PIMCO

Quarterly Investment Report

June 30, 2010

PIMCO All Asset All Authority Fund

A company of Allianz Global Investors

Morningstar 00/09 Fund Manager of the Decade Fixed-Income

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PIMCO All Asset All Authority Fund

Market Commentary

- Volatility spiked across financial markets during the quarter; investors' confidence was shaken by a range of events, including signs that the U.S. and Chinese economies might be slowing and the ongoing debt crisis in Europe.
- Treasury yields fell sharply and the yield curve flattened as heightened uncertainty drove a flight to higher quality assets
- High-grade bonds, led by Treasuries, posted solid gains in both the second quarter and first six months of 2010

Portfolio Recap

- The Fund outperformed its benchmark for the quarter and for the year
- Tactical asset allocation decisions that helped returns:
  - Allocations to the long-term U.S. Treasury sector; Treasuries rallied significantly amid global flight to safety
  - Exposure to investment grade credit; the sector posted positive returns as total carry outweighed negative effects of widening credit spreads
  - Significant Treasury Inflation-Protected Securities (TIPS) allocations; TIPS rallied amid lower real yields
  - Short U.S. equity exposure; U.S. equity market declined in the wake of the European debt crisis and global flight to safety
- Tactical asset allocation decisions that weighed on returns:
  - Modest exposure to commodities; the sector declined following the general selloff across risk asset classes
  - Allocations to the emerging markets (EM) sector through locally denominated debt and EM currencies; these assets posted weak returns as heightened risk aversion favored Treasuries and the U.S. dollar

Market Outlook

- The global economy remains on a multi-year journey toward the New Normal, but the journey is likely to be bumpier and the destination more unstable than we thought before
- Financial markets will reflect a wider range of potential outcomes and a higher probability of extreme events
- Disinflationary pressure will dominate over the next year as developed economies struggle to achieve self-sustaining growth amid heightened economic and political uncertainty

Portfolio Strategy

- Broadly rich asset valuations, understated volatilities and asset class correlations that are above historical levels are creating an appearance of a low risk environment, while in reality understating risk potential
- Allocations to core U.S. Bond strategies have been reduced as gains have been harvested amid global flight to safety and the subsequent rally in the sector
- The Fund continues to favor lower beta, alpha oriented strategies, which saw a significant allocation increase. The Fund has also made further allocations to the locally denominated EM debt sector
- A significant core allocation to TIPS currently remains; however, with low inflation, depressed real yields, and profit-taking opportunities, the Fund may trim TIPS exposure
- The Fund favors risky assets, but with unattractive equity valuations currently it is making only minor allocations to this asset class; the most notable allocation increases have been to EM equity markets, which have recently corrected
- Allocations to traditional equities index exposure such as the S&P 500 will likely remain low. Instead, exposure to equities favors the Enhanced Research Affiliates Fundamental Index due to the relative attractiveness of value stocks versus growth stocks

Risk Disclosures and Index Descriptions are located in the Important Information section of the Appendix

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For Shareholder Services Call 1-800-927-4648

PIMCO ALL ASSET ALL AUTHORITY FUND ALLOCATION AS OF 6/30/2010

Fund Number	791
Fund Name	All Asset All Authority
Total Fund Net Assets ($US MM)	5,259.1

