

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

PIMCO Floating Rate Strategy Fund
Form N-CSRS
May 10, 2005

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

FORM N-CSR

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

Investment Company Act file number 811-21601

PIMCO Floating Rate Strategy Fund
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105
(Address of principal executive offices) (Zip code)

Brian S. Shlissel - 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

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

Date of fiscal year end: August 31, 2005

Date of reporting period: February 28, 2005

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e -1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. Report to Shareholder

PIMCO Floating Rate Strategy Fund

Semi-Annual Report
February 28, 2005

PFN

Contents

THE NEW YORK STOCK EXCHANGE

Letter to Shareholders	1
Performance Summary & Statistics	2
Schedule of Investments	3-11
Statement of Assets and Liabilities	12
Statement of Operations	13
Statement of Changes in Net Assets	14
Statement of Cash Flows	15
Notes to Financial Statements	16-24
Financial Highlights	25

PIMCO Floating Rate Strategy Fund Letter to Shareholders

April 16, 2005

Dear Shareholder:

We are pleased to provide you with the initial financial report of the PIMCO Floating Rate Strategy Fund (the "Fund") for the period October 29, 2004 (commencement of operation) through February 28, 2005.

Please refer to the following page for specific Fund information. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund's Transfer Agent at 1-800-331-1710. Furthermore, note that a wide range of information and resources can be accessed through our Web site, www.allianzinvestors.com.

Together with Allianz Global Investors Fund Management LLC (formerly, PA Fund Management LLC), the Fund's investment manager and Pacific Investment Management Company LLC, the Fund's sub-adviser, we thank you for investing with us. We remain dedicated to serving your investment needs.

Sincerely,

Robert E. Connor
Chairman

Brian S. Shlissel
President & Chief Executive Officer

PIMCO Floating Rate Strategy Fund Performance Summary & Statistics

February 28, 2005 (unaudited)

Symbol:

PFN

Primary Investments:

Floating rate debt instruments, substantial portion of which will be senior floating rate loans.

Inception Date:

October 29, 2004

Objective:

Seeks high current income, consistent with the preservation of capital.

Total Net Assets⁽¹⁾:

\$1.273 billion

Portfolio Managers:

Raymond G. Kennedy
Jason R. Rosiak

Total Return⁽²⁾ :	Market Price	Net Asset Value (NAV)
Commencement of Operations (10/29/04) to 2/28/05	(0.85)%	1.70%

Common Share Market Price/NAV Performance:

Commencement of Operations (10/29/04) to 2/28/05

Market Price/Net Asset Value:

Market Price	\$19.54
Net Asset Value	\$19.14
Premium to NAV	2.09%
Market Price Yield ⁽³⁾	5.91%

Moody's Ratings as a % of Total Investments

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

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

(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at February 28, 2005.

2 PIMCO Floating Rate Strategy Fund Semi-Annual Report | 2.28.05 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

February 28, 2005 (unaudited)

