

# PIMCO Fixed Income Source ETFs plc

## Annual Report and Audited Financial Statements

For the financial year ended 31 March 2018  
Report for investors in Switzerland

Please note that the Independent Auditor's report is in relation to PIMCO Fixed Income Source ETFs plc (the "Company"). As noted within, this is an extract annual report which solely contains 2 out of the total 9 sub-funds, therefore in case of any interpretation of information, positions or opinions, the original full Company version prevails over this extract version.

THIS IS AN EXTRACT ANNUAL REPORT FOR INVESTORS IN SWITZERLAND ONLY. IT SOLELY CONTAINS THE FUNDS WHICH ARE NOT APPROVED FOR DISTRIBUTION TO NON-QUALIFIED INVESTORS IN OR FROM SWITZERLAND (THE "FUNDS"). THIS ANNUAL REPORT FOR SWITZERLAND IS EXCLUSIVELY USED FOR THE OFFER AND DISTRIBUTION OF SHARES OF THE FUNDS IN OR FROM SWITZERLAND. IT IS NOT PERMITTED TO BE USED FOR THE OFFER AND DISTRIBUTION OF SHARES OF THE COMPANY IN OTHER JURISDICTIONS OR TERRITORIES.

THE DISTRIBUTION OF SHARES OF THE FUNDS IN SWITZERLAND WILL BE EXCLUSIVELY MADE TO, AND DIRECTED AT, QUALIFIED INVESTORS (THE "QUALIFIED INVESTORS"), AS DEFINED IN THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT OF 23 JUNE 2006, AS AMENDED ("CISA"), AND ITS IMPLEMENTING ORDINANCE. ACCORDINGLY, THE FUNDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"). THIS REPORT MAY BE MADE AVAILABLE IN SWITZERLAND SOLELY TO QUALIFIED INVESTORS.

# PIMCO Fixed Income Source ETFs plc

## General Characteristics

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Fund Type:  
UCITS

Number of Funds offered in the Company:  
9 Funds

Classes of Shares offered in the Company\*:

CHF (Hedged) Accumulation Class  
EUR Accumulation Class  
EUR Income Class  
EUR (Hedged) Accumulation Class  
EUR (Hedged) Income Class  
GBP Income Class  
GBP (Hedged) Income Class  
USD Accumulation Class  
USD Income Class

\*Each Fund does not offer all of the Classes of Shares listed.

Types of Shares:

Within each Class of each Fund, subject to the relevant Supplement to the Prospectus (the "Supplement"), the Company may issue either or both Income Shares (Shares which distribute income) and Accumulation Shares (Shares which accumulate income).

Net Assets (Amounts in thousands):  
EUR 7,456,881

Minimum Subscription:

The PIMCO Covered Bond Source UCITS ETF requires each investor to subscribe a minimum of EUR 1,000,000 or one Primary Share.

The PIMCO Sterling Short Maturity Source UCITS ETF requires each investor to subscribe a minimum of GBP 1,000,000 or one Primary Share.

The Directors reserve the right to differentiate between Shareholders as to the Minimum Initial Subscription amount and waive or reduce the Minimum Initial Subscription and Minimum Transaction Size for certain investors.

Dealing Day:

Dealing day for the PIMCO Sterling Short Maturity Source UCITS ETF is any day on which banks in London are open for business. Dealing day for the PIMCO Covered Bond Source UCITS ETF, is any day on which the Deutsche Börse AG and banks in London are open for business. Notwithstanding the foregoing, it will not be a Dealing Day for the Funds where either as a result of public holidays or market/stock exchange closures in any jurisdiction, it makes it difficult (i) to administer the Fund or (ii) value a proportion of a Fund's assets. The Funds will be closed on 01 January and 24, 25, 26 December each year.

Dealing day for each Fund may also be such other days as may be specified by the Company and notified to Shareholders in advance provided there shall be one Dealing Day per fortnight.

Funds' Functional Currency:

The functional currency of the PIMCO Covered Bond Source UCITS ETF is EUR (€) and the functional currency of the PIMCO Sterling Short Maturity Source UCITS ETF is GBP (£).

Co-Promoters:

PIMCO Europe Ltd. and Source UK Services Limited act as co-promoters of the Company. Source UK Services Limited is registered as a limited Company in England and Wales. Both PIMCO Europe Ltd. and Source UK Services Limited are authorised and regulated by the UK Financial Conduct Authority.

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Fund	Fund Summary	Schedule of Investments
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The Prospectus, supplements to the Prospectus, Key Investor Information Documents ("KIIDs"), Memorandum & Articles of Association, annual and semi-annual reports and a copy of the list of changes in the portfolio during the year ended 31 March 2018 are available free of charge from the Swiss Representative.

In respect of the Shares of the Funds distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.

This annual report and audited financial statements (the "Annual Report") may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Annual Report. To the extent that there is any inconsistency between the English language Annual Report and the Annual Report in another language, the English language Annual Report will prevail, except to the extent (and only to the extent) that it is required by law of any jurisdiction where the shares are sold, that in an action based upon disclosure in a Annual Report in a language other than English, the language of the Annual Report on which such action is based shall prevail. Any disputes as to the terms of the Annual Report, regardless of the language of the Annual Report, shall be governed by and construed in accordance with the laws of Ireland.

# PIMCO Fixed Income Source ETFs plc

## Chairman's Letter

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Dear Shareholder,

Following is the PIMCO Fixed Income Source ETFs plc Annual Report, which covers the twelve-month reporting period ended 31 March 2018. On the subsequent pages you will find specific details regarding investment results and a discussion of factors that most affected performance over the reporting period.

### **For the twelve-month reporting period ended 31 March 2018**

The US economy continued to expand during the reporting period. Looking back, US gross domestic product (GDP) expanded at an annual pace of 3.1%, 3.2% and 2.9% during the second, third and fourth quarters of 2017, respectively. The Commerce Department's initial reading – released after the reporting period had ended – showed that first quarter 2018 GDP grew at an annual pace of 2.3%.

The Federal Reserve (Fed) continued to normalise monetary policy during the reporting period. After raising interest rates in March and June 2017, the Fed again raised rates in December, moving the federal funds rate up to a range between 1.25% and 1.50%. In addition, in October 2017, the Fed started to reduce its balance sheet. Finally, at its March 2018 meeting, the Fed again increased rates to a range between 1.50% and 1.75%. The Fed also indicated that it expected to make two additional rate hikes in 2018, although this will be data-dependent.

Economic activity outside the US also accelerated during the reporting period. Regardless, the European Central Bank (ECB) and Bank of Japan maintained their highly accommodative monetary policies. Other central banks took a more hawkish stance. In November 2017, the Bank of England instituted its first rate hike since 2007, and the Bank of Canada raised rates twice during the reporting period. Meanwhile, the ECB indicated that it may pare back its quantitative easing program in 2018.

The US Treasury yield curve flattened during the reporting period, as short-term rates moved up more than their longer-term counterparts. The increase in rates at the short end of the yield curve was mostly due to Fed interest rate hikes. The yield on the benchmark 10-year US Treasury note was 2.74% at the end of the reporting period, up from 2.40% on 31 March 2017. US Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned 0.43% over the twelve months ended 31 March 2018. Meanwhile the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of US investment grade bonds, returned 1.20% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, outperformed the broad US market. While there were periods of volatility, they performed well given overall solid investor demand. The ICE BofAML U.S. High Yield Index returned 3.69% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned 3.34% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned 12.99% over the reporting period.

Global equities generally rose over the first 10 months of the period. This rally was driven by a number of factors, including improving global growth, corporate profits that often exceeded expectations and, in the US, optimism surrounding the passage of a tax reform bill in December 2017. However, a portion of those gains was given back over the final two months of the period. This was partially due to concerns over less accommodative central bank policies and fears of a trade war. All told, US equities, as represented by the S&P 500 Index, returned 13.99% during the reporting period. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned 24.93% over the period, whereas global equities, as represented by the MSCI World Index, returned 13.59%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned 15.50% over the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -0.43%.

Commodity prices fluctuated but generally moved higher during the twelve months ended 31 March 2018. When the reporting period began, crude oil was approximately \$51 a barrel. By the end of the period it was roughly \$65 a barrel. This ascent was driven in part by planned and observed production cuts by OPEC and the collapse in Venezuelan oil production, as well as good global growth maintaining demand. Elsewhere, gold and copper prices also moved higher over the reporting period.

Finally, during the reporting period, there were periods of volatility in the foreign exchange markets, possibly due, at least in part, to signs of improving global growth, decoupling central bank policies, and a number of geopolitical events. The US Dollar generally weakened against other major currencies over the reporting period. For example, the US Dollar fell 15.05%, 12.16% and 4.55% versus the Euro, British Pound and Japanese Yen, respectively, during the twelve months ended 31 March 2018.

Thank you for the trust you have placed in PIMCO. We are privileged to serve you through our global ETF offerings. You can expect from our ETF products PIMCO's continued commitment to excellence in managing risk and delivering returns. If you have questions regarding the PIMCO Fixed Income Source ETFs plc, please contact the London office on +44 (0) 20 3640 1000, or for fund-operation questions, the Administrator on +353 (0)1 776 9990. We also invite you to visit [www.sourceetf.com](http://www.sourceetf.com) for additional information.

Sincerely,



Craig A. Dawson  
Chairman  
24 July 2018

# PIMCO Fixed Income Source ETFs plc

## Important Information About the Funds

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This material is authorised for use only when preceded or accompanied by the current PIMCO Fixed Income Source ETFs plc Prospectus. Investors should consider the investment objectives, risks, charges and expenses of each Fund carefully before investing. This and other information is contained in each Fund's Prospectus Supplement. Please read the Prospectus carefully before you invest or send money.

The PIMCO Covered Bond Source UCITS ETF and the PIMCO Sterling Short Maturity Source UCITS ETF are actively managed ETFs that do not seek to track the performance of a specified index (collectively, the "Active Funds" and together with the Passive Funds, the "Funds"). PIMCO Sterling Short Maturity Source UCITS ETF are listed on the Irish Stock Exchange trading as Euronext Dublin ("Euronext") and traded on the London Stock Exchange. Shares of the PIMCO Covered Bond Source CITS ETF are listed and traded at market prices on the Deutsche Börse AG. The Funds are also listed and traded on other secondary markets. The market price for each Fund's shares may be different from the Fund's net asset value ("NAV"). Each Fund issues and redeems shares at its NAV only in blocks of a specified number of shares ("Primary Shares"). Only certain large institutional investors may purchase or redeem Primary Shares directly with the Funds at NAV ("Authorised Participants"). Secondary market investors may redeem shares directly in circumstances where the stock exchange value of the shares significantly varies from its NAV. These transactions are in exchange for certain securities similar to a Fund's portfolio and/or cash.

The Funds invest in particular segments of the securities markets, which are not representative of the broader securities markets. While we believe that bond Funds have an important role to play in a well-diversified investment portfolio, an investment in a Fund alone should not constitute an entire investment program. It is important to note that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond Funds, and fixed income securities held by the Funds are likely to decrease in value. The price volatility of fixed income securities can also increase during periods of rising interest rates resulting in increased losses to the Funds. 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 or funds with shorter durations.

The Funds may be subject to various risks in addition to those described above. Some of these risks may include, but are not limited to, the following: secondary market trading risk, interest rate risk, credit risk, market risk, liquidity risk, derivatives risk, leveraging risk, issuer risk, mortgage-related and other asset backed risk, foreign investment risk, emerging markets risk and management risk. A complete description of these and other risks is contained in the Prospectus of the Company. The Funds may use financial 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. A Fund could lose more than the principal amount invested in these financial derivative instruments. The credit quality of a particular security or group of securities does not ensure the stability or safety of the overall portfolio.

On each individual Fund Summary page in this annual report, the net performance chart measures performance assuming that all dividend and capital gain distributions were reinvested. Returns do not reflect the deduction of taxes that a shareholder would pay on: (i) Fund distributions; or (ii) the redemption of Fund shares. The net performance chart measures each Fund's performance against the performance of a broad-based securities market index (benchmark index). Each Fund's past performance, before and after taxes, is not necessarily an indication of how the Fund will perform in the future. An investment in a Fund is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money on investments in the Funds.

The Funds may make available a complete schedule of portfolio holdings and the percentages they represent of the Funds' net assets. On each Business Day, before commencement of trading on Relevant Stock Exchanges (as defined in the Prospectus), each Fund will disclose on [www.sourceetf.com](http://www.sourceetf.com) the identities and quantities of the Fund's portfolio holdings that will form the basis for the Fund's calculation of NAV in respect of the previous Dealing Day. Fund fact sheets provide additional information regarding a Fund and may be requested by calling +44 (0) 20 3640 1000.

# PIMCO Covered Bond Source UCITS ETF

## Total Return Net of Fees and Expenses for the Period ended 31 March 2018<sup>1</sup>

	1 Year	Class Inception
<b>Classes denominated in EUR</b>		
EUR Income Class (Inception 17-Dec-2013)	2.12%	3.18%
Bloomberg Barclays Euro Aggregate Covered 3% Cap	0.57%	2.41%

<sup>1</sup> Annualised return net of fees and expenses for share classes incepted over a year ago.

## Investment Objective and Strategic Overview

The investment objective of the Fund is to seek to maximise total return, consistent with prudent investment management. The Fund will seek to achieve its investment objective by investing in an actively managed portfolio of Fixed Income Securities (as defined in the Prospectus) of which at least 80% will be invested in covered bonds in accordance with the policies set out in the Fund's Prospectus. Covered bonds are securities issued by a financial institution and backed by a group of loans residing on the balance sheet of the financial institution known as the "cover pool".

## Fund Insights

The following affected performance during the reporting period:

- » An overweight to Swedish and Danish covered bonds contributed to relative returns, as these securities posted positive returns.
- » An overweight to Spanish covered bonds for the majority of the reporting period contributed to relative returns, as these securities posted positive returns.
- » An overweight to Italian covered bonds in the second half of 2017 contributed positively to relative performance as those securities recorded positive returns.
- » Interest rate positioning in the UK detracted to relative performance, as the curve flattened.
- » Interest rate positioning in the US detracted to relative performance, as the curve flattened.

# PIMCO Sterling Short Maturity Source UCITS ETF

## Total Return Net of Fees and Expenses for the Period ended 31 March 2018<sup>1</sup>

	1 Year	Class Inception
<b>Classes denominated in GBP</b>		
GBP Income Class (Inception 10-Jun-2011)	0.36%	0.78%
3 Month GBP LIBID Index*	0.32%	0.52%

<sup>1</sup> Annualised return net of fees and expenses for share classes incepted over a year ago.

\* Prior to March 2018 the Fund's benchmark was ICE BofAML Sterling Govt Bill Index.

## Investment Objective and Strategic Overview

The investment objective of the Fund is to seek to generate maximum current income, consistent with preservation of capital and daily liquidity. The Fund will invest primarily in an actively managed diversified portfolio of UK Sterling-denominated Fixed Income Securities (as defined in the Prospectus) of varying maturities including government bonds and securities issued or guaranteed by governments, their subdivisions, agencies or instrumentalities, corporate debt securities and unleveraged mortgage or other asset-backed securities. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs). The Fund may invest without limit in mortgage or other asset-backed securities. The Fund's weighted average maturity is not expected to exceed 3 years. The average portfolio duration of the Fund will be up to one year based on the Investment Adviser's forecast for interest rates. The Fund invests only in investment grade securities that are rated at least Baa3 by Moody's or BBB- by S&P or equivalently rated by Fitch (or, if unrated, determined by the Investment Adviser to be of comparable quality). The Fund may invest up to a maximum of 5% of its assets in emerging market Fixed Income Securities.

## Fund Insights

The following affected performance during the reporting period:

- » Exposure to investment grade financials was positive for absolute performance, as spreads tightened.
- » Exposure to select securitized and covered bonds was positive for absolute performance, as these securities generated positive returns.
- » Exposure to UK duration was positive for absolute performance, as the sell-off in yields was more than offset by the income.

# PIMCO Fixed Income Source ETFs plc

## Benchmark Descriptions

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### [3 Month GBP LIBID Index](#)

LIBID (London Interbank Bid Rate) is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money (3 months) in England's Eurodollar market.

### [Bloomberg Barclays Euro Aggregate Covered 3% Cap](#)

The Bloomberg Barclays Euro Aggregate Covered 3% Cap Index tracks the performance of euro-denominated covered bonds. Inclusion is based on the currency denomination of the issue and not the domicile of the issuer. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch), at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of EUR 300 million. Index constituents are capitalisation-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 3%.

# PIMCO Fixed Income Source ETFs plc

## Statement of Assets and Liabilities

(Amounts in thousands)

	PIMCO Covered Bond Source UCITS ETF		PIMCO Sterling Short Maturity Source UCITS ETF	
	As at 31-Mar-2018	As at 31-Mar-2017	As at 31-Mar-2018	As at 31-Mar-2017
<b>Current Assets:</b>				
Financial Assets at fair value through profit or loss:				
Transferable securities	€ 171,611	€ 216,866	£ 284,756	£ 190,724
Deposits with credit institutions	0	0	0	0
Financial derivative instruments	1,911	1,182	2,260	64
Cash and cash equivalents	789	6,745	754	133
Deposits with counterparty	1,508	959	0	1,180
Income receivable	1,305	1,227	2,024	1,123
Receivables for investments sold	24,223	23,459	295	423
Receivables for TBA investments sold	0	0	0	0
Receivables for Fund shares sold	0	0	2,137	0
Receivables for financial derivatives margin	41	0	0	0
<b>Total Current Assets</b>	<b>201,388</b>	<b>250,438</b>	<b>292,226</b>	<b>193,647</b>
<b>Current Liabilities:</b>				
Financial Liabilities at fair value through profit or loss:				
Financial derivative instruments	(1,726)	(1,069)	(349)	(962)
Payable for investments purchased	(27,692)	(30,684)	0	(2,314)
Payable for TBA investments purchased	0	0	0	0
Payable for Fund shares redeemed	(771)	(4,887)	(2,137)	0
Payable for management fee	(59)	(83)	(87)	(53)
Payable for sale-buyback financing transactions	0	0	0	0
Payable for reverse repurchase agreements	0	0	0	0
Capital gains tax payable	0	0	0	0
Expenses payable	0	0	(1)	0
Bank overdraft	0	0	0	0
Payable for financial derivatives margin	0	(8)	0	0
Deposits from counterparty	(521)	(880)	(2,532)	0
<b>Total Current Liabilities excluding Net Assets Attributable to Redeemable Participating Shareholders</b>	<b>(30,769)</b>	<b>(37,611)</b>	<b>(5,106)</b>	<b>(3,329)</b>
<b>Net Assets Attributable to Redeemable Participating Shareholders</b>	<b>€ 170,619</b>	<b>€ 212,827</b>	<b>£ 287,120</b>	<b>£ 190,318</b>

A zero balance may reflect actual amounts rounding to less than one thousand.