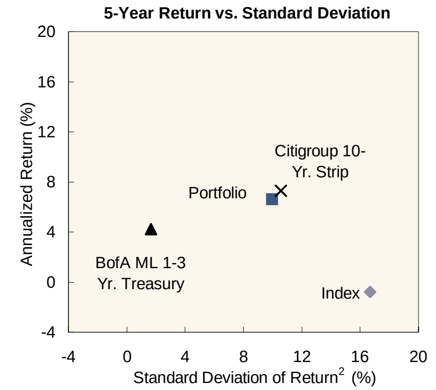
	3/31/2008	6/30/2008	9/30/2008	12/31/2008	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	4/30/2010	5/31/2010	6/30/2010
Short-Term Strategies:	**0.8%**	**0.1%**	**0.1%**	**3.4%**	**4.4%**	**3.4%**	**1.1%**	**2.5%**	**2.0%**	**0.8%**	**1.3%**	**1.2%**
Floating Income Fund	0.5%	0.0%	-	3.4%	4.3%	3.4%	1.1%	0.9%	0.9%			
Low Duration Fund	0.3%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	1.6%	1.1%			
Short Term Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
US Bond Strategies:	**9.3%**	**10.7%**	**16.0%**	**15.0%**	**26.8%**	**40.1%**	**38.0%**	**37.0%**	**37.2%**	**42.4%**	**31.5%**	**28.8%**
GNMA Fund	0.0%	0.0%	0.0%	-	-	-	-	-	-			
Investment Grade Corporate Bond Fund	-	3.7%	10.8%	14.1%	15.0%	17.2%	12.3%	9.4%	7.1%			
Long Duration Total Return Fund	0.7%	1.9%	1.9%	0.1%	6.0%	5.4%	4.5%	4.2%	3.4%			
Long Term Credit Fund	-	-	-	-	-	2.4%	4.6%	4.6%	6.2%			
Long-Term US Government Fund	3.2%	0.8%	0.3%	0.3%	0.3%	2.3%	5.1%	4.3%	3.4%			
Mortgage-Backed Securities Fund	0.0%	-	-	-	-	-	-	-	-			
Total Return Fund	5.4%	4.2%	3.1%	0.4%	5.4%	12.6%	11.5%	14.5%	17.2%			
Alternative Bond Strategies:	**38.1%**	**34.2%**	**32.6%**	**35.3%**	**34.0%**	**16.7%**	**11.6%**	**13.4%**	**12.4%**	**13.0%**	**21.2%**	**25.5%**
Developing Local Markets	10.7%	10.6%	9.5%	6.4%	5.7%	1.1%	0.8%	2.9%	2.9%			
Diversified Income Fund	2.9%	2.2%	1.9%	1.7%	1.6%	1.5%	1.3%	1.0%	0.8%			
Emerging Local Bond Fund	7.4%	8.3%	9.3%	8.9%	7.3%	1.4%	0.6%	1.4%	2.2%			
Emerging Markets Bond Fund	7.9%	6.7%	5.5%	8.2%	4.8%	2.7%	1.8%	1.8%	1.5%			
Foreign Bond Fund (Unhedged)	2.7%	0.9%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%	0.3%			
Global Advantage Strategy Fund	-	-	-	-	-	0.6%	1.6%	1.9%	2.1%			
Global Bond Fund (Unhedged)	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-			
High Yield Fund	2.0%	1.8%	2.6%	6.5%	11.1%	6.5%	3.1%	2.4%	1.3%			
Income Fund	4.6%	3.7%	3.1%	3.0%	2.8%	2.4%	2.0%	1.6%	1.3%			
Unconstrained Bond Fund	-	-	-	-	-	-	-	-	-			
Inflation Related Strategies:	**34.9%**	**40.3%**	**35.8%**	**34.0%**	**28.4%**	**33.5%**	**32.5%**	**33.4%**	**23.3%**	**25.4%**	**21.4%**	**18.1%**
CommoditiesPLUS™ Strategy Fund	-	-	-	-	-	-	-	-	-			
CommodityRealReturn Strategy Fund®	3.2%	3.1%	2.7%	3.3%	5.9%	9.7%	4.3%	6.7%	2.5%			
Real Return Asset Fund	15.5%	26.9%	24.2%	24.9%	21.6%	21.2%	21.5%	20.1%	15.4%			
Real Return Fund	14.1%	6.8%	5.2%	1.1%	0.0%	2.4%	6.4%	6.3%	5.0%			
RealEstateRealReturn Strategy Fund	2.0%	3.4%	3.7%	4.7%	0.9%	0.3%	0.3%	0.2%	0.4%			
Long Equity-Related Strategies:	**7.6%**	**3.3%**	**3.3%**	**8.6%**	**9.0%**	**2.6%**	**2.5%**	**2.1%**	**1.7%**	**3.0%**	**6.3%**	**6.9%**
EqS Pathfinder Fund	-	-	-	-	-	-	-	-	-			
EM Fundamental IndexPLUS™ TR Strategy Fund	-	-	-	0.1%	1.5%	1.7%	1.6%	1.4%	1.1%			
European StocksPLUS® TR Strategy Fund	0.2%	0.1%	0.1%	-	-	-	-	-	-			
Far East (ex-Japan) StocksPLUS® TR Strategy Fund	1.4%	1.1%	0.9%	-	-	-	-	-	-			
Fundamental IndexPLUS™	2.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Fundamental IndexPLUS™ TR	1.8%	0.1%	0.2%	4.1%	3.8%	0.5%	0.5%	0.4%	0.4%			
Int'l StocksPLUS® TR Strategy Fund (U.S. Dollar Hedged)	-	-	-	-	-	-	-	-	-			
Japanese StocksPLUS® TR Strategy Fund	1.6%	1.4%	1.2%	-	-	-	-	-	-			
Small Cap StocksPLUS® Total Return Fund	0.2%	0.3%	0.7%	4.2%	3.6%	0.2%	0.2%	0.2%	0.1%			
StocksPLUS® Fund	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%			
StocksPLUS® Total Return Fund	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%			
Alternative Equity-Related Strategies:	**21.9%**	**21.7%**	**21.2%**	**12.5%**	**10.9%**	**16.6%**	**24.1%**	**25.7%**	**34.2%**	**32.7%**	**34.5%**	**33.7%**
Convertible Fund	0.9%	1.0%	2.2%	8.4%	7.1%	1.9%	1.2%	1.0%	0.8%			
Fundamental Advantage Total Return Strategy Fund	1.2%	4.2%	4.6%	4.0%	3.7%	4.6%	8.6%	11.8%	17.0%			
StocksPLUS® Short Strategy Fund	19.9%	16.5%	14.4%	0.0%	0.0%	10.2%	14.3%	12.9%	16.4%			
Leverage on Net Assets	**-11.5%**	**-10.2%**	**-9.0%**	**-8.8%**	**-13.4%**	**-12.9%**	**-9.7%**	**-14.1%**	**-10.8%**	**-17.4%**	**-16.1%**	**-14.1%**
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Leverage on Gross Assets	**-11.2%**	**-9.2%**	**-8.2%**	**-8.1%**	**-11.8%**	**-11.4%**	**-8.9%**	**-12.3%**	**-9.8%**	**-14.8%**	**-13.9%**	**-12.4%**

