PIMCO

Investor Brochure

Your Global Investment Authority

Closed-End Funds

PIMCO Dynamic Income Fund (PDI)*

A new, non-diversified closed-end bond fund from a leading global investment manager designed to offer:

- Current income as a primary objective and capital appreciation as a secondary objective
- Dynamic allocation across multiple fixed income sectors
- Access to PIMCO's robust credit research, macroeconomic expertise and risk management

The fund will invest in fixed income securities and related instruments of any type and any credit quality worldwide and is not a complete investment program. **An investment in the fund involves a high degree of risk and should be considered speculative. You could lose some or all of your investment.** For a summary of the risks of an investment in the fund, please see the back of this brochure and the "Principal Risks of the Fund" section of the preliminary prospectus. Consult your financial advisor before investing. Closed-end funds are not redeemable and generally trade in the secondary market. Shares of closed-end funds frequently trade at a discount to their net asset value, which may increase risk of loss. The risk may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering.

The information herein and in the preliminary prospectus is not complete and may be changed. The fund may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This brochure is not an offer to sell these securities and is not a solicitation of an offer to buy these securities in any state where the offer or sale is not permitted and should be accompanied by a preliminary prospectus for the fund described herein. ***Also, before you invest or send money, you should carefully read the fund's preliminary prospectus, or final prospectus, once this fund becomes effective, and consider carefully the risks you assume when you invest in the fund's common shares.*** There can be no assurance that the fund will achieve its investment objectives or be able to structure its investment portfolio as anticipated.

* The fund anticipates that its common shares will be listed on the New York Stock Exchange, subject to notice of issuance, under the symbol "PDI." Please see the enclosed materials for important product and risk information, including a preliminary prospectus. The fund is not sold by Pacific Investment Management Company LLC ("PIMCO") or Allianz Global Investors Fund Management LLC.

Introducing
PIMCO Dynamic Income Fund

In today's low yield environment, investors have been challenged to generate sufficient income without taking on unreasonable risks. PIMCO Dynamic Income Fund seeks current income, with capital appreciation as a secondary objective, by drawing on PIMCO's investment process and global resources to actively allocate assets among multiple fixed income sectors.

PIMCO Dynamic Income Fund ("the fund") offers access to PIMCO's best income-generating ideas across multiple fixed income sectors including, among others:

- Mortgage-related securities[1]
- Investment grade and high yield corporate issues[2]
- Developed and emerging market sovereign and corporate bonds[3]
- Other instruments such as taxable municipal bonds[4]

Flexibility across a broad fixed income universe

Sector weightings will be actively managed, seeking to navigate changing market and economic conditions and in line with PIMCO's broader investment outlook. PIMCO believes this investment flexibility should allow for the generation of attractive income while also limiting risk relative to typical single-sector investment strategies.[5] PIMCO serves as the fund's subadvisor responsible for day-to-day portfolio management.[6]

Duration management and other strategies

The fund's portfolio manager will actively manage duration, generally between zero and eight years[7] – a range PIMCO believes can offer flexibility and opportunity for above-average returns while potentially limiting risk due to interest rate volatility.

The fund will also seek to add value by actively employing strategies that focus on credit quality analysis and other risk management techniques.

Strategies to enhance income

In an effort to increase income potential, the fund intends, subject to favorable market conditions, to add leverage to its portfolio by utilizing reverse repurchase agreements, such that the leverage obtained initially represents approximately 29% of the fund's total assets. The fund may also obtain leverage through dollar rolls, borrowings and other transactions that may give rise to a form of leverage including, among others, derivative transactions. Under normal market conditions, the fund will limit its use of leverage from the use of reverse repurchase agreements, preferred shares issued by the fund, borrowings and certain derivative instruments such that the assets attributable to the use of such leverage will not exceed 50% of the fund's total assets.[8]

[1] *Substantially all of the fund's portfolio may consist of below-investment-grade securities and/or mortgage-related or other types of asset-backed securities. An investment in the fund involves a high degree of risk and should be considered speculative.* The fund will, as a matter of fundamental policy, normally invest at least 25% of its total assets in privately issued (commonly known as "non-agency") mortgage-related securities. Mortgage-related securities will entail credit risk, market risk, interest rate risk, liquidity risk and certain other risks. See "Mortgage-Related and Other Asset-Backed Securities Risk" and "High Yield Risk" at the back of this brochure and in the preliminary prospectus for additional risk information.

[2] The fund will not normally invest more than 20% of its total assets in debt instruments, other than mortgage-related and other asset-backed securities, that are, at the time of purchase, rated CCC+ or lower by Standard & Poor's Ratings Services and Fitch, Inc., and Caa1 or lower by Moody's Investor Services, Inc., or that are unrated but determined by PIMCO to be of comparable quality to securities so rated. The fund may invest without limitation in mortgage-related and other asset-backed securities regardless of rating. Securities rated below investment grade are commonly referred to as "high yield" securities or "junk bonds" and are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. See "Credit Risk" and "High Yield Risk" at the back of this brochure and in the preliminary prospectus for additional risk information.

[3] The fund may normally invest up to 40% of its total assets in securities of issuers economically tied to "emerging" market countries.

[4] The fund will not normally invest more than 10% of its total assets in convertible debt securities, including synthetic convertible debt securities. The fund may normally invest up to 40% of its total assets in bank loans (including, among others, senior loans, delayed funding loans and revolving credit facilities). The fund will not normally invest directly in common stock of operating companies. However, the fund may own and hold common stock in its portfolio from time to time in connection with a corporate action or the restructuring of a debt instrument or through conversion of a convertible security by the fund.

[5] PIMCO may choose to focus on particular countries/regions (i.e., U.S. vs. foreign), asset classes, industries and sectors to the exclusion of others at any time and from time to time based on market conditions and other factors.

