

PIMCO CORPORATE & INCOME STRATEGY FUND

Form N-CSR

December 29, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-10555

PIMCO Corporate & Income Strategy Fund

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices)

William G. Galipeau

Treasurer, Principal Financial & Accounting Officer

650 Newport Center Drive

Newport Beach, CA 92660

(Name and address of agent for service)

Copies to:

David C. Sullivan

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

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Registrant's telephone number, including area code: (844) 337-4626

Date of fiscal year end: October 31, 2014

Date of reporting period: October 31, 2014

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

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

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Item 1. Reports to Shareholders.

The following is a copy of the report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30e-1).

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Your Global Investment Authority

PIMCO Closed-End Funds

Annual Report

October 31, 2014

PIMCO Corporate & Income Strategy Fund

PIMCO Income Opportunity Fund

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Letter from the Chairman of the Board & President

Dear Shareholder:

As previously announced, on September 26, 2014, prior to the close of the reporting period, William Bill Gross, PIMCO's former chief investment officer (CIO) and co-founder, resigned from the firm. PIMCO's managing directors elected Daniel Ivascyn to serve as group chief investment officer (Group CIO). In addition, PIMCO appointed Andrew Balls, CIO Global; Mark Kiesel, CIO Global Credit; Virginie Maisonneuve, CIO Global Equities; Scott Mather, CIO U.S. Core Strategies; and Mihir Worah, CIO Real Return and Asset Allocation. As announced by PIMCO on November 3, 2014, Marc Seidner returned to the firm effective November 12, 2014, in a new role as CIO Non-Traditional Strategies and head of Portfolio Management in PIMCO's New York office. Under this leadership structure, Andrew and Mihir have additional managerial responsibility for PIMCO's Portfolio Management group and trade floor activities globally. Andrew oversees portfolio management and trade floor activities in Europe and Asia-Pacific, and Mihir oversees portfolio management and trade floor activities in the U.S. Furthermore, effective as of September 26, 2014, Alfred Murata and Mohit Mittal replaced Mr. Gross as portfolio managers for PIMCO Corporate & Income Strategy Fund (PCN). There have not been any changes to the portfolio management of PIMCO Income Opportunity Fund (each a Fund and together with PCN, the Funds).

Douglas Hodge, PIMCO's chief executive officer, and Jay Jacobs, PIMCO's president, continue to serve as the firm's senior executive leadership team, spearheading PIMCO's business strategy, client service and the firm's operations.

These appointments are a further evolution of the structure that PIMCO established earlier in 2014, reflecting our belief that the best approach for PIMCO's clients and our firm is an investment leadership team of seasoned, highly skilled investors overseeing all areas of PIMCO's investment activities.

During his 43 years at PIMCO, Mr. Gross made great contributions to building the firm and delivering value to PIMCO's clients. Over this period, PIMCO developed into a global asset manager, expanding beyond core fixed income, now encompassing over 2,400 employees across 13 offices, including more than 250 portfolio managers. Mr. Gross was also responsible for starting PIMCO's robust investment process, with a focus on long-term macroeconomic views and bottom-up security selection a process that is well institutionalized and will continue into PIMCO's future.

For the 12-month reporting period ended October 31, 2014:

After several years of positive growth, severe winter weather in parts of the country appeared to be a headwind for the U.S. economy in early 2014. Looking back, gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at a 3.5% annual pace during the fourth quarter of 2013.

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According to the U.S. Commerce Department, GDP then contracted at an annual pace of 2.1% during the first quarter of 2014. However, this was a temporary setback, as GDP expanded at a 4.6% annual pace during the second quarter of 2014. This represented the strongest growth rate since the fourth quarter of 2011. According to the Commerce Department's estimate released on November 25, 2014, GDP expanded at an annual pace of 3.9% during the third quarter of 2014.

The Federal Reserve (the Fed) began tapering its monthly asset purchase program in January 2014. At each of its next seven meetings, the Fed announced that it would further taper its asset purchases. Following its meeting in October 2014, the Fed announced that it had concluded its asset purchases.

However, the Fed again indicated that it would not raise interest rates in the near future, saying in October that it likely will be appropriate to maintain the 0 to 1/4 percent target range for the federal funds rate for a considerable time following the end of its asset purchase program this month, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored.

Outlook

PIMCO's 2015 forecast in the U.S. is for a continuation of the economic recovery. With the ongoing assistance of easy monetary policy, combined with healthy private financial sector balance sheets, we believe the U.S. economy is poised to grow between 2.5% and 3.0% in the coming calendar year. We expect to see corporate capital expenditures accelerate on the back of rising pricing power and expected returns on newly invested capital. We expect very gradually rising wages and product prices, which will allow the Fed to maintain its accommodative monetary policy for 2015. Potential wildcards for the economy in both the U.S. and abroad are geopolitical issues in Ukraine, the Middle East and elsewhere.

On the following pages of this PIMCO Closed-End Funds Annual Report, please find specific details regarding investment performance and a discussion of factors that most affected performance of the Funds over the 12-month reporting period ended October 31, 2014.

Thank you for investing with us. We value your trust and will continue to work diligently to meet your investment needs. If you have questions regarding any of your PIMCO Closed-End Funds investments, please contact your financial advisor or call the Funds' shareholder servicing agent at (844) 33-PIMCO (844-337-4626). We also invite you to visit our website at pimco.com/investments to learn more about our views and global thought leadership.

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Letter from the Chairman of the Board & President (Cont.)

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess
Chairman of the Board of Trustees

Peter G. Strelow
President; Principal Executive Officer

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Important Information About the Funds

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates trend upward, rising rates would negatively impact the performance of most bond funds, and fixed-income securities held by a Fund are likely to decrease in value. A number of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). Accordingly, changes in interest rates can be sudden, and there is no guarantee that Fund Management will anticipate such movement.

As of the date of this report, interest rates in the U.S. are at or near historically low levels. As such, bond funds may currently face an increased exposure to the risks associated with rising interest rates. This is especially true since the Federal Reserve Board has concluded its quantitative easing program. Further, while the U.S. bond market has steadily grown over the past three decades, dealer inventories of corporate bonds have remained relatively stagnant. As a result, there has been a significant reduction in the ability of dealers to "make markets" in corporate bonds. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets, which could result in increased losses to a Fund. Bond funds and individual bonds with a longer duration (a measure of the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. In addition, in the current low interest rate environment, the market price of the Funds' common shares may be particularly sensitive to changes in interest rates or the perception that there will be a change in interest rates.

The use of derivatives may subject the Funds to greater volatility than investments in traditional securities. The Funds may use derivative instruments for hedging purposes or as part of an investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, call risk, credit risk, management risk and the risk that a Fund could not close out a position when it would be most advantageous to do so. Certain derivative transactions may have a leveraging effect on a Fund. For example, a small investment in a derivative instrument may have a significant impact on a Fund's exposure to interest rates, currency exchange rates or other investments. As a result, a relatively small price movement in a derivative instrument may cause an immediate and substantial loss or gain, which translates into heightened volatility in a Fund's net asset value. A Fund may engage in such transactions regardless of whether the Fund owns the asset, instrument or components of the index underlying a derivative instrument. A Fund may invest a significant portion of its assets in these types of instruments. If it does, a Fund's investment exposure could far exceed the value of its portfolio securities and its investment performance could be primarily dependent upon securities it does not directly own.

A Fund's use of leverage creates the opportunity for increased income for the Fund's common shareholders, but also creates special risks. Leverage is a speculative technique that may expose a Fund to greater risk and increased costs. If shorter-term interest rates rise relative to the rate of return on a Fund's portfolio, the interest and other costs to the Fund of leverage could exceed the rate of return on the debt obligations and other investments held by the Fund, thereby reducing return to the Fund's common shareholders. In addition, fees and expenses of any form of leverage used by a Fund will be borne entirely by its common shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Fund's common shares. There can be no assurance that a Fund's use of leverage will result in a higher yield on its common shares, and it may result in losses. Leverage creates several major types of risks for a Fund's common shareholders,

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Important Information About the Funds (Cont.)

including: (1) the likelihood of greater volatility of net asset value and market price of the Fund's common shares, and of the investment return to the Fund's common shareholders, than a comparable portfolio without leverage; (2) the possibility either that the Fund's common share dividends will fall if the interest and other costs of leverage rise, or that dividends paid on the Fund's common shares will fluctuate because such costs vary over time; and (3) the effects of leverage in a declining market or a rising interest rate environment, as leverage is likely to cause a greater decline in the net asset value of the Fund's common shares than if the Fund were not leveraged and may result in a greater decline in the market value of the Fund's common shares.

A Fund's investments in and exposure to foreign securities involve special risks. For example, the value of these investments may decline in response to unfavorable political and legal developments, unreliable or untimely information or economic and financial instability. Foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers. The securities markets of certain foreign countries are relatively small, with a limited number of companies representing a small number of industries. Issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, auditing and custody standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or other confiscation, currency blockage, political changes or diplomatic developments could adversely affect a Fund's investments in foreign securities. In the event of nationalization, expropriation or other confiscation, a Fund could lose its entire investment in foreign securities. Risks associated with investing in foreign securities may be increased when a Fund invests in emerging markets. For example, if a Fund invests in emerging market debt, it may face increased exposure to interest rate, liquidity, volatility, and redemption risk due to the specific economic, political, geographical, or legal background of the emerging market.

Investments in loans are generally subject to risks similar to those of investments in other types of debt obligations, including, among others, credit risk, interest rate risk, variable and floating rate securities risk, and, as applicable, risks associated with mortgage-related securities. In addition, in many cases loans are subject to the risks associated with below-investment grade securities. In the case of a loan participation or assignment, a Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, a Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. In the event of the insolvency of the lender selling a loan participation, a Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. The Funds may be subject to heightened or additional risks and potential liabilities and costs by investing in mezzanine and other subordinated loans or acting as an originator of loans, including those arising under bankruptcy, fraudulent conveyance, equitable subordination, lender liability, environmental and other laws and regulations, and risks and costs associated with debt servicing and taking foreclosure actions associated with the loans. To the extent that a Fund originates a loan, it may be responsible for all or a substantial portion of the expenses associated with initiating the loan, irrespective of whether the loan transaction is ultimately consummated or closed. This may include significant legal and due diligence expenses, which will be indirectly borne by the Fund and its shareholders.

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to

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changes in interest rates. As a result, in a period of rising interest rates, if a Fund holds mortgage-related securities, it may experience additional volatility since individual mortgage holders are less likely to exercise prepayment options, thereby putting additional downward pressure on the value of these securities and potentially causing the Fund to lose money. This is known as extension risk. Mortgage-backed securities can be highly sensitive to rising interest rates, such that even small movements can cause an investing Fund to lose value. Mortgage-backed securities, and in particular those not backed by a government guarantee, are subject to credit risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Funds because the Funds may have to reinvest that money at the lower prevailing interest rates. The Funds' investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets. Payment of principal and interest on asset-backed securities may be largely dependent upon the cash flows generated by the assets backing the securities, and asset-backed securities may not have the benefit of any security interest in the related assets.

