

Fund information

Fund inception date	2 December 1992	
Strategy	Global Bond	
Total Net Assets (in millions)	\$12,319.1	
Portfolio manager(s)	Andrew Balls Sachin Gupta Lorenzo Pagani	
Effective duration (yrs)	7.96	
Benchmark duration (yrs)	8.15	
Effective maturity (yrs)	9.23	
Inst. share 30-day SEC yield	1.73%	
Class	CUSIP	Ticker
Institutional	693390882	PFORX

Expenses

Gross Expense Ratio (%)	0.55
Adjusted Expense Ratio (%)	0.50

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 summary

The PIMCO International Bond Fund (U.S. Dollar-Hedged) returned 0.14% after fees in December, outperforming the Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index by 0.49%. Year-to-date the Fund has returned 7.34% after fees, while the benchmark returned 7.57%.

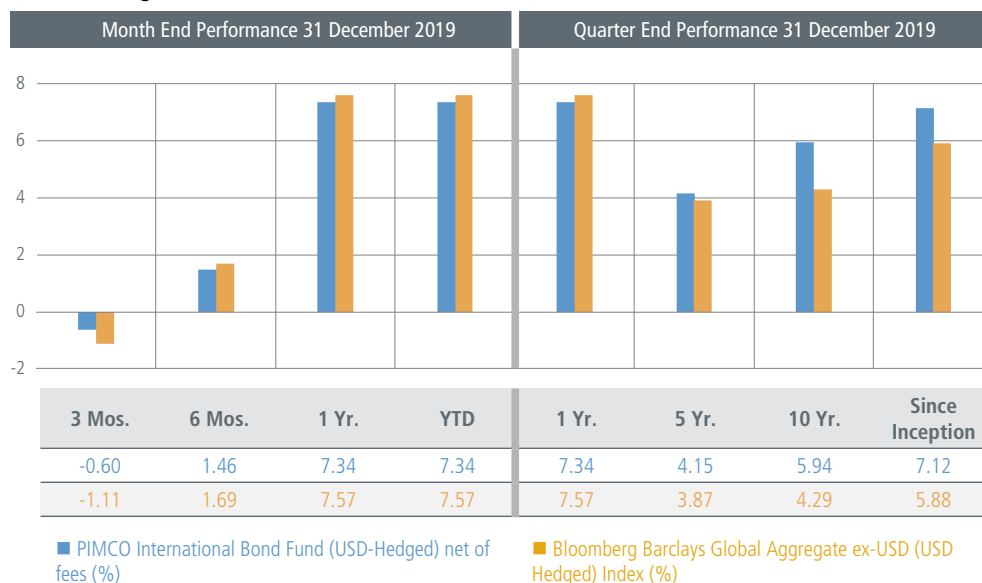
Positive developments in the U.S.-China trade discussions continued to support risk sentiment in December and capped a year of strong risk asset returns. U.S. equities closed at new highs, credit spreads tightened, developed market yields broadly rose, curves steepened, and the dollar weakened. While global economic data largely remained mixed, there were some tentative signs of stabilization and central banks broadly held policy steady (and were still accommodative). Meanwhile, civil unrest and political uncertainty continued to persist in various regions across the world.

Contributors

- Positions in Agency MBS
- Modest exposure to a basket of EM currencies, particularly the Brazilian real
- Underweight to duration in the U.K.

Detractors

- Overweight to duration in Denmark
- Short exposure to the euro
- Overweight to duration in Australia



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 PIMCO.com or by calling 888.87.PIMCO.

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 minimum initial investment for institutional class shares is \$1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

International Bond Fund (U.S. Dollar-Hedged)

Portfolio characteristics as of 31 December 2019

	Duration (years)	
	Fund	Index
Government Related	4.73	6.45
Inflation Linked	0.43	0.00
Securitized ¹	1.01	0.01
Covered Bonds and Pfandbriefe	0.49	0.21
Investment Grade Credit	0.24	0.68
High Yield Credit	0.03	0.00
Municipals	0.00	0.00
Emerging Markets	0.95	0.81
EM External Sovereigns	0.18	0.04
EM External Quasi-Sovereigns	0.03	0.01
EM External Corporates	0.02	0.01
EM Local	0.73	0.75
EM Short Duration Instruments	-0.01	0.00
Other	0.00	0.00
Net Other Short Duration Instruments ²	0.09	0.00

¹ The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

² Net Other Short Duration Instruments includes securities and other instruments (except those 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.

Regional allocation

	Duration (years)	
	Fund	Index
United States	0.03	0.14
Japan	2.48	2.71
Eurozone	2.61	2.63
United Kingdom	0.67	0.91
Europe non-EMU ³	0.51	0.20
Dollar Block ⁴	0.71	0.54
Other Industrialized Countries ⁵	0.01	0.20
Emerging Markets	0.95	0.83
EM - Asia	0.56	0.66
EM - Latin America	0.10	0.05
EM - CEEMEA ⁶	0.29	0.12
EM - Other	0.00	0.00

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

³ Europe Non-EMU: Denmark, Greenland, Iceland, Jersey Channel Islands, Liechtenstein, Norway, Sweden, and Switzerland

⁴ Dollar Block includes Australia, New Zealand, and Canada

⁵ OIC includes Supranationals and any other country with a GNI of \$12,275 / per capita

⁶ CEEMEA includes EM countries in Central and Eastern Europe, the Middle East, and Africa

Portfolio positioning

The Fund is about neutral to modestly underweight overall duration, with a preference for duration in the U.S. given the relative value and potential for capital gains in U.S. Treasuries and the scope for further Fed easing in the event of a weaker-than-expected macro

outcome. In the eurozone, the Fund has an underweight posture through an underweight to duration in the core/semi-core eurozone region and an overweight in the peripherals. The Fund continues to have an underweight to duration in Japan as a hedge against global rates recalibrating higher.

