PIMCO

Your Global Investment Authority

Fixed Income ETF Portfolio Management

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Capital Link Forum
25 April 2012

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, which may be obtained by contacting your PIMCO representative. Please read the prospectus carefully before you invest.

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Agenda

1. Introduction
2. Three approaches to fixed income ETF portfolio management
3. Development of investment strategy
4. Two example investment strategies
5. Execution and ongoing monitoring

Three approaches to fixed income ETF portfolio management

1. Index ETF: an index ETF tracking a broad fixed income market index
2. Portfolio of ETFs: a portfolio of ETFs; often based on model portfolios or rules-based methodology
3. Active ETF: an actively managed portfolio benchmarked to a broad fixed income market index

Refer to Appendix for additional investment strategy information

Example opportunity sets

1. Degrees of freedom vary with different approaches
2. Direct access to bond markets broadens opportunity set

	GOVERNMENT	NON-US	CREDIT	ASSET-BACKED (ABS)
Portfolio of ETFs (mostly index exposures)	• Broad curve • Select curve segments • TIPS and Nominals	• Multi-country regions • Currencies • Some single-country • Real and nominal	• Broad ratings (IG or HY) • Some sectors • Select curve segments • Some specific maturities	• MBS Index • GNMA Index • CMBS Index
Bond market (active ETF)	• Targeted curve positioning • Roll-down • Instrument selection and substitution	• Individual issuers • Issue selection • Targeted curve positioning • Currencies	• Individual issuers • Issue selection • Relative value	• Coupon selection • Capital structure • Non-agency and other ABS

Refer to Appendix for additional investment strategy information.

Comparing three example approaches

1. Barclays aggregate index ETFs
2. Assemble portfolio of index ETFs to replicate BOND
3. BOND

	Index ETF[2]	Fund of ETFs[3]	BOND[4]
Expense ratio	0.11% to 0.22%	0.23% to 0.30%	0.55%
Total CUSIPs	27 - 4,245	1,500 - 1,700	229
DWE (Years)	4.4	4.2	4.7
% of Duration Overlap with BOND[1]	85% to 95%	Approx 90%	
CUSIPS in common with BOND[1]	10 - 12	30 - 35	
% of Market Value Overlap with BOND[1]	5% - 6%	~10%	

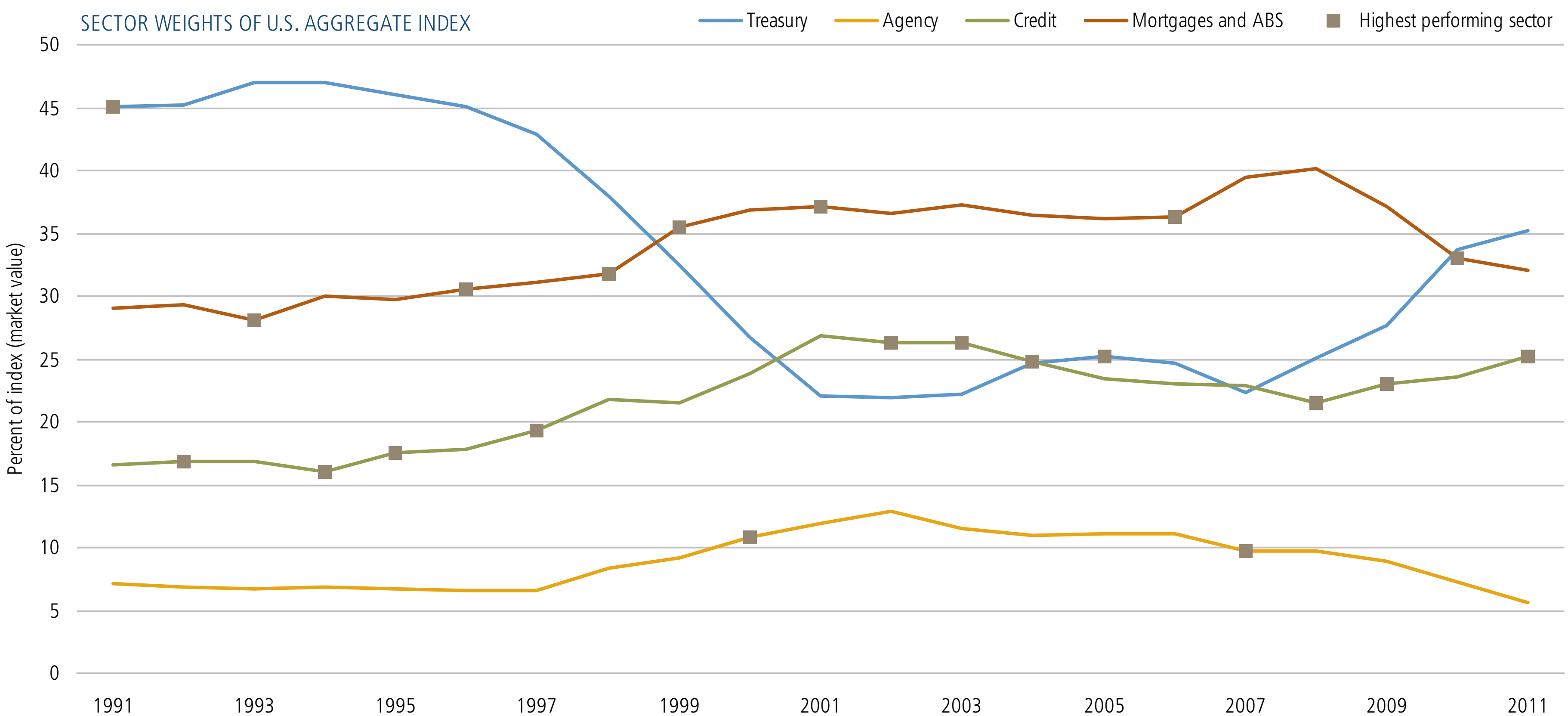
Takaway: BOND has similar risk factors as the index, but accesses a different opportunity set

