithstanding a temporary spike over the next several months (which could cause a "head fake" in markets). However, it seems likely that financial markets will remain focused on upside inflation risks in the near term, thus contributing to elevated volatility

Key strategies

Duration

Tactical headline duration: Source duration from high quality developed markets, such as Canada, to balance global risks and exploit relative value propositions as markets and policy makers respond to evolving conditions

Utilize floating-rate securities to generate attractive yield, reduce volatility, and preserve optionality

Spread Sectors

Favor areas outside of U.S. Treasuries that offer more compelling return with limited volatility profiles, including: select investment grade credits and securitized assets.

Favor bottom up security selection in corporate credit to find attractive opportunities in high quality issuers with resilient balance sheets

Curve positioning

Maintain defensive positioning to minimize overall interest rate risk in the portfolio

Dynamically adjust for a steeper U.S. curve as the possibility of rising inflation expectations, fiscal or monetary stimulus, or a risk off surprise could cause the curve to steepen

Currency positioning

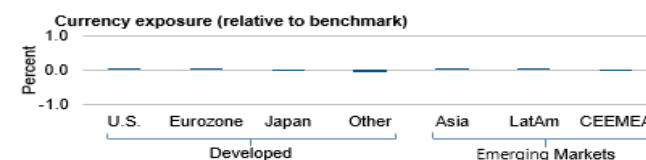
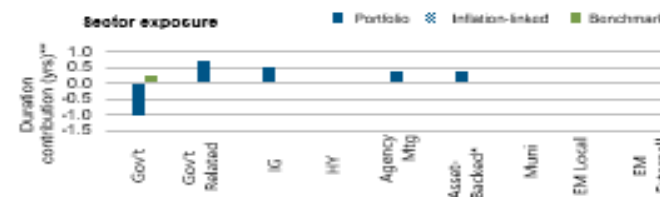
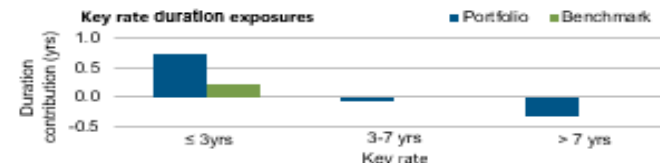
We currently have minimal exposure to currencies, but seek opportunities from overshoots and undershoots that provide attractive risk-reward profiles and the ability to diversify sources of return

Source: PIMCO

*Asset-Backed may include non-agency mortgage backed securities, asset backed securities, and commercial mortgage backed securities

**For spread sectors, the relevant spread duration contribution is used

Position



Sector exposure

	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	31 Dec '20	31 Mar '21	31 Dec '20	31 Mar '21	31 Mar '21	31 Mar '21
Government - Related	-4.85	10.26	-0.58	-0.55	100.00	0.23
Government - Treasury	-19.89	-7.23	-0.38	-1.25	100.00	0.23
Government - Agency	18.35	17.49	0.10	0.70	0.00	0.00
Swaps and liquid rates	-3.31	0.00	-0.31	0.00	0.00	0.00
Securitized*	12.74	14.41	0.05	0.21	0.00	0.00
Investment Grade Credit	34.59	30.39	0.24	0.27	0.00	0.00
High Yield Credit	-2.55	2.28	-0.01	0.01	0.00	0.00
Non-U.S. Developed	9.06	9.76	0.05	0.06	0.00	0.00
Emerging markets	0.53	0.69	0.00	0.00	0.00	0.00
Bonds and Other Long Duration Instruments	0.53	0.69	0.00	0.00	0.00	0.00
EM Short Duration Instruments	0.00	0.00	0.00	0.00	0.00	0.00
Other	13.05	13.04	0.03	0.12	0.00	0.00
Net other short duration instruments**	37.43	19.18	0.36	0.23	0.00	0.00
Commingled cash vehicles	0.00	0.00	0.00	0.00	0.00	0.00
Certificate Of Deposit/Commerical Paper/STIF	1.30	0.54	0.00	0.00	0.00	0.00
Government related	0.00	0.00	0.00	0.00	0.00	0.00
MBS/ABS	0.60	0.66	0.01	0.01	0.00	0.00
Credit	0.00	0.00	0.00	0.00	0.00	0.00
Bankers acceptance	0.09	0.00	0.00	0.00	0.00	0.00
Other***	6.50	3.55	0.00	0.00	0.00	0.00
Short Duration Derivatives and Derivative Offsets	29.95	15.51	0.34	0.22	0.00	0.00
Net unsettled trades	-1.00	-1.08	0.00	0.00	0.00	0.00
Total	100	100	0.14	0.35	100	0.23

