

PIMCO HIGH INCOME FUND
Form N-CSR
October 02, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-21311

PIMCO High Income Fund

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices)

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Treasurer (Principal Financial & Accounting Officer)

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Registrant's telephone number, including area code: (844) 337-4626

Date of fiscal year end: July 31

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Date of reporting period: July 31, 2017

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Shareholders.

The following is a copy of the report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30e-1).

PIMCO Closed-End Funds

Annual Report

July 31, 2017

PIMCO Corporate & Income Opportunity Fund

PIMCO Corporate & Income Strategy Fund

PIMCO High Income Fund

PIMCO Income Strategy Fund

PIMCO Income Strategy Fund II

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Fund	Fund Summary	Schedule of Investments
<u>PIMCO Corporate & Income Opportunity Fund</u>	10	23
<u>PIMCO Corporate & Income Strategy Fund</u>	11	35
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Letter from the Chairman of the Board & President

Dear Shareholder,

The global equity markets generated strong results during the reporting period against a backdrop of solid corporate profits and signs of improving global growth. Meanwhile, the global fixed income markets generated weak results, as U.S. monetary policy tightened, whereas many international central banks maintained accommodative monetary policies.

For the 12-month reporting period ended July 31, 2017

The U.S. economy continued to expand at a relatively modest pace during the reporting period. U.S. gross domestic product (GDP), which represents the value of goods and services produced in the country, and is the broadest measure of economic activity and the principal indicator of economic performance, expanded at a revised pace of 2.8% on an annual basis during the third quarter of 2016—the strongest reading since the first quarter of 2015. GDP growth then moderated, growing at a revised annual pace of 1.8% during the fourth quarter of 2016, and 1.2% during the first quarter of 2017. Finally, the Commerce Department's second reading—released after the reporting period had ended—showed that second quarter 2017 GDP grew at an annual pace of 3.0%.

The Federal Reserve (Fed) continued to normalize monetary policy, with three interest rate hikes during the reporting period. The first occurrence was in December 2016, followed by rate hikes at its meetings in March and June 2017. The second move put the federal funds rate between 1.00% and 1.25%. In its official statement following the Fed's June meeting, the Fed said, "The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run." The Fed also indicated that it expects to begin reducing its balance sheet later this year.

Economic activity outside the U.S. generally improved during the reporting period. Nevertheless, a number of central banks, including the European Central Bank, Bank of England and Bank of Japan, maintained their highly accommodative monetary policies during the reporting period. However, toward the end of the reporting period, several central banks indicated that they may pare back their quantitative easing programs should growth improve and inflation increase.

Commodity prices fluctuated during the 12 months ended July 31, 2017. When the reporting period began, crude oil was approximately \$42 a barrel, and was roughly \$54 a barrel at the end of 2016. Prices then generally declined on elevated supplies and crude oil was roughly \$43 a barrel in mid-June 2017, before rising to nearly \$50 at the end of July 2017. Finally, there were gyrations in foreign exchange markets, possibly due, at least in part, to changing expectations for global growth, decoupling central bank policy, Brexit, the surprise outcome from the November U.S. elections, and a number of geopolitical events.

Outlook

PIMCO's baseline secular outlook is that the U.S. economy is likely to grow at about 2% per year, with inflation running close to the Fed's target of 2%. PIMCO's forecast for the federal funds rate at the end of its secular horizon is anchored in a "New Neutral" range of 2% to 3%, but with the

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risks skewed to the downside on rates. In PIMCO's view, of real concern for the U.S. outlook, as well as the global outlook, is the driving-without-a-spare-tire risk at this late stage of the business cycle. In the next recession, whenever it occurs, PIMCO believes the Fed and other central banks will have less room to cut rates than in past cycles. Some countries—for example, the U.S., China, Germany—will likely have some fiscal space to deploy in the next downturn, but with sovereign debt levels already elevated, fiscal policy is unlikely to fully offset the constraints on monetary policy in the next global downturn.

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For the eurozone, under PIMCO's baseline secular scenario, there would be trend growth of 1.25% on average over the next five years, with inflation hovering between 1% and 2%. PIMCO sees risk to its outlook as roughly balanced for the eurozone in the near term, but with risk increasing and tilting to the downside toward the end of the eurozone's secular horizon. For Japan, PIMCO's baseline secular outlook is for 0% to 1% inflation, with the Bank of Japan only gradually being able to raise the 10-year yield target. Finally, for China, PIMCO's baseline secular outlook is that growth slows gradually to about 5.5%.

In the following pages of this PIMCO Closed-End Funds Annual Report, please find specific details regarding investment performance and a discussion of factors that most affected the Funds' performance over the 12 months ended July 31, 2017.

Thank you for investing with us. We value your trust and will continue to work diligently to meet your investment needs. If you have questions regarding any of your PIMCO Closed-End Funds investments, please contact your financial advisor or call the Funds' shareholder servicing agent at (844) 33-PIMCO, or (844) 337-4626. We also invite you to visit our website at www.pimco.com to learn more about our views.

Sincerely,

Hans W. Kertess
Chairman of the Board of Trustees

Peter G. Strelow
President

Important Information About the Funds

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates trend upward, rising rates would negatively impact the performance of most bond funds, and fixed-income securities held by a Fund are likely to decrease in value. A wide variety of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions). This risk may be particularly acute in the current market environment because market interest rates are currently near historically low levels. This, combined with recent economic recovery, the Federal Reserve Board's conclusion of its quantitative easing program, and increases in federal funds interest rates in 2015, 2016 and 2017, which had not occurred since 2006, could potentially increase the probability of an updated interest rate environment in the near future. To the extent the Federal Reserve Board continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while the U.S. bond market has steadily grown over the past three decades, dealer inventories of corporate bonds have remained relatively stagnant. As a result, there has been a significant reduction in the ability of dealers to "make markets" in corporate bonds. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets, which could result in increased losses to a Fund. Bond funds and individual bonds with a longer duration (a measure of the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. In addition, in the current low interest rate environment, the market price of the Funds' common shares may be particularly sensitive to changes in interest rates or the perception that there will be a change in interest rates.

The use of derivatives may subject the Funds to greater volatility than investments in traditional securities. The Funds may use derivative instruments for hedging purposes or as part of an investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, call risk, credit risk, management risk and the risk that a Fund could not close out a position when it would be most advantageous to do so. Certain derivative transactions may have a leveraging effect on a Fund. For example, a small investment in a derivative instrument may have a significant impact on a Fund's exposure to interest rates, currency exchange rates or other investments. As a result, a relatively small price movement in a derivative instrument may cause an immediate and substantial loss or gain, which translates into heightened volatility in a Fund's net asset value (NAV). A Fund may engage in such transactions regardless of whether the Fund owns the asset, instrument or components of the index underlying a derivative instrument. A Fund may invest a significant portion of its assets in these types of

instruments. If it does, a Fund's investment exposure could far exceed the value of its portfolio securities and its investment performance could be primarily dependent upon securities it does not directly own. The regulation of the derivatives markets has increased over the past several years, and additional future regulation of the derivatives markets may make derivatives more costly, may limit the availability or reduce the liquidity of derivatives, or may otherwise adversely affect the value or performance of derivatives. Any such adverse future developments could impair the effectiveness of a Fund's derivatives transactions and cause a Fund to lose value. For instance, in December 2015, the SEC proposed new regulations applicable to a registered investment company's use of derivatives and related instruments. If adopted as proposed, these regulations could significantly limit or impact a Fund's ability to invest in derivatives and other instruments, limit a Fund's ability to employ certain strategies that use derivatives and/or adversely affect a Fund's performance, efficiency in implementing its strategy, liquidity and/or ability to pursue its investment objectives.

Certain Funds' monthly distributions may include, among other possible sources, interest income from its debt portfolio and payments and premiums (characterized as capital for financial accounting purposes and as ordinary income for tax purposes) generated by certain types of interest rate derivatives.

Strategies involving interest rate derivatives may attempt to capitalize on differences between short-term and long-term interest rates as part of a Fund's duration and yield curve active management strategies. For instance, in the event that long-term interest rates are higher than short-term interest rates, a Fund may elect to pay a floating short-term interest rate and to receive a long-term fixed interest rate for a stipulated period of time, thereby generating payments as a function of the difference between current short-term interest rates and long-term interest rates, so long as the floating short-term interest rate (which may rise) is lower than the fixed long-term interest rate.

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A Fund may also enter into opposite sides of multiple interest rate swaps or other derivatives with respect to the same underlying reference instrument (e.g., a 10-year U.S. treasury) that have different effective dates with respect to interest accrual time periods for the principal purpose of generating distributable gains (characterized as ordinary income for tax purposes) and that are not part of the Fund's duration or yield curve management strategies (paired swap transactions). In a paired swap transaction, a Fund would generally enter into one or more interest rate swap agreements whereby the Fund agrees to make regular payments starting at the time the Fund enters into the agreements equal to a floating interest rate in return for payments equal to a fixed interest rate (the initial leg). The Fund would also enter into one or more interest rate swap agreements on

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the same underlying instrument, but take the opposite position (i.e., in this example, the Fund would make regular payments equal to a fixed interest rate in return for receiving payments equal to a floating interest rate) with respect to a contract whereby the payment obligations do not commence until a date following the commencement of the initial leg (the forward leg).

A Fund's income- and gain-generating strategies may generate current income and gains taxable as ordinary income sufficient to support monthly distributions even in situations when the Fund has experienced a decline in net assets due to, for example, adverse changes in the broad U.S. or non-U.S. equity markets or the Fund's debt investments, or arising from its use of derivatives. For instance, a significant portion of a Fund's monthly distributions may be sourced from paired swap transactions utilized to produce current distributable ordinary income for tax purposes on the initial leg, with a substantial possibility that the Fund will later realize a corresponding capital loss and potential decline in its net asset value with respect to the forward leg (to the extent there are not corresponding offsetting capital gains being generated from other sources). Because some or all of these transactions may generate capital losses without corresponding offsetting capital gains, portions of a Fund's distributions recognized as ordinary income for tax purposes (such as from paired swap transactions) may be economically similar to a taxable return of capital when considered together with such capital losses.

The notional exposure of a Fund's interest rate derivatives may represent a multiple of the Fund's total net assets. There can be no assurance a Fund's strategies involving interest rate derivatives will work as intended and such strategies are subject to the risks related to the use of derivatives generally, as discussed above (see also Notes 6 and 7 in the Notes to Financial Statements for further discussion on the use of derivative instruments and certain of the risks associated therewith).

