

PIMCO Income Strategy Fund II  
Form N-CSRS  
March 30, 2011

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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 811-21601

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

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

10105  
(Zip code)

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

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

Date of fiscal year July 31, 2011  
end:

Date of reporting period: January 31, 2011

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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

January 31, 2011

**PIMCO Income Strategy Fund**

**PIMCO Income Strategy Fund II**

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Dear Shareholder:

The U.S. economy picked up steam during the six-month period ended January 31, 2011. Gross Domestic Product ( GDP ) expanded at an annualized rate of 2.6% and 2.8% during the third and fourth quarters of 2010, respectively. In January 2011, this acceleration continued. The strengthening economy was accompanied by sharp gains for stocks, which reached their highest levels in two-and-a-half-years. However, as is typical during an economic recovery, interest rates began to rise, which may have kept the recovery from being more robust.

Hans W. Kertess

*Chairman*

Yields on the benchmark 10-year U.S. Treasury bond help tell the story. Because of a variety of worries in early 2010 a possible double-dip recession in the U.S., sovereign debt concerns in Europe and the cooling of China's economy many investors shifted assets into the perceived safe haven of Treasuries, sending prices sharply higher. Since bond yields move in the opposite direction of bond prices, the yield on the 10-year fell to 2.41% in October 2010. As these concerns eased, the market shifted. At the end of the six-month period, the yield on the 10-year bond had risen to 3.42%, prices fell accordingly. Rising yields narrowed the spread, the gap between yields on Treasuries and comparable debt instruments, such as corporate bonds, making those riskier assets less attractive on a relative basis.

Brian S. Shlissel

*President & CEO*

Rising interest rates were countered to some degree by the U.S. Federal Reserve ( the Fed ), which tried to keep rates low by initiating large-scale purchases of Treasury bonds through June 2011. The Fed maintained its closely-watched Federal Funds Rate, the rate banks charge to lend federal funds to other banks, usually on an overnight basis, in the 0.0% to 0.25% range. However, the Fed did raise the discount rate, the interest rate it charges banks for direct loans, to 0.75% from 0.50%.

### **Six Months in Review**

For the six-month period ended January 31, 2011:

- PIMCO Income Strategy Fund rose 13.85% on net asset value ( NAV ) and 14.11% on market price.
- PIMCO Income Strategy Fund II advanced 15.46% on NAV and 9.81% on market price.



In contrast, the Barclays Capital U.S. Credit Index, a measure of high quality corporate bond performance, returned 0.97% and the Barclays Capital U.S. High Yield Bond Index, a measure of below-investment-grade corporate bond performance, returned 8.72% for the six months ended January 31, 2011. Government bonds, represented by the Barclays Capital Long Term Treasury Index, declined 5.55% for the fiscal six-month period. The Barclays Capital U.S. Aggregate Bond Index, a broad credit market measure of government and corporate securities, posted a return of 0.20%. Mortgage-backed securities, reflected by the Barclays Capital Mortgage Index, returned 0.04%. As for stocks, the Standard & Poor's 500 Index advanced 17.93% during the six-month period.

### **The Road Ahead**

We anticipate that the economic recovery that began in the summer of 2009 will continue and could, in fact, accelerate. U.S. companies are likely to begin hiring more workers to meet a growing demand for goods and services, which in turn should boost economic activity still further. We caution again, however, about rising interest rates. Higher rates can reflect an expanding economy, but rates that rise too far and too fast could act as a brake on expansion.

For specific information on the Funds and their performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our website, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess  
Chairman

Brian S. Shlissel  
President & CEO

**Receive this report electronically and eliminate paper mailings. To enroll, go to [www.allianzinvestors.com/edelivery](http://www.allianzinvestors.com/edelivery).**

**PIMCO Income Strategy Fund/PIMCO Income Strategy Fund II Fund Insights**

January 31, 2011 (unaudited)

For the six months ended January 31, 2011 PIMCO Income Strategy Fund returned 13.85% on NAV and 14.11% on market price.

For the six months ended January 31, 2011 PIMCO Income Strategy Fund II returned 15.46% on NAV and 9.81% on market price.

The unmanaged Barclays Capital U.S. Aggregate Bond Index and Barclays Capital U.S. Credit Index returned 0.20% and 0.97%, respectively, during the reporting period.

Bond markets turned in a solid performance in 2010 overall, though gains were moderated by a partial retrenchment in the fourth quarter. After a tumultuous first half of the calendar year, the creation of the Greek bailout package late in the second quarter served to reassure markets, as did the growing expectation for further quantitative easing by the Federal Reserve (the Fed), leading to a sharp and sustained rally for risk assets from July through the end of October 2010. In November, the Fed announced its widely anticipated second round of quantitative easing (QE2), which included a commitment to purchase a total of as much as \$850 to \$900 billion of longer-maturity Treasuries through June 2011. Gains in manufacturing, retail sales and consumer confidence, as well as surging equity markets and rising in inflation expectations indicated that the Fed's efforts were having an impact. While QE2 raised some concerns about long-term inflation risk, actual levels of inflation excluding volatile food and fuel costs remained below the Fed's targeted range during the fourth quarter of 2010. Treasury yields rose in the final months of the year as investors turned to riskier assets in pursuit of higher returns, though these yields ended the year broadly lower at all segments of the curve.

PIMCO Income Strategy Fund

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**Risk exposures drive absolute gains**

Several factors contributed to the Funds' absolute returns during the fiscal period. Positioning in the financials sector was particularly beneficial. Within financials, an emphasis on the banking sector was a strong contributor to the Funds' performance as recapitalization efforts and waning concerns about sovereign debt benefited credits. The Funds' performance also benefitted from an overweighing to the insurance sector, in particular, as security selection in the outperforming life insurance industry aided performance. The financial services sector's contribution to returns was somewhat moderated by the negative impact of select issuers in the European banking sector, which suffered from European credit tensions. Exposure to lagging asset-backed securities also hampered returns.

Other contributors to performance included security selection in the transportation sector, where airline credits outperformed, as well as exposure to speculative-grade corporate credits in general. The latter outperformed higher-rated credits during the review period. Select exposure to Build America Bonds also added to returns, despite a period of turbulence toward the end of 2010.

