

PIMCO Income Strategy Fund II  
Form N-Q  
December 29, 2017

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

<b>Investment Company Act File Number:</b>	<b>811-21601</b>
<b>Registrant Name:</b>	<b>PIMCO Income Strategy Fund II</b>
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	Trent W. Walker 650 Newport Center Drive Newport Beach, CA 92660
Registrant's telephone number, including area code:	(844) 337-4626
Date of Fiscal Year End:	July 31
Date of Reporting Period:	October 31, 2017

**Item 1. Schedule of Investments**

## Schedule of Investments

## PIMCO Income Strategy Fund II

October 31, 2017 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 122.1%</b>		
<b>LOAN PARTICIPATIONS AND ASSIGNMENTS 4.0%</b>		
<b>Air Medical Group Holdings, Inc.</b>		
TBD% due 09/07/2024	\$ 100	\$ 100
<b>Altice Financing S.A.</b>		
TBD% due 01/05/2026	50	50
<b>Avantor, Inc.</b>		
TBD% due 09/07/2024	200	201
<b>Beacon Roofing Supply, Inc.</b>		
TBD% due 08/23/2024	40	40
<b>BMC Software Finance, Inc.</b>		
5.242% (LIBOR03M + 4.000%) due 09/10/2022 ~	7,014	7,068
<b>Caesars Resort Collection LLC</b>		
TBD% due 09/27/2024	400	402
<b>Centene Corp.</b>		
TBD% due 09/13/2018	1,400	1,400
<b>CenturyLink, Inc.</b>		
2.750% due 01/31/2025	1,000	988
<b>Clover Merger Sub, Inc.</b>		
4.833% (LIBOR03M + 3.500%) due 09/26/2024 ~	100	98
<b>Dell, Inc.</b>		
TBD% due 09/07/2023	100	100
<b>Forbes Energy Services LLC</b>		
5.000% - 7.000% due 04/13/2021 u	273	279
<b>Golden Entertainment, Inc.</b>		
4.240% (LIBOR03M + 3.000%) due 08/15/2024 ~	100	100
<b>H.B. Fuller Co.</b>		
3.489% (LIBOR03M + 2.250%) due 10/12/2024 ~	100	101
<b>iHeartCommunications, Inc.</b>		
8.083% (LIBOR03M + 6.750%) due 01/30/2019 ~	10,700	8,045
<b>Lightstone Generation LLC</b>		
5.742% (LIBOR03M + 4.500%) due 01/30/2024 ~	1,977	1,989
<b>McAfee LLC</b>		
5.833% (LIBOR03M + 4.500%) due 09/30/2024 ~	100	101
<b>MH Sub LLC</b>		
5.070% (LIBOR03M + 3.750%) due 09/13/2024 ~	120	120
<b>Multi Color Corp.</b>		
TBD% due 09/20/2024	17	17

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<b>Nidda Healthcare Holding AG</b>			
TBD% due 09/19/2024	EUR	83	98
3.500% due 08/21/2024		17	20
<b>Numericable Group S.A.</b>			
TBD% due 01/31/2026	\$	100	100
<b>Ocean Rig UDW, Inc.</b>			
8.000% due 09/20/2024		101	103
<b>Olympus Merger Sub, Inc.</b>			
5.242% (LIBOR03M + 4.000%) due 10/10/2024 ~		154	154
<b>Parexel International Corp.</b>			
TBD% due 09/27/2024		100	101
<b>Petroleo Global Trading</b>			
3.597% (LIBOR03M + 2.140%) due 02/19/2020 u~		200	196
<b>Sequa Mezzanine Holdings LLC</b>			
6.807% - 6.874% (LIBOR03M + 5.500%) due 11/28/2021 ~		229	232
10.374% (LIBOR03M + 9.000%) due 04/28/2022 ~		90	92
<b>Team Health Holdings, Inc.</b>			
3.992% (LIBOR03M + 2.750%) due 02/06/2024 ~		299	296
<b>Traverse Midstream Partners LLC</b>			
5.330% (LIBOR03M + 4.000%) due 09/27/2024 ~		91	92
<b>Tronox Blocked Borrower LLC</b>			
4.323% (LIBOR03M + 3.000%) due 09/22/2024 ~		23	23
<b>Tronox Finance LLC</b>			
4.323% (LIBOR03M + 3.000%) due 09/22/2024 ~		52	53
<b>Unitymedia Finance LLC</b>			
TBD% due 10/16/2024		100	100
<b>Unitymedia Hessen GmbH &amp; Co. KG</b>			
TBD% due 10/16/2024	EUR	200	234
<b>UPC Financing Partnership</b>			
3.732% (LIBOR03M + 2.500%) due 01/15/2026 ~	\$	100	100
<b>VICI Properties LLC</b>			
TBD% due 10/14/2022		100	100
<b>Vistra Operations Co. LLC</b>			
3.987% - 4.084% (LIBOR03M + 2.750%) due 12/14/2023 ~		596	600

<b>Westmoreland Coal Co.</b>		960	607
7.833% (LIBOR03M + 6.500%) due 12/16/2020 ~			
<b>Total Loan Participations and Assignments</b>			24,500
(Cost \$26,431)			
<b>CORPORATE BONDS &amp; NOTES 50.5%</b>			
<b>BANKING &amp; FINANCE 26.5%</b>			
<b>AGFC Capital Trust</b>			
3.109% (US0003M + 1.750%) due 01/15/2067 ~		1,800	1,089
<b>Ally Financial, Inc.</b>			
8.000% due 11/01/2031		4,610	6,109
<b>Ardonagh Midco PLC</b>			
8.375% due 07/15/2023	GBP	700	967
<b>Banco Bilbao Vizcaya Argentaria S.A.</b>			
6.750% due 02/18/2020 <sup>..</sup> (i)	EUR	1,600	2,019
<b>Banco do Brasil S.A.</b>			
6.250% due 04/15/2024 <sup>..</sup> (i)	\$	1,100	1,039
9.000% due 06/18/2024 <sup>..</sup> (i)		2,300	2,530
<b>Banco Espirito Santo S.A.</b>			
4.000% due 01/21/2019 <sup>^</sup> (e)	EUR	8,100	2,689
4.750% due 01/15/2018 <sup>^</sup> (e)		2,300	777
<b>Banco Santander S.A.</b>			
6.250% due 09/11/2021 <sup>..</sup> (i)		500	638
<b>Barclays Bank PLC</b>			
7.625% due 11/21/2022	\$	4,400	5,063
<b>Barclays PLC</b>			
6.500% due 09/15/2019 <sup>..</sup> (i)	EUR	3,200	4,017
7.875% due 09/15/2022 <sup>..</sup> (i)	GBP	415	614
8.000% due 12/15/2020 <sup>..</sup> (i)	EUR	4,100	5,546
<b>Blackstone CQP Holdco LP</b>			
6.000% due 08/18/2021	\$	900	901
6.500% due 03/20/2021		5,000	5,063
<b>BNP Paribas S.A.</b>			
7.375% due 08/19/2025 <sup>..</sup> (i)		3,310	3,827
<b>BrightHouse Holdings LLC</b>			
6.500% due 07/27/2037 (i)		200	214
<b>Brookfield Finance, Inc.</b>			
4.700% due 09/20/2047		124	127
<b>Cantor Fitzgerald LP</b>			
6.500% due 06/17/2022 (l)		8,500	9,524
<b>CBL &amp; Associates LP</b>			
5.950% due 12/15/2026 (l)		2,300	2,304
<b>Co-operative Group Holdings Ltd.</b>			
7.500% due 07/08/2026	GBP	6,150	10,081
<b>Cooperatieve Rabobank UA</b>			
6.625% due 06/29/2021 <sup>..</sup> (i)	EUR	1,200	1,627
<b>Credit Agricole S.A.</b>			

