

PIMCO STRATEGIC INCOME FUND, INC
Form N-CSR
August 26, 2016

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: 811-08216

PIMCO Strategic Income Fund, Inc.

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices)

William G. Galipeau

Treasurer (Principal Financial & Accounting Officer)

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(Name and address of agent for service)

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

Date of fiscal year end: June 30

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Date of reporting period: June 30, 2016

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

June 30, 2016

PCM Fund, Inc.

PIMCO Global StocksPLUS[®] & Income Fund

PIMCO Income Opportunity Fund

PIMCO Strategic Income Fund, Inc.

PIMCO Dynamic Credit and Mortgage Income Fund

(formerly PIMCO Dynamic Credit Income Fund)

PIMCO Dynamic Income Fund

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Letter from the Chairman of the Board & President

Dear Shareholder,

The global financial markets generated mixed results during the reporting period. Investor sentiment fluctuated as investors reacted to incoming economic data, shifting monetary policy, volatile commodity prices and numerous geopolitical issues.

Outside of the reporting period, PIMCO announced on July 19, 2016 that the firm's Managing Directors have appointed Emmanuel (Manny) Roman as PIMCO's next Chief Executive Officer. PIMCO's current CEO Douglas Hodge will assume a new role as Managing Director and Senior Advisor when Mr. Roman joins PIMCO on November 1st. The announcement of Mr. Roman as PIMCO's CEO is the culmination of a process undertaken by the firm to hire a senior executive who would add leadership and strategic insights combined with a deep appreciation of PIMCO's diversified global businesses, investment process and focus on superior investment performance and client service. Mr. Roman's appointment has the full support of the firm's leadership including Mr. Hodge, PIMCO's President Jay Jacobs, the firm's Executive Committee and its Managing Directors. Mr. Roman has nearly 30 years of experience in the investment industry, with expertise in fixed income and proven executive leadership, most recently as CEO of Man Group PLC, one of the world's largest publicly traded alternative asset managers and leader in liquid, high-alpha investment strategies.

For the 12-month reporting period ended June 30, 2016

Despite a number of headwinds, the U.S. economy was resilient and continued to expand during the reporting period. That being said, the pace was far from robust. Looking back, U.S. gross domestic product (GDP), which represents the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at a 2.0% annual pace during the third quarter of 2015. Economic activity then decelerated, as GDP grew at a revised 0.9% and 0.8% annual pace during the fourth quarter of 2015 and first quarter of 2016, respectively. Finally, the Commerce Department's initial reading released after the reporting period had ended showed that second quarter 2016 GDP grew at an annual pace of 1.2%.

At its meeting in December 2015, the Federal Reserve (Fed) took its initial step toward normalizing monetary policy. In particular, the Fed raised interest rates from a range between 0% and 0.25% to a range between 0.25% and 0.50%. However, since that time the Fed has remained on hold. In its official statement following the Fed's June 2016 meeting it said, "The Committee expects that economic conditions will evolve in a manner that will warrant only 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."

Economic activity outside the U.S. was mixed during the reporting period. In the eurozone, underlying economies gradually improved from low levels due to better domestic demand, while low inflation remained a concern. Against this backdrop, the European Central Bank (ECB) introduced additional easing measures, including the purchase of corporate bonds in an attempt to stimulate growth and spur inflation. The Bank of Japan also continued to pursue highly accommodative monetary policy. While the Bank of England kept rates on hold, British voters' decision in June 2016 to leave the European Union (Brexit) led to speculation that the country's central bank would lower rates in the near future. Elsewhere, economic activity in China moderated, which impacted growth in many emerging market economies.

Commodity prices were highly volatile during the reporting period. Crude oil declined from \$59 to \$37 during the first half of the period and then rallied to \$48 at the end of June 2016. Finally, foreign exchange markets fluctuated given economic data, central bank policy and, most

recently, Brexit, which sent the pound sharply lower.

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Outlook

PIMCO's baseline view is for a version of today's status quo to continue and evolve gradually for the next three to five years. More specifically, PIMCO foresees U.S. GDP growth at or slightly above trend of 1.5% to 2% per year, inflation fluctuating around the 2% Fed's target, the Fed gradually lifting the federal funds rate to the New Neutral range of 2% to 3% nominal and fiscal policy providing modest positive support to aggregate demand.

Overseas, PIMCO's baseline view for the eurozone is for lackluster, trend-like growth between 1% and 1.5% per year, with inflation remaining somewhat below 2%. In terms of monetary policy, PIMCO sees the ECB continuing to do the heavy lifting and eventually even pursuing an extension of the quantitative easing (QE) program. PIMCO's baseline view sees modest positive support for European growth from fiscal policy, over the next three to five years. Finally, for China, PIMCO's baseline view is that of a managed slowdown, with growth between 5% and 6% and inflation around 2%.

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 June 30, 2016.

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

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 number of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). Accordingly, changes in interest rates can be sudden, and there is no guarantee that Fund Management will anticipate such movement. As of the date of this report, interest rates in the U.S. are at or near historically low levels. As such, bond funds may currently face an increased exposure to the risks associated with rising interest rates. This is especially true since the Federal Reserve Board has concluded its quantitative easing program and, at its meeting on December 16, 2015, raised interest rates for the first time since 2006 from a target range of 0% to 0.25% to a target range of 0.25% to 0.50%. 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. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact a Fund's ability to invest in derivatives, limit a Fund's ability to employ certain strategies that use derivatives and adversely affect the value or performance of derivatives and a Fund.

PIMCO Global StocksPLUS® & Income Fund's (PGP) monthly distributions are expected to 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 the PGP'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, the 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.

PGP and other Funds 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

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rate swap agreements on 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

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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 PGP'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.

PGP's index option strategy, to the extent utilized, seeks to generate payments and premiums from writing options that may offset some or all of the capital losses incurred as a result of paired swaps transactions. However, the Fund may use paired swap transactions to support monthly distributions where the index option strategy does not produce an equivalent amount of offsetting gains, including without limitation when such strategy is not being used to a significant extent. In addition, gains (if any) generated from the index option strategy may be offset by the Fund's realized capital losses, including any available capital loss carryforwards. PGP currently has significant capital loss carryforwards, some of which will expire at particular dates, and to the extent that the Fund's capital losses exceed capital gains, the Fund cannot use its capital loss carryforwards to offset capital gains.

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 to the Fund of leverage 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. The Funds may be subject to heightened or additional risks and potential liabilities and

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Important Information About the Funds (Cont.)

costs by investing in mezzanine and other subordinated loans or 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 often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if a Fund holds mortgage-related securities, it may experience 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.

High-yield bonds (commonly referred to as junk bonds) typically have a lower credit rating than other bonds. Lower-rated bonds generally 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 securities are often illiquid and may not be actively traded. Sale 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 Funds' shares.

The global economic crisis brought several small economies in Europe to the brink of bankruptcy 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 (EMU) 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

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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.

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As the use of technology has become more prevalent in the course of business, the Funds have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional cyber events that may cause a Fund to lose proprietary information, suffer data corruption, or lose operational capacity. 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 of a Fund's third party service providers (including but not limited to advisers, sub-advisers, administrators, transfer agents, custodians, distributors and other third parties) or issuers that a Fund invests in can also subject a Fund to many of the same risks associated with direct cyber security breaches. 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; or additional compliance costs. 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 risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Funds do not directly control the cyber security systems of issuers or third party service providers. 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 it 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 in addition to those described above. Some of these risks may include, but are 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

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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

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Important Information About the Funds (Cont.)

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.

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 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 |
|---|---------------------------------------|-----------------------------------|
| PCM Fund, Inc. | 09/02/93 | Diversified |
| PIMCO Global StocksPLUS & Income Fund | 05/31/05 | Diversified |
| PIMCO Income Opportunity Fund | 11/30/07 | Diversified |
| PIMCO Strategic Income Fund, Inc. | 02/24/94 | Diversified |
| PIMCO Dynamic Credit and Mortgage Income Fund | 01/31/13 | Diversified |
| PIMCO Dynamic Income Fund | 05/30/12 | 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/Directors¹ 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 shareholder 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.

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PIMCO has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 206(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. 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.

¹ Hereinafter, the terms Trustee or Trustees used herein shall refer to a Director or Directors of applicable Funds.

8 PIMCO CLOSED-END FUNDS

PCM Fund, Inc.

Symbol on NYSE - **PCM**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| Non-Agency Mortgage-Backed Securities | 38.7% |
| Asset-Backed Securities | 34.1% |
| Corporate Bonds & Notes | 16.0% |
| Short-Term Instruments | 6.4% |
| Bank Loan Obligations | 2.8% |
| Other | 2.0% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|--------|
| Market Price | \$9.72 |
| NAV | \$9.71 |
| Premium/(Discount) to NAV | 0.10% |
| Market Price Distribution Yield ⁽²⁾ | 9.88% |
| NAV Distribution Yield ⁽²⁾ | 9.89% |
| Total Effective Leverage ⁽³⁾ | 46% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | 5 Year | 10 Year | Commencement of Operations (09/02/93) |
|--------------|--------|--------|---------|---|
| Market Price | 6.91% | 6.82% | 7.68% | 8.20% |
| NAV | 0.14% | 9.20% | 9.80% | 8.78% |

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.

