

PCM FUND, INC.  
Form N-CSRS  
August 27, 2013  
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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: 811-07816

**PCM Fund, Inc.**

(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York 10019

(Address of principal executive offices) (Zip code)

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**Lawrence G. Altadonna 1633 Broadway, New York, New York 10019**

(Name and address of agent for service)

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

**Date of fiscal year end: December 31, 2013**

**Date of reporting period: June 30, 2013**

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ITEM 1. REPORT TO SHAREHOLDERS

PCM Fund, Inc.

PIMCO Dynamic Credit Income Fund

**Semiannual Report**

**June 30, 2013**

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Letter from the Chairman and President & CEO

Hans W. Kertess

*Chairman of the Board*

Brian S. Shlissel

*President & Chief Executive Officer*

Dear Stockholders/Shareholders:

The US economy continued to expand throughout the fiscal six-month reporting period ended June 30, 2013. In contrast, growth in many other developed countries moderated and in certain situations fell into recession. Overall, the Federal Reserve's (the Fed) monetary policy supported the US stock market while the US fixed income market was adversely impacted by rising interest rates.

For the reporting period ended June 30, 2013:

n PCM Fund, Inc. returned 3.74% on net asset value ( NAV ) and 1.57% on market price.

n PIMCO Dynamic Credit Income Fund returned 1.06% on NAV and -6.52% on market price since its inception on January 31, 2013.

For the six-month reporting period ended June 30, 2013, the US Treasury market, as measured by the Barclays US Treasury Index, returned 0.06% and the Barclays Fixed Rate MBS Index, which measures the performance of investment grade fixed-rate mortgage backed securities, declined 2.04% during the period. The Barclays US Aggregate Index, a broad measure of government and corporate bond performance, fell 2.44% and the Barclays US Credit Index, a measure of corporate bond performance, declined 3.62%.

The US economy continued to grow during the fiscal six-month reporting period however, the pace of expansion was far from robust. Gross domestic product ( GDP ), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, grew at an annual pace of 0.4% during the fourth quarter of 2012. GDP growth rose to 1.8% during the first quarter of 2013, partially due to stronger consumer spending.

While US economic data was mixed, there were continuing signs of the long-awaited recovery in the housing market. In addition unemployment remains elevated although the unemployment rate declined from 7.8% in December 2012

to 7.6% in June 2013 as the pace of new job growth trended higher. Elsewhere, despite concerns of higher tax rates, the fiscal cliff and sequestration, consumer spending held up relatively well during the reporting period.

The Fed and other developed country central banks, including the European Central Bank and The Bank of Japan, maintained their accommodative monetary policies during the reporting period. However, following its meeting on June 19, 2013, Fed Chairman Bernanke said the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year; and if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear. These comments triggered a sharp rise in Treasury yields and falling bond prices. The benchmark 10-year Treasury bond began the fiscal period yielding 1.78% and ended the six-month period at 2.52%.

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**Outlook**

As the second half of the year unfolds, the mood appears similar to late December 2012. Market volatility has increased, not due to economic concerns, but rather uncertainties surrounding the Fed tapering its asset purchases. In fact, most economic measures have demonstrated improvement. The housing market has rebounded sharply in recent months, the labor market has picked up and consumer confidence has been on the upswing. At the same time, inflation remains tame.

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Still, there are two major headwinds: fear over the Fed winding down quantitative easing sooner than expected and concerns about China's economic slowdown and overall emerging market weakness. We expect the Fed's stance to remain accommodative, even if it starts to taper its purchase program toward the end of the year. Fed tapering is likely to create higher volatility, but we believe that the Fed will only raise interest rates if it is confident the economic recovery is on solid footing. As for China, its cyclical data is showing signs of weakness, but it is our view that it is not weak enough to dramatically curtail growth.

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 are available on our website, [us.allianzgi.com/closedendfunds](http://us.allianzgi.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 of the Board*

Brian S. Shlissel  
*President & Chief Executive Officer*





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**Fund Insights**

PCM Fund, Inc.

PIMCO Dynamic Credit Income Fund

PCM Fund, Inc.

For the six-month reporting period ended June 30, 2013, PCM Fund, Inc. (the Fund ) returned 3.74% on net asset value ( NAV ) and 1.57% on market price, outperforming the unmanaged Barclays CMBS Investment Grade Index (the benchmark index ), which returned -1.31% during the reporting period.

The US fixed income market experienced periods of volatility during the reporting period, all told, weak results were generated. Market volatility was triggered by a number of factors, including uncertainties regarding the sequestration, the ongoing European sovereign debt crisis and geopolitical issues. While the Federal Reserve (the Fed ) maintained its highly accommodative monetary policy, in June, the Fed indicated that it may begin to taper its asset purchase program sooner than previously anticipated. Against this backdrop, both short- and long-term Treasury yields moved sharply higher and the yield curve steepened.

Most spread sectors (non-US Treasuries) posted negative returns and generally performed in line with equal-duration Treasuries during the six months ended June 30, 2013. One notable exception was high yield corporate bonds, as the Barclays High Yield Index gained 1.42% during the reporting period. In contrast, the overall US fixed income market (as measured by the Barclays US Aggregate Index) declined 2.44%, and the commercial mortgage-backed

securities ( CMBS ) market, as measured by the benchmark index, fell 1.31%. For much of the reporting period, the CMBS market benefited from the strengthening economic environment and gradually improving fundamentals. However, the fixed income market's sell-off in June 2013 also negatively impacted CMBS, which more than offset the gains achieved from the proceeding five months. Within the CMBS market, lower rated securities outperformed higher rated investments, as fixed-rate BBB CMBS returned 0.55%, compared to -1.71% for fixed-rate AAA CMBS.

Spread sector exposures generally produced positive results

The Fund's exposure to the Banking sector contributed to performance during the reporting period. This sector generated solid results due to improving fundamentals and the ongoing economic recovery. The Fund's performance was further enhanced by an allocation to non-agency mortgage-backed securities. The sector benefited from overall solid demand from investors looking to generate incremental yield in the low interest rate environment. Supporting non-agency mortgage-backed securities were continued signs of a rebound in the housing market.

Detracting from performance was the Fund's allocation to super-senior CMBS as CMBS positioned high in the capital structure underperformed the lower rated (less senior) portion of the CMBS capital structure.

1. The Barclays CMBS Investment Grade Index is an index designed to mirror commercial mortgage-backed securities ( CMBS ) of investment grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch

respectively, with maturity of at least one year.

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**Fund Insights** (continued)

**PIMCO Dynamic Credit Income Fund**

For the period from its inception on January 31, 2013 through June 30, 2013 (the reporting period), PIMCO Dynamic Credit Income Fund (the Fund) returned 1.06% on net asset value (NAV) and -6.52% on market price. In comparison, the 80% Barclays Investment Grade Index/20% BofA High Yield Index (the benchmark index) returned -2.26%, the Barclays Global Credit Index, the BofA Merrill Lynch Global High Yield BB/B Constrained Index and the Credit Suisse Leveraged Loan Index returned -3.11%, -0.45% and 1.67%, respectively, during the same period.

The US fixed income market experienced periods of volatility during the reporting period. Market volatility was triggered by a number of factors, including moderating global growth, uncertainties regarding sequestration and the ongoing European sovereign debt crisis. A sharp rise in Treasury yields and falling bond prices were triggered by uncertainties surrounding the Fed tapering its asset purchases.

**Sector and duration positioning drive results**

An allocation to non-agency mortgage-backed securities contributed to results, as this sector outperformed the broader credit market due to generally positive supply/demand technicals. An emphasis on banking issues enhanced performance, as these bonds outperformed the broad credit market during the reporting period.

Extending the Fund's duration in the second quarter detracted from performance, as rates rose sharply on the Fed's taper talk. The Fund's overweighting compared to the broad market to high yield corporate bonds was detrimental for performance, as their spreads widened during the reporting period. However, this was somewhat offset by the positive impact of the Fund's exposure to higher coupon high yield corporate bonds. Elsewhere, the Fund's tactical exposure to emerging market debt was not rewarded, as this asset class underperformed the broad credit market during the period.

**Table of Contents****Performance and Statistics**

PCM Fund, Inc.

June 30, 2013 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
Six Month	1.57%	3.74%
1 Year	15.95%	21.52%
5 Year	16.90%	16.90%
10 Year	8.75%	10.21%
Commencement of Operations (9/2/93) to 6/30/13	8.92%	9.39%

**Market Price/NAV Performance:**

Commencement of Operations (9/2/93) to 6/30/13

**Market Price/NAV:**

Market Price	\$11.73
NAV	\$11.30
Premium to NAV	3.81%
Market Price Yield <sup>(2)</sup>	8.18%
Leverage Ratio <sup>(3)</sup>	37.57%

**Moody's Rating**

(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 dividends and 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 stock. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

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 Fund, market conditions, supply and demand for the Fund's stock, or changes in the Fund's dividends.

An investment in the Fund 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 one-time 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 less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly dividend per share (comprised of net investment income) by the market price per share at June 30, 2013.

(3) Represents Reverse Repurchase Agreements ( Leverage ) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

**Table of Contents****Performance and Statistics**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
Commencement of Operations (1/31/13) to 6/30/13	6.52%	1.06%

**Market Price/NAV Performance:**

Commencement of Operations (1/31/13) to 6/30/13

**Market Price/NAV:**

Market Price	\$22.91
NAV	\$23.50
Discount to NAV	(2.51)%
Market Price Yield <sup>(2)</sup>	8.18%
Leverage Ratio <sup>(3)</sup>	14.23%

**Moody's Ratings**

(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 dividends and 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.

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 Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

An investment in the Fund 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 one time 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 less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly dividend per share (comprised of net investment income and short-term capital gains, if any) by the market price per share at June 30, 2013.

(3) Represents Reverse Repurchase Agreements ( Leverage ) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage), minus liabilities (other than liabilities representing Leverage).

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PCM Fund, Inc.

June 30, 2013 (unaudited)

Principal

Amount

(000s)		Value
<b>Mortgage-Backed Securities 112.1%</b>		
\$ 456	Adjustable Rate Mortgage Trust, 2.888%, 1/25/36 CMO (i)	\$ 361,637
659	Banc of America Alternative Loan Trust, 6.47%, 4/25/37 CMO (i)	507,391
	Banc of America Funding Corp., CMO,	
848	2.985%, 12/20/34 (i)	708,763
316	5.562%, 3/20/36 (i)	295,486
1,065	7.00%, 10/25/37	651,797
	Banc of America Merrill Lynch Commercial Mortgage, Inc., 5.414%, 9/10/47	
2,000	CMO (g)	2,208,132
	Banc of America Mortgage Trust, CMO (i),	
728	2.75%, 6/20/31	742,466
448	2.811%, 6/25/35	422,315
704	3.101%, 11/25/34	693,034
	BCAP LLC Trust, CMO (a)(c)(i),	
87	0.393%, 7/26/36	36,707
150	5.006%, 3/26/36	143,517
1,000	BCRR Trust, 5.858%, 7/17/40 CMO (a)(c)(g)(i)	1,105,087
	Bear Stearns Adjustable Rate Mortgage Trust, CMO (i),	
1,886	2.674%, 10/25/35	1,851,166
327	2.702%, 5/25/34	307,047
	Bear Stearns ALT-A Trust, CMO (i),	
75	2.552%, 5/25/36	39,876
1,537	2.594%, 8/25/36	1,053,187
534	2.727%, 5/25/36	350,111
94	2.888%, 1/25/47	62,555
1,202	2.911%, 11/25/36	793,374
314	3.395%, 9/25/34	304,537
569	3.645%, 8/25/36	387,100
275	4.447%, 7/25/35	212,823
160	Bear Stearns Asset-Backed Securities Trust, 5.50%, 12/25/35 CMO	149,347
	Bear Stearns Commercial Mortgage Securities Trust, CMO,	
1,300	5.623%, 3/13/40 (a)(c)(i)	1,301,890
3,000	5.694%, 6/11/50 (g)(i)	3,411,084
2,000	5.905%, 6/11/40 (g)(i)	2,269,805
1,000	6.06%, 5/11/39 (a)(c)(i)	1,013,478



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2	6.50%, 2/15/32 (b)	908
	CBA Commercial Small Balance Commercial Mortgage, 5.54%, 1/25/39 CMO (a)(b)(c)(h) (acquisition cost-\$707,844; purchased 11/18/09)	772,407
1,256		
594	Chase Mortgage Finance Trust, 6.00%, 3/25/37 CMO	518,341
	Citigroup Commercial Mortgage Trust, CMO (i),	
87,285	0.652%, 5/15/43 IO (a)(c)	674,978
2,500	5.885%, 12/10/49 (g)	2,844,096
	Citigroup Mortgage Loan Trust, Inc., CMO (i),	
399	2.846%, 8/25/35	343,344
530	2.908%, 9/25/35	455,010
508	4.656%, 11/25/36	409,036

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 4,012	Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/49 CMO (g)	\$ 4,432,993
121	CitiMortgage Alternative Loan Trust, 5.50%, 4/25/22 CMO	123,785
1,925	COBALT CMBS Commercial Mortgage Trust, 5.223%, 8/15/48 CMO (g)	2,092,327
	Commercial Mortgage Trust, CMO (a)(c),	
690	6.078%, 7/10/46 (i)	724,264
791	6.586%, 7/16/34	908,179
1,500	7.16%, 7/16/34 (i)	1,769,752
	Countrywide Alternative Loan Trust, CMO,	
1,479	0.373%, 6/25/47 (g)(i)	1,027,481
2,951	0.402%, 7/20/46 (i)	1,656,954
467	0.473%, 2/25/37 (i)	322,667
1,688	0.483%, 2/25/36 (i)	1,020,148
3,786	1.173%, 12/25/35 (g)(i)	2,706,079
295	6.00%, 11/25/35	208,929
1,190	6.00%, 5/25/37	923,695
	Countrywide Home Loan Mortgage Pass-Through Trust, CMO,	
358	0.513%, 3/25/35 (i)	254,639
290	2.763%, 9/20/36 (i)	190,780
34	2.783%, 2/20/36 (i)	29,581
1,158	3.08%, 9/25/47 (i)	937,959
817	6.00%, 5/25/37	707,307
	Credit Suisse First Boston Mortgage Securities Corp., CMO,	
2,588	1.043%, 12/15/35 IO (a)(c)(i)	6,921
127	7.00%, 2/25/33	137,328
625	7.46%, 1/17/35 (i)	626,911
	Credit Suisse Mortgage Capital Certificates, CMO,	
4,806	5.467%, 9/15/39 (g)	5,310,463
1,000	5.467%, 9/18/39 (a)(c)(i)	1,089,654
	Credit Suisse Mortgage Capital Certificates Mortgage-Backed Trust, CMO,	
389	5.896%, 4/25/36	363,460
306	6.50%, 5/25/36	214,187
	FFCA Secured Lending Corp.,	
	1.073%, 9/18/27 CMO, IO (a)(b)(c)(h)(i)	
2,715	(acquisition cost-\$624,854; purchased 11/17/00)	62,678