Principal Amount (000)		Value
SENIOR LOANS (a) (b) (c) 52.5%		
Advertising 0.7%		
\$ 9,500	Advertising Direct Solutions, 4.72%, 11/9/11, Term B	\$ 9,638,538
Aerospace 0.5%		
6,830	K & F Industries, Inc., 5.12%-7.75%, 11/18/12, Term B	6,953,872
Apparel & Textiles 0.3%		
3,000	Simmons & Co., 4.75%-7.00%, 12/19/11, Term C	3,056,250
1,000	Simmons & Co., 7.00%, 6/19/12	1,022,083
		4,078,333
Automotive Products 3.8%		
3,244	Cooper Standard Automotive, Inc., 4.75%, 12/23/11, Term B	3,293,596
5,218	Cooper Standard Automotive, Inc., 4.75%, 12/23/11, Term C	5,298,394
9,020	Federal Mogul Corp., 12/8/11, Term B (d)	9,109,804
980	Federal Mogul Corp., 12/8/11, Term C (d)	995,098
2,000	Goodyear Tire & Rubber Co., 3/31/06 (d)	2,000,000
3,000	Goodyear Tire & Rubber Co., 9/30/07, Term B (d)	3,025,314
1,947	Plastech Engineered Products, Inc., 5.31%, 2/12/10, Term B	1,947,183
8,510	Polypore International Inc., 4.92%, 11/12/11, Term B	8,616,066
6,000	TRW Automotive, Inc., 3.88%, 10/31/10, Term E	6,041,250
8,500	TRW Automotive, Inc., 4.38%, 12/17/11, Term B	8,551,357
2,746	Volkswagon International, Inc., 5.17%, 4/7/11, Term B	2,797,831
		51,675,893
Building/Construction 0.4%		
5,473	Nortek, 4.62%-7.75%, 8/24/11	5,571,478
Chemicals 3.7%		
4,500	Brenntag AG., 5.88%, 2/27/12, Term B2	4,582,499
7,878	Celanese AG, 2.56%-2.63%, 4/11/11-7/11/11, Term B	8,045,081
1,388	Hercules, Inc., 3.97%-4.31%, 10/8/10, Term B	1,406,441
6,460	Huntsman International LLC, 5.13%, 12/30/10, Term B	6,583,968
3,992	Innophos Inc., 5.22%, 8/15/11, Term B	4,061,767
3,549	Kraton Polymers Group, 4.63%-5.75%, 12/2/09, Term	3,610,264
7,985	Lyondell Citgo, 3.59%-3.67%, 5/21/07-5/30/07, Term B	8,074,793
2,000	Mosaic Co., 2/18/12, Term B (d)	2,024,166
8,800	Nalco Co., 4.53%-4.92%, 11/1/10, Term B	8,974,777

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

3,000	PQ Corp., 2/11/12, Term B (d)	3,054,375
		<hr/>
		50,418,131
		<hr/>
	Computer Software 0.4%	
997	UGS Solutions, Inc., 6.75%, 5/26/11, Term B	1,015,573
4,250	UGS Solutions, Inc., 5/26/11, Term C (d)	4,327,031
		<hr/>
		5,342,604
		<hr/>
	Consumer Products 1.8%	
10,500	Jarden Corp., 6.25%, 1/21/12, Term B	10,672,809
6,500	Rayovac Corp., 4.84%-5.02%, 2/6/12-2/7/12, Term B	6,631,014
6,050	Revlon, Inc., 8.52%-8.84%, 7/9/10-7/31/10, Term	6,324,773
		<hr/>
		23,628,596
		<hr/>

| 2.28.05 | PIMCO Floating Rate Strategy Fund Semi-Annual Report 3

PIMCO Floating Rate Strategy Fund Schedule of Investments

February 28, 2005 (unaudited)

