Memorandum

To: Board of Trustees, Fresno County Employees' Retirement Association
From: Michael Kamell, CFA, CAIA, Senior Consultant
Date: April 1, 2020
RE: PIMCO Presentation

At the March Board Meeting, Verus reviewed several options for implementing the new asset allocation, which established a new 4% credit bucket in lieu of the existing dedicated allocations to investment grade, high yield, and bank loans. During that discussion the Board expressed interest in including the emerging markets debt allocation to form a 7% credit bucket and soliciting PIMCO to provide education on how they might implement such a mandate.

PIMCO's proposal includes utilization of two strategies. The first is a commitment to Distressed Credit Opportunities Fund III ("DISCO"). DISCO III is a private fund vehicle that invests in public markets securities. The Fund is designed to take advantage of dislocations stemming from the current lack of liquidity in credit markets. The fund is closed-end with the option to convert to an evergreen structure in the future.

The second strategy is an open-ended flexible credit strategy that targets higher yielding credit markets such as high yield, bank loans, structured credit, with the flexibility to selectively allocate to some less liquid segments of the fixed income market. While PIMCO offers similar strategies already, this specific product would be new, and FCERA could implement via a fund-of-one or seed a commingled fund, in which case FCERA would receive more advantageous "founders'" fees.

The following individuals from PIMCO will be presenting:

- Sasha Talcott, Senior Vice President
- Matt Clark, Senior Vice President
- Jason Mandinach, Credit Strategist
- Jamie Weinstein, DiSCO PM Team

FCERA

March 2020

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Table of contents

Flexible Credit and DISCO: A comprehensive combination

Proposed Solutions	Flexible Credit	DISCO III
Description	• Flexible global credit strategy targeting higher-yielding credit markets with the ability to take more concentrated positions or utilize financing • Focused on liquid and less liquid credit markets, with an emphasis on leveraged loans, high yield bonds, emerging markets debt and structured credit, with flexibility to allocate to select private credits	• Capitalize on market dislocations, driven by the robust growth of credit, fragile liquidity, and increase in ratings/liquidity constrained owners of credit • Broad opportunity set in liquid public credit, including corporate credit, specifically targeting leveraged loans, high yield bonds and CLOs
Investment Objective	Total Return & Income	Target Net IRR
Target return profile range*	6-8% net returns	Low-to-Mid Double Digits
Investment Style	**Directional credit exposure**	**Opportunistic/tactical credit exposure related to market dislocation**
Target Assets	Global public and private credit markets	Marketable, public credit during material dislocation

As of 18 March 2020. SOURCE: PIMCO

*The proposed Flexible Credit and DISCO III funds have not accepted any capital or commenced operations and do not have any operating history or historical performance. There is no guarantee that these funds will be formed or if a respective fund is formed that it will produce any level of returns. In addition, there can be no guarantee that the respective proposed fund will raise its targeted capital, which could inhibit the fund's ability to achieve its objectives. The information provided herein should be reviewed carefully. DISCO III is PIMCO's first dedicated contingent capital strategy. A contingent capital fund's activation is contingent upon one or more events occurring.

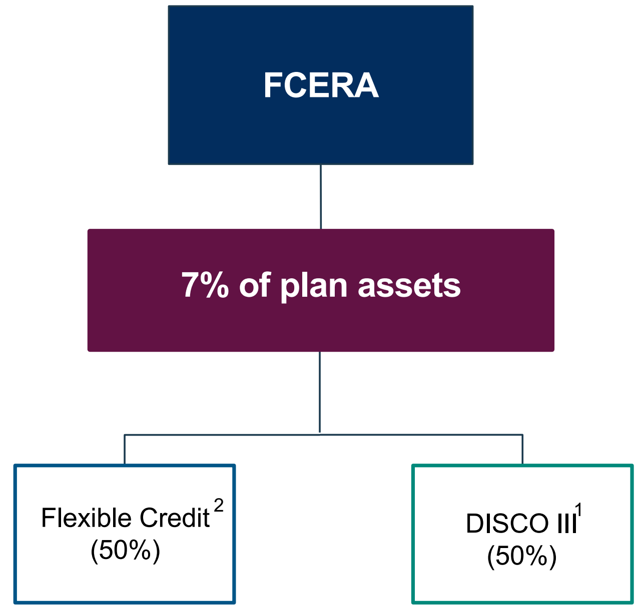
[1] No assurance can be given that the respective fund's portfolio will actually make these or comparable investments or have the same overall composition as shown above. Once a fund is launched, the portfolio composition is subject to change anytime without notice.

[2] **The target return profile ranges stated herein are not a guarantee, projection or prediction of future results. There can be no assurance that the target return profile ranges will be achieved. Actual results may vary significantly from the target return profile ranges. An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.** Refer to Appendix for additional investment strategy and risk information.

Summary terms for proposed FCERA credit allocation

Key potential benefits of the proposal

- Broad and flexible credit solution spanning the liquidity spectrum across global credit markets
- Semi-liquid fund structure designed to responsibly solve for potential asset-liability mismatches
- Can be implemented by seeding the proposed Flexible Credit Fund or via fund-of-one with equal flexibility
- Direct investment in proposed DISCO III embeds optionality in the allocation by seeking to capitalize on dislocation in public credit



As of 18 March 2020. There is no guarantee these results will be achieved. The proposal represents potential allocations based on current market conditions, and the investment team's experience and investments evaluated by PIMCO or PIMCO-advised investment funds. The proposed portfolio composition is subject to change anytime without notice. **Proposed allocations should not be relied upon as an indicator of future results or used as the basis for investment decisions.**

[1] The proposed DISCO III has not accepted any capital or commenced operations and does not have any operating history or historical performance. There is no assurance if and when DISCO III will be formed.

[2] The proposed Flexible Credit Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. There is no assurance if and when the Fund will be formed.

The information on this page should be reviewed carefully. This information is summary in nature and is no way complete, and these terms have been simplified for illustrative purposes and may change materially at any time without notice. In particular, this information omits certain important details about the stated terms and does not address certain other key fund terms or represent a complete list of all proposed fund terms. If you express an interest in investing in the proposed private strategies, you will be provided with private placement memoranda, limited partnership agreements, subscription agreements, and other documents ("Fund Documents"), which shall govern in the event of any conflict with the general terms listed herein. **The private placement memoranda are not currently available. You must rely only on the information contained in the Fund Documents in making any decision to invest.**

Refer to Appendix for additional performance and fee, investment strategy and risk information.

Implementing PIMCO's credit proposal

Option A:
Seed PIMCO Flexible Credit Fund [2]

- ✓ Turnkey solution for "go anywhere" credit allocation
- ✓ Founding investor fees
- ✓ Ability to accept cash + in-kind contribution of existing assets at funding
- ✓ Quarterly liquidity with 10% investor-level gate

Option B:
Fund-of-One Partnership

- ✓ Greater degrees of freedom for customization
- ✓ Ability to accept cash + in-kind contribution of existing assets at funding
- ✓ Variable liquidity based on mix of underlying assets

..... More limited investment scale due to single investor structure

Opportunistic direct allocation to DISCO III[1] in both scenarios

As of 18 March 2020. The proposal represents potential allocations based on current market conditions, and the investment team's experience and investments evaluated by PIMCO or PIMCO-advised investment funds. The proposed portfolio composition is subject to change anytime without notice. **Proposed allocations should not be relied upon as an indicator of future results or used as the basis for investment decisions.**

[1] The proposed DISCO III has not accepted any capital or commenced operations and does not have any operating history or historical performance. There is no assurance if and when DISCO III will be formed.

[2] The proposed Flexible Credit Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. There is no assurance if and when the Fund will be formed.

The information on this page should be reviewed carefully. This information is summary in nature and is no way complete, and these terms have been simplified for illustrative purposes and may change materially at any time without notice. In particular, the information omits certain important details about the stated terms and does not address certain other key fund terms or represent a complete list of all proposed fund terms. If you express an interest in investing in the proposed private strategies, you will be provided with private placement memoranda, limited partnership agreements, subscription agreements, and other documents ("Fund Documents"), which shall govern in the event of any conflict with the general terms listed herein. **The private placement memorandum is not currently available. You must rely only on the information contained in the Fund Documents in making any decision to invest.**

Refer to Appendix for additional performance and fee, investment strategy and risk information.

Introduction to PIMCO's DISCO III Fund

DISCO III: Aiming to take advantage of potential future dislocations in public credit markets[1]

Strategy designed to seek to **capitalize on future credit market dislocation**

Emphasis on corporate credit given fragility of market structure

Vehicle structured to "activate" * upon material dislocations

As of 31 December 2019. SOURCE: PIMCO
For illustrative purposes to show an overview of PIMCO's proposed DISCO III Fund. The proposed DISCO III Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided herein should be reviewed carefully.
[1] There is no guarantee that a dislocation in credit markets will occur
An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.
*The proposed DISCO III Fund will call capital in order to capitalize on material dislocations in global credit markets. The first capital call will initiate the proposed DISCO III Fund's term.
Refer to Appendix for additional investment strategy and risk information.

Why DISCO III?

Unprecedented Growth in Corporate Credit Markets[1]	Dominance of Liquidity & Ratings Constrained Investors	Limited Credit Market Intermediation
Loan-only issuance; CLO machine; Expansion of BBB universe	Mutual fund / ETF credit ownership; Rise of Passive; Bank/Insurance holdings	Broker-dealer balance sheet declines; Smaller credit hedge fund universe

DiSCO III will seek to:

- Provide an efficient vehicle to react to future dislocation and provide potential liquidity in times of stress
- Leverage PIMCO's history of capitalizing on dislocation in public credit markets
- Leverage PIMCO's deep portfolio management experience across public credit

As of 31 December 2019. SOURCE: PIMCO

[1] Source: Bloomberg Barclays, JP Morgan

For illustrative purposes to show why the current market backdrop is supportive of the proposed DISCO III Fund. The proposed DISCO III Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided herein should be reviewed carefully.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.** Refer to Appendix for additional investment strategy and risk information.

Evolution of the DISCO platform

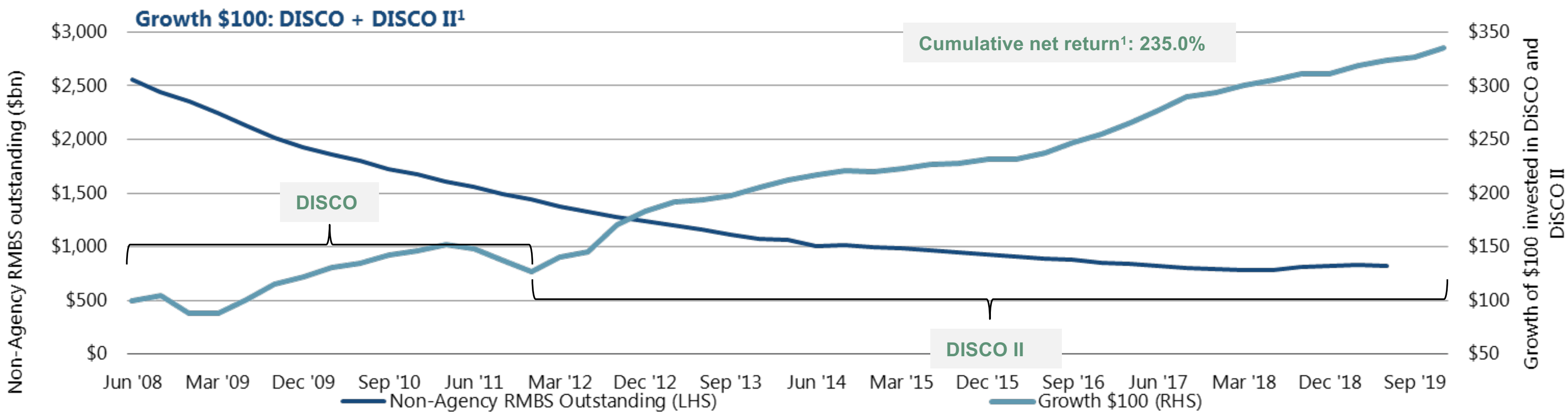
DISCO has a long history of seeking to capitalize on public market dislocations[1]

DiSCO[2]	DiSCO II[2]	DISCO III[3]
Drawdown Structure (launched 2008)	Evergreen Strategy (launched 2011)	Contingent Capital Vehicle (target launch 2020)[4]
• Launched during the depths of the Financial Crisis to target distressed, but senior, credit impacted by liquidity constraints instead of deteriorating credit fundamentals • Broad opportunity set in senior credit. However, Financial Crisis resulted in greatest opportunity set being in senior, housing related structured products	• Evergreen conversion vehicle from DISCO for clients who wanted to maintain exposure to the portfolio at the end of DISCO's term • DISCO II remains in existence and focuses on applying prudent leverage to senior, primarily structured credit assets to generate attractive carry	• Target launch in 2020 to prepare for potential market dislocations, driven by the robust growth of credit, fragile liquidity, and increase in ratings/liquidity constrained owners of credit • Similar to the original DISCO, the proposed Fund will target resilient credits where liquidity drives the dislocation, while seeking to avoid credits with deteriorating fundamentals[5] • Broad opportunity set in public credit, but we anticipate an emphasis on corporate credit, specifically targeting leveraged loans, high yield bonds and CLOs

Source: PIMCO. **For illustrative purposes only. Past performance is not an indicator or guarantee of future results.**
[1] **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.** [2] **DISCO I and II are closed to new investors.** There can be no assurance that the investment objective, investment restrictions and other key terms of DISCO III will not be materially different from those of DISCO I and II. There can be no guarantee that DISCO III will have access to comparable investments, or that PIMCO will continue to utilize similar strategies or techniques in connection with DISCO III investments. As such DISCO III performance may differ materially from DISCO I and II. [3] DISCO III has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully. [4] There is no guarantee that the proposed DISCO III Fund will launch in the time indicated above. [5] There can be no guarantee that PIMCO will successfully identify or capitalize on these opportunities. As such DISCO III Fund performance may differ materially from DISCO I and II. Refer to Appendix for additional investment strategy and risk information.

The DISCO strategy has a track record of capitalizing on dislocation

- DISCO and DISCO II launched on July 2008 and Oct 2011 respectively with the aim of capitalizing on the overheated securitized market
- DISCO III is aiming to launch in 2020 to seek to take advantage of rapid growth in corporate markets as the opportunity set in non-Agency RMBS has declined



As of 31 December 2019. Source: SIFMA

Past performance is not indicative of future results, and no assurance can be given that any other current or future fund will achieve returns comparable to the funds listed. DISCO I and II performance are calculated using time weighted returns, which were used in order to compare the return streams of DISCO I and II. An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment. Amount of non-agency RMBS outstanding shown in the above chart is meant to highlight the decreasing opportunity set of DISCO I and II.

[1] Net of all fees (management, admin, performance, etc.) of each respective fund. DISCO I and II have different fee arrangements.

DISCO III has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully.

DISCO I was a closed-end private equity style fund that launched in 2008. In 2011, DISCO I was converted to an open-end fund (DISCO II), which charged different fees. Investors have, therefore, been invested in the DISCO funds at different stages. The above graph illustrates the combined performance of DISCO I and II over time and was calculated by annualizing the quarterly time-weighted net returns of DISCO I and II, taking into account the change in fees that occurred in 2011.

Although DISCO III's investment objectives and strategies will be substantially similar to those of DISCO I and II, there can be no assurance that investment opportunities available to DISCO III and the environment in which DISCO III invests will not be materially different from those of DISCO I and II. In addition, the investment techniques that PIMCO uses in managing DISCO III could change over time, potentially materially, such that they eventually could differ from those used in managing DISCO I and II. As such DISCO III performance may differ materially from DISCO I and II. Refer to Appendix for additional investment strategy and risk information. Refer also to Slide 30 for information on certain other PIMCO-advised funds that PIMCO believes are comparable to DISCO III.