The portfolio structure is subject to change without notice and may not be representative of current or future allocations.

Summary of Performance Data and Portfolio Statistics

PIMCO All Asset All Authority Fund
Institutional Class

Performance Periods Ended 6/30/10	Since Inception	5 yrs	3 yrs	1 yr	6 mos	3 mos
Total Portfolio[1]						
Before Fees (%)	**9.23**	**7.76**	**9.75**	**17.20**	**7.25**	**4.93**
After Fees (%)	**8.09**	**6.62**	**8.49**	**15.95**	**6.72**	**4.67**
(Inception 12/31/2006)						
S&P 500 Index (%)	1.74	-0.79	-9.81	14.43	-6.65	-11.43
Consumer Price Index + 650 Basis Points (%)	9.34	9.14	8.30	7.83	4.25	1.79



Expense Ratio	
The Fund's Total Annual Operating Expenses	1.53%
The Fund's Net Operating Expenses (excluding interest and line of credit expense)	0.99%

Total net annual fund operating expenses includes interest and line of credit expense. Interest expenses are based on the amounts incurred during the Fund's most recent fiscal year as a result of entering into certain investments; the amount of interest expense (if any) will vary.

The performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that Fund shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Details regarding any Fund's operating expenses can be found in the Fund's prospectus. Performance data current to the most recent month-end is available at www.pimco-funds.com or by calling (800) 927-4648.

Summary Information	3/31/2010	6/30/2010
Total Net Assets (USD in millions)	4,043.0	**5,259.1**

Additional Share Class Performance

PIMCO All Asset All Authority Fund

Net of Fees Performance	Gross Expense Ratio	Net Expense Ratio	NAV Currency	Inception Date	Since Inception	10 Year	5 Year	3 Year	1 Year	6 Month	3 Month
Class D:											
All Asset All Authority Fund, Class D	**1.93**	**1.39**	**USD**	**Jul-29-05**	**7.47**	**-**	**6.04**	**7.94**	**15.48**	**6.41**	**4.53**
S&P 500 Index			-		1.74	-	-0.79	-9.81	14.43	-6.65	-11.43
Consumer Price Index + 650 Basis Points			-		9.34	-	9.14	8.30	7.83	4.25	1.79
Class P:											
All Asset All Authority Fund, Class P	**1.56**	**1.09**	**USD**	**Jul-10-08**	**7.89**	**-**	**6.44**	**8.36**	**15.87**	**6.59**	**4.56**
S&P 500 Index			-		1.74	-	-0.79	-9.81	14.43	-6.65	-11.43
Consumer Price Index + 650 Basis Points			-		9.34	-	9.14	8.30	7.83	4.25	1.79

Total net annual fund operating expenses includes interest and line of credit expense. Interest expenses are based on the amounts incurred during the Fund's most recent fiscal year as a result of entering into certain investments; the amount of interest expense (if any) will vary.

