PIMCO

PIMCO CANADA CORP.

Annual Report

December 31, 2023

PIMCO Multi-Sector Income Fund

You can get a copy of the Fund's Management Report of Fund Performance at your request, and at no cost, by calling 866.341.3350 or by writing to us at PIMCO Canada Corp. 199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, Ontario, M5L 1G2 or by visiting our website at www.pimco.ca or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Management’s Responsibility for Financial Reporting

March 14, 2024

The accompanying financial statements of the Funds (as defined in Note 1 to the financial statements) have been prepared by PIMCO Canada Corp (the “Manager”). The Manager of the Funds is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The material accounting policies which management believes are appropriate for the Funds are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Funds and their report follows. They have audited the financial statements in accordance with Canadian Generally Accepted Auditing Standards to enable them to express to the unitholders their opinion on the financial statements.

Stuart Graham
President, acting in the capacity of
Chief Executive Officer
PIMCO Canada Corp.

Independent Auditor's Report

To the Unitholders and Trustee of PIMCO Multi-Sector Income Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of comprehensive income for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022;
- the statements of changes in net assets attributable to holders of redeemable units for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022;
- the statements of cash flows for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's 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 are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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 in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's 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 auditor's 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 Canadian generally accepted auditing standards 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrizia Ferrari.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 14, 2024

Statements of Financial Position PIMCO Multi-Sector Income Fund

(Amounts in thousands*, except per unit amounts)	12/31/2023	12/31/2022
Assets:		
Current Assets:		
Investments, at fair value		
Investments in securities‡	$ 180,632	$ 146,016
Investments in securities, pledged as collateral for committed facility	103,857	100,174
Financial Derivative Instruments		
Exchange-traded or centrally cleared	168	163
Over the counter	5,244	96
Deposits with counterparties	4,186	14,704
Foreign currency	658	25,450
Receivable for investments sold	43	2,752
Receivable for swap income	624	3,814
Interest and/or dividends receivable	3,246	3,522
Other assets	0	28
	298,658	296,719
Liabilities:		
Current Liabilities:		
Borrowings & Other Financing Transactions		
Payable for committed facility	51,677	25,455
Payable for master forward transactions	13,588	20,043
Financial Derivative Instruments		
Exchange-traded or centrally cleared	5	113
Over the counter	302	6,183
Payable for investments purchased	378	15,011
Payable for unfunded loan commitments	394	558
Deposits from counterparties	5,394	54
Distributions payable	1,675	1,675
Accrued management fees	388	369
Other liabilities	358	121
	74,159	69,582
Net Assets Attributable to Holders of Redeemable Units	$ 224,499	$ 227,137
Net Assets Attributable to Holders of Redeemable Units - Class A	$ 224,499	$ 227,137
Number of Redeemable Units - Class A	25,613	25,613
Net Assets Attributable to Holders of Redeemable Units per Unit - Class A	$ 8.76	$ 8.87
‡ Includes reverse repurchase agreements of:	$ 20,273	$ 0

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

Statements of Comprehensive Income PIMCO Multi-Sector Income Fund

(Amounts in thousands*, except per unit amounts)	Year Ended 12/31/2023	Commencement date through 12/31/2022**
Income:		
Net Gain (Loss) on Investments and Financial Derivative Instruments		
Interest for distribution purposes	$ 24,606	$ 16,026
Derivative income (loss)	(2,178)	99
Net realized gain (loss) on sale of investments	(2,719)	284
Net realized gain (loss) on exchange-traded or centrally cleared financial derivative instruments	4,141	93
Net realized gain (loss) on over the counter financial derivative instruments	(4,927)	(5,739)
Net change in unrealized appreciation (depreciation) on investments	(2,126)	(11,702)
Net change in unrealized appreciation (depreciation) on exchange-traded or centrally cleared financial derivative instruments	(1,751)	3,129
Net change in unrealized appreciation (depreciation) on over the counter financial derivative instruments	11,083	(6,088)
Net Gain (Loss) on Investments and Financial Derivative Instruments	26,129	(3,898)
Other Income (Loss)		
Net realized gain (loss) on foreign currency transactions	(2,850)	(6,535)
Net change in unrealized appreciation (depreciation) on translation of assets and liabilities denominated in foreign currencies	781	(304)
Net change in unrealized appreciation (depreciation) on translation of committed facility denominated in foreign currencies	1,756	(571)
Other Income (Loss)	(313)	(7,410)
Total Income (Loss)	25,816	(11,308)
Expenses:		
Management fees	4,168	3,788
IRC fees	1	0
Interest expense	4,144	1,492
Withholding taxes	46	25
Total Expenses	8,359	5,305
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 17,457	$ (16,613)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units Per Series		
Class A	$ 17,457	$ (16,042)
Class P [(a)]	N/A	(571)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units Per Unit		
Class A	$ 0.68	$ (0.68)
Class P [(a)]	N/A	(0.19)

* A zero balance may reflect actual amounts rounding to less than one thousand.
** Commencement of operations of the Fund was March 10, 2022.
(a) Class P units were redesignated as Class A units on September 12, 2022, and the Series was terminated.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units PIMCO Multi-Sector Income Fund

(Amounts in thousands*)

	Year Ended 12/31/2023		
	Class A	**Class P**	**Total**
Net Assets Attributable to Holders of Redeemable Units at the Beginning of the Period	$ 227,137	$ N/A	$ 227,137
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	17,457	N/A	17,457
Distributions to Holders of Redeemable Units:			
From net investment income	(14,205)	N/A	(14,205)
From return of capital	(5,890)	N/A	(5,890)
Total Distributions to Holders of Redeemable Units	(20,095)	N/A	(20,095)
Redeemable Unit Transactions:			
Proceeds from sale of redeemable units	0	N/A	0
Net Increase (Decrease) from Redeemable Unit Transactions	0	N/A	0
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units for the Period	(2,638)	N/A	(2,638)
Net Assets Attributable to Holders of Redeemable Units at the End of the Period	$ 224,499	$ N/A	$ 224,499
Redeemable Unit Transactions			
Redeemable units sold	0	N/A	N/A
Net Increase (Decrease) Resulting from Redeemable Unit Transactions	0	N/A	N/A
Redeemable Units - Beginning of Period	25,613	N/A	N/A
Redeemable Units - End of Period	25,613	N/A	N/A

	Commencement date through 12/31/2022**		
	Class A	**Class P**	**Total**
Net Assets Attributable to Holders of Redeemable Units at the Beginning of the Period	$ 0	$ 0	$ 0
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	(16,042)	(571)	(16,613)
Distributions to Holders of Redeemable Units:			
From net investment income	(11,710)	(665)	(12,375)
Total Distributions to Holders of Redeemable Units	(11,710)	(665)	(12,375)
Redeemable Unit Transactions:			
Proceeds from sale of redeemable units	254,889[(a)]	30,000	284,889
Cost of redeemable units redeemed	0	(28,764)[(a)]	(28,764)
Net Increase (Decrease) From Redeemable Unit Transactions	254,889	1,236	256,125
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units for the Period	227,137	0	227,137
Net Assets Attributable to Holders of Redeemable Units at the End of the Period	$ 227,137	$ 0	227,137
Redeemable Unit Transactions			
Redeemable units sold	25,613[(a)]	3,000	N/A
Redeemable units redeemed	0	(3,000)[(a)]	N/A
Net Increase (Decrease) Resulting from Redeemable Unit Transactions	25,613	0	N/A
Redeemable Units - Beginning of Period	0	0	N/A
Redeemable Units - End of Period	25,613	0	N/A

* A zero balance may reflect actual amounts rounding to less than one thousand.
** Commencement of operations of the Fund was March 10, 2022.
(a) 3,000 Class P units in the amount of $28,764 were designated as Class A units of the Fund on September 12, 2022 and are no longer available for purchase.

Statements of Cash Flows PIMCO Multi-Sector Income Fund

(Amounts in thousands*)	Year Ended 12/31/2023	Commencement date through 12/31/2022**
Cash Flows from (Used for) Operating Activities:		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	$ 17,457	$ (16,613)
Adjustments to Reconcile Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units to Net Cash from (Used for) Operating Activities:		
Purchases of securities	(4,672,404)	(7,267,474)
Proceeds from sales of securities	4,618,261	7,023,216
(Increase) decrease in deposits with counterparties	10,518	(14,704)
(Increase) decrease in receivable for swap income	3,190	(3,814)
(Increase) decrease in interest and/or dividends receivable	276	(3,522)
Proceeds from (Payments on) exchange-traded or centrally cleared financial derivative instruments	2,277	3,172
Proceeds from (Payments on) over the counter financial derivative instruments	(4,873)	(5,740)
(Increase) decrease in other assets	25	(25)
Increase (decrease) in deposits from counterparties	5,340	54
Increase (decrease) in accrued management fees	19	369
Increase (decrease) in other liabilities	237	121
Proceeds from (Payments on) foreign currency transactions	(2,082)	(6,828)
Net Realized (Gain) Loss		
Investments	2,719	(284)
Exchange-traded or centrally cleared financial derivative instruments	(4,141)	(93)
Over the counter financial derivative instruments	4,927	5,739
Foreign currency transactions	2,850	6,535
Net Change in Unrealized (Appreciation) Depreciation		
Investments	2,126	11,702
Exchange-traded or centrally cleared financial derivative instruments	1,751	(3,129)
Over the counter financial derivative instruments	(11,083)	6,088
Translation of assets and liabilities denominated in foreign currencies	(781)	304
Committed facility denominated in foreign currencies	(1,756)	571
Net amortization (accretion) on investments	(1,085)	(536)
Net Cash from (Used for) Operating Activities	(26,232)	(264,891)
Cash Flows from (Used for) Financing Activities:		
Proceeds from sale of redeemable units	0	256,125
Draws on committed facility	58,210	79,333
Payments on committed facility	(30,233)	(54,449)
Cash distributions paid to holders of redeemable Units	(20,095)	(10,700)
Proceeds from master forward transactions	139,180	296,089
Payments on master forward transactions	(145,635)	(276,046)
Net Cash from (Used for) Financing Activities	1,427	290,352
Net Increase (Decrease) in Cash and Foreign Currency	(24,805)	25,461
Cash (Overdraft) and Foreign Currency:		
Beginning of year	25,450	0
Foreign exchange gain (loss) on cash	13	(11)
End of year	$ 658	$ 25,450
Supplemental Disclosure of Cash Flow Information:		
Interest paid from financing activities	$ 4,808	$ 1,438
Interest received, net of foreign withholding taxes from operating activities	$ 23,684	$ 11,978

* A zero balance may reflect actual amounts rounding to less than one thousand.
** Commencement of operations of the Fund was March 10, 2022.

