

PIMCO CORPORATE & INCOME OPPORTUNITY FUND  
Form N-Q  
December 27, 2016

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

**FORM N-Q**

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

|   |  |
|---|--|
| <b>Investment Company Act File Number:</b>          | <b>811-21238</b>   |
| <b>Registrant Name:</b>                             | <b>PIMCO Corporate &amp; Income Opportunity Fund</b>                       |
| Address of Principal Executive Offices:             | 1633 Broadway<br>New York, NY 10019  |
| Name and Address of Agent for Service:              | William G. Galipeau<br>650 Newport Center Drive<br>Newport Beach, CA 92660 |
| Registrant's telephone number, including area code: | (844) 337-4626   |
| Date of Fiscal Year End:                            | July 31  |
| Date of Reporting Period:                           | October 31, 2016   |

**Item 1. Schedule of Investments**

## Schedule of Investments

## PIMCO Corporate &amp; Income Opportunity Fund

October 31, 2016 (Unaudited)

|   | PRINCIPAL | MARKET   |
|---|-----------|----------|
|   | AMOUNT    | VALUE    |
|   | (000S)    | (000S)   |
| <b>INVESTMENTS IN SECURITIES 131.8%</b>     |           |          |
| <b>BANK LOAN OBLIGATIONS 3.0%</b>           |           |          |
| <b>Concordia International Corp.</b>        |           |          |
| 5.250% due 10/21/2021                       | \$ 2,494  | \$ 2,250 |
| <b>Fortescue Metals Group Ltd.</b>          |           |          |
| 3.750% due 06/30/2019                       | 2,318     | 2,319    |
| <b>iHeartCommunications, Inc.</b>           |           |          |
| 7.274% due 01/30/2019                       | 8,198     | 6,246    |
| <b>Sequa Corp.</b>                          |           |          |
| 5.250% due 06/19/2017                       | 8,725     | 8,067    |
| <b>Westmoreland Coal Co.</b>                |           |          |
| 7.500% due 12/16/2020                       | 12,929    | 10,375   |
| Total Bank Loan Obligations                 |           | 29,257   |
| (Cost \$32,058)                             |           |          |
| <b>CORPORATE BONDS &amp; NOTES 58.6%</b>    |           |          |
| <b>BANKING &amp; FINANCE 24.2%</b>          |           |          |
| <b>AGFC Capital Trust</b>                   |           |          |
| 6.000% due 01/15/2067                       | 1,800     | 972      |
| <b>Ally Financial, Inc.</b>                 |           |          |
| 8.000% due 11/01/2031 (j)                   | 7,667     | 9,207    |
| <b>Banco Bilbao Vizcaya Argentaria S.A.</b> |           |          |
| 6.750% due 02/18/2020 (g)                   | EUR 3,400 | 3,609    |
| <b>Banco do Brasil S.A.</b>                 |           |          |
| 6.250% due 04/15/2024 (g)                   | \$ 4,200  | 3,097    |
| 9.000% due 06/18/2024 (g)(j)                | 9,298     | 8,647    |
| <b>Banco Espirito Santo S.A.</b>            |           |          |
| 2.625% due 05/08/2017 ^                     | EUR 500   | 151      |
| 4.000% due 01/21/2019 ^                     | 5,000     | 1,509    |
| 4.750% due 01/15/2018 ^                     | 1,000     | 302      |
| <b>Banco Santander S.A.</b>                 |           |          |
| 6.250% due 09/11/2021 (g)                   | 400       | 411      |
| <b>Barclays PLC</b>                         |           |          |
| 6.500% due 09/15/2019 (g)                   | 1,600     | 1,657    |

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|   |     |        |        |
|---|-----|--------|--------|
| 8.000% due 12/15/2020 (g)                       |     | 200    | 225    |
| <b>BCD Acquisition, Inc.</b>                    |     |        |        |
| 9.625% due 09/15/2023                           | \$  | 4,500  | 4,669  |
| <b>Blackstone CQP Holdco LP</b>                 |     |        |        |
| 9.296% due 03/19/2019                           |     | 16,021 | 16,201 |
| <b>BNP Paribas S.A.</b>                         |     |        |        |
| 7.375% due 08/19/2025 (g)(j)                    |     | 11,000 | 11,302 |
| <b>Cantor Commercial Real Estate Co. LP</b>     |     |        |        |
| 7.750% due 02/15/2018                           |     | 2,640  | 2,653  |
| <b>Cantor Fitzgerald LP</b>                     |     |        |        |
| 6.500% due 06/17/2022 (j)                       |     | 10,000 | 10,825 |
| <b>Communications Sales &amp; Leasing, Inc.</b> |     |        |        |
| 8.250% due 10/15/2023                           |     | 5,300  | 5,618  |
| <b>Cooperatieve Rabobank UA</b>                 |     |        |        |
| 6.625% due 06/29/2021 (g)                       | EUR | 1,800  | 2,116  |
| <b>Credit Agricole S.A.</b>                     |     |        |        |
| 7.500% due 06/23/2026 (g)                       | GBP | 300    | 370    |
| 7.875% due 01/23/2024 (g)(j)                    | \$  | 13,900 | 14,135 |
| <b>Credit Suisse Group AG</b>                   |     |        |        |
| 7.500% due 12/11/2023 (g)                       |     | 2,936  | 3,046  |
| <b>Flagstar Bancorp, Inc.</b>                   |     |        |        |
| 6.125% due 07/15/2021                           |     | 6,000  | 6,256  |
| <b>GSPA Monetization Trust</b>                  |     |        |        |
| 6.422% due 10/09/2029 (j)                       |     | 9,041  | 10,352 |
| <b>HSBC Holdings PLC</b>                        |     |        |        |
| 6.000% due 09/29/2023 (g)                       | EUR | 5,477  | 6,268  |
| <b>Jefferies Finance LLC</b>                    |     |        |        |
| 6.875% due 04/15/2022                           | \$  | 1,900  | 1,805  |
| 7.375% due 04/01/2020                           |     | 2,725  | 2,718  |
| 7.500% due 04/15/2021                           |     | 2,391  | 2,346  |
| <b>Jefferies LoanCore LLC</b>                   |     |        |        |
| 6.875% due 06/01/2020 (j)                       |     | 10,500 | 9,975  |
| <b>Lloyds Bank PLC</b>                          |     |        |        |
| 12.000% due 12/16/2024 (g)(j)                   |     | 4,450  | 6,080  |
| <b>Lloyds Banking Group PLC</b>                 |     |        |        |
| 7.875% due 06/27/2029 (g)                       | GBP | 600    | 783    |
| <b>MPT Operating Partnership LP</b>             |     |        |        |
| 5.250% due 08/01/2026                           | \$  | 2,203  | 2,253  |
| <b>Nationwide Building Society</b>              |     |        |        |
| 10.250% due 06/29/2049 (g)                      | GBP | 21     | 3,379  |
| <b>Navient Corp.</b>                            |     |        |        |
| 5.500% due 01/15/2019 (j)                       | \$  | 4,950  | 5,063  |
| 5.625% due 08/01/2033                           |     | 230    | 183    |

|   |     |        |         |
|---|-----|--------|---------|
| <b>Neuberger Berman Group LLC</b>             |     |        |         |
| 4.875% due 04/15/2045 (j)                     |     | 3,400  | 2,842   |
| <b>Novo Banco S.A.</b>                        |     |        |         |
| 5.000% due 04/04/2019                         | EUR | 371    | 320     |
| 5.000% due 04/23/2019                         |     | 152    | 131     |
| 5.000% due 05/14/2019                         |     | 315    | 271     |
| 5.000% due 05/21/2019                         |     | 73     | 63      |
| 5.000% due 05/23/2019                         |     | 213    | 184     |
| <b>Omega Healthcare Investors, Inc.</b>       |     |        |         |
| 4.375% due 08/01/2023 (j)                     | \$  | 2,600  | 2,656   |
| <b>OneMain Financial Holdings LLC</b>         |     |        |         |
| 6.750% due 12/15/2019                         |     | 2,116  | 2,198   |
| <b>PHH Corp.</b>                              |     |        |         |
| 6.375% due 08/15/2021                         |     | 3,580  | 3,499   |
| 7.375% due 09/01/2019                         |     | 3,050  | 3,195   |
| <b>Provident Funding Associates LP</b>        |     |        |         |
| 6.750% due 06/15/2021                         |     | 4,750  | 4,797   |
| <b>Rio Oil Finance Trust</b>                  |     |        |         |
| 9.250% due 07/06/2024                         |     | 2,357  | 2,287   |
| 9.750% due 01/06/2027                         |     | 235    | 223     |
| <b>Royal Bank of Scotland Group PLC</b>       |     |        |         |
| 7.500% due 08/10/2020 (g)(j)                  |     | 6,840  | 6,293   |
| 8.000% due 08/10/2025 (g)(j)                  |     | 10,735 | 10,225  |
| 8.625% due 08/15/2021 (g)                     |     | 2,900  | 2,893   |
| <b>Sberbank of Russia Via SB Capital S.A.</b> |     |        |         |
| 6.125% due 02/07/2022                         |     | 500    | 544     |
| <b>Spirit Realty LP</b>                       |     |        |         |
| 4.450% due 09/15/2026 (j)                     |     | 2,600  | 2,566   |
| <b>Springleaf Finance Corp.</b>               |     |        |         |
| 5.250% due 12/15/2019                         |     | 2,680  | 2,688   |
| 8.250% due 12/15/2020 (j)                     |     | 6,680  | 7,249   |
| <b>Stearns Holdings LLC</b>                   |     |        |         |
| 9.375% due 08/15/2020                         |     | 600    | 603     |
| <b>TIG FinCo PLC</b>                          |     |        |         |
| 8.500% due 03/02/2020                         | GBP | 1,154  | 1,450   |
| 8.750% due 04/02/2020 (j)                     |     | 14,604 | 16,356  |
| <b>WP Carey, Inc.</b>                         |     |        |         |
| 4.250% due 10/01/2026 (j)                     | \$  | 5,000  | 5,058   |
|   |     |        | 236,774 |
| <b>INDUSTRIALS 28.0%</b>                      |     |        |         |
| <b>ADT Corp.</b>                              |     |        |         |
| 4.875% due 07/15/2032 (j)                     |     | 7,950  | 6,837   |
| <b>Alliance Data Systems Corp.</b>            |     |        |         |
| 5.875% due 11/01/2021 (j)                     |     | 6,800  | 6,885   |
| <b>Altice Financing S.A.</b>                  |     |        |         |
| 7.500% due 05/15/2026 (j)                     |     | 6,700  | 6,934   |

