

PIMCO Fundamental IndexPLUS™ TR Fund

An innovative way to gain broad equity market exposure



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Many investors are seeking to enhance their return potential in today's challenging market environment. PIMCO Fundamental IndexPLUS™ TR Fund may offer a compelling choice. The Fund attempts to outperform the broader equity market in two ways: through model-driven enhancement of a unique fundamentals-based equity index and through PIMCO's active bond management expertise.

How would you describe PIMCO Fundamental IndexPLUS TR Fund?

PIMCO Fundamental IndexPLUS TR Fund is an equity-related fund that seeks to outperform the FTSE RAFI 1000 Index,* a fundamentals-based measure of the broad U.S. stock market. To do so, the Fund generally invests in derivatives linked to an enhanced version of the Index—"Enhanced RAFI 1000"—and fully collateralizes this exposure with an actively managed portfolio of high-quality, short and intermediate maturity fixed-income securities.

Two Ways to Potentially Outperform the Broader Equity Market

PIMCO Fundamental IndexPLUS TR Fund seeks to outperform the broader equity market through two unique strategies.

Enhanced RAFI 1000

Derivatives linked to an enhanced version of the FTSE RAFI 1000 Index, a unique fundamentals-based U.S. stock index.



PIMCO's Active Bond Management Expertise

An actively managed bond portfolio (backing the index-linked derivative instruments) through which PIMCO seeks to enhance the Fund's total return.



PIMCO Fundamental IndexPLUS™ TR Fund

The potential to outperform a broad universe of U.S. stocks.

What is the FTSE RAFI 1000 Index?

The FTSE RAFI 1000 Index was launched by Research Affiliates LLC, the Fund's subadviser, and index company FTSE Group. Many traditional equity indexes are composed of companies that are selected and weighted according to market capitalization. Instead, the FTSE RAFI 1000 Index, is composed of the 1,000 largest publicly traded U.S. companies, according to a combination of four fundamental characteristics: sales, book value, cash flow and, if applicable, dividends.

How is Enhanced RAFI 1000 constructed?

To construct Enhanced RAFI 1000, Research Affiliates starts by recalibrating the four factors in the FTSE RAFI 1000 Index to place more weight on those that tend to have a greater impact on valuation. Research Affiliates then applies additional screens, such as the quality of earnings and the risk of financial distress, in seeking to further optimize the Enhanced RAFI 1000 weightings. Notably, Enhanced RAFI 1000 can also be rebalanced more frequently than FTSE RAFI 1000.

Why choose this fundamentals-based approach?

The Fund's approach helps it avoid a potential pitfall of strategies that base their performance on market-cap-weighted indexes—they tend to overweight overvalued stocks and underweight undervalued stocks. This is because market-cap weighted indexes always have a greater stake in a company as its stock price rises. Instead, PIMCO Fundamental IndexPLUS TR Fund offers diversified exposure to U.S. stocks based on measures of their fair value, without regard to current stock price. As a result, an allocation to the Fund offers the potential to complement an investor's other equity holdings.

*FTSE is an independent company owned by *The Financial Times* and The London Stock Exchange. RAFI stands for Research Affiliates Fundamental Index.

Who is the manager of the Fund?

Bill Gross is the Fund's manager. He manages the underlying RAFI 1000 derivative collateral portfolio using PIMCO's renowned total return approach to bond investing. Mr. Gross helped found PIMCO over 30 years ago and is widely regarded as one of the country's foremost fixed-income authorities.

In August 2005, Mr. Gross was named one of the world's five greatest investors by *SmartMoney* magazine. He and his team were also named Fixed-Income Manager of the Year by Morningstar in 1998 and 2000. Mr. Gross received his B.A. from Duke University and his M.B.A. from the Anderson School at UCLA.

How does PIMCO's management of the bond collateral add value to this Fund?

