

PIMCO CommodityRealReturn Strategy Fund[®]

Accessing the diversification and inflation-hedging potential of commodities



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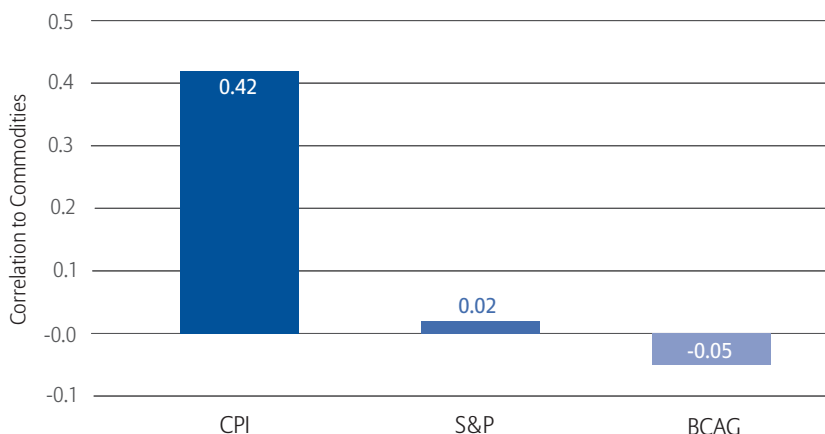
Inflation protection—preserving the purchasing power of one’s assets—is critical to achieving long-term financial security. Yet because long-term inflation rates are highly uncertain, it is difficult to preserve the real value of assets through traditional stock and bond investments alone. PIMCO CommodityRealReturn Strategy Fund[®] uses an innovative investment strategy to attempt to capture the performance potential of commodities, and backs this commodities exposure primarily with inflation-indexed bonds. The resulting portfolio can offer a double hedge against inflation and a powerful diversification tool.

Why invest in commodities?

Commodities are assets that have tangible properties, such as oil, metals and agricultural products. Historically, commodity investments have had a high correlation (tendency to move in tandem) with changes in inflation and a low correlation to stock and bond returns. That is why commodities

Inflation Hedging and Diversification

Commodities have historically had a positive correlation with inflation and a non-correlation with stock and bond returns, making them an attractive vehicle to enhance portfolio diversification and guard against inflation.



Past performance is no guarantee of future results. Above data reflects quarterly returns for the period March 1991–March 2009. Commodities, Stocks, Bonds and Inflation represented by the Dow Jones AIG Commodity Total Return Index, S&P 500 Index, Barclays Capital U.S. Aggregate Index, and Consumer Price Index-All Urban Consumers, respectively.

can be used to hedge against inflation as well as to enhance portfolio diversification. Investors should be aware, however, that commodities are volatile investments and should only form a small part of a diversified portfolio. They may not be suitable for all investors.

How does this Fund gain exposure?

The Fund does not invest in physical commodities. Instead, it uses an “enhanced index” strategy. This exposes the Fund to commodities in two ways: 1) through investments in commodity-index-linked derivative instruments, and 2) through investments in the PIMCO Cayman Commodity Fund I Ltd.* The derivative instruments in which the Fund primarily invests are linked to commodity indices, specifically the Dow Jones AIG Commodity Total Return Index. Also, the Fund may invest in derivatives linked to the value of a particular commodity or commodity futures contracts (or in subsets). The Fund then “collateralizes” these derivative instruments by investing the assets in an actively managed portfolio of inflation-indexed bonds and other fixed-income securities. In this way, the Fund seeks to capitalize on the inflation-hedging properties of both commodities and inflation-indexed bonds. PIMCO has extensive experience managing both index-linked securities and the collateral backing this exposure.

* PIMCO Cayman Commodity Fund I Ltd. is a wholly-owned subsidiary of the Fund organized under the laws of the Cayman islands (the “Subsidiary”).

What are some of the advantages of this enhanced-index approach?

By purchasing derivative instruments that are linked to the performance of a broad commodity index, PIMCO CommodityRealReturn Strategy Fund[®] gains diversification without having to commit a substantial amount of its capital. This approach is also designed to reduce the risk of adverse security or

sector selection within the commodity portion of the portfolio. In addition, the Fund's enhanced-index strategy creates the potential for the portfolio to outperform its benchmark index.

Why did PIMCO choose the Dow Jones AIG Commodity Total Return Index as its benchmark?

PIMCO chose the DJ-AIGCTRI largely because it represents a balanced range of 19 different physical commodities. Importantly, unlike some other indices, the DJ-AIGCTRI relies on clearly defined diversification rules to ensure that no single commodity or commodity sector dominates the Index, an aspect that can help reduce volatility.

What are some of the risks of investing in this Fund?