The DISCO strategy has a track record of capitalizing on dislocation

	Annualized net returns[1,3]			Annualized net volatility[4]			Net return/vol[6]			Max drawdown[2]		
	2008-2011 (DISCO I)	2011-Present (DISCO II)	**Combined[5] (DISCO I+II)**	2008-2011 (DISCO I)	2011-Present (DISCO II)	**Combined[5] (DISCO I+II)**	2008-2011 (DISCO I)	2011-Present (DISCO II)	**Combined[5] (DISCO I+II)**	2008-2011 (DISCO I)	2011-Present (DISCO II)	**Combined[5] (DISCO I +II)**
DISCO Franchise	6.90%	12.57%	**11.08%**	16.61%	4.41%	**10.63%**	0.42	2.85	**1.04**	-17.02%	-2.82%	**-17.02%**
High yield	10.37%	7.53%	**7.99%**	16.34%	5.43%	**9.89%**	0.63	1.39	**0.81**	-30.62%	-9.83%	**-30.62%**
Bank loans	5.68%	5.18%	**5.33%**	13.29%	2.56%	**7.58%**	0.43	2.02	**0.70**	-28.71%	-3.71%	**-28.71%**
S&P 500	1.75%	15.98%	**10.73%**	21.08%	11.35%	**14.67%**	0.08	1.41	**0.73**	-41.82%	-13.52%	**-41.82%**

As of 31 December 2019. Source: JP Morgan, Bloomberg Barclays. High yield represented by the ICE BofA ML US High Yield Index. Bank loans represented by the JPMorgan Leveraged Loan Index. **Past performance is not indicative of future results, and no assurance can be given that any other current or future fund will achieve returns comparable to the funds listed. DISCO I and II performance are calculated using time weighted returns, which were used in order to compare the return streams of DISCO I and II.** An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.

[1] Net of all fees (management, admin, performance, etc.) of each respective fund. DISCO I and II have different fee arrangements. [2] **Max drawdown** represents the most negative peak-to-trough performance experienced over a time period.
[3] **Annualized net returns** represent the annualized time weighted return, net of all fees.
[4] **Annualized net volatility** represents the standard deviation of the return series.
[5] **Combined** returns are calculated by annualizing the quarterly time weighted net returns of DISCO I and II, taking into account the different fees of each respective fund.
[6] **Net return/vol** is calculated by dividing the annualized net returns by the annualized net volatility.

DISCO III has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully.

DISCO I was a closed-end private equity style fund that launched in 2008. In 2011, DISCO I was converted to an open-end fund (DISCO II), which charged different fees. Investors have, therefore, been invested in the DISCO funds at different stages. The above table separately illustrates the performance of DISCO I and II, and also illustrates the combined performance of DISCO I and II over time. All DISCO I and II performance was calculated by annualizing quarterly time-weighted net returns, taking into account the change in fees that occurred in 2011.

Although DISCO III's investment objectives and strategies will be substantially similar to those of DISCO I and II, there can be no assurance that investment opportunities available to DISCO III and the environment in which DISCO III invests will not be materially different from those of DISCO I and II. In addition, the investment techniques that PIMCO uses in managing DISCO III could change over time, potentially materially, such that they eventually could differ from those used in managing DISCO I and II. As such DISCO III performance may differ materially from DISCO I and II. Refer to Appendix for additional investment strategy and risk information. Refer also to Slide 30 for information on certain other PIMCO-advised funds that PIMCO believes are comparable to DISCO III.

Contingent capital* will seek to capitalize on dislocation in traditional, resilient public credit

Strategy Types	Private Credit	Tactical / Flexible Credit	Contingent Capital*	Distressed / Opportunistic
Investment Objective	Current Income & Capital Preservation	Total Return & Income	Target Net IRR	Multiple On Invested Capital (MOIC)
Target return profile range**	High Single / Low Double Digits	High Single / Low Double Digits	Low-to-Mid Double Digits	Mid-Teens
Investment Style	**Originate & Hold in Private Markets**	**Tactical Trading and Select Hedging**	**Activate during periods of material and prolonged dislocation**	**Significant Influence/Control**
Target Assets	Privately originated, performing credit	Global public and private credit markets	Marketable, public credit during material dislocation	Capital solutions, stressed and distressed credit, special situations across public and private markets

Key potential benefits of contingent capital

- Pre-wired solution that seeks to capitalize on future dislocation in liquid markets
- No initial capital drawdown without a material dislocation alongside shorter investment horizon relative to traditional drawdown structures
- Effective complement to private credit and/or distressed debt allocations – Dry powder, more liquidity, differentiated opportunity set

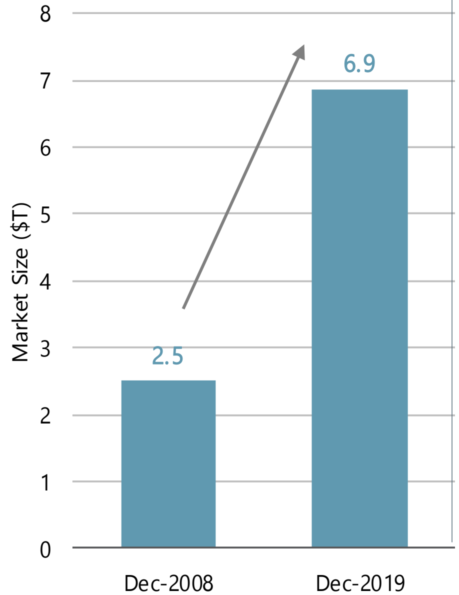
As of 31 December 2019. SOURCE: PIMCO
The proposed DISCO III fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided herein should be reviewed carefully.
* DISCO III is PIMCO's first dedicated contingent capital strategy. A contingent capital fund's activation is contingent upon one or more events occurring.
** Target return profile range based off of the return profile following PIMCO funds: Private Credit (Private Income Fund), Tactical / Flexible Credit (Tactical Opportunities, PFLEX), Contingent Capital (DISCO III), and Distressed / Opportunistic (COF II).
The target return profile ranges stated herein are not a guarantee, projection or prediction of future results. There can be no assurance that the target return profile range will be achieved. Actual results may vary significantly from the target return profile range. An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment. Refer to Appendix for additional investment strategy and risk information.

Opportunity Set

Corporate credit: The stage is set for dislocation

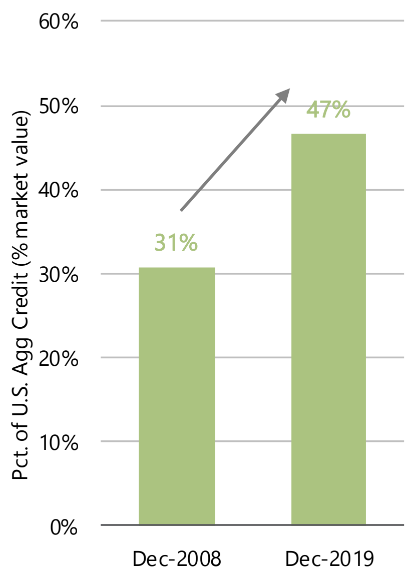
MASSIVE CREDIT MARKET GROWTH

The investment grade credit market has more than doubled since 2008



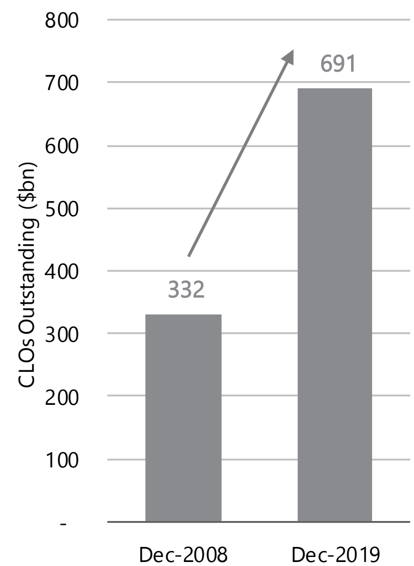
INCREASED BBB % OF CREDIT MARKET

BBBs now make up twice the size of the high yield market vs. 1x in 2008



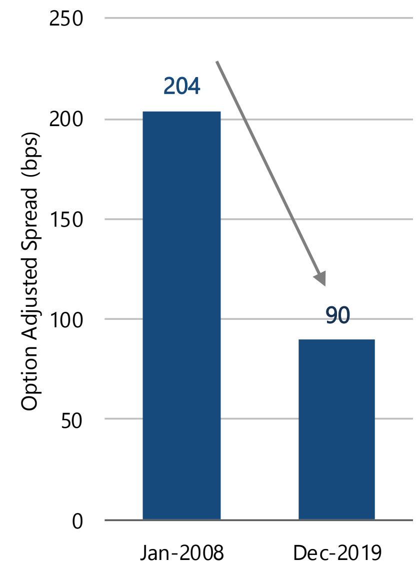
RAPID EXPANSION OF LEVERAGED HOLDERS OF CREDIT

The CLO Market has nearly doubled since 2008



TIGHTER CREDIT SPREADS

Companies can borrow at lower rates as credit spreads have come down ~110 basis points since 2008



"Wall Street Loves These Risky Loans. The Rest of Us Should Be Wary"

– New York Times, October 2018

"[Powell] pointed to mutual funds as potentially troubling participants in today's leveraged loan market"

– Bloomberg, May 2019

"Regulators, Investors Zero In on Corporate Debt Markets"

– Wall Street Journal, May 2019

"Investors are increasingly willing to lend to risky companies"

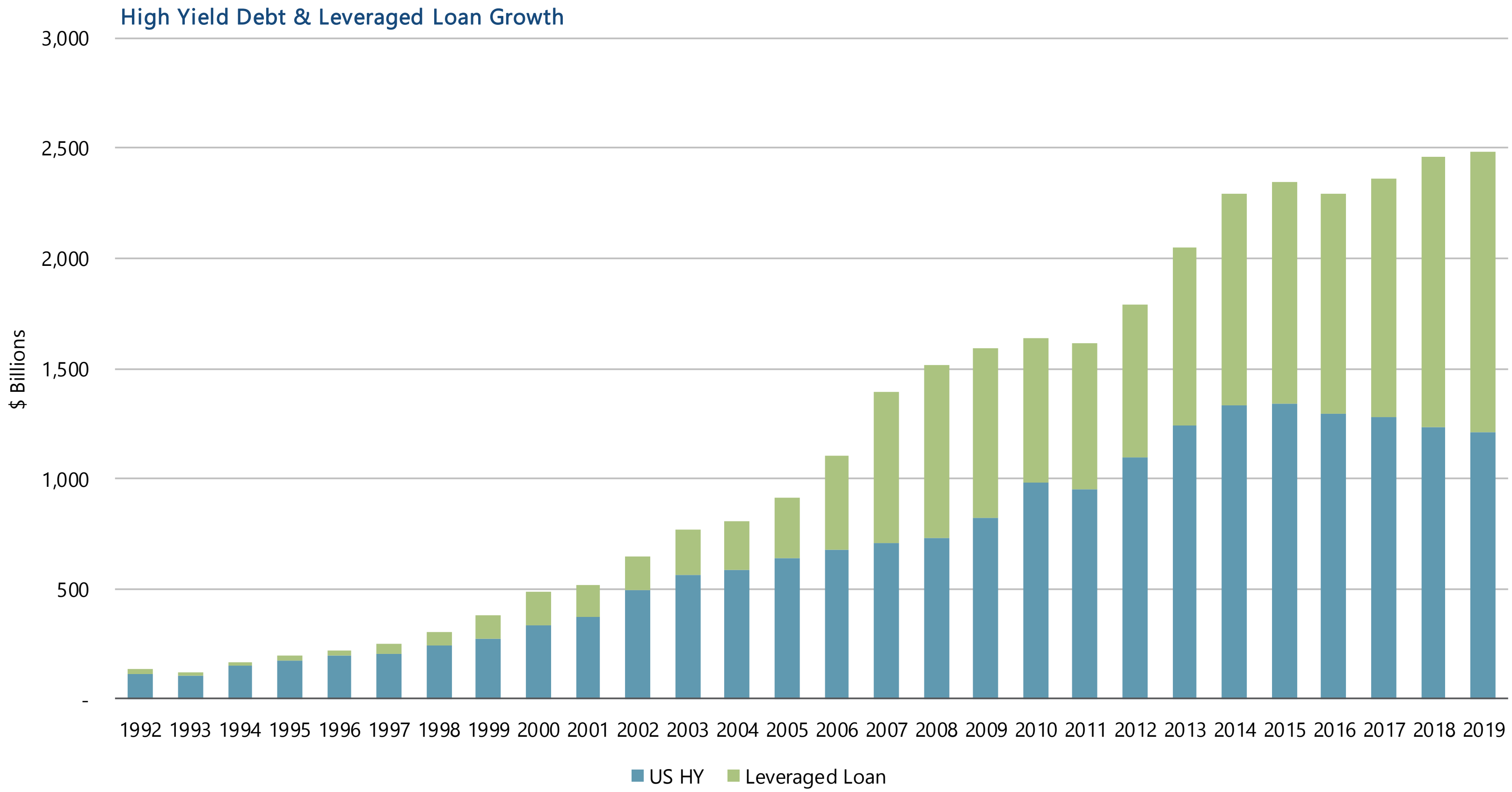
– New York Times, September 2018

"Leveraged Loan Market Warnings Have Been Ignored For Over Five Years"

– Forbes, October 2018

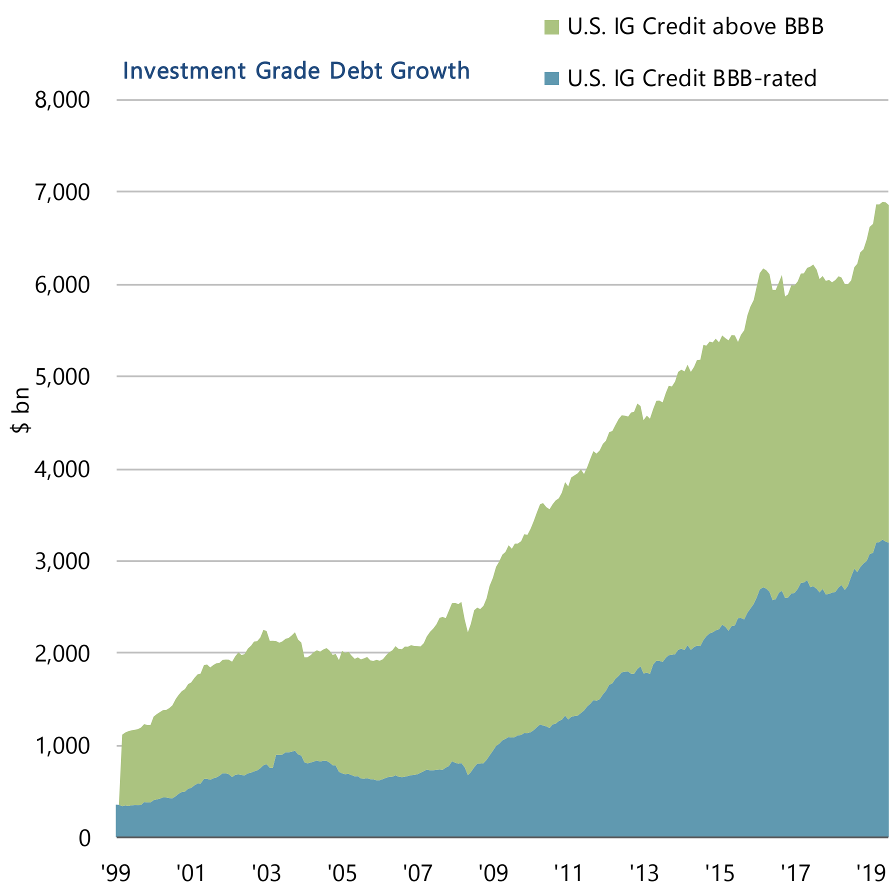
As of 31 December 2019 unless otherwise indicated. Source: PIMCO, Bloomberg, Barclays, JP Morgan
Growing Credit Markets, Increased BBB% of Credit Market, and Tighter Credit Spreads graphs based on Bloomberg Barclays U.S. Credit Index. Growing CLO Markets graph based on data from JP Morgan.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional investment strategy and outlook information.

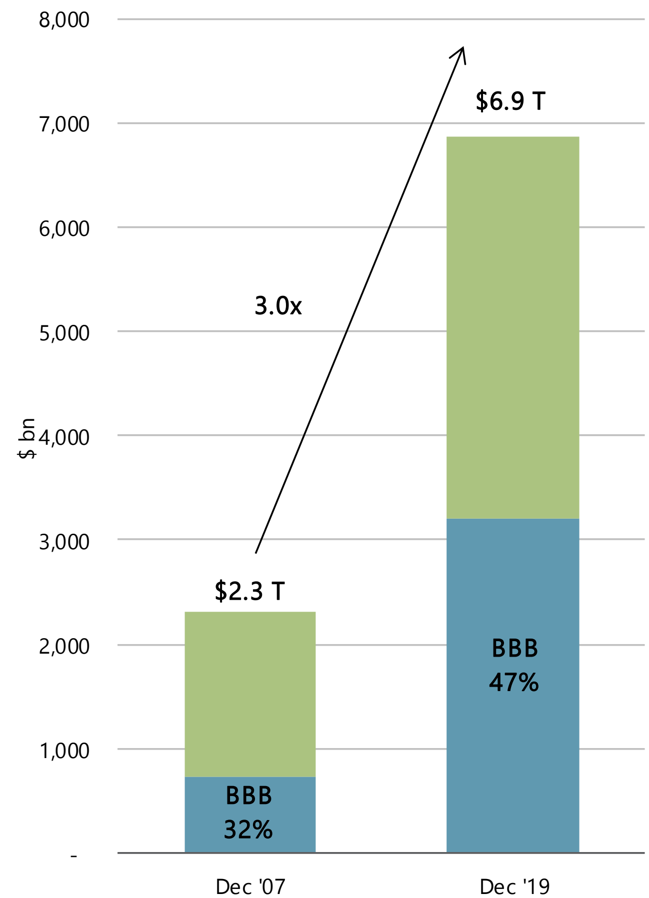
Leveraged credit markets have grown substantially since 2008…



As of December 31 2019. Source: HY: Bank of America Merrill Lynch US High Yield Index; Leveraged loans: Credit Suisse Leveraged Loan Index.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional investment strategy and outlook information.