As of 13 April 2012
1 Figures vary depending on portfolio construction and methodologies.
2 Includes the four leading ETF provider's (by overall ETF assets under management) funds that benchmark to the Barclays US Aggregate Index.
3 The Portfolio model was constructed by utilizing publicly available data. ETFs with the highest count of matching CUSIPs (to BOND) were used for their respective sectors. The chosen ETF's weightings were then approximated by market value percentage equal to BOND.
4 BOND's Total Expense Ratio is 0.59%. The 0.55% reflects a contractual expense reduction agreement through October 31, 2012 as detailed in the prospectus supplemented to date.
Refer to Appendix for additional investment strategy and risk information.

Why have an investment view?
Bond indexes may not be stable

Sector performance of the Barclays U.S. Aggregate Index:

- Largest sector usually not the highest performing
- U.S. Government issuance volumes drive large allocation



As of 31 December 2011
SOURCE: Barclays
Refer to Appendix for additional index and risk information.

PIMCO's active management approach: Goal of consistent added value

- Broad set of strategies
- Dynamic approach
- Sources of return vary significantly over time

"Top down" strategies

Duration | Yield curve | Volatility | Sector | Quality

Value added

"Bottom up" strategies

Credit analysis | Quantitative research | Bonds plus | Issue selection | Cost-effective trading

