PIMCO

Investment Manager Model Portfolio Trade Commentary

PIMCO – Taxable and Tax Aware Fixed Income Portfolios

December 31, 2025

This trade commentary communicates changes made in the PIMCO Fixed Income Model Portfolios that are available in the Merrill Lynch Investment Advisory Program (IAP). The views expressed here are those of PIMCO only and are subject to change.

PIMCO Overview of Portfolio Changes

Investment Manager:
PIMCO

Investment Program:
Merrill Lynch Investment Advisory Program

Trade Rationale:

PIMCO Taxable Fixed Income Models Positioning:

- In the Capital Preservation Model, we increased allocations to the PIMCO Mortgage Opportunities and Bond Fund and reduced allocations to the PIMCO Low Duration Income Fund as securitized spreads improved their relative attractiveness compared to other spread sectors.
- In the Enhanced Core Model, we increased allocations to the PIMCO International Bond Fund USD-H as international developed market duration became more attractive as non-U.S. rates generally rose.
- In the Enhanced Core Model, we reduced allocations to the PIMCO Total Return Fund and the PIMCO Investment Grade Credit Bond Fund as we diversify our U.S. duration given improved relative rates across other regions.
- In the Income Focus Model, we increased allocations to the PIMCO Mortgage Opportunities and Bond Fund and reduced allocations to the PIMCO Investment Grade Credit Bond Fund as securitized credit improved its relative attractiveness compared to corporate credit.
- In the Income Focus Model, we increased allocations to the PIMCO Emerging Markets Local Currency and Bond Fund and reduced allocations to the PIMCO Emerging Markets Bond Fund. We seek to modestly shift from EM external debt into EM local debt as EM external spreads tightened. Additionally, EM local rates are elevated relative to USD rates and EM local debt may benefit from potential USD depreciation.

PIMCO Tax-Aware Fixed Income Models Positioning:

- In the Capital Preservation Model, we maintained allocations this quarter.
- In the Enhanced Core Model, we added to overall municipal exposure through increased allocations to the PIMCO National Intermediate Municipal Bond Fund and the PIMCO Municipal Bond Fund given attractive all-in yields of municipal bonds compared to taxable credit. We use intermediate munis to balance the duration increase when shifting into municipal bonds.
- In the Enhanced Core Model, we reduced allocations to the PIMCO Income Fund and the PIMCO Mortgage Opportunities and Bond Fund as taxable spreads tightened and they are the only taxable strategies currently in the model from which to source municipal allocations.
- In the Income Focus Model, we increased allocations to the PIMCO National Intermediate Municipal Bond Fund and reduced allocations to the PIMCO Income Fund given attractive all-in yields of municipal bonds compared to taxable credit. We use intermediate munis to balance the duration increase when shifting into municipal bonds.

Investment Products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

For Merrill Lynch Investment Advisory Program Clients and Prospective Clients Use Only. Not for Broker/Dealer Use.

Trade details

Current holdings and change from previous – Taxable Models (as of 12.31.2025)

		PIMCO Fixed Income MF Capital Preservation Taxable		PIMCO Fixed Income MF Enhanced Core Taxable		PIMCO Fixed Income MF Income Focus Taxable	
Ticker	**Investment Name**	**28S02367**		**28S02368**		**28S02369**	
	Fixed Income	**99.00%**		**99.00%**		**99.00%**	
	Ultra Short	**39.60%**		**0.00%**		**0.00%**	
PTSPX	PIMCO Short-Term Fund	39.60%		0.00%		0.00%	
	Short/Limited Duration	**39.60%**		**0.00%**		**0.00%**	
PLDPX	PIMCO Low Duration Fund	12.87%		0.00%		0.00%	
PFTPX	PIMCO Low Duration Income Fund	26.73%	↓ 0.99%	0.00%		0.00%	
	Intermediate Duration	**9.90%**		**38.61%**		**28.71%**	
PTTPX	PIMCO Total Return Fund	9.90%		38.61%	↓0.99%	28.71%	
	International Bond	**0.00%**		**13.86%**		**0.00%**	
PFBPX	PIMCO International Bond Fund (USD-H)	0.00%		13.86%	↑1.98%	0.00%	
	Multisector Bond	**0.00%**		**27.72%**		**39.60%**	
PONPX	PIMCO Income Fund	0.00%		27.72%		39.60%	
	Investment Grade Corporate	**0.00%**		**4.95%**		**10.89%**	
PBDPX	PIMCO Investment Grade Credit Bond Fund	0.00%		4.95%	↓0.99%	9.90%	↓ 0.99%
	Emerging Markets Debt	**0.00%**		**0.00%**		**14.85%**	
PEMPX	PIMCO Emerging Markets Bond Fund	0.00%		0.00%		8.91%	↓ 0.99%
PELPX	PIMCO Emerging Markets Local Currency and Bond Fund	0.00%		0.00%		5.94%	↑ 0.99%
	Relative Value	**9.90%**		**13.86%**		**5.94%**	
PMZPX	PIMCO Mortgage Opportunities and Bond Fund	9.90%	↑ 0.99%	13.86%		5.94%	↑ 0.99%
	Inflation Protected	**0.00%**		**0.00%**		**0.00%**	
PRLPX	PIMCO Real Return Fund	0.00%		0.00%		0.00%	
	Cash	**1.00%**		**1.00%**		**1.00%**	
	Cash	1.00%		1.00%		1.00%	

Investment Minimum: $25,000

Source: PIMCO

The table above reflects the Model portfolio opportunity set and the current allocation as of the date of this document. Please note that individual weights in the trade details above have been adjusted on a pro rata basis to account for the Cash allocation and may not add up to 100% due to rounding. These securities are included for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell any particular security. While the table above reflects the Model portfolio opportunity set and the current allocation as of the dates indicated, the specific securities purchased, sold or selected for a particular client's account may differ from those identified and described above, including in light of such clients' individual circumstances. Actual portfolio holdings may vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for client accounts. You should not assume that investments in the securities identified and discussed were or will be profitable.

