

NEWTEK BUSINESS SERVICES, INC.

Form PRER14A

September 24, 2014

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. 5)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Newtek Business Services, Inc.**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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**NEWTEK BUSINESS SERVICES, INC.**

**212 West 35<sup>th</sup> Street**

**2<sup>nd</sup> Floor**

**New York, NY 10001**

**(212) 356-9500**

September 23, 2014

Dear Stockholder:

We invite you to attend a Special Meeting of Stockholders (the Special Meeting ) of Newtek Business Services, Inc. (the Company ) to be held at the offices of the Company at 212 West 35<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, NY 10001 on October 22, 2014 at 10:00 a.m., local time.

The attached Notice of Special Meeting and Proxy Statement/ Prospectus describe the formal business to be transacted at the Special Meeting. Also enclosed is a proxy card.

**YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN.** On behalf of the board of directors of the Company (the Board ), we urge you to please sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope or vote by telephone or Internet as soon as possible even if you currently plan to attend the Special Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the Special Meeting.

We look forward to seeing you at the Special Meeting.

Sincerely yours,

Barry Sloane  
Chairman, President and Chief Executive  
Officer

**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Stockholders to Be Held on October 22, 2014.**

Our proxy statement and annual report on Form 10-K for the years ended December 31, 2012 and December 31, 2013 are available on the Internet at <http://investor.newtekbusinessservices.com/sec.cfm>.

The following information applicable to the Special Meeting may be found in the proxy statement and accompanying proxy card:

The date, time and location of the meeting;

A list of the matters intended to be acted on and our recommendations regarding those matters;

Any control/identification numbers that you need to access your proxy card; and

Information about attending the meeting and voting in person.

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**NEWTEK BUSINESS SERVICES, INC.**

**212 West 35th Street, 2nd Floor**

**New York, New York 10001**

**(212) 356-9500**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held on October 22, 2014**

**NOTICE IS HEREBY GIVEN** that the Special Meeting of Stockholders (the **Special Meeting** ) of Newtek Business Services, Inc. (the **Company** ) will be held at the offices of the Company at 212 West 35th Street, 2nd Floor, New York, NY 10001 on October 22, 2014 at 10:00 a.m., local time.

The Special Meeting is for the following purposes, which are more completely described in the accompanying Proxy Statement/Prospectus:

1. To approve an agreement and plan of merger (the **Merger Agreement** ) by and between the Company and Newtek Business Services Corp., a Maryland corporation, for the purpose of reincorporating the Company in the state of Maryland (the **Merger Agreement** and the transactions contemplated thereby are referred to as the **Reincorporation Transaction** ) in anticipation of the election by the Company to be regulated as a business development company under the Investment Company Act of 1940, as amended (the **BDC Election** );
2. To approve a reverse stock split to be implemented prior to the Reincorporation Transaction and a related amendment to our Restated Certificate of Incorporation, pursuant to which each stockholder will receive one share of our common stock in exchange for no fewer than five shares and no greater than six shares owned at that time, with the exact ratio to be determined by the Company's board of directors (the **Board** );
3. To approve a proposal to authorize the Company, with the approval of its board, to sell shares of its common stock subsequent to the BDC Election at a price or prices below its then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the Proxy Statement/ Prospectus;

4. To approve the adoption of a new equity compensation plan, which will become effective subsequent to the BDC Election;
  5. To approve any adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies in favor of any or all of the foregoing proposals if there are not sufficient votes for such proposals; and
  6. To transact such other business as may properly come before the Special Meeting.
- The Board is not aware of any other business to come before the Special Meeting.

Any action may be taken on any one of the foregoing proposals at the Special Meeting or any adjournments thereof. Stockholders of record at the close of business on September 8, 2014 are entitled to vote at the Special Meeting and any adjournment thereof.

We ask that you fill in and sign the enclosed proxy card which is solicited by the Board and mail it promptly in the enclosed envelope. You may also cast your vote by telephone or Internet as shown on the proxy card. The proxy will not be used if you attend and vote at the Special Meeting in person.

**For additional questions about the merger, assistance in submitting proxies or voting shares of common stock or for additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:**

Georgeson and Company  
1290 Avenue of the Americas  
9th Floor  
New York, NY 10104  
(800) 676-0098

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You have the option to revoke the proxy at any time prior to the vote at the meeting or to vote your shares personally on request if you attend the meeting.

By Order of the Board of Directors

Barry Sloane  
Chairman, President and Chief Executive  
Officer

New York, New York

September 23, 2014

**IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE YOUR COMPANY THE EXPENSE OF A FURTHER REQUEST FOR PROXIES IN ORDER TO ENSURE A QUORUM. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.**



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**PROXY STATEMENT FOR  
NEWTEK BUSINESS SERVICES INC.  
AND  
PROSPECTUS FOR  
NEWTEK BUSINESS SERVICES CORP.**

Newtek Business Services, Inc. and Newtek Business Services Corp.'s principal executive offices are located at 212 West 35<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, New York 10001 and can be reached by telephone at (212) 356-9500.

This Proxy Statement/ Prospectus is being furnished in connection with the proposed merger between Newtek Business Services, Inc., a New York corporation ( Newtek NY ) and Newtek Business Services Corp., a Maryland corporation ( Newtek MD ), and together with Newtek NY, the Companies ). In the proposed merger, Newtek NY will merge into Newtek MD and Newtek MD will assume all of the assets and liabilities of Newtek NY (the Reincorporation Transaction ). If the Reincorporation Transaction is approved by the shareholders of Newtek NY, and the merger is completed, shares of Newtek NY will be converted into shares of Newtek MD and Newtek NY will cease to exist. Immediately after the Reincorporation Transaction, you will hold shares of common stock of Newtek MD which have an aggregate net asset value equal to the aggregate net asset value of the shares of Newtek NY you held immediately before the Reincorporate Transaction.

Newtek NY is a New York corporation. Newtek MD is a Maryland corporation that anticipates filing an election to be regulated as a business development company (a BDC ) under the Investment Company Act of 1940, as amended (the BDC Election ), and intends to operate subsequently as an internally managed, non-diversified closed-end investment company. Newtek MD also intends to elect to be treated as a regulated investment company ( RIC ) under Subchapter M of the Internal Revenue Code (the Code ) for U.S. federal income tax purposes. Newtek MD's investment objective will be to invest primarily in debt investments made through its small business finance platform under the SBA 7(a) program and to a lesser extent in equity investments that enhance its integrated operating businesses. Newtek MD's shares are not currently listed on a national exchange. Newtek NY's shares are listed on the NASDAQ Capital Market under the ticker symbol NEWT. Subject to approval of the NASDAQ Stock Market, the shares of Newtek MD will continue to trade on the NASDAQ Capital Market under the ticker symbol NEWT after completion of the Reincorporation Transaction.

**MEETING**

The purposes of the meeting are:

1. To approve an agreement and plan of merger (the Merger Agreement ) by and between Newtek NY and Newtek MD, for the purpose of reincorporating Newtek NY in the state of Maryland (the Merger Agreement and the transactions contemplated thereby are referred to as the Reincorporation Transaction ) in anticipation of the election by the Company to be regulated as a business development company under the Investment

Company Act of 1940, as amended (the 1940 Act );

2. To approve a reverse stock split to be implemented prior to the Reincorporation Transaction and a related amendment to our Restated Certificate of Incorporation, pursuant to which each stockholder will receive one share of our common stock in exchange for no fewer than five shares and no greater than six shares of our common stock owned at that time, with the exact ratio to be determined by the Company's Board of Directors;
3. To approve a proposal to authorize the Company, with the approval of its Board of Directors, to sell shares of its common stock subsequent to the BDC Election at a price or prices below its then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the Proxy Statement/ Prospectus;

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4. To approve the adoption of a new equity compensation plan, which will become effective subsequent to the BDC Election;
5. To approve any adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies in favor of any or all of the foregoing proposals if there are not sufficient votes for such proposals; and
6. To transact such other business as may properly come before the Special Meeting.

**ADDITIONAL INFORMATION**

This Proxy Statement/ Prospectus contains important information about us that a prospective investor should know before voting on whether or not to approve the merger between Newtek MD and Newtek NY. Please read this prospectus before voting and keep it for future reference. Newtek NY files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ( SEC ), and after the completion of this offering, Newtek MD will continue filing such reports and information with the SEC. This information will be available free of charge by contacting us by mail at 212 West 35<sup>th</sup> Street, New York, New York 10001, by telephone at (212) 356-9500 or on our website at <http://www.thesba.com>. The SEC also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

Information relating to Newtek NY contained in both its Annual Report on Form 10-K dated March 31, 2013 (SEC File No. 001-16123) and its Current Report on Form 10-Q dated August 14, 2014 (SEC File No. 001-16123) are incorporated by reference into this document. (This means that such information is legally considered to be part of this Proxy Statement/ Prospectus.)

**The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this Proxy Statement/ Prospectus is September 23, 2014**

**Approximate Date of Proposed Sale of Securities to the Public:** As soon as practicable after this registration statement becomes effective and upon completion of the Merger described in the enclosed document.

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**SUMMARY**

THIS SECTION SUMMARIZES THE PRIMARY FEATURES AND CONSEQUENCES OF THE REINCORPORATION TRANSACTION. IT MAY NOT CONTAIN ALL OF THE INFORMATION THAT IS IMPORTANT TO YOU. TO UNDERSTAND THE REINCORPORATION TRANSACTION, YOU SHOULD READ THIS ENTIRE PROXY STATEMENT/PROSPECTUS AND APPENDIX A.

This summary is qualified in its entirety by reference to the additional information contained elsewhere in this combined proxy statement/ prospectus, dated September 23, 2014 (the Proxy Statement/ Prospectus ), and the Agreement and Plan of Merger between Newtek NY and Newtek MD that will affect the Reincorporation Transaction (the Merger Agreement ), which is attached to this Proxy Statement/ Prospectus as *Appendix A*.

This Proxy Statement/ Prospectus is being furnished to shareholders of Newtek NY in connection with the Merger Agreement, pursuant to which Newtek NY will merge into Newtek MD and the outstanding shares of Newtek NY will be converted into shares of Newtek MD in order for the company to reincorporate from New York to Maryland in anticipation of the election by Newtek MD to be regulated as a BDC under the 1940 Act. The boards of directors of each of the Companies approved the Reincorporation Transaction (each a Board, and together the Boards ). The Board of Newtek NY approved the Reincorporation Transaction at a meeting held on September 12, 2014 and the Board of Newtek MD approved the Reincorporation Transaction by unanimous written consent. A copy of the Merger Agreement is attached to this Proxy Statement/ Prospectus as *Appendix A*. This Proxy Statement/ Prospectus also contemplates other matters to be considered by the stockholders at the special meeting including: (i) the approval of a reverse stock split; (ii) the authorization to sell shares of common stock at a price or prices below Newtek NY's then current net asset value per share in one or more offerings; (iii) the approval of a new equity compensation plan and (iv) the approval to adjourn to solicit additional votes. Shareholders should read this entire Proxy Statement/ Prospectus, including the exhibits carefully.

**PROPOSAL I APPROVAL OF THE REINCORPORATION TRANSACTION**

We are seeking approval of the Reincorporation Transaction (including the Merger Agreement) in anticipation of the BDC Election. As a result of the Reincorporation Transaction, Newtek NY will merge into Newtek MD and will cease to exist and Newtek MD will succeed to Newtek NY's operations as the sole surviving entity. Newtek NY's officers and directors immediately before the Reincorporation Transaction will become Newtek MD's officers and directors immediately following the merger. References herein to the Company, we, us or our refer to Newtek NY prior to the Reincorporation Transaction and Newtek MD after the Reincorporation Transaction.

For the reasons set forth below, the Board believes that approval of the Reincorporation Transaction is in the best interests of the Company and its stockholders and has approved the Reincorporation Transaction.

In the proposed merger, all of the assets and liabilities of Newtek NY will be acquired and assumed by Newtek MD and Newtek MD will continue as the surviving company in the merger. If the Reincorporation Transaction is approved by the shareholders of Newtek NY, and the merger is completed, the outstanding shares of Newtek NY will be converted into the same number of shares of Newtek MD. Immediately after the Reincorporation Transaction, you will hold shares of common stock of Newtek MD which have an aggregate net asset value equal to the aggregate net asset value of the shares of Newtek NY you held immediately before the Reincorporate Transaction.

Pursuant to New York law, if the Reincorporation Transaction is approved by the stockholders of the Company, stockholders who dissent from the Reincorporation Transaction will not be entitled to appraisal rights with respect to their Shares.



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**Background and Reasons for the Reincorporation Transaction**

Newtek NY was organized under the laws of New York on June 29, 1999. Newtek MD was organized under the laws of Maryland on August 26, 2013. The purpose of the Reincorporation Transaction is to change Newtek NY's state of incorporation from New York to Maryland so that Newtek NY is governed by the Maryland General Corporation Law (the "MGCL") rather than by the New York Business Corporation Law (the "NYBCL"). In connection therewith, the Company will be subject to a new charter and bylaws. The Board believes that this new corporate structure will best position the Company to operate as an investment company in connection with its proposed BDC Election. Specifically, the MGCL provides administrative advantages and operating efficiencies to investment companies that are not permissible under the NYBCL. In addition, the MGCL contains a well-established body of investment company precedent that may be relevant in deciding issues pertaining to Newtek NY's operation as a BDC. As of May 2, 2014, seven out of the ten largest BDCs, based on market capitalization, were organized under the MGCL. Finally, Newtek MD's charter and bylaws will provide us greater flexibility in managing our capital structure; for example, by enabling us to change the Company's name, if necessary to indicate a particular focus or to authorize additional shares without seeking stockholder approval.

**Investment Objectives and Policies**

We are a leading national lender and own and control certain portfolio companies (our "controlled portfolio companies," as defined below) that provide a wide range of business and financial products to small- and medium- sized businesses ("SMBs"). In particular, we and our controlled portfolio companies provide comprehensive lending, payment processing, managed technology, personal and commercial insurance and payroll solutions to over 100,000 SMB accounts, across all industries. We have an established and reliable platform that is not limited by client size, industry type or location. As a result, we have a strong and diversified client base across every state in the U.S and across a variety of different industries. In addition, we have developed a financial and technology based business model that enables us and our controlled portfolio companies to acquire and process our SMB clients in a very cost effective manner. This capability is supported in large part by NewTracker<sup>®</sup>, our patented prospect management technology software. We believe that this technology and business model distinguishes us from our competitors.

We and our controlled portfolio companies operate as an integrated operational business with internal management. Upon the Reincorporation Transaction, as a BDC, we will be internally managed and focus on serving the SMB market, which we estimate to be over 27 million businesses in the U.S. These businesses have historically been underserved by traditional financial institutions and typically lack the capital resources to build a competitive business and marketing infrastructure on their own. Further, in today's economic climate, SMBs have particular difficulty obtaining capital from traditional lending sources. While we do not compete directly with alternative online lenders such as OnDeck Capital, Inc. and Kabbage Inc., we do provide similar financing solutions as an alternative to traditional lending. We believe there is significant demand for such alternative financing among SMBs. Our lending solutions and our controlled portfolio companies' outsourced business solutions help clients manage and grow their businesses and compete effectively in today's marketplace. We obtain our customers through referrals from various business partners, such as banks, credit unions and other affinity groups, as well as through our own direct sales force and advertising campaigns. We source, acquire and process SMB customers in a cost effective manner without reliance on high cost sales staff and time consuming application processes.

In lending, we believe we are a leading capital provider to SMBs based on our loan volume of more than \$600 million through approximately 1,100 transactions since 2003 and we are currently the largest non-financial institution U.S. Small Business Administration ("SBA") licensed lender under the federal Section 7(a) loan program based on annual origination volume. We originate loans through a variety of sourcing channels and, through a rigorous underwriting process, seek to achieve attractive risk-weighted returns. Our multi-faceted relationships with certain borrowers allows



us to closely monitor their credit profile and take an active role in managing our investment. Further, our lending capabilities coupled with the broad outsourced business solutions of our controlled portfolio companies creates attractive cross-selling opportunities within our client base. We believe our business model creates powerful network effects which will help drive growth and operating leverage in our business. In

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addition, our SBA loans are structured so that the government guaranteed portion can be rapidly sold, which, based on our historic ability to securitize the unguaranteed portions and assuming the continuation of current market conditions, allows us to quickly recover our principal and earn excess capital on each loan, usually in less than a year. We retain a residual interest in the securitized loans and we may in the future determine to retain the government guaranteed or unguaranteed portions of loans pending deployment of excess capital.

Our proprietary and patented technology platform which we make available to our controlled portfolio companies enables them to provide our clients with a real-time management solution that organizes all of a business's critical transaction and economic, eCommerce and website traffic data on a smartphone, tablet, laptop or personal computer. This technology provides critical consumer and marketing intelligence, including data mining, and provides a range of differentiated solutions and analytical tools that may be easily customized and integrated within their clients' existing business processes. It also provides clients with seamless connectivity to a payment and managed technology infrastructure that is secure, fully compliant and regularly updated with the latest capabilities, services and functionalities. The platform is highly scalable to facilitate growth and meet the needs of new clients and consists solely of cloud-based offerings.

For the years 2011, 2012 and 2013 and the six months ended June 30, 2014, our revenue was \$125.3 million, \$131.1 million, \$143.6 million and \$74.2 million, respectively. In the same periods, our net income attributable to Newtek NY was \$3.3 million, \$5.6 million, \$7.5 million and \$2.8 million, respectively.

***New Business Structure***

We anticipate filing an election to be regulated as a BDC under the 1940 Act after the Reincorporation Transaction, and we intend to operate subsequently as an internally managed, non-diversified closed-end investment company. We also intend to elect to be treated as a RIC under Subchapter M of the Code for U.S. federal income tax purposes. In connection with the BDC Election, we intend to undertake a public offering of shares of Newtek MD's common stock ( "BDC Shares" ) of up to \$50 million, which we refer to as the "Proposed Offering." Any proceeds from the Proposed Offering will be used primarily to expand our small business finance platform, make direct investments in portfolio companies in accordance with our investment objective and strategies described herein and for general corporate purposes. We cannot assure you when the Proposed Offering will be completed, or if completed, that the Proposed Offering will provide sufficient liquidity to meet our investment objective. The size of the Proposed Offering could be material, and could have a materially dilutive effect on our existing stockholders.

Set forth below is a diagram of our organizational structure following the Reincorporation Transaction and the Proposed Offering:

We intend to use the net proceeds of the Proposed Offering primarily to expand our SMB lending, make direct investments in portfolio companies in accordance with our investment objective and strategies described in

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this Proxy Statement/ Prospectus and for general corporate purposes. We believe that transitioning to a BDC and RIC will provide us with access to lower-cost capital and a business structure conducive to expanding our lending activities and will assist in maximizing our value to shareholders by, among other things, permitting us to value our assets and controlled portfolio companies at fair value. As a BDC, we will seek to generate both current income and capital appreciation primarily through loans originated by our small business finance platform and our equity investments in certain portfolio companies that we control. While our primary investment focus as a BDC will be making loans and providing business services to the SMB market through our controlled portfolio companies, we may also make opportunistic investments in larger or smaller companies. We expect to continue to grow our business organically, both directly and through our controlled portfolio companies, as we have historically. We expect to have the ability to increase our quarterly distributions to our stockholders over time as we invest the proceeds of the Proposed Offering and increase the size of our investment portfolio. Our transition to a BDC and RIC will have certain consequences on our balance sheet and net asset value.

***Small Business Finance***

Our debt portfolio consists of loans that were made through our small business finance platform, comprised of Newtek Small Business Finance, Inc. ( NSBF ), a nationally licensed SBA lender, and CDS Business Services, Inc. d/b/a Newtek Business Credit ( CDS ). NSBF originates, sells and services loans to qualifying SMBs, which are partially guaranteed by the SBA. The small business finance platform also consists of CDS, a portfolio company, which provides receivables financing and management services to SMBs which may obtain \$10,000 to \$2,000,000 per month through the sale of their trade receivables. In addition, CDS offers back office receivables services for SMBs, such as billing and cash collections. An additional wholly-owned portfolio company, Small Business Lending, Inc., engages in third party loan servicing for SBA and non-SBA loans.

As a BDC, we plan to expand our small business finance platform primarily by making senior secured loans through NSBF. NSBF is one of 14 SBA licensed Small Business Lending Corporations that provide loans nationwide under the federal Section 7(a) loan program ( SBA 7(a) loans ). NSBF has received preferred lender program ( PLP ) status, a designation whereby the SBA authorizes the most experienced SBA lenders to place SBA guarantees on loans without seeking prior SBA review and approval. PLP status allows NSBF to serve its clients in an expedited manner since it is not required to present applications to the SBA for concurrent review and approval. We believe our SBA license, combined with our PLP designation, provides us with a distinct competitive advantage over other SMB lenders that have not overcome these significant barriers-to-entry in our primary loan market. NSBF has historically originated in excess of \$110 million of SBA 7(a) loans annually and currently manages a portfolio of approximately \$1.1 billion of SBA 7(a) loans, which as of June 30, 2014 includes \$509 million of SBA 7(a) loans that NSBF services on behalf of third parties. NSBF originated approximately \$178 million of SBA 7(a) loans during 2013. We believe that we will continue to be introduced to a variety of high-quality investment opportunities through our existing loan sourcing channels and our controlled portfolio companies' relationships with their clients, and that our transition to a BDC will help fuel the growth of our loan portfolio by providing us with better access to lower-cost capital. In July 2014 we reached tentative agreement with our current warehouse lender, Capital One, N.A., to increase the line of credit available to support our SBA lending from \$27 million to \$50 million and we are currently awaiting final regulatory approval for this increased loan.

The SBA is an independent government agency that facilitates one of the nation's largest source of SMB financing by providing credit guarantees for its loan programs. Under the SBA's 7(a) lending program, a bank or other lender such as NSBF underwrites a loan between \$50,000 and \$5 million for a variety of general business purposes based on the SBA's guidelines and the SBA provides a partial guarantee on the loan. Depending on the loan size, the SBA typically guarantees between 75% and 85% of the principal and interest due. The recoveries and expenses on the unguaranteed portions of these loans are shared *pari passu* between the SBA and the lender, which substantially reduces the loss

severity on the unguaranteed portion of a loan for all SBA 7(a) loan investors. SBA 7(a) loans are typically between five and 25 years in maturity, are four to five years in duration and bear interest at the prime rate plus a spread from 2.25% to 2.75%. Since the guaranteed portions of SBA 7(a) loans carry the full

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faith and credit of the U.S. government, lenders may, and frequently do, sell the guaranteed portion of SBA 7(a) loans in the capital markets, hold the unguaranteed portion and retain all loan servicing rights.

NSBF has a dedicated capital markets team that sells or securitizes the guaranteed and the unguaranteed portions of its SBA 7(a) loans. Historically, NSBF has sold the guaranteed portion of its originated SBA 7(a) loans within two weeks of origination and retained the unguaranteed portion until accumulating sufficient loans for a securitization. The SBA-guaranteed portions of SBA 7(a) loans have historically traded at a premium ranging from 110% to 120% of par value and have never traded below par value. Since inception, NSBF has sold approximately \$480 million of the SBA guaranteed portions of SBA 7(a) loans at premiums ranging from 106% to 120% of par value and typically any portion of the premium that was above 110% of par value was shared equally between NSBF and the SBA. In December 2010, NSBF launched its securitization program for unguaranteed portions of its SBA 7(a) loans and has successfully completed three securitization transactions with Standard & Poor's AA and A ratings and attractive advance rates of approximately 70% of par value. NSBF intends to do additional securitizations in the future which may be on comparable although not necessarily identical terms and conditions. We may determine to retain the government guaranteed or unguaranteed portions of loans pending deployment of excess capital.

NSBF's senior lending team has focused on making smaller loans, approximately \$1 million or less, in order to maintain a diversified pool of loans that are dispersed both geographically and among industries, which limits NSBF's exposure to regional and industry-specific economic downturns. Specifically, NSBF's current loan portfolio consists of 723 loans originated across 43 states in 68 different industries as defined by the North American Industry Classification System. The following charts summarize NSBF's mix of investment concentrations by industry and geography as of June 30, 2014.

<b>Industry type</b>	<b>Number of Loans</b>	<b>Aggregate Balance (\$)</b>	<b>Average Balance (\$)</b>	<b>Percentage of Balance</b>
Food Services and Drinking Places	74	8,455	114	7.52%
Amusement, Gambling, and Recreation Industries	33	6,767	205	6.02%
Professional, Scientific, and Technical Services	36	5,654	157	5.03%
Repair and Maintenance	43	5,600	130	4.98%
Specialty Trade Contractors	34	5,053	149	4.50%
Ambulatory Health Care Services	63	4,914	78	4.37%
Food Manufacturing	15	4,846	323	4.31%
Truck Transportation	14	4,709	336	4.19%
Fabricated Metal Product Manufacturing	18	4,704	261	4.19%
Accommodation	25	4,582	183	4.08%
Other	368	57,085	155	50.81%
<b>Total</b>	<b>723</b>	<b>112,369</b>	<b>155</b>	<b>100.00%</b>

<b>State</b>	<b>Number of Loans</b>	<b>Aggregate Balance (\$)</b>	<b>Average Balance (\$)</b>	<b>Percentage of Balance</b>
NY	100	14,263	143	12.69%

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FL	73	10,290	141	9.16%
CT	43	7,865	183	7.00%
GA	36	7,682	213	6.84%
TX	42	7,621	181	6.78%
NJ	55	7,378	134	6.57%
PA	41	7,323	179	6.52%
CA	46	5,946	129	5.29%
OH	21	4,269	203	3.80%
MI	21	3,713	177	3.30%
Other	245	36,019	147	32.05%
<b>Total</b>	<b>723</b>	<b>112,369</b>	<b>155</b>	<b>100.00%</b>

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NSBF evaluates the credit quality of its loan portfolio by employing a risk rating system that is similar to the Uniform Classification System, which is the asset classification system adopted by the Federal Financial Institution Examinations Council. NSBF's risk rating system is granular with multiple risk ratings in both the Acceptable and Substandard categories. Assignment of the ratings are predicated upon numerous factors, including credit risk scores, collateral type, loan to value ratios, industry, financial health of the business, payment history, other internal metrics/analysis, and qualitative assessments. Risk ratings are refreshed as appropriate based upon considerations such as market conditions, loan characteristics, and portfolio trends. NSBF's gross SBA loans by credit quality indicator are as follows:

<b>Risk Rating</b>	<b>Number of Loans</b>	<b>Aggregate Balance</b>	<b>Average Balance</b>	<b>Percentage of Balance</b>
Risk Rating 1-4	634	99,821	157	88.83%
Risk Rating 5	16	3,089	193	2.75%
Risk Rating 6	55	7,621	139	6.78%
Risk Rating 6/7 and 7	18	1,837	102	1.64%
<b>Total</b>	<b>723</b>	<b>112,368</b>	<b>155</b>	<b>100.00%</b>

The weighted average term to maturity and weighted average interest rate of NSBF's loan portfolio as of June 30, 2014 was 191 months and 6%, respectively.

As a BDC, using the origination platform and borrower relationships that we have developed over ten years and our experience and knowledge with SBA 7(a) lending, we intend to develop a conventional lending platform that will be similar to the SBA 7(a) lending program in terms of high credit quality and rigorous underwriting, but without the SBA's guarantee. To compensate for the lack of the SBA's guarantee, we intend to charge higher, double-digit interest rates on our loans. By leveraging our infrastructure in this way, we believe we will be able to grow our lending business at a faster rate than we have done historically and potentially provide better returns to our shareholders.

**Controlled Portfolio Companies**

In addition to our debt investments in portfolio companies, either directly or through our small business finance platform, we also hold controlling interests in certain portfolio companies that, as of June 30, 2014, represented approximately 42% of our total investment portfolio on a pro forma fair value basis. Specifically, we hold a controlling interest in Universal Processing Services of Wisconsin, LLC, d/b/a Newtek Merchant Solutions ( NMS ), CrystalTech Web Hosting, Inc. d/b/a/ Newtek Technology Solutions® ( NTS ), CDS Business Services, Inc. ( CDS ) and Newtek Insurance Agency, LLC ( NIA ). In addition, one of our subsidiaries holds a controlling interest in PMTWorks Payroll, LLC, d/b/a Newtek Payroll Services ( NPS ). We refer to these entities, collectively, as our controlled portfolio companies. Our controlled portfolio companies provide us with an extensive network of business relationships that supplement our referral sources and that we believe will help us to maintain a robust pipeline of lending opportunities and expand our small business finance platform.

NMS, our Electronic payment processing segment, markets credit and debit card processing services, check approval services and ancillary processing equipment and software to merchants

who accept credit cards, debit cards, checks and other non-cash forms of payment. As of June 30, 2014, NMS provided services to approximately 14,100 merchants. NMS's merchant base consists of both eCommerce and brick-and-mortar clients and is principally focused on the SMB market, a segment that offers relatively attractive pricing margins and has been difficult for competitors to penetrate. For the six months ended June 30, 2014, NMS, on a segment basis, generated \$44.7 million of revenue and \$3.9 million of income before income taxes. For the year ended December 31, 2013, NMS, on a segment basis, generated \$89.7 million of revenue and \$8.3 million of income before income taxes and for the year ended December 31, 2012, it generated \$85.5 million of revenue and \$7.0 million of income before income taxes.

and estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit [www.pimco.com](http://www.pimco.com) for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

<sup>(3)</sup> Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

#### Investment Objective and Strategy Overview

- » PIMCO Corporate & Income Strategy Fund's primary investment objective is to seek high current income, with a secondary objective of capital preservation and appreciation.

#### Fund Insights

- » The Fund's exposure to high yield corporate bonds was the primary detractor from returns, as the sector struggled amid a backdrop of commodity weakness and capital outflows. Within high yield, exposure to banking and specialty finance, manufacturing, utilities, entertainment, media and raw materials companies was the main headwind for returns.
- » The Fund's emerging market holdings were major detractors from returns, due to exposure to local and hard currency-denominated Brazilian debt. Brazil was negatively impacted by slowing economic growth, high inflation and a political crisis.
- » Additionally within corporate credit, the Fund's exposure to investment grade corporate bonds was a significant detractor from returns as spreads widened, given abundant new supply and commodity price volatility.
- » The Fund's allocation to securitized credit detracted significantly from performance, as prices were generally lower during the period.
- » Overall contribution from U.S. interest rate exposure was the primary positive factor for performance. This was due mainly to an emphasis on the intermediate portion of the curve, as it provided attractive carry, the rate of interest earned by holding the respective securities, and intermediate interest rates generally declined over the reporting period. Additionally, tactical exposure to U.K. rates contributed to performance.

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The Fund's partial redemption of auction rate preferred shares had a major, one-time positive impact on returns, as the redemption was done below face value, which was accretive for common shareholders.

- » The Fund's exposure to select taxable municipal bonds contributed modestly to returns.

### **10 PIMCO CLOSED-END FUNDS**

**Table of Contents****PIMCO High Income Fund**Symbol on NYSE - **PHK**

## Allocation Breakdown

Corporate Bonds & Notes	49.6%
Non-Agency Mortgage-Backed Securities	17.2%
Asset-Backed Securities	14.1%
Municipal Bonds & Notes	10.5%
Short-Term Instruments	2.3%
Other	6.3%

% of Investments, at value as of 01/31/16. Financial derivative instruments, if any, are excluded.

Fund Information (as of January 31, 2016)<sup>(1)</sup>

Market Price	\$7.84
NAV	\$6.53
Premium/(Discount) to NAV	20.06%
Market Price Distribution Yield <sup>(2)</sup>	15.84%
NAV Distribution Yield <sup>(2)</sup>	19.01%
Total Effective Leverage <sup>(3)</sup>	23%

Average Annual Total Return<sup>(1)</sup> for the period ended January 31, 2016

	6 Month*	1 Year	5 Year	10 Year	Commencement of Operations (04/30/03)
Market Price	(12.59)%	(25.41)%	2.34%	7.93%	8.74%
NAV	(2.86)%	5.67%	11.17%	10.23%	10.83%

All Fund returns are net of fees and expenses.

\* Cumulative return

<sup>(1)</sup> Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit [www.pimco.com](http://www.pimco.com) or call (844) 33-PIMCO.

<sup>(2)</sup> Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of

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such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit [www.pimco.com](http://www.pimco.com) for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

### Investment Objective and Strategy Overview

- » PIMCO High Income Fund's primary investment objective is to seek high current income, with capital appreciation as a secondary objective.

### Fund Insights

- » The Fund's exposure to high yield corporate bonds was the primary detractor from returns, as the sector struggled amid a backdrop of commodity weakness and capital outflows. Within high yield, exposure to banking and specialty finance, manufacturing, utilities, entertainment, media and energy companies was the main headwind for returns.
- » The Fund's emerging market holdings were major detractors from returns, due to exposure to hard currency-denominated Brazilian debt. Brazil was negatively impacted by slowing economic growth, high inflation and a political crisis.
- » The Fund's allocation to securitized credit also detracted significantly from performance due to negative security selection within non-agency residential mortgage-backed securities and exposure to structured credit vehicles (collateralized debt obligations/collateralized loan obligations).
- » Additionally within corporate credit, the Fund's exposure to investment grade corporate bonds detracted significantly from returns as spreads widened, given abundant new supply and commodity price volatility.
- » Overall contribution from U.S. interest rate exposure was the primary positive factor for performance. This was due mainly to an emphasis on the intermediate portion of the curve, as it provided attractive carry, the rate of interest earned by holding the respective securities, and intermediate interest rates generally declined over the reporting period. Additionally, tactical exposure to U.K. rates contributed to performance.
- » The Fund's partial redemption of auction rate preferred shares had a significant, one-time positive impact on returns, as the redemption was done below face value, which was accretive for common shareholders.
- » The Fund's exposure to select taxable municipal bonds contributed modestly to returns.

**Table of Contents****PIMCO Income Strategy Fund**Symbol on NYSE - **PFL**

## Allocation Breakdown

Corporate Bonds & Notes	44.2%
Asset-Backed Securities	21.6%
Non-Agency Mortgage-Backed Securities	16.4%
Municipal Bonds & Notes	5.2%
Short-Term Instruments	4.3%
Other	8.3%

% of Investments, at value as of 01/31/16. Financial derivative instruments, if any, are excluded.

Fund Information (as of January 31, 2016)<sup>(1)</sup>

Market Price	\$9.29
NAV	\$10.08
Premium/(Discount) to NAV	(7.84)%
Market Price Distribution Yield <sup>(2)</sup>	11.63%
NAV Distribution Yield <sup>(2)</sup>	10.71%
Total Effective Leverage <sup>(3)</sup>	23%

Average Annual Total Return<sup>(1)</sup> for the period ended January 31, 2016

	6 Month*	1 Year	5 Year	10 Year	Commencement of Operations (08/29/03)
Market Price	(5.59)%	(12.40)%	4.63%	4.71%	4.43%
NAV	(7.55)%	(1.57)%	8.16%	5.41%	5.59%

All Fund returns are net of fees and expenses.

\* Cumulative return

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit [www.pimco.com](http://www.pimco.com) or call (844) 33-PIMCO.

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit [www.pimco.com](http://www.pimco.com) for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character

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will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

### Investment Objective and Strategy Overview

- » PIMCO Income Strategy Fund's primary investment objective is to seek high current income, consistent with the preservation of capital.

### Fund Insights

- » The Fund's exposure to high yield corporate bonds was the primary detractor from returns, as the sector struggled amid a backdrop of commodity weakness and capital outflows. Within high yield, exposure to banking and specialty finance, manufacturing, utilities, entertainment, media and raw materials companies was the main headwind for returns.
- » The Fund's emerging market holdings were major detractors from returns, due to exposure to local and hard currency-denominated Brazilian debt. Brazil was negatively impacted by slowing economic growth, high inflation and a political crisis.
- » Additionally within corporate credit, the Fund's exposure to investment grade corporate bonds detracted significantly from returns as spreads widened, given abundant new supply and commodity price volatility.
- » The Fund's allocation to securitized credit detracted significantly from performance, as prices were generally lower during the period.
- » Overall contribution from U.S. interest rate exposure was the primary positive factor for performance. This was due mainly to an emphasis on the intermediate portion of the curve, as it provided attractive carry, the rate of interest earned by holding the respective securities, and intermediate interest rates generally declined over the reporting period. Additionally, tactical exposure to U.K. rates contributed to performance.
- » The Fund's exposure to select taxable municipal bonds contributed modestly to returns.

## 12 PIMCO CLOSED-END FUNDS

**Table of Contents****PIMCO Income Strategy Fund II**Symbol on NYSE - **PFN**

## Allocation Breakdown

Corporate Bonds & Notes	41.3%
Non-Agency Mortgage-Backed Securities	23.1%
Asset-Backed Securities	15.8%
Municipal Bonds & Notes	7.3%
Short-Term Instruments	3.8%
Other	8.7%

% of Investments, at value as of 01/31/16. Financial derivative instruments, if any, are excluded.

Fund Information (as of January 31, 2016)<sup>(1)</sup>

Market Price	\$8.41
NAV	\$9.11
Premium/(Discount) to NAV	(7.68)%
Market Price Distribution Yield <sup>(2)</sup>	11.41%
NAV Distribution Yield <sup>(2)</sup>	10.54%
Total Effective Leverage <sup>(3)</sup>	23%

Average Annual Total Return<sup>(1)</sup> for the period ended January 31, 2016

	6 Month*	1 Year	5 Year	10 Year	Commencement of Operations (10/29/04)
Market Price	(4.97)%	(8.69)%	6.31%	3.76%	3.29%
NAV	(6.13)%	(0.10)%	8.58%	4.31%	4.43%

All Fund returns are net of fees and expenses.

\* Cumulative return

(1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit [www.pimco.com](http://www.pimco.com) or call (844) 33-PIMCO.

(2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the

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composition of distributions. Please visit [www.pimco.com](http://www.pimco.com) for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

### Investment Objective and Strategy Overview

- » PIMCO Income Strategy Fund II's primary investment objective is to seek high current income, consistent with the preservation of capital.

### Fund Insights

- » The Fund's exposure to high yield corporate bonds was the primary detractor from returns, as the sector struggled amid a backdrop of commodity weakness and capital outflows. Within high yield, exposure to banking and specialty finance, manufacturing, utilities, entertainment, media and raw materials companies was the main headwind for returns.
- » The Fund's emerging market holdings were major detractors from returns, due to exposure to local and hard currency-denominated Brazilian debt. Brazil was negatively impacted by slowing economic growth, high inflation and a political crisis.
- » Additionally within corporate credit, the Fund's exposure to investment grade corporate bonds detracted significantly from returns as spreads widened, given abundant new supply and commodity price volatility.
- » The Fund's allocation to securitized credit also detracted significantly from performance, as prices were generally lower during the period.
- » Overall contribution from U.S. interest rate exposure was the primary positive factor for performance. This was due mainly to an emphasis on the intermediate portion of the curve, as it provided attractive carry, the rate of interest earned by holding the respective securities, and intermediate interest rates generally declined over the reporting period. Additionally, tactical exposure to U.K. rates contributed to performance.
- » The Fund's exposure to select taxable municipal bonds contributed modestly to returns.

