

# Long-Term Real Return Fund

CLASS:	INSTITUTIONAL
FUND INCEPTION DATE:	12 NOVEMBER 2001
TICKER:	PRAIX
CUSIP:	72200Q505
TOTAL NET ASSETS (IN MILLIONS):	\$742.1

## PORTFOLIO MANAGERS

Daniel He, Stephen Rodosky

## FUND STATISTICS

Effective duration (yrs)	21.37
Effective maturity (yrs)	23.68

## SECTOR DIVERSIFICATION (%)

Duration weighted

### Inflation-Linked Bond Exposure

United States	102.5
United Kingdom	0.0
Europe	1.0
Canada	0.0
Other	1.1
Other Short Duration Instruments	0.0

### Non Inflation-Linked Bond Exposure

US Government Related	-4.3
Mortgage	1.8
Invest. Grade Credit	0.1
High Yield Credit	0.0
Non-U.S. Developed	-3.0
Emerging Markets	0.1
EM Short Duration Instruments	0.0
Municipal	0.0
Other	0.0
Net Other Short Duration Instruments <sup>1</sup>	0.7

## Fund description

The Long-Term Real Return Asset Fund is an actively managed long duration portfolio that provides exposure to the universe of long maturity U.S. Treasury Inflation Protection Securities (TIPS). TIPS are government bonds that provide a return linked to the rate of U.S. inflation as measured by the Consumer Price Index. If held to maturity, TIPS provide a government guaranteed return in excess of inflation, or "real return", which represents an increase in an investor's purchasing power. The fund's benchmark is the Barclays U.S. Treasury Inflation Notes: 10+ Year Index.

## INVESTOR BENEFITS

This fund seeks to help investors protect and enhance the purchasing power of their investments through exposure primarily to government guaranteed bonds that have returns indexed to inflation. U.S. Treasury Inflation Protected Securities (TIPS) are designed to provide investors with protection against the risk of rising inflation and can also improve a portfolio's diversification because other financial assets, such as stocks or bonds, may underperform in periods of higher inflation. This fund may be particularly well-suited for investors spending needs that tend to grow with inflation.

Potential benefits of this fund include:

- Aims to provide real return (return above inflation)
- Long maturity focus, to match investors' long-term future spending needs
- Diversification relative to other financial assets

## THE FUND ADVANTAGE

This fund combines the benefits of TIPS as an asset class with the industry leading investment management experience of PIMCO. PIMCO is one of the largest active managers of TIPS globally and has actively managed dedicated TIPS portfolios since the launch of the first TIPS issue in January 1997. The fund seeks to capture the returns of the long maturity TIPS universe and seeks to consistently outperform the benchmark by leveraging PIMCO's disciplined investment process, global investment team and focus on risk management. In an effort to provide returns above the benchmark, the fund incorporates a variety of top down and bottom up strategies. Top down strategies are based on global macroeconomic themes and relate to real and conventional debt duration, exposure to inflation expectations, maturity mix, country and currency exposure. Bottom up strategies involve micro inflation-linked bond and related strategies, such as issue selection, inflation seasonality and tactical use of non-real return debt sectors.

## VALUE OF INFLATION PROTECTION STRATEGIES

An allocation to PIMCO's inflation-protection strategies may be beneficial as part of a diversified portfolio. Real assets, which include inflation-linked bonds, commodities and real estate, tend to exhibit a positive correlation to inflation. By contrast, traditional assets such as stocks and bonds have historically underperformed in inflationary periods. The benefit of this positive correlation to inflation is that real assets can potentially improve portfolio diversification, help hedge inflation risk, and help preserve the future purchasing power of investments.



The Lipper Fund Awards recognized the Long-Term Real Return Fund, Institutional for the 3 and 5 year performance periods out of 44 and 42 funds, respectively, under the Inflation-Protected Bond Funds Classification.

Performance (net of fees)	15 yrs.	10 yrs.	5 yrs.	3 yrs.	1 yr.	6 mos.	3 mos.
PIMCO Fund (%)	6.53	6.96	10.33	11.67	27.21	8.75	2.55
Benchmark (%)	6.40	7.08	9.84	11.49	25.33	7.49	1.74

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](http://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.

Lipper rankings* (Inflation-Protected Bond Funds)	10 yrs.	5 yrs.	3 yrs.	1 yr.
Fund rank	2	2	1	1
Number of funds	112	171	195	204
Quartile	1	1	1	1

\* Based on total return performance, with distributions reinvested, and operating expenses deducted.

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 PIMCO representative. Please read them carefully before you invest or send money.

<sup>1</sup> 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. MV% may not equal 100 due to rounding.

Performance reflects changes in share price, reinvestment of dividends and capital gains distributions. All periods longer than one year are annualized.

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.

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 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. **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. **Sovereign securities** are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. 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. **Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and may not be suitable for all investors. **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. **High-yield, lower-rated, securities** involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. **Equities** may decline in value due to both real and perceived general market, economic, and industry conditions. **Derivatives** and commodity-linked 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. Commodity-linked derivative instruments may involve additional costs and risks such as changes in commodity index volatility or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Investing in derivatives could lose more than the amount invested.

**Diversification** does not ensure against loss.

The fund's yield quotation includes an adjustment to the principal value of the TIPS securities to reflect changes in the government's official inflation rate, if any; changes in the government's official inflation rate can cause the fund's yield to vary substantially from one month to the next. At times, including during periods of deflation, the SEC yield calculation may result in a negative number. If the current 30-day SEC yield is denoted with a "+," we believe it is attributable to a rise in the inflation rate, and might not be repeated.

Past rankings are no guarantee of future rankings. Rankings begin with the inception of the actual share class. Lipper does not take into account sales charges. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see [lipperfundawards.com](http://lipperfundawards.com). Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper Fund Awards from Refinitiv, © 2020 Refinitiv. All rights reserved. Used under license. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.

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.

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### BASIC FACTS

Dividend frequency **Daily accrual**

### FUND EXPENSES

Gross Expense Ratio **1.07%**

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 CHARACTERISTICS

SEC 30-day yield (%) **0.36%**

### ABOUT THE BENCHMARK

Bloomberg Barclays U.S. Treasury Inflation Notes: 10+ Year Index is an unmanaged market index comprised of U.S. Treasury Inflation Protected securities with maturities of over 10 years.

### ABOUT PIMCO

PIMCO is one of the world's premier fixed income investment managers. Since our founding in 1971 in Newport Beach, California, we have continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. Today our professionals work in 17 offices across the globe, united by a single purpose: creating opportunities for investors in every environment.

**FOR MORE INFORMATION, CALL YOUR PIMCO REPRESENTATIVE AT 888.87.PIMCO.**

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