

PNC Government Mortgage Fund

Period ending 3/31/18

NASDAQ SYMBOLS I Shares: PTGIX A Shares: POMAX C Shares: PGTCX

PNC Government Mortgage Fund seeks to provide current income as well as preservation of capital by investing in a diversified portfolio of mortgage-related securities.

PERFORMANCE SUMMARY TOTAL RETURNS

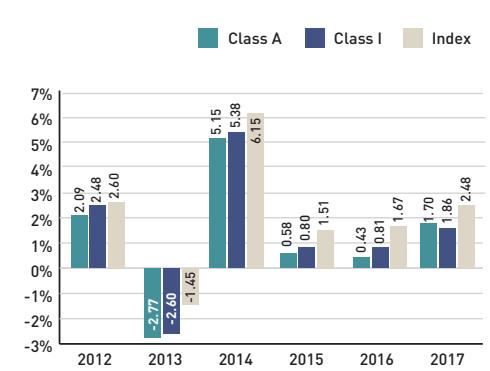
Share Class (Inception Date)		3 Mos	Year to Date	1 Year	ANNUALIZED				Max Sales Chg.	Max CDSC	Gross Exp. Ratio	Net Exp. Ratio ¹
					3 Years	5 Years	10 Years	Since Inception				
Class I (11/12/92)		-1.38%	-1.38%	0.16%	0.34%	0.99%	2.83%	4.64%	—	—	1.03%	0.65%
Class A (11/12/92)	NAV	-1.44%	-1.44%	-0.10%	0.08%	0.73%	2.56%	4.39%	4.50%	—	1.31%	0.93%
	POP	-5.86%	-5.86%	-4.57%	-1.45%	-0.20%	2.09%	4.20%	4.50%	—	1.31%	0.93%
Class C (6/21/00)	NAV	-1.62%	-1.62%	-0.95%	-0.70%	-0.02%	1.80%	3.11%	—	1.00%	2.03%	1.65%
	POP	-2.60%	-2.60%	-1.92%	-0.70%	-0.02%	1.80%	3.11%	—	1.00%	2.03%	1.65%
Bloomberg Barclays Fixed Rate Mortgage-Backed Securities Index ²		-1.19%	-1.19%	0.78%	1.12%	1.81%	3.49%	—	—	—	—	—

¹ Net operating expenses reflect contractual waivers and expense reimbursements that continue through the end of September 2018. For more information on fee waivers or expense reimbursements please see the expense table in the prospectus. If the waivers or reimbursements were not in effect the Fund's performance would have been lower.

² The Bloomberg Barclays Fixed Rate Mortgage-Backed Securities Index, a widely used unmanaged index of mortgage-backed securities, is not available for direct investment. Unlike a mutual fund, the performance of an index assumes no taxes, transaction costs, management fees, or other expenses.

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. POP (Public Offering Price) figures reflect maximum sales charge in class A shares of 4.50%. NAV (Net Asset Value) returns do not include the effect of any applicable sales charges. Current performance may be lower or higher than that shown here. Performance data current to the most recent month-end is available at 800-622-FUND (3863) or pncfunds.com.

CALENDAR YEAR TOTAL NAV RETURNS



PORTFOLIO CHARACTERISTICS

Number of Securities	Effective Duration (Years) ³	30-day SEC Yield (sub./unsub.) ⁴
147	4.58	2.47%/1.68%
Total Fund Net Assets	Weighted Average Life (Years)	Average Credit Quality ⁵
\$17.5M	6.49	Aaa

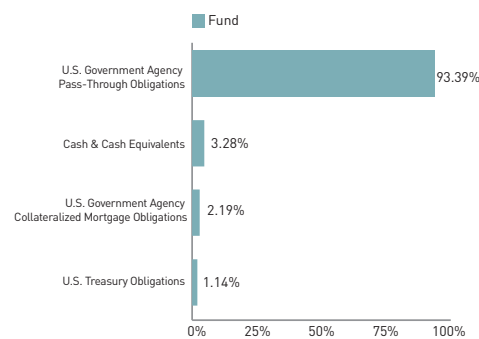
³ Measure of a bond fund's sensitivity to changes in interest rates. Generally, the longer a bond or fund's duration, the more the price of the bond or fund will change as interest rates change.