**Table of Contents****Financial Highlights**

Year or Period	Investment Operations						Less Distributions to Common Shareholders				
	Net Asset Value Beginning of Net Investment	Distributions on Preferred Shares		Distributions on Net Preferred Shares		From Net Investment	From Net Realized Capital Gain	Tax Basis Return of Capital		Total	
	(a)	Unrealized Gain (Loss)	Income (b)	Income (b)	Gains (b)	(b)	(b)	(b)	(b)	(b)	
<b>PIMCO Corporate &amp; Income Opportunity Fund</b>											
08/01/2015 - 01/31/2016+	\$ 14.23	\$ 0.53	\$ (1.19)	\$ (0.01)	\$ 0.00	\$ (0.67)	\$ (0.81)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.81)
12/01/2014 - 07/31/2015 <sup>(f)</sup>	15.41	0.68	(0.33)	(0.00) <sup>^</sup>	0.00	0.35	(1.69)	0.00	0.00	0.00	(1.69) <sup>(i)</sup>
11/30/2014	16.62	1.14	1.06	(0.00) <sup>^</sup>	(0.01)	2.19	(1.56)	(1.84)	0.00	0.00	(3.40)
11/30/2013	17.58	1.43	0.19	(0.00) <sup>^</sup>	(0.00) <sup>^</sup>	1.62	(1.82)	(0.76)	0.00	0.00	(2.58)
11/30/2012	14.22	1.68	3.87	(0.01)	0.00	5.54	(2.18)	0.00	0.00	0.00	(2.18)
11/30/2011	16.29	1.88	(1.87)	(0.01)	0.00	0.00	(2.07)	0.00	0.00	0.00	(2.07)
11/30/2010	13.63	1.80	2.83	(0.01)	0.00	4.62	(1.96)	0.00	0.00	0.00	(1.96)
<b>PIMCO Corporate &amp; Income Strategy Fund</b>											
08/01/2015 - 01/31/2016+	\$ 14.75	\$ 0.50	\$ (1.28)	\$ (0.00) <sup>^</sup>	\$ 0.00	\$ (0.78)	\$ (0.70)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.70)
11/01/2014 - 07/31/2015 <sup>(g)</sup>	15.60	0.73	(0.21)	(0.00) <sup>^</sup>	0.00	0.52	(1.37)	0.00	0.00	0.00	(1.37) <sup>(i)</sup>
10/31/2014	16.04	0.99	0.87	(0.00) <sup>^</sup>	(0.00) <sup>^</sup>	1.86	(1.35)	(0.95)	0.00	0.00	(2.30)
10/31/2013	15.90	1.28	0.44	(0.01)	0.00	1.71	(1.57)	0.00	0.00	0.00	(1.57)
10/31/2012	13.67	1.57	2.47	(0.01)	0.00	4.03	(1.80)	0.00	0.00	0.00	(1.80)
10/31/2011	15.51	1.72	(1.87)	(0.01)	0.00	(0.16)	(1.68)	0.00	0.00	0.00	(1.68)
10/31/2010	12.88	1.61	2.90	(0.01)	0.00	4.50	(1.87)	0.00	0.00	0.00	(1.87)
<b>PIMCO High Income Fund</b>											
08/01/2015 - 01/31/2016+	\$ 7.37	\$ 0.31	\$ (0.77)	\$ (0.00) <sup>^</sup>	\$ 0.00	\$ (0.46)	\$ (0.64)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.64)
04/01/2015 - 07/31/2015 <sup>(h)</sup>	7.59	0.21	0.06	(0.00) <sup>^</sup>	0.00	0.27	(0.33)	0.00	(0.16)	0.00	(0.49) <sup>(i)</sup>
03/31/2015	8.23	0.94	(0.12)	(0.00) <sup>^</sup>	0.00	0.82	(1.46)	0.00	0.00	0.00	(1.46)
03/31/2014	8.65	0.84	0.20	(0.00) <sup>^</sup>	0.00	1.04	(1.35)	0.00	(0.11)	0.00	(1.46)
03/31/2013	7.87	0.81	1.43	(0.00) <sup>^</sup>	0.00	2.24	(1.42)	0.00	(0.04)	0.00	(1.46)
03/31/2012	9.42	0.96	(1.05)	(0.00) <sup>^</sup>	0.00	(0.09)	(1.39)	0.00	(0.07)	0.00	(1.46)
03/31/2011	8.73	1.13	1.03	(0.01)	0.00	2.15	(1.46)	0.00	0.00	0.00	(1.46)
<b>PIMCO Income Strategy Fund</b>											
08/01/2015 - 01/31/2016+	\$ 11.46	\$ 0.38	\$ (1.21)	\$ (0.01)	\$ 0.00	\$ (0.84)	\$ (0.54)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.54)
07/31/2015	12.15	0.79	(0.34)	(0.03)	0.00	0.42	(1.22)	0.00	0.00	0.00	(1.22)
07/31/2014	11.70	0.79	0.78	(0.04)	0.00	1.53	(1.08)	0.00	0.00	0.00	(1.08)
07/31/2013	11.35	0.92	0.87	(0.04)	0.00	1.75	(1.40)	0.00	0.00	0.00	(1.40)
07/31/2012	11.39	1.16	(0.04)	(0.05)	0.00	1.07	(1.11)	0.00	0.00	0.00	(1.11)
07/31/2011	10.62	1.24	0.79	(0.05)	0.00	1.98	(1.21)	0.00	0.00	0.00	(1.21)
<b>PIMCO Income Strategy Fund II</b>											
08/01/2015 - 01/31/2016+	\$ 10.27	\$ 0.46	\$ (1.06)	\$ (0.01)	\$ 0.00	\$ (0.61)	\$ (0.55)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.55)
07/31/2015	10.88	0.70	(0.29)	(0.03)	0.00	0.38	(1.11)	0.00	0.00	0.00	(1.11)
07/31/2014	10.29	0.72	0.87	(0.04)	0.00	1.55	(0.96)	0.00	0.00	0.00	(0.96)
07/31/2013	10.23	0.88	0.68	(0.04)	0.00	1.52	(1.46)	0.00	0.00	0.00	(1.46)
07/31/2012	10.04	1.03	0.03	(0.04)	0.00	1.02	(0.83)	0.00	0.00	0.00	(0.83)
07/31/2011	9.29	1.03	0.73	(0.04)	0.00	1.72	(0.97)	0.00	0.00	0.00	(0.97)

+ Unaudited

\* Annualized

<sup>^</sup> Reflects an amount rounding to less than one cent.<sup>(a)</sup> Per share amounts based on average number of common shares outstanding during the year or period.<sup>(b)</sup> Determined in accordance with federal income tax regulations, see Note 2(c) in the Notes to Financial Statements for more information.<sup>(c)</sup> Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year or period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Funds' dividend reinvestment plan. Total investment return does not reflect brokerage commissions in connection



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with the purchase or sale of Fund shares.

- (d) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (e) Interest expense primarily relates to participation in borrowing and financing transactions, see Note 5 in the Notes to Financial Statements for more information.
- (f) Fiscal year end changed from November 30<sup>th</sup> to July 31<sup>st</sup>.
- (g) Fiscal year end changed from October 31<sup>st</sup> to July 31<sup>st</sup>.
- (h) Fiscal year end changed from March 31<sup>st</sup> to July 31<sup>st</sup>.
- (i) Total distributions for the period ended July 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended July 31, 2015.
- (j) See Note 12 in the Notes to Financial Statements.

### **14 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

**Table of Contents**

Preferred Share Transactions	Common Share			Ratios/Supplemental Data Ratios to Average Net Assets						
	Increase Resulting from Tender and Repurchase of Auction-Rate Preferred Shares (i)	Net Asset Value End of Year or Period	Market Price End of Year or Period	Total Investment Return (c)	Net Assets Applicable to Common Shareholders (000s)	Expenses (d)(e)	Expenses Excluding Interest Expense (d)	Net Investment Income (d)	Preferred Shares Asset Coverage Per Share	Portfolio Turnover Rate
\$ 0.00	\$ 12.75	\$ 13.10	(2.76)%	\$ 905,625	0.92%*	0.87%*	7.96%*	\$ 120,139	20%	
0.16	14.23	14.31	(13.61)	1,006,484	0.91*	0.90*	7.01*	130,743	34	
0.00	15.41	18.50	26.04	1,082,000	0.91	0.91	7.36	108,229	44	
0.00	16.62	17.75	(0.15)	1,149,779	0.91	0.91	8.49	113,443	118	
0.00	17.58	20.37	36.86	1,205,090	1.05	0.93	10.63	117,697	29	
0.00	14.22	16.78	9.24	967,195	1.09	0.94	11.76	99,399	53	
0.00	16.29	17.30	40.36	1,098,920	1.02	0.93	11.98	109,530	70	
\$ 0.51	\$ 13.78	\$ 13.48	3.44%	\$ 532,601	1.11%*	1.08%*	7.13%*	\$ 264,785	21%	
0.00	14.75	13.71	(7.12)	570,122	1.07*	1.07*	6.51*	109,336	40	
0.00	15.60	16.18	8.84	599,980	1.09	1.09	6.32	113,753	48	
0.00	16.04	17.15	3.48	612,225	1.10	1.09	7.91	115,565	108	
0.00	15.90	18.17	33.21	603,483	1.32	1.14	11.03	114,270	28	
0.00	13.67	15.27	4.78	515,041	1.30	1.16	11.56	101,188	32	
0.00	15.51	16.24	41.86	579,963	1.24	1.17	11.64	110,790	52	
\$ 0.26	\$ 6.53	\$ 7.84	(12.59)%	\$ 824,049	1.08%*	1.02%*	9.13%*	\$ 227,006	17%	
0.00	7.37	9.71	(18.40)	925,598	1.05*	1.03*	8.14*	104,245	8	
0.00	7.59	12.48	12.30	949,880	1.18	1.02	11.53	106,324	58	
0.00	8.23	12.56	15.51	1,021,120	1.14	1.03	10.14	112,424	159	
0.00	8.65	12.35	8.53	1,063,863	1.06	1.05	10.00	116,082	70	
0.00	7.87	12.84	3.28	960,496	1.16	1.07	11.76	107,233	24	
0.00	9.42	14.01	28.94	1,138,186	1.11	1.04	12.74	122,446	89	
\$ 0.00	\$ 10.08	\$ 9.29	(5.59)%	\$ 255,019	1.17%*	1.13%*	7.00%*	\$ 149,316	18%	
0.11	11.46	10.39	(2.62)	289,909	1.30	1.25	6.67	166,328	67	
0.00	12.15	11.87	9.95	306,475	1.19	1.18	6.71	122,004	113	
0.00	11.70	11.83	5.69	294,017	1.24	1.21	7.59	118,058	63	
0.00	11.35	11.52	12.02	283,285	1.85	1.65	10.93	114,654	23	
0.00	11.39	12.39	19.67	282,691	1.51	1.41	11.00	114,474	44	
\$ 0.00	\$ 9.11	\$ 8.41	(4.97)%	\$ 538,403	1.14%*	1.08%*	9.54%*	\$ 170,561	17%	
0.12	10.27	9.41	(0.12)	606,974	1.16	1.13	6.58	189,105	63	
0.00	10.88	10.50	12.39	642,119	1.14	1.14	6.79	124,695	119	
0.00	10.29	10.24	6.80	605,843	1.16	1.14	8.20	119,060	71	
0.00	10.23	10.96	16.33	597,683	1.48	1.37	10.87	117,792	17	
0.00	10.04	10.27	12.53	584,351	1.24	1.21	10.34	115,720	42	

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

January 31, 2016 (Unaudited)

	PIMCO Corporate & Income Opportunity Fund	PIMCO Corporate & Income Strategy Fund	PIMCO High Income Fund	PIMCO Income Strategy Fund	PIMCO Income Strategy Fund II
(Amounts in thousands, except per share amounts)					
<b>Assets:</b>					
<i>Investments, at value</i>					
Investments in securities*	\$ 1,217,978	\$ 634,534	\$ 1,011,349	\$ 320,649	\$ 677,455
<i>Financial Derivative Instruments</i>					
Exchange-traded or centrally cleared	4,597	2,681	8,457	1,414	3,309
Over the counter	10,781	5,315	28,748	3,154	6,924
Cash	78	447	0	60	3,436
Deposits with counterparty	14,098	4,812	11,575	3,529	5,142
Foreign currency, at value	821	302	201	222	514
Receivable for investments sold	4,528	17,937	12,559	2,402	8,616
Interest and dividends receivable	12,393	5,840	12,942	3,272	6,604
Other assets	12	13	85	2	5
<b>Total Assets</b>	<b>1,265,286</b>	<b>671,881</b>	<b>1,085,916</b>	<b>334,704</b>	<b>712,005</b>
<b>Liabilities:</b>					
<i>Borrowings &amp; Other Financing Transactions</i>					
Payable for reverse repurchase agreements	\$ 20,020	\$ 51,083	\$ 97,483	\$ 9,754	\$ 38,036
<i>Financial Derivative Instruments</i>					
Exchange-traded or centrally cleared	4,703	2,287	8,255	1,314	3,139
Over the counter	76,183	5,780	9,198	3,494	7,328
Payable for investments purchased	8,540	15,381	6,199	8,324	20,931
Deposits from counterparty	2,161	4,381	24,916	2,889	6,118
Distributions payable to common shareholders	9,231	4,350	13,056	2,277	4,728
Distributions payable to preferred shareholders	24	4	8	9	21
Overdraft due to custodian	0	0	10	0	0
Accrued management fees	571	366	542	213	429
Other liabilities	278	123	225	136	422
<b>Total Liabilities</b>	<b>121,711</b>	<b>83,755</b>	<b>159,892</b>	<b>28,410</b>	<b>81,152</b>
<b>Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 9,518, 2,221, 4,079, 2,051, 3,698 shares issued and outstanding, respectively)</b>	<b>237,950</b>	<b>55,525</b>	<b>101,975</b>	<b>51,275</b>	<b>92,450</b>
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$ 905,625</b>	<b>\$ 532,601</b>	<b>\$ 824,049</b>	<b>\$ 255,019</b>	<b>\$ 538,403</b>
<b>Composition of Net Assets Applicable to Common Shareholders:</b>					
Common Shares:					
Par value (\$0.00001 per share)	\$ 1	\$ 0	\$ 1	\$ 0	\$ 1
Paid in capital in excess of par	1,029,485	569,619	1,693,567	419,477	950,671
(Overdistributed) net investment income	(28,528)	(12,037)	(80,891)	(6,504)	(8,523)
Accumulated undistributed net realized (loss)	(110,500)	(27,585)	(850,056)	(151,806)	(402,094)
Net unrealized appreciation (depreciation)	15,167	2,604	61,428	(6,148)	(1,652)
	\$ 905,625	\$ 532,601	\$ 824,049	\$ 255,019	\$ 538,403
<b>Common Shares Issued and Outstanding</b>	<b>71,005</b>	<b>38,665</b>	<b>126,194</b>	<b>25,300</b>	<b>59,103</b>
<b>Net Asset Value Per Common Share</b>	<b>\$ 12.75</b>	<b>\$ 13.78</b>	<b>\$ 6.53</b>	<b>\$ 10.08</b>	<b>\$ 9.11</b>
Cost of investments in securities	\$ 1,243,266	\$ 664,214	\$ 1,069,807	\$ 341,768	\$ 715,700
Cost of foreign currency held	\$ 822	\$ 304	\$ 215	\$ 225	\$ 517
Cost or premiums of financial derivative instruments, net	\$ (52,173)	\$ 755	\$ 8,429	\$ 279	\$ 481

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* Includes repurchase agreements of:	\$	35,311	\$	5,536	\$	11,451	\$	5,253	\$	16,400
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A zero balance may reflect actual amounts rounding to less than one thousand.

**16 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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

Six Months Ended January 31, 2016 (Unaudited)

	<b>PIMCO Corporate &amp; Income Opportunity Fund</b>	<b>PIMCO Corporate &amp; Income Strategy Fund</b>	<b>PIMCO High Income Fund</b>	<b>PIMCO Income Strategy Fund</b>	<b>PIMCO Income Strategy Fund II</b>
(Amounts in thousands)					
<b>Investment Income:</b>					
Interest, net of foreign taxes*	\$ 40,527	\$ 21,414	\$ 43,333	\$ 10,535	\$ 29,293
Dividends	1,779	1,113	900	567	1,224
<b>Total Income</b>	<b>42,306</b>	<b>22,527</b>	<b>44,233</b>	<b>11,102</b>	<b>30,517</b>
<b>Expenses:</b>					
Management fees	3,863	2,723	4,123	1,456	2,941
Auction agent fees and commissions	243	131	227	59	120
Trustee fees and related expenses	51	63	77	13	43
Interest expense	230	69	244	49	159
Auction rate preferred shares related expenses	21	31	11	19	8
<b>Total Expenses</b>	<b>4,408</b>	<b>3,017</b>	<b>4,682</b>	<b>1,596</b>	<b>3,271</b>
<b>Net Investment Income</b>	<b>37,898</b>	<b>19,510</b>	<b>39,551</b>	<b>9,506</b>	<b>27,246</b>
<b>Net Realized Gain (Loss):</b>					
Investments in securities	(998)	2,150	(2,172)	(302)	607
Exchange-traded or centrally cleared financial derivative instruments	(29,234)	(12,966)	(44,622)	(6,006)	(15,157)
Over the counter financial derivative instruments	9,953	743	16,619	389	(264)
Foreign currency	116	(122)	7	(18)	(5,841)
<b>Net Realized (Loss)</b>	<b>(20,163)</b>	<b>(10,195)</b>	<b>(30,168)</b>	<b>(5,937)</b>	<b>(20,655)</b>
<b>Net Change in Unrealized Appreciation (Depreciation):</b>					
Investments in securities	(67,750)	(50,509)	(96,923)	(28,910)	(52,333)
Exchange-traded or centrally cleared financial derivative instruments	19,404	11,798	37,763	4,857	11,644
Over the counter financial derivative instruments	(15,748)	(923)	(8,736)	(321)	(1,266)
Foreign currency assets and liabilities	(104)	(69)	(153)	(49)	(27)
<b>Net Change in Unrealized (Depreciation)</b>	<b>(64,198)</b>	<b>(39,703)</b>	<b>(68,049)</b>	<b>(24,423)</b>	<b>(41,982)</b>
<b>Net (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ (46,463)</b>	<b>\$ (30,388)</b>	<b>\$ (58,666)</b>	<b>\$ (20,854)</b>	<b>\$ (35,391)</b>
<b>Distributions on Preferred Shares from Net Investment Income</b>	<b>\$ (366)</b>	<b>\$ (119)</b>	<b>\$ (224)</b>	<b>\$ (374)</b>	<b>\$ (674)</b>
<b>Net (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations</b>	<b>\$ (46,829)</b>	<b>\$ (30,507)</b>	<b>\$ (58,890)</b>	<b>\$ (21,228)</b>	<b>\$ (36,065)</b>
* Foreign tax withholdings	\$ 0	\$ 2	\$ 6	\$ 0	\$ 0

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

**Table of Contents****Statements of Changes in Net Assets**

	PIMCO Corporate & Income Opportunity Fund			PIMCO Corporate & Income Strategy Fund		
	Six Months Ended January 31, 2015 (Unaudited)	Period from December 1, 2014 to July 31, 2015 <sup>(a)</sup>	Year Ended November 30, 2014	Six Months Ended January 31, 2015 (Unaudited)	Period from November 1, 2014 to July 31, 2015 <sup>(b)</sup>	Year Ended October 31, 2014
(Amounts in thousands)						
<b>(Decrease) in Net Assets from:</b>						
<b>Operations:</b>						
Net investment income	\$ 37,898	\$ 47,744	\$ 79,920	\$ 19,510	\$ 28,166	\$ 37,968
Net realized gain (loss)	(20,163)	(4,996)	28,093	(10,195)	3,953	17,611
Net change in unrealized appreciation (depreciation)	(64,198)	(18,369)	42,688	(39,703)	(12,132)	15,590
Net increase (decrease) in net assets resulting from operations	(46,463)	24,379	150,701	(30,388)	19,987	71,169
Distributions on preferred shares from net investment income <sup>(d)</sup>	(366)	(313)	(125)	(119)	(160)	(41)
Distributions on preferred shares from net realized gains <sup>(d)</sup>	0	0	(296)	0	0	(122)
<b>Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations</b>	<b>(46,829)</b>	<b>24,066</b>	<b>150,280</b>	<b>(30,507)</b>	<b>19,827</b>	<b>71,006</b>
<b>Distributions to Common Shareholders:</b>						
From net investment income <sup>(d)</sup>	(57,421)	(119,032) <sup>(e)</sup>	(109,083)	(26,872)	(52,644) <sup>(e)</sup>	(51,774)
From net realized capital gains <sup>(d)</sup>	0	0	(127,359)	0	0	(36,294)
Tax basis return of capital <sup>(d)</sup>	0	0	0	0	0	0
<b>Total Distributions to Common Shareholders</b>	<b>(57,421)</b>	<b>(119,032)</b>	<b>(236,442)</b>	<b>(26,872)</b>	<b>(52,644)</b>	<b>(88,068)</b>
<b>Preferred Share Transactions:</b>						
Net Increase resulting from tender and repurchase of Auction-Rate Preferred Shares***	0	11,317	0	19,858	0	0
<b>Common Share Transactions**:</b>						
Issued as reinvestment of distributions	3,391	8,133	18,383	0	2,959	4,817
<b>Total (Decrease) in Net Assets</b>	<b>(100,859)</b>	<b>(75,516)</b>	<b>(67,779)</b>	<b>(37,521)</b>	<b>(29,858)</b>	<b>(12,245)</b>
<b>Net Assets Applicable to Common Shareholders:</b>						
Beginning of year or period	1,006,484	1,082,000	1,149,779	570,122	599,980	612,225
End of year or period*	\$ 905,625	\$ 1,006,484	\$ 1,082,000	\$ 532,601	\$ 570,122	\$ 599,980
* Including undistributed (overdistributed) net investment income of:	\$ (28,528)	\$ (8,639)	\$ 36,794	\$ (12,037)	\$ (4,556)	\$ 11,115
<b>** Common Share Transactions:</b>						
Shares issued as reinvestment of distributions	249	530	1,058	0	197	303

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

(a) Fiscal Year end changed from November 30<sup>th</sup> to July 31<sup>st</sup>.

(b) Fiscal Year end changed from October 31<sup>st</sup> to July 31<sup>st</sup>.

(c) Fiscal year end changed from March 31<sup>st</sup> to July 31<sup>st</sup>.

(d) Determined in accordance with federal income tax regulations, see Note 2(c) in the Notes to Financial Statements for more information.

(e) Total distributions for the period ended July 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended July 31, 2015.

\*\*\* See Note 12 in the Notes to Financial Statements.

**18 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

**Table of Contents**

Six Months Ended January 31, 2016 (Unaudited)	PIMCO High Income Fund		PIMCO Income Strategy Fund		PIMCO Income Strategy Fund II	
	Period from April 1, 2015 to July 31, 2015 <sup>(c)</sup>	Year Ended March 31, 2015	Six Months Ended January 31, 2016 (Unaudited)	Year Ended July 31, 2015	Six Months Ended January 31, 2016 (Unaudited)	Year Ended July 31, 2015
\$ 39,551	\$ 26,276	\$ 117,468	\$ 9,506	\$ 19,896	\$ 27,246	\$ 41,101
(30,168)	(29,322)	(29,862)	(5,937)	(3,515)	(20,655)	(3,754)
(68,049)	35,957	10,866	(24,423)	(5,066)	(41,982)	(12,764)
(58,666)	32,911	98,472	(20,854)	11,315	(35,391)	24,583
(224)	(130)	(356)	(374)	(815)	(674)	(1,538)
0	0	0	0	0	0	0
(58,890)	32,781	98,116	(21,228)	10,500	(36,065)	23,045
(80,478)	(41,672) <sup>(e)</sup>	(182,280)	(13,662)	(30,835)	(32,506)	(65,838)
0	0	0	0	0	0	0
0	(19,452) <sup>(e)</sup>	0	0	0	0	0
(80,478)	(61,124)	(182,280)	(13,662)	(30,835)	(32,506)	(65,838)
32,304	0	0	0	2,770	0	6,855
5,515	4,061	12,924	0	999	0	793
(101,549)	(24,282)	(71,240)	(34,890)	(16,566)	(68,571)	(35,145)
925,598	949,880	1,021,120	289,909	306,475	606,974	642,119
\$ 824,049	\$ 925,598	\$ 949,880	\$ 255,019	\$ 289,909	\$ 538,403	\$ 606,974
\$ (80,891)	\$ (39,740)	\$ (32,887)	\$ (6,504)	\$ (1,974)	\$ (8,523)	\$ (2,589)
666	374	1,088	0	86	0	79



**Table of Contents****Schedule of Investments PIMCO Corporate & Income Opportunity Fund**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 134.5%</b>		
<b>BANK LOAN OBLIGATIONS 2.3%</b>		
<b>Fortescue Metals Group Ltd.</b>		
4.250% due 06/30/2019	\$ 3,768	\$ 2,633
<b>Hellenic Republic</b>		
3.930% due 03/30/2016	EUR 2,000	1,949
<b>iHeartCommunications, Inc.</b>		
7.178% due 01/30/2019	\$ 8,198	5,464
<b>Sequa Corp.</b>		
5.250% due 06/19/2017	8,793	5,913
<b>Westmoreland Coal Co.</b>		
7.500% due 12/16/2020	7,401	4,441
<b>Total Bank Loan Obligations (Cost \$28,090)</b>		<b>20,400</b>
<b>CORPORATE BONDS &amp; NOTES 44.9%</b>		
<b>BANKING &amp; FINANCE 23.6%</b>		
<b>AGFC Capital Trust</b>		
6.000% due 01/15/2067	1,800	1,233
<b>Banco do Brasil S.A.</b>		
6.250% due 04/15/2024 (f)	4,200	2,048
9.000% due 06/18/2024 (f)	9,298	5,625
<b>Banco Espirito Santo S.A.</b>		
2.625% due 05/08/2017 ^	EUR 500	192
4.000% due 01/21/2019 ^	5,000	1,923
4.750% due 01/15/2018 ^	1,000	385
<b>Banco Santander S.A.</b>		
6.250% due 09/11/2021 (f)	400	396
<b>Barclays Bank PLC</b>		
14.000% due 06/15/2019 (f)	GBP 12,550	22,738
<b>BGC Partners, Inc.</b>		
5.375% due 12/09/2019	\$ 10,780	11,134
<b>Blackstone CQP Holdco LP</b>		
9.296% due 03/19/2019	4,400	4,413
<b>BNP Paribas S.A.</b>		
7.375% due 08/19/2025 (f)	11,000	10,808
<b>Cantor Fitzgerald LP</b>		
6.500% due 06/17/2022	14,000	14,669
<b>Co-operative Group Holdings Ltd.</b>		
6.875% due 07/08/2020	GBP 400	612
7.500% due 07/08/2026	6,200	9,627
<b>Communications Sales &amp; Leasing, Inc.</b>		
8.250% due 10/15/2023	\$ 5,300	4,704
<b>Credit Agricole S.A.</b>		
7.500% due 06/23/2026 (f)	GBP 300	406
7.875% due 01/23/2024 (f)	\$ 12,300	12,006
<b>Credit Suisse Group AG</b>		
7.500% due 12/11/2023 (f)	2,936	3,021
<b>Fort Gordon Housing LLC</b>		
6.124% due 05/15/2051	12,825	13,915
<b>GSPA Monetization Trust</b>		
6.422% due 10/09/2029	9,240	10,500
<b>LBG Capital PLC</b>		
9.125% due 07/15/2020	GBP 3,400	4,917
12.750% due 08/10/2020	400	574
15.000% due 12/21/2019	2,000	3,849
15.000% due 12/21/2019	EUR 7,800	11,784

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		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Lloyds Bank PLC</b>			
12.000% due 12/16/2024 (f)	\$	6,000	8,454
<b>Lloyds Banking Group PLC</b>			
7.625% due 06/27/2023 (f)	GBP	2,100	3,011
<b>National Bank of Greece S.A.</b>			
3.875% due 10/07/2016	EUR	2,550	2,704
<b>Nationwide Building Society</b>			
10.250% (f)	GBP	19	3,510
<b>Navient Corp.</b>			
5.500% due 01/15/2019	\$	5,850	\$ 5,499
5.625% due 08/01/2033		230	152
<b>Novo Banco S.A.</b>			
5.000% due 04/04/2019	EUR	371	319
5.000% due 04/23/2019		152	131
5.000% due 05/14/2019		315	271
5.000% due 05/21/2019		73	62
5.000% due 05/23/2019		213	182
<b>Royal Bank of Scotland Group PLC</b>			
7.500% due 08/10/2020 (f)	\$	300	305
<b>Sberbank of Russia Via SB Capital S.A.</b>			
6.125% due 02/07/2022		500	510
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	8,599	10,104
6.052% due 10/13/2039		2,717	3,568
<b>TIG FinCo PLC</b>			
8.500% due 03/02/2020		1,154	1,685
8.750% due 04/02/2020 (i)		6,539	8,082
<b>Vnesheconombank Via VEB Finance PLC</b>			
6.800% due 11/22/2025	\$	1,400	1,335
<b>Western Group Housing LP</b>			
6.750% due 03/15/2057		10,600	12,408
			213,771
<b>INDUSTRIALS 14.1%</b>			
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021		2,447	1,508
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (c)(i)		8,810	5,055
<b>Caesars Entertainment Operating Co., Inc.</b>			
9.000% due 02/15/2020 ^		27,145	20,237
<b>Centene Escrow Corp.</b>			
5.625% due 02/15/2021 (b)		230	235
6.125% due 02/15/2024 (b)		230	235
<b>Chesapeake Energy Corp.</b>			
3.872% due 04/15/2019		830	222
<b>Forbes Energy Services Ltd.</b>			
9.000% due 06/15/2019		2,858	1,129
<b>Ford Motor Co.</b>			
7.700% due 05/15/2097 (i)		31,901	36,440
<b>Hampton Roads PPV LLC</b>			
6.171% due 06/15/2053		1,800	1,919
<b>Harvest Operations Corp.</b>			
6.875% due 10/01/2017		7,420	5,231
<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022		2,000	1,310
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021		10,543	4,639
8.125% due 06/01/2023		439	183
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		12,290	9,586
<b>Numericable-SFR S.A.S.</b>			
6.250% due 05/15/2024		14,000	13,720
<b>Scientific Games International, Inc.</b>			
10.000% due 12/01/2022		5,600	3,920
<b>Sequa Corp.</b>			

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7.000% due 12/15/2017		13,090		3,436
<b>Tembec Industries, Inc.</b>				
9.000% due 12/15/2019		1,500		956
<b>UAL Pass-Through Trust</b>				
7.336% due 01/02/2021		1,979		2,081
<b>UCP, Inc.</b>				
8.500% due 10/21/2017		10,900		10,937
		<b>PRINCIPAL</b>		<b>MARKET</b>
		<b>AMOUNT</b>		<b>VALUE</b>
		<b>(000S)</b>		<b>(000S)</b>
<b>Unique Pub Finance Co. PLC</b>				
5.659% due 06/30/2027	GBP	3,243	\$	4,587
				127,566

**UTILITIES 7.2%**

<b>Frontier Communications Corp.</b>				
8.875% due 09/15/2020	\$	720		725
10.500% due 09/15/2022		1,190		1,168
11.000% due 09/15/2025		1,190		1,151
<b>Gazprom OAO Via Gaz Capital S.A.</b>				
9.250% due 04/23/2019		21,200		23,553
<b>Illinois Power Generating Co.</b>				
6.300% due 04/01/2020		4,570		2,034
7.000% due 04/15/2018 (i)		8,855		4,782
7.950% due 06/01/2032		1,175		511
<b>Mountain States Telephone &amp; Telegraph Co.</b>				
7.375% due 05/01/2030 (i)		15,730		17,572
<b>Odebrecht Drilling Norbe Ltd.</b>				
6.350% due 06/30/2022		550		203
<b>Odebrecht Offshore Drilling Finance Ltd.</b>				
6.625% due 10/01/2023		5,146		1,183
6.750% due 10/01/2023		4,820		1,084
<b>Petrobras Global Finance BV</b>				
2.750% due 01/15/2018	EUR	790		712
3.406% due 03/17/2020	\$	420		293
4.250% due 10/02/2023	EUR	1,200		850
4.875% due 03/17/2020	\$	760		575
5.750% due 01/20/2020		360		284
6.250% due 12/14/2026	GBP	6,100		5,501
6.625% due 01/16/2034		800		703
6.750% due 01/27/2041	\$	4,100		2,597
7.875% due 03/15/2019		100		87
				65,568

**Total Corporate Bonds & Notes  
(Cost \$446,098)**

**406,905**

**MUNICIPAL BONDS & NOTES 9.7%**

**CALIFORNIA 6.1%**

<b>Los Angeles Community Redevelopment Agency, California Tax Allocation Bonds, (NPFGC Insured), Series 2006</b>				
6.020% due 09/01/2021		6,480		6,595
<b>Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010</b>				
7.500% due 10/01/2030		3,425		3,807
<b>San Diego Redevelopment Agency, California Tax Allocation Bonds, Series 2010</b>				
7.750% due 09/01/2040		21,545		24,421
<b>Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009</b>				
7.942% due 10/01/2038		18,500		20,973
				55,796

**ILLINOIS 2.8%**

<b>Chicago, Illinois General Obligation Bonds, (BABs), Series 2010</b>				
7.517% due 01/01/2040		23,700		25,198

**VIRGINIA 0.1%**

**Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007**

6.706% due 06/01/2046

1,400

1,131

**20 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

**Table of Contents**

January 31, 2016 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>WEST VIRGINIA 0.7%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	\$ 6,865	\$ 6,024
<b>Total Municipal Bonds &amp; Notes (Cost \$80,899)</b>		<b>88,149</b>
<b>U.S. GOVERNMENT AGENCIES 4.9%</b>		
<b>Fannie Mae</b>		
3.000% due 01/25/2042 (a)	1,751	153
3.500% due 02/25/2033 (a)	3,943	515
5.674% due 07/25/2040 (a)	2,194	363
8.945% due 01/25/2042	2,151	2,187
<b>Freddie Mac</b>		
2.563% due 11/25/2055	14,849	8,361
6.675% due 02/15/2034 (a)	3,540	687
7.977% due 12/25/2027	5,900	5,339
8.336% due 07/15/2039	5,715	6,068
9.556% due 03/15/2044	2,308	2,895
9.777% due 04/25/2028	3,600	3,443
10.860% due 02/15/2036	7,552	8,341
10.865% due 04/15/2044	1,632	1,815
10.927% due 05/25/2028	965	941
11.177% due 03/25/2025	2,396	2,477
<b>Ginnie Mae</b>		
3.000% due 12/20/2042 (a)	256	17
3.500% due 09/16/2041 - 06/20/2042 (a)	2,718	290
6.324% due 01/20/2042 (a)	3,566	574
<b>Total U.S. Government Agencies (Cost \$44,768)</b>		<b>44,466</b>
<b>U.S. TREASURY OBLIGATIONS 1.3%</b>		
<b>U.S. Treasury Floating Rate Notes</b>		
0.473% due 10/31/2017 (k)(m)	12,086	12,085
<b>Total U.S. Treasury Obligations (Cost \$12,083)</b>		<b>12,085</b>
<b>NON-AGENCY MORTGAGE-BACKED SECURITIES 36.6%</b>		
<b>American Home Mortgage Assets Trust</b>		
6.250% due 06/25/2037	5,292	3,838
<b>Banc of America Alternative Loan Trust</b>		
6.000% due 01/25/2036 ^	316	269
6.000% due 04/25/2036 ^	4,999	4,287
<b>Banc of America Funding Trust</b>		
5.500% due 01/25/2036	654	687
6.000% due 03/25/2037 ^	6,812	5,876
6.000% due 07/25/2037 ^	896	712
<b>BCAP LLC Trust</b>		
4.323% due 07/26/2037	1,192	66
5.283% due 03/26/2037	2,787	808

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7.099% due 12/26/2036		8,635	7,679
9.742% due 10/26/2036		6,063	5,748
<b>Bear Stearns ALT-A Trust</b>			
2.692% due 11/25/2036 ^		1,090	762
2.749% due 08/25/2046		7,321	5,544
2.859% due 11/25/2034		615	535
2.942% due 09/25/2035 ^		2,144	1,759
3.007% due 08/25/2036 ^		4,737	3,547
3.054% due 09/25/2035 ^		3,197	2,403
<b>Bear Stearns Mortgage Funding Trust</b>			
7.000% due 08/25/2036		3,460	3,287
<b>Chase Mortgage Finance Trust</b>			
2.679% due 12/25/2035 ^		35	33
6.000% due 02/25/2037 ^		2,957	2,479
6.000% due 03/25/2037 ^		622	539
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
6.000% due 07/25/2037 ^	\$	2,315	\$ 1,933
<b>Citigroup Mortgage Loan Trust, Inc.</b>			
5.276% due 04/25/2037 ^		6,327	5,514
5.339% due 03/25/2037 ^		1,807	1,634
6.000% due 11/25/2036		14,579	11,861
6.000% due 02/25/2037		9,413	7,605
<b>CitiMortgage Alternative Loan Trust</b>			
5.750% due 04/25/2037 ^		2,882	2,485
<b>Countrywide Alternative Loan Resecuritization Trust</b>			
6.000% due 08/25/2037 ^		3,293	2,829
<b>Countrywide Alternative Loan Trust</b>			
0.636% due 03/20/2046		8,447	6,408
0.697% due 08/25/2035		124	82
4.374% due 06/25/2047		5,801	5,150
4.824% due 04/25/2037 ^(a)		34,524	5,133
5.250% due 05/25/2021 ^		32	31
5.500% due 03/25/2035		942	786
5.500% due 09/25/2035 ^		7,432	6,918
5.500% due 03/25/2036 ^		291	247
5.750% due 01/25/2035		1,109	1,122
5.750% due 02/25/2035		1,257	1,240
6.000% due 02/25/2035		1,084	1,126
6.000% due 04/25/2036		2,765	2,376
6.000% due 05/25/2036 ^		2,956	2,531
6.000% due 01/25/2037 ^		3,225	3,052
6.000% due 02/25/2037		3,642	3,159
6.000% due 02/25/2037 ^		967	755
6.000% due 04/25/2037 ^		10,367	8,100
6.000% due 08/25/2037 ^		26,751	22,238
6.250% due 10/25/2036 ^		4,062	3,751
6.250% due 12/25/2036 ^		5,040	4,083
6.500% due 08/25/2036 ^		1,296	980
6.500% due 09/25/2036 ^		702	614
20.070% due 02/25/2036		3,138	4,082
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>			
5.500% due 07/25/2037 ^		1,227	1,088
5.750% due 12/25/2035 ^		620	582
5.750% due 03/25/2037 ^		4,356	4,002
6.000% due 04/25/2036 ^		969	923
6.000% due 03/25/2037 ^		3,751	3,417
<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>			
5.750% due 04/25/2036 ^		2,443	2,040
6.000% due 02/25/2037 ^		2,822	2,476
6.750% due 08/25/2036 ^		4,194	3,345
<b>Epic Drummond Ltd.</b>			
0.044% due 01/25/2022	EUR	5,060	4,942
<b>First Horizon Alternative Mortgage Securities Trust</b>			
6.000% due 08/25/2036 ^	\$	3,691	3,016
<b>GSR Mortgage Loan Trust</b>			
2.779% due 11/25/2035 ^		2,949	2,673
2.788% due 03/25/2037 ^		4,820	4,027
5.500% due 05/25/2036 ^		430	413