⁽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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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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

- » PCM's primary investment objective is to seek to achieve high current income. Capital gains from the disposition of investments are a secondary objective of the Fund.

Fund Insights at NAV

Following are key factors impacting the Fund's performance during the reporting period:

- » The Fund's exposure to U.S. interest rates was the primary contributor to performance, as interest rates rallied significantly.
- » The Fund's allocation to commercial mortgage-backed securities (CMBS) contributed to performance. The sector performed well, with the Barclays Non-Agency Investment Grade CMBS Index outperforming like-duration Treasuries.
- » The Fund's allocation to non-agency mortgage-backed securities contributed to returns. The sector continued to benefit from an improving U.S. housing market and limited outstanding supply.
- » The Fund's allocation to intermediate-term investment grade corporate bonds was a modest contributor to performance. The sector performed well, with the Barclays Intermediate U.S. Corporate Index outperforming like-duration Treasuries.
- » The Fund's allocation to high yield corporate bonds was the primary detractor from performance. The asset class faced headwinds from lower energy prices, financial market volatility and mutual fund withdrawals, while subordinate bonds from financial issuers experienced weakness following the outcome of the U.K.'s referendum to leave the European Union.

PIMCO Global StocksPLUS® & Income Fund

Symbol on NYSE - **PGP**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| Non-Agency Mortgage-Backed Securities | 39.3% |
| Corporate Bonds & Notes | 31.9% |
| Short-Term Instruments | 13.4% |
| Asset-Backed Securities | 10.5% |
| U.S. Government Agencies | 1.9% |
| Other | 3.0% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|---------|
| Market Price | \$19.53 |
| NAV | \$9.76 |
| Premium/(Discount) to NAV | 100.10% |
| Market Price Distribution Yield ⁽²⁾ | 11.27% |
| NAV Distribution Yield ⁽²⁾ | 22.54% |
| Total Effective Leverage ⁽³⁾ | 45% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | 5 Year | 10 Year | Commencement of Operations (05/31/05) |
|--------------|---------|--------|---------|---|
| Market Price | 31.38% | 7.98% | 13.19% | 12.62% |
| NAV | (7.04)% | 9.97% | 10.14% | 10.78% |

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.

⁽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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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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 Global StocksPLUS® & Income Fund's primary investment objective is to seek total return comprised of current income, current gains and long-term capital appreciation.

Fund Insights at NAV

Following are key factors impacting the Fund's performance during the reporting period:

- » A yield curve steepening strategy, implemented through U.S. dollar interest rate swaps, was the primary detractor from performance, as the swap curve flattened.
- » Exposure to the MSCI EAFE Index through equity index derivatives detracted from absolute returns. International equities (as represented by the MSCI EAFE Index) declined 10.83% over the 12 months ended June 30, 2016.
- » The Fund's allocation to high yield corporate bonds detracted from performance. The asset class faced headwinds from lower energy prices, financial market volatility and mutual fund withdrawals, while subordinate bonds from financial issuers experienced weakness following the outcome of the U.K.'s referendum to leave the European Union.
- » Exposure to residential non-agency mortgage-backed securities added modestly to performance, as these securities benefited from an improving housing market and limited outstanding supply.
- » The Fund's allocation to commercial mortgage-backed securities (CMBS) contributed to performance. The sector performed well, with the Barclays Investment Grade Non-Agency CMBS Index outperforming like-duration Treasuries.
- » The Fund's use of paired swap transactions during the reporting period supported the Fund's monthly distributions, but generally resulted in a decline in the Fund's net asset value.

10 PIMCO CLOSED-END FUNDS

PIMCO Income Opportunity Fund

Symbol on NYSE - **PKO**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| Corporate Bonds & Notes | 33.4% |
| Asset-Backed Securities | 26.6% |
| Non-Agency Mortgage-Backed Securities | 26.0% |
| Short-Term Instruments | 5.6% |
| Convertible Preferred Securities | 3.4% |
| Other | 5.0% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|---------|
| Market Price | \$23.00 |
| NAV | \$22.59 |
| Premium/(Discount) to NAV | 1.81% |
| Market Price Distribution Yield ⁽²⁾ | 9.91% |
| NAV Distribution Yield ⁽²⁾ | 10.09% |
| Total Effective Leverage ⁽³⁾ | 43% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | 5 Year | Commencement of Operations (11/30/07) |
|--------------|---------|--------|---------------------------------------|
| Market Price | 7.87% | 8.30% | 11.06% |
| NAV | (1.83)% | 9.36% | 11.40% |

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.

⁽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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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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 Opportunity Fund's investment objective is to seek current income as a primary focus and also capital appreciation.

Fund Insights at NAV

Following are key factors impacting the Fund's performance during the reporting period:

- » The Fund's allocation to high yield corporate bonds was the primary detractor from performance. The asset class faced headwinds from lower energy prices, financial market volatility and mutual fund withdrawals, while subordinate bonds from financial issuers experienced weakness following the outcome of the U.K.'s referendum to leave the European Union.
- » Within the high yield corporate bond market, exposure to financials, industrials, capital goods, telecommunications and utility credits detracted from results.
- » Exposure to local and hard currency-denominated Brazilian debt was a major detractor from returns. Brazil was negatively impacted by its slowing economy, high inflation and a political crisis.
- » The Fund's exposure to U.S. interest rates benefited performance, as interest rates rallied. This positive impact, however, was partially offset by strategies designed to benefit from rising long-term interest rates, as the yield curve flattened.
- » The Fund's exposure to U.S. dollar-denominated Russian quasi-sovereign bonds contributed to returns. Spreads on these issues continued to retrace much of the widening that occurred in recent years, as geopolitical tensions in the region eased and investor sentiment improved.

PIMCO Strategic Income Fund, Inc.

Symbol on NYSE - **RCS**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| U.S. Government Agencies | 59.5% |
| Non-Agency Mortgage-Backed Securities | 14.1% |
| Corporate Bonds & Notes | 8.4% |
| U.S. Treasury Obligations | 8.1% |
| Asset-Backed Securities | 6.4% |
| Short-Term Instruments | 1.7% |
| Other | 1.8% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|--------|
| Market Price | \$9.61 |
| NAV | \$7.89 |
| Premium/(Discount) to NAV | 21.80% |
| Market Price Distribution Yield ⁽²⁾ | 9.99% |
| NAV Distribution Yield ⁽²⁾ | 12.17% |
| Total Effective Leverage ⁽³⁾ | 25% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | 5 Year | 10 Year | Commencement of Operations (02/24/94) |
|--------------|--------|--------|---------|---------------------------------------|
| Market Price | 24.14% | 8.41% | 11.23% | 9.34% |
| NAV | 4.06% | 8.55% | 10.85% | 8.63% |

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.

(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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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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

- » The primary investment objective of PIMCO Strategic Income Fund, Inc. is to seek to generate a level of income that is higher than that generated by high quality, intermediate-term U.S. debt securities. The Fund also seeks capital appreciation to the extent consistent with this objective.

Fund Insights at NAV

Following are key factors impacting the Fund's performance during the reporting period:

- » The Fund's allocation to agency mortgage-backed securities was the primary contributor to performance, as the sector benefited from continued Federal Reserve reinvestment activity.
- » The Fund's exposure to U.S. dollar-denominated Russian quasi-sovereign bonds contributed to returns. Spreads on these issues continued to retrace much of the widening that occurred in recent years, as geopolitical tensions in the region eased and investor sentiment improved.
- » The Fund's allocation to select high yield energy corporate bonds added to performance despite weakness in broader high yield corporate bond and commodity markets.
- » The Fund's allocation to intermediate-term investment grade corporate bonds was a modest contributor to performance. The sector performed well, with the Barclays Intermediate U.S. Corporate Index outperforming like-duration Treasuries.
- » The Fund's exposure to European residential mortgage-backed securities detracted from performance following the outcome of the U.K.'s referendum to leave the European Union.

12 PIMCO CLOSED-END FUNDS

PIMCO Dynamic Credit and Mortgage Income Fund

Symbol on NYSE - **PCI**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| Asset-Backed Securities | 42.6% |
| Corporate Bonds & Notes | 24.9% |
| Non-Agency Mortgage-Backed Securities | 23.8% |
| Short-Term Instruments | 5.5% |
| Bank Loan Obligations | 2.0% |
| Other | 1.2% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|---------|
| Market Price | \$19.13 |
| NAV | \$20.43 |
| Premium/(Discount) to NAV | (6.36)% |
| Market Price Distribution Yield ⁽²⁾ | 10.29% |
| NAV Distribution Yield ⁽²⁾ | 9.64% |
| Total Effective Leverage ⁽³⁾ | 47% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | Commencement of Operations (01/31/13) |
|--------------|---------|---|
| Market Price | 6.69% | 2.52% |
| NAV | (1.36)% | 5.15% |

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.

