PIMCO Canada Corp.

Simplified Prospectus

January 10, 2011

Class A, Class F, Class I and Class O units
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Long Term Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada)
PIMCO Global Advantage Strategy Bond Fund (Canada)
PIMCO Global Balanced Fund (Canada)
PIMCO EqS Pathfinder Fund™ (Canada)

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The Funds and the units they offer under this preliminary simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of the Funds may be offered and sold in the United States only in reliance on exemptions from registration.
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Introduction

This prospectus describes the mutual funds (the "Funds") offered by PIMCO Canada Corp. ("PIMCO Canada" or the "Manager"). The Funds provide access to the professional investment advisory services of the PIMCO group. PIMCO Canada, as the adviser to the Funds, has retained Pacific Investment Management Company LLC ("PIMCO") as the sub-adviser to the Funds. In this document, we, us, and our refer to PIMCO Canada (and where the context requires, PIMCO) and you refers to the registered or beneficial owner of a unit of a Fund.

This simplified prospectus contains selected important information to help you make an informed investment decision about the Funds and to understand your rights as an investor.

It’s divided into two parts. The first part, from pages 2 to 36, contains specific information about each of the Funds offered for sale under this simplified prospectus. The second part, from pages 37 to 64, contains general information that applies to all of the Funds.

Additional information about each Fund is available in its annual information form, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the Funds’ annual information form, financial statements and management reports of fund performance at no charge by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto), by emailing us at infocanada@pimco.com, or by asking your dealer.

These documents and other information about the Funds are also available at www.sedar.com.
Summary Information

The table below describes certain investment characteristics of the Funds. The characteristics are described under Specific Information about Each of the Mutual Funds Described in this Document beginning on page 5. Following the table are certain key concepts which are used throughout this simplified prospectus.

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Fixed Income Instruments

"Fixed Income Instruments," as used generally in this simplified prospectus, includes:

- securities issued or guaranteed by governments or their subdivisions, agencies or government-sponsored enterprises;
- obligations of international agencies or supranational entities;
- corporate debt securities of issuers, including convertible securities and corporate commercial paper;
- mortgage-backed and other asset-backed securities;
- inflation-indexed bonds issued both by governments and corporations;
- structured notes, including hybrid or "indexed" securities and event-linked bonds;
- loan participations and assignments;
- delayed funding loans and revolving credit facilities;
- bank certificates of deposit, fixed time deposits and bankers' acceptances; and
- repurchase agreements on Fixed Income Instruments and reverse repurchase agreements on Fixed Income Instruments.

The Funds may invest in derivatives based on Fixed Income Instruments.

Duration

Duration is used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. Similarly, a Fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a Fund with a shorter average portfolio duration. By way of example, the price of a bond fund with an average duration of five years would be expected to fall approximately 5% if interest rates rose by one percentage point. Conversely, the price of a bond fund with an average duration of negative three years would be expected to rise approximately 3% if interest rates rose by one percentage point.

Credit Ratings

In this prospectus, references are made to credit ratings of debt securities, which measure an issuer's expected ability to pay principal and interest over time. Credit ratings are determined by rating organizations, such as Moody's Investors Services, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), Fitch Inc. (Fitch) or DBRS Limited (DBRS). The following terms are generally used to describe the credit quality of debt securities depending on the security's credit rating or, if unrated, credit quality as determined by PIMCO:
• high quality
• investment grade
• below investment grade ("high yield securities" or "junk bonds")

A Fund may purchase a security, regardless of any rating modification, provided the security is rated at or above the Fund's minimum rating category at the time of purchase. For example, a Fund may purchase a security rated B.

**Percentage Investment Limitations**

In this prospectus, unless otherwise stated, all percentage limitations on Fund investments listed in this prospectus will apply at the time of investment. A Fund would not violate these limitations unless an excess or deficiency occurs or exists immediately after and as a result of an investment.
Specific Information about Each of the Mutual Funds Described in this Document

The Funds offer Class A, Class F, Class I and Class O units. The classes have different management fees and are intended for different investors. Class A units are available to all investors. Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers. Class I units are available only to eligible institutional investors and other qualified investors. Class O units are available only to investors who maintain a minimum investment of $100,000 in a single Fund. You’ll find more information about the different classes of units on page 49.

It is possible to lose money on investments in the Funds.

About the Fund descriptions

On the following pages, you’ll find detailed descriptions of each of the Funds to help you make your investment decisions. Here’s what each section of the Fund descriptions tells you:

Fund details

This section gives you some basic information about each Fund, such as its start date and its eligibility for registered plans, including Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Registered Education Savings Plans (RESPs) and Tax-Free Savings Accounts (TFSAs).

The Funds offered under this simplified prospectus are currently expected to be qualified investments under the Income Tax Act (Canada) (“Tax Act”) for registered plans.

What does the Fund invest in?

This section tells you the Fund’s fundamental investment objectives and the strategies it uses in trying to achieve those objectives. Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Derivatives

A Fund can use derivatives as long as the use of derivatives is consistent with the Fund’s investment objectives and is permitted by securities rules or any exemption it has received. A derivative is an investment whose value is based on or derived from an underlying asset, such as a stock, a market index, a currency, a commodity or a basket of securities. It’s not a direct investment in the underlying asset itself. Examples of derivatives are forward contracts, swaps, options and futures contracts.

The Funds have obtained an exemption from National Instrument 81-102 (“NI 81-102”) to permit the Funds to engage in the following derivatives transactions on certain conditions including:

1. To enter into interest rate swaps or credit default swaps and, if the transaction is for hedging purposes, currency swaps and forwards, with a remaining term to maturity of greater than 3 years,
2. To the extent that cash cover is required in respect of specified derivatives, to cover specified derivative positions with:

(a) any bonds, debentures, notes or other evidences of indebtedness that are liquid and have a remaining term to maturity of 365 days or less and an “approved credit rating” as defined in NI 81-102 (“Fixed Income Securities”),

(b) floating rate evidences of indebtedness (“FRNs”) which are a “conventional floating rate debt instrument” as defined in NI 81-102 with principal amounts having a market value of approximately par at the time of each change in the rate to be paid and the interest rates are reset no later than every 185 days and

(i) if the FRN is issued by the government of Canada or the government of a province or territory of Canada, the principal and interest of the FRN is fully and unconditionally guaranteed by such federal, provincial or territorial government,

(ii) if the FRN is issued by the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state, or a “permitted supranational agency” as defined in NI 81-102, the principal and interest of the FRN is fully and unconditionally guaranteed by such government or permitted supranational agency and the FRN has an “approved credit rating” as defined in NI 81-102, and

(iii) if the FRN is issued by another person or company, the FRN has an “approved credit rating” as defined in NI 81-102,

3. To use as cover when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract:

(a) cash cover, Fixed Income Securities and FRNs (collectively, “Cover”) in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative,

(b) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and Cover that together with margin on account for the position, is not less than the amount, if any, by which the strike price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest, or

(c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract,
4. To use as cover, when the Fund has a right to receive payments under a swap:

(a) Cover, in an amount that, together, with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap,

(b) a right or obligation to enter into a swap on an equivalent quantity and with an equivalent term and Cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap, or

(c) a combination of the positions referred to in paragraphs (a) and (b) immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap.

The exemptions described in 3 and 4 above, are subject to the condition that the Fund will not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be in the form of (1) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (2) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102.

Repurchase agreements and reverse repurchase agreements

Through a repurchase agreement, a Fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price on a specified date. The buyer may be a dealer or other buyer. A Fund may enter into repurchase agreements if no more than 50% of its net assets are at risk under repurchase transactions, unless the Fund is permitted by law to invest in a greater amount.

Through a reverse repurchase agreement, a Fund buys securities for cash from a counterparty at a price set at the date of purchase and at the same time agrees to resell the same securities for cash to the counterparty at a price (usually higher) at a later date. The counterparty may be a dealer or other buyer.

Funds engaging in repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the Fund recovers its investment. Funds that engage in these transactions reduce this risk by holding, as collateral, enough of the other party’s cash or securities to cover that party’s repurchase or reverse repurchase obligations. To limit the risks associated with repurchase and reverse repurchase transactions, the collateral held in respect of the repurchase or reverse repurchase obligations must be marked to market on each business day and be fully collateralized at all times with acceptable collateral which has a value at least equal to 102% of the securities sold or cash paid for the securities by the Fund. A use of repurchase transactions by a Fund may increase volatility.
Investing in other mutual funds

A Fund may invest in securities of another mutual fund, including other Funds managed by PIMCO Canada, if, among other things, the investment objective of the other mutual fund is consistent with the Fund’s investment objective, no management fees or portfolio management fees are payable by the Fund that would duplicate a fee payable by the other mutual fund, the securities of the other mutual fund are qualified for distribution in the same jurisdiction as the Fund and such purchase complies with applicable securities rules and is not otherwise prohibited by the securities rules.

Short selling

A short sale involves borrowing securities from a lender which are then sold in the open market (or “sold short”). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender (or its agent) and interest is paid to the lender. If the value of the securities declines between the time that the securities are borrowed and the time it repurchases and returns the securities, a profit will be made equal to the difference (less any interest cost). In this way, there are more opportunities for gains when markets are generally volatile or declining.

The Funds have obtained an exemption from NI 81-102 to permit the Funds to sell securities short and to provide a security interest over Fund assets with dealers as security in connection with such transactions, subject to certain conditions including:

1. no proceeds from any short sale by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;

2. the aggregate market value of all securities sold short by the Fund does not exceed 20% of the total net assets of the Fund on a daily marked-to-market basis;

3. the Fund will hold cash cover (as defined in NI 81-102) in an amount, including the Fund assets deposited with dealers as security in connection with the short sale, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis; and

4. where the Fund deposits Fund assets in connection with a short sale with a qualified dealer as security, the amount of Fund assets deposited with such dealer does not, when aggregated with the amount of the Fund assets already held by such dealer as security for outstanding short sale transactions of the Fund, exceed 10% of the total net assets of the Fund, taken at market value as at the time of deposit.

