

**INSTITUTIONAL CLASS**

As of December 31, 2009

**PORTFOLIO MANAGER**

Scott Simon

**FUND STATISTICS**

Effective Duration (yrs)	3.20
Effective Maturity (yrs)	3.89
Average Quality	AA+

**SECTOR DIVERSIFICATION (%)**

	Market Value Weighted
GNMA MBS	14
FNMA MBS	33
FHLMC MBS	23
Non-Agency MBS	10
Home Equity ABS	0
CMBS	5
Other MBS	-1
Gov't Related	4
Other	0
Cash Equivalents	12

Ticker  
PTRIXCUSIP  
693391500Inception of Fund  
07/31/1997Fund Assets  
\$724.2 MM

## PIMCO Mortgage-Backed Securities Fund

**FUND DESCRIPTION**

The Mortgage-Backed Securities Fund is an actively managed bond fund that invests in high quality, short to intermediate duration mortgage-backed securities. The Fund invests primarily in securities that are in the highest rating category, such as U.S. Government guaranteed Ginnie Mae securities and agency-guaranteed Fannie Mae and Freddie Mac mortgage-back securities.

**INVESTOR BENEFITS**

This Fund offers investors efficient exposure to the mortgage-backed securities market, the largest sector of the global fixed-income market.

Potential benefits of this Fund include:

- Utilizes the broad opportunity set of the mortgage-backed securities market
- Aims to provide excess returns through active management focused on total return
- Invests in the highest quality securities in the overall MBS market
- May offer yield premium relative to Treasuries, with high credit quality and liquidity
- Improved portfolio diversification

**THE FUND ADVANTAGE**

The Fund employs a unique approach to the mortgage-backed securities market that emphasizes actively managed exposure to agency-guaranteed MBS. The agency-mortgage market has been a critical source of excess returns for PIMCO since its founding, and the firm has a dedicated team of career mortgage-portfolio managers. The Fund has a disciplined focus on value and security selection which is supported by a sophisticated, analytical platform that helps identify mispriced securities presenting attractive investment opportunities.

**VALUE OF CORE STRATEGIES**

An allocation to PIMCO fixed-income strategies may be beneficial as a core part of a balanced portfolio. Bonds can provide a steady source of income and, as part of a total-return strategy, potentially produce capital gains as well. An allocation to a PIMCO fixed-income strategy in a portfolio also can offer diversification and serve as a hedge against volatility and risks in other asset classes, particularly in times of economic uncertainty or deflation. Long-duration bonds can be used to diversify a broader core allocation to fixed income and help an overall portfolio's match to longer-term liabilities.

For more information,  
call your PIMCO  
representative  
**800-927-4648**

Visit our web site for  
a full menu of products  
and services at  
**www.pimco-funds.com**

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**Core Strategies**

Extended Duration	Global Advantage	GNMA	Government Money Market	Income	Long Duration Total Return	Long-Term U.S. Government
Low Duration	Moderate Duration	Money Market	Mortgage-Backed Securities	Short-Term	Total Return	Unconstrained Bond

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As of December 31, 2009

**BASIC FACTS**

Total Annual Operating Expenses	1.60%
Total Annual Expenses Ex-Interest	0.50%
Dividend Frequency	Daily Accrual

**PERFORMANCE CHARACTERISTICS**

Tracking Error (10 yrs)	2.03
Information Ratio (10 yrs)	0.22
SEC 30-Day Yield (%)	4.70

**ABOUT THE BENCHMARK**

Benchmark Duration (yrs)	3.70
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Barclays Capital U.S. MBS Fixed Rate Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates. It is not possible to invest directly in an unmanaged index. Prior to November 1st, 2008, this index was published by Lehman Brothers.

**PERFORMANCE (net of fees)**

	10 yrs	5 yrs	3 yrs	1 yr	6 mos	3 mos
<b>PIMCO Fund (%)</b>	6.93	5.75	6.93	14.40	6.76	1.38
<b>Benchmark (%)</b>	6.47	5.80	7.07	5.75	2.91	0.55

*Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and principal value will fluctuate, so that Fund shares may be worth more or less than their original cost when redeemed. Performance data current to the most recent month-end is available at [www.pimco-funds.com](http://www.pimco-funds.com) or by calling (800) 927-4648.*

**LIPPER CLASSIFICATION**

U.S. Mortgage Funds

**LIPPER RANKINGS\***

	10 yrs	5 yrs	3 yrs	1 yr
<b>Fund Rank</b>	3	5	8	7
<b>No. of Funds</b>	55	83	87	100
<b>Quartile</b>	1st	1st	1st	1st

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

**ABOUT PIMCO**

PIMCO, founded in 1971, is a global asset management firm serving a full range of institutional and retail investors worldwide. Our reputation as one of the world's top asset managers rests on our combination of a long-term investment approach, superior client servicing and cutting edge technology. With offices in nine countries in North America, Europe and Asia, we manage investments across a full spectrum of global financial markets. Our success is built on our ability to consistently provide attractive returns while maintaining a strong culture of risk management and long-term discipline.

*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.*

The high performance of this portfolio is due to exceptional performance in the sector. This level of performance is not guaranteed and should not be expected in the future. The performance figures presented reflect total return performance, changes in share price, and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. Interest expenses netted from the Total Expenses are based on the amounts incurred during the Fund's most recent fiscal year as a result of entering into certain investments; the amount of interest expense (if any) will vary.

Tracking error measures the dispersion or volatility of excess returns relative to a benchmark. Information Ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. 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. The Average Credit Quality ratings are provided to indicate the credit worthiness of the underlying bonds in the portfolio and generally range from Aaa (highest) to B (lowest).

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. Certain U.S. Government securities are backed by the full faith of the 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. 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. Diversification does not ensure against loss.

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.

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.

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