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294	First Horizon Alternative Mortgage Securities Trust, 2.297%, 8/25/35 CMO (i)	60,890
241	First Horizon Mortgage Pass-Through Trust, 2.657%, 4/25/35 CMO (i)	240,375
15,462	FREMF Mortgage Trust, 0.10%, 5/25/20 CMO, IO (e)(i)	74,011
695	GMAC Commercial Mortgage Securities, Inc., CMO (a)(c)(i), 5.539%, 4/10/40	697,386
1,500	6.957%, 5/15/30 (d)	201,354
1,500	8.576%, 9/15/35	1,502,065
1,500	Greenwich Capital Commercial Funding Corp., CMO, 5.419%, 1/5/36 (a)(c)(i)	1,512,961
2,000	5.444%, 3/10/39 (g)	2,218,849
6,416	GS Mortgage Securities Corp. II Trust, CMO, 2.794%, 5/10/45 IO (b)(i)	891,194

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 2,710	4.805%, 3/6/20 (a)(c)(i)	\$ 2,728,633
5,750	5.56%, 11/10/39 (g)	6,386,525
	GS Mortgage Securities Trust, CMO (a)(c)(i),	
17,617	1.667%, 8/10/43 IO	1,319,934
1,670	6.127%, 8/10/43	1,677,932
	Harborview Mortgage Loan Trust, CMO (i),	
93	0.382%, 1/19/38	75,101
1,279	0.442%, 1/19/36	831,697
667	5.366%, 6/19/36	475,310
831	IndyMac INDA Mortgage Loan Trust, 2.978%, 6/25/37 CMO (i)	745,564
	IndyMac Index Mortgage Loan Trust, CMO (i),	
212	0.993%, 11/25/34	181,791
324	3.156%, 5/25/36	209,623
	JPMorgan Chase Commercial Mortgage Securities Corp., CMO,	
61,000	0.578%, 2/15/46 IO (a)(c)(i)	2,085,346
1,035	1.259%, 3/12/39 IO (a)(c)(i)	23,368
4,100	5.714%, 3/18/51 (a)(c)(e)(g)(i)	4,457,081
1,195	5.794%, 2/12/51 (g)(i)	1,366,327
1,400	5.901%, 2/12/49 (g)(i)	1,576,347
1,150	6.125%, 2/15/51 (g)(i)	1,196,100
384	6.135%, 7/12/37 (a)(c)	384,755
7,000	6.45%, 5/12/34 (i)	7,480,490
303	JPMorgan Mortgage Trust, 2.882%, 7/25/35 CMO (g)(i)	299,579
	LB Commercial Mortgage Trust, CMO,	
520	5.60%, 10/15/35 (a)(c)	554,591
950	6.081%, 7/15/44 (i)	1,079,541
1,278	LB-UBS Commercial Mortgage Trust, 5.347%, 11/15/38 CMO (g)	1,418,503
	Lehman Mortgage Trust, CMO,	
1,052	6.00%, 5/25/37	1,013,949
462	6.334%, 4/25/36 (i)	440,573
1,386	Luminent Mortgage Trust, 0.363%, 12/25/36 CMO (i)	1,028,570
1,377	MASTR Asset Securitization Trust, 6.00%, 6/25/36 CMO (i)	1,300,887
	Merrill Lynch/Countrywide Commercial Mortgage Trust, CMO (g),	
1,500	5.485%, 3/12/51 (i)	1,666,189

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2,300	5.70%, 9/12/49	2,587,410
	MLCC Mortgage Investors, Inc., CMO (i),	
522	0.403%, 7/25/30	482,831
397	0.523%, 11/25/29	378,492
126	2.254%, 11/25/35	117,480
478	2.761%, 11/25/35	458,899
315	Morgan Stanley Capital I Trust, 5.692%, 4/15/49 CMO (i)	352,161
	Morgan Stanley Capital I, Inc., CMO,	
68,491	0.447%, 11/12/49 IO (a)(c)(i)	615,391
2,000	5.447%, 2/12/44 (g)(i)	2,235,726
558	5.809%, 12/12/49	632,312

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 4,000	6.01%, 11/15/30 (a)(c)	\$ 4,238,942
623	Morgan Stanley Dean Witter Capital I, Inc., 6.50%, 11/15/36 CMO (a)(c)	624,851
	Morgan Stanley Mortgage Loan Trust, CMO,	
553	3.136%, 1/25/35 (i)	34,212
726	6.00%, 8/25/37	658,329
	Morgan Stanley Re-Remic Trust, zero coupon,	
1,200	7/17/56 CMO, PO (a)(b)(c)(h) (acquisition cost-\$1,120,619; purchased 4/6/11)	1,176,000
	Ocwen Residential MBS Corp., 7.00%, 10/25/40 CMO (a)(b)(c)(e)(h)(i)	
21	(acquisition cost-\$1,438; purchased 6/25/08)	41
	RBSCF Trust, CMO (a)(c)(i),	
1,000	5.223%, 8/16/48	1,083,697
1,000	5.331%, 2/16/44	1,069,280
1,000	5.336%, 5/16/47 (g)	1,087,308
2,744	6.068%, 2/17/51	2,805,188
549	Regal Trust IV, 2.47%, 9/29/31 CMO (a)(c)(i)	502,401
	Residential Accredited Loans, Inc., CMO,	
229	0.373%, 6/25/46 (i)	103,078
718	3.81%, 1/25/36 (i)	542,479
570	6.00%, 8/25/35	499,175
557	6.50%, 9/25/37	438,449
407	Residential Asset Securitization Trust, 6.00%, 3/25/37 CMO	304,934
716	Residential Funding Mortgage Securities I, 6.00%, 6/25/36 CMO	669,755
	RMF Commercial Mortgage Pass-Through Certificates,	
230	9.35%, 1/15/19 CMO (a)(c)(i)	229,190
	Structured Adjustable Rate Mortgage Loan Trust, CMO (i),	
672	4.871%, 11/25/36	642,543
966	5.057%, 4/25/36	768,124
673	5.141%, 1/25/36	523,836
495	5.327%, 9/25/36	405,026
1,402	Structured Asset Mortgage Investments II Trust, 0.403%, 8/25/36 CMO (i)	1,031,299
221	Structured Asset Securities Corp., 5.00%, 5/25/35 CMO	227,079
298	TBW Mortgage-Backed Trust, 6.00%, 7/25/36 CMO	188,926
1,500	TIAA Retail Commercial Trust, 5.77%, 6/19/33 CMO (a)(c)	1,606,352
	Wachovia Bank Commercial Mortgage Trust, CMO,	
30,765	1.073%, 10/15/41 IO (a)(c)(i)	269,436

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2,500	5.188%, 2/15/41 (a)(c)(i)	2,491,215
1,000	5.509%, 4/15/47	1,103,237
1,825	6.122%, 2/15/51 (g)(i)	2,087,138
1,000	WaMu Commercial Mortgage Securities Trust, 6.294%, 3/23/45 CMO (a)(c)(i)	1,005,905
845	WaMu Mortgage Pass-Through Certificates, 2.475%, 12/25/36 CMO (g)(i)	715,535
2,919	Washington Mutual Alternative Mortgage Pass-Through Certificates, 6.50%, 8/25/36 CMO	1,785,033
114	Wells Fargo Alternative Loan Trust, 5.50%, 7/25/22 CMO	115,089
800	Wells Fargo Mortgage-Backed Securities Trust, 5.626%, 10/25/36 CMO (i)	752,221
2,238	WF-RBS Commercial Mortgage Trust, CMO, IO (a)(c)(i), 0.999%, 6/15/44	75,340
31,175	1.317%, 2/15/44 (g)	1,354,419
	Total Mortgage-Backed Securities (cost-\$124,921,105)	145,730,108

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
<b>Corporate Bonds &amp; Notes 29.2%</b>		
<b>Airlines 1.9%</b>		
\$ 225	Northwest Airlines, Inc., 1.024%, 11/20/15 (MBIA) (g)(i)	\$ 222,309
	United Air Lines Pass-Through Trust (g),	
738	6.636%, 1/2/24	789,180
711	9.75%, 7/15/18	817,922
548	10.40%, 5/1/18	630,010
		2,459,421
<b>Banking 6.5%</b>		
	Ally Financial, Inc.,	
10	5.90%, 1/15/19	10,014
126	6.00%, 2/15/19-3/15/19	124,123
30	6.15%, 3/15/16	29,671
20	6.30%, 8/15/19	19,419
16	6.50%, 10/15/16	16,034
23	6.65%, 6/15/18	23,082
25	6.70%, 6/15/18	24,694
84	6.75%, 8/15/16-10/15/18	82,908
2	6.80%, 10/15/18	1,958
12	6.85%, 4/15/16	12,024
174	6.90%, 8/15/18	170,413
193	7.00%, 6/15/17-8/15/18	192,448
46	7.05%, 3/15/18-4/15/18	45,937
6	7.15%, 9/15/18	5,970
60	7.20%, 10/15/17	60,006
133	7.25%, 9/15/17-9/15/18	130,470
297	7.30%, 12/15/17-1/15/18	296,881
76	7.35%, 4/15/18	76,055
20	7.375%, 11/15/16	20,001
36	7.40%, 12/15/17	36,003
26	7.50%, 8/15/17-11/15/17	25,780
8	7.75%, 10/15/17	8,001
37	8.00%, 10/15/17-11/15/17	37,075
5	8.20%, 3/15/17	5,012
322	9.00%, 7/15/20	322,668



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800	CIT Group, Inc., 5.25%, 4/1/14 (a)(c)(g)	814,000
2,200	Discover Bank, 7.00%, 4/15/20 (g)	2,569,948
1,200	Morgan Stanley, 0.757%, 10/15/15 (g)(i)	1,177,310
2,000	Regions Financial Corp., 7.75%, 11/10/14 (g)	2,161,864
		8,499,769
	<b>Coal 0.8%</b>	
950	CONSOL Energy, Inc., 8.00%, 4/1/17 (g)	1,004,625
	<b>Diversified Financial Services 7.3%</b>	
1,000	Cantor Fitzgerald L.P., 7.875%, 10/15/19 (a)(c)(g)	1,035,541
1,000	Ford Motor Credit Co. LLC (g), 6.625%, 8/15/17	1,132,481

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
<b>Diversified Financial Services (continued)</b>		
\$ 500	8.00%, 12/15/16	\$ 586,722
1,600	International Lease Finance Corp., 7.125%, 9/1/18 (a)(c)(g)	1,776,000
800	Jefferies LoanCore LLC, 6.875%, 6/1/20 (a)(b)(c)(g)(h) (acquisition cost-\$809,250; purchased 5/16/13-5/17/13)	780,000
	SLM Corp. (g),	
1,000	8.00%, 3/25/20	1,086,250
1,100	8.45%, 6/15/18	1,226,500
	Springleaf Finance Corp. (g),	
455	6.50%, 9/15/17	441,350
1,200	6.90%, 12/15/17	1,183,500
1,544	Toll Road Investors Partnership II L.P., zero coupon, 2/15/45 (MBIA) (a)(b)(c)(h) (acquisition cost-\$252,815; purchased 11/20/12)	257,260
		9,505,604
<b>Electric Utilities 0.4%</b>		
500	Energy Future Intermediate Holding Co. LLC, 10.00%, 12/1/20 (a)(c)(g)	548,750
250	Escrow Dynegy Holdings, Inc., 7.125%, 5/15/18 (d)(e)	1,395
		550,145
<b>Engineering &amp; Construction 1.0%</b>		
1,234	Alion Science and Technology Corp., 12.00%, 11/1/14 PIK (g)	1,262,103
<b>Household Products/Wares 0.1%</b>		
100	Armored Autogroup, Inc., 9.25%, 11/1/18	92,250
<b>Insurance 4.8%</b>		
	American International Group, Inc. (g),	
500	5.45%, 5/18/17	551,976
1,100	6.40%, 12/15/20	1,277,009
2,700	8.175%, 5/15/68 (converts to FRN on 5/15/38)	3,307,500
1,000	Stone Street Trust, 5.902%, 12/15/15 (a)(c)(g)	1,074,830
		6,211,315
<b>Media 0.7%</b>		
900	Radio One, Inc., 12.50%, 5/24/16 (g)	911,250
<b>Miscellaneous Manufacturing 0.2%</b>		
334	Colt Defense LLC, 8.75%, 11/15/17 (g)	250,500

<b>Oil &amp; Gas 0.2%</b>		
285	Global Geophysical Services, Inc., 10.50%, 5/1/17 (g)	249,375
<b>Pipelines 0.3%</b>		
100	NGPL PipeCo LLC, 7.768%, 12/15/37 (a)(c)	88,500
400	Rockies Express Pipeline LLC, 6.875%, 4/15/40 (a)(c)(g)	346,000
		434,500
<b>Real Estate Investment Trust 2.7%</b>		
2,000	SL Green Realty Corp., 7.75%, 3/15/20 (g)	2,358,174
1,000	Weyerhaeuser Co., 7.375%, 3/15/32 (g)	1,204,668
		3,562,842
<b>Retail 2.3%</b>		
	CVS Pass-Through Trust (g),	
1,588	5.88%, 1/10/28	1,777,460

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Retail (continued)</b>	
\$ 930	7.507%, 1/10/32 (a)(c)	\$ 1,148,303
		2,925,763
	<b>Transportation 0.0%</b>	
40	Western Express, Inc., 12.50%, 4/15/15 (a)(c)	26,600
	Total Corporate Bonds & Notes (cost-\$34,515,550)	37,946,062
	<b>Asset-Backed Securities 12.0%</b>	
60	Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates, 5.818%, 2/25/33 (i)	3,326
140	Asset-Backed Securities Corp. Home Equity, 3.442%, 6/21/29 (i)	105,008
438	Associates Manufactured Housing Pass-Through Certificates, 7.15%, 3/15/28 (i)	522,369
411	Bayview Financial Acquisition Trust, 0.475%, 12/28/36 (i)	367,045
	Bear Stearns Asset-Backed Securities Trust (i),	
66	0.573%, 6/25/36	63,039
803	3.049%, 7/25/36	748,652
1,261	Bombardier Capital Mortgage Securitization Corp. Trust, 7.83%, 6/15/30 (i)	821,492
	Conseco Finance Securitizations Corp.,	
459	7.96%, 5/1/31	378,763
970	9.163%, 3/1/33 (i)	881,640
	Denver Arena Trust, 6.94%, 11/15/19 (a)(b)(c)(h) (acquisition cost-\$506,065; purchased 1/4/05-7/21/11)	512,740
498		
668	EMC Mortgage Loan Trust, 0.843%, 2/25/41 (a)(c)(i)	602,927
254	GE Capital Mortgage Services, Inc. Trust, 6.705%, 4/25/29 (i)	245,399
171	GSAA Trust, 0.463%, 6/25/35 (i)	160,062
6,250	IndyMac Residential Asset-Backed Trust, 0.433%, 4/25/47 (i)	3,348,481
	Keystone Owner Trust, 9.00%, 1/25/29 (a)(b)(c)(e)(h) (acquisition cost-\$49,551; purchased 2/25/00)	53,278
56		
	Legg Mason MTG Capital Corp., 7.11%, 3/10/21 (a)(b)(e)(h) (acquisition cost-\$2,318,170; purchased 1/29/13)	2,342,522
2,421		
491	Legg Mason PT, 6.55%, 3/10/20 (a)(c)(e)	477,375
600	Lehman XS Trust, 5.42%, 11/25/35	578,026
2,374	Merrill Lynch First Franklin Mortgage Loan Trust, 0.433%, 5/25/37 (i)	1,471,871
630	Merrill Lynch Mortgage Investors Trust, 0.693%, 6/25/36 (i)	556,618
720	Oakwood Mortgage Investors, Inc., 6.89%, 11/15/32 (i)	246,981