Principal Amount (000)		Value
Containers 2.3%		
\$ 8,500	Graham Packaging Co., 5.00%-5.13%, 9/15/11-10/7/11, Term B	\$ 8,665,750
3,978	Horizon Lines Holding LLC, 5.39%, 7/7/11, Term 29Z	4,027,225
2,494	Intertape Polymer Group, Inc., 4.81%-4.96%, 7/28/11, Term B	2,543,625
1,492	Solo Cup Co., 5.05%-5.19%, 2/27/11, Term B	1,522,779
1,528	Stone Container Corp., 2.21%, 11/1/10	1,554,129
9,073	Stone Container Corp., 4.44%-4.69%, 11/1/10-11/1/11, Term B	9,228,269
3,758	Stone Container Corp., 4.44%-4.625%, 11/1/10-11/1/11, Term C	3,808,923
		31,350,700
Diversified Manufacturing 0.4%		
5,000	Invensys plc, 7.34%, 12/30/09	5,146,875
Drugs & Medical Products 0.8%		
265	Warner Chilcott plc, 6/30/06-1/4/12, Term (d)	267,833
1,149	Warner Chilcott plc, 5.34%, 1/18/12	1,161,461
6,173	Warner Chilcott plc, 5.34%, 1/18/12, Term B	6,239,311
2,487	Warner Chilcott plc, 5.34%, 1/18/12, Term C	2,514,138
		10,182,743
Electronics 0.5%		
6,800	Amphenol Corp., 3.94%-4.27%, 5/6/10, Term B1	6,899,878
Energy 2.1%		
5,734	Foundation Coal Holdings, Inc., 4.56%-4.78%, 7/30/11, Term B	5,833,671
12,177	Headwaters, Inc., 5.92%-7.75%, 4/30/11, Term B	12,354,854
3,063	NRG Energy, Inc., 12/24/11 (d)	3,107,672
6,438	NRG Energy, Inc., 12/24/11, Term B (d)	6,532,453
		27,828,650
Entertainment 0.2%		
2,789	Warner Music Group, Inc., 4.97%-5.37%, 2/27/11, Term B	2,837,442
Finance 1.4%		
9,792	Affinia Group, 5.44%, 11/30/11, Term B	9,956,281
8,675	Refco Group Ltd., 5.37%, 8/05/11, Term B	8,797,785
		18,754,066

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

		<hr/>
Food & Beverage 0.4%		
2,643	Commonwealth Brands Inc., 5.94%, 8/28/07, Term B	2,685,590
3,000	Del Monte Corp., 0.00%, 2/8/12, Term B (d)	3,039,750
		<hr/>
		5,725,340
		<hr/>
Funeral Service 0.6%		
8,418	Alderwoods Group, Inc., 3.73%-5.08%, 9/17/08-9/17/09, Term B	8,570,078
		<hr/>
Health & Hospitals 2.6%		
776	Advanced Medical Optics Inc., 4.59%, 6/30/09	784,943
7,983	Ardent Health, Inc., 4.80%, 8/15/11, Term B	8,094,758
7,992	Community Health Systems Inc., 4.64%, 8/19/11, Term B	8,093,030
3,962	Davita, Inc. 3.87%-4.85%, 6/23/09, Term B1	3,977,073
8,100	PacifiCare Health Inc., 4.06%-4.25%, 12/17/08	8,172,139
2,673	Triad Hospitals Inc., 4.67%, 3/31/07, Term A	2,688,575
3,461	Triad Hospitals Inc., 4.92%, 9/30/08, Term B	3,523,487
		<hr/>
		35,334,005
		<hr/>

PIMCO Floating Rate Strategy Fund Schedule of Investments

February 28, 2005 (unaudited)