*Securitized includes Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

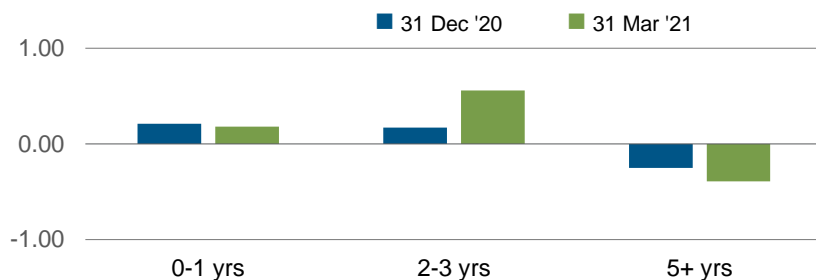
**Net Other Short Duration Instruments includes securities and other instruments (except instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money and derivatives offset. 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.

***Investment vehicles not listed, allowed by prospectus.

Benchmark: FTSE 3-Month Treasury Bill Index

Portfolio characteristics

Key rate duration exposure



	Portfolio (yrs)	
	31 Dec '20	31 Mar '21
0-1 yrs	0.21	0.18
2-3 yrs	0.17	0.56
5+ yrs	-0.25	-0.39
Total	0.13	0.35

Interest rate exposure

	Portfolio (yrs)	
	31 Dec '20	31 Mar '21
Effective duration	0.14	0.35
Bull market duration	0.08	-0.24
Bear market duration	0.86	0.59
Spread duration		
Mortgage spread duration	0.57	0.79
Corporate spread duration	0.45	0.54
Emerging markets spread duration	0.07	0.06
Swap spread duration	0.03	0.22
Covered bond spread duration	0.00	0.00
Sovereign related spread duration	0.11	0.69

Derivative exposure (duration in yrs)

	31 Dec '20	31 Mar '21
Government futures	-0.44	-1.27
Interest rate swaps	-0.31	0.00
Credit default swaps*	-3.60	0.00
Purchased swaps	-3.60	0.00
Written swaps	0.00	0.00
Options	0.01	0.17
Purchased options	0.00	0.00
Written options	0.01	0.17
Mortgage derivatives	0.00	0.00
Money market derivatives	0.34	0.22
Futures	0.34	0.22
Interest rate swaps	0.00	0.00
Other Derivatives	0.00	0.00

* Shown as a percentage of market value

Country and currency exposure

Country exposure by currency of settlement

	31 Dec '20		31 Mar '21	
	Duration (yrs)	FX (%)	Duration (yrs)	FX (%)
United States	-0.26	98.44	0.08	100.02
Japan	0.00	1.51	0.00	0.00
Eurozone	0.03	0.01	0.04	0.03
Euro Currency	0.00	0.01	0.00	0.03
European Union	0.01	0.00	0.02	0.00
France	0.02	0.00	0.02	0.00
United Kingdom	0.01	0.02	0.01	0.06
Europe non-EMU	0.00	0.00	0.00	0.00
Dollar Block	0.35	0.00	0.22	-0.13
Canada	0.35	0.00	0.22	-0.13
Other Industrialized Countries	0.00	0.00	0.00	0.00
EM - Asia	0.00	0.00	0.00	0.00
EM - Latin America	0.00	0.02	0.00	0.02
Mexico	0.00	0.02	0.00	0.02
Total	0.14	100	0.35	100

Emerging markets exposure by country of risk

	31 Dec '20			31 Mar '21		
	% of MV short duration Instruments	% of MV bonds	Duration (yrs)	% of MV short duration Instruments	% of MV bonds	Duration (yrs)
China	0.00	0.22	0.00	0.00	0.23	0.00
India	0.00	0.31	0.00	0.00	0.46	0.00
Total	0.00	0.53	0.00	0.00	0.69	0.00