High-yield bonds (commonly referred to as "junk bonds") typically have a lower credit rating than other bonds. Lower-rated bonds generally involve a greater risk to principal than higher-rated bonds. Further, markets for lower-rated bonds are typically less liquid than for higher-rated bonds, and public information is usually less abundant in such markets. Thus, high yield investments increase the chance that a Fund will lose money on its investment. The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted securities are often illiquid and may not be actively traded. Sale of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of the securities used by the Funds could be material.

Certain Funds may invest in securities and instruments that are economically tied to Russia. Investments in Russia are subject to political, economic, legal, market and currency risks, as well as the risk of economic sanctions imposed by the United States and/or other countries. Such sanctions—which may impact companies in many sectors, including energy, financial services and defense, among others—may negatively impact a Fund's performance and/or ability to achieve its investment objective. For example, certain transactions may be prohibited and/or existing investments may become illiquid (e.g., in the event that transacting in certain existing investments is prohibited).

The common shares of the Funds trade on the New York Stock Exchange. As with any stock, the price of a Fund's common shares will fluctuate with market conditions and other factors. If you sell your common shares of a Fund, the price received may be more or less than your original investment. Shares of closed-end management investment companies frequently trade at a discount from their net asset value. The common shares of a Fund may trade at a price that is less than the initial offering price and/or the net asset value of such shares.

The Funds may be subject to various risks in addition to those described above. Some of these risks may include, but are not limited to, the following: asset allocation risk, credit risk, stressed securities risk, distressed and defaulted securities risk, corporate bond risk, market risk, issuer risk, liquidity risk, equity securities and related market risk, mortgage-related and other asset-backed securities

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Important Information About the Funds (Cont.)

risk, extension risk, prepayment risk, privately issued mortgage-related securities risk, mortgage market/subprime risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, redenomination risk, non-diversification risk, management risk, municipal bond risk, inflation-indexed security risk, senior debt risk, loans, participations and assignments risk, reinvestment risk, real estate risk, U.S. Government securities risk, foreign (non-U.S.) government securities risk, valuation risk, segregation and cover risk, focused investment risk, credit default swaps risk, event-linked securities risk, counterparty risk, preferred securities risk, confidential information access risk, other investment companies risk, private placements risk, inflation/deflation risk, regulatory risk, tax risk, recent economic conditions risk, market disruptions and geopolitical risk, potential conflicts of interest involving allocation of investment opportunities, repurchase agreements risk, securities lending risk, zero-coupon bond and payment-in-kind securities risk, portfolio turnover risk, smaller company risk, short sale risk and convertible securities risk. A description of certain of these risks is available in the Notes to Financial Statements of this Report.

The geographical classification of foreign securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.

On each individual Fund Summary page in this Shareholder Report the Common Share Average Annual Total Return table and Common Share Cumulative Returns (if applicable) measure performance assuming that all dividend and capital gain distributions were reinvested. Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions. Total return for a period of more than one year represents the average annual total return. Performance at market price will differ from results at NAV. Although market price returns tend to reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about a Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends. Performance shown is net of fees and expenses.

The following table discloses the commencement of operations of each Fund:

Fund Name	Commencement of Operations
PIMCO Corporate & Income Strategy Fund	12/21/01
PIMCO Income Opportunity Fund	11/30/07

An investment in a Fund is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money on investments in the Funds.

PIMCO has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 206(4)-6 under the Investment Advisers Act of 1940. The Proxy Policy has been adopted by the Funds as the policies and procedures that PIMCO will use when voting proxies on behalf of the Funds. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of each Fund, and information about how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Funds at (844) 33-PIMCO (844-337-4626), on the Funds' website at www.pimcofunds.com/closedendfunds, and on the Securities and Exchange Commission's (SEC) website at <http://www.sec.gov>.

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Each Fund files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of its fiscal year on Form N-Q. A copy of each Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and is available without charge, upon request by calling the Funds at (844) 33-PIMCO (844-337-4626) and on the Funds' website at www.pimco.com/closedendfunds. Updated portfolio holdings information about a Fund will be available at www.pimco.com/investments approximately 15 calendar days after such Fund's most recent fiscal quarter end, and will remain accessible until such Fund files a Form N-Q or a shareholder report for the period which includes the date of the information. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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PIMCO Corporate & Income Strategy Fund

Symbol on NYSE - PCN

Allocation Breakdown

Mortgage-Backed Securities	34.5%
Corporate Bonds & Notes	27.7%
U.S. Government Agencies	8.8%
Short-Term Instruments	8.1%
Sovereign Issues	7.2%
Municipal Bonds & Notes	5.8%
Other	7.9%

% of Investments, at value as of 10/31/14
Fund Information (as of October 31, 2014)⁽¹⁾

Market Price	\$16.18
NAV	\$15.60
Premium/(Discount) to NAV	3.72%
Market Price Distribution Yield ⁽²⁾	8.34%
NAV Distribution Yield ⁽²⁾	8.65%
Regulatory Leverage Ratio ⁽³⁾	21.98%

Average Annual Total Return for the period ended October 31, 2014

	1 Year	5 Year	10 Year	Commencement of Operations (12/21/01)
Market Price	8.84%	17.40%	12.16%	12.07%
NAV	12.80%	17.81%	12.35%	12.74%

All Fund returns are net of fees and expenses.

- (1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com/investments or call (844) 33-PIMCO.
- (2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.
- (3) Represents regulatory leverage outstanding, as a percentage of total managed assets. Regulatory leverage may include preferred shares, tender option bond transactions, reverse repurchase agreements, and other borrowings (collectively Leverage). Total managed assets refer to total assets (including assets attributable to Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Leverage).

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Portfolio Insights

- » The overall fixed income market generated a positive return during the reporting period. The fixed income market was volatile at times as investor sentiment was impacted by incoming economic data, changing expectations regarding future monetary policy and a number of geopolitical issues. All considered, longer-term U.S. Treasury yields declined during the 12-month period, with the yield on the benchmark 10-year Treasury bond falling from 2.57% to 2.35%. Compared to the 4.14% return for the overall U.S. fixed income market (as measured by the Barclays U.S. Aggregate Bond Index), investment grade and high yield corporate bonds returned 6.24% and 5.82%, respectively (as measured by the Barclays U.S. Credit and Barclays U.S. Corporate High Yield Indexes), for the 12 months ended October 31, 2014. Among investment grade quality credits, lower-quality tiers outperformed with AAA-, AA-, A- and BBB-rated issues, returning 2.54%, 5.42%, 5.94% and 7.62%, respectively, as measured by the Barclays U.S. Credit Index. In contrast, higher-rated high yield credits outperformed, with BB-rated issues returning 7.18%, versus 5.17% for B-rated issues, as measured by the Barclays U.S. Corporate High Yield Index.

- » The Fund benefited most from its allocation to nonagency mortgage-backed securities as an improving U.S. housing market, driven by continued recovery in home prices as well as favorable demand relative to supply, supported the sector. Specifically, attractive levels of coupon, coupled with a substantial allocation to this sector, resulted in a large positive contribution to return. Another substantial contributor to performance came from the Fund's allocation to municipal bonds during the reporting period. The sector benefited from both attractive current coupon as well as increases in bond prices, supported by continued economic recovery in the United States and, subsequently, higher local tax revenues. Lastly, the Fund's exposure to corporate credit, specifically to the banking and automotive sectors, contributed to results, driven primarily by attractive current coupons.

- » The Fund's exposure to Brazilian interest rates detracted from returns as local interest rates rose during the period following higher-than-expected inflation reports and market concerns about future higher inflation following Dilma Rousseff's re-election as president. There were no additional material detractors from results during the period.

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PIMCO Income Opportunity Fund

Symbol on NYSE - **PKO**

Allocation Breakdown

Corporate Bonds & Notes	41.3%
Mortgage-Backed Securities	24.6%
Asset-Backed Securities	18.5%
Sovereign Issues	4.3%
Bank Loan Obligations	4.0%
Other	7.3%

% of Investments, at value as of 10/31/14
Fund Information (as of October 31, 2014)⁽¹⁾

Market Price	\$27.26
NAV	\$28.38
Premium/(Discount) to NAV	(3.95%)
Market Price Distribution Yield ⁽²⁾	8.36%
NAV Distribution Yield ⁽²⁾	8.03%
Regulatory Leverage Ratio ⁽³⁾	43.79%

Average Annual Total Return for the period ended October 31, 2014

	1 Year	5 Year	Commencement of Operations (11/30/07)
Market Price	4.39%	17.15%	12.62%
NAV	9.53%	17.96%	14.18%

All Fund returns are net of fees and expenses.

- (1) Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com/investments or call (844) 33-PIMCO.
- (2) Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099-DIV sent to shareholders each January.
- (3) Represents regulatory leverage outstanding, as a percentage of total managed assets. Regulatory leverage may include preferred shares, tender option bond transactions, reverse repurchase agreements, and other borrowings (collectively "Leverage"). Total managed assets refer to total assets (including assets attributable to Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Leverage).

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Portfolio Insights

- » The overall fixed income market generated a positive return during the reporting period. The fixed income market was volatile at times as investor sentiment was impacted by incoming economic data, changing expectations regarding future monetary policy and a number of geopolitical issues. Everything considered, longer-term U.S. Treasury yields declined during the 12-month period, with the yield on the benchmark 10-year Treasury bond falling from 2.57% to 2.35%. Compared to the 4.14% return for the overall U.S. fixed income market (as measured by the Barclays U.S. Aggregate Bond Index), investment grade and high yield corporate bonds returned 6.24% and 5.82%, respectively (as measured by the Barclays U.S. Credit and Barclays U.S. Corporate High Yield Indexes), for the 12 months ended October 31, 2014. Among investment grade quality credits, lower-quality tiers outperformed with AAA-, AA-, A- and BBB-rated issues, returning 2.54%, 5.42%, 5.94% and 7.62%, respectively, as measured by the Barclays U.S. Credit Index. In contrast, higher-rated high yield credits outperformed, with BB-rated issues returning 7.18%, versus 5.17% for B-rated issues, as measured by the Barclays U.S. Corporate High Yield Index.