A Fund's use of leverage creates the opportunity for increased income for the Fund's common shareholders, but also creates special risks. Leverage is a speculative technique that may expose a Fund to greater risk and increased costs. If shorter-term interest rates rise relative to the rate of return on a Fund's portfolio, the interest and other costs of leverage to the Fund could exceed the rate of return on the debt obligations and other investments held by the Fund, thereby reducing return to the Fund's common shareholders. In addition, fees and expenses of any form of leverage used by a Fund will be borne entirely by its common shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Fund's common shares.

There can be no assurance that a Fund's use of leverage will result in a higher yield on its common shares, and it may result in losses. Leverage creates several major types of risks for a Fund's common shareholders, including: (1) the likelihood of greater volatility of net asset value and market price of the Fund's common shares, and of the investment return to the Fund's common shareholders, than a comparable portfolio without leverage; (2) the possibility either that the Fund's common share dividends will fall if the interest and other costs of leverage rise, or that dividends paid on the Fund's common shares will fluctuate because such costs vary over time; and (3) the effects of leverage in a declining market or a rising interest rate environment, as leverage is likely to cause a greater decline in the net asset value of the Fund's common shares than if the Fund were not leveraged and may result in a greater decline in the market value of the Fund's common shares.

A Fund's investments in and exposure to foreign securities involve special risks. For example, the value of these investments may decline in response to unfavorable political and legal developments, unreliable or untimely information or economic and financial instability. Foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers. The securities markets of certain foreign countries are relatively small, with a limited number of companies representing a small number of industries. Issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, auditing and custody standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or other confiscation, currency blockage, political changes or diplomatic developments could adversely affect a Fund's investments in foreign securities. In the event of nationalization, expropriation or other confiscation, a Fund could lose its entire investment in foreign securities. Risks associated with investing in foreign securities may be increased when a Fund invests in emerging markets. For example, if a Fund invests in emerging market debt, it may face increased exposure to interest rate, liquidity, volatility, and redemption risk due to the specific economic, political, geographical, or legal background of the emerging market.

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Investments in loans are generally subject to risks similar to those of investments in other types of debt obligations, including, among others, credit risk, interest rate risk, variable and floating rate securities risk, and, as applicable, risks associated with mortgage-related securities. In addition, in many cases loans are subject to the risks associated with below-investment grade securities. In the case of a loan participation or assignment, a Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, a Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. In the event of the insolvency of the lender selling a loan participation, a Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. A Fund may be

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Important Information About the Funds (Cont.)

subject to heightened or additional risks and potential liabilities and costs by investing in mezzanine and other subordinated loans or, with respect to certain Funds, acting as an originator of loans, including those arising under bankruptcy, fraudulent conveyance, equitable subordination, lender liability, environmental and other laws and regulations, and risks and costs associated with debt servicing and taking foreclosure actions associated with the loans. To the extent that a Fund originates a loan, it may be responsible for all or a substantial portion of the expenses associated with initiating the loan, irrespective of whether the loan transaction is ultimately consummated or closed. This may include significant legal and due diligence expenses, which will be indirectly borne by a Fund and its shareholders.

Mortgage-related and other asset-backed securities represent interests in pools of mortgages or other assets such as consumer loans or receivables held in trust and often involve risks that are different from or possibly 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 since individual mortgage holders are less likely to exercise prepayment options, thereby putting additional downward pressure on the value of these securities and potentially causing the Fund to lose money. This is known as extension risk. Mortgage-backed securities can be highly sensitive to rising interest rates, such that even small movements can cause an investing Fund to lose value. Mortgage-backed securities, and in particular those not backed by a government guarantee, are subject to credit 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 the Funds because the Funds may have to reinvest that money at the lower prevailing interest rates. The Funds' 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. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities, and asset-backed securities may not have the benefit of any security interest in the related assets. Additionally, investments in subordinate mortgage-backed and other asset-backed securities will be subject to risks arising from delinquencies and foreclosures, thereby exposing a Fund's investment portfolio to potential losses. Subordinate securities of mortgage-backed and other asset-backed securities are also subject to greater credit risk than those mortgage-backed or other asset-backed securities that are more highly rated.

A Fund may also invest in the residual or equity tranches of mortgage-related and other asset-backed securities, which may be referred to as subordinate mortgage-backed or asset-backed securities and interest-only mortgage-backed or asset-backed securities. Subordinate mortgage-backed or asset-backed securities are paid interest only to the extent that there are funds available to make payments. To the extent the collateral pool includes a large percentage of delinquent loans, there is a risk that interest payment on subordinate mortgage-backed or asset-backed securities will not be fully paid. There are multiple tranches of mortgage-backed and asset backed-securities, offering investors various maturity and credit risk characteristics. Tranches are categorized as senior, mezzanine, and subordinated/equity or first loss, according to their degree of risk. The most senior tranche of a mortgage-backed or asset-backed security has the greatest collateralization and pays the lowest interest rate. If there are defaults or the collateral otherwise underperforms, scheduled payments to senior tranches take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches take precedence over those to subordinated/equity tranches. Lower tranches represent lower degrees of credit quality and pay higher interest rates intending to compensate for the attendant risks. The return on the lower tranches is especially sensitive to the rate of defaults in the collateral pool. The lowest tranche (i.e., the equity or residual tranche) specifically receives the residual interest payments (i.e., money that is left over after the higher tranches have been paid and expenses of the issuing entities have been paid) rather than a fixed interest rate. Each Fund expects that investments in subordinate mortgage-backed and other asset-backed securities will be subject to risks arising from delinquencies and foreclosures, thereby exposing its investment portfolio to potential losses. Subordinate securities of mortgage-backed and other asset-backed securities are also subject to greater credit risk than those mortgage-backed or other asset-backed securities that are more highly rated.

The risks of investing in collateralized loan obligations (CLOs) include prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk. CLOs may carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that the investments in CLOs are subordinate to other classes or tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

High-yield bonds (commonly referred to as junk bonds) typically have a lower credit rating than other bonds. Lower-rated bonds generally

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involve a greater risk to principal than higher-rated bonds. Further, markets for lower-rated bonds are typically less liquid than for higher-rated bonds, and public information is usually less abundant in such markets. Thus, high yield investments increase the chance that a Fund will lose money on its investment. The Funds may also invest in bonds and other instruments that are not rated, but which PIMCO considers to be equivalent to high-yield investments. The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Defaulted securities are often illiquid and may not be actively traded. Sales of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of the securities used by the Funds could be material.

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 NAV of the Fund's shares.

The global economic crisis brought several small countries in Europe to the brink of default and many other economies into recession and weakened the banking and financial sectors of many European countries. For example, the governments of Greece, Spain, Portugal, and the Republic of Ireland have all experienced large public budget deficits, the effects of which are still yet unknown and may slow the overall recovery of the European economies from the global economic crisis. In addition, due to large public deficits, some European countries may be dependent on assistance from other European governments and institutions or other central banks or supranational agencies such as the International Monetary Fund. Assistance may be dependent on a country's implementation of reforms or reaching a certain level of performance. Failure to reach those objectives or an insufficient level of assistance could result in a deep economic downturn which could significantly affect the value of a Fund's European investments. It is possible that one or more Economic and Monetary Union of the European Union member countries could abandon the euro and return to a national currency and/or that the euro will cease to exist as a

single currency in its current form. The exit of any country out of the euro may have an extremely destabilizing effect on other eurozone countries and their economies and a negative effect on the global economy as a whole. Such an exit by one country may also increase the possibility that additional countries may exit the euro should they face similar financial difficulties. In June 2016, the United Kingdom approved a referendum to leave the European Union. Significant uncertainty remains in the market regarding the ramifications of that development, and the range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict.

As the use of technology has become more prevalent in the course of business, the Funds have become potentially more susceptible to operational and information security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional cyber events that may, among other things, cause a Fund to lose proprietary information, suffer data corruption and/or destruction or lose operational capacity, result in the unauthorized release or other misuse of confidential information, or otherwise disrupt normal business operations. Cyber security breaches may involve unauthorized access to a Fund's digital information systems (e.g., through hacking or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches involving a Fund's third party service providers (including but not limited to advisers, sub-advisers, administrators, transfer agents, custodians, distributors and other third parties), trading counterparties or issuers in which a Fund invests can also subject a Fund to many of the same risks associated with direct cyber security breaches. Moreover, cyber security breaches involving trading counterparties or issuers in which a Fund invests could adversely impact such counterparties or issuers and cause the Fund's investment to lose value.

Cyber security failures or breaches may result in financial losses to a Fund and its shareholders. These failures or breaches may also result in disruptions to business operations, potentially resulting in financial losses; interference with a Fund's ability to calculate its net asset value, process shareholder transactions or otherwise transact business with shareholders; impediments to trading; violations of applicable privacy and other laws; regulatory fines; penalties; reputational damage; reimbursement or other compensation costs; additional compliance and cyber

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security risk management costs and other adverse consequences. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

Like with operational risk in general, the Funds have established business continuity plans and risk management systems designed to

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Important Information About the Funds (Cont.)

reduce the risks associated with cyber security. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because the Funds do not directly control the cyber security systems of issuers in which a Fund may invest, trading counterparties or third party service providers to the Funds. There is also a risk that cyber security breaches may not be detected. The Funds and their shareholders could be negatively impacted as a result.

The Funds may invest in securities and instruments that are economically tied to Russia. Investments in Russia are subject to various risks such as political, economic, legal, market and currency risks. The risks include uncertain political and economic policies, short-term market volatility, poor accounting standards, corruption and crime, an inadequate regulatory system, and unpredictable taxation. Investments in Russia are particularly subject to the risk that economic sanctions may be imposed by the United States and/or other countries. Such sanctions which may impact companies in many sectors, including energy, financial services and defense, among others may negatively impact the Funds performance and/or ability to achieve their investment objectives. The Russian securities market is characterized by limited volume of trading, resulting in difficulty in obtaining accurate prices. The Russian securities market, as compared to U.S. markets, has significant price volatility, less liquidity, a smaller market capitalization and a smaller number of traded securities. There may be little publicly available information about issuers. Settlement, clearing and registration of securities transactions are subject to risks because of registration systems that may not be subject to effective government supervision. This may result in significant delays or problems in registering the transfer of securities. Russian securities laws may not recognize foreign nominee accounts held with a custodian bank, and therefore the custodian may be considered the ultimate owner of securities they hold for their clients. Ownership of securities issued by Russian companies is recorded by companies themselves and by registrars instead of through a central registration system. It is possible that the ownership rights of the Funds could be lost through fraud or negligence. While applicable Russian regulations impose liability on registrars for losses resulting from their errors, it may be difficult for the Funds to enforce any rights they may have against the registrar or issuer of the securities in the event of loss of share registration. Adverse currency exchange rates are a risk and there may be a lack of available currency hedging instruments. Investments in Russia may be subject to the risk of nationalization or expropriation of assets. Oil, natural gas, metals, and timber account for a significant portion of Russia's exports, leaving the country vulnerable to swings in world prices.

