

PIMCO Developing Local Markets Fund

Offering access to a rapidly growing segment of the emerging markets asset class—developing countries that issue debt in their own currencies



Michael Gomez
Portfolio Manager

PIMCO believes attractive investment opportunities are on the rise in developing local debt markets, and that the U.S. dollar is expected to depreciate against developing global currencies over a secular (3–5 year) time frame. PIMCO Developing Local Markets Fund focuses on investments that may benefit from these long-term trends, offering an attractive way for investors to complement their core bond allocations, in exchange for taking on the additional risks associated with foreign securities.

What is PIMCO Developing Local Markets Fund?

PIMCO Developing Local Markets Fund seeks maximum total return, consistent with preservation of capital, by investing in currencies of, or fixed-income securities denominated in the currencies of, non-U.S. countries that PIMCO defines as ‘developing local markets.’

Developing Local Markets: Access to Attractive Growth Potential

The list below represents the 10 highest growth developing local markets countries. Each has produced higher average annual GDP growth than the world average over the past five years (as of December 31, 2007), suggesting the potential for attractive investment opportunities.

Country	5-Year Average Annual GDP Growth (2003–2007)
China	10.62
Argentina	8.60
India	8.48
Russia	6.92
Singapore	6.78
Turkey	6.64
Slovak Republic	6.54
Hong Kong SAR	6.38
Romania	6.36
Peru	6.08
Average World GDP Growth	5.24

Source: International Monetary Fund, World Economic Outlook Database, March 2008. Data as of 12/31/07. The countries are a representative sampling of those in the Fund’s benchmark, the Emerging Local Markets Index Plus (ELMI+).

1. Source: Emerging Markets Trade Association

*2007 is an estimate

Exclusive distributor of PIMCO Funds and Allianz Funds

What are developing local markets?

In early stages of their economic development, emerging countries generally issue debt denominated in U.S. dollars or other external currencies. However, as these countries continue to develop, they are also able to begin to issue debt in their own currencies—known as “developing local markets” debt. These countries include those defined as “emerging markets,” as well as fast-growing countries such as Israel, Singapore and Hong Kong.

Why invest in developing local markets?

Debt securities issued in local currencies are less affected by U.S. interest rates or other external market influences, such as a flattening U.S. yield curve. This market segment has also been growing steadily, now representing nearly half of all emerging markets trading volume.¹ As a result, for investors willing to take on additional risk, an allocation to this asset class offers enhanced portfolio diversification. Moreover, a weaker U.S. dollar over the secular (3–5 year) time frame could benefit the currencies and debt securities of developing local markets.

How is this Fund different from PIMCO Emerging Markets Bond Fund?

The primary difference is in the Funds’ approach to currency exposure. PIMCO Emerging Markets Bond Fund invests primarily in securities denominated in external currencies, mostly the U.S. dollar. But PIMCO Developing Local Markets Fund invests primarily in currencies and debt denominated in local currencies.

What is PIMCO’s expertise in managing the Fund?

The PIMCO emerging market team has 75 years of combined experience in investing and emerging markets economic policy. With over \$69.97 billion in assets invested in emerging markets, and

approximately \$41.45 billion invested in local developing markets (as of 6/30/08), PIMCO is one of the largest investors in the sector.

The Fund's portfolio manager, Michael Gomez, is an executive vice president and co-head of the emerging markets team. He joined PIMCO in 2003, previously having been associated with Goldman Sachs where, in his most recent role, he was responsible for market making and proprietary trading of bonds issued by Latin American countries. Prior to that, he spent a year in Colombia serving as a financial consultant to the Ministry of Finance and Public

Credit. Mr. Gomez has over 11 years of investment experience and holds a bachelor's degree from the University of Pennsylvania and an MBA from The Wharton School of Business.

What are the risks?

Investing in developing local markets may entail risk due to foreign economic and political developments. In addition, foreign currency exposure can entail significant volatility—and this may be amplified with the currencies of developing countries. Accordingly, an investment in the Fund should only form part of a diversified portfolio.

PIMCO has invested considerable resources in developing proprietary models and analytical tools to help mitigate these risks.

How can I learn more?

Ask your financial advisor for more information, including a copy of the prospectus. Please read the prospectus carefully before you invest or send money. You can also contact Allianz Global Investors at 1-888-877-4626 or visit our Web site, www.allianzinvestors.com.

PIMCO Developing Local Markets Fund Quick Facts

Objective: Maximum total return, consistent with preservation of capital and prudent investment management.

Primary Portfolio: Currencies and fixed-income securities denominated in local currencies

Fund Inception: May 31, 2005

Dividend Frequency: Monthly

Investment Firm: Pacific Investment Management Company (PIMCO), over \$829 billion in assets under management (as of 6/30/08)

Portfolio Manager: Michael Gomez

Symbol / CUSIP:

Class A: PLMAX / 72201F102

Class C: PLMCX / 72201F201

Average Portfolio Duration: 0–8 years

Role in an Investor's Portfolio:

- Provides access to an asset class that may benefit from a falling U.S. dollar.
- For investors willing to take on additional risk, the Fund offers attractive capital appreciation potential.
- Low correlation to other asset classes, offering enhanced portfolio diversification.

Investors should consider the investment objectives, risks, charges and expenses of this Fund carefully before investing. This and other information is 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.

This is not an offer or solicitation for the purchase or sale of any financial instrument. It is presented only to provide information on investment strategies and opportunities. Statements concerning financial market trends are based on current market conditions, which will fluctuate.

Duration is a measure of a portfolio's price sensitivity expressed in years. Diversification does not ensure against loss. The Lehman Brothers Global Real U.S. TIPS Index is an unmanaged market index made up of U.S. Treasury Inflation Protection securities. The Lehman Brothers Aggregate Bond Index is composed of securities from the Lehman Brothers Government/Credit Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities-Index. It is generally considered to be representative of the domestic, investment-grade, fixed-rate, taxable bond market. The JPMorgan Government Bond Index Global ex-U.S. Index Hedged in U.S. Dollars is an unmanaged market index representative of the total return performance, on a hedged basis, of major non-U.S. bond markets. It is calculated in U.S. dollars. It is not possible to invest directly in an index. The ELMI+ tracks total returns for local-currency-denominated money market instruments in 22 emerging markets.

The PIMCO Developing Local Markets Fund will invest its assets in currencies of, or in fixed-income instruments denominated in the currencies of, developing and emerging market countries. The Fund will likely concentrate its investments in Asia, Africa, the Middle East, Latin America and the developing countries of Europe. Currency rates in foreign countries may fluctuate significantly over short periods of time. As a result, the Fund's investments in foreign currency-denominated securities may reduce the returns of the Fund. Investing in non-U.S. securities may entail risk due to foreign economic and political developments; this risk may be enhanced when investing in emerging markets. The Fund is subject to interest rate risk; when interest rates rise, bond prices generally fall. The Fund may use derivative instruments for hedging purposes, to gain exposure to foreign currencies 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 these instruments. The Fund may invest all of its assets in high yield securities which generally involve a greater risk to principal than higher rated bonds, including greater price volatility and default risk. The Fund is non-diversified, which means that it may concentrate its assets in a smaller number of issuers than a diversified Fund. Allianz Global Investors Distributors LLC, www.allianzinvestors.com, 1-888-877-4626. AB520_21789

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