Principal Amount (000)		Value
Hotels/Gaming 1.9%		
\$ 4,573	Aladdin Gaming, 8/31/10, Term A (d)	\$ 4,550,437
94	Aladdin Gaming, 8/31/10, Term B (d)	93,624
2,500	Ameristar Casinos Inc., 4.38%, 12/20/06, Term B1	2,541,668
9,318	Choctaw Resort Development Enterprise Inc., 4.39%-4.89%, 11/4/11, Term B	9,469,683
464	Penn National Gaming, 4.00%, 9/1/07, Term D	466,320
829	Venetian Casino, 2/22/12, Term B (d)	843,154
2,761	Warmu, 5.13%, 2/27/11	2,808,925
5,000	Wynn Resorts Ltd., 4.75%-4.81%, 12/14/11, Term B	5,086,720
		25,860,531
Machinery 0.4%		
5,662	Agco Corp., 4.47%-4.55%, 1/31/06, Term B	5,766,588
Manufacturing 0.6%		
3,000	Hexcel, 3/1/12 (d)	3,046,875
1,811	Reddy Ice Group, Inc., 5.17%, 8/15/09	1,823,995
2,634	SPX Corp., 4.69%, 9/30/09, Term B1	2,650,827
		7,521,697
Measuring Instruments 0.5%		
6,082	Dresser, Inc., 4.56%, 10/29/09, Term B	6,195,727
Metals & Mining 0.8%		
6,822	Novelis, Inc., 4.50%, 12/30/11, Term B	6,936,386
3,928	Novelis, Inc., 4.50%, 12/30/11, Term B2	3,993,677
		10,930,063
Multi-Media 3.6%		
1,250	Atlantic Broadcast Inc., 5.69%, 7/30/11, Term B	1,276,562
15,510	Charter Communication, Inc. 5.89%-5.98%, 4/27/11, Term B	15,589,213
2,826	DirectTV Holdings LLC, 4.59%, 3/6/10, Term B2	2,871,252
7,926	Insight Midwest Holdings LLC., 5.44%, 12/31/09, Term B	8,073,555
8,000	Olympus Cable Holdings LLC., 9/30/10, Term B (d)	7,967,504
4,773	Primedia, Inc., 5.38%, 6/30/09, Term B	4,778,626
2,488	Primedia, Inc., 6.88%, 12/31/09, Term C	2,540,359
4,600	Thompson Media, 4.69%, 11/8/11, Term B	4,663,250

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

47,760,321

Office Equipment 0.3%

4,000 Xerox Corp., 4.42%, 9/30/08, Term B 4,046,876

Oil & Gas 3.2%

9,500 El Paso Corp., 4.96%, 11/22/09, Term 9,664,027
 21,762 El Paso Corp., 5.44%, 11/22/09, Term B, 22,170,546
 5,365 Kinetics Concepts, Inc., 4.31%, 7/14/10, Term B 5,419,126
 1,000 Premcor Refining Group, Inc., 4.44%, 4/26/09, Term C 1,014,375
 4,992 Universal Compression, Inc., 4.34%, 12/8/11, Term B 5,070,440

43,338,514

Paper Products 0.8%

2,000 Appleton Papers Inc., 4.33%-4.79%, 6/9/10-6/11/10 2,023,750
 8,508 Boise Cascade LLC, 4.94%, 10/29/11, Term B 8,674,249

10,697,999

PIMCO Floating Rate Strategy Fund Schedule of Investments

February 28, 2005 (unaudited)

Principal Amount		Value
(000)		
	Printing/Publishing 1.9%	
\$ 1,966	Dex Media East LLC, 4.18%-4.38%, 5/8/09-9/9/10, Term A	\$ 1,993,702
2,243	Dex Media East LLC, 4.18%, 5/8/09, Term B1	2,276,208
6,186	Dex Media West LLC, 4.38%, 9/9/10, Term B	6,278,851
1,628	Readers Digest Association, Inc., 4.55%, 5/20/08, Term B	1,650,846
12,383	RH Donnelley Corp., 4.24%-4.69%, 6/30/11, Term D	12,585,640
		24,785,247
	Real Estate 1.2%	
9,957	General Growth Properties Inc., 4.84%, 11/12/07, Term A	10,057,460
6,000	General Growth Properties Inc., 4.84%, 11/12/08, Term B	6,100,566
		16,158,026
	Recreation 1.2%	
8,982	Loews Cineplex Inc., 4.81%,-5.00%, 7/8/11-7/22/11	9,138,292
3,995	Six Flags Theme Parks, Inc., 5.09%, 6/30/09, Term B	4,066,897
3,000	Worldspan LP., 7.25%, 2/16/10, Term B	3,018,750
		16,223,939
	Retail 1.3%	
8,455	Dominos Inc., 4.31%, 6/25/10, Term B	8,593,968
8,970	Jean Coutu Group, Inc., 5.00%, 7/30/11	9,140,248
		17,734,216
	Semi-conductors 0.4%	
5,000	On Semiconductor Corp., 5.56%, 12/3/11, Term G	5,071,875
	Telecommunications 7.4%	
2,500	Alliance Atlantis Communications Inc., 4.40%, 10/19/11, Term B	2,540,625
3,000	American Towers LP., 4.23%, 8/31/11, Term B	3,043,827
5,000	American Towers LP., 4.52%, 8/28/11, Term A	5,038,750
3,383	Centennial Cellular Communications Corp., 2/9/11, Term B (d)	3,441,737
5,547	Centennial Cellular Communications Corp, 4.42%-5.14%, 1/20/11, Term B	5,644,448
2,000	Consolidated Communication Inc., 10/14/11, Term D (d)	2,025,000
2,420	Inmarsat Ventures plc., 5.50%, 10/10/10, Term B	2,432,517
2,425	Inmarsat Ventures plc., 6.00%, 10/10/11, Term C	2,446,820