The common shares of the Funds trade on the New York Stock Exchange. As with any stock, the price of a Fund's common shares will fluctuate with market conditions and other factors. If you sell your common shares of a Fund, the price received may be more or less than your original investment. Shares of closed-end management investment companies frequently trade at a discount from their net asset value.

The common shares of a Fund may trade at a price that is less than the initial offering price and/or the net asset value of such shares. Further, if a Fund's shares trade at a price that is more than the initial offering price and/or the net asset value of such shares, including at a substantial premium and/or for an extended period of time, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the shares will not trade at a discount to net asset value thereafter.

The Funds may be subject to various risks, including, but not limited to, the following: asset allocation risk, credit risk, stressed securities risk, distressed and defaulted securities risk, corporate bond risk, market risk, issuer risk, liquidity risk, equity securities and related market risk, mortgage-related and other asset-backed securities risk, extension risk, prepayment risk, privately issued mortgage-related securities risk, mortgage market/ subprime risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, redenomination risk, non-diversification risk, management risk, municipal bond risk, inflation-indexed security risk, senior debt risk, loans, participations and assignments risk, reinvestment risk, real estate risk, U.S. Government securities risk, foreign (non-U.S.) government securities risk, valuation risk, segregation and cover risk, focused investment risk, credit default swaps risk, event-linked securities risk, counterparty risk, preferred securities risk, confidential information access risk, other investment companies risk, private placements risk, inflation/deflation risk, regulatory risk, tax risk, recent economic conditions risk, market disruptions and geopolitical risk, potential conflicts of interest involving allocation of investment opportunities, repurchase agreements risk, securities lending risk, zero-coupon bond and payment-in-kind securities risk, portfolio turnover risk, smaller company risk, short sale risk and convertible securities risk. A description of certain of these risks is available in the Notes to Financial Statements of this Report.

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On each Fund Summary page in this Shareholder Report, the Average Annual Total Return table measures performance assuming that all dividend and capital gain distributions were reinvested. Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions. Total return for a period of more than one year represents the average annual total return. Performance at market price will differ from results at NAV. Although market price returns tend to reflect investment

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results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about a Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends. Performance shown is net of fees and expenses.

The following table discloses the commencement of operations and diversification status of each Fund:

Fund Name	Commencement of Operations	Diversification Status
PIMCO Corporate & Income Opportunity Fund	12/27/02	Diversified
PIMCO Corporate & Income Strategy Fund	12/21/01	Diversified
PIMCO High Income Fund	04/30/03	Diversified
PIMCO Income Strategy Fund	08/29/03	Diversified
PIMCO Income Strategy Fund II	10/29/04	Diversified

An investment in a Fund is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money on investments in the Funds.

The Trustees are responsible generally for overseeing the management of the Funds. The Trustees authorize the Funds to enter into service agreements with the Investment Manager and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Funds. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither a Fund's original or any subsequent prospectus or Statement of Additional Information (SAI), any press release or shareholder report, any contracts filed as exhibits to a Fund's registration statement, nor any other communications, disclosure documents or regulatory filings from or on behalf of a Fund creates a contract between or among any shareholders of a Fund, on the one hand, and the Fund, a service provider to the Fund, and/or the Trustees or officers of the Fund, on the other hand.

The Trustees (or the Funds and their officers, service providers or other delegates acting under authority of the Trustees) may amend its most recent or use a new prospectus or SAI with respect to a Fund, adopt and disclose new or amended policies and other changes in press

releases and shareholder reports and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which a Fund is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to any Fund, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement was specifically disclosed in a Fund's prospectus, SAI or shareholder report and is otherwise still in effect.

PIMCO has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 6(4)-6 under the Investment Advisers Act of 1940. The Proxy Policy has been adopted by the Funds as the policies and procedures that PIMCO will use when voting proxies on behalf of the Funds. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of each Fund, and information about how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Funds at (844) 33-PIMCO (844-337-4626), on the Funds' website at www.pimco.com, and on the Securities and Exchange Commission's (SEC) website at <http://www.sec.gov>.

Each Fund files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of its fiscal year on Form N-Q. A copy of each Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and is available without charge, upon request by calling the Funds at (844) 33-PIMCO (844-337-4626) and on the Funds' website at www.pimco.com.

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Updated portfolio holdings information about a Fund will be available at www.pimco.com approximately 15 calendar days after such Fund's most recent fiscal quarter end, and will remain accessible until such Fund files a Form N-Q or a shareholder report for the period which includes the date of the information. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

ANNUAL REPORT JULY 31, 2017 **9**

PIMCO Corporate & Income Opportunity Fund

Symbol on NYSE - **PTY**

Allocation Breakdown as of 07/31/2017 [§]

Corporate Bonds & Notes	45.7%
Non-Agency Mortgage-Backed Securities	15.7%
Asset-Backed Securities	14.7%
Short-Term Instruments	6.2%
Loan Participations and Assignments	5.8%
Municipal Bonds & Notes	3.7%
U.S. Government Agencies	3.3%
Sovereign Issues	2.1%
Preferred Securities	2.0%
Other	0.8%

% of Investments, at value.

[§] Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.

Fund Information (as of July 31, 2017)⁽¹⁾

Market Price	\$16.92
NAV	\$14.87
Premium/(Discount) to NAV	13.79%
Market Price Distribution Yield ⁽²⁾	9.22%
NAV Distribution Yield ⁽²⁾	10.49%
Total Effective Leverage ⁽³⁾	43%

Average Annual Total Return⁽¹⁾ for the period ended July 31, 2017

	1 Year	5 Year	10 Year	Commencement of Operations (12/27/02)
Market Price	29.18%	11.61%	15.70%	14.37%
NAV	26.91%	14.54%	16.07%	14.64%

All Fund returns are net of fees and expenses.

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO (844-337-4626).

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or market price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the estimated composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice,

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if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

PIMCO Corporate & Income Opportunity Fund's investment objective is to seek maximum total return through a combination of current income and capital appreciation.

Fund Insights at NAV

The following affected performance during the reporting period:

- » Exposure to high yield corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to non-agency residential mortgage-backed securities (RMBS) contributed to performance, as the sector generated positive total returns.
- » Exposure to investment grade corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to Brazilian external debt contributed to performance, as the sector generated positive total returns.
- » Exposure to taxable municipal bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to structured products contributed to performance, as the sector generated positive total returns.
- » Exposure to U.S. interest rates detracted from performance, as U.S. interest rates rose.
- » Exposure to GBP interest rates detracted from performance, as GBP interest rates rose.

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PIMCO Corporate & Income Strategy Fund

Symbol on NYSE - **PCN**Allocation Breakdown as of 07/31/2017 [§]

Corporate Bonds & Notes	43.0%
Non-Agency Mortgage-Backed Securities	20.7%
Asset-Backed Securities	16.3%
U.S. Government Agencies	4.7%
Loan Participations and Assignments	3.9%
Municipal Bonds & Notes	3.8%
Preferred Securities	3.0%
Sovereign Issues	2.1%
Short-Term Instruments	1.7%
Other	0.8%

% of Investments, at value.

[§] Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.Fund Information (as of July 31, 2017)⁽¹⁾

Market Price	\$17.92
NAV	\$15.32
Premium/(Discount) to NAV	16.97%
Market Price Distribution Yield ⁽²⁾	7.53%
NAV Distribution Yield ⁽²⁾	8.81%
Total Effective Leverage ⁽³⁾	20%

Average Annual Total Return⁽¹⁾ for the period ended July 31, 2017

	1 Year	5 Year	10 Year	Commencement of Operations (12/21/01)
Market Price	30.63%	12.22%	15.13%	12.76%
NAV	21.13%	12.80%	14.46%	12.47%

All Fund returns are net of fees and expenses.

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO (844-337-4626).

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or market price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the estimated composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice,

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if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

PIMCO Corporate & Income Strategy Fund's primary investment objective is to seek high current income, with a secondary objective of capital preservation and appreciation.

Fund Insights at NAV

The following affected performance during the reporting period:

- » Exposure to non-agency residential mortgage-backed securities (RMBS) contributed to performance, as the sector generated positive total returns.
- » Exposure to high yield industrials contributed to performance, as the high yield industrials sector generated positive total returns.
- » Exposure to high yield financials contributed to performance, as the high yield financials sector generated positive total returns.
- » Exposure to emerging markets contributed to performance, as the sector generated positive total returns.
- » Exposure to investment grade financials contributed to performance, as the investment grade financials sector generated positive total returns.
- » Exposure to U.S. interest rates detracted from performance, as U.S. interest rates rose.

PIMCO High Income Fund

Symbol on NYSE - **PHK**Allocation Breakdown as of 07/31/2017 [§]

Corporate Bonds & Notes	49.6%
Non-Agency Mortgage-Backed Securities	14.8%
Asset-Backed Securities	12.7%
Short-Term Instruments	6.3%
Municipal Bonds & Notes	5.6%
Preferred Securities	3.1%
U.S. Government Agencies	2.6%
Loan Participations and Assignments	2.3%
Sovereign Issues	1.9%
Other	1.1%

% of Investments, at value.

[§] Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.Fund Information (as of July 31, 2017)⁽¹⁾

Market Price	\$8.71
NAV	\$6.90
Premium/(Discount) to NAV	26.23%
Market Price Distribution Yield ⁽²⁾	11.12%
NAV Distribution Yield ⁽²⁾	14.03%
Total Effective Leverage ⁽³⁾	24%

Average Annual Total Return⁽¹⁾ for the period ended July 31, 2017

	1 Year	5 Year	10 Year	Commencement of Operations (04/30/03)
Market Price	(1.45)%	3.99%	10.34%	10.09%
NAV	22.87%	16.03%	12.99%	12.12%

All Fund returns are net of fees and expenses.

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO (844-337-4626).

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or market price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the estimated composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice,

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if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

PIMCO High Income Fund's primary investment objective is to seek high current income, with capital appreciation as a secondary objective.

Fund Insights at NAV

The following affected performance during the reporting period:

- » Exposure to high yield industrials contributed to performance, as the high yield industrials sector generated positive total returns.
- » Exposure to non-agency mortgage-backed securities (MBS) contributed to performance, as the sector generated positive total returns.
- » Exposure to high yield financials contributed to performance, as the high yield financials sector generated positive total returns.
- » Exposure to Brazilian external debt contributed to performance, as the sector generated positive total returns.
- » Exposure to structured products contributed to performance, as the sector generated positive total returns.
- » Exposure to taxable municipal bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to U.S. interest rates detracted from performance, as U.S. interest rates rose.