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6.000% due 07/25/2037 ^	570	520
<b>IndyMac Mortgage Loan Trust</b>		
2.717% due 08/25/2035 ^	4,930	4,055
6.500% due 07/25/2037 ^	7,698	4,911
<b>JPMorgan Alternative Loan Trust</b>		
2.529% due 03/25/2037	16,800	13,679
<b>JPMorgan Mortgage Trust</b>		
2.653% due 01/25/2037 ^	2,349	2,102
2.684% due 10/25/2035	89	87
2.744% due 02/25/2036 ^	3,974	3,477
4.652% due 06/25/2036 ^	1,700	1,473
5.000% due 03/25/2037 ^	3,645	3,087
6.000% due 08/25/2037 ^	713	629
<b>Lehman Mortgage Trust</b>		
6.000% due 07/25/2036 ^	2,441	1,806
6.000% due 07/25/2037 ^	548	500
	<b>PRINCIPAL</b>	<b>MARKET</b>
	<b>AMOUNT</b>	<b>VALUE</b>
	<b>(000S)</b>	<b>(000S)</b>
27.079% due 11/25/2035 ^	\$ 427	\$ 684
<b>Lehman XS Trust</b>		
0.647% due 06/25/2047	5,872	4,201
<b>MASTR Alternative Loan Trust</b>		
6.750% due 07/25/2036	5,169	3,799
<b>Merrill Lynch Mortgage Investors Trust</b>		
2.720% due 03/25/2036 ^	5,051	3,399
<b>RBSSP Resecuritization Trust</b>		
0.642% due 10/27/2036	3,606	318
0.662% due 08/27/2037	8,000	1,361
<b>Residential Accredit Loans, Inc. Trust</b>		
0.617% due 08/25/2036	790	619
0.657% due 05/25/2037 ^	667	166
6.000% due 08/25/2036 ^	1,156	953
6.000% due 03/25/2037 ^	4,501	3,894
6.000% due 05/25/2037 ^	3,733	3,164
<b>Residential Asset Securitization Trust</b>		
5.750% due 02/25/2036 ^	617	493
6.000% due 02/25/2037 ^	2,876	2,186
6.000% due 03/25/2037 ^	4,154	2,917
6.000% due 05/25/2037 ^	4,769	4,112
6.250% due 09/25/2037 ^	6,180	4,420
<b>Residential Funding Mortgage Securities, Inc. Trust</b>		
3.369% due 02/25/2037	5,019	4,040
<b>Structured Adjustable Rate Mortgage Loan Trust</b>		
2.676% due 11/25/2036 ^	7,992	6,263
2.724% due 01/25/2036 ^	10,646	8,146
2.744% due 07/25/2035 ^	4,162	3,572
4.148% due 07/25/2036 ^	2,007	1,678
4.688% due 03/25/2037 ^	1,640	1,158
<b>Structured Asset Mortgage Investments Trust</b>		
0.547% due 08/25/2036	282	214
<b>Suntrust Adjustable Rate Mortgage Loan Trust</b>		
2.771% due 04/25/2037 ^	1,412	1,201
2.818% due 02/25/2037 ^	1,160	1,018
6.004% due 02/25/2037 ^	11,923	9,967
<b>WaMu Mortgage Pass-Through Certificates Trust</b>		
2.188% due 12/25/2036 ^	740	661
2.200% due 06/25/2037 ^	3,473	3,022
2.225% due 07/25/2037 ^	1,333	1,141
2.409% due 09/25/2036 ^	886	804
4.275% due 02/25/2037 ^	1,843	1,705
4.412% due 07/25/2037 ^	3,310	3,058
6.009% due 10/25/2036 ^	2,613	2,177
<b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>		
1.125% due 05/25/2047 ^	820	64
6.000% due 10/25/2035 ^	2,599	1,994
6.000% due 03/25/2036 ^	3,661	3,440
<b>Wells Fargo Mortgage-Backed Securities Trust</b>		
6.000% due 07/25/2037 ^	1,215	1,199

<b>Total Non-Agency Mortgage-Backed Securities (Cost \$317,219)</b>		<b>331,161</b>
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**ASSET-BACKED SECURITIES 20.8%**

<b>AMAC CDO Funding</b>		
1.727% due 11/23/2050	5,030	4,592
6.516% due 11/23/2050	1,537	1,537
<b>Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates</b>		
1.777% due 03/25/2033	109	103
<b>Bear Stearns Asset-Backed Securities Trust</b>		
0.827% due 04/25/2037	25,086	16,383
<b>CIFC Funding Ltd.</b>		
0.000% due 05/24/2026 (e)	4,100	2,738
0.000% due 07/22/2026 (e)	3,000	1,628

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Opportunity Fund (Cont.)**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
0.822% due 11/25/2046	\$ 11,279	\$ 9,434
<b>Countrywide Asset-Backed Certificates</b>		
0.627% due 06/25/2047	24,950	18,082
0.737% due 09/25/2037 ^	17,870	8,880
5.040% due 10/25/2046 ^	17,979	17,130
<b>Credit-Based Asset Servicing and Securitization LLC</b>		
4.136% due 12/25/2035 ^	182	180
<b>First Franklin Mortgage Loan Trust</b>		
0.587% due 10/25/2036	6,381	4,178
<b>Greenpoint Manufactured Housing</b>		
8.140% due 03/20/2030	3,226	3,416
8.300% due 10/15/2026	8,300	8,734
8.450% due 06/20/2031	4,877	4,943
<b>IndyMac Home Equity Mortgage Loan Asset-Backed Trust</b>		
0.587% due 07/25/2037	3,979	2,445
<b>JPMorgan Mortgage Acquisition Trust</b>		
5.029% due 11/25/2036	10,400	10,519
5.830% due 07/25/2036 ^	163	95
<b>Lehman XS Trust</b>		
6.290% due 06/24/2046	5,309	4,416
<b>Mid-State Trust</b>		
6.340% due 10/15/2036	2,559	2,736
<b>Morgan Stanley ABS Capital, Inc. Trust</b>		
0.577% due 10/25/2036	8,544	5,085
<b>Morgan Stanley Mortgage Loan Trust</b>		
6.250% due 07/25/2047 ^	1,723	1,243
<b>Renaissance Home Equity Loan Trust</b>		
5.612% due 04/25/2037	11,951	6,210
7.238% due 09/25/2037 ^	10,173	5,949
<b>Residential Asset Securities Corp. Trust</b>		
1.002% due 08/25/2034	12,488	9,558
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Taberna Preferred Funding Ltd.</b>		
0.694% due 12/05/2036	\$ 916	\$ 715
0.714% due 08/05/2036	960	701
0.714% due 08/05/2036 ^	18,595	13,574
0.734% due 02/05/2036	12,208	9,400
<b>Tropic CDO Ltd.</b>		
1.522% due 04/15/2034	25,000	13,375
<b>Total Asset-Backed Securities (Cost \$188,055)</b>		<b>187,979</b>
<b>SOVEREIGN ISSUES 0.6%</b>		
<b>Republic of Greece Government International Bond</b>		
3.800% due 08/08/2017	JPY 695,000	4,994
4.750% due 04/17/2019	EUR 600	542
<b>Total Sovereign Issues (Cost \$5,651)</b>		<b>5,536</b>

**SHARES**

COMMON STOCKS 0.1%

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**FINANCIALS 0.1%**

<b>TIG FinCo PLC (g)</b>	794,831	793
<b>Total Common Stocks (Cost \$1,179)</b>		<b>793</b>

**PREFERRED SECURITIES 2.4%**

**BANKING & FINANCE 2.4%**

<b>Farm Credit Bank of Texas</b>		
10.000% due 12/15/2020 (f)	12,300	15,398
<b>GMAC Capital Trust</b>		
8.125% due 02/15/2040	251,318	6,396
<b>Total Preferred Securities (Cost \$20,514)</b>		<b>21,794</b>

**MARKET  
VALUE  
(000S)**

**SHORT-TERM INSTRUMENTS 10.9%**

<b>REPURCHASE AGREEMENTS (h) 3.9%</b>		\$ 35,311
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**PRINCIPAL  
AMOUNT  
(000S)**

**SHORT-TERM NOTES 0.2%**

<b>Federal Home Loan Bank</b>		
0.385% due 02/01/2016	\$ 1,500	1,500

**U.S. TREASURY BILLS 6.8%**

0.210% due 02/04/2016 - 02/18/2016 (d)(m)	61,904	61,899
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**Total Short-Term Instruments**

<b>(Cost \$98,710)</b>		<b>98,710</b>
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**Total Investments in Securities**

<b>(Cost \$1,243,266)</b>		<b>1,217,978</b>
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**Total Investments 134.5%**

<b>(Cost \$1,243,266)</b>	\$	<b>1,217,978</b>
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**Financial Derivative**

<b>Instruments (j)(l) (7.2%)</b>		
<b>(Cost or Premiums, net \$(52,173))</b>		<b>(65,508)</b>
<b>Preferred Shares (26.3%)</b>		<b>(237,950)</b>
<b>Other Assets and Liabilities, net (1.0%)</b>		<b>(8,895)</b>

**Net Assets Applicable to Common Shareholders 100.0%**

\$	<b>905,625</b>
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**NOTES TO SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS\*):**

- \* A zero balance may reflect actual amounts rounding to less than one thousand.
- ^ Security is in default.
- (a) Interest only security.
- (b) When-issued security.
- (c) Payment in-kind bond security.
- (d) Coupon represents a weighted average yield to maturity.
- (e) Zero coupon bond.
- (f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

**(g) RESTRICTED SECURITIES:**

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
TIG FinCo PLC	04/02/2015	\$ 1,179	\$ 793	0.09%

**BORROWINGS AND OTHER FINANCING TRANSACTIONS****(h) REPURCHASE AGREEMENTS:**

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
BCY	0.540%	01/29/2016	02/01/2016	\$ 600	U.S. Treasury Notes 1.625% due 06/30/2019	\$ (613)	\$ 600	\$ 600
BPG	0.550	01/29/2016	02/01/2016	24,900	U.S. Treasury Floating Rate Note 0.375% due 07/31/2016	(25,408)	24,900	24,901
DEU	0.550	01/29/2016	02/01/2016	3,200	U.S. Treasury Bonds 3.750% due 11/15/2043	(3,272)	3,200	3,200
SOG	0.320	01/29/2016	02/01/2016	4,100	U.S. Treasury Inflation Protected Securities 1.125% due 01/15/2021	(4,192)	4,100	4,100
SSB	0.010	01/29/2016	02/01/2016	2,511	U.S. Treasury Notes 2.250% due 07/31/2021	(2,563)	2,511	2,511
<b>Total Repurchase Agreements</b>						<b>\$ (36,048)</b>	<b>\$ 35,311</b>	<b>\$ 35,312</b>

<sup>(1)</sup> Includes accrued interest.**22 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

**REVERSE REPURCHASE AGREEMENTS:**

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Reverse Repurchase Agreements
BCY	(1.250%)	01/21/2016	02/01/2016	\$ (2,641)	\$ (2,640)
	(1.000)	01/12/2016	02/01/2016	(1,177)	(1,176)
	(0.500)	01/29/2016	TBD <sup>(2)</sup>	(4,029)	(4,029)
RDR	(3.500)	08/04/2015	TBD <sup>(2)</sup>	(1,017)	(999)
	(1.000)	01/22/2016	TBD <sup>(2)</sup>	(462)	(462)
UBS	0.900	01/11/2016	04/11/2016	(8,157)	(8,161)
	1.050	01/18/2016	02/18/2016	GBP (1,791)	(2,553)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (20,020)</b>

<sup>(2)</sup> Open maturity reverse repurchase agreement.<sup>(3)</sup> The average amount of borrowings outstanding during the period ended January 31, 2016 was \$(63,578) at a weighted average interest rate of 0.590%.**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of January 31, 2016:

(i) Securities with an aggregate market value of \$21,569 and cash of \$356 have been pledged as collateral under the terms of the following master agreements as of January 31, 2016.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 600	\$ (7,845)	\$ 0	\$ (7,245)	\$ 8,510	\$ 1,265
BPG	24,901	0	0	24,901	(25,408)	(507)
DEU	3,200	0	0	3,200	(3,272)	(72)
RDR	0	(1,461)	0	(1,461)	1,443	(18)
SOG	4,100	0	0	4,100	(4,192)	(92)
SSB	2,511	0	0	2,511	(2,563)	(52)
UBS	0	(10,714)	0	(10,714)	11,359	645

<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 35,312</b>	<b>\$ (20,020)</b>	<b>\$ 0</b>
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(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS**

**Remaining Contractual Maturity of the Agreements**

	<b>Overnight and Continuous</b>	<b>Up to 30 days</b>	<b>31-90 days</b>	<b>Greater Than 90 days</b>	<b>Total</b>
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ (3,816)	\$ (2,553)	\$ (8,161)	\$ (5,490)	\$ (20,020)
<b>Total Borrowings</b>	<b>\$ (3,816)</b>	<b>\$ (2,553)</b>	<b>\$ (8,161)</b>	<b>\$ (5,490)</b>	<b>\$ (20,020)</b>

Gross amount of recognized liabilities for reverse repurchase agreements \$ (20,020)

**(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED**

**SWAP AGREEMENTS:**

**CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION <sup>(1)</sup>**

<b>Index/Tranches</b>	<b>Fixed Receive Rate</b>	<b>Maturity Date</b>	<b>Notional Amount <sup>(2)</sup></b>	<b>Market Value <sup>(3)</sup></b>	<b>Unrealized (Depreciation)</b>	<b>Variation Margin</b>	
						<b>Asset</b>	<b>Liability</b>
CDX.HY-24 5-Year Index	5.000%	06/20/2020	\$ 15,543	\$ 469	\$ (728)	\$ 61	\$ 0
CDX.HY-25 5-Year Index	5.000	12/20/2020	27,400	87	(181)	107	0
CDX.IG-23 5-Year Index	1.000	12/20/2019	11,800	21	(170)	4	0
CDX.IG-24 5-Year Index	1.000	06/20/2020	17,600	25	(287)	10	0
CDX.IG-25 5-Year Index	1.000	12/20/2020	37,300	13	(224)	23	0
				\$ 615	\$ (1,590)	\$ 205	\$ 0

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

**Table of Contents****Schedule of Investments PIMCO Corporate & Income Opportunity Fund (Cont.)**

- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

**INTEREST RATE SWAPS**

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin	
							Asset	Liability
Pay	3-Month USD-LIBOR	2.750%	06/17/2025	\$ 145,380	\$ 12,848	\$ 3,654	\$ 876	\$ 0
Pay	3-Month USD-LIBOR	3.500	06/19/2044	305,100	80,638	90,591	3,497	0
Receive	3-Month USD-LIBOR	2.500	06/15/2046	467,900	(15,510)	(39,132)	0	(4,703)
Pay	6-Month AUD-BBR-BBSW	3.500	06/17/2025	AUD 13,400	637	305	19	0
					\$ 78,613	\$ 55,418	\$ 4,392	\$ (4,703)
<b>Total Swap Agreements</b>					<b>\$ 79,228</b>	<b>\$ 53,828</b>	<b>\$ 4,597</b>	<b>\$ (4,703)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY**

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of January 31, 2016:

- (k) Securities with an aggregate market value of \$1,156 and cash of \$13,742 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of January 31, 2016. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value		Variation Margin		Market Value		Variation Margin	
	Purchased		Asset Swap		Written		Liability Swap	
	Options	Futures	Agreements	Total	Options	Futures	Agreements	Total
<b>Total Exchange-Traded or Centrally Cleared</b>	\$ 0	\$ 0	\$ 4,597	\$ 4,597	\$ 0	\$ 0	\$ (4,703)	\$ (4,703)

**(l) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER**

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FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)		
				Asset	Liability	
BOA	06/2016	EUR	1,430	\$ 1,958	\$ 403	\$ 0
	06/2016	\$	84	EUR 62	0	(16)
BPS	02/2016		1,110	1,032	8	0
BRC	06/2016	EUR	268	\$ 368	77	0
CBK	02/2016	GBP	60,437	89,694	3,577	0
	02/2016	\$	1,671	EUR 1,537	0	(6)
	03/2016	EUR	2,377	\$ 2,595	18	0
DUB	02/2016	BRL	23,865	5,903	0	(63)
	02/2016	\$	6,031	BRL 23,865	0	(64)
	03/2016	BRL	2,186	\$ 538	0	(4)
	06/2016	EUR	149	204	42	0
GLM	03/2016	MXN	9,514	555	32	0
HUS	02/2016	JPY	35,170	286	0	(5)
	02/2016	\$	84,746	GBP 59,659	263	0
	03/2016	GBP	59,659	\$ 84,747	0	(264)
	03/2016	\$	711	MXN 13,166	13	0
JPM	02/2016	AUD	442	\$ 310	0	(2)
	02/2016	BRL	46,900	11,242	0	(484)
	02/2016	EUR	1,909	2,068	1	(2)
	02/2016	JPY	40,976	333	0	(6)
	02/2016	\$	11,601	BRL 46,900	125	0
	02/2016		7,206	EUR 6,612	8	(52)
	03/2016		11,151	BRL 46,900	474	0
MSB	02/2016	BRL	23,035	\$ 5,698	0	(61)
	02/2016	JPY	595,545	4,921	2	0
	02/2016	\$	5,665	BRL 23,035	94	0
	06/2016	EUR	376	\$ 517	108	0

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See Accompanying Notes

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January 31, 2016 (Unaudited)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)	
						Asset	Liability
NAB	06/2016	EUR	818	\$	1,123	\$ 233	\$ 0
SCX	02/2016	JPY	14,329		117	0	(1)
	02/2016	\$	5,030	JPY	595,544	0	(111)
	03/2016	JPY	595,544	\$	5,033	111	0
UAG	02/2016	EUR	25,438		27,806	249	0
	02/2016	\$	19,411	EUR	17,915	0	(4)
	02/2016		1,100	GBP	778	8	0
	03/2016	EUR	17,915	\$	19,425	4	0
<b>Total Forward Foreign Currency Contracts</b>						<b>\$ 5,850</b>	<b>\$ (1,145)</b>

**SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Implied Credit Spread at January 31, 2016 <sup>(2)</sup>		Notional Amount <sup>(3)</sup>	Premiums Paid/(Received)	Unrealized Swap Agreements, at Value	
								Appreciation/ (Depreciation)	Asset
BPS	Navient Corp.	5.000%	12/20/2020	7.104%	\$ 5,000	\$ (51)	\$ (324)	\$ 0	\$ (375)
	Novo Banco S.A.	5.000	09/20/2020	13.533	EUR 3,000	(115)	(609)	0	(724)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	\$ 1,800	(352)	(475)	0	(827)
BRC	Navient Corp.	5.000	12/20/2020	7.104	3,000	12	(237)	0	(225)
GST	Navient Corp.	5.000	12/20/2020	7.104	2,000	8	(158)	0	(150)
	Petrobras Global Finance BV	1.000	09/20/2020	11.018	20	(3)	(4)	0	(7)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	2,400	(476)	(627)	0	(1,103)
HUS	Petrobras Global Finance BV	1.000	09/20/2020	11.018	60	(8)	(12)	0	(20)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	500	(41)	(107)	0	(148)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	3,000	(623)	(756)	0	(1,379)
JPM	Navient Corp.	5.000	12/20/2020	7.104	5,000	31	(406)	0	(375)
	Novo Banco S.A.	5.000	09/20/2020	13.533	EUR 5,000	(206)	(1,000)	0	(1,206)
	Russia Government International Bond	1.000	06/20/2019	2.787	\$ 28,600	(1,957)	353	0	(1,604)
	Russia Government International Bond	1.000	12/20/2020	3.215	1,300	(149)	23	0	(126)



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MYC	Chesapeake Energy Corp.	5.000	09/20/2020	44.507		500	(51)	(288)	0	(339)			
	Novo Banco S.A.	5.000	09/20/2020	13.533	EUR	3,000	(28)	(696)	0	(724)			
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	\$	14,500	(1,342)	(2,946)	0	(4,288)			
						\$	(5,351)	\$	(8,269)	\$	0	\$	(13,620)

**CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Index/Tranches	Fixed Receive Rate	Maturity Date	Notional Amount <sup>(3)</sup>	Premiums (Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value <sup>(4)</sup>	Asset	Liability				
BOA	ABX.HE.AAA.6-2 Index	0.110%	05/25/2046	\$ 68,758	\$ (13,044)	\$ (528)	\$ 0	\$ (13,572)					
BRC	ABX.HE.AAA.6-2 Index	0.110	05/25/2046	85,647	(16,962)	56	0	(16,906)					
GST	ABX.HE.AAA.6-2 Index	0.110	05/25/2046	6,016	(1,199)	11	0	(1,188)					
MEI	ABX.HE.AAA.6-2 Index	0.110	05/25/2046	74,301	(14,057)	(610)	0	(14,667)					
MYC	ABX.HE.AAA.6-2 Index	0.110	05/25/2046	21,487	(4,060)	(181)	0	(4,241)					
						\$	(49,322)	\$	(1,252)	\$	0	\$	(50,574)

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

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

(4) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Opportunity Fund (Cont.)****INTEREST RATE SWAPS**

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Unrealized Swap Agreements, at Value			
						Premiums Paid/(Received)	Appreciation/ Depreciation	Asset	Liability
BOA	Pay	1-Year BRL-CDI	11.500%	01/04/2021	BRL 149,200	\$ 125	\$ (4,840)	\$ 0	\$ (4,715)
CBK	Pay	1-Year BRL-CDI	11.500	01/04/2021	80,300	(77)	(2,461)	0	(2,538)
	Pay	3-Month USD-LIBOR	2.900	02/18/2026	\$ 89,000	618	601	1,219	0
MYC	Pay	3-Month USD-LIBOR	2.350	02/18/2021	340,000	1,990	1,722	3,712	0
UAG	Pay	1-Year BRL-CDI	11.250	01/04/2021	BRL 105,000	(156)	(3,435)	0	(3,591)
						\$ 2,500	\$ (8,413)	\$ 4,931	\$ (10,844)
<b>Total Swap Agreements</b>						<b>\$ (52,173)</b>	<b>\$ (17,934)</b>	<b>\$ 4,931</b>	<b>\$ (75,038)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of January 31, 2016:

(m) Securities with an aggregate market value of \$68,835 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of January 31, 2016.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of OTC Derivatives	Collateral (Received)/ Pledged	Net Exposure (5)
	Forward Foreign Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Contracts	Written Options	Swap Agreements	Total Over the Counter			
BOA	\$ 403	\$ 0	\$ 0	\$ 403	\$ (16)	\$ 0	\$ (18,287)	\$ (18,303)	\$ (17,900)	\$ 18,137	\$ 237
BPS	8	0	0	8	0	0	(1,926)	(1,926)	(1,918)	2,056	138
BRC	77	0	0	77	0	0	(17,131)	(17,131)	(17,054)	17,067	13
CBK	3,595	0	1,219	4,814	(6)	0	(2,538)	(2,544)	2,270	(860)	1,410
DUB	42	0	0	42	(131)	0	0	(131)	(89)	(210)	(299)
GLM	32	0	0	32	0	0	0	0	32	0	32
GST	0	0	0	0	0	0	(2,448)	(2,448)	(2,448)	2,498	50
HUS	276	0	0	276	(269)	0	(1,547)	(1,816)	(1,540)	1,495	(45)
JPM	608	0	0	608	(546)	0	(3,311)	(3,857)	(3,249)	3,493	244
MEI	0	0	0	0	0	0	(14,667)	(14,667)	(14,667)	14,528	(139)
MSB	204	0	0	204	(61)	0	0	(61)	143	0	143
MYC	0	0	3,712	3,712	0	0	(9,592)	(9,592)	(5,880)	5,788	(92)
NAB	233	0	0	233	0	0	0	0	233	(260)	(27)
SCX	111	0	0	111	(112)	0	0	(112)	(1)	0	(1)

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UAG	261	0	0	261	(4)	0	(3,591)	(3,595)	(3,334)	3,605	271
<b>Total Over the Counter</b>	<b>\$ 5,850</b>	<b>\$ 0</b>	<b>\$ 4,931</b>	<b>\$ 10,781</b>	<b>\$ (1,145)</b>	<b>\$ 0</b>	<b>\$ (75,038)</b>	<b>\$ (76,183)</b>			

(5) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

**Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 205	\$ 0	\$ 0	\$ 4,392	\$ 4,597
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 5,850	\$ 0	\$ 5,850
Swap Agreements	0	0	0	0	4,931	4,931
	\$ 0	\$ 0	\$ 0	\$ 5,850	\$ 4,931	\$ 10,781
	\$ 0	\$ 205	\$ 0	\$ 5,850	\$ 9,323	\$ 15,378

**26 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,703	\$ 4,703
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,145	\$ 0	\$ 1,145
Swap Agreements	0	64,194	0	0	10,844	75,038
	\$ 0	\$ 64,194	\$ 0	\$ 1,145	\$ 10,844	\$ 76,183
	\$ 0	\$ 64,194	\$ 0	\$ 1,145	\$ 15,547	\$ 80,886

**The effect of Financial Derivative Instruments on the Statements of Operations for the period ended January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (128)	\$ 0	\$ 0	\$ (29,106)	\$ (29,234)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 6,429	\$ 0	\$ 6,429
Swap Agreements	0	(361)	0	0	3,885	3,524
	\$ 0	\$ (361)	\$ 0	\$ 6,429	\$ 3,885	\$ 9,953
	\$ 0	\$ (489)	\$ 0	\$ 6,429	\$ (25,221)	\$ (19,281)
<b>Net Change in Unrealized (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (969)	\$ 0	\$ 0	\$ 20,373	\$ 19,404
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,482	\$ 0	\$ 2,482
Swap Agreements	0	(8,973)	0	0	(9,257)	(18,230)
	\$ 0	\$ (8,973)	\$ 0	\$ 2,482	\$ (9,257)	\$ (15,748)
	\$ 0	\$ (9,942)	\$ 0	\$ 2,482	\$ 11,116	\$ 3,656

## FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of January 31, 2016 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 01/31/2016
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 0	\$ 14,010	\$ 6,390	\$ 20,400
<b>Corporate Bonds &amp; Notes</b>				
Banking & Finance	0	198,858	14,913	213,771
Industrials	0	116,629	10,937	127,566
Utilities	0	65,568	0	65,568
<b>Municipal Bonds &amp; Notes</b>				
California	0	55,796	0	55,796
Illinois	0	25,198	0	25,198
Virginia	0	1,131	0	1,131
West Virginia	0	6,024	0	6,024
U.S. Government Agencies	0	36,105	8,361	44,466
U.S. Treasury Obligations	0	12,085	0	12,085
Non-Agency Mortgage-Backed Securities	0	331,161	0	331,161
Asset-Backed Securities	0	187,979	0	187,979
Sovereign Issues	0	5,536	0	5,536
<b>Common Stocks</b>				
Financials	0	0	793	793
<b>Preferred Securities</b>				
Banking & Finance	6,396	15,398	0	21,794
<b>Category and Subcategory</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 01/31/2016</b>
<b>Short-Term Instruments</b>				
Repurchase Agreements	\$ 0	\$ 35,311	\$ 0	\$ 35,311
Short-Term Notes	0	1,500	0	1,500
U.S. Treasury Bills	0	61,899	0	61,899
<b>Total Investments</b>	<b>\$ 6,396</b>	<b>\$ 1,170,188</b>	<b>\$ 41,394</b>	<b>\$ 1,217,978</b>
<b>Financial Derivative Instruments - Assets</b>				
Exchange-traded or centrally cleared	0	4,597	0	4,597
Over the counter	0	10,781	0	10,781
	\$ 0	\$ 15,378	\$ 0	\$ 15,378
<b>Financial Derivative Instruments - Liabilities</b>				
Exchange-traded or centrally cleared	0	(4,703)	0	(4,703)
Over the counter	0	(76,183)	0	(76,183)
	\$ 0	\$ (80,886)	\$ 0	\$ (80,886)
<b>Totals</b>	<b>\$ 6,396</b>	<b>\$ 1,104,680</b>	<b>\$ 41,394</b>	<b>\$ 1,152,470</b>

There were no significant transfers between Levels 1 and 2 during the period ended January 31, 2016.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Opportunity Fund (Cont.)**

January 31, 2016 (Unaudited)

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended January 31, 2016:

Category and Subcategory	Beginning Balance at 07/31/2015	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) (1)	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 01/31/2016	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 01/31/2016 (1)
<b>Investments in Securities, at Value</b>										
Bank Loan Obligations	\$ 8,897	\$ 130	\$ (37)	\$ 51	\$ 3	\$ (2,654)	\$ 0	\$ 0	\$ 6,390	\$ (2,600)
<b>Corporate Bonds &amp; Notes</b>										
Banking & Finance	10,454	4,378	(121)	3	1	198	0	0	14,913	214
Industrials	10,941	0	0	6	0	(10)	0	0	10,937	(10)
U.S. Government Agencies	0	8,796	(52)	12	21	(416)	0	0	8,361	(416)
<b>Non Agency</b>										
Mortgage-Backed Securities	8,290	0	(8,338)	0	47	1	0	0	0	0
<b>Common Stocks</b>										
Financials	832	0	0	0	0	(39)	0	0	793	(39)
Totals	\$ 39,414	\$ 13,304	\$ (8,548)	\$ 72	\$ 72	\$ (2,920)	\$ 0	\$ 0	\$ 41,394	\$ (2,851)

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

Category and Subcategory	Ending Balance at 01/31/2016	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 1,949	Proxy Pricing	Base Price	97.00
	4,441	Third Party Vendor	Broker Quote	60.00
<b>Corporate Bonds &amp; Notes</b>				
Banking & Finance	4,413	Other Valuation Techniques (2)		
	10,500	Proxy Pricing	Base Price	113.30
Industrials	10,937	Proxy Pricing	Base Price	100.09
U.S. Government Agencies	8,361	Proxy Pricing	Base Price	56.31
<b>Common Stocks</b>				
Financials	793	Other Valuation Techniques (2)		
Total	\$ 41,394			

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<sup>(1)</sup> Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at January 31, 2016 may be due to an investment no longer held or categorized as Level 3 at period end.

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

**28 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

**Table of Contents****Schedule of Investments PIMCO Corporate & Income Strategy Fund**

January 31, 2016 (Unaudited)

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 119.1%</b>			
<b>BANK LOAN OBLIGATIONS 1.5%</b>			
<b>Hellenic Republic</b>			
3.930% due 03/30/2016	EUR	1,000	\$ 975
<b>iHeartCommunications, Inc.</b>			
7.178% due 01/30/2019	\$	5,800	3,865
<b>Sequa Corp.</b>			
5.250% due 06/19/2017		4,938	3,321
<b>Total Bank Loan Obligations (Cost \$11,048)</b>			<b>8,161</b>
<b>CORPORATE BONDS &amp; NOTES 45.3%</b>			
<b>BANKING &amp; FINANCE 25.1%</b>			
<b>AGFC Capital Trust</b>			
6.000% due 01/15/2067		2,300	1,575
<b>AIG Life Holdings, Inc.</b>			
7.570% due 12/01/2045		3,400	4,445
<b>American International Group, Inc.</b>			
6.250% due 03/15/2087		1,826	1,981
8.175% due 05/15/2068		300	391
<b>Banco do Brasil S.A.</b>			
6.250% due 04/15/2024 (f)		4,460	2,174
9.000% due 06/18/2024 (f)		3,827	2,315
<b>Banco Espirito Santo S.A.</b>			
2.625% due 05/08/2017 ^	EUR	1,100	423
4.000% due 01/21/2019 ^		4,300	1,654
4.750% due 01/15/2018 ^		5,100	1,961
<b>Banco Santander S.A.</b>			
6.250% due 09/11/2021 (f)		1,300	1,288
<b>Barclays PLC</b>			
7.875% due 09/15/2022 (f)	GBP	3,757	5,138
8.000% due 12/15/2020 (f)	EUR	1,900	2,165
<b>BGC Partners, Inc.</b>			
5.375% due 12/09/2019 (h)	\$	5,960	6,156
<b>Blackstone CQP Holdco LP</b>			
2.324% due 03/19/2019		2,600	2,608
<b>BNP Paribas S.A.</b>			
7.375% due 08/19/2025 (f)		6,200	6,091
<b>Cantor Fitzgerald LP</b>			
6.500% due 06/17/2022 (i)		8,000	8,382
<b>Co-operative Group Holdings Ltd.</b>			
7.500% due 07/08/2026	GBP	6,000	9,317
<b>Communications Sales &amp; Leasing, Inc.</b>			
8.250% due 10/15/2023	\$	3,100	2,751
<b>Credit Agricole S.A.</b>			
7.875% due 01/23/2024 (f)		6,500	6,345
<b>Credit Suisse Group AG</b>			
7.500% due 12/11/2023 (f)		7,725	7,948
<b>GSPA Monetization Trust</b>			
6.422% due 10/09/2029		4,892	5,559
<b>LBG Capital PLC</b>			



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9.125% due 07/15/2020	GBP	3,100	4,483
<b>National Bank of Greece S.A.</b>			
3.875% due 10/07/2016	EUR	1,050	1,114
<b>Nationwide Building Society</b>			
10.250% (f)	GBP	11	2,014
<b>Navient Corp.</b>			
5.500% due 01/15/2019 (i)	\$	8,750	8,225
5.625% due 08/01/2033		2,648	1,748
8.450% due 06/15/2018		2,300	2,386
<b>Novo Banco S.A.</b>			
5.000% due 04/04/2019	EUR	298	256
5.000% due 04/23/2019		608	524
5.000% due 05/14/2019		402	346
5.000% due 05/21/2019		225	192
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
5.000% due 05/23/2019	EUR	224	\$ 192
<b>OneMain Financial Holdings, Inc.</b>			
7.250% due 12/15/2021	\$	2,796	2,775
<b>Preferred Term Securities Ltd.</b>			
0.892% due 09/23/2035		487	375
<b>Royal Bank of Scotland Group PLC</b>			
7.500% due 08/10/2020 (f)		200	203
<b>Sberbank of Russia Via SB Capital S.A.</b>			
5.717% due 06/16/2021 (i)		8,300	8,356
6.125% due 02/07/2022		2,500	2,552
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	7,786	9,148
6.052% due 10/13/2039		1,889	2,481
<b>TIG FinCo PLC</b>			
8.500% due 03/02/2020		252	368
8.750% due 04/02/2020		2,089	2,582
<b>Vnesheconombank Via VEB Finance PLC</b>			
6.902% due 07/09/2020	\$	2,600	2,600
			133,587
<b>INDUSTRIALS 13.2%</b>			
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021		1,380	850
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (c)(i)		4,650	2,668
<b>Caesars Entertainment Operating Co., Inc.</b>			
8.500% due 02/15/2020 ^		3,300	2,491
9.000% due 02/15/2020 ^		1,885	1,414
11.250% due 06/01/2017 ^		8,170	5,954
<b>Centene Escrow Corp.</b>			
5.625% due 02/15/2021 (b)		130	133
6.125% due 02/15/2024 (b)		130	133
<b>Chesapeake Energy Corp.</b>			
3.872% due 04/15/2019		440	118
<b>Continental Airlines Pass-Through Trust</b>			
9.798% due 10/01/2022		1,163	1,255
<b>Forbes Energy Services Ltd.</b>			
9.000% due 06/15/2019		308	122
<b>Ford Motor Co.</b>			
7.700% due 05/15/2097 (i)		7,830	8,944
9.980% due 02/15/2047		1,500	2,130
<b>Harvest Operations Corp.</b>			
6.875% due 10/01/2017		5,592	3,942
<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022		1,200	786
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021 (i)		6,192	2,724
8.125% due 06/01/2023		251	105
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		7,070	5,515
<b>Pertamina Persero PT</b>			

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6.450% due 05/30/2044		5,033		4,349
<b>Russian Railways via RZD Capital PLC</b>				
7.487% due 03/25/2031	GBP	1,000		1,314
<b>Sequa Corp.</b>				
7.000% due 12/15/2017	\$	7,480		1,964
<b>Spanish Broadcasting System, Inc.</b>				
12.500% due 04/15/2017		2,100		2,055
<b>Tembec Industries, Inc.</b>				
9.000% due 12/15/2019		1,900		1,211
<b>Times Square Hotel Trust</b>				
8.528% due 08/01/2026		1,851		2,213
<b>UCP, Inc.</b>				
8.500% due 10/21/2017		6,000		6,020
		<b>PRINCIPAL</b>		<b>MARKET</b>
		<b>AMOUNT</b>		<b>VALUE</b>
		<b>(000S)</b>		<b>(000S)</b>
<b>Unique Pub Finance Co. PLC</b>				
5.659% due 06/30/2027	GBP	3,932	\$	5,561
6.542% due 03/30/2021		2,021		2,980
<b>Westmoreland Coal Co.</b>				
8.750% due 01/01/2022	\$	5,955		3,484
				70,435
<b>UTILITIES 7.0%</b>				
<b>AK Transneft OJSC Via TransCapitalInvest Ltd.</b>				
8.700% due 08/07/2018		500		549
<b>FPL Energy Wind Funding LLC</b>				
6.876% due 06/27/2017		333		328
<b>Gazprom Neft OAO Via GPN Capital S.A.</b>				
4.375% due 09/19/2022 (i)		8,800		7,744
4.375% due 09/19/2022		280		246
6.000% due 11/27/2023		4,900		4,596
<b>Gazprom OAO Via Gaz Capital S.A.</b>				
6.510% due 03/07/2022		1,050		1,064
9.250% due 04/23/2019		600		667
<b>Illinois Power Generating Co.</b>				
6.300% due 04/01/2020		6,400		2,848
7.000% due 04/15/2018		1,900		1,026
7.950% due 06/01/2032		700		304
<b>Mountain States Telephone &amp; Telegraph Co.</b>				
7.375% due 05/01/2030		8,200		9,160
<b>Odebrecht Drilling Norbe Ltd.</b>				
6.350% due 06/30/2022		314		116
<b>Odebrecht Offshore Drilling Finance Ltd.</b>				
6.625% due 10/01/2023		2,849		655
6.750% due 10/01/2023		3,035		683
<b>Petrobras Global Finance BV</b>				
2.750% due 01/15/2018	EUR	450		406
3.406% due 03/17/2020	\$	270		188
4.875% due 03/17/2020		420		318
5.750% due 01/20/2020		220		173
6.250% due 12/14/2026	GBP	4,800		4,329
6.625% due 01/16/2034		100		88
6.750% due 01/27/2041	\$	2,300		1,457
7.875% due 03/15/2019		100		87
				37,032
<b>Total Corporate Bonds &amp; Notes</b>				<b>241,054</b>
<b>(Cost \$274,544)</b>				

**MUNICIPAL BONDS & NOTES 5.1%**

**CALIFORNIA 1.8%**

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

7.750% due 10/01/2037 1,220 1,340

**Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009**

7.942% due 10/01/2038 7,400 8,389

		9,729
<b>ILLINOIS 2.6%</b>		
<b>Chicago, Illinois General Obligation Bonds, (BABs), Series 2010</b>		
7.517% due 01/01/2040	12,700	13,503
<b>VIRGINIA 0.1%</b>		
<b>Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007</b>		
6.706% due 06/01/2046	785	635

