

PIMCO Short Duration Municipal Income Fund

Description

Seeks high current income exempt from federal income tax, consistent with preservation of capital

Fund Inception Date*

August 31, 1999

Total Fund Assets (in millions)

\$296.7

Management Firm

PIMCO (Pacific Investment Management Company)

Portfolio Manager

John Cummings

Dividend Frequency

Monthly

Symbol / CUSIP

	Symbol	CUSIP Number
A Shares	PSDAX	693389843
C Shares	PSDCX	693389868

Maturity / Quality

S	I	L	
■	■	■	H
■	■	■	M
■	■	■	L

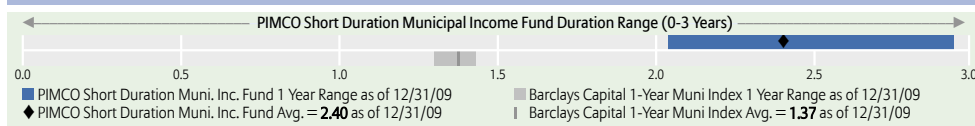
Maturity: Short
Quality: High

Fund Highlights

- Invests primarily in short- to intermediate-term federal tax-exempt securities.
- To accomplish investment objective, the Fund may use derivatives or other instruments to synthetically adjust the portfolio's duration.
- Provides access to PIMCO's considerable municipal bond management expertise.
- Seeks to avoid investments in securities whose interest are subject to the federal alternative minimum tax.

Portfolio Analysis

Duration



Top Sectors

Cash Muni	29%
State/Local Government	16%
Special Tax	9%
Power Revenue	8%
Hospital Revenue	6%
Ind Dev/Pollution Ctrl	6%
Lease Revenue	6%

Maturity

<1 Year	47%
1-3 Years	26%
3-5 Years	14%
5-10 Years	7%
10-20 Years	6%
Average Maturity	2.45 Years
Average Duration	2.04 Years

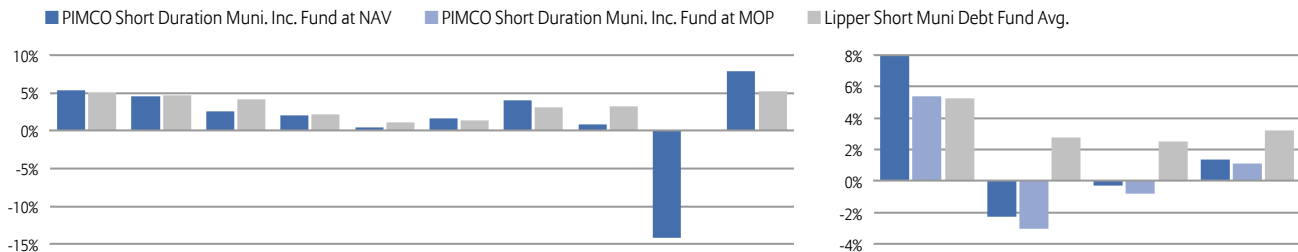
Quality¹

AAA	25%
AA	46%
A	17%
BBB	10%
BB	1%
B	1%
Average Quality	AA-

Statistics

Standard Deviation ²	6.03
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Performance Analysis



Calendar Year Returns

	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09
PIMCO Fund at NAV	5.4%	4.6%	2.5%	2.1%	0.4%	1.6%	4.0%	0.8%	-14.1%	7.9%
PIMCO Fund at MOP										
Lipper Short Muni Debt Fund Avg.	5.1%	4.7%	4.2%	2.1%	1.1%	1.4%	3.1%	3.2%	0.2%	5.3%
Barclays Capital 1-Year Muni Index	5.3%	5.8%	3.9%	1.7%	1.1%	1.5%	3.2%	4.4%	4.6%	3.5%

Average Annual Returns

	1-yr	3-yr	5-yr	10-yr
PIMCO Fund at NAV	7.91%	-2.23%	-0.25%	1.35%
PIMCO Fund at MOP	5.42%	-2.96%	-0.71%	1.12%
Lipper Short Muni Debt Fund Avg.	5.26%	2.79%	2.53%	3.20%
Barclays Capital 1-Year Muni Index	3.49%	4.14%	3.42%	3.48%

If this material is used after 3/31/10, it must be accompanied by the most recent Performance Supplement.

Performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit our Web site at www.allianzinvestors.com. The MOP returns take into account the 2.25% maximum initial sales charge. The Fund's expense ratio is 0.73%. Visit www.allianzinvestors.com to find out if this Fund's expenses are being subsidized.

Best / Worst Return

	Best	Worst
3-month (ended)	3.86% (5/31/08)	-12.34% (11/30/08)
1-yr (ended)	7.91% (12/31/09)	-14.07% (12/31/08)
3-yr (ended)	4.36% (8/31/02)	-3.43% (12/31/08)

* The inception date for the oldest class of shares (the Institutional share class). The returns represent Class A shares, first offered in 3/02. Returns prior to this date apply the returns of the oldest class of shares but the charges and expenses of Class A shares.