- » The Fund benefited most from its allocation to non-agency mortgage-backed securities as an improving U.S. housing market, driven by continued recovery in home prices as well as favorable demand relative to supply, supported the sector. Specifically, attractive levels of coupon, coupled with a substantial allocation to this sector, resulted in a large positive contribution to return. The Fund's exposure to bank capital via investments into junior parts of the capital structure enhanced its results as these performed well given continued improvement in fundamentals and broad deleveraging imposed by regulators. The Fund's exposure to high yield corporate bonds benefited the Fund's performance as those bonds offered attractive coupon. Specifically, energy pipeline, gambling and media issuers offered the largest contribution to returns. The Fund's smaller exposure to taxable municipal bonds was modestly positive for performance.

- » An allocation to emerging markets credits was additive for results, with Brazilian and Russian quasi-sovereign credits being the largest contributors. However, exposure to Brazilian interest rates detracted from returns as local interest rates rose during the period following higher-than-expected inflation reports and market concerns about future higher inflation following Dilma Rousseff's re-election as president.

Table of Contents**Financial Highlights**

Selected Per Common Share Data for the Year Ended:	Net Asset Value Beginning of Year	Net Investment Income (a)	Net Realized/ Unrealized Gain (Loss)	Total Income (Loss) from Investment Operations	Distributions on Preferred Shares from Net Investment Income and Net Realized Gain	Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	Distributions to Common Shareholders from Net Investment Income	Distributions to Common Shareholders from Net Realized Gain
PIMCO Corporate & Income Strategy Fund								
10/31/2014	\$ 16.04	\$ 0.99	\$ 0.87	\$ 1.86	\$ (0.00)^	\$ 1.86	\$ (1.35)	\$ (0.95)
10/31/2013	15.90	1.28	0.44	1.72	(0.01)	1.71	(1.57)	0.00
10/31/2012	13.67	1.57	2.47	4.04	(0.01)	4.03	(1.80)	0.00
10/31/2011	15.51	1.72	(1.87)	(0.15)	(0.01)	(0.16)	(1.68)	0.00
10/31/2010	12.88	1.61	2.90	4.51	(0.01)	4.50	(1.87)	0.00
PIMCO Income Opportunity Fund								
10/31/2014	\$ 28.67	\$ 2.71	\$ (0.12)	\$ 2.59	\$ 0.00	\$ 2.59	\$ (2.88)	\$ 0.00
10/31/2013	27.86	2.87	0.77	3.64	0.00	3.64	(2.83)	0.00
10/31/2012	24.62	2.61	3.69	6.30	0.00	6.30	(3.06)	0.00
10/31/2011	26.97	3.24	(2.20)	1.04	0.00	1.04	(3.39)	0.00
10/31/2010	21.40	3.11	4.58	7.69	0.00	7.69	(2.12)	0.00

^ Reflects an amount rounding to less than \$0.005.

(a) Per share amounts based on average number of common shares outstanding during the year.

(b) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions in connection with the purchase or sale of Fund shares.

(c) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.

(d) Interest expense primarily relates to participation in reverse repurchase agreement transactions.

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See Accompanying Notes

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Total Distributions to Common Share holders	Net Asset Value End of Year	Market Price End of Year	Total Investment Return (b)	Net Assets Applicable to Common Share holders End of Year (000s)	Ratio of Expenses to Average Net Assets (c)(d)	Ratio of Expenses to Average Net Assets Excluding Waivers (e)(d)	Ratio of Expenses to Average Net assets Excluding Interest Expense (c)	Ratio of Expenses to Average Net Assets Excluding Interest Expense and Waivers (c)	Ratio of Net Investment Income to Average Net Assets (e)	Preferred Shares Asset Coverage Per Share	Portfolio Turnover Rate
\$ (2.30)	\$ 15.60	\$ 16.18	8.84%	\$ 599,980	1.09%	1.09%	1.09%	1.09%	6.32%	\$ 113,753	48%
(1.57)	16.04	17.15	3.48	612,225	1.10	1.10	1.09	1.09	7.91	115,565	108
(1.80)	15.90	18.17	33.21	603,483	1.32	1.32	1.14	1.14	11.03	114,270	28
(1.68)	13.67	15.27	4.78	515,041	1.30	1.30	1.16	1.16	11.56	101,188	32
(1.87)	15.51	16.24	41.86	579,963	1.24	1.25	1.17	1.18	11.64	110,790	52
\$ (2.88)	\$ 28.38	\$ 27.26	4.39%	\$ 424,632	2.01%	2.01%	1.65%	1.65%	9.44%	N/A	175%
(2.83)	28.67	28.90	6.81	426,561	1.93	1.93	1.66	1.66	10.03	N/A	65
(3.06)	27.86	29.85	26.98	411,976	2.29	2.29	1.86	1.86	10.38	N/A	57
(3.39)	24.62	26.45	11.68	359,909	2.44	2.44	1.93	1.93	12.40	N/A	194
(2.12)	26.97	26.92	39.51	391,730	2.36	2.36	1.86	1.86	13.07	N/A	77

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

	PIMCO Corporate & Income Strategy Fund	PIMCO Income Opportunity Fund
(Amounts in thousands, except per share amounts)		
Assets:		
<i>Investments, at value</i>		
Investments in securities*	\$ 760,639	\$ 737,993
<i>Financial Derivative Instruments</i>		
Exchange-traded or centrally cleared	1,663	363
Over the counter	1,908	3,770
Cash	3	0
Deposits with counterparty	3,683	3,483
Foreign currency, at value	636	943
Receivable for investments sold	3,417	29,435
Interest and dividends receivable	7,054	7,343
Other assets	49	21
	779,052	783,351
Liabilities:		
<i>Borrowings & Other Financing Transactions</i>		
Payable for reverse repurchase agreements	\$ 0	\$ 330,784
<i>Financial Derivative Instruments</i>		
Exchange-traded or centrally cleared	1,349	0
Over the counter	676	6,778
Payable for investments purchased	1,595	13,411
Deposits from counterparty	1,370	2,252
Distributions payable to common shareholders	4,328	2,842
Distributions payable to preferred shareholders	3	0
Overdraft due to custodian	0	1,855
Accrued management fees	562	717
Other liabilities	189	80
	10,072	358,719
Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 6,760 issued and 0 shares issued and outstanding, respectively)	169,000	0
Net Assets Applicable to Common Shareholders	\$ 599,980	\$ 424,632
Composition of Net Assets Applicable to Common Shareholders:		
Common Shares:		
Par value (\$0.00001 per share)	\$ 0	\$ 0
Paid in capital in excess of par	546,800	343,113
Undistributed net investment income	11,115	6,094
Accumulated undistributed net realized gain (loss)	(12,374)	10,704
Net unrealized appreciation	54,439	64,721
	\$ 599,980	\$ 424,632
Common Shares Issued and Outstanding	38,468	14,960
Net Asset Value Per Common Share	\$ 15.60	\$ 28.38
Cost of Investments in Securities	\$ 723,417	\$ 677,840
Cost of Foreign Currency Held	\$ 642	\$ 900
Cost or Premiums of Financial Derivative Instruments, net	\$ (446)	\$ (14,518)
* Includes repurchase agreements of:	\$ 16,164	\$ 5,200

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Amount is less than \$500.

16 PIMCO CLOSED-END FUNDS

See Accompanying Notes

Table of Contents**Statements of Operations**

Year Ended October 31, 2014

(Amounts in thousands)	PIMCO Corporate & Income Strategy Fund	PIMCO Income Opportunity Fund
Investment Income:		
Interest	\$ 43,441	\$ 47,562
Dividends	1,075	1,523
Total Income	44,516	49,085
Expenses:		
Management fees	5,852	6,706
Auction agent fees and commissions	201	0
Trustee fees and related expenses	50	29
Auction rate preferred shares related expenses	32	0
Interest expense	5	1,563
Miscellaneous expense	2	1
Operating expenses pre-transition ^(a)		
Custodian and accounting agent	185	150
Audit and tax services	62	46
Shareholder communications	79	53
New York Stock Exchange listing	25	17
Transfer agent	21	23
Legal	9	14
Insurance	21	14
Other expenses	4	2
Total Expenses	6,548	8,618
Net Investment Income	37,968	40,467
Net Realized Gain (Loss):		
Investments in securities	23,674	15,279
Exchange-traded or centrally cleared financial derivative instruments	(23,734)	3,201
Over the counter financial derivative instruments	17,577	560
Foreign currency	94	(615)
Net Realized Gain	17,611	18,425
Net Change in Unrealized Appreciation (Depreciation):		
Investments in securities	5,701	(14,479)
Exchange-traded or centrally cleared financial derivative instruments	12,196	(9,815)
Over the counter financial derivative instruments	(2,252)	3,839
Foreign currency assets and liabilities	(55)	285
Net Change in Unrealized Appreciation (Depreciation)	15,590	(20,170)
Net Gain (Loss)	33,201	(1,745)
Net Increase in Net Assets Resulting from Investment Operations	71,169	38,722
Distributions on Preferred Shares from Net Investment Income and Net Realized Gain	(163)	0
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	\$ 71,006	\$ 38,722

^(a) These expenses were incurred by the Fund prior to the close of business on September 5, 2014. Subsequent to the close of business on September 5, 2014, any such operating expenses are borne by PIMCO.

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

(Amounts in thousands)	PIMCO	
	Corporate & Income Strategy Fund Year Ended October 31, 2014	Year Ended October 31, 2013
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income	\$ 37,968	\$ 48,375
Net realized gain	17,611	93,577
Net change in unrealized appreciation (depreciation)	15,590	(76,826)
Net increase resulting from operations	71,169	65,126
Distributions on Preferred Shares from Net Investment Income	(41)	(201)
Distributions on Preferred Shares from Net Realized Capital Gains	(122)	0
Net increase in net assets applicable to common shareholders resulting from operations	71,006	64,925
Distributions to Common Shareholders:		
From net investment income	(51,774)	(59,574)
From net realized capital gains	(36,294)	0
Total Distributions to Common Shareholders	(88,068)	(59,574)
Common Share Transactions**:		
Issued as reinvestment of distributions	4,817	3,391
Total Increase (Decrease) in Net Assets	(12,245)	8,742
Net Assets Applicable to Common Shareholders:		
Beginning of year	612,225	603,483
End of year*	\$ 599,980	\$ 612,225
* Including undistributed (overdistributed) net investment income of:	\$ 11,115	\$ (5,218)
** Common Share Transactions:		
Shares issued as reinvestment of distributions	303	199

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See Accompanying Notes

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PIMCO	
Income Opportunity Fund	
Year Ended October 31, 2014	Year Ended October 31, 2013
\$ 40,467	\$ 42,569
18,425	11,347
(20,170)	33
38,722	53,949
0	0
0	0
38,722	53,949
(42,972)	(42,006)
0	0
(42,972)	(42,006)
2,321	2,642
(1,929)	14,585
426,561	411,976
\$ 424,632	\$ 426,561
\$ 6,094	\$ 7,629
82	91