Corporate debt securities

Corporate debt securities are subject to the risk of the issuer’s inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.
Credit ratings and unrated securities

Rating agencies are private services that provide ratings of the credit quality of fixed income securities, including convertible securities. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer’s current financial condition may be better or worse than a rating indicates. A Fund is not required to sell a security in the event such security is downgraded below the Fund’s minimum investment quality, provided that such security met the Fund’s minimum quality standard at the time of purchase. We do not rely solely on credit ratings, and we develop our own analysis of issuer credit quality.

A Fund may purchase unrated securities (which are not rated by a rating agency) if its portfolio manager determines that the security is of comparable quality to a rated security that the Fund may purchase. Unrated securities may be less liquid than comparable rated securities and involve the risk that the portfolio manager may not accurately evaluate the security’s comparative credit rating. Analysis of the creditworthiness of issuers of high yield securities may be more complex than for issuers of higher-quality fixed income securities. To the extent that a Fund invests in high yield and/or unrated securities, the Fund’s success in achieving its investment objective may depend more heavily on the portfolio manager’s creditworthiness analysis than if the Fund invested exclusively in higher-quality and rated securities.

Event-linked exposure

Each Fund may obtain event-linked exposure by investing in “event-linked bonds” or “event-linked swaps” or implement “event-linked strategies.” Event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as “catastrophe bonds.” If a trigger event occurs, a Fund may lose a portion or its entire principal invested in the bond or notional amount on a swap. Event-linked exposure often provides for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose a Fund to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.

Exchange-traded notes

Exchange-traded notes (“ETNs”) are senior, unsecured, unsubordinated debt securities whose returns are linked to the performance of a particular market benchmark or strategy minus applicable fees. ETNs are a form of derivative known as “debt-like securities” for the purposes of Canadian regulatory rules. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours. However, investors can also hold the ETN until maturity. At maturity, the issuer pays to the investor a cash amount equal to the principal amount, subject to the day’s market benchmark or strategy factor.

ETNs do not make periodic coupon payments or provide principal protection. ETNs are subject to credit risk and the value of the ETN may drop due to a downgrade in the issuer’s credit rating, despite the underlying market benchmark or strategy remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates,
changes in the issuer’s credit rating, and economic, legal, political, or geographic events that affect the referenced underlying asset. When a Fund invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. A Fund’s decision to sell its ETN holdings may be limited by the availability of a secondary market. ETNs are also subject to tax risk.

**Inflation-Indexed bonds**

Inflation-indexed bonds (other than certain corporate inflation-indexed bonds, which are more fully described below) are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds (other than certain corporate inflation-indexed bonds) will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of certain sovereign debt inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

With regard to certain corporate inflation-indexed bonds, the inflation adjustment is reflected in the semi-annual coupon payment. As a result, the principal value of such corporate inflation-indexed bonds does not adjust according to the rate of inflation.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

**Lack of availability**

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, a portfolio manager may wish to retain a Fund’s position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that a Fund will engage in derivatives transactions at any time or from time to time. A Fund’s ability to use derivatives may also be limited by certain regulatory and tax considerations.

**Loan participation and assignments**

A Fund may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If a Fund purchases a participation, it may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower.
**Portfolio turnover**

The length of time a Fund has held a particular security is not generally a consideration in investment decisions. A change in the securities held by a Fund is known as “portfolio turnover.” Each Fund may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover (e.g., over 100%) involves correspondingly greater expenses to a Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. The trading costs associated with portfolio turnover may adversely affect a Fund’s performance.

**Securities selection**

Certain of the Funds in this prospectus seek maximum total return. The total return sought by a Fund consists of both income earned on a Fund's investments and capital appreciation, if any, arising from increases in the market value of a Fund’s holdings. Capital appreciation of fixed income securities generally results from decreases in market interest rates, foreign currency appreciation, or improving credit fundamentals for a particular market sector or security.

In selecting securities for a Fund, we develop an outlook for interest rates, currency exchange rates and the economy; analyze credit and call risks, and use other security selection techniques. The proportion of a Fund’s assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on our outlook for the Canadian economy and the economies of other countries in the world, the financial markets and other factors.

We attempt to identify areas of the bond market that are undervalued relative to the rest of the market. We identify these areas by grouping bonds into sectors such as: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, we will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO Canada’s security selection techniques will produce the desired results.

**Variable and floating rate securities**

Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. Each Fund may invest in floating rate debt instruments (“floaters”) and engage in credit spread trades. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Each Fund may also invest in inverse floating rate debt instruments (“inverse floaters”). An inverse floater may exhibit greater price volatility than a fixed rate obligation of similar credit quality. Each Fund may invest up to 5% of its total assets in any combination of mortgage-related or other asset-backed interest only, principal only or inverse floater securities. Additionally, each Fund may also invest, without limitation, in residual interest bonds.
**When-Issued, delayed delivery and forward commitment transactions**

A Fund may purchase securities which it is eligible to purchase on a when-issued basis, may purchase and sell such securities for delayed delivery and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments). When-issued transactions, delayed delivery purchases and forward commitments involve a risk of loss if the value of the securities declines prior to the settlement date. This risk is in addition to the risk that the Fund’s other assets will decline in value. Therefore, these transactions may result in a form of leverage and increase a Fund’s overall investment exposure. Typically, no income accrues on securities a Fund has committed to purchase prior to the time delivery of the securities is made, although a Fund may earn income on securities it has segregated or “earmarked” to cover these positions.

When a Fund has sold a security on a when-issued, delayed delivery, or forward commitment basis, the Fund does not participate in future gains or losses with respect to a security. If the other party to a transaction fails to pay for the securities, a Fund could realize a loss. Additionally, when selling a security on a when-issued, delayed delivery or forward commitment basis without owning the security, a Fund will incur a loss if the security’s price appreciates in value such that the security’s price is above the agreed upon price on the settlement date.

**What are the risks of investing in the Fund?**

This section tells you the principal risks of investing in the Fund. You'll find a description of each risk in *Specific risks of mutual funds* commencing on page 37.

**Who should invest in this Fund?**

This section can help you decide if the Fund might be suitable for your portfolio. It's meant as a general guide only. For advice about your portfolio, you should consult your dealer.

The Funds will commence sales of units on a date to be determined by PIMCO Canada.

**Distribution policy**

This section tells you when a Fund usually distributes any earnings to investors. The Fund may change its distribution policy at any time.

Each class of a Fund is entitled to its share of the net income and net realized capital gains adjusted for the class specific expenses of the Fund. As a result, distributions of net income and net realized capital gains per unit will likely be different for each class of the Fund. To the extent that distributions made during the year exceed the net income and net realized capital gains of a Fund, such distributions will include a return of capital.

For information on how distributions can affect your taxes, see *Income Tax Considerations for Investors*.

**Fund expenses indirectly borne by investors**

As all of the Funds offered under this simplified prospectus are new, fund expense information is not available.
PIMCO Canadian Short Term Bond Fund

Fund details

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<th>Canadian Short-Term Fixed Income</th>
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<td>Class A units: January 10, 2011</td>
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<td></td>
<td>Class F units: January 10, 2011</td>
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<td></td>
<td>Class I units: January 10, 2011</td>
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<td></td>
<td>Class O units: January 10, 2011</td>
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<tr>
<td>Type of securities</td>
<td>units of a mutual fund trust</td>
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<td>Eligible for registered plans?</td>
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<tr>
<td>Portfolio adviser</td>
<td>PIMCO Canada</td>
</tr>
<tr>
<td>Sub-adviser</td>
<td>PIMCO</td>
</tr>
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</table>

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum total return, consistent with preservation of capital and prudent investment management. It invests primarily in a diversified portfolio of Canadian dollar Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in Canadian dollar Fixed Income Instruments of varying maturities. The Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The average portfolio duration of this Fund normally varies within 1.5 to 3.5 years.

While the Fund will invest primarily in investment grade debt securities, it may invest up to 10% of its total assets in high yield securities (“junk bonds”) that are rated B or higher by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund may invest in securities of foreign issuers to an extent that will vary from time to time but is not typically expected to exceed 30% of its total assets and may invest beyond this limit in Canadian dollar-denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) to 10% of its total assets.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long-term investors who:

- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
- can accept low to medium risk.

Distribution policy

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
PIMCO Canadian Total Return Bond Fund

Fund details

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<thead>
<tr>
<th>Fund type</th>
<th>Canadian Fixed Income</th>
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<td>Start date</td>
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<table>
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<tr>
<th>Type of securities</th>
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<td>Eligible for registered plans?</td>
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<tr>
<td>Portfolio adviser</td>
<td>PIMCO Canada</td>
</tr>
<tr>
<td>Sub-adviser</td>
<td>PIMCO</td>
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</tbody>
</table>

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum total return, consistent with preservation of capital and prudent investment management. It invests primarily in a diversified portfolio of Canadian dollar Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in Canadian dollar Fixed Income Instruments of varying maturities. The Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The average portfolio duration of this Fund normally varies within two years (plus or minus two years) of the duration of the Fund’s benchmark, DEX Universe Bond Index, which as of September 30, 2010 was 6.3 years.

While the Fund will invest primarily in investment grade debt securities, it may invest up to 10% of its total assets in high yield securities (“junk bonds”) that are rated B or higher by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund may invest in securities of foreign issuers to an extent that will vary from time to time but is not typically expected to exceed 30% of its total assets and may invest beyond this limit in Canadian dollar-denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) to 10% of its total assets.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long term investors who:

- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
- can accept low to medium risk.

