

E Class, Accumulation and Income Shares

For the month ending 31 August 2010

FUND INFORMATION

Fund Description: The Diversified Income Fund provides efficient access to broad global credit market exposure by investing primarily in a diversified pool of corporate and emerging market fixed-income securities of varying maturities. The Fund holds both non-US dollar denominated fixed income securities and non-US dollar currency positions.

Investor Benefits: This Fund offers a higher yielding alternative to core fixed income portfolios and low correlation to US, Japanese and German government interest rates.

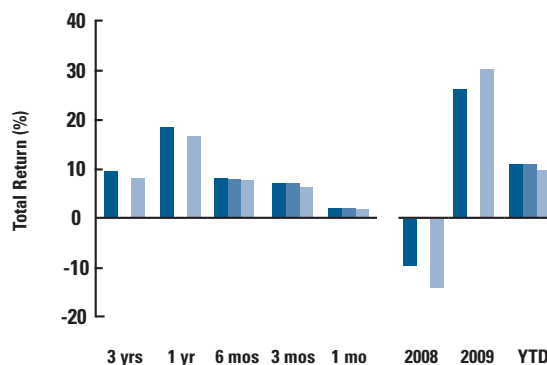
The Fund Advantage: The Fund benefits from a diversified approach to macroeconomic views on credit trends, interest rates, duration, currencies and curve positioning.

BASIC FACTS

	Accumulation	Income
Bloomberg Ticker	PIMEHED	PIMDIEH
ISIN	IE00B1Z6D669	IE00B4TG9K96
Sedol	B1Z6D66	B4TG9K9
Valoren	CH3233951	3781180
WKN	A0MWBY	A0YCJC
Unified Management Fee	1.59%	1.59%
Inception Date	03/07/2007	16/10/2009
Fund Type	UCITS III	
Portfolio Manager	Eve Tournier	
Fund Assets	1.1 (USD in Billions)	
Distribution Income Class Shares	Quarterly	

FUND STATISTICS

Effective Duration (yrs)	6.23
Benchmark Duration (yrs)	5.77
Current Yield (%)	5.60
Market Weighted Yield (%)	5.59
Average Coupon (%)	6.07
Effective Maturity (yrs)	9.45
Average Quality	BA+

Diversified Income Fund EUR (Hedged)**PERFORMANCE - NET OF FEES**

■ PIMCO Fund - Accum (%)	9.50	18.42	7.96	6.92	1.92	-9.33	25.97	10.76
■ PIMCO Fund - Income (%)	—	—	7.88	6.89	1.85	—	—	10.75
■ Benchmark (%)	8.00	16.55	7.57	6.13	1.68	-13.83	30.10	9.63

The benchmark is 1/3 each-Barclays Capital Global Aggregate Credit Component, BofA Merrill Lynch Global High Yield, BB-B Rated Constrained, JPMorgan EMBI Global;EUR Hd. All periods longer than one year are annualised.

MARKET COMMENTARY

- The blended Diversified Income Index (1/3 emerging markets, 1/3 global high yield, and 1/3 global investment grade) returned 1.66 percent during the month
- Emerging market bonds, as represented by the JP Morgan EMBI Global Index, benefited from a strong rally amongst Asian credits with a return of 2.33 percent
- Investment Grade Credits, as measured by the Barclays Capital Global Aggregate Credit Index, posted their best total return in over a year with a gain of 2.01 percent

PORTFOLIO RECAP

- The Fund outperformed its benchmark for the month
- Contributors to portfolio performance included:
 - An overall overweight to Emerging Market debt
 - Overweight positions in Brazil, The Philippines, and Russia
 - Overweight positions in the Integrated Oil and Independent E&P sectors
- Detractors from portfolio performance included:
 - An overall underweight allocation to Investment Grade-rated corporates
 - An underweight allocation to Malaysia debt
 - An overweight allocation to the Banking sector

MARKET OUTLOOK AND STRATEGY

- Maintain an overweight to high quality EM sovereign and quasi-sovereign corporate bonds given our constructive outlook for economic growth in select EM countries
- Continue to underweight consumer-dependent industries, while favoring credits from sectors that tend to generate stable cash flows and have strong asset coverage
- Maintain an allocation to senior, high quality non-Agency residential and commercial mortgage-backed securities which offer a compelling risk-adjusted source of yield

Credit Strategies

Diversified Income	Euro Credit	Global High Yield Bond
Global Investment Grade Credit	High Yield Bond	UK Corporate Bond
UK Long Term Corporate Bond		

For questions regarding
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ABOUT THE BENCHMARK

1/3 each-Barclays Capital Global Aggregate Credit Component, BofAMerrill Lynch Global High Yield BB-B Rated Constrained, JPMorgan EMBIGlobal; All EUR Hdgd: The benchmark is an equally weighted blend of the following three indices: Barclays Capital Global Aggregate Credit Index, Merrill Lynch Global High Yield, BB-B Rated Constrained Index, JPMorgan EMBI Global; all USD hedged. The Barclays Capital Global Aggregate Credit Index provides a broad-based measure of the global investment-grade fixed income markets. The index does not reflect deduction for fees, expenses or taxes. The BofA Merrill Lynch Global High Yield, BB-B Rated Constrained Index tracks the performance of below investment grade bonds of corporate issuers domiciled in countries having an investment grade foreign currency long term debt rating (based on a composite of Moodys, S&P, and Fitch). The Index includes bonds denominated in U.S. Dollars, Canadian dollars, sterling, euro (or euro legacy currency), but excludes all multi-currency denominated bonds. Bonds must be rated below investment grade but at least B3 based on a composite of Moodys, S&P, and Fitch. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. The index is re-balanced on the last calendar day of the month. Prior to September 25th, 2009, the BofA Merrill Lynch Indices were known as the Merrill Lynch Indices. JPMorgan EMBI Global tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities. Brady bonds, loans, Eurobonds and local market instruments. This index only tracks the particular region or country.

SECTOR DIVERSIFICATION (%)

	DURATION WEIGHTED		MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark	PIMCO Fund	Variance to Benchmark
Invest. Grade Credit	22	-3	27	2
High Yield Credit	13	-11	25	-6
Emerging Markets	30	-15	38	0
Other	28	22	30	24
Net Cash Equivalents	7	7	-20	-20

TOP 5 INDUSTRIES (%)

	MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark
Banks	14	4
Independent E&P	5	2
Integrated Oil	5	3
Brokerage	5	3
Non-Captive Consumer Finance	4	2

TOP 5 CURRENCY EXPOSURE (%)

	MARKET VALUE WEIGHTED
China	1.79
South Korea	1.46
Mexico	1.35
Indonesia	1.18
India	0.73

QUALITY (%)

	MARKET VALUE WEIGHTED	
	PIMCO Fund	Variance to Benchmark
A1/P1	0	0
Below A1/P1	0	0
AAA	0	-5
AA	4	-3
A	16	0
BAA	37	12
BA	26	-3
B	13	-5
Below B	4	4

Negative numbers represent short exposure. Sort is by absolute value.

ABOUT PIMCO

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