# PIMCO Fixed Income Source ETFs plc

## Statement of Operations

(Amounts in thousands)

	PIMCO Covered Bond Source UCITS ETF		PIMCO Sterling Short Maturity Source UCITS ETF	
	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
<b>Income</b>				
Interest and dividend income	€ 1,788	€ 3,339	£ 1,426	£ 1,205
Other income	0	3	0	0
Net realised gain/(loss) on transferable securities and deposits with credit institutions	(1,649)	4,428	644	6,187
Net realised gain/(loss) on financial derivative instruments	4,485	(2,175)	2,007	(7,052)
Net realised gain/(loss) on foreign currency	86	(385)	107	234
Net change in unrealised appreciation/(depreciation) on transferable securities and deposits with credit institutions	(724)	(978)	(5,563)	2,029
Net change in unrealised appreciation/(depreciation) on financial derivative instruments	(24)	503	2,809	(898)
Net change in unrealised appreciation/(depreciation) on foreign currency	(6)	46	(66)	541
Total Investment Income/(Loss)	3,956	4,781	1,364	2,246
<b>Operating Expenses</b>				
Management fee	(613)	(1,205)	(734)	(509)
Other expenses	(2)	0	(2)	(1)
Total Expenses	(615)	(1,205)	(736)	(510)
<b>Net Investment Income/(Loss)</b>	3,341	3,576	628	1,736
<b>Finance Costs</b>				
Interest expense	(11)	(209)	(4)	(2)
Distributions to Redeemable Participating Shareholders	(1,354)	(1,331)	(708)	(696)
Net Equalisation Credits and (Charges)	269	(314)	21	(22)
Total Finance Costs	(1,096)	(1,854)	(691)	(720)
<b>Profit/(Loss) for the Year before Tax</b>	2,245	1,722	(63)	1,016
Withholding taxes on dividends and other investment income	0	0	0	0
Capital Gains Tax	0	0	0	0
<b>Profit/(Loss) for the Year after Tax</b>	2,245	1,722	(63)	1,016
<b>Increase/(Decrease) in Net Assets Attributable to Redeemable Participating Shareholders from operations</b>	€ 2,245	€ 1,722	£ (63)	£ 1,016

A zero balance may reflect actual amounts rounding to less than one thousand.

# PIMCO Fixed Income Source ETFs plc

## Statement of Changes in Net Assets

(Amounts in thousands)

	PIMCO Covered Bond Source UCITS ETF		PIMCO Sterling Short Maturity Source UCITS ETF	
	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017
<b>Net Assets at the Beginning of the Year</b>	€ 212,827	€ 330,877	£ 190,318	£ 129,026
Proceeds from shares issued and offsets	62,662	13,979	449,442	431,268
Payments on shares redeemed	(107,115)	(133,751)	(352,577)	(370,992)
Notional exchange rate adjustment	0	0	0	0
Increase/(Decrease) in Net Assets Attributable to Redeemable Participating Shareholders from operations	2,245	1,722	(63)	1,016
<b>Net Assets at the End of the Year</b>	€ 170,619	€ 212,827	£ 287,120	£ 190,318

A zero balance may reflect actual amounts rounding to less than one thousand.

DESCRIPTION	PAR (000S)	FAIR VALUE (000S)	% OF NET ASSETS	DESCRIPTION	PAR (000S)	FAIR VALUE (000S)	% OF NET ASSETS
<b>TRANSFERABLE SECURITIES &amp; MONEY MARKET INSTRUMENTS - OFFICIAL STOCK EXCHANGE/REGULATED MARKET</b>				<b>SOUTH KOREA</b>			
<b>CHINA</b>				<b>SOVEREIGN ISSUES</b>			
<b>CORPORATE BONDS &amp; NOTES</b>				Korea Housing Finance Corp. 3.000% due 31/10/2022 \$ 3,300 € 2,633 1.54			
Bank of China Ltd. 1.875% due 09/11/2019	\$ 2,800	€ 2,233	1.31	<b>SPAIN</b>			
<b>DENMARK</b>				<b>CORPORATE BONDS &amp; NOTES</b>			
<b>CORPORATE BONDS &amp; NOTES</b>				Cajamar Caja Rural SCC 1.250% due 26/01/2022 € 8,100 8,326 4.88			
BRFkredit A/S 2.000% due 01/10/2050	DKK 2,000	267	0.16	PITCH1 5.125% due 20/07/2022 6,500 7,817 4.58			
DLR Kredit A/S 2.000% due 01/10/2047	50,000	6,731	3.95	<b>SOVEREIGN ISSUES</b>			
Nordea Kredit Realkreditaktieselskab 2.000% due 01/10/2050	55,000	7,262	4.25	Autonomous Community of Madrid 1.773% due 30/04/2028 100 105 0.06			
2.500% due 01/10/2047	7,000	973	0.57	Spain Government International Bond 1.950% due 30/04/2026 5,400 5,862 3.43			
Nykredit Realkredit A/S 1.000% due 01/01/2019	62,000	8,421	4.94	2.700% due 31/10/2048 1,900 2,092 1.23			
Realkredit Danmark A/S 1.500% due 01/10/2037	42,000	5,668	3.32	8,059 4.72			
2.500% due 01/10/2047	2,000	278	0.16	<b>Total Spain</b> 24,202 14.18			
<b>Total Denmark</b>		<b>29,600</b>	<b>17.35</b>	<b>SWEDEN</b>			
<b>FRANCE</b>				<b>CORPORATE BONDS &amp; NOTES</b>			
<b>SOVEREIGN ISSUES</b>				Lansforsakringar Hypotek AB 1.250% due 20/09/2023 SEK 50,000 4,948 2.90			
Caisse Francaise de Financement Local 1.125% due 19/01/2033	€ 900	880	0.52	Nordea Hypotek AB 1.250% due 20/09/2023 80,000 7,933 4.65			
<b>GERMANY</b>				Stadshypotek AB 1.500% due 01/06/2023 50,000 5,027 2.94			
<b>CORPORATE BONDS &amp; NOTES</b>				Sveriges Sakerstallda Obligationer AB 2.000% due 17/06/2026 72,000 7,298 4.28			
Erste Abwicklungsanstalt 0.000% due 07/12/2018 (a)	700	702	0.41	<b>Total Sweden</b> 25,206 14.77			
HSH Nordbank AG 0.375% due 27/04/2023	3,917	3,893	2.28	<b>SWITZERLAND</b>			
<b>Total Germany</b>		<b>4,595</b>	<b>2.69</b>	<b>CORPORATE BONDS &amp; NOTES</b>			
<b>IRELAND</b>				Credit Suisse AG 0.750% due 17/09/2021 € 5,900 6,040 3.54			
<b>CORPORATE BONDS &amp; NOTES</b>				<b>TURKEY</b>			
SumitG Guaranteed Secured Obligation Issuer DAC 2.251% due 02/11/2020	\$ 10,000	7,975	4.67	<b>CORPORATE BONDS &amp; NOTES</b>			
<b>ITALY</b>				Turkiye Vakiflar Bankasi TAO 2.375% due 04/05/2021 1,200 1,224 0.72			
<b>CORPORATE BONDS &amp; NOTES</b>				<b>UNITED KINGDOM</b>			
Banco BPM SpA 0.750% due 31/03/2022	€ 8,100	8,205	4.81	<b>CORPORATE BONDS &amp; NOTES</b>			
<b>SOVEREIGN ISSUES</b>				Co-Operative Bank PLC 4.750% due 11/11/2021 € 1,500 1,852 1.09			
Italy Buoni Poliennali Del Tesoro 1.600% due 01/06/2026	8,400	8,476	4.97	Leeds Building Society 0.500% due 03/07/2024 € 1,800 1,789 1.05			
<b>Total Italy</b>		<b>16,681</b>	<b>9.78</b>	Nationwide Building Society 2.250% due 25/06/2029 7,215 8,078 4.73			
<b>LUXEMBOURG</b>				Santander UK PLC 5.250% due 16/02/2029 € 5,565 8,308 4.87			
<b>CORPORATE BONDS &amp; NOTES</b>				<b>Total United Kingdom</b> 20,027 11.74			
European Financial Stability Facility 0.500% due 20/01/2023	3,000	3,062	1.79	<b>UNITED STATES</b>			
NORD/LB Luxembourg S.A. Covered Bond Bank 0.250% due 10/03/2020	2,000	2,016	1.18	<b>CORPORATE BONDS &amp; NOTES</b>			
0.375% due 15/06/2023	200	199	0.12	Energy Transfer LP 9.700% due 15/03/2019 \$ 200 172 0.10			
2.875% due 16/02/2021	\$ 7,600	6,163	3.61	<b>SHORT-TERM INSTRUMENTS</b>			
<b>Total Luxembourg</b>		<b>11,440</b>	<b>6.70</b>	<b>REPURCHASE AGREEMENTS (b)</b>			
<b>POLAND</b>							
<b>CORPORATE BONDS &amp; NOTES</b>							
PKO Bank Hipoteczny S.A. 0.750% due 24/01/2024	€ 6,200	6,206	3.64				
<b>PORTUGAL</b>							
<b>CORPORATE BONDS &amp; NOTES</b>							
Caixa Economica Montepio Geral 0.875% due 17/10/2067	8,300	8,388	4.92				
				<b>Total Short-Term Instruments</b> 4,109 2.41			
				<b>Total Transferable Securities &amp; Money Market Instruments - Official Stock Exchange/Regulated Market</b> € 171,611 100.58			

**FINANCIAL DERIVATIVE INSTRUMENTS DEALT IN ON A REGULATED MARKET (amounts in thousands\*, except number of contracts)**

\*A zero balance may reflect actual amounts rounding to less than one thousand.

**FUTURES**

Description	Type	Expiration Month	# of Contracts	Unrealised Appreciation/ (Depreciation)	% of Net Assets
Call Options Strike @ EUR 160.000 on Euro-Bobl 10-Year Bond June Futures	Short	05/2018	62	€ 1	0.00
Euro-Bobl June Futures	Long	06/2018	42	2	0.00
Euro-Bono June Futures	Short	06/2018	54	(248)	(0.15)
Euro-BTP Italy Government Bond June Futures	Short	06/2018	20	(31)	(0.02)
Euro-Bund 10-Year Bond June Futures	Long	06/2018	139	194	0.11
Euro-Buxl 30-Year Bond June Futures	Short	06/2018	21	(5)	0.00
Euro-Schatz June Futures	Short	06/2018	129	(1)	0.00
U.S. Treasury 5-Year Note June Futures	Long	06/2018	48	12	0.01
U.S. Treasury 10-Year Note June Futures	Long	06/2018	115	28	0.02
United Kingdom Long Gilt June Futures	Short	06/2018	55	(60)	(0.03)
				€ (108)	(0.06)
<b>Total Financial Derivative Instruments Dealt in on a Regulated Market</b>				<b>€ (108)</b>	<b>(0.06)</b>

**CENTRALLY CLEARED FINANCIAL DERIVATIVE INSTRUMENTS (amounts in thousands\*)**

\*A zero balance may reflect actual amounts rounding to less than one thousand.

**INTEREST RATE SWAPS**

Pay/Receive	Fixed Rate	Maturity Date	Notional Amount	Unrealised Appreciation/ (Depreciation)	% of Net Assets
Floating Rate	Floating Rate Index				
Receive	3-Month USD-LIBOR	21/06/2047	\$ 6,400	€ 136	0.08
Receive <sup>(1)</sup>	3-Month USD-LIBOR	20/06/2028	6,400	(53)	(0.03)
Pay <sup>(1)</sup>	6-Month EUR-EURIBOR	20/06/2048	€ 3,500	50	0.03
Receive <sup>(1)</sup>	6-Month GBP-LIBOR	19/09/2048	£ 3,100	(76)	(0.05)
				€ 57	0.03
<b>Total Centrally Cleared Financial Derivative Instruments</b>				<b>€ 57</b>	<b>0.03</b>

<sup>(1)</sup> This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.

**OTC FINANCIAL DERIVATIVE INSTRUMENTS (amounts in thousands\*)**

\*A zero balance may reflect actual amounts rounding to less than one thousand.

**FORWARD FOREIGN CURRENCY CONTRACTS**

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealised Appreciation	Unrealised (Depreciation)	Net Unrealised Appreciation/ (Depreciation)	% of Net Assets
AZD	05/2018	€ 3,010	£ 2,638	€ 0	€ (5)	€ (5)	0.00
BOA	04/2018	DKK 172,212	€ 23,131	28	0	28	0.02
	04/2018	€ 13,297	DKK 99,010	0	(14)	(14)	(0.01)
	04/2018	803	\$ 990	2	0	2	0.00
	04/2018	\$ 1,716	€ 1,385	0	(10)	(10)	(0.01)
	05/2018	€ 218	£ 195	4	0	4	0.00
	05/2018	8,429	SEK 85,020	0	(175)	(175)	(0.10)
	05/2018	£ 5,663	€ 6,374	0	(77)	(77)	(0.05)
	05/2018	SEK 298,002	29,768	835	0	835	0.49
DUB	04/2018	DKK 7,860	1,056	2	0	2	0.00
	05/2018	€ 60	SEK 600	0	(1)	(1)	0.00
FBF	04/2018	DKK 50,625	€ 6,802	11	0	11	0.01
	05/2018	€ 6,355	SEK 63,355	0	(204)	(204)	(0.12)
GLM	04/2018	DKK 26,755	€ 3,595	6	0	6	0.00
	04/2018	€ 89	DKK 665	0	0	0	0.00
	04/2018	17,167	\$ 21,054	5	(53)	(48)	(0.03)
	04/2018	\$ 39,310	€ 31,791	0	(172)	(172)	(0.10)
	05/2018	€ 3,171	£ 2,778	4	(10)	(6)	0.00
	05/2018	£ 4,449	€ 5,088	20	0	20	0.01
	07/2018	DKK 88,964	11,942	6	0	6	0.00
JPM	04/2018	114,875	15,435	23	0	23	0.01
	04/2018	€ 16,714	DKK 124,400	0	(25)	(25)	(0.01)
	04/2018	303	\$ 370	0	(2)	(2)	0.00
	05/2018	5,389	SEK 54,175	0	(129)	(129)	(0.08)
	05/2018	£ 4,509	€ 5,058	0	(78)	(78)	(0.05)
	05/2018	SEK 52,830	5,224	94	0	94	0.06
	07/2018	DKK 207,872	27,900	10	0	10	0.01
MSB	04/2018	72,196	9,695	10	0	10	0.01
	04/2018	\$ 331	269	0	0	0	0.00
NAB	04/2018	DKK 2,065	277	0	0	0	0.00
	04/2018	€ 1,524	DKK 11,355	0	(1)	(1)	0.00
RBC	04/2018	DKK 58,620	€ 7,869	5	0	5	0.00
	04/2018	€ 12,716	DKK 94,670	0	(15)	(15)	(0.01)

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealised Appreciation	Unrealised (Depreciation)	Net Unrealised Appreciation/ (Depreciation)	% of Net Assets
RYL	04/2018	DKK 2,640	€ 354	€ 0	€ 0	€ 0	0.00
	05/2018	SEK 147,590	14,594	265	0	265	0.16
SCX	04/2018	DKK 39,085	5,248	5	0	5	0.00
SOG	04/2018	80,620	10,830	15	0	15	0.01
	04/2018	€ 9,740	DKK 72,475	0	(17)	(17)	(0.01)
	05/2018	8,776	SEK 89,340	0	(102)	(102)	(0.06)
	05/2018	£ 389	€ 437	0	(6)	(6)	0.00
	07/2018	€ 8,338	DKK 62,130	0	(2)	(2)	0.00
UAG	04/2018	19,400	\$ 24,029	138	0	138	0.08
	04/2018	\$ 5,219	€ 4,228	0	(16)	(16)	(0.01)
	05/2018	24,079	19,400	0	(138)	(138)	(0.08)
				€ 1,488	€ (1,252)	€ 236	0.14
<b>Total OTC Financial Derivative Instruments</b>						<b>€ 236</b>	<b>0.14</b>
<b>Total Investments</b>						<b>€ 171,796</b>	<b>100.69</b>
<b>Other Current Assets &amp; Liabilities</b>						<b>€ (1,177)</b>	<b>(0.69)</b>
<b>Net Assets</b>						<b>€ 170,619</b>	<b>100.00</b>

NOTES TO SCHEDULE OF INVESTMENTS (amounts in thousands\*):

\* A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Zero coupon security.

Cash of €1,328 has been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as at 31 March 2018.

Cash of €180 has been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as at 31 March 2018.

(b) Repurchase Agreements as at 31 March 2018:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralised By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>	% of Net Assets
IND	(0.580)%	29/03/2018	03/04/2018	€ 4,100	European Investment Bank 1.125% due 13/04/2033	€ (4,087)	€ 4,100	€ 4,100	2.40
SSB	0.600	29/03/2018	03/04/2018	\$ 11	U.S. Treasury Notes 1.500% due 31/01/2022	(12)	9	9	0.01
<b>Total Repurchase Agreements</b>						<b>€ (4,099)</b>	<b>€ 4,109</b>	<b>€ 4,109</b>	<b>2.41</b>

<sup>(1)</sup> Includes accrued interest.

Fair Value Measurements<sup>(1)</sup>

The following is a summary of the fair valuations according to the inputs used as at 31 March 2018 in valuing the Fund's assets and liabilities:

Category <sup>(2)</sup>	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Transferable Securities	€ 0	€ 171,611	€ 0	€ 171,611
Financial Derivative Instruments <sup>(3)</sup>	(108)	293	0	185
<b>Totals</b>	<b>€ (108)</b>	<b>€ 171,904</b>	<b>€ 0</b>	<b>€ 171,796</b>

The following is a summary of the fair valuations according to the inputs used as at 31 March 2017 in valuing the Fund's assets and liabilities:

Category <sup>(2)</sup>	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Transferable Securities	€ 0	€ 216,866	€ 0	€ 216,866
Financial Derivative Instruments <sup>(3)</sup>	(58)	171	0	113
<b>Totals</b>	<b>€ (58)</b>	<b>€ 217,037</b>	<b>€ 0</b>	<b>€ 216,979</b>

<sup>(1)</sup> See note 3 in the Notes to Financial Statements for additional information.

<sup>(2)</sup> Refer to the Schedule of Investments for additional information.

<sup>(3)</sup> Financial Derivative Instruments may include open futures contracts, swap agreements, written options, purchased options and forward foreign currency contracts.

Collateral (Received)/Pledged for OTC Financial Derivative Instruments

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as at 31 March 2018:

Counterparty	Total Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposures <sup>(1)</sup>
AZD	€ (5)	€ 0	€ (5)
BOA	593	(400)	193
DUB	1	0	1
FBF	(193)	0	(193)
GLM	(194)	180	(14)
JPM	(107)	0	(107)
MSB	10	0	10
NAB	(1)	0	(1)
RBC	(10)	0	(10)
RYL	265	(120)	145
SCX	5	0	5
SOG	(112)	0	(112)
UAG	(16)	0	(16)

<sup>(1)</sup> Net exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. See note 15, Financial Risks, in the Notes to Financial Statements for more information regarding credit and counterparty risk.

Comparative Information

The following is a summary of the comparative information for the Schedule of Investments as at 31 March 2018:

	31-Mar-2018 (%)	31-Mar-2017 (%)
Transferable securities admitted to official stock exchange	98.11	94.57
Transferable securities dealt in on another regulated market*	0.06	0.00
Other transferable securities & money market instruments	2.41	7.33
Financial derivative instruments dealt in on a regulated market	(0.06)	(0.03)
Centrally cleared financial derivative instruments	0.03	0.00
OTC financial derivative instruments	0.14	0.08
Overnight time deposits	0.00	3.13

\* As per the list of markets set out in appendix 2 to the Prospectus which meet UCITS regulated market criteria.