⁽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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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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 Dynamic Credit and Mortgage Income Fund s (formerly PIMCO Dynamic Credit Income Fund) primary investment objective is to seek current income and capital appreciation is a secondary objective.

Fund Insights at NAV

Following are key factors impacting the Fund s performance during the reporting period:

- » The Fund s allocation to high yield corporate bonds was the primary detractor from performance. The asset class faced headwinds from lower energy prices, financial market volatility and mutual fund withdrawals, while subordinate bonds from financial issuers experienced weakness following the outcome of the U.K. s referendum to leave the European Union.
- » Exposure to local and hard currency-denominated Brazilian debt was a significant detractor from returns. Brazil was negatively impacted by its slowing economy, high inflation and a political crisis.
- » The Fund s exposure to U.S. interest rates strongly benefited performance, as interest rates rallied. This positive impact, however, was partially offset by strategies designed to benefit from rising long-term interest rates, as the yield curve flattened.
- » The Fund s allocation to commercial mortgage-backed securities (CMBS) contributed to performance. The sector performed well, with the Barclays Investment Grade Non-Agency CMBS Index outperforming like-duration Treasuries.
- » The Fund s allocation to intermediate-term investment grade corporate bonds contributed to performance. The sector performed well, with the Barclays Intermediate U.S. Corporate Index outperforming like-duration Treasuries.

PIMCO Dynamic Income Fund

Symbol on NYSE - **PDI**

Allocation Breakdown

| | |
|---------------------------------------|-------|
| Non-Agency Mortgage-Backed Securities | 54.5% |
| Asset-Backed Securities | 24.7% |
| Corporate Bonds & Notes | 11.7% |
| Short-Term Instruments | 5.6% |
| U.S. Government Agencies | 1.3% |
| Other | 2.2% |

% of Investments, at value as of 06/30/2016. Financial derivative instruments, if any, are excluded.

Fund Information (as of June 30, 2016)⁽¹⁾

| | |
|--|---------|
| Market Price | \$27.57 |
| NAV | \$26.56 |
| Premium/(Discount) to NAV | 3.80% |
| Market Price Distribution Yield ⁽²⁾ | 9.60% |
| NAV Distribution Yield ⁽²⁾ | 9.96% |
| Total Effective Leverage ⁽³⁾ | 47% |

Average Annual Total Return⁽¹⁾ for the period ended June 30, 2016

| | 1 Year | Commencement of Operations (05/30/12) |
|--------------|--------|---|
| Market Price | 13.75% | 16.54% |
| NAV | 1.79% | 16.91% |

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.

⁽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, 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 composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, 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

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

Fund Insights at NAV

Following are key factors impacting the Fund's performance during the reporting period:

- » The Fund's exposure to U.S. interest rates was the primary contributor to performance as interest rates rallied significantly.
- » The Fund's allocation to non-agency mortgage-backed securities contributed to returns. The sector continued to benefit from an improving U.S. housing market and limited outstanding supply.
- » The Fund's allocation to commercial mortgage-backed securities (CMBS) contributed to performance. The sector performed well, with the Barclays Investment Grade Non-Agency CMBS Index outperforming like-duration Treasuries.
- » The Fund's allocation to intermediate-term investment grade corporate bonds was a modest contributor to performance. The sector performed well, with the Barclays Intermediate U.S. Corporate Index outperforming like-duration Treasuries.
- » The Fund's exposure to U.S. dollar-denominated Russian quasi-sovereign bonds contributed to returns. Spreads on these issues continued to retrace much of the widening that occurred in recent years, as geopolitical tensions in the region eased and investor sentiment improved.
- » The Fund's allocation to high yield corporate bonds was the primary detractor from performance. The asset class faced headwinds from lower energy prices, financial market volatility and mutual fund withdrawals, while subordinate bonds from financial issuers experienced weakness following the outcome of the U.K.'s referendum to leave the European Union.

14 PIMCO CLOSED-END FUNDS

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ANNUAL REPORT JUNE 30, 2016 15

Financial Highlights

| | Investment Operations | | | | | Less Distributions ^(b) | | | | |
|---|--|--|-------------------|-----------|-----------|-------------------------------------|-----------|-----------------------|-------------------------|-------|
| | Net Asset Value Beginning of Year or Period | Net Investment Income ^(a) | Unrealized | | Total | From Net Investment Income | From Net | Tax | Return of Capital | Total |
| Gain (Loss) | | | | Realized | | | Basis | | | |
| | | | | | | Capital | | | | |
| PCM Fund, Inc. | | | | | | | | | | |
| 06/30/2016 | \$ 10.68 | \$ 1.22 | \$ (1.23) | \$ (0.01) | \$ (0.96) | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ (0.96) | |
| 01/01/2015 - 06/30/2015 ^(e) | 10.72 | 0.44 | 0.00 [^] | 0.44 | (0.48) | 0.00 | 0.00 | 0.00 | (0.48) ⁽ⁱ⁾ | |
| 12/31/2014 | 11.17 | 0.94 | (0.34) | 0.60 | (1.05) | 0.00 | 0.00 | 0.00 | (1.05) | |
| 12/31/2013 | 11.35 | 1.12 | (0.20) | 0.92 | (1.10) | 0.00 | 0.00 | 0.00 | (1.10) | |
| 12/31/2012 | 9.48 | 1.06 | 1.93 | 2.99 | (1.12) | 0.00 | 0.00 | 0.00 | (1.12) | |
| 12/31/2011 | 9.88 | 1.13 | (0.47) | 0.66 | (1.06) | 0.00 | 0.00 | 0.00 | (1.06) | |
| PIMCO Global StocksPLUS® & Income Fund | | | | | | | | | | |
| 06/30/2016 | \$ 12.88 | \$ 1.15 | \$ (2.07) | \$ (0.92) | \$ (2.02) | \$ 0.00 | \$ (0.18) | \$ (2.20) | | |
| 04/01/2015 - 06/30/2015 ^(f) | 12.82 | 0.34 | 0.27 | 0.61 | (0.55) | 0.00 | 0.00 | (0.55) ⁽ⁱ⁾ | | |
| 03/31/2015 | 14.72 | 1.15 | (0.85) | 0.30 | (2.20) | 0.00 | 0.00 | (2.20) | | |
| 03/31/2014 | 14.32 | 1.39 | 1.21 | 2.60 | (2.20) | 0.00 | 0.00 | (2.20) | | |
| 03/31/2013 | 12.57 | 1.38 | 2.57 | 3.95 | (2.20) | 0.00 | 0.00 | (2.20) | | |
| 03/31/2012 | 14.88 | 1.61 | (1.72) | (0.11) | (2.20) | 0.00 | 0.00 | (2.20) | | |
| PIMCO Income Opportunity Fund | | | | | | | | | | |
| 06/30/2016 | \$ 25.94 | \$ 2.33 | \$ (2.89) | \$ (0.56) | \$ (2.28) | \$ (0.51) | \$ 0.00 | \$ (2.79) | | |
| 11/01/2014 - 06/30/2015 ^(g) | 28.38 | 1.54 | (0.86) | 0.68 | (2.34) | (0.77) | (0.01) | (3.12) ⁽ⁱ⁾ | | |
| 10/31/2014 | 28.67 | 2.71 | (0.12) | 2.59 | (2.88) | 0.00 | 0.00 | (2.88) | | |
| 10/31/2013 | 27.86 | 2.87 | 0.77 | 3.64 | (2.83) | 0.00 | 0.00 | (2.83) | | |
| 10/31/2012 | 24.62 | 2.61 | 3.69 | 6.30 | (3.06) | 0.00 | 0.00 | (3.06) | | |
| 10/31/2011 | 26.97 | 3.24 | (2.20) | 1.04 | (3.39) | 0.00 | 0.00 | (3.39) | | |
| PIMCO Strategic Income Fund, Inc. | | | | | | | | | | |
| 06/30/2016 | \$ 8.58 | \$ 0.76 | \$ (0.45) | \$ 0.31 | \$ (1.00) | \$ 0.00 | \$ 0.00 | \$ (1.00) | | |
| 02/01/2015 - 06/30/2015 ^(h) | 8.57 | 0.30 | 0.11 | 0.41 | (0.40) | 0.00 | 0.00 | (0.40) ⁽ⁱ⁾ | | |
| 01/31/2015 | 9.24 | 0.90 | (0.55) | 0.35 | (1.02) | 0.00 | 0.00 | (1.02) | | |
| 01/31/2014 | 9.66 | 0.99 | (0.30) | 0.69 | (1.11) | 0.00 | 0.00 | (1.11) | | |
| 01/31/2013 | 8.91 | 1.05 | 0.95 | 2.00 | (1.25) | 0.00 | 0.00 | (1.25) | | |
| 01/31/2012 | 9.97 | 1.36 | (1.03) | 0.33 | (1.39) | 0.00 | 0.00 | (1.39) | | |
| PIMCO Dynamic Credit and Mortgage Income Fund (Consolidated) | | | | | | | | | | |
| 06/30/2016 | \$ 23.00 | \$ 2.01 | \$ (2.40) | \$ (0.39) | \$ (2.18) | \$ 0.00 | \$ 0.00 | \$ (2.18) | | |
| 01/01/2015 - 06/30/2015 ^(e) | 22.83 | 0.76 | 0.35 | 1.11 | (0.94) | 0.00 | 0.00 | (0.94) ⁽ⁱ⁾ | | |
| 12/31/2014 | 24.04 | 1.79 | (0.53) | 1.26 | (2.47) | 0.00 | 0.00 | (2.47) | | |
| 01/31/2013 - 12/31/2013 | 23.88 | 1.33 | 0.76 | 2.09 | (1.68) | (0.24) | 0.00 | (1.92) | | |
| PIMCO Dynamic Income Fund (Consolidated) | | | | | | | | | | |
| 06/30/2016 | \$ 31.38 | \$ 3.87 | \$ (3.45) | \$ 0.42 | \$ (4.25) | \$ (0.99) | \$ 0.00 | \$ (5.24) | | |
| 04/01/2015 - 06/30/2015 ^(f) | 30.74 | 0.80 | 0.47 | 1.27 | (0.63) | 0.00 | 0.00 | (0.63) ⁽ⁱ⁾ | | |
| 03/31/2015 | 32.11 | 3.25 | (0.49) | 2.76 | (4.13) | 0.00 | 0.00 | (4.13) | | |
| 03/31/2014 | 30.69 | 3.70 | 1.24 | 4.94 | (3.29) | (0.23) | 0.00 | (3.52) | | |
| 05/30/2012 - 03/31/2013 | 23.88 | 2.79 | 6.50 | 9.29 | (2.18) | (0.27) | 0.00 | (2.45) | | |