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Strategy Fund (Cont.)**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>WEST VIRGINIA 0.6%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	\$ 3,730	\$ 3,273
<b>Total Municipal Bonds &amp; Notes (Cost \$25,347)</b>		<b>27,140</b>
<b>U.S. GOVERNMENT AGENCIES 4.9%</b>		
<b>Fannie Mae</b>		
3.000% due 02/25/2043 (a)	73,523	14,092
<b>Freddie Mac</b>		
2.563% due 11/25/2055	8,371	4,714
7.977% due 12/25/2027	4,500	4,072
9.777% due 04/25/2028	2,000	1,912
10.927% due 05/25/2028	570	556
11.177% due 03/25/2025	749	775
<b>Total U.S. Government Agencies (Cost \$25,702)</b>		<b>26,121</b>
<b>U.S. TREASURY OBLIGATIONS 0.3%</b>		
<b>U.S. Treasury Floating Rate Notes</b>		
0.473% due 10/31/2017 (l)	1,500	1,500
<b>Total U.S. Treasury Obligations (Cost \$1,499)</b>		<b>1,500</b>
<b>NON-AGENCY MORTGAGE-BACKED SECURITIES 36.4%</b>		
<b>Banc of America Alternative Loan Trust</b>		
5.500% due 10/25/2035 ^	6,703	5,958
6.000% due 01/25/2036 ^	170	145
<b>Banc of America Funding Trust</b>		
6.000% due 03/25/2037 ^	3,522	3,038
6.000% due 07/25/2037 ^	464	368
<b>Banc of America Mortgage Trust</b>		
2.663% due 03/25/2035	152	141
5.500% due 11/25/2035 ^	3,100	2,928
6.000% due 03/25/2037 ^	627	574
6.500% due 09/25/2033	269	270
<b>BCAP LLC Trust</b>		
2.932% due 08/28/2037	6,455	4,825
5.283% due 03/26/2037	1,458	423
10.662% due 07/26/2036	1,764	1,814
<b>Bear Stearns Adjustable Rate Mortgage Trust</b>		
2.764% due 08/25/2035 ^	8,194	7,383
<b>Bear Stearns ALT-A Trust</b>		
0.927% due 01/25/2036 ^	1,940	1,560
2.623% due 11/25/2035 ^	9,884	7,958
2.692% due 11/25/2036 ^	5,565	3,893
2.942% due 09/25/2035 ^	1,109	910
3.007% due 08/25/2036 ^	1,329	995
<b>Bear Stearns Mortgage Funding Trust</b>		
7.000% due 08/25/2036	1,863	1,770
<b>Chase Mortgage Finance Trust</b>		
2.679% due 12/25/2035 ^	18	16
6.000% due 07/25/2037 ^	1,191	995
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
5.061% due 09/25/2037 ^	4,281	3,886

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5.276% due 04/25/2037 ^	466	406
<b>Countrywide Alternative Loan Resecuritization Trust</b>		
6.000% due 08/25/2037 ^	1,671	1,436
<b>Countrywide Alternative Loan Trust</b>		
5.500% due 03/25/2035	485	405
5.500% due 03/25/2036 ^	233	198
5.500% due 05/25/2036 ^	2,882	2,201
5.750% due 01/25/2035	604	611
5.750% due 02/25/2035	681	672
	<b>PRINCIPAL</b>	<b>MARKET</b>
	<b>AMOUNT</b>	<b>VALUE</b>
	<b>(000S)</b>	<b>(000S)</b>
5.750% due 03/25/2037 ^	\$ 1,164	\$ 1,029
6.000% due 02/25/2035	1,522	1,581
6.000% due 04/25/2036	7,584	6,887
6.000% due 02/25/2037 ^	7,741	6,046
6.000% due 04/25/2037 ^	1,807	1,416
6.000% due 07/25/2037 ^	534	558
6.250% due 12/25/2036 ^	2,172	1,760
6.500% due 08/25/2036 ^	726	549
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>		
2.569% due 09/20/2036 ^	450	389
5.750% due 03/25/2037 ^	1,130	1,039
6.000% due 03/25/2037 ^	682	643
6.000% due 07/25/2037	6,538	5,482
<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>		
6.000% due 02/25/2037 ^	733	643
6.750% due 08/25/2036 ^	2,218	1,769
<b>Epic Drummond Ltd.</b>		
0.044% due 01/25/2022	EUR 2,956	2,887
<b>First Horizon Alternative Mortgage Securities Trust</b>		
6.000% due 08/25/2036 ^	\$ 7,292	5,958
<b>GSR Mortgage Loan Trust</b>		
2.765% due 08/25/2034	784	734
5.500% due 05/25/2036 ^	645	619
6.000% due 02/25/2036 ^	4,671	3,934
<b>HarborView Mortgage Loan Trust</b>		
0.666% due 01/19/2036 ^	6,699	4,538
3.338% due 06/19/2036 ^	9,440	5,925
<b>IndyMac Mortgage Loan Trust</b>		
6.500% due 07/25/2037 ^	3,959	2,526
<b>Jefferies Resecuritization Trust</b>		
6.000% due 05/26/2036	17,068	14,010
<b>JPMorgan Alternative Loan Trust</b>		
2.620% due 03/25/2037 ^	2,762	2,107
6.000% due 12/25/2035 ^	2,622	2,438
<b>JPMorgan Mortgage Trust</b>		
2.653% due 01/25/2037 ^	1,221	1,093
2.705% due 04/25/2037	15	14
2.744% due 02/25/2036 ^	4,797	4,197
5.000% due 03/25/2037 ^	1,886	1,597
6.000% due 08/25/2037 ^	344	304
<b>Lehman Mortgage Trust</b>		
6.000% due 07/25/2036 ^	1,331	985
6.000% due 07/25/2037 ^	376	344
<b>Lehman XS Trust</b>		
0.647% due 06/25/2047	3,456	2,473
<b>MASTR Alternative Loan Trust</b>		
6.750% due 07/25/2036	2,657	1,953
<b>Merrill Lynch Mortgage Investors Trust</b>		
2.720% due 03/25/2036 ^	1,043	702
<b>Morgan Stanley Mortgage Loan Trust</b>		
6.000% due 02/25/2036 ^	2,815	2,727
<b>Residential Accredited Loans, Inc. Trust</b>		
0.657% due 05/25/2037 ^	330	82
3.713% due 12/26/2034 ^	3,038	2,511
6.000% due 08/25/2036 ^	555	457
<b>Residential Asset Mortgage Products Trust</b>		
6.500% due 12/25/2031	894	928
<b>Residential Asset Securitization Trust</b>		

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6.000% due 11/25/2036 ^	3,426	2,303
6.000% due 03/25/2037 ^	2,089	1,467
6.000% due 05/25/2037 ^	2,449	2,112
6.250% due 09/25/2037 ^	3,196	2,286
6.250% due 06/25/2046	1,925	1,602
<b>Residential Funding Mortgage Securities, Inc. Trust</b>		
3.369% due 02/25/2037	2,658	2,139
6.500% due 03/25/2032	273	285
	<b>PRINCIPAL</b>	<b>MARKET</b>
	<b>AMOUNT</b>	<b>VALUE</b>
	<b>(000S)</b>	<b>(000S)</b>
<b>Sequoia Mortgage Trust</b>		
2.716% due 02/20/2047	\$ 576	\$ 497
4.826% due 07/20/2037 ^	1,184	1,063
<b>Structured Adjustable Rate Mortgage Loan Trust</b>		
2.676% due 11/25/2036 ^	4,178	3,274
2.724% due 01/25/2036 ^	3,351	2,564
2.744% due 07/25/2035 ^	1,437	1,233
4.148% due 07/25/2036 ^	1,060	885
4.576% due 07/25/2036 ^	9,065	5,912
4.688% due 03/25/2037 ^	4,861	3,431
<b>Suntrust Adjustable Rate Mortgage Loan Trust</b>		
2.771% due 04/25/2037 ^	1,076	915
2.818% due 02/25/2037 ^	605	531
<b>WaMu Mortgage Pass-Through Certificates Trust</b>		
2.225% due 07/25/2037 ^	698	597
2.409% due 09/25/2036 ^	473	430
4.275% due 02/25/2037 ^	922	852
4.412% due 07/25/2037 ^	1,756	1,623
6.009% due 10/25/2036 ^	3,483	2,902
<b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>		
1.125% due 05/25/2047 ^	405	32
6.000% due 10/25/2035 ^	2,736	2,099
<b>Wells Fargo Mortgage-Backed Securities Trust</b>		
2.671% due 07/25/2036 ^	694	655
2.734% due 05/25/2036 ^	137	130
6.000% due 07/25/2037 ^	643	635
<b>Total Non-Agency Mortgage-Backed Securities (Cost \$187,816)</b>		
		<b>194,067</b>
<b>ASSET-BACKED SECURITIES 18.2%</b>		
<b>ACE Securities Corp. Home Equity Loan Trust</b>		
0.817% due 02/25/2036	23,100	8,414
<b>Argent Securities Trust</b>		
0.617% due 03/25/2036	3,211	1,539
<b>Bear Stearns Asset-Backed Securities Trust</b>		
0.567% due 10/25/2036 ^	7,093	5,614
6.500% due 10/25/2036 ^	400	306
<b>CIFC Funding Ltd.</b>		
0.000% due 05/24/2026 (e)	2,300	1,536
0.000% due 07/22/2026 (e)	1,500	814
<b>Countrywide Asset-Backed Certificates</b>		
1.147% due 01/25/2036	4,000	2,974
5.040% due 10/25/2046 ^	10,086	9,610
<b>First Franklin Mortgage Loan Trust</b>		
1.057% due 09/25/2035	3,949	1,583
1.077% due 05/25/2036	8,631	3,329
<b>Fremont Home Loan Trust</b>		
1.357% due 06/25/2035 ^	6,000	4,283
<b>Greenpoint Manufactured Housing</b>		
8.140% due 03/20/2030	1,712	1,812
<b>IndyMac Home Equity Mortgage Loan Asset-Backed Trust</b>		
0.587% due 07/25/2037	12,270	7,538
<b>JPMorgan Mortgage Acquisition Corp.</b>		
0.717% due 01/25/2036	862	732
<b>JPMorgan Mortgage Acquisition Trust</b>		

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0.582% due 11/25/2036	5,758	4,096
4.617% due 01/25/2037 ^	7,527	5,052
<b>Lehman XS Trust</b>		
5.170% due 08/25/2035 ^	644	613
<b>Long Beach Mortgage Loan Trust</b>		
0.727% due 01/25/2036	5,000	2,827
<b>Mid-State Trust</b>		
6.340% due 10/15/2036	1,303	1,393

**30 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Morgan Stanley ABS Capital, Inc. Trust</b>		
0.577% due 06/25/2036	\$ 2,636	\$ 2,334
<b>Morgan Stanley Mortgage Loan Trust</b>		
6.250% due 07/25/2047 ^	919	663
<b>Park Place Securities, Inc. Asset-Backed Pass-Through Certificates</b>		
0.947% due 08/25/2035	5,000	3,242
<b>Residential Asset Mortgage Products Trust</b>		
1.517% due 12/25/2033	251	232
1.627% due 01/25/2035 ^	3,082	1,995
<b>Soundview Home Loan Trust</b>		
0.677% due 08/25/2037	2,000	1,381
<b>Taberna Preferred Funding Ltd.</b>		
0.714% due 08/05/2036	569	415
0.714% due 08/05/2036 ^	10,524	7,683
1.083% due 07/05/2035	10,668	8,001
<b>Tropic CDO Ltd.</b>		
0.942% due 07/15/2036	10,089	6,709
<b>Total Asset-Backed Securities (Cost \$98,126)</b>		<b>96,720</b>

**SOVEREIGN ISSUES 0.5%**

<b>Athens Urban Transportation Organisation</b>			
4.851% due 09/19/2016	EUR	200	197
<b>Republic of Greece Government International Bond</b>			
3.000% due 02/24/2023		142	103
3.000% due 02/24/2024		142	101
3.000% due 02/24/2025		142	99
3.000% due 02/24/2026		142	97
3.000% due 02/24/2027		142	94
3.000% due 02/24/2028		142	92
3.000% due 02/24/2029		142	89
3.000% due 02/24/2030		142	88
3.000% due 02/24/2031		142	87
		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
3.000% due 02/24/2032	\$	142	\$ 85
3.000% due 02/24/2033		142	84
3.000% due 02/24/2034		142	82
3.000% due 02/24/2035		142	81
3.000% due 02/24/2036		142	81
3.000% due 02/24/2037		142	80
3.000% due 02/24/2038		142	80
3.000% due 02/24/2039		142	80
3.000% due 02/24/2040		142	80
3.000% due 02/24/2041		142	80
3.000% due 02/24/2042		142	80
3.800% due 08/08/2017	JPY	47,000	338
4.750% due 04/17/2019	EUR	400	361

**Total Sovereign Issues (Cost \$2,560)****2,639**

SHARES



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<b>COMMON STOCKS 0.0%</b>		
<b>FINANCIALS 0.0%</b>		
TIG FinCo PLC (g)	182,606	182
<b>Total Common Stocks (Cost \$271)</b>		<b>182</b>
<b>PREFERRED SECURITIES 4.4%</b>		
<b>BANKING &amp; FINANCE 4.4%</b>		
<b>Citigroup Capital</b>		
6.983% due 10/30/2040	120,000	3,069
<b>Farm Credit Bank of Texas</b>		
10.000% due 12/15/2020 (f)	13,500	16,900
<b>GMAC Capital Trust</b>		
8.125% due 02/15/2040	144,400	3,675
<b>Total Preferred Securities (Cost \$23,995)</b>		<b>23,644</b>
		<b>MARKET VALUE (000S)</b>
<b>SHORT-TERM INSTRUMENTS 2.5%</b>		
<b>REPURCHASE AGREEMENTS (h) 1.0%</b>		
	\$	5,536
		<b>PRINCIPAL AMOUNT (000S)</b>
<b>SHORT-TERM NOTES 0.9%</b>		
<b>Federal Home Loan Bank</b>		
0.279% due 02/17/2016	\$	1,000
0.294% due 02/19/2016		900
0.299% due 03/02/2016		2,700
		4,599
<b>U.S. TREASURY BILLS 0.6%</b>		
0.243% due 02/18/2016 (d)(l)	3,171	3,171
<b>Total Short-Term Instruments (Cost \$13,306)</b>		<b>13,306</b>
<b>Total Investments in Securities (Cost \$664,214)</b>		<b>634,534</b>
<b>Total Investments 119.1% (Cost \$664,214)</b>	\$	<b>634,534</b>
<b>Financial Derivative Instruments (j)(k) 0.0%</b>		
(Cost or Premiums, net \$755)		(71)
<b>Preferred Shares (10.4%)</b>		<b>(55,525)</b>
<b>Other Assets and Liabilities, net (8.7%)</b>		<b>(46,337)</b>
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	\$	<b>532,601</b>

**NOTES TO SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS\*):**

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

^ Security is in default.

(a) Interest only security.

(b) When-issued security.

(c) Payment in-kind bond security.

(d) Coupon represents a weighted average yield to maturity.

(e) Zero coupon bond.

(f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

(g) RESTRICTED SECURITIES:

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
TIG FinCo PLC	04/02/2015	\$ 271	\$ 182	0.03%

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(h) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
SAL	0.550%	01/29/2016	02/01/2016	\$ 5,100	U.S. Treasury Notes 1.625% due 07/31/2020	\$ (5,177)	\$ 5,100	\$ 5,100
SSB	0.010	01/29/2016	02/01/2016	436	U.S. Treasury Notes 2.250% due 07/31/2021	(447)	436	436
<b>Total Repurchase Agreements</b>						<b>\$ (5,624)</b>	<b>\$ 5,536</b>	<b>\$ 5,536</b>

<sup>(1)</sup> Includes accrued interest.

See Accompanying Notes

**Table of Contents****Schedule of Investments PIMCO Corporate & Income Strategy Fund (Cont.)****REVERSE REPURCHASE AGREEMENTS:**

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Reverse Repurchase Agreements
BCY	(1.250%)	01/21/2016	02/01/2016	\$ (1,768)	\$ (1,767)
	(0.500)	01/29/2016	TBD <sup>(2)</sup>	(1,850)	(1,850)
DEU	1.150	12/04/2015	03/04/2016	(1,017)	(1,019)
JML	1.250	01/19/2016	02/25/2016	(6,516)	(6,519)
	1.550	12/15/2015	02/12/2016	(5,924)	(5,936)
MSC	1.000	02/01/2016	05/02/2016	(12,752)	(12,752)
RBC	0.930	12/14/2015	02/23/2016	(7,066)	(7,075)
RDR	0.760	11/17/2015	02/17/2016	(14,142)	(14,165)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (51,083)</b>

(2) Open maturity reverse repurchase agreement.

(3) The average amount of borrowings outstanding during the period ended January 31, 2016 was \$(13,759) at a weighted average interest rate of 0.933%.

**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of January 31, 2016:

(i) Securities with an aggregate market value of \$58,588 have been pledged as collateral under the terms of the following master agreements as of January 31, 2016.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 0	\$ (3,617)	\$ 0	\$ (3,617)	\$ 4,188	\$ 571
DEU	0	(1,019)	0	(1,019)	1,297	278
JML	0	(12,455)	0	(12,455)	16,100	3,645
MSC	0	(12,752)	0	(12,752)	14,130	1,378
RBC	0	(7,075)	0	(7,075)	7,961	886
RDR	0	(14,165)	0	(14,165)	14,911	746
SAL	5,100	0	0	5,100	(5,177)	(77)
SSB	436	0	0	436	(447)	(11)

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<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 5,536</b>	<b>\$ (51,083)</b>	<b>\$ 0</b>
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(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS**

**Remaining Contractual Maturity of the Agreements**

	<b>Overnight and Continuous</b>	<b>Up to 30 days</b>	<b>31-90 days</b>	<b>Greater Than 90 days</b>	<b>Total</b>
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ (1,767)	\$ (33,695)	\$ (1,019)	\$ (1,850)	\$ (38,331)
<b>Total Borrowings</b>	<b>\$ (1,767)</b>	<b>\$ (33,695)</b>	<b>\$ (1,019)</b>	<b>\$ (1,850)</b>	<b>\$ (38,331)</b>
<b>Gross amount of recognized liabilities for reverse repurchase agreements<sup>(5)</sup></b>					<b>\$ (38,331)</b>

(5) Unsettled reverse repurchase agreements liability of \$(12,752) is outstanding at period end.

**(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED**

**SWAP AGREEMENTS:**

**CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION<sup>(1)</sup>**

<b>Index/Tranches</b>	<b>Fixed Receive Rate</b>	<b>Maturity Date</b>	<b>Notional Amount<sup>(2)</sup></b>	<b>Market Value<sup>(3)</sup></b>	<b>Unrealized (Depreciation)</b>	<b>Variation Margin Asset</b>	<b>Variation Margin Liability</b>
CDX.HY-24 5-Year Index	5.000%	06/20/2020	\$ 8,415	\$ 255	\$ (394)	\$ 33	\$ 0
CDX.HY-25 5-Year Index	5.000	12/20/2020	14,500	46	(77)	57	0
				\$ 301	\$ (471)	\$ 90	\$ 0

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.



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January 31, 2016 (Unaudited)

- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

**INTEREST RATE SWAPS**

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin		
							Asset	Liability	
Pay	3-Month USD-LIBOR	2.000%	12/16/2020	\$ 59,300	\$ 2,122	\$ 576	\$ 183	\$ 0	
Pay	3-Month USD-LIBOR	2.750	06/17/2025	75,590	6,680	2,017	455	0	
Pay	3-Month USD-LIBOR	3.500	06/19/2044	169,400	44,772	50,299	1,942	0	
Receive	3-Month USD-LIBOR	2.500	06/15/2046	227,500	(7,531)	(19,027)	0	(2,287)	
Pay	6-Month AUD-BBR-BBSW	3.500	06/17/2025	AUD 7,600	362	173	11	0	
						\$ 46,405	\$ 34,038	\$ 2,591	\$ (2,287)
<b>Total Swap Agreements</b>						<b>\$ 46,706</b>	<b>\$ 33,567</b>	<b>\$ 2,681</b>	<b>\$ (2,287)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY**

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of January 31, 2016:

Cash of \$4,812 has been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of January 31, 2016. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets Variation Margin				Financial Derivative Liabilities Variation Margin			
	Market Value		Asset		Market Value		Liability	
	Purchased		Swap		Written		Swap	
	Options	Futures	Agreements	Total	Options	Futures	Agreements	Total
<b>Total Exchange-Traded or Centrally Cleared</b>	\$ 0	\$ 0	\$ 2,681	\$ 2,681	\$ 0	\$ 0	\$ (2,287)	\$ (2,287)

**(k) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER**

## FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)	
						Asset	Liability
BOA	02/2016	\$	51,522	GBP	36,143	\$ 0	\$ (22)
	03/2016		GBP 36,143	\$	51,523	21	0
	06/2016		EUR 93		127	26	0
	06/2016	\$	5	EUR	4	0	(1)
BRC	03/2016		MXN 170	\$	10	0	0
	06/2016		EUR 17		23	5	0
CBK	02/2016		GBP 36,526		54,208	2,162	0
	02/2016	\$	601	EUR	553	0	(2)
	03/2016		EUR 956	\$	1,044	7	0
DUB	02/2016		BRL 11,930		2,951	0	(32)
	02/2016	\$	3,015	BRL	11,930	0	(32)
	06/2016		EUR 10	\$	14	3	0
JPM	02/2016		BRL 11,930		2,913	0	(70)
	02/2016		EUR 1,548		1,677	1	(1)
	02/2016		JPY 7,060		57	0	(1)
	02/2016	\$	2,951	BRL	11,930	32	0
	02/2016		8,884	EUR	8,255	58	0
	02/2016		568	GBP	383	0	(22)
MSB	02/2016		JPY 33,100	\$	273	0	0
	06/2016		EUR 24		33	7	0
NAB	06/2016		53		73	15	0
SCX	02/2016	\$	280	JPY	33,100	0	(6)
	03/2016		JPY 33,100	\$	280	6	0
UAG	02/2016		EUR 21,782		23,809	213	0
	02/2016	\$	15,574	EUR	14,373	0	(3)
	03/2016		EUR 14,374	\$	15,585	3	0
<b>Total Forward Foreign Currency Contracts</b>						<b>\$ 2,600</b>	<b>\$ (192)</b>

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Strategy Fund (Cont.)****SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Implied Credit Spread at January 31, 2016 <sup>(2)</sup>	Notional Amount <sup>(3)</sup>	Premiums (Received)	Unrealized Swap Agreements, at Value		
							Appreciation/Depreciation	Asset	Liability
BPS	Petrobras International Finance Co.	1.000%	12/20/2019	11.002%	\$ 2,400	\$ (247)	\$ (463)	\$ 0	\$ (710)
GST	Petrobras Global Finance BV	1.000	09/20/2020	11.018	10	(2)	(1)	0	(3)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	8,900	(912)	(1,720)	0	(2,632)
	Russia Government International Bond	1.000	06/20/2020	3.082	200	(27)	10	0	(17)
HUS	Petrobras Global Finance BV	1.000	09/20/2020	11.018	40	(6)	(7)	0	(13)
MYC	Chesapeake Energy Corp.	5.000	09/20/2020	44.507	300	(30)	(174)	0	(204)
						\$ (1,224)	\$ (2,355)	\$ 0	\$ (3,579)

<sup>(1)</sup> If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

<sup>(2)</sup> Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

<sup>(3)</sup> The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

**INTEREST RATE SWAPS**

Counterparty	Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Swap Agreements, at Value		
								Appreciation/Depreciation	Asset	Liability
BPS	Receive	1-Year BRL-CDI	11.250%		01/04/2021	BRL 28,850	\$ 1,091	\$ (104)	\$ 987	\$ 0
CBK	Pay	3-Month USD-LIBOR	2.350		02/18/2021	\$ 96,300	561	490	1,051	0
DUB	Receive	1-Year BRL-CDI	15.900		01/04/2021	BRL 28,800	89	(125)	0	(36)
	Pay	3-Month USD-LIBOR	2.900		02/18/2026	\$ 49,400	324	353	677	0



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UAG	Pay	1-Year BRL-CDI	11,250	01/04/2021	BRL	57,700	(86)	(1,887)	0	(1,973)
							\$ 1,979	\$ (1,273)	\$ 2,715	\$ (2,009)
<b>Total Swap Agreements</b>							<b>\$ 755</b>	<b>\$ (3,628)</b>	<b>\$ 2,715</b>	<b>\$ (5,588)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of January 31, 2016:

(I) Securities with an aggregate market value of \$4,671 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of January 31, 2016.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Total Over the Counter	Net Market Value of OTC Derivatives	Collateral (Received)/ Pledged	Net Exposure <sup>(4)</sup>
	Forward Foreign Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Contracts	Written Options	Swap Agreements	Total Over the Counter				
BOA	\$ 47	\$ 0	\$ 0	\$ 47	\$ (23)	\$ 0	\$ 0	\$ (23)	\$ 24	\$ 0	\$ 24	
BPS	0	0	987	987	0	0	(710)	(710)	277	(450)	(173)	
BRC	5	0	0	5	0	0	0	0	5	0	5	
CBK	2,169	0	1,051	3,220	(2)	0	0	(2)	3,218	(2,710)	508	
DUB	3	0	677	680	(64)	0	(36)	(100)	580	(740)	(160)	
GST	0	0	0	0	0	0	(2,652)	(2,652)	(2,652)	2,559	(93)	
HUS	0	0	0	0	0	0	(13)	(13)	(13)	0	(13)	
JPM	132	0	0	132	(94)	0	0	(94)	38	0	38	
MSB	7	0	0	7	0	0	0	0	7	(10)	(3)	
MYC	0	0	0	0	0	0	(204)	(204)	(204)	196	(8)	
NAB	15	0	0	15	0	0	0	0	15	0	15	
SCX	6	0	0	6	(6)	0	0	(6)	0	0	0	
UAG	216	0	0	216	(3)	0	(1,973)	(1,976)	(1,760)	1,916	156	
<b>Total Over the Counter</b>	<b>\$ 2,600</b>	<b>\$ 0</b>	<b>\$ 2,715</b>	<b>\$ 5,315</b>	<b>\$(192)</b>	<b>\$ 0</b>	<b>\$(5,588)</b>	<b>\$(5,780)</b>				

<sup>(4)</sup> Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**34 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

**Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 90	\$ 0	\$ 0	\$ 2,591	\$ 2,681
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,600	\$ 0	\$ 2,600
Swap Agreements	0	0	0	0	2,715	2,715
	\$ 0	\$ 0	\$ 0	\$ 2,600	\$ 2,715	\$ 5,315
	\$ 0	\$ 90	\$ 0	\$ 2,600	\$ 5,306	\$ 7,996
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,287	\$ 2,287
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 192	\$ 0	\$ 192
Swap Agreements	0	3,579	0	0	2,009	5,588
	\$ 0	\$ 3,579	\$ 0	\$ 192	\$ 2,009	\$ 5,780
	\$ 0	\$ 3,579	\$ 0	\$ 192	\$ 4,296	\$ 8,067

**The effect of Financial Derivative Instruments on the Statements of Operations for the period ended January 31, 2016:**

Derivatives not accounted for as hedging instruments

Total

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	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (267)	\$ 0	\$ 0	\$ (12,699)	\$ (12,966)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 3,251	\$ 0	\$ 3,251
Swap Agreements	0	182	0	0	(2,690)	(2,508)
	\$ 0	\$ 182	\$ 0	\$ 3,251	\$ (2,690)	\$ 743
	\$ 0	\$ (85)	\$ 0	\$ 3,251	\$ (15,389)	\$ (12,223)
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (246)	\$ 0	\$ 0	\$ 12,044	\$ 11,798
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,000	\$ 0	\$ 2,000
Swap Agreements	0	(1,985)	0	0	(938)	(2,923)
	\$ 0	\$ (1,985)	\$ 0	\$ 2,000	\$ (938)	\$ (923)
	\$ 0	\$ (2,231)	\$ 0	\$ 2,000	\$ 11,106	\$ 10,875

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Corporate & Income Strategy Fund (Cont.)**

January 31, 2016 (Unaudited)

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of January 31, 2016 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 01/31/2016
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 0	\$ 7,186	\$ 975	\$ 8,161
<b>Corporate Bonds &amp; Notes</b>				
Banking & Finance	0	125,420	8,167	133,587
Industrials	0	64,415	6,020	70,435
Utilities	0	37,032	0	37,032
<b>Municipal Bonds &amp; Notes</b>				
California	0	9,729	0	9,729
Illinois	0	13,503	0	13,503
Virginia	0	635	0	635
West Virginia	0	3,273	0	3,273
U.S. Government Agencies	0	21,407	4,714	26,121
U.S. Treasury Obligations	0	1,500	0	1,500
<b>Non-Agency Mortgage-Backed Securities</b>				
Asset-Backed Securities	0	96,720	0	96,720
Sovereign Issues	0	2,639	0	2,639
<b>Common Stocks</b>				
Financials	0	0	182	182
<b>Preferred Securities</b>				
Banking & Finance	6,744	16,900	0	23,644
<b>Category and Subcategory</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 01/31/2016</b>
<b>Short-Term Instruments</b>				
Repurchase Agreements	\$ 0	\$ 5,536	\$ 0	\$ 5,536
Short-Term Notes	0	4,599	0	4,599
U.S. Treasury Bills	0	3,171	0	3,171
<b>Total Investments</b>	<b>\$ 6,744</b>	<b>\$ 607,732</b>	<b>\$ 20,058</b>	<b>\$ 634,534</b>
<b>Financial Derivative Instruments - Assets</b>				
Exchange-traded or centrally cleared	0	2,681	0	2,681
Over the counter	0	5,315	0	5,315
	\$ 0	\$ 7,996	\$ 0	\$ 7,996
<b>Financial Derivative Instruments - Liabilities</b>				
Exchange-traded or centrally cleared	0	(2,287)	0	(2,287)
Over the counter	0	(5,780)	0	(5,780)
	\$ 0	\$ (8,067)	\$ 0	\$ (8,067)

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Totals \$ 6,744 \$ 607,661 \$ 20,058 \$ 634,463

There were no significant transfers between Levels 1 and 2 during the period ended January 31, 2016.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended January 31, 2016:

Category and Subcategory	Beginning Balance at 07/31/2015	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) <sup>(1)</sup>	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 01/31/2016	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 01/31/2016 <sup>(1)</sup>
<b>Investments in Securities, at Value</b>										
Bank Loan Obligations	\$ 0	\$ 1,039	\$ 0	\$ 2	\$ 0	\$ (66)	\$ 0	\$ 0	\$ 975	\$ (67)
<b>Corporate Bonds &amp; Notes</b>										
Banking & Finance	5,535	2,587	(64)	1	1	107	0	0	8,167	116
Industrials	6,022	0	0	4	0	(6)	0	0	6,020	(6)
U.S. Government Agencies	0	4,959	(29)	7	12	(235)	0	0	4,714	(234)
<b>Common Stocks</b>										
Financials	191	0	0	0	0	(9)	0	0	182	(9)
<b>Totals</b>	<b>\$ 11,748</b>	<b>\$ 8,585</b>	<b>\$ (93)</b>	<b>\$ 14</b>	<b>\$ 13</b>	<b>\$ (209)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 20,058</b>	<b>\$ (200)</b>

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

Category and Subcategory	Ending Balance at 01/31/2016	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 975	Proxy Pricing	Base Price	97.00
<b>Corporate Bonds &amp; Notes Banking &amp; Finance</b>				
	2,608	Other Valuation Techniques <sup>(2)</sup>		
	5,559	Proxy Pricing	Base Price	113.30
Industrials	6,020	Proxy Pricing	Base Price	100.09
U.S. Government Agencies	4,714	Proxy Pricing	Base Price	56.31
<b>Common Stocks</b>				
Financials	182	Other Valuation Techniques <sup>(2)</sup>		
<b>Total</b>	<b>\$ 20,058</b>			

<sup>(1)</sup> Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at January 31, 2016 may be due to an investment no longer held or categorized as Level 3 at period end.

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



**Table of Contents****Schedule of Investments PIMCO High Income Fund**

January 31, 2016 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 122.7%</b>		
<b>BANK LOAN OBLIGATIONS 1.0%</b>		
<b>iHeartCommunications, Inc.</b>		
7.178% due 01/30/2019	\$ 10,450	\$ 6,965
<b>Sequa Corp.</b>		
5.250% due 06/19/2017	2,586	1,739
<b>Total Bank Loan Obligations (Cost \$12,266)</b>		<b>8,704</b>
<b>CORPORATE BONDS &amp; NOTES 60.9%</b>		
<b>BANKING &amp; FINANCE 32.9%</b>		
<b>AGFC Capital Trust</b>		
6.000% due 01/15/2067	27,410	18,776
<b>American International Group, Inc.</b>		
6.250% due 03/15/2087	1,839	1,995
<b>Atlantic Marine Corps Communities LLC</b>		
5.383% due 02/15/2048	4,664	4,602
<b>Banco do Brasil S.A.</b>		
6.250% due 04/15/2024 (e)	7,350	3,583
9.000% due 06/18/2024 (e)	9,239	5,590
<b>Banco Espirito Santo S.A.</b>		
2.625% due 05/08/2017 ^	EUR 1,900	731
4.000% due 01/21/2019 ^	5,800	2,230
4.750% due 01/15/2018 ^	6,400	2,461
<b>Banco Santander S.A.</b>		
6.250% due 09/11/2021 (e)	2,300	2,278
<b>Barclays PLC</b>		
7.875% due 09/15/2022 (e)	GBP 3,010	4,117
8.000% due 12/15/2020 (e)	EUR 7,140	8,136
<b>BGC Partners, Inc.</b>		
5.375% due 12/09/2019 (h)	\$ 10,160	10,494
<b>Blackstone CQP Holdco LP</b>		
2.324% due 03/19/2019	4,100	4,112
<b>BNP Paribas S.A.</b>		
7.375% due 08/19/2025 (e)	10,000	9,825
<b>Cantor Fitzgerald LP</b>		
6.500% due 06/17/2022 (h)	13,100	13,726
<b>Co-operative Group Holdings Ltd.</b>		
7.500% due 07/08/2026	GBP 3,000	4,658
<b>Communications Sales &amp; Leasing, Inc.</b>		
8.250% due 10/15/2023	\$ 5,000	4,437
<b>Credit Agricole S.A.</b>		
7.500% due 06/23/2026 (e)	GBP 400	541
7.875% due 01/23/2024 (e)	\$ 5,950	5,808
7.875% due 01/23/2024 (e)(h)	3,600	3,514
<b>Credit Suisse Group AG</b>		
7.500% due 12/11/2023 (e)	2,736	2,815
<b>Doctors Co.</b>		
6.500% due 10/15/2023	10,000	10,977
<b>GSPA Monetization Trust</b>		
6.422% due 10/09/2029	8,153	9,265
<b>International Lease Finance Corp.</b>		

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6.980% due 10/15/2018		18,000	18,544
<b>LBG Capital PLC</b>			
9.000% due 12/15/2019	GBP	284	409
9.125% due 07/15/2020		1,900	2,748
<b>Lloyds Bank PLC</b>			
12.000% due 12/16/2024 (e)	\$	27,700	39,031
<b>Midwest Family Housing LLC</b>			
6.631% due 01/01/2051		4,931	4,040
<b>Nationwide Building Society</b>			
10.250% (e)	GBP	17	3,141
<b>Navient Corp.</b>			
5.625% due 08/01/2033 (h)	\$	29,295	19,335
<b>Novo Banco S.A.</b>			
5.000% due 04/04/2019	EUR	439	377
		<b>PRINCIPAL</b>	<b>MARKET</b>
		<b>AMOUNT</b>	<b>VALUE</b>
		<b>(000S)</b>	<b>(000S)</b>
5.000% due 04/23/2019	EUR	1,045	\$ 900
5.000% due 05/14/2019		792	682
5.000% due 05/21/2019		387	330
5.000% due 05/23/2019		384	329
<b>Preferred Term Securities Ltd.</b>			
0.892% due 09/23/2035	\$	786	605
<b>Rio Oil Finance Trust</b>			
9.250% due 07/06/2024		28,300	16,449
<b>Royal Bank of Scotland Group PLC</b>			
7.500% due 08/10/2020 (e)		300	305
<b>Sberbank of Russia Via SB Capital S.A.</b>			
5.717% due 06/16/2021 (h)		10,100	10,168
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	4,463	5,244
6.052% due 10/13/2039		4,748	6,235
<b>TIG FinCo PLC</b>			
8.500% due 03/02/2020		937	1,369
8.750% due 04/02/2020		4,815	5,952
			270,864
<b>INDUSTRIALS 19.5%</b>			
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021	\$	2,250	1,387
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (c)(h)		8,709	4,997
<b>Caesars Entertainment Operating Co., Inc.</b>			
9.000% due 02/15/2020 ^		19,100	14,325
11.250% due 06/01/2017 ^		10,700	7,798
<b>Centene Escrow Corp.</b>			
5.625% due 02/15/2021 (b)		210	214
6.125% due 02/15/2024 (b)		210	215
<b>Chesapeake Energy Corp.</b>			
3.872% due 04/15/2019		750	201
<b>Enterprise Inns PLC</b>			
6.875% due 05/09/2025	GBP	5,000	7,231
<b>Forbes Energy Services Ltd.</b>			
9.000% due 06/15/2019 (h)	\$	1,977	781
<b>Ford Motor Co.</b>			
7.700% due 05/15/2097		16,610	18,973
<b>General Shopping Finance Ltd.</b>			
10.000% due 02/29/2016 (e)		5,300	2,760
<b>General Shopping Investments Ltd.</b>			
12.000% due 03/20/2017 ^(e)		2,500	650
<b>Hampton Roads PPV LLC</b>			
6.621% due 06/15/2053		20,529	19,311
<b>Harvest Operations Corp.</b>			
6.875% due 10/01/2017		28,618	20,176
<b>Hellenic Railways Organization S.A.</b>			
4.028% due 03/17/2017	EUR	300	294
4.500% due 12/06/2016	JPY	10,000	73



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<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022	\$	5,500	3,602
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021		4,815	2,119
8.125% due 06/01/2023		4,354	1,818
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		11,650	9,087
<b>Russian Railways via RZD Capital PLC</b>			
7.487% due 03/25/2031	GBP	19,600	25,764
<b>Sequa Corp.</b>			
7.000% due 12/15/2017	\$	17,343	4,553
<b>Spanish Broadcasting System, Inc.</b>			
12.500% due 04/15/2017		3,320	3,249
<b>Tembec Industries, Inc.</b>			
9.000% due 12/15/2019 (h)		1,500	956
		<b>PRINCIPAL</b>	<b>MARKET</b>
		<b>AMOUNT</b>	<b>VALUE</b>
		<b>(000S)</b>	<b>(000S)</b>
<b>UCP, Inc.</b>			
8.500% due 10/21/2017	\$	10,300	\$ 10,335
<b>Warren Resources, Inc.</b>			
9.000% due 08/01/2022		3,000	202
			161,071
<b>UTILITIES 8.5%</b>			
<b>AK Transneft OJSC Via TransCapitalInvest Ltd.</b>			
8.700% due 08/07/2018		4,400	4,830
<b>CenturyLink, Inc.</b>			
7.200% due 12/01/2025		1,122	1,046
<b>Frontier Communications Corp.</b>			
8.875% due 09/15/2020		650	654
10.500% due 09/15/2022		1,070	1,050
11.000% due 09/15/2025		1,070	1,035
<b>Gazprom Neft OAO Via GPN Capital S.A.</b>			
4.375% due 09/19/2022 (h)		10,100	8,888
6.000% due 11/27/2023 (h)		8,500	7,973
6.000% due 11/27/2023		1,400	1,313
<b>Gazprom OAO Via Gaz Capital S.A.</b>			
5.999% due 01/23/2021		360	360
<b>Illinois Power Generating Co.</b>			
7.000% due 04/15/2018 (h)		16,800	9,072
7.950% due 06/01/2032		900	391
<b>Mountain States Telephone &amp; Telegraph Co.</b>			
7.375% due 05/01/2030 (h)		15,200	16,980
<b>NRG REMA LLC</b>			
9.237% due 07/02/2017		175	174
<b>Odebrecht Drilling Norbe Ltd.</b>			
6.350% due 06/30/2022		5,024	1,859
<b>Odebrecht Offshore Drilling Finance Ltd.</b>			
6.625% due 10/01/2023		5,376	1,237
6.750% due 10/01/2023		11,497	2,587
<b>Petrobras Global Finance BV</b>			
3.406% due 03/17/2020		2,520	1,758
6.250% due 12/14/2026	GBP	8,600	7,755
6.625% due 01/16/2034		200	176
7.875% due 03/15/2019	\$	700	609
			69,747
<b>Total Corporate Bonds &amp; Notes</b>			<b>501,682</b>
<b>(Cost \$566,431)</b>			
<b>MUNICIPAL BONDS &amp; NOTES 12.8%</b>			
<b>CALIFORNIA 2.5%</b>			
<b>Anaheim Redevelopment Agency, California Tax Allocation Bonds, (AGM Insured), Series 2007</b>			
6.506% due 02/01/2031		2,000	2,371
<b>Sacramento County, California Revenue Bonds, Series 2013</b>			