**PIMCO Income Strategy Fund  
Fund Performance & Statistics**

January 31, 2011 (unaudited)

<b>Total Return(1):</b>	<b>Market Price</b>	<b>NAV</b>
Six Month	14.11%	13.85%
1 Year	13.85%	21.41%
5 Year	4.78%	2.73%
Commencement of Operations (8/29/03) to 1/31/11	4.30%	3.89%

<b>Market Price/NAV Performance:</b>	<b>Market Price/NAV:</b>	
Commencement of Operations (8/29/03) to 1/31/11	Market Price	\$12.27
	NAV	\$11.29
	Premium to NAV	8.68%
	Market Price Yield(2)	7.33%

**Portfolio Composition**

(as a % of total investments)

**PIMCO Income Strategy Fund II  
Fund Performance & Statistics**

January 31, 2011 (unaudited)

<b>Total Return(1):</b>	<b>Market Price</b>	<b>NAV</b>
Six Month	9.81%	15.46%
1 Year	16.17%	22.06%
5 Year	1.26%	0.20%
Commencement of Operations (10/29/04) to 1/31/11	0.93%	1.23%

<b>Market Price/NAV Performance:</b>	<b>Market Price/NAV:</b>	
Commencement of Operations (10/29/04) to 1/31/11	Market Price	\$10.41
	NAV	\$10.11
	Premium to NAV	2.97%
	Market Price Yield(2)	7.49%

**Portfolio Composition**

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized. 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 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 Funds, market conditions, supply and demand for the Funds' shares, or changes in Funds' dividends.

An investment in the Funds involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets attributable 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 (comprised of net investment income) payable to common shareholders by the market price per common share at January 31, 2011.

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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>CORPORATE BONDS &amp; NOTES 67.8%</b>			
<b>Airlines 6.5%</b>			
\$900	American Airlines, Inc., 10.50%, 10/15/12	B2/B	\$999,000
	American Airlines Pass Through Trust,		
1,700	8.608%, 10/1/12	Ba3/B+	1,717,000
4,066	9.73%, 9/29/14	Caa2/CCC+	3,811,746
1,861	10.18%, 1/2/13	Caa1/CCC+	1,884,560
15,203	United Air Lines Pass Through Trust, 10.40%, 5/1/18 (j)	Baa2/BBB+	17,597,861
			26,010,167
<b>Banking 8.6%</b>			
2,600	AgFirst Farm Credit Bank, 7.30%, 2/28/11		
	(a) (b) (d) (g) (k) (acquisition cost-\$2,225,000; purchased 2/26/10-4/15/10)	NR/A	2,202,730
	Barclays Bank PLC, (g),		
1,200	7.375%, 12/15/11 (a) (d)	Baa2/A-	1,201,500
1,885	7.434%, 12/15/17 (a) (d) (j)	Baa2/A-	1,852,013
£7,800	14.00%, 6/15/19	Baa2/A-	15,398,427
	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA,		
3,000	6.875%, 3/19/20	NR/NR	4,023,371
\$4,400	11.00%, 6/30/19 (a) (d) (g)	A2/AA-	5,703,738
1,000	Den Norske Bank ASA, 7.729%, 6/29/11 (a) (d) (g) (j)	Baa3/BBB+	1,004,729
600	HBOS PLC, 6.75%, 5/21/18 (a) (d)	Baa3/BBB-	554,021
	Regions Financial Corp.,		
800	7.375%, 12/10/37	B1/BB	768,000
1,500	7.75%, 9/15/24	B1/BB	1,450,478
			34,159,007
<b>Chemicals 0.6%</b>			
2,069	Lyondell Chemical Co., 8.00%, 11/1/17 (a) (d)	Ba2/BB	2,314,694
<b>Energy 0.3%</b>			
1,100	Dynergy Roseton/Danskammer Pass Through Trust, 7.67%, 11/8/16, Ser. B	Caa2/B-	1,045,000
<b>Financial Services 26.4%</b>			
	Ally Financial, Inc.,		
304	5.90%, 1/15/19	B3/B	267,944
156	5.90%, 10/15/19	B3/B	136,585
55	6.00%, 2/15/19	B3/B	48,626
40	6.00%, 3/15/19	B3/B	35,409
8	6.00%, 4/15/19	B3/B	7,059
325	6.00%, 9/15/19	B3/B	286,690
95	6.05%, 8/15/19	B3/B	83,936
413	6.05%, 10/15/19	B3/B	365,745
1,208	6.15%, 8/15/19	B3/B	1,076,263
1,371	6.25%, 2/15/16	B3/B	1,289,542
25	6.25%, 1/15/19	B3/B	22,530
120	6.30%, 8/15/19	B3/B	108,361
1,168	6.35%, 2/15/16	B3/B	1,103,403
285	6.35%, 4/15/16	B3/B	269,057
216	6.40%, 3/15/16	B3/B	204,441
360	6.40%, 11/15/19	B3/B	326,861
1,357	6.50%, 2/15/16	B3/B	1,290,310

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20	6.50%, 9/15/16	B3/B	18,997
442	6.50%, 10/15/16	B3/B	419,795
150	6.50%, 12/15/18	B3/B	137,199