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7.875% due 01/23/2024 ~(i)	\$	700	798
<b>Credit Suisse Group AG</b>			
7.500% due 12/11/2023 ~(i)		7,243	8,437
<b>Emerald Bay S.A.</b>			
0.000% due 10/08/2020 ~	EUR	1,873	2,034
<b>Flagstar Bancorp, Inc.</b>			
6.125% due 07/15/2021	\$	3,500	3,717
<b>Fortress Transportation &amp; Infrastructure Investors LLC</b>			
6.750% due 03/15/2022		200	211
<b>GSPA Monetization Trust</b>			
6.422% due 10/09/2029		3,682	4,225
<b>Harland Clarke Holdings</b>			
8.375% due 08/15/2022		86	90
<b>HSBC Holdings PLC</b>			
6.000% due 09/29/2023 ~(i)	EUR	3,530	4,864
<b>iStar, Inc.</b>			
4.625% due 09/15/2020	\$	14	14
5.250% due 09/15/2022		49	50
<b>Jefferies Finance LLC</b>			
6.875% due 04/15/2022 (1)		6,850	6,953
7.375% due 04/01/2020		2,890	2,995
7.500% due 04/15/2021		347	363
<b>Jefferies LoanCore LLC</b>			
6.875% due 06/01/2020		200	207
<b>Lloyds Banking Group PLC</b>			
7.625% due 06/27/2023 ~(i)	GBP	2,300	3,487
7.875% due 06/27/2029 ~(i)		250	402
<b>MPT Operating Partnership LP</b>			
5.250% due 08/01/2026	\$	1,292	1,352
<b>Nationwide Building Society</b>			
10.250% ~(i)	GBP	13	2,621
<b>Navient Corp.</b>			
4.875% due 06/17/2019	\$	500	516

5.500% due 01/15/2019		8,300	8,580
5.625% due 08/01/2033		145	126
<b>OneMain Financial Holdings LLC</b>			
6.750% due 12/15/2019		1,353	1,405
<b>Oppenheimer Holdings, Inc.</b>			
6.750% due 07/01/2022		1,616	1,652
<b>Provident Funding Associates LP</b>			
6.375% due 06/15/2025		30	32
<b>Rio Oil Finance Trust</b>			
9.250% due 07/06/2024		2,185	2,373
<b>Royal Bank of Scotland Group PLC</b>			
7.500% due 08/10/2020 <sup>(i)</sup> (l)		3,080	3,308
8.000% due 08/10/2025 <sup>(i)</sup> (l)		5,190	5,946
8.625% due 08/15/2021 <sup>(i)</sup>		2,700	3,064
<b>Santander UK Group Holdings PLC</b>			
6.750% due 06/24/2024 <sup>(i)</sup>	GBP	2,025	2,956
7.375% due 06/24/2022 <sup>(i)</sup>		4,100	5,970
<b>Spirit Realty LP</b>			
4.450% due 09/15/2026	\$	1,500	1,489
<b>Springleaf Finance Corp.</b>			
6.125% due 05/15/2022		674	713
8.250% due 10/01/2023		1,300	1,487
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	4,393	6,752
6.052% due 10/13/2039		2,581	4,143
<b>Vici Properties LLC</b>			
4.847% (US0003M + 3.500%) due 10/15/2022 ~	\$	549	555
8.000% due 10/15/2023		2,000	2,235
<b>Washington Prime Group LP</b>			
5.950% due 08/15/2024		541	556
			163,443
<b>INDUSTRIALS 17.5%</b>			
<b>Altice Financing S.A.</b>			
7.500% due 05/15/2026 (l)		3,200	3,524
<b>Avantor, Inc.</b>			
6.000% due 10/01/2024		130	133
<b>Beacon Escrow Corp.</b>			
4.875% due 11/01/2025		30	31
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021		1,800	1,852
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (d)		5,850	5,868
<b>Catalent Pharma Solutions, Inc.</b>			
4.875% due 01/15/2026		48	49
<b>Charter Communications Operating LLC</b>			
4.200% due 03/15/2028		137	136

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5.375% due 05/01/2047	39	40
<b>Cheniere Energy Partners LP</b>		
5.250% due 10/01/2025	170	176
<b>Chesapeake Energy Corp.</b>		
4.609% (US0003M + 3.250%) due 04/15/2019 ~	134	133
<b>CommScope Technologies LLC</b>		
5.000% due 03/15/2027	2	2
<b>Community Health Systems, Inc.</b>		
6.250% due 03/31/2023	161	155
<b>CRC Escrow Issuer LLC</b>		
5.250% due 10/15/2025	64	65
<b>CSN Resources S.A.</b>		
6.500% due 07/21/2020	535	498
<b>DAE Funding LLC</b>		
4.000% due 08/01/2020	60	61
4.500% due 08/01/2022	60	61
5.000% due 08/01/2024	160	164
<b>Diamond Resorts International, Inc.</b>		
10.750% due 09/01/2024	2,500	2,697
<b>Discovery Communications LLC</b>		
3.950% due 03/20/2028	47	47
<b>DriveTime Automotive Group, Inc.</b>		
8.000% due 06/01/2021	800	808
<b>Exela Intermediate LLC</b>		
10.000% due 07/15/2023	120	115
<b>Ferroglobe PLC</b>		
9.375% due 03/01/2022	2,100	2,289
<b>Ford Motor Co.</b>		
7.700% due 05/15/2097 (l)	9,770	12,473
<b>Fresh Market, Inc.</b>		
9.750% due 05/01/2023	7,590	4,326
<b>goeasy Ltd.</b>		
7.875% due 11/01/2022 (c)	46	47
<b>HCA, Inc.</b>		
4.500% due 02/15/2027	940	952



5.500% due 06/15/2047		101	103
7.500% due 11/15/2095		1,200	1,234
<b>Hologic, Inc.</b>			
4.375% due 10/15/2025		26	26
<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022		3,450	2,510
<b>Intelsat Jackson Holdings S.A.</b>			
7.250% due 10/15/2020		5,340	5,165
9.750% due 07/15/2025		120	121
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021		6,888	4,357
8.125% due 06/01/2023		7,535	4,634
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		9,155	9,086
<b>Kinder Morgan Energy Partners LP</b>			
6.375% due 03/01/2041		400	463
<b>Kinder Morgan, Inc.</b>			
7.800% due 08/01/2031 (1)		3,500	4,521
<b>Mallinckrodt International Finance S.A.</b>			
4.750% due 04/15/2023		252	214
<b>Multi-Color Corp.</b>			
4.875% due 11/01/2025		30	30
<b>Netflix, Inc.</b>			
4.875% due 04/15/2028		170	169
<b>New Albertson's, Inc.</b>			
6.570% due 02/23/2028		6,800	5,219
<b>Park Aerospace Holdings Ltd.</b>			
3.625% due 03/15/2021		82	82
4.500% due 03/15/2023		163	164
5.250% due 08/15/2022		13	14
5.500% due 02/15/2024		36	37
<b>Petroleos Mexicanos</b>			
6.500% due 03/13/2027		526	575
6.750% due 09/21/2047		280	289
<b>PetSmart, Inc.</b>			
5.875% due 06/01/2025		112	98
<b>Pitney Bowes, Inc.</b>			
3.625% due 09/15/2020		30	30
4.700% due 04/01/2023		62	61
<b>Plastipak Holdings, Inc.</b>			
6.250% due 10/15/2025		15	15
<b>QVC, Inc.</b>			
4.375% due 03/15/2023		420	438
5.950% due 03/15/2043		4,515	4,466
<b>Russian Railways via RZD Capital PLC</b>			
7.487% due 03/25/2031	GBP	1,300	2,150
<b>Sabine Pass Liquefaction LLC</b>			
5.875% due 06/30/2026 (1)	\$	2,500	2,833
<b>Safeway, Inc.</b>			

