

June 2010

Fund Commentary - PIMCO Total Return Bond Fund



- The Fund invests at least two-thirds of its assets in a diversified portfolio of fixed income instruments of varying maturities.
- The Fund may invest wholly through financial derivative instruments collateralized debt obligations, credit default swaps and asset-backed securities in order to meet its investment objective and such investment policies or portfolio management techniques may as a result lead to a higher volatility to the net asset value of the Fund. Please refer to the "General Risk Factors" of the respective prospectus for details.
- Financial derivative instruments may be used to reduce risk but may involve risks different from, or possibly greater than, the risks associated with investing in bonds. Therefore the Fund may not be suitable for investors who wish to invest in funds that invest solely in bonds, which are commonly perceived as low-risk products.
- Investing in any of the instruments mentioned above may involve substantial credit/counterparty, market and liquidity risks. Given the nature of this Fund, an investment in the Fund may not be suitable to hold as a substantial part of an investor's assets and the entire value of your investment may be lost.
- The investment decision is yours, but unless the intermediary and/or investment adviser who sells it to you has explained why and how investing in it would be consistent with your investment objective, risk profile, and unique situation, and has thereupon advised you that it is suitable for you, you should not enter into this investment.
- In making investment decisions, investors should not solely rely on the information contained in this material.

Investment Objective

The Fund invests at least two-thirds of its assets in a diversified portfolio of fixed income instruments of varying maturities.

What happened in the market

The US Federal Reserve left its benchmark interest rate near zero at its June 2010 meeting as US payroll data fell short of economists' estimates in May 2010 and inflation remained muted. The European Central Bank announced it would continue to provide liquidity to the banking system and left interest rates unchanged in an effort to fight continued high unemployment. Japanese manufacturing improved as stimulus spending around the world helped exports, however, May 2010 retail sales fell short of estimates and deflationary pressures remained.

Outlook and strategy

Differentiated growth amongst countries will persist, as China, India and Brazil are likely to maintain rapid growth and will broaden their engines for income and employment creation. The US should benefit from its currency reserve status but continues to face structural challenges. Europe and Japan are likely to grow more slowly and will face deflationary pressures. PIMCO will target an overall

overweight to duration with a focus on the US, and plans to continue holding high quality emerging market credits with low levels of debt.

Past performance, or any prediction, projection or forecast, is not indicative of future performance.

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Unit value and income therefrom may fall or rise. Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Investors should read the fund prospectus, available from the local representative or any of its appointed distributors, for further details including the risk factors, before investing.

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