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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>Financial Services (continued)</b>			
\$358	6.55%, 12/15/19	B3/B	\$325,437
14	6.60%, 5/15/18	B3/B	13,092
51	6.65%, 6/15/18	B3/B	47,664
60	6.70%, 6/15/18	B3/B	56,241
329	6.75%, 4/15/13	B3/B	329,393
3	6.75%, 8/15/16	B3/B	2,882
13	6.75%, 6/15/17	B3/B	12,397
89	6.75%, 5/15/19	B3/B	82,598
10	6.75%, 6/15/19	B3/B	9,290
205	6.80%, 9/15/16	B3/B	197,488
3	6.80%, 10/15/18	B3/B	2,801
938	6.85%, 4/15/16	B3/B	905,289
30	6.85%, 5/15/18	B3/B	28,476
336	6.875%, 8/15/16	B3/B	324,797
5	6.875%, 7/15/18	B3/B	4,715
140	6.90%, 6/15/17	B3/B	134,602
32	6.90%, 8/15/18	B3/B	30,298
151	6.95%, 6/15/17	B3/B	145,551
25	7.00%, 12/15/16	B3/B	24,324
27	7.00%, 6/15/17	B3/B	26,093
130	7.00%, 7/15/17	B3/B	125,544
367	7.00%, 2/15/18	B3/B	355,041
12	7.00%, 3/15/18	B3/B	11,571
155	7.00%, 8/15/18	B3/B	147,621
5	7.00%, 9/15/18	B3/B	4,741
42	7.05%, 3/15/18	B3/B	40,612
39	7.05%, 4/15/18	B3/B	37,576
3,812	7.10%, 9/15/12	B3/B	3,816,525
100	7.125%, 8/15/12	B3/B	100,086
160	7.125%, 10/15/17	B3/B	155,214
40	7.15%, 3/15/25	B3/B	36,430
75	7.20%, 10/15/17	B3/B	73,047
288	7.25%, 6/15/16	B3/B	282,899
293	7.25%, 9/15/17	B3/B	286,319
10	7.25%, 4/15/18	B3/B	9,741
10	7.25%, 8/15/18	B3/B	9,660
141	7.25%, 9/15/18	B3/B	135,751
25	7.30%, 1/15/18	B3/B	24,621
396	7.35%, 4/15/18	B3/B	387,923
57	7.50%, 6/15/16	B3/B	56,576
45	7.55%, 5/15/16	B3/B	44,732
47	7.75%, 10/15/17	B3/B	46,989
110	8.125%, 11/15/17	B3/B	110,338
110	9.00%, 7/15/20	B3/B	111,821
5,000	American General Finance Corp., 5.375%, 10/1/12	B3/B	4,850,000
£1,700	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/BB+	2,042,232
\$1,400	Capital One Capital VI, 8.875%, 5/15/40	Baa3/BB	1,491,000
	CIT Group, Inc.,		
2,311	7.00%, 5/1/13	B3/B+	2,366,016

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947	7.00%, 5/1/14	B3/B+	967,456
1,157	7.00%, 5/1/15	B3/B+	1,175,395
1,579	7.00%, 5/1/16	B3/B+	1,598,613
2,210	7.00%, 5/1/17	B3/B+	2,235,293

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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>Financial Services (continued)</b>			
\$100	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37)	Ba1/BB+	\$104,875
2,500	Credit Agricole S.A., 6.637%, 5/31/17 (a) (d) (g) (j)	A3/A-	2,168,250
800	Ford Motor Credit Co. LLC, 5.625%, 9/15/15	Ba2/B+	841,608
12,600	8.125%, 1/15/20	Ba2/B+	14,781,148
4,000	12.00%, 5/15/15	Ba2/B+	5,076,052
2,947	International Lease Finance Corp., 6.625%, 11/15/13	B1/BB+	3,094,350
	LBG Capital No.1 PLC, 6.439%, 5/23/20	Ba3/BB-	577,533
500	7.375%, 3/12/20	Ba3/BB-	238,691
200	7.588%, 5/12/20	Ba3/BB-	424,063
£300	7.867%, 12/17/19	Ba3/BB-	6,765,794
£4,800	7.869%, 8/25/20	Ba3/BB-	995,087
£700	7.875%, 11/1/20	Ba3/BB-	2,350,000
\$2,500	8.00%, 6/15/20 (a) (d) (g)	NR/B+	1,260,000
1,400	8.50%, 12/17/21 (a) (d) (f) (g)	NR/B+	1,761,808
2,000	11.04%, 3/19/20	Ba3/BB-	1,520,862
£900	LBG Capital No.2 PLC, 11.25%, 9/14/23	Ba2/BB	4,204,595
£2,500	Lehman Brothers Holdings, Inc., 7.50%, 5/11/38 (e)	WR/NR	825
\$1,500	MUFG Capital Finance 2 Ltd., 4.85%, 7/25/16 (g)	Ba1/BBB+	1,394,992
1,100	NB Capital Trust II, 7.83%, 12/15/26	Baa3/BB+	1,665,652
\$1,629	Royal Bank of Scotland Group PLC, 7.648%, 9/30/31 (g)	Ba2/BB-	3,237,500
3,700	SLM Corp., 1.356%, 6/17/13, FRN	Ba1/BBB-	370,222
300	5.375%, 5/15/14	Ba1/BBB-	1,636,293
\$1,600	8.00%, 3/25/20	Ba1/BBB-	7,831,425
7,500	8.45%, 6/15/18	Ba1/BBB-	6,922,003
6,400	SMFG Preferred Capital USD 3 Ltd., 9.50%, 7/25/18 (a) (d) (g)	Ba1/BBB+	2,555,292
2,168			105,118,484
<b>Healthcare &amp; Hospitals 0.9%</b>			
3,300	HCA, Inc., 9.625%, 11/15/16, PIK	B2/BB-	3,568,125
<b>Insurance 12.7%</b>			
10,000	American General Capital II, 8.50%, 7/1/30	Baa2/BBB-	11,000,000
2,000	American General Institutional Capital B, 8.125%, 3/15/46 (a) (d)	Baa2/BBB-	2,200,000
	American International Group, Inc., 4.875%, 3/15/67, (converts to FRN on 3/15/17)	Baa2/BBB	3,320,560
2,800	5.45%, 5/18/17 (j)	Baa1/A-	6,649,517
\$6,400	6.25%, 3/15/87, (converts to FRN on 3/15/37)	Baa2/BBB	3,705,000
4,000	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Baa2/BBB	1,459,250
1,300	8.25%, 8/15/18 (j)	Baa1/A-	5,198,688
4,400	8.625%, 5/22/68, (converts to FRN on 5/22/18)	Baa2/BBB	2,248,857
£1,300	Hartford Financial Services Group, Inc., 8.125%, 6/15/68, (converts to FRN on 6/15/18)	Ba1/BB+	2,518,500
\$2,300		B3/BB	5,671,680
7,000			

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	ILFC E-Capital Trust I, 5.96%, 12/21/65, (converts to FRN on 12/21/10) (a) (d)		
3,300	MetLife Capital Trust X, 9.25%, 4/8/68, (converts to FRN on 4/8/38) (a) (d)	Baa2/BBB	3,976,500
2,440	Progressive Corp., 6.70%, 6/15/67, (converts to FRN on 6/15/17)	A2/A-	2,608,082
			50,556,634