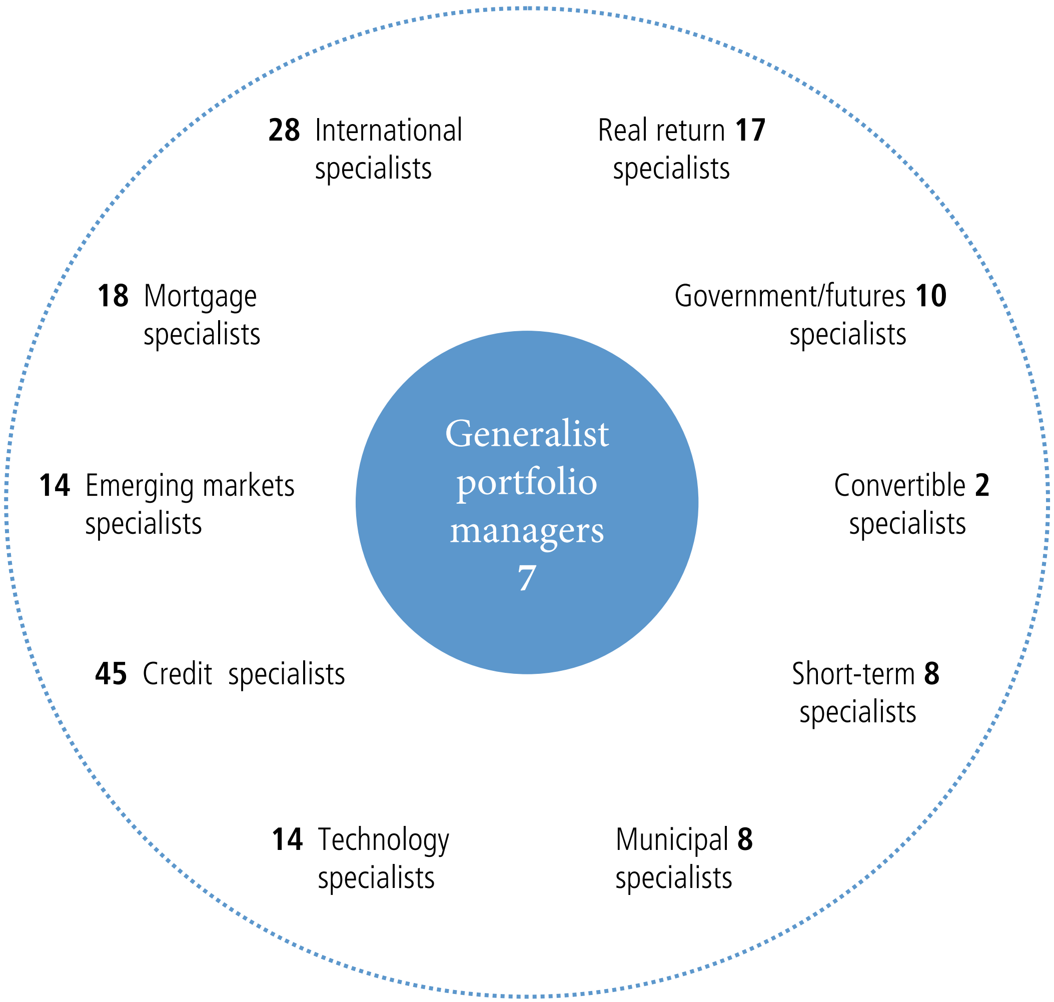
Alpha sources – an active and dynamic approach to portfolios

1997–1999	2000–2002	2003	2004	2005	2006	2007	2008–2009	2010
Stability	Quality	Emerging Markets	Inflation-linked	Developed non-U.S. Dollar	Mortgages	U.S. Yield Curve Strategy	High quality	Safe spread
Yield	Duration	Credit recovery	High Yield	Emerging Markets	Developed non-U.S. Dollar	Corporate underweight	Global duration and curve	Mortgages

Refer to Appendix for additional risk information.

Development of trade strategies
Team approach used in managing portfolios

- Generalist / specialist team structure
- Generalists coordinate overall portfolio characteristics
- Specialists focus on sectors
- Dynamic and flexible



As of 1 April 2012
Refer to Appendix for additional investment strategy information.

PIMCO approach to risk
Global portfolio risk organization

Portfolio risk is a global team reporting to the CEO and Co-CIOs providing 24 hour risk support with help from dedicated analytics, collateral, fails management and credit teams

CO-CIOS AND CEO
Bill Gross and Mohamed El-Erian

GLOBAL HEAD OF PORTFOLIO RISK MANAGEMENT
Bill de Leon

NEWPORT BEACH	LONDON	ASIA-PACIFIC
Chris Brune	Matt Putnicki	Chee Yang Lam
Laura Knezevic	Dan Peng	
Arjun Madan	Pedro Sousa	
Courtney Walker	Oliver Stahnke	
Kristen Walters		
Qinzhu Yu		

24-hour coverage

Firm-wide resources

ANALYTICS	COLLATERAL MANAGEMENT	FAILS MANAGEMENT	CREDIT RESEARCH
45 financial engineers	**8 collateral specialists**	**6 specialists**	**44 credit analysts**
Newport Beach, London, Munich	Newport Beach, Munich	Newport Beach, London, Munich	Newport Beach, London, Munich, Hong Kong, Singapore, Tokyo, Sydney

As of 31 March 2012

Investment idea #1: Mortgage coupon selection

Economic outlook:

