



# Index ETFs

12/31/09

## PIMCO's Approach

- Index selection driven by active management experience, emphasizing capital efficiency, precision and risk management in expression of interest rate and inflation views.
- Portfolio optimization seeks to match the risk profile of the index while facilitating ETF trading markets and minimizing investor trading costs.

## The PIMCO Advantage

- With close to four decades of experience, PIMCO is a world leader in fixed-income portfolio management.
- Fixed-income expertise brought to the ETF vehicle.
- Active manager approach to risk management reflected in basket construction and securities lending philosophy.

Product Name	Ticker	iNAV Ticker	Index Ticker	Inception Date	Index Duration*	Index YTM	Management Fee**	Total Annual Operating Expenses**	Net Annual Operating Expenses**
PIMCO 1-5 Year U.S. TIPS Index Fund	STPZ	STPZ.IV	GVQI	8/20/2009	2.89	0.24%	0.20%	0.21%	0.20%
PIMCO Broad U.S. TIPS Index Fund	TIPZ	TIPZ.IV	G0QI	9/3/2009	7.57	1.09%	0.20%	0.30%	0.20%
PIMCO 15+ Year U.S. TIPS Index Fund	LTPZ	LTPZ.IV	G8QI	9/3/2009	13.99	2.02%	0.20%	0.27%	0.20%
PIMCO 1-3 Year U.S. Treasury Index Fund	TUZ	TUZ.IV	G1O2	6/1/2009	1.91	1.12%	0.15%	0.22%	0.09%
PIMCO 3-7 Year U.S. Treasury Index Fund	FIVZ	FIVZ.IV	G3OC	10/30/2009	4.46	2.56%	0.15%	1.15%	0.15%
PIMCO 7-15 Year U.S. Treasury Index Fund	TENZ	TENZ.IV	G8OC	9/10/2009	7.49	3.79%	0.15%	0.25%	0.15%
PIMCO 25+ Year Zero Coupon U.S. Treasury Index Fund	ZROZ	ZROZ.IV	STPL	10/30/2009	27.61	4.80%	0.15%	0.20%	0.15%

\*Measured in real duration for TIPS Indexes.

\*\*Total expenses include management fee plus estimated organizational expenses for the Fund's first fiscal year. Expense reductions include a contractual agreement by PIMCO to waive a portion of its fees for a limited time. Complete details regarding fees and fee waivers are located in each fund's prospectus, which can be found at [pimcoetfs.com](http://pimcoetfs.com).

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 or send money.



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Shares of an ETF are not individually redeemable and shares may only be acquired from and redeemed to an ETF in Creation Units. Investors may sell or purchase individual shares in secondary market transactions that do not involve the ETF. Shares of the Funds are bought and sold at market price (not NAV). Brokerage commissions will reduce returns. Please see the prospectus for more details.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk; investments may be worth more or less than the original cost when redeemed. U.S. Government securities are backed by the full faith of the government; portfolios that invest in them are not guaranteed and will fluctuate in value. Inflation-linked bonds (ILBs) issued by a government are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation; ILBs decline in value when real interest rates rise. Treasury Inflation-Protected Securities (TIPS) are ILBs issued by the U.S. Government. 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.

ETFs are subject to secondary market trading risks. Shares of an ETF will be listed for trading on an exchange, however, there can be no guarantee that an active trading market for such shares will develop or continue. There can be no guarantee that an ETFs exchange listing or ability to trade its shares will continue or remain unchanged. Shares of an ETF may trade on an exchange at prices at, above or below their most recent NAV. The per share NAV of an ETF is calculated at the end of each business day, and fluctuates with changes in the market value of the ETF's holdings. The trading prices of an ETF's shares fluctuate continuously throughout the trading day based on market supply and demand, which may not correlate to NAV. The trading prices of an ETF's shares may differ significantly from NAV during periods of market volatility, which may, among other factors, lead to the ETF's shares trading at a premium or discount to NAV.

The BofA Merrill Lynch 1-5 Year US Inflation-Linked Treasury Index<sup>SM</sup> (Ticker: GVQI) is an unmanaged index comprised of U.S. Treasury Inflation Protected Securities with at least \$1 billion in outstanding face value and a remaining term to final maturity of at least 1 year and less than 5 years. The BofA Merrill Lynch 15+ Year US Inflation-Linked Treasury Index<sup>SM</sup> (Ticker: G8QI) is an unmanaged index comprised of U.S. Treasury Inflation Protected Securities with at least \$1 billion in outstanding face value and a remaining term to final maturity greater than or equal to 15 years. The BofA Merrill Lynch US Inflation-Linked Treasury Index<sup>SM</sup> (Ticker: G0QI) is an unmanaged index comprised of U.S. Treasury Inflation Protected Securities with at least \$1 billion in outstanding face value and a remaining term to final maturity of greater than one year. The BofA Merrill Lynch 1-3 Year US Treasury Index<sup>SM</sup> (Ticker: G1O2) is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years. The BofA Merrill Lynch 7-15 Year US Treasury Index<sup>SM</sup> (Ticker: G8OC) is an unmanaged index that tracks the performance of the direct Sovereign debt of the U.S. Government with at least \$1 billion in outstanding face value and a remaining term to final maturity of at least 7 years and less than 15 years. The BofA Merrill Lynch 3-7 Year US Treasury Index<sup>SM</sup> (Ticker: G3OC) is an unmanaged index that tracks the performance of the direct Sovereign debt of the U.S. Government with at least \$1 billion in outstanding face value and a remaining term to final maturity of at least 3 years and less than 7 years. The BofA Merrill Lynch Long US Treasury Principal STRIPS Index<sup>SM</sup> (Ticker: STPL) is an unmanaged index comprised of the final principal payments of U.S. Treasury bonds with at least \$1 billion in outstanding face value and a remaining term to final maturity greater than or equal to 25 years. It is not possible to invest directly in an unmanaged index.

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