…Alongside a dramatic increase in BBB-rated bonds as a % of investment grade universe

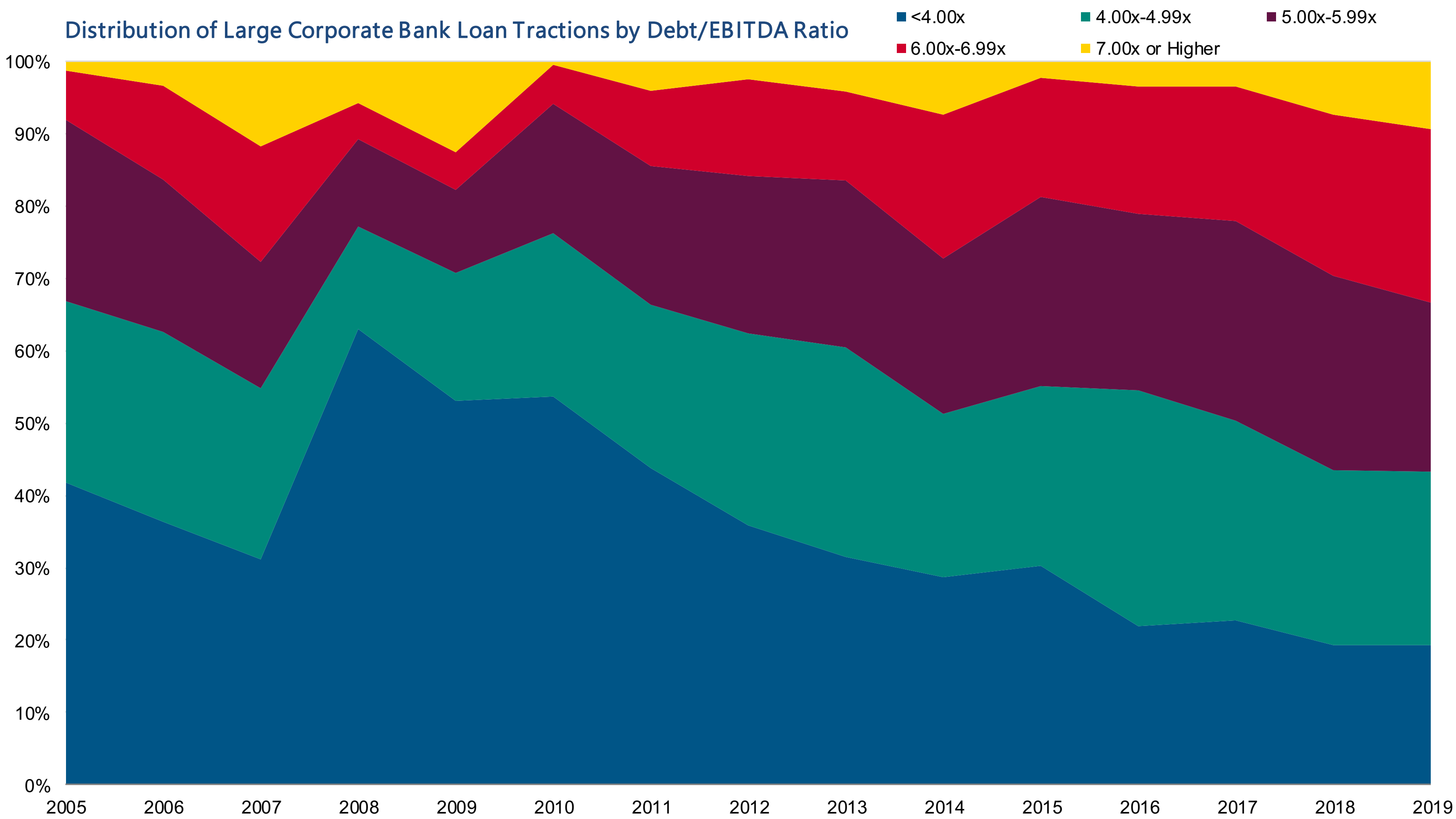




As of December 31 2019. Source: Bloomberg Barclays US Credit Index
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional investment strategy and outlook information.

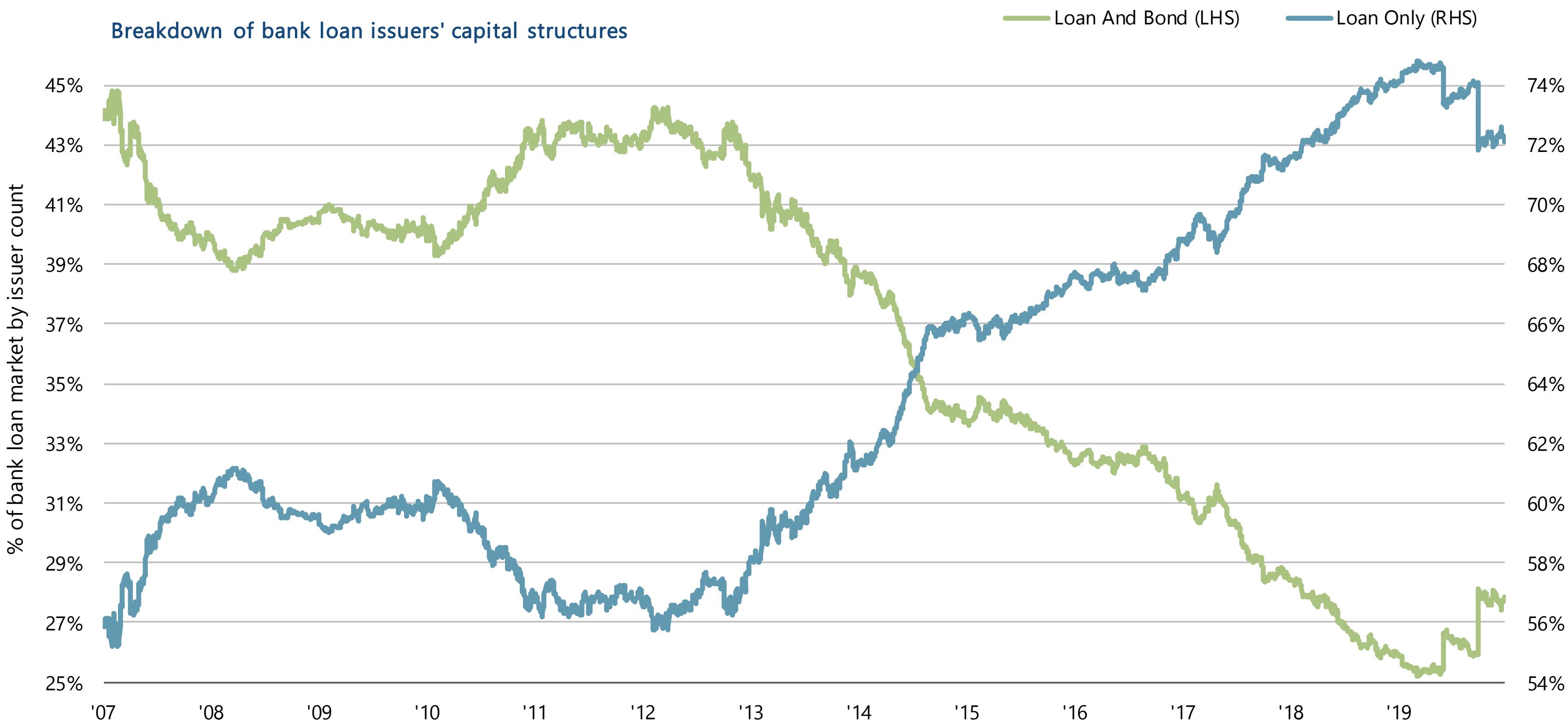
An increasing percentage of the bank loan market is highly leveraged

Distribution of Large Corporate Bank Loan Tractions by Debt/EBITDA Ratio



As of December 31 2019. Source: S&P LCD. Only issuers with EBITDA of more than $50mm are included.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional investment strategy and outlook information.

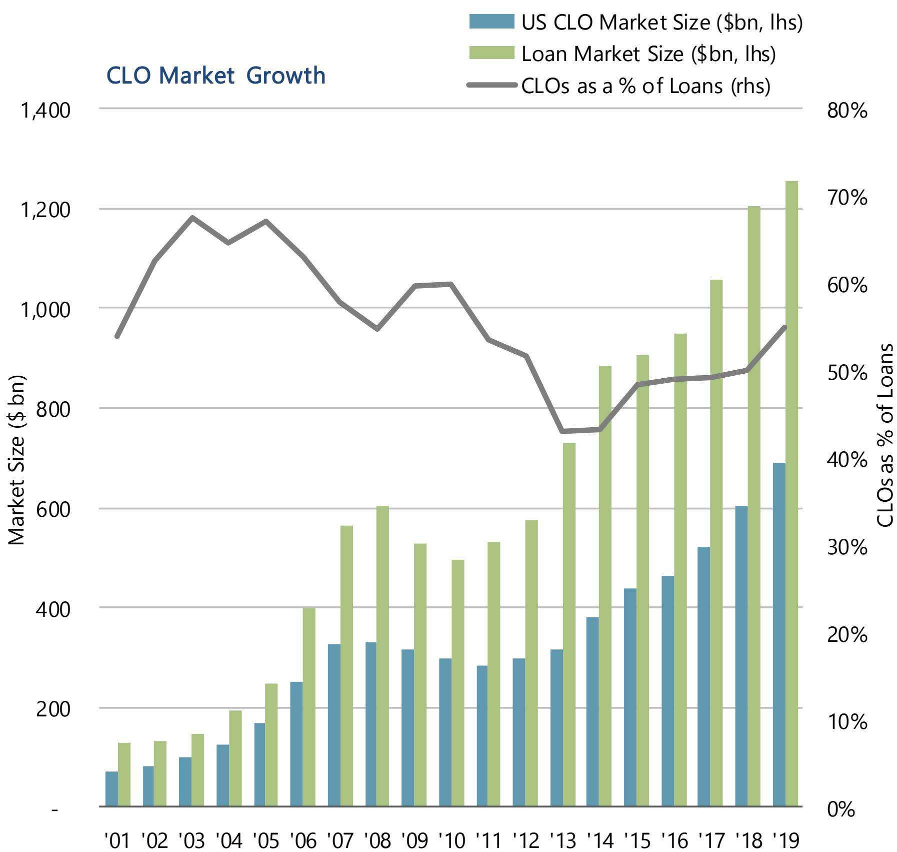
Leveraged loans: Demand for low duration yield has resulted in a deterioration in capital structures



Weaker Leveraged Loan Borrowers Will Likely Result in Significant Downgrades in the Future

As of 31 December 2019
SOURCE: JPMorgan. Loan and bond and Loan only bond yields represented by Loan Only and Loan And Bond sub-components of the J.P. Morgan Leveraged Loan Index.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Refer to Appendix for additional investment strategy, index and outlook information.

The ratings constrained CLO market is likely to exacerbate the next dislocation

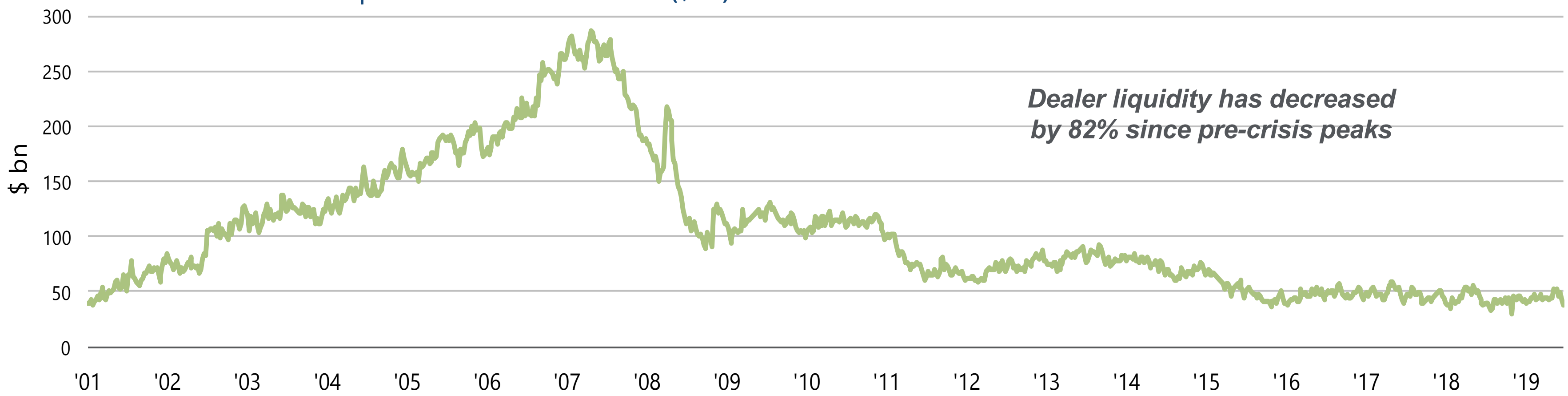


- Leveraged CLOs are the primary buyers for public loans and have **strict portfolio ratings tests** that govern the distributions of proceeds to the managers
- **Broad credit sales are anticipated** amidst ratings downgrades, suspension of coupons, and concerns of protracted restructurings
- Ratings constrained CLOs, which represent 2/3 of the loan market, will be unable to purchase lower rated or downgraded loans thereby **exacerbating dislocations in prices**

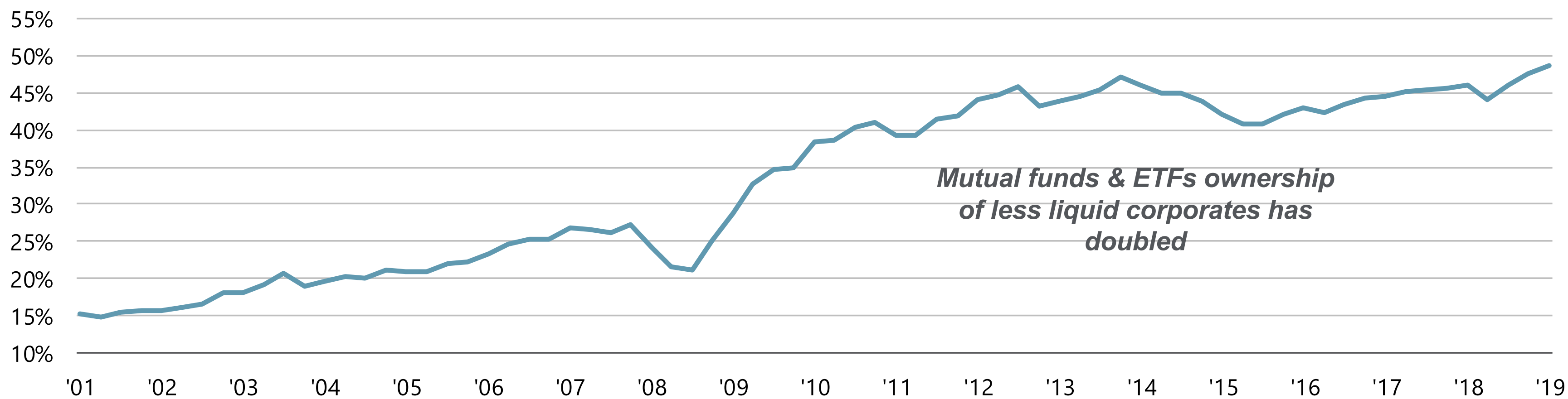
As of 31 December 2019.
SOURCE: Data in bullets are from S&P LCD, Bottom left graph: Volume from JP Morgan and loan share percentage from S&P/LCD.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional outlook and risk information.