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75	Residential Asset Mortgage Products, Inc., 0.563%, 9/25/32 (i)	49,402
58	Southern Pacific Secured Asset Corp., 0.533%, 7/25/29 (i)	49,897
68	Structured Asset Investment Loan Trust, 4.693%, 10/25/33 (i)	5,738
955	UCFC Manufactured Housing Contract, 7.90%, 1/15/28 (i)	954,744
1,856	UPS Capital Business Credit, 3.456%, 4/15/26 (b)(e)(i)	64,588
	<b>Total Asset-Backed Securities (cost-\$14,891,323)</b>	<b>15,611,983</b>
<b>U.S. Government Agency Securities (i)- 1.9%</b>		
	Freddie Mac, CMO, IO,	
3,110	0.827%, 1/25/21	113,796
10,500	3.615%, 6/25/41	2,326,827
	<b>Total U.S. Government Agency Securities (cost-\$2,192,422)</b>	<b>2,440,623</b>

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)

Value

<b>Municipal Bonds 1.3%</b>		
<b>Arkansas 0.5%</b>		
\$ 760	Little Rock Municipal Property Owners Multipurpose Improvement Dist. No 10, Special Tax, Capital Improvement Projects, 7.20%, 3/1/32, Ser. B	\$ 727,312
<b>Virginia 0.2%</b>		
245	Lexington Industrial Dev. Auth. Rev., Kendall at Lexington, 8.00%, 1/1/15, Ser. C	244,944
<b>West Virginia 0.6%</b>		
885	Tobacco Settlement Finance Auth. Rev., 7.467%, 6/1/47, Ser. A	763,923
	Total Municipal Bonds (cost-\$1,829,935)	1,736,179

Shares

<b>Common Stock 0.1%</b>		
<b>Oil, Gas &amp; Consumable Fuels 0.1%</b>		
1,294	SemGroup Corp., Class A (cost-\$33,638)	69,681

Units

<b>Warrants 0.0%</b>		
<b>Engineering &amp; Construction 0.0%</b>		
1,100	Alion Science and Technology Corp., expires 11/1/14 (a)(c)(k)	11
<b>Oil, Gas &amp; Consumable Fuels 0.0%</b>		
1,362	SemGroup Corp., expires 11/30/14 (k)	41,536
	Total Warrants (cost-\$6,139)	41,547

Principal

Amount

(000s)

<b>Short-Term Investments 4.2%</b>		
<b>U.S. Treasury Obligations 3.8%</b>		
\$ 4,811	U.S. Treasury Bills, 0.124%-0.137%, 5/1/14-5/29/14 (f)(j)	4,805,990
100	U.S. Treasury Notes, 0.25%, 4/30/14	100,068
	Total U.S. Treasury Obligations (cost-\$4,905,662)	4,906,058
<b>Repurchase Agreements 0.4%</b>		

500	Citigroup Global Markets, Inc., dated 6/28/13, 0.20%, due 7/1/13, proceeds \$500,008; collateralized by U.S. Treasury Notes, 0.625%, due 9/30/17, valued at \$511,075 including accrued interest (cost-\$500,000)	500,000
	Total Short-Term Investments (cost-\$5,405,662)	5,406,058
	<b>Total Investments</b> (cost-\$183,795,774) <b>160.8%</b>	<b>208,982,241</b>
	Liabilities in excess of other assets (60.8)%	(79,006,784)
	<b>Net Assets 100.0%</b>	<b>\$ 129,975,457</b>

**Notes to Schedule of Investments:**

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$58,874,511, representing 45.3% of net assets.
- (b) Illiquid.
- (c) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (d) In default.

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

- (e) Fair-Valued Securities with an aggregate value of \$7,470,291, representing 5.7% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (f) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives.
- (g) All or partial amount transferred for the benefit of the counterparty as collateral for reverse repurchase agreements.
- (h) Restricted. The aggregate acquisition cost of such securities is \$6,390,606. The aggregate value is \$5,956,926, representing 4.6% of net assets.
- (i) Variable or Floating Rate Security Securities with an interest rate that changes periodically. The interest rate disclosed reflects the rate in effect on June 30, 2013.
- (j) Rates reflect the effective yields at purchase date.
- (k) Non-income producing.
- (l) Credit default swap agreements outstanding at June 30, 2013:  
OTC sell protection swap agreements:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount (000s) <sup>(1)</sup>	Credit Spread	Termination Date	Payments Received	Value <sup>(2)</sup>	Upfront Premiums Received	Unrealized Appreciation
<b>Deutsche Bank:</b>							
SLM	\$ 3,000	3.89%	3/20/19	5.35%	\$ 218,695	\$	\$ 218,695
<b>Royal Bank of Scotland:</b>							
Markit ABX.HE AA 06-1	6,798		7/25/45	0.32%	(2,035,265)	(3,994,597)	1,959,332
Markit ABX.HE AAA 06-1	2,505		7/25/45	0.18%	(88,770)	(250,478)	161,708



Markit ABX.HE AAA 07-1	2,593	8/25/37	0.09%	(945,388)	(1,283,544)	338,156
				\$ (2,850,728)	\$ (5,528,619)	\$ 2,677,891

Credit Spread not quoted for asset-backed securities.

- (1) This represents the maximum potential amount the Fund could be required to make available 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.
- (2) The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at June 30, 2013 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 have been 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 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.
- (m) At June 30, 2013, the Fund held \$260,000 in cash as collateral in cash as collateral for derivative contracts. Cash collateral held may be invested in accordance with the Fund's investment strategy.

(n) Open reverse repurchase agreements at June 30, 2013:

Counterparty	Rate	Trade Date	Due Date	Principal & Interest	Principal
Barclays Bank	0.55%	6/28/13	8/1/13	\$ 229,000	\$ 229,000
	0.62	2/27/13	8/27/13	1,286,742	1,284,000
	0.625	2/25/13	8/26/13	4,598,036	4,588,000
	0.65	6/3/13	7/3/13	831,420	831,000
	0.65	6/11/13	9/9/13	2,111,762	2,111,000
	0.65	6/17/13	9/18/13	501,127	501,000
	0.65	6/25/13	9/25/13	1,364,148	1,364,000
	0.65	6/28/13	9/25/13	831,000	831,000
	0.71	4/22/13	7/22/13	739,019	738,000
	0.71	4/24/13	7/22/13	1,779,399	1,777,000
	0.71	5/22/13	8/26/13	3,203,525	3,201,000
	1.023	5/6/13	8/6/13	2,109,351	2,106,000
	1.023	5/29/13	8/30/13	1,088,019	1,087,000
	1.076	5/1/13	8/1/13	1,534,793	1,532,000
	1.082	4/3/13	7/3/13	2,021,393	2,016,000

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

Counterparty	Rate	Trade Date	Due Date	Principal & Interest	Principal
Citigroup	0.943%	6/7/13	7/8/13	\$ 8,388,270	\$ 8,383,000
	0.943	6/25/13	7/25/13	1,954,307	1,954,000
Credit Suisse First Boston	0.55	5/24/13	8/23/13	3,223,871	3,222,000
Deutsche Bank	0.58	5/16/13	8/8/13	1,062,787	1,062,000
	0.58	5/23/13	8/20/13	1,215,763	1,215,000
	0.58	5/30/13	8/29/13	1,000,516	1,000,000
	0.58	6/18/13	9/18/13	3,904,818	3,904,000
	0.60	5/20/13	8/20/13	1,320,924	1,320,000
Morgan Stanley	1.10	4/11/13	7/12/13	2,071,113	2,066,000
	1.18	4/11/13	7/12/13	5,814,396	5,799,000
Royal Bank of Canada	0.44	5/16/13	8/16/13	1,273,716	1,273,000
	0.45	5/22/13	8/19/13	1,271,636	1,271,000
	0.45	5/23/13	7/2/13	587,286	587,000
	0.45	6/28/13	10/3/13	553,000	553,000
	1.272	6/24/13	9/25/13	2,052,508	2,052,000
Royal Bank of Scotland	0.48	5/17/13	8/20/13	789,473	789,000
	0.943	6/6/13	7/11/13	999,654	999,000
	0.943	6/17/13	7/17/13	5,956,183	5,954,000
	0.945	6/28/13	7/24/13	1,289,102	1,289,000
	1.092	6/24/13	7/26/13	2,039,433	2,039,000
	1.093	6/17/13	7/17/13	1,891,804	1,891,000
	1.095	6/28/13	7/24/13	2,027,185	2,027,000
	1.18	4/15/13	7/16/13	2,060,187	2,055,000
UBS	0.61	2/22/13	8/22/13	1,304,846	1,302,000
					\$ 78,202,000

(o) The weighted average daily balance of reverse repurchase agreements during the six months ended June 30, 2013 was \$86,177,829 at a weighted average interest rate of 0.93%. Total value of underlying collateral (refer to the Schedule of Investments for positions transferred for the benefit of the counterparty as collateral) for open reverse repurchase agreements at June 30, 2013 was \$82,775,729. At June 30, 2013 the Fund held U.S. Treasury Obligations valued at \$510,213 as collateral for open reverse repurchase agreements. Securities held as collateral will not be pledged and are not reflected in the Schedule of Investments.

(p) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

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	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 6/30/13
<b>Investments in Securities Assets</b>				
Mortgage-Backed Securities	\$	\$ 140,022,975	\$ 5,707,133	\$ 145,730,108
Corporate Bonds & Notes:				
Airlines		222,309	2,237,112	2,459,421
Electric Utilities		548,750	1,395	550,145
All Other		34,936,496		34,936,496
Asset-Backed Securities		12,674,220	2,937,763	15,611,983
U.S. Government Agency Securities		2,440,623		2,440,623
Municipal Bonds		1,736,179		1,736,179
Common Stock	69,681			69,681

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 6/30/13
<b>Warrants:</b>				
Engineering & Construction	\$	\$ 11	\$	\$ 11
Oil, Gas & Consumable Fuels	41,536			41,536
Short-Term Investments		5,406,058		5,406,058
	111,217	197,987,621	10,883,403	208,982,241
<b>Other Financial Instruments* Assets</b>				
Credit Contracts		2,677,891		2,677,891
<b>Totals</b>	\$ 111,217	\$ 200,665,512	\$ 10,883,403	\$ 211,660,132

At June 30, 2013, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended June 30, 2013, was as follows:

	Beginning		Net						Ending Balance 6/30/13
	Balance 12/31/12	Purchases	Sales	Accrued Discount (Premiums)	Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3**	Transfers out of Level 3	
<b>Investments in Securities Assets</b>									
Mortgage-Backed Securities	\$ 5,767,657	\$ 33,113	\$ (111,424)	\$ (4,413)	\$ (29,067)	\$ 51,267	\$	\$	\$ 5,707,133
<b>Corporate Bonds &amp; Notes:</b>									
Airlines	2,469,745		(194,559)			(38,074)			2,237,112
Electric Utilities	1,403					(8)			1,395
Asset-Backed Securities	74,173	2,857,268	(51,248)	6,479	2,143	(4,330)	53,278		2,937,763
<b>Totals</b>	\$ 8,312,978	\$ 2,890,381	\$ (357,231)	\$ 2,066	\$ (26,924)	\$ 8,855	\$ 53,278	\$	\$ 10,883,403

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The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at June 30, 2013.

	Ending Balance at 6/30/13	Valuation Technique Used	Unobservable Inputs	Input Values
<b>Investments in Securities</b>	<b>Assets</b>			
Mortgage-Backed Securities	\$ 4,457,122	Benchmark Pricing	Security Price Reset	\$0.20-\$108.71
	1,176,000	Third-Party Pricing Vendor	Single Broker Quote	\$98.00
	74,011	Interest Only Weighted Average Life Model	Security Price Reset	\$0.48
Corporate Bonds & Notes	2,237,112	Third-Party Pricing Vendor	Single Broker Quote	\$107.00-\$115.00
	1,395	Benchmark Pricing	Security Price Reset	\$0.56
Asset-Backed Securities	2,937,763	Benchmark Pricing	Security Price Reset	\$3.48-\$97.22

\* Other financial instruments are derivatives, such as swap agreements, which are valued at the unrealized appreciation (depreciation) of the instrument.

\*\* Transferred out of Level 2 into Level 3 because an evaluated price from a third-party pricing vendor was not available.

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PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

The net change in unrealized appreciation/depreciation of Level 3 investments held at June 30, 2013, was \$(12,140). Net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statement of Operations.

(q) The following is a summary of the derivative instruments categorized by risk exposure: The effect of derivatives on the Statement of Assets and Liabilities at June 30, 2013:

Location	Credit Contracts
<b>Asset derivatives:</b>	
Unrealized appreciation of OTC swaps	\$ 2,677,891

The effect of derivatives on the Statement of Operations for the six months ended June 30, 2013:

Location	Credit Contracts
<b>Net realized gain on:</b>	
Swaps	\$ 250,296
<b>Net change in unrealized appreciation/depreciation of:</b>	
Swaps	\$ 261,829

The average volume (measured at each fiscal quarter-end) of derivative activity during the six months ended June 30, 2013:

Credit Default Swap Agreements <sup>(1)</sup>

Sell
\$16,061

(1) Notional Amount (in thousands)

Financial Assets and Derivative Assets, and Collateral Received as of June 30, 2013:

## Gross Amounts Not Offset in the Statement of Assets and Liabilities

Counterparty	Gross Asset Derivatives Presented in Statement of		Financial Instrument	Collateral Received	Net Amount (not less than \$0)
	Assets and Liabilities				
Deutsche Bank	\$	218,695	\$	\$ (218,695)	\$
Royal Bank of Scotland		2,459,196		(2,459,196)	
<b>Total</b>	<b>\$</b>	<b>2,677,891</b>	<b>\$</b>	<b>\$ (2,677,891)</b>	<b>\$</b>

Financial Liabilities and Derivative Liabilities, and Collateral Pledged as of June 30, 2013:

## Gross Amounts Not Offset in the Statement of Assets and Liabilities

Counterparty	Gross Liability Derivatives Presented in Statement of		Financial Instrument	Collateral Pledged	Net Amount (not less than \$0)
	Assets and Liabilities				
Barclays Bank plc	\$	24,196,000	\$	\$ (24,196,000)	\$
Citigroup		10,337,000		(10,337,000)	
Credit Suisse		3,222,000		(3,222,000)	
Deutsche Bank		8,501,000		(8,501,000)	
Morgan Stanley & Co., Inc.		7,865,000		(7,865,000)	
Royal Bank of Canada		5,736,000		(5,702,861)	33,139
Royal Bank of Scotland		17,043,000		(17,043,000)	
UBS AG		1,302,000		(1,277,009)	24,991
<b>Total</b>	<b>\$</b>	<b>78,202,000</b>	<b>\$</b>	<b>\$ (78,143,870)</b>	<b>\$ 58,130</b>

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**Schedule of Investments**

PCM Fund, Inc.