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PIMCO Income Strategy Fund

Symbol on NYSE - **PFL**

Allocation Breakdown as of 07/31/2017 [§]

Corporate Bonds & Notes	45.9%
Asset-Backed Securities	19.6%
Non-Agency Mortgage-Backed Securities	11.9%
Short-Term Instruments	5.7%
Municipal Bonds & Notes	4.3%
Loan Participations and Assignments	4.1%
Sovereign Issues	2.7%
Preferred Securities	2.5%
U.S. Government Agencies	2.5%
Other	0.8%

% of Investments, at value.

[§] Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.

Fund Information (as of July 31, 2017)⁽¹⁾

Market Price	\$12.17
NAV	\$11.60
Premium/(Discount) to NAV	4.91%
Market Price Distribution Yield ⁽²⁾	8.87%
NAV Distribution Yield ⁽²⁾	9.31%
Total Effective Leverage ⁽³⁾	27%

Average Annual Total Return⁽¹⁾ for the period ended July 31, 2017

	1 Year	5 Year	10 Year	Commencement of Operations (08/29/03)
Market Price	28.11%	10.24%	8.06%	7.15%
NAV	21.55%	11.28%	8.08%	7.20%

All Fund returns are net of fees and expenses.

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO (844-337-4626).

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or market price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, in accordance with its policies and good accounting practices the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the estimated composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice,

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if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

PIMCO Income Strategy Fund's investment objective is to seek high current income, consistent with the preservation of capital.

Fund Insights at NAV

The following affected performance during the reporting period:

- » Exposure to high yield corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to non-agency residential mortgage-backed securities (RMBS) contributed to performance, as the sector generated positive total returns.
- » Exposure to investment grade corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to Brazilian external debt contributed to performance, as the sector generated positive total returns.
- » Exposure to taxable municipal bonds contributed to performance, as the sector generated positive excess returns.
- » Exposure to U.S. interest rates detracted from performance, as U.S. interest rates rose.
- » Exposure to GBP interest rates detracted from performance, as GBP interest rates rose.

PIMCO Income Strategy Fund II

Symbol on NYSE - **PFN**Allocation Breakdown as of 07/31/2017 [§]

Corporate Bonds & Notes	43.8%
Non-Agency Mortgage-Backed Securities	18.7%
Asset-Backed Securities	17.1%
Municipal Bonds & Notes	6.0%
Preferred Securities	3.5%
Loan Participations and Assignments	3.3%
Short-Term Instruments	2.3%
Sovereign Issues	2.2%
U.S. Government Agencies	2.1%
Other	1.0%

% of Investments, at value.

[§] Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.Fund Information (as of July 31, 2017)⁽¹⁾

Market Price	\$10.76
NAV	\$10.33
Premium/(Discount) to NAV	4.16%
Market Price Distribution Yield ⁽²⁾	8.92%
NAV Distribution Yield ⁽²⁾	9.29%
Total Effective Leverage ⁽³⁾	25%

Average Annual Total Return⁽¹⁾ for the period ended July 31, 2017

	1 Year	5 Year	10 Year	Commencement of Operations (10/29/04)
Market Price	26.32%	11.13%	6.91%	6.15%
NAV	20.91%	11.64%	6.79%	6.18%

All Fund returns are net of fees and expenses.

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO (844-337-4626).

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or market price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the estimated composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice,

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if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

PIMCO Income Strategy Fund II's investment objective is to seek high current income, consistent with the preservation of capital.

Fund Insights at NAV

The following affected performance during the reporting period:

- » Exposure to high yield corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to non-agency residential mortgage-backed securities (RMBS) contributed to performance, as the sector generated positive total returns.
- » Exposure to investment grade corporate bonds contributed to performance, as the sector generated positive total returns.
- » Exposure to Brazilian external debt contributed to performance, as the sector generated positive total returns.
- » Exposure to taxable municipal bonds contributed to performance, as the sector generated positive excess returns.
- » Exposure to U.S. interest rates detracted from performance, as U.S. interest rates rose.
- » Exposure to GBP interest rates detracted from performance, as GBP interest rates rose.

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Financial Highlights

	Investment Operations			Less Distributions to Preferred Shareholders ^(b)		Less Distributions to Common Shareholders ^(b)					Total
	Net Asset Value Beginning of Year or Period	Net Investment Income ^(a)	Realized/Unrealized Gain (Loss)	From Net Investment Income	From Net Realized Capital Gains	Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	From Net Investment Income	From Net Realized Capital Gains	Tax Basis Return of Capital		
PIMCO Corporate & Income Opportunity Fund											
07/31/2017	\$ 13.27	\$ 1.21	\$ 2.06	\$ (0.04)	\$ 0.00	\$ 3.23	\$ (1.59)	\$ 0.00	\$ (0.14)	\$ (1.73)	
07/31/2016	14.23	1.30	(0.65)	(0.02)	0.00	0.63	(1.59)	0.00	0.00	(1.59)	
12/01/2014 - 07/31/2015 ^(g)	15.41	0.68	(0.33)	(0.00) [^]	0.00	0.35	(1.69)	0.00	0.00	(1.69) ⁽ⁱ⁾	
11/30/2014	16.62	1.14	1.06	(0.00) [^]	(0.01)	2.19	(1.56)	(1.84)	0.00	(3.40)	
11/30/2013	17.58	1.43	0.19	(0.00) [^]	(0.00) [^]	1.62	(1.82)	(0.76)	0.00	(2.58)	
11/30/2012	14.22	1.68	3.87	(0.01)	0.00	5.54	(2.18)	0.00	0.00	(2.18)	
PIMCO Corporate & Income Strategy Fund											
07/31/2017	\$ 14.28	\$ 1.12	\$ 1.70	\$ (0.01)	\$ 0.00	\$ 2.81	\$ (1.75)	\$ 0.00	\$ (0.02)	\$ (1.77)	
07/31/2016	14.75	1.24	(0.84) ^(k)	(0.01)	0.00	0.39 ^(l)	(1.37)	0.00	0.00	(1.37)	
11/01/2014 - 07/31/2015 ^(b)	15.60	0.73	(0.21)	(0.00) [^]	0.00	0.52	(1.37)	0.00	0.00	(1.37) ⁽ⁱ⁾	
10/31/2014	16.04	0.99	0.87	(0.00) [^]	(0.00) [^]	1.86	(1.35)	(0.95)	0.00	(2.30)	
10/31/2013	15.90	1.28	0.44	(0.01)	0.00	1.71	(1.57)	0.00	0.00	(1.57)	
10/31/2012	13.67	1.57	2.47	(0.01)	0.00	4.03	(1.80)	0.00	0.00	(1.80)	
PIMCO High Income Fund											
07/31/2017	\$ 6.63	\$ 0.67	\$ 0.71	\$ (0.01)	\$ 0.00	\$ 1.37	\$ (0.91)	\$ 0.00	\$ (0.19)	\$ (1.10)	
07/31/2016	7.37	0.74	(0.48) ^(k)	(0.00) [^]	0.00	0.26 ^(l)	(1.18)	0.00	(0.08)	(1.26)	
04/01/2015 - 07/31/2015 ⁽ⁱ⁾	7.59	0.21	0.06	(0.00) [^]	0.00	0.27	(0.33)	0.00	(0.16)	(0.49) ⁽ⁱ⁾	
03/31/2015	8.23	0.94	(0.12)	(0.00) [^]	0.00	0.82	(1.46)	0.00	0.00	(1.46)	
03/31/2014	8.65	0.84	0.20	(0.00) [^]	0.00	1.04	(1.35)	0.00	(0.11)	(1.46)	
03/31/2013	7.87	0.81	1.43	(0.00) [^]	0.00	2.24	(1.42)	0.00	(0.04)	(1.46)	
PIMCO Income Strategy Fund											
07/31/2017	\$ 10.53	\$ 0.88	\$ 1.31	\$ (0.04)	\$ 0.00	\$ 2.15	\$ (1.08)	\$ 0.00	\$ 0.00	\$ (1.08)	
07/31/2016	11.46	0.88	(0.70)	(0.03)	0.00	0.15	(1.08)	0.00	0.00	(1.08)	
07/31/2015	12.15	0.79	(0.34)	(0.03)	0.00	0.42	(1.22)	0.00	0.00	(1.22)	
07/31/2014	11.70	0.79	0.78	(0.04)	0.00	1.53	(1.08)	0.00	0.00	(1.08)	
07/31/2013	11.35	0.92	0.87	(0.04)	0.00	1.75	(1.40)	0.00	0.00	(1.40)	
PIMCO Income Strategy Fund II											
07/31/2017	\$ 9.42	\$ 0.80	\$ 1.10	\$ (0.03)	\$ 0.00	\$ 1.87	\$ (0.96)	\$ 0.00	\$ 0.00	\$ (0.96)	
07/31/2016	10.27	0.87	(0.67)	(0.02)	0.00	0.18	(1.03)	0.00	0.00	(1.03)	
07/31/2015	10.88	0.70	(0.29)	(0.03)	0.00	0.38	(1.11)	0.00	0.00	(1.11)	
07/31/2014	10.29	0.72	0.87	(0.04)	0.00	1.55	(0.96)	0.00	0.00	(0.96)	
07/31/2013	10.23	0.88	0.68	(0.04)	0.00	1.52	(1.46)	0.00	0.00	(1.46)	

* Annualized

[^] Reflects an amount rounding to less than one cent.^(a) Per share amounts based on average number of common shares outstanding during the year or period.^(b) The tax characterization of distributions is determined in accordance with federal income tax regulations. See Note 2, Distributions – Common Shares, in the Notes to Financial Statements for more information.^(c) See Note 14, Auction-Rate Preferred Shares, in the Notes to Financial Statements.^(d) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year or period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Funds' dividend reinvestment plan. Total investment return does not reflect brokerage commissions in connection with the purchase or sale

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of Fund shares.

- (e) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders. The expense ratio and net investment income do not reflect the effects of dividend payments to preferred shareholders.
- (f) Interest expense primarily relates to participation in borrowing and financing transactions. See Note 5, Borrowings and Other Financing Transactions, in the Notes to Financial Statements for more information.
- (g) Fiscal year end changed from November 30th to July 31st.
- (h) Fiscal year end changed from October 31st to July 31st.
- (i) Fiscal year end changed from March 31st to July 31st.
- (j) Total distributions for the period ended July 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended July 31, 2015.
- (k) The amount previously reported in the Funds Annual Report has been revised due to a misstatement. The misstatement was not considered material to the prior period Annual Report. In the Funds 2016 Annual Report, PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund reported amounts of (0.33) and (0.22), respectively.
- (l) The amount previously reported in the Funds Annual Report has been revised due to a misstatement. The misstatement was not considered material to the prior period Annual Report. In the Funds 2016 Annual Report, PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund reported amounts of 0.90 and 0.52, respectively.