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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>Oil &amp; Gas 5.6%</b>			
\$7,700	Atlantic Richfield Co., 8.375%, 2/21/12	A2/A	\$8,146,854
2,900	El Paso Corp., 7.42%, 2/15/37	Ba3/BB-	2,749,159
5,000	NGPL PipeCo LLC (a) (d), 7.119%, 12/15/17	Ba1/BBB-	5,529,185
5,000	7.768%, 12/15/37	Ba1/BBB-	5,233,110
600	SandRidge Energy, Inc., 8.00%, 6/1/18 (a) (d)	B3/B	619,500
			22,277,808
<b>Paper &amp; Forest Products 2.6%</b>			
10,000	Weyerhaeuser Co., 7.375%, 3/15/32	Ba1/BBB-	10,158,750
<b>Telecommunications 2.9%</b>			
11,000	CenturyLink, Inc., 7.60%, 9/15/39 (j)	Baa3/BBB-	11,438,713
<b>Utilities 0.7%</b>			
1,900	AES Andres Dominicana, 9.50%, 11/12/20 (a) (d)	NR/B-	2,033,000
390	Dominion Resources, Inc., 6.30%, 9/30/66, (converts to FRN on 9/30/11)	Baa3/BBB	381,285
400	PPL Capital Funding, Inc., 6.70%, 3/30/67, (converts to FRN on 3/30/17)	Ba1/BBB-	393,488
			2,807,773
			269,455,155
	Total Corporate Bonds & Notes (cost-\$243,434,961)		
<b>MORTGAGE-BACKED SECURITIES 15.8%</b>			
170	Banc of America Alternative Loan Trust, 6.00%, 1/25/36, CMO	Caa2/NR	131,779
3,100	Banc of America Funding Corp., 6.00%, 3/25/37, CMO	Caa2/CCC	2,177,970
1,345	Bear Stearns Adjustable Rate Mortgage Trust, 2.56%, 10/25/35, CMO, FRN	Caa1/BBB	1,218,932
64	Chase Mortgage Finance Corp., CMO, 2.949%, 12/25/35, FRN	NR/CCC	61,927
1,750	5.025%, 3/25/37, FRN	Caa2/NR	1,476,559
1,600	6.00%, 2/25/37	Caa2/CCC	1,302,414
1,200	6.00%, 7/25/37	NR/CCC	1,064,021
2,500	6.25%, 10/25/36	Caa1/CCC	2,248,997
558	Citicorp Mortgage Securities, Inc., 5.50%, 4/25/37, CMO	Caa1/NR	518,001
4,241	Countrywide Alternative Loan Trust, CMO, 6.00%, 5/25/36	Caa3/NR	3,074,348
3,414	6.086%, 4/25/36, VRN	Ca/CCC	2,381,274
1,358	6.25%, 11/25/36	Caa3/NR	1,082,247
689	6.50%, 8/25/36	Ca/CC	430,778
127	Countrywide Home Loan Mortgage Pass Through Trust, CMO, 2.820%, 2/20/35, VRN	A3/AA-	112,172
1,694	5.50%, 10/25/35	Caa1/NR	1,618,283
1,577	5.75%, 3/25/37	NR/CCC	1,400,711
1,180	6.00%, 5/25/36	NR/CCC	1,061,815
900	6.00%, 2/25/37	NR/CCC	739,341
375	6.00%, 4/25/37	NR/CCC	350,595
1,675	6.25%, 9/25/36	B3/NR	1,496,854

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745	Credit Suisse Mortgage Capital Certificates, 6.00%, 2/25/37, CMO	NR/CCC	682,632
394	GSR Mortgage Loan Trust, CMO, 5.50%, 5/25/36	NR/CCC	361,642
7,878	6.00%, 2/25/36	NR/CCC	7,472,393

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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
\$81	Harborview Mortgage Loan Trust, 2.956%, 7/19/35, CMO, VRN	Caa3/B	\$66,082
3,500	JPMorgan Chase Commercial Mortgage Securities Corp., 5.653%, 3/18/51, CMO, VRN (a) (d) JPMorgan Mortgage Trust, CMO,	A1/NR	3,485,561
2,117	5.00%, 3/25/37	NR/CCC	1,734,721
980	5.682%, 1/25/37, VRN	Caa2/NR	821,170
522	6.00%, 8/25/37	NR/CCC	475,709
1,000	Morgan Stanley Reremic Trust, 5.808%, 8/12/45, CMO, VRN (a) (d)	A3/NR	1,023,661
1,468	Residential Asset Securitization Trust, CMO, 5.75%, 2/25/36	Caa3/D	1,116,415
597	6.00%, 9/25/36	Ca/D	374,320
1,538	6.00%, 7/25/37	NR/CCC	1,168,599
634	Residential Funding Mortgage Securities I, CMO, 6.00%, 9/25/36	Caa1/CCC	572,554
1,200	6.00%, 1/25/37	Caa2/NR	1,062,196
6,722	6.00%, 6/25/37	NR/CC	5,897,251
4,049	Suntrust Adjustable Rate Mortgage Loan Trust, CMO, FRN, 5.578%, 4/25/37	NR/CCC	3,469,907
597	5.833%, 2/25/37	NR/CCC	468,759
1,000	WaMu Mortgage Pass Through Certificates, CMO, 5.724%, 2/25/37, FRN	NR/CCC	890,600
335	5.852%, 9/25/36, VRN	NR/CCC	266,217
334	Wells Fargo Mortgage-Backed Securities Trust, CMO, 2.896%, 4/25/36, VRN	NR/BB+	296,796
601	4.338%, 7/25/36, FRN	NR/CCC	490,876
5,673	5.433%, 7/25/36, FRN	NR/CCC	4,703,934
1,000	5.75%, 3/25/37	Caa2/NR	864,933
594	6.00%, 6/25/37	Caa1/NR	563,774
700	6.00%, 7/25/37	B3/BB	662,048
Total Mortgage-Backed Securities (cost-\$57,103,449)			62,941,768
<b>MUNICIPAL BONDS 7.3%</b>			
<b>California 0.6%</b>			
1,100	Oakland Unified School Dist., Alameda Cnty., GO, 9.50%, 8/1/34	A1/BBB+	1,192,554
1,000	Riverside Rev., 7.605%, 10/1/40	NR/AA-	997,140
			2,189,694
<b>Ohio 4.4%</b>			
16,000	American Municipal Power-Ohio, Inc. Rev., 8.084%, 2/15/50, Ser. B	A3/A	17,689,120
<b>Texas 2.3%</b>			
9,000	North Texas Tollway Auth. Rev., 8.91%, 2/1/30	Baa3/NR	9,223,020
Total Municipal Bonds (cost-\$27,144,925)			29,101,834