DESCRIPTION	PAR (0005)	COST (0005)
<b>PURCHASES THROUGH 31 MARCH 2018</b>		
Lansforsakringar Hypotek AB 1.250% due 20/09/2023	SEK 619,700	€ 64,093
Sveriges Sakerstallda Obligationer AB 2.000% due 17/06/2026	498,000	52,770
Danske Hypotek AB 1.000% due 21/12/2022	422,000	43,893
Nordea Hypotek AB 1.250% due 20/09/2023	420,000	43,192
Realkredit Danmark A/S 2.000% due 01/10/2047	DKK 286,000	37,528
Credit Suisse AG 0.750% due 17/09/2021	€ 36,000	36,922
Stadshypotek AB 1.500% due 01/06/2023	SEK 331,000	34,575
Nordea Kredit Realkreditaktieselskab 2.500% due 01/10/2047	DKK 245,000	33,663
Nykredit Realkredit A/S 2.500% due 01/10/2050	246,400	33,623
DNB Boligkreditt A/S 2.500% due 28/03/2022	\$ 37,400	31,613
Swedbank Hypotek AB 1.000% due 15/03/2023	SEK 302,000	31,023
BRFkredit A/S 2.500% due 01/10/2047	DKK 223,500	30,671
Nordea Kredit Realkreditaktieselskab 2.000% due 01/10/2050	229,000	30,185
France Government International Bond 1.750% due 25/11/2024	€ 25,600	28,418
BRFkredit A/S 1.500% due 01/10/2047	DKK 218,900	28,350
Nykredit Realkredit A/S 2.000% due 01/10/2050	210,000	27,991
Nordea Kredit Realkreditaktieselskab A/S 2.000% due 01/10/2047	198,500	25,926
Stadshypotek AB 2.500% due 18/09/2019	SEK 241,000	25,633
ABN AMRO Bank NV 1.375% due 12/01/2037	€ 24,900	24,530
Banco de Sabadell S.A. 1.000% due 26/04/2027	24,300	24,086
DLR Kredit A/S 2.000% due 01/10/2047	DKK 180,900	24,037
Banco BPM SpA 0.750% due 31/03/2022	€ 23,300	23,525
BRFkredit A/S 2.000% due 01/10/2047	DKK 173,600	23,392
BancaMonte dei Paschi di Siena SpA 2.125% due 26/11/2025	€ 21,800	22,638
Lloyds Bank PLC 6.000% due 08/02/2029	£ 14,400	22,441
Italy Buoni Poliennali Del Tesoro 1.200% due 01/04/2022	€ 21,100	21,429
Nationwide Building Society 2.250% due 25/06/2029	19,115	21,320

DESCRIPTION	PAR (0005)	PROCEEDS (0005)
<b>SALES THROUGH 31 MARCH 2018</b>		
Lansforsakringar Hypotek AB 1.250% due 20/09/2023	SEK 569,700	€ 59,281
Sveriges Sakerstallda Obligationer AB 2.000% due 17/06/2026	511,000	54,212
Danske Hypotek AB 1.000% due 21/12/2022	422,000	43,730
Realkredit Danmark A/S 2.000% due 01/10/2047	DKK 285,938	37,544
Nordea Hypotek AB 1.250% due 20/09/2023	SEK 340,000	34,905
Nykredit Realkredit A/S 2.500% due 01/10/2050	DKK 246,218	33,564
Nordea Kredit Realkreditaktieselskab 2.500% due 01/10/2047	238,000	32,775
Italy Buoni Poliennali Del Tesoro 1.200% due 01/04/2022	€ 31,300	31,777
DNB Boligkreditt A/S 2.500% due 28/03/2022	\$ 37,400	31,148
Swedbank Hypotek AB 1.000% due 15/03/2023	SEK 302,000	30,994
Credit Suisse AG 0.750% due 17/09/2021	€ 30,100	30,883
BRFkredit A/S 2.500% due 01/10/2047	DKK 223,500	30,692
ABN AMRO Bank NV 1.375% due 12/01/2037	€ 30,700	30,308
Stadshypotek AB 1.500% due 01/06/2023	SEK 281,000	29,458
France Government International Bond 1.750% due 25/11/2024	€ 25,600	28,386
BRFkredit A/S 1.500% due 01/10/2047	DKK 218,553	28,294
Nykredit Realkredit A/S 2.000% due 01/10/2050	210,000	28,021
Nordea Kredit Realkreditaktieselskab 2.000% due 01/10/2050	209,000	27,631
Nordea Kredit Realkreditaktieselskab A/S 2.000% due 01/10/2047	198,491	25,936
Stadshypotek AB 2.500% due 18/09/2019	SEK 241,000	25,594
Banco de Sabadell S.A. 1.000% due 26/04/2027	€ 24,300	24,129
Stadshypotek AB 2.500% due 05/04/2022	\$ 27,300	23,906
BRFkredit A/S 2.000% due 01/10/2047	DKK 173,600	23,372
BancaMonte dei Paschi di Siena SpA 2.125% due 26/11/2025	€ 21,800	22,847
Lloyds Bank PLC 6.000% due 08/02/2029	£ 14,400	22,516

Significant portfolio changes are defined as the value of purchases exceeding 1% of total cost of purchases, and sales exceeding 1% of total proceeds. At a minimum the twenty largest purchases and twenty largest sales must be shown. Should there have been less than that amount of transactions, all such transactions have been disclosed.

Repurchase Agreements, which may be utilised for uninvested Fund cash and which usually mature the next business day, have been excluded from the Significant Changes in Portfolio Composition.

Schedule of Investments PIMCO Sterling Short Maturity Source UCITS ETF

31 March 2018

DESCRIPTION	PAR (0005)	FAIR VALUE (0005)	% OF NET ASSETS	DESCRIPTION	PAR (0005)	FAIR VALUE (0005)	% OF NET ASSETS	DESCRIPTION	PAR (0005)	FAIR VALUE (0005)	% OF NET ASSETS
<b>TRANSFERABLE SECURITIES &amp; MONEY MARKET INSTRUMENTS - OFFICIAL STOCK EXCHANGE/REGULATED MARKET</b>											
<b>CORPORATE BONDS &amp; NOTES</b>											
<b>BANKING &amp; FINANCE</b>											
ABN AMRO Bank NV 4.875% due 16/01/2019	£ 500	£ 515	0.18	Lloyds Banking Group PLC 0.750% due 09/11/2021	€ 1,500	£ 1,333	0.46	CRH Finance DAC 3.125% due 03/04/2023	€ 2,500	£ 2,455	0.85
American Express Credit Corp. 2.329% due 15/08/2019	\$ 1,450	1,038	0.36	Macquarie Bank Ltd. 2.880% due 29/07/2020	\$ 1,700	1,229	0.43	Davide Campari-Milano SpA 2.750% due 30/09/2020	800	746	0.26
Atrium European Real Estate Ltd. 4.000% due 20/04/2020	€ 500	469	0.16	MetLife, Inc. 5.250% due 29/06/2020	€ 900	974	0.34	EE Finance PLC 4.375% due 28/03/2019	€ 300	309	0.11
Australia & New Zealand Banking Group Ltd. 1.036% due 11/02/2019	£ 500	502	0.18	Morgan Stanley 1.000% due 02/12/2022	€ 1,500	1,334	0.46	Glencore Finance Europe Ltd. 6.000% due 03/04/2022	200	229	0.08
Bank Nederlandse Gemeenten NV 1.375% due 09/12/2019	1,000	1,007	0.35	National Australia Bank Ltd. 6.750% due 26/06/2023	1,200	1,069	0.37	6.500% due 27/02/2019	200	209	0.07
Bank of America Corp. 1.131% due 06/05/2019	€ 1,100	976	0.34	Nationwide Building Society 0.172% due 02/11/2018	1,000	879	0.31	Heathrow Funding Ltd. 6.250% due 10/09/2018	1,100	1,123	0.39
6.125% due 15/09/2021	£ 300	344	0.12	0.728% due 27/04/2018	€ 700	700	0.24	Kinder Morgan, Inc. 1.500% due 16/03/2022	€ 200	182	0.06
7.750% due 30/04/2018	800	804	0.28	Nordea Eiendomskreditt A/S 0.941% due 14/01/2019	1,000	1,003	0.35	Marks & Spencer PLC 6.125% due 02/12/2019	£ 2,112	2,267	0.79
Bank of Scotland PLC 6.375% due 16/08/2019	1,100	1,169	0.41	Nordea Hypotek AB 1.000% due 08/04/2022	SEK 14,400	1,252	0.44	6.125% due 06/12/2021	150	171	0.06
Barclays Bank PLC 0.794% due 22/05/2020	1,800	1,804	0.63	Nykredit Realkredit A/S 0.875% due 13/06/2019	€ 100	89	0.03	Network Rail Infrastructure Finance PLC 4.625% due 21/07/2020	350	379	0.13
10.000% due 21/05/2021	900	1,096	0.38	Oesterreichische Kontrollbank AG 2.000% due 17/12/2018	€ 4,000	4,035	1.41	RELX Investments PLC 2.750% due 01/08/2019	400	406	0.14
Barclays PLC 1.500% due 01/04/2022	€ 1,500	1,351	0.47	Royal Bank of Canada 0.830% due 08/12/2022	2,200	2,200	0.77	Sky PLC 0.421% due 01/04/2020	€ 1,800	1,594	0.55
Canadian Imperial Bank of Commerce 1.122% due 11/03/2019	£ 1,000	1,004	0.35	Royal Bank of Scotland PLC 0.807% due 15/05/2020	400	401	0.14	Southern Gas Networks PLC 5.125% due 02/11/2018	£ 2,235	2,286	0.80
Citigroup, Inc. 2.647% due 30/07/2018	\$ 500	357	0.12	6.625% due 17/09/2018	2,000	2,050	0.71	TDF Infrastructure S.A.S. 2.875% due 19/10/2022	€ 1,700	1,623	0.57
6.250% due 02/09/2019	£ 1,600	1,709	0.60	Santander UK PLC 0.296% due 22/05/2019	€ 1,500	1,324	0.46	Telefonica Emisiones S.A.U. 5.597% due 12/03/2020	£ 1,500	1,616	0.56
7.625% due 03/04/2018	1,500	1,500	0.52	0.774% due 16/11/2022	£ 1,200	1,200	0.42	Total Capital International S.A. 1.012% due 01/07/2019	1,000	1,002	0.35
Citycon Treasury BV 2.375% due 16/09/2022	€ 300	278	0.10	0.793% due 05/05/2020	700	702	0.24	United Utilities Water Ltd. 5.375% due 14/05/2018	500	502	0.17
Council of Europe Development Bank 1.250% due 23/12/2019	£ 100	101	0.04	0.802% due 29/05/2018	600	600	0.21	Volkswagen International Finance NV 0.000% due 16/07/2018	€ 1,200	1,053	0.37
Credit Agricole S.A. 2.522% due 15/04/2019	\$ 1,200	860	0.30	1.875% due 17/02/2020	900	909	0.32			23,713	8.26
Credit Suisse AG 0.122% due 18/06/2018	€ 667	585	0.20	Scentre Group Trust 0.321% due 16/07/2018	€ 1,000	878	0.31	<b>UTILITIES</b>			
Credit Suisse Group Funding Guernsey Ltd. 1.250% due 14/04/2022	1,800	1,613	0.56	Skandinaviska Enskilda Banken AB 1.500% due 15/12/2021	SEK 23,000	2,039	0.71	E.ON International Finance BV 6.000% due 30/10/2019	£ 2,300	2,465	0.86
3.000% due 27/05/2022	£ 400	415	0.14	Stadshypotek AB 1.500% due 15/12/2021	33,000	2,926	1.02	Enel SpA 6.250% due 20/06/2019	1,100	1,163	0.40
Deutsche Bank AG 1.750% due 16/12/2021	1,500	1,464	0.51	4.500% due 21/09/2022	35,000	3,489	1.22	Engie S.A. 6.125% due 11/02/2021	200	227	0.08
Deutsche Hypothekbank AG 0.922% due 22/03/2021	1,300	1,301	0.45	Standard Chartered Bank 7.750% due 03/04/2018	€ 900	900	0.31	innogy Finance BV 5.500% due 06/07/2022	150	173	0.06
Deutsche Pfandbriefbank AG 1.071% due 13/01/2020	5,000	5,025	1.75	Svensk Exportkredit AB 1.875% due 21/12/2018	4,000	4,033	1.40	Koninklijke KPN NV 6.000% due 29/05/2019	1,300	1,369	0.48
1.875% due 20/12/2019	1,100	1,113	0.39	Sveriges Sakerställda Obligationer AB 1.250% due 15/06/2022	SEK 18,000	1,577	0.55	National Grid Gas PLC 6.375% due 03/03/2020	250	274	0.10
2.250% due 04/05/2020	\$ 1,800	1,269	0.44	Swedbank Hypotek AB 0.908% due 29/10/2018	€ 1,000	1,003	0.35	National Grid North America, Inc. 1.875% due 06/08/2018	1,800	1,804	0.63
Dexia Credit Local S.A. 0.962% due 04/04/2019	£ 5,000	5,008	1.74	1.000% due 15/06/2022	SEK 21,200	1,839	0.64	SSE PLC 5.000% due 01/10/2018	2,700	2,751	0.95
2.000% due 17/06/2020	1,000	1,017	0.35	Toronto-Dominion Bank 1.002% due 01/02/2019	€ 1,200	1,205	0.42	Vodafone Group PLC 8.125% due 26/11/2018	1,800	1,880	0.65
European Investment Bank 0.625% due 17/01/2020	1,000	995	0.35	TSB Bank PLC 0.841% due 07/12/2022	800	801	0.28			12,106	4.21
5.375% due 07/03/2019	4,000	4,168	1.45	UBS AG 1.250% due 10/12/2020	200	199	0.07	<b>Total Corporate Bonds &amp; Notes</b>			
Ford Motor Credit Co. LLC 2.717% due 04/11/2019	\$ 1,500	1,076	0.38	2.473% due 14/08/2019	\$ 1,600	1,145	0.40			141,928	49.43
Friends Life Holdings PLC 8.250% due 21/04/2022	£ 1,200	1,481	0.52	6.625% due 11/04/2018	€ 900	901	0.31	<b>NON-AGENCY MORTGAGE-BACKED SECURITIES</b>			
General Motors Financial Co., Inc. 3.282% due 15/01/2020	\$ 1,300	944	0.33	UBS Group Funding Switzerland AG 1.750% due 16/11/2022	€ 700	643	0.22	Dukinfield PLC 1.547% due 15/08/2045	1,471	1,481	0.52
Goldman Sachs Group, Inc. 0.372% due 29/05/2020	€ 800	707	0.25	Virgin Money PLC 2.250% due 21/04/2020	€ 1,200	1,210	0.42	Eurosail PLC 1.554% due 13/06/2045	1,463	1,467	0.51
2.904% due 23/04/2020	\$ 1,000	723	0.25	Volkswagen Financial Services NV 2.625% due 22/07/2019	600	609	0.21	Finsbury Square PLC 1.211% due 12/09/2065	900	902	0.31
HSBC Holdings PLC 4.287% due 08/03/2021	1,600	1,199	0.42	Wells Fargo & Co. 2.125% due 22/04/2022	1,500	1,506	0.53	1.282% due 12/09/2065	291	292	0.10
Intesa Sanpaolo SpA 0.723% due 15/06/2020	€ 1,000	891	0.31	<b>INDUSTRIALS</b>				Gosforth Funding PLC 1.147% due 15/02/2058	494	496	0.17
Lansforsakringar Hypotek AB 2.250% due 21/09/2022	SEK 31,100	2,836	0.99	Amgen, Inc. 2.504% due 22/05/2019	\$ 800	573	0.20	1.328% due 24/07/2058	326	327	0.11
Lloyds Bank PLC 0.683% due 10/01/2021	£ 1,700	1,700	0.59	Anheuser-Busch InBev S.A. 0.000% due 19/10/2018	€ 1,000	878	0.31	Holmes Master Issuer PLC 0.802% due 15/10/2054	1,000	1,001	0.35
0.822% due 16/01/2020	3,000	3,009	1.05	BAT International Finance PLC 6.000% due 29/06/2022	€ 2,050	2,399	0.84	Kenrick PLC 1.171% due 18/04/2049	680	681	0.24
0.933% due 27/03/2023	500	500	0.17	Bayer AG 5.625% due 23/05/2018	1,700	1,711	0.60	Ludgate Funding PLC 0.769% due 01/12/2060	173	168	0.06



OTC FINANCIAL DERIVATIVE INSTRUMENTS (amounts in thousands\*)

\*A zero balance may reflect actual amounts rounding to less than one thousand.

FORWARD FOREIGN CURRENCY CONTRACTS

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealised Appreciation	Unrealised (Depreciation)	Net Unrealised Appreciation/ (Depreciation)	% of Net Assets
CBK	04/2018	CAD 1,000	\$ 765	£ 0	£ (8)	£ (8)	0.00
	04/2018	¥ 120,000	1,066	0	(45)	(45)	(0.02)
FBF	05/2018	190,000	1,748	0	(30)	(30)	(0.01)
	05/2018	€ 298	£ 264	2	0	2	0.00
GLM	05/2018	3,264	2,856	0	(9)	(9)	0.00
	05/2018	¥ 4,300	29	0	0	0	0.00
HUS	05/2018	\$ 20,961	15,052	135	0	135	0.05
	04/2018	CAD 1,300	\$ 1,001	0	(5)	(5)	0.00
JPM	05/2018	\$ 1,833	£ 1,313	8	0	8	0.00
	04/2018	CAD 1,200	\$ 926	0	(4)	(4)	0.00
	05/2018	€ 48,799	£ 43,419	584	0	584	0.20
	05/2018	£ 6,685	€ 7,558	0	(50)	(50)	(0.02)
MSB	05/2018	¥ 4,001,588	£ 27,197	353	0	353	0.12
	05/2018	SEK 86,050	7,553	220	0	220	0.08
NAB	05/2018	¥ 210,000	\$ 1,930	0	(36)	(36)	(0.01)
	05/2018	\$ 919	£ 652	0	(2)	(2)	0.00
RBC	05/2018	€ 1,014	887	0	(3)	(3)	0.00
	07/2018	27,946	25,018	436	0	436	0.15
SCX	05/2018	£ 968	€ 1,083	0	(18)	(18)	(0.01)
	05/2018	\$ 1,447	£ 1,034	4	0	4	0.00
SOG	05/2018	€ 982	867	5	0	5	0.00
	05/2018	£ 7,321	€ 8,222	0	(104)	(104)	(0.04)
UAG	05/2018	695	\$ 968	0	(6)	(6)	0.00
	05/2018	SEK 102,160	£ 9,219	513	0	513	0.18
	04/2018	CAD 2,000	\$ 1,529	0	(16)	(16)	(0.01)
	05/2018	¥ 80,000	736	0	(13)	(13)	0.00
				£ 2,260	£ (349)	£ 1,911	0.66
<b>Total OTC Financial Derivative Instruments</b>						<b>£ 1,911</b>	<b>0.66</b>
<b>Total Investments</b>						<b>£ 286,667</b>	<b>99.84</b>
<b>Other Current Assets &amp; Liabilities</b>						<b>£ 453</b>	<b>0.16</b>
<b>Net Assets</b>						<b>£ 287,120</b>	<b>100.00</b>

NOTES TO SCHEDULE OF INVESTMENTS (amounts in thousands\*):

\* A zero balance may reflect actual amounts rounding to less than one thousand.