|  |           |        |
|--|-----------|--------|
| <b>BMC Software Finance, Inc.</b>                |           |        |
| 8.125% due 07/15/2021                            | 3,031     | 2,788  |
| <b>Boxer Parent Co., Inc.</b>                    |           |        |
| 9.000% due 10/15/2019 (c)(j)                     | 8,226     | 7,568  |
| <b>Caesars Entertainment Operating Co., Inc.</b> |           |        |
| 9.000% due 02/15/2020 ^                          | 27,145    | 27,932 |
| <b>Camelot Finance S.A.</b>                      |           |        |
| 7.875% due 10/15/2024                            | 2,200     | 2,255  |
| <b>Chesapeake Energy Corp.</b>                   |           |        |
| 4.130% due 04/15/2019                            | 157       | 146    |
| 6.250% due 01/15/2017                            | EUR 1,900 | 2,084  |
| <b>Concordia International Corp.</b>             |           |        |
| 9.000% due 04/01/2022                            | \$ 800    | 777    |
| <b>Diamond Resorts International, Inc.</b>       |           |        |
| 10.750% due 09/01/2024                           | 4,300     | 4,085  |
| <b>DriveTime Automotive Group, Inc.</b>          |           |        |
| 8.000% due 06/01/2021 (j)                        | 7,100     | 6,816  |
| <b>Forbes Energy Services Ltd.</b>               |           |        |
| 9.000% due 06/15/2019 ^                          | 2,858     | 729    |
| <b>Ford Motor Co.</b>                            |           |        |
| 7.700% due 05/15/2097 (j)                        | 31,901    | 38,531 |
| <b>Fresh Market, Inc.</b>                        |           |        |
| 9.750% due 05/01/2023                            | 1,600     | 1,368  |
| <b>Hampton Roads PPV LLC</b>                     |           |        |
| 6.171% due 06/15/2053                            | 1,800     | 1,957  |
| <b>Harvest Operations Corp.</b>                  |           |        |
| 2.330% due 04/14/2021                            | 6,678     | 6,592  |
| <b>HCA, Inc.</b>                                 |           |        |
| 4.500% due 02/15/2027                            | 2,600     | 2,574  |
| 7.500% due 11/15/2095                            | 4,800     | 4,872  |
| <b>iHeartCommunications, Inc.</b>                |           |        |
| 9.000% due 09/15/2022                            | 5,810     | 4,147  |
| <b>Inception Merger Sub, Inc.</b>                |           |        |
| 8.625% due 11/15/2024 (b)                        | 10,848    | 10,889 |
| <b>Intelsat Luxembourg S.A.</b>                  |           |        |
| 7.750% due 06/01/2021                            | 11,443    | 3,776  |
| 8.125% due 06/01/2023                            | 1,939     | 650    |

|   |     |        |         |
|---|-----|--------|---------|
| <b>Intrepid Aviation Group Holdings LLC</b> |     |        |         |
| 6.875% due 02/15/2019                       |     | 12,290 | 11,184  |
| <b>Kinder Morgan Energy Partners LP</b>     |     |        |         |
| 6.375% due 03/01/2041 (j)                   |     | 800    | 870     |
| <b>Kinder Morgan, Inc.</b>                  |     |        |         |
| 7.750% due 01/15/2032 (j)                   |     | 3,100  | 3,802   |
| 7.800% due 08/01/2031 (j)                   |     | 6,000  | 7,458   |
| <b>Kinetic Concepts, Inc.</b>               |     |        |         |
| 9.625% due 10/01/2021 (j)                   |     | 11,600 | 11,223  |
| <b>LG FinanceCo Corp.</b>                   |     |        |         |
| 5.875% due 11/01/2024                       |     | 500    | 507     |
| <b>N&amp;W Global Vending SpA</b>           |     |        |         |
| 7.000% due 10/15/2023                       | EUR | 4,900  | 5,487   |
| <b>NXP BV</b>                               |     |        |         |
| 3.875% due 09/01/2022                       | \$  | 1,720  | 1,817   |
| <b>Prime Security Services Borrower LLC</b> |     |        |         |
| 9.250% due 05/15/2023 (j)                   |     | 6,250  | 6,643   |
| <b>Russian Railways via RZD Capital PLC</b> |     |        |         |
| 7.487% due 03/25/2031                       | GBP | 1,500  | 2,083   |
| <b>Sabine Pass Liquefaction LLC</b>         |     |        |         |
| 5.875% due 06/30/2026 (j)                   | \$  | 4,300  | 4,650   |
| <b>Safeway, Inc.</b>                        |     |        |         |
| 7.250% due 02/01/2031 (j)                   |     | 6,792  | 6,809   |
| <b>Scientific Games International, Inc.</b> |     |        |         |
| 10.000% due 12/01/2022                      |     | 5,600  | 5,180   |
| <b>Sequa Corp.</b>                          |     |        |         |
| 7.000% due 12/15/2017                       |     | 13,090 | 7,199   |
| <b>SFR Group S.A.</b>                       |     |        |         |
| 6.250% due 05/15/2024 (j)                   |     | 14,000 | 14,044  |
| 7.375% due 05/01/2026                       |     | 2,200  | 2,225   |
| <b>Soho House Bond Ltd.</b>                 |     |        |         |
| 9.125% due 10/01/2018                       | GBP | 4,650  | 5,842   |
| <b>Tembec Industries, Inc.</b>              |     |        |         |
| 9.000% due 12/15/2019                       | \$  | 2,100  | 1,680   |
| <b>Transocean, Inc.</b>                     |     |        |         |
| 9.000% due 07/15/2023                       |     | 1,813  | 1,780   |
| <b>UAL Pass-Through Trust</b>               |     |        |         |
| 7.336% due 01/02/2021                       |     | 1,889  | 2,004   |
| <b>UCP, Inc.</b>                            |     |        |         |
| 8.500% due 10/21/2017                       |     | 10,900 | 10,844  |
| <b>Unique Pub Finance Co. PLC</b>           |     |        |         |
| 5.659% due 06/30/2027                       | GBP | 7,061  | 9,162   |
| <b>Versum Materials, Inc.</b>               |     |        |         |
| 5.500% due 09/30/2024                       | \$  | 869    | 891     |
|   |     |        | 274,576 |

UTILITIES 6.4%

|  |           |        |
|--|-----------|--------|
| <b>Frontier Communications Corp.</b>                 |           |        |
| 10.500% due 09/15/2022                               | 1,190     | 1,242  |
| 11.000% due 09/15/2025                               | 1,190     | 1,219  |
| <b>Gazprom OAO Via Gaz Capital S.A.</b>              |           |        |
| 9.250% due 04/23/2019                                | 11,200    | 12,804 |
| <b>Illinois Power Generating Co.</b>                 |           |        |
| 6.300% due 04/01/2020                                | 4,570     | 1,828  |
| 7.000% due 04/15/2018                                | 8,855     | 3,365  |
| 7.950% due 06/01/2032                                | 1,175     | 482    |
| <b>Mountain States Telephone &amp; Telegraph Co.</b> |           |        |
| 7.375% due 05/01/2030 (j)                            | 15,730    | 16,497 |
| <b>NGL Energy Partners LP</b>                        |           |        |
| 7.500% due 11/01/2023                                | 2,000     | 2,015  |
| <b>Odebrecht Drilling Norbe Ltd.</b>                 |           |        |
| 6.350% due 06/30/2022                                | 525       | 173    |
| <b>Odebrecht Offshore Drilling Finance Ltd.</b>      |           |        |
| 6.625% due 10/01/2023 (h)                            | 4,006     | 841    |
| 6.625% due 10/01/2023                                | 871       | 183    |
| 6.750% due 10/01/2023 (h)                            | 2,310     | 491    |
| 6.750% due 10/01/2023                                | 2,310     | 491    |
| <b>Petrobras Global Finance BV</b>                   |           |        |
| 3.737% due 03/17/2020                                | 420       | 416    |
| 4.250% due 10/02/2023                                | EUR 1,200 | 1,262  |
| 5.750% due 01/20/2020                                | \$ 360    | 372    |
| 6.250% due 12/14/2026                                | GBP 6,100 | 7,155  |
| 6.625% due 01/16/2034                                | 800       | 891    |
| 6.750% due 01/27/2041                                | \$ 4,100  | 3,653  |
| 7.875% due 03/15/2019                                | 487       | 525    |
| <b>Sprint Capital Corp.</b>                          |           |        |
| 6.900% due 05/01/2019                                | 2,000     | 2,110  |