Table of Contents**Statement of Cash Flows**

Year Ended October 31, 2014

	PIMCO Income Opportunity Fund
(Amounts in thousands)	
Cash flows (used for) operating activities:	
Net increase in net assets resulting from operations	\$ 38,722
Adjustments to reconcile net increase in net assets from operations to net cash (used for) operating activities:	
Purchases of long-term securities	(1,387,264)
Proceeds from sales of long-term securities	1,272,496
Proceeds from sales of short-term portfolio investments, net	(7,667)
(Increase) in deposits with counterparty	(1,967)
Decrease in receivable for investments sold	151,417
(Increase) in interest and dividends receivable	(2,164)
(Increase) in exchange-traded or centrally cleared derivatives	(6,937)
(Increase) in over the counter derivatives	(1,801)
(Increase) in other assets	(6)
(Decrease) in payable for investments purchased	(207,171)
Increase in deposits from counterparty	277
Increase in accrued management fees	229
(Payments on) currency transactions	(721)
(Decrease) in other liabilities	(84)
<i>Net Realized (Gain) Loss</i>	
Investments in securities	(15,279)
Exchange-traded or centrally cleared financial derivative instruments	(3,201)
Over the counter financial derivative instruments	(560)
Foreign currency	615
<i>Net Change in Unrealized (Appreciation) Depreciation</i>	
Investments in securities	14,479
Exchange-traded or centrally cleared financial derivative instruments	9,815
Over the counter financial derivative instruments	(3,839)
Foreign currency assets and liabilities	(285)
Net amortization (accretion) on investments	(3,517)
Net cash (used for) operating activities	(154,413)
Cash flows received from financing activities:	
Increase in overdraft due to custodian	1,855
Cash dividend paid*	(40,636)
Proceeds from reverse repurchase agreements	1,566,271
Payments on reverse repurchase agreements	(1,373,980)
Proceeds from deposits from counterparty	9,531
Payments on deposits from counterparty	(8,536)
Net cash received from financing activities	154,505
Net Increase in Cash and Foreign Currency	92
Cash and Foreign Currency:	
Beginning of year	851
End of year	\$ 943
* Reinvestment of dividends	\$ 2,321
Supplemental disclosure of cash flow information:	
Interest expense paid during the year	\$ 1,410

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Schedule of Investments PIMCO Corporate & Income Strategy Fund

October 31, 2014

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 126.8%		
BANK LOAN OBLIGATIONS 0.1%		
Clear Channel Communications, Inc.		
TBD% due 01/30/2019	\$ 500	\$ 474
Total Bank Loan Obligations (Cost \$463)		474
CORPORATE BONDS & NOTES 35.1%		
BANKING & FINANCE 22.4%		
AGFC Capital Trust		
6.000% due 01/15/2067	2,300	1,949
AIG Life Holdings, Inc.		
7.570% due 12/01/2045	3,400	4,511
Ally Financial, Inc.		
6.250% due 12/01/2017	2,900	3,168
8.300% due 02/12/2015	2,000	2,037
American International Group, Inc.		
6.250% due 03/15/2087	2,500	2,779
8.175% due 05/15/2068	300	409
Army Hawaii Family Housing Trust Certificates		
5.524% due 06/15/2050	7,200	7,794
Banco Popular Espanol S.A.		
11.500% due 10/10/2018 (d)	EUR 1,800	2,586
Barclays Bank PLC		
7.625% due 11/21/2022	\$ 3,900	4,256
Credit Agricole S.A.		
6.625% due 09/23/2019 (d)	21,600	21,111
7.875% due 01/23/2024 (d)	1,300	1,346
General Electric Capital Corp.		
6.375% due 11/15/2067	1,900	2,033
GSPA Monetization Trust		
6.422% due 10/09/2029	5,044	5,797
LBG Capital PLC		
7.375% due 03/12/2020	EUR 300	405
8.500% due 12/17/2021 (d)	\$ 8,500	9,482
8.875% due 02/07/2020	EUR 400	565
9.125% due 07/15/2020	GBP 3,100	5,302
Lloyds Bank PLC		
12.000% due 12/16/2024 (d)	\$ 10,300	15,012
Nippon Life Insurance Co.		
5.100% due 10/16/2044	1,600	1,675
Novo Banco S.A.		
2.625% due 05/08/2017	EUR 200	227
3.875% due 01/21/2015	200	250
4.750% due 01/15/2018	600	720
5.000% due 04/04/2019	298	347
5.000% due 04/23/2019	608	718
5.000% due 05/14/2019	402	473
5.000% due 05/21/2019	225	263

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		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
5.000% due 05/23/2019	EUR	224	\$ 264
5.875% due 11/09/2015		900	1,099
Royal Bank of Scotland Group PLC			
7.648% due 09/30/2031 (d)	\$	3,600	4,252
Sberbank of Russia Via SB Capital S.A.			
5.717% due 06/16/2021		5,800	5,680
Vnesheconombank Via VEB Finance PLC			
6.902% due 07/09/2020		8,900	9,122
Wachovia Capital Trust			
5.570% due 12/01/2014 (d)		19,100	18,575
			134,207

INDUSTRIALS 7.5%

Anadarko Petroleum Corp.			
7.000% due 11/15/2027		3,460	4,111
Bombardier, Inc.			
4.250% due 01/15/2016		2,300	2,358
Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)			
9.000% due 10/15/2019 (b)		600	541
Continental Airlines Pass-Through Trust			
9.798% due 10/01/2022		1,404	1,569
Forbes Energy Services Ltd.			
9.000% due 06/15/2019		300	291
Ford Motor Co.			
7.700% due 05/15/2097		5,630	7,388
9.980% due 02/15/2047		1,500	2,424
Gulfport Energy Corp.			
7.750% due 11/01/2020		400	410
Hema Bondco BV			
6.250% due 06/15/2019	EUR	200	223
Intrepid Aviation Group Holdings LLC			
6.875% due 02/15/2019	\$	430	428
Perstorp Holding AB			
9.000% due 05/15/2017	EUR	700	904
Pertamina Persero PT			
6.450% due 05/30/2044	\$	9,000	9,607
Schaeffler Holding Finance BV (6.250% Cash or 6.250% PIK)			
6.250% due 11/15/2019 (b)		1,600	1,664
Schaeffler Holding Finance BV (6.750% Cash or 6.750% PIK)			
6.750% due 11/15/2022 (b)		1,000	1,063
Times Square Hotel Trust			
8.528% due 08/01/2026		1,979	2,510
UAL Pass-Through Trust			
10.400% due 05/01/2018		2,637	2,913
UCP, Inc.			
8.500% due 10/21/2017		6,000	5,936

See Accompanying Notes

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

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
UPCB Finance Ltd.				
7.625% due 01/15/2020	EUR	300	\$	395
				44,735
UTILITIES 5.2%				
Bruce Mansfield Unit Pass-Through Trust				
6.850% due 06/01/2034		2,357	\$	2,625
Dynegy Finance, Inc.				
6.750% due 11/01/2019		895		927
7.375% due 11/01/2022		850		900
7.625% due 11/01/2024		145		154
FPL Energy Wind Funding LLC				
6.876% due 06/27/2017		457		454
Gazprom Neft OAO Via GPN Capital S.A.				
4.375% due 09/19/2022		5,800		5,155
Illinois Power Generating Co.				
7.000% due 04/15/2018		1,600		1,536
7.950% due 06/01/2032		500		492
Mountain States Telephone & Telegraph Co.				
7.375 % due 05/01/2030		8,200		9,828
Qwest Corp.				
7.200% due 11/10/2026		5,360		5,393
Red Oak Power LLC				
8.540% due 11/30/2019		2,030		2,207
Rosneft Finance S.A.				
7.500% due 07/18/2016		1,200		1,252
7.875% due 03/13/2018		500		537
				31,460
Total Corporate Bonds & Notes				
(Cost \$193,724)				210,402
MUNICIPAL BONDS & NOTES 7.4%				
CALIFORNIA 1.6%				
Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010				
7.750% due 10/01/2037		1,220		1,358
Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009				
7.942% due 10/01/2038		7,400		8,295
				9,653
ILLINOIS 2.4%				
Chicago, Illinois General Obligation Bonds, (BABs), Series 2010				
7.517% due 01/01/2040		12,700		14,385

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
NEBRASKA 2.7%		
Public Power Generation Agency, Nebraska Revenue Bonds, (BABs), Series 2009		
7.242% due 01/01/2041	\$ 14,000	\$ 15,968
NEW JERSEY 0.1%		
Tobacco Settlement Financing Corp., New Jersey Revenue Bonds, Series 2007		
5.000% due 06/01/2041	500	374
VIRGINIA 0.1%		
Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007		
6.706% due 06/01/2046	800	593
WEST VIRGINIA 0.5%		
Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007		
7.467% due 06/01/2047	3,800	3,238
Total Municipal Bonds & Notes		
(Cost \$40,796)		44,211
U.S. GOVERNMENT AGENCIES 11.1%		
Fannie Mae		
3.500% due		
03/25/2042 - 01/25/2043 (a)	14,525	2,268
4.000% due 01/25/2043 (a)	8,150	1,563
5.217% due 12/25/2042	650	516
5.218% due 07/25/2043	1,777	1,437
5.772% due 01/25/2043	2,649	2,090
5.998% due 11/25/2042 (a)	18,827	4,500
6.448% due 04/25/2041 (a)	3,018	514
Fannie Mae Strips		
3.000% due 02/25/2043 (a)	83,008	15,448
3.500% due 02/25/2043 (a)	6,922	1,490
Freddie Mac		
3.000% due 02/15/2033 (a)	19,252	2,478
3.500% due 09/15/2042 (a)	6,210	999
4.500% due 10/15/2042 (a)	8,024	1,609
5.847% due 08/15/2042 (a)	4,404	964
11.593% due 08/15/2043	2,755	2,908
Freddie Mac Strips		
3.000% due 12/15/2042 (a)	54,045	10,724
Ginnie Mae		
4.000% due		
05/16/2042 - 08/16/2042 (a)	9,986	1,722
6.493% due 12/20/2042 (a)	23,771	6,010
8.591% due 08/20/2039	8,200	9,393
Total U.S. Government Agencies		
(Cost \$63,929)		66,633