- (a) Zero coupon security.
- (b) Coupon represents a yield to maturity.
- (c) Repurchase Agreements as at 31 March 2018:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralised By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>	% of Net Assets
BRC	0.250%	29/03/2018	03/04/2018	£ 19,000	United Kingdom Gilt 4.500% due 07/09/2034	£ (19,643)	£ 19,000	£ 19,000	6.62
<b>Total Repurchase Agreements</b>						<b>£ (19,643)</b>	<b>£ 19,000</b>	<b>£ 19,000</b>	<b>6.62</b>

<sup>(1)</sup> Includes accrued interest.

Fair Value Measurements<sup>(1)</sup>

The following is a summary of the fair valuations according to the inputs used as at 31 March 2018 in valuing the Fund's assets and liabilities:

Category <sup>(2)</sup>	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Transferable Securities	£ 0	£ 284,756	£ 0	£ 284,756
Financial Derivative Instruments <sup>(3)</sup>	0	1,911	0	1,911
<b>Totals</b>	<b>£ 0</b>	<b>£ 286,667</b>	<b>£ 0</b>	<b>£ 286,667</b>

The following is a summary of the fair valuations according to the inputs used as at 31 March 2017 in valuing the Fund's assets and liabilities:

Category <sup>(2)</sup>	Quoted Prices in Active Markets for Identical Investments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Transferable Securities	£ 0	£ 190,724	£ 0	£ 190,724
Financial Derivative Instruments <sup>(3)</sup>	0	(898)	0	(898)
<b>Totals</b>	<b>£ 0</b>	<b>£ 189,826</b>	<b>£ 0</b>	<b>£ 189,826</b>

<sup>(1)</sup> See note 3 in the Notes to Financial Statements for additional information.

<sup>(2)</sup> Refer to the Schedule of Investments for additional information.

<sup>(3)</sup> Financial Derivative Instruments may include open futures contracts, swap agreements, written options, purchased options and forward foreign currency contracts.

**Collateral (Received)/Pledged for OTC Financial Derivative Instruments**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as at 31 March 2018:

Counterparty	Total Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposures <sup>(1)</sup>
CBK	£ (83)	£ 0	£ (83)
FBF	2	0	2
GLM	126	(270)	(144)
HUS	3	0	3
JPM	1,103	(1,430)	(327)
MSB	(38)	0	(38)
NAB	433	(560)	(127)
RBC	(14)	0	(14)
SCX	5	0	5
SOG	403	(270)	133
UAG	(29)	0	(29)

<sup>(1)</sup> Net exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. See note 15, Financial Risks, in the Notes to Financial Statements for more information regarding credit and counterparty risk.

**Comparative Information**

The following is a summary of the comparative information for the Schedule of Investments as at 31 March 2018:

	31-Mar-2018 (%)	31-Mar-2017 (%)
Transferable securities admitted to official stock exchange	74.54	52.85
Transferable securities dealt in on another regulated market*	1.36	25.58
Other transferable securities & money market instruments	23.28	21.78
OTC financial derivative instruments	0.66	(0.47)
Overnight time deposits	0.00	0.04

\* As per the list of markets set out in appendix 2 to the Prospectus which meet UCITS regulated market criteria.

# Significant Changes in Portfolio Composition PIMCO Sterling Short Maturity

## Source UCITS ETF

31 March 2018

DESCRIPTION		PAR (0005)	COST (0005)	DESCRIPTION		PAR (0005)	PROCEEDS (0005)
<b>PURCHASES THROUGH 31 MARCH 2018</b>				<b>SALES THROUGH 31 MARCH 2018</b>			
Japan Treasury Bills 0.000% due 14/05/2018	JPY	4,340,000	£ 29,409	Italy Treasury Bills 0.000% due 15/05/2017	€	19,300	£ 16,158
United Kingdom Treasury Bills 0.000% due 05/06/2018	£	17,000	16,980	Spain Treasury Bills 0.000% due 13/10/2017		14,900	12,485
Italy Treasury Bills 0.000% due 13/07/2018	€	16,800	15,029	United Kingdom Treasury Bills 0.000% due 05/02/2018	£	10,000	9,995
United Kingdom Treasury Bills 0.000% due 17/07/2017	£	15,000	15,000	United Kingdom Treasury Bills 0.000% due 05/03/2018		8,300	8,296
United Kingdom Treasury Bills 0.000% due 05/02/2018		10,000	9,991	United Kingdom Treasury Bills 0.000% due 08/05/2018		7,900	7,896
Spain Treasury Bills 0.000% due 13/07/2018	€	11,100	9,930	Export Development Canada 1.875% due 17/12/2018		6,000	6,087
Japan Treasury Bills 0.000% due 10/07/2017	JPY	1,200,000	8,663	Nederlandse Waterschapsbank NV 2.000% due 28/12/2018		5,000	5,053
United Kingdom Treasury Bill 0.000% due 08/05/2018	£	7,900	7,896	Kreditanstalt fuer Wiederaufbau 1.000% due 07/12/2017		4,580	4,600
Italy Buoni Ordinari del Tesoro 0.000% due 28/02/2018	€	7,500	6,882	Caisse d'Amortissement de la Dette Sociale 3.750% due 15/10/2018		4,000	4,074
Spain Letras del Tesoro 0.000% due 16/02/2018		7,500	6,881	Bank Nederlandse Gemeenten NV 1.875% due 07/12/2018		4,000	4,037
Spain Letras del Tesoro 0.000% due 09/03/2018		5,700	5,168	Nationwide Building Society 0.728% due 27/04/2018		2,200	2,203
Italy Buoni Ordinari del Tesoro 0.000% due 31/01/2018		5,700	5,166	Santander UK PLC 0.802% due 29/05/2018		1,900	1,903
Nederlandse Waterschapsbank NV 2.000% due 28/12/2018	£	5,000	5,068	Deutsche Pfandbriefbank AG 0.740% due 29/09/2017		1,900	1,901
Dexia Credit Local S.A. 0.962% due 04/04/2019		5,000	5,011	Nederlandse Waterschapsbank NV 1.000% due 09/12/2019		1,600	1,620
European Investment Bank 5.375% due 07/03/2019		4,000	4,279	FMS Wertmanagement AoER 0.000% due 15/12/2017		1,600	1,605
Japan Treasury Bills 0.000% due 13/11/2017	JPY	600,000	4,199	Bank of Nova Scotia 0.971% due 14/01/2019		1,500	1,508
Caisse des Depots et Consignations 3.750% due 15/10/2018	£	4,000	4,139	Banque Federative du Credit Mutuel S.A. 0.875% due 08/06/2020		1,500	1,479
Japan Treasury Bills 0.000% due 14/08/2017	JPY	600,000	4,099	Cooperatieve Rabobank UA 3.250% due 01/11/2017		1,200	1,216
Oesterreichische Kontrollbank AG 2.000% due 17/12/2018	£	4,000	4,072	Svenska Handelsbanken AB 2.750% due 05/12/2022		1,100	1,154
Export Development Canada 1.875% due 17/12/2018		4,000	4,069	National Australia Bank Ltd. 5.125% due 09/12/2021		1,000	1,121
Svensk Exportkredit AB 1.875% due 21/12/2018		4,000	4,067	European Investment Bank 0.772% due 16/04/2019		1,100	1,105
Bank Nederlandse Gemeenten NV 1.875% due 07/12/2018		4,000	4,064	InterContinental Hotels Group PLC 3.875% due 28/11/2022		1,000	1,077
State of North Rhine-Westphalia 0.875% due 07/03/2018		4,000	4,009	European Investment Bank 2.250% due 07/03/2020		1,000	1,050
Globaldrive Auto Receivables BV 0.977% due 20/09/2024		3,869	3,872				
Stadshypotek AB 4.500% due 21/09/2022	SEK	35,000	3,772	Significant portfolio changes are defined as the value of purchases exceeding 1% of total cost of purchases, and sales exceeding 1% of total proceeds. At a minimum the twenty largest purchases and twenty largest sales must be shown. Should there have been less than that amount of transactions, all such transactions have been disclosed.			
Residential Mortgage Securities PLC 1.424% due 20/03/2050	£	3,299	3,311	Repurchase Agreements, which may be utilised for uninvested Fund cash and which usually mature the next business day, have been excluded from the Significant Changes in Portfolio Composition.			
Bavarian Sky S.A. 0.863% due 20/11/2025		3,300	3,299				
Bumper UK Finance PLC 1.037% due 20/11/2027		3,200	3,203				
Lansforsakringar Hypotek AB 2.250% due 21/09/2022	SEK	31,100	3,081				
Stadshypotek AB 1.500% due 15/12/2021		33,000	3,028				
Delamare Cards MTN Issuer PLC 1.158% due 19/05/2021	£	3,000	3,010				

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements

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### 1. GENERAL INFORMATION

Each of the Funds (hereinafter referred to individually as a "Fund" and collectively as the "Funds") discussed in this report is a sub-fund of PIMCO Fixed Income Source ETFs plc (the "Company"), an umbrella type open-ended investment Company with variable capital and with segregated liability between Funds incorporated with limited liability in Ireland under the Companies Act 2014 with registration number 489440 and authorised by the Central Bank of Ireland (the "Central Bank") pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as amended (the "UCITS Regulations"). The Company is an umbrella type Company in that classes of shares may be issued in relation to different Funds from time to time. More than one class of shares ("Class") may, at the discretion of the Board of Directors (the "Board"), be issued in relation to a Fund. A separate portfolio of assets is maintained for each Fund and is invested in accordance with the investment objectives and policies applicable to such Fund. Additional Funds may be created from time to time by the Board with the prior written approval of the Central Bank. Additional Classes may be created from time to time by the Board and will be notified and cleared in advance with the Central Bank or otherwise must be created in accordance with the requirements of the Central Bank. The Company was incorporated on 24 September 2010.

The Funds are exchange-traded Funds ("ETF") and Shares (as defined in the Prospectus) of the Funds are listed and traded at market prices on one or more Relevant Stock Exchanges (as defined in the Prospectus) and other secondary markets. The market price for a Fund's Shares may be different from the Fund's NAV. Typically only Authorised Participants (as defined in the Prospectus) may purchase Shares at Net Asset Value from the Company. Authorised Participants may subscribe for Shares in cash or in kind with securities similar to a Fund's portfolio (and acceptable as such to the Investment Advisors).

The PIMCO Covered Bond Source UCITS ETF is traded on the Deutsche Börse AG and the PIMCO Sterling Short Maturity Source UCITS ETF is listed on Euronext Dublin and traded on the London Stock Exchange.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies and estimation techniques adopted by the Company and applied in the preparation of these financial statements:

**(a) Basis of Preparation** The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland, Irish statute comprising the Companies Act 2014 and the UCITS Regulations. They have been prepared in accordance with Financial Reporting Standard ("FRS") 102: "The financial reporting standard applicable in the UK and Republic of Ireland". The accounting standards generally accepted in Ireland in preparing financial statements are those issued by the Financial Reporting Council ("FRC"). The financial statements are prepared on a going concern basis for all Funds.

The information required to be included in the Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds, is, in the opinion of the Directors contained in the Statement of Operations and the Statement of Changes in Net Assets.

The Company has availed of the exemption available to open-ended investment funds under FRS 102 not to prepare a cash flow statement.

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

The Company maintains separate accounts for each Fund. Shares are issued by the Company and allocated to whichever Fund is selected by the shareholder. The proceeds of issue and the income arising thereon are credited to each Class of each Fund in proportion to the total valuation of each Class. Upon redemption, shareholders are only entitled to their portion of the net assets held in the Fund in respect of which Shares have been issued to them.

Certain prior year comparatives have been reclassified to conform with current financial year presentation. These reclassifications have had no impact on reported shareholder dealing net assets.

Financial statement figures have been rounded to thousands unless otherwise indicated throughout the report.

**(b) Determination of Net Asset Value** The Net Asset Value (the "NAV") of each Fund and/or each Class will be calculated as of the close of regular trading on each Dealing Day (normally 4:00 p.m., Eastern time) as disclosed in the Company's most recent Prospectus or the relevant supplement.

The Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement, and the disclosure and presentation requirements of FRS 102 to account for its financial instruments. In accordance with IAS 39, Fund securities and other assets are valued at the last traded price on the 31 March 2018 to determine the Net Assets Attributable to Redeemable Participating Shareholders from operations ("Net Assets").

**(c) Securities Transactions and Investment Income** Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled 15 days or more after the trade date. Realised gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortisation of premiums, is recorded on the accrual basis from settlement date and calculated using an effective interest methodology, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date using an effective interest methodology. For convertible securities, premiums attributable to the conversion feature are not amortised. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or as withholding taxes on dividends and other investment income on the Statement of Operations, as appropriate.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on the consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

**(d) Multi-Class Allocations** Each Class of a Fund offered by the Company has equal rights, unless otherwise specified, to assets and voting privileges (except that shareholders of a Class have exclusive voting rights regarding any matter relating solely to that Class). Within each Class of each Fund, the Company may issue either or both Income Shares (shares which distribute income) and Accumulation Shares (shares which accumulate income). The multiple Class structure permits an investor to choose the method of purchasing shares that is most beneficial to the investor, given the amount of the purchase, the length of time the investor expects to hold the shares, and other circumstances. Where there are shares of a different Class or type in issue, the NAV per share amongst Classes may differ to reflect the fact that income has been accumulated or distributed, or may have differing fees and expenses. Realised and unrealised capital gains and losses of each Fund are allocated daily to each Class of shares based on the relative net assets of each Class of the respective Fund.

**(e) Cash and Foreign Currency** The financial statements of each Fund are presented using the currency of the primary economic environment in which it operates (the "functional currency"). The Funds in the Company have the same functional and presentation currency.

Certain Funds have multiple Classes of foreign shares, which are shown in the foreign currency where each Class operates and are considered foreign currencies for the measurement of the financial statements.

The presentation currency of the financial statements is primarily in Euro, except for certain Funds that are denominated in US Dollars or in British Pound Sterling. The Company totals of the Funds, required under Irish Company law, are presented in Euro, which is the primary economic environment of the Company. All amounts are in Euro unless otherwise indicated.

The fair values of foreign securities, currency holdings and other assets and liabilities are translated into the functional currency of each Fund based on the current exchange rate for each business day. Fluctuations in the value of currency holdings and other assets and liabilities resulting from changes in exchange rates are recorded as unrealised gains or losses on foreign currencies.

The unrealised gains or losses arising from the translation of securities denominated in a foreign currency are included in Net change in unrealised appreciation/(depreciation) on transferable securities and deposits with credit institutions and unrealised gains or losses arising from the translation of financial derivative instruments denominated in a foreign currency are included in Net change in unrealised appreciation/(depreciation) on financial derivative instruments in the Statement of Operations.

Currency gains and losses arising from sale of securities denominated in a foreign currency are included in Net realised gain/(loss) on transferable securities and deposits with credit institutions and currency gains or losses arising from the sale of financial derivative instruments denominated in a foreign currency are included in Net change in unrealised appreciation/(depreciation) on financial derivative instruments in the Statement of Operations.

Realised gains and losses arising between the transaction and settlement dates on purchases and sales of foreign currency denominated securities and financial derivative instruments are included in Net realised gain/(loss) on foreign currency in the Statement of Operations.

Currency gains and losses can arise when there is a difference between the amounts of foreign income/expense recorded on the Fund's books and the Fund's functional currency equivalent to the amounts actually received or paid. These gains or losses are included where appropriate in the income/expense figure in the Statement of Operations.

Certain Funds having a hedged class (the "Hedged Classes") enter into forward foreign currency contracts designed to offset the effect of hedging at the Fund level in order to leave the functional currency with an exposure to currencies other than the functional currency.

With respect to the Hedged Classes, the Company intends to hedge against movements of the currency denominations of the Hedged Classes versus other currencies subject to the regulations and interpretations promulgated by the Central Bank from time to time. The Hedged Classes shall not be leveraged as a result of these transactions. While the Company will attempt to hedge currency risk, there can be no guarantee that it will be successful in doing so. Hedging transactions will be clearly attributable to a specific Class. All costs and gains/losses of such hedging transactions shall substantially limit shareholders in the relevant Hedged Class from benefiting if the Class currency falls against the functional currency and/or the currency in which some or all of the assets of the relevant Fund are denominated. The Company may from time to time at its discretion and upon prior notification to and clearance from the Central Bank issue additional Classes of shares denominated in and hedged to other currencies.

The Statement of Assets and Liabilities is translated using exchange rates at the financial year end and the Statement of Operations and Statement of Changes in Net Assets are translated at an average rate over the financial year for inclusion in the combined financial statements of the Company. The method of translation has no effect on the value of net assets allocated to the individual Funds.

**(f) Transaction Costs** Transaction costs are costs incurred to acquire financial assets and liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs are included on the Statement of Operations within Net realised gain/(loss) and Net change in unrealised appreciation/(depreciation) on transferable securities and deposits with credit institutions, Net realised gain/(loss) and Net change in unrealised appreciation/(depreciation) on financial derivative instruments, Net realised gain/(loss) and Net change in unrealised appreciation/(depreciation) on

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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foreign currency. For fixed income securities and certain derivatives, transaction costs are not separately identifiable from the purchase price of the security and therefore can not be disclosed separately.

**(g) Equalisation** The Company follows the accounting practice known as income equalisation. The income equalisation adjustment ensures income distributed to the shareholders investing in the Income Class Shares is in proportion to the time of ownership in the distribution period. A sum equal to that part of the issued price per Share which reflects net income (if any) accrued but undistributed up to the date of issue of the Shares will be deemed to be an equalisation payment and treated as repaid to the relevant Shareholder on (i) the redemption of such Shares prior to the payment of the first dividend thereon or (ii) the payment of the first dividend to which the Shareholder was entitled in the same accounting period as that in which the Shares are issued. The payment of any dividends subsequent to the payment of the first dividend thereon or the redemption of such Shares subsequent to the payment of the first dividend will be deemed to include net income (if any) accrued but unpaid up to the date of the relevant redemption or declaration of dividend.

### 3. INVESTMENTS AT FAIR VALUE

This category has two sub-categories: financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading, as the Company does not designate any derivatives as hedges in a hedging relationship. Financial assets and liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

The Funds' policy requires Pacific Investment Management Company LLC, PIMCO Europe Ltd. and PIMCO Deutschland GmbH ("PIMCO" or "Investment Advisors") and the Board to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss are included on the Statement of Operations in the financial year in which they arise.