		PAR VALUE (000s)	AVERAGE COST (000s)	FAIR VALUE (000s)
INVESTMENTS IN SECURITIES 126.7%				
BERMUDA 0.8%				
CORPORATE BONDS & NOTES 0.8%				
Hestia Re Ltd. 14.702% due 04/22/2025	USD	250	$ 312	$ 313
Long Walk Reinsurance Ltd. 9.750% due 01/30/2031		250	345	331
Sanders Re Ltd. 17.092% due 04/09/2029		411	517	429
Ursa Re Ltd. 14.582% due 12/07/2026		250	340	330
Yosemite Re Ltd. 15.310% due 06/06/2025		250	316	341
Total Bermuda			1,830	1,744
BRAZIL 2.5%				
CORPORATE BONDS & NOTES 1.8%				
Oi SA 10.000% due 07/27/2025 ^	USD	13,610	6,465	902
Vale SA 0.000% due 12/29/2049 (f)	BRL	33,600	3,988	3,240
			10,453	4,142
LOAN PARTICIPATIONS AND ASSIGNMENTS 0.7%				
Oi SA TBD% - 14.000% due 09/07/2024 µ	USD	1,141	1,544	1,512
Total Brazil			11,997	5,654
CAYMAN ISLANDS 2.7%				
ASSET-BACKED SECURITIES 2.7%				
Crown City CLO 0.000% due 04/20/2035	USD	1,300	1,301	1,052
MAN GLG U.S. CLO Ltd. 0.000% due 07/15/2034		1,200	1,016	1,049
RR 1 Ltd. 0.000% due 07/15/2117		800	516	453
RR 17 Ltd. 0.000% due 07/15/2034		1,000	1,073	932
RR 7 Ltd. 0.000% due 01/15/2120		3,400	2,458	2,490
Total Cayman Islands			6,364	5,976
FRANCE 3.6%				
CORPORATE BONDS & NOTES 1.2%				
CGG SA 7.750% due 04/01/2027	EUR	2,000	2,350	2,708
LOAN PARTICIPATIONS AND ASSIGNMENTS 2.4%				
Comexposium 4.969% due 03/28/2026		4,292	4,858	5,443
Total France			7,208	8,151
GERMANY 0.9%				
CORPORATE BONDS & NOTES 0.0%				
ADLER Real Estate AG 3.000% due 04/27/2026	EUR	100	109	112
LOAN PARTICIPATIONS AND ASSIGNMENTS 0.9%				
Envalior Finance GmbH 10.883% due 03/29/2030	USD	1,687	$ 2,008	$ 2,063
Total Germany			2,117	2,175
IRELAND 0.5%				
LOAN PARTICIPATIONS AND ASSIGNMENTS 0.5%				
NAC Aviation 29 DAC 7.501% due 06/30/2026	USD	836	665	1,038
Total Ireland			665	1,038
ITALY 4.0%				
CORPORATE BONDS & NOTES 4.0%				
Banca Monte dei Paschi di Siena SpA 7.708% due 01/18/2028	EUR	3,100	3,292	4,546
8.000% due 01/22/2030		100	99	148
8.500% due 09/10/2030		700	667	1,032
10.500% due 07/23/2029		1,522	1,568	2,451
Inter Media & Communication SpA 6.750% due 02/09/2027		500	687	707
Total Italy			6,313	8,884
JERSEY, CHANNEL ISLANDS 0.1%				
CORPORATE BONDS & NOTES 0.1%				
Kennedy Wilson Europe Real Estate Ltd. 3.250% due 11/12/2025	EUR	100	130	133
Total Jersey, Channel Islands			130	133
		SHARES		
LUXEMBOURG 3.8%				
COMMON STOCKS 0.0%				
ADLER Group SA (c)		28,911	0	21
ADLER Group SA		64,016	0	49
			0	70
		PAR VALUE (000s)		
CORPORATE BONDS & NOTES 1.8%				
Adler Financing SARL (12.500% PIK) 12.500% due 06/30/2025 (b)	EUR	2,572	3,567	3,972
LOAN PARTICIPATIONS AND ASSIGNMENTS 2.0%				
Steenbok Lux Finco 1 SARL 10.000% due 06/30/2026		27	38	39
Steenbok Lux Finco 2 SARL 10.000% due 06/30/2026		9,352	7,076	4,349
			7,114	4,388
Total Luxembourg			10,681	8,430
MEXICO 0.6%				
CORPORATE BONDS & NOTES 0.6%				
Petroleos Mexicanos 6.700% due 02/16/2032	USD	500	527	550
6.840% due 01/23/2030		200	220	230
8.750% due 06/02/2029		452	557	583
Total Mexico			1,304	1,363
		SHARES		
NETHERLANDS 0.0%				
COMMON STOCKS 0.0%				
Steinhoff International Holdings NV (c)		15,737,968	0	0
Total Netherlands			0	0

		PAR VALUE (000s)	AVERAGE COST (000s)	FAIR VALUE (000s)
PERU 1.0%				
CORPORATE BONDS & NOTES 1.0%				
Peru LNG SRL				
5.375% due 03/22/2030	USD	2,100	$ 2,314	$ 2,305
Total Peru			2,314	2,305
SPAIN 4.8%				
ASSET-BACKED SECURITIES 2.3%				
Auto Abs Spanish Loans Fondo Titulizacion				
8.115% due 02/28/2032	EUR	2,603	3,147	3,784
Autonoria Spain FTA				
10.876% due 01/29/2040		968	1,273	1,443
			4,420	5,227
LOAN PARTICIPATIONS AND ASSIGNMENTS 2.5%				
Promotora de Informaciones SA				
8.942% due 06/30/2026		3,800	5,114	5,550
Total Spain			9,534	10,777
UNITED KINGDOM 6.1%				
CORPORATE BONDS & NOTES 1.0%				
Agps Bondco PLC				
4.250% due 07/31/2025	EUR	200	180	208
4.625% due 01/14/2026		1,300	1,054	673
5.000% due 04/27/2027		1,300	1,009	641
5.500% due 11/13/2026		300	249	154
6.000% due 08/05/2025		600	521	324
Market Bidco Finco PLC				
4.750% due 11/04/2027		200	232	263
			3,245	2,263
LOAN PARTICIPATIONS AND ASSIGNMENTS 3.0%				
Market Bidco Ltd.				
10.042% due 11/04/2027	GBP	2,145	3,127	3,516
Poseidon Bidco SASU				
9.175% due 09/30/2028	EUR	2,200	2,455	3,222
			5,582	6,738
NON-AGENCY MORTGAGE-BACKED SECURITIES 2.1%				
RMAC PLC				
10.075% due 02/15/2047	GBP	500	853	849
12.075% due 02/15/2047		1,600	2,731	2,719
13.725% due 02/15/2047		700	1,195	1,191
			4,779	4,759
Total United Kingdom			13,606	13,760
UNITED STATES 85.1%				
ASSET-BACKED SECURITIES 20.1%				
Carrington Mortgage Loan Trust				
6.235% due 12/25/2035	USD	10,000	9,284	9,870
Countrywide Asset-Backed Certificates Trust				
5.730% due 06/25/2047		4,607	5,011	4,814
Flagship Credit Auto Trust				
0.000% due 06/15/2029 (d)		6	2,564	556
Fremont Home Loan Trust				
6.145% due 01/25/2036		4,622	4,832	4,674
JP Morgan Mortgage Acquisition Trust				
6.070% due 01/25/2037		7,553	7,269	8,381
LendingPoint Pass-Through Trust				
0.000% due 05/15/2028 (d)		1,743	2,345	448
MASTR Asset-Backed Securities Trust				
5.730% due 10/25/2036		7,048	5,758	5,696

		PAR VALUE (000s)	AVERAGE COST (000s)	FAIR VALUE (000s)
Merrill Lynch Mortgage Investors Trust				
6.520% due 04/25/2036	USD	3,319	$ 3,635	$ 3,495
Nomura Home Equity Loan, Inc. Home Equity Loan Trust				
6.550% due 09/25/2035		4,750	4,948	5,308
SMB Private Education Loan Trust				
0.000% due 02/16/2055 (d)		1	2,587	1,842
			48,233	45,084
		SHARES		
COMMON STOCKS 5.0%				
Amsurg Equity (c)		160,542	9,195	10,911
NAC Aviation (c)		15,439	879	341
			10,074	11,252
		PAR VALUE (000s)		
CORPORATE BONDS & NOTES 13.4%				
Armor Holdco, Inc.				
8.500% due 11/15/2029	USD	2,000	2,201	2,407
Carvana Co. (12.000% PIK)				
12.000% due 12/01/2028 (b)		267	354	286
Carvana Co. (13.000% PIK)				
13.000% due 06/01/2030 (b)		1,415	1,631	1,497
Carvana Co. (14.000% PIK)				
14.000% due 06/01/2031 (b)		1,703	1,901	1,824
Directv Financing LLC				
5.875% due 08/15/2027		400	480	498
DISH Network Corp.				
11.750% due 11/15/2027		2,600	3,550	3,599
Iris Holdings, Inc. (8.750% Cash or 9.500% PIK)				
8.750% due 02/15/2026 (b)		500	595	563
LifePoint Health, Inc.				
9.875% due 08/15/2030		1,400	1,752	1,877
11.000% due 10/15/2030		100	131	140
Newfold Digital Holdings Group, Inc.				
11.750% due 10/15/2028		600	846	856
SVB Financial Group				
1.800% due 02/02/2031 ^		371	282	326
2.100% due 05/15/2028 ^		100	80	87
3.125% due 06/05/2030 ^		100	78	87
4.345% due 04/29/2028 ^		100	82	88
4.570% due 04/29/2033 ^		500	388	438
U.S. Renal Care, Inc.				
10.625% due 06/28/2028		700	549	712
Uniti Group LP				
6.000% due 01/15/2030		4,000	3,655	3,710
Venture Global LNG, Inc.				
9.500% due 02/01/2029		1,200	1,646	1,684
9.875% due 02/01/2032		400	544	552
Veritas U.S., Inc.				
7.500% due 09/01/2025		1,710	1,663	1,872
Wesco Aircraft Holdings, Inc. (7.500% Cash and 3.000% PIK)				
10.500% due 11/15/2026 ^(b)		4,030	4,693	4,859
Windstream Escrow LLC				
7.750% due 08/15/2028		1,900	2,180	2,208
			29,281	30,170
LOAN PARTICIPATIONS AND ASSIGNMENTS 12.5%				
Amsurg				
10.110% due 11/03/2026		311	426	413
13.258% due 09/15/2028		3,629	4,811	4,808
Diamond Sports Group LLC				
TBD% - 15.420% due 05/25/2026		2,978	3,880	2,989
iHeartCommunications, Inc.				
8.720% due 05/01/2026		350	383	400

		PAR VALUE (000s)	AVERAGE COST (000s)	FAIR VALUE (000s)
Incora				
TBD% - 13.988% due 03/01/2024	USD	973	$ 1,307	$ 1,368
Lifepoint Health, Inc.				
11.168% due 11/16/2028		380	495	503
MPH Acquisition Holdings LLC				
9.900% due 09/01/2028		298	368	382
PUG LLC				
9.720% due 02/12/2027		1,935	2,240	2,551
Syniverse Holdings, Inc.				
12.348% due 05/13/2027		5,168	6,108	6,056
U.S. Renal Care, Inc.				
10.470% due 06/20/2028		4,705	3,688	4,753
Veritas U.S., Inc.				
10.470% due 09/01/2025		1,255	1,150	1,388
Windstream Services LLC				
11.706% due 09/21/2027		1,860	2,241	2,339
			27,097	27,950
MUNICIPAL BONDS & NOTES 1.3%				
Commonwealth of Puerto Rico Bonds, Series 2022				
0.000% due 11/01/2051		4,149	2,483	3,003
NON-AGENCY MORTGAGE-BACKED SECURITIES 32.8%				
225 Liberty Street Trust				
4.649% due 02/10/2036		5,232	6,147	4,955
BAMLL Commercial Mortgage Securities Trust				
3.606% due 08/14/2034		2,284	2,495	618
7.871% due 03/15/2037		1,900	2,283	2,426
9.226% due 09/15/2038		3,974	4,916	4,222
Barclays Commercial Mortgage Securities Trust				
3.688% due 02/15/2053		2,000	1,991	2,009
Barclays Commercial Real Estate Trust				
4.548% due 08/10/2033		750	896	846
Bear Stearns ALT-A Trust				
4.459% due 07/25/2036		2,325	2,293	1,907
5.790% due 08/25/2036		3,397	3,853	3,931
Beneria Cowen & Pritzer Collateral Funding Corp.				
10.110% due 06/15/2038		2,400	2,927	1,934
BX Trust				
8.963% due 10/15/2036		2,000	2,417	2,501
CALI Mortgage Trust				
3.957% due 03/10/2039		900	937	1,003
COLT Mortgage Loan Trust				
4.737% due 03/25/2067		2,100	2,516	2,471
Connecticut Avenue Securities Trust				
10.587% due 03/25/2042		500	624	707
11.587% due 03/25/2042		1,500	1,889	2,183
11.687% due 05/25/2042		1,000	1,258	1,446
14.837% due 03/25/2042		1,300	1,623	1,928
15.937% due 05/25/2042		1,100	1,383	1,678
Countrywide Alternative Loan Trust				
5.750% due 12/25/2036		854	507	445
6.000% due 05/25/2037		780	486	517
6.250% due 12/25/2036		871	587	507
Credit Suisse Mortgage Capital Mortgage-Backed Trust				
6.500% due 08/25/2036		1,855	1,364	1,266
IndyMac IMSC Mortgage Loan Trust				
6.500% due 07/25/2037		2,918	1,403	1,235
JP Morgan Chase Commercial Mortgage Securities Trust				
7.476% due 12/15/2036		2,500	2,980	811
7.709% due 12/15/2031		2,104	2,621	2,646
8.826% due 12/15/2036	USD	2,551	$ 2,017	$ 299
9.726% due 02/15/2035		2,009	2,326	2,559
9.741% due 11/15/2038		712	858	898
MFA Trust				
4.191% due 08/25/2061		1,700	1,762	1,940
4.260% due 12/25/2066		1,000	1,157	1,025
Morgan Stanley Capital Trust				
10.009% due 11/15/2034		2,180	2,524	2,678
Natixis Commercial Mortgage Securities Trust				
3.790% due 11/15/2032		2,000	2,507	1,258
9.306% due 03/15/2035		559	701	738
10.555% due 03/15/2035		1,078	1,352	1,419
New Residential Mortgage Loan Trust				
3.879% due 11/25/2059		5,400	4,925	3,561
Residential Accredit Loans, Inc. Trust				
6.175% due 09/25/2037		1,237	1,018	1,125
Seasoned Credit Risk Transfer Trust				
2.727% due 11/25/2061 (a)		1,597	791	639
4.500% due 11/25/2061		1,400	1,552	1,510
SFO Commercial Mortgage Trust				
9.126% due 05/15/2038		2,500	2,845	2,372
WaMu Mortgage Pass-Through Certificates Trust				
6.520% due 12/25/2045		4,449	5,012	4,909
Wells Fargo Commercial Mortgage Trust				
8.216% due 02/15/2037		1,900	2,260	2,460
			84,003	73,582
		SHARES		
PREFERRED SECURITIES 0.0%				
SVB Financial Group				
4.000% due 05/15/2026 ^(f)		100,000	16	2
4.700% due 11/15/2031 ^(f)		122,000	14	2
			30	4
Total United States			201,201	191,045
		PAR VALUE (000s)		
SHORT-TERM INSTRUMENTS 10.2%				
REVERSE REPURCHASE AGREEMENTS (g) 9.0%				
			20,175	20,273
U.S. TREASURY BILLS 1.2%				
5.382% due 02/15/2024 (d)(e)	USD	2,112	2,878	2,781
Total Short-Term Instruments			23,053	23,054
Total Investments in Securities			298,317	284,489
Total Investments 126.7%			**$ 298,317**	**$ 284,489**
Committed Facility Agreements †(h) (23.0%)				(51,677)
Financial Derivative Instruments (i)(j) 2.3%			(53)	5,105
Liabilities Less Other Assets (6.0%)				(13,418)
Total Net Assets Attributable to Holders of Redeemable Units 100.0%				**$ 224,499**