|  |        |         |
|--|--------|---------|
| <b>Terraform Global Operating LLC</b>                                  |        |         |
| 13.750% due 08/15/2022   | 4,290  | 4,483   |
|  |        | 62,498  |
| Total Corporate Bonds & Notes  |        | 573,848 |
| (Cost \$580,100)   |        |         |
| <b>CONVERTIBLE BONDS &amp; NOTES 0.7%</b>                              |        |         |
| <b>INDUSTRIALS 0.7%</b>  |        |         |
| <b>DISH Network Corp.</b>  |        |         |
| 3.375% due 08/15/2026  | 5,900  | 6,789   |
| Total Convertible Bonds & Notes  |        | 6,789   |
| (Cost \$5,900)   |        |         |
| <b>MUNICIPAL BONDS &amp; NOTES 7.6%</b>                                |        |         |
| <b>CALIFORNIA 3.8%</b>   |        |         |
| <b>Riverside County, California Redevelopment Successor Agency</b>     |        |         |
| <b>Tax Allocation Bonds, Series 2010</b>                               |        |         |
| 7.500% due 10/01/2030  | 3,425  | 3,779   |
| <b>San Diego Redevelopment Agency, California Tax Allocation</b>       |        |         |
| <b>Bonds, Series 2010</b>  |        |         |
| 7.750% due 09/01/2040  | 21,545 | 24,142  |
| <b>Stockton Public Financing Authority, California Revenue</b>         |        |         |
| <b>Bonds, (BABs), Series 2009</b>                                      |        |         |
| 7.942% due 10/01/2038  | 8,500  | 9,550   |
|  |        | 37,471  |
| <b>ILLINOIS 2.7%</b>   |        |         |
| <b>Chicago, Illinois General Obligation Bonds, (BABs), Series 2010</b> |        |         |
| 7.517% due 01/01/2040  | 23,700 | 25,858  |
| <b>VIRGINIA 0.1%</b>   |        |         |
| <b>Tobacco Settlement Financing Corp., Virginia Revenue Bonds,</b>     |        |         |
| <b>Series 2007</b>   |        |         |
| 6.706% due 06/01/2046  | 1,400  | 1,176   |
| <b>WEST VIRGINIA 1.0%</b>  |        |         |
| <b>Tobacco Settlement Finance Authority, West Virginia Revenue</b>     |        |         |
| <b>Bonds, Series 2007</b>  |        |         |
| 7.467% due 06/01/2047  | 10,740 | 10,077  |
| Total Municipal Bonds & Notes  |        | 74,582  |

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(Cost \$67,660)

**U.S. GOVERNMENT AGENCIES 3.5%**

**Fannie Mae**

|                           |       |       |
|---------------------------|-------|-------|
| 3.000% due 01/25/2042 (a) | 1,496 | 144   |
| 3.500% due 02/25/2033 (a) | 3,520 | 523   |
| 4.784% due 01/25/2029     | 800   | 810   |
| 5.566% due 07/25/2040 (a) | 1,825 | 250   |
| 5.834% due 10/25/2028     | 1,000 | 1,070 |

**Freddie Mac**

|                           |        |       |
|---------------------------|--------|-------|
| 6.136% due 11/25/2055     | 14,751 | 8,357 |
| 6.565% due 02/15/2034 (a) | 3,011  | 655   |
| 8.084% due 12/25/2027     | 4,449  | 4,554 |
| 8.103% due 07/15/2039     | 3,712  | 4,077 |
| 9.307% due 03/15/2044     | 1,485  | 1,972 |
| 10.575% due 04/15/2044    | 834    | 904   |
| 10.594% due 02/15/2036    | 5,992  | 8,218 |
| 11.284% due 03/25/2025    | 2,377  | 2,687 |

**Ginnie Mae**

|  |       |     |
|--|-------|-----|
| 3.000% due 12/20/2042 (a)              | 104   | 4   |
| 3.500% due 09/16/2041 - 06/20/2042 (a) | 2,290 | 249 |
| 6.224% due 01/20/2042 (a)              | 3,178 | 455 |

Total U.S. Government Agencies 34,929

(Cost \$32,494)

**NON-AGENCY MORTGAGE-BACKED SECURITIES 27.3%**

**Banc of America Alternative Loan Trust**

|                         |       |       |
|-------------------------|-------|-------|
| 6.000% due 01/25/2036 ^ | 274   | 235   |
| 6.000% due 04/25/2036 ^ | 4,818 | 4,273 |

**Banc of America Funding Trust**

|                         |     |     |
|-------------------------|-----|-----|
| 5.500% due 01/25/2036   | 284 | 289 |
| 6.000% due 07/25/2037 ^ | 788 | 622 |

**BCAP LLC Trust**

|                       |       |       |
|-----------------------|-------|-------|
| 3.007% due 03/27/2036 | 3,853 | 1,985 |
| 4.260% due 07/26/2037 | 680   | 27    |
| 5.110% due 03/26/2037 | 2,358 | 691   |
| 7.000% due 12/26/2036 | 8,296 | 7,409 |
| 8.590% due 10/26/2036 | 5,697 | 5,322 |

**Bear Stearns ALT-A Trust**

|                         |       |       |
|-------------------------|-------|-------|
| 2.974% due 08/25/2046   | 6,586 | 5,081 |
| 3.082% due 11/25/2036 ^ | 1,010 | 744   |
| 3.335% due 11/25/2034   | 481   | 450   |
| 3.410% due 08/25/2036 ^ | 4,368 | 3,224 |
| 3.457% due 09/25/2035 ^ | 1,697 | 1,395 |

|   |        |        |
|---|--------|--------|
| <b>Bear Stearns Mortgage Funding Trust</b>                  |        |        |
| 7.500% due 08/25/2036                                       | 2,916  | 2,785  |
| <b>Chase Mortgage Finance Trust</b>                         |        |        |
| 2.759% due 12/25/2035 ^                                     | 31     | 29     |
| 6.000% due 02/25/2037 ^                                     | 2,565  | 2,107  |
| 6.000% due 03/25/2037 ^                                     | 557    | 480    |
| 6.000% due 07/25/2037 ^                                     | 2,044  | 1,717  |
| <b>Chase Mortgage Trust</b>                                 |        |        |
| 3.750% due 12/25/2045                                       | 931    | 890    |
| <b>Citigroup Mortgage Loan Trust, Inc.</b>                  |        |        |
| 3.808% due 11/25/2035                                       | 18,261 | 10,219 |
| 5.201% due 04/25/2037 ^                                     | 4,804  | 4,103  |
| 5.224% due 03/25/2037 ^                                     | 1,470  | 1,317  |
| 6.000% due 11/25/2036                                       | 15,341 | 11,020 |
| <b>CitiMortgage Alternative Loan Trust</b>                  |        |        |
| 5.750% due 04/25/2037 ^                                     | 3,885  | 3,362  |
| <b>Countrywide Alternative Loan Resecuritization Trust</b>  |        |        |
| 6.000% due 08/25/2037 ^                                     | 2,899  | 2,277  |
| <b>Countrywide Alternative Loan Trust</b>                   |        |        |
| 0.736% due 03/20/2046                                       | 6,598  | 4,934  |
| 0.804% due 08/25/2035                                       | 90     | 59     |
| 4.344% due 06/25/2047                                       | 5,031  | 4,087  |
| 4.716% due 04/25/2037 ^(a)                                  | 30,778 | 5,804  |
| 5.250% due 05/25/2021 ^                                     | 25     | 24     |
| 5.500% due 03/25/2035                                       | 805    | 654    |
| 5.500% due 09/25/2035 ^                                     | 6,841  | 6,191  |
| 5.500% due 03/25/2036 ^                                     | 257    | 203    |
| 5.750% due 01/25/2035                                       | 941    | 950    |
| 5.750% due 02/25/2035                                       | 1,034  | 1,016  |
| 6.000% due 02/25/2035                                       | 932    | 956    |
| 6.000% due 04/25/2036                                       | 2,466  | 1,834  |
| 6.000% due 05/25/2036 ^                                     | 2,689  | 2,130  |
| 6.000% due 02/25/2037 ^                                     | 891    | 622    |
| 6.000% due 02/25/2037                                       | 3,324  | 2,651  |
| 6.000% due 04/25/2037 ^                                     | 9,253  | 6,630  |
| 6.000% due 08/25/2037 ^                                     | 24,533 | 19,548 |
| 6.250% due 10/25/2036 ^                                     | 3,581  | 3,056  |
| 6.250% due 12/25/2036 ^                                     | 4,455  | 3,319  |
| 6.500% due 08/25/2036 ^                                     | 1,169  | 799    |
| 6.500% due 09/25/2036 ^                                     | 623    | 533    |
| 19.675% due 02/25/2036                                      | 2,715  | 3,731  |
| <b>Countrywide Home Loan Mortgage Pass-Through Trust</b>    |        |        |
| 5.500% due 07/25/2037 ^                                     | 1,032  | 840    |
| 6.000% due 04/25/2036 ^                                     | 787    | 716    |
| 6.000% due 03/25/2037 ^                                     | 2,874  | 2,590  |
| <b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b> |        |        |
| 5.750% due 04/25/2036 ^                                     | 2,098  | 1,665  |
| <b>Epic Drummond Ltd.</b>                                   |        |        |