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7.250% due 02/01/2031		245	213
<b>Scientific Games International, Inc.</b>			
5.000% due 10/15/2025		28	28
10.000% due 12/01/2022		779	864
<b>SFR Group S.A.</b>			
7.375% due 05/01/2026 (1)		5,564	6,002
<b>Simmons Foods, Inc.</b>			
5.750% due 11/01/2024		42	42
<b>Spirit Issuer PLC</b>			
3.034% (BP0003M + 2.700%) due 12/28/2031 ~	GBP	1,000	1,295
6.582% due 12/28/2027		1,000	1,419
<b>Transocean, Inc.</b>			
7.500% due 01/15/2026	\$	90	93
<b>Unique Pub Finance Co. PLC</b>			
5.659% due 06/30/2027	GBP	3,765	5,681
6.542% due 03/30/2021		1,105	1,593
<b>United Group BV</b>			
4.375% due 07/01/2022	EUR	100	123
4.875% due 07/01/2024		100	122
<b>UPCB Finance Ltd.</b>			
3.625% due 06/15/2029		190	223
<b>Valeant Pharmaceuticals International, Inc.</b>			
6.500% due 03/15/2022	\$	89	95
7.000% due 03/15/2024		171	186
<b>ViaSat, Inc.</b>			
5.625% due 09/15/2025		94	95
<b>Viking Cruises Ltd.</b>			
5.875% due 09/15/2027		21	21
<b>Westmoreland Coal Co.</b>			
8.750% due 01/01/2022		6,130	3,716
<b>Wind Tre SpA</b>			
2.467% due 01/20/2024 ~(c)	EUR	200	234
2.625% due 01/20/2023 (c)		200	234
3.125% due 01/20/2025 (c)		200	234

<b>Wynn Las Vegas LLC</b>			
5.250% due 05/15/2027	\$	10	10
			108,329

**UTILITIES 6.5%****AT&T, Inc.**

2.850% due 02/14/2023		200	199
3.400% due 08/14/2024		400	401
3.900% due 08/14/2027		360	359
4.900% due 08/14/2037		366	367
5.150% due 02/14/2050		550	545
5.300% due 08/14/2058		1,364	1,355

**DTEK Finance PLC (10.750% Cash or 10.750% PIK)**

10.750% due 12/31/2024 (d)		300	312
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**Gazprom Neft OAO Via GPN Capital S.A.**

6.000% due 11/27/2023 (l)		9,600	10,604
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**Northwestern Bell Telephone**

7.750% due 05/01/2030		12,625	14,378
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**Odebrecht Drilling Norbe Ltd.**

6.350% due 06/30/2022 ^(e)		358	216
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**Odebrecht Offshore Drilling Finance Ltd.**

6.625% due 10/01/2023 ^(e)(j)		3,858	1,389
6.750% due 10/01/2023 ^(e)(j)		4,221	1,519

**Petrobras Global Finance BV**

5.299% due 01/27/2025		160	161
5.999% due 01/27/2028		2,871	2,909
6.125% due 01/17/2022		466	505
6.625% due 01/16/2034	GBP	100	142
6.750% due 01/27/2041	\$	2,400	2,424
7.250% due 03/17/2044		251	264
7.375% due 01/17/2027		694	772

**Sprint Capital Corp.**

6.900% due 05/01/2019		1,100	1,163
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**Verizon Communications, Inc.**

2.875% due 01/15/2038	EUR	100	120
3.375% due 10/27/2036	GBP	100	131

40,235

Total Corporate Bonds & Notes			312,007
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(Cost \$303,417)

**CONVERTIBLE BONDS & NOTES 0.9%****INDUSTRIALS 0.9%****Caesars Entertainment Corp.**

5.000% due 10/01/2024 (j)	\$	1,066	2,098
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**DISH Network Corp.**

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3.375% due 08/15/2026	3,400	3,674
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Total Convertible Bonds & Notes		5,772
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(Cost \$5,389)

**MUNICIPAL BONDS & NOTES 7.5%**

**CALIFORNIA 1.2%**

**Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010**

7.500% due 10/01/2030	1,200	1,330
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**San Francisco, California City & County Redevelopment Agency Tax Allocation Bonds, Series 2009**

8.406% due 08/01/2039	1,650	2,239
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**Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009**

7.942% due 10/01/2038	3,500	3,853
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		7,422
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**ILLINOIS 0.2%**

**Chicago, Illinois General Obligation Bonds, Series 2015**

7.375% due 01/01/2033	180	208
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7.750% due 01/01/2042	330	361
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**Illinois State General Obligation Bonds, (BABs), Series 2010**

6.725% due 04/01/2035	35	40
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7.350% due 07/01/2035	20	23
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**Illinois State General Obligation Bonds, Series 2003**

5.100% due 06/01/2033	280	283
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		915
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**OHIO 3.7%**

**Ohio State University Revenue Bonds, Series 2011**

4.800% due 06/01/2111	21,000	22,989
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**VIRGINIA 0.1%****Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007**

6.706% due 06/01/2046	835	762
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**WEST VIRGINIA 2.3%****Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007**

0.000% due 06/01/2047 (h)	45,700	2,437
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7.467% due 06/01/2047	12,305	11,943
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		14,380
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Total Municipal Bonds & Notes		46,468
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(Cost \$38,859)

**U.S. GOVERNMENT AGENCIES 2.4%****Fannie Mae**

3.500% due 02/25/2042 (a)	1,079	143
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4.500% due 11/25/2042 (a)	2,833	510
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5.012% (-1*LIBOR01M + 6.250%) due 01/25/2040 ~(a)	392	61
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5.488% (US0001M + 4.250%) due 01/25/2029 ~	400	446
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6.088% (US0001M + 4.850%) due 10/25/2029 ~	330	349
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**Freddie Mac**

0.000% due 08/25/2046 (b)(h)	3,050	1,907
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0.100% due 08/25/2046 (a)	39,146	164
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3.000% due 02/15/2033 (a)	2,327	266
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3.500% due 12/15/2032 (a)	3,873	477
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4.635% due 11/25/2055 u~	8,723	4,675
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8.707% (-2.667*LIBOR01M + 12.000%) due 09/15/2035 ~	776	1,146
-----------------------------------------------------	-----	-------

8.788% (US0001M + 7.550%) due 12/25/2027 ~	2,895	3,510
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11.988% (US0001M + 10.750%) due 03/25/2025 ~	735	1,001
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**Ginnie Mae**

3.500% due 06/20/2042 - 10/20/2042 (a)	842	122
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4.000% due 10/16/2042 - 10/20/2042 (a)	515	71
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Total U.S. Government Agencies		14,848
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(Cost \$14,209)

**NON-AGENCY MORTGAGE-BACKED SECURITIES 21.9%****Banc of America Alternative Loan Trust**

6.000% due 01/25/2036 ^	123	116
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**Banc of America Funding Corp.**

6.000% due 01/25/2037	7,117	5,772
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**Banc of America Funding Trust**

3.637% due 01/20/2047 ^~	1,365	1,299
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**BCAP LLC Trust**