* Annualized

[^] Reflects an amount rounding to less than one cent.^(a) Per share amounts based on average number of 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(c) in the Notes to Financial Statements for more information.

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- (c) Total investment return is calculated assuming a purchase of a share at the market price on the first day and a sale of a share at the market price on the last day of each year 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 of Fund shares.
- (d) Interest expense primarily relates to participation in borrowing and financing transactions. See Note 5 in the Notes to Financial Statements for more information.
- (e) Fiscal year end changed from December 31st to June 30th.
- (f) Fiscal year end changed from March 31st to June 30th.
- (g) Fiscal year end changed from October 31st to June 30th.
- (h) Fiscal year end changed from January 31st to June 30th.
- (i) Total distributions for the period ended June 30, 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 June 30, 2015.

16 PIMCO CLOSED-END FUNDS

See Accompanying Notes

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| Offering Cost Charged to Paid in Capital in Excess of Par | Common Share | | | Ratios/Supplemental Data Ratios to Average Net Assets | | | | | |
|--|--|--|--|--|-------------------------|---|-----------------------------|-------------------------------|--|
| | Net Assets Value End of Year or Period | Market Price End of Year or Period | Total Investment Return ^(c) | Net Assets End of Year or Period (000s) | Expenses ^(d) | Expenses Excluding Interest Expense ^(d) | Net Investment Income | Portfolio Turnover Rate | |
| | | | | | | | | | |
| \$ N/A | \$ 9.71 | \$ 9.72 | 6.91% | \$ 112,099 | 2.69% | 1.58% | 12.25% | 12% | |
| N/A | 10.68 | 10.05 | (1.28) | 123,235 | 2.26* | 1.54* | 8.32* | 20 | |
| N/A | 10.72 | 10.65 | 0.34 | 123,633 | 1.89 | 1.40 | 8.38 | 11 | |
| N/A | 11.17 | 11.65 | 6.49 | 128,672 | 2.05 | 1.52 | 9.75 | 6 | |
| N/A | 11.35 | 12.02 | 23.34 | 130,461 | 2.59 | 1.76 | 10.05 | 13 | |
| N/A | 9.48 | 10.77 | 10.43 | 108,810 | 2.44 | 1.75 | 11.30 | 26 | |
| \$ N/A | \$ 9.76 | \$ 19.53 | 31.38% | \$ 103,627 | 2.75% | 1.82% | 10.56% | 26% | |
| N/A | 12.88 | 16.92 | (21.82) | 135,468 | 2.34* | 1.72* | 10.35* | 3 | |
| N/A | 12.82 | 22.27 | 4.05 | 134,594 | 2.30 | 1.78 | 8.29 | 92 | |
| N/A | 14.72 | 23.67 | 19.44 | 153,393 | 1.94 | 1.67 | 9.62 | 197 | |
| N/A | 14.32 | 21.95 | 21.57 | 148,170 | 2.64 | 2.10 | 10.75 | 33 | |
| N/A | 12.57 | 20.18 | (8.00) | 128,952 | 2.71 | 2.12 | 12.70 | 90 | |
| \$ N/A | \$ 22.59 | \$ 23.00 | 7.87% | \$ 338,292 | 2.63% | 1.73% | 9.99% | 16% | |
| N/A | 25.94 | 24.20 | 0.22 | 388,353 | 2.43* | 1.79* | 8.93* | 14 | |
| N/A | 28.38 | 27.26 | 4.39 | 424,632 | 2.01 | 1.65 | 9.44 | 175 | |
| N/A | 28.67 | 28.90 | 6.81 | 426,561 | 1.93 | 1.66 | 10.03 | 65 | |
| N/A | 27.86 | 29.85 | 26.98 | 411,976 | 2.29 | 1.86 | 10.38 | 57 | |
| N/A | 24.62 | 26.45 | 11.68 | 359,909 | 2.44 | 1.93 | 12.40 | 194 | |
| \$ N/A | \$ 7.89 | \$ 9.61 | 24.14% | \$ 332,051 | 1.27% | 0.96% | 9.43% | 39% | |
| N/A | 8.58 | 8.69 | (5.81) | 357,692 | 1.16* | 0.96* | 8.58* | 17 | |
| N/A | 8.57 | 9.65 | 5.92 | 355,942 | 1.18 | 0.98 | 10.01 | 90 | |
| N/A | 9.24 | 10.12 | (4.58) | 379,762 | 1.39 | 1.00 | 10.48 | 208 | |
| N/A | 9.66 | 11.84 | 12.21 | 392,317 | 1.55 | 1.00 | 11.14 | 293 | |
| N/A | 8.91 | 11.80 | 28.34 | 357,712 | 1.48 | 1.01 | 14.27 | 147 | |
| \$ N/A | \$ 20.43 | \$ 19.13 | 6.69% | \$ 2,804,003 | 3.20% | 2.03% | 9.63% | 26% | |
| N/A | 23.00 | 20.18 | 2.23 | 3,155,689 | 2.63* | 1.97* | 6.71* | 31 | |
| (0.00)^ | 22.83 | 20.65 | 2.68 | 3,132,146 | 2.36 | 1.91 | 7.29 | 35 | |
| (0.01) | 24.04 | 22.48 | (2.79) | 3,298,673 | 1.52* | 1.42* | 6.06* | 76 | |
| \$ N/A | \$ 26.56 | \$ 27.57 | 13.75% | \$ 1,222,499 | 3.60% | 2.12% | 13.67% | 13% | |
| N/A | 31.38 | 29.21 | 2.87 | 1,426,891 | 2.83* | 2.01* | 10.23* | 5 | |
| N/A | 30.74 | 29.00 | 9.04 | 1,397,987 | 3.12 | 2.12 | 9.98 | 10 | |
| N/A | 32.11 | 30.32 | 9.62 | 1,458,961 | 3.15 | 2.17 | 11.90 | 18 | |
| (0.03) | 30.69 | 31.10 | 35.21 | 1,393,099 | 2.91* | 2.04* | 12.04* | 16 | |