Because of the Fund's exposure to commodities, it is subject to a number of specialized risks, including liquidity and credit risks. Also,

commodity prices are driven by a wide range of forces, like the weather and geopolitical events, creating substantial supply-demand uncertainties in the marketplace. This can cause individual commodity prices to move sharply higher or lower, exposing the Fund to volatility. And any fund investing in commodity-index-linked derivative instruments could lose more than the principal amount it invests in these instruments. That is why an investment in PIMCO CommodityRealReturn Strategy Fund® is not for everyone and should only be a small part of a diversified portfolio. These are just a few of the risks of investing in this Fund. For a more complete list, please refer to the prospectus.

How can I learn more?

Ask your financial advisor for more information, including a Fund Card and a copy of the prospectus. You can also contact Allianz Global Investors at 1-888-877-4626 or visit our Web site, www.allianzinvestors.com.

Double Real™: Combining the Inflation-Hedging Potential of Commodities and Inflation-Indexed Bonds

Traditional Ways to Access Commodities		PIMCO CommodityRealReturn Strategy Fund®
<p>Direct Investment:</p> <p>Physical Commodities / Commodity Futures</p> <ul style="list-style-type: none"> Buy positions in a range of physical commodities <p>Stocks of Commodity-Related Companies</p> <ul style="list-style-type: none"> Buy stocks of companies that are directly impacted by commodity price movements, e.g. energy companies 	<p>Pure Index Approach:</p> <p>Commodity-Index-Linked Derivative Instruments backed by Cash Equivalents</p> <ul style="list-style-type: none"> Buy commodity index-linked securities agreements Buy and hold U.S. Treasury Bills as collateral 	<p>Double Real™ Strategy:</p> <p>Commodity-Index-Linked Derivative Instruments backed by Inflation-Indexed Bonds</p> <ul style="list-style-type: none"> Buy commodity index-linked securities agreements Buy and actively manage a portfolio of inflation-indexed bonds and other fixed-income securities

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.

Past performance is no guarantee of future results. This Fund will typically seek to gain exposure to the commodity markets by investing in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed-Income Instruments. The Fund invests in commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures and options on futures. These instruments and commodities in general may subject the Fund to greater volatility than investments in traditional securities.

The value of a commodity-linked derivative is generally based on: price movements of a commodity, a commodity futures contract, a commodity index, or other economic variables based on changes in the commodities markets. Use of derivative 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.

The Fund will seek to gain exposure to the commodity markets primarily through investments in leveraged or unleveraged commodity index-linked notes and through investments in the PIMCO Cayman Commodity Fund I Ltd., a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). The Subsidiary is advised by PIMCO, and has the same investment objective as the Fund. As discussed in greater detail in the prospectus, the Subsidiary (unlike the Fund) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. However, the Subsidiary is otherwise subject to the same fundamental, non-fundamental, non-fundamental and certain other investment restrictions as the Fund. Additionally, the Fund or the Subsidiary may invest in derivative instruments linked to the value of a particular commodity or commodity futures contract, or a subset of commodities or commodity futures contracts. The Fund's or the Subsidiary's investments in commodity-linked derivative instruments may specify exposure to commodity futures with different roll dates, reset dates or contract months than those specified by a particular commodity index. As a result, the commodity-linked derivatives component of the Fund's portfolio may deviate from the returns of any particular commodity index.

The Fund's commodity exposure is backed by a portfolio of inflation-indexed securities and other fixed-income instruments. Inflation-indexed bonds issued by the U.S. Government, known as TIPS, are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation, which will affect the interest payable on them. Repayment upon maturity of the adjusted principal value is guaranteed by the U.S. Government. Neither the current market value of inflation-indexed bonds nor the share value of a fund that invests in them is guaranteed, and either or both may fluctuate. This Fund may invest in non-U.S. securities, and in non-U.S. currency denominated securities, which may entail greater risk due to foreign economic and political developments, a smaller percentage in high yield securities, and may invest in mortgage-related securities. High-yield bonds typically have a lower credit rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds. This Fund is non-diversified, which means it may incur greater risk by concentrating its assets in a smaller number of issuers than a diversified fund. The Fund may also invest in common and preferred stocks as well as convertible securities of issuers in commodity-related industries.

The Dow Jones AIG Commodity Total Return Index is composed of futures contracts on 19 physical commodities. The Standard & Poor's 500 Composite Index (S&P 500) is an unmanaged index generally representative of the U.S. stock market. 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 Consumer Price Index (CPI) is an unmanaged index representing the rate of inflation in U.S. consumer prices as determined by the U.S. Department of Labor Statistics. It is not possible to invest directly in an unmanaged index. The PIMCO Funds are distributed by Allianz Global Investors Distributors LLC, 1345 Avenue of the Americas, New York, NY, 10105-4800, www.allianzinvestors.com. © 2009 AB690_25541

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