

SERIES: I

AS OF: 31 JANUARY 2023

Monthly Commentary

PIMCO Canada Mutual Funds

Fund information

Fund inception date	20 January 2011
Strategy	Income
Total Net Assets (CAD in millions)	\$22,344.5
Portfolio manager(s)	Alfred Murata Dan Ivascyn Joshua Anderson
Effective duration (yrs)	3.11
Benchmark duration (yrs)	6.33
Effective maturity (yrs)	6.03

Client Specific Update – Not for Public Distribution

Performance summary

The PIMCO Monthly Income Fund (Canada) returned 2.85% (before management and admin fees) in January versus the Bloomberg U.S. Aggregate Index (CAD Hedged), which returned 3.02% for the month. Over the past 3 months the Fund has returned 5.23% after fees, while the benchmark returned 6.23%.

The Monthly Income Fund (Canada) continued to provide investors with attractive monthly distributions through January.

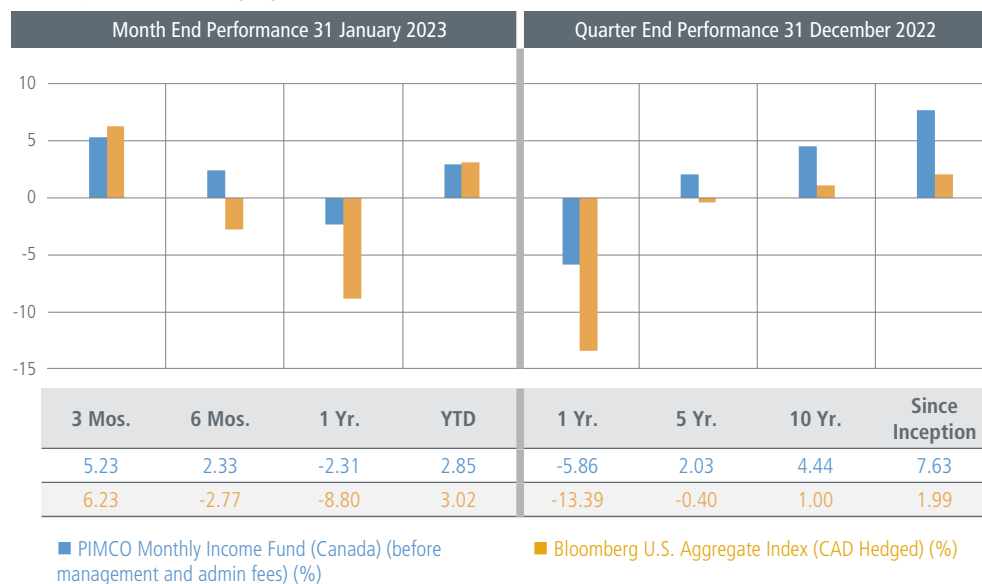
The portfolio's duration strategies contributed to performance in January, specifically, the Fund's exposure to US duration as rates fell in this market. The Fund's holdings of Agency mortgage backed securities and investment grade corporate credit contributed to performance as spreads tightened. The higher yielding portion of the portfolio was also positive in January with the Fund's holdings of high yield corporate credit contributing to performance.

Contributors

- Exposure to US duration
- Exposure to investment grade corporate and high yield credit
- Exposure to Agency MBS

Detractors

- Exposure to emerging market local debt



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all dividends and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated.

Performance is net of operating expenses, but does not include management or administrative fees. Management fees for Series I units of a Fund are negotiated and paid directly by the investor, not by the Fund, and will not exceed the Series A management fees of the Fund. Please refer to the prospectus for additional details on applicable fees and expenses.

Differences in the Fund's performance versus the Bloomberg U.S. Aggregate Index (CAD Hedged) (the "Index") and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the pricing methodologies used by the Fund and the Index.

IMPORTANT NOTICE

Please note that this material contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

PIMCO Monthly Income Fund (Canada)

Portfolio characteristics as of 31 January 2023

	Duration (years)
Government Related	-0.14
United Kingdom	-0.04
Australia	0.08
EMU	-0.26
Japan	0.00
United States	0.20
Other	-0.12
Securitized ¹	2.39
Invest. Grade Credit	0.63
High Yield Credit	0.16
Emerging Markets	0.16
Bonds and Other Long Duration Instruments	0.15
Short Duration Instruments ²	0.00
Municipal/Other	0.01
Net Other Short Duration Instruments ³	-0.08

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

¹ The Securitized bucket will include Agency MBS, non-Agency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

² Short Duration Instruments includes an emerging market security or other instrument economically tied to an emerging market country by country of risk with an effective duration less than one year and rated investment grade or higher or if unrated, determined to be similar quality by PIMCO. Includes the value of short duration emerging markets instruments previously reported in "Cash Equivalents".