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October 31, 2014

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
MORTGAGE-BACKED SECURITIES 43.7%		
American Home Mortgage Assets Trust		
0.382% due 09/25/2046 ^	\$ 140	\$ 5
Banc of America Alternative Loan Trust		
5.500% due 10/25/2035	7,939	7,224
6.000% due 01/25/2036	227	194
6.000% due 07/25/2046 ^	2,107	1,753
Banc of America Funding Trust		
6.000% due 03/25/2037 ^	4,484	3,874
6.000% due 07/25/2037 ^	620	476
Banc of America Mortgage Trust		
5.500% due 11/25/2035	4,700	4,451
6.000% due 03/25/2037 ^	890	844
6.500% due 09/25/2033	350	363
BCAP LLC Trust		
5.410% due 03/26/2037	1,827	632
17.000% due 07/26/2036	1,862	1,918
Bear Stearns Adjustable Rate Mortgage Trust		
2.543% due 08/25/2035 ^	10,055	8,839
Bear Stearns ALT-A Trust		
2.561% due 11/25/2036	2,420	1,672
2.661% due 09/25/2035 ^	1,399	1,136
2.842% due 08/25/2036 ^	1,465	1,079
Bear Stearns Mortgage Funding Trust		
7.000% due 08/25/2036	2,457	2,288
Chase Mortgage Finance Trust		
2.497% due 12/25/2035 ^	21	19
6.000% due 07/25/2037 ^	1,524	1,353
Citicorp Mortgage Securities Trust		
6.000% due 06/25/2036	2,628	2,743
Citigroup Mortgage Loan Trust, Inc.		
5.208% due 08/25/2035	1,325	1,302
5.333% due 04/25/2037	572	508
5.461% due 09/25/2037 ^	6,055	5,421
CitiMortgage Alternative Loan Trust		
5.750% due 05/25/2037	7,727	6,837
6.000% due 01/25/2037	4,888	4,091
6.000% due 06/25/2037 ^	4,310	3,595
Countrywide Alternative Loan Resecuritization Trust		
6.000% due 08/25/2037	1,897	1,491
Countrywide Alternative Loan Trust		
5.500% due 03/25/2035	605	565
5.500% due 03/25/2036	277	223
5.500% due 05/25/2036 ^	3,410	2,667
5.750% due 01/25/2035	746	765
5.750% due 02/25/2035	884	869
5.750% due 03/25/2037 ^	1,408	1,194
6.000% due 02/25/2035	1,821	1,960
6.000% due 04/25/2036	9,435	8,668
6.000% due 08/25/2036	3,886	3,538
6.000% due 02/25/2037 ^	7,186	5,846
6.000% due 02/25/2037	1,866	1,490
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)

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6.000% due 04/25/2037 ^	\$	2,204	\$	1,856
6.000% due 05/25/2037		3,227		2,664
6.000% due 07/25/2037		735		716
6.250% due 12/25/2036 ^		2,454		2,061
6.500% due 08/25/2036 ^		861		675
Countrywide Home Loan Mortgage Pass-Through Trust				
2.362% due 09/20/2036 ^		507		427
5.500% due 10/25/2035		1,013		939
5.750% due 03/25/2037 ^		1,452		1,331
6.000% due 02/25/2037		963		928
6.000% due 03/25/2037 ^		876		798
6.000% due 03/25/2037		1,256		1,143
6.000% due 04/25/2037 ^		285		265
6.000% due 07/25/2037		8,560		7,335
Credit Suisse Mortgage Capital Mortgage-Backed Trust				
6.000% due 02/25/2037 ^		952		863
6.000% due 06/25/2037 ^		2,199		2,050
6.750% due 08/25/2036 ^		2,477		1,983
Deutsche ALT-A Securities, Inc. Mortgage Loan Trust				
5.945% due 02/25/2036		1,381		1,200
First Horizon Alternative Mortgage Securities Trust				
6.000% due 08/25/2036 ^		9,400		7,928
GSR Mortgage Loan Trust				
2.475% due 08/25/2034		1,155		1,078
4.989% due 11/25/2035		1,580		1,558
5.500% due 05/25/2036 ^		1,013		943
6.000% due 02/25/2036		5,937		5,235
IndyMac Mortgage Loan Trust				
6.500% due 07/25/2037		4,213		2,958
JPMorgan Alternative Loan Trust				
2.537% due 03/25/2037 ^		3,204		2,513
6.000% due 12/25/2035 ^		3,333		3,037
6.310% due 08/25/2036		2,500		1,995
JPMorgan Mortgage Trust				
2.522% due 01/25/2037		1,437		1,256
2.610% due 02/25/2036 ^		6,075		5,459
5.000% due 03/25/2037 ^		2,511		2,312
5.750% due 01/25/2036 ^		169		158
6.000% due 01/25/2036		4,278		3,902
6.000% due 08/25/2037 ^		432		391
Lehman Mortgage Trust				
6.000% due 07/25/2036 ^		1,596		1,252
6.000% due 07/25/2037		495		453
MASTR Alternative Loan Trust				
6.750% due 07/25/2036		3,002		2,224
Merrill Lynch Mortgage Investors Trust				
2.845% due 03/25/2036 ^		1,169		807
Morgan Stanley Mortgage Loan Trust				
4.884% due 05/25/2036		4,571		3,641
6.000% due 02/25/2036 ^		3,735		3,699
New Century Alternative Mortgage Loan Trust				
6.173% due 07/25/2036 ^		7,433		5,176

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

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Residential Accredit Loans, Inc. Trust		
0.382% due 05/25/2037 ^	\$ 447	\$ 112
3.416% due 12/26/2034	4,114	3,538
6.000% due 06/25/2036	1,124	933
6.000% due 06/25/2036 ^	903	750
6.000% due 08/25/2036 ^	3,756	3,046
6.000% due 09/25/2036 ^	3,255	2,354
6.000% due 12/25/2036 ^	4,028	3,317
Residential Asset Mortgage Products Trust		
6.500% due 12/25/2031	1,375	1,456
Residential Asset Securitization Trust		
4.924% due 06/25/2046	2,758	1,975
6.000% due 02/25/2036	1,132	913
6.000% due 09/25/2036 ^	760	509
6.000% due 11/25/2036	3,747	2,770
6.000% due 03/25/2037 ^	2,341	1,805
6.000% due 05/25/2037 ^	3,086	2,760
6.250% due 09/25/2037 ^	3,599	2,628
Residential Funding Mortgage Securities, Inc. Trust		
3.401% due 02/25/2037	3,042	2,433
6.000% due 01/25/2037 ^	1,431	1,321
6.250% due 08/25/2036 ^	1,815	1,659
6.500% due 03/25/2032	286	298
Sequoia Mortgage Trust		
2.442% due 02/20/2047	668	580
6.224% due 07/20/2037 ^	1,328	1,275
Structured Adjustable Rate Mortgage Loan Trust		
2.453% due 11/25/2036	4,710	3,854
4.867% due 05/25/2036	3,990	3,142
4.886% due 03/25/2037	6,219	4,591
5.020% due 01/25/2036 ^	4,050	3,070
5.122% due 07/25/2035 ^	1,981	1,728
5.225% due 07/25/2036	9,179	6,168
5.283% due 07/25/2036 ^	1,403	1,218
Suntrust Adjustable Rate Mortgage Loan Trust		
2.664% due 02/25/2037 ^	699	609
2.742% due 04/25/2037 ^	1,322	1,125
WaMu Mortgage Pass-Through Certificates Trust		
2.120% due 07/25/2037 ^	809	699
2.237% due 09/25/2036 ^	552	499
2.354% due 03/25/2037	166	158
2.374% due 02/25/2037 ^	798	705
4.531% due 02/25/2037 ^	1,277	1,175
4.598% due 07/25/2037 ^	2,164	2,036
6.076% due 10/25/2036 ^	4,327	3,678
Washington Mutual Mortgage Pass-Through Certificates Trust		
0.875% due 04/25/2047 ^	63	2
0.955% due 05/25/2047 ^	640	59
6.000% due 10/25/2035 ^	3,340	2,552
Wells Fargo Alternative Loan Trust		
6.000% due 07/25/2037	1,449	1,389
Wells Fargo Mortgage-Backed Securities Trust		
2.610% due 07/25/2036 ^	873	809

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2.613% due 05/25/2036 ^ 164 156

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
2.615% due 04/25/2036	\$ 416	\$ 401
2.615% due 08/25/2036	7,250	6,950
5.708% due 10/25/2036	910	886
6.000% due 07/25/2037 ^	867	859
Total Mortgage-Backed Securities (Cost \$247,602)		262,052

ASSET-BACKED SECURITIES 5.5%

Bear Stearns Asset-Backed Securities Trust		
6.500% due 10/25/2036	429	364
Countrywide Asset-Backed Certificates		
5.188% due 07/25/2036	2,849	2,800
5.250% due 10/25/2046 ^	9,948	8,603
Greenpoint Manufactured Housing		
8.140% due 03/20/2030	1,917	1,971
GSAA Home Equity Trust		
6.295% due 06/25/2036 ^	1,919	1,142
IndyMac Home Equity Mortgage Loan Asset-Backed Trust		
0.312% due 07/25/2037	13,087	7,794
JPMorgan Mortgage Acquisition Trust		
4.942% due 01/25/2037 ^	8,158	6,308
Mid-State Trust		
6.340% due 10/15/2036	1,462	1,546
8.330% due 04/01/2030	1,789	1,819
Morgan Stanley Mortgage Loan Trust		
6.250% due 07/25/2047 ^	1,073	821
Total Asset-Backed Securities (Cost \$33,104)		33,168

SOVEREIGN ISSUES 9.1%

Brazil Letras do Tesouro Nacional		
0.000% due 01/01/2017	BRL	54,922
Total Sovereign Issues (Cost \$55,689)		54,922

SHARES

PREFERRED SECURITIES 4.5%

BANKING & FINANCE 4.5%

Citigroup Capital		
7.875% due 10/30/2040	120,000	3,194
Farm Credit Bank of Texas		
10.000% due 12/15/2020 (d)	15,300	19,818
GMAC Capital Trust		
8.125% due 02/15/2040	144,400	3,860
Total Preferred Securities (Cost \$26,209)		26,872

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
SHORT-TERM INSTRUMENTS 10.3%		
REPURCHASE AGREEMENTS (e) 2.7%		
		\$ 16,164
SHORT-TERM NOTES 6.8%		
Fannie Mae		
0.071% due 04/27/2015	\$ 7,100	7,098
0.076% due 05/01/2015	1,300	1,300
0.081% due 05/01/2015	900	900
Federal Home Loan Bank		
0.081% due 04/06/2015	2,400	2,399
0.088% due 04/24/2015	1,000	1,000
Freddie Mac		
0.071% due 03/25/2015 - 04/10/2015	28,100	28,094
		40,791
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
U.S. TREASURY BILLS 0.8%		
0.038% due 03/26/2015 - 04/30/2015 (c)(g)(i)	\$ 4,951	\$ 4,950
Total Short-Term Instruments (Cost \$61,901)		61,905
Total Investments in Securities (Cost \$723,417)		760,639
Total Investments 126.8% (Cost \$723,417)		\$ 760,639
Financial Derivative Instruments (f)(h) 0.3%		
(Cost or Premiums, net \$(446))		1,546
Preferred Shares (28.2%)		(169,000)
Other Assets and Liabilities, net 1.1%		6,795
Net Assets Applicable to Common Shareholders 100.0%		\$ 599,980

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) Payment in-kind bond security.