Statements of Assets and Liabilities

June 30, 2016

| | PCM Fund, Inc. | PIMCO Global StocksPLUS® & Income Fund | PIMCO Income Opportunity Fund | PIMCO Strategic Income Fund, Inc. |
|--|-------------------|--|--|--|
| (Amounts in thousands, except per share amounts) | | | | |
| Assets: | | | | |
| <i>Investments, at value</i> | | | | |
| Investments in securities* | \$ 193,010 | \$ 164,613 | \$ 557,766 | \$ 848,893 |
| <i>Financial Derivative Instruments</i> | | | | |
| Exchange-traded or centrally cleared | 17 | 1,231 | 220 | 796 |
| Over the counter | 0 | 392 | 2,827 | 2,494 |
| Cash | 422 | 2 | 90 | 79 |
| Deposits with counterparty | 1,596 | 19,201 | 2,479 | 2,154 |
| Foreign currency, at value | 0 | 53 | 344 | 485 |
| Receivable for investments sold | 5,553 | 2,345 | 5,176 | 11 |
| Receivable for mortgage dollar rolls | 0 | 0 | 0 | 268,511 |
| Interest and/or dividends receivable | 1,051 | 1,225 | 3,490 | 2,926 |
| Other assets | 2 | 2 | 3 | 3 |
| Total Assets | 201,651 | 189,064 | 572,395 | 1,126,352 |
| Liabilities: | | | | |
| <i>Borrowings & Other Financing Transactions</i> | | | | |
| Payable for reverse repurchase agreements | \$ 86,869 | \$ 78,833 | \$ 220,193 | \$ 103,332 |
| Payable for sale-buyback transactions | 0 | 0 | 0 | 39,895 |
| Payable for mortgage dollar rolls | 0 | 0 | 0 | 268,511 |
| <i>Financial Derivative Instruments</i> | | | | |
| Exchange-traded or centrally cleared | 6 | 1,211 | 9 | 22 |
| Over the counter | 1,580 | 1,656 | 5,728 | 2,054 |
| Payable for investments purchased | 0 | 1,600 | 2,274 | 14 |
| Payable for TBA investments purchased | 0 | 0 | 0 | 370,541 |
| Deposits from counterparty | 0 | 20 | 2,561 | 6,001 |
| Distributions payable to common shareholders | 924 | 1,946 | 2,846 | 3,369 |
| Accrued management fees | 143 | 165 | 479 | 258 |
| Other liabilities | 30 | 6 | 13 | 304 |
| Total Liabilities | 89,552 | 85,437 | 234,103 | 794,301 |
| Net Assets | \$ 112,099 | \$ 103,627 | \$ 338,292 | \$ 332,051 |
| Net Asset Consist of: | | | | |
| Shares: | | | | |
| Par value (\$0.001 per share), (\$0.00001 per share), (\$0.00001 per share), (\$0.00001 per share) | \$ 12 | \$ 0 | \$ 0 | \$ 0 |
| Paid in capital in excess of par | 125,582 | 231,876 | 343,299 | 367,626 |
| Undistributed (overdistributed) net investment income | 4,244 | (2,326) | (4,500) | (1,926) |
| Accumulated undistributed net realized (loss) | (15,925) | (136,224) | (7,035) | (51,825) |
| Net unrealized appreciation (depreciation) | (1,814) | 10,301 | 6,528 | 18,176 |
| Net Assets Applicable to Common Shareholders | \$ 112,099 | \$ 103,627 | \$ 338,292 | \$ 332,051 |
| Common Shares Issued and Outstanding | 11,542 | 10,614 | 14,977 | 42,116 |
| Net Asset Value Per Common Share | \$ 9.71 | \$ 9.76 | \$ 22.59 | \$ 7.89 |
| Cost of investments in securities | \$ 194,952 | \$ 157,664 | \$ 551,852 | \$ 822,455 |
| Cost of foreign currency held | \$ 0 | \$ 53 | \$ 350 | \$ 469 |
| Cost or premiums of financial derivative instruments, net | \$ (1,628) | \$ (1,488) | \$ (5,360) | \$ (701) |
| * Includes repurchase agreements of: | \$ 5,100 | \$ 2,005 | \$ 24,770 | \$ 12,099 |

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

18 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Consolidated Statements of Assets and Liabilities

June 30, 2016

| | PIMCO Dynamic Credit and Mortgage Income Fund | PIMCO Dynamic Income Fund |
|---|---|---------------------------------|
| (Amounts in thousands, except per share amounts) | | |
| Assets: | | |
| <i>Investments, at value</i> | | |
| Investments in securities* | \$ 5,055,464 | \$ 2,257,021 |
| <i>Financial Derivative Instruments</i> | | |
| Exchange-traded or centrally cleared | 4,504 | 2,039 |
| Over the counter | 20,666 | 12,378 |
| Cash | 737 | 153 |
| Deposits with counterparty | 103,212 | 29,710 |
| Receivable for investments sold | 66,882 | 5,464 |
| Interest and/or dividends receivable | 26,606 | 9,888 |
| Other assets | 12 | 5 |
| Total Assets | 5,278,083 | 2,316,658 |
| Liabilities: | | |
| <i>Borrowings & Other Financing Transactions</i> | | |
| Payable for reverse repurchase agreements | \$ 2,380,836 | \$ 1,028,000 |
| <i>Financial Derivative Instruments</i> | | |
| Exchange-traded or centrally cleared | 1,944 | 691 |
| Over the counter | 14,687 | 21,637 |
| Payable for investments purchased | 29,193 | 19,299 |
| Deposits from counterparty | 19,376 | 12,099 |
| Distributions payable to common shareholders | 22,513 | 10,148 |
| Overdraft due to custodian | 593 | 112 |
| Accrued management fees | 4,831 | 2,124 |
| Other liabilities | 107 | 49 |
| Total Liabilities | 2,474,080 | 1,094,159 |
| Net Assets Applicable to Common Shareholders | \$ 2,804,003 | \$ 1,222,499 |
| Composition of Net Assets Applicable to Common Shareholders: | | |
| Par value (\$0.00001 per share) | \$ 1 | \$ 0 |
| Paid in capital in excess of par | 3,274,226 | 1,101,390 |
| Undistributed (overdistributed) net investment income | 40,338 | 35,233 |
| Accumulated undistributed net realized (loss) | (233,853) | (23,016) |
| Net unrealized appreciation (depreciation) | (276,709) | 108,892 |
| Net Assets Applicable to Common Shareholders | \$ 2,804,003 | \$ 1,222,499 |
| Common Shares Issued and Outstanding | 137,221 | 46,025 |
| Net Asset Value Per Common Share | \$ 20.43 | \$ 26.56 |
| Cost of investments in securities | \$ 5,384,161 | \$ 2,156,321 |
| Cost or premiums of financial derivative instruments, net | \$ (6,270) | \$ (31,172) |
| * Includes repurchase agreements of: | \$ 242,219 | \$ 104,632 |

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

Statements of Operations

Year Ended June 30, 2016

| | PIMCO | | | |
|--|------------------|--------------------|--------------------|---------------------|
| | | Global | PIMCO | PIMCO |
| | | StocksPLUS® | Income | Strategic |
| | PCM Fund, | Income | Opportunity | Income Fund, |
| (Amounts in thousands) | Inc. | Fund | Fund | Inc. |
| Investment Income: | | | | |
| Interest, net of foreign taxes* | \$ 17,127 | \$ 15,237 | \$ 42,980 | \$ 36,295 |
| Dividends | 5 | 25 | 1,180 | 14 |
| Total Income | 17,132 | 15,262 | 44,160 | 36,309 |
| Expenses: | | | | |
| Management fees | 1,803 | 2,069 | 5,991 | 3,238 |
| Trustee fees and related expenses | 17 | 18 | 51 | 49 |
| Interest expense | 1,271 | 1,067 | 3,158 | 1,035 |
| Miscellaneous expense | 0 | 1 | 18 | 10 |
| Total Expenses | 3,091 | 3,155 | 9,218 | 4,332 |
| Net Investment Income | 14,041 | 12,107 | 34,942 | 31,977 |
| Net Realized Gain (Loss): | | | | |
| Investments in securities | 1,799 | 1,107 | 1,587 | 1,374 |
| Exchange-traded or centrally cleared financial derivative instruments | (307) | 241 | (3,674) | (19,203) |
| Over the counter financial derivative instruments | 3,355 | (5,653) | 7,197 | 3,046 |
| Foreign currency | 0 | 20 | 603 | (16) |
| Net Realized Gain (Loss) | 4,847 | (4,285) | 5,713 | (14,799) |
| Net Change in Unrealized Appreciation (Depreciation): | | | | |
| Investments in securities | (15,877) | (12,306) | (40,454) | 3,003 |
| Exchange-traded or centrally cleared financial derivative instruments | 108 | (6,122) | (2,667) | (8,868) |
| Over the counter financial derivative instruments | (3,220) | (275) | (7,756) | 1,321 |
| Foreign currency assets and liabilities | 0 | 691 | 1,731 | 55 |
| Net Change in Unrealized (Depreciation) | (18,989) | (18,012) | (49,146) | (4,489) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$ (101) | \$ (10,190) | \$ (8,491) | \$ 12,689 |
| * Foreign tax withholdings | \$ 0 | \$ 0 | \$ 1 | \$ 0 |

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

20 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Consolidated Statements of Operations