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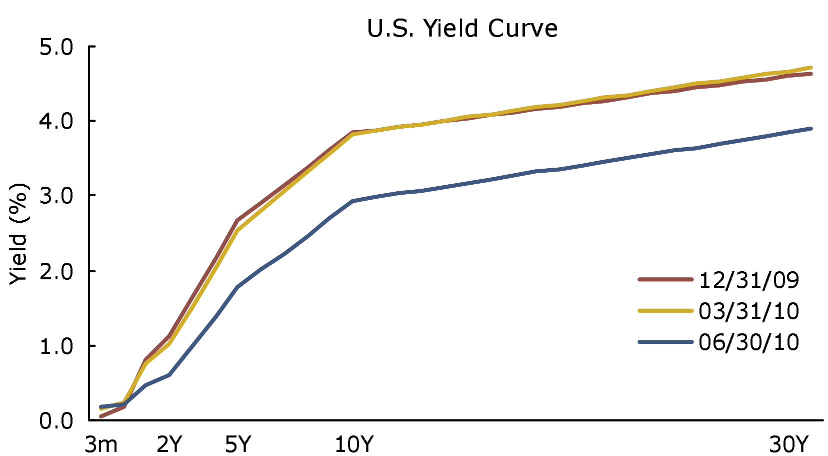
Volatility Spikes, Risk Appetites Wane in Second Quarter

Volatility spiked across global financial markets during the second quarter of 2010 after a relatively calm first quarter. Investors' confidence was shaken by a range of macroeconomic events, including signs that the U.S. and Chinese economies might be slowing and the ongoing debt crisis in Europe.

Yields fell sharply as heightened uncertainty drove a flight to higher quality assets. The 10-year Treasury yield fell 90 basis points during the quarter, closing at 2.94 percent on June 30 after barely moving in the first three months of the year. The two-year Treasury note touched an all-time low of 0.59 percent before finishing the quarter at 0.61 percent. In an indication that concerns about disinflation or even deflation were on the rise, the Treasury yield curve flattened during the second quarter as 10 and 30-year Treasury yields fell by more than their shorter maturity counterparts. The graphic below shows recent positions of the Treasury yield curve:



SOURCE: Bloomberg Financial Markets

Past performance is no guarantee of future results. Graphs are for illustrative purposes only and are not indicative of the performance of any particular investment.

Investors had plenty to worry about worldwide. In the U.S., concerns centered on the waning effects of policy stimulus as unemployment remained stubbornly high, consumer confidence appeared to weaken and housing sales fell after the expiration of special tax credits for home buyers. A host of other issues added to the anxiety, including the uncertain impact of new regulations for the health care and financial services industries, the Gulf of Mexico oil spill and weak fiscal conditions of many state and local governments.

Europe was perhaps the biggest problem as growing budget shortfalls in Greece, Spain and Portugal raised fears that the region might derail the global economy's recovery from the crisis that began in 2008. Greece saw its credit rating cut to junk status during the second quarter while Moody's Investors Service put Spain's AAA rating on review for a downgrade.

China, whose rapid growth has helped to cushion the global economy while developed countries pulled themselves out of recession, took steps late in the quarter to liberalize its exchange rate regime. The move followed recent tightening in lending standards to avert real estate and asset price bubbles.

Summary of Real Assets

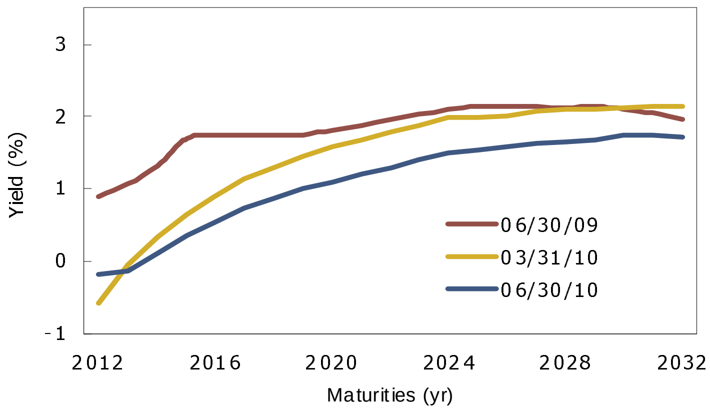
Treasury Inflation-Protected Securities (TIPS) gained 3.82 percent during the second quarter as represented by the Barclays Capital U.S. TIPS Index. Real yields increased in the 2-year sector and experienced a moderate decline across the remaining maturity sectors of the yield curve. Real coupon income helped returns as did positive inflation accruals. TIPS gained despite continued near-term disinflationary pressures weighing on market sentiment, but underperformed comparable maturity nominal bonds overall.