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|  |     |        |        |
|--|-----|--------|--------|
| 0.000% due 01/25/2022                                      | EUR | 2,566  | 2,772  |
| <b>First Horizon Alternative Mortgage Securities Trust</b> |     |        |        |
| 6.000% due 08/25/2036 ^                                    | \$  | 3,102  | 2,621  |
| <b>GSR Mortgage Loan Trust</b>                             |     |        |        |
| 2.855% due 11/25/2035 ^                                    |     | 2,584  | 2,356  |
| 3.104% due 03/25/2037 ^                                    |     | 4,373  | 4,045  |
| 5.500% due 05/25/2036 ^                                    |     | 378    | 359    |
| <b>IndyMac Mortgage Loan Trust</b>                         |     |        |        |
| 6.500% due 07/25/2037 ^                                    |     | 7,378  | 4,679  |
| <b>JPMorgan Alternative Loan Trust</b>                     |     |        |        |
| 2.689% due 03/25/2037                                      |     | 15,235 | 12,503 |
| <b>JPMorgan Mortgage Trust</b>                             |     |        |        |
| 2.856% due 02/25/2036 ^                                    |     | 3,372  | 2,974  |
| 2.967% due 01/25/2037 ^                                    |     | 2,024  | 1,816  |
| 3.028% due 06/25/2036 ^                                    |     | 1,478  | 1,294  |
| 3.116% due 10/25/2035                                      |     | 79     | 77     |
| <b>Lehman Mortgage Trust</b>                               |     |        |        |
| 6.000% due 07/25/2036 ^                                    |     | 5,905  | 4,633  |
| 6.000% due 07/25/2037 ^                                    |     | 415    | 374    |
| 26.488% due 11/25/2035 ^                                   |     | 394    | 633    |
| <b>Lehman XS Trust</b>                                     |     |        |        |
| 0.754% due 06/25/2047                                      |     | 5,352  | 3,983  |
| <b>MASTR Alternative Loan Trust</b>                        |     |        |        |
| 6.750% due 07/25/2036                                      |     | 4,482  | 3,242  |
| <b>Merrill Lynch Mortgage Investors Trust</b>              |     |        |        |
| 2.822% due 03/25/2036 ^                                    |     | 4,526  | 3,103  |
| <b>Mesdag Delta BV</b>                                     |     |        |        |
| 0.000% due 01/25/2020                                      | EUR | 2,141  | 2,065  |
| <b>RBSSP Resecuritization Trust</b>                        |     |        |        |
| 0.745% due 10/27/2036                                      | \$  | 3,609  | 317    |
| 0.765% due 08/27/2037                                      |     | 8,000  | 2,275  |
| <b>Residential Accredited Loans, Inc. Trust</b>            |     |        |        |
| 0.724% due 08/25/2036                                      |     | 1,502  | 1,185  |
| 0.764% due 05/25/2037 ^                                    |     | 549    | 132    |
| 6.000% due 08/25/2036 ^                                    |     | 1,012  | 841    |
| 6.000% due 05/25/2037 ^                                    |     | 3,257  | 2,747  |
| <b>Residential Asset Securitization Trust</b>              |     |        |        |
| 5.750% due 02/25/2036 ^                                    |     | 552    | 440    |

|  |        |         |
|--|--------|---------|
| 6.000% due 02/25/2037 ^  | 2,616  | 2,071   |
| 6.250% due 09/25/2037 ^  | 5,739  | 3,981   |
| <b>Residential Funding Mortgage Securities, Inc. Trust</b>                         |        |         |
| 3.585% due 02/25/2037  | 4,559  | 3,688   |
| <b>Structured Adjustable Rate Mortgage Loan Trust</b>                              |        |         |
| 2.880% due 11/25/2036 ^  | 7,436  | 5,650   |
| 2.912% due 01/25/2036 ^  | 9,607  | 7,271   |
| 3.047% due 07/25/2036 ^  | 1,767  | 1,409   |
| 3.268% due 07/25/2035 ^  | 3,348  | 2,883   |
| 4.488% due 03/25/2037 ^  | 1,377  | 965     |
| <b>Structured Asset Mortgage Investments Trust</b>                                 |        |         |
| 0.654% due 08/25/2036  | 261    | 213     |
| <b>Suntrust Adjustable Rate Mortgage Loan Trust</b>                                |        |         |
| 2.906% due 02/25/2037 ^  | 1,033  | 913     |
| 3.012% due 04/25/2037 ^  | 1,296  | 1,104   |
| 6.021% due 02/25/2037 ^  | 11,142 | 9,413   |
| <b>WaMu Mortgage Pass-Through Certificates Trust</b>                               |        |         |
| 2.579% due 07/25/2037 ^  | 1,192  | 977     |
| 4.189% due 02/25/2037 ^  | 1,666  | 1,577   |
| 4.336% due 07/25/2037 ^  | 2,831  | 2,611   |
| 6.000% due 10/25/2036 ^  | 2,350  | 1,855   |
| <b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>                  |        |         |
| 1.363% due 05/25/2047 ^  | 627    | 39      |
| 6.000% due 10/25/2035 ^  | 2,202  | 1,752   |
| 6.000% due 03/25/2036 ^  | 3,320  | 3,104   |
| 6.000% due 02/25/2037  | 8,109  | 7,122   |
| Total Non-Agency Mortgage-Backed Securities  |        | 267,659 |
| (Cost \$260,746)   |        |         |
| <b>ASSET-BACKED SECURITIES 20.0%</b>   |        |         |
| <b>AMAC CDO Funding</b>  |        |         |
| 1.824% due 11/23/2050  | 304    | 303     |
| 6.516% due 11/23/2050  | 88     | 88      |
| <b>Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates</b> |        |         |
| 1.884% due 03/25/2033  | 97     | 94      |
| <b>Bear Stearns Asset-Backed Securities Trust</b>                                  |        |         |
| 0.934% due 04/25/2037  | 22,683 | 16,522  |
| <b>CIFC Funding Ltd.</b>   |        |         |
| 0.000% due 05/24/2026 (f)  | 4,100  | 2,830   |
| 0.000% due 07/22/2026  | 3,000  | 1,815   |
| <b>Citigroup Mortgage Loan Trust, Inc.</b>   |        |         |
| 0.694% due 12/25/2036  | 8,887  | 5,994   |
| 0.925% due 11/25/2046  | 10,902 | 9,535   |
| <b>Countrywide Asset-Backed Certificates</b>                                       |        |         |

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|   |     |        |        |
|---|-----|--------|--------|
| 0.704% due 03/25/2037   |     | 5,136  | 4,729  |
| 0.734% due 06/25/2047   |     | 20,286 | 15,875 |
| 0.844% due 09/25/2037 ^   |     | 19,068 | 9,774  |
| <b>Credit-Based Asset Servicing &amp; Securitization LLC</b>              |     |        |        |
| 3.981% due 12/25/2035 ^   |     | 137    | 136    |
| <b>CSCN LLC</b>   |     |        |        |
| 1.500% due 11/27/2045   |     | 7,737  | 7,245  |
| <b>First Franklin Mortgage Loan Trust</b>                                 |     |        |        |
| 0.694% due 10/25/2036   |     | 5,911  | 4,311  |
| <b>Fremont Home Loan Trust</b>  |     |        |        |
| 0.684% due 01/25/2037   |     | 7,797  | 4,172  |
| <b>Glacier Funding CDO Ltd.</b>   |     |        |        |
| 1.038% due 08/04/2035   |     | 8,927  | 2,500  |
| <b>Gramercy Real Estate CDO Ltd.</b>                                      |     |        |        |
| 1.097% due 08/15/2056   |     | 7,045  | 6,938  |
| <b>Grosvenor Place CLO BV</b>   |     |        |        |
| 0.000% due 04/30/2029   | EUR | 750    | 644    |
| <b>IndyMac Home Equity Mortgage Loan Asset-Backed Trust</b>               |     |        |        |
| 0.694% due 07/25/2037   | \$  | 3,837  | 2,419  |
| <b>JPMorgan Mortgage Acquisition Trust</b>                                |     |        |        |
| 5.830% due 07/25/2036 ^   |     | 154    | 87     |
| <b>Lehman XS Trust</b>  |     |        |        |
| 6.290% due 06/24/2046   |     | 4,566  | 4,256  |
| <b>Long Beach Mortgage Loan Trust</b>                                     |     |        |        |
| 0.834% due 01/25/2036   |     | 8,000  | 5,725  |
| <b>Merrill Lynch Mortgage Investors Trust</b>                             |     |        |        |
| 4.170% due 03/25/2037   |     | 7,813  | 2,722  |
| <b>Morgan Stanley ABS Capital, Inc. Trust</b>                             |     |        |        |
| 0.684% due 10/25/2036   |     | 8,580  | 5,395  |
| <b>Morgan Stanley Mortgage Loan Trust</b>                                 |     |        |        |
| 6.250% due 07/25/2047 ^   |     | 1,602  | 1,105  |
| <b>Park Place Securities, Inc. Asset-Backed Pass-Through Certificates</b> |     |        |        |
| 1.184% due 07/25/2035   |     | 6,000  | 3,537  |
| <b>Renaissance Home Equity Loan Trust</b>                                 |     |        |        |
| 5.612% due 04/25/2037   |     | 11,826 | 5,793  |
| 7.238% due 09/25/2037 ^   |     | 9,918  | 6,139  |
| <b>Residential Asset Securities Corp. Trust</b>                           |     |        |        |
| 1.114% due 08/25/2034   |     | 11,709 | 9,442  |
| <b>SLM Student Loan Trust</b>   |     |        |        |
| 0.000% due 10/28/2029 (f)   |     | 8      | 8,866  |
| 0.000% due 01/25/2042 (f)   |     | 7      | 7,265  |

