

PIMCO HIGH INCOME FUND
Form N-CSR
June 09, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21311

PIMCO High Income Fund
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY
(Address of principal executive offices)

10105
(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, NY 10105
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371

Date of fiscal year March 31, 2008
end:

Date of reporting period: March 31, 2008

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 REPORT TO SHAREHOLDERS

Contents

Letter to Shareholders	1
Fund Insights/Performance & Statistics	2
Schedule of Investments	3-11
Statement of Assets and Liabilities	12
Statement of Operations	13
Statement of Changes in Net Assets	14
Notes to Financial Statements	15-25
Financial Highlights	26
Report of Independent Registered Public Accounting Firm	27
Tax Information/Annual Shareholder Meeting Results	28
Privacy Policy/Proxy Voting Policies & Procedures	29

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Dividend Reinvestment Plan	30
Board of Trustees	31-32
Principal Officers	33

PIMCO High Income Fund Letter to Shareholders

May 1, 2008

Dear Shareholder:

We are pleased to provide you with the annual report for PIMCO High Income Fund (the Fund) for the fiscal year ended March 31, 2008.

During the reporting period, higher-income U.S. bonds underperformed the broad bond market. The Merrill Lynch High Yield Master II Index returned (3.53)% during the period, compared with the Lehman Brothers Aggregate Bond Index return of 7.67%.

Since February 2008, industry-wide developments in the auction-rate preferred markets have caused auctions for the Funds' auction-rate preferred shares (ARPS) to fail, as described in Note 5 in the accompanying notes to Financial Statements. At the time this report is being prepared, it is not possible to predict how and when full or partial liquidity will return, if at all, to the closed-end fund ARPS market. Additional information regarding ARPS, failed auctions and potential solutions to address the unprecedented lack of liquidity of the ARPS due to recent failed auctions can be accessed on our Web site, www.allianzinvestors.com/arps.

For performance and specific information on the Fund please refer to the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund's shareholder servicing agent at (800) 331-1710. In addition, a wide range of information and resources is available on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager, and Pacific Investment Management Company LLC, the Fund's sub-adviser, we thank you for investing with us.

We remain dedicated to serving your financial needs.

Sincerely,

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Hans W. Kertess

Chairman

Brian S. Shlissel

President & Chief Executive Officer

3.31.08 | PIMCO High Income Fund Annual Report **1**

PIMCO High Income Fund Fund Insights/Performance & Statistics

March 31, 2008 (unaudited)

- For the fiscal year ended March 31, 2008, the Fund had a net asset value (NAV) return of (9.87)% and a market price return of (10.55)%.
- Both security selection and a strong emphasis on the healthcare sector, which was among the top-performing industry categories, added to performance.
- As significant pressure weighed on the home construction and building products sectors, avoiding those industry categories almost entirely during the 12-month period contributed materially to returns.
- Within the energy sector, a focus on pipeline companies, which outperformed all other sub-categories of the broader sector, was a positive for performance.
- A relatively strong emphasis on the automotive sector, which fell lower as auto manufacturer and captive finance companies came under pressure, detracted from returns.
- As metals and mining bonds outperformed the overall high-yield bond market, alongside the surge in commodity prices, a relatively small weighting to the sector hindered performance.
- An emphasis on B-rated issues within the high-yield market was a negative, as these bonds underperformed BB-rated bonds by approximately 150 basis points.
- Modest exposure to emerging market sovereign debt helped performance, as these bonds outperformed the BB/B-rated corporate market by approximately 600 basis points.

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
1 year	(10.55)%	(9.87)%
3 year	8.09%	4.34%
Commencement of Operations (4/30/03) to 3/31/08	8.17%	8.07%

Common Share Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (4/30/03) to 3/31/08	Market Price	\$11.72
NAV	NAV	\$11.28
Market Price	Premium to NAV	3.90%
	Market Price Yield ⁽²⁾	12.48%

Moody's Rating

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) in the period covered. The calculation assumes that all of the Fund's income dividends and capital gain

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distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of more than one year represents the average annual total return.

The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Investment return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at March 31, 2008.

2 PIMCO High Income Fund Annual Report | 3.31.08

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PIMCO High Income Fund Schedule of Investments

March 31, 2008

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
CORPORATE BONDS & NOTES 75.7%			
Airlines 0.9%			
\$8,760	American Airlines, Inc., 8.608%, 4/1/11	Baa3/BB+	\$8,409,600
11,604	Continental Airlines, Inc., 6.92%, 4/2/13 (a) (b) (g)	NR/NR	11,613,661
3,732	7.373%, 12/15/15	Ba1/BB+	3,377,315
138	United Air Lines, Inc., 6.602%, 9/1/13	Ba2/BBB	137,555
			23,538,131
Automotive 3.6%			
12,000	Allison Transmission (a) (d), 11.00%, 11/1/15	Caa1/B-	10,500,000
4,000	11.25%, 11/1/15, PIK ArvinMeritor, Inc.,	Caa1/B-	3,380,000
1,500	8.125%, 9/15/15	B2/B	1,230,000
19,525	8.75%, 3/1/12	B2/B	17,963,000
1,000	Cooper-Standard Automotive, Inc., 8.375%, 12/15/14	Caa1/CCC+	762,500
19,350	Ford Motor Co., 7.45%, 7/16/31	Caa1/CCC+	12,867,750
3,900	7.50%, 8/1/26	NR/NR	2,515,500
3,000	9.215%, 9/15/21	Caa1/CCC+	2,377,500
4,000	General Motors Corp., 8.10%, 6/15/24	Caa1/B-	2,800,000
1,300	8.25%, 7/15/23	Caa1/B-	916,500
3,000	8.80%, 3/1/21	Caa1/B-	2,287,500
20,000	9.40%, 7/15/21	Caa1/B-	15,300,000
5,596	Goodyear Tire & Rubber Co., 9.00%, 7/1/15	Ba3/BB-	5,945,750
7,025	Tenneco Automotive, Inc., 8.625%, 11/15/14	B3/B	6,937,188
7,214	10.25%, 7/15/13	Ba3/BB	7,682,910
			93,466,098
Building/Construction 0.5%			