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3.300% due 07/26/2037 ~	11,230	10,023
3.497% due 08/26/2037 ~	14,014	9,485
3.544% due 08/28/2037 ~	6,956	6,728
3.605% due 05/26/2036 ~	106	2
4.371% due 09/26/2036 ~	5,327	4,685
5.006% due 03/26/2037	987	661
5.750% due 12/26/2035 ~	5,090	4,517
6.250% due 11/26/2036	4,916	4,374
8.542% due 05/26/2037 ~	1,773	772
12.403% due 06/26/2036 ~	475	183
<b>Bear Stearns ALT-A Trust</b>		
1.738% (US0001M + 0.500%) due 01/25/2036 ^~	1,537	1,565
3.390% due 09/25/2047 ^~	7,005	5,805
3.469% due 11/25/2035 ~	8,281	7,354
3.477% due 11/25/2036 ^~	524	451
3.758% due 09/25/2035 ^~	664	573
<b>Chase Mortgage Finance Trust</b>		
3.287% due 12/25/2035 ^~	11	11
5.500% due 05/25/2036 ^	37	34
<b>Citicorp Mortgage Securities Trust</b>		
5.500% due 04/25/2037	119	119
6.000% due 09/25/2037	1,274	1,318
<b>Citigroup/Deutsche Bank Commercial Mortgage Trust</b>		
5.688% due 10/15/2048	2,300	1,212
<b>Commercial Mortgage Loan Trust</b>		
6.031% due 12/10/2049 ~	2,158	1,358
<b>Countrywide Alternative Loan Resecuritization Trust</b>		
6.000% due 05/25/2036 ^	3,035	2,589
6.000% due 08/25/2037 ^~	1,335	1,073
<b>Countrywide Alternative Loan Trust</b>		
3.448% due 04/25/2036 ^~	1,409	1,296
5.500% due 03/25/2035	334	260
5.500% due 01/25/2036	795	681
5.500% due 03/25/2036 ^	145	116
5.750% due 01/25/2035	426	427
5.750% due 02/25/2035	468	441
5.750% due 12/25/2036 ^	890	660

6.000% due 02/25/2035		432	448
6.000% due 04/25/2036		653	516
6.000% due 04/25/2037 ^		2,120	1,588
6.250% due 11/25/2036 ^		910	821
6.250% (US0001M + 0.650%) due 12/25/2036 ^~		648	502
6.500% due 08/25/2036 ^		576	396
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>			
1.818% (US0001M + 0.580%) due 03/25/2035 ^~		5,414	4,612
6.000% due 07/25/2037		2,153	1,818
6.250% due 09/25/2036 ^		706	591
<b>Credit Suisse First Boston Mortgage-Backed Pass-through Trust</b>			
6.000% due 11/25/2035 ^		510	439
<b>Credit Suisse Mortgage Capital Certificates</b>			
4.040% due 10/26/2036 ~		6,845	4,909
<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>			
5.750% due 04/25/2036 ^		191	152
<b>Epic Drummond Ltd.</b>			
0.137% (EUR003M + 0.190%) due 01/25/2022 ~	EUR	137	158
<b>First Horizon Alternative Mortgage Securities Trust</b>			
6.000% due 08/25/2036 ^	\$	1,335	1,127
<b>First Horizon Mortgage Pass-Through Trust</b>			
3.307% due 05/25/2037 ^~		406	349
3.750% due 11/25/2035 ^~		472	416
<b>GS Mortgage Securities Trust</b>			
5.622% due 11/10/2039		1,001	945
<b>IndyMac Mortgage Loan Trust</b>			
6.500% due 07/25/2037 ^		3,564	2,364
<b>JPMorgan Alternative Loan Trust</b>			
3.098% due 03/25/2037 ^~		1,357	1,264
3.389% due 03/25/2036 ^~		2,370	2,199
3.501% due 05/25/2036 ^~		2,238	1,833
<b>JPMorgan Chase Commercial Mortgage Securities Trust</b>			
5.623% due 05/12/2045		1,614	1,463
<b>JPMorgan Mortgage Trust</b>			
3.396% due 02/25/2036 ^~		465	420
3.550% due 10/25/2035 ~		334	324
6.500% due 09/25/2035		124	121
<b>LB-UBS Commercial Mortgage Trust</b>			
5.407% due 11/15/2038		920	705
5.562% due 02/15/2040 ~		1,371	979
<b>Lehman Mortgage Trust</b>			
6.000% due 07/25/2037 ^		1,182	1,123
6.500% due 09/25/2037 ^		2,834	2,135
<b>Lehman XS Trust</b>			
1.458% (US0001M + 0.220%) due 06/25/2047 ~		2,579	2,221
<b>MASTR Asset Securitization Trust</b>			
6.500% due 11/25/2037 ^		556	403
<b>Merrill Lynch Mortgage Investors Trust</b>			

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3.210% due 03/25/2036 ^~	2,159	1,672
<b>Morgan Stanley Capital Trust</b>		
5.966% due 06/11/2049 ~	1,391	1,395
<b>Nomura Asset Acceptance Corp. Alternative Loan Trust</b>		
4.976% due 05/25/2035 ^	14	11
<b>RBSSP Resecuritization Trust</b>		
1.397% (US0001M + 0.160%) due 02/26/2047 ~	548	553
<b>Residential Accredit Loans, Inc. Trust</b>		
4.335% due 12/26/2034 ^~	1,269	1,037
6.000% due 08/25/2036 ^	410	363
<b>Residential Asset Securitization Trust</b>		
5.750% due 02/25/2036 ^	1,225	964
6.000% due 07/25/2037 ^	1,638	1,219
6.250% due 09/25/2037 ^	2,884	2,071
<b>Residential Funding Mortgage Securities, Inc. Trust</b>		
4.520% due 09/25/2035 ~	1,012	836
4.592% due 08/25/2036 ^~	1,523	1,362
<b>Structured Adjustable Rate Mortgage Loan Trust</b>		
3.277% due 11/25/2036 ^~	2,941	2,729
3.468% due 01/25/2036 ^~	2,614	2,104
3.510% due 07/25/2036 ^~	660	544
<b>Suntrust Adjustable Rate Mortgage Loan Trust</b>		
3.569% due 02/25/2037 ^~	343	310
<b>WaMu Mortgage Pass-Through Certificates Trust</b>		
3.218% due 02/25/2037 ^~	685	662
3.254% due 05/25/2037 ^~	1,620	1,550
3.261% due 10/25/2036 ^~	965	896
3.338% due 07/25/2037 ^~	1,189	1,114
<b>Wells Fargo Mortgage-Backed Securities Trust</b>		
3.191% due 07/25/2036 ^~	340	343
5.750% due 03/25/2037 ^	310	307
Total Non-Agency Mortgage-Backed Securities (Cost \$122,901)		135,343