³ Net Other Short Duration Instruments includes securities and other instruments (except those instruments tied to emerging markets by country of risk) with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money, short duration derivatives and derivatives offsets. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category. Derivatives Offsets includes offsets associated with investments in futures, swaps and other derivatives. Such offsets may be taken at the notional value of the derivative position.

Portfolio positioning

The Fund can be divided into two broad segments: higher yielding assets, which are typically expected to benefit when economic growth is robust and higher quality assets, which are expected to perform well in risk-off scenarios.

Within the higher quality segment, net portfolio duration decreased modestly as we remain cautious given the volatility potential across global rate markets. We continue to favor US duration provided nominal rates remain higher relative to other developed countries. Within investment grade corporate credit, we continue to like financials' fundamentals and favor defensive sector such as telecom and healthcare.

To balance these positions, we hedge some of our interest rate exposure with a short position in European duration.

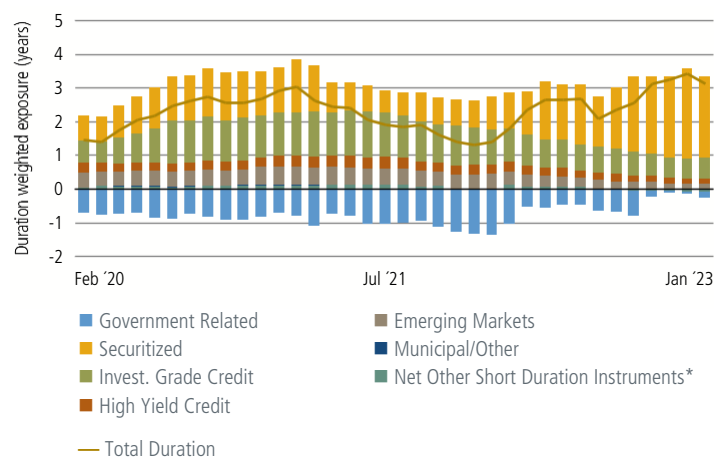
In the higher yielding segment, we seek to stay diversified across corporate, securitized, and emerging market credit. Within high yield credit, we remain selective and mindful of liquidity conditions favoring senior secured and shorter dated bonds. In securitized credit, we continue to look for opportunities to add senior exposure, particularly in US non-Agency and UK mortgages.

Month in review

Financial markets broadly rallied in January as rate hike and inflation fears ebbed. Global equities rose - with the MSCI World up 7.1% - and credit spreads tightened, while the dollar weakened. Developed sovereign yields broadly fell as markets appeared more confident that inflation has peaked. In the U.S., the 10-year Treasury fell -37 bps, while the 10-year JGB rose 7 bps to 0.50% as sharply higher inflation and expectations for further adjustments to Yield Curve Control applied upward pressure on yields.

Against this backdrop, performance was positive over the month. Within the higher quality portion of the portfolio, the Fund's exposure to US duration contributed to performance as rates fell in this market. The Fund's exposure to Agency mortgage backed securities and investment grade corporate credit also contributed to performance as spreads tightened.

Within the higher yielding portion of the portfolio, non-Agency mortgage backed securities and high yield corporate credit contributed to performance as spreads tightened in these markets. Meanwhile, the Fund's exposure to emerging market local debt detracted from performance.



*Prior to 31 December 2014 these categories were reported separately. Portfolio allocations and other information in the charts are based on the fund's net assets. These percentages may differ from those used for the fund's compliance calculations, including the fund's prospectus, regulatory, and other investment limitations and policies, which may be based on total assets of the fund or other measurements, may include or exclude various categories of investments from those covered in the portfolio allocation categories shown in this report, and may be based on different classifications and measurements of the fund's investments and other criteria.