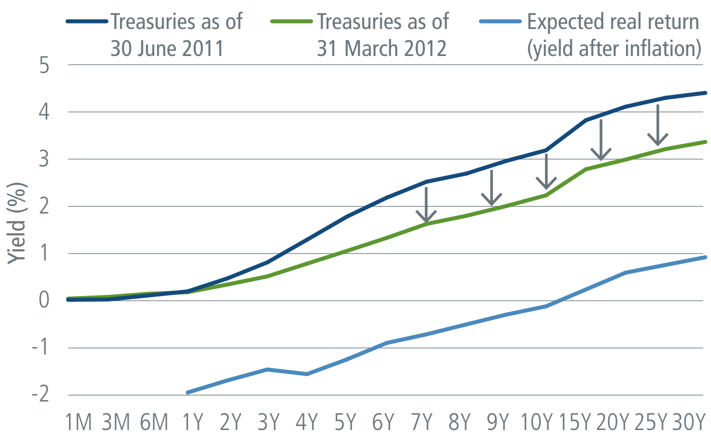
[6] Allianz Global Investors Fund Management LLC serves as the investment manager of the fund and retains its affiliate, PIMCO, to serve as subadvisor and manage the fund's portfolio. Allianz Global Investors Fund Management LLC and PIMCO do not provide tax or legal advice. It is important to consult your tax or legal advisor before investing.

[7] The fund's average portfolio duration may be shorter or longer than the range noted above at any time or from time to time depending on market conditions and other factors.

[8] The fund intends to use leverage opportunistically and may choose to increase or decrease, or eliminate entirely, its use of leverage over time and from time to time, based on PIMCO's assessment of the yield curve environment, interest rate trends, market conditions and other factors. Leveraging is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed. See "Leverage Risk" at the back of this brochure and in the preliminary prospectus for additional risk information.

THE CHALLENGE FOR INCOME INVESTORS

Many investors are looking to generate a sustainable, after-inflation income stream – a growing challenge as bond yields have trended lower. The Federal Reserve's expectation to keep policy rates near zero through at least 2014, as initially announced in August 2011, has "repressed" U.S. Treasury yields across all maturities. Accounting for inflation, investors would require U.S. Treasuries with maturities of greater than 10 years just to achieve a positive real return (yield after inflation), as reflected in the chart below.

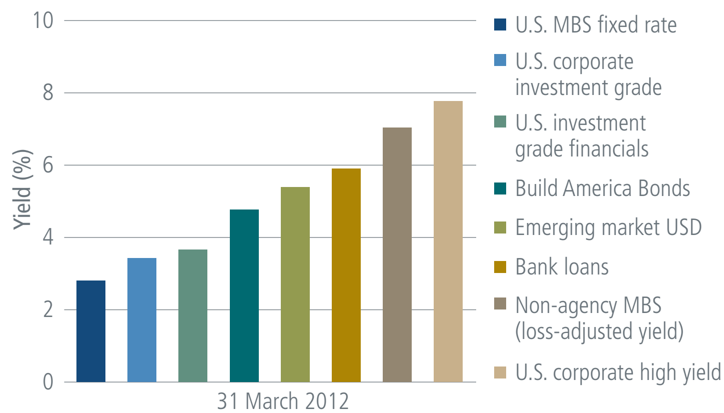


Source: Bloomberg. Chart compares U.S. Treasury yields across all maturities on 30 June 2011, shortly before the Fed's initial policy announcement in August 2011, and the same U.S. Treasuries on 31 March 2012. U.S. Treasuries are used to represent benchmark U.S. interest rates. Expected real return, or yield after inflation, is represented by Treasury Inflation-Protected Securities (TIPS), as of 31 March 2012. **Past performance is not indicative of future results. The performance quoted represents past performance and current and future performance may be lower or higher. This chart does not indicate or represent performance of the fund.**

With yields exceptionally low among traditional market segments, income investors need a broader, more nimble mindset.

A RANGE OF RISK/REWARD PROFILES

Many bond sectors currently offer attractive yields relative to U.S. Treasuries of similar maturities. The fund will draw on PIMCO's broad experience to evaluate the relative risk/reward characteristics of each fixed income sector, and attempt to actively allocate among them as market or economic conditions warrant.



Source: Bloomberg, as of 31 March 2012. All data points shown are yield to maturities. U.S. MBS fixed rate: Barclays U.S. MBS Index; U.S. corporate investment grade: Barclays U.S. Corporate Investment Grade Index; U.S. investment grade financials: subsector of Barclays U.S. Aggregate Bond Index; Build America Bonds: BABs subsector of Barclays Taxable Municipals Index; emerging market (USD): Barclays Global Emerging Markets Index; bank loans: Credit Suisse Leveraged Loan Index; non-agency MBS: data based on PIMCO's market survey; U.S. corporate high yield: Barclays High Yield Index. This chart is not intended to represent how the fund's portfolio will be invested or allocated at any particular time. **Past performance is not indicative of future results. The yield information quoted represents past performance and current and future yields may be lower or higher.**

PIMCO Dynamic Income Fund targets:

- Current income and, secondarily, capital appreciation
- Dynamic allocation across multiple fixed income sectors, based on PIMCO's global economic views and expertise
- Access to PIMCO's robust credit and risk management infrastructure

Opportunity spotlight: Non-agency mortgage-backed securities

PIMCO expects the fund's allocation to change based on market conditions, the firm's economic outlook and valuations assessments, and other factors. PIMCO believes that attractive value can currently be found among select non-agency mortgage-backed securities (MBS).[9]

The U.S. mortgage finance system is undergoing historic change. Since the onset of the credit crisis in 2007, the non-agency MBS sector has suffered from a widespread contraction in available capital, ongoing weakness in housing and an increase in forced selling by institutional money managers, banks and other institutions, often due to pervasive rating agency downgrades. At the same time, the U.S. government has been the primary provider of mortgage credit, with over 90% of all new issue mortgages guaranteed by federal agencies Fannie Mae, Freddie Mac or Ginnie Mae.

As a result, limited new issuance and monthly declines in outstanding securities have resulted in positive supply technicals for the non-agency MBS sector.

Identifying opportunities in non-agency MBS

Against this backdrop, PIMCO believes current pay senior non-agency MBS provide some of the most attractive risk-adjusted yields in global fixed income markets. At current valuations, PIMCO believes these bonds are priced to withstand additional economic weakness and further declines in home prices, while still delivering positive returns on a hold-to-maturity basis.

In PIMCO's view, the relative value in this sector is driven by the ability to maintain a defensive position high in the capital structure without sacrificing capital appreciation potential should the economy recover.