Additional share class performance

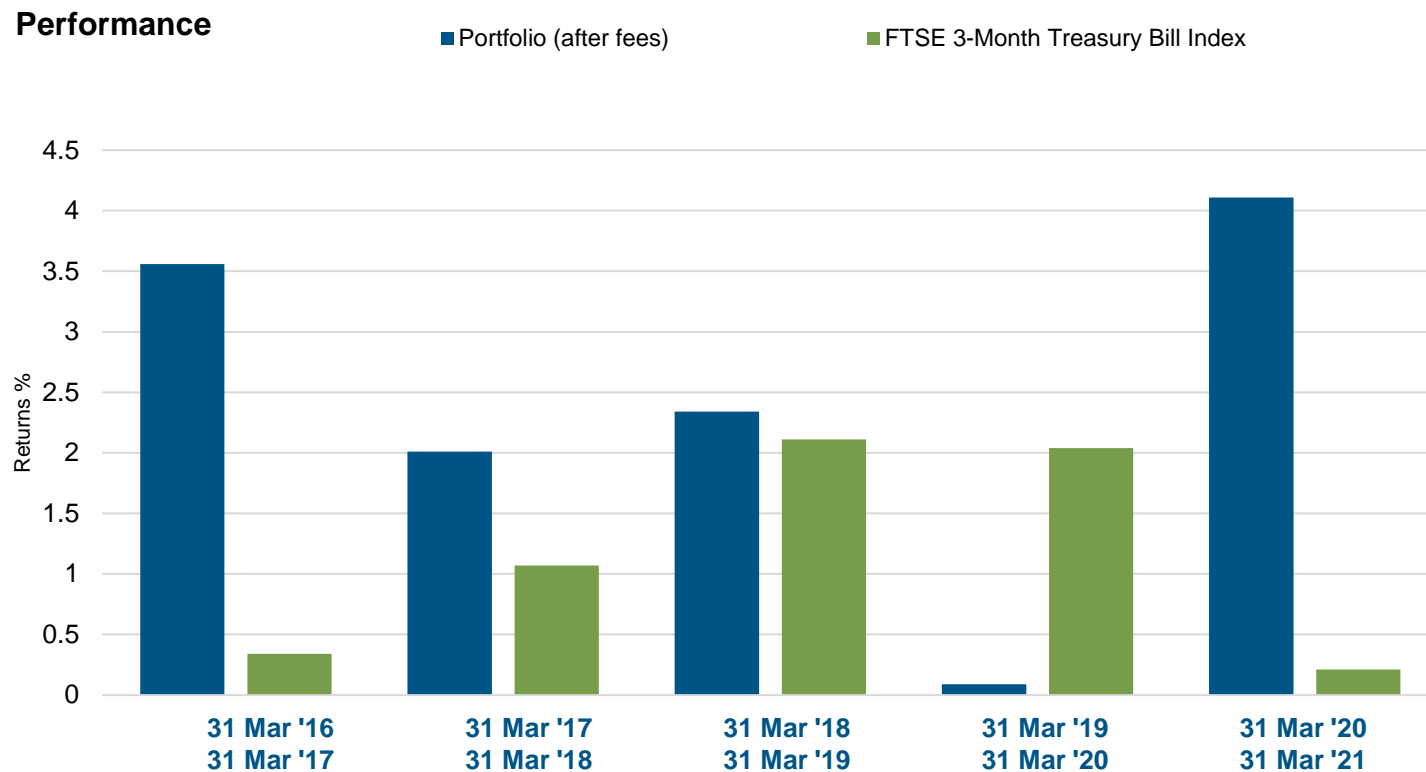
US Short-Term Fund (net of fees performance)

Performance periods ended: 31 Mar '21	Unified Management Fee	NAV currency	Class Inception date	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	SI
US Short-Term Fund E Class Accumulation	1.150	USD	30 Jun '14	0.09	0.27	3.74	1.77	2.03	-	1.56
US Short-Term Fund H Institutional Accumulation	0.620	USD	12 Dec '18	0.19	0.48	4.07	-	-	-	2.10
US Short-Term Fund Institutional USD Income	0.450	USD	11 May '20	0.23	0.47	-	-	-	-	2.22
US Short-Term Fund Institutional Accumulation	0.450	USD	30 Jun '14	0.18	0.44	4.11	2.17	2.41	-	1.95
US Short-Term Fund Investor Accumulation	0.800	USD	30 Jun '14	0.18	0.36	3.82	1.83	2.08	-	1.60
US Short-Term Fund Z Class Income	0.000	USD	07 Aug '14	0.34	0.70	4.63	2.64	2.90	-	2.43
FTSE 3-Month Treasury Bill Index	-	-	-	0.02	0.04	0.21	1.45	1.15	-	0.87
US Short-Term Fund E Class EUR (Hedged) Accumulation	1.150	EUR	08 Jun '16	-0.10	-0.10	2.91	-0.40	-	-	-0.21
US Short-Term Fund Institutional EUR (Hedged) Accumulation	0.450	EUR	29 Jan '16	-	0.10	3.24	-	0.40	-	0.38
ICE BofAML 3-Month Treasury Bill Index (EUR Hedged)	-	-	-	-0.19	-0.41	-0.79	-0.71	-0.87	-	-0.86