16 PIMCO CLOSED-END FUNDS

See Accompanying Notes

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Common Share							Ratios/Supplemental Data Ratios to Average Net Assets						
Increase Resulting from at-the-market offerings	Increase Resulting from Tender and Repurchase of Auction-Rate Preferred Shares	Offering Cost Paid in Capital	Net Asset Value Year or Period	Market Price End of Year or Period	Total Investment Return ^(d)	Net Assets Applicable to Common Shareholders (000s)	Expenses Excluding Interest and Investment Income (Loss)		Expenses Excluding Interest and Investment Income (Loss)		Preferred Shares Asset Coverage Per Share	Portfolio Turnover Rate	
							Waivers ^(e)	Expense ^(e)	Waivers ^(e)	Expense ^(e)			
\$ 0.10	\$ 0.00 [^]	\$ 0.00	\$ 14.87	\$ 16.92	29.18%	\$ 1,140,768	1.08%	1.08%	0.83%	0.83%	8.68%	\$ 144,819	39%
N/A	N/A	0.00	13.27	14.75	16.09	946,843	0.89	0.89	0.85	0.85	9.93	124,468	45
N/A	N/A	0.16	14.23	14.31	(13.61)	1,006,484	0.91*	0.91*	0.90*	0.90*	7.01*	130,743	34
N/A	N/A	0.00	15.41	18.50	26.04	1,082,000	0.91	0.91	0.91	0.91	7.36	108,229	44
N/A	N/A	0.00	16.62	17.75	(0.15)	1,149,779	0.91	0.91	0.91	0.91	8.49	113,443	118
N/A	N/A	0.00	17.58	20.37	36.86	1,205,090	1.05	1.05	0.93	0.93	10.63	117,697	29
\$ N/A	\$ N/A	\$ 0.00	\$ 15.32	\$ 17.92	30.63%	\$ 599,266	1.17%	1.17%	0.93%	0.93%	7.65%	\$ 294,755	38%
N/A	N/A	0.51	14.28	15.43	24.21	553,569	1.10	1.10	1.02	1.02	8.91	274,223	43
N/A	N/A	0.00	14.75	13.71	(7.12)	570,122	1.07*	1.07*	1.07*	1.07*	6.51*	109,336	40
N/A	N/A	0.00	15.60	16.18	8.84	599,980	1.09	1.09	1.09	1.09	6.32	113,753	48
N/A	N/A	0.00	16.04	17.15	3.48	612,225	1.10	1.10	1.09	1.09	7.91	115,565	108
N/A	N/A	0.00	15.90	18.17	33.21	603,483	1.32	1.32	1.14	1.14	11.03	114,270	28
\$ N/A	\$ N/A	\$ 0.00	\$ 6.90	\$ 8.71	(1.45)%	\$ 884,912	1.25%	1.25%	0.90%	0.90%	10.08%	\$ 241,894	32%
N/A	N/A	0.26	6.63	10.03	19.92	841,102	1.08	1.08	0.95	0.95	11.20	231,185	42
N/A	N/A	0.00	7.37	9.71	(18.40)	925,598	1.05*	1.05*	1.03*	1.03*	8.14*	104,245	8
N/A	N/A	0.00	7.59	12.48	12.30	949,880	1.18	1.18	1.02	1.02	11.53	106,324	58
N/A	N/A	0.00	8.23	12.56	15.51	1,021,120	1.14	1.14	1.03	1.03	10.14	112,424	159
N/A	N/A	0.00	8.65	12.35	8.53	1,063,863	1.06	1.06	1.05	1.05	10.00	116,082	70
\$ N/A	\$ N/A	\$ 0.00	\$ 11.60	\$ 12.17	28.11%	\$ 294,525	1.35%	1.35%	1.17%	1.17%	8.01%	\$ 168,552	40%
N/A	N/A	0.00	10.53	10.48	12.41	266,347	1.17	1.17	1.13	1.13	8.49	154,837	38
N/A	N/A	0.11	11.46	10.39	(2.62)	289,909	1.30	1.30	1.25	1.25	6.67	166,328	67
N/A	N/A	0.00	12.15	11.87	9.95	306,475	1.19	1.19	1.18	1.18	6.71	122,004	113
N/A	N/A	0.00	11.70	11.83	5.69	294,017	1.24	1.24	1.21	1.21	7.59	118,058	63
\$ N/A	\$ N/A	\$ 0.00	\$ 10.33	\$ 10.76	26.32%	\$ 612,310	1.26%	1.26%	1.09%	1.09%	8.15%	\$ 190,527	26%
N/A	N/A	0.00	9.42	9.39	11.92	556,840	1.14	1.14	1.07	1.07	9.25	175,544	38
N/A	N/A	0.12	10.27	9.41	(0.12)	606,974	1.16	1.16	1.13	1.13	6.58	189,105	63
N/A	N/A	0.00	10.88	10.50	12.39	642,119	1.14	1.14	1.14	1.14	6.79	124,695	119
N/A	N/A	0.00	10.29	10.24	6.80	605,843	1.16	1.16	1.14	1.14	8.20	119,060	71

Statements of Assets and Liabilities

July 31, 2017

	PIMCO Corporate & Income Opportunity Fund	PIMCO Corporate & Income Strategy Fund	PIMCO High Income Fund	PIMCO Income Strategy Fund	PIMCO Income Strategy Fund II
(Amounts in thousands, except per share amounts)					
Assets:					
<i>Investments, at value</i>					
Investments in securities*	\$ 1,577,462	\$ 723,346	\$ 1,112,387	\$ 377,500	\$ 738,518
<i>Financial Derivative Instruments</i>					
Exchange-traded or centrally cleared	680	244	704	151	313
Over the counter	3,322	546	4,879	348	704
Cash	411	0	0	8	10
Deposits with counterparty	30,510	12,941	25,620	7,195	16,989
Foreign currency, at value	1,589	824	1,847	633	1,282
Receivable for investments sold	8,773	14,742	22,907	13,614	30,643
Receivable for Fund shares sold	3,871	0	0	0	0
Interest and/or dividends receivable	14,016	6,130	11,644	3,064	6,108
Other assets	184	2	7	1	3
Total Assets	1,640,818	758,775	1,179,995	402,514	794,570
Liabilities:					
<i>Borrowings & Other Financing Transactions</i>					
Payable for reverse repurchase agreements	\$ 177,915	\$ 75,578	\$ 149,703	\$ 39,285	\$ 69,662
<i>Financial Derivative Instruments</i>					
Exchange-traded or centrally cleared	359	237	912	137	328
Over the counter	34,474	3,290	7,047	2,369	4,813
Payable for investments purchased	36,554	19,780	18,485	12,299	9,569
Deposits from counterparty	1,802	210	5,855	0	108
Distributions payable to common shareholders	9,839	4,401	10,344	2,285	4,743
Distributions payable to preferred shareholders	69	13	23	17	29
Overdraft due to custodian	0	1	20	0	0
Accrued management fees	699	418	592	264	501
Other liabilities	389	56	127	58	57
Total Liabilities	262,100	103,984	193,108	56,714	89,810
Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share)	237,950	55,525	101,975	51,275	92,450
Net Assets Applicable to Common Shareholders	\$ 1,140,768	\$ 599,266	\$ 884,912	\$ 294,525	\$ 612,310
Net Assets Applicable to Common Shareholders Consist of:					
Common Shares:					
Par value (\$0.00001 per share)	\$ 1	\$ 0	\$ 1	\$ 0	\$ 1
Paid in capital in excess of par	1,108,962	575,465	993,095	398,544	885,057
Undistributed (overdistributed) net investment income	(11,726)	(5,855)	(13,517)	(1,141)	3,791
Accumulated undistributed net realized gain (loss)	(136,242)	(75,897)	(141,417)	(140,016)	(356,681)
Net unrealized appreciation (depreciation)	179,773	105,553	46,750	37,138	80,142
Net Assets Applicable to Common Shareholders	\$ 1,140,768	\$ 599,266	\$ 884,912	\$ 294,525	\$ 612,310
Net Asset Value Per Common Share:	\$ 14.87	\$ 15.32	\$ 6.90	\$ 11.60	\$ 10.33
Common Shares Outstanding	76,693	39,121	128,181	25,383	59,294
Preferred Shares Issued and Outstanding	10	2	4	2	4
Cost of investments in securities	\$ 1,485,868	\$ 684,686	\$ 1,065,802	\$ 359,202	\$ 705,518
Cost of foreign currency held	\$ 1,569	\$ 819	\$ 1,835	\$ 626	\$ 1,262
Cost or premiums of financial derivative instruments, net	\$ (50,743)	\$ (1,182)	\$ (1,252)	\$ (801)	\$ (1,679)

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* Includes repurchase agreements of: \$ 65,010 \$ 9,443 \$ 63,379 \$ 18,865 \$ 13,099

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

18 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Statements of Operations

Year Ended July 31, 2017

(Amounts in thousands)	PIMCO Corporate & Income Opportunity Fund	PIMCO Corporate & Income Strategy Fund	PIMCO High Income Fund	PIMCO Income Strategy Fund	PIMCO Income Strategy Fund II
Investment Income:					
Interest, net of foreign taxes*	\$ 97,999	\$ 49,523	\$ 95,798	\$ 25,717	\$ 53,554
Dividends	1,004	924	464	348	1,256
Total Income	99,003	50,447	96,262	26,065	54,810
Expenses:					
Management fees	8,120	5,074	7,230	3,117	6,126
Trustee fees and related expenses	141	67	101	37	76
Interest expense	2,566	1,391	2,935	501	991
Auction agent fees and commissions	209	127	194	44	98
Auction rate preferred shares related expenses	48	83	64	52	55
Miscellaneous expense	15	15	73	0	3
Total Expenses	11,099	6,757	10,597	3,751	7,349
Net Investment Income (Loss)	87,904	43,690	85,665	22,314	47,461
Net Realized Gain (Loss):					
Investments in securities	(5,486)	1,100	15,945	1,066	(644)
Exchange-traded or centrally cleared financial derivative instruments	88,401	10,101	35,316	21,611	51,141
Over the counter financial derivative instruments	10,177	3,897	15,916	1,548	2,309
Foreign currency	(154)	(88)	(60)	(63)	68
Net Realized Gain (Loss)	92,938	15,010	67,117	24,162	52,874
Net Change in Unrealized Appreciation (Depreciation):					
Investments in securities	103,708	60,190	76,924	28,631	55,806
Exchange-traded or centrally cleared financial derivative instruments	(65,551)	(7,620)	(56,023)	(18,666)	(42,596)
Over the counter financial derivative instruments	18,521	(1,300)	206	(881)	(1,454)
Foreign currency assets and liabilities	(184)	82	128	59	79
Net Change in Unrealized Appreciation (Depreciation)	56,494	51,352	21,235	9,143	11,835
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 237,336	\$ 110,052	\$ 174,017	\$ 55,619	\$ 112,170
Distributions on Preferred Shares from Net Investment Income	\$ (3,233)	\$ (567)	\$ (1,109)	\$ (1,018)	\$ (1,835)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	\$ 234,103	\$ 109,485	\$ 172,908	\$ 54,601	\$ 110,335
* Foreign tax withholdings	\$ 0	\$ 2	\$ 7	\$ 0	\$ 0