Four decades of mortgage investment expertise

PIMCO's robust mortgage credit infrastructure and macroeconomic expertise allow the firm to analyze granular loan level data in the context of broader economic conditions and their potential impact on both the housing market and collateral performance. In addition, PIMCO's expertise in mortgage finance aspects of the mortgage market helps the firm analyze and adapt to the regulatory, legal and structural changes currently impacting the market.

PIMCO currently manages more than $60 billion in non-agency MBS and employs over 100 professionals devoted to residential and commercial mortgage investment management. PIMCO's mortgage investment team is diverse, with expertise in loan origination, loan servicing, securitization and public policy. PIMCO believes that a multifaceted approach to mortgage credit analysis allows the firm to identify and attempt to capitalize on favorable relative value opportunities across the mortgage sector, while simultaneously mitigating downside risks.

[9] As of 23 April 2012. The investment approach described is one of many PIMCO may employ in managing the fund and, subject to the fund's investment policies, is subject to change at any time without notice. There is no assurance that this or any other investment approach will be successful.

A LEADING INVESTOR IN SECURITIZED ASSETS

PIMCO is a significant participant in the securitized asset marketplace, with more than $425 billion of such assets under management – the majority in mortgage-backed securities – for clients worldwide.*

Agency mortgaged-backed securities	$299 bn
Non-agency mortgage-backed securities	$62 bn
Commercial mortgage-backed securities	$44 bn
Consumer asset-backed securities	$18 bn
Other	$5 bn
Total	**$428 bn**

* Based on firmwide assets under management as of 31 March 2012.

"Non-agency, or 'private label,' mortgage-backed securities continue to trade at a deep discount, and are currently offering particularly attractive yields. In keeping with our risk focus, PIMCO is currently emphasizing bonds in this sector with cash flows that are senior in the capital structure."

-Daniel Ivascyn
Portfolio Manager

How PIMCO thinks:
An innovative investment process

PIMCO's investment process is designed to add value for clients by marrying a top-down, global macroeconomic outlook with bottom-up analysis from one of the industry's most experienced research teams.

The economic forums: starting at the top

PIMCO believes an informed macroeconomic outlook – both over long- and short-term horizons – is key to identifying opportunities and risks well before they occur. Four times a year, the firm's investment professionals from around the world gather to discuss and debate the state of the global markets and economy, pinpoint trends they believe will have important investment implications going forward and implement long-term strategies.

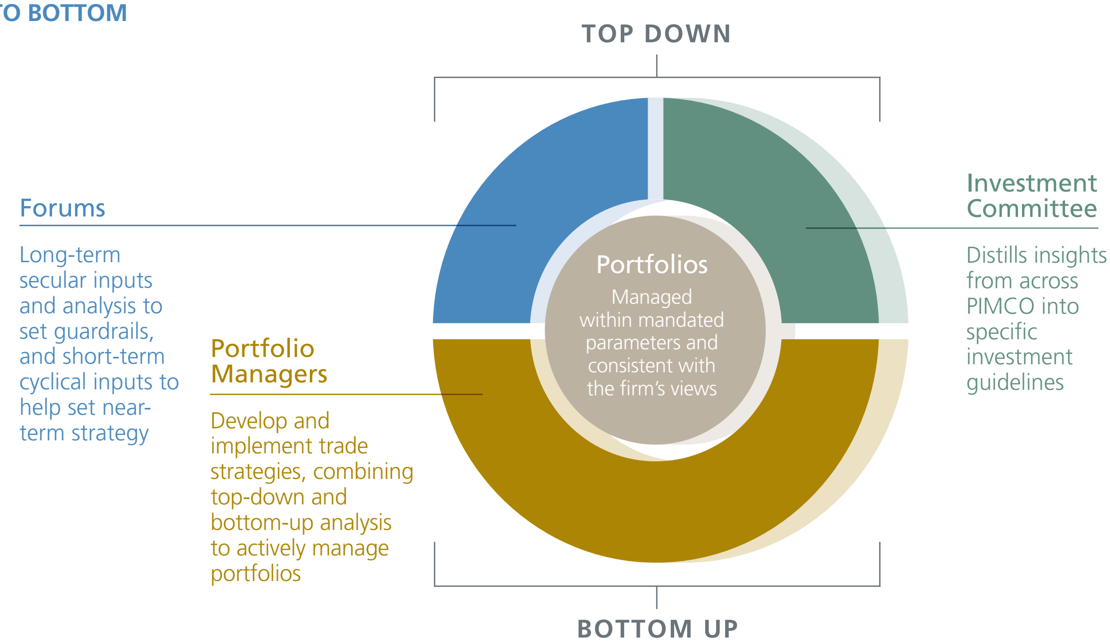
The Investment Committee: setting the guidelines

Based on the conclusions drawn at the forums, PIMCO's Investment Committee develops the parameters that underpin the strategies for all client portfolios. Within this group of the firm's most senior investment professionals, PIMCO's insights and thought leadership are distilled into specific guidelines. These macro guardrails represent where the firm stands on such factors as growth, inflation, duration, volatility, sectors, countries and currencies.

Portfolio management: from the bottom up

Within this top-down framework, PIMCO's regional and specialist portfolio managers actively manage client investments, using rigorous analysis and research to inform bottom-up security selection. In doing so, they draw on PIMCO's extensive global resources: proprietary risk management technology, a highly skilled trading desk and the expertise of more than 600 investment professionals around the world, with backgrounds from finance to government to physics.

ADDING VALUE FROM TOP TO BOTTOM



Source: PIMCO

Expert investment management

Led by Bill Gross and Mohamed A. El-Erian, PIMCO is a leading global investment management firm, with a 40-year history of innovation and analytical expertise.

Credit research: a deep analytical bench

PIMCO Dynamic Income Fund is designed to add value for investors by dynamically allocating assets within and across multiple fixed income sectors. PIMCO's credit research infrastructure seeks to maximize the regional and sector expertise of its highly skilled analytical teams, making it well suited to provide the intelligence needed to make informed assessments.

SPECIALIST EXPERTISE ACROSS ALL BOND SECTORS[10]

[10] This description of bond sectors illustrates PIMCO's firmwide expertise and does not represent the actual asset allocation breakdown for the fund. The fund's exposure (if any) and weightings across sectors will vary and are not likely to be equally weighted.