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

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

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(e) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral Received, at Value	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received ⁽¹⁾
SAL	0.160%	10/31/2014	11/03/2014	\$ 14,600	U.S. Treasury Notes 2.625% due 11/15/2020	\$ (14,911)	\$ 14,600	\$ 14,600
SSB	0.000%	10/31/2014	11/03/2014	1,564	Freddie Mac 2.000% due 11/02/2022	(1,600)	1,564	1,564
Total Repurchase Agreements						\$ (16,511)	\$ 16,164	\$ 16,164

⁽¹⁾ Includes accrued interest.

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Table of Contents**Schedule of Investments PIMCO Corporate & Income Strategy Fund (Cont.)****BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received) as of October 31, 2014:

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Payable for Short Sales	Total Borrowings and Other Financing Transactions	Collateral (Received)	Net Exposure ⁽²⁾
Global/Master Repurchase Agreement							
SAL	\$ 14,600	\$ 0	\$ 0	\$ 0	\$ 14,600	\$ (14,911)	\$ (311)
SSB	1,564	0	0	0	1,564	(1,600)	(36)
Total Borrowings and Other Financing Transactions	\$ 16,164	\$ 0	\$ 0	\$ 0			

⁽²⁾ Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

(f) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED**SWAP AGREEMENTS:****INTEREST RATE SWAPS**

Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin	
								Asset	Liability
Receive	3-Month USD-LIBOR		2.000%	06/18/2019	\$ 215,300	\$ (4,806)	\$ (3,313)	\$ 255	\$ 0
Pay	3-Month USD-LIBOR		2.250%	12/17/2019	89,600	1,831	(478)	0	(128)
Receive	3-Month USD-LIBOR		3.750%	09/17/2043	209,000	(23,651)	(8,566)	1,274	0
Pay	3-Month USD-LIBOR		3.500%	06/19/2044	209,000	22,203	29,022	0	(1,221)

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Receive	3-Month USD-LIBOR	3.500%	12/17/2044	22,100	(1,983)	(1,109)	134	0
Total Swap Agreements					\$ (6,406)	\$ 15,556	\$ 1,663	\$ (1,349)

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of October 31, 2014:

(g) Securities with an aggregate market value of \$3,220 and cash of \$3,481 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of October 31, 2014. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value		Variation Margin		Market Value		Variation Margin	
	Purchased	Asset	Asset	Total	Written	Liability	Swap	Total
	Options	Futures	Agreements		Options	Futures	Agreements	
Total Exchange-Traded or Centrally Cleared	\$ 0	\$ 0	\$ 1,663	\$ 1,663	\$ 0	\$ 0	\$ (1,349)	\$ (1,349)

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

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)		
				Asset	Liability	
BOA	11/2014	GBP	3,441	\$ 5,626	\$ 121	\$ 0
	11/2014	\$	5,908	GBP 3,667	0	(43)
	12/2014	EUR	235	\$ 300	5	0
	12/2014	GBP	3,667	5,907	43	0
	06/2015	EUR	33	45	3	0
	06/2016		93	127	9	0
	06/2016	\$	5	EUR 4	0	0
BPS	11/2014	EUR	3,629	\$ 4,628	80	0
	06/2015		15	20	1	0
BRC	11/2014		648	825	13	0
	12/2014	BRL	371	151	2	0
	06/2015	EUR	19	26	2	0
	06/2016		17	23	2	0
CBK	01/2015	BRL	74,302	29,554	82	0
	06/2015	EUR	16	22	2	0
	06/2015	\$	32	EUR 24	0	(2)
DUB	12/2014	BRL	833	\$ 339	6	0
	06/2016	EUR	10	14	1	0
FBF	12/2014	BRL	290	118	2	0
	04/2015	EUR	8,025	10,880	812	0
	06/2015		27	37	3	0
GLM	11/2014		198	251	3	0
	12/2014	BRL	462	188	3	0
	12/2014	GBP	38	60	0	0
	02/2015	MXN	819	60	0	(1)
	06/2015	\$	37	EUR 28	0	(2)
HUS	11/2014	EUR	433	\$ 551	8	0
	11/2014	\$	8,060	EUR 6,250	0	(227)
JPM	11/2014	EUR	1,868	\$ 2,394	53	0
	11/2014	GBP	226	363	2	0
MSB	01/2015	BRL	61,836	24,617	90	0
	06/2015	EUR	23	32	3	0
	06/2016		24	33	3	0

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NAB	06/2015		19		26	2	0
	06/2016		53		73	6	0
UAG	11/2014		661		840	12	0
	11/2014	\$	1,518	EUR	1,187	0	(31)
	12/2014		840		661	0	(11)
	06/2015		132		100	0	(6)
Total Forward Foreign Currency Contracts						\$ 1,374	\$ (323)

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Counterparty	Reference Entity	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at October 31, 2014 ⁽²⁾	Notional Amount ⁽³⁾	Premiums (Received)	Unrealized Appreciation	Swap Agreements, at Value	
								Asset	Liability
BPS	Novo Banco S.A.	5.000%	12/20/2019	4.650%	EUR 300	\$ (5)	\$ 13	\$ 8	\$ 0
BRC	Novo Banco S.A.	5.000%	12/20/2019	4.650%	800	(13)	33	20	0
						\$ (18)	\$ 46	\$ 28	\$ 0

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

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

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

INTEREST RATE SWAPS

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Premiums (Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value	
								Asset	Liability
BOA	Pay	3-Month USD-LIBOR	2.200%	01/14/2020	\$ 150,600	\$ (342)	\$ 848	\$ 506	\$ 0
UAG	Pay	1-Year BRL-CDI	11.250%	01/04/2021	BRL 57,700	(86)	(267)	0	(353)
						\$ (428)	\$ 581	\$ 506	\$ (353)
Total Swap Agreements						\$ (446)	\$ 627	\$ 534	\$ (353)

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FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of October 31, 2014:

(i) Securities with an aggregate market value of \$1,730 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of October 31, 2014.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of Derivatives	Collateral (Received)/Pledged	Net Exposure ⁽⁴⁾
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter			
BOA	\$ 181	\$ 0	\$ 506	\$ 687	\$ (43)	\$ 0	\$ 0	\$ (43)	\$ 644	\$ (540)	\$ 104
BPS	81	0	8	89	0	0	0	0	89	0	89
BRC	19	0	20	39	0	0	0	0	39	0	39
CBK	84	0	0	84	(2)	0	0	(2)	82	780	862
DUB	7	0	0	7	0	0	0	0	7	0	7
FBF	817	0	0	817	0	0	0	0	817	(830)	(13)
GLM	6	0	0	6	(3)	0	0	(3)	3	0	3
HUS	8	0	0	8	(227)	0	0	(227)	(219)	0	(219)
JPM	55	0	0	55	0	0	0	0	55	0	55
MSB	96	0	0	96	0	0	0	0	96	620	716
NAB	8	0	0	8	0	0	0	0	8	0	8
UAG	12	0	0	12	(48)	0	(353)	(401)	(389)	330	(59)
Total Over the Counter	\$ 1,374	\$ 0	\$ 534	\$ 1,908	\$ (323)	\$ 0	\$ (353)	\$ (676)			

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

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

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

Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of October 31, 2014:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,663	\$ 1,663
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,374	\$ 0	\$ 1,374
Swap Agreements	0	28	0	0	506	534
	\$ 0	\$ 28	\$ 0	\$ 1,374	\$ 506	\$ 1,908
	\$ 0	\$ 28	\$ 0	\$ 1,374	\$ 2,169	\$ 3,571

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	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,349	\$ 1,349
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 323	\$ 0	\$ 323
Swap Agreements	0	0	0	0	353	353
	\$ 0	\$ 0	\$ 0	\$ 323	\$ 353	\$ 676
	\$ 0	\$ 0	\$ 0	\$ 323	\$ 1,702	\$ 2,025

The Effect of Financial Derivative Instruments on the Statements of Operations for the Period Ended October 31, 2014:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ (23,734)	\$ (23,734)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ (3,179)	\$ 0	\$ (3,179)
Swap Agreements	0	(6)	0	0	20,762	20,756
	\$ 0	\$ (6)	\$ 0	\$ (3,179)	\$ 20,762	\$ 17,577
	\$ 0	\$ (6)	\$ 0	\$ (3,179)	\$ (2,972)	\$ (6,157)
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,196	\$ 12,196
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,815	\$ 0	\$ 2,815
Swap Agreements	0	46	0	0	(5,113)	(5,067)
	\$ 0	\$ 46	\$ 0	\$ 2,815	\$ (5,113)	\$ (2,252)

\$ 0 \$ 46 \$ 0 \$ 2,815 \$ 7,083 \$ 9,944

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of October 31, 2014 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 10/31/2014
Investments in Securities, at Value				
Bank Loan Obligations	\$ 0	\$ 474	\$ 0	\$ 474
Corporate Bonds & Notes				
Banking & Finance	0	128,410	5,797	134,207
Industrials	0	34,317	10,418	44,735
Utilities	0	28,835	2,625	31,460
Municipal Bonds & Notes				
California	0	9,653	0	9,653
Illinois	0	14,385	0	14,385

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October 31, 2014

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 10/31/2014
Nebraska	\$ 0	\$ 15,968	\$ 0	\$ 15,968
New Jersey	0	374	0	374
Virginia	0	593	0	593
West Virginia	0	3,238	0	3,238
U.S. Government Agencies	0	66,633	0	66,633
Mortgage-Backed Securities	0	262,052	0	262,052
Asset-Backed Securities	0	33,168	0	33,168
Sovereign Issues	0	54,922	0	54,922
Preferred Securities				
Banking & Finance	7,054	19,818	0	26,872
Short-Term Instruments				
Repurchase Agreements	0	16,164	0	16,164
Short-Term Notes	0	40,791	0	40,791
U.S. Treasury Bills	0	4,950	0	4,950
Total Investments	\$ 7,054	\$ 734,745	\$ 18,840	\$ 760,639

Financial Derivative Instruments - Assets

Exchange-traded or centrally cleared	0	1,663	0	1,663
Over the counter	0	1,908	0	1,908
	\$ 0	\$ 3,571	\$ 0	\$ 3,571

Financial Derivative Instruments - Liabilities

Exchange-traded or centrally cleared	0	(1,349)	0	(1,349)
Over the counter	0	(676)	0	(676)
	\$ 0	\$ (2,025)	\$ 0	\$ (2,025)

Totals	\$ 7,054	\$ 736,291	\$ 18,840	\$ 762,185
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There were no significant transfers between Level 1 and 2 during the period ended October 31, 2014.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended October 31, 2014:

Category and Subcategory	Beginning Balance at 10/31/2013	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) ⁽¹⁾	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 10/31/2014	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 10/31/2014 ⁽¹⁾
Investments in Securities, at Value										
Corporate Bonds & Notes										
Banking & Finance	\$ 5,104	\$ 0	\$ (98)	\$ 2	\$ 1	\$ 788	\$ 0	\$ 0	\$ 5,797	\$ 0
Industrials	6,013	5,977	(1,282)	(44)	(1,766)	1,521	0	0	10,418	(41)

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Utilities	0	0	0	0	0	0	2,625	0	2,625	0
Totals	\$ 11,117	\$ 5,977	\$ (1,380)	\$ (42)	\$ (1,765)	\$ 2,309	\$ 2,625	\$ 0	\$ 18,840	\$ (41)

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October 31, 2014

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 10/31/2014	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
Investments in Securities, at Value				
Corporate Bonds & Notes				
Banking & Finance	\$ 5,797	Benchmark Pricing	Base Price	115.40
Industrials	5,936	Benchmark Pricing	Base Price	99.63
	4,482	Third Party Vendor	Broker Quote	110.50-111.75
Utilities	2,625	Third Party Vendor	Broker Quote	111.36
Total	\$ 18,840			

(1) Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at October 31, 2014 may be due to an investment no longer held or categorized as level 3 at period end.