The total return approach to bond management employs a wide variety of value-added strategies in an effort to provide both income and capital appreciation potential. These incremental returns can, over time, make a significant impact on portfolio performance. Notably, this also means that one of the Fund's main sources of potential alpha isn't correlated to the stock market. Of course, the underlying bond portfolio is subject to market fluctuations and other bond-related risks and may detract from rather than enhance portfolio returns.

What are some of the risks?

In addition to the risks of equity and fixed-income investing, the Fund's investments in derivative instruments may subject it to greater volatility. Under certain conditions, generally in a market where the value of both the Index and fixed-income securities are declining, or in periods of heightened market volatility, the Fund may experience greater losses or lesser gains than if it invested directly in the Index. The Fund may also underperform the broader equity market in certain market environments, such as during a strong bull market. Moreover, gains from short-term swap agreements generally tend to generate ordinary income, which is normally taxed at higher rates than long-term capital gains rates.

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 Fundamental IndexPLUS TR Fund Quick Facts

Objective: Total return which exceeds that of the FTSE RAFI 1000 Index.

Primary Portfolio: Enhanced RAFI 1000 derivatives backed by a portfolio of short and intermediate maturity fixed-income securities.

Fund Inception: June 30, 2005

Dividend Frequency: Quarterly

Investment Firm: Pacific Investment Management Company (PIMCO), over \$543 billion in assets under management (as of 12/31/06).

Portfolio Manager: Bill Gross

Symbol / CUSIP:

Class A: PIXAX / 72201F888

Class C: PIXCX / 72201F870

Role in a Portfolio

- Offers access to a unique, fundamentals-based strategy.
- Employs two independent sources of potential alpha: (1) model-driven enhancement of the FTSE RAFI 1000 Index and (2) PIMCO's active bond management.
- May act as a complement to an investor's actively managed equity holdings.

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. The material contains the current opinions of the author, which are subject to change without notice. There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. Diversification does not ensure against loss. Market capitalization is the value of a corporation as determined by the market price of its issued and outstanding common stock. It is calculated by multiplying the number of outstanding shares by the current share price. The Standard & Poor's 500 Composite Index (S&P 500) is an unmanaged index of U.S. companies with market capitalizations in excess of \$4 billion. It is generally representative of the U.S. stock market.

The Morningstar Fixed-Income Fund Manager of the Year Award winners are chosen based upon Morningstar's own research and in-depth evaluation by its senior editorial staff. Morningstar named Bill Gross and the PIMCO Bond Team as Manager of the Year for fixed income for both 1998 and 2000. Alpha measures a portfolio's risk-adjusted performance, which is the difference between a portfolio's actual and expected returns, given the level of market risk as measured by beta.

The FTSE RAFI 1000 Index is composed of the 1,000 largest publicly-traded U.S. companies, selected from the constituents of the FTSE US All Cap Index. The Index is weighted by a combination of fundamental factors, including normalized sales, normalized cash flow, book values and, if applicable, normalized dividends. The Fund is neither sponsored by nor affiliated with the Index. The Fund seeks to remain invested in Index derivatives or Index stocks even when the Index is declining.

The Fundamental IndexPLUS TR Fund will normally invest substantially all of its assets in derivatives of the FTSE RAFI 1000 Index (the "Index"), backed by a portfolio of short and intermediate term Fixed Income Instruments. The Fund may invest in common stocks, options, futures, options on futures and swaps. The Fund is subject to the basic stock market risk that a particular security, or securities in general, may decrease in value. 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. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments.

Assets not invested in equity securities or derivatives may be invested in Fixed Income Instruments. The Fund may invest up in high yield securities, which generally involve a greater risk to principal than higher-rated bonds. The Fund may invest in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations; these risks may be enhanced in emerging markets. The Fund will normally hedge at least 75% of its exposure to foreign currency. Allianz Global Investors Distributors LLC, 2187 Atlantic Street, Stamford, CT, 06902, www.allianzinvestors.com, 1-888-877-4626.