

**Institutional Class, Income Shares**

For the month ending 31 July 2010

**FUND INFORMATION**

**Fund Description:** The Global High Yield Bond Fund seeks to maximise total return and limit risk with an emphasis on upper tier high yield bonds. The fund invests at least two-thirds of its assets in a diversified portfolio of global high yield bonds rated lower than Baa by Moody's or BBB by S&P with a maximum of 20% of its assets in securities rated lower than B.

**Investor Benefits:** This Fund offers compelling diversification benefits and the opportunity to gain exposure to different sectors of the economy.

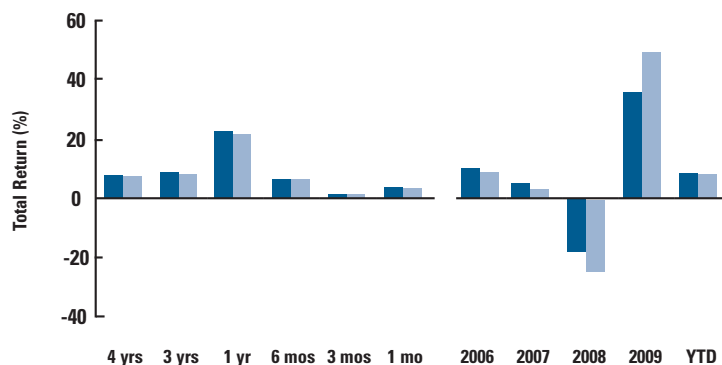
**The Fund Advantage:** The Fund employs PIMCO's fundamental research process, including top-down economic views, bottom-up security selection and extensive global resources.

**BASIC FACTS**

	Income
Bloomberg Ticker	PGHYISH
ISIN	IE00B0V9T862
Sedol	B0V9T86
Valoren	CH2628192
WKN	A0J2S4
Unified Management Fee	0.55%
Inception Date	30/12/2005
Fund Type	UCITS III
Portfolio Manager	Andrew R. Jessop
Fund Assets	1.4 (USD in Billions)
Distribution Income Class Shares	Quarterly

**FUND STATISTICS**

Effective Duration (yrs)	4.15
Benchmark Duration (yrs)	4.35
Current Yield (%)	6.98
Market Weighted Yield (%)	6.87
Average Coupon (%)	7.73
Effective Maturity (yrs)	6.09
Average Quality	BA-

**Global High Yield Bond Fund GBP (Hedged)****PERFORMANCE - NET OF FEES**

PIMCO Fund - Income (%)	7.87	8.65	22.71	6.59	1.32	3.85	9.99	5.17	-17.83	35.68	8.35
Benchmark (%)	7.57	8.04	21.48	6.41	1.22	3.41	8.89	3.12	-24.31	49.32	8.17

The benchmark is BofA Merrill Lynch Global High Yield, BB-B Rated, Constrained (GBP Hedged) Index. All periods longer than one year are annualised.

**MARKET COMMENTARY**

- High yield bonds managed to post their best month of performance in July since last September, amid a very strong second quarter earnings period
- Market volatility fell materially, given improved clarity around financial regulatory reform, the gulf oil spill, and the European bank stress tests, serving as a boon for riskier assets
- The final three weeks of the month saw \$3 billion in inflows, representing the strongest stretch of inflows since 2003, bringing YTD flows well back into positive territory

**PORTFOLIO RECAP**

- The Fund outperformed its benchmark for the month
- Contributors to portfolio performance included:
  - An overweight to the finance sector, where insurance companies led the broader rally
  - Underweight building products, where materials and construction bonds lagged
  - Security selection in the utility sector, as middle-to-upper quality tiers outperformed
- Detractors from portfolio performance included:
  - Emphasis on high grade issues within finance as lower quality bonds outperformed
  - An underweight to real estate, as real estate development issues posted strong gains
  - Exposure to triple-Bs, which underperformed high yield bonds amid riskier appetites

**MARKET OUTLOOK AND STRATEGY**

- Technicals will likely continue to come under pressure from broader macroeconomic events, but in general should remain supportive of the high yield market
- Fundamentals should continue to improve as issuers benefit from stronger earnings, improved balance sheets, and having pushed out debt maturities
- While valuations have improved, following material spread widening linked to exogenous events and concerns over growth relapse, security selection will still be key to finding value

**Credit Strategies**

Diversified Income	Euro Credit	Global High Yield Bond
Global Investment Grade Credit	High Yield Bond	UK Corporate Bond
UK Long Term Corporate Bond		

For questions regarding  
the PIMCO Funds:

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## ABOUT THE BENCHMARK

BofA Merrill Lynch Global High Yield, BB-B Rated Constrained, (GBP Hedged) Index tracks the performance of below investment grade bonds of corporate issuers domiciled in countries having an investment grade foreign currency long term debt rating (based on a composite of Moody's, S&P, and Fitch). The Index includes bonds denominated in U.S. dollars, Canadian dollars, sterling, euro (or euro legacy currency), but excludes all multicurrency denominated bonds. Bonds must be rated below investment grade but at least B3 based on a composite of Moody's, S&P, and Fitch. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. The inception date of the index is December 31, 1997. It is not possible to invest directly in an unmanaged index. Prior to September 25th, 2009, the BofA Merrill Lynch Indices were known as the Merrill Lynch Indices.

## TOP 5 INDUSTRIES (%)

	MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark
Non-Captive Consumer Finance	8	3
Healthcare	7	2
Media Cable	6	1
Electric Utility	6	2
Banks	6	0

## REGIONAL ALLOCATION (%)

	DURATION WEIGHTED	
	PIMCO Fund	Variance to Benchmark
North America	83	6
EMU	13	1
United Kingdom	3	0
Europe - Non-EMU	0	0
Japan	0	0
Asia Pacific ex-Japan	0	0
Emerging Markets	1	-5
Other/Net Cash	0	-2

## QUALITY (%)

	MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark
A1/P1	0	0
Below A1/P1	0	0
AAA	3	3
AA	1	1
A	5	5
BAA	9	9
BA	41	-14
B	37	-8
Below B	4	4

## SECTOR DIVERSIFICATION (%)

	MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark
Gov't Related	0	0
Mortgage	2	2
Invest. Grade Credit	11	11
High Yield Credit	80	-13
Emerging Markets	2	-5
Other	0	0
Net Cash Equivalents	5	5
Commercial Paper/STIF	0	
ST Gov't Related	0	
ST Mortgage	0	
ST Credit	2	
Money Mkt Fut/Opt	0	
Other	12	
Less: Liabilities	-9	
Total	100	

Gov't Related may include nominal and inflation-protected Treasuries, agencies, interest rate swaps, Treasury futures and options, FDIC-guaranteed and government-guaranteed corporate securities.

## ABOUT PIMCO

PIMCO, founded in 1971, is a global investment solutions provider managing retirement and other assets for more than 8 million people in the U.S. and millions more around the world. Our clients include state, local and union pension and retirement plans whose beneficiaries come from all walks of life, including educators, healthcare workers and public safety employees. We also serve individual investors, working in partnership with financial intermediaries such as Registered Investment Advisors, broker/dealers, trust banks and insurance companies. We are advisors and asset managers to central banks, corporations, universities, foundations and endowments. PIMCO has offices in North America, Europe, Asia and Australia and is owned by Allianz Global Investors, a subsidiary of the Munich-based Allianz Group, a leading global insurance company.

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