32 PIMCO CLOSED-END FUNDS

See Accompanying Notes

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

October 31, 2014

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 173.8%		
BANK LOAN OBLIGATIONS 7.0%		
Albertson's Holdings LLC		
4.000% due 08/25/2019	\$ 405	\$ 405
4.500% due 08/25/2021	886	887
Amaya Holdings B.V.		
8.000% due 08/01/2022	1,900	1,920
CDRH Parent, Inc.		
5.250% due 07/01/2021	190	189
Clear Channel Communications, Inc.		
3.804% due 01/29/2016	920	914
6.904% due 01/30/2019	4,600	4,357
Energy Future Intermediate Holding Co. LLC		
4.250% due 06/19/2016	17,077	17,064
New Albertson's, Inc.		
4.750% due 06/27/2021	800	792
Numericable U.S. LLC		
4.500% due 05/21/2020	472	474
OGX		
8.000% due 04/11/2015	260	216
Ortho-Clinical Diagnostics, Inc.		
4.750% due 06/30/2021	599	592
Sequa Corp.		
5.250% due 06/19/2017	496	473
ServiceMaster Co.		
4.250% due 07/01/2021	500	496
Stockbridge SBE Holdings LLC		
13.000% due 05/02/2017	750	754
Total Bank Loan Obligations		
(Cost \$29,716)		29,533
CORPORATE BONDS & NOTES 71.8%		
BANKING & FINANCE 27.1%		
AGFC Capital Trust		
6.000% due 01/15/2067 (i)	2,300	1,949
Ally Financial, Inc.		
6.750% due 12/01/2014 (i)	1,850	1,859
8.300% due 02/12/2015 (i)	5,000	5,094
American International Group, Inc.		
8.625% due 05/22/2068 (i)	GBP 550	1,033
Banco Continental SAECA		
8.875% due 10/15/2017 (i)	\$ 3,900	4,178
Barclays Bank PLC		
7.625% due 11/21/2022 (i)	400	437
7.750% due 04/10/2023 (i)	200	220
14.000% due 06/15/2019 (f)(i)	GBP 2,170	4,530

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Barclays PLC

8.000% due 12/15/2020 (f)	EUR	200	261
		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)

Blackstone CQP Holdco LP

9.296% due 03/18/2019	\$	12,064	\$ 12,114
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BPCE S.A.

9.000% due 03/17/2015 (f)(i)	EUR	750	961
9.250% due 04/22/2015 (f)(i)		350	451

Cantor Fitzgerald LP

7.875% due 10/15/2019 (i)	\$	3,400	3,764
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Citigroup, Inc.

5.800% due 11/15/2019 (f)		80	80
6.300% due 05/15/2024 (f)		700	697

Cooperatieve Centrale Raiffeisen-Boerenleenbank BA

6.875% due 03/19/2020 (i)	EUR	3,000	4,483
11.000% due 06/30/2019 (f)(i)	\$	4,865	6,361

Credit Suisse AG

6.500% due 08/08/2023 (i)		3,200	3,536
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Exeter Finance Corp.

9.750% due 05/20/2019		2,800	2,800
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Genesis Energy LP

5.625% due 06/15/2024 (i)		1,700	1,666
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Jefferies Finance LLC

7.500% due 04/15/2021 (i)		2,285	2,291
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Jefferies LoanCore LLC

6.875% due 06/01/2020 (i)		1,552	1,509
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JPMorgan Chase & Co.

5.000% due 07/01/2019 (f)		199	197
6.100% due 10/01/2024 (f)		200	201

KGH Intermediate Holdco LLC

8.500% due 08/07/2019 (g)		3,900	3,900
8.500% due 08/08/2019 (g)		1,300	1,300

LBG Capital PLC

7.588% due 05/12/2020 (i)	GBP	1,500	2,540
7.869% due 08/25/2020		300	512
15.000% due 12/21/2019 (i)		3,343	7,487
15.000% due 12/21/2019	EUR	250	463

Navient Corp.

8.000% due 03/25/2020 (i)	\$	1,000	1,150
8.450% due 06/15/2018 (i)		4,700	5,389

Novo Banco S.A.

3.875% due 01/21/2015	EUR	1,000	1,249
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Sberbank of Russia Via SB Capital S.A.

3.352% due 11/15/2019		500	589
5.717% due 06/16/2021 (i)	\$	1,700	1,665
6.125% due 02/07/2022 (i)		7,900	7,930
6.125% due 02/07/2022		600	602

SL Green Realty Corp.

7.750% due 03/15/2020 (i)		4,750	5,717
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Springleaf Finance Corp.

6.500% due 09/15/2017 (i)		1,100	1,180
6.900% due 12/15/2017 (i)		2,500	2,731

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Schedule of Investments PIMCO Income Opportunity Fund (Cont.)

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Toll Road Investors Partnership LP			
0.000% due 02/15/2045	\$	18,610	\$ 3,769
Towergate Finance PLC			
8.500% due 02/15/2018	GBP	1,730	2,366
UBS AG			
4.750% due 02/12/2026	EUR	400	530
UBS Preferred Funding Trust			
6.243% due 05/15/2016 (f)(i)	\$	2,500	2,604
Vnesheconombank Via VEB Finance PLC			
6.902% due 07/09/2020 (i)		1,000	1,025
			115,370
INDUSTRIALS 34.9%			
Aeropuertos Dominicanos Siglo S.A.			
9.750% due 11/13/2019 (i)		2,000	1,920
Algeco Scotsman Global Finance PLC			
8.500% due 10/15/2018 (i)		3,100	3,239
Ancestry.com, Inc. (9.625% Cash or 10.375% PIK)			
9.625% due 10/15/2018 (c)		550	551
Armored Autogroup, Inc.			
9.250% due 11/01/2018 (i)		5,940	6,059
Aston Martin Capital Ltd.			
9.250% due 07/15/2018 (i)	GBP	500	844
Berau Coal Energy Tbk PT			
7.250% due 03/13/2017 (i)	\$	2,100	1,449
Boardriders S.A.			
8.875% due 12/15/2017 (i)	EUR	400	455
Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)			
9.000% due 10/15/2019 (c)(i)	\$	3,601	3,248
Brakes Capital			
5.084% due 12/15/2018	EUR	600	729
Caesars Entertainment Operating Co., Inc.			
8.500% due 02/15/2020 (i)	\$	10,192	7,695
9.000% due 02/15/2020 (i)		508	386
California Resources Corp.			
6.000% due 11/15/2024 (i)		5,100	5,240
Capsugel S.A. (7.000% Cash or 7.750% PIK)			
7.000% due 05/15/2019 (c)(i)		1,500	1,528
Carolina Beverage Group LLC			
10.625% due 08/01/2018 (i)		1,102	1,143
Commercial Vehicle Group, Inc.			
7.875% due 04/15/2019 (i)		1,585	1,648
Continental Airlines Pass-Through Trust			
7.707% due 10/02/2022 (i)		871	973
8.048% due 05/01/2022 (i)		954	1,073
Corp. GEO S.A.B. de C.V.			
8.875% due 03/27/2022 ^		200	19
9.250% due 06/30/2020 ^		1,800	171
	PRINCIPAL AMOUNT		MARKET VALUE

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	(000S)	(000S)
Crimson Merger Sub, Inc.		
6.625% due 05/15/2022 (i)	\$ 3,600	\$ 3,370
CVS Pass-Through Trust		
7.507% due 01/10/2032 (i)	2,692	3,434
Delta Air Lines Pass-Through Trust		
7.750% due 06/17/2021 (i)	1,226	1,423
Diamond Foods, Inc.		
7.000% due 03/15/2019 (i)	250	256
DriveTime Automotive Group, Inc.		
8.000% due 06/01/2021 (i)	1,500	1,462
Dry Mix Solutions Investissements S.A.S.		
4.334% due 06/15/2021	EUR 600	734
Endo Finance LLC & Endo Finco, Inc.		
5.375% due 01/15/2023 (i)	\$ 2,300	2,254
Enterprise Inns PLC		
6.875% due 05/09/2025	GBP 20	34
Forbes Energy Services Ltd.		
9.000% due 06/15/2019 (i)	\$ 1,580	1,533
GCI, Inc.		
6.750% due 06/01/2021 (i)	4,181	4,173
Global Geophysical Services, Inc.		
10.500% due 05/01/2017 ^	958	103
HCA, Inc.		
6.500% due 02/15/2020 (i)	2,500	2,800
Hellenic Railways Organization S.A.		
4.028% due 03/17/2017	EUR 800	958
Hema Bondco BV		
6.250% due 06/15/2019	300	335
iHeartCommunications, Inc.		
9.000% due 03/01/2021 (i)	\$ 3,790	3,804
Intrepid Aviation Group Holdings LLC		
6.875% due 02/15/2019	4,391	4,369
Millar Western Forest Products Ltd.		
8.500% due 04/01/2021 (i)	1,975	2,074
Mongolian Mining Corp.		
8.875% due 03/29/2017	2,400	1,499
Nara Cable Funding Ltd.		
8.875% due 12/01/2018	EUR 300	395
Numericable Group S.A.		
4.875% due 05/15/2019 (i)	\$ 7,000	7,009
5.375% due 05/15/2022	EUR 600	783
5.625% due 05/15/2024 (i)	1,100	1,432
6.000% due 05/15/2022 (i)	\$ 500	512
OGX Austria GmbH		
8.375% due 04/01/2022 ^	3,300	83
8.500% due 06/01/2018 ^	3,700	93
Perstorp Holding AB		
8.750% due 05/15/2017 (i)	5,000	5,100
9.000% due 05/15/2017 (i)	EUR 1,600	2,065
Petrobras International Finance Co. S.A.		
5.750% due 01/20/2020 (i)	\$ 600	635
7.875% due 03/15/2019 (i)	9,700	11,172