Shares

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**CONVERTIBLE PREFERRED STOCK 2.0%**

**Financial Services 0.7%**

2,700	Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (g)	Baa3/A-	2,814,750
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**Utilities 1.3%**

98,000	PPL Corp., 9.50%, 7/1/13	NR/NR	5,321,400
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Total Convertible Preferred Stock (cost-\$7,163,145)			8,136,150
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**PIMCO Income Strategy Fund Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Shares		Credit Rating (Moody's/S&P)	Value
<b>PREFERRED STOCK 2.0%</b>			
<b>Banking 1.1%</b>			
78,000	CoBank Acb, 11.00%, 7/1/13, Ser. C (a) (b) (d) (g) (k) (l) (acquisition cost-\$4,290,000; purchased 8/31/10)	NR/A	\$4,358,250
<b>Diversified Financial Services 0.4%</b>			
60,000	Citigroup Capital XIII, 7.875%, 10/30/15 (l)	Ba1/BB+	1,603,800
<b>Real Estate Investment Trust 0.5%</b>			
1,800	Sovereign Real Estate Investment Trust, 12.00%, 5/16/20 (a) (d) (g)	Baa3/BBB+	2,056,500
Total Preferred Stock (cost-\$7,738,500)			8,018,550
Principal Amount (000s)			
<b>SENIOR LOANS (a) (c) 1.5%</b>			
<b>Consumer Products 0.3%</b>			
\$1,000	National Mentor, Inc., 2.56%, 6/29/12 (b) (k) (acquisition cost-\$998,250; purchased 9/26/06)		940,000
<b>Financial Services 0.4%</b>			
1,492	CIT Group, Inc., 6.25%, 8/11/15, Term 3		1,531,570
<b>Multi-Media 0.8%</b>			
AUD2,766	Seven Media Group, Term T1, 6.908%, 2/7/13		2,685,035
AUD649	7.105%, 2/7/13		630,073
Total Senior Loans (cost-\$5,282,215)			5,786,678
<b>ASSET-BACKED SECURITIES 0.9%</b>			
\$1,473	Asset-Backed Funding Certificates, 0.48%, 5/25/37, FRN (a) (d)	B3/B- Caa3/CCC	1,325,241
1,158	GSAA Trust, 6.295%, 6/25/36		756,434
1,044	MASTR Asset-Backed Securities Trust, 5.233%, 11/25/35	A1/BBB	957,901
800	Morgan Stanley Mortgage Loan Trust, 6.25%, 7/25/47, VRN	Caa2/CCC	586,209
Total Asset-Backed Securities (cost-\$3,246,976)			3,625,785
<b>SHORT-TERM INVESTMENTS 2.7%</b>			
<b>Corporate Notes 1.3%</b>			
<b>Financial Services 1.3%</b>			
1,425	Ally Financial, Inc., 6.875%, 9/15/11	B3/B	1,460,093
3,900	American General Finance Corp., 0.552%, 12/15/11, FRN	B3/B	3,745,482
Total Corporate Notes (cost-\$4,714,999)			5,205,575
<b>U.S. Treasury Obligations 0.0%</b>			
127			126,985

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U.S. Treasury Bills, 0.142%, 3/3/11  
(h) (n) (cost-\$126,985)

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January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Value
<b>Repurchase Agreements</b> <b>1.4%</b>		
\$3,600	Credit Suisse Securities (USA) LLC, dated 1/31/11, 0.23%, due 2/1/11, proceeds \$3,600,023; collateralized by U.S. Treasury Notes, 2.625%, due 1/31/18, valued at \$3,665,892 including accrued interest	\$3,600,000
1,673	State Street Bank & Trust Co., dated 1/31/11, 0.01%, due 2/1/11, proceeds \$1,673,000; collateralized by U.S. Treasury Notes, 1.375%, due 5/15/13, valued at \$1,706,658 including accrued interest	1,673,000
Total Repurchase Agreements (cost-\$5,273,000)		5,273,000
Total Short-Term Investments (cost-\$10,114,984)		10,605,560
<b>Total Investments</b> (cost-\$361,229,155) <b>100.0%</b>		<b>\$397,671,480</b>

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**PIMCO Income Strategy Fund II Schedule of Investments**

January 31, 2011 (unaudited)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>CORPORATE BONDS &amp; NOTES 65.8%</b>			
<b>Airlines 2.3%</b>			
\$4,560	American Airlines Pass Through Trust, 8.608%, 10/1/12	Ba3/B+	\$4,605,600
8,282	9.73%, 9/29/14	Caa2/CCC+	7,764,102
3,834	10.18%, 1/2/13	Caa1/CCC+	3,881,918
924	United Air Lines Pass Through Trust, 10.40%, 5/1/18	Baa2/BBB+	1,069,297
			17,320,917
<b>Banking 9.2%</b>			
5,500	AgFirst Farm Credit Bank, 7.30%, 2/28/11 (a) (b) (d) (g) (k)	NR/A	4,659,622
	(acquisition cost-\$4,709,000; purchased 2/26/10-4/15/10)		
£13,600	Barclays Bank PLC, 14.00%, 6/15/19 (g)	Baa2/A-	26,848,540
\$6,700	BBVA Bancomer S.A., 7.25%, 4/22/20 (a) (d)	A3/NR	6,963,404
20,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 6.875%, 3/19/20	NR/NR	26,822,476
\$2,000	Den Norske Bank ASA, 7.729%, 6/29/11 (a) (d) (g)	Baa3/BBB+	2,009,458
1,400	HBOS PLC, 6.75%, 5/21/18 (a) (d) (j)	Baa3/BBB-	1,292,715
1,675	Regions Financial Corp., 7.375%, 12/10/37	B1/BB	1,608,000
			70,204,215
<b>Chemicals 0.6%</b>			
4,320	Lyondell Chemical Co., 8.00%, 11/1/17 (a) (d)	Ba2/BB	4,833,000
<b>Energy 1.6%</b>			
10,229	AES Red Oak LLC, 8.54%, 11/30/19	B2/BB-	10,306,174
2,300	Dynegy Roseton/Danskammer Pass Through Trust, 7.67%, 11/8/16, Ser. B	Caa2/B-	2,185,000
			12,491,174
<b>Financial Services 31.7%</b>			
30	Ally Financial, Inc., 2.892%, 3/15/12, FRN	B3/B	29,438
416	5.25%, 1/15/14	B3/B	401,879
315	5.35%, 1/15/14	B3/B	305,140
130	5.70%, 6/15/13	B3/B	128,294
561	5.75%, 1/15/14	B3/B	549,372
565	5.90%, 1/15/19	B3/B	497,989
3	5.90%, 2/15/19	B3/B	2,636
585	6.00%, 12/15/13	B3/B	577,714
1,437	6.00%, 2/15/19	B3/B	1,272,321
119	6.00%, 3/15/19	B3/B	105,064
9	6.00%, 9/15/19	B3/B	7,939
486	6.10%, 9/15/19	B3/B	432,302
159	6.125%, 10/15/19	B3/B	141,548
394	6.15%, 8/15/19	B3/B	351,033
454	6.15%, 10/15/19	B3/B	404,871
675	6.20%, 4/15/19	B3/B	604,109
500	6.25%, 12/15/18	B3/B	450,134
47	6.25%, 7/15/19	B3/B	42,265
7	6.35%, 4/15/16	B3/B	6,608
792	6.35%, 10/15/16	B3/B	746,801
303	6.35%, 4/15/19	B3/B	273,875