Shorter maturity TIPS experienced price losses as the European debt crisis and continued disappointing U.S. employment figures increased near-term disinflationary pressures, causing the 2-year TIPS sector to sell off. Longer dated issues, however, rallied as the global flight to quality supported U.S. real yields amid the European debt crisis.

Breakeven inflation levels (i.e., the difference between nominal and real yields) narrowed across the entire maturity spectrum as the decline in nominal yields outpaced the decline in real yields, resulting in nominal U.S. Treasuries outperforming TIPS. Although longer-term real yields were supported by the concerns of European sovereign debt risk, accompanying deflationary pressures diminished gains in the TIPS sector relative to nominal U.S. Treasuries.

The graphic below shows movements in the TIPS yield curve:

U.S. TIPS Yield Curve



SOURCE: Barclays Capital

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The Dow Jones-UBS Commodity Total Return Index lost 4.81 percent, with the industrial metals and energy sectors weighing the most on quarterly returns. Futures prices in both these sectors were pressured by a stronger U.S. dollar and growing concerns of credit tightening in China. Furthermore, macro demand implications of Europe's sovereign debt crisis outweighed any signs of economic recovery in other developed countries. However, the downside in the energy sector was mitigated by higher natural gas futures prices underpinned by warmer weather in most U.S. territories and rising tropical activity in the Caribbean.

The overall negative index returns were limited by gains in the precious metals and softs sectors. The precious metals sector benefited from safe-haven demand for the bullion driven by continued currency uncertainties and worries about the debt crisis in the Eurozone periphery. The softs sector posted positive returns due to a rally in coffee futures prices as Colombian production for 2010 underperformed expectations and global stocks were at a long-time low. The softs sector gained despite lower sugar futures prices which declined on prospects of large Brazilian crops and a rebound in Indian production.

The Dow-Jones U.S. Select Real Estate Investment Trust (REIT) Total Return Index lost 4.99 percent during the second quarter of 2010. For the quarter, the REIT index followed the general selloff across riskier asset classes. The worst performing sectors were pressured by market uncertainty and fears that the European debt crisis will spread to other regions and outweigh any signs of economic recovery in other developed countries.

The retail strip center sector saw the lowest returns, earning -10.18 percent for the quarter. The apartment sector was the only sector that posted positive returns for the quarter, gaining 5.92 percent.

Global Equity Markets Retreat Amid Flight to Quality

Stocks declined globally in the second quarter as the risk rally that started in March of 2009 began to lose momentum. The S&P 500 fell by 11.4 percent, while the CBOE VIX, a commonly referenced indicator of market volatility, nearly doubled in a sign that uncertainty still weighed heavily on stocks.

In the U.S., small cap stocks outperformed their large cap peers as the Russell 1000 and Russell 2000 Indexes returned negative 9.9 percent and negative 11.4 percent, respectively. Among large cap stocks, the value index narrowly outpaced the growth index as the Russell 1000 Value returned negative 11.1 percent compared to a return of negative 11.7 percent for its growth counterpart. The opposite was true among small cap stock indexes in which the Russell 2000 Growth declined by 9.2 percent compared to a loss of 10.6 percent for the Russell 2000 Value.

In developed economies outside the U.S., equities as represented by the MSCI EAFE Index declined by 14.0 percent in U.S. dollar terms and 11.2 percent in local currency terms. Emerging markets (EM) stocks fared slightly better as the MSCI EM returned negative 8.4 percent in U.S. dollar terms and negative 5.6 percent in local currency terms.

U.S. Bonds Strategies and Alternatives Market Performance

Spreads in the investment grade credit market widened 43 basis points, finishing the quarter at an average level of 179 basis points[1]. Corporate fundamentals continued to improve over the second quarter as evident by declining leverage, increasing cash on balance sheets and lower market default rates. Improving fundamentals have not gone unnoticed by the ratings agencies and they are now upgrading more issuers than they are downgrading. However, the European sovereign debt crisis and focus on financial regulatory reform in the U.S. has inspired caution regarding investor risk positions and credit spreads widened. The U.S. high grade credit market, as represented by the Barclays Capital U.S. Credit Index, returned 3.27 percent in the second quarter, the 5th straight quarter of positive total return. However, U.S. credit underperformed Treasuries by -2.23 percent. Positive total return was driven by Treasury yields falling stronger than credit spreads widened.