- Government related bond prices are high, with downside risk
- Expect continued government efforts to spur refinancing activity

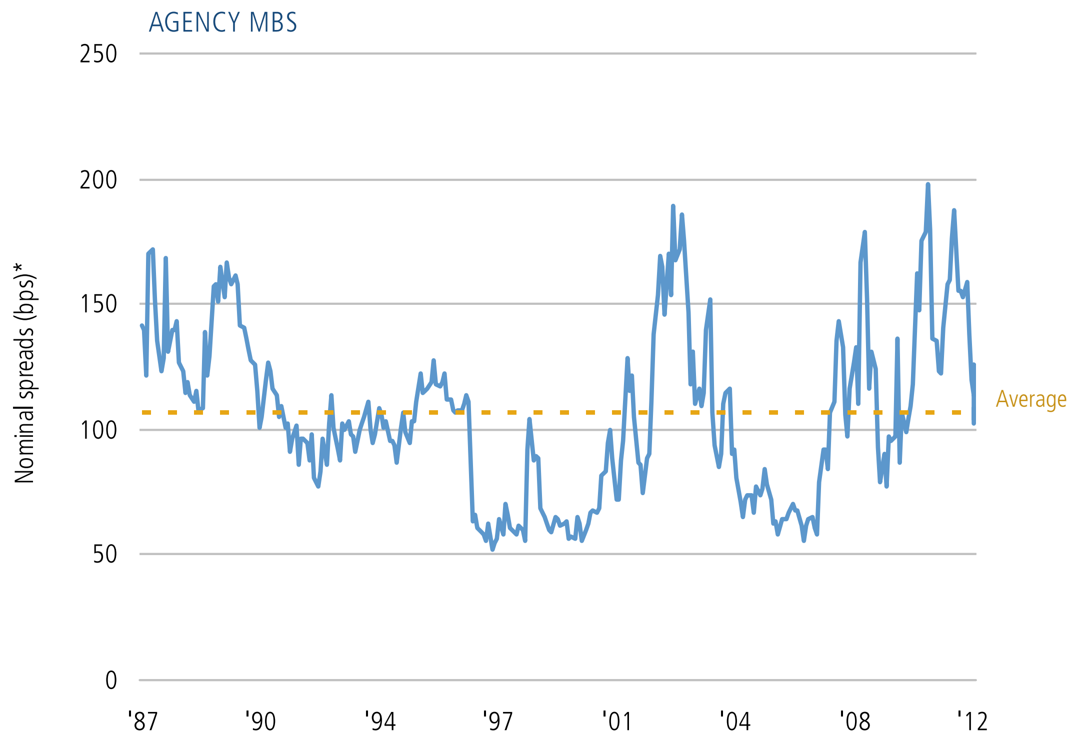
Fixed income investment implications:

- Position defensively, emphasize agency MBS due to attractive yield and government backing
- Lower coupon mortgages with lower prices
  - Have less downside in a refinancing wave
  - Likely QE3 target: price appreciation potential

How to implement?

- Overweight agency MBS in place of treasuries
- Emphasize lower coupons: BOND's average MBS coupon is 3.98% compared to 4.65% in MBS index

Agency MBS spread to treasuries:



As of 31 March 2012
SOURCE: Citigroup; Agency MBS nominal spread is represented by the 30 year par coupon FNMA to like duration treasuries
Refer to Appendix for additional index and risk information.

Investment idea #2: Curve positioning and substitution

Economic outlook:

- Fed to keep short-term rates low
- Longer maturities may not adequately compensate investors for increased inflation risk
- Yield levels are low

