

Q Will my income be compromised as interest rates rise?

THE CONCERN: RISING RATES

With yields hovering at historic lows, investors may be concerned about rising rates and the potential effect on their bond investments.

THE IMPACT: DECREASING ALLOCATION TO BONDS

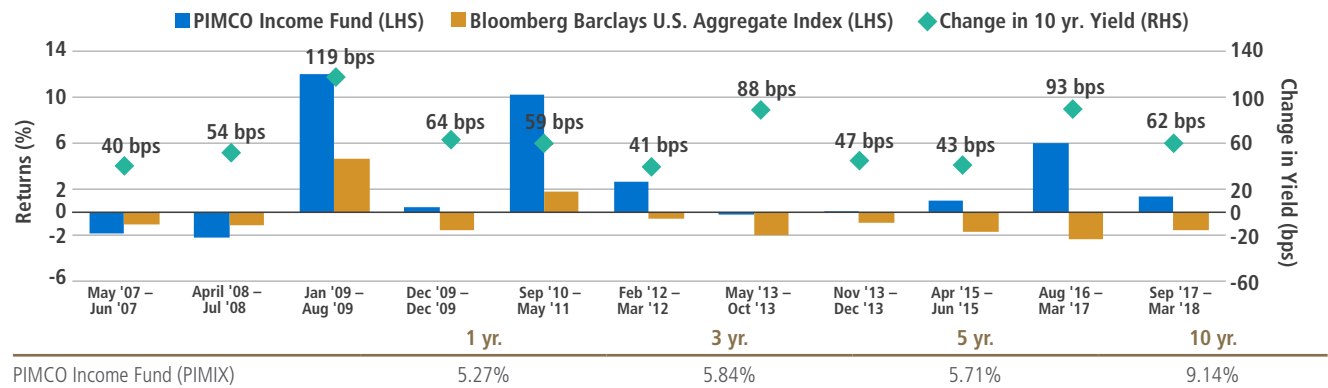
Many income-oriented investors have reduced holdings of fixed income strategies.

THE RESULT: MISSED OPPORTUNITY

Investors may be missing out on the benefits a fixed income allocation can offer: diversification, relative stability and attractive return potential.

THE SOLUTION: LOOK TO INCOME STRATEGIES THAT ARE TACTICALLY MANAGED FOR CHANGING RATE ENVIRONMENTS

PIMCO Income Fund can tactically position its portfolios for changing rate environments through duration management. It also has the flexibility to invest in sectors that tend to fare better in rising rate environments. This approach helps the fund seek a consistent distribution and alpha generation in a variety of market conditions.



Performance quoted represents past performance. Past performance is no guarantee 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. Total annual operating expenses for the Institutional share class are 0.53%. Fund inception 30 March 2007.

No assurance is being made that any fund that may have experienced **high or unusual performance** for one or more periods will continue to experience such performance. High performance is defined as an unusual growth in alpha between reporting periods or total return when measured to historical returns. Unusual performance is defined as an unusual change in performance (+/-) between reporting periods and the portfolio experienced unusual performance for one or more periods.



Takeaway from Dan Ivascyn

Given its sector flexibility and duration management capabilities, the PIMCO Income Fund can position for various rate environments.

As of 31 March 2018

Performance is shown for the institutional class after fees. Institutional shares generally have a \$1 million minimum investment; under special circumstances they may be available. Please see the prospectus for more information. Returns during select periods for BAGG and PIMCO Income Fund are shown. Criteria for chosen periods takes all periods of consecutive rate rising months (10-year rates), in which the cumulative increase in rates over periods exceeds 40 bps. The model will continue adding consecutive months if rates are flat month over month. Once the cumulative rate increase is above the 40bps threshold, the model continues until there are either two consecutive months of falling rates or the cumulative rate increase falls below the 40 bps threshold as of March 2007.

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 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.

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.

Although the Fund may seek to maintain stable distributions, the Fund's distribution rates may be affected by numerous factors, including but not limited to changes in realized and projected market returns, fluctuations in market interest rates, Fund performance, and other factors. There can be no assurance that a change in market conditions or other factors will not result in a change in the Fund's distribution rate or that the rate will be sustainable in the future.

For instance, during periods of low or declining interest rates, the Fund's distributable income and dividend levels may decline for many reasons. For example, the Fund may have to deploy uninvested assets (whether from purchases of Fund shares, proceeds from matured, traded or called debt obligations or other sources) in new, lower yielding instruments. Additionally, payments from certain instruments that may be held by the Fund (such as variable and floating rate securities) may be negatively impacted by declining interest rates, which may also lead to a decline in the Fund's distributable income and dividend levels.

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 the current low interest rate environment increases this risk. Current 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, 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** 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 invest its assets in a smaller number of issuers than a diversified fund.

Funds typically offer different share classes, which are subject to different fees and expenses (which may affect performance), having different minimum investment requirements and are entitled to different services.

The Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

Investors should consult their investment professional prior to making an investment decision.

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Newport Beach Headquarters

650 Newport Center Drive
Newport Beach, CA 92660
+1 949.720.6000

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