June 30, 2013 (unaudited) (continued)

**Glossary:**

ABX.HE	-	Asset-Backed Securities Index Home Equity
CMBS	-	Commercial Mortgage-Backed Security
CMO	-	Collateralized Mortgage Obligation
FRN	-	Floating Rate Note
IO	-	Interest Only
MBIA	-	insured by MBIA Insurance Corp.
MBS	-	Mortgage-Backed Securities
OTC	-	Over-the-Counter
PIK	-	Payment-in-Kind
PO	-	Principal Only

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**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

Principal

Amount

(000s)		Value
<b>Corporate Bonds &amp; Notes 51.2%</b>		
<b>Advertising 0.3%</b>		
\$ 3,525	inVentiv Health, Inc., 9.00%, 1/15/18 (a)(d)	\$ 3,692,437
5,500	Sitel LLC, 11.00%, 8/1/17 (a)(d)	5,885,000
		9,577,437
<b>Aerospace &amp; Defense 0.2%</b>		
7,200	Triumph Group, Inc., 4.875%, 4/1/21 (a)(d)	7,182,000
<b>Airlines 0.1%</b>		
2,721	American Airlines Pass-Through Trust, 8.625%, 4/15/23	2,890,913
<b>Auto Components 0.8%</b>		
2,000	Cooper-Standard Holding, Inc., 7.375%, 4/1/18 PIK (a)(d)	1,995,000
14,089	Pittsburgh Glass Works LLC, 8.50%, 4/15/16 (a)(d)	14,018,555
Schaeffler Finance BV,		
4,000	4.25%, 5/15/18	5,128,499
\$ 4,500	4.75%, 5/15/21 (a)(d)	4,297,500
		25,439,554
<b>Banking 8.7%</b>		
Banco do Brasil S.A. (a)(d)(h),		
10,000	6.25%, 4/15/24	8,825,000
6,000	9.25%, 4/15/23	6,555,000
£ 2,600	Barclays Bank PLC, 14.00%, 6/15/19 (h)	5,179,880
\$ 36,500	BPCE S.A., 12.50%, 9/30/19 (a)(d)(h)	44,621,250
1,200	CIT Group, Inc., 4.75%, 2/15/15 (a)(d)	1,222,500
25,000	Citigroup, Inc., 5.875%, 2/22/33 (j)	24,123,875
Eksporthfinans ASA,		
1,300	2.00%, 9/15/15	1,254,500
500	2.375%, 5/25/16	481,250
700	5.50%, 5/25/16	732,725
2,500	5.50%, 6/26/17	2,600,000
30,000	Goldman Sachs Group, Inc., 6.75%, 10/1/37 (j)	30,849,720
2,500	ICICI Bank Ltd., 5.00%, 1/15/16	2,590,475
LBG Capital No. 2 PLC,		
4,000	8.875%, 2/7/20	5,595,010
£ 4,100	15.00%, 12/21/19	8,692,835
7,052	15.00%, 12/21/19	12,865,611

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\$ 50,000	Lloyds TSB Bank PLC, 12.00%, 12/16/24 (a)(d)(h)(j)	67,222,800
17,375	Regions Financial Corp., 7.375%, 12/10/37	19,546,875
4,000	Societe Generale S.A., 9.375%, 9/4/19 (h)	5,727,258
	UBS AG (j),	
\$ 10,000	7.25%, 2/22/22 (l)	10,674,320
19,000	7.625%, 8/17/22	20,875,889
		280,236,773
	<b>Building Materials 1.3%</b>	
2,000	Associated Materials LLC, 9.125%, 11/1/17 (a)(d)	2,110,000
	Cemex Finance LLC (a)(d)(j),	
28,500	9.375%, 10/12/22	31,207,500
5,000	9.50%, 12/14/16	5,312,500

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
<b>Building Materials (continued)</b>		
	Corp. GEO S.A.B. de C.V. (a)(d)(f),	
\$ 5,200	8.875%, 3/27/22	\$ 2,340,000
2,500	9.25%, 6/30/20	1,125,000
		42,095,000
<b>Chemicals 2.3%</b>		
8,000	Ashland, Inc., 6.875%, 5/15/43 (a)(d)	8,200,000
	INEOS Group Holdings S.A. (a)(d),	
4,500	6.125%, 8/15/18	4,308,750
6,500	6.50%, 8/15/18	8,114,170
\$ 34,385	Perstorp Holding AB, 8.75%, 5/15/17 (a)(d)	34,556,925
3,500	Phosagro OAO via Phosagro Bond Funding Ltd., 4.204%, 2/13/18 (a)(d)(j)	3,456,250
16,500	Vertellus Specialties, Inc., 9.375%, 10/1/15 (a)(d)	15,015,000
		73,651,095
<b>Coal 1.6%</b>		
	Mongolian Mining Corp. (j),	
4,500	8.875%, 3/29/17 (a)(d)	3,847,500
7,375	8.875%, 3/29/17	6,305,625
6,000	Walter Energy, Inc., 8.50%, 4/15/21 (a)(d)(j)	4,830,000
35,104	Westmoreland Coal Co., 10.75%, 2/1/18	36,683,680
		51,666,805
<b>Commercial Services 2.2%</b>		
12,000	American Residential Services LLC, 12.00%, 4/15/15 (a)(d)	12,120,000
2,250	Ceridian Corp., 11.00%, 3/15/21 (a)(d)	2,497,500
45,650	DynCorp International, Inc., 10.375%, 7/1/17 (j)	46,106,500
11,045	Harland Clarke Holdings Corp., 9.75%, 8/1/18 (a)(d)	11,542,025
		72,266,025
<b>Distribution/Wholesale 0.4%</b>		
2,000	American Builders & Contractors Supply Co., Inc., 5.625%, 4/15/21 (a)(d)	1,970,000
10,000	HD Supply, Inc., 11.50%, 7/15/20	11,625,000
		13,595,000
<b>Diversified Financial Services 5.3%</b>		
4,000	AGFC Capital Trust I, 6.00%, 1/15/67 (converts to FRN on 1/15/17) (a)(d)	3,040,000
13,175	Cantor Fitzgerald L.P., 7.875%, 10/15/19 (a)(d)(j)	13,643,253
7,500	CNH Capital LLC, 3.625%, 4/15/18 (a)(d)	7,162,500

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	International Lease Finance Corp.,	
300	6.75%, 9/1/16 (a)(d)	325,500
3,000	8.625%, 9/15/15 (j)	3,296,250
7,250	Jefferies Finance LLC, 7.375%, 4/1/20 (a)(d)	7,068,750
16,700	KION Finance S.A., 6.75%, 2/15/20	23,503,722
\$ 26,500	Nationstar Mortgage LLC, 6.50%, 7/1/21	25,572,500
	Patriot Merger Corp., 9.00%, 7/15/21 (a)(b)(d)(e)(k)	
12,000	(acquisition cost-\$12,000,000; purchased 6/19/13)	11,790,000
15,550	SLM Corp., 5.625%, 8/1/33 (j)	12,984,250

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)

Value

<b>Diversified Financial Services (continued)</b>		
	Springleaf Finance Corp.,	
2,900	4.125%, 11/29/13	\$ 3,774,783
\$ 18,200	5.40%, 12/1/15	18,245,500
600	5.75%, 9/15/16	588,000
19,100	6.50%, 9/15/17 (j)	18,527,000
20,900	6.90%, 12/15/17	20,612,625
		170,134,633
<b>Electric Utilities 2.3%</b>		
	Energy Future Intermediate Holding Co. LLC,	
47,500	10.00%, 12/1/20 (j)	52,250,000
15,057	12.25%, 3/1/22 (a)(d)	16,713,270
	Yellowstone Energy L.P., 5.75%, 12/31/26 (a)(b)(d)(g)(k)	
5,000	(acquisition cost-\$5,000,000; purchased 4/5/13)	4,780,774
		73,744,044
<b>Electronics 0.2%</b>		
8,000	Flextronics International Ltd., 4.625%, 2/15/20 (a)(d)(j)	7,800,000
<b>Engineering &amp; Construction 0.5%</b>		
14,292	Alion Science and Technology Corp., 12.00%, 11/1/14 PIK	14,613,059
<b>Food &amp; Beverage 1.5%</b>		
25,000	Hawk Acquisition Sub, Inc., 4.25%, 10/15/20 (a)(d)(j)	23,968,750
24,000	HJ Heinz Finance Co., 7.125%, 8/1/39 (a)(d)(j)	25,560,000
		49,528,750
<b>Hand/Machine Tools 0.1%</b>		
3,000	Milacron LLC, 7.75%, 2/15/21 (a)(d)	3,007,500
<b>Healthcare-Products 0.9%</b>		
27,880	Accellent, Inc., 10.00%, 11/1/17 (j)	25,789,000
2,200	Ontex IV S.A., 7.50%, 4/15/18	2,959,560
		28,748,560
<b>Healthcare-Services 0.2%</b>		
\$ 372	Apria Healthcare Group, Inc., 12.375%, 11/1/14	378,045
5,850	CRC Health Corp., 10.75%, 2/1/16	5,956,031
		6,334,076
<b>Household Products/Wares 0.4%</b>		
7,725	Armored Autogroup, Inc., 9.25%, 11/1/18	7,126,312

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4,750	Sun Products Corp., 7.75%, 3/15/21 (a)(d)	4,738,125
		11,864,437
	<b>Insurance 1.1%</b>	
28,145	American International Group, Inc., 8.175%, 5/15/68 (converts to FRN on 5/15/38) (j)	34,477,625
	<b>Internet 0.1%</b>	
4,100	Ancestry.com, Inc., 11.00%, 12/15/20 (a)(d)	4,551,000
	<b>Iron/Steel 0.1%</b>	
4,500	Bluescope Steel Ltd., 7.125%, 5/1/18 (a)(d)	4,590,000
	<b>Lodging 0.2%</b>	
5,000	Station Casinos LLC, 7.50%, 3/1/21 (a)(d)	5,075,000
	<b>Machinery-Diversified 0.1%</b>	
2,000	Liberty Tire Recycling, 11.00%, 10/1/16 (a)(d)	2,010,000

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Media 5.9%</b>	
£ 7,000	Arqiva Broadcast Finance PLC, 9.50%, 3/31/20	\$ 11,019,280
\$ 17,500	Clear Channel Communications, Inc., 9.00%, 3/1/21	16,712,500
52,650	McClatchy Co., 9.00%, 12/15/22 (a)(d)(j)	55,545,750
26,700	Nara Cable Funding II Ltd., 8.50%, 3/1/20	36,971,348
\$ 58,654	Radio One, Inc., 12.50%, 5/24/16 (j)	59,387,350
10,555	Spanish Broadcasting System, Inc., 12.50%, 4/15/17 (a)(d)	11,452,175
		191,088,403
	<b>Mining 0.3%</b>	
7,000	Freeport-McMoRan Copper & Gold, Inc., 5.45%, 3/15/43 (a)(b)(d)(j)(k) (acquisition cost-\$6,968,080; purchased 2/28/13)	6,200,215
3,500	St. Barbara Ltd., 8.875%, 4/15/18 (a)(b)(d)(k) (acquisition cost-\$3,482,255; purchased 3/22/13)	3,237,500
		9,437,715
	<b>Miscellaneous Manufacturing 0.0%</b>	
1,000	Trinseo Materials Operating SCA, 8.75%, 2/1/19 (a)(d)	960,000
	<b>Oil &amp; Gas 2.4%</b>	
16,000	Continental Resources, Inc., 4.50%, 4/15/23 (a)(d)	15,580,000
1,000	Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (a)(d)	1,055,000
6,000	Forbes Energy Services Ltd., 9.00%, 6/15/19	5,940,000
3,500	Hiland Partners L.P., 7.25%, 10/1/20 (a)(d)	3,622,500
1,500	LBC Tank Terminals Holding Netherlands BV, 6.875%, 5/15/23 (a)(b)(d)(k) (acquisition cost-\$1,500,000; purchased 5/8/13)	1,511,250
20,000	Millennium Offshore Services Superholdings LLC, 9.50%, 2/15/18 (a)(d)	20,600,000
	OGX Austria GmbH (a)(d),	
5,000	8.375%, 4/1/22	1,500,000
40,250	8.50%, 6/1/18	13,081,250
15,000	Penn Virginia Corp., 8.50%, 5/1/20 (a)(d)	14,587,500
740	Welltec A/S, 8.00%, 2/1/19 (a)(d)	773,300
		78,250,800
	<b>Paper &amp; Forest Products 1.8%</b>	
7,000	Millar Western Forest Products Ltd., 8.50%, 4/1/21 (j)	6,947,500
47,010	Tembec Industries, Inc., 11.25%, 12/15/18	51,005,850
		57,953,350

<b>Pipelines 0.4%</b>		
1,500	Genesis Energy L.P., 5.75%, 2/15/21 (a)(d)	1,470,000
4,750	Regency Energy Partners L.P., 4.50%, 11/1/23 (a)(d)	4,310,625
7,000	Sabine Pass Liquefaction LLC, 5.625%, 4/15/23 (a)(d)	6,632,500
		12,413,125
<b>Retail 0.9%</b>		
8,000	Coinstar, Inc., 6.00%, 3/15/19 (a)(d)	8,010,000
£ 742	Enterprise Inns PLC, 6.50%, 12/6/18	1,111,075
2,360	6.875%, 2/15/21	3,427,916
1,950	6.875%, 5/9/25	2,817,589
\$ 4,000	Logan s Roadhouse, Inc., 10.75%, 10/15/17	3,730,000
£ 8,007	Spirit Issuer PLC, 5.472%, 12/28/34 (l)	10,595,071
		29,691,651