Distribution policy

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
PIMCO Canadian Long Term Bond Fund

Fund details

Fund type: Canadian Long-Term Fixed Income
Start date:
- Class A units: January 10, 2011
- Class F units: January 10, 2011
- Class I units: January 10, 2011
- Class O units: January 10, 2011
Type of securities: units of a mutual fund trust
Eligible for registered plans?: Yes
Portfolio adviser: PIMCO Canada
Sub-adviser: PIMCO

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum total return, consistent with preservation of capital and prudent investment management. It primarily invests in a diversified portfolio of Canadian dollar Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objective must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in Canadian dollar Fixed Income Instruments of varying maturities. The Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The average portfolio duration of this Fund normally varies within two years (plus or minus two years) of the duration of the Fund’s benchmark, DEX Long-Term Bond Index, which as of September 30, 2010 was 13 years.

While the Fund will invest primarily in investment grade debt securities, it may invest up to 10% of its total assets in high yield securities (“junk bonds”) that are rated B or higher by Moody's, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund may invest in securities of foreign issuers to an extent that will vary from time to time but is not typically expected to exceed 30% of its total assets and may invest beyond this limit in Canadian dollar-denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) to 10% of its total assets.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
PIMCO Canadian Long Term Bond Fund

- hedge against declines in security prices, financial markets, exchange rates and interest rates;
- gain exposure to securities, financial markets and foreign currencies; and
- seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long-term investors who:

- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
- can accept low to medium risk.

Distribution policy

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
PIMCO Canadian Real Return Bond Fund

Fund details

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<td>Type of securities</td>
<td>units of a mutual fund trust</td>
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<td>Eligible for registered plans?</td>
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<td>Portfolio adviser</td>
<td>PIMCO Canada</td>
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<td>Sub-adviser</td>
<td>PIMCO</td>
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What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum real return, consistent with preservation of capital and prudent investment management. It primarily invests in a diversified portfolio of Canadian dollar inflation-linked Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objective must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in Canadian dollar inflation-linked Fixed Income Instruments of varying maturities. The Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The average portfolio duration of this Fund normally varies within two years (plus or minus two years) of the duration of the Fund’s benchmark, DEX Real Return Bond Index, which as of September 30, 2010 was 16.1 years.

While the Fund will invest primarily in investment grade inflation linked securities, it may invest in securities which are not inflation linked and may also invest up to 10% of its total assets in high yield securities ("junk bonds") that are rated B or higher by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund may invest in securities of foreign issuers to an extent that will vary from time to time but is not typically expected to exceed 30% of its total assets and may invest beyond this limit in Canadian dollar-denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) to 10% of its total assets.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long-term investors who:

- are concerned about the long-term effects of inflation
- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
- can accept low to medium risk.

Distribution policy

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
PIMCO Monthly Income Fund (Canada)

Fund details

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<th>Fund type</th>
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<td>Start date</td>
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<td>Class O units: January 10, 2011</td>
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<td>Type of securities</td>
<td>units of a mutual fund trust</td>
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<td>Eligible for registered plans?</td>
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<tr>
<td>Portfolio adviser</td>
<td>PIMCO Canada</td>
</tr>
<tr>
<td>Sub-adviser</td>
<td>PIMCO</td>
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</table>

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to maximize current income consistent with preservation of capital and prudent investment management. Long-term capital appreciation is a secondary objective. It invests primarily in a diversified portfolio of non-Canadian dollar Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in non-Canadian dollar Fixed Income Instruments of varying maturities issued. The Fund will primarily invest in physical securities, but may use derivatives to gain such exposure from time to time. The average portfolio duration of this Fund normally varies within two to eight years.

The Fund may invest up to 50% of its total assets in high yield securities ("junk bonds") that are rated Caa or higher by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest up to 20% of its total assets in securities and instruments that are economically tied to emerging market countries. There is no limit on the amount of securities denominated in foreign currencies that the Fund may invest in. The Fund will normally limit its foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) to 10% of its total assets.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The Fund will seek to maintain a high and consistent level of income by investing in a broad array of fixed income sectors and utilizing income efficient implementation strategies. Any capital appreciation generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- distressed company risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long-term investors who:

- are seeking a flow of income with a moderate degree of capital growth
- are investing for income
- can accept medium to high risk.

Distribution policy

The Fund declares and distributes monthly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
PIMCO Global Advantage Strategy Bond Fund (Canada)

Fund details

Fund type
Global Fixed Income

Start date
Class A units: January 10, 2011
Class F units: January 10, 2011
Class I units: January 10, 2011
Class O units: January 10, 2011

Type of securities
units of a mutual fund trust

Eligible for registered plans?
Yes

Portfolio adviser
PIMCO Canada

Sub-adviser
PIMCO

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve maximum total return, consistent with preservation of capital and prudent investment management. It invests primarily in non-Canadian dollar Fixed Income Instruments of varying maturities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund seeks to achieve its investment objective by investing under normal circumstances primarily in non-Canadian dollar Fixed Income Instruments of varying maturities, which may be represented by derivatives. The average portfolio duration of this Fund normally varies from zero to eight years.

The Fund may invest in high yield securities (“junk bonds”), provided that the Fund may not invest more than 15% of its total assets in securities that are rated B or lower by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The Fund may invest without limitation in securities denominated in foreign currencies and in Canadian dollar denominated securities of foreign issuers. The Fund may invest without limitation in securities and instruments that are economically tied to emerging market countries.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:

• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

The Fund may hedge all or part of its non-Canadian dollar investments back to Canadian dollars but it has no obligation to do so.
When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to invest more than 10% of the Fund’s assets invested in fixed income securities issued or guaranteed by various governments or permitted international agencies that are traded on mature and liquid markets and provided that the acquisition of these securities is consistent with the Fund’s investment objective, including to:

(i) invest up to 20% of the Fund’s net assets, taken at market value at the time of purchase, in securities of any one issuer issued or guaranteed as to principal and interest by any government (other than the government of Canada and the government of the United States of America) or any agency thereof or any of the World Bank (the International Bank for Reconstruction and Development), the Inter-American Development Bank, the Asian Development Bank, the International Finance Corporation, the European Bank for Reconstruction and Development (collectively, “Permitted Agencies”) provided that the securities have a minimum AA rating by S&P, or have an equivalent rating by one or more other approved credit rating organizations; or

(ii) invest up to 35% of the Fund’s net assets, taken at market value at the time of purchase, in securities of any one issuer issued or guaranteed as to principal and interest by any government (other than the government of Canada and the government of the United States of America) or any agency thereof or any Permitted Agency provided that the securities have a minimum AAA rating by S&P, or have an equivalent rating by one or more other approved credit rating organizations.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may also invest in cash or cash equivalents.
The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons. The Fund may hold other investments from time to time, including equity investments.

**What are the risks of investing in the Fund?**

The principal risks of investing in this Fund are:

- credit risk
- currency risk
- derivatives risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk

You will find details about each risk starting on page 37.

**Who should invest in this Fund?**

This Fund may be suitable for medium to long-term investors who:

- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
- can accept low to medium risk.

**Distribution policy**

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

Fund expense information is not available because the Fund is new.
PIMCO Global Balanced Fund (Canada)

**Fund details**

<table>
<thead>
<tr>
<th>Fund type</th>
<th>Global Neutral Balanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start date</td>
<td>Class A units: January 10, 2011</td>
</tr>
<tr>
<td></td>
<td>Class F units: January 10, 2011</td>
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<tr>
<td></td>
<td>Class I units: January 10, 2011</td>
</tr>
<tr>
<td></td>
<td>Class O units: January 10, 2011</td>
</tr>
<tr>
<td>Type of securities</td>
<td>units of a mutual fund trust</td>
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<tr>
<td>Eligible for registered plans?</td>
<td>Yes</td>
</tr>
<tr>
<td>Portfolio adviser</td>
<td>PIMCO Canada</td>
</tr>
<tr>
<td>Sub-adviser</td>
<td>PIMCO</td>
</tr>
</tbody>
</table>

**What does the Fund invest in?**

**Investment objectives**

The investment objective of the Fund is to achieve a maximum total return consistent with prudent investment management. It invests primarily in a combination of mutual funds invested in fixed income and equity securities and managed by PIMCO Canada. The Fund may also invest directly in Fixed Income Instruments and equity securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

**Investment strategies**

The Fund intends to invest in the PIMCO Global Advantage Strategy Bond Fund (Canada) and the PIMCO EqS Pathfinder Fund™ (Canada) but may invest in other Funds managed by PIMCO Canada (the “underlying Funds”).

To achieve its investment objective, the Fund’s asset mix exposure, either directly or through the underlying Funds, will generally be 40-60% in Fixed Income Instruments and 40-60% in equity securities. The average portfolio duration of this Fund varies based on our forecast for interest rates and, under normal market conditions, is not expected to exceed eight years.

The underlying Funds will invest primarily in debt securities that are rated B or higher by Moody’s, or equivalently rated by S&P, Fitch, DBRS or, if unrated, determined to be of comparable quality. The underlying Funds may invest without any limits in non-Canadian dollar denominated securities. The Fund’s foreign currency exposure (from non-Canadian dollar-denominated securities or currencies) will be tied to the underlying Funds foreign currency exposure. The underlying Funds may invest without limitation in securities and instruments that are economically tied to emerging market countries.

The Fund has obtained an exemption from the Canadian securities regulators to permit the underlying Funds to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to permit the underlying funds to engage in short selling subject to certain limits and conditions. The
underlying Funds will engage in short selling as a complement to the underlying Funds’ other investment strategies in a manner considered most appropriate to achieve the underlying Funds’ overall investment objectives and enhancing the underlying Funds’ returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons.