The evolution in market structure may exacerbate future dislocations

Dealer inventories of corporate and securitized credit ($ bn)

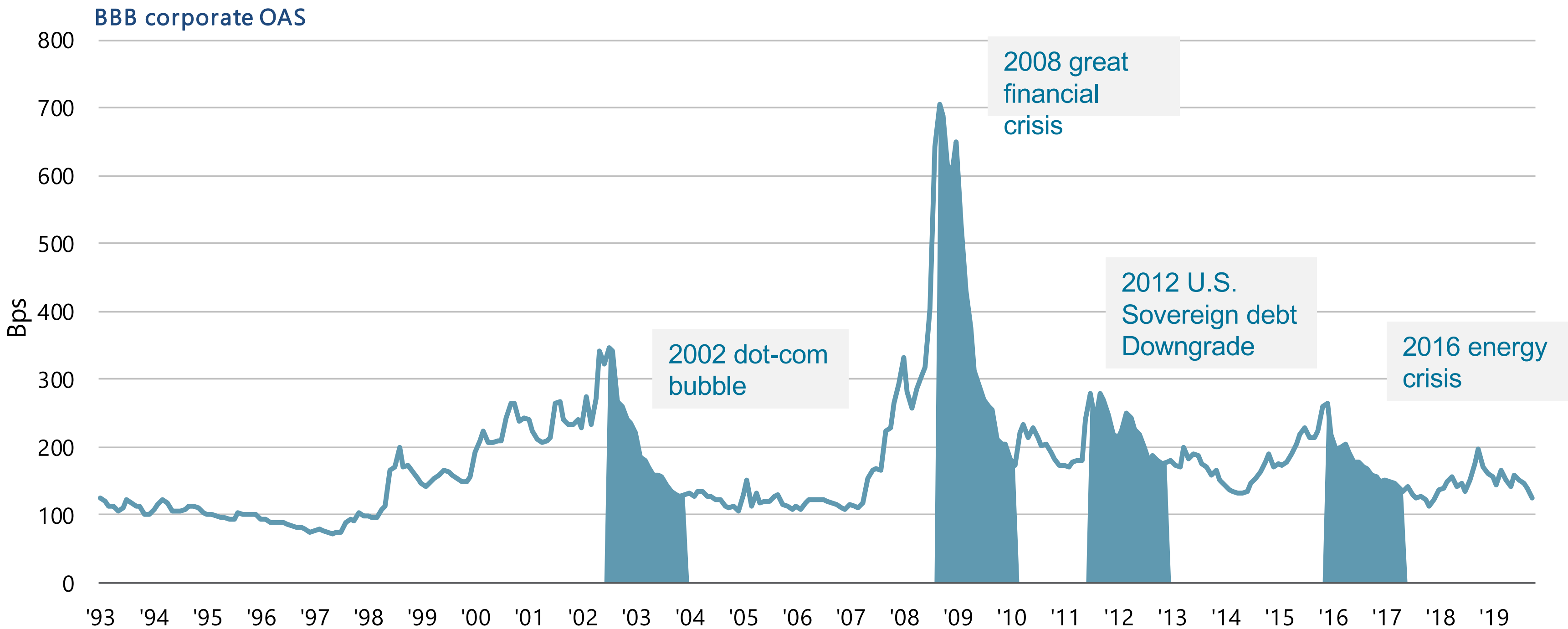


Mutual Fund and ETF ownership of outstanding corporate bonds



As of 31 December 2019 unless indicated. Mutual Fund and ETF ownership chart is as of September 30 2019. SOURCE: Federal Reserve of New York, Federal Reserve.
There can be no guarantee that the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional outlook and risk information.

Patience can be the key to success in later cycle investing



Unlevered total return of the Bloomberg Barclays US Credit Baa Index over the 18 month period following the peak of BBB spreads	Unlevered Total Return
2002 dot-com bubble (09/30/2002 – 03/31/2004)	20.93%
2008 Financial Crisis (11/28/2008 – 05/31/2010)	40.15%
2012 U.S. Sovereign Debt Downgrade (09/30/2011 – 03/29/2013)	14.12%
2016 Energy Crisis (02/29/2016 – 08/31/2017)	13.82%

As of 31 December 2019

SOURCE: PIMCO, Bloomberg Barclays US Credit Baa Index, Bloomberg

For illustrative purposes only. Past performance is not indicative of future results.

There is no guarantee the trends above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.

Refer to Appendix for additional credit quality, index, outlook and risk information.

Team, process & capabilities

DISCO III Portfolio Management Structure

DISCO III Senior Investment Oversight

Dan Ivascyn	Josh Anderson	Jamie Weinstein
Managing Director, Group CIO *28 years of experience*	Managing Director, Opportunistic Credit *24 years of experience*	Managing Director, Head of Corporate Special Situations *18 years of experience*

DISCO III Key Global Credit Resources Supporting DISCO III Strategy

Philippe Bodereau	Pramol Dhawan	Jon Horne	Mohit Mittal
• *Managing Director* • London • Bank Capital • *24 yrs. of investment experience*	• *Managing Director* • Newport Beach • Emerging Markets • *17 yrs. of investment experience*	• *Managing Director* • Newport Beach • Corporate Credit • *17 yrs. of investment experience*	• *Managing Director* • Newport Beach • Corporate Credit • *13 yrs. of investment experience*
Eve Tournier	**Giang Bui**	**David Forgash**	**Sonali Pier**
• *Managing Director* • London • Pan-European Credit • *21 yrs. of investment experience*	• *Executive Vice President* • Newport Beach • Structured Credit • *20 yrs. of investment experience*	• *Executive Vice President* • London • European High Yield • *26 yrs. of investment experience*	• *Executive Vice President* • Newport Beach • Corporate Credit • *16 yrs. of investment experience*
Stefan Tsonev	**Bryan Tsu**	**Jing Yang**	**Michael Levinson**
• *Executive Vice President* • London • Corporate Credit • *21 yrs. of investment experience*	• *Executive Vice President* • New York • Structured Credit • *14 yrs. of investment experience*	• *Executive Vice President* • Newport Beach • Structured Credit • *14 yrs. of investment experience*	• *Senior Vice President* • Newport Beach • Corporate Credit • *12 yrs. of investment experience*

Firm-wide Resources

GLOBAL CORPORATE CREDIT	EMERGING MARKETS	SPECIAL SITUATIONS & DISTRESSED CREDIT	STRUCTURED CREDIT	GLOBAL CREDIT RESEARCH	PORTFOLIO ANALYTICS
39 portfolio managers	21 portfolio managers	14 portfolio managers	64 portfolio managers	65+ credit analysts	70 portfolio analysts

As of 31 December 2019. The individuals listed above may not continue to be employed by PIMCO during the entire term of the proposed DISCO III Fund. The composition of the portfolio management team may change from time to time (or the fund may cease to have an investment committee), each without the consent of or notice to investors.
Certain PIMCO personnel who will provide investment advice to the private funds are separated by an information barrier that has been established between the private side of the Alternatives platform (the "Special Alternatives Group") and PIMCO's public-side trading floor. As a result, communications between the Special Alternatives Group and PIMCO's public side investment professionals are subject to certain restrictions as set forth in PIMCO's policies and procedures pertaining to MNPI and information barriers.

Global credit research team

65+
CREDIT RESEARCH ANALYSTS

40+
INDUSTRIES COVERED

5,000+
MEETINGS AND CALLS WITH ISSUERS EACH YEAR

14,000+
SECURITIES RATED INDEPENDENTLY BY PIMCO

Weekly
MEETING WITH PORTFOLIO MANAGERS AND ANALYSTS

Managing Director, Head of Global Credit Research

Christian Stracke

John Devir, Head of Americas Credit Research

Newport Beach		New York
Del Anderson	Kathy Mohanna	Emily Au-Yeung
Alistair Belton	Steve Pawliczek	Suhasini Bhargava
Nick Berardy	Laura Williams	Michael Chang
Ben Bronner	Jinhy Yoon	Mirette Kouchouk
Mark Chin	Christine Wang	Sean McCarthy
Emma Doner		Michael O'Connor
Brendan Hanley		John Pollakowski
Richard Hofmann	**Rio De Janeiro**	Matthew Sinni
Han Hu	Alessandro Baldoni	Jackson Thies
Jiaying Huang		Jessica Tom
Ray Huang		Andy Toussaint
Dan Hwang		Samuel Weitzman

Philippe Bodereau, Head of European Credit Research

London
Matteo Bertolo
Francois Bourriguen
Vicki Gedge
Matthieu Loriferne
Samuel Mary
Michael Murphy
Charles Watford
Munich
Juergen Dahlhoff
Christian Schuetz
Christian Wild

Stephen Chang, Interim Head of Asia Credit Research

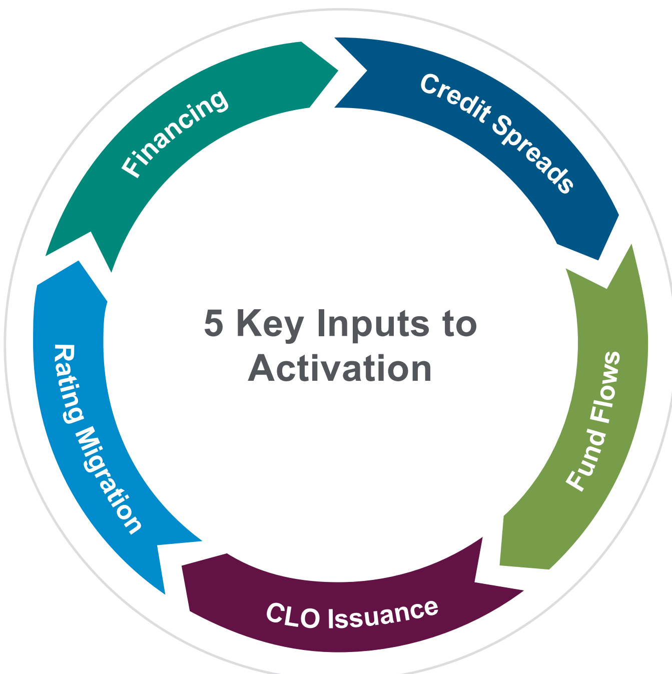
Hong Kong
Yishan Cao
Dorris Chen
Frank Chen
Anderson Dong
Taosha Wang
Annisa Lee
Tokyo
Akimi Matsuda
Takanori Miyoshi
Sydney
John Dwyer

Special Situations & Distressed Credit*

Adam Gubner	Manon Mendez	Harsh Srivastav
Greg Kennedy	Chris Neumeyer	Scott Striegel
Lionel Laurant	Ben Petkevicius	Gabe Goldstein
Lisa Joseph	Jesalyn Shen	Geoff Jones
Bill Watts	Joseph Silva	

As of 31 December 2019
*Analysts/PMs for Private Distressed Credit. The individuals listed above may not continue to be employed by PIMCO during the proposed Fund's entire term.

Greater discretion may allow PIMCO to utilize our strengths when timing the proposed Fund's activation[1]



01

Public Credit Spreads

Public credit spreads reaching their top 25th percentile relative to historical levels would indicate an attractive time to activate

02

ETF/Mutual Fund Flows

Due to the tremendous growth of mutual fund and ETF credit holdings, sustained outflows would likely indicate a liquidity crunch which could result in significant opportunities to invest in dislocated credit

03

CLO Issuance

Given the importance of CLO issuance to the leveraged loan market, declining CLO issuance could be important early indicator of stress in the leveraged loan market

04

Rating Agency Migration

Given growth of ratings constrained investors, such as passive funds, banks, insurance companies, and CLOs, sustained downward ratings pressure will likely drive dislocated prices

05

Overall Financing Conditions

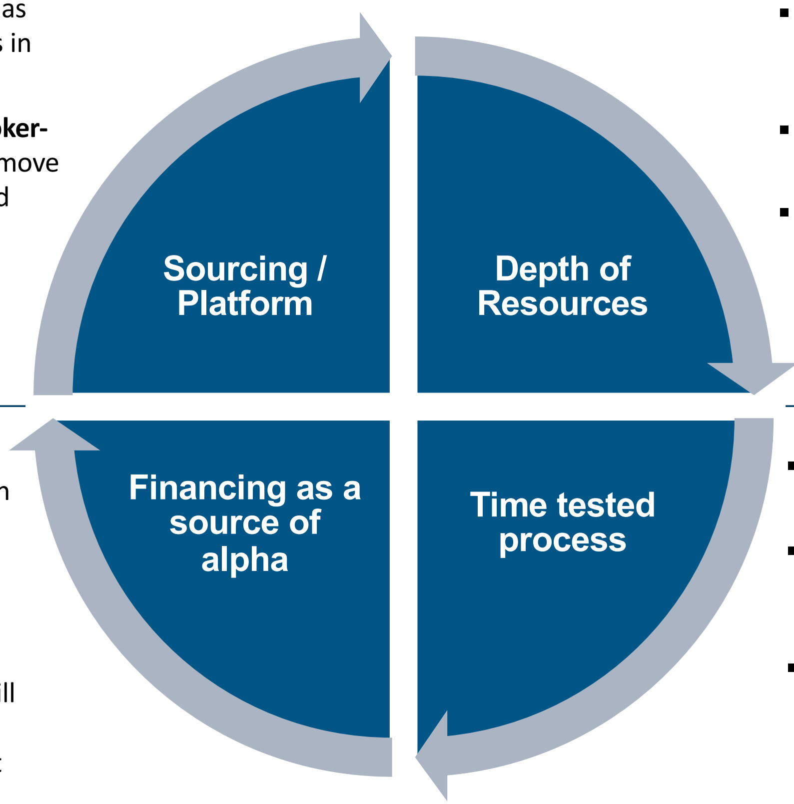
Contractions in overall financing conditions will likely result in forced deleveraging from various leveraged credit market participants

As of December 31 2019. Source: PIMCO. The above reflects PIMCO's views which are subject to change

[1] The proposed DISCO III Fund will call capital in order to capitalize on material dislocations in global credit markets. The first capital call will initiate the proposed DISCO III Fund's term. The proposed DISCO IIII Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully.

PIMCO's difference in opportunistic credit investing

- **Differentiated access to deal flow** as one of the world's largest investors in public credit markets
- **Reliable source of demand for broker-dealer community,** with ability to move quickly with size across the risk and liquidity spectrum



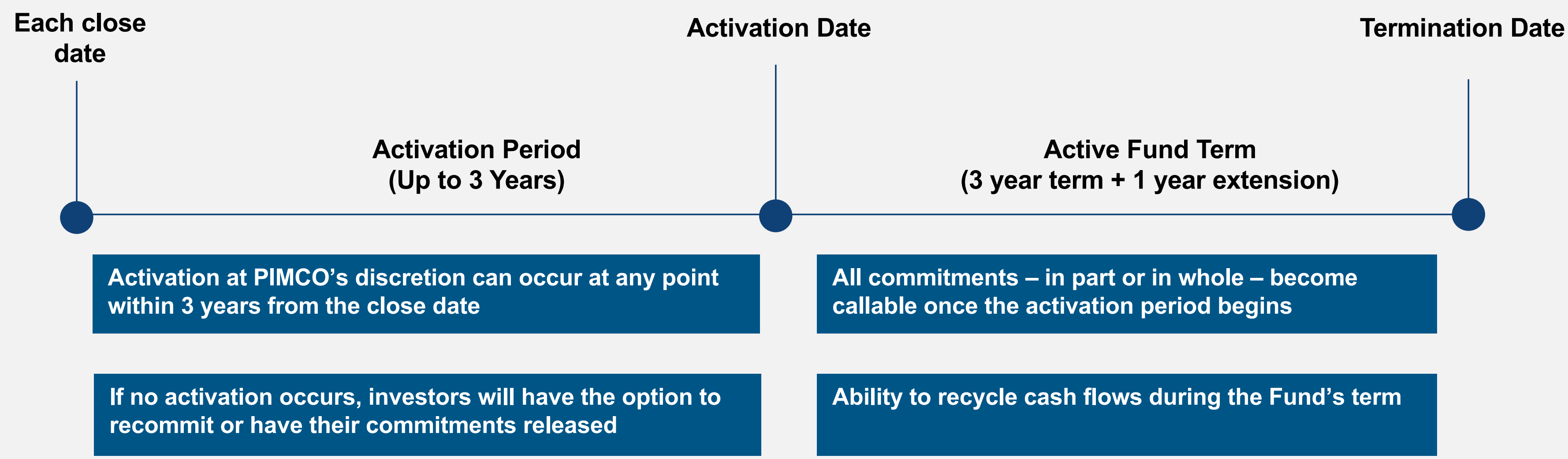
- **Experienced senior lead team, who can leverage** 120+ credit PMs across sectors and regions*
- **65+ dedicated credit research analysts** *
- **Integrated credit team** that invests across sectors and the liquidity spectrum

- **PIMCO's presence in financing markets** provides potential to obtain attractive financing rates
- **Dedicated financing resources** to optimize financing as a source of alpha
- **Status as a reliable counterparty** will be even more vital as financing conditions tighten alongside market stress

- **Robust track record** in opportunistic credit mandates
- **Differentiated macro process** to identify market dislocations and allocate across sectors globally
- **Significant experience managing drawdown-style funds,** seeking best execution for clients upon exit

As of 31 December 2019. Source: PIMCO
The above reflects PIMCO's views which are subject to change.
There can be no guarantee that any investment strategy will have or continue to have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with the proposed DISCO III Fund. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.**
*Certain PIMCO personnel who will provide investment advice to the private funds are separated by an information barrier that has been established between the private side of the Alternatives platform (the "Special Alternatives Group") and PIMCO's public-side trading floor. As a result, communications between the Special Alternatives Group and PIMCO's public side investment professionals are subject to certain restrictions as set forth in PIMCO's policies and procedures pertaining to MNPI and information barriers.
Refer to Appendix for additional investment strategy and risk information.