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Storage/Warehousing 0.6%</b>	
\$ 19,000	Algeco Scotsman Global Finance PLC, 8.50%, 10/15/18 (a)(d)	\$ 19,000,000
	<b>Telecommunications 7.1%</b>	
	Intelsat Luxembourg S.A. (a)(d),	
5,000	6.75%, 6/1/18	5,062,500
17,000	8.125%, 6/1/23	17,616,250
£ 43,100	Lynx I Corp., 6.00%, 4/15/21 (j)	65,326,113
\$ 18,000	MetroPCS Wireless, Inc., 6.625%, 4/1/23 (a)(d)	18,382,500
	Vimpel Communications Via VIP Finance Ireland Ltd. OJSC (a)(d),	
10,000	7.748%, 2/2/21	10,687,500
15,000	9.125%, 4/30/18	17,137,500
25,000	VimpelCom Holdings BV, 5.95%, 2/13/23 (a)(d)	23,500,000
£ 47,379	Virgin Media Secured Finance PLC, 5.50%, 1/15/21 (j)	70,619,848
		228,332,211
	<b>Tobacco 0.3%</b>	
\$ 10,750	Vector Group Ltd., 7.75%, 2/15/21	11,153,125
	<b>Transportation 0.6%</b>	
	Aviation Capital Group Corp., 6.75%, 4/6/21 (a)(b)(d)(j)(k)	
5,727	(acquisition cost-\$6,196,614; purchased 2/4/13)	6,037,833
10,000	Hapag-Lloyd AG, 9.00%, 10/15/15	13,374,448
		19,412,281
	Total Corporate Bonds & Notes (cost-\$1,709,163,516)	1,652,771,947
	<b>Senior Loans (a)(c) 41.9%</b>	
	<b>Apparel &amp; Textiles 0.2%</b>	
\$ 4,988	Calceus Acquisition, Inc., 5.75%, 2/1/20	5,007,029
	<b>Chemicals 2.2%</b>	
	Al Chem & Cy S.C.A.,	
4,938	4.50%, 10/3/19, Term B1	4,944,113
	4.50%, 10/3/19, Term B2 (b)(k)	
2,562	(acquisition cost-\$2,549,250; purchased 3/12/13)	2,565,262
5,000	8.25%, 4/3/20	5,075,000
14,963	Axalta Coating Systems U.S. Holdings, Inc., 4.75%, 2/1/20	14,993,233
25,000	Tronox, Inc., 4.50%, 3/19/20	25,160,725

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19,949	Univar, Inc., 5.00%, 6/30/17, Term B	19,559,444
		72,297,777
	<b>Commercial Services 1.5%</b>	
	Nielsen Holdings NV, 3.00%, 2/21/14 (b)(e)(k)	
20,000	(acquisition cost-\$19,900,000; purchased 3/1/13)	19,933,333
29,825	ServiceMaster Corp., 4.25%, 1/31/17	29,579,006
		49,512,339
	<b>Computers 1.4%</b>	
	Dell, Inc. (b)(e)(k),	
27,077	5.00%, 11/6/13 (acquisition cost-\$26,941,538; purchased 3/8/13)	27,003,938
16,923	6.25%, 11/6/13 (acquisition cost-\$16,838,462; purchased 3/8/13)	16,877,461
		43,881,399

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Diversified Financial Services 0.4%</b>	
\$ 5,000	Nuveen Investments, Inc., 4.195%, 5/13/17	\$ 4,985,000
7,000	Patriot Merger Corp., 5.25%, 7/1/20, Term B (e)	6,985,419
		11,970,419
	<b>Entertainment 2.1%</b>	
9,581	Caesars Entertainment Operating Co., 5.443%, 1/28/18, Term B6	8,487,268
39,900	Station Casinos LLC, 5.00%, 3/1/20, Term B	39,979,800
19,888	Zuffa LLC, 4.50%, 2/25/20, Term B	19,788,093
		68,255,161
	<b>Financial Services 0.4%</b>	
12,753	Springleaf Finance Corp., 5.50%, 5/10/17	12,786,854
	<b>Food &amp; Beverage 4.5%</b>	
22,700	Albertson's, LLC, 4.25%, 3/21/16, Term B	22,707,319
22,274	Candy Intermediate Holdings, Inc., 7.50%-8.50%, 6/18/18	22,204,245
100,500	HJ Heinz Co., 3.50%, 6/5/20, Term B2	100,619,092
		145,530,656
	<b>Healthcare-Products 2.9%</b>	
£ 40,000	Alliance Boots Ltd., 3.487%, 7/9/17, Term B (e)	59,882,522
	Bausch & Lomb, Inc.,	
\$ 13,234	3.526%, 11/25/16	13,234,287
6,592	4.00%, 5/17/19	6,609,595
10,000	6.25%, 5/31/18 (b)(k) (acquisition cost-\$9,925,000; purchased 4/3/13)	10,012,500
5,000	Rite Aid Corp., 5.75%, 8/21/20	5,096,875
		94,835,779
	<b>Healthcare-Services 2.4%</b>	
10,945	Air Medical Group Holdings, Inc., 6.50%, 5/29/18	11,081,812
25,935	American Renal Holdings, Inc., 4.50%, 8/20/19	25,789,116
15,000	Apria Healthcare Group, Inc., 6.75%, 4/5/20	14,962,500
	Catalent Pharma Solutions, Inc.,	
9,950	4.25%, 9/15/17, Term B2	9,925,125
2,000	6.50%, 12/31/17	1,992,500
4,988	Covis Pharmaceuticals Holdings, 6.00%, 4/4/19	4,991,655
9,975	United Surgical Partners International, Inc., 4.75%, 4/3/19, Term B	10,002,930
		78,745,638
	<b>Household Products/Wares 0.8%</b>	

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27,431	Sun Products Corp., 5.50%, 3/18/20	27,179,788
	<b>Insurance 0.8%</b>	
14,925	AmWINS Group, Inc., 5.00%, 2/22/20	14,984,700
9,950	Asurion LLC, 4.50%, 5/24/19, Term B1	9,881,594
		24,866,294
	<b>Internet 0.5%</b>	
	Ancestry.com, Inc.,	
2,613	4.25%, 5/15/18, Term B2	2,613,318
7,288	5.25%, 12/28/18	7,282,966
	WaveDivision Holdings LLC, 4.00%, 8/31/19 (b)(k)	
4,975	(acquisition cost-\$4,975,000; purchased 2/7/13)	4,966,707
		14,862,991

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Iron/Steel 1.1%</b>	
\$ 34,825	FMG America Finance, Inc., 5.25%, 10/18/17	\$ 34,681,885
	<b>Leisure 0.1%</b>	
5,000	Regent Seven Seas Cruises, Inc., 4.75%, 12/21/18, Term B	5,003,125
	<b>Lodging 3.8%</b>	
	Hilton Hotels Corp.,	
15,479	3.565%, 11/12/15, Term B	15,304,619
65,374	3.693%, 11/12/15, Term C	64,557,313
43,424	3.943%, 11/12/15, Term D	42,772,363
		122,634,295
	<b>Media 1.1%</b>	
25,000	CSC Holdings LLC, 2.695%, 4/17/20	24,781,250
4,975	Foxco Acquisition Sub LLC, 5.50%, 7/14/17, Term B	5,032,995
7,400	Salem Communications Corp., 4.50%, 3/14/20, Term B	7,443,164
		37,257,409
	<b>Mining 1.4%</b>	
29,849	Noranda Aluminum Acquisition Corp., 5.75%, 2/28/19, Term B	29,251,889
14,919	Walter Energy, Inc., 5.75%, 4/1/18, Term B	14,698,894
		43,950,783
	<b>Oil &amp; Gas 1.1%</b>	
11,000	NFR Energy LLC, 8.75%, 12/31/18	11,000,000
	Philadelphia Energy Solutions LLC, 6.25%, 4/4/18, Term B (b)(k)	
9,975	(acquisition cost-\$9,825,375; purchased 4/3/13)	9,962,531
14,963	Saxon Energy Services, Inc., 5.50%, 2/15/19, Term B	14,864,316
		35,826,847
	<b>Pharmaceuticals 1.8%</b>	
7,960	Par Pharmaceutical Companies, Inc., 4.25%, 9/28/19, Term B	7,923,750
50,000	Valeant Pharmaceuticals International, Inc., 4.50%, 6/27/20, Term B (e)	49,977,700
		57,901,450
	<b>Pipelines 1.4%</b>	
45,411	NGPL PipeCo LLC, 6.75%, 9/15/17, Term B	45,383,044
	<b>Real Estate 3.8%</b>	
16,958	Realogy Corp., 4.50%, 3/5/20	17,052,886
	Toys R Us Properties Ltd. (g),	
£ 60,000	5.95%, 2/14/20, Term A	91,533,027

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10,000	8.25%, 2/14/20, Term B	15,255,504
		123,841,417
	<b>Real Estate Investment Trust 0.6%</b>	
\$ 17,248	Equity Office Properties Trust, 1.393%, 2/5/14 (g)	18,181,940
	<b>Retail 0.3%</b>	
	Advantage Sales & Marketing, 8.25%, 6/18/18 (b)(k)	
3,500	(acquisition cost-\$3,500,000; purchased 2/14/13)	3,517,500
7,500	American Builders & Contractors Supply Co., Inc., 3.50%, 4/16/20, Term B	7,459,823
		10,977,323
	<b>Semiconductors 0.5%</b>	
15,000	Freescale Semiconductor, Inc., 5.00%, 3/1/20, Term B4	14,901,570

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	<b>Software 1.0%</b>	
	First Data Corp.,	
\$ 9,500	4.193%, 3/24/17	\$ 9,326,625
12,000	4.193%, 3/24/18, Term B	11,722,500
9,975	SunGard Data Systems, Inc., 4.00%, 3/8/20, Term E	10,016,566
		31,065,691
	<b>Telecommunications 3.6%</b>	
24,875	Alcatel-Lucent USA, Inc., 7.25%, 1/30/19, Term C	25,149,670
34,813	Intelsat Jackson Holdings Ltd., 4.25%, 4/2/18, Term B1	34,932,217
10,000	Light Tower Fiber LLC, 4.50%, 4/1/20, Term B	9,977,000
5,000	Syniverse Holdings, Inc., 4.00%, 4/23/19	4,997,915
39,900	Univision Communications, Inc., 4.50%, 3/1/20, Term C2	39,614,994
		114,671,796
	<b>Transportation 0.2%</b>	
6,484	Commercial Barge Line Co., 7.50%, 9/15/19, Term B	6,289,237
	Total Senior Loans (cost-\$1,355,117,509)	1,352,299,936
	<b>Mortgage-Backed Securities 15.0%</b>	
	Adjustable Rate Mortgage Trust, CMO (I),	
2,873	3.779%, 11/25/37 (a)(d)	1,828,220
8,602	5.507%, 3/25/37	6,472,201
	Alternative Loan Trust, CMO,	
3,394	0.893%, 10/25/35 (I)	2,495,114
4,675	5.50%, 2/25/36	4,138,448
1,597	6.00%, 4/25/36	1,329,658
19,305	6.00%, 4/25/37	14,767,191
19,746	6.00%, 8/25/37	15,174,705
923	American Home Mortgage Assets Trust, 6.25%, 6/25/37 CMO	607,792
7,474	American Home Mortgage Investment Trust, 6.10%, 1/25/37 CMO (a)(d)	4,984,855
	Banc of America Alternative Loan Trust, CMO,	
2,404	6.00%, 11/25/35	2,058,026
3,171	6.00%, 4/25/36	2,389,841
4,308	6.00%, 7/25/46	3,514,918
6,959	6.50%, 2/25/36	5,849,593

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	Banc of America Funding Corp., CMO,	
6,997	2.701%, 9/20/46 (1)	5,563,613
	5.906%, 8/26/36 (a)(b)(d)(k)(l)	
8,553	(acquisition cost-\$4,575,932; purchased 3/5/13)	4,709,562
11,097	6.00%, 10/25/37	7,873,836
735	Banc of America Mortgage Trust, 6.00%, 10/25/36 CMO	648,838
	BCAP LLC Trust, 17.00%, 7/26/36 CMO (a)(b)(d)(k)	
980	(acquisition cost-\$1,020,855; purchased 5/16/13)	1,019,822
3,022	Bear Stearns Adjustable Rate Mortgage Trust, 2.469%, 2/25/36 CMO (l)	1,982,931
	Bear Stearns ALT-A Trust, CMO (l),	
7,065	0.363%, 8/25/36	3,865,723
7,949	0.693%, 1/25/36	4,601,538
5,473	2.576%, 3/25/36	3,757,527

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 13,784	2.635%, 4/25/37	\$ 8,888,367
3,029	2.943%, 5/25/36	1,685,178
6,776	5.246%, 9/25/35	5,344,755
10,000	Celtic Residential Irish Mortgage Securitisation No. 12 Ltd., 0.409%, 3/18/49 CMO (I)	10,087,783
\$ 16,606	CHL Mortgage Pass-Through Trust, 2.622%, 3/20/36 CMO (I)	16,348,333
8,611	Citigroup Mortgage Loan Trust, Inc., CMO, 2.749%, 7/25/36 (I)	5,254,047
2,294	2.833%, 7/25/46 (I)	1,769,422
2,250	5.466%, 4/25/37 (I)	1,949,966
2,019	6.50%, 9/25/36 (a)(b)(d)(k) (acquisition cost-\$1,465,279; purchased 4/24/13)	1,406,228
20,026	Countrywide Alternative Loan Trust, CMO, 5.50%, 12/25/35	18,350,078
4,851	5.50%, 5/25/36	4,096,548
3,338	6.00%, 1/25/37	2,664,795
14,019	6.00%, 2/25/37	11,179,628
1,485	6.25%, 12/25/36 (I)	1,178,031
2,427	6.50%, 9/25/37	1,876,082
57,664	Countrywide Home Loan Mortgage Pass-Through Trust, CMO, 2.063%, 3/25/46 (I)	41,733,367
11,346	6.00%, 1/25/38	9,908,277
794	Credit Suisse First Boston Mortgage Securities Corp., 6.00%, 1/25/36 CMO	607,793
24,266	Credit Suisse Mortgage Capital Certificates, CMO (a)(d), 2.727%, 10/26/36 (I)	14,277,446
32,140	5.75%, 5/26/37	28,795,569
1,009	Credit Suisse Mortgage Capital Certificates Mortgage-Backed Trust, CMO, 6.50%, 10/25/21	857,549
6,285	6.50%, 5/25/36	4,316,630
5,806	6.75%, 8/25/36	4,331,393
1,975	Deutsche ALT-A Securities, Inc. Mortgage Loan Trust, 5.50%, 12/25/35 CMO	1,676,905
13,040	GSR Mortgage Loan Trust, 5.50%, 11/25/35 CMO	12,376,612
2,082	Harborview Mortgage Loan Trust, CMO (I), 2.817%, 6/19/45	1,320,863
1,874	5.366%, 6/19/36	1,335,621
3,289	Impac Secured Assets Trust, 0.363%, 1/25/37 CMO (I)	2,380,146

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2,357	IndyMac Index Mortgage Loan Trust, 2.958%, 6/25/36 CMO (1)	1,707,146
	JPMorgan Alternative Loan Trust, CMO,	
2,022	2.629%, 5/25/36 (1)	1,508,631
2,713	6.00%, 12/25/35	2,379,796
1,983	6.05%, 11/25/36 (1)	1,537,339
	JPMorgan Resecuritization Trust, 4.873%, 4/26/36 CMO (a)(b)(d)(k)(l)	
7,638	(acquisition cost-\$3,131,646; purchased 6/19/13)	3,093,175
1,144	Lehman XS Trust, 1.093%, 8/25/47 CMO (1)	793,325
3,760	MASTR Adjustable Rate Mortgages Trust, 0.893%, 2/25/36 CMO (1)	2,418,640