**What are the risks of investing in the Fund?**

The principal risks of investing in this Fund are:

- arbitrage risk
- convertible securities risk
- credit risk
- currency risk
- derivatives risk
- distressed company risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- infrastructure risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- mortgage-related and other asset-backed securities risk
- real estate risk
- short sale risk
- significant unitholder risk
- small-cap and mid-cap company risk
- value investing risk

You will find details about each risk starting on page 37.

**Who should invest in this Fund?**

This Fund may be suitable for medium to long-term investors who:

- can accept some interest rate risk to achieve moderate capital growth
- are investing for a combination of income and growth
• can accept medium to high risk.

**Distribution policy**

The Fund declares and distributes quarterly any net income and annually net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

**Fund expenses indirectly borne by investors**

Fund expense information is not available because the Fund is new.
PIMCO EqS Pathfinder Fund™ (Canada)

Fund details

Fund type: Global Equity
Start date:
- Class A units: January 10, 2011
- Class F units: January 10, 2011
- Class I units: January 10, 2011
- Class O units: January 10, 2011
Type of securities: units of a mutual fund trust
Eligible for registered plans?: Yes
Portfolio adviser: PIMCO Canada
Sub-adviser: PIMCO

What does the Fund invest in?

Investment objectives

The investment objective of the Fund is to achieve capital appreciation. It invests primarily in equity securities that are undervalued and may also invest in U.S. and non-U.S. sovereign government debt and other debt securities.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment strategies

The Fund invests primarily in equity securities, including common and preferred stock (and securities convertible into, or that we expect to be exchanged for, common or preferred stock), of issuers that we believe are undervalued. The Fund may also invest in U.S. and non-U.S. sovereign government debt and other debt securities, including bank loans, that we select on the basis of our determination of the security's value and not necessarily based on the coupon rate or credit rating of the security. The debt investments of the Fund may include high yield securities ("junk bonds") of any rating or if unrated, determined by us to be of comparable quality. The Fund may not invest more than 30% of its total assets in debt securities.

The Fund may invest all or part of its assets in the securities of distressed companies including defaulted securities, which typically involve investments in lower-rated debt securities and loans but may also include equity securities of distressed companies.

The Fund may, as permitted by Canadian securities laws, invest its assets directly or indirectly in gold.

The Fund may use specified derivatives, such as options, futures contracts, forwards and swaps, as permitted by Canadian securities laws to, among other things:
• hedge against declines in security prices, financial markets, exchange rates and interest rates;

• gain exposure to securities, financial markets and foreign currencies; and

• seek to obtain market exposure to securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs and dollar rolls).

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities rules.

The Fund has obtained an exemption from the Canadian securities regulators to permit the Fund to enter into interest rate and credit default swaps with remaining terms to maturity greater than three years and to use certain additional types of securities to cover certain specified derivative positions. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

The Fund has obtained an exemption from the Canadian securities regulators to engage in short selling subject to certain limits and conditions. The Fund will engage in short selling as a complement to the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s overall investment objectives and enhancing the Fund’s returns. See Specific Information about Each of the Mutual Funds Described in this Document for additional information concerning this exemption.

Repurchase transactions and reverse repurchase transactions may be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieve the Fund’s investment objectives and to enhance the Fund’s returns.

The Fund may also invest in cash or cash equivalents. The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of market downturn or for other reasons.
What are the risks of investing in the Fund?

The principal risks of investing in this Fund are:

- arbitrage risk
- convertible securities risk
- credit risk
- currency risk
- derivatives risk
- distressed company risk
- emerging markets risk
- equity risk
- foreign investment risk
- high yield risk
- infrastructure risk
- interest rate risk
- issuer risk
- issuer non-diversification risk
- liquidity risk
- management risk
- market risk
- real estate risk
- short sale risk
- significant unitholder risk
- small-cap and mid-cap company risk
- value investing risk

You will find details about each risk starting on page 37.

Who should invest in this Fund?

This Fund may be suitable for medium to long-term investors who:

- are investing for capital appreciation
- can accept medium to high risk.

Distribution policy

The Fund declares and distributes annually any net income and net realized capital gains.

Distributions will always be reinvested in additional units of the Fund unless you notify us that you want to receive cash distributions.

Fund expenses indirectly borne by investors

Fund expense information is not available because the Fund is new.
What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

A mutual fund is an investment that pools your money with the money of many other people. A portfolio adviser retained for the mutual fund uses that money to buy securities, such as stocks, bonds, cash or other investment instruments, depending on the mutual fund’s investment objectives.

When you invest in a mutual fund, you receive units of the mutual fund. Each unit represents a proportionate share of all of the mutual fund’s assets. All of the investors in a mutual fund share in the Fund’s income, gains and losses. Investors also pay their share of the mutual fund’s expenses.

In addition to receiving professional portfolio advice, there are some other advantages to investing in mutual funds over investing in securities on your own. Because your money is pooled with that of other investors, a mutual fund offers diversification into many securities that may not have otherwise been available to individual investors. Mutual funds have low investment minimums, making them accessible to nearly everyone.

An investment in a mutual fund isn’t guaranteed. Unlike bank accounts or guaranteed investment certificates (GICs), mutual fund units are not covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend your right to redeem your units. See Suspending your right to buy, switch and redeem units for details.

What are the risks?

The value of your investment in a Fund changes with the values of that Fund’s investments. Many factors can affect those values. The principal risks of each Fund are identified under Specific Information about Each of the Mutual Funds Described in this Document. Each Fund may be subject to additional risks other than those described because the types of investments made by a Fund can change over time. There is no guarantee that a Fund will be able to achieve its investment objective. It is possible to lose money by investing in a Fund.

The amount of risk depends on the Fund’s investment objectives and the types of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for gains as well as losses.

This prospectus does not attempt to disclose all of the various types of securities and investment techniques that may be used by the Funds. As with any mutual funds, investors in the Funds rely on the professional investment judgment and skill of the advisers.

Specific risks of mutual funds

The value of the investments a Fund holds can change for a number of reasons. You’ll find the specific risks of investing in each of the Funds in the individual fund descriptions starting on
This section tells you more about each risk and includes additional information about the Funds, their investments and related risks. Not all risks apply to all Funds.

**Arbitrage Risk**

A Fund’s investments in securities purchased pursuant to an arbitrage strategy in order to take advantage of a perceived relationship between the value of two securities present certain risks. Securities purchased or sold short (in accordance with the terms of any exemption from NI 81-102) pursuant to an arbitrage strategy may not perform as intended, which may result in a loss to the Fund. Additionally, issuers of a security purchased pursuant to an arbitrage strategy are often engaged in significant corporate events, such as restructurings, acquisitions, mergers, takeovers, tender offers or exchanges, or liquidations. Such corporate events may not be completed as initially planned or may fail.

**Convertible securities risk**

Convertible securities are fixed income securities, preferred stocks or other securities that are convertible into or exercisable for common stock of the issuer (or cash or securities of equivalent value) at either a stated price or a stated rate. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security’s market value, however, tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security’s “conversion price.” The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company’s common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer’s convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

Synthetic convertible securities involve the combination of separate securities that possess the two principal characteristics of a traditional convertible security (i.e., an income-producing component and a right to acquire an equity security). Synthetic convertible securities are often achieved, in part, through investments in warrants or options to buy common stock (or options on a stock index), and therefore are subject to the risks associated with derivatives. The value of a synthetic convertible security will respond differently to market fluctuations than a traditional convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. Because the convertible component is typically achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index, synthetic convertible securities are subject to the risks associated with derivatives. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value.

**Credit risk**

A Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, ratings agencies, pricing
services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honour its obligations. The downgrade of the credit of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

**Currency risk**

If a Fund invests directly in foreign (non-Canadian) currencies or in securities that trade in, and receive revenues in, foreign (non-Canadian) currencies, or in derivatives that provide exposure to foreign (non-Canadian) currencies, it will be subject to the risk that those currencies will decline in value relative to the Canadian dollar, or, in the case of hedging positions, that the Canadian dollar 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 Canadian 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, a Fund’s investments in foreign currency denominated securities may reduce the returns of the Fund.

**Derivatives risk**

Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. A Fund’s use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A Fund investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that a Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial. Use of derivatives by a Fund may increase volatility.

Like most other investments, derivative instruments are also subject to the risk that the market value of the instrument will change in a way detrimental to a Fund’s interest. If a portfolio manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using derivatives for a Fund, the Fund might have been in a better position if it had not entered into the transaction at all. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in other Fund investments. A Fund may also have to buy or sell a security at a disadvantageous time or price because the Fund is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions.

Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track. For example, a swap agreement on an exchange traded fund would not correlate
perfectly with the index upon which the exchange traded fund is based because the fund’s return is net of fees and expenses.

**Distressed Company Risk**

A Fund’s investments in securities of distressed companies may be subject to greater levels of credit, issuer and liquidity risk than a Fund that does not invest in such securities. Securities of distressed companies include both debt and equity securities. Debt securities of distressed companies are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. Issuers of distressed company securities may also be involved in restructurings or bankruptcy proceedings that may not be successful. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a Fund’s ability to sell these securities (liquidity risk). If the issuer of a debt security is in default with respect to interest or principal payments, the Fund may lose its entire investment.

**Emerging markets risk**

Foreign investment risk may be particularly high to the extent that a Fund invests in emerging market securities that are economically tied to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign (non-Canadian) countries.