|                                       |        |         |
|---------------------------------------|--------|---------|
| <b>South Coast Funding Ltd.</b>       |        |         |
| 1.407% due 08/10/2038                 | 21,167 | 4,498   |
| <b>Taberna Preferred Funding Ltd.</b> |        |         |
| 1.138% due 12/05/2036                 | 590    | 401     |
| 1.158% due 08/05/2036                 | 859    | 601     |
| 1.158% due 08/05/2036 ^               | 16,636 | 11,645  |
| 1.178% due 02/05/2036                 | 11,040 | 8,225   |
| <b>Tropic CDO Ltd.</b>                |        |         |
| 1.780% due 04/15/2034                 | 25,000 | 14,500  |
| Total Asset-Backed Securities         |        | 196,126 |

(Cost \$195,080)

|   |     |         |        |
|---|-----|---------|--------|
| <b>SOVEREIGN ISSUES 1.4%</b>                            |     |         |        |
| <b>Autonomous Community of Catalonia</b>                |     |         |        |
| 4.900% due 09/15/2021                                   | EUR | 2,650   | 3,115  |
| <b>Republic of Greece Government International Bond</b> |     |         |        |
| 3.800% due 08/08/2017                                   | JPY | 695,000 | 6,467  |
| 4.750% due 04/17/2019                                   | EUR | 600     | 607    |
| <b>Saudi Government International Bond</b>              |     |         |        |
| 2.375% due 10/26/2021                                   | \$  | 400     | 399    |
| 3.250% due 10/26/2026                                   |     | 400     | 395    |
| 4.500% due 10/26/2046                                   |     | 2,600   | 2,560  |
| Total Sovereign Issues                                  |     |         | 13,543 |

(Cost \$12,424)

## SHARES

|   |         |     |
|---|---------|-----|
| <b>COMMON STOCKS 0.1%</b>               |         |     |
| <b>FINANCIALS 0.1%</b>                  |         |     |
| <b>TIG FinCo PLC (h)</b>                | 794,831 | 720 |
| <b>INDUSTRIALS 0.0%</b>                 |         |     |
| <b>ZTO Express Cayman, Inc. ADR (d)</b> | 220     | 4   |
| Total Common Stocks                     |         | 724 |

(Cost \$1,183)

|                                   |       |       |
|-----------------------------------|-------|-------|
| <b>PREFERRED SECURITIES 0.9%</b>  |       |       |
| <b>BANKING &amp; FINANCE 0.9%</b> |       |       |
| <b>Farm Credit Bank of Texas</b>  |       |       |
| 10.000% due 12/15/2020 (g)        | 6,945 | 8,490 |
| <b>GMAC Capital Trust</b>         |       |       |
| 6.602% due 02/15/2040             | 6,200 | 158   |

|                            |       |
|----------------------------|-------|
| Total Preferred Securities | 8,648 |
| (Cost \$7,970)             |       |

**SHORT-TERM INSTRUMENTS 8.7%**

|                                       |        |
|---------------------------------------|--------|
| <b>REPURCHASE AGREEMENTS (i) 2.3%</b> | 22,193 |
|---------------------------------------|--------|

PRINCIPAL  
AMOUNT  
(000S)

**U.S. TREASURY BILLS 6.4%**

|   |        |        |
|---|--------|--------|
| 0.471% due 03/02/2017 - 03/16/2017 (e)(f)(l)(n) | 62,911 | 62,836 |
|---|--------|--------|

|                              |        |
|------------------------------|--------|
| Total Short-Term Instruments | 85,029 |
|------------------------------|--------|

(Cost \$85,004)

|                                 |           |
|---------------------------------|-----------|
| Total Investments in Securities | 1,291,134 |
|---------------------------------|-----------|

(Cost \$1,280,619 )

|                                 |                     |
|---------------------------------|---------------------|
| <b>Total Investments 131.8%</b> | <b>\$ 1,291,134</b> |
|---------------------------------|---------------------|

(Cost \$1,280,619)

|   |                 |
|---|-----------------|
| <b>Financial Derivative Instruments (k)(m) (3.8)%</b> | <b>(37,387)</b> |
|---|-----------------|

(Cost or Premiums, net \$(54,983))

|                                 |                  |
|---------------------------------|------------------|
| <b>Preferred Shares (24.3)%</b> | <b>(237,950)</b> |
|---------------------------------|------------------|

|   |                 |
|---|-----------------|
| <b>Other Assets and Liabilities, net (3.7)%</b> | <b>(36,257)</b> |
|---|-----------------|

|  |                     |
|--|---------------------|
| <b>Net Assets Applicable to Common Shareholders 100.0%</b> | <b>\$ (979,540)</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 security.

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

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

(f) Zero coupon security.

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

(h) Restricted Securities:

| <b>Issuer Description</b>   | <b>Acquisition Date</b> | <b>Cost</b> | <b>Market Value</b> | <b>Market Value as Percentage of Net Assets</b> |
|---|-------------------------|-------------|---------------------|---|
| Odebrecht Offshore Drilling Finance Ltd.<br>6.625% due 10/01/2023 | 04/09/2015              | \$ 3,210    | \$ 841              | 0.09%   |
| Odebrecht Offshore Drilling Finance Ltd.<br>6.750% due 10/01/2023 | 04/09/2015 - 07/28/2015 | 1,775       | 491                 | 0.05  |
| TIG FinCo PLC   | 04/02/2015              | 1,178       | 720                 | 0.07  |
|   |                         | \$ 6,163    | \$ 2,052            | 0.21%   |

**Borrowings and Other Financing Transactions**

(i) Repurchase Agreements:

| Counterparty                 | Lending Rate | Settlement Date | Maturity Date | Principal Amount | Collateralized By  | Collateral (Received) | Agreements at Value | Repurchase Price |
|------------------------------|--------------|-----------------|---------------|------------------|--|-----------------------|---------------------|------------------|
|                              | 0.380%       | 10/31/2016      | 11/01/2016    | \$ 5,300         | U.S. Treasury Bonds 3.000% due 11/15/2044                | \$ (5,496)            | \$ 5,300            | \$               |
|                              | 0.540        | 10/31/2016      | 11/01/2016    | 14,200           | U.S. Treasury Notes 0.875% due 10/15/2019                | (14,505)              | 14,200              |                  |
|                              | 0.010        | 10/31/2016      | 11/01/2016    | 2,693            | U.S. Treasury Bonds 8.000% due 11/15/2021 <sup>(2)</sup> | (2,748)               | 2,693               |                  |
| <b>Repurchase Agreements</b> |              |                 |               |                  |  | <b>\$ (22,749)</b>    | <b>\$ 22,193</b>    | <b>\$</b>        |

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

<sup>(2)</sup> Collateral is held in custody by the counterparty.

**Reverse Repurchase Agreements:**

| Counterparty | Borrowing Rate <sup>(3)</sup> | Borrowing Date | Maturity Date      | Amount Borrowed <sup>(3)</sup> | Payable for Reverse Repurchase Agreements |
|--------------|-------------------------------|----------------|--------------------|--------------------------------|---|
| BCY          | (0.250)%                      | 02/18/2016     | TBD <sup>(4)</sup> | \$ (818)                       | \$ (817)                                  |
|              | (0.250)                       | 03/04/2016     | 02/17/2018         | (194)                          | (194)                                     |
| BPS          | 1.590                         | 11/02/2016     | 12/08/2016         | (9,297)                        | (9,297)                                   |
| MSC          | 1.350                         | 10/19/2016     | 01/19/2017         | (9,205)                        | (9,209)                                   |
| RDR          | (1.000)                       | 01/22/2016     | TBD <sup>(4)</sup> | (462)                          | (458)                                     |
|              | (0.750)                       | 06/15/2016     | 06/15/2017         | (3,650)                        | (3,640)                                   |
|              | 1.230                         | 08/15/2016     | 11/17/2016         | (5,037)                        | (5,051)                                   |
|              | 1.260                         | 10/24/2016     | 01/20/2017         | (4,833)                        | (4,834)                                   |
| SOG          | 1.600                         | 10/27/2016     | 11/03/2016         | (6,197)                        | (6,198)                                   |
|              | 1.600                         | 10/27/2016     | 01/27/2017         | (8,392)                        | (8,394)                                   |
|              | 1.600                         | 11/03/2016     | 01/27/2017         | (4,739)                        | (4,739)                                   |
| UBS          | 1.100                         | 08/18/2016     | 11/18/2016         | GBP (1,581)                    | (1,939)                                   |
|              | 1.100                         | 08/22/2016     | 11/21/2016         | \$ (10,197)                    | (10,219)                                  |
|              | 1.150                         | 08/22/2016     | 11/22/2016         | (13,426)                       | (13,457)                                  |
|              | 1.200                         | 10/06/2016     | 01/06/2017         | (8,111)                        | (8,118)                                   |
|              | 1.225                         | 10/19/2016     | 11/02/2016         | (90,190)                       | (90,230)                                  |
|              | 1.380                         | 08/26/2016     | 11/25/2016         | (2,824)                        | (2,831)                                   |
|              | 1.430                         | 08/26/2016     | 11/25/2016         | (4,284)                        | (4,295)                                   |
|              | 1.430                         | 10/03/2016     | 11/03/2016         | (9,914)                        | (9,925)                                   |
|              | 1.450                         | 09/28/2016     | 11/28/2016         | (5,294)                        | (5,301)                                   |