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 20,686	Merrill Lynch Mortgage Investors Trust, 3.006%, 3/25/36 CMO (1)	\$ 14,085,893
10,000	Morgan Stanley Capital I, Inc., 5.862%, 7/12/44 CMO (1)	9,739,940
4,264	Morgan Stanley Mortgage Loan Trust, 2.605%, 11/25/37 CMO (1)	3,240,054
	RBSSP Resecuritization Trust, CMO (a)(d),	
8,672	3.161%, 9/26/35 (1)	5,280,458
5,067	5.50%, 5/26/36	2,978,801
1,500	9.445%, 6/26/37 (b)(k)(l) (acquisition cost-\$900,000; purchased 5/20/13)	916,153
	Residential Accredit Loans, Inc., CMO,	
1,415	0.343%, 2/25/37 (1)	1,062,597
4,230	5.75%, 1/25/34	4,545,357
6,997	6.00%, 12/25/35	6,032,984
3,534	6.00%, 4/25/36	2,894,549
9,729	6.00%, 5/25/36	7,871,736
3,649	6.00%, 6/25/36	2,861,077
6,928	6.00%, 8/25/36	5,443,678
5,353	6.00%, 11/25/36	4,183,523
10,520	6.25%, 2/25/37	8,240,367
2,660	6.50%, 9/25/37	2,094,722
	Residential Asset Securitization Trust, CMO,	
1,494	6.00%, 2/25/36	1,187,564
2,724	6.00%, 5/25/36	2,474,453
	Residential Funding Mortgage Securities I, CMO,	
12,613	5.50%, 3/25/36	11,229,807
2,998	6.00%, 10/25/36	2,731,656
	Sequoia Mortgage Trust, CMO (1),	
1,681	1.087%, 2/20/34	1,618,973
1,568	2.084%, 9/20/32	1,445,994
3,201	Structured Adjustable Rate Mortgage Loan Trust, 2.495%, 4/25/36 CMO (1)	2,737,084
21	Structured Asset Mortgage Investments II Trust, 0.403%, 5/25/46 CMO (1)	12,814
18,893	Structured Asset Securities Corp., 5.50%, 10/25/35 CMO	15,305,845
	Washington Mutual Alternative Mortgage Pass-Through Certificates,	
4,544	0.433%, 1/25/47 CMO (1)	2,628,927
	Washington Mutual Mortgage Pass-Through Certificates, CMO,	
4,179	5.75%, 11/25/35	3,476,863
15,021	5.967%, 5/25/36	10,184,326

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19,317	6.221%, 7/25/36	10,205,992
3,325	6.449%, 7/25/36	1,755,965
8,995	Wells Fargo Mortgage Loan Trust, 2.837%, 3/27/37 CMO (a)(d)(l)	5,344,287
	Total Mortgage-Backed Securities (cost-\$481,460,966)	482,881,855
<b>Asset-Backed Securities 4.4%</b>		
4,520	Accredited Mortgage Loan Trust, 0.473%, 4/25/36 (l)	3,051,199
43,147	Anthracite CDO I Ltd., 6.00%, 5/24/37 (a)(d)	43,254,628
	Argent Securities Trust (l),	
22,087	0.343%, 7/25/36	8,435,789
818	0.343%, 9/25/36	334,629

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 2,405	Asset Backed Funding Certificates, 1.243%, 3/25/34 (1)	\$ 1,776,056
1,404	Bear Stearns Asset-Backed Securities Trust, 3.889%, 10/25/36 (1)	1,208,576
	Citigroup Mortgage Loan Trust, Inc. (1),	
650	0.393%, 1/25/37	523,067
7,000	0.603%, 10/25/35	5,733,525
	Countrywide Asset-Backed Certificates (1),	
13,600	0.333%, 7/25/37	9,397,301
1,528	0.433%, 4/25/36	1,025,516
1,600	0.943%, 3/25/34	1,485,328
9,520	Fieldstone Mortgage Investment Trust, 0.363%, 7/25/36 (1)	4,787,303
1,800	First Franklin Mortgage Loan Trust, 1.003%, 4/25/35 (a)(d)(1)	1,612,474
	GSAMP Trust (1),	
2,000	0.463%, 4/25/36	998,197
1,323	2.743%, 10/25/33	1,216,040
1,443	HSI Asset Securitization Corp. Trust, 0.483%, 11/25/35 (1)	1,291,268
5,100	IndyMac Residential Asset-Backed Trust, 0.433%, 4/25/47 (1)	2,732,361
	JPMorgan Mortgage Acquisition Trust,	
2,726	0.34%, 7/25/36 (1)	1,260,457
20,000	5.381%, 10/25/36	15,377,410
2,000	5.464%, 11/25/36	1,809,730
20,516	Lehman XS Trust, 5.474%, 5/25/37 (1)	16,878,249
	Morgan Stanley ABS Capital I, Inc. Trust (1),	
12,790	0.343%, 11/25/36	6,692,329
400	0.663%, 7/25/35	334,495
800	Morgan Stanley Home Equity Loan Trust, 0.663%, 8/25/35 (1)	737,513
1,038	New Century Home Equity Loan Trust, 3.193%, 1/25/33 (1)	894,471
	Option One Mortgage Loan Trust (1),	
1,000	0.333%, 1/25/37	512,509
991	0.443%, 3/25/37	520,426
2,942	Renaissance Home Equity Loan Trust, 5.612%, 4/25/37	1,644,330
	Soundview Home Equity Loan Trust (1),	
4,957	0.343%, 6/25/37	2,560,794
4,743	0.453%, 2/25/37	2,201,502
919	Specialty Underwriting & Residential Finance Trust, 0.543%, 3/25/37 (1)	501,727
1,700	Structured Asset Investment Loan Trust, 1.093%, 9/25/34 (1)	1,506,603

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Total Asset-Backed Securities (cost-\$143,711,011)		142,295,802
<b>U.S. Treasury Obligations 3.1%</b>		
99,503	U.S. Treasury Notes, 0.25%, 1/31/15 (i)(j) (cost-\$99,479,270)	99,477,726
<b>U.S. Government Agency Securities (b) 1.4%</b>		
Fannie Mae, CMO,		
38,527	3.00%, 1/25/42-1/25/43 IO	5,000,482
5,366	3.50%, 8/25/32 IO	777,151
5,396	5.807%, 8/25/38 IO (1)	664,454
10,195	5.957%, 2/25/43 IO (1)	2,117,373

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
\$ 11,104	6.447%, 12/25/36 IO (1)	\$ 1,595,719
17,995	6.457%, 4/25/37 IO (1)	3,074,730
3,639	8.65%, 10/25/42 (1)	3,633,560
	Freddie Mac, CMO, IO,	
44,036	2.50%, 11/15/27	5,067,150
6,949	3.00%, 2/15/33	1,013,523
9,761	3.50%, 8/15/42	1,816,213
26,300	4.00%, 3/15/27-9/15/39	4,239,786
7,413	6.008%, 9/15/41-9/15/42 (1)	1,544,788
7,589	6.308%, 12/15/34 (1)	876,360
	Ginnie Mae, CMO, IO,	
4,014	3.50%, 6/20/42	681,389
10,161	4.00%, 3/20/42-9/20/42	1,866,968
20,958	4.50%, 10/16/42	4,767,960
6,018	5.928%, 8/20/42 (1)	1,254,843
6,084	6.058%, 12/20/40 (1)	1,288,854
7,380	6.458%, 1/20/41 (1)	1,376,127
9,168	6.508%, 8/16/39 (1)	1,700,536
	Total U.S. Government Agency Securities (cost-\$44,118,828)	44,357,966

Shares

**Preferred Stock 1.2%****Banking 1.2%**

40,000	Ally Financial, Inc., 7.00%, 7/29/13 (a)(d)(h) (cost-\$38,900,000)	38,021,252
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Principal

Amount

(000s)

**Municipal Bonds 0.6%****Ohio 0.6%**

\$ 22,805	Buckeye Tobacco Settlement Financing Auth. Rev., 6.50%, 6/1/47, Ser. A-2 (cost-\$21,411,250)	20,138,411
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**Short-Term Investments 4.8%****U.S. Treasury Obligations 2.4%**

8,374	U.S. Treasury Bills, 0.041%-0.097%, 8/22/13-2/6/14 (i)(m)	8,372,646
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	U.S. Treasury Notes,	
10,028	0.25%, 3/31/14 (i)(j)	10,035,050
31,500	0.25%, 4/30/14 (i)(j)	31,521,546
15,200	1.00%, 5/15/14 (i)(j)	15,308,361
5,100	1.875%, 4/30/14	5,172,216
8,000	2.25%, 5/31/14 (i)(j)	8,150,784
	Total U.S. Treasury Obligations (cost-\$78,578,700)	78,560,603

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)	Value
<b>Repurchase Agreements 2.4%</b>	
\$ 40,200 Banc of America Securities LLC, dated 6/28/13, 0.14%, due 7/1/13, proceeds \$40,200,469; collateralized by U.S. Treasury Bills, zero coupon, due 6/26/14, valued at \$41,007,974 including accrued interest	\$ 40,200,000
37,000 TD Securities (USA) LLC, dated 6/28/13, 0.19%, due 7/1/13, proceeds \$37,000,586; collateralized by U.S. Treasury Notes, 0.875%, due 11/30/16, valued at \$37,823,659 including accrued interest	37,000,000
Total Repurchase Agreements (cost-\$77,200,000)	77,200,000
Total Short-Term Investments (cost-\$155,778,700)	155,760,603
<b>Total Investments</b> (cost-\$4,049,141,050) <b>123.6%</b>	<b>3,988,005,498</b>
Liabilities in excess of other assets (23.6)%	(762,715,174)
<b>Net Assets 100.0%</b>	<b>\$ 3,225,290,324</b>

**Notes to Schedule of Investments:**

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$2,261,271,098, representing 70.1% of net assets.
- (b) Illiquid.
- (c) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on June 30, 2013.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise

indicated, these securities are not considered to be illiquid.

- (e) When-issued or delayed-delivery. To be settled/delivered after June 30, 2013.
- (f) In default.
- (g) Fair-Valued Securities with an aggregate value of \$129,751,245, representing 4.0% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (h) Perpetual maturity. The date shown, if any, is the next call date. For Corporate Bonds & Notes the interest rate is fixed until the first call date and variable thereafter.
- (i) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives.
- (j) All or partial amount transferred for the benefit of the counterparty as collateral for reverse repurchase agreements.
- (k) Restricted. The aggregate acquisition cost of such securities is \$140,695,286. The aggregate value is \$139,541,744, representing 4.3% of net assets.
- (l) Variable or Floating Rate Security Securities with an interest rate that changes periodically. The interest rate disclosed reflects the rate in effect on June 30, 2013.
- (m) Rates reflect the effective yields at purchase date.
- (n) Futures contracts outstanding at June 30, 2013:

Type	Contracts	Value (000s)	Expiration Date	Unrealized Appreciation
Short: 5-Year Deliverable Interest Rate Swap				
Futures	(475)	\$ (46,491)	9/16/13	\$ 572,388

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PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

(o) Credit default swap agreements outstanding at June 30, 2013:

OTC sell protection swap agreements:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount (000s) <sup>(1)</sup>	Credit Spread	Termination Date	Payments Received	Value <sup>(2)</sup>	Upfront Premiums Received	Unrealized Appreciation
<b>BNP Paribas:</b>							
Barclays Bank	5,000	2.45%	6/20/18	3.00%	\$ 174,368	\$ (15,070)	\$ 189,438
<b>Goldman Sachs:</b>							
J.C. Penney Corp., Inc.	\$ 5,000	6.36%	6/20/16	5.00%	(172,818)	(300,000)	127,182
J.C. Penney Corp., Inc.	10,000	7.79%	6/20/18	5.00%	(1,053,291)	(1,400,000)	346,709
<b>JPMorgan Chase:</b>							
J.C. Penney Corp., Inc.	5,000	7.79%	6/20/18	5.00%	(526,645)	(700,000)	173,355
					\$ (1,578,386)	\$ (2,415,070)	\$ 836,684

Centrally cleared sell protection swap agreements:

Broker (Exchange)/Referenced Debt Issuer	Notional Amount (000s) <sup>(1)</sup>	Credit Spread	Termination Date	Payments Received	Value <sup>(2)</sup>	Unrealized Appreciation (Depreciation)
<b>Credit Suisse First Boston (ICE):</b>						
Dow Jones CDX.HY-19 5-Year Index	\$ 172,000		12/20/17	5.00%	\$ 7,352,790	\$ 3,544,990
Dow Jones CDX.HY-20 5-Year Index	236,000		6/20/18	5.00%	6,777,396	(2,639,279)
<b>UBS (ICE):</b>						
Dow Jones CDX.HY-19 5-Year Index	571,400		12/20/17	5.00%	24,426,651	12,178,651
Dow Jones CDX.HY-20 5-Year Index	156,900		6/20/18	5.00%	4,505,819	(1,770,181)
					\$ 43,062,656	\$ 11,314,181

Credit Spread not quoted for asset-backed securities.

- (1) This represents the maximum potential amount the Fund could be required to make available 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.
- (2) The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at June 30, 2013 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 have been 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 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.

(p) Interest rate swap agreements outstanding at June 30, 2013:

OTC swap agreements:

Swap Counterparty	Notional Amount (000s)	Termination Date	Rate Type		Value	Upfront Premiums Paid (Received)	Unrealized Depreciation
			Payments Made	Payments Received			
Bank of America	\$ 500,000	7/31/18	3-Month USD-LIBOR	1.05%	\$ (12,727,292)	\$ (36,553)	\$ (12,690,739)
Citigroup	500,000	7/31/18	3-Month USD-LIBOR	1.05%	(12,727,272)	62,671	(12,789,943)
Goldman Sachs	600,000	7/31/18	3-Month USD-LIBOR	1.05%	(15,272,776)	7,068	(15,279,844)
					\$ (40,727,340)	\$ 33,186	\$ (40,760,526)

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**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Centrally cleared swap agreements:

Broker (Exchange)	Notional Amount (000s)	Termination Date	Payments Made	Rate Type	Payments Received	Value	Unrealized Appreciation (Depreciation)
UBS (CME)	\$ 802,500	6/19/18	1.00%	3-Month USD-LIBOR		\$ 21,037,160	\$ 18,331,160
UBS (CME)	850,000	3/20/23	3-Month USD-LIBOR		2.00%	(45,128,104)	(42,023,644)
						\$ (24,090,944)	\$ (23,692,484)

(q) Forward foreign currency contracts outstanding at June 30, 2013:

	Counterparty	U.S.\$ Value on Origination Date	U.S.\$ Value June 30, 2013	Unrealized Appreciation (Depreciation)
<b>Purchased:</b>				
4,798,000 British Pound settling 7/2/13	Barclays Bank	\$ 7,534,155	\$ 7,297,516	\$ (236,639)
39,700,000 British Pound settling 7/2/13	Citigroup	61,777,012	60,381,698	(1,395,314)
147,631,000 British Pound settling 7/2/13	Goldman Sachs	227,971,790	224,539,304	(3,432,486)
47,510,000 British Pound settling 7/2/13	Royal Bank of Scotland	74,143,251	72,260,314	(1,882,937)
2,059,000 Euro settling 9/17/13	Barclays Bank	2,747,320	2,680,996	(66,324)
<b>Sold:</b>				
147,631,000 British Pound settling 8/2/13	Goldman Sachs	227,925,286	224,492,062	3,433,224
39,700,000 British Pound settling 7/2/13	HSBC Bank	61,696,976	60,381,698	1,315,278
199,939,000 British Pound settling 7/2/13	UBS	302,155,415	304,097,134	(1,941,719)
103,516,000 Euro settling 9/17/13	Citigroup	137,744,601	134,786,770	2,957,831
				\$ (1,249,086)

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(r) At June 30, 2013, the Fund held \$900,000 in cash as collateral and pledged cash collateral of \$35,000 for derivative contracts. Cash collateral held may be invested in accordance with the Fund's investment strategy.