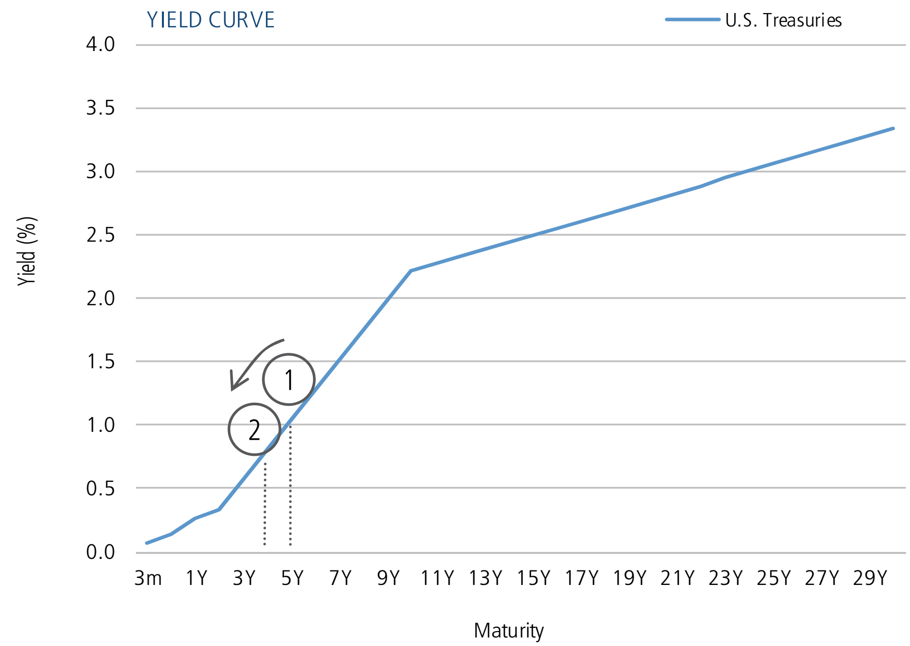
Fixed income investment implications:

- Potential for yield curve steepening (avoid long-end)
- Identify roll-down opportunities to increase returns

How to implement?

- Emphasize the 5-10 year portion of the curve, which benefits from “roll down”
- Substitute TIPS for treasuries at the long-end to maintaining exposure, but protect against inflation

Hypothetical “roll down” example:



As of 31 March 2012
SOURCE: PIMCO, Bloomberg
Hypothetical example for illustrative purposes only.
Refer to Appendix for additional hypothetical example, investment strategy and risk information.

Execution costs and ongoing monitoring

1. Summary of costs
   A. Execution costs
   B. Expense ratios
   C. Infrastructure to support investment process, risk management and risk measurement

2. Ongoing monitoring
   A. Frequency of investment view updates
   B. Frequency of portfolio changes

BOND exposure variability:

Min/max sector weights, as percent of duration (since inception)

	GOVERNMENT	MORTGAGE	CORPORATE	HY	NON-US	EM	OTHER	CASH
Max	50	46	18	1	9	4	12	1
Min	25	23	7	0	2	1	5	0

As of 13 April 2012
SOURCE: PIMCO
Refer to Appendix for additional portfolio structure and risk information.

Disclosure: BOND returns

BOND 1 Month Returns since inception: 29 FEB '12

Performance after fees (%)	Since inception
Net Asset Value (NAV)	1.64
Market Price	1.73
Barclays U.S. Aggregate Index	-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 sold. Performance data current to the most recent month-end is available at www.pimcoetfs.com or by calling 888.400.4ETF.

As of 31 March 2012
Refer to Appendix for additional performance and fee, index, portfolio structure and risk information.

Appendix

Past performance is not a guarantee or reliable indicator of future results.

HYPOTHETICAL EXAMPLE
Hypothetical and simulated examples have many inherent limitations and are generally prepared with the benefit of hindsight. There are frequently sharp differences between simulated results and the actual results. There are numerous factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of simulated results and all of which can adversely affect actual results. No guarantee is being made that the stated results will be achieved.

INVESTMENT STRATEGY
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 long-term, especially during periods of downturn in the market.

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

RISK
Investing in the bond market is subject to certain risks including the risk that fixed income securities will decline in value because of changes in interest rates; the risk that fund shares could trade at prices other than the net asset value; and the risk that the manager's investment decisions might not produce the desired results. 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. 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.

Exchange Traded Funds ("ETF") are afforded certain exemptions from the Investment Company Act. The exemptions allow, among other things, for individual shares to trade on the secondary market. Individual shares cannot be directly purchased from or redeemed by the ETF. Purchases and redemptions directly with ETFs are only accomplished through creation unit aggregations or "baskets" of shares. Shares of an ETF are bought and sold at market price (not NAV). Brokerage commissions will reduce returns. Investment policies, management fees and other information can be found in the individual ETF's prospectus.

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INDEX DESCRIPTIONS
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 indices that are calculated and reported on a regular basis.

It is not possible to invest directly in an unmanaged index.