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7.250% due 08/01/2025	1,500	1,750
<b>San Diego Redevelopment Agency, California Tax Allocation Bonds, Series 2010</b>		
7.625% due 09/01/2030	7,500	8,882
7.750% due 09/01/2040	6,500	7,368
<b>San Diego Tobacco Settlement Funding Corp., California Revenue Bonds, Series 2006</b>		
7.125% due 06/01/2032	290	333
		20,704
<b>DISTRICT OF COLUMBIA 1.4%</b>		
<b>District of Columbia Revenue Bonds, Series 2011</b>		
7.625% due 10/01/2035	9,740	11,073

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO High Income Fund (Cont.)**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>ILLINOIS 2.5%</b>		
<b>Chicago, Illinois General Obligation Bonds, (BABs), Series 2010</b>		
6.257% due 01/01/2040	\$ 11,000	\$ 10,355
7.517% due 01/01/2040	9,805	10,425
		20,780
<b>NEW YORK 0.4%</b>		
<b>Erie Tobacco Asset Securitization Corp., New York Revenue Bonds, Series 2005</b>		
6.000% due 06/01/2028	3,595	3,595
<b>PENNSYLVANIA 4.2%</b>		
<b>School District of Philadelphia, Pennsylvania General Obligation Bonds, (BABs), Series 2010</b>		
6.615% due 06/01/2030	7,000	7,397
6.765% due 06/01/2040	24,760	26,714
		34,111
<b>TEXAS 1.0%</b>		
<b>El Paso Downtown Development Corp., Texas Revenue Bonds, Series 2013</b>		
7.250% due 08/15/2043	7,535	8,557
<b>VIRGINIA 0.1%</b>		
<b>Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007</b>		
6.706% due 06/01/2046	1,375	1,112
<b>WEST VIRGINIA 0.7%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	6,660	5,844
<b>Total Municipal Bonds &amp; Notes</b>		
<b>(Cost \$98,074)</b>		<b>105,776</b>
<b>U.S. GOVERNMENT AGENCIES 3.6%</b>		
<b>Fannie Mae</b>		
3.500% due 09/25/2027 (a)	715	86
4.000% due 05/25/2020 (a)	436	5
6.244% due 10/25/2017 (a)(h)	76,724	2,368
9.147% due 10/25/2041 (h)	1,279	1,385
10.000% due 01/25/2034	220	268
14.294% due 05/25/2043 (h)	2,533	2,768
<b>Freddie Mac</b>		
2.563% due 11/25/2055	14,450	8,137
4.000% due 08/15/2020 (a)	805	47
4.500% due 10/15/2037 (a)	1,395	116
5.000% due 06/15/2033 (a)	2,462	369
5.675% due 07/15/2035 (a)	1,801	296
5.775% due 02/15/2042 (a)	3,003	485
6.715% due 08/15/2036 (a)	1,033	242
9.627% due 10/25/2027	4,349	4,759
9.777% due 04/25/2028	3,100	2,964
10.860% due 12/15/2043 (h)	1,527	1,652
10.860% due 03/15/2044	103	103
10.927% due 05/25/2028	900	877

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12.149% due 05/15/2033	73	90
<b>Ginnie Mae</b>		
3.500% due 06/20/2042 - 03/20/2043 (a)(g)	5,553	512
4.500% due 07/20/2042 (a)	364	58
5.000% due 09/20/2042 (a)	641	122
	<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
5.824% due 02/20/2042 (a)(h)	\$ 19,327	\$ 1,902
<b>Total U.S. Government Agencies (Cost \$37,096)</b>		<b>29,611</b>
<b>U.S. TREASURY OBLIGATIONS 0.4%</b>		
<b>U.S. Treasury Floating Rate Notes</b>		
0.473% due 10/31/2017 (j)(l)	3,261	3,261
<b>Total U.S. Treasury Obligations (Cost \$3,260)</b>		<b>3,261</b>
<b>NON-AGENCY MORTGAGE-BACKED SECURITIES 21.2%</b>		
<b>American Home Mortgage Assets Trust</b>		
6.250% due 06/25/2037	1,117	810
<b>Banc of America Alternative Loan Trust</b>		
5.174% due 06/25/2046 ^(a)	11,132	1,921
6.000% due 03/25/2036 ^	4,998	4,297
6.000% due 06/25/2046 ^	88	75
<b>Banc of America Funding Trust</b>		
6.000% due 07/25/2037 ^	804	638
6.250% due 10/26/2036	13,524	10,499
<b>Banc of America Mortgage Trust</b>		
2.735% due 02/25/2036 ^	36	32
<b>BCAP LLC Trust</b>		
5.283% due 03/26/2037	2,741	795
8.729% due 10/26/2036	7,982	6,900
9.512% due 09/26/2036	7,878	7,101
21.468% due 06/26/2036	1,432	413
<b>Bear Stearns Adjustable Rate Mortgage Trust</b>		
2.796% due 05/25/2047 ^	529	476
2.896% due 11/25/2034	159	153
<b>Bellemeade Re Ltd.</b>		
6.727% due 07/25/2025	1,250	1,236
<b>Chase Mortgage Finance Trust</b>		
2.679% due 12/25/2035 ^	36	34
5.433% due 09/25/2036 ^	195	173
5.500% due 05/25/2036 ^	10	9
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
0.772% due 07/25/2036	20	20
2.621% due 07/25/2046 ^	126	110
2.774% due 07/25/2037 ^	229	215
2.802% due 08/25/2037 ^	1,186	1,031
6.500% due 09/25/2036	4,731	3,537
<b>Countrywide Alternative Loan Trust</b>		
0.597% due 07/25/2046	17,851	18,584
0.677% due 12/25/2046	2,945	1,830
2.873% due 02/25/2037 ^	480	433
3.167% due 07/25/2046 ^	1,221	998
4.574% due 04/25/2035 (a)	6,954	894
4.614% due 07/25/2021 ^	491	488
5.500% due 03/25/2036 ^	422	358
6.000% due 11/25/2036 ^	315	278
6.000% due 02/25/2037 ^	8,087	6,319
6.000% due 05/25/2037 ^	3,990	3,435
6.250% due 12/25/2036 ^	4,558	3,692
6.250% due 08/25/2037 ^	387	321
6.500% due 06/25/2036 ^	1,298	1,057
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>		

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2.569% due 09/20/2036 ^		795	686
2.729% due 09/25/2047 ^		87	79
4.924% due 12/25/2036 (a)		5,452	928
<b>Credit Suisse First Boston Mortgage Securities Corp.</b>			
6.000% due 01/25/2036		3,051	2,365
<b>Epic Drummond Ltd.</b>			
0.044% due 01/25/2022	EUR	4,710	4,600
<b>First Horizon Alternative Mortgage Securities Trust</b>			
6.000% due 05/25/2036 ^	\$	2,702	2,246
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
<b>Grifonas Finance PLC</b>			
0.319% due 08/28/2039	EUR	6,265	\$ 4,729
<b>HarborView Mortgage Loan Trust</b>			
2.671% due 08/19/2036 ^	\$	671	499
4.288% due 08/19/2036 ^		45	41
<b>IndyMac Mortgage Loan Trust</b>			
2.962% due 05/25/2037 ^		3,363	2,578
<b>JPMorgan Alternative Loan Trust</b>			
2.620% due 03/25/2037 ^		10,846	8,277
<b>JPMorgan Mortgage Trust</b>			
6.194% due 01/25/2037 ^(a)		27,084	6,648
<b>Lehman XS Trust</b>			
0.647% due 06/25/2047		5,338	3,819
<b>Nomura Asset Acceptance Corp. Alternative Loan Trust</b>			
3.110% due 04/25/2036 ^		6,593	4,712
<b>RBSSP Resecuritization Trust</b>			
9.362% due 06/26/2037		5,975	3,613
<b>Residential Asset Securitization Trust</b>			
6.250% due 10/25/2036 ^		764	641
6.250% due 09/25/2037 ^		6,031	4,313
6.500% due 08/25/2036 ^		1,026	666
<b>Structured Adjustable Rate Mortgage Loan Trust</b>			
2.703% due 04/25/2047		1,074	841
2.724% due 01/25/2036 ^		267	204
<b>Structured Asset Mortgage Investments Trust</b>			
0.617% due 07/25/2046 ^		18,241	12,317
<b>WaMu Mortgage Pass-Through Certificates Trust</b>			
1.973% due 01/25/2037 ^		168	143
1.978% due 04/25/2037 ^		149	126
2.155% due 05/25/2037 ^		232	184
2.175% due 11/25/2036 ^		1,361	1,186
2.188% due 12/25/2036 ^		108	96
2.319% due 02/25/2037 ^		281	246
2.362% due 02/25/2037 ^		324	291
<b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>			
6.000% due 07/25/2036 ^		7,235	5,817
6.000% due 06/25/2037 ^		11,251	10,059
6.254% due 04/25/2037 (a)		16,160	5,559
6.500% due 03/25/2036 ^		9,497	6,838
<b>Total Non-Agency Mortgage-Backed Securities (Cost \$161,153)</b>			<b>174,509</b>
<b>ASSET-BACKED SECURITIES 17.3%</b>			
<b>Apidos CLO</b>			
0.000% due 07/22/2026 (d)		3,000	1,386
<b>Argent Securities Trust</b>			
0.617% due 03/25/2036		4,941	2,368
<b>Argent Securities, Inc. Asset-Backed Pass-Through Certificates</b>			
0.657% due 01/25/2036		12,686	9,571
<b>CIFC Funding Ltd.</b>			
0.000% due 05/24/2026 (d)		4,000	2,671
0.000% due 07/22/2026 (d)		3,000	1,628
<b>Citigroup Mortgage Loan Trust, Inc.</b>			
0.527% due 12/25/2036		14,872	8,821

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**Countrywide Asset-Backed Certificates**

4.945% due 07/25/2036	13,700	11,075
5.040% due 10/25/2046 ^	16,262	15,495

**GSAA Trust**

5.917% due 03/25/2037 ^	3,201	1,395
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**JPMorgan Mortgage Acquisition Trust**

4.617% due 01/25/2037 ^	3,498	2,348
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**Morgan Stanley Mortgage Loan Trust**

5.750% due 11/25/2036 ^	953	472
5.965% due 09/25/2046 ^	10,156	6,623

**38 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>NovaStar Mortgage Funding Trust</b>		
0.587% due 10/25/2036	\$ 40,391	\$ 19,849
<b>People's Financial Realty Mortgage Securities Trust</b>		
0.587% due 09/25/2036	23,726	6,858
<b>Renaissance Home Equity Loan Trust</b>		
5.812% due 11/25/2036	9,825	5,221
6.998% due 09/25/2037 ^	8,530	4,991
7.238% due 09/25/2037 ^	7,193	4,207
<b>Sherwood Funding CDO Ltd.</b>		
0.783% due 11/06/2039	36,352	10,331
<b>Taberna Preferred Funding Ltd.</b>		
0.714% due 08/05/2036	853	623
0.714% due 08/05/2036 ^	16,711	12,199
<b>Trainer Wortham First Republic CBO Ltd</b>		
1.820% due 11/06/2038	3,386	3,301
<b>Tropic CDO Ltd.</b>		
0.942% due 07/15/2036	16,001	10,641
<b>Washington Mutual Asset-Backed Certificates Trust</b>		
0.577% due 05/25/2036	323	224
<b>Total Asset-Backed Securities</b> (Cost \$146,868)		<b>142,298</b>
<b>SOVEREIGN ISSUES 0.5%</b>		
<b>Athens Urban Transportation Organisation</b>		
4.851% due 09/19/2016	EUR 800	789
<b>Republic of Greece Government International Bond</b>		
3.000% due 02/24/2023	25	18
3.000% due 02/24/2024	25	18
3.000% due 02/24/2025	25	17
3.000% due 02/24/2026	25	17
3.000% due 02/24/2027	25	17
3.000% due 02/24/2028	25	16
3.000% due 02/24/2029	25	16
3.000% due 02/24/2030	25	16
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
3.000% due 02/24/2031	EUR 25	\$ 15
3.000% due 02/24/2032	25	15
3.000% due 02/24/2033	25	15
3.000% due 02/24/2034	25	15
3.000% due 02/24/2035	25	14
3.000% due 02/24/2036	25	14
3.000% due 02/24/2037	25	14
3.000% due 02/24/2038	25	14
3.000% due 02/24/2039	25	14
3.000% due 02/24/2040	25	14
3.000% due 02/24/2041	25	14
3.000% due 02/24/2042	25	14
4.500% due 11/08/2016	JPY 50,000	388
4.750% due 04/17/2019	EUR 3,000	2,710
<b>Total Sovereign Issues (Cost \$3,954)</b>		<b>4,194</b>

	SHARES	
<b>COMMON STOCKS 0.1%</b>		
<b>FINANCIALS 0.1%</b>		
TIG FinCo PLC (f)	828,934	827
<b>Total Common Stocks (Cost \$1,229)</b>		<b>827</b>
<b>PREFERRED SECURITIES 2.1%</b>		
<b>BANKING &amp; FINANCE 2.1%</b>		
Farm Credit Bank of Texas		
10.000% due		
12/15/2020 (e)	13,600	17,025
<b>Total Preferred Securities (Cost \$16,014)</b>		<b>17,025</b>
<b>SHORT-TERM INSTRUMENTS 2.8%</b>		
<b>REPURCHASE AGREEMENTS (f) 1.4%</b>		11,451
	<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
<b>SHORT-TERM NOTES 1.0%</b>		
Federal Home Loan Bank		
0.264% due 02/10/2016	\$ 1,200	\$ 1,200
0.269% due 02/18/2016	1,100	1,100
0.274% due 02/19/2016	3,700	3,699
0.279% due 02/17/2016	2,200	2,200
		8,199
<b>U.S. TREASURY BILLS 0.4%</b>		
0.259% due 02/18/2016 (l)	3,812	3,812
<b>Total Short-Term Instruments (Cost \$23,462)</b>		<b>23,462</b>
<b>Total Investments in Securities (Cost \$1,069,807)</b>		<b>1,011,349</b>
<b>Total Investments 122.7% (Cost \$1,069,807)</b>		<b>\$ 1,011,349</b>
<b>Financial Derivative Instruments (i)(k) 2.4%</b>		
<b>(Cost or Premiums, net \$8,429)</b>		<b>19,752</b>
<b>Preferred Shares (12.4%)</b>		<b>(101,975)</b>
<b>Other Assets and Liabilities, net (12.7%)</b>		<b>(105,077)</b>
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	<b>\$</b>	<b>824,049</b>

## NOTES TO SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS\*):

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

^ Security is in default.

(a) Interest only security.

(b) When-issued security.



(c) Payment in-kind bond security.

(d) Zero coupon bond.

(e) Perpetual maturity; date shown, if applicable, represents next contractual call date.

**(f) RESTRICTED SECURITIES:**

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
TIG FinCo PLC		\$ 1,229	\$ 827	0.10%

**BORROWINGS AND OTHER FINANCING TRANSACTIONS****(g) REPURCHASE AGREEMENTS:**

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
SAL	0.550%	01/29/2016	02/01/2016	\$ 5,500	U.S. Treasury Notes 1.625% due 07/31/2020	\$ (5,583)	\$ 5,500	\$ 5,500
SSB	0.010	01/29/2016	02/01/2016	5,951	U.S. Treasury Notes 2.250% due 07/31/2021	(6,072)	5,951	5,951
<b>Total Repurchase Agreements</b>						<b>\$ (11,655)</b>	<b>\$ 11,451</b>	<b>\$ 11,451</b>

<sup>(1)</sup> Includes accrued interest.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO High Income Fund (Cont.)****REVERSE REPURCHASE AGREEMENTS:**

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Reverse Repurchase Agreements
BCY	(1.500%)	11/24/2015	TBD <sup>(2)</sup>	\$ (4,285)	\$ (4,273)
	(1.500)	12/03/2015	TBD <sup>(2)</sup>	(1,714)	(1,710)
	(1.500)	12/08/2015	TBD <sup>(2)</sup>	(1,531)	(1,527)
	(1.000)	12/11/2015	02/01/2016	(1,460)	(1,458)
	(1.000)	12/31/2015	02/01/2016	(527)	(527)
	(1.000)	01/12/2016	02/01/2016	(1,177)	(1,176)
	(0.500)	01/29/2016	01/29/2018	(3,054)	(3,054)
	1.172	12/02/2015	03/02/2016	(2,626)	(2,631)
	1.269	01/26/2016	04/26/2016	(6,753)	(6,754)
	1.360	02/01/2016	04/11/2016	(3,117)	(3,117)
FOB	(3.750)	12/21/2015	TBD <sup>(2)</sup>	(4,085)	(4,067)
JML	1.250	01/19/2016	02/25/2016	(21,261)	(21,271)
MSC	0.750	11/23/2015	02/23/2016	(10,190)	(10,205)
	1.000	01/08/2016	04/08/2016	(5,255)	(5,258)
RBC	1.170	01/08/2016	04/08/2016	(6,347)	(6,352)
RDR	(1.000)	01/22/2016	TBD <sup>(2)</sup>	(905)	(905)
	0.820	01/08/2016	02/10/2016	(23,185)	(23,198)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (97,483)</b>

<sup>(2)</sup> Open maturity reverse repurchase agreement.

<sup>(3)</sup> The average amount of borrowings outstanding during the period ended January 31, 2016 was \$(64,065) at a weighted average interest rate of 0.189%.

**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of January 31, 2016:

(h) Securities with an aggregate market value of \$106,367 and cash of \$1,581 have been pledged as collateral under the terms of the following master agreements as of January 31, 2016.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 0	\$ (16,356)	\$ 0	\$ (16,356)	\$ 16,099	\$ (257)

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BPG	0	(9,871)	0	(9,871)	11,733	1,862
FOB	0	(4,067)	0	(4,067)	4,008	(59)
JML	0	(21,271)	0	(21,271)	26,569	5,298
MSC	0	(15,463)	0	(15,463)	16,690	1,227
RBC	0	(6,352)	0	(6,352)	6,912	560
RDR	0	(24,103)	0	(24,103)	25,187	1,084
SAL	5,500	0	0	5,500	(5,583)	(83)
SSB	5,951	0	0	5,951	(6,072)	(121)
<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 11,451</b>	<b>\$ (97,483)</b>	<b>\$ 0</b>			

(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS**

**Remaining Contractual Maturity of the Agreements**

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ 0	\$ (48,796)	\$ (9,630)	\$ (15,536)	\$ (73,962)
U.S. Treasury Obligations	0	(9,038)	(11,366)	0	(20,404)
<b>Total Borrowings</b>	<b>\$ 0</b>	<b>\$ (57,834)</b>	<b>\$ (20,996)</b>	<b>\$ (15,536)</b>	<b>\$ (94,366)</b>
<b>Gross amount of recognized liabilities for reverse repurchase agreements <sup>(5)</sup></b>					<b>\$ (94,366)</b>

(5) Unsettled reverse repurchase agreements liability of \$(3,117) is outstanding at period end.

**40 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

**(i) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED****SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION <sup>(1)</sup>**

Index/Tranches	Fixed Receive Rate	Maturity Date	Notional Amount (2)	Market Value (3)	Unrealized (Depreciation)	Variation Margin	
						Asset	Liability
CDX.HY-24 5-Year Index	5.000%	06/20/2020	\$ 7,029	\$ 213	\$ (329)	\$ 28	\$ 0
CDX.HY-25 5-Year Index	5.000	12/20/2020	14,100	44	(84)	55	0
				\$ 257	\$ (413)	\$ 83	\$ 0

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

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

(3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

**INTEREST RATE SWAPS**

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin	
							Asset	Liability
Pay	3-Month USD-LIBOR	2.750%	06/17/2025	\$ 214,710	\$ 18,974	\$ 5,327	\$ 1,293	\$ 0
Pay	3-Month USD-LIBOR	3.500	06/19/2044	617,800	163,284	172,693	7,081	0
Receive	3-Month USD-LIBOR	2.500	06/15/2046	821,300	(27,126)	(68,688)	0	(8,255)
					\$ 155,132	\$ 109,332	\$ 8,374	\$ (8,255)
<b>Total Swap Agreements</b>					<b>\$ 155,389</b>	<b>\$ 108,919</b>	<b>\$ 8,457</b>	<b>\$ (8,255)</b>

## FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of January 31, 2016:

(j) Securities with an aggregate market value of \$2,143 and cash of \$9,994 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of January 31, 2016. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets Variation Margin				Financial Derivative Liabilities Variation Margin			
	Market Value Purchased		Asset Swap		Market Value Written		Liability Swap	
	Options	Futures	Agreements	Total	Options	Futures	Agreements	Total
<b>Total Exchange-Traded or Centrally Cleared</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,457</b>	<b>\$ 8,457</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (8,255)</b>	<b>\$ (8,255)</b>

(k) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

## FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)			
		Asset	Liability	Asset	Liability	Asset	Liability		
BOA	06/2016	EUR	3,698	\$	5,063	\$	1,041	\$	0
	06/2016	\$	216	EUR	160		0		(42)
BPS	02/2016		424		394		3		0
BRC	06/2016	EUR	692	\$	952		199		0
CBK	02/2016	GBP	55,676		82,628		3,295		0
	02/2016	\$	7,995	EUR	7,323		0		(62)
DUB	02/2016	EUR	6,750	\$	9,083		1,771		0
	03/2016	BRL	662		163		0		(1)
	06/2016	EUR	386		528		109		0
HUS	02/2016	\$	76,556	GBP	53,894		237		0
	03/2016	GBP	53,894	\$	76,558		0		(238)

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO High Income Fund (Cont.)**

Counterparty	Settlement Month	Currency to be Delivered	Amount	Currency to be Received	Amount	Unrealized Appreciation/ (Depreciation)			
						Asset	Liability		
JPM	02/2016	EUR	2,854	\$	3,095	\$	5	\$	(2)
	02/2016	JPY	13,043		106		0		(2)
	02/2016	\$	12,762	EUR	11,685		4		(107)
	03/2016	EUR	6,750	\$	7,372		55		0
MSB	02/2016	JPY	41,400		342		0		0
	02/2016	\$	258	GBP	177		0		(6)
	06/2016	EUR	971	\$	1,335		279		0
NAB	06/2016		2,113		2,901		603		0
	07/2016		268		364		72		0
SCX	02/2016	GBP	58		83		0		0
	02/2016	\$	350	JPY	41,400		0		(8)
	03/2016	JPY	41,400	\$	350		8		0
UAG	02/2016	EUR	31,049		33,939		303		0
	02/2016	\$	15,383	EUR	14,197		0		(3)
	02/2016		2,352	GBP	1,663		18		0
	03/2016	EUR	14,197	\$	15,394		3		0
<b>Total Forward Foreign Currency Contracts</b>						<b>\$</b>	<b>8,005</b>	<b>\$</b>	<b>(471)</b>

**SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Implied		Notional Amount <sup>(3)</sup>	Premiums Paid/(Received)	Swap Agreements, at Value		
				Credit Spread at January 31, 2016 <sup>(2)</sup>				Unrealized (Depreciation)	Asset	Liability
BPS	Novo Banco S.A.	5.000%	09/20/2020	13.533%		EUR 5,000	\$ 0	\$ (1,206)	\$ 0	\$ (1,206)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555		\$ 1,700	(332)	(449)	0	(781)
GST	Petrobras International Finance Co.	1.000	12/20/2024	10.555		2,200	(437)	(574)	0	(1,011)
HUS	Petrobras International Finance Co.	1.000	12/20/2019	11.002		400	(33)	(85)	0	(118)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555		2,800	(581)	(706)	0	(1,287)
MYC	Chesapeake Energy Corp.	5.000	09/20/2020	44.507		400	(40)	(232)	0	(272)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002		13,700	(1,268)	(2,784)	0	(4,052)
							<b>\$ (2,691)</b>	<b>\$ (6,036)</b>	<b>\$ 0</b>	<b>\$ (8,727)</b>

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

**INTEREST RATE SWAPS**

Counterparty	Pay/Receive		Fixed Rate	Maturity Date	Notional Amount	Premiums Paid	Unrealized Appreciation	Swap Agreements, at Value	
	Floating Rate	Floating Rate Index						Asset	Liability
MYC	Pay	3-Month USD-LIBOR	2.350%	02/18/2021	\$ 1,900,000	\$ 11,120	\$ 9,623	\$ 20,743	\$ 0
<b>Total Swap Agreements</b>						<b>\$ 8,429</b>	<b>\$ 3,587</b>	<b>\$ 20,743</b>	<b>\$ (8,727)</b>

**42 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

**FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of January 31, 2016:

(1) Securities with an aggregate market value of \$4,199 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of January 31, 2016.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of OTC Derivatives	Collateral (Received)/ Pledged	Net Exposure <sup>(4)</sup>
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter			
BOA	\$ 1,041	\$ 0	\$ 0	\$ 1,041	\$ (42)	\$ 0	\$ 0	\$ (42)	\$ 999	\$ (950)	\$ 49
BPS	3	0	0	3	0	0	(1,987)	(1,987)	(1,984)	1,869	(115)
BRC	199	0	0	199	0	0	0	0	199	(280)	(81)
CBK	3,295	0	0	3,295	(62)	0	0	(62)	3,233	(2,540)	693
DUB	1,880	0	0	1,880	(1)	0	0	(1)	1,879	(2,140)	(261)
GST	0	0	0	0	0	0	(1,011)	(1,011)	(1,011)	966	(45)
HUS	237	0	0	237	(238)	0	(1,405)	(1,643)	(1,406)	1,364	(42)
JPM	64	0	0	64	(111)	0	0	(111)	(47)	0	(47)
MSB	279	0	0	279	(6)	0	0	(6)	273	(310)	(37)
MYC	0	0	20,743	20,743	0	0	(4,324)	(4,324)	16,419	(16,450)	(31)
NAB	675	0	0	675	0	0	0	0	675	(530)	145
SCX	8	0	0	8	(8)	0	0	(8)	0	0	0
UAG	324	0	0	324	(3)	0	0	(3)	321	(20)	301
<b>Total Over the Counter</b>	<b>\$ 8,005</b>	<b>\$ 0</b>	<b>\$ 20,743</b>	<b>\$ 28,748</b>	<b>\$ (471)</b>	<b>\$ 0</b>	<b>\$ (8,727)</b>	<b>\$ (9,198)</b>			

(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of January 31, 2016:



	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 83	\$ 0	\$ 0	\$ 8,374	\$ 8,457
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 8,005	\$ 0	\$ 8,005
Swap Agreements	0	0	0	0	20,743	20,743
	\$ 0	\$ 0	\$ 0	\$ 8,005	\$ 20,743	\$ 28,748
	\$ 0	\$ 83	\$ 0	\$ 8,005	\$ 29,117	\$ 37,205
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,255	\$ 8,255
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 471	\$ 0	\$ 471
Swap Agreements	0	8,727	0	0	0	8,727
	\$ 0	\$ 8,727	\$ 0	\$ 471	\$ 0	\$ 9,198
	\$ 0	\$ 8,727	\$ 0	\$ 471	\$ 8,255	\$ 17,453

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO High Income Fund (Cont.)****The Effect of Financial Derivative Instruments on the Statements of Operations for the period ended January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (44)	\$ 0	\$ 0	\$ (44,578)	\$ (44,622)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 5,329	\$ 0	\$ 5,329
Purchased Options	0	0	0	0	(3,171)	(3,171)
Swap Agreements	0	185	0	0	14,276	14,461
	\$ 0	\$ 185	\$ 0	\$ 5,329	\$ 11,105	\$ 16,619
	\$ 0	\$ 141	\$ 0	\$ 5,329	\$ (33,473)	\$ (28,003)
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (220)	\$ 0	\$ 0	\$ 37,983	\$ 37,763
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,601	\$ 0	\$ 2,601
Swap Agreements	0	(4,777)	0	0	(6,560)	(11,337)
	\$ 0	\$ (4,777)	\$ 0	\$ 2,601	\$ (6,560)	\$ (8,736)
	\$ 0	\$ (4,997)	\$ 0	\$ 2,601	\$ 31,423	\$ 29,027

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of January 31, 2016 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 01/31/2016
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 0	\$ 8,704	\$ 0	\$ 8,704
Corporate Bonds & Notes				
Banking & Finance	0	252,885	17,979	270,864

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Industrials	0	150,736	10,335	161,071
Utilities	0	69,747	0	69,747
<b>Municipal Bonds &amp; Notes</b>				
California	0	20,704	0	20,704
District of Columbia	0	11,073	0	11,073
Illinois	0	20,780	0	20,780
New York	0	3,595	0	3,595
Pennsylvania	0	34,111	0	34,111
Texas	0	8,557	0	8,557
Virginia	0	1,112	0	1,112
West Virginia	0	5,844	0	5,844
U.S. Government Agencies	0	19,106	10,505	29,611
U.S. Treasury Obligations	0	3,261	0	3,261
Non-Agency Mortgage-Backed Securities	0	173,273	1,236	174,509
Asset-Backed Securities	0	142,298	0	142,298
Sovereign Issues	0	4,194	0	4,194
<b>Common Stocks</b>				
Financials	0	0	827	827

<b>Category and Subcategory</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 01/31/2016</b>
<b>Preferred Securities</b>				
Banking & Finance	\$ 0	\$ 17,025	\$ 0	\$ 17,025
<b>Short-Term Instruments</b>				
Repurchase Agreements	0	11,451	0	11,451
Short-Term Notes	0	8,199	0	8,199
U.S. Treasury Bills	0	3,812	0	3,812
<b>Total Investments</b>	<b>\$ 0</b>	<b>\$ 970,467</b>	<b>\$ 40,882</b>	<b>\$ 1,011,349</b>

**Financial Derivative Instruments - Assets**

Exchange-traded or centrally cleared	0	8,457	0	8,457
Over the counter	0	28,748	0	28,748
	\$ 0	\$ 37,205	\$ 0	\$ 37,205

**Financial Derivative Instruments - Liabilities**

Exchange-traded or centrally cleared	0	(8,255)	0	(8,255)
Over the counter	0	(9,198)	0	(9,198)
	\$ 0	\$ (17,453)	\$ 0	\$ (17,453)

<b>Totals</b>	<b>\$ 0</b>	<b>\$ 990,219</b>	<b>\$ 40,882</b>	<b>\$ 1,031,101</b>
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There were no significant transfers between Levels 1 and 2 during the period ended January 31, 2016.

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January 31, 2016 (Unaudited)

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended January 31, 2016:

Category and Subcategory	Beginning Balance at 07/31/2015	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) <sup>(1)</sup>	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 01/31/2016	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 01/31/2016 <sup>(1)</sup>
<b>Investments in Securities, at Value</b>										
Corporate Bonds & Notes										
Banking & Finance	\$ 9,224	\$ 8,033	\$ (107)	\$ 3	\$ 2	\$ 824	\$ 0	\$ 0	\$ 17,979	\$ 838
Industrials	10,339	0	0	6	0	(10)	0	0	10,335	(10)
U.S. Government Agencies	5,491	8,560	(49)	(2,924)	20	(593)	0	0	10,505	(593)
Non-Agency Mortgage-Backed Securities										
Common Stocks	3,427	0	(2,124)	0	55	(122)	0	0	1,236	(14)
Financials	867	0	0	0	0	(40)	0	0	827	(41)
Totals	\$ 29,348	\$ 16,593	\$ (2,280)	\$ (2,915)	\$ 77	\$ 59	\$ 0	\$ 0	\$ 40,882	\$ 180

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

Category and Subcategory	Ending Balance at 01/31/2016	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Corporate Bonds & Notes				
Banking & Finance	\$ 4,113	Other Valuation Techniques <sup>(2)</sup>		
	13,866	Proxy Pricing	Base Price	96.47-113.30
Industrials	10,335	Proxy Pricing	Base Price	100.09
U.S. Government Agencies	8,137	Proxy Pricing	Base Price	56.31
	2,368	Third Party Vendor	Broker Quote	3.09
Non-Agency Mortgage-Backed Securities	1,236	Proxy Pricing	Base Price	98.91
Common Stocks				
Financials	827	Other Valuation Techniques <sup>(2)</sup>		
Total	\$ 40,882			

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- (1) Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at January 31, 2016 may be due to an investment no longer held or categorized as Level 3 at period end.
- (2) Includes valuation techniques not defined in the Notes to Financial Statements as securities valued using such techniques are not considered significant to the Fund.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund**

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 125.7%</b>			
<b>BANK LOAN OBLIGATIONS 1.9%</b>			
<b>Hellenic Republic</b>			
3.930% due 03/30/2016	EUR	1,000	\$ 975
<b>iHeartCommunications, Inc.</b>			
7.178% due 01/30/2019	\$	3,100	2,066
<b>Sequa Corp.</b>			
5.250% due 06/19/2017		2,534	1,704
<b>Total Bank Loan Obligations (Cost \$6,298)</b>			<b>4,745</b>
<b>CORPORATE BONDS &amp; NOTES 55.5%</b>			
<b>BANKING &amp; FINANCE 31.4%</b>			
<b>American International Group, Inc.</b>			
6.250% due 03/15/2087		5,476	5,941
8.175% due 05/15/2068		693	904
<b>Banco do Brasil S.A.</b>			
6.250% due 04/15/2024 (f)		1,700	829
9.000% due 06/18/2024 (f)		2,219	1,343
<b>Banco Espirito Santo S.A.</b>			
2.625% due 05/08/2017 ^	EUR	1,400	538
4.000% due 01/21/2019 ^		3,800	1,461
4.750% due 01/15/2018 ^		1,200	461
<b>Banco Santander S.A.</b>			
6.250% due 09/11/2021 (f)		500	495
<b>Barclays Bank PLC</b>			
14.000% due 06/15/2019 (f)	GBP	3,700	6,704
<b>BGC Partners, Inc.</b>			
5.375% due 12/09/2019	\$	3,040	3,140
<b>Blackstone CQP Holdco LP</b>			
2.324% due 03/19/2019		1,300	1,304
<b>BNP Paribas S.A.</b>			
7.375% due 08/19/2025 (f)		3,100	3,046
<b>Cantor Fitzgerald LP</b>			
6.500% due 06/17/2022		4,000	4,191
<b>Co-operative Group Holdings Ltd.</b>			
7.500% due 07/08/2026	GBP	3,050	4,736
<b>Communications Sales &amp; Leasing, Inc.</b>			
8.250% due 10/15/2023	\$	1,500	1,331
<b>Credit Agricole S.A.</b>			
7.500% due 06/23/2026 (f)	GBP	1,700	2,298
7.875% due 01/23/2024 (f)	\$	800	781
<b>Credit Suisse Group AG</b>			
7.500% due 12/11/2023 (f)		3,740	3,848
<b>GSPA Monetization Trust</b>			
6.422% due 10/09/2029		2,355	2,676
<b>Jefferies Finance LLC</b>			
6.875% due 04/15/2022		3,200	2,536
<b>LBG Capital PLC</b>			
9.125% due 07/15/2020	GBP	1,134	1,640
<b>Lloyds Bank PLC</b>			
12.000% due 12/16/2024 (f)	\$	400	564
<b>Lloyds Banking Group PLC</b>			
7.625% due 06/27/2023 (f)	GBP	3,300	4,732
<b>National Bank of Greece S.A.</b>			
3.875% due 10/07/2016	EUR	500	530
<b>Nationwide Building Society</b>			

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10.250% (f)	GBP	5	924
<b>Navient Corp.</b>			
5.500% due 01/15/2019	\$	4,759	4,473
5.625% due 08/01/2033		100	66
8.450% due 06/15/2018		1,500	1,556
<b>Novo Banco S.A.</b>			
5.000% due 04/04/2019	EUR	101	87
5.000% due 04/23/2019		311	268
5.000% due 05/14/2019		206	177
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
5.000% due 05/21/2019	EUR	115	\$ 98
5.000% due 05/23/2019		115	98
<b>OneMain Financial Holdings, Inc.</b>			
7.250% due 12/15/2021	\$	1,512	1,501
<b>Rabobank Group</b>			
8.400% due 06/29/2017 (f)		300	320
<b>Rio Oil Finance Trust</b>			
9.250% due 07/06/2024		8,200	4,766
<b>Sberbank of Russia Via SB Capital S.A.</b>			
5.717% due 06/16/2021		3,000	3,020
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	2,162	2,541
6.052% due 10/13/2039		1,278	1,678
<b>TIG FinCo PLC</b>			
8.500% due 03/02/2020		111	163
8.750% due 04/02/2020		932	1,153
<b>Vnesheconombank Via VEB Finance PLC</b>			
6.902% due 07/09/2020	\$	1,200	1,200
			80,118
<b>INDUSTRIALS 15.0%</b>			
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021		710	438
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (c)(i)		2,360	1,354
<b>Caesars Entertainment Operating Co., Inc.</b>			
8.500% due 02/15/2020 ^		600	453
9.000% due 02/15/2020 ^		3,855	2,891
11.250% due 06/01/2017 ^		1,989	1,449
<b>Centene Escrow Corp.</b>			
5.625% due 02/15/2021 (b)		60	61
6.125% due 02/15/2024 (b)		60	61
<b>Chesapeake Energy Corp.</b>			
3.872% due 04/15/2019		230	62
<b>Continental Airlines Pass-Through Trust</b>			
9.798% due 10/01/2022		930	1,004
<b>Forbes Energy Services Ltd.</b>			
9.000% due 06/15/2019		612	242
<b>Ford Motor Co.</b>			
7.700% due 05/15/2097 (i)		9,030	10,315
<b>Harvest Operations Corp.</b>			
6.875% due 10/01/2017		2,364	1,667
<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022		600	393
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021		3,029	1,333
8.125% due 06/01/2023		124	52
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		3,430	2,675
<b>Pertamina Persero PT</b>			
6.450% due 05/30/2044		4,149	3,585
<b>Russian Railways via RZD Capital PLC</b>			
7.487% due 03/25/2031	GBP	700	920
<b>Scientific Games International, Inc.</b>			
10.000% due 12/01/2022	\$	1,600	1,120
<b>Sequa Corp.</b>			

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7.000% due 12/15/2017		3,804	999
<b>Spanish Broadcasting System, Inc.</b>			
12.500% due 04/15/2017		1,000	979
<b>Tembec Industries, Inc.</b>			
9.000% due 12/15/2019		1,000	637
<b>Unique Pub Finance Co. PLC</b>			
5.659% due 06/30/2027	GBP	2,018	2,854
6.542% due 03/30/2021		674	993
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
<b>Westmoreland Coal Co.</b>			
8.750% due 01/01/2022	\$	3,026	\$ 1,770
			38,307
<b>UTILITIES 9.1%</b>			
<b>Frontier Communications Corp.</b>			
8.875% due 09/15/2020		210	211
10.500% due 09/15/2022		340	334
11.000% due 09/15/2025		340	329
<b>Gazprom Neft OAO Via GPN Capital S.A.</b>			
6.000% due 11/27/2023		7,400	6,941
<b>Gazprom OAO Via Gaz Capital S.A.</b>			
5.999% due 01/23/2021		200	200
<b>Illinois Power Generating Co.</b>			
6.300% due 04/01/2020		1,420	632
7.000% due 04/15/2018		2,600	1,404
7.950% due 06/01/2032		300	131
<b>Northwestern Bell Telephone</b>			
7.750% due 05/01/2030 (i)		7,000	7,960
<b>Odebrecht Drilling Norbe Ltd.</b>			
6.350% due 06/30/2022		236	87
<b>Odebrecht Offshore Drilling Finance Ltd.</b>			
6.625% due 10/01/2023		1,378	317
6.750% due 10/01/2023		2,008	452
<b>Petrobras Global Finance BV</b>			
2.750% due 01/15/2018	EUR	230	207
3.406% due 03/17/2020	\$	130	91
4.875% due 03/17/2020		210	159
5.750% due 01/20/2020		70	55
6.625% due 01/16/2034	GBP	100	88
6.750% due 01/27/2041	\$	1,200	760
7.875% due 03/15/2019		3,200	2,784
			23,142
<b>Total Corporate Bonds &amp; Notes (Cost \$165,217)</b>			<b>141,567</b>