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

Statements of Changes in Net Assets

(Amounts in thousands)	PIMCO Corporate & Income Opportunity Fund		PIMCO Corporate & Income Strategy Fund	
	Year Ended July 31, 2017	Year Ended July 31, 2016	Year Ended July 31, 2017	Year Ended July 31, 2016
Increase (Decrease) in Net Assets from:				
Operations:				
Net investment income (loss)	\$ 87,904	\$ 92,254	\$ 43,690	\$ 47,966
Net realized gain (loss)	92,938	(89,368)	15,010	(44,520)
Net change in unrealized appreciation (depreciation)	56,494	43,914	51,352	11,894
Net increase in net assets resulting from operations	237,336	46,800	110,052	15,340
Distributions on preferred shares from net investment income ^(a)	(3,233)	(1,253)	(567)	(275)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	234,103	45,547	109,485	15,065
Distributions to Common Shareholders:				
From net investment income	(114,836)	(112,955)	(68,101)	(53,009)
Tax basis return of capital	(10,356)	0	(834)	0
Total Distributions to Common Shareholders^(a)	(125,192)	(112,955)	(68,935)	(53,009)
Preferred Share Transactions:				
Net increase (decrease) resulting from tender and repurchase of Auction-Rate Preferred Shares***	0	0	0	19,858
Common Share Transactions**:				
Net proceeds from at-the-market offering	74,138	0	0	0
Net at-the-market offering costs	103	0	0	0
Issued as reinvestment of distributions	10,773	7,767	5,147	1,533
Total increase (decrease) in net assets applicable to common shareholders	85,014	7,767	5,147	1,533
Total Increase (Decrease) in Net Assets	193,925	(59,641)	45,697	(16,553)
Net Assets Applicable to Common Shareholders:				
Beginning of year	946,843	1,006,484	553,569	570,122
End of year*	\$ 1,140,768	\$ 946,843	\$ 599,266	\$ 553,569
* Including undistributed (overdistributed) net investment income of:	\$ (11,726)	\$ 11,608	\$ (5,855)	\$ 8,897
** Common Share Transactions:				
Shares sold	4,606	0	0	0
Shares issued as reinvestment of distributions	748	583	346	110

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

^(a) The tax characterization of distributions is determined in accordance with federal income tax regulations. See Note 2, Distributions - Common Shares, in the Notes to Financial Statements for more information.

*** See Note 14, Auction - Rate Preferred Shares, in the Notes to Financial Statements.

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PIMCO High Income Fund		PIMCO Income Strategy Fund		PIMCO Income Strategy Fund II	
Year Ended July 31, 2017	Year Ended July 31, 2016	Year Ended July 31, 2017	Year Ended July 31, 2016	Year Ended July 31, 2017	Year Ended July 31, 2016
\$ 85,665	\$ 93,715	\$ 22,314	\$ 22,312	\$ 47,461	\$ 51,163
67,117	42,044	24,162	(27,474)	52,874	(66,963)
21,235	(103,962)	9,143	9,720	11,835	27,977
174,017	31,797	55,619	4,558	112,170	12,177
(1,109)	(528)	(1,018)	(797)	(1,835)	(1,437)
172,908	31,269	54,601	3,761	110,335	10,740
(116,768)	(149,487)	(27,356)	(27,324)	(56,792)	(60,876)
(24,148)	(9,562)	0	0	0	0
(140,916)	(159,049)	(27,356)	(27,324)	(56,792)	(60,876)
0	32,304	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
11,818	10,980	933	1	1,927	2
11,818	10,980	933	1	1,927	2
43,810	(84,496)	28,178	(23,562)	55,470	(50,134)
841,102	925,598	266,347	289,909	556,840	606,974
\$ 884,912	\$ 841,102	\$ 294,525	\$ 266,347	\$ 612,310	\$ 556,840
\$ (13,517)	\$ (16,843)	\$ (1,141)	\$ 1,149	\$ 3,791	\$ 6,597
0	0	0	0	0	0
1,346	1,307	83	0	191	0

Statements of Cash Flows

Year Ended July 31, 2017

	PIMCO Corporate & Income Opportunity Fund	PIMCO Corporate & Income Strategy Fund	PIMCO High Income Fund
(Amounts in thousands)			
Cash Flows Provided by (Used for) Operating Activities:			
Net Increase in Net Assets Resulting from Operations	\$ 237,336	\$ 110,052	\$ 174,017
Adjustments to Reconcile Net Increase in Net Assets from Operations to Net Cash Provided by (Used for) Operating Activities:			
Purchases of long-term securities	(831,282)	(304,687)	(345,395)
Proceeds from sales of long-term securities	602,943	329,531	462,455
(Purchases) Proceeds from sales of short-term portfolio investments, net	29,637	5,885	(44,516)
(Increase) Decrease in deposits with counterparty	(19,236)	(4,302)	(4,150)
(Increase) decrease in receivable for investments sold	(8,519)	3,374	(22,786)
(Increase) decrease in interest and/or dividends receivable	(2,381)	2	1,228
Proceeds from (Payments on) exchange-traded or centrally cleared financial derivative instruments	21,503	2,465	(21,774)
Proceeds from (Payments on) over the counter financial derivative instruments	5,343	3,913	14,148
(Increase) decrease in other assets	(178)	1	33
Increase (decrease) in payable for investments purchased	17,239	7,758	10,857
Increase (decrease) in deposits from counterparty	1,342	(1,610)	2,430
(Decrease) Increase in accrued management fees	52	5	(8)
Proceeds from (Payments on) foreign currency transactions	(144)	(6)	68
Increase (Decrease) in other liabilities	214	(114)	(76)
<i>Net Realized (Gain) Loss</i>			
Investments in securities	5,486	(1,100)	(15,945)
Exchange-traded or centrally cleared financial derivative instruments	(88,401)	(10,101)	(35,316)
Over the counter financial derivative instruments	(10,177)	(3,897)	(15,916)
Foreign currency	154	88	60
<i>Net Change in Unrealized (Appreciation) Depreciation</i>			
Investments in securities	(103,708)	(60,190)	(76,924)
Exchange-traded or centrally cleared financial derivative instruments	65,551	7,620	56,023
Over the counter financial derivative instruments	(18,521)	1,300	(206)
Foreign currency assets and liabilities	184	(82)	(128)
Net amortization (accretion) on investments	(9,291)	(5,019)	(7,437)
Net Cash Provided by (Used for) Operating Activities	(104,854)	80,886	130,742
Cash Flows Received from (Used for) Financing Activities:			
Net proceeds from at-the-market offering	70,267	0	0
Net at-the-market offering costs	103	0	0
Increase (Decrease) in overdraft due to custodian	0	1	(3)
Cash distributions paid to common shareholders*	(113,854)	(63,749)	(131,876)
Cash distributions paid to preferred shareholders	(3,190)	(559)	(1,095)
Proceeds from reverse repurchase agreements	1,057,727	544,738	1,089,855
Payments on reverse repurchase agreements	(904,812)	(560,561)	(1,086,032)
Net Cash Received from (Used for) Financing Activities	106,241	(80,130)	(129,151)
Net Increase (Decrease) in Cash and Foreign Currency	1,387	756	1,591
Cash and Foreign Currency:			
Beginning of year	613	68	256
End of year	\$ 2,000	\$ 824	\$ 1,847

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* Reinvestment of distributions to common shareholders	\$	10,876	\$	5,147	\$	11,818
Supplemental Disclosure of Cash Flow Information:						
Interest expense paid during the year	\$	2,145	\$	1,280	\$	2,804

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

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the year, based on the average total borrowing outstanding in relation to total assets or when substantially all of a Fund's investments were not classified as Level 1 or 2 in the fair value hierarchy.

22 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Schedule of Investments PIMCO Corporate & Income Opportunity Fund

July 31, 2017

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 138.3%		
LOAN PARTICIPATIONS AND ASSIGNMENTS 8.0%		
Almonde, Inc.		
8.459% due 06/13/2025	\$ 2,300	\$ 2,363
Altice Financing S.A.		
4.054% due 07/15/2025	658	659
Avolon Holdings Ltd.		
3.478% due 09/20/2020	180	181
3.978% due 03/20/2022	610	613
BMC Software Finance, Inc.		
5.234% due 09/10/2022	12,985	13,082
Burger King Worldwide, Inc.		
3.484% - 3.546% due 02/16/2024	1,045	1,045
BWAY Holding Co.		
4.474% due 04/03/2024	1,070	1,075
CCC Information Services, Inc.		
4.240% due 04/27/2024	100	100
CD&R Plumb Buyer LLC		
TBD% due 06/25/2018	300	299
CenturyLink, Inc.		
2.750% due 01/31/2025	1,000	988
CH Hold Corp.		
3.000% - 4.233% due 02/01/2024	27	27
4.234% due 02/01/2024	272	274
Charter Communications Operating LLC		
3.240% due 01/03/2021	368	371
CityCenter Holdings LLC		
3.732% due 04/18/2024	100	101
Diamond BV		
TBD% due 07/12/2024	100	100
TBD% due 07/25/2024	EUR 100	119
Diamond Resorts Corp.		
7.234% due 08/11/2023	\$ 5,186	5,235
Drillships Ocean Ventures, Inc.		
7.750% due 07/25/2021	8,551	7,573
Endo Luxembourg Finance Co. SARL		
5.500% due 04/29/2024	6,040	6,140
Forbes Energy Services LLC		
5.000% - 7.000% due 04/13/2021	798	822
Fortress Investment Group LLC		
1.375% due 06/14/2022	2,820	2,858
Gartner, Inc.		
3.234% due 04/05/2024	31	31
HD Supply Waterworks Ltd.		
TBD% due 08/01/2024	70	71
iHeartCommunications, Inc.		
7.984% due 01/30/2019	19,645	16,036
Ineos Finance PLC		
3.250% due 04/01/2024	EUR 2,388	2,847
Klockner-Pentaplast of America, Inc.		
4.750% due 06/30/2022	100	118
Lightstone Generation LLC		
5.734% due 01/30/2024	\$ 2,866	2,842