NOTES TO SCHEDULE OF INVESTMENT PORTFOLIO:

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

^ Security is in default.

µ All or a portion of this amount represents unfunded loan commitments. The interest rate for the unfunded portion will be determined at the time of funding. See Note 4, Securities and Other Investments, in the Notes to Financial Statements for more information regarding unfunded loan commitments.

† Certain securities disclosed with an aggregate value of $103,857 are pledged as collateral for the Fund's committed facility agreement. See Note 6(a), Committed Facility, in the Notes to Financial Statements for more information.

(a) Security is an Interest Only ("IO") or IO Strip.

(b) Payment in-kind security.

(c) Security did not produce income within the last twelve months.

(d) Zero coupon security.

(e) Coupon represents a yield to maturity.

(f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(g) REVERSE REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Reverse Repurchase Agreements, at Value	Reverse Repurchase Agreement Proceeds to be Received [1]
TDM	5.450%	12/29/2023	01/02/2024	USD 15,300	U.S. Treasury Bonds 2.375% due 02/15/2042	$ (20,773)	$ 20,273	$ 20,285
Total Reverse Repurchase Agreements						$ (20,773)	$ 20,273	$ 20,285

[1] Includes accrued interest.

(h) COMMITTED FACILITY AGREEMENTS:

Counterparty	Average Weighted Rate of Interest	Collateral Pledged	Payable for Committed Facility Agreements
BPS	6.185%	$ 103,857	$ (51,677)
Total Committed Facility Agreements			**$ (51,677)**

MASTER FORWARD TRANSACTIONS:

Counterparty	Borrowing Rate [2]	Borrowing Date	Maturity Date	Amount Borrowed [2]	Payable for Master Forward Transactions [3]
BCY	6.430%	10/24/2023	01/23/2024	USD (555)	$ (781)
	6.530	10/24/2023	01/23/2024	(507)	(714)
	6.580	10/24/2023	01/23/2024	(452)	(647)
	6.680	10/24/2023	01/23/2024	(1,363)	(1,937)
	6.730	10/24/2023	01/23/2024	(3,073)	(4,394)
	6.740	11/17/2023	02/16/2024	(3,614)	(5,115)
Total Master Forward Transactions					**$ (13,588)**

[2] The average amount of borrowings outstanding during the period ended December 31, 2023 was $(23,040) at a weighted average interest rate of 6.049%. Average borrowings may include repurchase agreements and Master Forward transactions, if held during the period.
[3] Payable for Master Forward transactions includes $(214) of deferred price drop.

See Fund Specific Notes to Financial Statements for the summary by counterparty of the fair value of Borrowings and Other Financing Transactions and collateral pledged/(received).

(i) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

FUTURES CONTRACTS:

Description	Type	Expiration Month	# of Contracts	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
3-Month SOFR Active Contract December Futures	Short	03/2024	8	$ 71	$ 0	$ 0
3-Month SOFR Active Contract December Futures	Short	03/2025	4	20	0	(1)
3-Month SOFR Active Contract December Futures	Short	03/2026	5	15	0	(1)
3-Month SOFR Active Contract June Futures	Short	09/2024	5	35	0	0
3-Month SOFR Active Contract June Futures	Short	09/2025	3	10	0	0
3-Month SOFR Active Contract March Futures	Short	06/2024	7	57	0	0
3-Month SOFR Active Contract March Futures	Short	06/2025	3	12	0	0
3-Month SOFR Active Contract March Futures	Short	06/2026	3	9	0	0
3-Month SOFR Active Contract September Futures	Short	12/2024	5	30	0	(1)
3-Month SOFR Active Contract September Futures	Short	12/2025	4	12	0	(1)
Total Futures Contracts				**$ 271**	**$ 0**	**$ (4)**

SWAP AGREEMENTS:

INTEREST RATE SWAPS

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Unrealized Appreciation/ (Depreciation)	Fair Value	Variation Margin Asset	Variation Margin Liability
Receive	1-Day USD-SOFR Compounded-OIS	2.450%	12/20/2024	USD 7,800	$ 232	$ 231	$ 3	$ 0
Receive	1-Day USD-SOFR Compounded-OIS	2.350	01/17/2025	4,000	119	120	0	(1)
Receive	1-Day USD-SOFR Compounded-OIS	2.300	01/17/2026	600	26	26	0	0
Pay	1-Day USD-SOFR Compounded-OIS	2.000	12/21/2027	19,100	703	(1,489)	3	0
Pay	1-Day USD-SOFR Compounded-OIS	3.250	06/21/2028	84,000	(1,470)	(1,420)	35	0
Receive	1-Day USD-SOFR Compounded-OIS	1.500	06/15/2052	2,300	661	1,014	12	0
Receive	1-Day USD-SOFR Compounded-OIS	1.750	06/15/2052	6,000	243	2,260	30	0
Receive	1-Day USD-SOFR Compounded-OIS	1.750	12/21/2052	9,500	386	3,596	48	0
Receive	1-Day USD-SOFR Compounded-OIS	3.250	12/20/2053	1,500	(103)	22	8	0
Receive	6-Month EUR-EURIBOR	0.830	12/09/2052	EUR 4,400	309	374	29	0
Total Swap Agreements					**$ 1,106**	**$ 4,734**	**$ 168**	**$ (1)**

See Fund Specific Notes to Financial Statements for the summary by counterparty of the fair value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments.

(j) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
BPS	01/2024	EUR 29,293	USD 32,244	$ 0	$ (135)
	01/2024	GBP 866	1,099	0	(7)
	01/2024	USD 57,483	$ 77,783	1,623	0
	01/2024	119	EUR 107	0	(1)
GLM	01/2024	108,909	$ 147,899	3,605	0
	01/2024	497	EUR 449	0	(2)
MBC	01/2024	734	$ 968	0	(4)
SCX	01/2024	$ 351	USD 259	0	(9)
	01/2024	EUR 182	197	0	(5)
	01/2024	GBP 4,102	5,188	0	(53)
	01/2024	USD 761	$ 1,019	11	0
TOR	01/2024	$ 1,674	USD 1,232	0	(42)
	01/2024	USD 1,075	$ 1,429	5	0
Total Forward Foreign Currency Contracts				**$ 5,244**	**$ (258)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION (1)

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Notional Amount (2)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value (3) Asset	Swap Agreements, at Value (3) Liability
GST	Petroleos Mexicanos	1.000%	12/20/2028	USD 200	$ (53)	$ 9	$ 0	$ (44)
Total Swap Agreements					**$ (53)**	**$ 9**	**$ 0**	**$ (44)**

(1) 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 or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(3) The prices and resulting values for credit default swap agreements serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as at the period end. Increasing fair values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the underlying referenced instrument's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

See Fund Specific Notes to Financial Statements for the summary by counterparty of the fair value and variation margin of OTC Financial Derivative Instruments and collateral pledged/(received).

(AMOUNTS IN THOUSANDS*)

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

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the fair value of Borrowings and Other Financing Transactions and collateral pledged/(received) as at December 31, 2023:

Counterparty	Reverse Repurchase Agreement Proceeds to be Received [1]	Payable for Repurchase Agreements	Payable for Master Forward Transactions [4]	Payable for Committed Facility Agreements	Total Borrowings and Other Financing Transactions	Collateral Pledged/ (Received)	Net Exposure [2]
Global/Master Repurchase Agreement							
TDM	$ 20,285	$ 0	$ 0	$ 0	$ 20,285	$ (20,773)	$ (488)
Master Securities Forward Transaction Agreement							
BCY	0	0	(13,588)	0	(13,588)	17,018	3,430
Committed Facility Agreement							
BPS	0	0	0	(51,677)	(51,677)	103,857	52,180
Total Borrowings and Other Financing Transactions [3]	**$ 20,285**	**$ 0**	**$ (13,588)**	**$ (51,677)**			

The following is a summary by counterparty of the fair value of Borrowings and Other Financing Transactions and collateral pledged/(received) as at December 31, 2022:

Counterparty	Reverse Repurchase Agreement Proceeds to be Received	Payable for Repurchase Agreements	Payable for Master Forward Transactions	Payable for Committed Facility Agreements	Total Borrowings and Other Financing Transactions	Collateral Pledged/ (Received)	Net Exposure [2]
Master Securities Forward Transaction Agreement							
BCY	$ 0	$ 0	$ (11,094)	$ 0	$ (11,094)	$ 14,273	$ 3,179
UBS	0	0	(8,949)	0	(8,949)	9,723	774
Committed Facility Agreement							
BPS	0	0	0	(25,455)	(25,455)	100,174	74,719
Total Borrowings and Other Financing Transactions [3]	**$ 0**	**$ 0**	**$ (20,043)**	**$ (25,455)**			

(1) Includes accrued interest.

(2) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 9, Master Netting Arrangements, in the Notes to Financial Statements for more information.

(3) The amount of borrowings ranged between $4,875 and $51,677 for the period ended December 31, 2023 (December 31, 2022 - $0 and $75,541).

(4) Payable for Master Forward transactions includes $(214) of deferred price drop.