Proposed structure for DISCO III



As of December 31 2019
Source: PIMCO
The proposed DISCO III Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully. The above is presented for illustrative purposes only to show the structure of the Proposed DISCO III Fund. There can be no assurance that the structure outlined above will produce the desired results or achieve any particular level of returns. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.**
Refer to Appendix for additional investment strategy and risk information.

How DISCO III's potential evergreen conversion works in practice

Active Fund Term
(3 year term + 1 year extension)

Beginning of Active Fund Term
(Activation Date)

Evergreen Conversion Notice
(At least 3 months prior to the end of the Fund's term)

Opt-Out Deadline
(At least 30 days after the conversion notice)

Termination Date / Conversion to Evergreen Fund

PIMCO may convert Fund into an open-ended / evergreen vehicle

Notice will be sent to investors at least 3 months prior to termination date, with details specified at that time

Investors may choose to opt-out without penalty

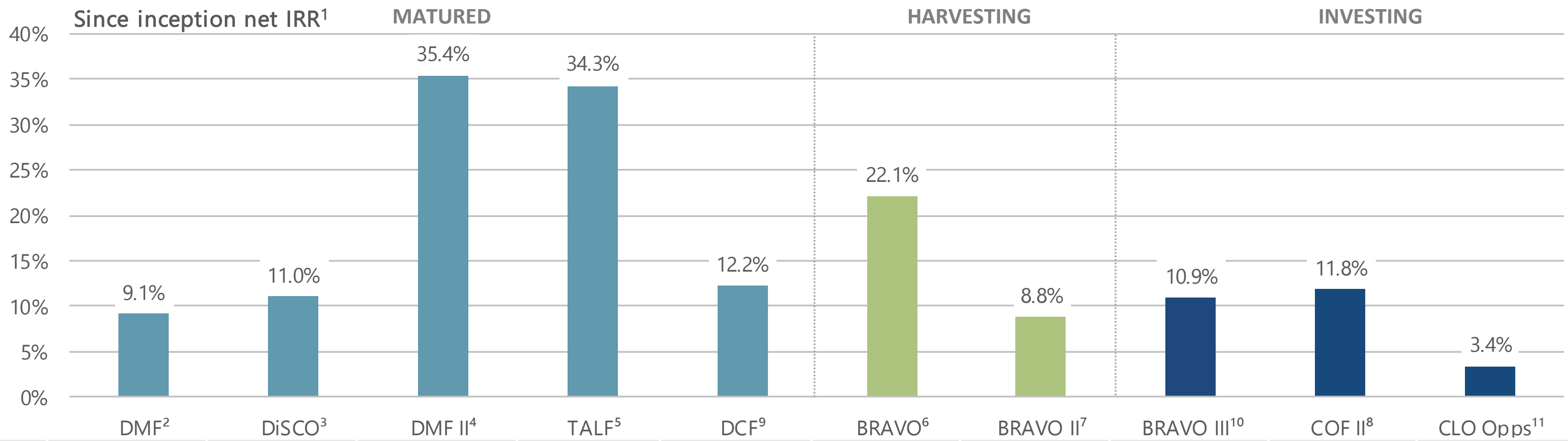
Original Fund terms remain in place

Opt-out Investors: receive final distributions as specified by governing docs

Remaining Investors: the Fund strikes a final NAV, crystalizes performance fees, and converts to an evergreen vehicle

As of December 31 2019
Source: PIMCO
The proposed DISCO III Fund has not accepted any capital or commenced operations and does not have any operating history or historical performance. The information provided here should be reviewed carefully. The above is presented for illustrative purposes only to show the structure of the Proposed DISCO III Fund. There can be no assurance that the structure outlined above will produce the desired results or achieve any particular level of returns. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.** Refer to Appendix for additional investment strategy and risk information.

PIMCO's track record in comparable opportunistic credit



	DMF[2]	DiSCO[3]	DMF II[4]	TALF[5]	DCF[9]	BRAVO[6]	BRAVO II[7]	BRAVO III[10]	COF II[8]	CLO Opps[11]
Vintage	2008	2008	2009	2009	2010	2011	2013	2017	2016	2018
Size ($mm)	$2,867	$2,681	$610	$1,502	$220	$2,345	$5,495	$4,581	1,503	183
Net multiple	1.4x	1.4x	2.9x	1.4x	1.4x	1.8x	1.4x	1.2x	1.2x	1.0x
Called ($mm)	2,866	2,681	610	526	$220	2,345	4,808	3,316	1,229	27
Distributed ($mm)	4,055	3,643	1,797	737	$309	4,259	4,122	0	0	0
Focus	Senior non-Agency MBS, ABS CDOs	Senior structured credit	Senior non-Agency MBS, ABS CDOs	Senior CMBS, Consumer ABS	Opportunistic Corporate Credit	Multi-Asset	Multi-Asset	Multi-Asset	Opportunistic Corporate Credit	Opportunistic CLO and structured credit

As of 31 December 2019. SOURCE: PIMCO. **All funds presented are closed to new investors . Past performance is not indicative of future results, and no assurance can be given that any other current or future fund will achieve returns comparable to the funds listed.** The above table provides information about the returns of all of PIMCO's opportunistic private equity drawdown style funds and excludes any separately managed accounts and funds of one. PIMCO currently manages, and has in the past managed, funds not referred to above since (among other reasons) such funds are no longer active and/or employ or employed strategies that are or were materially different than those of the funds listed above. In addition, each of the above funds has or had a broad investment mandate, and has employed and/or may employ strategies not referred to above. With respect to the active funds presented above, the return and other information presented above is as of a specific reference date, may have changed since such date, includes both realized and unrealized returns and is likely to change over such funds' lives. The performance of certain of the above funds was achieved during periods of extreme market dislocations that presented unique opportunities that may not repeat. In addition, certain of such funds benefitted from financing terms (including the availability of financing through the U.S. Federal Reserve's Term Asset-Backed Securities Loan Facility program) that are not expected to be available under current market conditions. No assurance can be made that any other fund will achieve results comparable to, or otherwise resemble, the above funds. Performance in a particular fund is likely to vary because of differing fees and expenses (e.g., distribution or organizational expenses), the effect of investing through "blockers" or parallel vehicles or other reasons. All periods longer than one year are annualized. Returns are net of fees, expenses and performance allocation. Refer to Appendix page 33 and 34 for additional performance and fee, investment strategy and risk information.

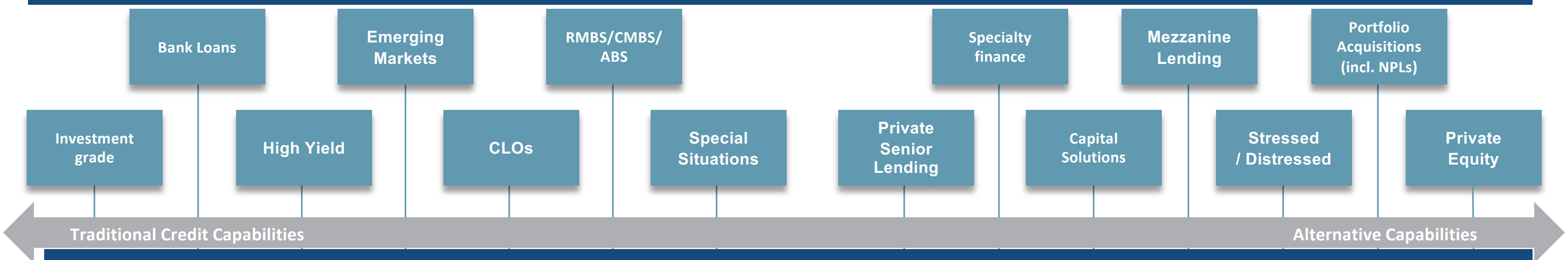
Introduction to PIMCO's proposed Flexible Credit strategy

PIMCO is one of the largest credit investors in the world

Experience

	Traditional Credit	Multi-Asset Credit	Alternative Credit & Private Strategies
Inception	1992	2003	2006
AUM	$401bn[1]	$37bn[1]	$22bn[2]

Breadth



Additional key statistics

- **One of the largest credit managers across the risk and liquidity spectrum**
- **200+ global credit market investment resources** across portfolio management and credit research[3]
- **$25 billion** of reverse inquiries in 2019 illustrates differentiated sourcing in public markets[4]
- Special situations platform - **$22 billion in firmwide distressed assets** and firm has executed **66 restructurings[5]**
- Over **$100 billion deployed** into private credit and equity markets in the last decade, spanning corporate, residential and commercial real estate, and specialty finance[4]

As of 31 December 2019. SOURCE: PIMCO. **For illustrative purposes only**.

[1] Traditional credit assets reflect those managed on behalf of third party clients and excludes assets managed on behalf of affiliates. Potential differences in asset totals are due to rounding. Multi asset credit includes assets includes accounts and/or funds that manage assets across the credit spectrum - including but not limited to corporate credit, mortgage credit, emerging market credit, and specialty finance.

[2] AUM is comprised of the following funds: Tac Opps, DiSCO II, LINC, PIF, PFLEX , a few custom mandates, BRAVO I, BRAVO II, BRAVO III, DCF,COF II , CLO Opps, and PCRED. CLO Opps, PCRED, BRAVO I, BRAVO II, BRAVO III , DCF and COF II are as of 30 September 2019.

[3] There is no guarantee that the personnel referenced herein will remain employed by PIMCO during the entire term of the proposed Fund if the proposed Fund is formed.

[4] There is no guarantee this trend will continue

[5] Past performance is not a guarantee or indicator of future performance. There is no guarantee that if the proposed Fund is formed, that it will have access to target investment opportunities or that such opportunities would produce any level of returns. Firm wide distressed assets is as of 12/31/2019. Restructurings defined as total restructurings conducted by PIMCO's Corporate Special Situations team since 2010.

Strong presence and track record across the liquidity spectrum in flexible credit

A. Liquid Multi-Sector Credit

Diversified Income Strategies

- Diversified, liquid global credit strategies focused on global high grade, high yield and emerging credit markets
- Customized across 30+ custom benchmarks
- Primary investments: IG, Emerging Markets Credit, High Yield

B. Flexible Multi-Sector Credit

Credit Income Focused Strategies

- Flexible global credit strategies targeting higher yielding credit markets with ability to utilize financing
- Focused on less liquid public credit markets, with flexibility to allocate to select private market opportunities
- Primary investments: High Yield, Leveraged Loans, Structured Credit, Special Situations

C. Tactical Multi-Sector Credit

Tactical Opportunities Strategy

- Opportunistic global credit strategy spanning public and private markets
- Focused on broad opportunity set in global credit markets, with tactical hedging component to limit correlations to traditional risk assets
- Primary investments: Structured Credit, Private Credit, Special Situations

As of 31 January 2020. **Past performance is not a guarantee or indicator of future results. For illustrative purposes to show PIMCOs' capabilities in multi-asset credit.**
*Negative downside capture ratio means that the Fund generated positive net returns on average during months that high yield/bank loans delivered negative returns.
Bank Loan HY Index is represented by Credit Suisse Leveraged Loan Index. U.S. High Yield Index is represented by the Bank of America U.S. High Yield Index
Refer to Appendix for additional investment strategy, index and risk information.

Investors need more creativity to responsibly meet long-term return needs

Low Yielding Environment	Non-Financial Corporate Sector has Re-levered	Fragile Liquidity in Certain Credit Markets
Investors need to expand the opportunity set and innovate to source returns	Diversification remains the strongest tool for delivering robust risk-adjusted returns	Semi-liquid fund structure can responsibly solve for potential asset-liability mismatches*

PIMCO seeks to deliver a flexible credit strategy spanning the liquidity spectrum across global credit markets

As of 31 January 2020. SOURCE: PIMCO. The views expressed are those of PIMCO and are subject to change.

*There is no guarantee that the proposed Fund will be formed or that if it is formed, that it will achieve its objectives. This information is a general summary in nature and is not intended to be all inclusive. **An investment in any PIMCO managed fund or account entails a high degree of risk and investors could lose all or a portion of their investment.**

Refer to Appendix for additional investment strategy and risk information

The value proposition of the proposed PIMCO's Flexible Credit Fund

1. Diversify exposure to higher yielding, public credit markets
2. Seek to generate robust risk-adjusted returns relative to traditional leveraged finance markets
3. Utilize liquidity protection to expand opportunity set beyond traditional credit

Seeks to:

- Generate 6-8% net returns across cycles[1]
- Utilize diversified, risk-oriented approach
- Limit large drawdowns that traditionally plague leveraged finance markets

Potential benefits from:

- Flexible, global mandate
- Liquidity protection
- Deep resources across credit sectors
- Integrated platform that promotes cross-pollination of ideas

Relies on PIMCO platform to:

- Leverage PIMCO's deep experience in risk management and portfolio construction
- Potentially enhance risk adjusted returns through prudent use of financing
- Utilize macro platform and robust analytics to inform investment process

As of 31 December 2019. SOURCE: PIMCO **For illustrative purposes only and subject to change. The views and expectations expressed are those of PIMCO and subject to change.**

[1] **The Target Return is not a guarantee, projection or prediction and is not indicative of future results of the proposed Fund. There can be no assurance that the proposed Fund will achieve the Target Return and actual results may vary significantly from the Target Return.**

This information is summary in nature and is no way complete, and has been simplified for illustrative purposes and may change materially at any time without notice. In particular, this information omits certain important details about risks of investing in the proposed Fund, and does not address certain key fund terms or represent a complete list of all fund terms. If you express an interest in investing in the proposed Fund you will be provided with a private placement memorandum, limited partnership agreement, subscription agreement, and other documents ("Fund Documents") in due course, which shall govern in the event of any conflict with the general terms listed herein. You must rely only on the information contained in the Fund Documents in making any decision to invest. An investment in a fund entails a high degree of risk and downside protection is not a guarantee against losses. Refer to Appendix for additional investment strategy, outlook, target return and risk information.