Each Fund that may invest in foreign (non-Canadian) securities and instruments that are economically tied to emerging market countries. We generally consider an instrument to be economically tied to an emerging market country if the issuer or guarantor is a government of an emerging market country (or any political subdivision, agency, authority or instrumentality of such government), if the issuer or guarantor is organized under the laws of an emerging market country, or if the currency of settlement of the security is a currency of an emerging market country. With respect to derivative instruments, we generally consider such instruments to be economically tied to emerging market countries if the underlying assets are currencies of emerging market countries (or baskets or indexes of such currencies), or instruments or securities that are issued or guaranteed by governments of emerging market countries or by entities organized under the laws of emerging market countries. We have broad discretion to identify countries that we consider to qualify as emerging markets. In making investments in emerging market securities, a Fund emphasizes those countries with relatively low gross national product per capita and with the potential for rapid economic growth. Emerging market countries are generally located in Asia, Africa, the Middle East, Latin America and Eastern Europe. We will select the country and currency composition based on its evaluation of relative interest rates, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments and any other specific factors we believe to be relevant.

Investing in emerging market securities imposes risks different from, or greater than, risks of investing in domestic securities or in foreign, developed countries. These risks include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. The currencies of emerging market countries may experience significant declines.
against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by a Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause a Fund to miss attractive investment opportunities, hold a portion of its assets in cash pending investment, or be delayed in disposing of a portfolio security. Such a delay could result in possible liability to a purchaser of the security.

**Equity risk**

Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Equity securities also include, among other things, preferred stocks, convertible stocks and warrants. The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

**Foreign investment risk**

Each Fund may invest in securities and instruments that are economically tied to foreign (non-Canadian) countries. We generally consider an instrument to be economically tied to a foreign country if the issuer is a foreign government (or any political subdivision, agency, authority or instrumentality of such government), or if the issuer is organized under the laws of a foreign country. In the case of certain money market instruments, such instruments will be considered economically tied to a foreign country if either the issuer or the guarantor of such money market instrument is organized under the laws of a foreign country. With respect to derivative instruments, we generally consider such instruments to be economically tied to foreign countries if the underlying assets are foreign currencies (or baskets or indexes of such currencies), or instruments or securities that are issued by foreign governments or issuers organized under the laws of a foreign country (or if the underlying assets are certain money market instruments, if either the issuer or the guarantor of such money market instruments is organized under the laws of a foreign country).

Investing in foreign securities involves special risks and considerations not typically associated with investing in Canadian securities. A Fund that invests in foreign (non-Canadian) securities may experience more rapid and extreme changes in value than a Fund that invests exclusively in securities of Canadian companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries.
Additionally, issuers of foreign securities are usually not subject to the same degree of regulation as Canadian issuers. Reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from Canadian standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a Fund’s investments in a foreign country. In the event of nationalization, expropriation or other confiscation, a Fund could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. To the extent that a Fund invests a significant portion of its assets in a specific geographic region, the Fund will generally have more exposure to regional economic risks associated with foreign investments.

Investors should consider carefully the substantial risks involved for Funds that invest in securities issued by foreign companies and governments of foreign countries. These risks include: differences in accounting, auditing and financial reporting standards; generally higher commission rates on foreign portfolio transactions; the possibility of nationalization, expropriation or confiscatory taxation; adverse changes in investment or exchange control regulations; and political instability. Individual foreign economies may differ favorably or unfavorably from the Canadian economy in such respects as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. The securities markets, values of securities, yields and risks associated with foreign securities markets may change independently of each other. Also, foreign securities and dividends and interest payable on those securities may be subject to foreign taxes, including taxes withheld from payments on those securities. Foreign securities often trade with less frequency and volume than domestic securities and therefore may exhibit greater price volatility. Investments in foreign securities may also involve higher custodial costs than domestic investments and additional transaction costs with respect to foreign currency conversions. Changes in foreign exchange rates also will affect the value of securities denominated or quoted in foreign currencies. Certain Funds also may invest in sovereign debt issued by governments, their agencies or instrumentalities, or other government-related entities. Holders of sovereign debt may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. In addition, there is no bankruptcy proceeding by which defaulted sovereign debt may be collected.

**High yield risk**

Funds that invest in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) may be subject to greater levels of credit and liquidity risk than Funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a Fund’s ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a Fund may lose its entire investment. Because of the risks involved in investing in high yield securities, an investment in a Fund that invests in such securities should be considered speculative.

**Infrastructure risk**

To the extent a Fund invests in infrastructure entities, projects and assets, the Fund may be sensitive to adverse economic, regulatory, political or other developments. Infrastructure entities may be subject to a variety of events that adversely affect their business or operations, including service interruption due to environmental damage, operational issues, access to and the cost of obtaining capital, and regulation by various governmental authorities. There are substantial
differences between regulatory practices and policies in various jurisdictions, and any given regulatory authority may take actions that affect the regulation of instruments or assets in which a Fund invests, or the issuers of such instruments, in ways that are unforeseeable. Infrastructure entities, projects and assets may be subject to changes in government regulation of rates charged to customers, government budgetary constraints, the imposition of tariffs and tax laws, and other regulatory policies. Additional factors that may affect the operations of infrastructure entities, projects and assets include innovations in technology that affect the way a company delivers a product or service, significant changes in the use or demand for infrastructure assets, terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets. A Fund may invest in entities and assets that may share common characteristics, are often subject to similar business risks and regulatory burdens, and whose instruments may react similarly to various events that are unforeseeable.

**Interest rate risk**

Interest rate risk is the risk that fixed income securities and other instruments in a Fund’s portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a 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. 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. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates. Inflation indexed bonds decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation indexed bonds may experience greater losses than other fixed income securities with similar durations.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When a Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund’s units.

**Issuer risk**

The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer’s goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

**Issuer non-diversification risk**

Focusing investments in a small number of issuers, industries or foreign currencies increases risk. Funds that are “non-diversified” may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular sovereign) than funds that are “diversified.” Funds that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more
A diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.

**Liquidity risk**

Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a Fund can’t sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximately the value at which the Fund has valued the securities or which are otherwise subject to legal or or contractual restrictions on resale. A Fund’s investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a Fund, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that a Fund’s principal investment strategies involve foreign (non-Canadian or U.S.) securities, derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk.

A Fund may invest up to 10% of its net assets in illiquid securities. Certain illiquid securities may require pricing at fair value. A portfolio manager may be subject to significant delays in disposing of illiquid securities, and transactions in illiquid securities may entail prospectus expenses and other transaction costs that are higher than those for transactions in liquid securities. Restricted securities, i.e., securities subject to legal or contractual restrictions on resale, may be illiquid.

**Management risk**

Each Fund is subject to management risk because it is an actively managed investment portfolio. We will apply investment techniques and risk analyses in making investment decisions for the Funds, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to us in connection with managing the Funds and may also adversely affect the ability of the Funds to achieve their investment objectives.

**Market risk**

The market price of securities owned by a Fund may go up or down, occasionally rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company or issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. It may also decline due to factors which affect a particular industry or
industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed income securities.

**Mortgage-related and other asset-backed securities risk**

Mortgage-related securities include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities ("SMBSs") and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. 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.

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if a Fund holds mortgage-related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. A Fund’s investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a Fund to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market’s perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

One type of SMBS has one class receiving all of the interest from the mortgage assets (the interest-only, or "IO" class), while the other class will receive all of the principal (the principal-only, or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate
of principal payments may have a material adverse effect on a Fund’s yield to maturity from these securities.

**Real estate risk**

A Fund that invests in real estate-linked derivative instruments is subject to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in a real estate-linked derivative instrument that is linked to the value of a real estate investment trust (“REIT”) is subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws or failure by the REIT to qualify as a real estate investment trust for purposes of the *Income Tax Act* or qualify for tax-free pass-through of income under the U.S. tax laws. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Also, the organizational documents of a REIT may contain provisions that make changes in control of the REIT difficult and time-consuming.

**Short sale risk**

A Fund’s short sales, if any, are subject to special risks. A short sale involves the sale by the Fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. A Fund may also enter into a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the Fund will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the Fund. The Fund may also experience difficulties in repurchasing the borrowed securities if a liquid market for the securities does not exist.

**Significant unitholder risk**

The purchase or redemption of a significant number of units of a Fund may require the portfolio adviser to change the composition of the Fund’s portfolio significantly or may force the portfolio adviser to buy or sell investments at unfavourable prices, which can affect the Fund’s performance.

**Small-Cap and Mid-Cap Company Risk**

Investments in securities issued by small-capitalization and mid-capitalization companies involve greater risk than investments in large-capitalization companies. The value of securities issued by small- and mid-cap companies may go up or down, sometimes rapidly and unpredictably, due to narrower markets and more limited managerial and financial resources than large cap companies. A Fund’s investments in small- and mid-cap companies may increase the volatility of the Fund’s portfolio.
Value Investing Risk

Value investing attempts to identify companies that we believe to be undervalued. Value stocks typically have prices that are low relative to factors such as the company's earnings, cash flow or dividends. A value stock may decrease in price or may not increase in price as anticipated by us if it continues to be undervalued by the market or the factors that we believe will cause the stock price to increase do not occur. A value investing style may perform better or worse than equity funds that focus on growth stocks or that have a broader investment style.
## Organization and management of the Funds

<table>
<thead>
<tr>
<th>Role</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manager</strong></td>
<td>As investment fund manager, we are responsible for the overall business and operation of the Funds. This includes: • arranging for portfolio advisory services • providing or arranging for administrative services. PIMCO Canada Corp. is indirectly majority owned by Allianz SE.</td>
</tr>
<tr>
<td><strong>Trustee</strong></td>
<td>As trustee, State Street Trust Company Canada holds legal title to the assets of the Fund.</td>
</tr>
<tr>
<td><strong>Custodian</strong></td>
<td>The custodian holds the investments of the Funds and keeps them safe to ensure that they are used only for the benefit of investors.</td>
</tr>
<tr>
<td><strong>Registrar &amp; Transfer Agent</strong></td>
<td>As registrar and transfer agent, International Financial Data Services (Canada) Limited makes arrangements to keep a record of all unitholders of the Funds, and processes orders.</td>
</tr>
<tr>
<td><strong>Auditor</strong></td>
<td>The auditor is an independent firm of chartered accountants. The firm audits the annual financial statements of the Funds.                                                                                       The approval of unitholders will not be obtained before making a change to the auditor of a Fund. Unitholders will be sent a written notice at least 60 calendar days before the effective date of any such change.</td>
</tr>
<tr>
<td><strong>Portfolio adviser</strong></td>
<td>The portfolio adviser makes the investment decisions for a Fund, buys and sells the investments for the Fund’s portfolio and manages the portfolio.</td>
</tr>
<tr>
<td><strong>Sub-adviser</strong></td>
<td>PIMCO Canada has retained PIMCO to provide investment advice and make the investment decisions for the Funds. PIMCO Canada is responsible to the Funds for losses caused by a breach by PIMCO of the standard of care required by Canadian securities rules. PIMCO is located outside of Canada, which may make it difficult to enforce legal rights against them.</td>
</tr>
</tbody>
</table>
Independent Review Committee

In accordance with National Instrument 81-107, Independent Review Committee for Investment Funds, PIMCO Canada, as investment fund manager of the Funds, has established an Independent Review Committee (“IRC”), with a mandate to review, or in certain circumstances, to approve conflict of interest matters, that we present to the IRC.