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the fair value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as at December 31, 2023:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Fair Value	Variation Margin Asset			Fair Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 0**	**$ 0**	**$ 168**	**$ 168**	**$ 0**	**$ (4)**	**$ (1)**	**$ (5)**

The following is a summary of the fair value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as at December 31, 2022:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Fair Value	Variation Margin Asset			Fair Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 0**	**$ 2**	**$ 161**	**$ 163**	**$ 0**	**$ (3)**	**$ (110)**	**$ (113)**

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the fair value of OTC financial derivative instruments and collateral pledged/(received) as at December 31, 2023:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Fair Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure [1]
BPS	$ 1,623	$ 0	$ 0	$ 1,623	$ (143)	$ 0	$ 0	$ (143)	$ 1,480	$ (1,762)	$ (282)
GLM	3,605	0	0	3,605	(2)	0	0	(2)	3,603	(4,147)	(544)
GST	0	0	0	0	0	0	(44)	(44)	(44)	0	(44)
MBC	0	0	0	0	(4)	0	0	(4)	(4)	0	(4)
SCX	11	0	0	11	(67)	0	0	(67)	(56)	0	(56)
TOR	5	0	0	5	(42)	0	0	(42)	(37)	0	(37)
Total Over the Counter	**$ 5,244**	**$ 0**	**$ 0**	**$ 5,244**	**$ (258)**	**$ 0**	**$ (44)**	**$ (302)**			

The following is a summary by counterparty of the fair value of OTC financial derivative instruments and collateral pledged/(received) as at December 31, 2022:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Fair Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure [1]
BPS	$ 0	$ 0	$ 0	$ 0	$ (1,101)	$ 0	$ (39)	$ (1,140)	$ (1,140)	$ 1,002	$ (138)
RBC	41	0	0	41	(106)	0	0	(106)	(65)	0	(65)
SCX	39	0	0	39	(1,694)	0	0	(1,694)	(1,655)	1,923	268
TOR	16	0	0	16	(3,243)	0	0	(3,243)	(3,227)	3,223	(4)
Total Over the Counter	**$ 96**	**$ 0**	**$ 0**	**$ 96**	**$ (6,144)**	**$ 0**	**$ (39)**	**$ (6,183)**			

[1] Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 9, Master Netting Arrangements, in the Notes to Financial Statements for more information.

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as at December 31, 2023 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2023
Investments in Securities, at Value				
Bermuda				
Corporate Bonds & Notes	$ 0	$ 1,744	$ 0	$ 1,744
Brazil				
Corporate Bonds & Notes	0	4,142	0	4,142
Loan Participations and Assignments	0	1,512	0	1,512
Cayman Islands				
Asset-Backed Securities	0	5,976	0	5,976
France				
Corporate Bonds & Notes	0	2,708	0	2,708
Loan Participations and Assignments	0	5,443	0	5,443
Germany				
Corporate Bonds & Notes	0	112	0	112
Loan Participations and Assignments	0	2,063	0	2,063
Ireland				
Loan Participations and Assignments	0	1,038	0	1,038
Italy				
Corporate Bonds & Notes	0	8,884	0	8,884
Jersey, Channel Islands				
Corporate Bonds & Notes	0	133	0	133
Luxembourg				
Common Stocks	49	0	21	70
Corporate Bonds & Notes	0	3,972	0	3,972
Loan Participations and Assignments	0	4,388	0	4,388
Mexico				
Corporate Bonds & Notes	0	1,363	0	1,363
Netherlands				
Common Stocks	0	0	0	0
Peru				
Corporate Bonds & Notes	0	2,305	0	2,305

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2023
Spain				
Asset-Backed Securities	$ 0	$ 5,227	$ 0	$ 5,227
Loan Participations and Assignments	0	0	5,550	5,550
United Kingdom				
Corporate Bonds & Notes	0	2,263	0	2,263
Loan Participations and Assignments	0	6,738	0	6,738
Non-Agency Mortgage-Backed Securities	0	4,759	0	4,759
United States				
Asset-Backed Securities	0	42,238	2,846	45,084
Common Stocks	0	0	11,252	11,252
Corporate Bonds & Notes	0	30,170	0	30,170
Loan Participations and Assignments	0	21,361	6,589	27,950
Municipal Bonds & Notes	0	3,003	0	3,003
Non-Agency Mortgage-Backed Securities	0	73,582	0	73,582
Preferred Securities	0	4	0	4
Short-Term Instruments				
Reverse Repurchase Agreements	0	20,273	0	20,273
U.S. Treasury Bills	0	2,781	0	2,781
Total Investments	$49	$ 258,182	$ 26,258	$ 284,489
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	0	168	0	168
Over the counter	0	5,244	0	5,244
	$ 0	$ 5,412	$ 0	$ 5,412
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	0	(5)	0	(5)
Over the counter	0	(302)	0	(302)
	$ 0	$ (307)	$ 0	$ (307)
Total Financial Derivative Instruments	$ 0	$ 5,105	$ 0	$ 5,105
Totals	$49	$ 263,287	$ 26,258	$ 289,594

The following is a summary of the fair valuations according to the inputs used as at December 31, 2022 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2022
Investments in Securities, at Value				
Bermuda				
Corporate Bonds & Notes	$ 0	$ 1,134	$ 0	$ 1,134
Brazil				
Corporate Bonds & Notes	0	5,041	0	5,041
Cayman Islands				
Asset-Backed Securities	0	4,971	0	4,971
Corporate Bonds & Notes	0	498	0	498
France				
Corporate Bonds & Notes	0	2,379	0	2,379
Loan Participations and Assignments	0	5,215	0	5,215
Germany				
Corporate Bonds & Notes	0	236	0	236
Ireland				
Loan Participations and Assignments	0	1,028	0	1,028
Italy				
Corporate Bonds & Notes	0	6,704	0	6,704
Luxembourg				
Corporate Bonds & Notes	0	2,174	3,882	6,056
Loan Participations and Assignments	0	6,698	0	6,698
Netherlands				
Corporate Bonds & Notes	0	3,868	0	3,868
Peru				
Corporate Bonds & Notes	0	2,152	0	2,152
South Africa				
Corporate Bonds & Notes	0	2,222	0	2,222
Spain				
Asset-Backed Securities	0	7,242	0	7,242
Loan Participations and Assignments	0	0	5,453	5,453
Switzerland				
Corporate Bonds & Notes	0	2,087	0	2,087
United Kingdom				
Corporate Bonds & Notes	0	234	0	234
Loan Participations and Assignments	0	0	5,465	5,465

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2022
United States				
Asset-Backed Securities	$ 0	$ 41,941	$ 4,926	$ 46,867
Corporate Bonds & Notes	0	26,975	0	26,975
Loan Participations and Assignments	0	30,254	0	30,254
Non-Agency Mortgage-Backed Securities	0	69,481	0	69,481
Virgin Islands (British)				
Corporate Bonds & Notes	0	2,956	0	2,956
Short-Term Instruments				
U.S. Treasury Bills	0	974	0	974
Total Investments	$0	$ 226,464	$ 19,726	$ 246,190
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	0	163	0	163
Over the counter	0	96	0	96
	$ 0	$ 259	$ 0	$ 259
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	0	(113)	0	(113)
Over the counter	0	(6,183)	0	(6,183)
	$ 0	$ (6,296)	$ 0	$ (6,296)
Total Financial Derivative Instruments	$ 0	$ (6,037)	$ 0	$ (6,037)
Totals	$ 0	$ 220,427	$ 19,726	$ 240,153

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended December 31, 2023:

Category and Subcategory	Beginning Balance at 12/31/2022	Net Purchases	Net Sales/ Settlements	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) (1)	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 12/31/2023	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 12/31/2023 (1)
Investments in Securities, at Value										
Luxembourg										
Common Stocks	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21	$ 0	$ 0	$ 21	$ 21
Corporate Bonds & Notes	3,882	0	(3,882)	0	0	0	0	0	0	0
Spain										
Loan Participations and Assignments	5,453	0	0	0	0	97	0	0	5,550	97
United Kingdom										
Loan Participations and Assignments	5,465	0	(2,775)	0	244	288	0	(3,222)	0	0
United States										
Asset-Backed Securities	4,926	0	0	0	0	(2,080)	0	0	2,846	(2,080)
Common Stocks	0	10,073	0	0	0	1,179	0	0	11,252	1,179
Loan Participations and Assignments	0	6,544	0	0	0	45	0	0	6,589	45
Totals	$ 19,726	$ 16,617	$ (6,657)	$ 0	$ 244	$ (450)	$ 0	$ (3,222)	$ 26,258	$ (738)

The following table provides information on Level 3 securities held by the Fund that were valued as of December 31, 2023. The Impact to Valuation from an Increase in Input disclosed in the following table shows the directional impact (increase or decrease) to the fair value of the significant unobservable input(s) based on an increase to the corresponding input(s). A decrease to the unobservable input would have the opposite effect. Significant changes in these inputs could result in significant higher or lower fair value measurements.

				(% Unless Noted Otherwise)		
Category and Subcategory	**Ending Balance at 12/31/2023**	**Valuation Technique**	**Unobservable Inputs**	**Input Value(s)**	**Weighted Average**	**Impact to Valuation from an Increase in Input**
Investments in Securities, at Value						
Luxembourg						
Common Stocks	$ 21	Option Pricing Model	Volatility	60.720	—	Increase
Spain						
Loan Participations and Assignments	5,550	Discounted Cash Flow	Discount Rate	8.670	—	Decrease
United States						
Asset-Backed Securities	2,846	Discounted Cash Flow	Discount Rate	15.000 -17.000	16.490	Decrease
Common Stocks	10,911	Comparable Companies	EBITDA Multiple	X 14.500	—	Increase
	341	Indicative Market Quotation	Broker Quote	$ 16.667	—	Increase
Loan Participations and Assignments	5,221	Comparable Companies	EBITDA Multiple	X 14.500	—	Increase
	1,368	Discounted Cash Flow	Discount Rate	26.490	—	Decrease
Total	$ 26,258					

(1) Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at December 31, 2023 may be due to an investment no longer held or categorized as Level 3 at period end.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended December 31, 2022:

Category and Subcategory	Beginning Balance at 12/31/2021	Net Purchases	Net Sales/ Settlements	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) (1)	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 12/31/2022	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 12/31/2022 (1)
Investments in Securities, at Value										
Luxembourg										
Corporate Bonds & Notes	$ 0	$ 3,882	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,882	$ 0
Spain										
Loan Participations and Assignments	0	5,114	0	0	0	339	0	0	5,453	339
United Kingdom										
Loan Participations and Assignments	0	4,985	0	0	0	480	0	0	5,465	480
United States										
Asset-Backed Securities	0	7,497	0	0	0	(2,571)	0	0	4,926	(2,571)
Totals	$ 0	$ 21,478	$ 0	$ 0	$ 0	$ (1,752)	$ 0	$ 0	$ 19,726	$ (1,752)

The following table provides information on Level 3 securities held by the Fund that were valued as of December 31, 2022. The Impact to Valuation from an Increase in Input disclosed in the following table shows the directional impact (increase or decrease) to the fair value of the significant unobservable input(s) based on an increase to the corresponding input(s). A decrease to the unobservable input would have the opposite effect. Significant changes in these inputs could result in significant higher or lower fair value measurements.

				(% Unless Noted Otherwise)		
Category and Subcategory	Ending Balance at 12/31/2022	Valuation Technique	Unobservable Inputs	Input Value(s)	Weighted Average	Impact to Valuation from an Increase in Input
Investments in Securities, at Value						
Luxembourg						
Corporate Bonds & Notes	$ 3,882	Proxy Pricing	Base Price	100.000	—	Increase
Spain						
Loan Participations and Assignments	5,453	Third Party Vendor	Broker Quote	99.000	—	Increase
United Kingdom						
Loan Participations and Assignments	2,718	Discounted Cash Flow	Discount Rate	10.590-11.880	10.816	Decrease
	2,747	Discounted Cash Flow	Discount Spread	9.080	—	Decrease
United States						
Asset-Backed Securities	4,926	Discounted Cash Flow	Discount Rate	14.000-20.000	16.725	Decrease
Total	$ 19,726					

(1) Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at December 31, 2022 may be due to an investment no longer held or categorized as Level 3 at period end.

As at December 31, 2023, a 10% (December 31, 2022 - 10%) increase or decrease in the fair valuations using significant unobservable inputs (Level 3) would have increased or decreased the Fund's net assets by $2,626 (December 31, 2022 - $1,973). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

PORTFOLIO CONCENTRATION

The Fund's investment portfolio is concentrated in the following segments as at:

Investments, at fair value	12/31/2023	12/31/2022
Bermuda	0.8%	0.5%
Brazil	2.5%	2.2%
Cayman Islands	2.7%	2.4%
France	3.6%	3.3%
Germany	0.9%	0.1%
Ireland	0.5%	0.4%
Italy	4.0%	3.0%
Jersey, Channel Islands	0.1%	0.0%
Luxembourg	3.8%	5.6%
Mexico	0.6%	0.0%

Investments, at fair value	12/31/2023	12/31/2022
Netherlands	0.0%	1.7%
Peru	1.0%	0.9%
Spain	4.8%	5.6%
United Kingdom	6.1%	2.5%
United States	85.1%	76.6%
South Africa	0.0%	1.0%
Switzerland	0.0%	0.9%
Virgin Islands (British)	0.0%	1.3%
Short-Term Instruments	10.2%	0.4%
Financial Derivative Instruments	2.3%	(2.6)%
Liabilities Less Other Assets	(29.0)%	(5.8)%
Total (% of Net Assets)	100.0%	100.0%

FINANCIAL INSTRUMENT RISK

FOREIGN CURRENCY RISK

The following tables summarize the total exposure to foreign currency risk other than the functional currency held by the Fund.