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1,142	6.35%, 7/15/19	B3/B	1,033,894
463	6.375%, 1/15/14	B3/B	459,827
256	6.50%, 7/15/12	B3/B	254,980

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**PIMCO Income Strategy Fund II Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>Financial Services (continued)</b>			
\$249	6.50%, 9/15/16	B3/B	\$236,517
608	6.50%, 10/15/16	B3/B	577,456
5	6.50%, 6/15/18	B3/B	4,628
449	6.50%, 11/15/18	B3/B	411,994
190	6.50%, 12/15/18	B3/B	173,708
15	6.50%, 5/15/19	B3/B	13,700
45	6.60%, 6/15/12	B3/B	44,879
208	6.60%, 8/15/16	B3/B	198,414
864	6.60%, 5/15/18	B3/B	807,983
100	6.60%, 6/15/19	B3/B	91,995
132	6.65%, 10/15/18	B3/B	122,500
190	6.70%, 5/15/14	B3/B	189,374
256	6.70%, 6/15/18	B3/B	239,961
335	6.70%, 12/15/19	B3/B	307,674
160	6.75%, 9/15/12	B3/B	159,453
844	6.75%, 10/15/12	B3/B	842,936
555	6.75%, 6/15/14	B3/B	552,631
215	6.75%, 8/15/16	B3/B	206,640
1,136	6.75%, 11/15/16	B3/B	1,091,940
210	6.75%, 6/15/17	B3/B	200,253
831	6.75%, 7/15/18	B3/B	781,373
3	6.75%, 9/15/18	B3/B	2,804
612	6.75%, 10/15/18	B3/B	571,036
107	6.75%, 11/15/18	B3/B	99,764
92	6.80%, 9/15/16	B3/B	88,629
12	6.80%, 9/15/18	B3/B	11,250
207	6.85%, 4/15/16	B3/B	199,781
7	6.875%, 7/15/18	B3/B	6,601
319	6.90%, 7/15/18	B3/B	303,128
326	6.90%, 8/15/18	B3/B	308,656
135	6.95%, 6/15/17	B3/B	130,129
201	7.00%, 8/15/16	B3/B	195,409
1,729	7.00%, 11/15/16	B3/B	1,681,791
580	7.00%, 12/15/16	B3/B	564,308
1,729	7.00%, 1/15/17	B3/B	1,682,524
601	7.00%, 2/15/17	B3/B	584,872
1,087	7.00%, 6/15/17	B3/B	1,050,466
1,073	7.00%, 7/15/17	B3/B	1,036,222
43	7.00%, 2/15/18	B3/B	41,599
506	7.00%, 3/15/18	B3/B	487,912
15	7.00%, 5/15/18	B3/B	14,361
400	7.00%, 9/15/18	B3/B	379,288
134	7.00%, 6/15/22	B3/B	123,998
2,035	7.00%, 11/15/24	B3/B	1,905,863
325	7.05%, 3/15/18	B3/B	314,257
4	7.05%, 4/15/18	B3/B	3,854
837	7.10%, 9/15/12	B3/B	837,593
28	7.15%, 11/15/12	B3/B	28,053
6	7.15%, 9/15/18	B3/B	5,743

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477	7.20%, 10/15/17	B3/B	464,581
339	7.25%, 8/15/12	B3/B	340,181
1,998	7.25%, 12/15/12	B3/B	2,003,502
55	7.25%, 6/15/16	B3/B	54,026