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-CSRS

4,750	Intelsat Bermuda Ltd., 4.44%, 7/06/11, Term B	4,827,929
1,960	Mediacomm Communications Corp., 4.06%-4.33%, 3/31/10, Term A	1,941,925
8,460	Mediacomm Communications Corp., 4.94%-5.34%, 9/34/10, Term B	8,589,093
8,858	New Skies Satellite NV, 5.125%-5.19%, 5/2/10, Term B	8,950,669
5,926	Panamsat Corp., 5.09%, 8/20/09, Term A1	5,970,125
2,794	Panamsat Corp. Inc., 5.09%, 8/20/09, Term A2	2,814,917
2,550	Telewest Global Inc., 4.89%, 11/2/12, Term B2	2,583,469
1,950	Telewest Global Inc., 5.39%, 11/2/12, Term C2	1,977,218
4,000	Qwest Corp., 6.95%, 6/30/10, Term B	4,139,644
18,500	Qwest Corp., 7.39%, 6/30/07, Term A	19,305,046
5,000	Valor Telecommunications Inc., 4.60%-6.50%, 2/15/12, Term B	5,088,540
1,897	Western Wireless Corp., 4.72%-5.10%, 5/28/10, Term A	1,909,053
4,982	Western Wireless Corp., 5.57%-5.71%, 5/30/11, Term B	5,024,536
		99,735,888

PIMCO Floating Rate Strategy Fund Schedule of Investments

February 28, 2005 (unaudited)

Principal Amount (000)		Value
Utilities 3.0%		
\$ 8,938	AES Corp., 5.25%-5.57%, 4/30/08-8/10/11, Term B	\$ 9,146,153
8,186	Allegheny Energy, Inc., 4.76%-7.25%, 3/8/11, Term B1	8,367,564
553	Edison Midwest Generation, 5.81%, 4/27/11, Term B	562,334
1,876	Midwest Generation LLC, 5.81%, 4/27/11, Term B	1,906,598
20,500	Reliant Resources Inc., 5.00%-5.07%, 12/22/10	20,838,619
		<hr/>
		40,821,268
Waste Disposal 1.1%		
14,365	Allied Waste North America Inc., 5.15%-5.52%, 1/15/10-4/30/10, Term B	14,414,202
		<hr/>
	Total Senior Loans (cost \$702,926,201)	707,000,199
		<hr/>
CORPORATE BONDS & NOTES (g) 14.4%		
Air-Conditioning 0.3%		
4,250	Goodman Global Holdings Inc., 5.76%, 6/15/05 (e) (f)	4,377,500
		<hr/>
Airlines 0.5%		
4,000	Jetblue Airways Corp., pass thru certificates, 5.89%, 5/16/05 Ser. 04-2 (f)	4,007,180
2,300	Jetblue Airways Corp., pass thru certificates, 6.74%, 3/15/05 Ser. 04-1(f)	2,367,286
		<hr/>
		6,374,466
		<hr/>
Financing 1.4%		
5,750	Borden US Finance Corp., 7.41%, 4/15/05 (f)	B3/B-