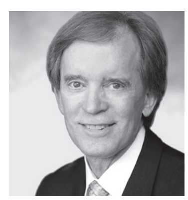
PIMCO's global resources

- $1.7 trillion in assets under management*
- Over 600 investment professionals
- 13 years average industry experience
- Offices in Amsterdam, Hong Kong, London, Milan, Munich, New York, Newport Beach, Singapore, Sydney, Tokyo, Toronto and Zurich

* Assets under management as of 31 March 2012.

Experienced closed-end portfolio management

Dan Ivascyn, the fund's lead portfolio manager, is a managing director in the Newport Beach office. He is the head of the mortgage credit portfolio management team and is lead portfolio manager for several income-oriented open- and closed-end funds. He is a member of PIMCO's Executive Committee and has periodically served on the firm's Investment Committee. Mr. Ivascyn joined the firm in 1998 and has 20 years of investment experience. Previously, he was in the asset-backed securities group at Bear Stearns. He holds an MBA in analytic finance from the University of Chicago Graduate School of Business and an undergraduate degree from Occidental College. **Alfred Murata** and **Joshua Anderson** of PIMCO also serve as portfolio managers of the fund.



Bill Gross is a founder, managing director and co-CIO of PIMCO based in the Newport Beach office. In his role as co-Chief Investment Officer, he serves as the head of the Investment Committee, which oversees setting investment policy decisions, including duration positions, yield curve management, sector rotation, credit quality and overall portfolio composition, for all PIMCO portfolios and strategies, including the fund. Mr. Gross manages five PIMCO closed-end funds (not including this fund). He has been with PIMCO since he co-founded the firm in 1971 and oversees the management of more than $1 trillion in assets. He has 42 years of investment experience and holds an MBA from the Anderson School of Management at the University of California, Los Angeles. He received his undergraduate degree from Duke University.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The preliminary prospectus, which contains this and other information about the fund, should be read carefully before investing. Enclosed is a preliminary prospectus containing information regarding the fund, including its investment objectives, strategies, risks, charges and expenses, and other information. To receive a copy of the fund's final prospectus, when available, or for more information about the fund, please call your financial advisor or call Allianz Global Investors at 800.254.5197.

The fund's common share price will fluctuate and, at the time of sale, shares may be worth less than the original investment or the fund's then-current net asset value. The fund cannot predict whether its common shares will trade at, above or below net asset value. Shares of closed-end funds frequently trade at a discount to their net asset value, which may increase risk of loss. The risk may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering.

The fund's shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not insured by the FDIC, the Federal Reserve Board or any other government agency. You may lose money by investing in the fund. Certain risks associated with investing in the fund are summarized below. Please see the "Principal Risks of the Fund" section of the preliminary prospectus for additional risk information.

No Prior History. The fund is a newly organized, non-diversified, closed-end management investment company with no history of operations.

Market Discount Risk. As with any stock, the price of the fund's common shares will fluctuate with market conditions and other factors. If you sell your common shares, the price received may be more or less than your original investment. Net asset value will be reduced immediately following the initial offering by a sales load and offering expenses paid or reimbursed by the fund. The common shares are designed for long-term investors and should not be treated as trading vehicles. Shares of closed-end management investment companies frequently trade at a discount from their net asset value. The common shares may trade at a price that is less than the initial offering price. This risk may be greater for investors who sell their shares relatively shortly after completion of the initial offering.

Market Risk. The market price of securities owned by the fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Issuer Risk. The value of securities may decline for a number of reasons that directly relate to the issuer, such as its financial strength, management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets.

Issuer Non-Diversification Risk. The fund is a "non-diversified" investment company and therefore may invest a greater percentage of its assets in the securities of a single issuer than funds that are "diversified." Accordingly, the fund is more susceptible to risks associated with a single economic, political or regulatory occurrence than a diversified fund might be. Some of the issuers in which the fund invests may also present substantial credit or other risks. The fund will be subject to similar risks to the extent that it enters into derivative transactions with a limited number of counterparties.

Interest Rate Risk. Generally, when market interest rates rise, the prices of debt obligations fall, and vice versa. Interest rate risk is the risk that debt obligations and other instruments in the fund's portfolio will decline in value because of increases in market interest rates. This risk may be particularly acute because market interest rates are currently at historically low levels. The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. Because the fund's normal average portfolio duration range extends up to eight years (normally in the range of 0 to 8 years as calculated by the sub-adviser), the fund's net asset value and market price per common share will tend to fluctuate more in response to changes in market interest rates than if the fund invested mainly in short-term debt securities. During periods of rising interest rates, the average life of certain types of securities may be extended due to lower than expected rates of prepayments, which could cause the securities' durations to extend and expose the securities to more price volatility. This may lock in a below market yield, increase the security's duration and reduce the security's value. In addition to directly affecting debt securities, rising interest rates may also have an adverse effect on the value of any equity securities held by the fund. The fund's duration strategy may entail maintaining a negative average portfolio duration from time to time, which would potentially benefit the portfolio in an environment of rising market interest rates, but would generally adversely impact the portfolio in an environment of falling market interest rates. The fund's use of leverage will tend to increase common share interest rate risk. PIMCO may utilize certain strategies, including without limitation investments in structured notes or interest rate futures contracts or swap, cap, floor or collar transactions, for the purpose of reducing the interest rate sensitivity of the fund's portfolio, although there is no assurance that it will do so or that, if used, such strategies will be successful.

The fund may invest in variable- and floating-rate debt instruments, which generally are less sensitive to interest rate changes than longer duration fixed-rate instruments, but may decline in value in response to rising interest rates if, for example, the rates at which they pay interest do not rise as much, or as quickly, as market interest rates in general. Conversely, variable- and floating-rate instruments generally will not increase in value if interest rates decline. The fund also may invest in inverse floating-rate debt securities, which may decrease in value if interest rates increase, and which also may exhibit greater price volatility than fixed-rate debt obligations with similar credit quality. To the extent the fund holds variable- or floating-rate instruments, a decrease (or, in the case of inverse floating-rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the fund's common shares.

Credit Risk. Credit risk is the risk that one or more of the fund's investments in debt securities or other instruments will decline in price, or fail to pay interest, liquidation value or principal when due, because the issuer of the obligation or the issuer of a reference security experiences an actual or perceived decline in its financial status.

