

Investment Approach

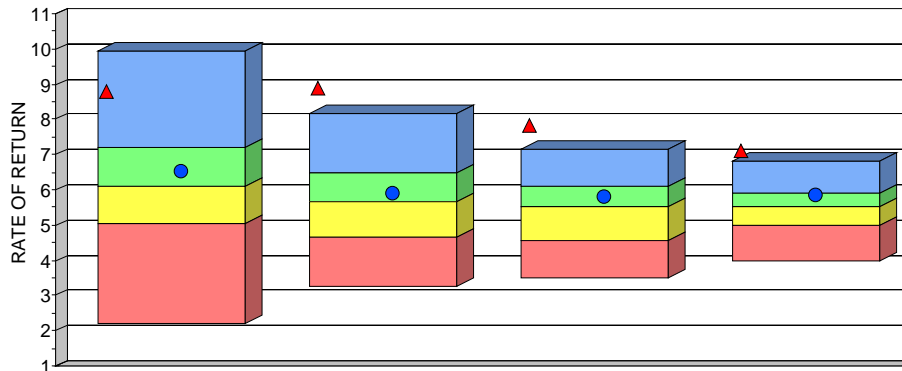
The PIMCO Total Return Fund is a corporate bond – general mutual fund that seeks maximum total return. The Fund normally invests in a diversified portfolio of fixed income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The fund invests primarily in investment-grade debt securities but may invest up to 10% of total assets in high-yield securities. The fund may invest in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities.

Performance Commentary

The PIMCO Total Return Fund return of 8.79% outperformed by 2.25% the Barclays Capital U.S. Aggregate Bond Index benchmark return of 6.54% for the one-year period ended December 31, 2010.

Fund Characteristics	PIMCO Total Return Fund Institutional Class	
Total Fund Assets	\$138.8 billion	
Average Maturity	6.55 years	
Duration	4.81 years	
30 Day Yield	2.67%	
Quality	AAA	64.0%
	AA	9.0
	A	13.0
	BBB	8.0
	BB	3.0
	B and Below	3.0
	Not Rated	0.0
Number of Holdings	13,601	
Turnover	402%	
Fees	0.47% Annually	
Portfolio Manager (tenure)	Bill Gross since inception September 8, 1994	

**PIMCO TOTAL RETURN INSTITUTIONAL
QUARTILE RANKING BAR
PSN INVESTMENT GRADE FIXED INCOME INTERM
PERIODS ENDING DECEMBER 31, 2010**



	1 Year	3 Years	5 Years	10 Years
HIGH (0.05)	9.93	8.15	7.13	6.79
FIRST QUARTILE	7.20	6.47	6.07	5.90
MEDIAN	6.08	5.67	5.51	5.51
THIRD QUARTILE	5.03	4.68	4.56	4.99
LOW (0.95)	2.19	3.25	3.48	4.00
MEAN	6.04	5.62	5.36	5.43
VALID COUNT	235	222	211	162

	1 Year		3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ PIMCO Total Return Institutional	8.79	8	8.90	1	7.83	1	7.09	1
● Barclays Capital Aggregate	6.54	38	5.91	42	5.80	35	5.84	30

Historical Returns

	PIMCO Total Return		Aggregate Bond Index		Return Difference
	Return	Rank *	Return	Rank *	
2001	9.2%	13	8.4%	30	0.8%
2002	9.9	20	10.3	12	-0.3
2003	5.3	27	4.1	62	1.2
2004	4.9	14	4.3	30	0.5
2005	2.6	10	2.4	25	0.2
2006	3.7	77	4.3	27	-0.6
2007	8.8	1	7.0	42	1.8
2008	4.6	40	5.2	33	-0.7
2009	13.5	16	5.9	82	7.6
2010	8.8	8	6.5	38	2.2
Trailing 3-Year	8.9%	1	5.9%	42	3.0
Trailing 5-Year	7.8	1	5.8	35	2.0
Trailing 10-Year	7.1	1	5.8	30	1.3

* Rank of 1 is best and 100 is worst.

Assessment

The PIMCO Total Return Fund has demonstrated consistent strong performance versus the benchmark and peer group over seven of the past ten years and all longer time periods presented. The Fund currently holds no U.S. Treasury securities and may hold a maximum of 10% in convertible equity and preferred stock. The same portfolio manager has been responsible for the fund since its inception. We recommend retention of this fund.