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January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>Financial Services (continued)</b>			
\$653	7.25%, 9/15/17	B3/B	\$638,020
329	7.25%, 1/15/18	B3/B	323,168
255	7.25%, 4/15/18	B3/B	248,394
39	7.30%, 12/15/17	B3/B	38,426
503	7.30%, 1/15/18	B3/B	495,366
165	7.35%, 1/15/17	B3/B	163,230
58	7.35%, 4/15/18	B3/B	56,817
25	7.375%, 11/15/16	B3/B	24,739
55	7.375%, 4/15/18	B3/B	53,952
166	7.40%, 12/15/17	B3/B	164,375
1,828	7.50%, 11/15/16	B3/B	1,818,637
15	7.50%, 8/15/17	B3/B	14,851
559	7.50%, 11/15/17	B3/B	555,062
290	7.50%, 12/15/17	B3/B	288,520
40	8.00%, 3/15/17	B3/B	40,097
3	8.125%, 11/15/17	B3/B	3,009
25	8.20%, 3/15/17	B3/B	25,066
24	8.40%, 8/15/15	B3/B	24,252
224	9.00%, 7/15/20	B3/B	227,709
£2,100	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/BB+	2,522,757
\$10,100	Bank of America Corp., 8.125%, 5/15/18 (g) (j)	Ba3/BB+	10,482,992
2,900	Capital One Capital VI, 8.875%, 5/15/40	Baa3/BB	3,088,500
	CIT Group, Inc.,		
2,220	7.00%, 5/1/13	B3/B+	2,272,636
1,068	7.00%, 5/1/14	B3/B+	1,090,549
1,068	7.00%, 5/1/15	B3/B+	1,085,209
2,129	7.00%, 5/1/16	B3/B+	2,155,162
2,492	7.00%, 5/1/17	B3/B+	2,519,702
200	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37)	Ba1/BB+	209,750
	Ford Motor Credit Co. LLC,		
6,200	5.625%, 9/15/15	Ba2/B+	6,522,462
4,300	7.80%, 6/1/12	Ba2/B+	4,589,635
15,400	8.125%, 1/15/20	Ba2/B+	18,065,848
10,100	General Electric Capital Corp., 6.375%, 11/15/67, (converts to FRN on 11/15/17) (j)	Aa3/A+	10,238,875
11,000	ILFC E-Capital Trust II, 6.25%, 12/21/65, (converts to FRN on 12/21/15) (a) (d)	B3/BB	9,020,000
	International Lease Finance Corp.,		
4,950	5.625%, 9/20/13	B1/BB+	5,086,125
5,950	6.625%, 11/15/13	B1/BB+	6,247,500
2,000	8.625%, 9/15/15 (a) (d)	B1/BB+	2,235,000
	LBG Capital No.1 PLC,		
500	6.439%, 5/23/20	Ba3/BB-	577,533
500	7.375%, 3/12/20	Ba3/BB-	596,727
£300	7.588%, 5/12/20	Ba3/BB-	424,063
£10,200	7.867%, 12/17/19	Ba3/BB-	14,377,312
£1,000	7.869%, 8/25/20	Ba3/BB-	1,421,553

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\$4,500	7.875%, 11/1/20	Ba3/BB-	4,230,000
£4,700	11.04%, 3/19/20	Ba3/BB-	7,942,279
	LBG Capital No.2 PLC,		
8,900	8.875%, 2/7/20	Ba2/BB	11,658,909
£300	12.75%, 8/10/20	Ba2/BB	528,578

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January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody / S&P)	Value
<b>Financial Services (continued)</b>			
1,100	15.00%, 12/21/19	Ba2/BB	\$1,990,691
\$2,500	Lehman Brothers Holdings, Inc., 7.50%, 5/11/38 (e)	WR/NR	1,375
1,600	MUFG Capital Finance 2 Ltd., 4.85%, 7/25/16 (g)	Ba1/BBB+	2,029,079
\$22,600	National City Preferred Capital Trust I, 12.00%, 12/10/12 (g)	Baa3/BBB	25,495,196
3,500	NB Capital Trust II, 7.83%, 12/15/26	Baa3/BB+	3,578,750
5,965	NSG Holdings LLC, 7.75%, 12/15/25 (a) (d)	Ba2/BB	5,577,275
100	SLM Corp., 0.603%, 1/27/14, FRN	Ba1/BBB-	93,316
650	1.356%, 6/17/13, FRN	Ba1/BBB-	802,148
\$10,000	3.322%, 9/15/15, FRN	Ba1/BBB-	8,947,800
3,400	5.375%, 5/15/14	Ba1/BBB-	3,477,122
5,000	5.625%, 8/1/33	Ba1/BBB-	4,064,440
10,700	8.00%, 3/25/20	Ba1/BBB-	11,172,833
1,700	8.45%, 6/15/18	Ba1/BBB-	1,838,657
6,750	Wells Fargo & Co., 7.98%, 3/15/18 (g)	Baa3/A-	7,256,250
			242,576,501
<b>Healthcare &amp; Hospitals 1.0%</b>			
6,700	HCA, Inc., 9.625%, 11/15/16, PIK	B2/BB-	7,244,375
<b>Insurance 17.9%</b>			
3,000	American General Institutional Capital A, 7.57%, 12/1/45 (a) (d)	Baa2/BBB-	3,105,000
10,000	American General Institutional Capital B, 8.125%, 3/15/46 (a) (d)	Baa2/BBB-	11,000,000
17,600	American International Group, Inc., 4.875%, 3/15/67, (converts to FRN on 3/15/17)	Baa2/BBB	20,872,093
\$13,600	5.45%, 5/18/17 (j)	Baa1/A-	14,130,223
£5,000	5.75%, 3/15/67, (converts to FRN on 3/15/17)	Baa2/BBB	7,147,811
\$1,900	6.25%, 3/15/87, (converts to FRN on 3/15/37) (j)	Baa2/BBB	1,759,875
10,000	8.00%, 5/22/68, (converts to FRN on 5/22/18) (a) (d)	Baa2/BBB	14,189,842
\$14,550	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Baa2/BBB	16,332,375
1,300	8.25%, 8/15/18 (j)	Baa1/A-	1,535,976
£14,100	8.625%, 5/22/68, (converts to FRN on 5/22/18)	Baa2/BBB	24,391,455
\$1,700	AXA S.A., 6.463%, 12/14/18 (a) (d) (g)	Baa1/BBB	1,504,500
4,700	Hartford Financial Services Group, Inc., 8.125%, 6/15/68, (converts to FRN on 6/15/18)	Ba1/BB+	5,146,500
15,000	Metlife Capital Trust IV, 7.875%, 12/15/67, (converts to FRN on 12/15/37) (a) (d)	Baa2/BBB	16,237,500
			137,353,150
<b>Oil &amp; Gas 1.0%</b>			
8,300	El Paso Corp., 7.42%, 2/15/37	Ba3/BB-	7,868,284
<b>Telecommunications 0.0%</b>			
200	Sprint Capital Corp., 8.75%, 3/15/32	Ba3/BB-	209,250
<b>Utilities 0.5%</b>			
3,900	AES Andres Dominicana, 9.50%, 11/12/20 (a) (d)	NR/B-	4,173,000
Total Corporate Bonds & Notes (cost-\$436,626,107)			504,273,866