|  |       |            |            |         |                     |
|--|-------|------------|------------|---------|---------------------|
|  | 1,650 | 09/28/2016 | 12/28/2016 | (8,006) | (8,019)             |
| <b>Total Reverse Repurchase Agreements</b> |       |            |            |         | <b>\$ (207,165)</b> |

- (3) *The average amount of borrowings outstanding during the period ended October 31, 2016 was \$(81,125) at a weighted average interest rate of 1.192%.*
- (4) *Open maturity reverse repurchase agreement.*

**Short Sales:****Short Sales on Corporate Bonds & Notes**

| Description                 | Coupon | Maturity Date | Principal Amount | Proceeds          | Payable for Short Sales <sup>(5)</sup> |
|-----------------------------|--------|---------------|------------------|-------------------|--|
| Alliance Data Systems Corp. | 5.875% | 11/01/2021    | \$ 1,600         | \$ (1,616)        | \$ (1,622)                             |
| <b>Total Short Sales</b>    |        |               |                  | <b>\$ (1,616)</b> | <b>\$ (1,622)</b>                      |

<sup>(5)</sup> Payable for short sales includes \$2 of accrued interest.

(j) Securities with an aggregate market value of \$240,748 have been pledged as collateral under the terms of master agreements as of October 31, 2016.

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

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

| Reference Entity | Fixed Receive Rate | Maturity Date | Implied Credit             |                                | Variation Margin            |                                      |       |           |
|------------------|--------------------|---------------|----------------------------|--------------------------------|-----------------------------|--------------------------------------|-------|-----------|
|                  |                    |               | Spread at October 31, 2016 | Notional Amount <sup>(2)</sup> | Market Value <sup>(3)</sup> | Unrealized Appreciation/Depreciation | Asset | Liability |
| Navient Corp.    | 5.000%             | 12/20/2021    | 4.990%                     | \$ 15,000                      | \$ 84                       | \$ 146                               | \$ 0  | \$ (18)   |

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

| Index/Tranches          | Fixed Receive Rate | Maturity Date | Notional Amount <sup>(2)</sup> | Variation Margin            |                                      |       |           |
|-------------------------|--------------------|---------------|--------------------------------|-----------------------------|--------------------------------------|-------|-----------|
|                         |                    |               |                                | Market Value <sup>(3)</sup> | Unrealized Appreciation/Depreciation | Asset | Liability |
| CDX.HY-26 5-Year Index  | 5.000%             | 06/20/2021    | \$ 4,800                       | \$ 233                      | \$ 42                                | \$ 0  | \$ (4)    |
| CDX.HY-27 05-Year Index | 5.000              | 12/20/2021    | 25,900                         | 1,021                       | (81)                                 | 0     | (27)      |
| CDX.IG-27 05-Year Index | 1.000              | 12/20/2021    | \$ 25,800                      | 297                         | (22)                                 | 0     | (12)      |
|                         |                    |               |                                | \$ 1,551                    | \$ (61)                              | \$ 0  | \$ (43)   |

- (1) *If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.*
- (2) *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  | Floating Rate | Fixed Rate | Maturity Date | Notional Amount | Market Value     | Unrealized Appreciation/Depreciation | Variation Margin |                   |
|------------------------------|----------------------|---------------|------------|---------------|-----------------|------------------|--------------------------------------|------------------|-------------------|
|                              |                      |               |            |               |                 |                  |                                      | Asset            | Liability         |
| Pay                          | 1-Year BRL-CDI       | 11.250%       | 01/04/2021 | BRL           | 105,000         | \$ (805)         | \$ 475                               | \$ 33            | \$ 0              |
| Receive                      | 1-Year BRL-CDI       | 11.500        | 01/04/2021 |               | 61,500          | (257)            | 357                                  | 18               | 0                 |
| Receive                      | 1-Year BRL-CDI       | 12.230        | 01/04/2021 |               | 41,600          | (250)            | (159)                                | 0                | (10)              |
| Pay                          | 3-Month USD-LIBOR    | 2.750         | 06/17/2025 | \$            | 145,380         | 14,620           | 5,427                                | 171              | 0                 |
| Pay                          | 3-Month USD-LIBOR    | 2.250         | 06/15/2026 |               | 44,400          | 2,554            | 455                                  | 61               | 0                 |
| Pay                          | 3-Month USD-LIBOR    | 3.500         | 06/19/2044 |               | 305,100         | 100,705          | 110,657                              | 1,881            | 0                 |
| Pay                          | 3-Month USD-LIBOR    | 2.500         | 06/15/2046 |               | 469,700         | (54,435)         | 7,547                                | 0                | (2,818)           |
| Pay                          | 6-Month AUD-BBR-BBSW | 3.500         | 06/17/2025 | AUD           | 13,400          | 950              | 618                                  | 0                | (8)               |
|                              |                      |               |            |               |                 | \$ 63,082        | \$ 125,377                           | \$ 2,164         | \$ (2,836)        |
| <b>Total Swap Agreements</b> |                      |               |            |               |                 | <b>\$ 64,717</b> | <b>\$ 125,462</b>                    | <b>\$ 2,164</b>  | <b>\$ (2,897)</b> |

- (1) **Securities with an aggregate market value of \$17,103 and cash of \$111,293 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of October 31, 2016.**

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

| Counterparty                                    | Settlement<br>Month | Currency to  |         | Currency to |         | Unrealized Appreciation/(Depreciation) |              |           |              |
|---|---------------------|--------------|---------|-------------|---------|--|--------------|-----------|--------------|
|   |                     | be Delivered |         | be Received |         | Asset                                  | Liability    |           |              |
| BPS   | 11/2016             | BRL          | 2,914   | \$          | 934     | \$                                     | 21           | \$        | 0            |
|   | 11/2016             | \$           | 916     | BRL         | 2,914   |  | 0            |           | (3)          |
|   | 11/2016             |              | 39,896  | EUR         | 36,518  |  | 192          |           | 0            |
|   | 12/2016             | EUR          | 36,518  | \$          | 39,944  |  | 0            |           | (192)        |
|   | 12/2016             | GBP          | 81      |             | 99      |  | 0            |           | (1)          |
|   | 12/2016             | \$           | 926     | BRL         | 2,914   |  | 0            |           | (21)         |
| CBK   | 11/2016             | EUR          | 355     | \$          | 389     |  | 0            |           | 0            |
|   | 11/2016             | GBP          | 265     |             | 325     |  | 1            |           | 0            |
|   | 11/2016             | \$           | 975     | GBP         | 798     |  | 2            |           | 0            |
| GLM   | 11/2016             | AUD          | 141     | \$          | 107     |  | 0            |           | 0            |
|   | 11/2016             | BRL          | 1,877   |             | 581     |  | 0            |           | (7)          |
|   | 11/2016             | EUR          | 38,756  |             | 43,365  |  | 826          |           | (6)          |
|   | 11/2016             | GBP          | 81      |             | 99      |  | 0            |           | 0            |
|   | 11/2016             | \$           | 590     | BRL         | 1,877   |  | 0            |           | (2)          |
|   | 12/2016             | AUD          | 160     | \$          | 122     |  | 0            |           | 0            |
| HUS   | 11/2016             | GBP          | 81,869  |             | 106,679 |  | 6,471        |           | 0            |
| JPM   | 11/2016             | EUR          | 90      |             | 98      |  | 0            |           | (1)          |
|   | 11/2016             | GBP          | 454     |             | 584     |  | 28           |           | 0            |
|   | 11/2016             | JPY          | 20,037  |             | 193     |  | 2            |           | 0            |
|   | 11/2016             | \$           | 3,206   | EUR         | 2,864   |  | 0            |           | (62)         |
|   | 12/2016             | EUR          | 90      | \$          | 99      |  | 0            |           | 0            |
|   | 12/2016             | \$           | 1,927   | EUR         | 1,764   |  | 11           |           | 0            |
| MSB   | 11/2016             | BRL          | 4,791   | \$          | 1,506   |  | 5            |           | 0            |
|   | 11/2016             | GBP          | 160     |             | 195     |  | 0            |           | (1)          |
|   | 11/2016             | \$           | 1,467   | BRL         | 4,790   |  | 34           |           | 0            |
| RBC   | 11/2016             | GBP          | 321     | \$          | 392     |  | 0            |           | (1)          |
| SCX   | 11/2016             | AUD          | 154     |             | 117     |  | 0            |           | 0            |
|   | 11/2016             | EUR          | 181     |             | 197     |  | 0            |           | (1)          |
|   | 11/2016             | JPY          | 673,141 |             | 6,693   |  | 274          |           | 0            |
|   | 11/2016             | \$           | 6,625   | JPY         | 693,178 |  | 0            |           | (15)         |
|   | 12/2016             | JPY          | 693,178 | \$          | 6,631   |  | 15           |           | 0            |
|   | 12/2016             | \$           | 100,651 | GBP         | 82,352  |  | 148          |           | 0            |
| SOG   | 12/2016             | EUR          | 180     | \$          | 197     |  | 0            |           | (1)          |
|   | 12/2016             | GBP          | 82,352  |             | 100,704 |  | 0            |           | (153)        |
| <b>Total Forward Foreign Currency Contracts</b> |                     |              |         |             |         | <b>\$</b>                              | <b>8,030</b> | <b>\$</b> | <b>(467)</b> |