(s) Open reverse repurchase agreements at June 30, 2013:

Counterparty	Rate	Trade Date	Due Date	Principal & Interest	Principal
Barclays Bank	(0.75)%	4/12/13	4/10/15	\$ 4,662,131	\$ 4,670,000
	0.55	6/18/13	7/17/13	23,395,646	23,391,000
	0.65	4/30/13	8/5/13	9,958,135	9,947,000
	0.71	4/30/13	8/5/13	28,249,501	28,215,000
Deutsche Bank	(0.625)	6/19/13	6/18/15	4,429,077	4,430,000
	(0.25)	4/29/13	4/29/15	2,962,703	2,964,000
	(0.25)	5/16/13	5/16/15	2,048,346	2,049,000
	0.58	6/6/13	9/4/13	29,275,787	29,264,000
	0.58	6/21/13	9/18/13	26,930,338	26,926,000
	0.58	6/26/13	9/26/13	18,711,507	18,710,000
	0.65	4/29/13	7/31/13	10,610,055	10,598,000
	0.65	5/3/13	7/31/13	10,218,874	10,208,000
	0.65	6/13/13	7/31/13	10,456,135	10,450,000
0.65	6/18/13	7/31/13	31,962,802	31,946,000	

**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

Counterparty	Rate	Trade Date	Due Date	Principal & Interest	Principal
Royal Bank of Canada	0.45%	4/11/13	7/11/13	\$ 32,237,608	\$ 32,205,000
	0.45	4/29/13	7/11/13	19,574,403	19,559,000
	0.45	6/14/13	9/17/13	20,355,325	20,351,000
	0.57	5/17/13	11/15/13	40,695,975	40,667,000
	0.57	6/5/13	12/4/13	16,825,924	16,819,000
	0.75	5/14/13	11/14/13	39,842,553	39,802,750
	0.75	6/26/13	12/23/13	18,845,963	18,844,000
Royal Bank of Scotland	0.63	6/6/13	9/6/13	72,255,091	72,223,207
UBS	0.42	4/11/13	7/10/13	26,865,364	26,840,000
	0.45	6/4/13	7/10/13	18,203,141	18,197,000
	0.45	6/5/13	7/10/13	15,952,183	15,947,000
					\$ 535,222,957

(t) The weighted average daily balance of reverse repurchase agreements during the period ended June 30, 2013 was \$210,856,210, at a weighted average interest rate of 0.41%. Total value of underlying collateral (refer to the Schedule of Investments for positions transferred for the benefit of the counterparty as collateral) for open reverse repurchase agreements at June 30, 2013 was \$542,932,509.

(u) Sale-buybacks: The weighted average borrowing for sale-buybacks during the period ended June 30, 2013 was \$44,245,663 at a weighted average interest rate of 0.12%. There were no open sale-buybacks at June 30, 2013.

(v) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

Level 1	Level 2	Level 3	
Quoted Prices	Other Significant Observable Inputs	Significant Unobservable Inputs	Value at 6/30/13

<b>Investments in Securities</b>		<b>Assets</b>	
Corporate Bonds & Notes:			
Airlines	\$	\$	\$ 2,890,913
Electric Utilities		68,963,270	4,780,774
All Other		1,576,136,990	1,576,136,990
Senior Loans:			
Real Estate		17,052,886	106,788,531
Real Estate Investment Trust			18,181,940
All Other		1,210,276,579	1,210,276,579
Mortgage-Backed Securities		482,881,855	482,881,855
Asset-Backed Securities		142,295,802	142,295,802
U.S. Treasury Obligations		99,477,726	99,477,726
U.S. Government Agency Securities		44,357,966	44,357,966
Preferred Stock		38,021,252	38,021,252
Municipal Bonds		20,138,411	20,138,411
Short-Term Investments		155,760,603	155,760,603
		3,855,363,340	132,642,158
			3,988,005,498

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**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

	Level 1	Level 2	Level 3	Value at
	Quoted	Other Significant	Significant	
	Prices	Observable	Unobservable	6/30/13
		Inputs	Inputs	
<b>Other Financial Instruments* Assets</b>				
Credit Contracts	\$	\$ 16,560,325	\$	\$ 16,560,325
Foreign Exchange Contracts		7,706,333		7,706,333
Interest Rate Contracts	572,388	18,331,160		18,903,548
	572,388	42,597,818		43,170,206
<b>Other Financial Instruments* Liabilities</b>				
Credit Contracts		(4,409,460)		(4,409,460)
Foreign Exchange Contracts		(8,955,419)		(8,955,419)
Interest Rate Contracts		(82,784,170)		(82,784,170)
		(96,149,049)		(96,149,049)
<b>Totals</b>	\$ 572,388	\$ 3,801,812,109	\$ 132,642,158	\$ 3,935,026,655

At June 30, 2013, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the period ended June 30, 2013, was as follows:

	Beginning			Accrued	Net	Net	Transfers	Ending
	Balance	Purchases	Sales	Discount	Realized	Unrealized	into	Balance
	1/31/13**			(Premiums)	Gain	Appreciation/	Level	6/30/13
					(Loss)	Depreciation	3	
							3	
<b>Investments in Securities Assets</b>								
Corporate Bonds & Notes:								
Airlines	\$	\$ 2,951,543	\$ (90,134)	\$ (3,609)	\$ (4,452)	\$ 37,565	\$	\$ 2,890,913
Electric Utilities		5,000,000				(219,226)		4,780,774
Senior Loans:								
Real Estate		106,774,539				13,992		106,788,531
		17,938,128		(222,144)		465,956		18,181,940

Real Estate  
Investment  
Trust

**Totals**           \$     \$ 132,664,210   \$ (90,134)   \$ (225,753)   \$ (4,452)   \$ 298,287   \$     \$     \$ 132,642,158

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at June 30, 2013.

	Ending			Input
	Balance at	Valuation	Unobservable	Input
	6/30/13	Technique Used	Inputs	Values
<b>Investments in Securities</b>	<b>Assets</b>			
Corporate Bonds & Notes	\$ 2,890,913	Third-Party Pricing Vendor	Single Broker Quote	\$ 106.25
	4,780,774	Benchmark Pricing	Security Price Reset	\$ 95.62
Senior Loans	124,970,471	Benchmark Pricing	Security Price Reset	\$ 105.41-152.56

\* Other financial instruments are derivatives, such as futures contracts, swap agreements and forward foreign currency contracts, which are valued at the unrealized appreciation (depreciation) of the instrument.

\*\* Commencement of operations.

**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

The net unrealized appreciation/depreciation of Level 3 investments held at June 30, 2013, was \$298,287. Net realized gain (loss) and net unrealized appreciation/depreciation are reflected on the Statement of Operations.

(w) The following is a summary of the derivative instruments categorized by risk exposure: The effect of derivatives on the Statement of Assets and Liabilities at June 30, 2013:

Location	Interest Rate Contracts	Credit Contracts	Foreign Exchange Contracts	Total
<b>Asset derivatives:</b>				
Unrealized appreciation of OTC swaps	\$	\$ 836,684	\$	\$ 836,684
Receivable for variation margin on futures contracts*	7,424			7,424
Unrealized appreciation of forward foreign currency contracts			7,706,333	7,706,333
<b>Total asset derivatives</b>	\$ 7,424	\$ 836,684	\$ 7,706,333	\$ 8,550,441
<b>Liability derivatives:</b>				
Unrealized depreciation of OTC swaps	\$ (40,760,526)	\$	\$	\$ (40,760,526)
Payable for variation margin on centrally cleared swaps**	(223,693)	(5,380,251)		(5,603,944)
Unrealized depreciation of forward foreign currency contracts			(8,955,419)	(8,955,419)
<b>Total liability derivatives</b>	\$ (40,984,219)	\$ (5,380,251)	\$ (8,955,419)	\$ (55,319,889)

\* Included in net appreciation of \$572,388 on futures contracts as reported in note (n) of the Notes to Schedule of Investments.

\*\*

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Included in net depreciation of \$12,378,303 on centrally cleared swaps as reported in note (o) and (p) of the Notes to Schedule of Investments.

The effect of derivatives on the Statement of Operations for the period ended June 30, 2013:

Location	Interest		Foreign Exchange Contracts	Total
	Rate Contracts	Credit Contracts		
<b>Net realized gain on:</b>				
Futures contracts	\$ 604,673	\$	\$	\$ 604,673
Swaps	2,947,973	65,611,409		68,559,382
Foreign currency transactions (forward foreign currency contracts)			5,014,345	5,014,345
<b>Total net realized gain</b>	<b>\$ 3,552,646</b>	<b>\$ 65,611,409</b>	<b>\$ 5,014,345</b>	<b>\$ 74,178,400</b>
<b>Net unrealized appreciation/depreciation of:</b>				
Futures contracts	\$ 572,388	\$	\$	\$ 572,388
Swaps	(64,453,010)	12,150,865		(52,302,145)
Foreign currency transactions (forward foreign currency contracts)			(1,249,086)	(1,249,086)
<b>Total net unrealized appreciation/depreciation</b>	<b>\$(63,880,622)</b>	<b>\$ 12,150,865</b>	<b>\$ (1,249,086)</b>	<b>\$ (52,978,843)</b>

**Table of Contents****Schedule of Investments**

PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited) (continued)

The average volume (measured at each fiscal quarter-end) of derivative activity during the period ended June 30, 2013:

Futures Contracts <sup>(1)</sup>	Forward Foreign Currency Contracts <sup>(2)</sup>		Credit Default Swap Agreements <sup>(3)</sup>		Interest Rate Swap Agreements <sup>(3)</sup>
	Short Purchased	Sold	Sell	Sell	
(475)	\$ 187,086,764	\$ 695,850,757	\$ 1,390,650	5,000	\$ 3,252,500

(1) Number of contracts

(2) U.S. \$ Value on origination date

(3) Notional Amount (in thousands)

Financial Assets and Derivative Assets, and Collateral Received as of June 30, 2013:

Gross Amounts Not Offset in the Statement of Assets and Liabilities  
Gross Asset Derivatives

Counterparty	Presented in Statement of				Net Amount (not less than 0)
	Assets and Liabilities	Financial Instrument	Collateral Received		
BNP Paribas	\$ 189,438	\$	\$ (189,438)	\$	
Citigroup	2,957,831	(2,957,831)			
Goldman Sachs	3,907,115	(3,907,115)			
HSBC Bank	1,315,278		(810,000)	505,278	
JPMorgan Chase	173,355		(173,355)		
Total	\$ 8,543,017	\$ (6,864,946)	\$ (1,172,793)	\$ 505,278	

Financial Liabilities and Derivative Liabilities, and Collateral Pledged as of June 30, 2013:

## Gross Amounts Not Offset in the Statement of Assets and Liabilities

## Gross Liability Derivatives

Counterparty	Presented in Statement of Assets and Liabilities	Financial Instrument	Collateral Pledged	Net Amount (not less than 0)
Bank of America	\$ 12,690,739	\$	\$ (12,511,177)	\$ 179,562
Barclays Bank plc	66,525,963		(66,525,963)	
Citigroup	14,185,257	(2,957,831)	(10,684,874)	542,552
Deutsche Bank	147,545,000		(147,545,000)	
Goldman Sachs	18,712,330	(3,907,115)	(14,805,215)	
Royal Bank of Canada	188,247,750		(188,247,750)	
Royal Bank of Scotland	74,106,144		(72,256,102)	1,850,042
UBS AG	62,925,719		(61,610,396)	1,315,323
<b>Total</b>	<b>\$ 584,938,902</b>	<b>\$ (6,864,946)</b>	<b>\$ (574,186,477)</b>	<b>\$ 3,887,479</b>

**Glossary:**

£	- British Pound
CDO	- Collateralized Debt Obligation
CDX.HY	- Credit Derivatives Index High Yield
CME	- Chicago Mercantile Exchange
CMO	- Collateralized Mortgage Obligation
	- Euro
FRN	- Floating Rate Note
ICE	- Intercontinental Exchange
IO	- Interest Only
LIBOR	- London Inter-Bank Offered Rate
OTC	- Over-the-Counter
PIK	- Payment-in-Kind

See accompanying Notes to Financial Statements | June 30, 2013 | Semiannual Report 39

**Table of Contents****Statements of Assets and Liabilities**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

	PCM	Dynamic Credit Income
<b>Assets:</b>		
Investments, at value (cost-\$183,795,774 and \$4,049,141,050, respectively)	\$208,982,241	\$3,988,005,498
Cash	538,446	3,215,016
Foreign currency, at value (cost-\$0 and \$215,791, respectively)		215,374
Unrealized appreciation of OTC swaps	2,677,891	836,684
Unsettled reverse repurchase agreements	1,613,000	
Interest receivable	1,386,106	43,608,310
Receivable from broker	25,979	
Receivable for variation margin on futures contracts		7,424
Swap premiums paid		69,739
Deposits with brokers for futures contracts collateral		35,000
Receivable for investments sold		21,895,117
Unrealized appreciation of forward foreign currency contracts		7,706,333
Receivable for principal paydowns		78,219
Prepaid expenses and other assets	13,005	
Total Assets	215,236,668	4,065,672,714
<b>Liabilities:</b>		
Payable for investments purchased		220,383,373
Payable for reverse repurchase agreements	78,202,000	535,222,957
Payable to brokers for cash collateral received	260,000	900,000
Payable for variation margin on centrally cleared swaps		5,603,944
Payable for terminated swaps	5,687	
Swap premiums received	5,528,619	2,451,623
Dividends payable	920,547	21,440,839
Investment management fees payable	140,906	3,574,392
Interest payable for reverse repurchase agreements	79,512	301,610
Interest payable for cash collateral received	3	11,013
Unrealized depreciation of forward foreign currency contracts		8,955,419
Unrealized depreciation of OTC swaps		40,760,526
Offering costs payable		405,680
Accrued expenses	123,937	371,014
Total Liabilities	85,261,211	840,382,390
<b>Net Assets</b>	<b>\$129,975,457</b>	<b>\$3,225,290,324</b>