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Additional share class performance

12-month rolling performance (Institutional class, Accumulation Shares)



	31 Mar '16 31 Mar '17	31 Mar '17 31 Mar '18	31 Mar '18 31 Mar '19	31 Mar '19 31 Mar '20	31 Mar '20 31 Mar '21
After fees (%)	3.56	2.01	2.34	0.09	4.11
FTSE 3-Month Treasury Bill Index (%)	0.34	1.07	2.11	2.04	0.21

As of 31 March 2021. SOURCE: PIMCO.

The fund is actively managed in reference to the FTSE 3-Month Treasury Bill Index as further outlined in the prospectus and key investor information document

*The benchmark is shown for performance comparison purpose only. Benchmark: FTSE 3-Month Treasury Bill Index Index.

Past performance is not a guarantee or a reliable indicator of future results. All periods longer than one year are annualised

Refer to Appendix and the relevant sections of the Fund prospectus for additional performance and fee, chart, GIS funds, index, and risk information

Appendix

Past performance is not a guarantee or a reliable indicator of future results. The “gross of fees” performance figures are presented before management fees and custodial fees, but do reflect commissions, other expenses and reinvestment of earnings. The “net of fees” performance figures reflect the deduction of ongoing charges. All periods longer than one year are annualized.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. 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 for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

Portfolio structure is subject to change without notice and may not be representative of current or future allocations.

Index Description —FTSE 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. It is not possible to invest directly in an unmanaged index.

The following defined terms are used throughout the report. **Emerging market short duration instruments** includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. **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 and derivatives offset. 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. **Short duration derivatives and derivatives offsets** include: 1) derivatives with an effective duration less than one year and where the country of risk is not an emerging market country (for example, Eurodollar futures) and 2) offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position which in certain instances may exceed the actual amount owed on such positions. **Municipals/Other** may include convertibles, preferred and yankee bonds.

The average distribution yield is the average of the last four quarterly distribution yields. The quarterly distribution yield is calculated by annualizing the quarter's distribution and dividing by the NAV on the last business day of the period. It does not include long- or short-term capital gains distributions. Average coupon is the average of the coupon payments of the underlying bonds within the portfolio. Average coupon is the average of the coupon payments of the underlying bonds within the portfolio. Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security. Duration is the measure of a bond's price sensitivity to interest rates and is expressed in years. Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change. PIMCO uses an internal model for calculating effective duration, which may result in a different value for the duration of an index compared to the duration calculated by the index provider or another third party. Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark. Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

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.

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

Appendix

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. Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio. Infrastructure entities are involved in the construction, operation, ownership or maintenance of physical structures, networks and other infrastructure assets that provide public services; infrastructure entities, projects and assets may be sensitive to adverse economic, regulatory, political or other developments and may be subject to a variety of events that adversely affect their business or operations. 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.

GIS Funds

PIMCO Funds: Global Investors Series plc is an umbrella type open-ended investment company with variable capital and is incorporated with limited liability under the laws of Ireland with registered number 276928. The information is not for use within any country or with respect to any person(s) where such use could constitute a violation of the applicable law. The information contained in this communication is intended to supplement information contained in the prospectus for this Fund and must be read in conjunction therewith. Investors should consider the investment objectives, risks, charges and expenses of these Funds carefully before investing. This and other information is contained in the Fund's prospectus. Please read the prospectus carefully before you invest or send money. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future. Returns are net of fees and other expenses and include reinvestment of dividends. The performance data represents past performance and investment return and principal value will fluctuate so that the PIMCO **GIS Funds** shares, when redeemed, may be worth more or less than the original cost. Potential differences in performance figures are due to rounding. The Fund may invest in non- U.S. or non-Eurozone securities which involves potentially higher risks including non-U.S. or non-Euro currency fluctuations and political or economic uncertainty. For informational purposes only. Please note that not all Funds are registered for sale in every jurisdiction. Please contact PIMCO Europe Ltd for more information. For additional information and/or a copy of the Fund's prospectus, please contact the Administrator: State Street Fund Services (Ireland) Limited, Telephone +353-1-776-0142, Fax +353-1-562-5517. © 2021.