Year Ended June 30, 2016

| | PIMCO | |
|--|--------------------|------------------|
| | Dynamic | |
| | Credit and | PIMCO |
| | Mortgage | Dynamic |
| (Amounts in thousands) | Income Fund | Income Fund |
| Investment Income: | | |
| Interest, net of foreign taxes* | \$ 368,116 | \$ 222,967 |
| Dividends | 7 | 622 |
| Total Income | 368,123 | 223,589 |
| Expenses: | | |
| Management fees | 57,918 | 27,247 |
| Trustee fees and related expenses | 427 | 199 |
| Interest expense | 33,458 | 19,102 |
| Miscellaneous expense | 93 | 61 |
| Total Expenses | 91,896 | 46,609 |
| Net Investment Income | 276,227 | 176,980 |
| Net Realized Gain (Loss): | | |
| Investments in securities | (84,858) | (23,907) |
| Exchange-traded or centrally cleared financial derivative instruments | (25,410) | 3,245 |
| Over the counter financial derivative instruments | 25,586 | 20,502 |
| Foreign currency | (3,641) | (37) |
| Net Realized (Loss) | (88,323) | (197) |
| Net Change in Unrealized Appreciation (Depreciation): | | |
| Investments in securities | (276,391) | (135,465) |
| Exchange-traded or centrally cleared financial derivative instruments | 8,980 | (25,040) |
| Over the counter financial derivative instruments | (3,083) | (594) |
| Foreign currency assets and liabilities | 30,476 | 3,872 |
| Net Change in Unrealized (Depreciation) | (240,018) | (157,227) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$ (52,114) | \$ 19,556 |
| * Foreign tax withholdings | \$ 12 | \$ 0 |

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

Statements of Changes in Net Assets

| | PCM Fund, Inc. | | | PIMCO Global StocksPLUS® & Income Fund | | |
|--|-----------------------------|--|---------------------------------|--|--|------------------------------|
| | Year Ended June 30, 2016 | For the Period January 1, 2015 - June 30, 2015 ^(a) | Year Ended December 31, 2014 | Year Ended June 30, 2016 | For the Period April 1, 2015 - June 30, 2015 ^(b) | Year Ended March 31, 2015 |
| (Amounts in thousands) | | | | | | |
| Increase (Decrease) in Net Assets from: | | | | | | |
| Operations: | | | | | | |
| Net investment income | \$ 14,041 | \$ 5,058 | \$ 10,813 | \$ 12,107 | \$ 3,559 | \$ 12,039 |
| Net realized gain (loss) | 4,847 | 5,586 | 64 | (4,285) | 8,310 | (19,967) |
| Net change in unrealized appreciation (depreciation) | (18,989) | (5,577) | (4,000) | (18,012) | (5,604) | 10,460 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | (101) | 5,067 | 6,877 | (10,190) | 6,265 | 2,532 |
| Distributions to Common Shareholders: | | | | | | |
| From net investment income | (11,077) | (5,537) | (12,094) | (21,340) | (5,782) | (23,021) |
| From net realized capital gains | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax basis return of capital | 0 | 0 | 0 | (1,918) | 0 | 0 |
| Total Distributions to Common Shareholders^(e) | (11,077) | (5,537)^(d) | (12,094) | (23,258) | (5,782)^(d) | (23,021) |
| Common Share Transactions**: | | | | | | |
| Issued as reinvestment of distributions | 42 | 72 | 178 | 1,607 | 391 | 1,690 |
| Total Increase (Decrease) in Net Assets | (11,136) | (398) | (5,039) | (31,841) | 874 | (18,799) |
| Net Assets Applicable to Common Shareholders: | | | | | | |
| Beginning of year or period | 123,235 | 123,633 | 128,672 | 135,468 | 134,594 | 153,393 |
| End of year or period* | \$ 112,099 | \$ 123,235 | \$ 123,633 | \$ 103,627 | \$ 135,468 | \$ 134,594 |
| * Including undistributed (overdistributed) net investment income of: | \$ 4,244 | \$ (681) | \$ (540) | \$ (2,326) | \$ (1,169) | \$ (3,939) |
| ** Common Share Transactions: | | | | | | |
| Shares issued as reinvestment of distributions | 4 | 7 | 16 | 96 | 18 | 78 |

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

(a) Fiscal year end changed from December 31st to June 30th.

(b) Fiscal year end changed from March 31st to June 30th.

(c) Fiscal year end changed from October 31st to June 30th.

(d) Fiscal year end changed from January 31st to June 30th.

(e) The tax characterization of distributions is determined in accordance with federal income tax regulations. See Note 2(c) in the Notes to Financial Statements for more information.

(f) Total distributions for the period ended June 30, 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 June 30, 2015.

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| PIMCO Income Opportunity Fund | | | PIMCO Strategic Income Fund, Inc. | | |
|-------------------------------|--|------------------|-----------------------------------|--|------------------|
| Year Ended | For the Period | Year Ended | Year Ended | For the Period | Year Ended |
| June 30, 2016 | November 1, 2014 - June 30, 2015 ^(c) | October 31, 2014 | June 30, 2016 | February 1, 2015 - June 30, 2015 ^(d) | January 31, 2015 |
| \$ 34,942 | \$ 23,106 | \$ 40,467 | \$ 31,977 | \$ 12,571 | \$ 37,303 |
| 5,713 | (3,967) | 18,425 | (14,799) | 11,358 | 15,398 |
| (49,146) | (9,047) | (20,170) | (4,489) | (7,166) | (38,494) |
| (8,491) | 10,092 | 38,722 | 12,689 | 16,763 | 14,207 |
| (34,129) | (34,865) | (42,972) | (41,907) | (16,651) | (42,226) |
| (7,634) | (11,498) | 0 | 0 | 0 | 0 |
| 0 | (224) | 0 | 0 | 0 | 0 |
| (41,763) | (46,587) ^(f) | (42,972) | (41,907) | (16,651) ^(f) | (42,226) |
| 193 | 216 | 2,321 | 3,577 | 1,638 | 4,199 |
| (50,061) | (36,279) | (1,929) | (25,641) | 1,750 | (23,820) |
| 388,353 | 424,632 | 426,561 | 357,692 | 355,942 | 379,762 |
| \$ 338,292 | \$ 388,353 | \$ 424,632 | \$ 332,051 | \$ 357,692 | \$ 355,942 |
| \$ (4,500) | \$ (5,419) | \$ 6,094 | \$ (1,926) | \$ 3,365 | \$ 2,692 |
| 9 | 8 | 82 | 416 | 182 | 432 |

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Consolidated Statements of Changes in Net Assets

| | PIMCO Dynamic Credit and Mortgage Income Fund | | | PIMCO Dynamic Income Fund | | |
|--|---|---|-------------------|---------------------------|---|------------------|
| | Year Ended | For the Period | Year Ended | Year Ended | For the Period | Year Ended |
| | June 30, 2016 | January 1, 2015 - June 30, 2015 ^(a) | December 31, 2014 | June 30, 2016 | April 1, 2015 - June 30, 2015 ^(b) | March 31, 2015 |
| (Amounts in thousands) | | | | | | |
| Increase (Decrease) in Net Assets from: | | | | | | |
| Operations: | | | | | | |
| Net investment income | \$ 276,227 | \$ 104,043 | \$ 245,912 | \$ 176,980 | \$ 36,172 | \$ 147,564 |
| Net realized gain (loss) | (88,323) | 29,622 | 12,922 | (197) | 37,320 | 76,891 |
| Net change in unrealized appreciation (depreciation) | (240,018) | 18,523 | (85,852) | (157,227) | (15,937) | (99,042) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | (52,114) | 152,188 | 172,982 | 19,556 | 57,555 | 125,413 |
| Distributions to Common Shareholders: | | | | | | |
| From net investment income | (299,572) | (128,645) | (339,486) | (193,676) | (28,651) | (187,696) |
| From net realized capital gains | 0 | 0 | 0 | (45,024) | 0 | 0 |
| Total Distributions to Common Shareholders^(c) | (299,572) | (128,645)^(d) | (339,486) | (238,700) | (28,651)^(d) | (187,696) |
| Common Share Transactions^{**}: | | | | | | |
| Offering costs charged to paid in capital in excess of par | 0 | 0 | (23) | 0 | 0 | 0 |
| Issued as reinvestment of distributions | 0 | 0 | 0 | 14,752 | 0 | 1,309 |
| Net increase (decrease) resulting from common share transactions | 0 | 0 | (23) | 14,752 | 0 | 1,309 |
| Total Increase (Decrease) in Net Assets | (351,686) | 23,543 | (166,527) | (204,392) | 28,904 | (60,974) |
| Net Assets Applicable to Common Shareholders: | | | | | | |
| Beginning of year or period | 3,155,689 | 3,132,146 | 3,298,673 | 1,426,891 | 1,397,987 | 1,458,961 |
| End of year or period* | \$ 2,804,003 | \$ 3,155,689 | \$ 3,132,146 | \$ 1,222,499 | \$ 1,426,891 | \$ 1,397,987 |
| * Including undistributed (overdistributed) net investment income of: | \$ 40,338 | \$ (9,006) | \$ (24,101) | \$ 35,233 | \$ 35,117 | \$ 22,795 |
| ** Common Share Transactions: | | | | | | |
| Shares issued as reinvestment of distributions | 0 | 0 | 0 | 546 | 0 | 41 |

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

(a) Fiscal year end changed from December 31st to June 30th.