Mandate flexibility may lead to lower correlation to traditional credit betas and robust risk mitigation*

High yield

Leveraged loans

Emerging markets

Structured credit

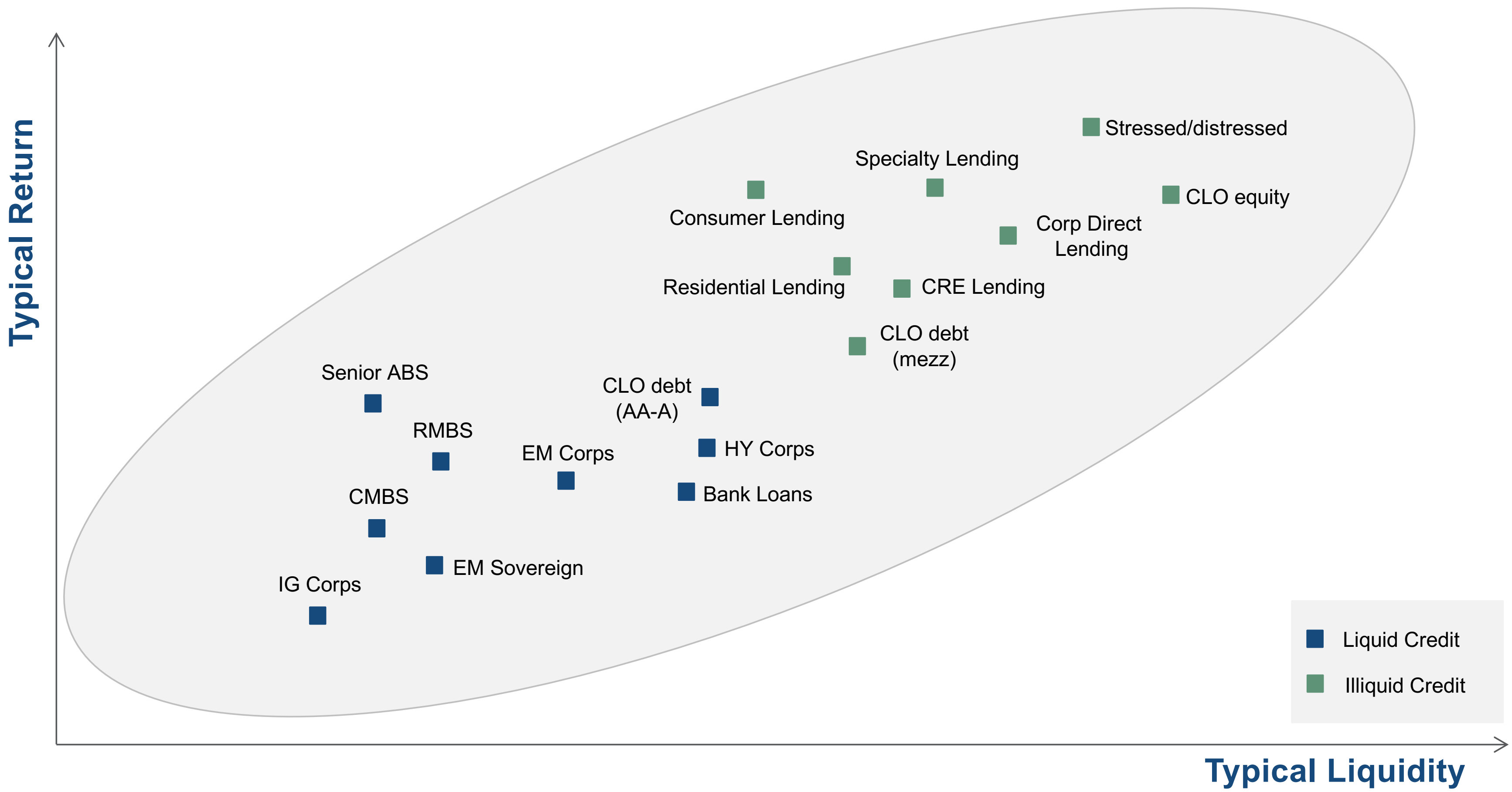
Special situations

Select private market opportunities

For illustrative purposes only.
*The correlation of various securities against one another is based upon data over a certain time period. Such correlations may vary substantially in the future or over different time periods that can result in greater volatility. There is no guarantee that the proposed Fund will have access to the investment opportunities discussed here or if such opportunities will materialize, that they will produce any level of returns. If the proposed Fund is launched, the portfolio composition is subject to change at any time without notice to investors.
Refer to Appendix for additional investment strategy and risk information.

Credit Market Backdrop

Broadly defined credit represents a robust continuum of opportunities



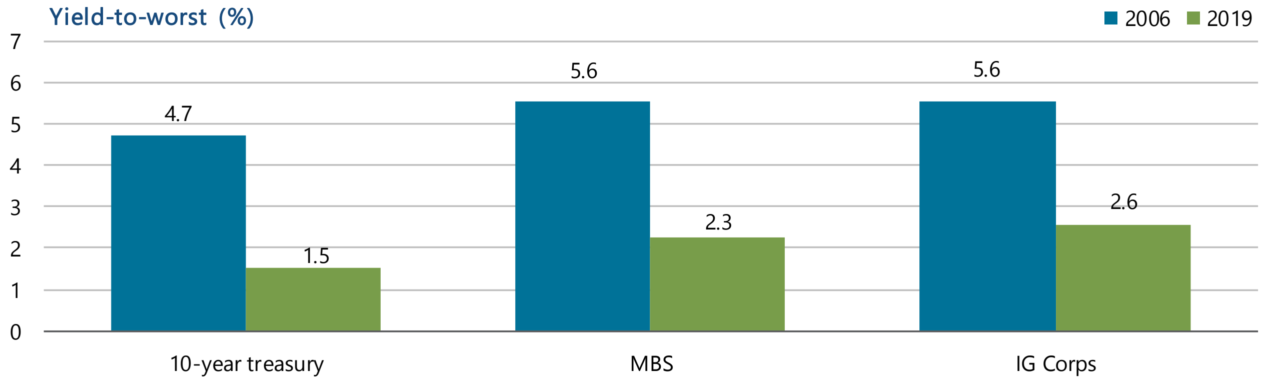
As of 31 January 2020; Source: PIMCO

The information above represents PIMCO's views on the typical characteristics of credit assets across the liquidity spectrum and is for illustrative purposes only. There can be no assurance that the proposed Fund will include similar credit assets and the above examples are subject to change at any time without notice. The proposed Fund may also make investments not referred to above, as well investments for which the expected return is higher or lower than the target returns shown above. **Past performance is not a guarantee or a reliable indicator of future results. The time periods shown for each group of assets is the estimated liquidity based on current market conditions and is subject to change.** There can be no assurance that any investment will achieve the target return and actual results may vary significantly from the target return.

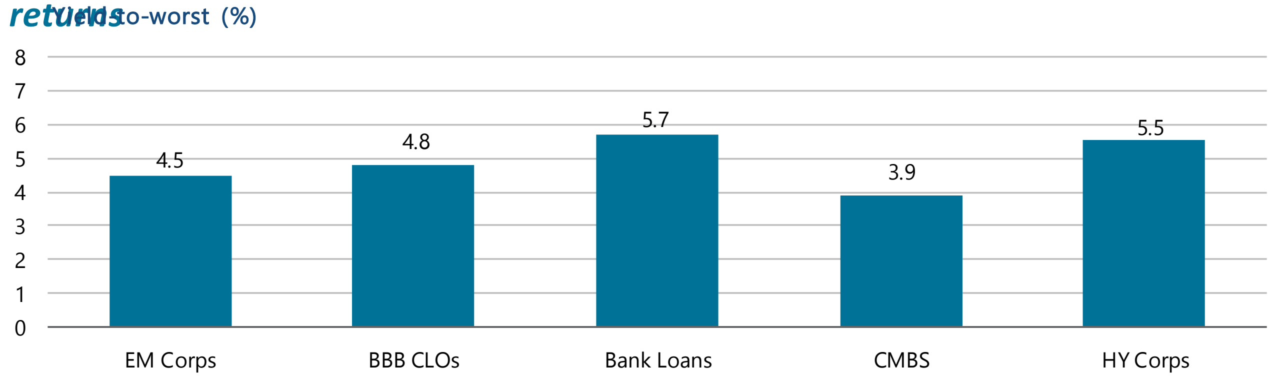
Refer to appendix for additional investment strategy and risk information

Many investors will need to be more creative in achieving their long-term return needs

As yields across traditional fixed income asset classes have declined….



…investors have increasingly become reliant on higher yielding credit for returns



As of 31 January 2020

Source: MBS: Bloomberg Barclays Fixed Rate MBS Index, IG Corps: Bloomberg Barclays U.S. Aggregate Credit Index, EM Corps: JPMorgan CEMBI Index, CLOs: JPMorgan CLO 2.0 BBB Index, Bank Loans: JPMorgan Leveraged Loan Index, CMBS: Barclays CMBS BBB 8.5+ year index, HY Corps: Bloomberg Barclays U.S. High Yield Index

These charts are presented for illustrative purposes only and is not intended to represent the how the proposed Fund may perform, if launched, or how the proposed 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 yield may be lower or higher.**

Refer to Appendix for additional index, investment strategy and risk information

Evolution of credit market structure creates risks and opportunities

Market Indicators	Pre-Crisis	Today	Change[11]
Public High Yield and Loan Markets			
Size of bank loan and high yield markets[1] *Total $ size*	$1.2tn	$2.4tn	**+100% (+$1.2tn)**
US middle market & large cap syndicated leverage[2]	5.2x / 4.2x	6.9x / 4.9x	**+33% / +16%**
Lower quality investment grade[3] *% of U.S. BBB and total $ size*	32% ($730bn)	47% ($3,204bn)	**+300% (+$2.5tn)**
Cov-lite[5] *% of total US bank loan issuance*	17% ($95bn)	80% ($950bn)	**+ 1000% (+$855bn)**
Collateralized Loan Obligation (CLOs)			
CLO ownership[4] *% of outstanding US syndicated loans*	47%	57%	**Nearly 2/3 ownership**
Outstanding CLOs[8] *$ par outstanding amount of US bank loans and US corporate CLOs*	$330bn	$678bn	**+100%**
Dealer Liquidity & Retail Funding			
Dealer inventory of high yield bonds[9] *Total $ size*	$26bn	$1bn	**-94%**
U.S. Mutual Fund and ETF ownership of corporate bonds[10]	27%	48%	**Almost ½ ownership**

Pre-crisis is defined as 31 December 2007 and Today is defined as 30 September 2019 except where otherwise noted. Other reference dates may produce materially different results.
Sources: [1]Leveraged loan data from Credit Suisse and US high yield bond data from BAML, [2] Middle market leverage for pre-crisis comes from S&P LCD and is defined as debt/EBITDA for middle market loans ($50mm of EBITDA or less) and is adjusted for prospective cost savings/synergies. The today figure comes from Lincoln International and is as of 30 June 2019 [3] Barclays Live [4] S&P LCD Leveraged Lending Review Q2-19 [5] Covenant lite data from S&P/LSTA Quarterly Factsheet [6]UBS, [7] BDC Leverage ratio as of 30 November 2019. pre-crisis comes from DBRS and SNL Financial and today from BDC Collateral. [8] Outstanding CLO data from JPMorgan Markets, [9] Credit Suisse [10] Mutual Fund/ETF data as of 30 June 2019 and is from the Federal Reserve [11] Rounded figures **There can be no guarantee that the trends above will continue.** Statements concerning financial market trends are based on current market conditions, which will fluctuate. The views expressed above reflect PIMCO's opinions and are subject to change. Refer to Appendix for additional outlook and risk information.

A flexible approach to credit aiming to navigate market cycles and capitalize on dislocations in relative value

	Normal Liquidity	Poor Liquidity
Robust Fundamentals	Well functioning markets with limited fundamental deterioration – focus on carry and higher beta opportunities reward investors **Recent examples**: Q1/Q4 2019 broad market rally **Relevant Theme**: risk factor diversification, restructurings with less correlation to broader market	Reduction of buyer base, change in risk sentiment and/or liquidity mismatch lead to dislocation outsized versus underlying fundamentals **Recent examples**: 4Q18 leveraged loans, Taper Tantrum **Relevant Theme**: high quality leveraged loans with price upside
Declining Fundamentals	Sector specific or isolated selloff that does not generate broad-based concerns **Recent examples**: 2016 High Yield energy crisis, 3Q19 CCC sell off **Relevant Theme**: focus on insulated sectors (housing, financials) and position cautiously on exposed sectors (energy, mining & metals)	Combination of factors create substantial volatility, mispricings, and range of forced sales – most significant risk off environment **Recent examples**: 2008 GFC, Dot Com Bubble **Relevant Theme**: emphasizing short maturity and self-liquidating assets, fund structure mitigates forced-sale situations,

As of 31 December 2019. SOURCE: PIMCO

For illustrative purposes only. The views and expectations expressed are those of PIMCO. There can be no guarantee that the trends mentioned about will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Refer to Appendix for additional investment strategy, outlook and risk information.

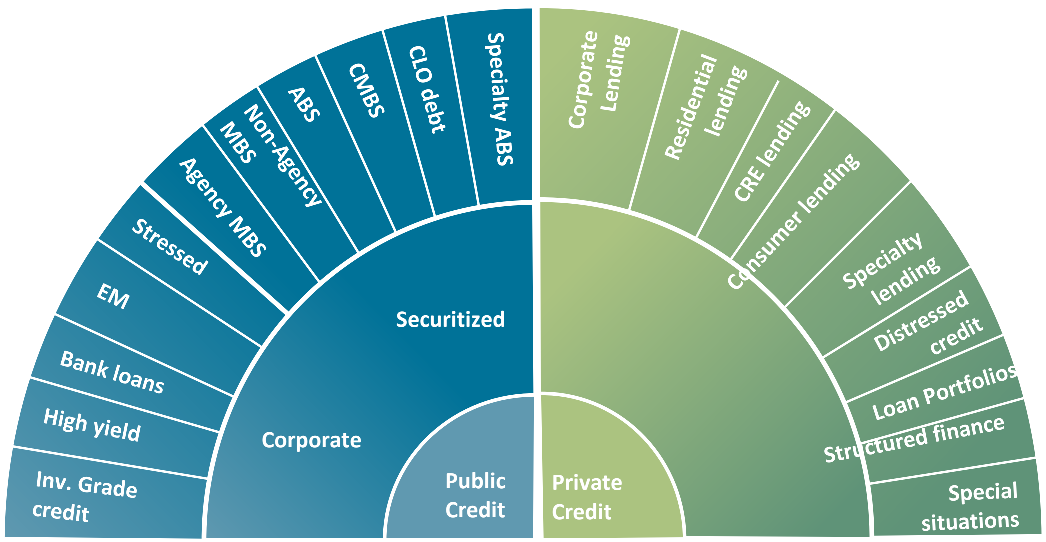
Why PIMCO?

Platform integration is a key differentiating factor for PIMCO

Broad and flexible capital that can allocate across asset classes and risk spectrum

Deep portfolio management resources to compare relative value across credit sectors

Time-tested macroeconomic framework and proprietary analytics to bolster credit investment process



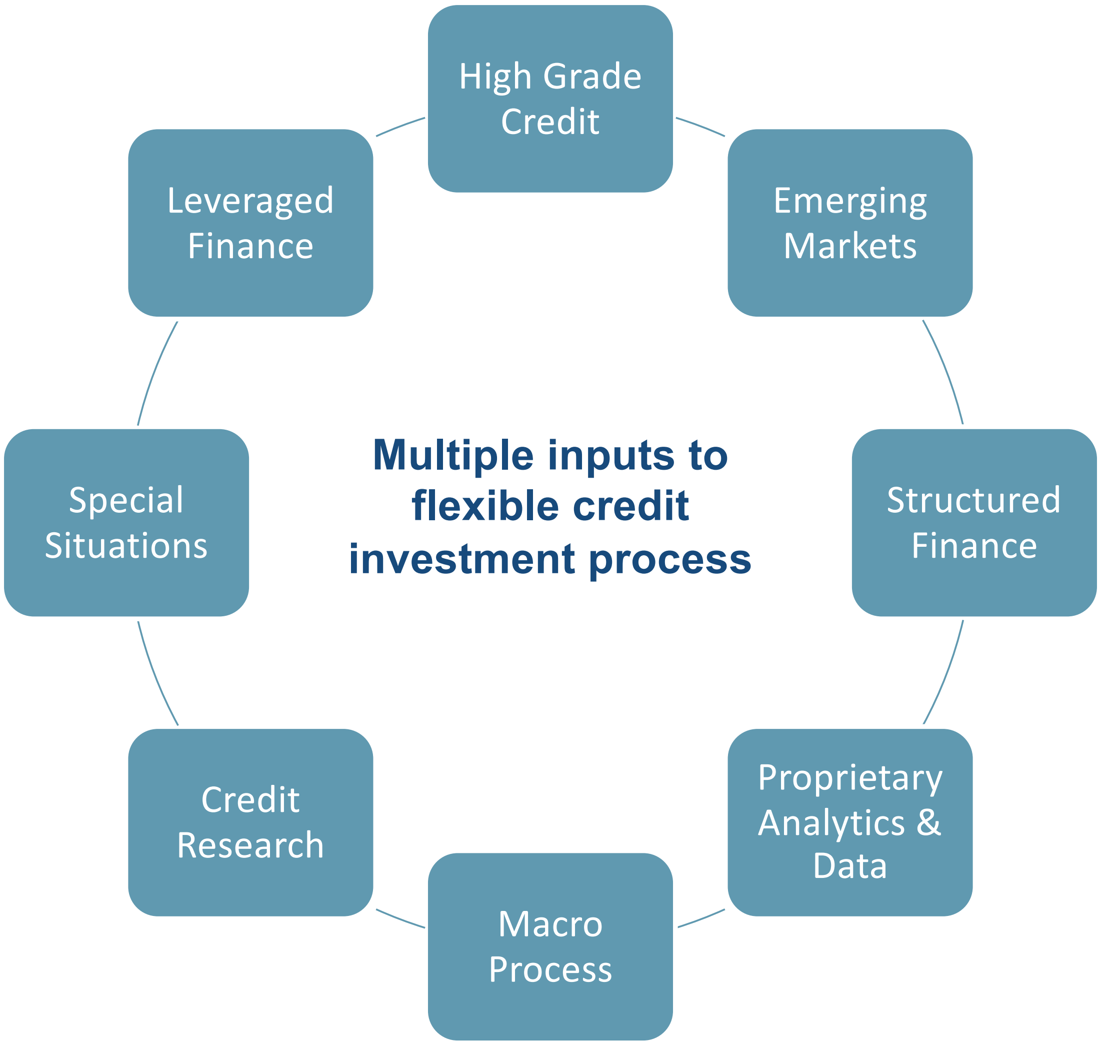
An integrated credit platform that spans the liquidity spectrum across all credit verticals

For illustrative purposes only.