The Fund maintains an underweight to investment-grade corporate credit, though still favors securitized assets, like Agency and non-Agency mortgages as well as UK residential mortgages and Danish covered bonds. Within corporate credit, the Fund has maintained an overweight to financials. The Fund also maintains exposure to U.S. TIPS based on attractive valuations.

In currencies, we favor a basket of select, high yielding EM currencies against key developed market currencies. We maintain our tactical long position to the British pound given favorable developments.

Month in review

Positive developments in the U.S.-China trade discussions continued to support risk sentiment in December and capped a year of strong risk asset returns. U.S. equities closed at new highs, credit spreads tightened, developed market yields broadly rose, curves steepened, and the dollar weakened. While global economic data largely remained mixed, there were some tentative signs of stabilization and central banks broadly held policy steady (and were still accommodative). Meanwhile, civil unrest and political uncertainty continued to persist in various regions across the world.

Sovereign rate strategies modestly contributed to relative performance over the month. Contributions from an underweight to duration in the U.K and core eurozone more than offset detractions from an overweight to duration in Denmark and Australia.

Spread sector strategies contributed to relative performance over the month, primarily due to positions in Agency MBS.

Currency strategies contributed to relative performance. Contributions from modest exposure to a basket of EM currencies (particularly the Brazilian real) more than offset detractions from short exposure to the euro.

International Bond Fund (U.S. Dollar-Hedged)

Outlook and strategy

We continue to expect world GDP to slow in the cyclical horizon, with swing factors like trade tensions and central bank policy driving more uncertainty for the outlook ahead. Our baseline expectations, however, forecast a moderate recovery in the course of 2020 in response to generally supportive fiscal policies and further monetary easing across the globe.

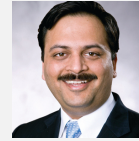
By positioning cautiously and emphasizing liquidity, we believe we will be better prepared to respond to a variety of shocks. We are about neutral to modestly underweight headline duration in the Fund as global yields are fairly low, though seek relative value opportunities that aim to benefit from an ongoing global grab for duration in the event that recession risk increases. In Europe, expectations for an increasingly accommodative ECB suggest a more favorable view on peripheral Eurozone rates relative to those core and semi-core. While the outlook for inflation is subdued, the balance of risks leans toward a higher inflation outlook than what is currently priced in. Based on this outlook and attractive valuations, we continue to maintain our exposure to TIPS in the portfolio. We also maintain exposure to a diversified basket of EM currencies, funded by developed market currencies.

In spread sectors, we continue to be selective and avoid generic corporate credit risk as valuations appear rich compared to historic averages. We prefer securitized assets, including U.S. non-agency mortgages, UK residential mortgages, and Danish mortgages, which offer defensive qualities in addition to reasonable risk premia for liquidity, complexity and uncertainty over the timing of cash flows.

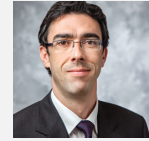
Management profile



Andrew Balls
Managing Director and
CIO Global Fixed Income



Sachin Gupta
Managing Director



Lorenzo Pagani
Managing Director

1992
2 DEC
INCEPTION DATE

\$12.3BN
ASSETS UNDER
MANAGEMENT

122  **ANALYSTS**
Dedicated research analysts. 87
in U.S., 23 in U.K./Europe, 10 in
Asia/Pacific, 2 in South America

Access opportunities outside the U.S.

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 financial advisor or PIMCO representative or by visiting www.pimco.com. Please read them carefully before you invest or send money.

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.

A word about risk: 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. **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. The Fund is **non-diversified**, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund.

The value of most bond funds and fixed income securities are impacted by **changes in interest rates**. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other share classes are either lower or not available.

International Bond Fund (U.S. Dollar-Hedged)

Duration is a measure of a portfolio's price sensitivity 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.

Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index provides a broad-based measure of the global investment-grade fixed income markets. The major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian Government securities. It is not possible to invest directly in an unmanaged index.

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 suitable 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. Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All periods longer than one year are annualized. This material contains the current opinions of the manager but not necessarily those of PIMCO 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 L.P. in the United States and throughout the world. ©2020, PIMCO.

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Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

Carry is the rate of interest earned by holding the respective securities. The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio.

Inflation-linked bonds (ILBs) issued by a government are fixed income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. **Treasury Inflation-Protected Securities (TIPS)** are ILBs issued by the U.S. government.

Emerging Markets (EM); Mortgage-Backed Securities (MBS); European Central Bank (ECB).

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