**Swap Agreements:**

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

| Counterparty | Reference Entity                              | Fixed<br>Receive Rate | Maturity<br>Date | Implied Credit<br>Spread at<br>October 31, 2016 | Notional<br>Amount <sup>(3)</sup> | Swap Agreements, at Value |   |       |            |
|--------------|---|-----------------------|------------------|---|-----------------------------------|---------------------------|---|-------|------------|
|              |   |                       |                  |   |                                   | Premium<br>(Received)     | Unrealized<br>Appreciation/<br>Depreciation | Asset | Liability  |
|              |   |                       |                  |   |                                   |                           |   |       |            |
| BPS          | Banco Espirito<br>Santo S.A.                  | 5.000%                | 09/20/2020       | 15.979%   | EUR 3,000                         | \$ (115)                  | \$ (705)                                    | \$ 0  | \$ (820)   |
|              | Petrobras Global<br>Finance BV                | 1.000                 | 12/20/2024       | 4.539   | \$ 1,800                          | (352)                     | (51)  | 0     | (403)      |
| GST          | Petrobras Global<br>Finance BV                | 1.000                 | 09/20/2020       | 3.609   | 20                                | (3)                       | 1   | 0     | (2)        |
|              | Petrobras Global<br>Finance BV                | 1.000                 | 12/20/2024       | 4.539   | 2,400                             | (476)                     | (61)  | 0     | (537)      |
| HUS          | Petrobras Global<br>Finance BV                | 1.000                 | 12/20/2019       | 3.115   | 500                               | (41)                      | 10  | 0     | (31)       |
|              | Petrobras Global<br>Finance BV                | 1.000                 | 09/20/2020       | 3.609   | 60                                | (8)                       | 2   | 0     | (6)        |
|              | Petrobras Global<br>Finance BV                | 1.000                 | 12/20/2024       | 4.539   | 3,000                             | (623)                     | (48)  | 0     | (671)      |
| JPM          | Banco Espirito<br>Santo S.A.                  | 5.000                 | 09/20/2020       | 15.979  | EUR 5,000                         | (207)                     | (1,159)                                     | 0     | (1,366)    |
|              | Russia<br>Government<br>International<br>Bond | 1.000                 | 06/20/2019       | 1.227   | \$ 28,600                         | (1,957)                   | 1,822                                       | 0     | (135)      |
|              | Russia<br>Government<br>International<br>Bond | 1.000                 | 12/20/2020       | 1.820   | 1,300                             | (149)                     | 108   | 0     | (41)       |
| MYC          | Banco Espirito<br>Santo S.A.                  | 5.000                 | 09/20/2020       | 15.979  | EUR 3,000                         | (28)                      | (792)                                       | 0     | (820)      |
|              | Chesapeake<br>Energy Corp.                    | 5.000                 | 09/20/2020       | 7.110   | \$ 100                            | (10)                      | 3   | 0     | (7)        |
|              | Petrobras Global<br>Finance BV                | 1.000                 | 12/20/2019       | 3.115   | 14,500                            | (1,342)                   | 446   | 0     | (896)      |
|              |   |                       |                  |   |                                   | \$ (5,311)                | \$ (424)                                    | \$ 0  | \$ (5,735) |

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

| Counterparty | Index/Tranches          | Fixed<br>Receive Rate | Maturity<br>Date | Notional<br>Amount <sup>(3)</sup> | Swap Agreements, at Value |                            |       |            |
|--------------|-------------------------|-----------------------|------------------|-----------------------------------|---------------------------|----------------------------|-------|------------|
|              |                         |                       |                  |                                   | Premiums<br>(Received)    | Unrealized<br>Appreciation | Asset | Liability  |
|              |                         |                       |                  |                                   |                           |                            |       |            |
| BOA          | ABX.HE.AAA.6-2<br>Index | 0.110%                | 05/25/2046       | \$ 64,998                         | \$ (12,698)               | \$ 2,706                   | \$ 0  | \$ (9,992) |
| BRC          |                         | 0.110                 | 05/25/2046       | 80,964                            | (16,513)                  | 4,067                      | 0     | (12,446)   |

|                              |                         |       |            |        |          |                    |                  |             |                    |
|------------------------------|-------------------------|-------|------------|--------|----------|--------------------|------------------|-------------|--------------------|
|                              | ABX.HE.AAA.6-2<br>Index |       |            |        |          |                    |                  |             |                    |
| GST                          | ABX.HE.AAA.6-2<br>Index | 0.110 | 05/25/2046 | 5,687  | (1,168)  | 294                | 0                | (874)       |                    |
| MEI                          | ABX.HE.AAA.6-2<br>Index | 0.110 | 05/25/2046 | 78,364 | (15,463) | 3,416              | 0                | (12,047)    |                    |
| MYC                          | ABX.HE.AAA.6-2<br>Index | 0.110 | 05/25/2046 | 20,312 | (3,830)  | 707                | 0                | (3,123)     |                    |
|                              |                         |       |            |        |          |                    |                  |             |                    |
|                              |                         |       |            |        |          | \$ (49,672)        | \$ 11,190        | \$ 0        | \$ (38,482)        |
| <b>Total Swap Agreements</b> |                         |       |            |        |          | <b>\$ (54,983)</b> | <b>\$ 10,766</b> | <b>\$ 0</b> | <b>\$ (44,217)</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, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.*
- (2) *Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate 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.*

(n) **Securities with an aggregate market value of \$44,555 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of October 31, 2016.**

#### Fair Value Measurements

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

| Category and Subcategory                   | Level 1 | Level 2      | Level 3   | Fair Value at 10/31/2016 |
|--|---------|--------------|-----------|--------------------------|
| <b>Investments in Securities, at Value</b> |         |              |           |                          |
| Bank Loan Obligations                      | \$ 0    | \$ 29,257    | \$ 0      | \$ 29,257                |
| <b>Corporate Bonds &amp; Notes</b>         |         |              |           |                          |
| Banking & Finance                          | 0       | 226,422      | 10,352    | 236,774                  |
| Industrials                                | 0       | 263,732      | 10,844    | 274,576                  |
| Utilities                                  | 0       | 62,498       | 0         | 62,498                   |
| <b>Convertible Bonds &amp; Notes</b>       |         |              |           |                          |
| Industrials                                | 0       | 6,789        | 0         | 6,789                    |
| <b>Municipal Bonds &amp; Notes</b>         |         |              |           |                          |
| California                                 | 0       | 37,471       | 0         | 37,471                   |
| Illinois                                   | 0       | 25,858       | 0         | 25,858                   |
| Virginia                                   | 0       | 1,176        | 0         | 1,176                    |
| West Virginia                              | 0       | 10,077       | 0         | 10,077                   |
| U.S. Government Agencies                   | 0       | 26,572       | 8,357     | 34,929                   |
| Non-Agency Mortgage-Backed Securities      | 0       | 267,659      | 0         | 267,659                  |
| Asset-Backed Securities                    | 0       | 179,995      | 16,131    | 196,126                  |
| Sovereign Issues                           | 0       | 13,543       | 0         | 13,543                   |
| <b>Common Stocks</b>                       |         |              |           |                          |
| Financials                                 | 0       | 0            | 720       | 720                      |
| Industrials                                | 4       | 0            | 0         | 4                        |
| <b>Preferred Securities</b>                |         |              |           |                          |
| Banking & Finance                          | 158     | 8,490        | 0         | 8,648                    |
| <b>Short-Term Instruments</b>              |         |              |           |                          |
| Repurchase Agreements                      | 0       | 22,193       | 0         | 22,193                   |
| U.S. Treasury Bills                        | 0       | 62,836       | 0         | 62,836                   |
| Total Investments                          | \$ 162  | \$ 1,244,568 | \$ 46,404 | \$ 1,291,134             |
| <b>Short Sales, at Value - Liabilities</b> |         |              |           |                          |
| Corporate Bonds & Notes                    | \$ 0    | \$ (1,622)   | \$ 0      | \$ (1,622)               |

| <b>Financial Derivative Instruments - Assets</b>      |               |                     |                  |                     |
|---|---------------|---------------------|------------------|---------------------|
| Exchange-traded or centrally cleared                  | 0             | 2,164               | 0                | 2,164               |
| Over the counter                                      | 0             | 8,030               | 0                | 8,030               |
|   | \$ 0          | \$ 10,194           | \$ 0             | \$ 10,194           |
| <b>Financial Derivative Instruments - Liabilities</b> |               |                     |                  |                     |
| Exchange-traded or centrally cleared                  | 0             | (2,897)             | 0                | (2,897)             |
| Over the counter                                      | 0             | (44,684)            | 0                | (44,684)            |
|   | \$ 0          | \$ (47,581)         | \$ 0             | \$ (47,581)         |
| <b>Totals</b>   | <b>\$ 162</b> | <b>\$ 1,205,559</b> | <b>\$ 46,404</b> | <b>\$ 1,252,125</b> |