Fund securities and other assets for which market quotes are readily available are valued at market value. Fair value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Investments initially valued in currencies other than the functional currency of the Fund are converted using exchange rates obtained from pricing services. As a result, the NAV of the Fund's shares may be affected by changes in the value of currencies in relation to the Fund's functional currency. The value of securities traded in foreign markets or denominated in currencies other than the Fund's functional currency may be affected significantly on a day that the relevant stock exchange is closed and the

NAV may change on days when an investor is not able to purchase, redeem or exchange shares.

If the value of a security that is solely traded on a foreign exchange has materially changed after the close of the security's primary exchange or principal market but before the close of the dealing day, the security will be valued at fair value based on procedures established and approved by the Board. Securities that do not trade when a Fund is open are also valued at fair value. A Fund may determine the fair value of investments based on information provided by pricing service providers and other third party vendors, which may recommend fair value prices or adjustments with reference to other securities, indices or assets. In considering whether fair value pricing is required and in determining fair values, a Fund may, among other things, consider significant events (which may be considered to include changes in the value of securities or securities indices) that occur after the close of the relevant market and before the close of the dealing day. A Fund may utilise modelling tools provided by third party vendors to determine fair values of securities impacted by significant events. Foreign exchanges may permit trading in foreign securities on days when the Company is not open for business, which may result in a Fund's portfolio investments being affected when you are unable to buy or sell shares. A Fund has retained a pricing service to assist in determining the fair value of foreign securities. This service utilises statistics and programs based on historical performance of markets and other economic data to assist in making fair value estimates. Fair value estimates used by a Fund for foreign securities may differ from the value realised from the sale of those securities and the difference could be material to the financial statements. Fair value pricing may require subjective determinations about the value of a security or other asset, and fair values used to determine a Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments. In addition, the use of fair value pricing may not always result in adjustments to the prices of securities or other assets held by a Fund.

FRS 102 Section 11.27 on "Fair Value: Disclosure" requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

FRS 102 defines fair value as the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. FRS 102 establishes and requires disclosure of a fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Levels 1, 2, and 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1 — The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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- Level 3 — Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

**Level 1 and Level 2 trading assets and trading liabilities, at fair market value** The valuation techniques and significant inputs used in determining the fair market values of financial instruments classified as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, US government agencies, US treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-US bonds are normally valued by pricing service providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models. The service providers' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorised as Level 2 of the fair value hierarchy.

Fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. These securities are categorised as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by pricing service providers that use broker dealer quotations or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporates deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorised as Level 2 of the fair value hierarchy.

Common stocks, exchange-traded Funds and financial derivative instruments, such as futures contracts or options contracts that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorised as Level 1 of the fair value hierarchy. Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the close of the local exchange. These securities are valued using pricing service providers that consider the correlation of the trading patterns of the foreign security to the intraday trading in the local markets for investments. Securities using these valuation adjustments are categorised as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorised as Level 2 of the fair value hierarchy.

Investments in registered open-end investment funds are valued based upon the unaudited NAVs of such investments and are categorised as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment funds are calculated based upon the unaudited NAV of such investments and are considered Level 1 provided that the NAV is observable, calculated daily and is the value at which both purchases and

sales will be conducted. Investments in privately held investment funds are valued based upon the unaudited NAVs of such investments and are categorised as Level 2 of the fair value hierarchy. Investments in privately held investment funds where the inputs of the NAVs are unobservable are calculated based upon the NAVs of such investments and are categorised as Level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortised cost, so long as the amortised cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortised cost valuation. These securities are categorised as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

Over-the-counter financial derivative instruments, such as forward foreign currency contracts, options contracts, or swap agreements, derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of broker dealer quotations or pricing service providers. Depending on the product and the terms of the transaction, the value of the derivative contracts can be estimated by a pricing service provider using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as issuer details, indices, spreads, interest rates, curves, dividends and exchange rates. Derivatives that use similar valuation techniques and inputs as described above are categorised as Level 2 of the fair value hierarchy.

Centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange are valued at the daily settlement price determined by the respective exchange. For centrally cleared credit default swaps the clearing facility requires its members to provide actionable levels across complete term structures. These levels along with external third party prices are used to produce daily settlement prices. These securities are categorised as Level 2 of the fair value hierarchy. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and LIBOR forward rate. These securities are categorised as Level 2 of the fair value hierarchy.

**Level 3 trading assets and trading liabilities, at fair value** The valuation techniques and significant inputs used in determining the fair values of Fund assets and financial instruments classified as Level 3 of the fair value hierarchy are as follows:

Securities and other assets for which market quotes are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction and are categorised as Level 3 of the fair value hierarchy.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information), including where events occur after the close of the relevant market, but prior to the close of the Fund's Dealing Day, that materially affect the values of the Fund's securities or assets. In addition, market quotes are considered not readily available when, due to

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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extraordinary circumstances, the exchanges or markets on which the securities trade, do not open for trading for the entire day and no other market prices are available. The Board has delegated to PIMCO the responsibility for monitoring significant events that may materially affect the value of the Fund's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to PIMCO. For instances in which daily market quotes are not readily available investments may be valued, pursuant to guidelines established by the Board, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or asset will be determined in good faith by the Pricing Committee of the Board, generally based upon recommendations provided by PIMCO. When the Fund uses fair valuation methods applied by PIMCO that use significant unobservable inputs to determine its NAV, securities will be priced by another method that the Board or persons acting at their direction believe accurately reflects fair value and are categorised as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of the security.

While the Fund's policy is intended to result in a calculation of the Fund's NAV that fairly reflects security values as of the time of pricing, the Fund cannot guarantee that values determined by the Board or persons acting at their direction would accurately reflect the price that the Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realised if the securities were sold.

#### 4. CASH, SECURITIES AND OTHER INVESTMENTS

**(a) Cash and Other Liquid Assets** Cash and other liquid assets are valued at their face value with interest accrued, where applicable. All cash at bank balances are held either by State Street Bank and Trust Co or directly with a sub-custodian.

**(b) Delayed-Delivery Transactions** Certain Funds may purchase or sell securities on a delayed-delivery basis. These transactions involve a commitment by a Fund to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery transactions are outstanding, a Fund will designate or receive as collateral liquid assets in an amount sufficient to meet the purchase price or respective obligations. When purchasing a security on a delayed-delivery basis, a Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its NAVs. A Fund may dispose of or renegotiate a delayed-delivery transaction after it is entered into, which may result in a realized gain or loss. When a Fund has sold a security on a delayed-delivery basis, the Fund does not participate in future gains and losses with respect to the security.

**(c) Exchange-Traded Funds** Certain Funds may invest in exchange-traded funds ("ETFs"), which typically are index-based investment companies that hold substantially all of their assets in securities representing their specific index, but may also be actively-managed investment companies. Shares of ETFs trade throughout the day on an exchange and represent an investment in a portfolio of securities and assets.

**(d) Inflation-Indexed Bonds** Certain Funds may invest in inflation indexed bonds. Inflation-indexed bonds are fixed income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value, which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statement of Operations, even though investors do not receive their principal until maturity.

**(e) Loan Participations and Assignments** Certain Funds may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. A Fund's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. A loan is often administered by a bank or other financial institution (the "lender") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. A Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. When a Fund purchases assignments from lenders it acquires direct rights against the borrower of the loans. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

The types of loans and related investments in which a Fund may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower's obligation to the holder of such a loan, including in the event of the borrower's insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for funding. Unfunded loan commitments may include revolving credit facilities, which may obligate the Funds to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the committed amount may not be utilised by the borrower. When investing in a loan participation, a Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan agreement and only upon receipt of payments by the lender from the borrower. A Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a floating rate loan. In

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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certain circumstances, a Fund may receive a penalty fee upon the prepayment of a floating rate loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statement of Operations.

As of 31 March 2018 and 31 March 2017, the Funds had no unfunded loan commitments outstanding.

**(f) Mortgage Related and Other Asset-Backed Securities** Certain Funds may invest in mortgage related and other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage related securities is guaranteed with the full faith and credit of the US Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

**(g) Collateralised Mortgage Obligations ("CMOs")** are debt obligations of a legal entity that are collateralised by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as "tranches", with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage related or asset-backed securities.

**(h) Stripped Mortgage-Backed Securities ("SMBS")** are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A SMBS will have one class that will receive all of the interest (the interest-only or "IO" class), while the other class will receive the entire principal (the principal-only or "PO" class). Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

**(i) Collateralised Debt Obligations ("CDOs")** include Collateralised Bond Obligations ("CBOs"), Collateralised Loan Obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of assetbacked securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralised by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a Fund invests. In addition to the normal risks associated with fixed income securities discussed elsewhere in this report and the Company's Prospectus and statement of additional information (e.g., prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured financing changes based on multiples of changes in interest rates or inversely to changes in interest rates)), CBOs, CLOs and other CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the quality of the collateral may decline in value or default, (iii) a Fund may invest in CBOs, CLOs, or other CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

**(j) Payment In-Kind Securities** Certain Funds may invest in payment in-kind securities ("PIKs"). PIKs may give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a "dirty price") which is reflected as a component of Financial Assets at fair value through profit or loss on Transferable Securities on the Statement of Assets and Liabilities.

**(k) Repurchase Agreements** Certain Funds may engage in repurchase agreements. Under the terms of a typical repurchase agreement, a Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and a Fund to resell, the obligation at an agreed-upon price and time. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, a Fund may pay a fee for receipt of collateral, which may result in interest expense to the Fund.

**(l) Reverse Repurchase Agreements** Certain Funds may enter into reverse repurchase agreements. In a reverse repurchase agreement, a Fund delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. A Fund is entitled to receive principal and interest payments, if any, made on the

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by a Fund to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by a Fund to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, a Fund may receive a fee for use of the security by the counterparty, which may result in interest income to a Fund. A Fund will segregate assets determined to be liquid by the Investment Advisors or will otherwise cover its obligations under reverse repurchase agreements.

### **(m) US Government Agencies or Government-Sponsored**

**Enterprises** Certain Funds may invest in securities of US Government agencies or government-sponsored enterprises. US Government securities are obligations of and, in certain cases, guaranteed by, the US Government, its agencies or instrumentalities. Some US Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), are supported by the full faith and credit of the US Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the US Department of the Treasury (the "US Treasury"); and others, such as those of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), are supported by the discretionary authority of the US Government to purchase the agency's obligations. US Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the US Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the US Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the US Government.

A Fund may engage in strategies where it seeks to extend the expiration or maturity of a position, such as a To Be Announced ("TBA") security on an underlying asset, by closing out the position before expiration and opening a new position with respect to the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

**(n) When-Issued Transactions** Certain Funds may purchase or sell securities on a when-issued basis. These transactions are made conditionally because a security, although authorised, has not yet been issued in the market. A commitment is made by a Fund to purchase or sell these securities for a predetermined price or yield, with payment and

delivery taking place beyond the customary settlement period. A Fund may sell when-issued securities before they are delivered, which may result in a realised gain or loss.

**(o) Sale-Buybacks** Certain Funds may enter into financing transactions referred to as 'sale-buybacks'. A sale-buyback transaction consists of a sale of a security by a Fund to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. A Fund is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by a Fund are reflected as a liability on the Statement of Assets and Liabilities. A Fund will recognise net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the 'price drop'. A price drop consists of (i) the foregone interest and inflationary income adjustments, if any, a Fund would have otherwise received had the security not been sold and (ii) the negotiated financing terms between a Fund and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statement of Operations. Interest payments based upon negotiated financing terms made by a Fund to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, a Fund may receive a fee for use of the security by the counterparty, which may result in interest income to a Fund. A Fund will segregate assets determined to be liquid by the Investment Advisors or will otherwise cover its obligations under sale-buyback transactions.

## **5. FINANCIAL DERIVATIVE INSTRUMENTS**

The following disclosures contain information on how and why the Funds use financial derivative instruments and how financial derivative instruments affect the Funds' financial position, results of operations and cash flows. The financial derivative instruments outstanding as of period end, as disclosed in the Schedule of Investments, and the amounts of realised and changes in unrealised gains and losses on financial derivative instruments during the period, as disclosed in the Statement of Operation, serve as indicators of the volume of financial derivative activity for the Funds.

**(a) Forward Foreign Currency Contracts** Certain Funds may enter into forward foreign currency contracts in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of a Fund's securities or as a part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The fair value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by a Fund as an unrealised gain or loss. Realised gains or losses are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealised gain or loss reflected on the Statement of Assets and Liabilities. In addition, a Fund could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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changes unfavourably to the functional currency. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

For Class level hedges, the realised and unrealised gains or losses are allocated solely to the relevant share classes. The unrealised gains or losses are reflected as a component of financial derivative instruments on the Statement of Assets and Liabilities. In connection with these contracts, securities may be identified as collateral in accordance with the terms of the respective contracts.

**(b) Futures Contracts** Certain Funds may enter into futures contracts. A Fund may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by a Fund and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, a Fund is required to deposit with its futures broker an amount of cash, US Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Fund ("Financial Derivatives Margin"). Gains or losses are recognised but not considered realised until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Financial Derivatives Margin included on the Statement of Assets and Liabilities.

**(c) Options Contracts** Certain Funds may write or purchase options to enhance returns or to hedge an existing position or future investment. A Fund may write call and put options on securities and financial derivative instruments they own or in which they may invest. Writing put options tends to increase a Fund's exposure to the underlying instrument. Writing call options tends to decrease a Fund's exposure to the underlying instrument. When a Fund writes a call or put, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. These liabilities are included on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realised gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realised gain or loss. Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. A Fund as a writer of an option has no control over whether the underlying instrument may be sold ("call") or purchased ("put") and as a result bears the market risk of an unfavourable change in the price of the instrument underlying the written option. There is the risk a Fund may not be able to enter into a closing transaction because of an illiquid market.

A Fund may also purchase put and call options. Purchasing call options tends to increase a Fund's exposure to the underlying instrument. Purchasing put options tends to decrease a Fund's exposure to the

underlying instrument. A Fund pays a premium which is included as an asset on the Statement of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realised losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realised gain or loss when the underlying transaction is executed.

**Options on Exchange-Traded Futures Contracts** Certain Funds may write or purchase options on exchange-traded futures contracts ("Futures Option") to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

**Options on Commodity Futures Contracts** Certain Funds may write or purchase options on commodity futures contracts ("Commodity Option"). The underlying instrument for the Commodity Option is not the commodity itself, but rather a futures contract for that commodity. The exercise for a Commodity Option will not include physical delivery of the underlying commodity but will rather settle the amount of the difference between the current market value of the underlying futures contract and the strike price directly into a Fund's custody account. For an option that is in-the-money, a Fund will normally offset its position rather than exercise the option to retain any remaining time value.

**Credit Default Swaptions** Certain Funds may write or purchase credit default swaptions to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection to a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

**Foreign Currency Options** Certain Funds may write or purchase foreign currency options. Purchasing foreign currency options gives a Fund the right, but not the obligation to buy or sell the specified amounts of currency at a rate of exchange that may be exercised by a certain date. These options may be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

**Interest Rate Swaptions** Certain Funds may write or purchase interest rate swaptions which are options to enter into a pre-defined swap agreement by some specified date in the future. The writer of the swaption becomes the counterparty to the swap if the buyer exercises. The interest rate swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer upon exercise.

**Options on Securities** Certain Funds may write or purchase options on securities. An option uses a specified security as the underlying instrument for the option contract. A Fund may write or purchase options to enhance returns or to hedge an existing position or future investment.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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**(d) Swap Agreements** Certain Funds may invest in swap agreements. Swap agreements are bilaterally negotiated agreements between a Fund and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements are privately negotiated in the over-the-counter market ("OTC swaps") or may be executed in a multilateral or other trade facility platform, such as a registered exchange ("centrally cleared swaps"). A Fund may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally cleared swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organisation. Changes in market value, if any, are reflected as a component of net change in unrealised appreciation/(depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps ("Financial Derivatives Margin"), if any, are recorded as a receivable or payable for the change in value as appropriate on the Statement of Assets and Liabilities. OTC swap payments received or paid at the beginning of the measurement period are included on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realised gains or losses on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realised gain or loss on the Statement of Operations. Net periodic payments received or paid by a Fund are included as part of realised gains or losses on the Statement of Operations.

For purposes of applying a Fund's investment policies and restrictions, swap agreements are generally valued by the Fund at market value. In the case of a credit default swap (see below), however, in applying certain of the Fund's investment policies and restrictions, the Fund will value the credit default swap at its notional value or its full exposure value (i.e., the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of the Fund's other investment policies and restrictions. For example, a Fund may value credit default swaps at full exposure value for purposes of the Fund's credit quality guidelines (if any) because such value reflects the Fund's actual economic exposure during the term of the credit default swap agreement. In this context, both the notional amount and the market value may be positive or negative depending on whether the Fund is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Fund for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Entering into these agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognised on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavourable changes in interest rates.

A Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. The risk is mitigated by having a master netting arrangement between a Fund and the counterparty and by the posting of collateral to a Fund to cover a Fund's exposure to the counterparty.

**Credit Default Swap Agreements** Certain Funds may use credit default swaps on corporate, loan, sovereign, US municipal or US Treasury issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, the Fund will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, a Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap.

If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event).

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole.

These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/ or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardised terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Fund may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit default swaps on indices are instruments for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilised in determining the market value of credit default swap agreements on corporate, loan, sovereign or US municipal issues as of period end are disclosed in the Schedule of Investments. They serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the referenced entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that a Fund as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of 31 March 2018 for which the Fund is the seller of protection are disclosed in the Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Fund for the same referenced entity or entities.

**Interest Rate Swap Agreements** Certain Funds are subject to interest rate risk exposure in the normal course of pursuing their investment objectives. Because a Fund holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, a Fund may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Fund with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

### 6. EFFICIENT PORTFOLIO MANAGEMENT

To the extent permitted by the investment objectives and policies of the Funds and subject to the limits set down by the Central Bank from time to time and to the provisions of the Prospectus, utilisation of financial derivative instruments and investment techniques shall be employed for efficient portfolio management purposes by all the Funds. The Funds may use these financial derivative instruments and investment techniques to hedge against changes in interest rates, non-functional currency exchange rates or securities prices or as part of their overall investment strategy.

The total interest income/(expense) arising from Repurchase Agreements during the financial year ended 31 March 2018 was €1,345,214/(€395,018) (31 March 2017 €616,482/(€193,277)).

The total interest income/(expense) arising from Reverse Repurchase Agreements during the financial year ended 31 March 2018 was €14,575/(€900,452) (31 March 2017 €78,977/(€124,493)).

The total interest income/(expense) arising from Sale-Buyback Financing transactions during the financial year ended 31 March 2018 was €1,175/(€627,015) (31 March 2017 €353,420/(€39,328)).

### 7. TAXATION

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

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No Irish tax will arise on the Fund in respect of chargeable events in respect of:

(a) A shareholder who is neither an Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Fund or the Fund has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and

(b) Certain exempted Irish tax resident shareholders who have provided the Fund with the necessary signed statutory declarations.

The Finance Act 2010 provides that the Revenue Commissioners may grant approval for investment funds marketed outside of Ireland to make payments to non-resident investors without deduction of Irish tax where no relevant declaration is in place, subject to meeting the "equivalent measures". A Fund wishing to receive approval must apply in writing to the Revenue Commissioners, confirming compliance with the relevant conditions.

Dividends, interest and capital gains (if any) received on investments made by the Funds may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Funds or its shareholders.