**MUNICIPAL BONDS & NOTES 6.6%**

**CALIFORNIA 1.9%**

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

7.500% due 10/01/2030		600	667
<b>Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009</b>			
7.942% due 10/01/2038		3,600	4,081

4,748

**ILLINOIS 2.5%**

**Chicago, Illinois General Obligation Bonds, (BABs), Series 2010**

7.517% due 01/01/2040		6,000	6,379
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**VIRGINIA 0.1%**

**Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007**



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6.706% due 06/01/2046	395	320
<b>WEST VIRGINIA 2.1%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	6,130	5,379
<b>Total Municipal Bonds &amp; Notes (Cost \$15,942)</b>		<b>16,826</b>

**46 PIMCO CLOSED-END FUNDS**

See Accompanying Notes

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January 31, 2016 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>U.S. GOVERNMENT AGENCIES 2.7%</b>		
<b>Fannie Mae</b>		
3.500% due 12/25/2032 (a)	\$ 911	\$ 115
4.000% due 11/25/2042 (a)	3,235	467
13.718% due 12/25/2040	132	209
<b>Freddie Mac</b>		
2.563% due 11/25/2055	4,186	2,357
7.977% due 12/25/2027	2,000	1,810
9.145% due 11/15/2040	339	378
9.777% due 04/25/2028	1,100	1,052
10.927% due 05/25/2028	275	268
11.177% due 03/25/2025	300	310
<b>Total U.S. Government Agencies (Cost \$7,287)</b>		<b>6,966</b>
<b>U.S. TREASURY OBLIGATIONS 0.4%</b>		
<b>U.S. Treasury Floating Rate Notes</b>		
0.473% due 10/31/2017 (l)	1,165	1,165
<b>Total U.S. Treasury Obligations (Cost \$1,165)</b>		<b>1,165</b>
<b>NON-AGENCY MORTGAGE-BACKED SECURITIES 20.6%</b>		
<b>Banc of America Alternative Loan Trust</b>		
6.000% due 01/25/2036 ^	73	62
<b>Banc of America Funding Trust</b>		
6.000% due 08/25/2036 ^	2,720	2,678
6.000% due 03/25/2037 ^	1,437	1,239
<b>BCAP LLC Trust</b>		
5.283% due 03/26/2037	700	203
21.468% due 06/26/2036	126	36
<b>Bear Stearns ALT-A Trust</b>		
0.747% due 06/25/2046 ^	3,046	2,226
2.692% due 11/25/2036 ^	311	218
2.942% due 09/25/2035 ^	542	445
<b>Bear Stearns Mortgage Funding Trust</b>		
7.000% due 08/25/2036	894	849
<b>Chase Mortgage Finance Trust</b>		
2.679% due 12/25/2035 ^	8	7
6.000% due 02/25/2037 ^	739	620
6.000% due 07/25/2037 ^	463	387
6.250% due 10/25/2036 ^	1,495	1,295
<b>Citicorp Mortgage Securities Trust</b>		
5.500% due 04/25/2037	95	95
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
0.577% due 12/25/2036	4,773	2,544
<b>Countrywide Alternative Loan Resecuritization Trust</b>		
6.000% due 05/25/2036 ^	1,947	1,686
6.000% due 08/25/2037 ^	836	718
<b>Countrywide Alternative Loan Trust</b>		
5.274% due 04/25/2036 ^	867	667
5.500% due 03/25/2035	243	202
5.500% due 12/25/2035 ^	2,693	2,364

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5.500% due 03/25/2036 ^		117	99
5.750% due 01/25/2035		291	294
6.000% due 02/25/2035		275	285
6.000% due 08/25/2036 ^		140	130
6.000% due 04/25/2037 ^		904	708
6.250% due 11/25/2036 ^		583	550
6.250% due 12/25/2036 ^		1,320	1,070
6.500% due 08/25/2036 ^		363	274
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>			
2.725% due 02/20/2035		48	48
5.500% due 10/25/2035 ^		619	581
5.750% due 03/25/2037 ^		455	418
6.250% due 09/25/2036 ^		496	455
		<b>PRINCIPAL</b>	<b>MARKET</b>
		<b>AMOUNT</b>	<b>VALUE</b>
		<b>(000S)</b>	<b>(000S)</b>
<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>			
6.000% due 02/25/2037 ^	\$	293	\$ 257
6.750% due 08/25/2036 ^		1,094	872
<b>Deutsche Mortgage Securities, Inc. Mortgage Loan Trust</b>			
1.727% due 06/25/2034		2,030	1,469
<b>Epic Drummond Ltd.</b>			
0.044% due 01/25/2022	EUR	1,453	1,419
<b>GSR Mortgage Loan Trust</b>			
5.500% due 05/25/2036 ^	\$	90	87
6.000% due 02/25/2036 ^		3,725	3,138
<b>HarborView Mortgage Loan Trust</b>			
1.146% due 01/19/2035		308	276
2.683% due 07/19/2035		48	42
<b>IndyMac Mortgage Loan Trust</b>			
6.500% due 07/25/2037 ^		1,935	1,235
<b>JPMorgan Alternative Loan Trust</b>			
2.620% due 03/25/2037 ^		1,381	1,054
2.870% due 03/25/2036 ^		1,524	1,202
<b>JPMorgan Mortgage Trust</b>			
2.653% due 01/25/2037 ^		470	420
2.744% due 02/25/2036 ^		426	373
5.000% due 03/25/2037 ^		754	639
6.000% due 08/25/2037 ^		197	174
<b>Lehman XS Trust</b>			
0.647% due 06/25/2047		1,653	1,182
<b>Merrill Lynch Mortgage Investors Trust</b>			
2.720% due 03/25/2036 ^		1,367	920
<b>Residential Asset Securitization Trust</b>			
5.750% due 02/25/2036 ^		784	626
6.000% due 03/25/2037 ^		605	425
6.000% due 05/25/2037 ^		1,205	1,039
6.000% due 07/25/2037 ^		920	657
6.250% due 09/25/2037 ^		1,547	1,106
<b>Residential Funding Mortgage Securities, Inc. Trust</b>			
3.774% due 08/25/2036 ^		1,567	1,385
6.000% due 09/25/2036 ^		189	173
6.000% due 06/25/2037 ^		2,509	2,218
<b>Structured Adjustable Rate Mortgage Loan Trust</b>			
2.676% due 11/25/2036 ^		1,424	1,116
2.724% due 01/25/2036 ^		1,147	878
4.148% due 07/25/2036 ^		520	435
4.688% due 03/25/2037 ^		486	343
<b>Suntrust Adjustable Rate Mortgage Loan Trust</b>			
2.771% due 04/25/2037 ^		1,524	1,296
2.818% due 02/25/2037 ^		252	221
<b>WaMu Mortgage Pass-Through Certificates Trust</b>			
2.149% due 12/25/2046		402	370
2.409% due 09/25/2036 ^		184	167
4.275% due 02/25/2037 ^		461	426
6.009% due 10/25/2036 ^		666	555
<b>Wells Fargo Mortgage-Backed Securities Trust</b>			
2.671% due 07/25/2036 ^		273	257
5.750% due 03/25/2037 ^		275	269
6.000% due 06/25/2037 ^		157	158

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6.000% due 07/25/2037 ^		250		247
<b>Total Non-Agency Mortgage-Backed Securities (Cost \$49,422)</b>				<b>52,579</b>
<b>ASSET-BACKED SECURITIES 27.2%</b>				
<b>Argent Securities Trust</b>				
0.617% due 03/25/2036		7,936		3,804
<b>Asset-Backed Funding Certificates Trust</b>				
0.577% due 10/25/2036		7,584		6,429
<b>Bear Stearns Asset-Backed Securities Trust</b>				
6.500% due 10/25/2036 ^		250		191
		<b>PRINCIPAL</b>		<b>MARKET</b>
		<b>AMOUNT</b>		<b>VALUE</b>
		<b>(000S)</b>		<b>(000S)</b>
<b>CIFC Funding Ltd.</b>				
0.000% due 05/24/2026 (e)	\$	1,200	\$	801
0.000% due 07/22/2026 (e)		1,000		543
<b>Countrywide Asset-Backed Certificates</b>				
0.627% due 06/25/2047		7,178		5,202
0.682% due 09/25/2046 ^		2,924		1,901
0.987% due 12/25/2035		5,550		5,267
<b>Countrywide Asset-Backed Certificates Trust</b>				
5.104% due 08/25/2035		3,000		2,957
<b>GSAMP Trust</b>				
0.687% due 02/25/2046		5,099		3,775
1.402% due 03/25/2035 ^		8,403		5,347
<b>JPMorgan Mortgage Acquisition Corp.</b>				
0.717% due 01/25/2036		431		366
<b>JPMorgan Mortgage Acquisition Trust</b>				
0.742% due 04/25/2036		6,000		4,045
<b>Lehman XS Trust</b>				
6.290% due 06/24/2046		2,973		2,473
<b>MASTR Asset-Backed Securities Trust</b>				
5.233% due 11/25/2035		196		197
<b>Mid-State Trust</b>				
6.340% due 10/15/2036		641		685
<b>Morgan Stanley ABS Capital, Inc. Trust</b>				
1.417% due 06/25/2035		500		449
<b>Morgan Stanley Capital, Inc. Trust</b>				
0.717% due 01/25/2036		4,077		3,677
<b>Morgan Stanley Mortgage Loan Trust</b>				
0.547% due 04/25/2037		2,388		1,150
6.250% due 07/25/2047 ^		459		331
<b>Residential Asset Mortgage Products Trust</b>				
0.707% due 09/25/2036		400		343
<b>Residential Asset Securities Corp. Trust</b>				
0.897% due 09/25/2035		13,627		10,836
<b>Securitized Asset-Backed Receivables LLC Trust</b>				
0.567% due 05/25/2036		6,382		3,517
<b>Taberna Preferred Funding Ltd.</b>				
0.714% due 08/05/2036		284		208
0.714% due 08/05/2036 ^		5,333		3,893
<b>Trainer Wortham First Republic CBO Ltd</b>				
1.820% due 11/06/2038		1,040		1,014
<b>Total Asset-Backed Securities (Cost \$69,349)</b>				<b>69,401</b>
<b>SOVEREIGN ISSUES 0.7%</b>				
<b>Republic of Greece Government International Bond</b>				
3.800% due 08/08/2017	JPY	201,000		1,444
4.750% due 04/17/2019	EUR	300		271
<b>Total Sovereign Issues (Cost \$1,749)</b>				<b>1,715</b>

## SHARES

**COMMON STOCKS 0.0%****FINANCIALS 0.0%**

TIG FinCo PLC (g)	91,836	92
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<b>Total Common Stocks (Cost \$136)</b>		<b>92</b>
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**PREFERRED SECURITIES 4.6%****BANKING & FINANCE 4.6%**

Farm Credit Bank of Texas		
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10.000% due 12/15/2020 (f)	5,200	6,510
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GMAC Capital Trust		
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8.125% due 02/15/2040	207,100	5,270
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<b>Total Preferred Securities (Cost \$11,390)</b>		<b>11,780</b>
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See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund (Cont.)**

	<b>MARKET VALUE (000S)</b>
<b>SHORT-TERM INSTRUMENTS 5.5%</b>	
<b>REPURCHASE AGREEMENTS (h) 2.1%</b>	\$ 5,253
	<b>PRINCIPAL AMOUNT (000S)</b>
<b>SHORT-TERM NOTES 2.3%</b>	
<b>Federal Home Loan Bank</b>	
0.157% due 02/03/2016	\$ 900
0.269% due 02/12/2016	600
0.335% due 02/26/2016	3,800
0.345% due 02/02/2016	100
0.385% due 02/01/2016	400
	5,799
	<b>PRINCIPAL AMOUNT (000S)</b>
	<b>MARKET VALUE (000S)</b>
<b>U.S. TREASURY BILLS 1.1%</b>	
0.256% due 02/18/2016 (d)(1)	\$ 2,761
	\$ 2,761
<b>Total Short-Term Instruments</b>	
<b>(Cost \$13,813)</b>	<b>13,813</b>
<b>Total Investments in Securities</b>	
<b>(Cost \$341,768)</b>	<b>320,649</b>
<b>Total Investments 125.7%</b>	
<b>(Cost \$341,768)</b>	<b>\$ 320,649</b>
<b>Financial Derivative Instruments (j)(k) (0.1%)</b>	
<b>(Cost or Premiums, net \$279)</b>	<b>(240)</b>
<b>Preferred Shares (20.1%)</b>	<b>(51,275)</b>
<b>Other Assets and Liabilities, net (5.5%)</b>	<b>(14,115)</b>
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	<b>\$ 255,019</b>

**NOTES TO SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS\*):**

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

^ Security is in default.

(a) Interest only security.

(b) When-issued security.

(c) Payment in-kind bond security.

- (d) Coupon represents a weighted average yield to maturity.  
 (e) Zero coupon bond.  
 (f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

(g) RESTRICTED SECURITIES:

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
TIG FinCo PLC	04/02/2015	\$ 136	\$ 92	0.04%

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(h) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
DEU	0.550%	01/29/2016	02/01/2016	\$ 3,800	U.S. Treasury Bonds 3.750% due 11/15/2043	\$ (3,886)	\$ 3,800	\$ 3,800
SSB	0.010	01/29/2016	02/01/2016	1,453	U.S. Treasury Notes 2.250% due 07/31/2021	(1,484)	1,453	1,453
<b>Total Repurchase Agreements</b>						<b>\$ (5,370)</b>	<b>\$ 5,253</b>	<b>\$ 5,253</b>

<sup>(1)</sup> Includes accrued interest.

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Reverse Repurchase Agreements
BCY	(0.500%)	01/29/2016	02/12/2016	\$ (507)	\$ (507)
	(1.000)	12/31/2015	02/01/2016	(513)	(512)
MSC	1.000	01/08/2016	04/08/2016	(5,408)	(5,412)
RDR	(1.000)	01/22/2016	TBD <sup>(2)</sup>	(730)	(730)
UBS	0.900	01/11/2016	04/11/2016	(2,592)	(2,593)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (9,754)</b>

<sup>(2)</sup> Open maturity reverse repurchase agreement.





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January 31, 2016 (Unaudited)

(3) The average amount of borrowings outstanding during the period ended January 31, 2016 was \$(14,880) at a weighted average interest rate of 0.622%.

**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of January 31, 2016:

(i) Securities with an aggregate market value of \$10,810 have been pledged as collateral under the terms of the following master agreements as of January 31, 2016.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 0	\$ (1,019)	\$ 0	\$ (1,019)	\$ 1,148	\$ 129
DEU	3,800	0	0	3,800	(3,886)	(86)
MSC	0	(5,412)	0	(5,412)	5,995	583
RDR	0	(730)	0	(730)	780	50
SSB	1,453	0	0	1,453	(1,484)	(31)
UBS	0	(2,593)	0	(2,593)	2,627	34
<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 5,253</b>	<b>\$ (9,754)</b>	<b>\$ 0</b>			

(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS****Remaining Contractual Maturity of the Agreements**

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ (512)	\$ (507)	\$ (8,005)	\$ (730)	\$ (9,754)
<b>Total Borrowings</b>	<b>\$ (512)</b>	<b>\$ (507)</b>	<b>\$ (8,005)</b>	<b>\$ (730)</b>	<b>\$ (9,754)</b>

Gross amount of recognized liabilities for reverse repurchase agreements \$ (9,754)

(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION <sup>(1)</sup>

Index/Tranches	Fixed Receive Rate	Maturity Date	Notional Amount (2)	Market Value (3)	Unrealized Appreciation/ (Depreciation)	Asset	Variation Margin Liability
CDX.HY-24 5-Year Index	5.000%	06/20/2020	\$ 4,455	\$ 135	\$ (209)	\$ 18	\$ 0
CDX.HY-25 5-Year Index	5.000	12/20/2020	2,900	9	22	11	0
				\$ 144	\$ (187)	\$ 29	\$ 0

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

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

(3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund (Cont.)****INTEREST RATE SWAPS**

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin	
							Asset	Liability
Pay	3-Month USD-LIBOR	2.750%	06/17/2025	\$ 70,420	\$ 6,223	\$ 1,987	\$ 424	\$ 0
Pay	3-Month USD-LIBOR	3.500	06/19/2044	83,100	21,962	24,674	952	0
Receive	3-Month USD-LIBOR	2.500	06/15/2046	130,700	(4,333)	(10,931)	0	(1,314)
Pay	6-Month AUD-BBR-BBSW	3.000	12/17/2019	AUD 6,200	122	28	3	0
Pay	6-Month AUD-BBR-BBSW	3.500	06/17/2025	3,900	186	89	6	0
					\$ 24,160	\$ 15,847	\$ 1,385	\$ (1,314)
<b>Total Swap Agreements</b>					<b>\$ 24,304</b>	<b>\$ 15,660</b>	<b>\$ 1,414</b>	<b>\$ (1,314)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY**

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of January 31, 2016:

Cash of \$3,529 has been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of January 31, 2016. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Variation Margin				Variation Margin			
	Market Value		Asset		Market Value		Liability	
	Purchased	Options	Futures	Agreements	Written	Options	Futures	Agreements
<b>Total Exchange-Traded or Centrally Cleared</b>	\$ 0	\$ 0	\$ 1,414	\$ 1,414	\$ 0	\$ 0	\$ (1,314)	\$ (1,314)

**(k) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER****FORWARD FOREIGN CURRENCY CONTRACTS:**

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Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received	Unrealized Appreciation/ (Depreciation)			
					Asset	Liability		
BOA	02/2016	\$	32,962	GBP	23,115	\$ 0	\$ (26)	
	03/2016		GBP	22,747	\$	32,426	13	0
	06/2016		EUR	26		36	7	0
	06/2016	\$		1	EUR	1	0	0
BRC	06/2016		EUR	5	\$	7	2	0
CBK	02/2016		GBP	23,805		35,329	1,409	0
	02/2016	\$		363	EUR	334	0	(1)
	03/2016		EUR	956	\$	1,044	7	0
DUB	02/2016		BRL	7,152		1,769	0	(19)
	02/2016	\$		1,807	BRL	7,152	0	(19)
	06/2016		EUR	3	\$	4	1	0
HUS	02/2016		JPY	10,084		82	0	(1)
JPM	02/2016		AUD	347		244	0	(2)
	02/2016		BRL	7,152		1,750	0	(38)
	02/2016		EUR	1,097		1,189	2	(1)
	02/2016		JPY	7,179		58	0	(1)
	02/2016	\$		1,769	BRL	7,152	19	0
	02/2016			5,341	EUR	4,887	0	(47)
	03/2016			419	BRL	1,761	18	0
MSB	02/2016		JPY	168,500	\$	1,392	1	0
	02/2016	\$		322	GBP	217	0	(13)
	06/2016		EUR	7	\$	10	2	0
NAB	06/2016			15		21	4	0
SCX	02/2016		JPY	5,266		43	0	(1)
	02/2016	\$		1,423	JPY	168,500	0	(31)
	03/2016		JPY	168,500	\$	1,424	32	0
UAG	02/2016		EUR	9,738		10,644	95	0
	02/2016	\$		6,057	EUR	5,590	0	(1)
	02/2016			669	GBP	473	5	0
	03/2016		EUR	5,590	\$	6,061	1	0
<b>Total Forward Foreign Currency Contracts</b>						<b>\$ 1,618</b>	<b>\$ (201)</b>	

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**SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Implied	Notional Amount <sup>(3)</sup>	Premiums (Received)	Unrealized (Depreciation)	Swap Agreements, at Value	
				Credit Spread at January 31, 2016 <sup>(2)</sup>				Asset	Liability
BPS	Petrobras International Finance Co.	1.000%	12/20/2024	10.555%	\$ 500	\$ (98)	\$ (132)	\$ 0	\$ (230)
GST	Petrobras International Finance Co.	1.000	12/20/2024	10.555	700	(139)	(183)	0	(322)
HUS	Petrobras Global Finance BV	1.000	09/20/2020	11.018	20	(3)	(4)	0	(7)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	200	(16)	(43)	0	(59)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	800	(166)	(202)	0	(368)
MYC	Chesapeake Energy Corp.	5.000	09/20/2020	44.507	100	(10)	(58)	0	(68)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	4,100	(379)	(833)	0	(1,212)
						\$ (811)	\$ (1,455)	\$ 0	\$ (2,266)

<sup>(1)</sup> If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

<sup>(2)</sup> Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

<sup>(3)</sup> The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

**INTEREST RATE SWAPS**

Counterparty	Pay/Receive			Maturity Date	Notional Amount	Unrealized Swap Agreements, at Value		Asset	Liability
	Floating Rate	Floating Rate Index	Fixed Rate			Premiums Paid/(Received)	Appreciation/ (Depreciation)		

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BPS	Receive	1-Year BRL-CDI	11.250%	01/04/2021	BRL	14,750	\$ 558	\$ (53)	\$ 505	\$ 0
CBK	Pay	3-Month USD-LIBOR	2.350	02/18/2021	\$	61,500	358	313	671	0
DUB	Receive	1-Year BRL-CDI	15.900	01/04/2021	BRL	14,800	46	(64)	0	(18)
	Pay	3-Month USD-LIBOR	2.900	02/18/2026	\$	26,300	172	188	360	0
UAG	Pay	1-Year BRL-CDI	11.250	01/04/2021	BRL	29,500	(44)	(965)	0	(1,009)
							\$ 1,090	\$ (581)	\$ 1,536	\$ (1,027)
<b>Total Swap Agreements</b>							<b>\$ 279</b>	<b>\$ (2,036)</b>	<b>\$ 1,536</b>	<b>\$ (3,293)</b>

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of January 31, 2016:

(1) Securities with an aggregate market value of \$3,126 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of January 31, 2016.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Total	Net Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
	Forward Foreign Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Contracts	Written Options	Swap Agreements	Over the Counter				
BOA	\$ 20	\$ 0	\$ 0	\$ 20	\$ (26)	\$ 0	\$ 0	\$ (26)	\$ (6)	\$ 0	\$ (6)	
BPS	0	0	505	505	0	0	(230)	(230)	275	(350)	(75)	
BRC	2	0	0	2	0	0	0	0	2	(10)	(8)	
CBK	1,416	0	671	2,087	(1)	0	0	(1)	2,086	(1,880)	206	
DUB	1	0	360	361	(38)	0	(18)	(56)	305	(388)	(83)	
GST	0	0	0	0	0	0	(322)	(322)	(322)	264	(58)	
HUS	0	0	0	0	(1)	0	(434)	(435)	(435)	659	224	
JPM	39	0	0	39	(89)	0	0	(89)	(50)	0	(50)	
MSB	3	0	0	3	(13)	0	0	(13)	(10)	0	(10)	
MYC	0	0	0	0	0	0	(1,280)	(1,280)	(1,280)	1,212	(68)	
NAB	4	0	0	4	0	0	0	0	4	0	4	
SCX	32	0	0	32	(32)	0	0	(32)	0	0	0	
UAG	101	0	0	101	(1)	0	(1,009)	(1,010)	(909)	991	82	
<b>Total Over the Counter</b>	<b>\$ 1,618</b>	<b>\$ 0</b>	<b>\$ 1,536</b>	<b>\$ 3,154</b>	<b>\$ (201)</b>	<b>\$ 0</b>	<b>\$ (3,293)</b>	<b>\$ (3,494)</b>				

<sup>(4)</sup> Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund (Cont.)****FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

**Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 29	\$ 0	\$ 0	\$ 1,385	\$ 1,414
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,618	\$ 0	\$ 1,618
Swap Agreements	0	0	0	0	1,536	1,536
	\$ 0	\$ 0	\$ 0	\$ 1,618	\$ 1,536	\$ 3,154
	\$ 0	\$ 29	\$ 0	\$ 1,618	\$ 2,921	\$ 4,568
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,314	\$ 1,314
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 201	\$ 0	\$ 201
Swap Agreements	0	2,266	0	0	1,027	3,293
	\$ 0	\$ 2,266	\$ 0	\$ 201	\$ 1,027	\$ 3,494
	\$ 0	\$ 2,266	\$ 0	\$ 201	\$ 2,341	\$ 4,808

**The effect of Financial Derivative Instruments on the Statements of Operations for the period ended January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	

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<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (122)	\$ 0	\$ 0	\$ (5,884)	\$ (6,006)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,987	\$ 0	\$ 1,987
Swap Agreements	0	34	0	0	(1,632)	(1,598)
	\$ 0	\$ 34	\$ 0	\$ 1,987	\$ (1,632)	\$ 389
	\$ 0	\$ (88)	\$ 0	\$ 1,987	\$ (7,516)	\$ (5,617)
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (75)	\$ 0	\$ 0	\$ 4,932	\$ 4,857
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,209	\$ 0	\$ 1,209
Swap Agreements	0	(1,072)	0	0	(458)	(1,530)
	\$ 0	\$ (1,072)	\$ 0	\$ 1,209	\$ (458)	\$ (321)
	\$ 0	\$ (1,147)	\$ 0	\$ 1,209	\$ 4,474	\$ 4,536

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January 31, 2016 (Unaudited)

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of January 31, 2016 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 01/31/2016
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 0	\$ 3,770	\$ 975	\$ 4,745
<b>Corporate Bonds &amp; Notes</b>				
Banking & Finance	0	76,138	3,980	80,118
Industrials	0	38,307	0	38,307
Utilities	0	23,142	0	23,142
<b>Municipal Bonds &amp; Notes</b>				
California	0	4,748	0	4,748
Illinois	0	6,379	0	6,379
Virginia	0	320	0	320
West Virginia	0	5,379	0	5,379
U.S. Government Agencies	0	4,609	2,357	6,966
U.S. Treasury Obligations	0	1,165	0	1,165
<b>Non-Agency Mortgage-Backed Securities</b>				
Asset-Backed Securities	0	69,401	0	69,401
Sovereign Issues	0	1,715	0	1,715
<b>Common Stocks</b>				
Financials	0	0	92	92
<b>Preferred Securities</b>				
Banking & Finance	5,270	6,510	0	11,780
<b>Short-Term Instruments</b>				
Repurchase Agreements	\$ 0	\$ 5,253	\$ 0	\$ 5,253
Short-Term Notes	0	5,799	0	5,799
U.S. Treasury Bills	0	2,761	0	2,761
<b>Total Investments</b>	<b>\$ 5,270</b>	<b>\$ 307,975</b>	<b>\$ 7,404</b>	<b>\$ 320,649</b>
<b>Financial Derivative Instruments - Assets</b>				
Exchange-traded or centrally cleared	0	1,414	0	1,414
Over the counter	0	3,154	0	3,154
	\$ 0	\$ 4,568	\$ 0	\$ 4,568
<b>Financial Derivative Instruments - Liabilities</b>				
Exchange-traded or centrally cleared	0	(1,314)	0	(1,314)
Over the counter	0	(3,494)	0	(3,494)
	\$ 0	\$ (4,808)	\$ 0	\$ (4,808)
<b>Totals</b>	<b>\$ 5,270</b>	<b>\$ 307,735</b>	<b>\$ 7,404</b>	<b>\$ 320,409</b>

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There were no significant transfers between Levels 1 and 2 during the period ended January 31, 2016.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended January 31, 2016:

Category and Subcategory	Beginning Balance at 07/31/2015	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) <sup>(1)</sup>	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 01/31/2016	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 01/31/2016 <sup>(1)</sup>
<b>Investments in Securities, at Value</b>										
Bank Loan Obligations	\$ 0	\$ 1,039	\$ 0	\$ 3	\$ 0	\$ (67)	\$ 0	\$ 0	\$ 975	\$ (67)
<b>Corporate Bonds &amp; Notes</b>										
Banking & Finance	2,665	1,293	(31)	1	0	52	0	0	3,980	56
U.S. Government Agencies	0	2,479	(14)	3	6	(117)	0	0	2,357	(117)
<b>Common Stocks</b>										
Financials	96	0	0	0	0	(4)	0	0	92	(4)
Totals	\$ 2,761	\$ 4,811	\$ (45)	\$ 7	\$ 6	\$ (136)	\$ 0	\$ 0	\$ 7,404	\$ (132)

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

Category and Subcategory	Ending Balance at 01/31/2016	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Bank Loan Obligations	\$ 975	Proxy Pricing	Base Price	97.00
<b>Corporate Bonds &amp; Notes Banking &amp; Finance</b>				
	1,304	Other Valuation Techniques <sup>(2)</sup>		
	2,676	Proxy Pricing	Base Price	113.30
U.S. Government Agencies	2,357	Proxy Pricing	Base Price	56.31
<b>Common Stocks</b>				
Financials	92	Other Valuation Techniques <sup>(2)</sup>		
Total	\$ 7,404			

<sup>(1)</sup> Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at January 31, 2016 may be due to an investment no longer held or categorized as Level 3 at period end.

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

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

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 125.8%</b>		
<b>BANK LOAN OBLIGATIONS 1.5%</b>		
<b>iHeartCommunications, Inc.</b>		
7.178% due 01/30/2019	\$ 6,800	\$ 4,532
<b>Sequa Corp.</b>		
5.250% due 06/19/2017	5,276	3,548
<b>Total Bank Loan Obligations (Cost \$11,273)</b>		<b>8,080</b>
<b>CORPORATE BONDS &amp; NOTES 52.0%</b>		
<b>BANKING &amp; FINANCE 28.5%</b>		
<b>AGFC Capital Trust</b>		
6.000% due 01/15/2067	1,800	1,233
<b>American International Group, Inc.</b>		
6.250% due 03/15/2087 (i)	11,608	12,595
8.175% due 05/15/2068	300	391
<b>Banco do Brasil S.A.</b>		
6.250% due 04/15/2024 (f)	3,700	1,804
9.000% due 06/18/2024 (f)	4,509	2,728
<b>Banco Espirito Santo S.A.</b>		
2.625% due 05/08/2017 ^	EUR 3,000	1,154
4.000% due 01/21/2019 ^	8,100	3,115
4.750% due 01/15/2018 ^	2,300	885
<b>Banco Santander S.A.</b>		
6.250% due 09/11/2021 (f)	1,600	1,585
<b>Barclays Bank PLC</b>		
7.625% due 11/21/2022	\$ 2,200	2,463
<b>Barclays PLC</b>		
6.500% due 09/15/2019 (f)	EUR 1,500	1,572
8.000% due 12/15/2020 (f)	3,900	4,444
<b>BGC Partners, Inc.</b>		
5.375% due 12/09/2019	\$ 6,370	6,579
<b>Blackstone CQP Holdco LP</b>		
9.296% due 03/19/2019	2,600	2,608
<b>BNP Paribas S.A.</b>		
7.375% due 08/19/2025 (f)	6,600	6,484
<b>Cantor Fitzgerald LP</b>		
6.500% due 06/17/2022 (i)	8,500	8,906
<b>Co-operative Group Holdings Ltd.</b>		
7.500% due 07/08/2026	GBP 6,150	9,550
<b>Communications Sales &amp; Leasing, Inc.</b>		
8.250% due 10/15/2023	\$ 3,200	2,840
<b>Credit Agricole S.A.</b>		
7.500% due 06/23/2026 (f)	GBP 3,600	4,867
7.875% due 01/23/2024 (f)	\$ 2,800	2,733
<b>Credit Suisse Group AG</b>		
7.500% due 12/11/2023 (f)	7,863	8,090
<b>GSPA Monetization Trust</b>		
6.422% due 10/09/2029 (i)	4,892	5,559
<b>Jefferies Finance LLC</b>		
6.875% due 04/15/2022	6,850	5,429
<b>LBG Capital PLC</b>		
12.750% due 08/10/2020	GBP 300	430
15.000% due 12/21/2019	EUR 1,100	1,662
<b>Lloyds Banking Group PLC</b>		
7.625% due 06/27/2023 (f)	GBP 5,600	8,029

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<b>National Bank of Greece S.A.</b>			
3.875% due 10/07/2016	EUR	1,750	1,856
<b>Nationwide Building Society</b>			
10.250% (f)	GBP	11	2,032
<b>Navient Corp.</b>			
5.500% due 01/15/2019	\$	9,808	9,220
5.625% due 08/01/2033		150	99
8.450% due 06/15/2018		3,400	3,528
		<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
<b>Novo Banco S.A.</b>			
5.000% due 04/04/2019	EUR	311	\$ 267
5.000% due 04/23/2019		653	562
5.000% due 05/14/2019		431	371
5.000% due 05/21/2019		241	206
5.000% due 05/23/2019		240	205
<b>OneMain Financial Holdings, Inc.</b>			
7.250% due 12/15/2021	\$	3,020	2,997
<b>Rabobank Group</b>			
8.400% due 06/29/2017 (f)		700	747
<b>Royal Bank of Scotland Group PLC</b>			
7.500% due 08/10/2020 (f)		200	204
<b>Tesco Property Finance PLC</b>			
5.411% due 07/13/2044	GBP	4,463	5,244
6.052% due 10/13/2039		2,674	3,511
<b>TIG FinCo PLC</b>			
8.500% due 03/02/2020		687	1,003
8.750% due 04/02/2020		3,804	4,702
<b>Vnesheconombank Via VEB Finance PLC</b>			
6.902% due 07/09/2020	\$	2,600	2,600
<b>Western Group Housing LP</b>			
6.750% due 03/15/2057		5,500	6,438
			153,527
<b>INDUSTRIALS 13.6%</b>			
<b>BMC Software Finance, Inc.</b>			
8.125% due 07/15/2021		1,470	906
<b>Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)</b>			
9.000% due 10/15/2019 (c)(i)		4,980	2,857
<b>Caesars Entertainment Operating Co., Inc.</b>			
8.500% due 02/15/2020 ^		1,500	1,133
9.000% due 02/15/2020 ^		2,300	1,725
11.250% due 06/01/2017 ^		9,820	7,156
<b>Centene Escrow Corp.</b>			
5.625% due 02/15/2021 (b)		140	143
6.125% due 02/15/2024 (b)		140	143
<b>Chesapeake Energy Corp.</b>			
3.872% due 04/15/2019		480	128
<b>Forbes Energy Services Ltd.</b>			
9.000% due 06/15/2019		1,164	460
<b>Ford Motor Co.</b>			
7.700% due 05/15/2097 (i)		10,460	11,948
<b>Harvest Operations Corp.</b>			
6.875% due 10/01/2017		4,353	3,069
<b>Hellenic Railways Organization S.A.</b>			
4.028% due 03/17/2017	EUR	1,400	1,370
<b>iHeartCommunications, Inc.</b>			
9.000% due 09/15/2022	\$	1,200	786
<b>Intelsat Luxembourg S.A.</b>			
7.750% due 06/01/2021		6,338	2,789
8.125% due 06/01/2023		255	106
<b>Intrepid Aviation Group Holdings LLC</b>			
6.875% due 02/15/2019		7,420	5,788
<b>Pertamina Persero PT</b>			
6.450% due 05/30/2044		8,654	7,478
<b>Russian Railways via RZD Capital PLC</b>			
7.487% due 03/25/2031	GBP	1,300	1,709

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<b>Scientific Games International, Inc.</b>			
10.000% due 12/01/2022		\$ 3,300	2,310
<b>Sequa Corp.</b>			
7.000% due 12/15/2017		7,918	2,079
<b>Spanish Broadcasting System, Inc.</b>			
12.500% due 04/15/2017		2,100	2,055
		<b>PRINCIPAL</b>	<b>MARKET</b>
		<b>AMOUNT</b>	<b>VALUE</b>
		<b>(000S)</b>	<b>(000S)</b>
<b>Spirit Issuer PLC</b>			
6.582% due 12/28/2027	GBP	1,000 \$	1,482
<b>Tembec Industries, Inc.</b>			
9.000% due 12/15/2019		\$ 2,100	1,339
<b>UCP, Inc.</b>			
8.500% due 10/21/2017		2,000	2,007
<b>Unique Pub Finance Co. PLC</b>			
5.659% due 06/30/2027	GBP	4,141	5,856
6.542% due 03/30/2021		1,572	2,318
<b>Westmoreland Coal Co.</b>			
8.750% due 01/01/2022		\$ 6,335	3,706
			72,846
<b>UTILITIES 9.9%</b>			
<b>AK Transneft OJSC Via TransCapitalInvest Ltd.</b>			
8.700% due 08/07/2018		2,800	3,073
<b>Frontier Communications Corp.</b>			
8.875% due 09/15/2020		440	443
10.500% due 09/15/2022		720	706
11.000% due 09/15/2025		720	697
<b>Gazprom Neft OAO Via GPN Capital S.A.</b>			
4.375% due 09/19/2022 (i)		6,100	5,368
6.000% due 11/27/2023		13,900	13,039
<b>Gazprom OAO Via Gaz Capital S.A.</b>			
5.999% due 01/23/2021		300	300
<b>Illinois Power Generating Co.</b>			
6.300% due 04/01/2020		3,035	1,351
7.000% due 04/15/2018		5,400	2,916
7.950% due 06/01/2032		700	305
<b>Northwestern Bell Telephone</b>			
7.750% due 05/01/2030		12,625	14,357
<b>Odebrecht Drilling Norbe Ltd.</b>			
6.350% due 06/30/2022		393	145
<b>Odebrecht Offshore Drilling Finance Ltd.</b>			
6.625% due 10/01/2023		4,227	972
6.750% due 10/01/2023		4,557	1,025
<b>Petrobras Global Finance BV</b>			
2.750% due 01/15/2018	EUR	470	424
3.406% due 03/17/2020	\$	270	188
4.875% due 03/17/2020		450	340
5.750% due 01/20/2020		220	173
6.625% due 01/16/2034	GBP	100	88
6.750% due 01/27/2041	\$	2,400	1,520
7.875% due 03/15/2019		6,900	6,003
			53,433
<b>Total Corporate Bonds &amp; Notes</b>			<b>279,806</b>
<b>(Cost \$325,735)</b>			
<b>MUNICIPAL BONDS &amp; NOTES 9.2%</b>			
<b>CALIFORNIA 2.9%</b>			
<b>La Quinta Financing Authority, California Tax Allocation Bonds, Series 2011</b>			
8.070% due 09/01/2036		3,000	3,404
<b>Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010</b>			
7.500% due 10/01/2030		1,200	1,334
<b>San Francisco, California City &amp; County Redevelopment Agency Tax Allocation Bonds, Series 2009</b>			
8.406% due 08/01/2039		1,650	2,130

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<b>Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009</b>		
7.942% due 10/01/2038	7,500	8,503
		<b>15,371</b>