Trade details

Current holdings and change from previous – Tax Aware Models (as of 12.31.2025)

		PIMCO Fixed Income MF Capital Preservation Tax Aware	PIMCO Fixed Income MF Enhanced Core Tax Aware		PIMCO Fixed Income MF Income Focus Tax Aware	
Ticker	**Investment Name**	**28S02370**	**28S02371**		**28S02372**	
	Fixed Income	**99.00%**	**99.00%**		**99.00%**	
	Ultra Short	**18.81%**	**0.00%**		**0.00%**	
PTSPX	PIMCO Short-Term Fund	18.81%	0.00%		0.00%	
	Short/Limited Duration	**20.79%**	**0.00%**		**0.00%**	
PFTPX	PIMCO Low Duration Income Fund	20.79%	0.00%		0.00%	
	Multisector Bond	**0.00%**	**18.81%**		**19.80%**	
PONPX	PIMCO Income Fund	0.00%	18.81%	↓ 1.98%	19.80%	↓ 1.98%
	Emerging Markets Debt	**0.00%**	**0.00%**		**0.00%**	
PELPX	PIMCO Emerging Markets Local Currency and Bond Fund	0.00%	0.00%		0.00%	
	Relative Value	**0.00%**	**8.91%**		**4.95%**	
PMZPX	PIMCO Mortgage Opportunities and Bond Fund	0.00%	8.91%	↓ 0.99%	4.95%	
	Muni National Short	**49.50%**	**0.00%**		**0.00%**	
SMMU	PIMCO Short Term Municipal Bond Active ETF	49.50%	0.00%		0.00%	
	Muni National Intermediate	**4.95%**	**8.91%**		**6.93%**	
PMNPX	PIMCO National Intermediate Municipal Bond Fund	4.95%	8.91%	↑ 1.98%	6.93%	↑ 1.98%
	Muni National Long	**4.95%**	**43.56%**		**28.71%**	
PMUPX	PIMCO Municipal Bond Fund	4.95%	43.56%	↑ 0.99%	28.71%	
	High Yield Muni	**0.00%**	**18.81%**		**32.67%**	
PYMPX	PIMCO High Yield Municipal Bond Fund	0.00%	18.81%		32.67%	
	Preferreds	**0.00%**	**0.00%**		**5.94%**	
PFPNX	PIMCO Preferred and Capital Securities Fund	0.00%	0.00%		5.94%	
	Cash	**1.00%**	**1.00%**		**1.00%**	
	Cash	1.00%	1.00%		1.00%	

Investment Minimum: $25,000

Source: PIMCO

The table above reflects the Model portfolio opportunity set and the current allocation as of the date of this document. Please note that individual weights in the trade details above have been adjusted on a pro rata basis to account for the Cash allocation and may not add up to 100% due to rounding. These securities are included for illustrative purposes only and should not be considered investment advice or a recommendation to buy or sell any particular security. While the table above reflects the Model portfolio opportunity set and the current allocation as of the dates indicated, the specific securities purchased, sold or selected for a particular client's account may differ from those identified and described above, including in light of such clients' individual circumstances. Actual portfolio holdings may vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for client accounts. You should not assume that investments in the securities identified and discussed were or will be profitable.

Important Disclosures

This trade commentary communicates changes made in the PIMCO portfolios that are available in the Merrill Lynch Investment Advisory Program (IAP). For additional information, please refer to the Merrill Lynch Investment Advisory Program (IAP) Strategy's profile for further details on the portfolio and the Merrill CIO role.

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The Strategy's portfolio incorporates PIMCO's tactical asset allocation over a strategic portfolio that is generally the Merrill CIO's strategic asset allocation approach.

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A Tax Aware Model Portfolio Allocates to a minimum of 50 percent municipal bond funds. A portfolio managed to a Tax Aware Model will experience a taxable event. PIMCO does not provide legal or tax advice. Please consult your tax and/or legal counsel for specific tax or legal questions and concerns.

The Expense Ratio is based on the I2 Class Shares. Model expense ratio is subject to change at time of model rebalance. PIMCO intends for the model portfolios to be implemented using the lowest fee class available to the financial advisor, typically the Institutional Class Shares. Funds typically offer different share classes, which are subject to different fees and expenses (which may affect performance), having different minimum investment requirements, and are entitled to different services. The financial advisor, implementing the portfolio determines the appropriate share class for their client. The Expense Ratio for a financial advisor selecting a different share class will vary. Expense Ratio does not reflect any wrap program fees charged by the implementing financial advisor or any other external fees or expenses. The minimum initial investment for Institutional class shares is $1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

More information on PIMCO's investment advisory services (including its model portfolios and advisory fees) is in Part 2A of PIMCO's Form ADV. SMA portfolios will be charged a wrap fee which may be all-inclusive of advisory, trading, custodial and administrative fees. Actual fees will vary by client. Individual results may vary as a result of market conditions, trading costs and other factors, which may be unique to each account. Individual account holdings will vary depending on the size of an account, cash flows and account restrictions. Portfolio holdings are subject to change daily without notice. At any time an individual account managed in this strategy may or may not include securities held by another portfolio. Consequently, any particular account may have portfolio characteristics and performance that differ from another individual account in this strategy.

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