**Composition of Net Assets:**

<b>Common Stock/Shares:</b>		
Par value (\$0.001 per common stock and \$0.00001 per share, respectively)	\$11,507	\$1,372
Paid-in-capital in excess of par	143,550,571	3,274,353,061
Undistributed (dividends in excess of) net investment income	608,646	(14,560,086)
Accumulated net realized gain (loss)	(42,059,625)	78,722,958
Net unrealized appreciation (depreciation)	27,864,358	(113,226,981)
<b>Net Assets</b>	<b>\$129,975,457</b>	<b>\$3,225,290,324</b>
Common Stock/Shares Issued and Outstanding	11,506,846	137,221,372
<b>Net Asset Value Per Common Stock/Share</b>	<b>\$11.30</b>	<b>\$23.50</b>

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**Table of Contents****Statements of Operations**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

Period or Six Months ended June 30, 2013 (unaudited)

	PCM	Dynamic Credit Income *
<b>Investment Income:</b>		
Interest	\$7,826,257	\$83,326,280
Dividends	246	700,000
Miscellaneous		4,653,861
<b>Total Investment Income</b>	<b>7,826,503</b>	<b>88,680,141</b>
<b>Expenses:</b>		
Investment management	886,846	16,539,109
Interest	402,517	323,173
Audit and tax services	37,711	45,009
Legal	37,394	68,260
Shareholder/Stockholder communications	26,545	124,110
Custodian and accounting agent	25,994	241,421
Transfer agent	12,248	10,838
New York Stock Exchange listing	8,333	
Directors/Trustees	4,551	101,025
Insurance	3,887	
Miscellaneous	1,313	25,906
<b>Total Expenses</b>	<b>1,447,339</b>	<b>17,478,851</b>
<b>Net Investment Income</b>	<b>6,379,164</b>	<b>71,201,290</b>
<b>Realized and Change in Unrealized Gain (Loss):</b>		
Net realized gain (loss) on:		
Investments	(341,286)	204,888
Futures contracts		604,673
Swaps	250,296	68,559,382
Foreign currency transactions		9,354,015
Net change in unrealized appreciation/depreciation of:		
Investments	(1,651,312)	(61,135,552)
Futures contracts		572,388
Swaps	261,829	(52,302,145)
Foreign currency transactions		(361,672)
<b>Net Realized and Change in Unrealized Loss</b>	<b>(1,480,473)</b>	<b>(34,504,023)</b>
<b>Net Increase in Net Assets Resulting from Investment Operations</b>	<b>\$4,898,691</b>	<b>\$36,697,267</b>

\* For the period January 31, 2013 (commencement of operations) through June 30, 2013.

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PCM Fund, Inc.

**Statement of Changes in Net Assets**

	Six Months ended	
	June 30, 2013	Year ended
	(unaudited)	December 31, 2012
<b>Investment Operations:</b>		
Net investment income	\$ 6,379,164	\$ 12,164,228
Net realized loss	(90,990)	(1,435,262)
Net change in unrealized appreciation/depreciation	(1,389,483)	23,497,440
Net increase in net assets resulting from investment operations	4,898,691	34,226,406
<b>Dividends to Stockholders from Net Investment Income</b>	<b>(5,521,406)</b>	<b>(12,809,055)</b>
<b>Capital Stock Transactions:</b>		
Reinvestment of dividends	137,047	233,480
Total increase (decrease) in net assets	(485,668)	21,650,831
<b>Net Assets:</b>		
Beginning of period	130,461,125	108,810,294
End of period*	\$ 129,975,457	\$ 130,461,125
* Including undistributed (dividends in excess of) net investment income of:	\$ 608,646	\$ (249,112)
<b>Common Stock Issued in Reinvestment of Dividends</b>	<b>11,417</b>	<b>21,592</b>

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PIMCO Dynamic Credit Income Fund

**Statement of Changes in Net Assets**

	For the Period from January 31, 2013 through June 30, 2013  (unaudited)
<b>Investment Operations:</b>	
Net investment income	\$ 71,201,290
Net realized gain	78,722,958
Net unrealized depreciation	(113,226,981)
Net increase in net assets resulting from investment operations	36,697,267
<b>Dividends to Shareholders from Net Investment Income</b>	<b>(85,761,376)</b>
<b>Share Transactions:</b>	
Net proceeds from the sale of shares	3,275,757,438
Offering costs charged to paid-in capital in excess of par	(1,815,000)
Reinvestment of dividends	311,983
Net increase in net assets from share transactions	3,274,254,421
Total increase in net assets	3,225,190,312
<b>Net Assets:</b>	
Beginning of period	100,012
End of period*	\$ 3,225,290,324
* Including dividends in excess of net investment income of:	\$ (14,560,086)
<b>Shares Issued and Reinvested:</b>	
Issued	137,204,500
Issued in reinvestment of dividends	12,683
Net Increase	137,217,183

Commencement of operations.

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**Table of Contents****Statements of Cash Flows**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

Period or Six Months ended June 30, 2013

	PCM	Dynamic Credit Income *
<b>Increase in Cash and Foreign Currency from:</b>		
<b>Cash Flows provided by (used for) Operating Activities:</b>		
Net increase in net assets resulting from investment operations	\$4,898,691	\$36,697,267
<b>Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to Net Cash provided by (used for) Operating Activities:</b>		
Purchases of long-term investments	(9,977,555)	(5,721,990,966)
Proceeds from sales of long-term investments	22,056,584	1,974,404,161
(Purchases) sales of short-term portfolio investments, net	2,158,537	(302,549,227)
Net change in unrealized appreciation/depreciation	1,389,483	113,226,981
Net realized (gain) loss	90,990	(78,722,958)
Net amortization/accretion on investments	(518,463)	1,199,870
Increase in receivable for investments sold		(21,895,117)
(Increase) decrease in interest and dividends receivable	26,507	(43,608,310)
Increase in receivable for principal paydown		(78,219)
Proceeds from futures contracts transactions		1,169,637
Increase in deposits with brokers for futures contracts collateral		(35,000)
Increase in receivable from broker	(1,952)	
Increase in prepaid expenses	(9,097)	
Increase in payable for investments purchased		220,383,373
Increase in payable to brokers for cash collateral received		900,000
Net cash provided by swap transactions	148,073	64,166,907
Net cash provided by foreign currency transactions		10,241,429
Increase (decrease) in investment management fees payable	(13,008)	3,574,392
Increase in interest payable on cash collateral	3	11,013
Increase in accrued offering costs		405,680
Increase in accrued expenses	3,391	371,014
<b>Net cash provided by (used for) operating activities</b>	<b>20,252,184</b>	<b>(3,742,128,073)</b>
<b>Cash Flows provided by (used for) Financing Activities:</b>		
Payments for reverse repurchase agreements	(303,154,000)	(2,905,671,500)
Proceeds on reverse repurchase agreements	290,171,000	3,440,894,457
Decrease in unsettled reverse repurchase agreements	451,000	

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Increase (decrease) in interest payable for reverse repurchase agreements	(17,132)	301,610
Cash dividends paid (excluding reinvestment of dividends of \$137,047 and \$311,983, respectively)	(7,165,339)	(64,008,554)
Proceeds from common shares sold		3,275,757,438
Offering costs and underwriting discount paid		(1,815,000)
<b>Net cash provided by (used for) financing activities</b>	<b>(19,714,471)</b>	<b>3,745,458,451</b>
<b>Net increase in cash and foreign currency</b>	<b>537,713</b>	<b>3,330,378</b>
<b>Cash and foreign currency, beginning of period</b>	<b>733</b>	<b>100,012</b>
<b>Cash and foreign currency, end of period</b>	<b>\$538,446</b>	<b>\$3,430,390</b>

Cash paid for interest primarily related to participation in reverse repurchase agreement transactions was \$419,646, and \$10,550, respectively.

\* For the period January 31, 2013 (commencement of operations) through June 30, 2013.

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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies**

PCM Fund, Inc. ( PCM ) and PIMCO Dynamic Credit Income Fund ( Dynamic Credit Income ), (each a Fund and collectively the Funds ) commenced operations on September 2, 1993 and January 31, 2013, respectively. Prior to commencing operations, the Funds had no operations other than matters relating to their organization as non-diversified, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Dynamic Credit Income sold and issued 4,189 shares at an aggregate price of \$100,012 to Allianz Asset Management of America L.P. ( AAM ). PCM is organized as a Maryland corporation. Dynamic Credit Income is organized as a Massachusetts business trust. Allianz Global Investors Fund Management LLC (the Investment Manager ) and Pacific Investment Management Company LLC ( PIMCO or the Sub-Adviser ) serve as the Funds investment manager and sub-adviser, respectively, and are indirect, wholly-owned subsidiaries of AAM. AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. PCM has the authority to issue 300 million shares of \$0.001 par value common stock. Dynamic Credit Income has authorized unlimited amount of shares with \$0.00001 par value.

Dynamic Credit Income issued 121,000,000 shares in its initial public offering. An additional 16,204,500 shares were issued in connection with the underwriter s over-allotment option. These shares were all issued at \$25.00 per share before an underwriting discount of \$1.125 per share. Offering costs of \$1,815,000 (representing approximately \$0.015 per share) were offset against the proceeds of the offering and over-allotment option and have been charge to paid-in capital in excess of par. The

Sub-Adviser paid all organizational costs of approximately \$25,000.

PCM s primary investment objective is to achieve high current income. Capital gain from the disposition of investments is a secondary objective of the Fund. Dynamic Credit Income s primary investment objective is to seek current income. Capital appreciation is a secondary objective of the Fund. There can be no assurance that the Funds will meet their stated objectives.

The preparation of the Funds financial statements in accordance with accounting principles generally accepted in the United States of America requires the Funds management to make estimates and assumptions that affect the reported amounts and disclosures in the Funds financial statements. Actual results could differ from those estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations that provide general indemnifications. The Funds maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

In June 2013, the Financial Accounting Standards Board issued guidance that creates a two tiered approach to assess whether an entity is an investment company. The guidance will also require an investment company to measure

noncontrolling ownership interests in other investment companies at fair value and will require additional disclosures relating to investment company status, any changes thereto and information about financial support provided or contractually required to be provided to any of the investment company's investees. The guidance is effective for financial statements with fiscal years beginning on or



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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

after December 15, 2013 and the Funds' interim periods within those fiscal years. The Funds' management is evaluating the impact of this guidance on the Funds' financial statement disclosures.

The following is a summary of significant accounting policies consistently followed by the Funds:

**(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded futures and centrally cleared swaps are valued at the price determined by the relevant exchange. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily until settlement at the forward settlement date.

The Board of Directors/Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial derivative instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to the Investment Manager and Sub-Adviser. The

Funds' Valuation Committee was established by the Board to oversee the implementation of the Funds' valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Adviser monitors the continued appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

Benchmark pricing procedures are used as the basis for setting the base price of a fixed-income security and for subsequently adjusting 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 Committee. The validity of the fair value is reviewed by the Sub-Adviser on a periodic basis and may be amended as the availability of market data indicates a material change.

Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61<sup>st</sup> day prior to maturity, if the original term to maturity exceeded 60 days.

Investments initially valued in currencies other than the U.S. dollar are converted to the U.S.

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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

dollar using exchange rates obtained from pricing services. As a result, the net asset value ( NAV ) of each Fund s shares may be affected by changes in the value of currencies in relations to the U.S. dollar. The value of securities 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 New York Stock Exchange ( NYSE ) is closed.

The prices used by the Funds to value investments may differ from the value that would be realized if the investments were sold, and these differences could be material to the Funds financial statements. Each Fund s NAV is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the NYSE on each day the NYSE is open for business.

**(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price ) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

- n Level 1 quoted prices in active markets for identical investments that the Funds have the ability to access
- n Level 2 valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs
- n Level 3 valuations based on significant unobservable inputs (including the Sub-Adviser s or Valuation Committee s own assumptions and securities whose price was determined by using a single broker s quote)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles ( GAAP ).

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**U.S. Treasury Obligations** U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

**Government Sponsored Enterprise and Mortgage-Backed Securities** Government sponsored enterprise and mortgage-backed securities are valued by independent pricing services using pricing models based on inputs that include issuer type, coupon, cash flows, mortgage prepayment projection tables and Adjustable Rate Mortgage evaluations that incorporate index data, periodic and life caps, the next coupon reset date, and the convertibility of the bond. To the extent that these inputs are observable, the values of government sponsored enterprise and mortgage-backed securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Municipal Bonds** Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Corporate Bonds & Notes** Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading

differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Asset-Backed Securities and Collateralized Mortgage Obligations** Asset-backed securities and collateralized mortgage obligations are valued by independent pricing services using pricing models based on a security's average life volatility. The models also take into account tranche characteristics such as coupon, average life, collateral types, ratings, the issuer and tranche type, underlying collateral and performance of the collateral, and discount margin for certain floating rate issues. To the extent that these inputs are observable, the values of asset-backed securities and collateralized mortgage obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Forward Foreign Currency Contracts** Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign

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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Credit Default Swaps** Credit default swaps traded over-the-counter ( OTC ) are valued by independent pricing services using pricing models that take into account, among other factors, information received from market makers and broker-dealers, default probabilities from index specific credit spread curves, recovery rates, and cash flows.

Centrally cleared credit default swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of credit default swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Interest Rate Swaps** OTC interest rate swaps are valued by independent pricing services using pricing models that are based on real-time intraday snapshots of relevant interest rate curves that are built using the most actively traded securities for a given maturity. The pricing models also incorporate cash and money market rates. In addition, market data pertaining to interest rate swaps is monitored regularly to ensure that interest rates are properly depicting the current market rate. Centrally cleared interest rate swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of interest rate swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Senior Loans** Senior Loans are valued by independent pricing services based on the average of quoted prices received from

multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. These quoted prices are based on interest rates, yield curves, option adjusted spreads and credit spreads. To the extent that these inputs are observable, the values of Senior Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The valuation techniques used by the Funds to measure fair value during the period ended June 30, 2013 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Funds' policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to the fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Investments categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discount and amortization of premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or



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**Notes to Financial Statements**

PCM Fund, Inc./PIMCO Dynamic Credit Income Fund

June 30, 2013 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

amortized, respectively, to interest income. Dividend income is recorded on the ex-dividend date. Facility fees and other fees received after settlement date relating to senior loans and consent fees relating to corporate actions are recorded as miscellaneous income upon receipt. Paydown gains and losses are netted and recorded as interest income on the Statements of Operations.

**(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. Funds management has determined that its evaluation of the positions taken in the tax returns has resulted in no material impact to the Funds financial statements at June 30, 2013. The federal income tax returns for the prior three years or since inception, as applicable, remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions**

PCM declares dividends from net investment income to stockholders monthly and distributions of net realized capital gains, if any are paid at least annually.

Dynamic Credit Income intends to declare monthly distributions from net investment income but may fund a portion of it s

distributions with gains from the sale of portfolio securities and other sources.

The Funds record dividends and distributions on the ex-dividend date. The amount of dividends from net investment income and distributions from net realized capital gains is determined in accordance with federal income tax regulations, which may differ from GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to shareholders/stockholders from return of capital.

**(f) Foreign Currency Translation**

Dynamic Credit Income's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currencies are