As at December 31, 2023	Foreign Currency and Investments, at value	Forward Foreign Currency Contracts	Net Exposure
Brazilian Real	$ 3,381	$ 0	$ 3,381
British Pound	8,540	(8,390)	150
Euro	42,117	(42,308)	(191)
Swiss Franc	0	0	0
United States Dollar	163,272	(170,420)	(7,148)
	$ 217,310	$ (221,118)	$ (3,808)

As at December 31, 2022	Foreign Currency and Investments, at value	Forward Foreign Currency Contracts	Net Exposure
Brazilian Real	$ 3,428	$ 0	$ 3,428
British Pound	477	(493)	(16)
Euro	35,898	(36,299)	(401)
Swiss Franc	3,903	(4,084)	(181)
United States Dollar	187,730	(197,167)	(9,437)
	$ 231,436	$ (238,043)	$ (6,607)

As at December 31, 2023 and December 31, 2022, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to holders of redeemable units could have decreased or increased by approximately $(190) (December 31, 2022-($330)). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

INTEREST RATE RISK

The following tables summarize the Fund’s exposure to interest rate risk. They include the Fund’s financial instruments at fair value, categorized by maturity date. Certain assets and liabilities, except for Net Assets Attributable to Holders of Redeemable Units that are due on demand, as presented in the Statements of Financial Position, have been aggregated for purposes of the presentation below.

As at December 31, 2023 Assets	Less than 3 months	3 months - 1 year	1 - 5 years	Greater than 5 years	Non-interest bearing	Total
Investments, at fair value	$ 24,422	$ 1,512	$ 82,143	$ 165,086	$ 11,326	$ 284,489
Financial Derivative Instruments	5,244	3	38	127	0	5,412
Cash and Foreign currency	0	0	0	0	658	658
Deposits with counterparties	0	0	0	0	4,186	4,186
Receivables	0	0	0	0	3,913	3,913
Total Assets	**$ 29,666**	**$ 1,515**	**$ 82,181**	**$ 165,213**	**$ 20,083**	**$ 298,658**

As at December 31, 2023 Liabilities	Less than 3 months	3 months - 1 year	1- 5 years	Greater than 5 years	Non-interest bearing	Total
Borrowings & Other Financing Transactions	$ (65,265)	$ 0	$ 0	$ 0	$ 0	$ (65,265)
Financial Derivative Instruments	(258)	0	(1)	0	(48)	(307)
Deposits from counterparties	0	0	0	0	(5,394)	(5,394)
Payables	0	0	0	0	(3,193)	(3,193)
Total Liabilities	**$ (65,523)**	**$ 0**	**$ (1)**	**$ 0**	**$ (8,635)**	**$ (74,159)**

As at December 31, 2022 Assets	Less than 3 months	3 months - 1 year	1- 5 years	Greater than 5 years	Non-interest bearing	Total
Investments, at fair value	$ 974	$ 9,703	$ 69,943	$ 165,570	$ 0	$ 246,190
Financial Derivative Instruments	96	0	8	153	2	259
Cash and Foreign currency	0	0	0	0	25,450	25,450
Deposits with counterparties	0	0	0	0	14,704	14,704
Receivables	0	0	0	0	10,088	10,088
Other assets	0	0	0	0	28	28
Total Assets	**$ 1,070**	**$ 9,703**	**$ 69,951**	**$ 165,723**	**$ 50,272**	**$ 296,719**

As at December 31, 2022 Liabilities	Less than 3 months	3 months - 1 year	1- 5 years	Greater than 5 years	Non-interest bearing	Total
Borrowings & Other Financing Transactions	$ (45,498)	$ 0	$ 0	$ 0	$ 0	$ (45,498)
Financial Derivative Instruments	(6,183)	0	(105)	0	(8)	(6,296)
Deposits from counterparties	0	0	0	0	(54)	(54)
Payables	0	0	0	0	(17,734)	(17,734)
Total Liabilities	**$ (51,681)**	**$ 0**	**$ (105)**	**$ 0**	**$ (17,796)**	**$ (69,582)**

As at December 31, 2023, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to holders of redeemable units would have decreased or increased, by approximately $10,540 or 4.7% (December 31, 2022 - $11,120 or 4.9%) of total net assets attributable to holders of redeemable units. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the debt instruments. In practice, actual trading results may differ and the difference could be material.

OTHER PRICE RISK

As at December 31, 2023 and December 31, 2022, the Fund is not exposed to significant other price risk as the Fund primarily holds debt securities.

LIQUIDITY RISK

The following tables summarize the liabilities of the Fund by contractual payment dates of those liabilities, except for Net Assets Attributable to Holders of Redeemable Units that are due on demand: less than three months, three months to one year, and greater than one year, if applicable.

As at December 31, 2023 Current Liabilities	Less than 3 months	3 months - 1 year	Greater than 1 year	Total
Borrowings & Other Financing Transactions	$ 65,265	$ 0	$ 0	$ 65,265
Financial Derivative Instruments	306	0	1	307
Payable for investments purchased	378	0	0	378
Payable for unfunded loan commitments	394	0	0	394
Deposits from counterparties	5,394	0	0	5,394
Distributions payable	1,675	0	0	1,675
Accrued management fees	388	0	0	388
Other liabilities	358	0	0	358
Total Liabilities	**$ 74,158**	**$ 0**	**$ 1**	**$ 74,159**

As at December 31, 2022 Current Liabilities	Less than 3 months	3 months - 1 year	Greater than 1 year	Total
Borrowings & Other Financing Transactions	$ 45,498	$ 0	$ 0	$ 45,498
Financial Derivative Instruments	6,296	0	0	6,296
Payable for investments purchased	15,011	0	0	15,011
Payable for unfunded loan commitments	558	0	0	558
Deposits from counterparties	54	0	0	54

As at December 31, 2022 Current Liabilities	Less than 3 months	3 months - 1 year	Greater than 1 year	Total
Distributions payable	$ 1,675	$ 0	$ 0	$ 1,675
Accrued management fees	369	0	0	369
Other liabilities	121	0	0	121
Total Liabilities	**$ 69,582**	**$ 0**	**$ 0**	**$ 69,582**

CREDIT RISK

The following tables summarize the credit rating composition for the Fund's financial instruments.

	As at December 31, 2023	As at December 31, 2022
Investment Grade	20%	23%
Below Investment Grade	80%	77%
Not Rated	0%	0%
Total (% of Investments and Financial Derivative Instruments)	100%	100%

Credit ratings are obtained from Standard & Poor's Ratings Services ("S&P"), Moody's Investors Services, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch"), and/or, DBRS Limited ("DBRS"). Where more than one rating is obtained for a security, the highest rating has been used. If an instrument is unrated by all agencies, an internal credit rating is assigned. Below Investment Grade are those rated lower than Baa3 by Moody's, BAA- by internal rating, BBB- by S&P, Fitch, and BBBL by DBRS.

1. GENERAL INFORMATION

PIMCO Multi-Sector Income Fund (the "Fund") was established as a closed-end investment fund under the laws of the Province of Ontario and is governed by the terms of a Trust Agreement. The Fund was established on January 26, 2022 and commenced operations on March 10, 2022.

The financial statements of the Fund include the Statements of Financial Position as at December 31, 2023 and December 31, 2022, and the Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022.

PIMCO Canada Corp. ("PIMCO Canada") is the trustee, investment fund manager and portfolio adviser of the Fund (the "Manager"), Pacific Investment Management Company LLC ("PIMCO") is the sub-adviser and State Street Trust Company Canada is the custodian of the Fund. These financial statements were authorized for issue by PIMCO Canada on March 14, 2024.

The Fund's investment objectives are to provide unitholders (the "Unitholders") with current income as primary objective and capital appreciation as secondary objective, through various market cycles, by utilizing a dynamic asset allocation strategy among multiple sectors in the global credit markets, including corporate debt, mortgage-related and other asset-backed securities, government and sovereign debt, taxable municipal bonds, other fixed-, variable- and floating-rate income-producing securities of U.S. and global issuers, including emerging market issuers, and real estate-related investments.

The Fund has a limited term and is currently scheduled to terminate as of the first business day following the twelfth anniversary of the date of the Fund's initial prospectus, which the Fund currently expects to occur on or about February 17, 2034 (the "Termination Date"); provided that the Manager may, in its sole discretion and upon not less than 10 days prior written notice to Unitholders, extend the Termination Date (i) once for up to one year, and (ii) once for up to an additional six months, to a date up to and including the eighteen months after the initial Termination Date, which date shall then become the Termination Date, or (iii) provided that the Fund provides holders of Class A Units with a one-time redemption right at a redemption price per Class A Unit equal to the Net Asset Value per Class A Unit on February 17, 2034 (or as such date may be extended pursuant to (i) and (ii) above), less any costs associated with the redemption, including commissions, if any, to fund such redemption, extend the Termination Date indefinitely.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including financial derivative instruments) at fair value through profit or loss ("FVTPL").

Foreign (non-Canadian) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following is a summary of the material accounting policy information and estimation techniques adopted by the Fund and applied in the preparation of these financial statements.

(a) 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 beyond a standard settlement period for the security after the trade date. Realized and unrealized gains (losses) are recorded on an average 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. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest on debt instruments accounted for on an accrual basis, except for zero-coupon bonds which are amortized. Income and capital gain distributions from underlying funds are recognized on the ex-date on an accrual basis. Distributions classified as a tax basis return of capital at a Fund's taxation year-end, if applicable, are reflected on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. Distributions received from underlying funds that were treated as a return of capital, if applicable, would be recorded as an adjustment to the Net change in unrealized appreciation (depreciation) on investments in Underlying Funds on the Statements of Comprehensive Income. Distributions received from the Fund or underlying funds as a return of capital are recorded as a reduction of the Unitholder's adjusted cost base of the investment. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated withholding tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as expenses on the Statements of Comprehensive Income, as appropriate. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest for distribution purposes on the Statements of Comprehensive Income.

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 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. A debt obligation may be granted, in certain situations, a contractual or non-contractual forbearance for interest payments that are expected to be paid after agreed upon pay dates.

(b) Transaction Costs Transaction costs, such as brokerage commissions incurred in the purchase and sale of securities by the Fund, are recognized as an expense in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

(c) Cash and Foreign Currency The functional and presentation currency for the Fund is the Canadian dollar. The fair values of foreign securities, currency holdings and other assets and liabilities, if any, are translated into Canadian dollars based on the current exchange rates each business day. Fluctuations in the value of currency holdings and other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses). Realized gains (losses) and changes in unrealized appreciation (depreciation) on investment securities and income and expenses are translated on the respective dates of such transactions. The effects of changes in foreign currency exchange rates on investments in securities are not segregated on the Statements of Comprehensive Income from the effects of changes in fair values of those securities, but are included with the net realized gains (losses) and changes in unrealized appreciation (depreciation) on investment securities.

(d) Change in Unrealized Appreciation and Depreciation of Investments The change in unrealized appreciation (depreciation) of investments represents the aggregate of the difference between their average cost and fair value between the periods ended December 31, 2023 and December 31, 2022.

(e) Increase or Decrease in Net Assets Attributable to Holders of Redeemable Units Per Unit Increase or decrease in Net Assets Attributable to Holders of Redeemable Units Per Unit on the Statements of Comprehensive Income represents the net increase or decrease in net assets attributable to holders of redeemable units for the period divided by the weighted average units outstanding during the period.

(f) Critical Accounting Estimates and Judgments The Fund earns investment returns in Canadian dollars (CAD), United States dollars (USD) and to a lesser extent in other foreign currencies based on the investments held. Expenses incurred by the Fund are in CAD. Because the Fund does not earn returns solely in CAD, the primary indicators of functional currency are viewed to be mixed and secondary indicators have been considered. The Fund's subscriptions and redemptions of the redeemable units are denominated in CAD and the performance is measured and reported to the holders of redeemable units in CAD. The Manager considers CAD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements for the Fund are therefore presented in CAD, which is the functional and presentation currency.