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See Accompanying Notes

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January 31, 2016 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>ILLINOIS 0.1%</b>		
<b>Chicago, Illinois General Obligation Bonds, Series 2015</b>		
7.375% due 01/01/2033	\$ 180	\$ 186
7.750% due 01/01/2042	330	337
		523
<b>OHIO 4.0%</b>		
<b>Ohio State University Revenue Bonds, Series 2011</b>		
4.800% due 06/01/2111	21,000	21,823
<b>VIRGINIA 0.1%</b>		
<b>Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007</b>		
6.706% due 06/01/2046	835	675
<b>WEST VIRGINIA 2.1%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	12,755	11,193
<b>Total Municipal Bonds &amp; Notes (Cost \$43,743)</b>		<b>49,585</b>
<b>U.S. GOVERNMENT AGENCIES 2.9%</b>		
<b>Fannie Mae</b>		
3.500% due 02/25/2042 (a)	1,438	173
4.500% due 11/25/2042 (a)	3,785	580
5.824% due 01/25/2040 (a)	554	109
<b>Freddie Mac</b>		
2.563% due 11/25/2055	8,869	4,994
3.000% due 02/15/2033 (a)	3,083	370
3.500% due 12/15/2032 (a)	5,704	837
7.977% due 12/25/2027	3,900	3,529
9.777% due 04/25/2028	2,200	2,104
10.860% due 09/15/2035	1,337	1,436
10.927% due 05/25/2028	580	565
11.177% due 03/25/2025	749	775
<b>Ginnie Mae</b>		
3.500% due 06/20/2042 - 10/20/2042 (a)	1,268	135
4.000% due 10/16/2042 - 10/20/2042 (a)	690	103
<b>Total U.S. Government Agencies (Cost \$16,516)</b>		<b>15,710</b>
<b>U.S. TREASURY OBLIGATIONS 0.9%</b>		
<b>U.S. Treasury Floating Rate Notes</b>		
0.473% due 10/31/2017 (k)(m)	4,868	4,867
<b>Total U.S. Treasury Obligations (Cost \$4,867)</b>		<b>4,867</b>

## NON-AGENCY MORTGAGE-BACKED SECURITIES 29.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Banc of America Alternative Loan Trust</b>			
6.000% due 01/25/2036 ^		170	145
<b>Banc of America Funding Corp.</b>			
6.000% due 01/25/2037		9,449	6,877
<b>Banc of America Funding Trust</b>			
3.099% due 01/20/2047 ^		50	42
<b>BCAP LLC Trust</b>			
2.866% due 08/26/2037		14,339	8,468
2.932% due 08/28/2037		6,572	4,913
3.150% due 05/26/2036		239	5
4.323% due 07/26/2037		15,776	13,932
5.283% due 03/26/2037		1,458	423
6.090% due 12/26/2035	\$	5,229	\$ 4,201
6.250% due 11/26/2036		5,762	4,874
10.446% due 05/26/2037		1,260	512
11.672% due 09/26/2036		5,613	4,739
21.468% due 06/26/2036		252	73
<b>Bear Stearns ALT-A Trust</b>			
0.927% due 01/25/2036 ^		1,963	1,579
2.610% due 11/25/2035		9,715	7,670
2.692% due 11/25/2036 ^		623	436
2.942% due 09/25/2035 ^		1,134	930
<b>Chase Mortgage Finance Trust</b>			
2.679% due 12/25/2035 ^		16	15
5.500% due 05/25/2036 ^		60	57
<b>Citicorp Mortgage Securities Trust</b>			
5.500% due 04/25/2037		190	189
6.000% due 09/25/2037		2,177	2,275
<b>Countrywide Alternative Loan Resecuritization Trust</b>			
6.000% due 05/25/2036 ^		3,999	3,462
6.000% due 08/25/2037 ^		1,741	1,495
<b>Countrywide Alternative Loan Trust</b>			
5.274% due 04/25/2036 ^		1,788	1,376
5.500% due 03/25/2035		499	417
5.500% due 01/25/2036		1,177	1,070
5.500% due 03/25/2036 ^		189	161
5.750% due 01/25/2035		604	611
5.750% due 02/25/2035		681	672
5.750% due 12/25/2036 ^		1,171	916
6.000% due 02/25/2035		572	594
6.000% due 04/25/2036		813	699
6.000% due 04/25/2037 ^		2,720	2,082
6.250% due 11/25/2036 ^		1,198	1,131
6.250% due 12/25/2036 ^		852	690
6.500% due 08/25/2036 ^		726	549
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>			
0.717% due 03/25/2035 ^		7,190	5,921
5.750% due 03/25/2037 ^		951	874
6.000% due 07/25/2037		2,824	2,422
6.250% due 09/25/2036 ^		1,020	935
<b>Credit Suisse First Boston Mortgage Securities Corp.</b>			
6.000% due 11/25/2035 ^		694	538
<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>			
5.750% due 04/25/2036 ^		264	220
6.750% due 08/25/2036 ^		2,218	1,769
<b>Epic Drummond Ltd.</b>			
0.044% due 01/25/2022	EUR	3,006	2,936
<b>First Horizon Alternative Mortgage Securities Trust</b>			
6.000% due 05/25/2036 ^	\$	1,227	1,020
6.000% due 08/25/2036 ^		1,981	1,618
<b>First Horizon Mortgage Pass-Through Trust</b>			
2.711% due 05/25/2037 ^		617	493
2.750% due 11/25/2035 ^		1,244	1,011
<b>IndyMac Mortgage Loan Trust</b>			
6.500% due 07/25/2037 ^		4,091	2,610
<b>JPMorgan Alternative Loan Trust</b>			



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2.620% due 03/25/2037 ^	1,899	1,449
2.707% due 05/25/2036 ^	2,996	2,448
2.870% due 03/25/2036 ^	3,217	2,537
<b>JPMorgan Mortgage Trust</b>		
2.684% due 10/25/2035	464	452
2.744% due 02/25/2036 ^	738	646
6.000% due 08/25/2037 ^	344	304
6.500% due 09/25/2035	138	142
<b>Lehman Mortgage Trust</b>		
6.000% due 07/25/2036 ^	1,331	985
6.000% due 07/25/2037 ^	2,133	1,948
6.500% due 09/25/2037 ^	4,276	3,286
	<b>PRINCIPAL AMOUNT (000S)</b>	<b>MARKET VALUE (000S)</b>
<b>Lehman XS Trust</b>		
0.647% due 06/25/2047	\$ 3,491	\$ 2,498
<b>MASTR Asset Securitization Trust</b>		
6.500% due 11/25/2037 ^	729	593
<b>Merrill Lynch Mortgage Investors Trust</b>		
2.720% due 03/25/2036 ^	2,665	1,793
<b>Nomura Asset Acceptance Corp. Alternative Loan Trust</b>		
4.976% due 05/25/2035 ^	18	15
<b>RBSSP Resecuritization Trust</b>		
0.582% due 02/26/2047	8,061	7,430
<b>Residential Accredited Loans, Inc. Trust</b>		
3.713% due 12/26/2034 ^	1,826	1,509
6.000% due 08/25/2036 ^	555	457
<b>Residential Asset Securitization Trust</b>		
5.750% due 02/25/2036 ^	1,622	1,295
6.000% due 03/25/2037 ^	2,199	1,544
6.000% due 05/25/2037 ^	2,513	2,167
6.000% due 07/25/2037 ^	1,955	1,396
6.250% due 09/25/2037 ^	3,299	2,360
<b>Residential Funding Mortgage Securities, Inc. Trust</b>		
3.512% due 09/25/2035	2,578	2,238
3.774% due 08/25/2036 ^	2,726	2,409
<b>Structured Adjustable Rate Mortgage Loan Trust</b>		
2.676% due 11/25/2036 ^	4,178	3,274
2.724% due 01/25/2036 ^	3,442	2,634
4.148% due 07/25/2036 ^	1,060	885
<b>Suntrust Adjustable Rate Mortgage Loan Trust</b>		
2.818% due 02/25/2037 ^	505	443
<b>WaMu Mortgage Pass-Through Certificates Trust</b>		
4.275% due 02/25/2037 ^	922	852
4.412% due 07/25/2037 ^	1,727	1,595
4.439% due 05/25/2037 ^	2,368	2,094
6.009% due 10/25/2036 ^	1,332	1,110
<b>Wells Fargo Mortgage-Backed Securities Trust</b>		
2.671% due 07/25/2036 ^	570	538
5.750% due 03/25/2037 ^	550	539
<b>Total Non-Agency Mortgage-Backed Securities (Cost \$149,848)</b>		<b>156,512</b>
<b>ASSET-BACKED SECURITIES 19.9%</b>		
<b>Apidos CLO</b>		
0.000% due 07/22/2026 (e)	1,500	693
<b>Argent Securities Trust</b>		
0.617% due 03/25/2036	3,211	1,539
<b>Bear Stearns Asset-Backed Securities Trust</b>		
0.567% due 10/25/2036 ^	7,564	5,986
6.500% due 10/25/2036 ^	400	306
<b>CIFC Funding Ltd.</b>		
0.000% due 05/24/2026 (e)	2,400	1,603
0.000% due 07/22/2026 (e)	1,500	814
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
0.577% due 12/25/2036	20,151	10,743
<b>Countrywide Asset-Backed Certificates</b>		

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0.567% due 12/25/2046	22,833	17,987
0.627% due 06/25/2047	15,049	10,907
<b>Countrywide Asset-Backed Certificates Trust</b>		
1.177% due 11/25/2035	4,008	2,778
<b>Fremont Home Loan Trust</b>		
0.577% due 01/25/2037	17,181	8,660
<b>Greenpoint Manufactured Housing</b>		
8.140% due 03/20/2030	1,646	1,743
<b>IndyMac Home Equity Mortgage Loan Asset-Backed Trust</b>		
0.587% due 07/25/2037	3,731	2,292

See Accompanying Notes

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		<b>PRINCIPAL AMOUNT (000S)</b>		<b>MARKET VALUE (000S)</b>
<b>JPMorgan Mortgage Acquisition Corp.</b>				
0.717% due 01/25/2036	\$	889	\$	755
<b>Lehman XS Trust</b>				
6.290% due 06/24/2046		5,013		4,170
<b>Long Beach Mortgage Loan Trust</b>				
0.727% due 01/25/2036		5,000		2,827
<b>MASTR Asset-Backed Securities Trust</b>				
5.233% due 11/25/2035		399		402
<b>Mid-State Trust</b>				
6.340% due 10/15/2036		1,344		1,437
<b>Morgan Stanley Mortgage Loan Trust</b>				
6.250% due 07/25/2047 ^		919		663
<b>Specialty Underwriting &amp; Residential Finance Trust</b>				
0.927% due 09/25/2036		14,080		9,084
<b>Taberna Preferred Funding Ltd.</b>				
0.694% due 12/05/2036		10,108		7,884
0.714% due 08/05/2036 ^		11,804		8,617
1.083% due 07/05/2035		7,048		5,286
<b>Total Asset-Backed Securities (Cost \$108,855)</b>				<b>107,176</b>
<b>SOVEREIGN ISSUES 0.8%</b>				
<b>Autonomous Community of Valencia</b>				
2.289% due 09/03/2017	EUR	2,500		2,730
		<b>PRINCIPAL AMOUNT (000S)</b>		<b>MARKET VALUE (000S)</b>
<b>Republic of Greece Government International Bond</b>				
3.800% due 08/08/2017	JPY	204,000	\$	1,466
4.750% due 04/17/2019	EUR	300		271
<b>Total Sovereign Issues (Cost \$4,882)</b>				<b>4,467</b>
<b>SHARES</b>				
<b>COMMON STOCKS 0.1%</b>				
<b>FINANCIALS 0.1%</b>				
TIG FinCo PLC (g)		496,900		496
<b>Total Common Stocks (Cost \$737)</b>				<b>496</b>
<b>PREFERRED SECURITIES 4.7%</b>				
<b>BANKING &amp; FINANCE 4.7%</b>				
<b>Citigroup Capital</b>				
6.983% due 10/30/2040		260,000		6,648
<b>Farm Credit Bank of Texas</b>				
10.000% due 12/15/2020 (f)		14,900		18,653
<b>Total Preferred Securities (Cost \$23,789)</b>				<b>25,301</b>
<b>SHORT-TERM INSTRUMENTS 4.7%</b>				
<b>REPURCHASE AGREEMENTS (g) 3.0%</b>				
				16,400

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>SHORT-TERM NOTES 0.8%</b>		
<b>Federal Home Loan Bank</b>		
0.279% due 02/17/2016	\$ 200	\$ 200
0.335% due 02/26/2016	3,900	3,899
		4,099
<b>U.S. TREASURY BILLS 0.9%</b>		
0.255% due 02/18/2016 (d)(m)	4,957	4,956
<b>Total Short-Term Instruments</b> (Cost \$25,455)		<b>25,455</b>
<b>Total Investments in Securities</b> (Cost \$715,700)		
		<b>677,455</b>
<b>Total Investments 125.8%</b> (Cost \$715,700)		
	\$	<b>677,455</b>
<b>Financial Derivative</b> <b>Instruments (j)(l) 0.0%</b>		
(Cost or Premiums, net \$481)		(234)
Preferred Shares (17.2%)		(92,450)
Other Assets and Liabilities, net (8.6%)		(46,368)
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	\$	<b>538,403</b>

**NOTES TO SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS\*):**

- \* A zero balance may reflect actual amounts rounding to less than one thousand.  
^ Security is in default.  
(a) Interest only security.  
(b) When-issued security.  
(c) Payment in-kind bond security.  
(d) Coupon represents a weighted average yield to maturity.  
(e) Zero coupon bond.  
(f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

**(g) RESTRICTED SECURITIES:**

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
TIG FinCo PLC	04/02/2015	\$ 737	\$ 496	0.09%

**BORROWINGS AND OTHER FINANCING TRANSACTIONS**

## (h) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
BCY	0.540%	01/29/2016	02/01/2016	\$ 600	U.S. Treasury Notes 1.625% due 06/30/2019	\$ (613)	\$ 600	\$ 600
BPG	0.550	01/29/2016	02/01/2016	12,600	U.S. Treasury Floating Rate Note 0.382% due 07/31/2017	(12,864)	12,600	12,601
DEU	0.550	01/29/2016	02/01/2016	3,200	U.S. Treasury Bonds 3.750% due 11/15/2043	(3,272)	3,200	3,200
<b>Total Repurchase Agreements</b>						<b>\$ (16,749)</b>	<b>\$ 16,400</b>	<b>\$ 16,401</b>

<sup>(1)</sup> Includes accrued interest.

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January 31, 2016 (Unaudited)

**REVERSE REPURCHASE AGREEMENTS:**

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Reverse Repurchase Agreements
BCY	(1.000%)	12/31/2015	02/01/2016	\$ (513)	\$ (512)
	(0.500)	01/29/2016	TBD <sup>(2)</sup>	(507)	(507)
JML	1.250	01/22/2016	02/22/2016	(3,390)	(3,391)
MSC	0.650	10/30/2015	02/01/2016	(5,076)	(5,085)
	1.000	02/01/2016	05/02/2016	(4,980)	(4,980)
RDR	0.760	11/23/2015	02/23/2016	(8,630)	(8,643)
	1.000	01/22/2016	TBD <sup>(2)</sup>	(187)	(187)
SAL	(0.500)	01/14/2016	02/01/2016	(1,821)	(1,820)
UBS	0.900	01/11/2016	04/11/2016	(7,889)	(7,893)
	1.440	01/04/2016	07/05/2016	(5,012)	(5,018)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (38,036)</b>

<sup>(2)</sup> Open maturity reverse repurchase agreement.<sup>(3)</sup> The average amount of borrowings outstanding during the period ended January 31, 2016 was \$(43,276) at a weighted average interest rate of 0.686%.**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of January 31, 2016:

(i) Securities with an aggregate market value of \$41,573 have been pledged as collateral under the terms of the following master agreements as of January 31, 2016.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 600	\$ (1,019)	\$ 0	\$ (419)	\$ 535	\$ 116
BPG	12,601	0	0	12,601	(12,864)	(263)
DEU	3,200	0	0	3,200	(3,272)	(72)
JML	0	(3,391)	0	(3,391)	4,400	1,009
MSC	0	(10,065)	0	(10,065)	11,118	1,053
RDR	0	(8,830)	0	(8,830)	9,107	277

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SAL	0	(1,820)	0	(1,820)	0	(1,820)
SBI	0	0	0	0	2,083	2,083
UBS	0	(12,911)	0	(12,911)	13,718	807
<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 16,401</b>	<b>\$ (38,036)</b>	<b>\$ 0</b>			

(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS**

**Remaining Contractual Maturity of the Agreements**

	<b>Overnight and</b>				
	<b>Continuous</b>	<b>Up to 30 days</b>	<b>31-90 days</b>	<b>Greater Than 90 days</b>	<b>Total</b>
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ (7,417)	\$ (12,034)	\$ (7,893)	\$ (5,712)	\$ (33,056)
<b>Total Borrowings</b>	<b>\$ (7,417)</b>	<b>\$ (12,034)</b>	<b>\$ (7,893)</b>	<b>\$ (5,712)</b>	<b>\$ (33,056)</b>
<b>Gross amount of recognized liabilities for reverse repurchase agreements (5)</b>					<b>\$ (33,056)</b>

(5) Unsettled reverse repurchase agreements liability of \$(4,980) is outstanding at period end.

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund II (Cont.)****(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED****SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION <sup>(1)</sup>**

Index/Tranches	Fixed	Maturity	Notional Amount (2)	Market Value (3)	Unrealized (Depreciation)	Variation Margin	
	Receive Rate	Date				Asset	Liability
CDX.HY-24 5-Year Index	5.000%	06/20/2020	\$ 9,009	\$ 272	\$ (422)	\$ 35	\$ 0
CDX.HY-25 5-Year Index	5.000	12/20/2020	12,300	39	(58)	48	0
				\$ 311	\$ (480)	\$ 83	\$ 0

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

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

(3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

**INTEREST RATE SWAPS**

Pay/Receive	Floating Rate Index	Fixed Rate	Maturity	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin	
			Date				Asset	Liability
Pay	3-Month USD-LIBOR	2.750%	06/17/2025	\$ 149,020	\$ 13,169	\$ 4,078	\$ 897	\$ 0
Pay	3-Month USD-LIBOR	3.500	06/19/2044	201,500	53,256	59,830	2,310	0
Receive	3-Month USD-LIBOR	2.500	06/15/2046	312,300	(10,370)	(26,119)	0	(3,139)
Pay	6-Month AUD-BBR-BBSW	3.000	12/17/2019	AUD 12,900	253	59	7	0
Pay	6-Month AUD-BBR-BBSW	3.500	06/17/2025	8,100	385	184	12	0
					\$ 56,693	\$ 38,032	\$ 3,226	\$ (3,139)
<b>Total Swap Agreements</b>					<b>\$ 57,004</b>	<b>\$ 37,552</b>	<b>\$ 3,309</b>	<b>\$ (3,139)</b>



## FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of January 31, 2016:

(k) Securities with an aggregate market value of \$3,233 and cash of \$5,142 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of January 31, 2016. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Variation Margin				Variation Margin			
	Market Value		Asset		Market Value		Liability	
	Purchased	Futures	Swap	Total	Written	Futures	Swap	Total
<b>Total Exchange-Traded or Centrally Cleared</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,309</b>	<b>\$ 3,309</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (3,139)</b>	<b>\$ (3,139)</b>

## (l) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

## FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)					
				Asset	Liability				
BOA	02/2016	\$	53,808	GBP	37,731	\$	0	\$	(46)
	03/2016	GBP	37,004	\$	52,750		21		0
	06/2016	EUR	1,940		2,656		546		0
	06/2016	\$	113	EUR	84		0		(22)
BRC	06/2016	EUR	368	\$	506		106		0
CBK	02/2016	GBP	38,696		57,428		2,290		0
	02/2016	\$	725	EUR	667		0		(3)
	02/2016		691	GBP	463		0		(31)

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See Accompanying Notes

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January 31, 2016 (Unaudited)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)			
						Asset	Liability		
DUB	02/2016	BRL	14,877	\$	3,680	\$	0	\$	(40)
	02/2016	\$	3,760	BRL	14,877		0		(40)
	06/2016	EUR	205	\$	281		58		0
	06/2016	\$	23	EUR	17		0		(4)
HUS	02/2016	JPY	14,142	\$	115		0		(2)
JPM	02/2016	AUD	840		590		0		(4)
	02/2016	BRL	14,878		3,642		0		(78)
	02/2016	EUR	2,074		2,247		2		(2)
	02/2016	JPY	10,530		86		0		(1)
	02/2016	\$	3,680	BRL	14,877		40		0
	02/2016		11,147	EUR	10,199		0		(98)
MSB	02/2016	JPY	167,800	\$	1,387		1		0
	06/2016	EUR	516		710		149		0
NAB	06/2016		1,123		1,542		320		0
	07/2016		70		95		19		0
SCX	02/2016	\$	1,417	JPY	167,800		0		(31)
	03/2016	JPY	167,800	\$	1,418		31		0
UAG	02/2016	EUR	28,645		31,311		280		0
	02/2016	\$	21,403	EUR	19,754		0		(4)
	02/2016		1,365	GBP	965		10		0
	03/2016	EUR	19,754	\$	21,418		4		0
<b>Total Forward Foreign Currency Contracts</b>							<b>\$ 3,913</b>		<b>\$ (406)</b>

**SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION <sup>(1)</sup>**

Counterparty	Reference Entity	Fixed Receive Rate	Maturity Date	Implied Credit Spread at January 31, 2016 <sup>(2)</sup>	Notional Amount <sup>(3)</sup>	Premiums (Received)	Unrealized (Depreciation)	Swap Agreements, at Value	
								Asset	Liability
BPS	Petrobras International Finance Co.	1.000%	12/20/2024	10.555%	\$ 1,000	\$ (195)	\$ (265)	\$ 0	\$ (460)
GST	Petrobras Global Finance BV	1.000	09/20/2020	11.018	10	(1)	(2)	0	(3)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	1,400	(278)	(365)	0	(643)

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HUS	Petrobras Global Finance BV	1.000	09/20/2020	11.018	40	(6)	(7)	0	(13)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	300	(25)	(64)	0	(89)
	Petrobras International Finance Co.	1.000	12/20/2024	10.555	1,700	(353)	(428)	0	(781)
MYC	Chesapeake Energy Corp.	5.000	09/20/2020	44.507	300	(30)	(174)	0	(204)
	Petrobras International Finance Co.	1.000	12/20/2019	11.002	8,700	(805)	(1,768)	0	(2,573)
						\$ (1,693)	\$ (3,073)	\$ 0	\$ (4,766)

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

**INTEREST RATE SWAPS**

Counterparty	Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Unrealized Swap Agreements, at Value			
							Premiums Paid/(Received)	Appreciation/Depreciation	Asset	Liability
BPS	Receive	1-Year BRL-CDI	11.250%	01/04/2021	BRL	30,900	\$ 1,168	\$ (111)	\$ 1,057	\$ 0
CBK	Pay	3-Month USD-LIBOR	2.350	02/18/2021	\$	111,600	650	568	1,218	0
DUB	Receive	1-Year BRL-CDI	15.900	01/04/2021	BRL	31,000	96	(135)	0	(39)
	Pay	3-Month USD-LIBOR	2.900	02/18/2026	\$	53,700	352	384	736	0
UAG	Pay	1-Year BRL-CDI	11.250	01/04/2021	BRL	61,900	(92)	(2,025)	0	(2,117)
							\$ 2,174	\$ (1,319)	\$ 3,011	\$ (2,156)
<b>Total Swap Agreements</b>							\$ 481	\$ (4,392)	\$ 3,011	\$ (6,922)

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund II (Cont.)****FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of January 31, 2016:

(m) Securities with an aggregate market value of \$6,290 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of January 31, 2016.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Total	Net Market Value of OTC Derivatives	Collateral (Received)/ Pledged	Net Exposure <sup>(4)</sup>
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter				
BOA	\$ 567	\$ 0	\$ 0	\$ 567	\$ (68)	\$ 0	\$ 0	\$ (68)	\$ 499	\$ (500)	\$ (1)	
BPS	0	0	1,057	1,057	0	0	(460)	(460)	597	(760)	(163)	
BRC	106	0	0	106	0	0	0	0	106	0	106	
CBK	2,290	0	1,218	3,508	(34)	0	0	(34)	3,474	(2,946)	528	
DUB	58	0	736	794	(84)	0	(39)	(123)	671	(840)	(169)	
GST	0	0	0	0	0	0	(646)	(646)	(646)	538	(108)	
HUS	0	0	0	0	(2)	0	(883)	(885)	(885)	864	(21)	
JPM	78	0	0	78	(183)	0	0	(183)	(105)	0	(105)	
MSB	150	0	0	150	0	0	0	0	150	(140)	10	
MYC	0	0	0	0	0	0	(2,777)	(2,777)	(2,777)	2,752	(25)	
NAB	339	0	0	339	0	0	0	0	339	(270)	69	
SCX	31	0	0	31	(31)	0	0	(31)	0	0	0	
UAG	294	0	0	294	(4)	0	(2,117)	(2,121)	(1,827)	1,967	140	
<b>Total Over the Counter</b>	<b>\$ 3,913</b>	<b>\$ 0</b>	<b>\$ 3,011</b>	<b>\$ 6,924</b>	<b>\$ (406)</b>	<b>\$ 0</b>	<b>\$ (6,922)</b>	<b>\$ (7,328)</b>				

<sup>(4)</sup> Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of January 31, 2016:

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Derivatives not accounted for as hedging instruments

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 83	\$ 0	\$ 0	\$ 3,226	\$ 3,309
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 3,913	\$ 0	\$ 3,913
Swap Agreements	0	0	0	0	3,011	3,011
	\$ 0	\$ 0	\$ 0	\$ 3,913	\$ 3,011	\$ 6,924
	\$ 0	\$ 83	\$ 0	\$ 3,913	\$ 6,237	\$ 10,233
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,139	\$ 3,139
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 406	\$ 0	\$ 406
Swap Agreements	0	4,766	0	0	2,156	6,922
	\$ 0	\$ 4,766	\$ 0	\$ 406	\$ 2,156	\$ 7,328
	\$ 0	\$ 4,766	\$ 0	\$ 406	\$ 5,295	\$ 10,467

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See Accompanying Notes

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January 31, 2016 (Unaudited)

**The effect of Financial Derivative Instruments on the Statements of Operations for the period ended January 31, 2016:**

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (127)	\$ 0	\$ 0	\$ (15,030)	\$ (15,157)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 3,240	\$ 0	\$ 3,240
Swap Agreements	0	72	0	0	(3,576)	(3,504)
	\$ 0	\$ 72	\$ 0	\$ 3,240	\$ (3,576)	\$ (264)
	\$ 0	\$ (55)	\$ 0	\$ 3,240	\$ (18,606)	\$ (15,421)
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ (243)	\$ 0	\$ 0	\$ 11,887	\$ 11,644
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,900	\$ 0	\$ 1,900
Swap Agreements	0	(2,281)	0	0	(885)	(3,166)
	\$ 0	\$ (2,281)	\$ 0	\$ 1,900	\$ (885)	\$ (1,266)
	\$ 0	\$ (2,524)	\$ 0	\$ 1,900	\$ 11,002	\$ 10,378

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of January 31, 2016 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair
				Value at 01/31/2016
Investments in Securities, at Value				

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Bank Loan Obligations	\$ 0	\$ 8,080	\$ 0	\$ 8,080
Corporate Bonds & Notes				
Banking & Finance	0	145,360	8,167	153,527
Industrials	0	70,839	2,007	72,846
Utilities	0	53,433	0	53,433
Municipal Bonds & Notes				
California	0	15,371	0	15,371
Illinois	0	523	0	523
Ohio	0	21,823	0	21,823
Virginia	0	675	0	675
West Virginia	0	11,193	0	11,193
U.S. Government Agencies	0	10,716	4,994	15,710
U.S. Treasury Obligations	0	4,867	0	4,867
Non-Agency Mortgage-Backed Securities	0	156,512	0	156,512
Asset-Backed Securities	0	107,176	0	107,176
Sovereign Issues	0	4,467	0	4,467
Common Stocks				
Financials	0	0	496	496
Preferred Securities				
Banking & Finance	6,648	18,653	0	25,301

Fair

Value at

Category and Subcategory	Level 1	Level 2	Level 3	01/31/2016
Short-Term Instruments				
Repurchase Agreements	\$ 0	\$ 16,400	\$ 0	\$ 16,400
Short-Term Notes	0	4,099	0	4,099
U.S. Treasury Bills	0	4,956	0	4,956
Total Investments	\$ 6,648	\$ 655,143	\$ 15,664	\$ 677,455

Financial Derivative Instruments - Assets

Exchange-traded or centrally cleared	0	3,309	0	3,309
Over the counter	0	6,924	0	6,924
	\$ 0	\$ 10,233	\$ 0	\$ 10,233

Financial Derivative Instruments - Liabilities

Exchange-traded or centrally cleared	0	(3,139)	0	(3,139)
Over the counter	0	(7,328)	0	(7,328)
	\$ 0	\$ (10,467)	\$ 0	\$ (10,467)

Totals	\$ 6,648	\$ 654,909	\$ 15,664	\$ 677,221
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There were no significant transfers between Levels 1 and 2 during the period ended January 31, 2016.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended January 31, 2016:

Category and Subcategory	Beginning Balance at 07/31/2015	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) (1)	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 01/31/2016	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at
										01/31/2016 (1)
Investments in Securities, at Value										
Corporate Bonds & Notes										
Banking & Finance	\$ 5,535	\$ 2,587	\$ (64)	\$ 1	\$ 1	\$ 107	\$ 0	\$ 0	\$ 8,167	\$ 115

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Industrials	2,007	0	0	1	0	(1)	0	0	2,007	(2)
U.S. Government Agencies	0	5,254	(31)	13	12	(254)	0	0	4,994	(254)
Common Stocks										
Financials	520	0	0	0	0	(24)	0	0	496	(24)
Totals	\$ 8,062	\$ 7,841	\$ (95)	\$ 15	\$ 13	\$ (172)	\$ 0	\$ 0	\$ 15,664	\$ (165)

See Accompanying Notes

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**Table of Contents****Schedule of Investments PIMCO Income Strategy Fund II (Cont.)**

January 31, 2016 (Unaudited)

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

Category and Subcategory	Ending Balance at 01/31/2016	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
<b>Investments in Securities, at Value</b>				
Corporate Bonds & Notes				
Banking & Finance	\$ 2,608	Other Valuation Techniques <sup>(2)</sup>		
	5,559	Proxy Pricing	Base Price	113.30
Industrials	2,007	Proxy Pricing	Base Price	100.09
U.S. Government Agencies	4,994	Proxy Pricing	Base Price	56.31
Common Stocks				
Financials	496	Other Valuation Techniques <sup>(2)</sup>		
<b>Total</b>	<b>\$ 15,664</b>			

<sup>(1)</sup> Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at January 31, 2016 may be due to an investment no longer held or categorized as Level 3 at period end.

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

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See Accompanying Notes

**Table of Contents****Notes to Financial Statements**

January 31, 2016 (Unaudited)

**1. ORGANIZATION**

PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO High Income Fund, PIMCO Income Strategy Fund and PIMCO Income Strategy Fund II (each a Fund and collectively the Funds) are organized as closed-end management investment companies registered under the Investment Company Act of 1940, as amended (the Act), and the rules and regulations thereunder. PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO High Income Fund, PIMCO Income Strategy Fund and PIMCO Income Strategy Fund II were organized as Massachusetts business trusts on the dates shown in the table below. Pacific Investment Management Company LLC (PIMCO or the Manager) serves as the Funds' investment manager.

<b>Fund Name</b>	<b>Formation Date</b>
PIMCO Corporate & Income Opportunity Fund	September 13, 2002
PIMCO Corporate & Income Strategy Fund	October 17, 2001
PIMCO High Income Fund	February 18, 2003
PIMCO Income Strategy Fund	June 19, 2003
PIMCO Income Strategy Fund II	June 30, 2004

Each Fund has authorized an unlimited number of Common Shares at a par value of \$0.00001 per share.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies consistently followed by each Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Each Fund is treated as an investment company under the reporting requirements of U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled 15 days or more after the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as a Fund is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date. For convertible securities,

premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation/depreciation on investments on the Statements of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized

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gain/loss on investments on the Statements of Operations. Paydown gains and losses on mortgage-related and other asset-backed securities are recorded as components of interest income on the Statements of Operations. Income or short-term capital gain distributions received from underlying funds are recorded as dividend income. Long-term capital gain distributions received from underlying funds are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

(b) Cash and Foreign Currency The functional and reporting currency for the Funds is the U.S. dollar. The market values of foreign securities, currency holdings and other assets and liabilities are translated into U.S. dollars based on the current exchange rates each business day. Purchases and sales of securities and income and expense items denominated in foreign currencies, if any, are translated into U.S. dollars at the exchange rate in effect on the transaction date. The Funds do not separately report the effects of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and net changes in unrealized appreciation (depreciation) from investments on the Statements of Operations. The Funds may invest in foreign currency-denominated securities and may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through a forward foreign currency contract (see Financial Derivative Instruments). Realized foreign exchange gains or losses arising from sales of spot foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid are included in net realized gain (loss) on foreign currency transactions on the Statements of Operations. Net unrealized foreign exchange gains and losses arising from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period are included in net change in unrealized appreciation or depreciation on foreign currency assets and liabilities on the Statements of Operations.

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**Notes to Financial Statements (Cont.)**

(c) Distributions – Common Shares – The Funds intend to declare distributions from net investment income and gains from the sale of portfolio securities and other sources to common shareholders monthly. Net realized capital gains earned by each Fund, if any, will be distributed no less frequently than once each year. A Fund may engage in investment strategies, including the use of derivatives, to, among other things, generate current, distributable income without regard to possible declines in the Fund's net asset value. A Fund's income and gain-generating strategies, including certain derivatives strategies, may generate current income and gains for monthly distributions even in situations when the Fund has experienced a decline in net assets, including losses due to adverse changes in securities markets or the Fund's portfolio of investments, including derivatives. Consequently, common shareholders may receive distributions and owe tax at a time when their investment in a Fund has declined in value, which tax may be at ordinary income rates. Also, the tax treatment of certain derivatives may be open to different interpretations. Any recharacterization of payments made or received by a Fund pursuant to derivatives potentially could affect the amount, timing or character of Fund distributions. In addition, the tax treatment of such investment strategies may be changed by regulation or otherwise.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may cause timing differences between income and capital gain recognition. Examples of events that give rise to timing differences include wash sales, straddles and capital loss carryforwards. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. Examples of characterization differences include the treatment of paydowns on mortgage-backed securities, swaps, foreign currency transactions and contingent debt instruments. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on each Fund's annual financial statements presented under U.S. GAAP.

Distributions classified as a tax basis return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital. In addition, other amounts have been reclassified between undistributed (overdistributed) net investment income (loss), accumulated undistributed (overdistributed) net realized gains (losses) and/or paid in capital to more appropriately conform financial accounting to tax characterizations of distributions.

(d) New Accounting Pronouncements – In June 2014, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2014-11 that expanded secured borrowing accounting

for certain repurchase agreements. The ASU also sets forth additional disclosure requirements for certain transactions accounted for as sales in order to provide financial statement users with information to compare to similar transactions accounted for as secured borrowings. The ASU became effective prospectively for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. The Funds have adopted the ASU. The financial statements have been modified to provide enhanced disclosures surrounding secured borrowing transactions. See the Notes to Schedule of Investments for additional details.

In August 2014, the FASB issued ASU 2014-15 requiring management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern. The ASU is effective prospectively for annual periods ending after December 15, 2016, and interim periods thereafter. At this time, management is evaluating the implications of these changes on the financial statements.

In May 2015, the FASB issued ASU 2015-07 which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain

disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. At this time, management is evaluating the implications of these changes on the financial statements.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

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

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

For purposes of calculating NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official

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

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, a Fund may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, a Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. A Fund may utilize modeling tools provided by third-party vendors to determine fair values of non-U.S.

securities. Foreign (non-U.S.) exchanges may permit trading in foreign (non-U.S.) equity securities on days when a Fund is not open for business, which may result in a Fund's portfolio investments being affected when shareholders are unable to buy or sell shares.

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

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

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Investments for which market quotes or market-based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to PIMCO the responsibility for applying the fair valuation methods. In the event that market quotes or market-based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board ( Valuation Oversight Committee ), generally based on recommendations provided by the Manager. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations ( Broker Quotes ), Pricing Services prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of a Fund s securities or assets. In addition,

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market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Manager the responsibility for monitoring significant events that may materially affect the values of a Fund's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

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

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

- <sup>n</sup> Level 1 Inputs using (unadjusted) quoted prices in active markets or exchanges for identical assets and liabilities.
- <sup>n</sup> Level 2 Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- <sup>n</sup> Level 3 Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers in and out of Level 3, if material, are disclosed in the Notes to Schedules of Investments of each respective Fund.

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



(c) Valuation Techniques and the Fair Value Hierarchy

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

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

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

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

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

Investments valued (denominated) in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates (currency spot and forward rates) obtained from Pricing Services. As a result, the NAV of a Fund's shares may be affected by changes in the value of currencies in relation 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 a Fund is not open for business. Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost of such short-term debt instrument is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. Prior to July 31, 2015, short-term investments having a maturity of 60 days or less and repurchase agreements were generally valued at amortized cost which approximates fair value. Short-term debt instruments having a remaining maturity of 60 days or less are categorized as Level 2 of the fair value hierarchy.

Equity exchange-traded options and over the counter financial derivative instruments, such as foreign currency contracts, options

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

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Centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange, are valued at the daily settlement price determined by the respective exchange (if available). For centrally cleared credit default swaps the clearing facility requires its members to provide actionable price levels across complete term structures. These levels, along with external third-party prices, are used to produce daily settlement prices. These securities are categorized as Level 2 of the fair value hierarchy. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and London Interbank Offered Rate ( LIBOR ) forward rate to produce the daily settlement price. These securities are categorized as Level 2 of the fair value hierarchy.

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

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

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proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

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

The validity of the fair value is reviewed by the Manager on a periodic basis and may be amended in accordance with the Funds' valuation procedures.

## **4. SECURITIES AND OTHER INVESTMENTS**

### **(a) Investments in Securities**

**Loan Participations, Assignments and Originations** Certain Funds may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. A Fund's investments in loans may be in the form of direct investments, participations in loans or assignments of all or a portion of loans from third parties or investments in or originations of loans by a Fund or Funds. A loan is often administered by a bank or other financial institution (the lender) that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. A Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. A Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, a Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement.

In the event of the insolvency of the lender selling a participation, a Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. When a Fund purchases assignments from lenders it acquires direct rights against the borrowers of the loans. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

Investments in loans are generally subject to risks similar to those of investments in other types of debt obligations, including, among

others, credit risk, interest rate risk, variable and floating rate securities risk, and risks associated with mortgage-related securities. In addition, in many cases loans are subject to the risks associated with below- investment grade securities. The Funds may be subject to heightened or additional risks and potential liabilities and costs by investing in mezzanine and other subordinated loans or acting as an originator of loans, including those arising under bankruptcy, fraudulent conveyance, equitable subordination, lender liability, environmental and other laws and regulations, and risks and costs associated with debt servicing and taking foreclosure actions associated with the loans. To the extent that a Fund originates a loan, it may be responsible for all or a substantial portion of the expenses associated with initiating the loan. This may include significant legal and due diligence expenses, which will be indirectly borne by the Fund and its shareholders. A Fund may pay fees and expenses

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associated with originating a loan, including significant legal and due diligence expenses, irrespective of whether the loan transaction is ultimately consummated or closed.

The types of loans and related investments in which the Funds may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. The Funds may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower's obligation to the holder of such a loan, including in the event of the borrower's insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for future funding. Unfunded loan commitments may include revolving credit facilities, which may obligate a Fund to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the committed amount may not be utilized by the borrower. When investing in a loan participation, a Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan agreement and only upon receipt of payments by the lender from the borrower. A Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, a Fund may receive a penalty fee upon the prepayment of a loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statements of Operations. As of January 31, 2016, the Funds had no unfunded loan commitments outstanding.