**ASSET-BACKED SECURITIES 18.4%**



<b>Airspeed Ltd.</b>			
1.509% (LIBOR01M + 0.270%) due 06/15/2032 ~		3,092	2,733
<b>Apidos CLO</b>			
0.000% due 07/22/2026 ~		1,500	912
<b>Argent Securities Trust</b>			
1.428% (US0001M + 0.190%) due 03/25/2036 ~		3,992	2,268
<b>Bear Stearns Asset-Backed Securities Trust</b>			
1.378% (US0001M + 0.140%) due 10/25/2036 ^~		5,666	5,703
6.500% due 10/25/2036 ^		370	283
<b>Belle Haven ABS CDO Ltd.</b>			
1.593% (LIBOR03M + 0.250%) due 07/05/2046 ~		180,259	2,434
<b>CIFC Funding Ltd.</b>			
0.000% due 05/24/2026 (h)		2,400	1,489
0.000% due 07/22/2026 (h)		1,500	991
<b>Citigroup Mortgage Loan Trust</b>			
1.388% (US0001M + 0.150%) due 12/25/2036 ~		16,194	8,839
1.398% (US0001M + 0.160%) due 12/25/2036 ~		4,263	2,844
<b>Cork Street CLO Designated Activity Co.</b>			
0.000% due 11/27/2028 ~	EUR	2,366	2,497
3.600% due 11/27/2028		1,062	1,239
4.500% due 11/27/2028		929	1,085
6.200% due 11/27/2028		1,150	1,347
<b>Countrywide Asset-Backed Certificates</b>			
1.378% (US0001M + 0.140%) due 12/25/2046 ~	\$	15,611	11,953
1.378% (US0001M + 0.140%) due 06/25/2047 ^~		1,766	1,419
1.408% (US0001M + 0.170%) due 03/25/2037 ~		2,320	2,220
1.438% (US0001M + 0.200%) due 06/25/2047 ~		11,019	9,461
<b>Countrywide Asset-Backed Certificates Trust</b>			
1.988% (US0001M + 0.750%) due 11/25/2035 ~		4,008	4,043
<b>Fremont Home Loan Trust</b>			
1.388% (US0001M + 0.150%) due 01/25/2037 ~		15,209	8,867
<b>Grosvenor Place CLO BV</b>			
0.000% due 04/30/2029 ~	EUR	500	446
<b>Home Equity Mortgage Loan Asset-Backed Trust</b>			
1.398% (US0001M + 0.160%) due 07/25/2037 ~	\$	3,328	2,277
<b>HSI Asset Securitization Corp. Trust</b>			
0.000% due 10/25/2036 (h)		3,380	1,435
<b>JPMorgan Mortgage Acquisition Corp.</b>			
1.528% (US0001M + 0.290%) due 01/25/2036 ~		748	738
<b>Lehman XS Trust</b>			
6.290% due 06/24/2046		3,466	3,493
<b>Long Beach Mortgage Loan Trust</b>			
1.538% (US0001M + 0.300%) due 01/25/2036 ~		5,000	3,948
<b>Merrill Lynch Mortgage Investors Trust</b>			
1.398% (US0001M + 0.160%) due 04/25/2037 ~		585	371
<b>Morgan Stanley Mortgage Loan Trust</b>			
6.250% due 07/25/2047 ^~		755	537
<b>SLM Student Loan EDC Repackaging Trust</b>			
0.000% due 10/28/2029 u(h)		1	1,448

**SLM Student Loan Trust**

0.000% due 01/25/2042 u(h)	4	3,360
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**SoFi Professional Loan Program LLC**

0.000% due 05/25/2040 u(h)	4,400	2,323
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0.000% due 07/25/2040 u(h)	21	1,207
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0.000% due 09/25/2040 u(h)	1,758	1,012
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**South Coast Funding Ltd.**

1.909% (LIBOR03M + 0.600%) due 08/10/2038 ~	12,473	2,557
---------------------------------------------	--------	-------

**Taberna Preferred Funding Ltd.**

1.672% (LIBOR03M + 0.360%) due 12/05/2036 ~	5,263	4,158
---------------------------------------------	-------	-------

1.692% (US0003M + 0.380%) due 08/05/2036 ~	443	345
--------------------------------------------	-----	-----

1.692% (US0003M + 0.380%) due 08/05/2036 ^~	8,747	6,823
---------------------------------------------	-------	-------

1.813% (LIBOR03M + 0.470%) due 07/05/2035 ~	5,575	4,851
---------------------------------------------	-------	-------

Total Asset-Backed Securities (Cost \$110,590)		113,956
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**SOVEREIGN ISSUES 3.5%****Argentina Bonar Bonds**

23.743% (BADLARPP + 2.000%) due 04/03/2022 ~	ARS	60,380	3,613
----------------------------------------------	-----	--------	-------

24.756% (BADLARPP + 3.250%) due 03/01/2020 ~		1,100	68
----------------------------------------------	--	-------	----

**Argentina Government International Bond**

7.820% due 12/31/2033	EUR	7,098	9,516
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27.146% (ARPP7DRR) due 06/21/2020 ~	ARS	39,942	2,501
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**Autonomous Community of Catalonia**

4.750% due 06/04/2018	EUR	10	12
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4.900% due 09/15/2021		1,500	1,840
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<b>Emirate of Abu Dhabi</b>			
4.125% due 10/11/2047	\$	700	695
<b>Republic of Greece Government International Bond</b>			
4.750% due 04/17/2019	EUR	300	358
<b>Saudi Government International Bond</b>			
2.875% due 03/04/2023	\$	800	798
3.625% due 03/04/2028		800	795
4.625% due 10/04/2047		1,000	1,025
<b>Sri Lanka Government International Bond</b>			
6.200% due 05/11/2027		200	213
<b>Venezuela Government International Bond</b>			
9.250% due 09/15/2027		315	117
Total Sovereign Issues			21,551
(Cost \$19,592)			

## SHARES

<b>COMMON STOCKS 2.5%</b>			
<b>CONSUMER DISCRETIONARY 1.0%</b>			
<b>Caesars Entertainment Corp. (f)</b>		486,164	6,296
<b>ENERGY 0.1%</b>			
<b>Forbes Energy Services Ltd. (f)(j)</b>		21,825	286
<b>Ocean Rig UDW, Inc. (f)</b>		16,639	445
			731
<b>FINANCIALS 1.4%</b>			
<b>TIG FinCo PLC u(j)</b>		2,072,442	2,753
<b>VICI Properties, Inc. (f)(j)</b>		299,145	5,534
			8,287
Total Common Stocks			15,314
(Cost \$14,025)			
<b>WARRANTS 0.0%</b>			
<b>INDUSTRIALS 0.0%</b>			
<b>Sequa Corp. - Exp. 04/28/2024 u</b>		819,000	281
<b>UTILITIES 0.0%</b>			
<b>Dynegy, Inc. - Exp. 02/02/2024</b>		26,843	7
Total Warrants			288
(Cost \$71)			

**PREFERRED SECURITIES 4.5%**

**BANKING & FINANCE 2.2%**

**Farm Credit Bank of Texas**

10.000% due 12/15/2020 (i)	9,150	11,186
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**VICI Properties, Inc.**

0.000% (h)(i)	12,765	1,018
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0.000% due 10/02/2035 (j)	16,268	1,297
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13,501

**INDUSTRIALS 2.3%**

**Sequa Corp.**

9.000% u	15,193	14,433
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Total Preferred Securities (Cost \$27,047)		27,934
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<b>SHORT-TERM INSTRUMENTS 6.0%</b>		
<b>REPURCHASE AGREEMENTS (k) 5.3%</b>		32,457
	PRINCIPAL AMOUNT (000S)	
<b>U.S. TREASURY BILLS 0.7%</b>		
1.047% due 11/09/2017 - 01/18/2018 (g)(h)(l)(n)(p)	4,102	4,095
<b>Total Short-Term Instruments</b>		<b>36,552</b>
(Cost \$36,552)		
<b>Total Investments in Securities</b>		<b>754,533</b>
(Cost \$719,083)		
<b>Total Investments 122.1%</b>	<b>\$</b>	<b>754,533</b>
(Cost \$719,083)		
<b>Financial Derivative Instruments (m)(o) 0.0%</b>		<b>219</b>
(Cost or Premiums, net \$(10,200))		
<b>Preferred Shares (15.0)%</b>		<b>(92,450)</b>
<b>Other Assets and Liabilities, net (7.1)%</b>		<b>(44,243)</b>
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	<b>\$</b>	<b>618,059</b>

**Notes to Schedule of Investments (amounts in thousands\*):**

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

**The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.**

**^ Security is in default.**

**u Security valued using significant unobservable inputs (Level 3).**

**~ Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.**

**.. Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.**

**(a) Interest only security.**

**(b) Principal only security.**

**(c) When-issued security.**

**(d) Payment in-kind security.**

**(e) Security is not accruing income as of the date of this report.**

**(f) Security did not produce income within the last twelve months.**

**(g) Weighted average yield to maturity**

**(h) Zero coupon security.****(i) Perpetual maturity; date shown, if applicable, represents next contractual call date.****(j) Restricted Securities:**