The IRC is currently composed of three members and each member is independent of the Funds and us. The IRC will prepare, for each financial year of the Funds, a report to unitholders that describes the IRC and its activities for the financial year. Unitholders can get a copy of this report, at no cost, by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto), by emailing us at infocanada@pimco.com or by visiting www.sedar.com.

Additional information about the IRC, including the names of its members, is available in the Funds' annual information form.

Purchases, switches and redemptions

Classes of units

Each class of units is intended for different kinds of investors as follows:

Class A: Class A units are available to all investors.

Class F: Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers. Class F units can be purchased under this simplified prospectus only through your registered representative who has obtained the consent of PIMCO Canada to offer Class F units. Participation in the offering of Class F units by a registered dealer is subject to terms and conditions relating to the distribution of Class F units, including the requirement of your registered representative to notify PIMCO Canada if you are no longer enrolled in the fee-for-service or wrap account program.

If PIMCO Canada is notified that you no longer meet the eligibility criteria, we will redeem or reclassify your Class F units in accordance with the instructions from your registered representative. In the absence of instructions, we may automatically redeem your Class F units or reclassify them to the Class A units. There may be tax implications arising from any sale. See Income Tax Considerations for Investors for more details.

Class I: Class I units are only available to eligible institutional investors and other qualified investors through dealers who have an agreement with us. No management fees are paid by the Fund in respect of Class I units. Instead, Class I investors negotiate a separate fee that is paid directly to us.
**Class O:** Class O units are only available to investors who are individuals and invest $100,000 or more in a single Fund.

The Funds are not currently available to non-residents of Canada.

**How to buy the Funds**

You can open an account and place orders through registered dealers. They may charge you a sales commission or other fee. Your order must be in the proper form and include all necessary supporting documents. Your registered dealer is responsible for sending your order to us. Dealers must send orders to us on the same day that they receive completed orders from investors.

All Funds can be bought in Canadian dollars only.

All transactions are based on the price of the relevant class of a Fund’s units – or its net asset value per unit. All orders are processed using the next net asset value per unit calculated after the Fund receives the order.

If we receive your order to buy, switch or redeem before 4 p.m. Toronto time on a business day, we’ll process your order based on the price calculated that day. If we receive your order after 4 p.m. on a business day, we’ll process your order based on the price calculated on the next business day. If the TSX’s trading hours are shortened or changed for other regulatory reasons, we may change the 4 p.m. deadline. Your registered dealer will send you a confirmation of your order once we process it. With automatic investment or withdrawal plans, you will receive a confirmation for your first order only.

We can reject all or part of your order within two business days of the Fund receiving it. If we reject your order, we will immediately return any money received, without interest. We may reject your order if you’ve made several purchases and sales of a Fund within a short period of time. See *Short-term trading* for details.

If we do not receive payment for your purchase within three business days after the purchase price is determined, we will redeem your units on the next business day. If the proceeds from the sale are more than the cost of buying the units, the Fund will keep the difference. If the proceeds are less than the cost of buying the units, we must pay the shortfall. We may collect the shortfall and any related costs from the dealer who placed the order.

**How we calculate net asset value per unit**

We usually calculate the net asset value per unit of each class of each Fund following the close of trading on the Toronto Stock Exchange (the TSX) on each day that the TSX is open for trading. In unusual circumstances, we may suspend the calculation of the net asset value per unit.

The net asset value per unit of each class of a Fund is calculated by determining the proportionate share of the class of the current market value of the assets and subtracting the liabilities of the Fund that are common to all classes and determining the proportionate share of the classes and the liabilities of the Fund that are specific to the class, and finally dividing the balance by the number of Fund units of the class held by unitholders.
Securities which trade on a public stock exchange are usually valued at their closing price on that exchange. However, if the price is not a true reflection of the value of the security, we will use another method to determine its value. This method is called fair value pricing and it will be used when a security’s value is affected by events which occur after the closing of the market where the security is principally traded. Fair value pricing may also be used in other circumstances.

All of the Funds are valued in Canadian dollars.

**Minimum investments**

The minimum amounts for Class A units and Class F units of a Fund for the initial investment is $1,000 and each additional investment is $100 (including pre-authorized contributions). The minimum amounts for Class O units of a Fund for the initial investment is $100,000 and each additional investment is $100 (including pre-authorized contributions). For Class I units of a Fund, the minimum initial investment is generally $10,000,000.

We can change or waive these minimum investments at any time. We can close your account if the value of your investment in a Fund drops below the minimum initial investment that applies to your account.

We require that investors in (i) Class A units and Class F units of a Fund keep at least $500 invested in such Fund, (ii) Class O units of a Fund keep at least $100,000 invested in such Fund, and (iii) Class I units of a Fund keep at least $10,000,000 invested in such Fund. For the purposes of determining whether or not an investor meets the minimum investment requirements, we will not aggregate investments from investors in the same household, from an investor’s registered plan and non-registered accounts, or otherwise. If the value of the investment falls below the minimum requirement for such class, we may redeem your units and send you the proceeds. We’ll give you 30 calendar days notice before redeeming so that you can buy more units if you wish to raise the balance above the minimum or direct us to reclassify your units to a class with a lower minimum balance.

**Purchase options**

**Class A**

When you purchase units of a Fund, you may pay a sales fee at the time of purchase or a redemption fee at the time of redemption. The purchase option you choose determines the amount of the fee and when you pay it.

*Front-end sales charge*

The front-end sales charge option is available for Class A units of all Funds. You and your registered representative negotiate the sales charge. The sales charge is deducted from the amount you invest in the Fund. The rate is up to 5%.

*Low load*

The low load option is available for Class A units of all Funds. The rate depends on how long you hold your units. Under the low load purchase option, you do not pay a sales fee when you purchase your units. If you redeem or reclassify your units within three years after purchasing them, you pay us a redemption fee. The redemption fee is calculated as a percentage of the original cost of your units being redeemed or reclassified and decreases each 18 months over a
three year period. If you hold your units for three or more years, you pay no fee when you redeem or reclassify those units. See *Fees and expenses payable directly by you* for more information, including the schedule of fee percentages that may apply depending on the year in which you redeem or reclassify your units.

**Class F, Class I and Class O**

Your dealer may charge you a fee when you purchase units of a Fund.

**How to switch Funds**

You can switch from one Fund to another Fund, as long as you’re eligible to hold the particular class of the Fund into which you switch. The rules for buying and redeeming units also apply to switches. Switches within three years of purchase of Class A units, from Class A units purchased under the low load sales charge option to Class F, Class I or Class O units will be subject to a low load sales charge. See *Redeeming Class A units under the low load option* for details of redemption fees.

When we receive your order, we will redeem units of the first Fund and then use the proceeds to buy units of the second Fund. If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.

If you switch units frequently, you may have to pay a short-term trading fee. See *Short-term trading* for details.

**How to reclassify your units**

You can change your units of one class to another class of units of the same Fund, as long as you’re eligible to hold that class. If you change units of one class to another class, the value of your investment won’t change (except for any fees you pay to reclassify your units), but the number of units you hold will change. This is because each class has a different unit value. Your dealer may charge you a fee to reclassify your units. If within three years of your purchase of Class A units under the low load sales charge option, you reclassify your units to Class F, Class I or Class O units, you will be subject to a low load sales charge. See *Redeeming Class A units under the low load option* for details of redemption fees. Changing units from one class to another class of the same Fund is not a disposition for tax purposes. For more information, see *Income tax considerations for investors*.

**How to redeem your units**

You may choose to redeem units of a Fund at any time. When you redeem units of a Fund, you receive the proceeds of your sale in cash. If you have not arranged for electronic transaction services, you must give us written instructions to redeem your units.

The Fund may charge you a short-term trading fee if you redeem your units within 30 calendar days of buying them. See *Fees and Expenses* for details about these fees.

Unless PIMCO Canada and your dealer have arranged otherwise, we’ll send your payment to you by cheque or wire payment within three business days of receiving your properly completed order. You’ll receive payment in Canadian dollars.
If you are redeeming more than $25,000 of the Funds, your signature must be guaranteed by your bank, trust company or registered dealer. In some cases, we may require other documents or proof of signing authority. You can contact your registered representative or us to find out the documents that are required to complete the sale.

If we haven’t received all the required documents within 10 business days of receiving your redemption order, we’ll issue the same number of securities on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your registered dealer must pay the shortfall. Your registered dealer may have the right to collect it from you.