(b) Fiscal year end changed from March 31st to June 30th.

(c) The tax characterization of distributions is determined in accordance with federal income tax regulations. See Note 2(c) in the Notes to Financial Statements for more information.

(d) Total distributions for the period ended June 30, 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 June 30, 2015.

Statements of Cash Flows

Year Ended June 30, 2016

| (Amounts in thousands) | PCM Fund, Inc. | PIMCO Global StocksPLUS® & Income Fund | PIMCO Income Opportunity Fund | PIMCO Strategic Income Fund, Inc. |
|---|-------------------|--|--|--|
| Cash Flows Provided by Operating Activities: | | | | |
| Net increase (decrease) in net assets resulting from operations | \$ (101) | \$ (10,190) | \$ (8,491) | \$ 12,689 |
| Adjustments to Reconcile Net Increase (Decrease) in Net Assets from Operations to Net Cash Provided by Operating Activities: | | | | |
| Purchases of long-term securities | (36,851) | (42,314) | (87,780) | (328,129) |
| Proceeds from sales of long-term securities | 45,783 | 50,220 | 140,747 | 391,185 |
| (Purchases) Proceeds from sales of short-term portfolio investments, net | (6,451) | 5,806 | 1,577 | 4,408 |
| (Increase) decrease in deposits with counterparty | (974) | (3,659) | (663) | 6,808 |
| (Increase) decrease in receivable for investments sold | (2,964) | (210) | 4,284 | 3,061 |
| Decrease in interest and/or dividends receivable | 160 | 16 | 1,121 | 771 |
| (Payments on) exchange-traded or centrally cleared financial derivative instruments | (200) | (5,297) | (6,438) | (28,663) |
| Proceeds from (Payments on) over the counter financial derivative instruments | 91 | (7,583) | (3,224) | 3,004 |
| (Increase) decrease in other assets | 0 | 0 | (1) | 3 |
| Increase (decrease) in payable for investments purchased | (7) | 1,112 | 1,162 | 48,778 |
| Increase (decrease) in deposits from counterparty | 0 | (197) | (658) | 4,331 |
| (Decrease) in accrued management fees | (17) | (26) | (133) | (23) |
| Proceeds from foreign currency transactions | 0 | 9 | 540 | 39 |
| (Decrease) in other liabilities | (58) | (53) | (81) | (313) |
| <i>Net Realized (Gain) Loss</i> | | | | |
| Investments in securities | (1,799) | (1,107) | (1,587) | (1,374) |
| Exchange-traded or centrally cleared financial derivative instruments | 307 | (241) | 3,674 | 19,203 |
| Over the counter financial derivative instruments | (3,355) | 5,653 | (7,197) | (3,046) |
| Foreign currency | 0 | (20) | (603) | 16 |
| <i>Net Change in Unrealized (Appreciation) Depreciation</i> | | | | |
| Investments in securities | 15,877 | 12,306 | 40,454 | (3,003) |
| Exchange-traded or centrally cleared financial derivative instruments | (108) | 6,122 | 2,667 | 8,868 |
| Over the counter financial derivative instruments | 3,220 | 275 | 7,756 | (1,321) |
| Foreign currency assets and liabilities | 0 | (691) | (1,731) | (55) |
| Net amortization (accretion) on investments | (3) | 182 | (2,756) | (235) |
| Net Cash Provided by Operating Activities | 12,550 | 10,113 | 82,639 | 137,002 |
| Cash Flows (Used for) Financing Activities: | | | | |
| Cash dividend paid* | (11,034) | (21,633) | (41,568) | (38,297) |
| Proceeds from reverse repurchase agreements | 281,055 | 259,829 | 857,220 | 621,881 |
| Payments on reverse repurchase agreements | (282,231) | (249,140) | (898,618) | (656,749) |
| Proceeds from sale-buyback transactions | 0 | 0 | 0 | 4,284,091 |
| Payments on sale-buyback transactions | 0 | 0 | 0 | (4,348,000) |
| Proceeds from mortgage dollar rolls | 0 | 0 | 0 | 4,217,534 |
| Payments on mortgage dollar rolls | 0 | 0 | 0 | (4,217,380) |
| Proceeds from deposits from counterparty | 430 | 428 | 1,777 | 0 |
| Payments on deposits from counterparty | (430) | (428) | (2,325) | 0 |
| Net Cash (Used for) Financing Activities | (12,210) | (10,944) | (83,514) | (136,920) |
| Net Increase (Decrease) in Cash and Foreign Currency | 340 | (831) | (875) | 82 |
| Cash and Foreign Currency: | | | | |
| Beginning of year | 82 | 886 | 1,309 | 482 |
| End of year | \$ 422 | \$ 55 | \$ 434 | \$ 564 |
| * Reinvestment of distributions | \$ 42 | \$ 1,607 | \$ 193 | \$ 3,577 |

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Supplemental Disclosure of Cash Flow Information:

| | | | | | | | | |
|---------------------------------------|----|-------|----|-----|----|-------|----|-------|
| Interest expense paid during the year | \$ | 1,108 | \$ | 916 | \$ | 2,851 | \$ | 1,157 |
|---------------------------------------|----|-------|----|-----|----|-------|----|-------|

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

Consolidated Statements of Cash Flows

Year Ended June 30, 2016

| (Amounts in thousands) | PIMCO Dynamic Credit and Mortgage Income Fund | PIMCO Dynamic Income Fund |
|---|--|--|
| Cash Flows Provided by Operating Activities: | | |
| Net increase (decrease) in net assets resulting from operations | \$ (52,114) | \$ 19,556 |
| Adjustments to Reconcile Net Increase (Decrease) in Net Assets from Operations to Net Cash Provided by Operating Activities: | | |
| Purchases of long-term securities | (1,723,845) | (514,007) |
| Proceeds from sales of long-term securities | 1,664,438 | 454,082 |
| (Purchases) from sales of short-term portfolio investments, net | (25,992) | (4,624) |
| (Increase) in deposits with counterparty | (83,354) | (4,023) |
| Decrease in receivable for investments sold | 109,335 | 2,153 |
| Decrease in interest and/or dividends receivable | 9,952 | 4,406 |
| (Payments on) exchange-traded or centrally cleared financial derivative instruments | (16,810) | (22,820) |
| Proceeds from over the counter financial derivative instruments | 18,645 | 24,395 |
| Decrease in other assets | 4 | 3 |
| Increase (decrease) in payable for investments purchased | (68,128) | 17,398 |
| (Decrease) in deposits from counterparty | (8,048) | (20) |
| (Decrease) in accrued management fees | (1,327) | (308) |
| (Payments on) foreign currency transactions | (4,675) | (68) |
| (Decrease) in other liabilities | (216) | (110) |
| <i>Net Realized (Gain) Loss</i> | | |
| Investments in securities | 84,858 | 23,907 |
| Exchange-traded or centrally cleared financial derivative instruments | 25,410 | (3,245) |
| Over the counter financial derivative instruments | (25,586) | (20,502) |
| Foreign currency | 3,641 | 37 |
| <i>Net Change in Unrealized (Appreciation) Depreciation</i> | | |
| Investments in securities | 276,391 | 135,465 |
| Exchange-traded or centrally cleared financial derivative instruments | (8,980) | 25,040 |
| Over the counter financial derivative instruments | 3,083 | 594 |
| Foreign currency assets and liabilities | (30,476) | (3,872) |
| Net amortization (accretion) on investments | (29,295) | (14,489) |
| Net Cash Provided by Operating Activities | 116,911 | 118,948 |
| Cash Flows (Used for) Financing Activities: | | |
| Increase in overdraft due to custodian | 593 | 112 |
| Cash dividend paid* | (298,500) | (223,351) |
| Proceeds from reverse repurchase agreements | 8,580,639 | 3,211,883 |
| Payments on reverse repurchase agreements | (8,425,520) | (3,120,138) |
| Proceeds from deposits from counterparty | 50,713 | 4,890 |
| Payments on deposits from counterparty | (48,186) | (6,451) |
| Net Cash (Used for) Financing Activities | (140,261) | (133,055) |
| Net (Decrease) in Cash and Foreign Currency | (23,350) | (14,107) |
| Cash and Foreign Currency: | | |
| Beginning of year | 24,087 | 14,260 |
| End of year | \$ 737 | \$ 153 |
| * Reinvestment of distributions | \$ 0 | \$ 14,752 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Interest expense paid during the year | \$ 26,852 | \$ 16,179 |

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

26 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Schedule of Investments PCM Fund, Inc.