<b>Issuer Description</b>	<b>Acquisition Date</b>	<b>Cost</b>	<b>Market Value</b>	<b>Market Value as Percentage of Net Assets</b>
Caesars Entertainment Corp. 5.000% due 10/01/2024	06/02/2017 - 07/17/2017	\$ 1,989	\$ 2,098	0.34%
Forbes Energy Services Ltd.	10/09/2014 - 12/03/2014	944	286	0.05
Odebrecht Offshore Drilling Finance Ltd. 6.625% due 10/01/2023	04/09/2015 - 07/30/2015	3,061	1,389	0.22
Odebrecht Offshore Drilling Finance Ltd. 6.750% due 10/01/2023	04/09/2015 - 12/17/2015	2,579	1,519	0.25
TIG FinCo PLC	04/02/2015 - 07/20/2017	2,776	2,753	0.45
VICI Properties, Inc.	11/25/2014 - 12/01/2015	4,446	5,534	0.90
VICI Properties, Inc. 0.000% due 10/02/2035	09/27/2017	266	1,297	0.21
		\$ 16,061	\$ 14,876	2.42%

**Borrowings and Other Financing Transactions****(k) Repurchase Agreements:**

Ending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Rate	Collateral Agreed (Received)	at V
2.00%	10/31/2017	11/01/2017	\$ 29,400	U.S. Treasury Inflation Protected Securities	0.375% due 07/15/2027	\$ (29,992)	\$ 2
5.00	10/31/2017	11/01/2017	3,057	Freddie Mac	1.000% due 12/15/2017	(3,121)	
<b>Reverse Repurchase Agreements</b>						<b>\$ (33,113)</b>	<b>\$ 3</b>

**Reverse Repurchase Agreements:**

Counterparty	Borrowing Rate <sup>(2)</sup>	Settlement Date	Maturity Date	Amount Borrowed <sup>(2)</sup>	Payable for Reverse Repurchase Agreements
BCY	0.250%	06/16/2017	TBD <sup>(3)</sup>	\$ (1,935)	\$ (1,937)
BPS	1.820	08/31/2017	12/01/2017	(5,342)	(5,359)
CIW	1.540	10/13/2017	11/10/2017	(4,306)	(4,309)
JML	1.950	10/13/2017	11/13/2017	(8,611)	(8,620)
RBC	2.150	08/07/2017	02/07/2018	(8,477)	(8,521)
	2.170	07/10/2017	01/10/2018	(5,502)	(5,540)
RDR	1.760	08/02/2017	11/02/2017	(4,248)	(4,267)
SOG	1.680	10/30/2017	12/21/2017	(3,905)	(3,905)
	1.880	09/07/2017	12/07/2017	(3,161)	(3,170)
UBS	1.750	10/10/2017	01/10/2018	(7,748)	(7,756)
	1.920	09/14/2017	11/28/2017	(2,615)	(2,622)
	1.920	09/14/2017	12/14/2017	(4,661)	(4,673)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (60,679)</b>



(l) Securities with an aggregate market value of \$68,159 have been pledged as collateral under the terms of master agreements as of October 31, 2017.

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended October 31, 2017 was \$(2,041,820) at a weighted average interest rate of 1.763%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(3) Open maturity reverse repurchase agreement.

**(m) Financial Derivative Instruments: Exchange-Traded or Centrally Cleared Swap Agreements:**

**Credit Default Swaps on Corporate Issues - Sell Protection <sup>(1)</sup>**

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at October 31, 2017	Notional Amount	Premium Paid/Received	Unrealized Depreciation	Variation Margin	
								Market Value <sup>(4)</sup>	Asset Liability
Frontier Communications Corp.	5.000%	Quarterly	06/20/2020	8.913%	\$ 6,500	\$ (214)	\$ (313)	\$ (527)	\$ 0 \$ (4)

**Credit Default Swaps on Credit Indices - Sell Protection <sup>(1)</sup>**

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(3)</sup>	Premium Paid/Received	Unrealized Depreciation	Market Value <sup>(4)</sup>	Variation Margin	
								Asset	Liability
CDX.HY-24 5-Year Index	5.000%	Quarterly	06/20/2020	\$ 8,736	\$ 674	\$ 22	\$ 696	\$ 3	\$ 0
CDX.HY-25 5-Year Index	5.000	Quarterly	12/20/2020	7,498	(22)	625	603	5	0
CDX.HY-29 5-Year Index	5.000	Quarterly	12/20/2022	1,000	83	7	90	1	0
					\$ 735	\$ 654	\$ 1,389	\$ 9	\$ 0

**Interest Rate Swaps**

Floating Rate Index      Fixed Rate

Variation Asset

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Rate		Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/ (Received)	Unrealized Appreciation/ Depreciation	Market Value	
3-Month USD-LIBOR	2.750%	Semi-Annual	06/17/2025	\$ 149,020	\$ 9,092	\$ (2,715)	\$ 6,377	\$ 0
3-Month USD-LIBOR	2.250	Semi-Annual	06/15/2026	26,800	1,267	(1,228)	39	0
3-Month USD-LIBOR	2.500	Semi-Annual	12/20/2027	49,000	343	100	443	0
3-Month USD-LIBOR	3.500	Semi-Annual	06/19/2044	201,500	(6,573)	44,140	37,567	150
3-Month USD-LIBOR	2.750	Semi-Annual	12/20/2047	271,500	(11,619)	4,995	(6,624)	0
3-Month USD-LIBOR	2.750	Semi-Annual	01/05/2048	29,500	(1,028)	323	(705)	0
6-Month AUD-BBR-BBSW	3.000	Semi-Annual	12/17/2019	AUD 12,900	185	43	228	8
6-Month AUD-BBR-BBSW	3.500	Semi-Annual	06/17/2025	8,100	201	198	399	45
6-Month EUR-EURIBOR	1.000	Annual	03/21/2028	EUR 13,100	(78)	(35)	(113)	0
6-Month GBP-LIBOR	1.500	Semi-Annual	03/21/2028	GBP 24,000	(831)	613	(218)	0
					\$ (9,041)	\$ 46,434	\$ 37,393	\$ 203
<b>Swap Agreements</b>					<b>\$ (8,520)</b>	<b>\$ 46,775</b>	<b>\$ 38,255</b>	<b>\$ 212</b>

**(n) Securities with an aggregate market value of \$519 and cash of \$13,210 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of October 31, 2017.**

- (1) *If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.*
- (2) *Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.*
- (3) *The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.*
- (4) *The prices and resulting values for credit default swap agreements on credit indices serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.*
- (5) *This instrument has a forward starting effective date.*

**(o) Financial Derivative Instruments: Over the Counter****Forward Foreign Currency Contracts:**

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/(Depreciation)			
				Asset	Liability		
BOA	11/2017	EUR	37,775	\$ 44,355	\$ 354	\$ 0	
BPS	11/2017	\$	44,915	EUR 38,604	52	0	
	12/2017	EUR	38,604	\$ 44,991	0	(52)	
CBK	11/2017		260	308	6	0	
GLM	11/2017	GBP	394	518	0	(5)	
JPM	11/2017	AUD	740	578	12	0	
	11/2017	EUR	569	670	7	0	
	11/2017	GBP	40,182	53,855	487	0	
UAG	11/2017	\$	53,123	GBP 40,576	768	0	
	12/2017	GBP	40,576	\$ 53,169	0	(769)	
<b>Total Forward Foreign Currency Contracts</b>				<b>\$</b>	<b>1,686</b>	<b>\$</b>	<b>(826)</b>