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Parexel International Corp.			
TBD% due 07/18/2018		300	298
Petroleo Global Trading BV			
TBD% due 02/19/2020		400	392
Post Holdings, Inc.			
3.490% due 05/24/2024		990	995
Prestige Brands, Inc.			
3.984% due 01/26/2024		184	185
Sequa Mezzanine Holdings LLC			
6.758% - 6.814% due 11/28/2021		870	879
10.314% due 04/28/2022		160	163
Solvay Acetow GmbH			
5.750% due 05/31/2023	EUR	1,000	1,204
Sprint Communications, Inc.			
3.750% due 02/02/2024	\$	2,793	2,805
Staples, Inc.			
TBD% due 08/02/2018		1,110	1,102
		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Team Health Holdings, Inc.			
3.984% due 02/06/2024	\$	399	\$ 399
Univision Communications, Inc.			
3.984% due 03/15/2024		1,751	1,745
UPC Financing Partnership			
3.976% due 04/15/2025		300	302
Valeant Pharmaceuticals International, Inc.			
5.980% due 04/01/2022		569	580
Vistra Operations Co. LLC			
4.476% - 4.488% due 12/14/2023		1,095	1,104
Westmoreland Coal Co.			
7.796% due 12/16/2020		12,831	11,403
Xella International GmbH			
TBD% due 02/02/2024	EUR	1,600	1,909
Ziggo Secured Finance BV			
3.000% due 04/15/2025		150	179
Total Loan Participations and Assignments (Cost \$91,862)			91,614
CORPORATE BONDS & NOTES 63.2%			
BANKING & FINANCE 30.3%			
AGFC Capital Trust			
3.054% due 01/15/2067	\$	1,800	1,071
Ally Financial, Inc.			
8.000% due 11/01/2031 (l)		18,825	23,460
Ardonagh Midco PLC			
8.375% due 07/15/2023	GBP	2,300	3,061
AssuredPartners, Inc.			
7.000% due 08/15/2025 (c)	\$	35	35
Banco Bilbao Vizcaya Argentaria S.A.			
6.750% due 02/18/2020 (h)	EUR	14,000	17,753
8.875% due 04/14/2021 (h)		400	559
Banco do Brasil S.A.			
6.250% due 04/15/2024 (h)(l)	\$	3,420	2,963
9.000% due 06/18/2024 (h)		7,698	8,004
Banco Espirito Santo S.A.			
4.000% due 01/21/2019 ^	EUR	5,000	1,835
4.750% due 01/15/2018 ^		1,000	367
Banco Santander S.A.			
6.250% due 09/11/2021 (h)		9,900	12,647
Bank of Ireland			
7.375% due 06/18/2020 (h)		1,200	1,586
Barclays PLC			
3.250% due 02/12/2027	GBP	200	276
6.500% due 09/15/2019 (h)	EUR	1,600	2,002
7.000% due 09/15/2019 (h)	GBP	630	871
7.250% due 03/15/2023 (h)		10,405	14,885
7.875% due 09/15/2022 (h)		3,565	5,213

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8.000% due 12/15/2020 (h)	EUR	200	266
8.250% due 12/15/2018 (h)	\$	430	458
Blackstone CQP Holdco LP			
6.500% due 03/20/2021		8,700	9,040
BNP Paribas S.A.			
7.375% due 08/19/2025 (h)		5,650	6,441
Brighthouse Financial, Inc.			
4.700% due 06/22/2047		184	183
Brighthouse Holdings LLC			
6.500% due 07/27/2037 (h)		300	305
Cantor Fitzgerald LP			
6.500% due 06/17/2022 (l)		10,000	11,207
CBL & Associates LP			
5.950% due 12/15/2026 (l)		3,960	3,977
Co-operative Group Holdings Ltd.			
7.500% due 07/08/2026	GBP	630	1,016
Cooperatieve Rabobank UA			
6.625% due 06/29/2021 (h)	EUR	1,800	2,410
Credit Agricole S.A.			
7.500% due 06/23/2026 (h)	GBP	4,733	7,214
7.875% due 01/23/2024 (h)	\$	11,400	12,889
Credit Suisse AG			
6.500% due 08/08/2023		200	227
		PRINCIPAL	MARKET
		AMOUNT	VALUE
		(000S)	(000S)
Credit Suisse Group AG			
7.500% due 12/11/2023 (h)	\$	2,336	\$ 2,662
Deutsche Bank AG			
4.250% due 10/14/2021 (l)		3,600	3,795
EPR Properties			
4.750% due 12/15/2026 (l)		5,400	5,597
Flagstar Bancorp, Inc.			
6.125% due 07/15/2021		6,000	6,419
GSPA Monetization Trust			
6.422% due 10/09/2029		6,912	7,904
Howard Hughes Corp.			
5.375% due 03/15/2025		134	139
HSBC Holdings PLC			
6.000% due 09/29/2023 (h)	EUR	4,977	6,742
6.000% due 05/22/2027 (h)	\$	207	218
Intesa Sanpaolo SpA			
7.750% due 01/11/2027 (h)	EUR	220	298
Intrum Justitia AB			
2.750% due 07/15/2022		100	120
3.125% due 07/15/2024		100	120
Jefferies Finance LLC			
6.875% due 04/15/2022	\$	1,900	1,919
7.250% due 08/15/2024 (c)		200	201
7.375% due 04/01/2020 (l)		5,625	5,808
7.500% due 04/15/2021		2,391	2,499
Jefferies LoanCore LLC			
6.875% due 06/01/2020		11,610	11,973
Lloyds Bank PLC			
12.000% due 12/16/2024 (h)		3,500	4,761
Lloyds Banking Group PLC			
7.000% due 06/27/2019 (h)	GBP	2,080	2,918
7.625% due 06/27/2023 (h)		2,610	3,885
7.875% due 06/27/2029 (h)		5,815	9,197
MPT Operating Partnership LP			
5.250% due 08/01/2026	\$	2,203	2,313
Nationwide Building Society			
10.250% due 06/29/2049 (h)	GBP	21	4,440
Navient Corp.			
4.875% due 06/17/2019	\$	395	409
5.500% due 01/15/2019 (l)		4,950	5,154
5.625% due 08/01/2033		222	190
5.875% due 03/25/2021		710	752
6.500% due 06/15/2022		400	427
6.625% due 07/26/2021 (l)		4,170	4,483

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7.250% due 01/25/2022		80	88
8.000% due 03/25/2020		230	255
Neuberger Berman Group LLC			
4.875% due 04/15/2045 (l)		3,400	3,283
Novo Banco S.A.			
5.000% due 04/04/2019	EUR	371	354
5.000% due 04/23/2019		152	145
5.000% due 05/14/2019		315	300
5.000% due 05/21/2019		73	70
5.000% due 05/23/2019		213	203
OneMain Financial Holdings LLC			
6.750% due 12/15/2019 (l)	\$	3,796	3,989
7.250% due 12/15/2021		192	203
Oppenheimer Holdings, Inc.			
6.750% due 07/01/2022		2,844	2,878
Provident Funding Associates LP			
6.375% due 06/15/2025		57	59
Rio Oil Finance Trust			
9.250% due 07/06/2024		10,232	10,520
9.750% due 01/06/2027		637	659
Royal Bank of Scotland Group PLC			
7.500% due 08/10/2020 (h)(l)		6,840	7,242
8.000% due 08/10/2025 (h)(l)		13,625	14,945
8.625% due 08/15/2021 (h)		5,130	5,678
Santander Holdings USA, Inc.			
3.700% due 03/28/2022		750	762
4.400% due 07/13/2027		580	593
Santander UK Group Holdings PLC			
6.750% due 06/24/2024 (h)	GBP	5,505	7,793
7.375% due 06/24/2022 (h)		1,440	2,052

See Accompanying Notes

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Schedule of Investments PIMCO Corporate & Income Opportunity Fund (Cont.)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Sberbank of Russia Via SB Capital S.A.		
6.125% due 02/07/2022	\$ 500	\$ 546
Spirit Realty LP		
4.450% due 09/15/2026 (l)	2,600	2,512
Springleaf Finance Corp.		
5.250% due 12/15/2019 (l)	3,271	3,414
6.000% due 06/01/2020	641	679
6.125% due 05/15/2022	1,204	1,267
7.750% due 10/01/2021	90	101
8.250% due 12/15/2020	9,210	10,361
Stearns Holdings LLC		
9.375% due 08/15/2020	600	621
Stichting AK Rabobank Certificaten		
6.500% due 12/29/2049 (h)	EUR 4,673	6,584
Tesco Property Finance PLC		
5.411% due 07/13/2044	GBP 646	922
5.661% due 10/13/2041	513	744
5.744% due 04/13/2040	195	287
5.801% due 10/13/2040	835	1,229
6.052% due 10/13/2039	1,328	1,998
WP Carey, Inc.		
4.250% due 10/01/2026 (l)	\$ 5,000	5,099
		345,999
INDUSTRIALS 27.6%		
Altice Financing S.A.		
7.500% due 05/15/2026	6,100	6,779
AMC Networks, Inc.		
4.750% due 08/01/2025	170	172
American Airlines Pass-Through Trust		
4.950% due 08/15/2026 (l)	3,400	3,553
Belden, Inc.		
3.375% due 07/15/2027	EUR 100	120
BMC Software Finance, Inc.		
8.125% due 07/15/2021	\$ 1,031	1,070
Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)		
9.000% due 10/15/2019 (d)(l)	8,226	8,257
Burger King Worldwide, Inc.		
4.250% due 05/15/2024	364	367
Caesars Entertainment Operating Co., Inc.		
9.000% due 02/15/2020 ^ (i)	26,699	34,775
10.000% due 12/15/2018 ^	6,095	5,813
Charter Communications Operating LLC		
5.375% due 05/01/2047	113	118
Cheniere Corpus Christi Holdings LLC		
5.875% due 03/31/2025	400	435
Chesapeake Energy Corp.		
4.554% due 04/15/2019	157	156
ClubCorp Club Operations, Inc.		
8.250% due 12/15/2023	6,500	7,280
CMA CGM S.A.		
6.500% due 07/15/2022	EUR 100	122
CommScope Technologies LLC		
5.000% due 03/15/2027	\$ 4	4
Community Health Systems, Inc.		
6.250% due 03/31/2023	279	287