June 30, 2016

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|-------------------------------|---------------------------|
| INVESTMENTS IN SECURITIES 172.2% | | |
| BANK LOAN OBLIGATIONS 4.9% | | |
| Cactus Wellhead LLC | | |
| 7.000% due 07/31/2020 | \$ 491 | \$ 333 |
| Energy Future Intermediate Holding Co. LLC | | |
| 4.250% due 12/19/2016 | 2,274 | 2,274 |
| iHeartCommunications, Inc. | | |
| 7.210% due 01/30/2019 | 3,000 | 2,205 |
| Sequa Corp. | | |
| 5.250% due 06/19/2017 | 826 | 650 |
| Total Bank Loan Obligations (Cost \$6,532) | | 5,462 |
| CORPORATE BONDS & NOTES 27.5% | | |
| BANKING & FINANCE 10.0% | | |
| Blackstone CQP Holdco LP | | |
| 9.296% due 03/19/2019 | 3,701 | 3,701 |
| Cantor Fitzgerald LP | | |
| 7.875% due 10/15/2019 (i) | 740 | 832 |
| Communications Sales & Leasing, Inc. | | |
| 8.250% due 10/15/2023 (i) | 600 | 610 |
| Exeter Finance Corp. | | |
| 9.750% due 05/20/2019 | 800 | 754 |
| Jefferies Finance LLC | | |
| 7.500% due 04/15/2021 | 187 | 169 |
| Jefferies LoanCore LLC | | |
| 6.875% due 06/01/2020 (i) | 800 | 704 |
| KGH Intermediate Holdco LLC | | |
| 8.500% due 08/08/2019 (g) | 1,435 | 1,335 |
| Navient Corp. | | |
| 5.500% due 01/15/2019 (i) | 845 | 852 |
| 8.450% due 06/15/2018 (i) | 711 | 771 |
| Springleaf Finance Corp. | | |
| 8.250% due 12/15/2020 | 800 | 804 |
| Toll Road Investors Partnership LP | | |
| 0.000% due 02/15/2045 (d) | 2,631 | 678 |
| | | 11,210 |
| INDUSTRIALS 15.4% | | |
| Ancestry.com Holdings LLC (9.625% Cash or 10.375% PIK) | | |
| 9.625% due 10/15/2018 (b)(i) | 255 | 259 |
| BMC Software Finance, Inc. | | |
| 8.125% due 07/15/2021 | 72 | 54 |
| Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK) | | |
| 9.000% due 10/15/2019 (b)(i) | 1,017 | 864 |
| Caesars Entertainment Operating Co., Inc. | | |
| 8.500% due 02/15/2020 (f)(i) | 3,143 | 2,907 |
| 9.000% due 02/15/2020 (f) | 182 | 169 |
| California Resources Corp. | | |
| 8.000% due 12/15/2022 | 573 | 408 |
| Chesapeake Energy Corp. | | |
| 3.878% due 04/15/2019 | 20 | 15 |
| CVS Pass-Through Trust | | |

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| | | |
|---|-------|-------|
| 5.880% due 01/10/2028 (i) | 1,361 | 1,537 |
| 7.507% due 01/10/2032 (i) | 851 | 1,073 |
| Diamond 1 Finance Corp. | | |
| 5.450% due 06/15/2023 | 26 | 27 |
| 6.020% due 06/15/2026 | 25 | 26 |
| Forbes Energy Services Ltd. | | |
| 9.000% due 06/15/2019 (i) | 1,900 | 827 |
| Global Geophysical Services, Inc. | | |
| 10.500% due 05/01/2017 ^ | 285 | 0 |
| Intrepid Aviation Group Holdings LLC | | |
| 6.875% due 02/15/2019 (i) | 1,700 | 1,504 |
| JC Penney Corp., Inc. | | |
| 5.875% due 07/01/2023 | 100 | 101 |
| Prime Security Services Borrower LLC | | |
| 9.250% due 05/15/2023 | 800 | 850 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|-------------------------------|---------------------------|
| Reynolds Group Issuer, Inc. | | |
| 4.127% due 07/15/2021 | \$ 100 | \$ 101 |
| 7.000% due 07/15/2024 | 100 | 103 |
| Scientific Games International, Inc. | | |
| 10.000% due 12/01/2022 (i) | 650 | 531 |
| Sequa Corp. | | |
| 7.000% due 12/15/2017 | 1,140 | 302 |
| Spanish Broadcasting System, Inc. | | |
| 12.500% due 04/15/2017 (i) | 2,290 | 2,256 |
| UAL Pass-Through Trust | | |
| 6.636% due 01/02/2024 (i) | 592 | 629 |
| 9.750% due 07/15/2018 (i) | 323 | 335 |
| 10.400% due 05/01/2018 (i) | 168 | 173 |
| UCP, Inc. | | |
| 8.500% due 10/21/2017 | 1,300 | 1,309 |
| Warren Resources, Inc. | | |
| 9.000% due 08/01/2022 ^ | 1,000 | 11 |
| Westmoreland Coal Co. | | |
| 8.750% due 01/01/2022 (i) | 1,264 | 951 |

17,322

UTILITIES 2.1%

| | | |
|--------------------------------------|-------|-------|
| Frontier Communications Corp. | | |
| 10.500% due 09/15/2022 | 150 | 159 |
| 11.000% due 09/15/2025 | 150 | 157 |
| Illinois Power Generating Co. | | |
| 6.300% due 04/01/2020 (i) | 1,515 | 599 |
| 7.950% due 06/01/2032 (i) | 1,024 | 399 |
| Sprint Corp. | | |
| 7.125% due 06/15/2024 (i) | 1,246 | 992 |
| | | 2,306 |

Total Corporate Bonds & Notes (Cost \$35,306)

30,838

MUNICIPAL BONDS & NOTES 1.2%

ARKANSAS 0.5%

| | | |
|--|-----|-----|
| Little Rock Municipal Property Owners Multipurpose Improvement District No. 10, Arkansas Special Tax Bonds, Series 2007 | | |
| 7.200% due 03/01/2032 | 515 | 501 |

WEST VIRGINIA 0.7%

| | | |
|---|-----|-----|
| Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007 | | |
| 7.467% due 06/01/2047 | 845 | 805 |

Total Municipal Bonds & Notes (Cost \$1,306)

1,306

U.S. GOVERNMENT AGENCIES 2.1%

| | | |
|--------------------|--|--|
| Freddie Mac | | |
|--------------------|--|--|

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| | | |
|------------------------------|--------|-------|
| 0.100% due 05/25/2020 (a) | 14,213 | 40 |
| 0.734% due 01/25/2021 (a) | 2,686 | 61 |
| 0.841% due 10/25/2020 (a) | 8,703 | 219 |
| 3.615% due 06/25/2041 (a)(i) | 10,500 | 1,640 |
| 7.996% due 12/25/2027 | 450 | 430 |

Total U.S. Government Agencies
(Cost \$2,227) **2,390**

NON-AGENCY MORTGAGE-BACKED SECURITIES 66.6%

| | | |
|--|-----|-----|
| Adjustable Rate Mortgage Trust | | |
| 2.956% due 01/25/2036 ^ | 258 | 221 |
| Banc of America Alternative Loan Trust | | |
| 6.246% due 04/25/2037 ^ | 346 | 298 |
| Banc of America Commercial Mortgage Trust | | |
| 5.695% due 07/10/2046 | 400 | 390 |
| Banc of America Funding Trust | | |
| 2.907% due 12/20/2034 | 486 | 450 |
| 3.195% due 03/20/2036 | 161 | 144 |
| 5.806% due 03/25/2037 ^ | 164 | 143 |
| 7.000% due 10/25/2037 ^ | 906 | 554 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---------------------------------------|--|------------------------------------|
| Banc of America Mortgage Trust | | |
| 2.871% due 11/25/2034 | \$ 346 | \$ 345 |
| 3.100% due 06/20/2031 | 464 | 473 |
| 3.396% due 06/25/2035 | 219 | 213 |
| BCAP LLC Trust | | |
| 0.638% due 07/26/2036 | 87 | 67 |
| BCRR Trust | | |
| 5.858% due 07/17/2040 | 1,000 | 1,022 |
| Bear Stearns ALT-A Trust | | |
| 0.623% due 04/25/2037 | 1,169 | 871 |
| 2.826% due 11/25/2036 ^ | 1,030 | 711 |
| 2.860% due 08/25/2036 ^ | 847 | 730 |
| 2.952% due 05/25/2036 | 58 | 41 |
| 2.999% due 05/25/2036 ^ | 382 | 292 |
| 3.062% due 08/25/2036 ^ | 415 | 307 |
| 3.095% due 01/25/2047 | 72 | 53 |