High Yield Risk. In general, lower-rated debt securities carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative effect on the net asset value of the fund's common shares or common share dividends. Securities of below-investment-grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as "high yield" securities or "junk bonds." High yield securities involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments, such as a decline in the issuer's revenues or revenues of underlying borrowers or a general economic downturn, than are the prices of higher-grade securities. Debt securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain rating agencies. The fund may purchase distressed securities that are in default or the issuers of which are in bankruptcy, which involve heightened risks. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity. Lower-rated securities are generally less liquid than higher-rated securities, which may have an adverse effect on the fund's ability to dispose of a particular security. For example, under adverse market or economic conditions, the secondary market for below-investment-grade securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and certain securities in the fund's portfolio may become illiquid or less liquid. As a result, the fund could find it more difficult to sell these securities or may be able to sell these securities only at prices lower than if such securities were widely traded. To the extent the fund focuses on below-investment-grade debt obligations, PIMCO's capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that PIMCO will be successful in this regard. Due to the risks involved in investing in high yield securities, an investment in the fund should be considered speculative. The fund's credit quality policies apply only at the time a security is purchased, and the fund is not required to dispose of a security in the event that a rating agency or PIMCO downgrades its assessment of the credit characteristics of a particular issue. In determining whether to retain or sell such a security, PIMCO may consider factors including, but not limited to, PIMCO's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. Analysis of creditworthiness may be more complex for issuers of high yield securities than for issuers of higher quality debt securities.

Foreign (Non-U.S.) Investment Risk. The fund may invest without limit in securities of foreign (non-U.S.) issuers and securities traded principally outside of the United States. The fund's investments in and exposure to foreign securities involve special risks. For example, the value of these investments may decline in response to unfavorable political and legal developments, unreliable or untimely information or economic and financial instability. Foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, auditing and custody standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or other confiscation, currency blockage, political changes or diplomatic developments could adversely affect the fund's investments in foreign securities. In the event of nationalization, expropriation or other confiscation, the fund could lose its entire investment in foreign securities. To the extent that the fund invests a significant portion of its assets in a particular foreign country or a concentrated geographic area (such as Asia or South America), the fund will generally have more exposure to regional economic risks associated with foreign investments. Also, adverse conditions in a certain region can adversely affect securities from other countries whose economies appear to be unrelated. The costs of investing in foreign countries frequently are higher than the costs of investing in the United States. Additionally, investments in securities of foreign issuers may be denominated in foreign currencies, subjecting the fund to foreign currency risk.

Emerging Markets Risk. The fund may normally invest up to 40% of its total assets in securities of issuers economically tied to "emerging" market countries. Foreign investment risk may be particularly high to the extent that the fund invests in securities of issuers based in or doing business in emerging market countries or invests in securities denominated in the currencies of emerging market countries. Investing in securities of issuers based in or doing business in emerging markets entails all of the risks of investing in foreign securities noted above, but to a heightened degree. Investments in emerging market countries pose a greater degree of systemic risk, i.e., the risk of a cascading collapse of multiple institutions within a country, and even multiple national economies. The inter-relatedness of economic and financial institutions within and among emerging market economies has deepened over the years, with the effect that institutional failures and/or economic difficulties that are of initially limited scope may spread throughout a country, a region or even among all or most emerging market countries. This may undermine any attempt by the fund to reduce risk through geographic diversification of its portfolio investments among emerging market countries.

There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. There can be no assurance that the fund will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

There is also a greater risk that an emerging market government may take action that impedes or prevents the fund from taking income and/or capital gains earned in the local currency and converting into U.S. dollars (i.e., "repatriating" local currency investments or profits). Certain emerging market countries have sought to maintain foreign exchange reserves and/or address the economic volatility and dislocations caused by the large international capital flows by controlling or restricting the conversion of the local currency into other currencies. This risk tends to become more acute when economic conditions otherwise worsen. There can be no assurance that if the fund earns income or capital gains in an emerging market currency or PIMCO otherwise seeks to withdraw the fund's investments from a given emerging market country, capital controls imposed by such country will not prevent, or cause significant expense in, doing so.

Bankruptcy law and creditor reorganization processes may differ substantially from those in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to less social, political and economic stability; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the fund's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the fund's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in the United States; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; and (viii) higher rates of inflation, higher interest rates and other economic concerns. The fund may invest to a substantial extent in emerging market securities that are denominated in local currencies, subjecting the fund to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt, in default or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the fund to a greater amount of credit risk and/or high yield risk.

Foreign Currency Risk. The fund may engage in practices and strategies that will result in exposure to fluctuations in foreign exchange rates, in which case the fund will be subject to foreign currency risk. The fund's common shares are priced in U.S. dollars and the distributions paid by the fund to common shareholders are paid in U.S. dollars. However, a substantial portion of the fund's assets may be denominated in foreign (non-U.S.) currencies and income received by the fund from many foreign debt obligations will be paid in foreign currencies. The fund may also invest in or gain exposure to foreign currencies themselves in order to gain local currency exposure with respect to foreign instruments denominated in other currencies or for other investment or hedging purposes. The fund's investments in or exposure to foreign currencies or in securities or instruments that trade, or receive revenues, in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions (if utilized), that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, rates of inflation, balance of payments and governmental surpluses or deficits, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the U.S. or abroad. These fluctuations may have a significant adverse impact on the value of the fund's portfolio and/or the level of fund distributions made to common shareholders. As noted above, the fund may (but is not required to) seek exposure to foreign currencies, or attempt to hedge exposure to reduce the risk of loss due to fluctuations in currency exchange rates relative to the U.S. dollar. There is no assurance, however, that these strategies will be available or will be used by the fund or, if used, that they will be successful.

Mortgage-Related and Other Asset-Backed Securities Risk. The fund may invest in a variety of mortgage-related and other asset-backed securities issued by government agencies or other governmental entities or by private originators or issuers. As a matter of fundamental policy, the fund will normally invest at least 25% of its total assets in privately issued (commonly known as "non-agency") mortgage-related securities. The mortgage-related securities in which the fund may invest include, without limitation, mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial or residential mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities ("SMBSs") and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The fund may also invest in other types of asset-backed securities, including collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities.