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

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

| Category and Subcategory                   | Beginning Balance at 07/31/2016 | Net Purchases   | Net Sales       | Accrued Discounts (Premiums) | Realized Gain (Loss) | Unrealized Appreciation (Depreciation) | Net Change in Transfers into Level 3 | Transfers out of Level 3 | Ending Balance at 10/31/2016 | Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 10/31/2016 |
|--|---------------------------------|-----------------|-----------------|------------------------------|----------------------|--|--------------------------------------|--------------------------|------------------------------|---|
|  |                                 |                 |                 |                              |                      |  |                                      |                          |                              | (1)   |
| <b>Investments in Securities, at Value</b> |                                 |                 |                 |                              |                      |  |                                      |                          |                              |   |
| Bank Loan Obligations                      | \$ 5,670                        | \$ 4,453        | \$ (19)         | \$ 30                        | \$ 1                 | \$ 241                                 | \$ 0                                 | \$ (10,376)              | \$ 0                         | \$ 0  |
| Corporate Bonds & Notes                    |                                 |                 |                 |                              |                      |  |                                      |                          |                              |   |
| Banking & Finance                          | 10,421                          | 0               | (67)            | 1                            | 1                    | (4)                                    | 0                                    | 0                        | 10,352                       | 8   |
| Industrials                                | 10,850                          | 0               | 0               | 4                            | 0                    | (10)                                   | 0                                    | 0                        | 10,844                       | (10)  |
| U.S. Government Agencies                   | 7,929                           | 0               | (29)            | 5                            | 12                   | 440                                    | 0                                    | 0                        | 8,357                        | 439   |
| Asset-Backed Securities                    | 17,050                          | 0               | 0               | 0                            | 0                    | (919)                                  | 0                                    | 0                        | 16,131                       | (919)   |
| Common Stocks                              |                                 |                 |                 |                              |                      |  |                                      |                          |                              |   |
| Financials                                 | 505                             | 0               | 0               | 0                            | 0                    | 215                                    | 0                                    | 0                        | 720                          | 215   |
| <b>Totals</b>                              | <b>\$ 52,425</b>                | <b>\$ 4,453</b> | <b>\$ (115)</b> | <b>\$ 40</b>                 | <b>\$ 14</b>         | <b>\$ (37)</b>                         | <b>\$ 0</b>                          | <b>\$ (10,376)</b>       | <b>\$ 46,404</b>             | <b>\$ (267)</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 10/31/2016 | Valuation Technique                       | Unobservable Inputs | Input Value(s) (% Unless Noted Otherwise) |
|--|------------------------------|---|---------------------|---|
| <b>Investments in Securities, at Value</b> |                              |   |                     |   |
| Corporate Bonds & Notes                    |                              |   |                     |   |
| Banking & Finance                          | \$ 10,352                    | Proxy Pricing                             | Base Price          | 114.25                                    |
| Industrials                                | 10,844                       | Proxy Pricing                             | Base Price          | 99.50                                     |
| U.S. Government Agencies                   | 8,357                        | Proxy Pricing                             | Base Price          | 56.66                                     |
| Asset-Backed Securities                    | 16,131                       | Proxy Pricing                             | Base Price          | 106,003.18 - 114,507.01                   |
| <b>Common Stocks</b>                       |                              |   |                     |   |
| Financials                                 | 720                          | Other Valuation Techniques <sup>(2)</sup> |                     |   |
| <b>Total</b>                               | <b>\$ 46,404</b>             |   |                     |   |

(1) Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at October 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 Supplementary Notes to Schedule of Investments as securities valued using such techniques are not considered significant to the Fund.

See Accompanying Notes

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## Notes to Financial Statements

### 1. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**(a) Investment Valuation Policies** The net asset value ( NAV ) of the Fund 's shares is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to that Fund, 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 Fund or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Fund reserves the right to change the time as of which its respective NAV is calculated if the Fund closes earlier, or as permitted by the U.S. Securities and Exchange Commission (the SEC ).

For purposes of calculating NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Fund 's approved pricing services, quotation reporting systems and other third-party sources (together, Pricing Services ). The Fund will normally use pricing data for domestic equity securities received shortly after the NYSE Close and 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 Pacific Investment Management Company LLC ( PIMCO or the Manager ) to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services or other pricing sources. The Fund 's investments in open-end management investment companies, other than exchange-traded funds ( ETFs ), are valued at 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, the Fund may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Fund may utilize modeling tools provided by third-party vendors to determine fair values of non-U.S. securities. Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Fund 's portfolio investments being affected when shareholders are unable to buy or sell shares.

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

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

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

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

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

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

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

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

Transfers from Level 3 to Level 2 are a result of the availability of current and reliable market-based data provided by Pricing Services or other valuation techniques which utilize significant observable inputs. In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Fund.

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

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

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

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

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

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

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

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 the 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 the 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.

Investments in registered open-end investment companies (other than ETFs) will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted. Investments in privately held investment funds with significant restrictions on redemption where the inputs to the NAVs are observable will be valued based upon the NAVs of such investments and are 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.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward 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.

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

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

## 2. FEDERAL INCOME TAX MATTERS

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

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

In accordance with U.S. GAAP, the Manager has reviewed the Fund's tax positions for all open tax years. As of October 31, 2016, the Fund has 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.

The Fund files U.S. tax returns. While the statute of limitations remains open to examine the Fund's U.S. tax returns filed for the fiscal years from 2013-2015, no examinations are in progress or anticipated at this time. The Fund is not 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.

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

| Federal Tax<br>Cost | Aggregate Gross<br>Unrealized<br>Appreciation | Aggregate Gross<br>Unrealized<br>(Depreciation) | Net Unrealized<br>Appreciation<br>(Depreciation)<br>(1) |
|---------------------|---|---|---|
| \$ 1,280,619        | \$ 62,955                                     | \$ (52,440)                                     | \$ 10,515   |

(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.*

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

(Unaudited)

## Counterparty Abbreviations:

|     |                                |     |                             |     |                                       |
|-----|--------------------------------|-----|-----------------------------|-----|---------------------------------------|
| BCY | Barclays Capital, Inc.         | GST | Goldman Sachs International | MYC | Morgan Stanley Capital Services, Inc. |
| BOA | Bank of America N.A.           | HUS | HSBC Bank USA N.A.          | RBC | Royal Bank of Canada                  |
| BOS | Banc of America Securities LLC | JPM | JPMorgan Chase Bank N.A.    | RDR | RBC Capital Markets                   |
| BPS | BNP Paribas S.A.               | JPS | JPMorgan Securities, Inc.   | SCX | Standard Chartered Bank               |
| BRC | Barclays Bank PLC              | MEI | Merrill Lynch International | SOG | Societe Generale                      |
| CBK | Citibank N.A.                  | MSB | Morgan Stanley Bank N.A.    | SSB | State Street Bank and Trust Co.       |
| GLM | Goldman Sachs Bank USA         | MSC | Morgan Stanley & Co., Inc.  | UBS | UBS Securities LLC                    |

## Currency Abbreviations:

|     |                   |     |               |             |                      |
|-----|-------------------|-----|---------------|-------------|----------------------|
| AUD | Australian Dollar | EUR | Euro          | JPY         | Japanese Yen         |
| BRL | Brazilian Real    | GBP | British Pound | USD (or \$) | United States Dollar |

## Index/Spread Abbreviations:

|        |   |        |                                       |        |   |
|--------|---|--------|---------------------------------------|--------|---|
| ABX.HE | Asset-Backed Securities Index - Home Equity | CDX.HY | Credit Derivatives Index - High Yield | CDX.IG | Credit Derivatives Index - Investment Grade |
|--------|---|--------|---------------------------------------|--------|---|

## Other Abbreviations:

|      |                             |      |                               |       |                                |
|------|-----------------------------|------|-------------------------------|-------|--------------------------------|
| ABS  | Asset-Backed Security       | BBR  | Bank Bill Rate                | CDO   | Collateralized Debt Obligation |
| ADR  | American Depositary Receipt | BBSW | Bank Bill Swap Reference Rate | CLO   | Collateralized Loan Obligation |
| ALT  | Alternate Loan Trust        | CDI  | Brazil Interbank Deposit Rate | LIBOR | London Interbank Offered Rate  |
| BABs | Build America Bonds         |      |                               |       |                                |

**Item 2. Controls and Procedures**

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

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

**Item 3. Exhibits**

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