⁴ Yield shown is for I share class only. Other share class yields may differ. The 30-day SEC yield is calculated with a standardized formula mandated by the SEC. The formula is based on maximum offering price per share and includes the effect of any fee waivers. Without waivers, yields would be reduced. The 30-day unsubsidized SEC yield does not reflect waivers in effect. A fund's actual distribution rate will differ from the SEC yield and any income distributions from the fund may be higher or lower than the SEC yield.

⁵ Average of each bond's credit rating, adjusted for its relative weighting in the portfolio.

SECTOR WEIGHTINGS⁶

(Subject to Change)



⁶ Sector Weightings are a percent of total net assets, calculated based on Fund net assets, and are subject to change. As such, they are for illustrative purposes only as they are not a permanent reflection of Fund composition.

MOODY'S BOND RATINGS⁷

(Subject to Change)

Aaa	100.00%	Below Baa	—
Aa	—	Baa	—
A	—	NR*	—
Total		100%	

Aaa	Baa
Highest Quality	Medium Grade
Aa	Below Baa
High Quality	Predominantly speculative, poor quality in increasing degrees
A	NR*
Upper Medium Grade	Not Rated

* While certain of the Fund's securities may be Not Rated by Moody's, they may be rated by additional NRSRO's.

⁷ A credit rating is a current opinion of the creditworthiness of an obligor with respect to a financial obligation. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. Bond ratings are subject to change.

INVESTMENT STRATEGY

PNC Government Mortgage Fund is managed through a team-driven, top-down process utilizing active sector rotation, relative valuation analysis, and prudent risk management. The Fund seeks to provide current income as well as preservation of capital by investing at least 80% of the Fund's assets in securities issued or guaranteed by agencies, authorities, instrumentalities, or sponsored enterprises of the U.S. government as well as obligations issued or guaranteed by the U.S. government. The dollar-weighted average maturity of the Fund is expected to remain within three to ten years. The Fund's duration (its sensitivity to interest rate changes) is managed to plus/minus 20% maximum relative to its benchmark index, the Bloomberg Barclays Fixed Rate Mortgage-Backed Securities Index.

INVESTMENT RISKS

An investment in the Fund is subject to interest-rate risk, which is the possibility that a fund's yield will decline due to falling interest rates and the potential for bond prices to fall as interest rates rise. High-yielding, non-investment-grade bonds present a greater risk of loss to principal and interest than investment-grade securities. The value of debt securities may be affected by the ability of issuers to make principal and interest payments and even the possibility that the issuer will default completely. Although U.S. government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by other agencies (such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, and the Federal Home Loan Bank) are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources. No assurance can be given that the U.S. government will provide financial support to these agencies. The Fund may also be subject to prepayment risk, the risk that the principal of a fixed income security that is held by the Fund may be prepaid prior to maturity, potentially forcing the Fund to reinvest that money at a lower interest rate.

MANAGEMENT TEAM**Sean T. Rhoderick, CFA**

Managing Director, Chief Investment Officer,
Taxable Fixed Income
23 years industry experience
Managed fund since: 2009

Mark A. Lozina, CFA

Senior Portfolio Manager
22 years industry experience
Managed fund since: 2002

Jason Weber, CFA

Assistant Portfolio Manager
11 years industry experience
Managed fund since: 2017

Effective November 14, 2017, the title for Jason Weber, CFA, with respect to PNC Government Mortgage Fund changed to Assistant Portfolio Manager.

Past performance is no guarantee of future results.

You should consider the investment objectives, risks, charges, and expenses of PNC Funds carefully before investing. A prospectus or summary prospectus with this and other information may be obtained at 800-622-FUND (3863) or pncfunds.com. The prospectus should be read carefully before investing.

• NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

PNC Capital Advisors, LLC (PCA), a subsidiary of The PNC Financial Services Group, Inc., serves as investment adviser and co-administrator to PNC Funds and receives fees for its services. PNC Funds are distributed by PNC Funds Distributor, LLC, which is not affiliated with the adviser and is not a bank.