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. For instance, these securities may be particularly sensitive to changes in prevailing interest rates. Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates, and may reduce the market value of the securities. This is known as extension risk. In addition, mortgage-related securities are subject to prepayment risk – the risk that borrowers may pay off their mortgages sooner than expected, particularly when interest rates decline. This can reduce the fund's returns because the fund may have to reinvest that money at lower prevailing interest rates. For instance, the fund may invest in stripped mortgage-backed securities with respect to which one class receives all of the interest from the mortgage assets (the interest-only, or "IO" class), while the other class receives all of the principal (the principal-only, or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on the fund's yield to maturity from these investments.

The fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-backed securities, as well as additional risks associated with their structure and the nature of the assets underlying the security and the servicing of those assets. For instance, certain CDOs in which the fund may invest are backed by pools of high-risk, below-investment-grade debt securities and may involve substantial credit and other risks. Due to their often complicated structures, various mortgage-related and asset-backed securities may be difficult to value and may constitute illiquid investments.

The value of mortgage-related and other asset-backed securities may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence by, or defalcation of, their servicers. Furthermore, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to these securities, which may give the debtor the right to avoid or reduce payment. Investments in mortgage-related securities may involve particularly high levels of risk under current market conditions.

Mortgage Market/Subprime Risk. The mortgage markets in the United States and in various foreign countries have experienced extreme difficulties over the past few years that may adversely affect the performance and market value of certain of the fund's mortgage-related investments. Delinquencies and losses on residential and commercial mortgage loans (especially subprime and second-lien mortgage loans) generally have increased during that period and may continue to increase, and a decline in or flattening of housing and other real property values (as has been experienced in recent periods and may continue to be experienced in many real estate markets) may exacerbate such delinquencies and losses. Borrowers with adjustable rate mortgage loans are more sensitive to changes in interest rates, which affect their monthly mortgage payments, and may be unable to secure replacement mortgages at comparably low interest rates. Also, a number of mortgage loan originators have experienced serious financial difficulties or bankruptcy during that period. Owing largely to the foregoing, reduced investor demand for mortgage loans and mortgage-related securities and increased investor yield requirements have caused limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities. It is possible that such limited liquidity in such secondary markets could continue or worsen.

Real Estate Risk. To the extent that the fund invests in real estate related investments, including real estate investment trusts ("REITs") or real-estate-linked derivative instruments, it will be subject to the risks associated with owning real estate and with the real estate industry generally. These include difficulties in valuing and disposing of real estate, the possibility of declines in the value of real estate, risks related to general and local economic conditions, the possibility of adverse changes in the climate for real estate, environmental liability risks, the risk of increases in property taxes and operating expenses, possible adverse changes in zoning laws, the risk of casualty or condemnation losses, limitations on rents, the possibility of adverse changes in interest rates and in the credit markets and the possibility of borrowers paying off mortgages sooner than expected, which may lead to reinvestment of assets at lower prevailing interest rates. To the extent that the fund invests in REITs, it will also be subject to the risk that a REIT may default on its obligations or go bankrupt. By investing in REITs indirectly through the fund, a shareholder will bear not only his or her proportionate share of the expenses of the fund, but also, indirectly, similar expenses of the REITs. The fund's investments in REITs could cause the fund to recognize income in excess of cash received from those securities and, as a result, the fund may be required to sell portfolio securities, including when it is not advantageous to do so, in order to make distributions.

U.S. Government Securities Risk. The fund may invest in debt securities issued or guaranteed by agencies, instrumentalities and sponsored enterprises of the U.S. government. Some U.S. government securities, such as U.S. Treasury bills, notes and bonds, and mortgage-related securities guaranteed by the Government National Mortgage Association ("GNMA"), are supported by the full faith and credit of the United States; others, such as those of the Federal Home Loan Banks or the Federal Home Loan Mortgage Corporation ("FHLMC"), are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of the Federal National Mortgage Association ("FNMA"), are supported by the discretionary authority of the U.S. government to purchase the agency's obligations; and still others, such as those of the Student Loan Marketing Association, are supported only by the credit of the issuing agency, instrumentality or enterprise. Although U.S. government-sponsored enterprises, such as the Federal Home Loan Banks, FHLMC, FNMA and the Student Loan Marketing Association, may be chartered or sponsored by Congress, they are not funded by Congressional appropriations, and their securities are not issued by the U.S. Treasury or supported by the full faith and credit of the U.S. government and involve increased credit risks. Although legislation has been enacted to support certain government sponsored entities, including the Federal Home Loan Banks, FHLMC and FNMA, there is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will not decrease in value or default. It is difficult, if not impossible, to predict the future political, regulatory or economic changes that could impact the government sponsored entities and the values of their related securities or obligations. In addition, certain governmental entities, including FNMA and FHLMC, have been subject to regulatory scrutiny regarding their accounting policies and practices and other concerns that may result in legislation, changes in regulatory oversight and/or other consequences that could adversely affect the credit quality, availability or investment character of securities issued by these entities.

U.S. government debt securities involve lower levels of credit risk than other types of debt securities of similar maturities, although, as a result, the yields available from U.S. government debt securities are generally lower than the yields available from other such securities. Like other debt securities, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the fund's net asset value.

Foreign (Non-U.S.) Government Securities Risk. The fund's investments in debt obligations of foreign (non-U.S.) governments or their sub-divisions, agencies and government sponsored enterprises and obligations of international agencies and supranational entities (together "Foreign Government Securities") can involve a high degree of risk. The foreign governmental entity that controls the repayment of debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Foreign governmental entities also may be dependent on expected disbursements from other governments, multilateral agencies, and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on the implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the foreign governmental entity, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, foreign governmental entities may default on their debt. Holders of Foreign Government Securities may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. In the event of a default by a governmental entity, there may be few or no effective legal remedies for collecting on such debt. These risks are particularly severe with respect to the fund's investments in Foreign Government Securities of emerging market countries. Among other risks, if the fund's investments in Foreign Government Securities issued by an emerging market country need to be liquidated quickly, the fund could sustain significant transaction costs. Also, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth, and which may in turn diminish the value of the fund's holdings in emerging market Foreign Government Securities and the currencies in which they are denominated and/or pay revenues.