**Swap Agreements:**

Credit Default Swaps on Corporate Issues - Sell Protection <sup>(1)</sup>

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at October 31, 2017	Notional Amount	Premium Paid/(Received)	Swap Agreements, at V			
								Unrealized Appreciation/Depreciation	Asset	Liability	
BPS	Petrobras Global Finance BV	1.000%	Quarterly	12/20/2024	2.729%	\$ 1,000	\$ (195)	\$ 87	\$ 0	\$ (108)	
GST	Petrobras Global Finance BV	1.000	Quarterly	09/20/2020	1.165	10	(1)	1	0	0	
	Petrobras Global Finance BV	1.000	Quarterly	12/20/2021	1.686	100	(16)	14	0	(2)	
	Petrobras Global Finance BV	1.000	Quarterly	12/20/2024	2.729	1,400	(278)	127	0	(151)	
HUS	Petrobras Global Finance BV	1.000	Quarterly	12/20/2024	2.729	1,700	(353)	170	0	(183)	
	Petrobras Global Finance BV	1.000	Quarterly	12/20/2019	0.844	300	(25)	26	1	0	
	Petrobras Global Finance BV	1.000	Quarterly	09/20/2020	1.165	40	(6)	6	0	0	
MYC	Petrobras Global Finance BV	1.000	Quarterly	12/20/2019	0.844	8,700	(805)	847	42	0	
							\$ (1,679)	\$ 1,278	\$ 43	\$ (444)	
<b>Total Swap Agreements</b>							<b>\$ (1,679)</b>	<b>\$ 1,278</b>	<b>\$ 43</b>	<b>\$ (444)</b>	

(p) Securities with an aggregate market value of \$919 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of October 31, 2017.

- (1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (3)

*The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.*

**Fair Value Measurements**

The following is a summary of the fair valuations according to the inputs used as of October 31, 2017 in valuing the Fund's assets and liabilities:

<b>Category and Subcategory</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 10/31/2017</b>
<b>Investments in Securities, at Value</b>				
Loan Participations and Assignments	\$ 0	\$ 24,025	\$ 475	\$ 24,500
<b>Corporate Bonds &amp; Notes</b>				
Banking & Finance	0	163,443	0	163,443
Industrials	0	108,329	0	108,329
Utilities	0	40,235	0	40,235
<b>Convertible Bonds &amp; Notes</b>				
Industrials	0	5,772	0	5,772
<b>Municipal Bonds &amp; Notes</b>				
California	0	7,422	0	7,422
Illinois	0	915	0	915
Ohio	0	22,989	0	22,989
Virginia	0	762	0	762
West Virginia	0	14,380	0	14,380
U.S. Government Agencies	0	10,173	4,675	14,848
Non-Agency Mortgage-Backed Securities	0	135,343	0	135,343
Asset-Backed Securities	0	104,606	9,350	113,956
Sovereign Issues	0	21,551	0	21,551
<b>Common Stocks</b>				
Consumer Discretionary	6,296	0	0	6,296
Energy	731	0	0	731
Financials	5,534	0	2,753	8,287
<b>Warrants</b>				
Industrials	0	0	281	281
Utilities	7	0	0	7
<b>Preferred Securities</b>				
Banking & Finance	0	13,501	0	13,501
Industrials	0	0	14,433	14,433
<b>Short-Term Instruments</b>				
Repurchase Agreements	0	32,457	0	32,457
U.S. Treasury Bills	0	4,095	0	4,095
<b>Total Investments</b>	<b>\$ 12,568</b>	<b>\$ 709,998</b>	<b>\$ 31,967</b>	<b>\$ 754,533</b>
<b>Financial Derivative Instruments - Assets</b>				
Exchange-traded or centrally cleared	0	212	0	212
Over the counter	0	1,729	0	1,729
	\$ 0	\$ 1,941	\$ 0	\$ 1,941
<b>Financial Derivative Instruments - Liabilities</b>				

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Exchange-traded or centrally cleared	0	(452)	0	(452)
Over the counter	0	(1,270)	0	(1,270)
	\$ 0	\$ (1,722)	\$ 0	\$ (1,722)
Total Financial Derivative Instruments	\$ 0	\$ 219	\$ 0	\$ 219
Totals	\$ 12,568	\$ 710,217	\$ 31,967	\$ 754,752

**There were no significant transfers among Levels 1 and 2 during the period ended October 31, 2017.**

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended October 31, 2017:

Category and Subcategory	Beginning Balance at 07/31/2017	Net Purchases	Net Sales	Accrued Discounts (Premiums)	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Net Change in Transfers into Level 3	Transfers out of Level 3	Ending Balance at 10/31/2017	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 10/31/2017 <sup>(1)</sup>
<b>Investments in Securities, at Value</b>										
Loan Participations and Assignments	\$ 871	\$ 7	\$ (400)	\$ 1	\$ 0	\$ (4)	\$ 0	\$ 0	\$ 475	\$ (4)
<b>Corporate Bonds &amp; Notes</b>										
Banking & Finance	4,451	0	(33)	1	0	20	0	(4,439)	0	0
Industrials	2,020	0	(2,020)	0	21	(21)	0	0	0	0
U.S. Government Agencies	4,994	0	(18)	38	7	(346)	0	0	4,675	(347)
Asset-Backed Securities	9,442	0	0	22	0	(114)	0	0	9,350	(115)
<b>Common Stocks</b>										
Financials	2,734	0	0	1	0	18	0	0	2,753	18
<b>Warrants</b>										
Industrials	384	0	0	0	0	(103)	0	0	281	(103)
<b>Preferred Securities</b>										
Industrials	14,820	0	0	0	0	(387)	0	0	14,433	(387)
Totals	\$ 39,716	\$ 7	\$ (2,471)	\$ 63	\$ 28	\$ (937)	\$ 0	\$ (4,439)	\$ 31,967	\$ (938)

The following is a summary of significant unobservable inputs used in the fair valuations of assets and liabilities categorized within Level 3 of the fair value hierarchy:

Category and Subcategory	Ending Balance at 10/31/2017	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Loan Participations and Assignments	\$ 279	Other Valuation Techniques <sup>(2)</sup>		
	196	Proxy Pricing	Base Price	98.250
U.S. Government Agencies	4,675	Proxy Pricing	Base Price	53.590
	9,350	Proxy Pricing	Base Price	52.800 - 100,000.000



Asset-Backed Securities					
Common Stocks					
Financials	2,753	Other Valuation Techniques <sup>(2)</sup>			
Warrants					
Industrials	281	Other Valuation Techniques <sup>(2)</sup>			
Preferred Securities					
Industrials	14,433	Indicative Market Quotation	Broker Quote	\$	950.000
Total	\$ 31,967				

<sup>(2)</sup> Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at October 31, 2017 may be due to an investment no longer held or categorized as Level 3 at period end.

<sup>(2)</sup> Includes valuation techniques not defined in the Supplementary Notes to Schedule of Investments as securities valued using such techniques are not considered significant to the Fund.

**See Accompanying Notes**

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## Notes to Financial Statements

### 1. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**(a) Investment Valuation Policies** The net asset value ( NAV ) of the Fund 's shares is determined by dividing the total value of portfolio investments and other assets attributable to the Fund less any liabilities by the total number of shares outstanding of the Fund.

On each day that the New York Stock Exchange ( NYSE ) is open, Fund shares are ordinarily valued as of the close of regular trading ( NYSE Close ). Information that becomes known to the Fund or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Fund reserves the right to change the time as of which its NAV is calculated if the Fund closes earlier, or as permitted by the U.S. Securities and Exchange Commission (the SEC ).

