

# PIMCO Monthly Enhanced Income Fund

## PERFORMANCE SUMMARY

The PIMCO Monthly Enhanced Income Fund returned -0.08% at NAV in December, and Year-to-date the Fund has returned 10.48% at NAV.

Developed market bonds generally ended the quarter modestly higher as fiscal concerns persisted and central banks adjusted monetary policy. Risk sentiment remained healthy with equities posting gains, meanwhile the U.S. dollar rose 0.6% in Q4.

10-year U.S. Treasury yields saw intra-quarter fluctuations, amid moderating inflation and mixed growth signals. The U.S. 10-year Treasury yield ended at 4.17%, representing a 2 bp increase over the quarter.

Against this backdrop, the MSCI World Index returned 3.1% over the quarter while the Global Aggregate Bond Index (USD-Hedged) gained 0.8%.

### Contributors

- Exposure to emerging markets debt
- Exposure to corporate credit, particularly bank loans
- Holdings related to corporate special situations

### Detractors

- Holdings related to EM special situations
- Exposure to CMBS
- Exposure to CLOs

## Fund information

Fund Inception Date	20 Dec 2024
Strategy	FIXED INCOME, MULTI SECTOR
Total Net Assets CAD (in millions)	\$810.04

## Expenses

Management Fee <sup>1</sup>	1.30
MER	2.58

## Distribution Rates

Market Price Distribution Rate <sup>2</sup>	9.61 %
NAV Distribution Rate <sup>2</sup>	8.46 %
at NAV Distribution (\$/Unit)	\$0.07166

<sup>1</sup>The Management Fee is applied to the Fund's total assets. Total assets is the aggregate value of the assets of the Fund.

<sup>2</sup>Distribution rates are not performance and are calculated by annualizing the most recent distribution per unit and dividing by the NAV or Market Price as of the reported date.

## Portfolio Manager

Alfred Murata, Joshua Anderson, Russell Gannaway, Jamie Weinstein

## 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.

	Month End Performance 31 Dec 2025				Quarter End Performance 31 Dec 2025	
	3 mos.	6 mos.	1 Yr.	YTD	1 Yr.	Since inception
■ PIMCO Monthly Enhanced Income Fund at NAV	1.62	5.11	10.48	10.48	10.48	10.37
■ PIMCO Monthly Enhanced Income Fund at Market Price	-1.04	5.63	7.54	7.54	7.54	—

You will usually pay brokerage fees to your dealer if you purchase or sell units of the investment fund on Toronto Stock Exchange (the "TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them. There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in these documents.

The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account certain fees such as redemption fees or optional charges or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

## PORTFOLIO POSITIONING

With a flexible, multisector approach to global credit markets, we aim to identify the most compelling relative value opportunities offering attractive yield and total-return potential. Given today's elevated volatility, we have adopted a more cautious stance - especially in areas where we see heightened credit risk or insufficient spread compensation.

We continue to favor residential mortgage-backed securities, which we believe provide an appealing mix of income and upside potential. Strong borrower fundamentals, sizable homeowner equity, and limited supply help create a meaningful cushion against downside risk.

In corporate credit, we remain highly selective, targeting idiosyncratic opportunities and special situations with differentiated return profiles. Leveraging PIMCO's deep analytical resources, we emphasize structures and covenants that help mitigate risk.

Our emerging markets exposure remains measured, focused on higher-quality sovereign and quasi-sovereign issuers with disciplined fiscal frameworks.

Across the portfolio, our goal is to source attractive income, harness complexity and illiquidity premiums, and build a durable, diversified strategy able to navigate a wide range of economic outcomes.

## Sector Allocation (% Market Value)

Government Related	12.27
Securitized <sup>‡</sup>	37.30
Invest. Grade Credit	8.03
High Yield Credit	26.87
Emerging Markets <sup>Ω</sup>	10.54
Municipal/Other <sup>Δ</sup>	16.36
Net Other Short Duration Instruments <sup>¶</sup>	-11.36

## MONTH IN REVIEW

Exposure to EM debt contributed to performance as spreads tightened over the quarter. Exposure to corporate credit, particularly bank loans, contributed to performance as the sector posted positive returns on the back of continued spread-tightening. Holdings related to corporate special situations contributed to performance, as select securities, including shares of a European telecom operator, posted positive returns. Holdings related to emerging market special situations detracted from performance as shares of a Brazilian telecom business posted negative returns. Exposure to commercial mortgage credit and exposure to CLOs detracted from performance as select securities posted negative returns.