The above is presented for illustrative purposes only, as a general example of the type of credit investments that PIMCO invests in across the liquidity spectrum and sheds light on PIMCO's current capabilities in sourcing, modeling and managing such investments (which may evolve over time). There can be no guarantee that the proposed Fund will have or continue to have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with the proposed Fund's investments.

Refer to Appendix for additional investment strategy and risk information.

Cross-pollination of ideas are critical to flexible credit investing



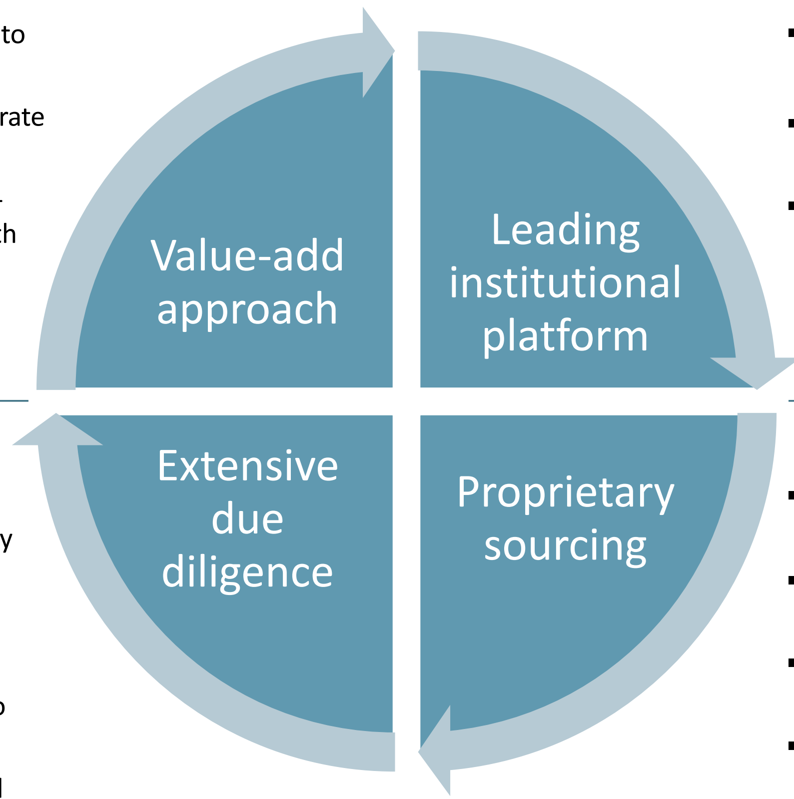
As of 31 January 2020.

For illustrative purposes only

The investment process inputs identified above are subject to change to appropriately address the proposed Fund's objectives and strategy at the discretion of PIMCO at any time and without notice to investors. There can be no assurance that the process outlined above will produce the desired results or achieve any particular level of returns. Refer to Appendix for additional investment strategy and risk information.

PIMCO's difference in special situations investing

Special Situations at PIMCO



- Experience with in- and out-of-court restructurings
- Reputation as an "active" investor to influence outcomes
- Valuation, restructuring and corporate finance capabilities
- Potential for PIMCO to invest post-reorganization fosters goodwill with borrowers

- Experienced, dedicated special situations PM team
- Extensive industry coverage:
  - 65+ analysts covering 1,000+ credits
- Major trading party to global financial institutions
- Institutional risk management and operations infrastructure

- Sector insights from real estate, commodity, EM and other specialty desks at PIMCO
- Channel checks: competitors, vendors, distributors, customers
- Access to industry leaders down to mid-level managers
- Analytics resources for customized analysis

- Network of industry/legal relationships
- Reputation serves to create reverse inquiry directly from borrowers
- Integrated platform allows PIMCO to be capital solutions provider
- Database of information tied to past investment activity

As of 31 January 2020. Certain PIMCO personnel who will provide investment advice to the proposed Flexible Credit Fund are separated by an information barrier that has been established between the private side of the Alternatives platform (the "Special Alternatives Group") and PIMCO's public-side trading floor. As a result, communications between the Special Alternatives Group and PIMCO's public side investment professionals are subject to certain restrictions as set forth in PIMCO's policies and procedures pertaining to MNPI and information barriers. There can be no guarantee that any investment strategy will have or continue to have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with an alternative credit strategy. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.**

Refer to Appendix for additional investment strategy and risk information.

Strategy & Model Portfolio

Overview: PIMCO's Proposed Flexible Credit Fund

- Objective: Seeking 6%–8% net returns across market cycles with a secondary objective of 100-200 bps net above high yield / leveraged loan markets

- Primary strategies:
  - ❑ Flexible and diversified approach to global credit markets, including high yield, bank loans, emerging markets and structured products
  - ❑ Granular security selection process to identify best relative value within credit sectors
  - ❑ Tactical exposures to special situations, stressed/distressed and privately originated credit markets
  - ❑ Prudent use of financing to enhance risk/reward profile

Broad, global credit market opportunity set

Focus on portfolio construction to navigate credit cycles

Flexibility to allocate to less liquid credit

Quarterly liquidity w/ 90 days notice

Distribution and accumulation share classes

Performance-based fee structure to align incentives

Potential Strategy benefits

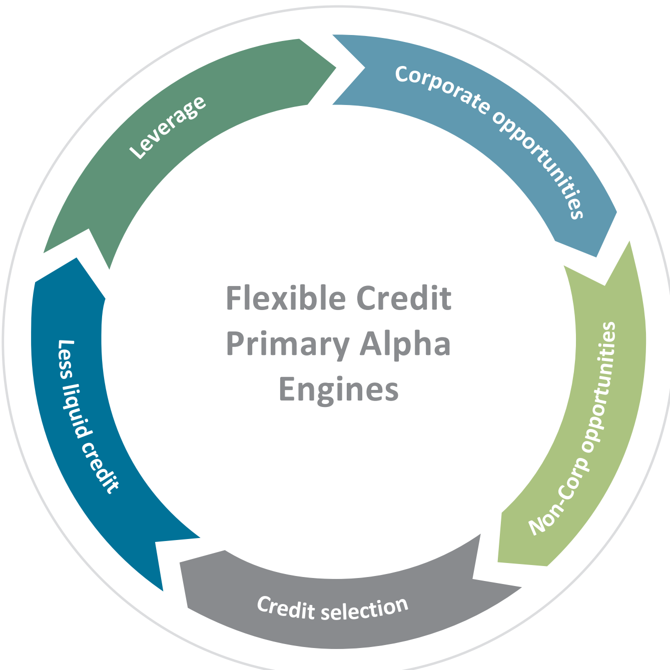
Potential Structural benefits

As of December 31 2019. **The Target Return is not a guarantee, projection or prediction of future results of the proposed Fund. Actual results may vary significantly from the return objective.**

An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment. This information is summary in nature and is no way complete, and these terms have been simplified for illustrative purposes and may change materially at any time without notice. In particular, this information omits certain important details about the stated terms, and does not address certain other key fund terms or represent a complete list of all fund terms. If you express an interest in investing in the proposed Fund, you will be provided with a private placement memorandum, limited partnership agreement, subscription agreement, and other documents ("Fund Documents"), in due course, which shall govern in the event of any conflict with the general terms listed herein. You must rely only on the information contained in the Fund Documents in making any decision to invest. An investment in a fund entails a high degree of risk and downside protection is not a guarantee against losses. Refer to Appendix for additional investment strategy, outlook and risk information. The strategies and investment process identified above are subject to change to appropriately address the proposed Fund's objectives at the discretion of PIMCO at any time and without notice to investors.

Refer to Appendix for additional investment strategy, return target and risk information.

Multiple alpha engines that seek to enhance risk-adjusted returns



01 **Sector selection within corporate market**

Active management across global high yield, leveraged loan, bank capital, CLO debt and emerging market corporates

02 **Tactical allocations to non-corporate sectors**

Broader opportunity set including mortgage and real-estate-related debt, specialty finance and special situations

03 **Granular bottom-up asset selection**

Ability to leverage PIMCO's sector specialists, credit research analysts and portfolio analytics to identify potentially attractive risk/reward profiles within each credit sector

04 **Select opportunities in special situations, stressed/distressed and private credit**

Semi-liquid structure with ability to house less liquid investments expands opportunity set beyond more traditional credit sectors

05 **Prudent use of financing**

Ability to utilize leverage as an alpha tool, allowing portfolio managers to look across the capital structure and risk spectrum to identify efficient means of potentially enhancing risk-adjusted returns

As of 31 January 2020.

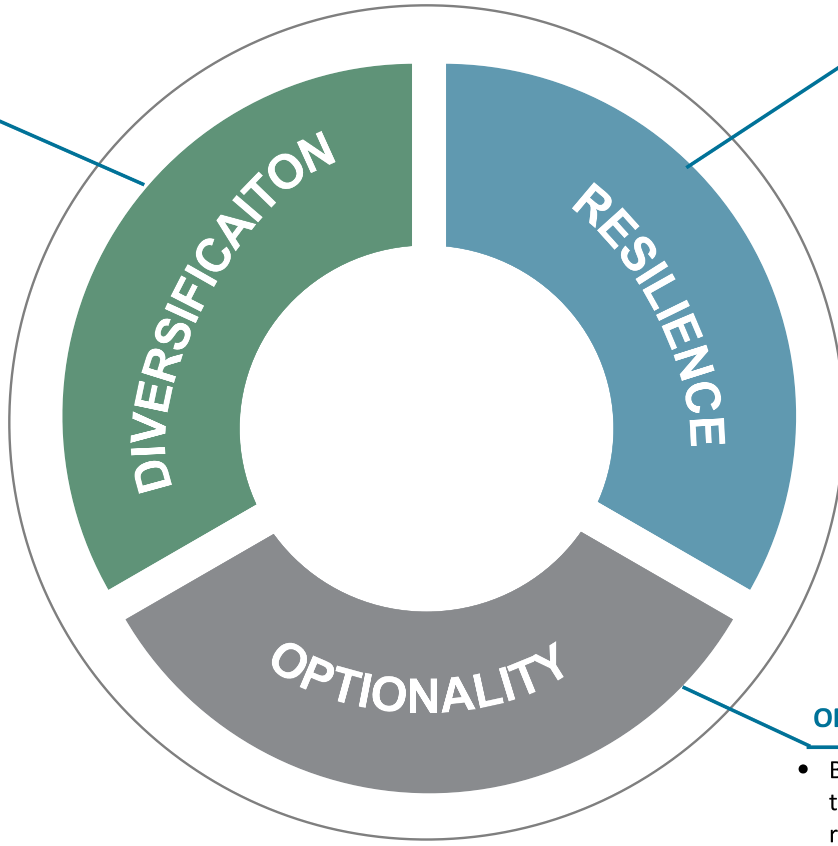
An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest for a long-term especially during periods of downturn in the market. The strategies and investment process identified above are subject to change to appropriately address the proposed Fund's objectives at the discretion of PIMCO at any time and without notice to investors.

Refer to Appendix for additional investment strategy and risk information

Proposed Flexible Credit Fund investment philosophy

DIVERSIFICATION

- Leverage PIMCO's global presence and integrated platform to capitalize on the broad credit market opportunity set
- Compare relative value across sectors, industries, capital structures and geographies to inform portfolio emphasis
- Risk factor diversification across portfolio
- Scale into positions based on level of attractiveness



RESILIENCE

- Emphasize credits with structural seniority and/or strong asset coverage
- Leverage PIMCO's proprietary analytics to quantify optionality embedded in a given asset
- Emphasize short-dated and/or self-liquidating risk

OPTIONALITY

- Build around diversified, resilient portfolio with tactical exposures with asymmetric return upside relative to downside risk
- Rely on patience – react to dislocations and special situations vs. reaching for yield
- Utilize breadth of PIMCO platform to source risk and influence outcomes

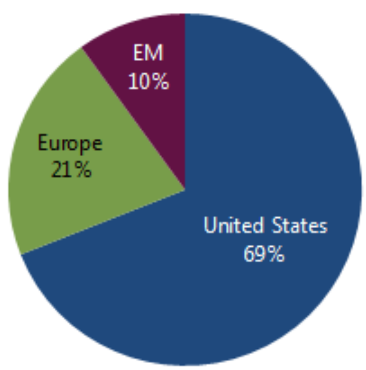
As of 31 December 2019. There can be no assurance that the process outlined above will produce the desired results or achieve any particular level of returns. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.**

Refer to Appendix for additional investment strategy, portfolio structure and risk information.

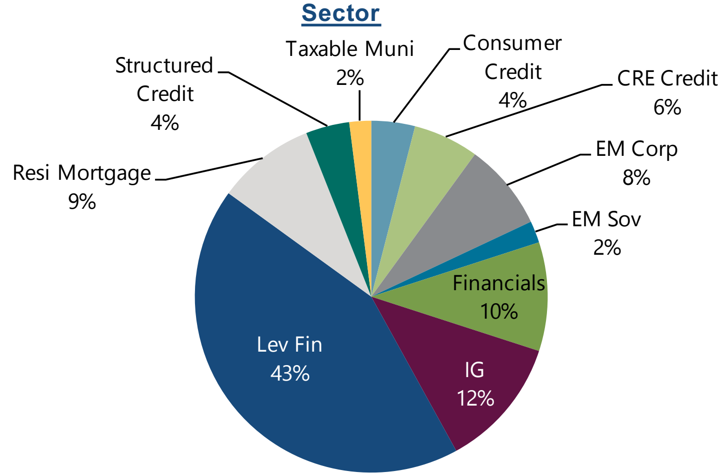
Proposed Flexible Credit model portfolio

Diversification	Resilience	Optionality
▪ Levered yield of 7.2% through broad sector exposure ▪ Average position size <2% ▪ Key on risk factors that exhibit less cyclical sensitivity, with a focus on positions that offer diversification from generic corporate credit beta	▪ Emphasize exposure to sectors (housing, U.S. consumer, financials) that are potentially more resilient to economic shocks ▪ Employ "Bend not Break" philosophy while taking market risk or embedding carry in portfolio	▪ Focus on positions where PIMCO is able to influence outcome or enhance potential upside via structural considerations ▪ Seek positions trading at substantial discount to par with material upside

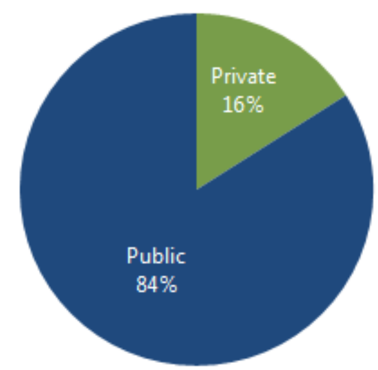
Geography



Sector



Public/Private



As of 29 February 2020. SOURCE: PIMCO

Hypothetical example for illustrative proposes only. The model portfolio represents potential Fund composition based on current market conditions, the Fund investment team's experience and investments evaluated by PIMCO or PIMCO-advised investment funds. No assurance can be given that the Fund's portfolio will actually make these or comparable investments or have the same overall composition as shown above. The Fund's portfolio composition is subject to change anytime without notice. **Model portfolio allocations should not be relied upon as an indicator of future results or used as the basis for investment decisions.** Refer to Appendix for additional investment strategy, outlook, model portfolio and risk information.

IMPORTANT INFORMATION REGARDING PIMCO PRIVATE FUNDS

PERFORMANCE AND FEE

Past performance is not indicative of future results, and no assurance can be given that any proposed fund or account will achieve returns comparable to the funds herein. An investment in a fund involves a risk of total loss of capital. Each fund's fees are discussed within the fund's Private Placement Memorandum or applicable supplement.