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Fund 's approved pricing services, quotation reporting systems and other third-party sources (together, Pricing Services ). The Fund will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by Pacific Investment Management Company LLC ( PIMCO or the Manager ) to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Fund 's investments in open-end management investment companies, other than exchange-traded funds ( ETFs ), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security 's value has materially changed after the close of the security 's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees (the Board ). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Fund may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Fund may utilize modeling tools provided by third-party vendors to determine fair values of non-U.S. securities. For these purposes, any movement in the applicable reference index or instrument ( zero trigger ) between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.)

equity securities on days when the Trust is not open for business, which may result in the Fund's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, the NAV of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the Fund is not open for business. As a result, to the extent that the Fund holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Fund's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to PIMCO the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board ( "Valuation Oversight Committee" ), generally based on recommendations provided by the Manager. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations ( "Broker Quotes" ), Pricing Services' prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Fund's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Manager the responsibility for monitoring significant events that may materially affect the values of the Fund's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When the Fund uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a security. While the Fund's policy is intended to result in a calculation of the Fund's NAV that fairly reflects security values as of the time of pricing, the Fund cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realized if the securities were sold.

**(b) Fair Value Hierarchy** U.S. GAAP describes fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

Level 1 Quoted prices in active markets or exchanges for identical assets and liabilities.

Level 2 Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

Assets or liabilities categorized as Level 2 or 3 as of period end have been transferred between Levels 2 and 3 since the prior period due to changes in the method utilized in valuing the investments. Transfers from Level 3 to Level 2 are a result of the availability of current and reliable market-based data provided by Pricing Services or other valuation techniques which utilize significant observable inputs. In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Fund.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to realized gain (loss), unrealized appreciation (depreciation), purchases and sales, accrued discounts (premiums), and transfers into and out of the Level 3 category during the period. The end of period value is used for the transfers between Levels of the Fund's assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for the Fund.

**(c) Valuation Techniques and the Fair Value Hierarchy**

**Level 1 and Level 2 trading assets and trading liabilities, at fair value** The valuation methods (or techniques) and significant inputs used in determining the fair values of portfolio securities or other assets and liabilities categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit

risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Fixed income securities purchased on a delayed-delivery basis or as a repurchase commitment in a sale-buyback transaction are marked to market daily until settlement at the forward settlement date and are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Common stocks, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined as of the NYSE Close). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ( OIS ), London Interbank Offered Rate ( LIBOR ) forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

**Level 3 trading assets and trading liabilities, at fair value** When a fair valuation method is applied by PIMCO that uses significant unobservable inputs, investments will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy. The valuation techniques and significant inputs used in determining the fair values of portfolio assets and liabilities categorized as Level 3 of the fair value hierarchy are as follows:

Proxy pricing procedures set the base price of a fixed income security and subsequently adjust the price proportionally to market value changes of a pre-determined security deemed to be comparable in duration, generally a U.S. Treasury or sovereign note based on country of issuance. The base price may be a broker-dealer quote, transaction price, or an internal value as derived by analysis of market data. The base price of the security may be reset on a periodic basis based on the availability of market data and procedures approved by the Valuation Oversight Committee. Significant changes in the unobservable inputs of the proxy pricing process (the base price) would result in direct and proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

If third-party evaluated vendor pricing is not available or not deemed to be indicative of fair value, the Manager may elect to obtain Broker Quotes directly from the broker-dealer or passed through from a third-party vendor. In the event that fair value is based upon a single sourced Broker Quote, these securities are categorized as Level 3 of the fair value hierarchy. Broker Quotes are typically received from established market participants. Although independently received, the Manager does not have the transparency to view the underlying inputs which support the market quotation. Significant changes in the Broker Quote would have direct and proportional changes in the fair value of the security.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

## **2. FEDERAL INCOME TAX MATTERS**

The Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the Code) and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

The Fund may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Manager has reviewed the Fund's tax positions for all open tax years. As of October 31, 2017, the Fund has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Fund files U.S. federal, state, and local tax returns as required. The Fund's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

As of October 31, 2017, the aggregate cost and the net unrealized appreciation (depreciation) of investments for Federal income tax purposes are as follows (amounts in thousands):

<b>Federal</b>	<b>Aggregate Gross</b>	<b>Aggregate Gross</b>	<b>Net</b>
<b>Tax Cost</b>	<b>Unrealized</b>	<b>Unrealized</b>	<b>Unrealized</b>
	<b>Appreciation</b>	<b>(Depreciation)</b>	<b>Appreciation/ (Depreciation)</b> <sup>(1)</sup>
\$ 708,883	\$ 116,159	\$ (31,795)	\$ 84,364

<sup>(1)</sup> *Primary differences, if any, between book and tax net unrealized appreciation (depreciation) are attributable to wash sale loss deferrals for Federal income tax purposes.*

**GLOSSARY: (abbreviations that may be used in the preceding statements)**

(Unaudited)

## Counterparty Abbreviations:

BCY	Barclays Capital, Inc.	FICC	Fixed Income Clearing Corporation	MYC	Morgan Stanley Capital Services, Inc.
BOA	Bank of America N.A.	GLM	Goldman Sachs Bank USA	RBC	Royal Bank of Canada
BPG	BNP Paribas Securities Corp.	GST	Goldman Sachs International	RDR	RBC Capital Markets
BPS	BNP Paribas S.A.	HUS	HSBC Bank USA N.A.	SOG	Societe Generale
CBK	Citibank N.A.	JML	JP Morgan Securities Plc	UAG	UBS AG Stamford
CIW	CIBC World Markets Corp.	JPM	JPMorgan Chase Bank N.A.	UBS	UBS Securities LLC

## Currency Abbreviations:

ARS	Argentine Peso	EUR	Euro	USD (or \$)	United States Dollar
AUD	Australian Dollar	GBP	British Pound		

## Index/Spread Abbreviations:

ARPP7DRR	Argentina Central Bank 7 Day Repo Reference Rate	EUR003M	3 Month EUR Swap Rate	LIBOR03M	3 Month USD-LIBOR
BADLARPP	Argentina Badlar Floating Rate Notes	EURIBOR	Euro Interbank Offered Rate	US0001M	1 Month USD Swap Rate
BP0003M	3 Month GBP-LIBOR	LIBOR01M	1 Month USD-LIBOR	US0003M	3 Month USD Swap Rate
CDX.HY	Credit Derivatives Index - High Yield				

## Other Abbreviations:

ABS	Asset-Backed Security	BBSW	Bank Bill Swap Reference Rate	PIK	Payment-in-Kind
ALT	Alternate Loan Trust	CDO	Collateralized Debt Obligation	TBA	To-Be-Announced
BABs	Build America Bonds	CLO	Collateralized Loan Obligation	TBD	To-Be-Determined
BBR	Bank Bill Rate	LIBOR	London Interbank Offered Rate	TBD%	Interest rate to be determined when loan settles



**Item 2. Controls and Procedures**

(a) The principal executive officer and principal financial & accounting officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this report.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

A separate certification for each principal executive officer and principal financial & accounting officer of the registrant as required by Rule 30a-2 under the 1940 Act is attached as Exhibit 99.CERT.

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIMCO Income Strategy Fund II

By: /s/ Peter G. Strelow  
Peter G. Strelow  
President (Principal Executive Officer)

Date: December 29, 2017

By: /s/ Trent W. Walker  
Trent W. Walker  
Treasurer (Principal Financial & Accounting Officer)

Date: December 29, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Peter G. Strelow  
Peter G. Strelow  
President (Principal Executive Officer)

Date: December 29, 2017

By: /s/ Trent W. Walker  
Trent W. Walker  
Treasurer (Principal Financial & Accounting Officer)

Date: December 29, 2017