Performance assumes reinvestment of dividends and capital gains distributions. Taxes on distributions or redemptions have not been deducted. The Lipper, Inc. Lipper Average is based on total return, with distributions reinvested and operating expenses deducted, though not reflecting sales charges. Fund classes share the same portfolio, but have different investment minimums and different fees and expenses.

1. The letter ratings are provided to indicate the creditworthiness of the underlying bonds in the portfolio and generally range from AAA (highest) to D (lowest). Ratings do not apply to the fund. 2. Standard Deviation is calculated by IDS GmbH-Analysis and Reporting Services, an investment analysis and reporting service which is a subsidiary of Allianz SE.

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Portfolio Management

PIMCO (Pacific Investment Management Company)

Founded in 1971 and based in Newport Beach, California, PIMCO is a leading institutional investment firm with a client list that includes many of the largest companies in the United States. PIMCO is one of the most respected names in fixed-income management, due in large part to its total return approach to bond investing and strong long-term performance record. While renowned for its bond management expertise, PIMCO has also developed a range of innovative investment strategies to offer investors access to other asset classes, including stocks, commodities and real estate. In recent years, the firm has expanded its global operations and today has offices in cities such as London, Munich, Singapore, Sydney and Tokyo.

Portfolio Manager



John Cummings

Mr. Cummings is an executive vice president and a municipal bond portfolio manager in the Newport Beach office. Prior to joining PIMCO in 2002, he was vice president, municipal trading at Goldman Sachs, responsible for a number of municipal sectors, including industrials, airlines, utilities, healthcare and high-yield. He has over 21 years of investment experience and holds an MBA, as well as his undergraduate degree, from Rutgers University.

Investment Process

The top-down investment process begins with PIMCO's annual Secular Forum at which the firm develops a 3- to 5-year outlook for the global economy and interest rates. This helps set the basic portfolio parameters, including duration, yield-curve positioning, sector weightings and credit quality. The municipal bond team seeks to add value in a number of ways, including capturing competitive risk-adjusted yields for shareholders through a combination of risk adjustment analysis and relative value assessments. Duration management between the 0- to 3-year range is one tool used to gain greater yield than municipal money market funds. In seeking to maximize yield, however, we consider a number of other factors, including call, credit and tax liability risks. In addition, we employ an expanded set of portfolio strategies to add value and to control return volatility relative to the benchmark. The manager may at times use derivatives to replicate bond positions or to synthetically adjust the portfolio duration. This strategy can offer the opportunity to outperform physical bond securities due to the relative pricing of the derivatives contracts and PIMCO's active management of the collateral backing the derivatives.

Proven Expertise

PIMCO has developed considerable investment expertise in municipal bond management.

Municipal bond team includes senior portfolio managers and analysts with extensive experience investing in the sector.

Utilizes state-of-the-art analytical systems customized for municipal bond management.

Active approach to municipal bond management seeks to add value by employing a broad range of top-down and bottom-up investment strategies.

Investors should consider the investment objectives, risks, charges and expenses of this Fund carefully before investing. This and other information are contained in the Fund's prospectus, which may be obtained by contacting your financial advisor, by visiting www.allianzinvestors.com or by calling 1-888-877-4626. Please read this prospectus carefully before you invest or send money.

Past performance is no guarantee of future results. All data is as of 12/31/09 unless otherwise indicated. Holdings are subject to change. The Fund will normally invest its assets in debt securities exempt from federal income tax, with a portion of its assets in bond issuers of California and New York. The Fund may also invest in mortgage related securities. Mortgage-backed securities are subject to prepayment risk and may be sensitive to changes in prevailing interest rates. When interest rates rise, the value of fixed-income securities generally declines. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments. Shareholders of a municipal bond fund will, at times, incur a tax liability, as income from these funds may be subject to state and local taxes and, where applicable, the alternative minimum tax. A fund concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes than a fund with broader geographical diversification.

The Barclays Capital 1-Year Municipal Bond Index is an unmanaged index comprised of National Municipal Bond issues having a maturity of at least 1 year and less than 2 years. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an index.

Standard deviation is an absolute measure of volatility measuring dispersion about an average which, for a mutual fund, depicts how widely the returns varied over a certain period of time. The credit quality of the investment in the portfolio does not apply to the stability or safety of the portfolio. Duration is a measure of a portfolio's price sensitivity expressed in years. When interest rates rise, bond prices generally fall; bonds of longer duration tend to be more sensitive to changes in interest rates, usually making them more volatile than fixed-income securities of shorter duration.

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Investment Products

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