Management Risk. The fund is subject to management risk because it is an actively managed portfolio. PIMCO and the portfolio managers will apply investment techniques and risk analyses in making investment decisions for the fund, but there can be no guarantee that these decisions will produce the desired results.

Convertible Securities Risk. Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

The fund may invest in synthetic convertible securities, which are created through a combination of separate securities that possess the two principal characteristics of a traditional convertible security, i.e., an income-producing security ("income-producing component") and the right to acquire an equity security ("convertible component"). The income-producing component is achieved by investing in non-convertible, income-producing securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by purchasing warrants or options to buy common stock at a certain exercise price, or options on a stock index. The values of synthetic convertible securities will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Synthetic convertible securities are also subject to the risks associated with derivatives. In addition, if the value of the underlying common stock or the level of the index involved in the convertible element falls below the strike price of the warrant or option, the warrant or option may lose all value.

Leverage Risk. The fund's use of leverage creates the opportunity for increased common share net income, but also creates special risks for common shareholders. To the extent used, there is no assurance that the fund's leveraging strategies will be successful. Leverage is a speculative technique that may expose the fund to greater risk and increased costs. The net proceeds that the fund obtains from its use of reverse repurchase agreements, dollar rolls and/or borrowings (as well as from any future issuance of preferred shares) will be invested in accordance with the fund's investment objectives and policies. It is anticipated that interest expense payable by the fund with respect to its reverse repurchase agreements, dollar rolls and borrowings (or dividends payable with respect to any outstanding preferred shares) will be based on shorter-term interest rates that would be periodically reset. So long as the fund's portfolio investments provide a higher rate of return (net of applicable fund expenses) than the interest rates and other costs to the fund of such leverage, the investment of the proceeds thereof will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to common shareholders than if the fund were not so leveraged. If, however, shorter-term interest rates rise relative to the rate of return on the fund's portfolio, the interest and other costs to the fund of leverage (including interest expenses on reverse repurchase agreements, dollar rolls and borrowings and the dividend rate on any outstanding preferred shares) could exceed the rate of return on the debt obligations and other investments held by the fund, thereby reducing return to common shareholders. In addition, fees and expenses of any form of leverage used by the fund will be borne entirely by the common shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the common shares. Therefore, there can be no assurance that the fund's use of leverage will result in a higher yield on the common shares, and it may result in losses. In addition, any preferred shares issued by the fund are expected to pay cumulative dividends, which may tend to increase leverage risk. Leverage creates several major types of risks for common shareholders, including:

- the likelihood of greater volatility of net asset value and market price of common shares and of the investment return to common shareholders than a comparable portfolio without leverage;
- the possibility either that common share dividends will fall if the interest and other costs of leverage rise, or that dividends paid on common share will fluctuate because such costs vary over time; and
- the effects of leverage in a declining market or a rising interest rate environment, as leverage is likely to cause a greater decline in the net asset value of the common shares than if the fund were not leveraged and may result in a greater decline the market value of the common shares.

In addition, the counterparties to the fund's leveraging transactions and any preferred shareholders of the fund will have priority of payment over the fund's common shareholders. The use by the fund of reverse repurchase agreements and dollar rolls to obtain leverage also involves special risks. For instance, the market value of the securities that the fund is obligated to repurchase under a reverse repurchase agreement or dollar roll may decline below the repurchase price.

In addition to reverse repurchase agreements, dollar rolls and/or borrowings (or a future issuance of preferred shares), the fund may engage in other transactions that may give rise to a form of leverage including, among others, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps and other derivative transactions, loans of portfolio securities, short sales and when-issued, delayed delivery and forward commitment transactions). The fund's use of such transactions give rise to associated leverage risks described above, and may adversely affect the fund's income, distributions and total returns to common shareholders. The fund manages some of its derivative positions by segregating an amount of cash or liquid securities equal to the face value or the market value, as applicable, of those positions. The fund may also offset derivatives positions against one another or against other assets to manage effective market exposure resulting from derivatives in its portfolio. To the extent that any offsetting positions do not behave in relation to one another as expected, the fund may perform as if it is leveraged through use of these derivative strategies.

Because the fees received by the investment manager and the subadvisor are based on the total managed assets of the fund (including assets attributable to any reverse repurchase agreements, dollar rolls, borrowings and preferred shares that may be outstanding), the investment manager and the subadvisor have a financial incentive for the fund to use reverse repurchase agreements, dollar rolls and borrowings or to issue preferred shares, which may create a conflict of interest between the investment manager and the subadvisor, on the one hand, and the fund's common shareholders, on the other hand.

Focused Investment Risk. To the extent that the fund focuses its investments in a particular industry, the net asset value of the common shares will be more susceptible to events or factors affecting companies in that industry. These may include, but are not limited to, governmental regulation, inflation, rising interest rates, cost increases in raw materials, fuel and other operating expenses, technological innovations that may render existing products and equipment obsolete, competition from new entrants, high research and development costs, increased costs associated with compliance with environmental or other regulation and other economic, market, political or other developments specific to that industry. Also, the fund may invest a substantial portion of its assets in companies in related sectors that may share common characteristics, are often subject to similar business risks and regulatory burdens and whose securities may react similarly to the types of events and factors described above, which will subject the fund to greater risk. The fund also will be subject to focused investment risk to the extent that it invests a substantial portion of its assets in a particular country or geographic region. As a matter of fundamental policy, the fund will normally invest at least 25% of its total assets in privately issued (commonly known as "non-agency") mortgage-related securities, and therefore will be particularly susceptible to the risks associated with these securities.

Derivatives Risk. The fund may utilize a variety of derivative instruments (both long and short positions) for investment or risk management purposes. The fund may use derivatives to gain exposure to securities markets in which it may invest (e.g., pending investment of the proceeds of this offering in individual securities, as well as on an ongoing basis). The fund may also use derivatives to add leverage to its portfolio. Derivatives transactions that the fund may utilize include, but are not limited to, purchases or sales of futures and forward contracts (including foreign currency exchange contracts), call and put options, credit default swaps, total return swaps, basis swaps and other swap agreements. The fund may also have exposure to derivatives, such as interest rate or credit-default swaps, through investment in credit-linked trust certificates and other securities issued by special purpose or structured vehicles. The fund's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, issuer risk, credit risk, leveraging risk, counterparty risk, management risk and, if applicable, smaller company risk. They also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If the fund invests in a derivative instrument, it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the fund will engage in these transactions to reduce exposure to other risks when that would be beneficial. The fund's use of derivatives also may increase the amount and affect the character and/or timing of taxes payable by common shareholders.