Global high yield bonds returned 1.27% driven by solid technicals, resilient fundamentals, and rate cuts, despite dispersion from idiosyncratic credit stories and varying exposure to tariffs in the lower-rated cohort of the market. Agency MBS returned 1.71% in the fourth quarter, outperforming like-duration Treasuries by 69 bps. The belly of the curve outperformed amid a steady decline in volatility and a strong increase in demand for MBS. Legacy non-Agency RMBS tightened over the quarter, while non-Agency CMBS returned 1.42%, outperforming like-duration Treasuries by 25 bps. External debt rose 3.04%, driven by a 27-bp tightening in spreads and a 2-bp rise in U.S. Treasury yields. Local debt returned 3.34% as EM currencies gained against the U.S. dollar and local rates fell. Emerging markets continue to show resilience amid tariff pressures, underpinned by healthy growth, and monetary easing.

## OUTLOOK AND STRATEGY

We view the environment as transitional, with the economy demonstrating resilience through 2025. The near-term outlook has improved as demand recovers, and investment, particularly around AI, continues to support growth. Inflation has slowed across regions and is broadly tracking back toward target, allowing policymakers greater flexibility.

In the U.S., uncertainty is elevated amid an increasingly K-shaped economy and an upcoming Fed leadership transition, contributing to market volatility. Ex-U.S., we expect greater divergence across both monetary and fiscal policy.

Central banks globally, including the Fed, are expected to continue modest easing, with policy rates converging toward neutral as inflation recedes.

Within the Fund, we maintain a balanced and selective posture, emphasizing asset-backed credit where fundamentals remain comparatively resilient. Strong household balance sheets, home equity cushions, and more disciplined underwriting standards continue to differentiate these sectors from broader corporate credit and support resilience across a range of outcomes.

In corporate markets, tight spreads limit the attractiveness of beta exposure. As a result, we continue to prioritize opportunities where we can invest up in the capital structure, supported by hard assets and strong cash flows. We also seek situations where PIMCO's scale and flexibility allow us to provide bespoke financing on more favorable terms.

Overall, we believe our disciplined relative-value approach, and focus on well-supported assets position the portfolio to navigate an environment characterized by improving growth prospects, policy divergence, and ongoing structural change.

## FUND STATISTICS

Effective Duration (yrs)	3.64
Average Coupon (%)	4.62
Effective Maturity (yrs)	5.87

*No offering is being made by this material.*

<sup>†</sup>The Securitized bucket will include Agency MBS, nonAgency MBS, CMBS, ABS, CDO, CLO, and Pooled Funds.

<sup>‡</sup>Short duration emerging markets 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. Emerging Markets includes the value of short duration emerging markets instruments previously reported in another category.

<sup>¶</sup>Net Other Short Duration Instruments includes securities and other instruments (except 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.

**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.

**Effective maturity** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

The fund mentioned is a closed-end exchange traded investment fund. The material presented here is only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, units are sold on the open market through a stock exchange. Closed-end funds may be leveraged and carry various risks depending upon the underlying assets owned by a fund. Investment policies, management fees and other matters of interest to prospective investors may be found in each closed-end fund's annual and semi-annual report. For additional information, please contact your investment professional.

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A significant portion of the fund's monthly distributions may be sourced from the fund's derivatives transactions. Some or all of these transactions, such as paired swap transactions, may also generate capital losses without corresponding offsetting capital gains, such that portions of the fund's distributions recognized as ordinary income for tax purposes may be economically similar to a taxable return of capital when considered together with such capital losses.

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.

The Fund may invest directly or indirectly in securities of stressed or distressed issuers, which include securities at risk of being in default as to the repayment of principal and/or interest at the time of acquisition by the Fund or that are rated in the lower rating categories by one or more nationally recognized statistical rating organizations (for example, Ca or lower by Moody's or CC or lower by S&P or Fitch) or, if unrated, are determined by PIMCO to be of comparable quality. Debt instruments of below investment grade quality (below Baa3 by Moody's or below BBB- by S&P or Fitch) are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal, and are commonly referred to as "high yield" securities or "junk bonds." Debt instruments in the lowest investment grade category also may be considered to possess some speculative characteristics. The Fund may, for hedging, investment or leveraging purposes, make use of credit default swaps, which are contracts whereby one party makes periodic payments to a counterparty in exchange for the right to receive from the counterparty a payment equal to the par (or other agreed upon) value of a referenced debt obligation in the event of a default or other credit event by the issuer of the debt obligation.

Total net asset value (NAV) return measures the change in NAV per unit over the period indicated. Total market value return is computed based upon the Fund's TSX market price per unit and excludes the effects of brokerage commissions. Distributions are assumed, for purposes of these calculations, to be reinvested at prices obtained under the Fund's distribution-reinvestment plan. As with any stock, the price of the fund's common shares will fluctuate with market conditions and other factors. Securities of closed-end funds frequently trade at a price that is less than (a "discount") or more than (a "premium") from their net asset value. If the fund's units trade at a premium to net asset value, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the units will not trade at a discount to net asset value thereafter. Additionally, the fund's distribution rate may be affected by numerous factors, including changes in realized and projected market returns, 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 distribution rate at a future time.

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

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