Amid a flight to the perceived safety of the U.S. dollar, and in spite of the economic recovery in almost all EM, currencies of EM depreciated versus the U.S. dollar. The U.S. dollar continued to post gains against the euro and British pound in the second quarter, on a reflection of credit concerns in Euroland.

Short maturity, local currency denominated investments in EM returned -4.42 percent for the quarter, as measured by the JPMorgan ELMI+ Index.

For the quarter, Asia turned in the strongest performance, posting a -0.16 percent return. Latin America and the Middle East/Africa and followed, returning -1.46 percent and -3.42 percent, respectively, for the quarter. Emerging Europe, the worst performing region, returned -10.13 percent for the quarter.

[1] **Spreads referenced are the average option adjusted spread (OAS) level as generated by Barclays Capital. The individual securities within the index are predominantly measured against like-duration U.S. Treasuries. All spread and performance figures are as reported by Barclays Capital for the Barclays Capital U.S. Credit Index and its respective sub-sectors. The Index outperformed Treasuries as represented by the Barclays Capital U.S. Treasury 7-10 Year Index on a total return basis.**

Secular Outlook: Driving Without a Spare Tire

PIMCO continues to believe that the global economy is on a bumpy, multi-year journey toward the New Normal. This destination is likely to include: weak growth in developed economies and migration of growth toward emerging markets; a protracted period of private sector balance sheet rehabilitation along with deteriorated public finances; and the increased importance of politics amid heightened government involvement in private markets, especially finance and health care.

The journey will be bumpier and the destination more unstable than PIMCO thought before. It will be a world of shifting risks and opportunities with a wider range of potential outcomes and a higher probability of extreme events. ***An analogy is that of a car driving in unfamiliar territory on an uneven road having used its spare tire(s).*** The analogy is based on an analysis of traditional issues of growth, balance sheets and inflation:

- **Differentiated Growth** – Emerging economies such as China, India and Brazil are likely to maintain stronger growth and broaden their engines for income and employment creation. Developed economies such as Europe and Japan should grow more slowly. Europe is in the midst of a fiscal deflationary drag that calls into question the very makeup of the Eurozone. Japan will face increasing demographic and debt headwinds that will blunt already weakened drivers of sustainable growth. The picture for the U.S. is more mixed. Its reserve currency status and dynamic economy are important assets, but the U.S. faces structural challenges. Chief among these are highly leveraged government and household balance sheets and toxic political polarization.
- **Serial Balance Sheet Contamination** – Governments have moved to support balance sheets that expanded beyond sustainable levels, the latest example being attempts by the European Union to shore up Greece. With public finances of many developed countries stretched to the limit, it will be hard to find an unencumbered balance sheet - ***another spare tire*** – to sustain existing debt levels. Attempts to shift sovereign debt onto central bank balance sheets could raise the risk of debt monetization and fuel inflation expectations.
- **Disinflation to Inflation** – This evolution will proceed at different speeds in different parts of the world. It is already under way in some parts of the emerging markets and will likely remain so. Slack in labor and product markets in developed economies such as the U.S., Europe and Japan will slow the evolution there.

Cyclical Outlook: Near Term Risks Tilt Toward Disinflation

Achieving self-sustaining growth in final demand will prove an elusive target for developed economies over the next year, suggesting that disinflationary pressures will dominate. Several sources of uncertainty are likely to dampen prospects for global growth in the second half of 2010:

- **Fiscal Austerity Measures** – Governments in the U.K., Japan, New Zealand and Germany enacted fiscal austerity measures after observing the reluctance of bond markets to fund Eurozone countries with large deficits. The U.S. has not yet announced an austerity plan. The impact of these initiatives on growth is unclear but is unlikely to be positive.
- **Re-Regulation** – The U.S. has enacted complex new regulations for the health care sector and is likely to do so for banking and finance as well. It is difficult to forecast the consequences of this re-regulation.
- **Municipal Balance Sheets** – Many state balance sheets face large and growing deficits with little prospect of help from the federal government, which remains focused on job creation at the national level.
- **Renminbi Appreciation** – Changes in China's currency policy should help rebalance global consumption and investment and could support riskier assets, but the pace and extent of renminbi appreciation remains unclear.