In accordance with the reporting fund regime introduced by the United Kingdom HM Revenue and Customs, each share class will be viewed as a separate "offshore Fund" for UK tax purposes. The reporting regime permits an offshore Fund to seek advance approval from HM Revenue and Customs to be treated as a reporting Fund. Once an offshore Fund has been granted "reporting Fund" status it will maintain that status for so long as it continues to satisfy the conditions to be a "reporting Fund", which include making reports to HM Revenue and Customs and investors for each year of account, without a requirement to apply for further certification by HM Revenue and Customs.

Each share class in the Company is treated as a "reporting Fund". This has been approved by HM Revenue and Customs.

### 8. DIVIDEND DISTRIBUTION POLICY

It is the current dividend distribution policy of the Company to pay to the holders of Income Class Shares the net investment income of the Funds, if any (which consists of income less expenses). Dividends paid in respect of any Income Class Shares in the Funds will be declared monthly and paid in cash after declaration. In the case of the PIMCO Covered Bond Source UCITS ETF dividends paid in respect of any Income Class Shares will be declared annually and paid in cash after declaration.

The net investment income allocated to Accumulation Class Shares of the Funds will neither be declared nor distributed but the NAV per Share of Accumulation Shares will be increased to take account of the net investment income.

Any dividend distribution unclaimed after a period of six years from the date of declaration of such dividend distribution shall be forfeited and shall revert to the account of the relevant Fund.

### 9. SOFT COMMISSIONS

The Company or its Investment Advisor may effect transactions on behalf of the Funds with or through the agency of execution brokers, which may, in addition to routine order execution, from time to time, provide to or procure for the Company or its delegates goods, services or other benefits such as research and advisory services. The Company or its Investment Advisor may pay these brokers full-service brokerage rates part of which may be applied in the provision of permitted goods or services. Those Investment Advisors which are MiFID investment firms shall pay for any third party research which it purchases relating to the management of the assets of each Fund directly out of its own resources.

### 10. SEGREGATED LIABILITY

Further to the relevant provisions of the Companies Act 2014, the Company has adopted segregated liability between Funds. Accordingly, any liability on behalf of or attributable to any Fund of the Company shall be discharged solely out of the assets of that Fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction of any liability incurred on behalf of or attributable to any other Fund of the Company, irrespective of when such liability was incurred.

### 11. CHANGES TO THE PROSPECTUS AND TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Prospectus for the Company was consolidated and reissued on 12 July 2017. There has been no further update to the Memorandum and Articles of Association since 8 September 2016.

### 12. FEES AND EXPENSES

#### (a) Fees Payable to the Manager

The fees payable to PIMCO Global Advisors (Ireland) Ltd. (the "Manager") as set out in the Prospectus shall not exceed 2.50% per annum of the NAV of each class of each Fund.

#### (b) Management Fee

The Manager, in respect of each Fund and as described in further detail in the Prospectus, provides or procures investment advisory, administration, depositary and other services in return for which each Fund pays a single Management Fee to the Manager. The Management Fee (as defined in the Prospectus) for each Fund is accrued on each Dealing Day (as defined in the relevant Fund's Supplement) and is payable monthly in arrears. The Manager may pay the Management Fee in full or in part to the Investment Advisors in order to pay for the investment advisory and other services provided by the Investment Advisors and in order for the Investment Advisors to pay for administration, depositary and other services procured for the Funds by the Manager.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

The Management Fee for each class of each Fund (expressed as a per annum percentage of its NAV) is as follows:

Fund	CHF (Hedged)	EUR (Hedged)	EUR (Hedged)	GBP (Hedged)	GBP (Hedged)	USD Income/
	Income/ Accumulation Class	EUR Income/ Accumulation Class	Income/ Accumulation Class	GBP Income/ Accumulation Class	Income/ Accumulation Class	Accumulation Class
PIMCO Covered Bond Source UCITS ETF	N/A	0.43%	N/A	N/A	N/A	N/A
PIMCO Sterling Short Maturity Source UCITS ETF	N/A	N/A	N/A	0.35%	N/A	N/A

Given the fixed nature of the Management Fee, the Manager, and not shareholders, takes the risk of any price increases in the cost of the services covered by the Management Fee and takes the risk of expense levels relating to such services increasing above the Management Fee as a result of a decrease in net assets. Conversely, the Manager, and not shareholders, would benefit from any price decrease in the cost of services covered by the Management Fee, including decreased expense levels, as a percentage of net assets, resulting from an increase in net assets.

### (c) Investment Advisory Services

On behalf of the Company, the Manager provides and/or procures investment advisory services. Such services include the investment and reinvestment of the assets of each Fund. The fees of the Investment Advisors (together with VAT, if any thereon) are paid by the Manager from the Management Fee.

### (d) Administration, Depositary Services and Other Services

On behalf of the Company, the Manager provides and/or procures administration, depositary and other services. Such services include administration, transfer agency, fund accounting, depositary and sub-depositary in respect of each Fund. The fees and expenses of the Administrator and Depositary (together with VAT, if any thereon) are paid by the Manager from the Management Fee, or by the Investment Advisors.

On behalf of the Company, the Manager provides and/or procures certain other services. These may include listing broker services, paying agent and other local representative services, accounting, audit, legal and other professional adviser services, Company secretarial services, printing, publishing and translation services, and the provision and co-ordination of certain supervisory, administrative and shareholder services necessary for operation of the Funds. Fees and any ordinary expenses in relation to these services (together with VAT, if any thereon) will be paid by the Manager, or by the Investment Advisors on behalf of the Manager, from the Management Fee.

The Funds will bear other expenses related to their operation that are not covered by the Management Fee which may vary and affect the total level of expenses within the Funds including, but not limited to, taxes and governmental fees, brokerage fees, commissions and other transaction expenses, costs of borrowing money including interest expenses, establishment costs, extraordinary expenses (such as litigation and indemnification expenses) and fees and expenses of the Company's Independent Directors and their counsel.

The Company paid Directors' fees of €28,000 during the financial year ended 31 March 2018 (amount at 31 March 2017 was €24,200). In addition, each Independent Director is reimbursed for any reasonable out-of-pocket expenses. Directors' fees are a component of "Other expenses" on the Statement of Operations.

The following table sets out the fees the Company was charged by the statutory auditors during the years ended 31 March 2018 and 31 March 2017:

Auditors' Remuneration	31 March 2018	31 March 2017
Audit of entity financial statements	€ 56,030	€ 47,300
Other assurance services	74,524	–
Tax advisory services	–	–
Other non-audit services	–	–

### (e) Expense Limitation (including Management Fee Waiver and Recoupment)

The Manager has agreed with the Company, pursuant to the Management Agreement between the Company and the Manager dated as of 09 December 2010, as amended, to manage total annual Fund operating expenses for any Class of a Fund, by waiving, reducing or reimbursing all or any portion of its Management Fee, to the extent that (and for such period of time that) such operating expenses would exceed, due to the payment of pro rata Directors' fees, the sum of such Class of such Fund's Management Fee (prior to the application of any applicable Management Fee waiver), as applicable, and other expenses borne by such Fund's share class not covered by the Management Fee as described above (other than pro rata Directors' fees), plus 0.0049% per annum (calculated on a daily basis based on the NAV of the Fund).

In any month in which the Management Agreement is in effect, the Manager may recoup from a Fund any portion of the Management Fee waived, reduced or reimbursed pursuant to the Management Agreement (the "Reimbursement Amount") during the previous 36 months, provided that such amount paid to the Manager will not: 1) exceed 0.0049% per annum of the Class of the applicable Fund's average net assets (calculated on a daily basis); 2) exceed the total Reimbursement Amount; 3) include any amounts previously reimbursed to the Manager; or 4) cause any Class of a Fund to maintain a net negative yield.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

The Board may at their discretion, impose the following transaction fees on shareholders:

Fund	Subscription/Redemption Transaction Fee	Exchange Transaction Fee	In-kind Transaction Fee	Mix Fee
PIMCO Covered Bond Source UCITS ETF	up to 3%	up to 1%	€ Up to 1,000	Up to €1,000 in-kind Transaction Fee plus a maximum of 3% on any cash portion
PIMCO Sterling Short Maturity Source UCITS ETF	up to 3%	up to 1%	£ Up to 1,000	£500 plus a maximum of 3% on any cash portion

### 13. RELATED PARTY TRANSACTIONS

The Manager, Investment Advisors, Distributor and Directors are related parties. Fees payable to these parties are disclosed in note 12.

During the financial years ended 31 March 2018 and 31 March 2017 the Funds below engaged in purchases and sales of securities among affiliated Funds and purchases and sales relating to cross investments (amounts in thousands):

Fund	31 March 2018		31 March 2017	
	Purchases	Sales	Purchases	Sales
PIMCO Covered Bond Source UCITS ETF	€ 2,549	€ 10,240	€ 30,933	€ 210,156
PIMCO Sterling Short Maturity Source UCITS ETF	37,134	–	2,291	377

The following table reflects the outstanding shares owned by PIMCO Funds: Global Investors Series plc, PIMCO Select Funds plc and PIMCO Cayman Trust, related parties of the Company, as at 31 March 2018 and 31 March 2017:

Fund	31 March 2018 % owned	31 March 2017 % owned
PIMCO Sterling Short Maturity Source UCITS ETF	21.67	38.42

### 14. EXCHANGE RATES

For the purposes of combining the financial statements of the Funds, to arrive at Company figures (required under Irish Company law), the amounts on the Statement of Assets and Liabilities have been translated at the exchange rate ruling at 31 March 2018 from US Dollar to Euro (USD/EUR 0.8131) (31 March 2017 USD/EUR 0.93497) and British Pound Sterling to

Euro (GBP/EUR 1.1406) (31 March 2017 GBP/EUR 1.16914). The amounts on the Statement of Operations and Statement of Changes in Net Assets have been translated at an average exchange rate for the year ending 31 March 2018 from US Dollar to Euro (USD/EUR 0.8558) (31 March 2017 USD/EUR 0.91200) and British Pound Sterling to Euro (GBP/EUR 1.1339) (31 March 2017 GBP/EUR 1.19070).

The following tables reflect the exchange rates used at 31 March 2018 and 31 March 2017 to convert the Euro balances. They were also used to convert the investments and other assets and liabilities denominated in currencies other than Euro:

Foreign currency	31 March 2018 Presentation Currency		
	EUR	GBP	USD
ARS	N/A	N/A	20.13200
AUD	1.60335	N/A	1.30370
BRL	N/A	N/A	3.32360
CAD	N/A	1.80856	N/A
CHF	1.17770	1.34332	0.95760
CLP	N/A	N/A	603.56500
CNH	N/A	N/A	6.28405
CNY	N/A	N/A	6.29170
COP	N/A	N/A	2,793.10000
CZK	25.38497	N/A	N/A

Foreign currency	31 March 2018 Presentation Currency		
	EUR	GBP	USD
DKK	7.45400	N/A	N/A
EUR (or €)	1.00000	1.14063	0.81311
GBP (or £)	0.87671	1.00000	0.71286
IDR	N/A	N/A	13,767.50000
INR	N/A	N/A	65.22170
JPY (or ¥)	130.79459	149.18778	106.35000
MXN	22.44907	N/A	18.25350
MYR	N/A	N/A	3.86800
PHP	N/A	N/A	52.17750
PLN	N/A	N/A	3.42530

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

Foreign currency	31 March 2018 Presentation Currency		
	EUR	GBP	USD
RUB	N/A	N/A	57.50000
SEK	10.29975	11.74817	N/A
SGD	N/A	N/A	1.31130
THB	N/A	N/A	31.27000
TRY	N/A	N/A	3.96140
USD (or \$)	1.22985	1.40280	1.00000
ZAR	N/A	N/A	11.84875

Foreign currency	31 March 2017 Presentation Currency		
	EUR	GBP	USD
ARS	N/A	N/A	N/A
AUD	1.40205	N/A	1.31087
BRL	N/A	N/A	3.17495
CAD	N/A	N/A	N/A
CHF	1.07057	1.25164	1.00095
CLP	N/A	N/A	662.10500
CNH	N/A	N/A	6.87190
CNY	N/A	N/A	6.89180
COP	N/A	N/A	2,893.87000
CZK	27.02352	N/A	N/A
DKK	7.43631	N/A	N/A
EUR (or €)	1.00000	1.16914	0.93497
GBP (or £)	0.85533	1.00000	0.79971
IDR	N/A	N/A	13,325.50000
INR	N/A	N/A	64.93500
JPY (or ¥)	119.17996	139.33765	111.43000
MXN	20.14407	N/A	18.83415
MYR	N/A	N/A	4.42550
PHP	N/A	N/A	50.17500
PLN	N/A	N/A	3.96195
RUB	N/A	N/A	56.34190
SEK	9.54926	N/A	N/A
SGD	N/A	N/A	1.39730
THB	N/A	N/A	34.36250
TRY	N/A	N/A	3.64165
USD (or \$)	1.06955	1.25045	1.00000
ZAR	N/A	N/A	13.40875

### 15. FINANCIAL RISK

The main risks arising from the Company's financial instruments are market price, foreign currency, interest rate, liquidity and credit and counterparty risks.

**(a) Market Price Risk** Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss

the Fund might suffer through holding market positions in the face of adverse price movements. The Investment Advisors consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Funds' investment objectives.

The Investment Advisors use a number of quantitative techniques to assess the impact of market risks including credit events, changes in interest rates, credit spreads and recovery values on the Funds' investment portfolio.

The Investment Advisors use Value at Risk ("VaR") analysis, a technique widely used by financial institutions to quantify, assess, and report market risk. VaR is a statistical framework that supports the quantification of market risk within a portfolio at a specified confidence interval over a defined holding period. Certain Funds may use the Relative VaR model or Absolute VaR model. Where the Relative VaR model is used, the VaR of a Fund's portfolio will not exceed twice the VaR on a comparable benchmark portfolio or reference portfolio (i.e. a similar portfolio with no derivatives) which will reflect a Fund's intended investment style. Where the Absolute VaR model is used, the VaR of a Fund's portfolio may not exceed 20% of the Net Asset Value of a Fund and the holding period shall be 20 days and the length of the data history shall not be less than one year. VaR seeks to quantify the expected minimum, maximum and average dollar losses that may result from the interactive behaviour of all material market prices, spreads, volatilities, rates and other risks including foreign exchange, interest rate, emerging market and convexity risk based on the historically observed relationships between these markets.

Although the use of derivatives may give rise to an additional leveraged exposure, any such additional exposure will be covered and will be risk managed using the VaR methodology in accordance with the Central Bank's requirements. The Investment Advisors monitor portfolio risk using market factor exposures on a daily basis. Potential market risk is calculated using the parametric delta-normal or factor model approach. VaR is calculated and reported automatically each day using the closing prices and market information of the most recent business day. Depending on the application of the risk statistics, various confidence levels (such as 99%) and time horizons (weeks or months) might be selected.

Stress tests also are conducted relating to the VaR model for each Fund on a monthly basis. The PIMCO Risk Group oversees the composition of stress tests and makes appropriate adjustments when market conditions or Fund compositions make that appropriate. The stress tests estimate potential gains or losses from shocks to financial variables including nominal sovereign rates, nominal swap rates, real rates, credit spreads, equity valuations, commodity values, currency exchange rates, and implied volatilities. In addition to the monthly stress testing, three additional types of stress tests are also conducted, some of which are used daily and some of which are used for analysis interactively. The first are scenario duration tests that measure what happens to the value of the portfolio if unexpected movements in yields occur in the market. These durations are calculated every business day. The second test involves a database of historical crisis scenarios that can be executed to test reactions to these crises. The historical crisis scenarios contain many unexpected changes in market conditions and correlation matrices. The third test involves correlation matrices which can be manipulated manually to reflect conditions that may happen in the future but have not happened so far.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

Calculations generally are done by using automated simulation methodologies. However, there are also methodologies to manually check what changes in the correlation matrices would have a big negative impact to the portfolios. These correlations changes can then be analysed and possible real world events that could bring about such changes can be assigned.

Of course, it cannot be ruled out that actual economic results will differ significantly from manually and automated scenarios.

The daily VaR measures are an estimate of the portfolio loss over the next one month period that would not be exceeded 99% of the time, relative to the assumptions of the VaR model.

Not all risks to which the portfolio may be exposed are intended to be captured by VaR and, in particular, the framework does not seek to capture liquidity risk, counterparty credit risk, or extreme credit events such as an issuer default. In practice, the actual trading results will differ from the VaR and may not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are monitored to test the validity of the assumptions and parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that each Fund would withstand an extreme market event.

The following tables set out the minimum, maximum, average and period end VaR of each Fund as at 31 March 2018 and 31 March 2017:

Fund	Methodology	Benchmark	31 March 2018			
			Min	Max	Average	Period end
PIMCO Covered Bond Source UCITS ETF	Absolute	N/A	1.33%	2.48%	1.90%	1.81%
PIMCO Sterling Short Maturity Source UCITS ETF	Absolute	N/A	0.15%	0.34%	0.25%	0.29%

Fund	Methodology	Benchmark	31 March 2017			
			Min	Max	Average	Period end
PIMCO Covered Bond Source UCITS ETF	Absolute	N/A	2.71%	6.61%	4.15%	4.79%
PIMCO Sterling Short Maturity Source UCITS ETF	Absolute	N/A	0.33%	0.80%	0.55%	0.35%

The Central Bank requires that all funds disclose a measure of leverage calculated on a gross notional exposure basis. The gross notional exposure figure is calculated using the sum of the absolute value of notionals of the derivatives (which is deemed to include certain forward settling trades), as is required by the Central Bank and as such does not take into account any netting and hedging arrangements that the Fund has in place at any time.

The use of derivatives (whether for hedging or investment purposes) may give rise to a higher gross notional exposure. The Funds' gross notional exposure is expected to increase to the higher levels, for example, at times when the Investment Advisors deem it most appropriate to use derivative instruments to alter the Funds' interest rate, currency or credit exposure.

The following tables set out the average level of gross notional exposure for the Funds for the financial year ended 31 March 2018 and 31 March 2017:

Fund	31 March 2018	31 March 2017
PIMCO Covered Bond Source UCITS ETF	317.08%	233.20%
PIMCO Sterling Short Maturity Source UCITS ETF	46.87%	50.69%

**(b) Foreign Currency Risk** If the Funds invest directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the functional currency of the Fund, or, in the case of hedging positions, that the Fund's functional currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to

intervene) by US or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund's investments in foreign currency denominated securities may reduce the returns of the Funds.

PIMCO Sterling Short Maturity Source UCITS ETF had no material foreign currency exposure at 31 March 2018 or at 31 March 2017.

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

The following table sets out the total exposure to foreign currency risk in currencies where foreign currency exposure is deemed material (i.e. where, all other variables being equal, the impact of a reasonably possible movement in the foreign exchange rate would result in a significant movement in the net assets) (amounts in thousands):

	PIMCO Covered Bond Source UCITS ETF					
	As at 31-Mar-18			As at 31-Mar-17		
	Total	Hedging	Net	Total	Hedging	Net
Danish Krone	€ 29,938	€ (61,669)	€ (31,731)	€ 9,811	€ (29,626)	€ (19,815)
Swedish Krona	25,207	(19,994)	5,213	45,940	(46,240)	(300)
	€ 55,145	€ (81,663)	€ (26,518)	€ 55,751	€ (75,866)	€ (20,115)

**(c) Interest Rate Risk** Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds are likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a fixed income's market price to interest rate (i.e. yield) movements.