*Redeeming Class A units under the low load option*

If you invest in Class A units under the low load option and, under certain circumstances, redeem, switch or reclassify those units within three years of buying the original units, we will deduct the applicable low load sales charge from your transaction.

Your Class A units will be redeemed in the order of purchase, with your oldest units being sold first. For purposes of calculating the order of redeeming units, both the purchased units and units issued on the reinvestment of distributions on such purchased units are deemed to be issued on the same date. At the time of redemption, the purchased units of a Fund outstanding at that time are redeemed in priority to the reinvested units of such Fund deemed issued on the same date.

You won’t pay a low load sales charge on Class A units you hold for 3 years or more, Class A units that qualify for the 10% free amount, provided you reinvest distributions you receive on such units as explained under *10% free amount* described below, Class A units you receive from reinvested distributions, cash distributions, Class A units you switch from one Fund to another Fund, provided you remain in the same class and sales charge option.

*10% free amount*

Each calendar year, you can redeem or switch up to 10% of the market value of the Class A units you bought under the low load option in each calendar year without paying a low load sales charge (provided any distributions you receive on your units in cash will reduce the 10% free amount). This is referred to as the 10% free amount. The 10% free amount for each year is equal to 10% of the market value, measured as at December 31 of the previous year, of your Class A units you bought under the low load option and that you have held for less than 3 years; plus 10% of the market value of your Class A units you bought under the low load option in the current year. Any unused 10% free amount in a given year cannot be carried over to the next year.

All switches under the 10% free amount will result in the applicable securities being switched from the low load to front-end purchase option. While no sales charge will be applied, the trailing commission payable to your dealer will thereafter be that applicable to securities purchased under the front-end purchase option. See *Dealer Compensation – Trailing commission*. 
**Suspending your right to buy, switch and redeem units**

Securities regulations allow us to temporarily suspend your right to redeem your Fund units and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the Fund’s value or its underlying market exposure are traded and there’s no other exchange where these securities or derivatives are traded, or
- with the approval of securities regulators.

We will not accept orders to buy Fund units during any period when we’ve suspended investors’ rights to redeem their units.

You may withdraw your redeem order before the end of the suspension period. Otherwise, we will redeem your units at the net asset value per unit next calculated when the suspension period ends.

**Short-term trading**

Short-term trading by investors can increase a Fund’s expenses, which affects all investors in the Fund. To discourage short-term trading, a Fund may charge a fee of 2% of the amount you redeem or switch if you redeem or switch your units within 30 days of buying them. This fee is paid directly to the Fund. You will be responsible for the costs and expenses, as well as any tax consequences, resulting from the collection of the short-term trading fee. While this fee will generally be paid from the redemption proceeds of the Fund in question, we have the right to redeem units of any other Fund(s) in your account without further notice to you. We may, in our sole discretion, decide which units will be redeemed.

The short-term trading fee does not apply to:

- transactions initiated by PIMCO Canada
- withdrawals from RRIFs and RESPs
- regularly scheduled automatic withdrawal plan payments.

See page 58 for more information.

**Optional services**

This section tells you about the services that are available to investors in the Funds. For full details and application forms, call 1-877-506-8126 (416-506-8187 in Toronto).

**Pre-Authorized Contributions**

Following your initial investment in Class A, Class F or Class O units, you can make regular pre-authorized contributions to the Funds, you choose using automatic transfers from your bank account at any selected Canadian financial institution. Pre-authorized contributions are available for non-registered accounts, RRSPs, RESPs and TFSAs. See page 51 for the minimum investment amounts. You can choose to invest monthly, quarterly, semi annually or annually. We will automatically transfer the money from your bank account to the Funds you choose.
If you make purchases using pre-authorized contributions, you will receive a renewal prospectus for the Funds only if you request it. If you would like to receive a copy of a renewal prospectus along with any amendment, please call 1-877-506-8126 (416-506-8187 in Toronto) or email us at infocanada@pimco.com. The current prospectus and any amendments may be found at www.sedar.com. Although you do not have a statutory right to withdraw from a purchase of units made under a pre-authorized contribution, you will continue to have a right of action for damages or rescission in the event a renewal prospectus contains a misrepresentation, whether or not you request a renewal prospectus.

We can change or cancel the plan at any time.

**Automatic Withdrawal Plan**

The automatic withdrawal plan, only available for non-registered accounts, lets you receive regular cash payments from your Funds. You can choose to receive payments monthly, quarterly, semi-annually or annually. We will automatically redeem the necessary number of units to make payments to your bank account at any selected Canadian financial institution or by cheque.

If you redeem units within 30 days of buying them, you may have to pay a short-term trading fee. See *Short-term trading* for details.

You may realize a capital gain or loss. Capital gains are taxable. If you withdraw more money than your Fund units are earning, you’ll eventually use up your investment.

We can change or cancel the plan, or waive the minimum amounts at any time.
### Fees and expenses

This section describes the fees and expenses you may have to pay if you invest in the Funds. You may have to pay some of these fees and expenses directly, including any applicable taxes. The Funds may have to pay some of these fees and expenses, which reduces the value of your investment. Because Class F and Class I units of the Funds are no-load, a meeting of unitholders of these classes of the Funds is not required to approve any increase in a fee or expense charged to the Funds. Any such increase will only be made if such unitholders are notified of the increase at least 60 days before the date on which the increase will take effect.

### Fees and expenses payable by the Funds

| Management fees | Each Fund pays us a management fee with respect to Class A, Class F and Class O units. The fee is calculated and accrued daily and paid monthly. Management fees for Class I units of a Fund are negotiated and paid directly by the investor, not by the Fund, and will not exceed the Class A management fees of the Fund. The annual rates of the management fee for Class A, Class F and Class O units of the Funds are as follows: |

<table>
<thead>
<tr>
<th>Fund</th>
<th>Annual management fee (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class A</td>
</tr>
<tr>
<td>PIMCO Canadian Short Term Bond Fund</td>
<td>1.20</td>
</tr>
<tr>
<td>PIMCO Canadian Total Return Bond Fund</td>
<td>1.20</td>
</tr>
<tr>
<td>PIMCO Canadian Long Term Bond Fund</td>
<td>1.20</td>
</tr>
<tr>
<td>PIMCO Canadian Real Return Bond Fund</td>
<td>1.20</td>
</tr>
<tr>
<td>PIMCO Monthly Income Fund (Canada)</td>
<td>1.25</td>
</tr>
<tr>
<td>PIMCO Global Advantage Strategy Bond Fund (Canada)</td>
<td>1.60</td>
</tr>
<tr>
<td>PIMCO Global Balanced Fund (Canada)</td>
<td>2.08</td>
</tr>
<tr>
<td>PIMCO EqS Pathfinder Fund™ (Canada)</td>
<td>2.40</td>
</tr>
</tbody>
</table>
Operating expenses

PIMCO Canada will pay all of the operating expenses for a Fund, other than borrowing, interest and portfolio execution costs and taxes, including HST, the fees and expenses of the IRC, extraordinary expenses and any new fees or expenses payable by a Fund after the date of this simplified prospectus, including those resulting from compliance with any new governmental and regulatory requirements.

Each Fund is required to pay applicable goods and services taxes ("GST") or harmonized sales taxes ("HST") on management fees, administration fees and certain fund costs based on the province or territory of residence of the investors in each class of the Fund. GST, HST and Québec Sales Tax, where applicable, are part of the fund costs and are included in the management expense ratio ("MER") of each class of the Fund. Changes in existing HST rates, further provincial adoption of HST and differences in the provincial and territorial distribution of assets within each class of the Fund all may have an impact on the MER of each class of the Fund year over year.

Currently, each member of the IRC is entitled to an annual retainer of $15,000 ($20,000 for the Chair), and a per meeting fee of $2,500 for attending each IRC meeting. Each 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. Each Fund’s share of the IRC’s compensation and expenses will be disclosed in the Fund’s financial statements.

Fees and expenses payable directly by you

Sales charges

<table>
<thead>
<tr>
<th>Front-end sales charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>The front-end sales charge option is available for Class A units of all Funds. You and your registered representative negotiate the sales charge. The sales charge is deducted from the amount you invest in the Fund. The rate is up to 5%.</td>
</tr>
</tbody>
</table>
Switch fees

If you switch a Class A or Class O units of a Fund into another Class of the Fund or units of one Fund to another Fund, you may pay a fee to your registered dealer of 0-2% of the net asset value being switched.

In addition, if you change from the low load option to the front end sales charge option in respect of Class A units of a Fund, you'll also have to pay any low load sales charge that applies. See below for details about the low load sales charge. If you reclassify Class F, Class I units or Class O units to Class A units, you can choose the front-end sales charge option or the low load option. See Dealer compensation for details.

You'll find more information about reclassifying under Switches.

Redemption fee

Low load

The low load option is available for Class A units of all Funds. The low load sales charge is based on the value of the units when you bought them and is deducted from the value of the units you redeem or reclassify. The rate depends on how long you held your units. The rates are:

<table>
<thead>
<tr>
<th>Securities you redeem or reclassify</th>
<th>Low load sales charge rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>within the first 18 months of buying them</td>
<td>PIMCO Global Balanced Fund (Canada) and PIMCO EqS Pathfinder Fund™ (Canada) 2.00% All other Funds 1.00%</td>
</tr>
<tr>
<td>during the second 18 months after buying them</td>
<td>PIMCO Global Balanced Fund (Canada) and PIMCO EqS Pathfinder Fund™ (Canada) 1.25% All other Funds 0.75%</td>
</tr>
<tr>
<td>after 3 years of buying them</td>
<td>All Funds Zero</td>
</tr>
</tbody>
</table>
**Short-term trading fee**

A Fund may charge a fee of 2% of the amount you redeem or switch if you redeem or switch your units within 30 days of buying them.