(g) Classification of Financial Assets and Liabilities In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9 *'Financial Instruments'*. In making this judgment, the Manager has assessed the Fund's business model for managing the portfolio and the contractual cash flow characteristics and determined that investments are managed on a fair value basis, and that fair value is used to assess performance and make investment decisions. The contractual cash flows of the Fund's debt securities and instruments are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objectives. Consequently, all investments and financial derivative instruments are measured at fair value through profit or loss. Accordingly, the Manager has determined that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's investments.

(h) Reconciliation of net asset value ("NAV") per Unit and Net Assets Attributable to Holders of Redeemable Units per Unit The accounting policies for measuring the fair value of the Fund's investments and financial derivative instruments are substantially similar to those used in measuring their NAV for transactions with Unitholders. The NAV is the value of the total assets of the Fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing the unitholder transactions. Net Assets Attributable to Holders of Redeemable Units, refers to net assets calculated in accordance with IFRS Accounting Standards.

As of December 31, 2022, there was a difference of $0.02 between the Fund's NAV per unit and Net Assets Attributable to Holders of Units, which is disclosed in the below table.

Fund's NAV	Net Assets Attributable to Holders of Redeemable Units
$ 8.85	$ 8.87

As at December 31, 2023, there is no difference between the fund's NAV and Net Assets Attributable to Holders of Units.

(i) Offsetting Financial Instruments Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(j) Changes in Accounting Policy Information and Disclosures Effective January 1, 2023, the Fund adopted the following new and amended accounting standards: Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2. Effective January 1, 2023, the Fund adopted the IAS 1 amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements. There are no other standards, amendments to standards or interpretations that have a material effect on the financial statements of the Fund.

4. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The NAV per unit of the Fund is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to the Fund, by the total number of units outstanding of the Fund.

On each day that the Toronto Stock Exchange ("TSX") is open, Fund units are ordinarily valued as of the close of regular trading ("TSX Close"). Information that becomes known to the Fund or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day.

For purposes of calculating NAV, portfolio securities and other assets for which market quotations are readily available are valued at fair value. A market quotation is readily available only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Fund can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. Fair value is generally determined on the basis of official closing prices or the last reported sales prices. The Fund will normally use pricing data for domestic equity securities received shortly after the TSX Close and does not normally take into account trading, clearances or settlements that take place after the TSX Close. Investments for which market quotations are not readily available are valued at fair value as determined in good faith at the Manager or persons acting at their direction. As a general principle, the fair value of a security or other asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Manager has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has the responsibility for applying the fair valuation methods. The Manager may value Fund portfolio securities for which market quotations are not readily available and other Fund assets utilizing inputs from pricing services, quotation reporting systems, valuation agents and other third-party sources (together, "Pricing Sources"). A foreign (non-Canadian) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by PIMCO to be the primary exchange. If market value pricing is used, a foreign (non-Canadian) equity security will be valued as of the close of trading on the foreign exchange, or the TSX Close, if the TSX Close occurs before the end of trading on the foreign exchange. The Fund uses the last traded market price for both financial assets and liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management determines the price that is most representative of fair value based on the specific facts and circumstances. Domestic and foreign (non-Canadian) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Sources using such data reflecting the principal markets for those securities. Prices obtained from Pricing Sources may be based on, among other things, information provided by market makers or estimates of fair values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange, quotes obtained from a quotation reporting system, established market makers or Pricing sources. Swap agreements are valued on the basis of market-based prices supplied by Pricing Sources or quotes obtained from brokers and dealers. The Fund's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments.

If a foreign (non-Canadian) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the TSX Close, the security may be valued at fair value based on procedures established and approved by the Valuation Committee of PIMCO or persons acting at their direction. Foreign (non-Canadian) equity securities that do not trade when the TSX is open are also valued at fair value. With respect to foreign (non-Canadian) equity securities, the Fund may determine the fair value of investments based on information provided by Pricing Sources, which may recommend fair value or adjustments with reference to other securities, indexes or assets. In considering whether fair valuation is required and in determining fair values, the Manager may, among other things, consider significant events (which may be considered to include changes in the value of Canadian securities or securities indexes) that occur after the close of the relevant market and before the TSX Close. The Fund may utilize modeling tools provided by third-party vendors to determine fair values of non-Canadian securities. Foreign exchanges may permit trading in foreign (non-Canadian) equity securities on days when the Fund is not open for business, which may result in the Fund's portfolio investments being affected when Unitholders are unable to buy or sell units.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Source. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the functional currency of the Fund are converted to the functional currency using exchange rates obtained from Pricing Sources. As a result, the value of such investments and, in turn, the NAV of the Fund's units may be affected by changes in the value of currencies in relation to the functional currency. The value of investments traded in foreign markets or denominated in currencies other than the functional currency may be affected significantly on a day that the Fund is not open for business. As a result, to the extent that the Fund holds foreign (non-Canadian) investments, the value of those investments may change at times when Unitholders are unable to buy or sell units and the value of such investments will be reflected in the Fund's next calculated NAV.

Fair valuation may require subjective determinations about the value of a security. While the Fund's policies and procedures are 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 ensure that fair values determined by the Manager 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 realized if the securities were sold.

(b) Fair Value Hierarchy IFRS Accounting Standards describes fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2 or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2 and 3 of the fair value hierarchy are defined as follows:

- Level 1 — Quoted prices (unadjusted) in active markets or exchanges for identical assets and liabilities.
- Level 2 — Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3 — Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Manager or persons acting at their direction that are used in determining the fair value of investments.

Assets or liabilities categorized as Level 2 or 3 as of period end have been transferred between Levels 2 and 3 since the prior period due to changes in the method utilized in valuing the investments. Transfers from Level 2 to Level 3 are a result of a change, in the normal course of business, from the use of methods used by Pricing Sources (Level 2) to the use of a Broker Quote or valuation technique or through asset restructuring which utilizes significant unobservable inputs due to an absence of current or reliable market-based data Level 3). Transfers from Level 3 to Level 2 are a result of the availability of current and reliable market-based data provided by Pricing Sources or other valuation techniques which utilize significant observable inputs. In accordance with the requirements of IFRS Accounting Standards, the amounts of transfers between Levels 1 and 2 and transfers into and out of Level 3, if significant, are disclosed in the Fund Specific Notes to Financial Statements for the Fund.

For fair valuations using significant unobservable inputs, IFRS Accounting Standards requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to realized gains (losses), unrealized appreciation (depreciation), purchases and sales, accrued discounts (premiums), and transfers into and out of the Level 3 category during the period. The end of period value is used for the transfers between Levels of the Fund's assets and liabilities. Additionally, IFRS Accounting Standards requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of IFRS Accounting Standards, a fair value hierarchy, and if material, a Level 3 reconciliation, and details of significant unobservable inputs, have been included in the Fund Specific Notes to Financial Statements for the Fund.

(c) Valuation Techniques and the Fair Value Hierarchy
Level 1, Level 2 and Level 3 trading assets and trading liabilities, at fair value The valuation methods (or "techniques") and significant inputs used in determining the fair values of portfolio securities or other assets and liabilities categorized as Level 1, Level 2 and Level 3 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. or Canadian government agencies, U.S. or Canadian treasury obligations, sovereign issues, bank loans, convertible preferred securities, non-Canadian bonds, and short-term debt instruments (such as commercial paper, time deposits, and certificates of deposit) are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Sources that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Sources' 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 categorized 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 Sources that use broker-dealer quotations, reported trades 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 incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Common stocks, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures 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 categorized 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 TSX Close. These securities are valued using Pricing Sources that consider the correlation of the trading patterns of the foreign security to the intraday trading in the Canadian markets for investments. Securities using these valuation adjustments are categorized 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 categorized as Level 2 of the fair value hierarchy.

Valuation adjustments may be applied to certain exchange traded futures and options to account for market movement between the exchange settlement and the TSX close. These securities are valued using quotes obtained from a quotation reporting system, established market makers or Pricing Sources. Financial derivatives using these valuation adjustments are categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment companies (other than ETFs) will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted. Investments in privately held investment funds with significant restrictions on redemption where the inputs to the NAVs are observable will be valued based upon the NAVs of such investments and are categorized as Level 2 of the fair value hierarchy.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts, derive their value from underlying asset prices, indexes, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Sources (normally determined as of the TSX Close). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by Pricing Sources using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indexes, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indexes, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Sources or other pricing sources (normally determined as of the TSX close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Sources using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ("OIS"), London Interbank Offered Rate ("LIBOR") forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

When a fair valuation method is applied by PIMCO that uses significant unobservable inputs, investments will be priced by a method that the Manager or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

Expected recovery valuation estimates that the fair value of an existing asset can be recovered, net of any liability. Significant changes in the unobservable inputs would result in direct and proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

The Discounted Cash Flow model is based on future cash flows generated by the investment and may be normalized based on expected investment performance. Future cash flows are discounted to present value using an appropriate rate of return, typically calibrated to the initial transaction date and adjusted based on Capital Asset Pricing Model and/or other market-based inputs. Significant changes in the unobservable inputs would result in direct and proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

The Comparable Companies model is based on application of valuation multiples from publicly traded comparable companies to the financials of the subject company. Adjustments may be made to the market-derived valuation multiples based on differences between the comparable companies and the subject company. Significant changes in the unobservable inputs would result in direct and proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

The Option Pricing Model is a commonly accepted method of allocating enterprise value across a capital structure. The method may be utilized when a capital structure includes multiple instruments with varying rights and preferences, there is no short term exit horizon, the nature of an exit event is unknown, or if the enterprise value is not sufficient to cover outstanding debt and preferred claims. The Option Pricing Model can also be used as a method to estimate enterprise value by 'back-solving' if there are recent indicative transactions for securities with the same issuer. The Option Pricing Model uses Black-Scholes option pricing, a generally accepted option model typically used to value call options, puts, warrants, and convertible preferred securities. Significant changes in unobservable inputs would result in direct changes in the fair value of the security. These securities are categorized as level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper, time deposits, and certificates of deposit) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized 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 amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

5. SECURITIES AND OTHER INVESTMENTS

Investments in Securities

Loan Participations, Assignments and Originations The Fund may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. The 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 or investments in or originations of loans by the Fund. 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. The Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. When the Fund purchases assignments from lenders it acquires direct rights against the borrowers 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 the 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. The Fund may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. 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 Fund 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 utilized by the borrower. When investing in a loan participation, the 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. The Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, the Fund may receive a penalty fee upon the prepayment of a loan by a borrower. Fees earned or paid are recorded as a component of interest for distribution purposes or interest expense, respectively, on the Statements of Comprehensive Income. Unfunded loan commitments are reflected as a liability on the Statements of Financial Position.

Mortgage-Related and Other Asset-Backed Securities The Fund 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 U.S. 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, but not limited to, auto loans, accounts receivable, such as credit card receivables and hospital account receivables, home equity loans, student loans, boat loans, mobile home loans, recreational vehicle loans, manufactured housing loans, aircraft leases, computer leases and syndicated bank loans.

Collateralized Debt Obligations ("CDOs") include Collateralized Bond Obligations ("CBOs"), Collateralized Loan Obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed 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 collateralized 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 the Fund invests. 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) the 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.

Collateralized Mortgage Obligations ("CMOs") are debt obligations of a legal entity that are collateralized 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.

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. An 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 for distribution purposes on the Statements of Comprehensive Income. 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 for distribution purposes on the Statements of Comprehensive Income. Payments received for POs are treated as reductions to the cost and par value of the securities.

Payment In-Kind Securities The Fund may invest in payment in-kind securities ("PIKs"). PIKs 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) and require a pro rata adjustment from the unrealized appreciation (depreciation) on investments to interest receivable on the Statements of Financial Position.

Perpetual Bonds The Fund may invest in perpetual bonds. Perpetual bonds are fixed income securities with no maturity date but pay a coupon in perpetuity (with no specified ending or maturity date). Unlike typical fixed income securities, there is no obligation for perpetual bonds to repay principal. The coupon payments, however, are mandatory. While perpetual bonds have no maturity date, they may have a callable date in which the perpetuity is eliminated and the issuer may return the principal received on the specified call date. Additionally, a perpetual bond may have additional features, such as interest rate increases at periodic dates or an increase as of a predetermined point in the future.