All Funds invested primarily in fixed income instruments are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. These investments are disclosed in the Schedule of Investments. Any excess cash and cash equivalents are invested at short-term market interest rates.

The sensitivity of the Company's exposure to interest rate risk is included in the overall VaR calculations shown in note 15 (a).

**(d) Liquidity Risk** A Fund's exposure to liquidity risk is primarily affected by the redemption of shares that investors may wish to sell. Participating shareholders may redeem some or all of their outstanding shares at any time without notice. Redeemable Shares are redeemed at the shareholders demand and are included on the Statement of Assets and Liabilities. The Fund's assets are primarily comprised of readily realisable securities, which can be readily sold to satisfy shareholder redemptions in accordance with the Prospectus. Liquidity risk exists when particular investments are difficult to purchase or sell. A Fund's investments in illiquid securities may reduce returns of a Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Funds with principal investment strategies that involve foreign securities, derivatives, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

The current known liabilities for the Funds are listed on the Statement of Assets and Liabilities and the majority of those liabilities are payable within three months with the exception of the financial derivative instrument liabilities and securities sold short. The expected payment dates for financial derivative instrument liabilities and securities sold short can be more than three months based on analysis of the remaining period at the reporting date to the maturity date.

Financial derivative instruments consist of the market value of forward foreign currency contracts, futures contracts, option contracts and swap agreements as at the period end. Financial derivative instruments are financial assets and liabilities that are held for trading, and are acquired principally for the purpose of selling in the short term. As the instruments are not expected to be held to maturity or termination, the current market value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Funds and realised liabilities may differ from current liabilities based on changes in market conditions.

The Investment Advisors manage liquidity risk by monitoring the portfolios and considering investments deemed to be illiquid or not readily and easily sold, to ensure there are sufficient liquid assets to cover the outstanding liabilities of the Funds.

**(e) Credit and Counterparty Risks** The Funds will be exposed to credit risk to parties with whom they trade and will also bear the risk of settlement default. The Funds minimise concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognised and reputable exchanges, where applicable. OTC derivative transactions are subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally cleared derivative transactions might not be available for OTC derivative transactions. For financial derivatives instruments traded on exchanges or clearinghouses, the primary credit risk is the creditworthiness of the Fund's clearing broker or the exchange or clearinghouse itself. The Funds could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a financial derivatives instruments contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations. Securities and financial derivative instruments are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. PIMCO, as the Investment Advisors, minimise counterparty risks to the Fund through a number of ways. Prior to entering into transactions with a new counterparty, the PIMCO Counterparty Risk Committee conducts an extensive credit review of such counterparty and must approve the use of such counterparty. Furthermore, pursuant to the terms of the underlying contract, to the extent that unpaid amounts owed to a Fund exceed a predetermined threshold, such

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

counterparty shall advance collateral to the Fund in the form of cash or securities equal in value to the unpaid amount owed to a Fund. The Funds may invest such collateral in securities or other instruments and will typically pay interest to the counterparty on the collateral received. If the unpaid amount owed to each Fund subsequently decreases, the Fund would be required to return to the counterparty all or a portion of the collateral previously advanced.

All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

**Master Netting Arrangements** Certain Funds may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardisation that improves legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organisation, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Funds to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally present derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to \$250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and US Dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper or sovereign securities may be used depending on the terms outlined in the applicable Master Agreement. Securities and cash pledged as collateral are reflected as assets on the Statement of Assets and Liabilities as either a component of financial assets at fair value through profit or loss (Transferable securities) or Deposits with counterparty (cash). Cash collateral received is not typically held in a segregated account and as such is reflected as a liability on the Statement of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. The Fund's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern

repurchase, reverse repurchase, and sale-buyback transactions between the Funds and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern certain forward settling transactions, such as To-Be-Announced securities, delayed-delivery or sale-buyback transactions by and between the Funds and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes ("ISDA Master Agreements") govern bilateral OTC derivative transactions entered into by the Funds with select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third party depository. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

The Investment Advisors conduct extensive research and analysis to identify and quantify credit risk within the Funds. Credit exposure within the Funds is reviewed frequently by the Investment Advisors to generate returns either through investments made or avoided. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. The tables below summarise the credit rating composition for each of the Fund's Net Assets.

PIMCO Covered Bond Source UCITS ETF		
	31 March 2018	31 March 2017
Investment grade	100%	100%
Non-investment grade	0%	0%
Not rated	0%	0%
	<b>100%</b>	<b>100%</b>

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

PIMCO Sterling Short Maturity Source UCITS ETF		
	31 March 2018	31 March 2017
Investment grade	100%	100%
Non-investment grade	0%	0%
Not rated	0%	0%
	<b>100%</b>	<b>100%</b>

Substantially all of the Company's securities as of 31 March 2018 are held on a fiduciary basis by State Street Custodial Services (Ireland) Limited ("Depository") (31 March 2017 held with Brown Brother Harriman Trustee Services (Ireland) Limited). These assets are held in segregated accounts of each Fund (in accordance with Central Bank UCITS Regulations), reducing the credit risk of holding the assets in safekeeping. The Company will however be exposed to the credit risk of a credit institution holding its deposits.

The long term credit rating of State Street Corporation, the Depository's ultimate parent, as of 31 March 2018 was AA- as issued by Fitch rating agency. The long term credit rating of Brown Brothers Harriman & Co., the ultimate parent of Brown Brother Harriman Trustee Services (Ireland) Limited, as of 31 March 2017 was A+ as issued by Fitch rating agency.

### 16. SHARE CAPITAL

#### (a) Authorised Shares

The authorised share capital of the Company is represented by 2 redeemable non-participating shares of no par value and 500,000,000 participating shares of no par value initially designated as unclassified shares.

#### (b) Subscriber Shares

The subscriber shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Board, this disclosure reflects the nature of the Company's business as an investment fund.

#### (c) Redeemable Participating Shares

The issued participating share capital is at all times equal to the NAV of the Funds. Redeemable participating shares are redeemable at the shareholders option and are classified as financial liabilities. The movement in the number of participating shares for the years ending 31 March 2018 and 31 March 2017 are as follows (amounts are in thousands):

PIMCO Covered Bond Source UCITS ETF		
	31 March 2018	31 March 2017
<b>EUR Income Class</b>		
Issued	570	128
Redeemed during the year	(979)	(1,235)
	<b>(409)</b>	<b>(1,107)</b>

PIMCO Sterling Short Maturity Source UCITS ETF		
	31 March 2018	31 March 2017
<b>GBP Income Class</b>		
Issued	4,414	4,250
Redeemed during the year	(3,463)	(3,657)
	<b>951</b>	<b>593</b>

### 17. NET ASSET VALUES

Each Fund's net assets attributable to redeemable participating shareholders, shares issued and outstanding and net asset value per share for the last three periods are as follows (amounts are in thousands, except per share amounts). Net Assets divided by Shares issued and outstanding may not equal the NAV per share due to rounding:

PIMCO Covered Bond Source UCITS ETF			
	31 March 2018	31 March 2017	31 March 2016
Net assets	€ 170,619	€ 212,827	€ 330,877
EUR Income Class	€ 170,619	€ 212,827	€ 330,877
Shares issued and outstanding	1,550	1,959	3,066
NAV per share	€ 110.11	€ 108.66	€ 107.93

PIMCO Sterling Short Maturity Source UCITS ETF			
	31 March 2018	31 March 2017	31 March 2016
Net assets	£ 287,120	£ 190,318	£ 129,026
GBP Income Class	£ 287,120	£ 190,318	£ 129,026
Shares issued and outstanding	2,821	1,870	1,277
NAV per share	£ 101.77	£ 101.75	£ 101.00

### 18. REGULATORY AND LITIGATION MATTERS

The Company is not named as a defendant in any material litigation or arbitration proceedings and is not aware of any material litigation or claim pending or threatened against it.

The foregoing speaks only as of the date of this report.

### 19. SECURITIES FINANCING TRANSACTIONS REGULATION

Securities Financing Transactions Regulation ("SFTR") introduces reporting and disclosure requirements for securities financing transactions ("SFTs") and total return swaps. SFTs are specifically defined as per Article 3(11) of the SFTR as follows:

- a repurchase/reverse repurchase agreement
- securities or commodities lending/borrowing

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

- a buy-sellback or sell-buyback financing transaction
- a margin lending transaction

### (a) Global Data and Concentration of SFT Counterparties

As at 31 March 2018 the Funds held the following types of SFTs:

- Repurchase Agreements
- Reverse Repurchase Agreements
- Sell-buyback Financing Transactions

The fair value of assets/(liabilities) across all SFTs as at 31 March 2018, grouped by SFT type and the ten largest counterparties are as follows.

If fewer than ten counterparties are used then all counterparties are detailed.

Fund	Fair value (000S)	% of Net Assets
<b>PIMCO Covered Bond Source UCITS ETF</b>		
Repurchase Agreements		
IND	€ 4,100	2.40
SSB	9	0.01
<b>Total</b>	4,109	2.41
<b>PIMCO Sterling Short Maturity Source UCITS ETF</b>		
Repurchase Agreements		
BRC	£ 19,000	6.62

As at 31 March 2017 the Funds held the following types of SFTs:

- Repurchase Agreements
- Reverse Repurchase Agreements
- Buy-sellback Financing Transactions
- Sell-buyback Financing Transactions

The fair value of assets/(liabilities) across all SFTs as at 31 March 2017, grouped by SFT type and the ten largest counterparties are as follows.

### iii) Aggregate Transaction Data:

The aggregate transaction data for collateral positions received across all STFs as at 31 March 2018 is as follows:

Fund	Security Type	Collateral Description	Type of Collateral	Fair Value (000S)	Quality	Maturity Tenor of Collateral	Currency of Collateral	Country of Counterparty Establishment	Settlement and Clearing
PIMCO Covered Bond Source UCITS ETF	Repurchase Agreements	European Investment Bank	Supernational	€ 4,087	AAA	Above 1 Year	EUR	France	FED, Bilateral
		U.S. Treasury Notes	Treasury	12	AAA	Above 1 Year	USD	United States	FED, Bilateral
PIMCO Sterling Short Maturity Source UCITS ETF	Repurchase Agreements	United Kingdom Gilt	Treasury	£ 19,643	AAA	Above 1 Year	GBP	United Kingdom	FED, Bilateral

The aggregate transaction data for collateral positions received across all STFs as at 31 March 2017 is as follows:

Fund	Security Type	Collateral Description	Type of Collateral	Fair Value (000S)	Quality	Maturity Tenor of Collateral	Currency of Collateral	Country of Counterparty Establishment	Settlement and Clearing
PIMCO Sterling Short Maturity Source UCITS ETF	Repurchase Agreements	Banque Federative du Credit Mutuel	Commercial Paper	£ 32,300	A	3 months - 1 Year	GBP	United Kingdom	FED, Bilateral

If fewer than ten counterparties are used then all counterparties are detailed.

	Fair Value (000S)	% of Net Assets
<b>PIMCO Sterling Short Maturity Source UCITS ETF</b>		
Repurchase Agreements		
RYL	£ 32,300	16.97

### (b) Collateral

#### i) Safekeeping of Collateral Received:

Collateral received as at 31 March 2018 is held within the custodial network of State Street Bank and Trust as agent for the Depository.

Brown Brothers Harriman Trustee Services (Ireland) Limited, as Depository, held collateral received as at 31 March 2017.

#### ii) Concentration Data:

The ten largest issuers for collateral securities received across all STFs as at 31 March 2018 is as follows. If there are fewer than ten issuers then all issuers are detailed below:

Fund	Collateral Issuer	Fair Value (000S)
PIMCO Covered Bond Source UCITS ETF	European Investment Bank	\$ 4,087
	United States Government	12
PIMCO Sterling Short Maturity Source UCITS ETF	United Kingdom Gilt	£ 19,643

The ten largest issuers for collateral securities received across all STFs as at 31 March 2017 is as follows. If there are fewer than ten issuers then all issuers are detailed below:

Fund	Collateral Issuer	Fair Value (000S)
PIMCO Sterling Short Maturity Source UCITS ETF	Banque Federative du Credit Mutuel	£ 32,300

# PIMCO Fixed Income Source ETFs plc

## Notes to the Financial Statements (Cont.)

The collateral market value for Repurchase Agreements does not include interest accrued. Master Forward Agreements covers a combination of Buy-sellback Financing Transactions, Sale-buyback Financing Transactions and other financing transactions not included above. The total amount of the collateral received as at 31 March 2018 and 31 March 2017 for all transactions entered into under these Agreements is included above. It is not possible to separately analyse the collateral for each specific SFT.

### iv) Data on Reuse of Collateral:

Securities received as collateral are not reused as of 31 March 2018 and 31 March 2017.

### (c) Returns/Costs

The tables below detail the data on returns and cost for each type of SFT for the financial years ended 31 March 2018 and 31 March 2017. Amounts are shown in the base currency of the Fund.

#### Financial Year Ended 31 March 2018

	Repurchase Agreements		Reverse Repurchase Agreements		Buy-sellback Financing Transactions		Sale-buyback Financing Transactions	
	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)
<b>To Fund:</b>								
PIMCO Covered Bond Source UCITS ETF	€ 1	€ 5	€ –	€ –	€ –	€ –	€ –	€ –
PIMCO Sterling Short Maturity Source UCITS ETF	£ 82	£ –	£ –	£ –	£ –	£ –	£ –	£ –

#### Financial Year Ended 31 March 2017

	Repurchase Agreements		Reverse Repurchase Agreements		Buy-sellback Financing Transactions		Sale-buyback Financing Transactions	
	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)	Returns (000S)	Costs (000S)
<b>To Fund:</b>								
PIMCO Sterling Short Maturity Source UCITS ETF	£ 43	£ –	£ –	£ –	£ –	£ –	£ –	£ –

All returns from SFT derivative transactions will accrue to the Fund and are not subject to any returns sharing agreement with the Company's Manager or any other third parties.

### 20. SIGNIFICANT EVENTS

On 01 April 2017, State Street Fund Services (Ireland) Limited took over as Administrator and Company Secretary for the Company. The address and registered office of the Company changed to 78 Sir John Rogerson's Quay, Dublin, D02 HD32, Ireland with effect from 01 April 2017.

On 01 April 2017, State Street Custodial Services (Ireland) Limited took over as Depositary of the Company.

On 18 August 2017, Invesco Ltd. (NYSE:IVZ) completed its acquisition of Source Holdings Limited.

No cash collateral was received by the Funds for SFTs as of 31 March 2018 or 31 March 2017.

During financial year ended 31 March 2017, cash collateral received into the custody account for the Funds, was not tracked specifically to determine if it was re-used. Therefore any cash collateral re-used cannot be reasonably verified.

### v) Safekeeping of Collateral Granted:

The collateral pledged by the Funds as of 31 March 2018 and 31 March 2017 is held by the counterparties in accounts other than segregated or pooled accounts.

John Bruton and Frances Ruane were appointed to the Board of Directors effective 28 February 2018.

Other than the above, there were no other significant events during the financial year.

### 21. SUBSEQUENT EVENTS

There were no subsequent events after the financial year end.

### 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 24 July 2018.

# PIMCO Fixed Income Source ETFs plc

## Directors' Report

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The Directors present to the shareholders their audited financial statements for the financial year ended 31 March 2018.

### DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council.

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### DIRECTORS' COMPLIANCE STATEMENT

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act 2014 and a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with

the Company's relevant obligations and have conducted a review during this financial year of any such arrangements or structures that have been put in place. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

### STATEMENT OF RELEVANT AUDIT INFORMATION

The Directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### RESULTS, ACTIVITIES AND FUTURE DEVELOPMENTS

The results of operations and dividends declared are set out on the Statement of Operations on page 8. A review of the Funds' investment performance and portfolio insights is contained on pages 4 through 5.

### RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the financial risk management objectives and policies of the Company, and the exposure of the Company to market price risk, foreign currency risk, interest rate risk, liquidity risk and credit and counterparty risk are set out in note 15 in the Notes to Financial Statements.

### SIGNIFICANT EVENTS

On 01 April 2017, State Street Fund Services (Ireland) Limited took over as Administrator and Company Secretary for the Company. The address and registered office of the Company changed to 78 Sir John Rogerson's Quay, Dublin, D02 HD32, Ireland with effect from 01 April 2017.

On 01 April 2017, State Street Custodial Services (Ireland) Limited took over as Depositary of the Company.

On 18 August 2017, Invesco Ltd. (NYSE:IVZ) completed its acquisition of Source Holdings Limited.

John Bruton and Frances Ruane were appointed to the Board of Directors effective 28 February 2018.

Other than the above, there were no other significant events during the financial year.

### POST BALANCE SHEET EVENTS

There were no other subsequent events after the financial year end.

### ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin D02 HD32, Ireland.

# PIMCO Fixed Income Source ETFs plc

## Directors' Report (Cont.)

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### **CORPORATE GOVERNANCE STATEMENT**

The Company is subject to and complies with Irish statute comprising the Companies Act 2014 and with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011), as may be amended (the "UCITS Regulations"), and the Listing Rules of Euronext Dublin. The Board of Directors (the "Board") have assessed the measures included in the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies, as published by the Irish Fund Industry Association in December 2011 (the "IFIA Code"). The Board has adopted all corporate governance practices and procedures of the IFIA Code.

The Board has assessed the measures included in the IFIA Code as being consistent with its corporate governance practices and procedures for the financial year. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

#### *Financial Reporting Process - description of main features*

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, State Street Fund Administration Services (Ireland) Limited, to maintain the books and records. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view and the half yearly financial statements.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility in respect of its internal controls in relation to the financial reporting process and the Administrator's report to the Board.

#### *Risk Assessment*

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

#### *Control Activities*

The Administrator maintains control structures to manage the risks over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or

preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report. Examples of control activities exercised by the Administrator include analytical review procedures, reconciliations and automated controls over IT systems. The method of valuing securities and other assets when prices are not available from external independent sources is detailed in note 3.

#### *Information and Communication*

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

#### *Monitoring*

The Board receives regular presentations and reviews reports from the Depositary, Investment Advisors and Administrator. The Board also has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

#### *Capital Structure*

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

#### *Powers of the Directors*

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish statute comprising the Companies Act 2014 and with the UCITS Regulations and the Listing Rules of Euronext Dublin as applicable to investment funds. The Articles of Association themselves may be amended by special resolution of the shareholders.

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator and the investment management and distribution functions to the Investment Advisors. Consequently none of the Directors is an executive Director.

The Articles of Association provide that the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property or any part thereof and may delegate these powers to the Investment Advisors.