Outlook and strategy

We expect a modest recession in the near-term across developed markets as central banks continue to battle inflation, yet uncertainties remain. Central banks are expected to remain restrictive with higher policy rates likely resulting in tighter financial conditions. We expect DM central banks to continue to hike for the next quarter or so and believe the U.S. Federal Reserve may need to reach a roughly 5% nominal federal funds rate before pausing/slowing. We continue to see a strong case for investing in bonds, after yields reset higher in 2022 and with an economic downturn looking likely in 2023.

Within the Income Strategy, we are focused on quality, diversification, and seniority in the capital structure. The strategy has an income-oriented approach that aims to be flexible and resilient in times of market volatility over the longer term.

Management profile



Alfred Murata
Managing Director



Dan Ivascyn
Managing Director and
Group CIO



Joshua Anderson
Managing Director

2011
20 JAN

INCEPTION DATE

\$22.3BN

ASSETS UNDER
MANAGEMENT

Seeks to maximize current income consistent with preservation of capital and prudent investment management. Long-term capital appreciation is a secondary objective

Targets high, consistent income

No offering is being made by this material. Interested investors should obtain a copy of the prospectus, which is available from your Financial Advisor.

Investments made by a Fund and the results achieved by a Fund are not expected to be the same as those made by any other PIMCO-advised Fund, including those with a similar name, investment objective or policies. A new or smaller Fund's performance may not represent how the Fund is expected to or may perform in the long-term. New Funds have limited operating histories for investors to evaluate and new and smaller Funds may not attract sufficient assets to achieve investment and trading efficiencies. A Fund may be forced to sell a comparatively large portion of its portfolio to meet significant unitholder redemptions for cash, or hold a comparatively large portion of its portfolio in cash due to significant unit purchases for cash, in each case when the Fund otherwise would not seek to do so, which may adversely affect performance.

A word about risk: Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. Investing in **foreign denominated and/or domiciled securities** may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. **Mortgage and asset-backed securities** may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor there is no assurance that the guarantor will meet its obligations. **Sovereign securities** are generally backed by the issuing government, obligations of U.S. Government agencies and authorities are supported by varying degrees but are generally not backed by the full faith of the U.S. Government; portfolios that invest in such securities are not guaranteed and will fluctuate in value. **High-yield**, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. **Derivatives** may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could result in a loss that is greater than the amount invested. **Diversification** does not ensure against loss. Distributions are subject to market risk.

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

Although the Fund may seek to maintain stable distributions, the Fund's distribution rates may be affected by numerous factors, including but not limited to changes in realized and projected market returns, fluctuations in market interest rates, Fund performance, and other factors. There can be no assurance that a change in market conditions or other factors will not result in a change in the Fund's distribution rate or that the rate will be sustainable in the future.

For instance, during periods of low or declining interest rates, the Fund's distributable income and dividend levels may decline for many reasons. For example, the Fund may have to deploy uninvested assets (whether from purchases of Fund shares, proceeds from matured, traded or called debt obligations or other sources) in new, lower yielding instruments. Additionally, payments from certain instruments that may be held by the Fund (such as variable and floating rate securities) may be negatively impacted by declining interest rates, which may also lead to a decline in the Fund's distributable income and dividend levels.

Effective duration is the duration for a bond with an embedded option when the value is calculated to include the expected change in cash flow caused by the option as interest rates change.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

Morningstar ratings are only shown for those funds that have achieved a 4 or 5 star rating. Ratings for other funds or series are either lower or not available.

PIMCO Monthly Income Fund (Canada)

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

This material contains the current opinions of the manager and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America LLC in the United States and throughout the world. ©2023, PIMCO.

The products and services provided by PIMCO Canada Corp. may only be available in certain provinces or territories of Canada and only through dealers authorized for that purpose. PIMCO Canada Corp. has retained PIMCO LLC as sub-adviser. PIMCO Canada Corp. will remain responsible for any loss that arises out of the failure of its sub-advisor. PIMCO Canada Corp., 199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, ON, M5L 1G2.

The PIMCO Monthly Income Fund (Canada) has issued a distribution for each month since inception. No guarantee is being made that a future distribution will be issued.

Currency rates may fluctuate significantly over short periods of time and may reduce the returns of a portfolio.

Mortgage and asset-backed securities (MBS) may be sensitive to changes in interest rates, subject to early repayment risk, and while generally supported by a government, government-agency or private guarantor, there is no assurance that the guarantor will meet its obligations.

References to Agency and non-agency mortgage-backed securities refer to mortgages issued in the United States.