Government Securities, Government Agencies or Government-Sponsored Enterprises The Fund may invest in Canadian Government securities. Canadian Government securities are obligations of, or guaranteed by, the Canadian Government, its agencies or government-sponsored enterprises. Canadian Government securities are subject to market and interest rate risk and may be subject to varying degrees of credit risk. Canadian Government securities include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities.

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

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. 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 U.S. 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 U.S. Government.

When-Issued Transactions The Fund may purchase or sell securities on a when-issued basis. These transactions are made conditionally because a security, although authorized, has not yet been issued in the market. Transactions to purchase or sell securities on a when-issued basis involve a commitment by the Fund to purchase or sell these securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. The Fund may sell when-issued securities before they are delivered, which may result in a realized gain (loss).

6. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The following disclosures contain information on the Fund's ability to lend or borrow cash or securities to the extent permitted, which may be viewed as borrowing or financing transactions by the Fund. The location of these instruments in the Fund's financial statements is described below. For a detailed description of credit and counterparty risks that can be associated with borrowings and other financing transactions, please see Note 8, Financial Instrument Risk.

(a) Committed Facility On April 15, 2022, consistent with its principal investment strategies, the Fund entered into a committed facility agreement (the facility agreement) with an Irish affiliate of a Canadian Schedule II bank ("the Lender").

The Fund is required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding (or more depending on the terms of the facility agreement) and has granted a security interest in the securities pledged to, and in favor of, the Lender as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the facility agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the facility agreement, necessitating the sale of portfolio securities at potentially inopportune times.

The facility resets daily based on combination of a SOFR-based variable rate plus a credit spread and the Fund pays the financing charges monthly. The maximum commitment amount under the facility agreement is USD 150,000,000, or $198,757,500 (CAD). The maximum amount borrowed under the facility during the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022 was USD 50,267,648, or $68,827,310 (CAD) and USD 43,600,000, or $56,884,920 (CAD). The minimum amount borrowed under the facility during the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022 was USD 17,200,000, or $23,210,618 (CAD) and USD 16,100,000, or $21,901,635 (CAD). The borrowed money was used for investment purposes consistent with the Fund's investment objective and strategies.

Borrowings outstanding as of December 31, 2023 and December 31, 2022 are disclosed as payable for committed facility on the Statements of Financial Position. Interest paid by the Fund in relation to the borrowings are disclosed as part of interest expense on the Statements of Comprehensive Income.

The Fund's borrowing activity under the agreement for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022 were as follows (amounts in thousands†):

Year Ended December 31, 2023			Period Ended December 31, 2022		
Average Outstanding Principal*	Average Rate of Interest	Interest	Average Outstanding Principal*	Average Rate of Interest	Interest
$ 37,458	6.19%	$ 2,375	$ 37,484	3.81%	$ 799

† A zero balance may reflect actual amounts rounding to less than one thousand.
* The average outstanding principal may be higher or lower than the commitment amount or outstanding principal at period end due to changes in the commitment amount during the period or borrowings and paydowns made during the period.

The Fund's borrowing activity under the agreement as at December 31, 2023 and December 31, 2022 were as follows (amounts in thousands†):

As of December 31, 2023			As of December 31, 2022		
Investments Pledged as Collateral	Outstanding Principal	Outstanding Principal as a Percentage of Net Assets	Investments Pledged as Collateral	Outstanding Principal	Outstanding Principal as a Percentage of Net Assets
$ 103,857	$ 51,677	23.02%	$ 100,174	$ 25,455	11.23%

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

(b) Master Forwards The Fund may enter into financial transactions referred to as 'master forwards'. A master forward transaction consists of a sale of a security by the Fund to a financial institution, the counterparty, with a separate agreement to repurchase the same or substantially the same security at an agreed-upon price and date. The 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 the Fund are reflected as a liability on the Statements of Financial Position. The Fund will recognize 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, the Fund would have otherwise received had the security not been sold and (ii) the negotiated financing terms between the Fund and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statements of Comprehensive Income. Interest payments based upon negotiated financing terms made by the Fund to counterparties are recorded as a component of interest expense on the Statements of Comprehensive Income. In periods of increased demand for the security, the Fund may receive a fee for use of the security by the counterparty, which may result in interest income to the Fund. The Fund will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under master forward transactions.

(c) Reverse Repurchase Agreements The Fund may engage in reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, the Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time. The underlying securities for all reverse repurchase agreements are held in safekeeping at the Fund's custodian or designated subcustodians under tri-party reverse repurchase agreements. The fair value of the collateral must be equal to or exceed the total amount of the reverse repurchase obligations, including interest. Securities purchased under reverse repurchase agreements, if any, including accrued interest are included on the Statements of Financial Position. Interest earned is recorded as a component of interest for distribution purposes on the Statements of Comprehensive Income. In periods of increased demand for collateral, the Fund may pay a fee for the receipt of collateral, which may result in interest expense to the Fund.

7. FINANCIAL DERIVATIVE INSTRUMENTS

The following disclosures contain information on how and why the Fund uses financial derivative instruments, and how financial derivative instruments affect the Fund's financial position, results of operations and cash flows.

(a) Forward Foreign Currency Contracts The Fund 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 the 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 the Fund as an unrealized gain (loss). Realized gains (losses) 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 are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain (loss) reflected on the Statements of Financial Position. In addition, the 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 changes unfavorably to the functional currency. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Futures Contracts The Fund may enter into futures contracts. Futures contracts are agreements to buy or sell a security or other asset for a set price on a future date and are traded on an exchange. The 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 fair value of the securities held by the 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, the Fund is required to deposit with its futures broker an amount of cash, or U.S. or Canadian 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 ("Futures Variation Margin"). Futures Variation Margins, if any, are disclosed within centrally cleared financial derivative instruments on the Statements of Financial Position. Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statements of Financial Position.

(b) Swap Agreements The Fund may invest in swap agreements. Swap agreements are bilaterally negotiated agreements between the Fund and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ("OTC swaps") or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ("Centrally Cleared Swaps"). The 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 organization. Changes in fair value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Statements of Comprehensive Income. Daily changes in valuation of centrally cleared swaps ("Swap Variation Margin"), if any, are disclosed within centrally cleared financial derivative instruments on the Statements of Financial Position. OTC swap payments received or paid at the beginning of the measurement period are included on the Statements of Financial Position 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 realized gain (loss) on the Statements of Comprehensive Income upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain (loss) on the Statements of Comprehensive Income. Net periodic payments received or paid by the Fund are included as part of derivative income (loss) on the Statements of Comprehensive Income.

For purposes of applying the Fund's investment policies and restrictions, swap agreements are generally valued by the Fund at fair value. In the case of a credit default swap, 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 fair value), but may value the credit default swap at fair value for purposes of applying certain of the Fund's other investment policies and restrictions. For example, the 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. As a result, the Fund may, at times, have notional exposure to an asset class (before netting) that is greater or lesser than the stated limit or restriction noted in the Fund's prospectus. In this context, both the notional amount and the fair 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 recognized on the Statements of Financial Position. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may fail to perform or meet an obligation or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates or the values of the asset upon which the swap is based.

The 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 may be mitigated by having a master netting arrangement between the Fund and the counterparty and by the posting of collateral to the Fund to cover the Fund's exposure to the counterparty.

Credit Default Swap Agreements The Fund may use credit default swaps on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the 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, the 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).

Implied credit spreads, represented in absolute terms, utilized in determining the fair value of credit default swap agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference 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 indexes, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Increasing fair 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.

Interest Rate Swap Agreements The Fund is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the 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, the 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 and 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.

Total Return Swap Agreements The Fund may enter into total return swap agreements to gain or mitigate exposure to the underlying reference asset. Total return swap agreements involve commitments where single or multiple cash flows are exchanged based on the price of an underlying reference asset and on a fixed or variable interest rate. Total return swap agreements may involve commitments to pay interest in exchange for a market-linked return. One counterparty pays out the total return of a specific reference asset, which may include an underlying equity, index, or bond, and in return receives a fixed or variable rate. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a financing rate, if any. As a receiver, the Fund would receive payments based on any net positive total return and would owe payments in the event of a net negative total return. As the payer, the Fund would owe payments on any net positive total return, and would receive payments in the event of a net negative total return.

8. FINANCIAL INSTRUMENT RISK

The main risks arising from the Fund's financial instruments are market risk (including interest rate risk, foreign currency risk, other price risk, and market disruption risk), liquidity risk, credit and counterparty risks, and LIBOR transition risk.

The significant financial instrument risks, to which the Fund is exposed, along with the specific risk management practices related to those risks, are presented below. Fund specific disclosures are presented in the "Financial Instruments Risk" section of the Fund Specific Notes to Financial Statements.

Interest Rate Risk Interest rate risk is the risk that fixed income securities will fluctuate in value because of a change in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Interest rate changes can be sudden and unpredictable, and the Fund may lose money if these changes are not anticipated by the Fund's management. 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 security's market price to interest rate (i.e. yield) movements.

Foreign Currency Risk If the Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivative instruments 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 Canada 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 Canada or abroad. As a result, the Fund's investments in foreign currency denominated securities may reduce the returns of the Fund.

Other Price Risk Other price 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 (other than those arising from interest rate risk or foreign currency risk). The Manager considers the asset allocation of the portfolios in order to minimize the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objectives.

Market Disruption Risk The Fund is subject to investment and operational risks associated with financial, economic and other global market developments and disruptions, including those arising from war, terrorism, market manipulation, government interventions, defaults and shutdowns, political changes or diplomatic developments, public health emergencies (such as the spread of infectious diseases, pandemics and epidemics) and natural/environmental disasters, which can all negatively impact the securities markets and cause the Fund to lose value. Furthermore, events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. These events can also impair the technology and other operational systems upon which the Fund's service providers, including PIMCO as the Fund's investment adviser, rely, and could otherwise disrupt the Fund's service providers' ability to fulfill their obligations to the Fund.

Leverage Risk Leverage Risk is the risk that certain transactions of the Fund, such as committed facilities and/or dollar rolls, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Liquidity Risk The Fund's exposure to liquidity risk is primarily affected by the monthly redemption of units. The Fund's assets primarily comprise readily realizable securities, which can be readily sold.

Also, the Fund may be adversely affected when a large unitholder redeems large amounts of units, which can occur on any redemption date and may impact the Fund in the same manner as a high volume of redemption requests. Large unitholder transactions may impact the Fund's liquidity and net asset value. Such transactions may also increase the Fund's transaction costs or otherwise cause the Fund to perform differently than intended.

Current liabilities of borrowings and other financing transactions may consist of the fair value of repurchase agreements at period end. Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Principal investment strategies that involve foreign securities, financial derivative instruments, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

Current liabilities of financial derivative instruments may consist of the fair value of interest rate swaps, credit default swaps, cross-currency swaps, written options, and forward currency contracts as at period end. Financial derivative instruments 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 fair value represents the estimated cash flow that may be required to dispose of the positions. Future cash flows of the Fund and realized liabilities may differ from current liabilities based on changes in market conditions.

The Manager manages liquidity risk by monitoring the Fund's investment portfolio 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 Fund.

Credit and Counterparty Risks The Fund will be exposed to credit risk to parties with whom it trades and will also bear the risk of settlement default. The Fund minimizes concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognized and reputable exchanges, where applicable. Over the counter ("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 derivatives traded on an exchange or through a central counterparty, credit risk resides with the creditworthiness of the Fund's clearing broker, or the clearinghouse itself, rather than to a counterparty in an OTC derivative transaction. Changes in regulation relating to an investment fund's use of derivatives and related instruments could potentially limit or impact the Fund's ability to invest in derivatives, limit the Fund's ability to employ certain strategies that use derivatives and/or adversely affect the value or performance of derivatives and the Fund. The Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a financial derivative instruments contract, reverse repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Fund may be exposed to counterparty risk, or the risk that an institution or other entity with which the Fund has unsettled or open transactions will default. Financial assets, which potentially expose the Fund to counterparty risk, consist principally of cash due from counterparties and investments. PIMCO minimizes counterparty risks to the Fund by performing extensive reviews of each counterparty and obtaining approval from the PIMCO Counterparty Risk Committee prior to entering into transactions with a third party. Furthermore, to the extent that unpaid amounts owed to the Fund exceeds a predetermined threshold agreed to with the counterparty, such counterparty shall advance collateral to the Fund in the form of cash or cash equivalents equal in value to the unpaid amount owed to the Fund. The Fund 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 the Fund subsequently decreases, the Fund would be required to return to the counterparty all or a portion of the collateral previously advanced to the Fund. PIMCO's attempts to minimize counterparty risk may, however, be unsuccessful.