Any investment decision should be based only on a fund's private placement memorandum (the "PPM"), limited partnership agreement, subscription agreement and other definitive fund documents (the "Documents"), which shall govern in the event of any conflict with the information contained herein. You must rely only on the information in the Documents in making any decision to invest. This summary is for informational purposes only, and does not constitute an offer to sell, or a solicitation of an offer to buy, interests in the proposed fund described herein or to participate in any trading strategy. In the event that an offer were to be made, any such offer would be made only after a prospective purchaser has had the opportunity to conduct its own independent evaluation of a fund and has received all information required to make its own investment decision, including a copy of Documents, which will contain material information not included herein and to which prospective purchasers are referred. No person has been authorized to give any information or to make any representation with respect to a fund other than those contained in this summary and, if given or made, such information or representations must not be relied upon as having been authorized. Each prospective investor should consult its own counsel, accountant, or tax or business adviser as to legal, accounting, regulatory, tax and related matters, as well as economic risks and merits, concerning the possibility of making an investment in a fund.

ADDITIONAL INFORMATION

The funds listed are reflective of PIMCO's experience in launching and managing private investment funds within the select credit verticals and strategies that are the subject of this presentation. This list is being presented solely for illustrative purposes and does not represent, and should not be construed as representing, a list of past specific recommendations made by PIMCO. In addition, this list does not represent a complete list of PIMCO private investment funds; PIMCO currently manages, and in the past has managed, a number of other private investment funds that are not presented because they utilize different investment strategies. The characteristics of any other past, current or future PIMCO private investment funds (including, without limitation, their strategies, terms, performance, investment personnel and risks) may differ materially from those relating to the funds listed herein. The performance of certain of these other funds is worse than the performance of the funds listed herein. The performance of certain of these funds was achieved during periods of extreme market dislocations that presented unique opportunities that are not likely to repeat.

RISK

The funds are not subject to the same regulatory requirements as mutual funds. The funds are expected to be leveraged and to engage in speculative investment practices that will increase the risk of investment loss. The funds' performance could be volatile; an investor could lose all or a substantial amount of its investment. A fund's manager will have broad trading authority over a fund. The use of a single adviser applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is no secondary market for a fund's interest and none is expected to develop. There will be restrictions on transferring interests in a fund and limited liquidity provisions. A fund's fees and expenses may offset its trading profits. Funds will not be required to provide periodic pricing or valuation information to investors. Funds will involve complex tax structures and there may be delays in distributing important tax information. A substantial portion of the trades executed for certain funds are in non-U.S. securities and take place on non-U.S. exchanges.

Investments in residential/commercial mortgage loans and commercial real estate debt are subject to risks that include prepayment, delinquency, foreclosure, risks of loss, servicing risks and adverse regulatory developments, which risks may be heightened in the case of non-performing loans. Funds will also have exposure to such risks through its investments in **mortgage and asset-backed securities**, which are highly complex instruments that may be sensitive to changes in interest rates and subject to early repayment risk**. Structured products** such as collateralized debt obligations are also highly complex instruments, typically involving a high degree of risk; use of these instruments may involve derivative instruments that could lose more than the principal amount invested. Private Credit funds will also be subject to real estate-related risks, which include new regulatory or legislative developments, the attractiveness and location of properties, the financial condition of tenants, potential liability under environmental and other laws, as well as natural disasters and other factors beyond the fund's control. **Equity investments** may decline in value due to both real and perceived general market, economic and industry conditions, while debt investments are subject to credit, interest rate and other risks. **Investing in banks and related entities** is a highly complex field subject to extensive regulation, and investments in such entities or other operating companies may give rise to control person liability and other risks. In addition, there can be no assurance that PIMCO's strategies with respect to any investment will be capable of implementation or, if implemented, will be successful. The use of **leverage** may cause a portfolio to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a portfolio to be more volatile than if the portfolio had not been leveraged.

Structured products such as collateralized debt obligations are also highly complex instruments, typically involving a high degree of risk; use of these instruments may involve derivative instruments that could lose more than the principal amount invested. **Equity investments** may decline in value due to both real and perceived general market, economic and industry conditions, while debt investments are subject to credit, interest rate and other risks. **Investing in banks and related entities** is a highly complex field subject to extensive regulation, and investments in such entities or other operating companies may give rise to control person liability and other risks. In addition, there can be no assurance that PIMCO's strategies with respect to any investment will be capable of implementation or, if implemented, will be successful. Investments in **distressed loans and bankrupt companies** are speculative and the repayment of default obligations contains significant uncertainties. The use of **leverage** may cause a portfolio to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a portfolio to be more volatile than if the portfolio had not been leveraged.

Appendix

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit, and inflation risk. **Bank loans** are often less liquid than other types of debt instruments and general market and financial conditions may affect the prepayment of bank loans, as such the prepayments cannot be predicted with accuracy. There is no assurance that the liquidation of any collateral from a secured bank loan would satisfy the borrower's obligation, or that such collateral could be liquidated. **Collateralized Loan Obligations (CLOs)** may involve a high degree of risk and are intended for sale to qualified investors only. Investors may lose some or all of the investment and there may be periods where no cash flow distributions are received. CLOs are exposed to risks such as credit, default, liquidity, management, volatility, interest rate, and credit risk. **Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and may not be suitable for all investors. **Investing in distressed loans and bankrupt companies** are speculative and the repayment of default obligations contains significant uncertainties. 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 **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. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. **Sovereign securities** are generally backed by the issuing government, **obligations of U.S. Government agencies and authorities** are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. **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. **The current regulatory climate** is uncertain and rapidly evolving, and future developments could adversely affect a fund and/or its investments.

The foregoing is only a description of certain key risks, and is not a complete enumeration of all risks to which a fund will be subject. Each fund will be subject to numerous other risks not described herein. Prospective investors must carefully review the Documents (including, without limitation, the risk factors contained in a fund's private placement memorandum) prior to making any investment decision.

A purchase of interests in any fund involves a high degree of risk that each prospective investor must carefully consider prior to making such an investment. Investors should thoroughly review the investment considerations and risk factors section of a fund's private placement memorandum for a more complete description of these risks. Prospective investors are advised that investment in a fund is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss, of their investment.

TARGET RETURN

The Target Return stated herein is not a guarantee, projection or prediction of future results of a fund. There can be no assurance that a fund will achieve the Target Return or any particular level of return; an investor may lose all of its money by investing in a fund. Actual results may vary significantly from the Target Return.

There can be no assurance that the Target Return will be achieved. Prospective investors should bear in mind that the Target Return is intended to illustrate the return profile of the investments PIMCO will seek for a fund (taking into account the effects of leverage), and is not a guarantee, projection or prediction and is not indicative of future results of a fund. Actual returns over any given time horizon may vary significantly from the Target Return. In addition, the Target Return may be adjusted without notice to the Limited Partners in light of available investment opportunities and/or changing market conditions. The Target Return set forth is based on a combination of factors, including the availability of leverage at expected terms and assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the Target Return that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include assumptions related to (i) a fund's investment team's ability to adequately assess the risk and return potential of investments; (ii) the availability of leverage at expected terms; and (iii) PIMCO's outlook for certain global and local economies and markets as it relates to potential changes to the regulatory environment, interest rates, growth expectations, residential and commercial housing fundamentals and the health of the consumer. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating the Target Return have been stated or fully considered. A fund's ability to achieve investment results consistent, in the aggregate, with the Target Return depends significantly on a number of factors in addition to the accuracy of such assumptions, including fund's ability to execute its investment strategy successfully. Prospective investors reviewing the Target Return contained herein must make their own determination as to the reasonableness of the assumptions and the reliability of the Target Return. Actual results and events may differ significantly from the assumptions and estimates on which the Target Return is based. Prospective investors should further note that the Target Return is that of the master fund, and that a feeder fund's returns may be lower due to the impact of feeder-specific expenses and other factors.

Appendix

Additional notes on PIMCO's track record in comparable opportunistic PE-style funds (section 2)

[1] All funds presented are private equity-style investment funds. PIMCO manages or has managed other funds with different structures (e.g., hedge funds) whose primary investment strategies include or included similar asset classes; information about such funds is not presented herein. Assumes that BRAVO, BRAVO II and BRAVO III are each liquidated as of December 31, 2019 (such date is the "Reference Date"). DMF II concluded operations on April 29, 2013 (a de minimis distribution was made in January 2017 and a final distribution was made in July 2018), DMF concluded operations on November 16, 2012 (a de minimis distribution was made in January 2017 and a final distribution was made July 2018), DiSCO concluded operations on March 5, 2012 (a de minimis distribution was made in late October 2012 and a final de minimis distribution was made in early August 2018), and TALF concluded operations on June 7, 2011. The returns for DMF and DMF II are subject to further changes as a result of the fund's final audit. Except for any Gross IRRs presented, the returns for each fund have been calculated net of all fees (including management fees and administration fees), expenses (including any expenses associated with leverage) and realized and unrealized carried interest and are shown since the date of the initial capital call of each fund (i.e., January 14, 2011 (for BRAVO); March 19, 2013 (for BRAVO II); November 16, 2016 (for BRAVO III); October 31, 2007 (for DMF); December 1, 2008 (for DMF II); July 7, 2008 (for DiSCO); June 2, 2009 (for TALF); and November 16, 2016 (for BRAVO III) . IRR represents the annualized internal rate of return for the period indicated (i.e., from the initial capital call date through the date on which operations concluded or, for the Active Prior Funds (as defined below), the Reference Date), based on capital contributions by investors, distributions to investors and (for the Active Prior Funds) the residual value of unrealized investments. Multiple represents the ratio of (i) distributions to investors plus (for the Active Prior Funds) the residual value of unrealized investments (net of fees, expenses and realized/unrealized carried interest) to (ii) capital contributions by investors. The returns shown above are those of each fund complex as a whole (i.e., the master fund and feeder funds). Returns to specific fund investors were different due to (among other factors) the impact of (i) fee and/or carried interest/performance allocation reductions, (ii) tax considerations applicable to different investors and (iii) certain investors electing or being required to prepay their entire commitments upon admission. In addition, the returns shown above take into account management fee and carried interest/performance allocation waivers granted to employee and affiliated investors and generally unavailable to third party investors, although such waivers did not materially impact fund returns. The returns for each fund reflect the use of leverage, which can magnify returns and/or make returns more volatile. The investment performance of each fund has been calculated on the basis of both net cash flows generated from the disposition of realized investments and, with respect to unrealized investments of the Active Prior Funds, estimated net cash flows as though such investments were disposed of at their valuations determined as of the Reference Date. In many cases these unrealized investments were "fair valued" as of the Reference Date. With respect to the performance returns for funds with unrealized investments, actual returns will vary from the estimates and the variations may be significant. Each of the funds listed above has one or more feeder funds that invest or invested all or substantially all of its assets in such fund. The performance of such feeder funds may differ from the performance listed in the chart above due to different fee and expense arrangements and/or tax consequences.

[2] DMF has concluded operations and made a liquidation distribution to limited partners on November 16, 2012 (a final de minimis distribution was made in July 2018).

[3] DiSCO has concluded operations and made a liquidation distribution to its limited partners on March 5, 2012 (a final de minimis distribution was made in early August 2018).

[4] DMF II concluded operations and made a liquidation distribution to limited partners on April 29, 2013 (a final de minimis distribution was made in July 2018).

[5] TALF has concluded operations and made a final distribution to its limited partners on June 7, 2011.

[6] As of December 6, 2013, BRAVO had called 100% of its committed capital.

[7] Investment period has ended. As of 31 December 2019, BRAVO II had called 87.5% of its committed capital.

[8] Investment period has not ended. As of 31 December 2019, COF II had called 81.8% of its committed capital.

[9] As of 15 April 2013, DCF had called 100% of its committed capital.

[10] Investment period has not ended. As of 31 December 2019, BRAVO III had called 72.4% of its committed capital.

[11] Investment period has not ended. As of 31 December 2019, CLO Opps had called 15.0% of its committed capital.

With respect to the Active Prior Funds (as defined below), the returns above represent the net return as of the applicable Reference Date, may have changed since such date, include both realized and unrealized returns and are likely to change over the life of these funds.

BRAVO, BRAVO II and BRAVO III seek to capitalize on capital infusion and risk disposition opportunities across the financial system, including residential and commercial real estate investments. DMF II and DMF sought to capitalize on the historic dislocation in the U.S. and global mortgage markets. DiSCO sought to capitalize on the liquidity crisis in senior bonds across credit markets primarily in MBS, ABS, CMBS, investment grade and high yield. TALF sought to capitalize on government-guaranteed, non-recourse financing of TALF-eligible consumer ABS and CMBS. BRAVO, BRAVO II and BRAVO III (collectively, the "**Active Prior Funds**") continue to be implemented based on their respective investment strategies; DMF II, DMF, DiSCO and TALF (collectively, and together with the Active Prior Funds, the "**Prior Funds**") have concluded operations. The Prior Funds are closed to new investors and have different overall investment strategies, risks and investment considerations than the Fund.

PIMCO believes that the performance records of these Prior Funds are relevant to prospective investors because PIMCO expects that mortgage and real estate-related assets that are distressed and/or undervalued due to market dislocations or other factors are expected to constitute a significant part of the overall strategy of DISCO III Fund. In addition, while the Fund's investment team is not the same as the teams that are responsible for the performance of the Prior Funds, there is substantial overlap between the Prior Funds' investment teams and the Fund's investment team. PIMCO has managed and continues to manage a number of other private investment vehicles whose performance is not presented because they utilized or utilize different investment strategies, they utilized or utilize different investment structures, and/or they were or are managed by different teams; the performance of those other funds is different from the performance of the Prior Funds listed above. The performance of the Prior Funds was achieved during periods of extreme market dislocations that presented unique opportunities that may not repeat and is due in part to a general recovery in the securitized product sector that also may have been unique.

Appendix

Certain of the Prior Funds benefitted from financing terms (including the availability of financing through the U.S. Federal Reserve's Term Asset-Backed Securities Loan Facility program) that are not expected to be available to the Fund; in addition, the utilization of leverage contributed to the Prior Funds' performance, and there can be no assurance that the Fund will utilize leverage in a similar manner or to a similar extent.

The Prior Funds' strategies, although similar to the Fund's strategy in some respects, are substantially different in other respects; in addition, the Prior Funds have broad investment mandates and/or have significant flexibility to invest in assets other than mortgage and real estate-related assets that are distressed and/or undervalued due to market dislocations or other factors. Because of these differences and other factors, the performance of the Prior Funds should not be considered to be predictive of the Fund's performance.

IMPORTANT INFORMATION REGARDING PIMCO SEPARATE ACCOUNT COMPOSITES

PERFORMANCE AND FEE
Past performance is not a guarantee or a reliable indicator of future results. Gross returns do not reflect the deduction of investment advisory fees (for Pacific Investment Management Company LLC described in Part 2 of its Form ADV) in the case of both separate investment accounts and mutual funds; but they do reflect commissions, other expenses (except custody), and reinvestment of earnings. Such fees that a client may incur in the management of their investment advisory account may reduce the client's return. For example, over a five-year period, annual advisory fees of 0.425% would reduce compounding at 10% annually from 61.05% before fees to 57.96% after fees. The "net of fees' performance figures reflect reinvestment of earnings and dividends and the deduction of actual investment advisory fees and brokerage commissions but, typically, do not reflect the deduction of custodial fees. All periods longer than one year are annualized. Separate account clients may elect to include PIMCO sector funds in their portfolio; sector funds may be subject to additional terms and fees. For a copy of net of fees performance, unless included otherwise, please contact your PIMCO representative.

COMPOSITE
Composite performance is preliminary until the 12th business day of the month.

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

RISK
Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. 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. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. 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.

Additionally, the Diversified Income strategy may invest all of its assets in high-yield, lower-rated, securities.

This material contains the current opinions of the manager and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

Appendix

GENERAL DISCLOSURES

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.

OUTLOOK
Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. Outlook and strategies are subject to change without notice.

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

STRATEGY AVAILABILITY
Strategy availability may be limited to certain investment vehicles; not all investment vehicles may be available to all investors. Please contact your PIMCO representative for more information.

TAX
PIMCO does not provide legal or tax advice. Please consult your tax and/or legal counsel for specific tax or legal questions and concerns.

This material contains the current opinions of the manager and such opinions are subject to change without notice. Except for the historical information and discussions contained herein, statements contained in this material may constitute forward-looking statements. These statements may involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, including the performance of financial markets, the investment performance of PIMCO's sponsored investment products, general economic conditions, future acquisitions, competitive conditions and government regulations, including changes in tax laws. Further, such forward-looking statements speak only on the date at which such statements are made. PIMCO undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statement.

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Appendix

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