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CSN Islands Corp.			
6.875% due 09/21/2019 (l)		240	195
CSN Resources S.A.			
6.500% due 07/21/2020		2,300	1,754
DAE Funding LLC			
4.000% due 08/01/2020 (c)		120	122
4.500% due 08/01/2022 (c)		120	122
5.000% due 08/01/2024 (c)		290	297
Diamond Resorts International, Inc.			
7.750% due 09/01/2023		278	299
10.750% due 09/01/2024 (l)		4,300	4,676
DriveTime Automotive Group, Inc.			
8.000% due 06/01/2021 (l)		9,300	9,370
Dynegy, Inc.			
8.034% due 02/02/2024 (l)		2,970	2,880
		PRINCIPAL	MARKET
		AMOUNT	VALUE
		(000S)	(000S)
Ecopetrol S.A.			
5.875% due 05/28/2045	\$	200	\$ 188
EI Group PLC			
6.375% due 09/26/2031	GBP	1,000	1,458
Endo Finance LLC			
5.375% due 01/15/2023	\$	600	516
Exela Intermediate LLC			
10.000% due 07/15/2023		217	212
Ferroglobe PLC			
9.375% due 03/01/2022 (l)		3,400	3,664
Ford Motor Co.			
7.700% due 05/15/2097 (l)		31,901	39,757
Fresh Market, Inc.			
9.750% due 05/01/2023 (l)		12,200	10,034
Frontier Finance PLC			
8.000% due 03/23/2022	GBP	8,200	11,305
Greene King Finance PLC			
5.702% due 12/15/2034		350	438
Hampton Roads PPV LLC			
6.171% due 06/15/2053	\$	1,800	1,890
HCA, Inc.			
4.500% due 02/15/2027		1,550	1,590
5.500% due 06/15/2047		182	190
7.500% due 11/15/2095 (l)		4,800	4,962
iHeartCommunications, Inc.			
9.000% due 09/15/2022		5,810	4,299
10.625% due 03/15/2023		5,600	4,200
11.250% due 03/01/2021		2,920	2,241
Intelsat Jackson Holdings S.A.			
7.250% due 10/15/2020		9,970	9,621
9.750% due 07/15/2025		361	374
Intelsat Luxembourg S.A.			
7.750% due 06/01/2021		18,643	12,025
8.125% due 06/01/2023		1,939	1,210
Intrepid Aviation Group Holdings LLC			
6.875% due 02/15/2019		15,631	15,514
Kinder Morgan Energy Partners LP			
6.375% due 03/01/2041		800	917
Kinder Morgan, Inc.			
7.750% due 01/15/2032 (l)		3,100	3,978
7.800% due 08/01/2031 (l)		6,000	7,681
Kleopatra Holdings S.C.A. (8.500% PIK)			
8.500% due 06/30/2023 (d)	EUR	100	117
Mallinckrodt International Finance S.A.			
4.750% due 04/15/2023 (l)	\$	6,000	5,340
5.500% due 04/15/2025		1,560	1,451
Park Aerospace Holdings Ltd.			
5.250% due 08/15/2022		24	25
5.500% due 02/15/2024		66	67
Petroleos Mexicanos			
6.500% due 03/13/2027		936	1,032
6.750% due 09/21/2047		500	528

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PetSmart, Inc.			
5.875% due 06/01/2025		199	192
Prime Security Services Borrower LLC			
9.250% due 05/15/2023		1,065	1,191
QVC, Inc.			
4.375% due 03/15/2023		768	790
5.450% due 08/15/2034		1,650	1,615
5.950% due 03/15/2043		6,770	6,633
Russian Railways via RZD Capital PLC			
7.487% due 03/25/2031	GBP	1,500	2,459
Sabine Pass Liquefaction LLC			
5.875% due 06/30/2026 (l)	\$	4,300	4,849
Safeway, Inc.			
7.250% due 02/01/2031		9,392	8,688
Scientific Games International, Inc.			
10.000% due 12/01/2022 (l)		1,364	1,526
SFR Group S.A.			
6.250% due 05/15/2024 (l)		12,500	13,250
7.375% due 05/01/2026 (l)		3,600	3,910
Sirius XM Radio, Inc.			
3.875% due 08/01/2022		105	108
		PRINCIPAL	MARKET
		AMOUNT	VALUE
		(000S)	(000S)
Spirit Issuer PLC			
0.850% due 12/28/2028	GBP	748	\$ 804
3.000% due 12/28/2031		1,855	2,388
6.582% due 12/28/2027		2,500	3,560
Symantec Corp.			
5.000% due 04/15/2025	\$	75	79
Time Warner Cable LLC			
8.250% due 04/01/2019		140	154
UAL Pass-Through Trust			
7.336% due 01/02/2021		1,699	1,827
UCP, Inc.			
8.500% due 10/21/2017		10,900	11,009
Unique Pub Finance Co. PLC			
5.659% due 06/30/2027	GBP	6,776	10,092
United Group BV			
4.375% due 07/01/2022	EUR	200	238
4.875% due 07/01/2024		200	236
UPCB Finance Ltd.			
3.625% due 06/15/2029		350	413
Valeant Pharmaceuticals International, Inc.			
6.500% due 03/15/2022	\$	153	162
7.000% due 03/15/2024		293	313
Virgin Media Secured Finance PLC			
5.000% due 04/15/2027	GBP	1,780	2,459
Wynn Las Vegas LLC			
5.250% due 05/15/2027	\$	111	114
			314,906
UTILITIES 5.3%			
AT&T, Inc.			
2.215% due 02/14/2023 (c)		180	181
2.850% due 02/14/2023 (c)		370	371
3.400% due 08/14/2024 (c)		740	742
3.900% due 08/14/2027 (c)		670	671
4.900% due 08/14/2037 (c)		678	677
5.150% due 02/14/2050 (c)		1,018	1,018
5.300% due 08/14/2058 (c)		304	304
Frontier Communications Corp.			
8.500% due 04/15/2020		788	804
Gazprom OAO Via Gaz Capital S.A.			
9.250% due 04/23/2019		11,200	12,373
Mountain States Telephone & Telegraph Co.			
7.375% due 05/01/2030		15,730	16,615
Odebrecht Drilling Norbe Ltd.			

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6.350% due 06/30/2022 ^		501	312
Odebrecht Offshore Drilling Finance Ltd.			
6.625% due 10/01/2023 ^(j)		4,696	1,679
6.750% due 10/01/2023 ^(j)		4,465	1,598
Petrobras Global Finance BV			
6.125% due 01/17/2022		704	742
6.250% due 12/14/2026	GBP	6,100	8,327
6.625% due 01/16/2034		800	1,064
6.750% due 01/27/2041 (l)	\$	4,100	3,951
7.250% due 03/17/2044		447	451
7.375% due 01/17/2027 (l)		1,224	1,329
Sprint Capital Corp.			
6.900% due 05/01/2019		2,000	2,132
TerraForm Power Operating LLC			
6.375% due 02/01/2023		1,075	1,123
Transocean Phoenix Ltd.			
7.750% due 10/15/2024		2,765	3,013
Transocean Proteus Ltd.			
6.250% due 12/01/2024		380	400
			59,877
Total Corporate Bonds & Notes			
(Cost \$661,010)			720,782

24 PIMCO CLOSED-END FUNDS

See Accompanying Notes

July 31, 2017

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
CONVERTIBLE BONDS & NOTES 0.6%		
INDUSTRIALS 0.6%		
DISH Network Corp.		
3.375% due 08/15/2026	\$ 5,900	\$ 7,360
Total Convertible Bonds & Notes (Cost \$5,900)		7,360
MUNICIPAL BONDS & NOTES 5.1%		
CALIFORNIA 1.2%		
Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010		
7.500% due 10/01/2030	3,425	3,679
Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009		
7.942% due 10/01/2038	8,500	9,380
		13,059
ILLINOIS 2.4%		
Chicago, Illinois General Obligation Bonds, (BABs), Series 2010		
7.517% due 01/01/2040	23,700	25,308
Chicago, Illinois General Obligation Bonds, Series 2014		
6.314% due 01/01/2044	120	120
Chicago, Illinois General Obligation Bonds, Series 2015		
7.375% due 01/01/2033	100	108
7.750% due 01/01/2042	300	314
Chicago, Illinois General Obligation Bonds, Series 2017		
7.045% due 01/01/2029	200	217
Illinois State General Obligation Bonds, (BABs), Series 2010		
6.725% due 04/01/2035	60	67
7.350% due 07/01/2035	40	46
Illinois State General Obligation Bonds, Series 2003		
5.100% due 06/01/2033	1,035	1,039
		27,219
IOWA 0.0%		
Iowa Tobacco Settlement Authority Revenue Bonds, Series 2005		
6.500% due 06/01/2023	480	480
TEXAS 0.2%		
Texas Public Finance Authority Revenue Notes, Series 2014		
8.250% due 07/01/2024	2,300	2,433
VIRGINIA 0.1%		
Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007		
6.706% due 06/01/2046	1,400	1,203
WEST VIRGINIA 1.2%		
Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007		
0.000% due 06/01/2047 (g)	78,700	4,094
7.467% due 06/01/2047	10,510	9,978
		14,072
Total Municipal Bonds & Notes (Cost \$54,624)		58,466

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U.S. GOVERNMENT AGENCIES 4.6%

Fannie Mae

3.000% due 01/25/2042 (a)	1,290	106
3.500% due 02/25/2033 (a)	3,133	403
4.232% due 10/25/2029	950	996
4.782% due 07/25/2029	1,490	1,604
4.868% due 07/25/2040 (a)	1,466	177
5.482% due 01/25/2029	800	898
6.082% due 10/25/2029	590	648

**PRINCIPAL
AMOUNT
(000S)**

**MARKET
VALUE
(000S)**

6.982% due 07/25/2029	\$ 2,010	\$ 2,353
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Freddie Mac

0.000% due 04/25/2045 - 08/25/2046 (b)(g)	19,541	15,178
0.100% due 04/25/2046 - 08/25/2046 (a)	91,606	357
0.200% due 04/25/2045 (a)	10,054	27
5.874% due 02/15/2034 (a)	2,566	480
6.174% due 11/25/2055	14,634	8,360
6.470% due 07/15/2039 (I)	2,407	2,620
7.557% due 03/15/2044 (I)	1,485	1,734
8.727% due 02/15/2036 (I)	5,228	6,994
8.732% due 04/15/2044	49	55
8.782% due 12/25/2027	4,443	5,222
11.982% due 03/25/2025	2,356	3,191

Ginnie Mae

3.000% due 12/20/2042 (a)	74	10
3.500% due 09/16/2041 - 06/20/2042 (a)	1,849	261
5.522% due 01/20/2042 (a)	2,813	347

Total U.S. Government Agencies (Cost \$48,714)

52,021

NON-AGENCY MORTGAGE-BACKED SECURITIES 21.7%

Adjustable Rate Mortgage Trust

1.572% due 05/25/2036	2,148	1,265
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Banc of America Alternative Loan Trust

6.000% due 01/25/2036 ^	235	221
6.000% due 04/25/2036 ^	4,231	4,295

Banc of America Funding Trust

5.500% due 01/25/2036	234	240
6.000% due 07/25/2037 ^	665	515

BCAP LLC Trust

3.278% due 07/26/2037	484	14
3.285% due 03/27/2036	3,825	2,195
5.045% due 03/26/2037	1,992	