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 Fund has 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.

LIBOR Transition Risk LIBOR Transition Risk is the risk related to the anticipated discontinuation and replacement of the London Interbank Offered Rate ("LIBOR"). Certain instruments held by a Fund rely or relied in some fashion upon LIBOR. Although the transition process away from LIBOR for most instruments has been completed, some LIBOR use is continuing and there are potential effects related to the transition away from LIBOR or the continued use of LIBOR on a Fund, or on certain instruments in which the Fund invests, which can be difficult to ascertain and could result in losses to the Fund.

9. MASTER NETTING ARRANGEMENTS

The Fund may be subject to various netting arrangements ("Master Agreements") with select counterparties. These Master Agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular organization, each type of transaction may be covered by a different Master Agreement 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 Fund to close out and net their total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under the 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 USD 250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper may be used. 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 transactions between the Fund and select counterparties. The Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral for repurchase agreements and reverse repurchase agreements.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern the considerations and factors surrounding the settlement of certain forward settling transactions, such as TBA securities or delayed-delivery transactions by and between the Fund 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 fair value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Fund Specific Notes to Financial Statements.

Customer Account Agreements and related addendums govern cleared derivatives transactions such as futures, options on futures, and cleared OTC derivatives. Cleared derivative transactions require posting of initial margin as determined by each relevant clearing agency which is segregated at a broker account registered with the Commodity Futures Trading Commission (CFTC), or the applicable regulator. Counterparty risk is significantly reduced as creditors of the futures broker do not have claim to Fund assets in the segregated account. Additionally, portability of exposure in the event of default further reduces risk to the Fund. Variation margin, or changes in fair value, are exchanged daily, but may not be netted between futures and cleared OTC derivatives. The fair value or accumulated unrealized appreciation (depreciation), initial margin posted, and any unsettled variation margin as of period end is disclosed in the Fund Specific Notes to Financial Statements.

International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Fund and select counterparties. The 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. 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 or as required by regulation. Similarly, if required by regulation, the Fund may be required to post additional collateral beyond coverage of daily exposure. These amounts, if any, may (or if required by law, will) be segregated with a third-party custodian. To the extent the Fund is required by regulation to post additional collateral beyond coverage of daily exposure, it could potentially incur costs, including in procuring eligible assets to meet collateral requirements, associated with such posting. The fair 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 Investment Portfolio.

10. REDEEMABLE UNITS

On March 10, 2022, the Fund completed an initial public offering of 7,589,385 Class A Units and 13,910,615 Class F Units (together with the Class A Units, the "IPO Units") for gross proceeds of $215 million. The IPO Units were issued at a price of $10.00 per Class A Unit and $9.83 per Class F Unit. However, upon closing of the initial public offering of the Fund, the Manager made a voluntary cash contribution to the Fund of $0.17 per Class F Unit. As a result, the net asset value per Class A Unit and the net asset value per Class F Unit immediately following the closing of the initial public offering were $10.00 and $10.00, respectively.

The Class F Units were then immediately reclassified as Class A Units on a one-for-one basis such that only Class A Units were in existence after the closing of the initial public offering. The Class A Units commenced trading on the TSX on March 10, 2022 under the symbol PIX.UN.

A private placement of 3,000,000 Class P Units of the Fund (together with the IPO Units, the "Units") was also completed on March 10, 2022 for gross proceeds of $30 million. The 3,000,000 Class P Units were reclassified as 3,000,657 Class A Units on a relative NAV basis on September 12, 2022, such that only Class A Units were in existence after the reclassification.

On March 29, 2022, the Fund issued an additional 1,112,602 Class A Units, at a price of $10 per Class A Unit, for gross proceeds of $11,126,020, pursuant to the agents' exercise of the over-allotment option in connection with the initial public offering.

The Fund does not have a fixed monthly distribution amount. The Fund intends to make monthly cash distributions to Unitholders of record on the last business day of each month. Distributions will be paid on a Business Day designated by the Manager that will be no later than the 15th day of the following month for which the distribution is payable (each, a "Distribution Payment Date").

The Fund is authorized to issue an unlimited number of transferable, redeemable units, issuable in such classes as the Manager may determine which evidence the proportionate ownership interest of a unitholder in the capital of the Fund.

Class A Units may at the option of the Unitholders be surrendered for redemption on the monthly redemption date. Class A Units, if redeemed, will be redeemed at a redemption price per Class A Unit, if any, equal to the lesser of (i) 94% of the average market price and (ii) 100% of the closing market price of a Class A Unit on the applicable monthly redemption date, less, in each case, any costs associated with the redemption including commissions and such other costs, if any.

The Fund has adopted a Distribution Reinvestment Plan (the "Reinvestment Plan") which allows Unitholders to reinvest cash distributions in additional Class A Units of the Fund. TSX Trust Company (the "Plan Agent"), serves as the agent for the Unitholders in administering the Reinvestment Plan. The Reinvestment Plan commenced in respect of the distributions on May 31, 2022.

Under the Reinvestment Plan, all cash distributions will be automatically reinvested in additional Class A Units on behalf of those Unitholders who are residents of Canada for purposes of the Tax Act or that are Canadian partnerships (as defined in the Tax Act) and elect to participate in the Reinvestment Plan ("Plan Participant"). For each Fund distribution, the Plan Agent will acquire Class A Units on behalf of Plan Participants either (i) through receipt of newly issued Class A Units by the Fund from treasury ("newly issued units") or (ii) by purchasing Class A Units of the Fund on the open market.

If, on a Distribution Payment Date, the NAV per Class A Unit of the Fund determined on the previous business day is equal to or less than the market price per Class A Units plus estimated brokerage fees and commissions, the Plan Agent will invest the distribution amount on behalf of Plan Participants in newly issued units at a price equal to the greater of (i) NAV or (ii) 95% of the market price per Class A Units on the Distribution Payment Date.

If the NAV is greater than the market price per Class A Units plus estimated brokerage fees and commissions on the Distribution Payment Date, the Plan Agent will purchase the Class A Units on the TSX (or such other exchange or market on which the Class A Units are trading) except the Plan Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Class A Units if, following commencement of the purchases, the market price, plus brokerage fees and commissions, exceeds the NAV per Class A Unit.

Applicable brokerage fees and commissions incurred in connection with purchases of Units made in the market pursuant to the Reinvestment Plan will be paid by and from the accounts of Plan Participants.

The Class A Units purchased in the market or newly issued from the Fund will be allocated on a pro rata basis to the Plan Participants. The Fund will not issue fractional Class A Units. Accordingly, Plan Participants will not be permitted to reinvest the portion of a cash distribution that would otherwise result in fractional Class A Units being issued. In such circumstances, the Plan Participants will be paid the portion of the cash distribution that is not reinvested. No certificates representing Class A Units issued or purchased pursuant to the Reinvestment Plan will be issued.

The Manager will be able to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants (via the Plan Participants through which the Unitholders hold their Class A Units) and the Plan Agent. The Manager will also be able to amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to Unitholders, which notice may be given by the Fund by issuing a press release. The Fund will not be required to issue Class A Units into any jurisdiction where that issuance would be contrary to applicable laws.

International Accounting Standard 32: Financial Instruments: Presentation (IAS 32) outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The Fund's outstanding redeemable units' entitlements include multiple redemption features, and therefore there are multiple contractual obligations. Consequently, the Fund's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32.

The following is a summary of the closing market price and fair value of the net assets attributable to holders of redeemable units at closing market price as at year end:

	As at December 31, 2023	As at December 31, 2022
Closing market price	$ 7.47	$ 8.41
Fair value of the net asset attributable to holders of redeemable units at closing market price	$ 191,331,045	$ 215,407,508

11. FUND MANAGEMENT AND FEES

An annual management fee equal to 1.30% of the Total Assets of the Fund attributable to the Class A Units is paid to the Manager by the Fund which is calculated and accrued daily and paid monthly. On behalf of the Fund, the Manager provides and/or procures investment advisory and administration services including custodial, portfolio accounting, trustee, routine legal, transfer agent and printing services. The Manager will pay all of the operating expenses for the Fund, other than borrowing, interest and portfolio execution costs and taxes, the fees and expenses of the Independent Review Committee ("IRC"), extraordinary expenses, including litigation expenses of the Fund, and any new fees or expenses payable by the Fund including any costs and expenses relating to the issuance of additional Units, including without limitation, additional Units issued pursuant to an "at-the-market distribution".

The Fund is required to pay applicable goods and services taxes, harmonized sales taxes, and may be required to pay Quebec sales taxes, on management fees and certain fund costs based on the province or territory of residence of the investors in the Fund.

The Fund pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. The Fund's share of the IRC's compensation and expenses, if any, are disclosed in the Fund's financial statements.

12. RELATED PARTIES TRANSACTIONS

The Manager is a related party as defined by IAS 24: Related Party Disclosures. Fees payable to this party are disclosed in Note 11, Fund Management and Fees. The Fund is permitted to purchase or sell securities from or to certain related affiliated funds or portfolios under specified conditions outlined in procedures adopted by the IRC. The procedures have been designed to mitigate potential conflicts of interest that may arise from a purchase or sale of securities by the Fund from or to another investment fund managed by PIMCO Canada. During the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022, the Fund engaged in purchases and sales of securities among affiliated funds (amounts in thousands†):

	Year Ended December 31, 2023		For the period from March 10, 2022 (commencement of operations) to December 31, 2022	
	Purchases	Sales	Purchases	Sales
PIMCO Multi-Sector Income Fund	$ 0	$ 4,948	$ 9,001	$ 42,946

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

13. BROKER COMMISSIONS AND SOFT DOLLAR CONTRACTS

The brokerage commissions incurred for the Fund for the year ended December 31, 2023 and for the period from March 10, 2022 (commencement of operations) to December 31, 2022 are as follows (amounts in thousands†):

	Year Ended December 31, 2023	For the period from March 10, 2022 (commencement of operations) to December 31, 2022
PIMCO Multi-Sector Income Fund	$ 0	$ 0

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

Soft dollar commissions are arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. All brokerage commissions incurred by the Fund are used to pay for trade execution only and no soft dollar arrangements exist.

14. TAXATION

The Fund is a mutual fund trust as defined in the Income Tax Act (Canada). All net income for tax purposes and taxable net realized capital gains will be paid or made payable to the Unitholders in the calendar year and will eliminate any liability for Part I Tax for the Fund. As a result the Fund does not record income taxes. Since the Fund does not record income taxes, deferred income tax assets or liabilities related to capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position.

Capital losses realized by the Fund may be carried forward indefinitely and used to reduce future taxable capital gains. Non-capital losses may be carried forward up to twenty years and used to reduce future taxable income or taxable capital gains. As at the taxation year-end of December 15, 2023, the Fund had no unused non-capital losses and has the following capital losses that are carried forward (amounts in thousands†):

	December 15, 2023
	$ 19,841

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

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

Counterparty Abbreviations:

BCY	Barclays Capital, Inc.	**MBC**	HSBC Bank Plc	**TDM**	TD Securities (USA) LLC
BPS	BNP Paribas S.A.	**PAR**	BNP Paribas London Branch	**TOR**	The Toronto-Dominion Bank
GLM	Goldman Sachs Bank USA	**RBC**	Royal Bank of Canada	**UBS**	UBS Securities LLC
GST	Goldman Sachs International	**SCX**	Standard Chartered Bank, London		

Currency Abbreviations:

BRL	Brazilian Real	**GBP**	British Pound	**USD**	United States Dollar
CAD (or $)	Canadian Dollar	**EUR**	Euro		

Exchange Abbreviations:

OTC	Over the Counter

Other Abbreviations:

ABS	Asset-Backed Security	**EURIBOR**	Euro Interbank Offered Rate	**TBA**	To-Be-Announced
ALT	Alternate Loan Trust	**OIS**	Overnight Index Swap	**TBD**	To-Be-Determined
CLO	Collateralized Loan Obligation	**PIK**	Payment-in-Kind	**TBD%**	Interest rate to be determined when loan settles or at the time of funding
DAC	Designated Activity Company				

General Information

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