Benchmark

Unless referenced in the prospectus and relevant key investor information document, a benchmark or index in this material is not used in the active management of the Fund, in particular for performance comparison purposes.

Where referenced in the prospectus and relevant key investor information document a benchmark may be used as part of the active management of the Fund including, but not limited to, for duration measurement, as a benchmark which the Fund seeks to outperform, performance comparison purposes and/or relative VaR measurement. Any reference to an index or benchmark in this material, and which is not referenced in the prospectus and relevant key investor information document, is purely for illustrative or informational purposes (such as to provide general financial information or market context) and is not for performance comparison purposes. Please contact your PIMCO representative for further details.

The fund is actively managed in reference to the FTSE 3-Month Treasury Bill Index as further outlined in the prospectus and key investor information document.

Investment restrictions — In accordance with the UCITS regulations and subject to any investment restrictions outlined in the Fund's prospectus, the Fund may invest over 35% of net assets in different transferable securities and money market instruments issued or guaranteed by any of the following: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

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Appendix

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Appendix

Acronyms and definitions of investment terms used throughout the report:

Alpha is a measure of performance on a risk-adjusted basis calculated by comparing the volatility (price risk) of a portfolio vs. its risk-adjusted performance to a benchmark index; the excess return relative to the benchmark is alpha.

Average coupon is the average of the coupon payments of the underlying bonds within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

"Bend-but-not-break" refers to credits that PIMCO would not expect to default in a credit-stressed environment.

Beta is a measure of price sensitivity to market movements. Market beta is 1.

Breakeven inflation rate (or expectation) is a market-based measure of expected inflation or the difference between the yield of a nominal and an inflation-linked bond of the same maturity.

Carry is the rate of interest earned by holding the respective securities.

The terms **"cheap"** and **"rich"** as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.

CPI is the Consumer Price Index.

The **credit quality** of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively.

Distribution yield is the measurement of cash flow paid by an exchange-traded fund (ETF), real estate investment trust, or another type of income-paying vehicle.

Dividend yield is represented by the weighted average coupon divided by the weighted average price.

Duration is the measure of a bond's price sensitivity to interest rates and is expressed in years.

Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

Forward curve is a function graph that defines the prices at which a contract for future delivery or payment can be concluded today.

Information ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns.

Like-duration Securities are calculated by the index provider by comparing the index return to a hypothetical matched position in the security.

The **Option Adjusted Spread (OAS)** measures the spread over a variety of possible interest rate paths. A security's OAS is the average return an investor will earn over Treasury returns, taking all possible future interest rate scenarios into account. The OAS is the net spread over the swap curve that will on average be earned if the security is held to maturity.

"Risk assets" are any financial security or instrument that are likely to fluctuate in price.

Risk premia is the return in excess of the risk-free rate of return an investment is expected to yield.

Roll yield is the yield that a futures investor captures as their long position in a futures contract converges to the spot price.

"Safe haven" is an investment that is expected to retain or increase in value during times of market turbulence.

The **SEC yield** is an annualized yield based on the most recent 30 day period.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark.

To relate the price sensitivity of ILBs to changes in nominal yields, yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A **yield beta** of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs.

Asset-Backed Security (ABS); Bank of England (BOE); Bank of Japan (BOJ); Breakeven Inflation (BEI); Collateralized Debt Obligation (CDO); Collateralized Loan Obligation (CLO); Commercial Mortgage-Backed Security (CMBS); Developed Markets (DM); Emerging Markets (EM); Federal Reserve Board (The Fed); Europe Central Bank (ECB); Federal Open Market Committee (FOMC); Foreign Exchange (FX); Gross Domestic Product (GDP); Gulf Cooperation Council (GCC); High Yield (HY); Inflation-Linked Bond (ILS); Investment Grade (IG); Leveraged-buyout (LBO); Loan-to-Value (LTV); Master Limited Partnership (MLP); Mortgage-Backed Security (MBS); Market Weighted Spread (MWS); Real Estate Investment Trust (REIT); Residential Mortgage-Backed Security (RMBS); Treasury Inflation-Protected Security (TIPS); Year-over-Year (YoY)

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