PIMCO Income Strategy Fund

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**PIMCO Income Strategy Fund II Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
<b>MORTGAGE-BACKED SECURITIES 16.6%</b>			
\$396	Banc of America Alternative Loan Trust, 6.00%, 1/25/36, CMO	Caa2/NR	\$307,485
127	Banc of America Funding Corp., CMO, 5.883%, 1/20/47, VRN	NR/CCC	93,362
14,600	6.00%, 3/25/37	Caa2/CCC	10,257,537
128	Chase Mortgage Finance Corp., CMO, 2.949%, 12/25/35, FRN	NR/CCC	123,853
3,650	5.025%, 3/25/37, FRN	Caa2/NR	3,079,680
3,017	5.50%, 5/25/36	B3/NR	2,844,089
1,117	Citicorp Mortgage Securities, Inc., CMO, 5.50%, 4/25/37	Caa1/NR	1,036,003
8,454	6.00%, 9/25/37	B3/NR	8,417,260
2,519	Countrywide Alternative Loan Trust, CMO, 5.50%, 1/25/36	Caa3/CCC	1,906,630
2,378	5.75%, 12/25/36	NR/CC	1,659,926
8,709	6.00%, 5/25/36	Caa3/NR	6,312,973
1,608	6.00%, 4/25/37	NR/CC	1,045,283
7,043	6.086%, 4/25/36, VRN	Ca/CCC	4,912,614
2,792	6.25%, 11/25/36	Caa3/NR	2,224,618
1,378	6.50%, 8/25/36	Ca/CC	861,556
3,297	Countrywide Home Loan Mortgage Pass Through Trust, CMO, 5.75%, 3/25/37	NR/CCC	2,928,760
2,397	6.00%, 5/25/36	NR/CCC	2,155,806
1,800	6.00%, 2/25/37	NR/CCC	1,478,683
7,700	6.00%, 3/25/37	NR/CCC	6,790,387
3,442	6.25%, 9/25/36	B3/NR	3,076,866
3,749	First Horizon Asset Securities, Inc., 2.796%, 11/25/35, CMO, FRN	NR/B	3,232,196
5,058	JPMorgan Alternative Loan Trust, 5.323%, 5/25/36, CMO, VRN	NR/CCC	3,494,966
7,500	JPMorgan Chase Commercial Mortgage Securities Corp., 5.653%, 3/18/51, CMO, VRN (a) (d)	A1/NR	7,469,059
1,965	JPMorgan Mortgage Trust, CMO, 5.349%, 10/25/35, VRN	B2/NR	1,875,397
913	6.00%, 8/25/37	NR/CCC	832,491
375	6.50%, 9/25/35	NR/B+	383,945
2,212	MASTR Asset Securitization Trust, 6.50%, 11/25/37, CMO	NR/CCC	2,093,434
2,100	Morgan Stanley Reremic Trust, 5.808%, 8/12/45, CMO, VRN (a) (d)	A3/NR	2,149,689
86	Nomura Asset Acceptance Corp., 4.976%, 5/25/35, CMO Residential Asset Securitization Trust, CMO,	Caa2/CCC	61,765
3,036	5.75%, 2/25/36	Caa3/D	2,308,745
1,193	6.00%, 9/25/36	Ca/D	748,640
3,269	6.00%, 7/25/37	NR/CCC	2,483,274
6,672	Residential Funding Mortgage Securities I, CMO, 5.405%, 9/25/35, VRN	Caa2/CCC	5,578,062

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13,803	6.00%, 6/25/37	NR/CC	12,109,622
3,553	6.25%, 8/25/36	Caa1/CCC	3,256,693
1,384	Sequoia Mortgage Trust, 0.974%, 5/20/34, CMO, FRN	A1/AAA	1,166,411
1,194	Suntrust Adjustable Rate Mortgage Loan Trust, 5.833%, 2/25/37, CMO, FRN	NR/CCC	937,518
2,000	WaMu Mortgage Pass Through Certificates, CMO, 5.724%, 2/25/37, FRN	NR/CCC	1,781,199
718	5.852%, 9/25/36, VRN	NR/CCC	570,466

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**PIMCO Income Strategy Fund II Schedule of Investments**

January 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
	Wells Fargo Mortgage-Backed Securities Trust, CMO,		
\$667	2.896%, 4/25/36, VRN	NR/BB+	\$593,592
1,257	4.338%, 7/25/36, FRN	NR/CCC	1,026,377
11,541	5.433%, 7/25/36, FRN	NR/CCC	9,571,469
2,000	5.75%, 3/25/37	Caa2/NR	1,729,866
Total Mortgage-Backed Securities (cost-\$116,022,982)			126,968,247

Shares

**PREFERRED STOCK 5.3%**

**Automotive Products 0.0%**

20,275	Dura Automotive Systems, Inc., 20.00% (b) (f) (i)	NR/NR	10,137
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**Banking 1.6%**

221,900	CoBank Acb, 11.00%, 7/1/13, Ser. C (a) (b) (d) (g) (k) (l) (acquisition cost-\$12,197,000; purchased 2/26/10-8/16/10)	NR/A	12,398,663
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**Diversified Financial Services 0.8%**

240,000	Citigroup Capital XIII, 7.875%, 10/30/15 (l)	Ba1/BB+	6,415,200
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**Financial Services 0.7%**

5,000	Farm Credit Bank, 10.00%, 12/15/20, Ser. 1 (a) (b) (g)	A3/NR	5,293,750
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**Insurance 1.7%**

21,655	ABN AMRO North America Capital Funding Trust I, 1.357% (a) (d) (m)	Ba3/BB+	13,026,836
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**Real Estate Investment Trust 0.5%**

3,000	Sovereign Real Estate Investment Trust, 12.00%, 5/16/20 (a) (d) (g)	Baa3/BBB+	3,427,500
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Total Preferred Stock (cost-\$38,139,512)

40,572,086

Principal  
Amount  
(000s)

**MUNICIPAL BONDS 4.1%**

**Illinois 0.7%**

\$5,500	State, GO, 6.63%, 2/1/35	A1/A+	4,966,500
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**Ohio 1.9%**

13,000	American Municipal Power-Ohio, Inc. Rev., 8.084%, 2/15/50, Ser. B	A3/A	14,372,410
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**Texas 1.5%**

11,500	North Texas Tollway Auth. Rev., 8.91%, 2/1/30	Baa3/NR	11,784,970
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Total Municipal Bonds (cost-\$29,414,003)

31,123,880

**SENIOR LOANS (a) (c) 3.1%**

**Consumer Products 0.4%**

3,000	National Mentor, Inc., 2.56%, 6/29/12 (b) (k) (acquisition cost-\$2,994,751; purchased 9/26/06)		2,820,000
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