Look to De-Risk; Retain Tactical Flexibility

Amid the uncertainty of the cyclical outlook, PIMCO will remain cautious with risk exposures and look to make tactical shifts to protect portfolios in the face of high levels of expected volatility.

Summary of Tactical Asset Allocation Views on Nominal Bond, Real Return, and Equity Strategies

- Broadly rich asset valuations, understated volatilities and asset class correlations that are above historical levels are creating the appearance of a low risk environment, while in reality understating the potential for risk.
- Minimal allocations to short-term strategies will likely continue to be held as short-term interest rates remain depressed. However should the need for a higher degree of diversification arise, then allocations are likely to increase.
- Allocations to core U.S. Bond strategies have been reduced as gains have been harvested amid the global flight to safety and the subsequent rally in these sectors.
- The Fund continues to favor lower beta, alpha oriented strategies, which saw a significant allocation increase. The Fund has also made further allocations to the locally denominated EM debt sector.
- A significant core allocation to TIPS currently remains; however, with low inflation, depressed real yields, and profit-taking opportunities, the Fund may trim its TIPS exposure.
- With unattractive equity valuations it is making only minor allocations to this asset class; the most notable allocation increases have been to the EM equity markets, which have recently corrected.
- Allocations to traditional equities index exposure such as the S&P 500 will likely remain low. Instead, exposure to equities favors the Enhanced Research Affiliates Fundamental Index due to the relative attractiveness of value stocks versus growth stocks.

Past performance is no guarantee of future results. Forecasts are based on proprietary research and should not be interpreted as investment advice or as an offer or solicitation for the purchase or sale of any financial instrument.

The performance figures presented reflect the total return performance for the stated share class (after fees) and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. The Before Fees performance figures presented herein do not reflect the deduction of the Fund's total annual operating expenses, which includes, but is not necessarily limited to, advisory fees, administrative fees, and 12b-1 fees (where applicable). The After Fees performance figures reflect the deduction of all such fees. Neither Before nor After Fees performance figures reflect any applicable redemption fees, the performance figures would be lower if the fee was applied.

Risk Disclosures

Summary of Performance Data and Portfolio Statistics

1 All time periods longer than one year are annualized and returns include reinvestment of dividends, income and capital gains, if any. The Fund offers different share classes which are subject to different fees and expenses (which may affect performance), have different minimum investment requirements and are entitled to different services.

In an environment where interest rates may trend upward, rising rates will negatively impact the performance of most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations.

Each sector of the bond market entails risk. 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. The guarantee on Treasuries, TIPS and Government Bonds is to the timely repayment of principal and interest. Shares of mutual funds that invest in them are not guaranteed. Mortgage-backed securities are subject to prepayment risk. With corporate bonds there is no assurance that issuers will meet their obligations. An investment in high-yield securities generally involves greater risk to principal than an investment in higher-rated bonds. Investing in non-U.S. securities may entail risk as a result of non-U.S. economic and political developments, which may be enhanced when investing in emerging markets.

These Funds may use derivative instruments for hedging purposes or as part of an 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 CommodityRealReturn Strategy Fund is intended for long-term investors and an investment in the Fund should be no more than a small part of a typical diversified portfolio. The Fund's share price is expected to be more volatile than that of other funds. This Fund will typically seek to gain exposure to the commodity markets by investing in commodity-linked derivative instruments such as index- and commodity-linked "structured" notes. These instruments and commodities in general may subject the Fund to greater volatility than investments in traditional securities. Commodities and commodity-index-linked securities may be affected by changes in overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, or political and regulatory developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. The PIMCO All Asset All Authority Funds' NAV will fluctuate in response to changes in the NAV of the underlying Funds, and the cost of investing in those Fund will generally be higher than the cost of investing in a mutual fund that invests directly in individual stocks and bonds.

The principal value of inflation-indexed bonds adjusts to the rate of inflation. If the index measuring inflation rises or falls, the principal value will be adjusted accordingly, which will influence the interest payable on these securities. A fund, which concentrates its assets in one or a few sectors, may entail greater risk than a fully diversified fund and should be considered as only part of a diversified portfolio.

2 Standard deviation is a statistical measure of dispersion about an average, which for a mutual fund, depicts how widely the returns varied over a certain period of time.

Market Commentary and Market Outlook

Real Return bonds, more commonly known as Treasury Inflation Protected Securities or TIPS, are issued and guaranteed by the U.S. government at a fixed rate that is adjusted based on the change of the Non-Seasonally Adjusted Consumer Price Index. Guarantee does not eliminate market risk. TIPS sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds. TIPS are only taxable at the Federal level.