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**Mortgage-Related and Other Asset-Backed Securities** Certain Funds may invest in mortgage-related and other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

**Collateralized Mortgage Obligations ( CMOs )** are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as tranches, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

As CMOs have evolved, some classes of CMO bonds have become more common. For example, a Fund may invest in parallel-pay and planned amortization class ( PAC ) CMOs and multi-class pass-through certificates. Parallel-pay CMOs and multi-class pass-through certificates are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO and multi-class pass-through structures, must be retired by its stated maturity date or final distribution date but may be retired earlier. PACs generally

require payments of a specified amount of principal on each payment date. PACs are parallel-pay CMOs with the required principal amount on such securities having the highest priority after interest has been paid to all classes. Any CMO or multi-class pass through structure that includes PAC securities must also have support tranches known as support bonds, companion bonds or non-PAC bonds which lend or absorb principal cash flows to allow the PAC securities to maintain their stated maturities and final distribution dates within a range of actual prepayment experience. These support tranches are subject to a higher level of maturity risk compared to other mortgage-related securities, and usually provide a higher yield to compensate investors. If principal cash flows are received in amounts outside a pre-determined range such that the support bonds cannot lend or absorb sufficient cash flows to the PAC securities as intended, the PAC securities are subject to heightened maturity risk. A Fund may invest in various tranches of CMO bonds, including support bonds.

**Collateralized Debt Obligations ( CDOs )** include Collateralized Bond Obligations ( CBOs ), Collateralized Loan Obligations ( CLOs ) and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is typically backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. For both CBOs and CLOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the equity tranche which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a CBO trust or CLO trust typically has higher ratings and lower yields than the

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underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CBO or CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CBO or CLO securities as a class. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a Fund invests. CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the collateral may decline in value or default, (iii) a Fund may invest in CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

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Stripped Mortgage-Backed Securities ( SMBS ) are derivative multi- class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or IO class), while the other class will receive the entire principal (the principal-only or PO class). IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a Fund's yield to maturity from these securities. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Funds may fail to recoup some or all of its initial investment in these securities even if the security is in one of the highest rating categories. Payments received for IOs are included in interest income on the Statements of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statements of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

Payment In-Kind Securities Certain Funds may invest in payment in-kind securities ( PIKs ). PIKs may give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statements of Assets and Liabilities.

Restricted Securities Certain Funds may invest in securities that are subject to legal or contractual restrictions on resale. These securities may be sold privately, but are required to be registered or exempted from such registration before being sold to the public. Private placement securities are generally considered to be restricted except for those securities traded between qualified institutional investors under the provisions of Rule 144A of the Securities Act of 1933. Disposal of restricted securities may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult to

achieve. Restricted securities outstanding at January 31, 2016 are disclosed in the Notes to Schedules of Investments.

U.S. Government Agencies or Government-Sponsored Enterprises Certain Funds may invest in securities of U.S. Government agencies or government-sponsored enterprises. U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ( GNMA or Ginnie Mae ), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the U.S. Treasury ); and others, such as those of the Federal National Mortgage Association ( FNMA or Fannie Mae ), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations. U.S. Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ( FHLMC or Freddie Mac ). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through



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securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ( PCs ), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

**When-Issued Transactions** Certain Funds may purchase or sell securities on a when-issued basis. These transactions are made conditionally because a security, although authorized, has not yet been issued in the market. A commitment is made by a Fund to purchase or sell these securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. A Fund may sell when-issued securities before they are delivered, which may result in a realized gain or loss.

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## 5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The following disclosures contain information on a Fund's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by a Fund. The location of these instruments is described below. For a detailed description of credit and counterparty risks that can be associated with borrowings and other financing transactions, please see Note 7, Principal Risks.

(a) Repurchase Agreements Certain Funds may engage in repurchase agreements. Under the terms of a typical repurchase agreement, a Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and a Fund to resell, the obligation at an agreed-upon price and time. The underlying securities for all repurchase agreements are held in safekeeping at the Fund's custodian or designated subcustodians under tri-party repurchase agreements. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, including accrued interest, are included on the Statements of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statements of Operations. In periods of increased demand for collateral, a Fund may pay a fee for the receipt of collateral, which may result in interest expense to the Fund.

(b) Reverse Repurchase Agreements Certain Funds may enter into reverse repurchase agreements. In a reverse repurchase agreement, a Fund delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. A Fund is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by a Fund to counterparties are reflected as a liability on the Statements of Assets and Liabilities. Interest payments made by a Fund to counterparties are recorded as a component of interest expense on the Statements of Operations. In periods of increased demand for the security, a Fund may receive a fee for use of the security by the counterparty, which may result in interest income to the Fund. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, a Fund's use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities to be repurchased may decline below the repurchase price (see Note 7, Principal Risks).

## 6. FINANCIAL DERIVATIVE INSTRUMENTS

The following disclosures contain information on how and why the Funds may use financial derivative instruments, the credit-risk-related contingent features in certain financial derivative instruments, and how financial derivative instruments affect the Funds' financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statements of Assets and Liabilities and the realized and changes in unrealized appreciation (depreciation) on the Statements of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedules of Investments. The financial derivative instruments outstanding as of period end and the amounts of realized and changes in unrealized appreciation (depreciation) on financial derivative instruments during the period, as disclosed in the Notes to Schedules of Investments, serve as indicators of the volume of financial derivative activity for the Funds.

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PIMCO Corporate & Income Opportunity Fund is subject to regulation as a commodity pool under the Commodity Exchange Act pursuant to recent rule changes by the Commodity Futures Trading Commission (the "CFTC"). The Manager has registered with the CFTC as a Commodity Pool Operator and a Commodity Trading Adviser with respect to the Fund, and is a member of the National Futures Association. As a result, additional CFTC-mandated disclosure, reporting and recordkeeping obligations apply to PIMCO Corporate & Income Opportunity Fund. Compliance with the CFTC's regulatory requirements could increase PIMCO Corporate & Income Opportunity Fund's expenses, adversely affecting its total return.

(a) **Forward Foreign Currency Contracts** Certain Funds may enter into forward foreign currency contracts in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of a Fund's securities or as a part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by a Fund as an unrealized gain or loss. Realized gains or losses are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. The contractual obligations of a buyer or seller of a forward foreign currency contract may generally be satisfied by taking or making physical delivery of the underlying currency, establishing an opposite position in the contract and recognizing the profit or loss on both positions simultaneously on the delivery date or, in some instances, paying a cash settlement before the designated date of delivery. These

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contracts may involve market risk in excess of the unrealized gain or loss reflected on the Statements of Assets and Liabilities. Although forwards may be intended to minimize the risk of loss due to a decline in the value of the hedged currencies, at the same time, they tend to limit any potential gain which might result should the value of such currencies increase. In addition, a Fund could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Swap Agreements Certain Funds may invest in swap agreements. Swap agreements are bilaterally negotiated agreements between a Fund and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ( OTC swaps ) or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ( Centrally Cleared Swaps ). A Fund may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation/(depreciation) on the Statements of Operations. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a variation margin on the Statements of Assets and Liabilities. OTC swap payments received or paid at the beginning of the measurement period are included on the Statements of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gains or losses on the Statements of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statements of Operations. Net periodic payments received or paid by a Fund are included as part of realized gains or losses on the Statements of Operations.

For purposes of applying a Fund's investment policies and restrictions, swap agreements are generally valued by a Fund at market value. In the case of a credit default swap (see below), however, in applying certain of a Fund's investment policies and restrictions, the Funds will value the credit default swap at its notional value or its full exposure value (i.e., the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of a Fund's other investment policies and restrictions. For example, a Fund may value credit default swaps at full exposure value for purposes of a Fund's credit quality guidelines (if any) because such value reflects a Fund's actual economic exposure during the term of the credit default swap agreement. In this context, both the notional amount and the market value may be positive or negative depending on whether a Fund is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by a Fund for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Entering into these agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

A Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. The risk is mitigated by having a master netting arrangement between a Fund and the counterparty and by the posting of collateral to a Fund to cover a Fund's exposure to the counterparty.

Credit Default Swap Agreements A Fund may use credit default swaps on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, a Fund will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, a Fund would effectively add leverage to its portfolio because, in addition to its

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total net assets, a Fund would be subject to investment exposure on the notional amount of the swap.

If a Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If a Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate or sovereign issues involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event).

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market-based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each

sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. Credit default swaps on credit indices may be used to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect or to take an active long or short position with respect to the likelihood of a particular referenced obligation's default. Credit default swaps on indices are instruments often used to attempt to protect investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end are disclosed in the Notes to Schedules of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk.

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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.

The maximum potential amount of future payments (undiscounted) that a Fund as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which a Fund is the seller of protection are disclosed in the Notes to Schedules of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by a Fund for the same referenced entity or entities.

Interest Rate Swap Agreements Certain Funds are subject to interest rate risk exposure in the normal course of pursuing their investment

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objectives. If a Fund holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, a Fund may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by a Fund with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap, (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor, (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

**Asset Segregation** Certain of the transactions described above can be viewed as constituting a form of borrowing or financing transaction by the Fund. In such event, a Fund may, but is not required to cover its commitment under such transactions by segregating or earmarking assets in accordance with procedures adopted by the Board of Trustees, in which case such transactions will not be considered senior securities by the Fund. With respect to forwards, futures contracts, options and swaps that are contractually permitted or required to cash settle (i.e., where physical delivery of the underlying reference asset is not required), a Fund is permitted to segregate or earmark liquid assets equal to the Fund's daily marked-to-market net obligation under the derivative instrument, if any, rather than the derivative's full notional value. By segregating or earmarking liquid assets equal to only its net marked-to-market obligation under derivatives that are required to cash settle, a Fund will have the ability to employ leverage to a greater extent than if a Fund were to segregate or earmark liquid assets equal to the full notional value of the derivative.

**7. PRINCIPAL RISKS**

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to such things as changes in the market (market risk) or failure or inability of the other party to a transaction to perform (credit and counterparty risk). See below for a detailed description of select principal

risks. For a more comprehensive list of potential risks the Funds may be subject to, please see the Important Information About the Funds.

**Market Risks** A Fund's investments in financial derivatives and other financial instruments expose the Fund to various risks such as, but not limited to, interest rate, foreign currency, equity and commodity risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Interest rate changes can be sudden and unpredictable, and a Fund may lose money if these changes are not anticipated by the Fund's management. A Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.



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Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e. yield) movements. A wide variety of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions).

At present, the U.S. is experiencing historically low interest rates. The Funds may be subject to heightened interest rate risk because the Fed has ended its quantitative easing program and has begun, and may continue, to raise interest rates. Further, while U.S. bond markets have steadily grown over the past three decades, dealer market making ability has remained relatively stagnant. Given the importance of intermediary market making in creating a robust and active market, fixed income securities may face increased volatility and liquidity risks. All of these factors, collectively and/or individually, could cause a Fund to lose value.

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

If a Fund invests directly in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, foreign (non-U.S.) currencies, or in financial derivatives that provide exposure to foreign (non-U.S.) currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Fund, or, in the case of hedging positions, that the Fund's base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks

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or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a Fund's investments in foreign currency denominated securities may reduce the Fund's returns.

The market values of a Fund's investments may decline due to general market conditions which are not specifically related to a particular company or issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity related investments generally have greater market price volatility than fixed income securities, although under certain market conditions fixed income securities may have comparable or greater price volatility. Credit ratings downgrades may also negatively affect securities held by a Fund. Even when markets perform well, there is no assurance that the investments held by a Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

**Credit and Counterparty Risks** A Fund will be exposed to credit risk to parties with whom it trades and will also bear the risk of settlement default. A Fund seeks to minimize concentrations of credit risk by undertaking transactions with a large number of counterparties on recognized and reputable exchanges, where applicable. A Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a financial derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, a Fund may be exposed to counterparty risk, or the risk that an institution or other entity with which a Fund has unsettled or open transactions will default. PIMCO, as Manager, seeks to minimize counterparty risks to a Fund in a number of ways. Prior to entering into transactions with a new counterparty, the PIMCO Counterparty Risk Committee conducts an extensive credit review of such counterparty and must approve the use of such counterparty. Furthermore, pursuant to the terms of the underlying contract, to the extent that unpaid amounts owed to a Fund exceed a predetermined threshold, such counterparty is required to advance collateral to a Fund in the form of cash or securities equal in value to the unpaid amount owed to a Fund. A Fund may invest such collateral in securities or other instruments and will typically pay interest to the counterparty on the collateral received. If the unpaid amount owed to the Fund subsequently decreases, a Fund would be required to return to the counterparty all or a portion of the collateral previously advanced to a Fund.

All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once a Fund has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

**Master Netting Arrangements** The Funds may be subject to various netting arrangements with select counterparties ( Master Agreements ). Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow a Fund to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statements of Assets and Liabilities generally present derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under the Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to \$250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper or sovereign securities may be used. Securities and cash pledged as collateral are reflected as assets on the Statements of Assets and Liabilities as either a component of Investments at value (securities) or Deposits with counterparty (cash). Cash collateral received is typically not held in a segregated account and as such is reflected as a liability on the Statements of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. A Fund's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively Master Repo Agreements ) govern repurchase, reverse repurchase, and sale-buyback transactions between the Funds and select counterparties. Master Repo Agreements

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maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedules of Investments.

Master Securities Forward Transaction Agreements ( Master Forward Agreements ) govern the considerations and factors surrounding the settlement of certain forward settling transactions, such as To-Be- Announced securities, delayed-delivery or sale-buyback transactions by and between a Fund and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedules of Investments.

Customer Account Agreements and related addendums govern cleared derivatives transactions such as futures, options on futures, and cleared Over the Counter ( OTC ) derivatives. Cleared derivatives transactions require posting of initial margin as determined by each relevant clearing agency which is segregated at a broker account registered with the CFTC, or the applicable regulator. In the United States, counterparty risk is significantly reduced as creditors of a futures broker do not have a claim to Fund assets in the segregated account. Additionally, portability of exposure in the event of default further reduces risk to the Funds. Variation margin, or changes in market value, are exchanged daily, but may not be netted between futures and cleared OTC derivatives. The market value or accumulated unrealized appreciation or depreciation, initial margin posted, and any unsettled variation margin as of period end is disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes ( ISDA Master Agreements ) govern OTC financial derivative transactions entered into by a Fund and select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral

received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedules of Investments.

**8. FEES AND EXPENSES**

(a) Management Fee Pursuant to the Investment Management Agreement with PIMCO (the Agreement ), subject to the supervision of the Board, PIMCO is responsible for providing to each Fund investment guidance and policy direction in connection with the management of the Fund, including oral and written research, analysis, advice, and statistical and economic data and information. In addition, pursuant to the Agreement and subject to the general supervision of the Board, PIMCO, at its expense, provides or causes to be furnished most other supervisory and administrative services the Funds require, including but not limited to, expenses of most third-party service providers (e.g., audit, custodial, legal, transfer agency, printing) and other expenses, such as those associated with insurance, proxy solicitations and mailings for shareholder meetings, New York Stock Exchange listing and related fees, tax services, valuation services and other services the Funds require for their daily operations.

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Pursuant to the Agreement, PIMCO receives an annual fee, payable monthly, at the annual rates shown in the table below:

Fund Name	Annual Rate
PIMCO Corporate & Income Opportunity Fund	0.65% <sup>(1)</sup>
PIMCO Corporate & Income Strategy Fund	0.81% <sup>(1)</sup>
PIMCO High Income Fund	0.76% <sup>(1)</sup>
PIMCO Income Strategy Fund	0.86% <sup>(2)</sup>
PIMCO Income Strategy Fund II	0.83% <sup>(2)</sup>

- (1) Management fees calculated based on the Fund's average daily net asset value (including daily net assets attributable to any preferred shares of the Fund that may be outstanding).
- (2) Management fees calculated based on the Fund's average weekly total managed assets. Total managed assets includes total assets of each Fund (including any assets attributable to any preferred shares or other forms of leverage that may be outstanding) minus accrued liabilities (other than liabilities representing leverage).

(b) Fund Expenses Each Fund bears other expenses which may vary and affect the total level of expenses paid by shareholders, such as (i) salaries and other compensation or expenses, including travel expenses of any of the Fund's executive officers and employees, if any, who are not officers, directors, shareholders, members, partners or employees of PIMCO or its subsidiaries or affiliates; (ii) taxes and governmental fees, if any, levied against the Fund; (iii) brokerage fees and commissions and other portfolio transaction expenses incurred by or for the Fund (including, without limitation, fees and expenses of outside legal counsel or third-party consultants retained in connection with reviewing, negotiating and structuring specialized loan and other investments made by the Fund, subject to specific or general authorization by the Fund's Board); (iv) expenses of the Fund's securities lending (if any), including any securities lending agent fees,

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as governed by a separate securities lending agreement; (v) costs, including interest expense, of borrowing money or engaging in other types of leverage financing, including, without limitation, through the use by the Fund of reverse repurchase agreements, tender option bonds, bank borrowings and credit facilities; (vi) costs, including dividend and/or interest expenses and other costs (including, without limitation, offering and related legal costs, fees to brokers, fees to auction agents, fees to transfer agents, fees to ratings agencies and fees to auditors associated with satisfying ratings agency requirements for preferred shares or other securities issued by the Fund and other related requirements in the Fund's organizational documents) associated with the Fund's issuance, offering, redemption and maintenance of preferred shares, commercial paper or other senior securities for the purpose of incurring leverage; (vii) fees and expenses of any underlying funds or other pooled investment vehicles in which the Fund invests; (viii) dividend and interest expenses on short positions taken by the Fund; (ix) fees and expenses, including travel expenses, and fees and expenses of legal counsel retained for their benefit, of Trustees who are not officers, employees, partners, shareholders or members of PIMCO or its subsidiaries or affiliates; (x) extraordinary expenses, including extraordinary legal expenses, as may arise, including expenses incurred in connection with litigation, proceedings, other claims, and the legal obligations of the Fund to indemnify its Trustees, officers, employees, shareholders, distributors, and agents with respect thereto; (xi) organizational and offering expenses of the Fund, including with respect to share offerings, such as rights offerings and shelf offerings, following the Fund's initial offering, and expenses associated with tender offers and other share repurchases and redemptions; and (xii) expenses of the Fund which are capitalized in accordance with U.S. GAAP.

Each of the Trustees of the Funds who is not an interested person under Section 2(a)(19) of the Act, (the Independent Trustees) also serves as a trustee of a number of other closed-end funds for which PIMCO serves as investment manager (together with the Funds, the PIMCO Closed-End Funds), as well as PIMCO Managed Accounts Trust, an open-end investment company with multiple series for which PIMCO serves as investment manager (PMAT and, together with the PIMCO Closed-End Funds, the PIMCO-Managed Funds). In addition, each of the Independent Trustees also serves as a trustee of certain investment companies (together, the Allianz-Managed Funds), for which Allianz Global Investors Fund Management (AGIFM), an affiliate of PIMCO that served as the investment manager of the PIMCO Managed Funds prior to the close of business on September 5, 2014, serves as investment adviser.

Each Independent Trustee currently receives annual compensation of \$225,000 for his or her service on the Boards of the PIMCO-Managed Funds, payable quarterly. The Independent Chairman of the Boards receives an additional \$75,000 per year, payable quarterly. The Audit Oversight Committee Chairman receives an additional \$50,000 annually, payable quarterly. Trustees are also reimbursed for meeting-related expenses.

Each Trustee's compensation for his or her service as a Trustee on the Boards of the PIMCO-Managed Funds and other costs in connection with joint meetings of such Funds are allocated among the PIMCO-Managed Funds, as applicable, on the basis of fixed percentages as between PMAT and the PIMCO Closed-End Funds. Trustee compensation and other costs will then be further allocated pro rata among the individual PIMCO-Managed Funds within each grouping based on each such PIMCO-Managed Fund's relative net assets.

**9. RELATED PARTY TRANSACTIONS**

The Manager is a related party. Fees payable to this party are disclosed in Note 8 and the accrued related party fee amounts are disclosed on the Statements of Assets and Liabilities.

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Certain Funds are permitted to purchase or sell securities from or to certain related affiliated funds under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Funds from or to another fund or portfolio that are, or could be, considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the Act. Further, as defined under the procedures, each transaction is effected at the current market price. During the period ended January 31, 2016, as indicated below, the Funds below engaged in purchases and sales of securities pursuant to Rule 17a-7 of the Act (amounts in thousands):

<b>Fund Name</b>	<b>Purchases</b>	<b>Sales</b>
PIMCO Corporate & Income Opportunity Fund	\$ 26,209	\$ 62,925
PIMCO Corporate & Income Strategy Fund	15,617	33,726
PIMCO High Income Fund	34,491	111,134
PIMCO Income Strategy Fund	4,636	13,802
PIMCO Income Strategy Fund II	10,988	23,052

### 10. GUARANTEES AND INDEMNIFICATIONS

Under each Fund's organizational documents, each Trustee and officer is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts that contain a variety of indemnification clauses. 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. However, the Funds have not had prior claims or losses pursuant to these contracts.

**Table of Contents****Notes to Financial Statements (Cont.)****11. PURCHASES AND SALES OF SECURITIES**

The length of time a Fund has held a particular security is not generally a consideration in investment decisions. A change in the securities held by a Fund is known as portfolio turnover. Each Fund may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover involves correspondingly greater transaction costs to a Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The transaction costs and tax effects associated with portfolio turnover may adversely affect a Fund's performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended January 31, 2016, as indicated below, were as follows (amounts in thousands):

Fund Name	U.S.		All Other	
	Purchases	Sales	Purchases	Sales
PIMCO Corporate & Income Opportunity Fund	\$ 33,276	\$ 24,451	\$ 205,438	\$ 214,466
PIMCO Corporate & Income Strategy Fund	8,258	1,798	185,816	132,124
PIMCO High Income Fund	15,958	5,365	173,645	282,195
PIMCO Income Strategy Fund	4,844	1,199	61,577	56,640
PIMCO Income Strategy Fund II	15,019	4,894	138,014	112,151

**12. AUCTION-RATE PREFERRED SHARES**

Each series of Auction-Rate Preferred Shares ( ARPS ) outstanding of each Fund has a liquidation preference of \$25,000 per share plus any accumulated, unpaid dividends. Dividends are accumulated daily at an annual rate that is typically re-set every seven days through auction procedures (or through default procedures in the event of failed auctions). Distributions of net realized capital gains, if any, are paid annually.

For the reporting period ended January 31, 2016, the annualized dividend rates on the ARPS ranged from:

Fund Name	Shares Issued and Outstanding	High	Low	As of January 31, 2016
PIMCO Corporate & Income Opportunity Fund				
Series M	1,884	0.722%	0.160%	0.722%
Series T	1,770	0.722%	0.160%	0.722%
Series W	1,847	0.762%	0.140%	0.762%



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Series TH	2,033	0.762%	0.120%	0.762%
Series F	1,984	0.722%	0.160%	0.722%
<b>PIMCO Corporate &amp; Income Strategy Fund</b>				
Series M	406	0.542%	0.120%	0.542%
Series T	449	0.542%	0.120%	0.542%
Series W	473	0.572%	0.105%	0.572%
Series TH	434	0.572%	0.090%	0.572%
Series F	459	0.542%	0.120%	0.542%
<b>PIMCO High Income Fund</b>				
Series M	688	0.578%	0.128%	0.578%
Series T	958	0.578%	0.128%	0.578%
Series W	738	0.610%	0.112%	0.610%
Series TH	757	0.610%	0.096%	0.610%
Series F	938	0.578%	0.128%	0.578%
<b>PIMCO Income Strategy Fund</b>				
Series T	766	1.640%	1.400%	1.638%
Series W	699	1.640%	1.400%	1.640%
Series TH	586	1.642%	1.397%	1.641%

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January 31, 2016 (Unaudited)

<b>Fund Name</b>	<b>Shares Issued and Outstanding</b>	<b>High</b>	<b>Low</b>	<b>As of January 31, 2016</b>
<b>PIMCO Income Strategy Fund II</b>				
Series M	721	1.640%	1.399%	1.639%
Series T	881	1.640%	1.400%	1.638%
Series W	671	1.640%	1.400%	1.640%
Series TH	753	1.642%	1.397%	1.641%
Series F	672	1.642%	1.399%	1.636%

Each Fund is subject to certain limitations and restrictions while ARPS are outstanding. Failure to comply with these limitations and restrictions could preclude a Fund from declaring or paying any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of ARPS at their liquidation preference plus any accumulated, unpaid dividends.

Preferred shareholders of each Fund, who are entitled to one vote per share, generally vote together with the common shareholders of the Fund but vote separately as a class to elect two Trustees of the Fund and on certain matters adversely affecting the rights of the ARPS.

Since mid-February 2008, holders of ARPS issued by the Funds have been directly impacted by a lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end funds. Since then, regularly scheduled auctions for ARPS issued by the Funds have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and ARPS holders have continued to receive dividends at the defined maximum rate, as defined in the table below:

<b>Fund Name</b>	<b>Applicable %</b>		<b>Reference Rate</b>	<b>Maximum Rate</b>
PIMCO Corporate & Income Opportunity Fund	200%	x	7-day AA Financial Composite Commercial Paper Rates	= Maximum Rate for PTY
PIMCO Corporate & Income Strategy Fund	150%	x	7-day AA Financial Composite Commercial Paper Rates	= Maximum Rate for PCN
PIMCO High Income Fund	160%	x	7-day AA Financial Composite Commercial Paper Rates	= Maximum Rate for PHK
PIMCO Income Strategy Fund <sup>(1)</sup>	150%	x	7-Day USD LIBOR	=
		The higher of	OR	Maximum Rate for PFL
	1.25%	+	7-Day USD LIBOR	=
PIMCO Income Strategy Fund II <sup>(1)</sup>	150%	x	7-Day USD LIBOR	=
		The higher of	OR	Maximum Rate for PFN
	1.25%	+	7-Day USD LIBOR	=

<sup>(1)</sup> The Maximum Rate is the higher of a) the product of the Applicable % and Reference Rate or b) 1.25% plus the Reference Rate.

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The maximum rate is a function of short-term interest rates and is typically higher than the rate that would have otherwise been set through a successful auction. If the Funds' ARPS auctions continue to fail and the maximum rate payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Funds' common shareholders could be adversely affected.

On October 16, 2015, PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund each commenced a voluntary tender offer for up to 100% of its outstanding ARPS at a price equal to a percentage of the ARPS per share liquidation preference and any unpaid dividends accrued through the expiration of the tender offers (each, a Tender Offer and, together, the Tender Offers). The price and per share liquidation preference for PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund can be found in the table below.

On November 20, 2015 PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund, announced the expiration and results of the Tender Offers. PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund accepted for payment 4,539 and 7,601 ARPS, respectively, which represented approximately 67% and 65%, respectively, of their outstanding ARPS. The ARPS of PIMCO Corporate & Income Strategy Fund and PIMCO High Income Fund that were not tendered remain outstanding.

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**Table of Contents****Notes to Financial Statements (Cont.)**

Details of the ARPS tendered and not withdrawn per series for the period ended January 31, 2016 are provided in the table below:

Fund Name	Liquidation			Cash Exchanged for ARPS Tendered	ARPS Outstanding		ARPS Outstanding after Tender Offer as of 1/31/2016	
	Preference Per Share	Tender offer Price Per Share	Price Percentage		as of 7/31/2015	ARPS Tendered		
<b>PIMCO Corporate &amp; Income Strategy Fund</b>								
Series M	\$ 25,000	\$ 20,625	82.5%	\$ 19,511,250	1,352	946	406	
Series T	25,000	20,625	82.5	18,624,375	1,352	903	449	
Series W	25,000	20,625	82.5	18,129,375	1,352	879	473	
Series TH	25,000	20,625	82.5	18,933,750	1,352	918	434	
Series F	25,000	20,625	82.5	18,418,125	1,352	893	459	
				93,616,875	6,760	4,539	2,221	
<b>PIMCO High Income Fund</b>								
Series M	\$ 25,000	\$ 20,750	83.0%	\$ 34,196,000	2,336	1,648	688	
Series T	25,000	20,750	83.0	28,593,500	2,336	1,378	958	
Series W	25,000	20,750	83.0	33,158,500	2,336	1,598	738	
Series TH	25,000	20,750	83.0	32,764,250	2,336	1,579	757	
Series F	25,000	20,750	83.0	29,008,500	2,336	1,398	938	
				157,720,750	11,680	7,601	4,079	

**13. REGULATORY AND LITIGATION MATTERS**

The Funds are not named as defendants in any material litigation or arbitration proceedings and are not aware of any material litigation or claim pending or threatened against them.

PIMCO has received a Wells Notice from the staff of the U.S. Securities and Exchange Commission ( SEC ) that relates to the PIMCO Total Return Active Exchange-Traded Fund ( BOND ), a series of PIMCO ETF Trust. The notice indicates the staff's preliminary determination to recommend that the SEC commence a civil action against PIMCO stemming from a nonpublic investigation relating to BOND. A Wells Notice is neither a formal allegation of wrongdoing nor a finding that any law was violated.

This matter principally pertains to the valuation of smaller sized positions in non-agency mortgage-backed securities purchased by BOND between its inception on February 29, 2012 and June 30, 2012, BOND's performance disclosures for that period, and PIMCO's compliance policies and procedures related to these matters.

The Wells process provides PIMCO with the opportunity to demonstrate to the SEC staff why it believes its conduct was appropriate, in keeping with industry standards, and that no action should be taken. PIMCO believes that this matter is unlikely to have a material adverse effect on any Fund or on PIMCO's ability to provide investment management services to any Fund.

The foregoing speaks only as of the date of this report.

#### 14. FEDERAL INCOME TAX MATTERS

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

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

In accordance with U.S. GAAP, the Manager has reviewed the Funds tax positions for all open tax years. As of July 31, 2015, the Funds have recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken or expect to take in future tax returns.

Each Fund files U.S. tax returns. While the statute of limitations remains open to examine the Funds U.S. tax returns filed for the fiscal years from 2012-2014, no examinations are in progress or anticipated at this time. No Fund is aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

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January 31, 2016 (Unaudited)

As of July 31, 2015, the Funds had accumulated capital losses expiring in the following years (amounts in thousands). The Funds will resume capital gain distributions in the future to the extent gains are realized in excess of accumulated capital losses.

	Expiration of Accumulated Capital Losses			
	07/31/2016	07/31/2017	07/31/2018	07/31/2019
PIMCO Corporate & Income Opportunity Fund	\$	\$	\$	\$
PIMCO Corporate & Income Strategy Fund				
PIMCO High Income Fund	195,114	488,807		
PIMCO Income Strategy Fund		21,867	106,315	
PIMCO Income Strategy Fund II		67,542	277,492	

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

Under the Regulated Investment Company Modernization Act of 2010, a fund is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law.

As of July 31, 2015, the Funds had the following post-effective capital losses with no expiration:

	Short-Term	Long-Term
PIMCO Corporate & Income Opportunity Fund	\$ 90,028	\$
PIMCO Corporate & Income Strategy Fund	17,636	
PIMCO High Income Fund	135,621	
PIMCO Income Strategy Fund	7,676	
PIMCO Income Strategy Fund II	9,149	

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

As of January 31, 2016, the aggregate cost and the net unrealized appreciation (depreciation) of investments for federal income tax purposes are as follows (amounts in thousands):

Fund Name	Federal Tax Cost	Aggregate Gross	Aggregate Gross	Net Unrealized
		Unrealized	Unrealized	Appreciation
		Appreciation	(Depreciation)	(Depreciation) <sup>(1)</sup>
PIMCO Corporate & Income Opportunity Fund	\$ 1,243,266	\$ 44,870	\$ (70,158)	\$ (25,288)

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PIMCO Corporate & Income Strategy Fund	664,214	19,673	(49,353)	(29,680)
PIMCO High Income Fund Fund	1,069,807	61,815	(120,273)	(58,458)
PIMCO Income Strategy Fund	341,775	8,199	(29,325)	(21,126)
PIMCO Income Strategy Fund II	715,700	21,444	(59,689)	(38,245)

(1) Primary differences, if any, between book and tax net unrealized appreciation (depreciation) are attributable to wash sale loss deferrals for federal income tax purposes.

### 15. SUBSEQUENT EVENTS

In preparing these financial statements, the Funds management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On February 1, 2016, the following distributions were declared to common shareholders payable March 1, 2016 to shareholders of record on February 11, 2016:

PIMCO Corporate & Income Opportunity Fund	\$ 0.130000 per common share
PIMCO Corporate & Income Strategy Fund	\$ 0.112500 per common share
PIMCO High Income Fund	\$ 0.103460 per common share
PIMCO Income Strategy Fund	\$ 0.090000 per common share
PIMCO Income Strategy Fund II	\$ 0.080000 per common share

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**Table of Contents****Notes to Financial Statements (Cont.)**

January 31, 2016 (Unaudited)

On March 1, 2016, the following distributions were declared to common shareholders payable April 1, 2016 to shareholders of record on March 11, 2016:

PIMCO Corporate & Income Opportunity Fund	\$	0.130000 per common share
PIMCO Corporate & Income Strategy Fund	\$	0.112500 per common share
PIMCO High Income Fund	\$	0.103460 per common share
PIMCO Income Strategy Fund	\$	0.090000 per common share
PIMCO Income Strategy Fund II	\$	0.080000 per common share

There were no other subsequent events identified that require recognition or disclosure.

**82 PIMCO CLOSED-END FUNDS**



**Table of Contents****Glossary:** (abbreviations that may be used in the preceding statements)

(Unaudited)

**Counterparty Abbreviations:**

<b>BCY</b>	Barclays Capital, Inc.	<b>GST</b>	Goldman Sachs International	<b>RBC</b>	Royal Bank of Canada
<b>BOA</b>	Bank of America N.A.	<b>HUS</b>	HSBC Bank USA N.A.	<b>RDR</b>	RBC Capital Markets
<b>BPG</b>	BNP Paribas Securities Corp.	<b>JML</b>	JP Morgan Securities Plc	<b>SAL</b>	Citigroup Global Markets, Inc.
<b>BPS</b>	BNP Paribas S.A.	<b>JPM</b>	JPMorgan Chase Bank N.A.	<b>SBI</b>	Citigroup Global Markets Ltd.
<b>BRC</b>	Barclays Bank PLC	<b>MEI</b>	Merrill Lynch International	<b>SCX</b>	Standard Chartered Bank
<b>CBK</b>	Citibank N.A.	<b>MSB</b>	Morgan Stanley Bank, N.A	<b>SOG</b>	Societe Generale
<b>DEU</b>	Deutsche Bank Securities, Inc.	<b>MSC</b>	Morgan Stanley & Co., Inc.	<b>SSB</b>	State Street Bank and Trust Co.
<b>DUB</b>	Deutsche Bank AG	<b>MYC</b>	Morgan Stanley Capital Services, Inc.	<b>UAG</b>	UBS AG Stamford
<b>FOB</b>	Credit Suisse Securities (USA) LLC	<b>NAB</b>	National Australia Bank Ltd.	<b>UBS</b>	UBS Securities LLC
<b>GLM</b>	Goldman Sachs Bank USA				

**Currency Abbreviations:**

<b>AUD</b>	Australian Dollar	<b>GBP</b>	British Pound	<b>MXN</b>	Mexican Peso
<b>BRL</b>	Brazilian Real	<b>JPY</b>	Japanese Yen	<b>USD (or \$)</b>	United States Dollar
<b>EUR</b>	Euro				

**Index/Spread Abbreviations:**

<b>ABX.HE</b>	Asset-Backed Securities Index - Home Equity	<b>CDX.HY</b>	Credit Derivatives Index - High Yield	<b>CDX.IG</b>	Credit Derivatives Index - Investment Grade
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**Municipal Bond or Agency Abbreviations:**

<b>AGM</b>	Assured Guaranty Municipal	<b>NPFGC</b>	National Public Finance Guarantee Corp.
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**Other Abbreviations:**

<b>ABS</b>	Asset-Backed Security	<b>BBSW</b>	Bank Bill Swap Reference Rate	<b>CLO</b>	Collateralized Loan Obligation
<b>ALT</b>	Alternate Loan Trust	<b>CBO</b>	Collateralized Bond Obligation	<b>LIBOR</b>	London Interbank Offered Rate
<b>BABs</b>	Build America Bonds	<b>CDI</b>	Brazil Interbank Deposit Rate	<b>PIK</b>	Payment-in-Kind
<b>BBR</b>	Bank Bill Rate	<b>CDO</b>	Collateralized Debt Obligation		

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**Investment Strategy Updates**

(Unaudited)

Effective October 6, 2015, each Fund adopted the following non-fundamental investment policy:

The staff of the SEC has taken the position that purchased OTC options and the assets used as cover for written OTC options should generally be treated as illiquid. However, the staff of the SEC has also taken the position that the determination of whether a particular instrument is liquid should be made under guidelines and standards established by a fund's board of trustees/directors. The SEC staff has provided examples of factors that may be taken into account in determining whether a

particular instrument should be treated as liquid. Pursuant to policies adopted by the Fund's Board of Trustees, purchased OTC options and the assets used as cover for OTC options written by a Fund may be treated as liquid under certain circumstances, such as when PIMCO has the contractual right to terminate or close out the OTC option on behalf of a Fund within seven days. These policies are not fundamental policies of the Funds and may be changed or modified by the Board of Trustees without the approval of shareholders, provided that any such change or modification will be consistent with applicable positions of the SEC staff.

**84 PIMCO CLOSED-END FUNDS**

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**General Information**

**Investment Manager**

Pacific Investment Management Company LLC

1633 Broadway

New York, NY 10019

**Custodian**

State Street Bank and Trust Company

801 Pennsylvania Avenue

Kansas City, MO 64105

**Transfer Agent, Dividend Paying Agent and Registrar**

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

**Legal Counsel**

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

**Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP

1100 Walnut Street, Suite 1300

Kansas City, MO 64106

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This report is submitted for the general information of the shareholders of PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO High Income Fund, PIMCO Income Strategy Fund and PIMCO Income Strategy Fund II.

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**Item 2. Code of Ethics.**

The information required by this Item 2 is only required in an annual report on this Form N-CSR.

**Item 3. Audit Committee Financial Expert.**

The information required by this Item 3 is only required in an annual report on this Form N-CSR.

**Item 4. Principal Accountant Fees and Services.**

The information required by this Item 4 is only required in an annual report on this Form N-CSR.

**Item 5. Audit Committee of Listed Registrants.**

The information required by this Item 5 is only required in an annual report on this Form N-CSR.

**Item 6. Schedule of Investments.**

The Schedule of Investments is included as part of the reports to shareholders under Item 1.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

The information required by this Item 7 is only required in an annual report on this Form N-CSR.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

Not applicable.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

None.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

**Item 11. Controls and Procedures.**

- (a) The principal executive officer and principal financial & accounting officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the 1940 Act) provide reasonable assurances that material information relating to the Registrant is made known to them by the appropriate persons, based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report.
  
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 12. Exhibits.**

- (a)(1) Exhibit 99.CODE Code of Ethics is not applicable for semiannual reports.
  
- (a)(2) Exhibit 99.CERT Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  
- (b) Exhibit 99.906CERT Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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**Signatures**

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

PIMCO Corporate & Income Opportunity Fund

By: /s/ PETER G. STRELOW

Peter G. Strelow  
President (Principal Executive Officer)

Date: March 28, 2016

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

By: /s/ PETER G. STRELOW

Peter G. Strelow  
President (Principal Executive Officer)

Date: March 28, 2016

By: /s/ WILLIAM G. GALIPEAU

William G. Galipeau  
Treasurer (Principal Financial & Accounting Officer)

Date: March 28, 2016