The Directors may, at any time and from time to time temporarily suspend the calculation of the Net Asset Value of a particular Fund and the issue, repurchase and conversion of Shares in any of the following instances:

(i) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the relevant Fund are

# PIMCO Fixed Income Source ETFs plc

## Directors' Report (Cont.)

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quoted or dealt is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;

(ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant class or if, in the opinion of the Directors, redemption prices cannot fairly be calculated;

(iii) any breakdown in the means of communication normally employed in determining the price of any of the investments of the Funds or other assets or when for any other reason the current prices on any market or stock exchange of any assets of the relevant Fund cannot be promptly and accurately ascertained; or

(iv) any period during which the Company is unable to repatriate funds required for the purpose of making payments on the redemption of Shares of any Fund from Shareholders or during which the transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange

Notice of any such suspension and notice of the termination of any such suspension shall be given immediately to the Central Bank and to Euronext Dublin and will be notified to applicants for Shares or to Shareholders requesting the repurchase of Shares at the time of application or filing of the written request for such repurchase. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Registered Shares may be transferred by instrument in writing. The instrument of transfer must be accompanied by a certificate from the transferee that it is not acquiring such Shares on behalf of or for the benefit of a US Person. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Administrator as having any title to or interest in the Shares registered in the names of such joint Shareholders. The Directors may decline to register a transfer if they are aware or reasonably believe the transfer would result in the beneficial ownership of Shares by a person in contravention of any restrictions on ownership imposed by the Directors or might result in legal, regulatory, pecuniary, taxation or material administrative disadvantage to the relevant Fund or Shareholders generally.

### *Shareholder Meetings*

The Annual General Meeting of the Company will usually be held in Dublin, normally during the month of September or such other date as the Directors may determine. Notice convening the Annual General Meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' and Auditors' Reports of the Company) will be sent to Shareholders at their registered addresses not less than 21 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors in such manner as provided by Irish law.

Each of the shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those shares. Matters may be determined by a meeting of shareholders on a show of hands unless a poll is requested by any shareholder having the right to vote at the meeting or unless the chairman of the meeting requests a poll. Each shareholder has one vote on a show of hands. Each share gives the holder one vote in relation to any matters relating to the Company which are submitted to shareholders for a vote by poll.

No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other share class or any voting rights in relation to matters relating solely to any other share class.

Any resolution to alter the class rights of the shares requires the approval of three quarters of the holders of the shares represented or present and voting at a general meeting of the class. The quorum for any general meeting of the class convened to consider any alteration to the class rights of the shares shall be such number of shareholders being two or more persons whose holdings comprise one third of the shares.

Each of the shares other than subscriber shares entitles the shareholder to participate equally on a pro-rata basis in the dividends and net assets of the Fund in respect of which the shares have been issued, save in the case of dividends declared prior to becoming a shareholder.

Management shares entitle the shareholders holding them to attend and vote at all general meetings of the Company but do not entitle the holders to participate in the dividends or net assets of the Company.

### *Composition and Operation of Board and Committees*

There are seven Directors currently, all of whom are non-executive Directors and four of whom are independent of the Investment Advisors. The Directors may be removed by the shareholders by ordinary resolution in accordance with the procedures established under the Irish Companies Act 2014. The Board of Directors meets at least quarterly. The Board has an audit committee consisting of four Independent Directors (two prior to 24 April 2018). The audit committee met four times during the financial year under review.

### **CONNECTED PERSONS TRANSACTIONS**

Transactions carried out with the Manager or depositary to a UCITS; and the delegates or sub-delegates of such a Manager or depositary (excluding any non-group Company sub-custodians appointed by a depositary); and any associated or group Company of such a Manager, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length and only when in the best interests of the shareholders. The Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that connected party transactions are carried out as described above and that they have been complied with during the financial year.

# PIMCO Fixed Income Source ETFs plc

## Directors' Report (Cont.)

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### **DIRECTORS**

The Directors who held office during the financial year ended 31 March 2018 were:

V. Mangala Ananthanarayanan – appointed 30 June 2016  
Ryan P. Blute – appointed 30 May 2014  
John Bruton – appointed 28 February 2018  
Craig A. Dawson – appointed 28 October 2010  
David M. Kennedy – appointed 28 October 2010  
Michael J. Meagher – appointed 28 October 2010  
Frances Ruane – appointed 28 February 2018

The Articles of Association do not provide for the retirement of Directors by rotation.

### **SECRETARY**

State Street Fund Administration (Ireland) Limited held the office of Secretary for the financial year ended 31 March 2018.

### **DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES AND CONTRACTS**

None of the Directors or the Secretary held an interest in the shares of the Company during the financial years ended 31 March 2018 and 31 March 2017.

None of the Directors have a service contract with the Company.

### **LEGAL ADVISOR AS TO IRISH LAW**

Dillon Eustace was Legal Advisor (as to Irish Law) to the Company during the financial year.

### **INDEPENDENT AUDITORS**

The Independent Auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office in accordance with section 383 of the Companies Act 2014.

On behalf of the Board of Directors

Director: Craig A. Dawson

Director: David M. Kennedy

Date: 24 July 2018

# PIMCO Fixed Income Source ETFs plc

## Independent Auditors' Report

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### ***Independent auditors' report to the members of PIMCO Fixed Income Source ETFs plc***

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, PIMCO Fixed Income Source ETFs plc's financial statements:

- give a true and fair view of the Company's and Funds' (as listed on page 1) assets, liabilities and financial position as at 31 March 2018 and of their results for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Assets and Liabilities as at 31 March 2018;
- the Statement of Operations for the year then ended;
- the Statement of Changes in Net Assets for the year then ended;
- the Schedule of Investments for each of the Funds as at 31 March 2018; and
- the notes to the financial statements for the Company and for each of its Funds, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

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##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

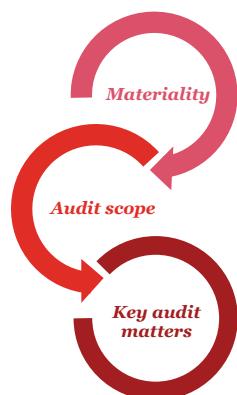
Other than those disclosed in note 12, we have provided no non-audit services to the Company in the period from 1 April 2017 to 31 March 2018.

# PIMCO Fixed Income Source ETFs plc

## Independent Auditors' Report (Cont.)

### Our audit approach

#### Overview



#### Materiality

- Overall materiality: 50 basis points of Net Asset Value (“NAV”) at 31 March 2018 for each of the Company’s Funds.

#### Audit scope

- The Company is an open-ended investment Company with variable capital and engages PIMCO Global Advisors (Ireland) Ltd. (the “Manager”) to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Funds, the involvement of the third parties referred to below, the accounting processes and controls, and the industry in which the Company operates. We look at each of the Funds at an individual level and in aggregate.

#### Key audit matters

- Valuation of financial assets at fair value through profit or loss.
- Existence of financial assets at fair value through profit or loss.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

#### Key audit matter

##### *Valuation of financial assets at fair value through profit or loss*

The transferable securities included on the Statement of Assets and Liabilities of the Funds at 31 March 2018 are valued at fair value in line with Generally Accepted Accounting Practice in Ireland. We focused on this area because it represents the principal element of the financial statements.

##### *Existence of financial assets at fair value through profit or loss*

The transferable securities included on the Statement of Assets and Liabilities of the Funds are held in the Funds’ names at 31 March 2018. We focused on this area because it represents the principal element of the financial statements.

#### How our audit addressed the key audit matter

We tested the investment portfolio by independently agreeing the valuation of transferable securities held at 31 March 2018 to third party vendor sources and counterparty valuations. No material misstatements were identified from the performance of these procedures.

We obtained independent confirmations from the Depositary and counterparties of the holdings of transferable securities as at 31 March 2018. We reconciled the holdings per the confirmations to the holdings per accounting records. No material misstatements were identified from the performance of these procedures.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As at 31 March 2018 there are 9 Funds operating. The Company’s Statement of Assets and Liabilities, Statement of Operations, and Statement of Changes in Net Assets are an aggregation of the positions and results of the Funds.

The Directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Manager to manage certain duties and responsibilities with regards to the day to day management of the Company. The Manager has delegated certain responsibilities to State Street Fund Services (Ireland) Limited (the ‘Administrator’). The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Administrator. The Company has appointed State Street Custodial Services (Ireland) Limited (the “Depositary”) to act as Depositary of the Company’s assets. In establishing the overall approach to our audit we assessed the risk of material misstatement at a Fund level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company’s interaction with the Administrator, and we assessed the control environment in place at the Administrator.

# PIMCO Fixed Income Source ETFs plc

## Independent Auditors' Report (Cont.)

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### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements of each of the Company's Funds as follows:

<i>Overall materiality and how we determined it</i>	50 basis points (2017: 50 basis points) of Net Asset Value ("NAV") at 31 March 2018 for each of the Company's Funds.
<i>Rationale for benchmark applied</i>	We have applied this benchmark because the main objective of the Company is to provide investors with a total return at a Fund level, taking account of the capital and income returns.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5 basis points of each Fund's NAV, for NAV per share impacting differences (2017: 5 basis points of each Fund's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's and Funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and Funds' ability to continue as going concerns.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

#### *Directors' Report*

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

#### *Corporate governance statement*

- In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.
  - Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.
  - In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.
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# PIMCO Fixed Income Source ETFs plc

## Independent Auditors' Report (Cont.)

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities set out on page 40, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

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#### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

#### **Companies Act 2014 exception reporting**

##### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

#### **Appointment**

We were appointed by the directors on 1 February 2011 to audit the financial statements for the year ended 31 March 2011 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 March 2011 to 31 March 2018.

Jonathan O'Connell  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
24 July 2018

# PIMCO Fixed Income Source ETFs plc

## Depository's Report

(Unaudited)

We have enquired into the conduct of PIMCO Fixed Income Source ETFs plc (the "Company") for the financial period from 1 April 2017 to 31 March 2018, in our capacity as Depository to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ('the UCITS Regulations'), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### RESPONSIBILITIES OF THE DEPOSITARY

Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that financial period in accordance with the provisions of the Company's constitution (the "Constitution") and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depository must state why this is the case and outline the steps which we have taken to rectify the situation.

### BASIS OF DEPOSITARY OPINION

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the Constitution and the UCITS Regulations and (ii) otherwise in accordance with the Constitution and the UCITS Regulations.

### OPINION

In our opinion, the Company has been managed during the financial period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitution, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, ('the Central Bank UCITS Regulations'); and
- (ii) otherwise in accordance with the provisions of the Constitution, the UCITS Regulations and the Central Bank UCITS Regulations.

State Street Custodial Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32  
Ireland

Date: 24 July 2018

# PIMCO Fixed Income Source ETFs plc

## Remuneration Disclosures

(Unaudited)

PIMCO Global Advisors (Ireland) Limited (the "Manager"), in accordance with its obligations under Directive 2009/65/EC, as amended (the "UCITS Directive") is required to have remuneration policies and practices for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or any Undertakings for Collective Investment in Transferable Securities ("UCITS") under management, that are consistent with and promote sound and effective risk management and do not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Manager or the PIMCO Fixed Income Source ETFs plc (The "Company").

Details of the remuneration in respect of the financial year ending 31 March 2018 which is paid by the Company to its staff are set out below:

The Manager has no employees. The Manager has a Board of Directors, three of whom are employees of the PIMCO group and receive no remuneration from the Manager. The remaining four Directors, all of whom are independent, receive a fixed fee only (for the year ended 31 March 2018; €28,000 (31 March 2017; €24,000) in aggregate) and do not receive variable remuneration. These fees are set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Manager and the Company's complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on the fees paid by the Manager to the Directors.

# PIMCO Fixed Income Source ETFs plc

## Glossary: (abbreviations that may be used in the preceding statements)

(Unaudited)

### Counterparty abbreviations:

AZD	Australia and New Zealand Banking Group	JPS	JP Morgan Securities, Inc.
BCY	Barclays Capital, Inc.	MAC	Macquarie Bank Limited
BOA	Bank of America N.A.	MSB	Morgan Stanley Bank, N.A.
BOS	Banc of America Securities LLC	MYC	Morgan Stanley Capital Services, Inc.
BPS	BNP Paribas S.A.	MYI	Morgan Stanley & Co. International PLC
BRC	Barclays Bank PLC	NAB	National Australia Bank Ltd.
CBK	Citibank N.A.	NOM	Nomura Securities International Inc.
CFR	Credit Suisse Securities (Europe) Ltd.	PER	Pershing LLC
DUB	Deutsche Bank AG	RBC	Royal Bank of Canada
FBF	Credit Suisse International	RYL	Royal Bank of Scotland Group PLC
FCT	Credit Suisse Capital LLC	SCX	Standard Chartered Bank
GLM	Goldman Sachs Bank USA	SOG	Societe Generale
GRE	RBS Securities, Inc.	SSB	State Street Bank and Trust Co.
GST	Goldman Sachs International	TDM	TD Securities (USA) LLC
HUS	HSBC Bank USA N.A.	TOR	Toronto Dominion Bank
IND	Crédit Agricole Corporate and Investment Bank S.A.	UAG	UBS AG Stamford
JML	JP Morgan Securities Plc	UBS	UBS Securities LLC
JPM	JP Morgan Chase Bank N.A.		

### Currency abbreviations:

ARS	Argentine Peso	INR	Indian Rupee
AUD	Australian Dollar	JPY (or ¥)	Japanese Yen
BRL	Brazilian Real	MXN	Mexican Peso
CAD	Canadian Dollar	MYR	Malaysian Ringgit
CHF	Swiss Franc	PHP	Philippine Peso
CLP	Chilean Peso	PLN	Polish Zloty
CNH	Chinese Renminbi (Offshore)	RUB	Russian Ruble
CNY	Chinese Renminbi (Mainland)	SEK	Swedish Krona
COP	Colombian Peso	SGD	Singapore Dollar
CZK	Czech Koruna	THB	Thai Baht
DKK	Danish Krone	TRY	Turkish New Lira
EUR (or €)	Euro	USD (or \$)	United States Dollar
GBP (or £)	British Pound	ZAR	South African Rand
IDR	Indonesian Rupiah		

### Exchange abbreviations:

CBOE	Chicago Board Options Exchange
CBOT	Chicago Board of Trade
OTC	Over the Counter

### Index abbreviations:

CDX.HY	Credit Derivatives Index – High Yield
CDX.IG	Credit Derivatives Index – Investment Grade
CMBX	Commercial Mortgage-Backed Index
CPURNSA	Consumer Price All Urban Non-Seasonally Adjusted Index

### Other abbreviations:

BTP	Buoni del Tesoro Poliennali	MBS	Mortgage-Backed Security
CDO	Collateralised Debt Obligation	PIK	Payment-in-Kind
CHILIBOR	Chile Interbank Offered Rate	REIT	Real Estate Investment Trust
CLO	Collateralised Loan Obligation	RMBS	Residential Mortgage-Backed Security
DAC	Designated Activity Company	TBA	To-Be-Announced
ESM	European Stability Mechanism	TBD	To-Be-Determined
EURIBOR	Euro Interbank Offered Rate	TIIE	Tasa de Interés Interbancaria de Equilibrio “Equilibrium Interbank Interest Rate”
JSC	Joint Stock Company	WIBOR	Warsaw Interbank Offered Rate
LIBOR	London Interbank Offered Rate		

# PIMCO Fixed Income Source ETFs plc

## General Information

(Unaudited)

### Manager

PIMCO Global Advisors (Ireland) Ltd.,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32,  
Ireland.

### Investment Advisors

Pacific Investment Management Company LLC,  
650 Newport Center Drive,  
Newport Beach,  
California 92660,  
USA.

PIMCO Europe Ltd.,  
11 Baker Street,  
London W1U 3AH,  
England.

PIMCO Deutschland GmbH,  
Seidlstraße 24-24a,  
80335, Munich,  
Germany.

### Administrator

State Street Fund Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32,  
Ireland.

### Depositary

State Street Custodial Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32,  
Ireland.

### Distributor

PIMCO Europe Ltd.,  
11 Baker Street,  
London W1U 3AH,  
England.

### United Kingdom Representative

PIMCO Europe Ltd.,  
11 Baker Street,  
London W1U 3AH,  
England.

### Co-Promoters

PIMCO Europe Ltd.,  
11 Baker Street,  
London W1U 3AH,  
England.

Source UK Services Limited,  
110 Cannon Street,  
London EC4N 6EU,  
England.

### Austrian Paying Agent

Erste Bank der oesterreichischen Sparkassen AG,  
Graben 21,  
A-1010 Vienna,  
Austria.

### International Paying Agent

Citibank, N.A., London Branch,  
Citigroup Centre,  
Canada Square,  
Canary Wharf,  
London E14 5LB,  
England.

### German Paying and Information Agent

Marcard, Stein & Co. AG,  
Ballindamm 36,  
20095 Hamburg,  
Germany.

### French Centralising and Financial Agent

Société Générale,  
29, boulevard Haussmann,  
75009 Paris,  
France.

### Luxembourg Paying and Representative Agent

BNP Paribas Securities Services,  
23, avenue de la Porte-Neuve,  
L-2085, Luxembourg.

### Swiss Paying and Representative Agent

BNP Paribas Securities Services,  
Paris, succursale de Zurich,  
Selnaustrasse 16,  
8002 Zurich,  
Switzerland.

### Sweden Paying Agent

SEB Merchant Banking,  
Sergels Torg 2,  
SE-106 40,  
Stockholm,  
Sweden.

### Legal Advisors as to Irish law

Dillon Eustace,  
33 Sir John Rogerson's Quay,  
Dublin D02 XK09,  
Ireland.

# PIMCO Fixed Income Source ETFs plc

## General Information (Cont.)

(Unaudited)

### Independent Auditors

PricewaterhouseCoopers,  
Chartered Accountants and Statutory Audit Firm,  
One Spencer Dock,  
North Wall Quay,  
Dublin D01 X9R7,  
Ireland.

### Secretary

State Street Fund Services (Ireland) Limited,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32,  
Ireland.

### Registered Office

PIMCO Fixed Income Source ETFs plc,  
78 Sir John Rogerson's Quay,  
Dublin D02 HD32,  
Ireland.

### Directors of the Company and the Manager

V. Mangala Ananthanarayanan<sup>1</sup>  
Ryan P. Blute<sup>1</sup>  
John Bruton (Independent Director)  
(Appointed on 28 February 2018)  
Craig A. Dawson<sup>1</sup>  
David M. Kennedy (Independent Director)  
Michael J. Meagher (Independent Director)  
Frances Ruane (Independent Director)  
(Appointed on 28 February 2018)

The Prospectus, Supplements to the Prospectus, Memorandum & Articles of Association, annual and semi-annual reports are available free of charge at the office of the representative or agent of each jurisdiction.

Investors may obtain a copy of the list of changes in the portfolio during the financial year ended 31 March 2018, free of charge, at the depository or paying agents, at the paying and information agent in Germany and the Swiss representative in Switzerland.

THE DISTRIBUTION OF SHARES OF THE FUNDS IN SWITZERLAND WILL BE EXCLUSIVELY MADE TO, AND DIRECTED AT, QUALIFIED INVESTORS (THE "QUALIFIED INVESTORS"), AS DEFINED IN THE SWISS COLLECTIVE INVESTMENT SCHEMES ACT OF 23 JUNE 2006, AS AMENDED ("CISA"), AND ITS IMPLEMENTING ORDINANCE. ACCORDINGLY, THE FUNDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"). THIS REPORT MAY BE MADE AVAILABLE IN SWITZERLAND SOLELY TO QUALIFIED INVESTORS.

<sup>1</sup> Employed by PIMCO.