Investment grade corporate bonds are considered among the higher rated in the corporate bond sector. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level.

Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Inflation Linked Bonds (ILBs), are issued and guaranteed by the issuing government at a fixed rate that is adjusted based on the change of the issuing governments Consumer Price Index, or equivalent. Guarantee does not eliminate market risk. ILBs sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Continued

Market Commentary and Market Outlook continued

Inflation Linked Bonds (ILBs), are issued and guaranteed by the issuing government at a fixed rate that is adjusted based on the change of the issuing governments Consumer Price Index, or equivalent. Guarantee does not eliminate market risk. ILBs sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Emerging Market bonds are susceptible to market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed foreign countries.

High Yield bonds involve greater volatility and risk to principal than investments in higher-rated securities as the issuing entity has a lower credit rating possibly making the security more susceptible to default. Generally these types of bonds are taxable at the state and federal level.

Mortgage bonds are susceptible to risks such as default and prepayment of principal, and taxable at the state and federal levels, while Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Bonds issued by a government outside of the United States that are guaranteed by the issuing government. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds. Also, governments outside of the United States have different credit ratings which directly correlate to the risks associated with securities.

Corporate bonds are debt securities issued by a corporation. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level. Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Index Descriptions

The Consumer Price Index is an unmanaged index representing the rate of inflation of the U. S. consumer prices as determined by the US Department of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time.

The CPI + 650 Basis Points benchmark is created by adding 6.5% to the annual percentage change in the Consumer Price Index (“CPI”). This index reflects non-seasonally adjusted returns. The Consumer Price Index is an unmanaged index representing the rate of inflation of the U.S. consumer prices as determined by the US Department of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time. The additional benchmarks are provided as a measure for the investor to assess how the Investment Manager is adding additional value to the portfolio. It is not possible to invest directly in an unmanaged index.

Dow Jones AIG Commodity Total Return is an unmanaged index composed of futures contracts on 19 physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. It is not possible to invest directly in an unmanaged index.

The Dow Jones Euro STOXX 50® index provides a blue-chip representation of Supersector leaders in the Eurozone. Covers Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Captures approximately 60% of the free-float market capitalisation of the Dow Jones EURO STOXX Total Market Index, which in turn covers approximately 95% of the free-float market capitalisation of the represented countries.

Dow Jones Wilshire Real Estate Investment Trust Index, a subset of the Wilshire Real Estate Securities Index (WRESI), is an unmanaged index comprised of U.S. publicly traded Real Estate Investment Trusts. Effective July 1, 2007, the Portfolio began tracking its performance against a float-adjusted version of the index as the full-market-cap version of the index ceased to be disseminated on June 30, 2007. It is not possible to invest directly in the index.

Federal Funds Rate is the federal rate at which banks borrow reserves from each other. This rate is set by the United States Federal Open Market Committee. It is not possible to invest directly in an unmanaged index.

The FTSE (Financial Times, the London Stock Exchange) 100 Index is comprised of the top 100 U. K. companies ranked by market capitalization.

Continued

Index Descriptions, *(cont'd)*

JPMorgan Emerging Local Markets Index Plus (ELMI) tracks total returns for local-currency-denominated money market instruments in 24 emerging markets countries with at least US$10 billion of external trade.

Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least $250 million par amount outstanding. Performance data for this index prior to 10/97 represents returns of the Lehman Inflation Notes Index.

Barclays Capital U.S. TIPS: 1-10 Year is an unmanaged index market comprised of U.S. Treasury Inflation Linked securities with maturities of 1 to 10 years. It is not possible to invest directly in such an unmanaged index.

The BofA Merrill Lynch US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million. Bonds must be rated below investment grade based on a composite of Moody’s and S&P. It is not possible to invest directly in an unmanaged index.

MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, Far East) Hedged USD is an unmanaged index of issuers in countries of Europe, Australia, and the Far East represented in US Dollars on a hedged basis. It is not possible to invest in such an unmanaged index.

Russell 1000 Index is an unmanaged group of stocks considered to be representative of the large cap market in general. It is not possible to invest directly into this index

Russell 2000 Index is an unmanaged group of stocks considered to be representative of the small cap market in general. It is not possible to invest directly into this index.

The S&P 500 Index is an unmanaged market index generally considered representative of the stock market as a whole. The Index focuses on the large-cap segment of the U.S. equities market. It is not possible to invest directly in the index.

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