The fee doesn’t apply to:

- transactions initiated by PIMCO Canada
- withdrawals from RRIFs and RESPs
- regularly scheduled automatic withdrawal plan payments.

**Other fees**

- Pre-Authorized Contributions: none
- Automatic Withdrawal Plan: none
- Dishonoured cheques or insufficient funds: $35 for each bank transaction

**Impact of Sales Charges**

Class F, Class I and Class O units of the Funds are no-load. That means you do not pay a sales commission when you buy, switch or redeem units of these classes. You may pay a sales commission or other fee when you buy, switch or redeem units through dealers.

The table below shows the fees that you would have to pay while invested in Class A units of a Fund under our different sales charge options. It assumes that:

- you invest $1,000 in securities of the Fund for each period and redeem all of your securities immediately before the end of the period.
- the sales charge under the front-end sales charge option is 5%. See Fees and expenses payable directly by you – Sales charges for the front-end sales charge rates.
- the low load option applies only if you redeem your Class A units within 3 years of buying them. See Fees and expenses payable directly by you – Redemption fees for the low load rate schedule.
- you haven’t used your 10% free amount under the low load option.

<table>
<thead>
<tr>
<th>Sales Charge Options</th>
<th>At Time of Purchase</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front-end sales charge option</td>
<td>$50</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Low load option</td>
<td>n/a</td>
<td>$20</td>
<td>$7.50</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Dealer compensation**

This section explains how we compensate dealers when you invest in Class A and Class O units of the Funds.
Sales commissions

Your registered dealer usually receives a sales commission when you invest in Class A units of a Fund. You can choose any one of the following different sales charge options available for that class. You and your registered representative will determine which sales charge option is suitable for you.

Front-end sales charge option

The front-end sales charge option is available for Class A units of all Funds. When you buy under this option, you and your registered representative negotiate the sales charge. We deduct the sales charge from your investment and pay it to your registered dealer. The sales charge is up to 5% for all Funds.

Low load option

The low load option is available for Class A units of all Funds. When you buy Class A units under this option, we pay your registered dealer a sales commission of up to 2% of the amount you invest in PIMCO Global Balanced Fund (Canada) and PIMCO EqS Pathfinder Fund™ (Canada), and up to 1% of the amount you invest in all other Funds. You may have to pay us a fee if you redeem to a different purchase option or reclassify your Class A Units within 3 years of buying the original units. See Fees and expenses payable directly by you – Redemption fees for details on the low load rate schedule.

Trailing commission

For Class A and Class O units, we pay your registered dealer, monthly or quarterly, a trailing commission on the securities purchased or issued on the reinvestment of any distributions, subject to certain eligibility requirements.

For purchases of Class F or Class I units, we do not pay any trailing commission to your registered dealer. Your registered dealer is paid a fee in respect of Class F securities under the terms of your arrangement with your registered dealer.

Generally, the trailing commission is a percentage of the total value of Class A or Class O units held by a registered representative’s clients. The maximum annual rate of the trailing commission depends upon the Class of units, the type of Fund and the purchase date as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Maximum annual trailing commission rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.50%</td>
</tr>
<tr>
<td>PIMCO Canadian Short Term Bond Fund</td>
<td></td>
</tr>
<tr>
<td>PIMCO Canadian Total Return Bond Fund</td>
<td>0.50%</td>
</tr>
<tr>
<td>PIMCO Canadian Long Term Bond Fund</td>
<td>0.50%</td>
</tr>
<tr>
<td>PIMCO Canadian Real Return Bond Fund</td>
<td>0.50%</td>
</tr>
<tr>
<td>Fund</td>
<td>Front Load</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>PIMCO Monthly Income Fund (Canada)</td>
<td>0.50%</td>
</tr>
<tr>
<td>PIMCO Global Advantage Strategy Bond Fund (Canada)</td>
<td>0.50%</td>
</tr>
<tr>
<td>PIMCO Global Balanced Fund (Canada)</td>
<td>1.00%</td>
</tr>
<tr>
<td>PIMCO EqS Pathfinder Fund™ (Canada)</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

**Other kinds of dealer compensation**

In addition to the commissions described above, we may also provide educational conferences and events, marketing support programs and other programs to registered dealers or financial advisors and their registered representatives, such as materials describing the benefits of mutual fund investing, conferences sponsored by registered dealers, for which we pay up to 50% of the cost, audio and video materials for dealer seminars and co-operative dealer advertising, for which we pay up to 50% of the cost.

We may change the terms and conditions of these commissions and programs or discontinue them, at any time.

**Income tax considerations for investors**

This section is a summary of how investing in the Funds can affect your taxes. It assumes that you’re a Canadian resident (other than a trust) and you hold your units as capital property. More detailed information is provided in the Funds’ annual information form. Because tax laws vary by province or territory and every investor’s situation is different, we recommend that you get advice from a tax expert.

**How your investment can earn money**

Funds earn money in the form of income and capital gains. Income includes the interest and dividends a Fund earns on its investments and gains on certain derivatives. Capital gains are earned when a Fund sells investments for a profit.

You earn money in the form of distributions when the Fund pays you your share of the net income and net realized capital gains it has earned. In general, each Fund will distribute enough of its net income and net realized capital gains each year to unitholders so it won’t have to pay income tax.

You can also earn money in the form of a capital gain when you redeem or switch your units for a profit. You can realize a capital loss if you redeem or switch your units at a loss.
How earnings are taxed

The tax you pay depends on whether you hold your units in a registered plan or in a non-registered account.

Units held in a registered plan

If you hold units of a Fund in an RRSP, RRIF, RESP, TFSA or other registered plan, you pay no tax on distributions from the Fund on those units or on any capital gains that your registered plan receives from redeeming or switching units. When you withdraw money from a registered plan (other than TFSA), it will generally be subject to tax at your marginal tax rate. You should consult with a tax expert about the special rules that apply to RESPs and registered disability savings plans. Holders of TFSAs should consult with their own tax advisors as to whether units would be prohibited investments under the Tax Act in their particular circumstances.

Units held in a non-registered account

Distributions from the Funds

If you hold units of a Fund in a non-registered account, you must include your share of the Fund’s distributions of net income and the taxable portion of its distributions of net realized capital gains (including any management fee distributions) in your income, whether you receive the distributions in cash or we reinvest them for you. In general, these distributions are taxable to you as if you received the income or gain directly.

Distributions, including management fee distributions, may include a return of capital. When a Fund earns less income and capital gains than the amount distributed, the difference is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units of the Fund. If the adjusted cost base of your units is reduced to less than zero, you will be deemed to realize a capital gain to the extent of the negative amount and the adjusted cost base of your units will be increased to nil. You should consult a tax expert about the tax implications of receiving a return of capital.

The unit price of a Fund may include income and/or capital gains that the Fund has accrued or realized, but not yet distributed. If you buy units of a Fund just before it makes a distribution, you’ll be taxed on that distribution, even though the Fund earned the amount before you owned it. If you buy units late in the year, you may have to pay tax on the capital gains the Fund earned for the whole year. That means you’ll end up paying tax on Fund earnings that you had little or no benefit from.

We will issue a tax slip to you each year that shows you how much of each type of income and return of capital the Fund distributed to you. You can claim any tax credits that apply to those earnings. For example, if the Fund’s distributions include Canadian dividend income, you’ll qualify for a dividend tax credit. The characterization of distributions made during the year will not be determined with certainty for Canadian tax purposes until the end of each Fund’s taxation year.

Fees paid on Class I units to us will not be deductible.
Capital gains (or losses) you realize

In general, you must also include in computing your income one half of any capital gains you realize from redeeming or switching your units. You will have a capital gain if your sale proceeds, less any costs of the sale, are more than the adjusted cost base of your units. You will have a capital loss if your sale proceeds, less any costs of the sale, are less than the adjusted cost base of your units. You may use capital losses you realize to offset capital gains.

Reclassifying units from one class of a Fund to another class of the same Fund is not a disposition for tax purposes, so no capital gain or loss will result.

Calculating adjusted cost base

Your capital gain or loss for tax purposes is the difference between the amount you receive when you redeem or switch your units and the adjusted cost base of those units, less any costs of the sale.

In general, the aggregate adjusted cost base of your units equals:

- your initial investment, plus
- additional investments, plus
- reinvested distributions, minus
- any return of capital distributions, minus
- the adjusted cost base of any previous redemptions.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from a tax expert.

Portfolio turnover rate

Each Fund discloses its portfolio turnover rate in its management report of fund performance. A Fund’s portfolio turnover rate indicates how actively the Fund’s portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio one time in the course of a year. The higher a Fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the likelihood that gains or losses will be realized by the Fund. Any distribution of net income or the taxable portion of the net realized capital gains paid or payable by the Fund to you, in a non-registered account, must be included in your income for tax purposes for that year. The trading costs associated with portfolio turnover may adversely affect a Fund’s performance.

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the
prospectus, annual information form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.
PIMCO Funds

Simplified Prospectus

Class A, Class F, Class I and Class O units

PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Long Term Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada)
PIMCO Global Advantage Strategy Bond Fund (Canada)
PIMCO Global Balanced Fund (Canada)
PIMCO EqS Pathfinder Fund™ (Canada)

You can find additional information about each Fund in its annual information form, its most recently filed annual and interim financial statements and its most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this document just as if they were printed in it.

You can get a copy of the Funds’ annual information form, financial statements and management reports of fund performance at no charge, by calling toll-free 1-877-506-8126 (416-506-8187 in Toronto) or by sending us an email at infocanada@pimco.com, or by asking your dealer. These documents and other information about the Funds such as information circulars and material contracts, are also available at www.sedar.com.

Unless otherwise indicated herein, information about the Funds which may otherwise be obtained on PIMCO Canada's website is not, and shall not be deemed to be, incorporated by reference in this simplified prospectus.

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