Counterparty Risk. The fund will be subject to credit risk with respect to the counterparties to the derivative contracts and other instruments entered into by the fund or held by special purpose or structured vehicles in which the fund invests. In the event that the fund enters into a derivative transaction with a counterparty that subsequently becomes insolvent or becomes the subject of a bankruptcy case, the derivative transaction may be terminated in accordance with its terms and the fund's ability to realize its rights under the derivative instrument and its ability to distribute the proceeds could be adversely affected. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the fund may experience significant delays in obtaining any recovery (including recovery of any collateral it has provided to the counterparty) in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy, or other analogous proceeding. In addition, in the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the fund is owed this fair market value in the termination of the derivative transaction and its claim is unsecured, the fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to any underlying security or asset. The fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from the fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of the fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the fund's portfolio and common shares.

Risk of Regulatory Changes. To the extent that legislation or national or sub-national bank or other regulators in the U.S. or relevant foreign jurisdiction impose additional requirements or restrictions on the ability of certain financial institutions to make loans, particularly in connection with highly leveraged transactions, the availability of investments sought after by the fund may be reduced. Further, such legislation or regulation could depress the market value of investments held by the fund. Additionally, legislative, regulatory or tax developments may affect the investment techniques available to PIMCO and the portfolio managers in connection with managing the fund and may also adversely affect the ability of the fund to achieve its investment objectives. On July 21, 2010, the President signed into law major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act, among other things, grants regulatory authorities, such as the Commodity Futures Trading Commission (the "CFTC") and SEC, broad rulemaking authority to implement various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives market. It is unclear how these regulators will exercise these revised and expanded powers and whether they will undertake rulemaking, supervisory or enforcement actions (in addition to those that have been proposed or taken thus far) that would adversely affect the fund or investments made by the fund. Possible regulatory actions taken under these revised and expanded powers may include actions related to, among others, financial consumer protection, proprietary trading and derivatives. There can be no assurance that future regulatory actions authorized by the Dodd-Frank Act will not adversely affect the fund's performance and/or yield, perhaps to a significant extent. For example, the implementation of the Dodd-Frank Act could adversely affect the fund by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny may increase the fund's and the investment manager's or sub-adviser's exposure to potential liabilities or restrictions. Increased regulatory oversight can also impose administrative burdens on the fund and the investment manager or sub-adviser including, without limitation, making them subject to examinations or investigations and requiring them to implement new policies and procedures.

Liquidity Risk. The fund may invest without limit in illiquid securities (i.e., securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the fund has valued the securities). Many of the fund's investments may be illiquid. Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wide fluctuations in market value. Also, the fund may not be able to dispose readily of illiquid securities when that would be beneficial at a favorable time or price or at prices approximating those at which the fund then values them. Further, the lack of an established secondary market for illiquid securities may make it more difficult to value such securities, which may negatively affect the price the fund would receive upon disposition of such securities.

Valuation Risk. When market quotations are not readily available or are deemed to be unreliable, the fund values its investments at fair value as determined in good faith pursuant to policies and procedures approved by the fund's board of trustees. Fair value pricing may require subjective determinations about the value of a security or other asset. As a result, there can be no assurance that fair value pricing will result in adjustments to the prices of securities or other assets, or that fair value pricing will reflect actual market value, and it is possible that the fair value determined for a security or other asset will be materially different from quoted or published prices, from the prices used by others for the same security or other asset and/or from the value that actually could be or is realized upon the sale of that security or other asset.

Certain Affiliations. Certain broker-dealers may be considered to be affiliated persons of the fund, the investment manager and/or PIMCO due to their possible affiliations with Allianz SE, the ultimate parent of the Investment Manager and PIMCO. Absent an exemption from the Securities and Exchange Commission or other regulatory relief, the fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the fund's ability to engage in securities transactions and take advantage of market opportunities. In addition, unless and until the underwriting syndicate is broken in connection with the initial public offering of the common shares, the fund will be precluded from effecting principal transactions with brokers who are members of the syndicate.

Certain Other Risks and Considerations. An investment in the fund is subject to other risks and considerations, including Municipal Bond Risk, Distressed and Defaulted Securities Risk, Reinvestment Risk, Equity Securities and Related Market Risk, Preferred Securities Risk, Smaller Company Risk, Confidential Information Access Risk, Short-Sale Risk, Other Investment Companies Risk, Private Placements Risk, Regulatory Risk – Commodity Pool Operator, Tax Risk, Recent Economic Conditions Risk, Market Disruption and Geopolitical Risk, Loan Participations and Assignments Risk, Senior Debt Risk, Inflation-Indexed Security Risk, Redenomination Risk, Segregation and Coverage Requirements Risk, Asset Allocation Risk, risks associated with the anti-takeover provisions of the fund's Agreement and Declaration of Trust, and Potential Conflicts of Interest Risk – Allocation of Investment Opportunities. Please review the preliminary prospectus for details of these and other risks of investing in the fund.

*This material may include statements that constitute "forward-looking statements" under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates and information about possible or future results related to the fund, market or regulatory developments. The views expressed herein are not guarantees of future performance or economic results and involve certain risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from the views expressed herein. The views expressed herein are subject to change at any time based upon economic, market or other conditions and the fund undertakes no obligation to update the views expressed herein. While we have gathered this information from sources believed to be reliable, the fund cannot guarantee the accuracy of the information provided. Any discussions of specific securities should not be considered a recommendation to buy or sell those securities. The views expressed herein (including any forward-looking statement) may not be relied upon as investment advice or as an indication of the fund's trading intent. Information included herein is not an indication of the fund's future portfolio composition.

Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., UBS Securities LLC and Wells Fargo Securities, LLC, are the lead underwriters in connection with the proposed offering. Member FINRA, SIPA.

Upon the effectiveness of the registration statement, these securities will be offered and sold only by the underwriters and their selected dealers as described in the preliminary prospectus.