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Petroleos de Venezuela S.A.		
6.000% due 11/15/2026	\$ 130	\$ 64
Pinnacol Assurance		
8.625% due 06/25/2034 (g)	2,900	2,993
Pittsburgh Glass Works LLC		
8.000% due 11/15/2018 (i)	540	570
Quiksilver, Inc.		
7.875% due 08/01/2018 (i)	112	103
Regency Energy Partners LP		
5.000% due 10/01/2022 (i)	2,100	2,145
Rockies Express Pipeline LLC		
6.875% due 04/15/2040 (i)	310	346
Russian Railways via RZD Capital PLC		
3.374% due 05/20/2021	EUR 100	118
Russian Railways Via RZD Capital PLC		
5.700% due 04/05/2022 (i)	\$ 400	399
5.739% due 04/03/2017 (i)	500	517
7.487% due 03/25/2031	GBP 100	166
Spanish Broadcasting System, Inc.		
12.500% due 04/15/2017 (i)	\$ 7,650	8,243
Teine Energy Ltd.		
6.875% due 09/30/2022	800	766
Tembec Industries, Inc.		
9.000% due 12/15/2019 (i)	1,800	1,827
Times Square Hotel Trust		
8.528% due 08/01/2026 (i)	5,180	6,571
Trinseo Materials Operating S.C.A.		
8.750% due 02/01/2019 (i)	5,688	6,029
UAL Pass-Through Trust		
9.750% due 07/15/2018 (i)	1,619	1,797
10.400% due 05/01/2018 (i)	1,181	1,304
UCP, Inc.		
8.500% due 10/21/2017	2,800	2,770
Unique Pub Finance Co. PLC		
7.395% due 03/28/2024	GBP 500	837
UPCB Finance Ltd.		
6.375% due 07/01/2020 (i)	EUR 3,450	4,556
7.625% due 01/15/2020 (i)	1,500	1,973
Valeant Pharmaceuticals International		
6.875% due 12/01/2018 (i)	\$ 1,100	1,143
Vander Intermediate Holding Corp. (9.750% Cash or 10.500% PIK)		
9.750% due 02/01/2019 (c)(i)	300	319
Western Express, Inc.		
12.500% due 04/15/2015	320	286
		148,106

UTILITIES 9.8%

PRINCIPAL
AMOUNT
(000S)

MARKET
VALUE
(000S)

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AK Transneft OJSC Via TransCapitalInvest Ltd.			
8.700% due 08/07/2018	\$	100	\$ 112
8.700% due 08/07/2018 (i)		600	670
Cloud Peak Energy Resources LLC			
8.500% due 12/15/2019 (i)		1,800	1,881
Dynegy Finance, Inc.			
6.750% due 11/01/2019 (i)		635	658
7.375% due 11/01/2022 (i)		605	641
7.625% due 11/01/2024		100	106
Frontier Communications Corp.			
9.000% due 08/15/2031 (i)		2,000	2,180
Gazprom Neft OAO Via GPN Capital S.A.			
4.375% due 09/19/2022		200	178
6.000% due 11/27/2023 (i)		1,150	1,118
Gazprom OAO Via Gaz Capital S.A.			
5.999% due 01/23/2021		200	205
5.999% due 01/23/2021 (i)		181	185
6.510% due 03/07/2022 (i)		6,600	6,922
6.605% due 02/13/2018	EUR	100	135
7.288% due 08/16/2037 (i)	\$	1,454	1,559
8.625% due 04/28/2034 (i)		1,081	1,277
9.250% due 04/23/2019		100	116
Illinois Power Generating Co.			
6.300% due 04/01/2020 (i)		4,295	3,962
7.950% due 06/01/2032 (i)		4,033	3,973
NGPL PipeCo LLC			
7.768% due 12/15/2037		257	267
9.625% due 06/01/2019 (i)		3,600	3,852
Odebrecht Drilling Norbe Ltd.			
6.350% due 06/30/2021 (i)		4,375	4,638
Sierra Hamilton LLC			
12.250% due 12/15/2018		200	204
Sprint Corp.			
7.125% due 06/15/2024 (i)		5,800	5,981
7.875% due 09/15/2023 (i)		600	651
Westmoreland Coal Co.			
10.750% due 02/01/2018		87	91
			41,562
Total Corporate Bonds & Notes (Cost \$305,174)			305,038

CONVERTIBLE BONDS & NOTES 1.3%

BANKING & FINANCE 1.3%

SL Green Operating Partnership LP			
3.000% due 10/15/2017		3,800	5,522
Total Convertible Bonds & Notes (Cost \$3,787)			5,522

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
MUNICIPAL BONDS & NOTES 0.6%		
IOWA 0.0%		
Iowa Tobacco Settlement Authority Revenue Bonds, Series 2005		
6.500% due 06/01/2023	\$ 200	\$ 200
WEST VIRGINIA 0.6%		
Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007		
7.467% due 06/01/2047	2,790	2,377
Total Municipal Bonds & Notes (Cost \$2,877)		2,577
U.S. GOVERNMENT AGENCIES 0.3%		
Fannie Mae		
4.000% due 11/01/2033 - 10/01/2040	79	84
Freddie Mac		
0.751% due 10/25/2020 (a)(i)	29,169	1,076
Total U.S. Government Agencies (Cost \$1,140)		1,160
U.S. TREASURY OBLIGATIONS 0.1%		
U.S. Treasury Notes		
0.250% due 02/28/2015 (k)	498	498
Total U.S. Treasury Obligations (Cost \$498)		498
MORTGAGE-BACKED SECURITIES 42.7%		
Adjustable Rate Mortgage Trust		
2.808% due 01/25/2036	281	246
Auburn Securities PLC		
0.908% due 10/01/2041	GBP 290	458
Banc of America Alternative Loan Trust		
16.606% due 09/25/2035	\$ 2,885	3,592
Banc of America Funding Trust		
2.297% due 12/20/2036	249	251
2.622% due 03/20/2036 ^	1,804	1,572
2.693% due 12/20/2034	1,624	1,369
2.801% due 12/20/2034	466	277
12.334% due 10/20/2046 ^	904	689
Banc of America Mortgage Trust		
2.497% due 10/20/2046 ^	186	121
2.640% due 09/25/2034	279	279
5.750% due 08/25/2034 (i)	642	682
BCAP LLC Trust		
1.832% due 11/26/2037 ^	782	785

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	480	486
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
5.017% due 03/26/2036		
Bear Stearns Adjustable Rate Mortgage Trust		
2.373% due 09/25/2034	\$ 154	\$ 139
2.563% due 08/25/2047 ^	590	476
2.581% due 10/25/2036 ^	1,732	1,504
2.588% due 01/25/2035	355	359
2.666% due 09/25/2034	190	186
4.899% due 03/25/2035	882	867
4.998% due 06/25/2047 ^	524	471
Bear Stearns ALT-A Trust		
0.472% due 06/25/2046 ^(i)	5,334	3,601
0.852% due 01/25/2035 (i)	1,315	1,285
2.431% due 11/25/2035	92	74
2.468% due 09/25/2034	1,543	1,377
2.480% due 04/25/2035	511	402
2.670% due 08/25/2036 ^	5,028	4,174
2.707% due 05/25/2036 ^	1,279	1,001
2.842% due 08/25/2036 ^	749	552
2.895% due 05/25/2035	817	744
3.602% due 09/25/2034	763	745
4.160% due 07/25/2035	465	354
4.334% due 11/25/2036 ^	874	679
Bear Stearns Commercial Mortgage Securities Trust		
6.000% due 11/11/2035	490	495
Bluestone Securities PLC		
0.778% due 06/09/2043	GBP 463	718
CBA Commercial Small Balance Commercial Mortgage		
5.540% due 01/25/2039 ^	\$ 2,805	1,834
Celtic Residential Irish Mortgage Securitisation PLC		
0.246% due 11/13/2047	EUR 652	779
Chase Mortgage Finance Trust		
5.500% due 11/25/2021 ^	\$ 1,354	1,168
6.000% due 03/25/2037 ^	1,466	1,326
Citigroup Mortgage Loan Trust, Inc.		
2.777% due 03/25/2037 ^(i)	2,933	2,282
5.500% due 11/25/2035 ^	1,112	989
Commercial Mortgage Trust		
5.909% due 07/10/2046 (i)	2,170	2,421
Countrywide Alternative Loan Trust		
0.352% due 12/20/2046	1,377	1,056
0.402% due 06/25/2037	1,403	933
0.487% due 11/20/2035 (i)	3,231	2,606
0.502% due 05/25/2036 ^	2,815	1,766
0.502% due 06/25/2036	2,496	1,793
5.500% due 10/25/2035 ^	619	568
5.500% due 12/25/2035 (i)	3,088	2,712
5.750% due 05/25/2036 ^(i)	510	438
6.000% due 11/25/2035 ^	505	273
6.000% due 04/25/2036 ^	539	472
6.000% due 04/25/2037 ^(i)	964	755
6.000% due 05/25/2037 ^	1,947	1,642
6.000% due 05/25/2037 ^(i)	2,671	2,205
6.250% due 08/25/2037 ^	552	463
6.500% due 09/25/2032	678	669

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
6.500% due 07/25/2035 ^	\$ 1,249	\$ 730
6.500% due 06/25/2036 ^	771	629
Countrywide Home Loan Mortgage Pass-Through Trust		
0.472% due 03/25/2035	1,131	1,089
2.384% due 08/20/2035 ^	172	161
2.479% due 11/25/2035 ^ (i)	4,139	3,537
2.501% due 06/20/2035	482	423
2.624% due 08/25/2034	108	96
2.643% due 09/25/2047 ^	1,340	1,183
2.921% due 03/25/2037 ^	1,601	1,311
5.500% due 08/25/2035 ^	181	173
Credit Suisse First Boston Mortgage Securities Corp.		
7.500% due 05/25/2032 (i)	2,194	2,367
Credit Suisse Mortgage Capital Certificates		
6.500% due 07/26/2036	609	353
Credit Suisse Mortgage Capital Mortgage-Backed Trust		
0.752% due 07/25/2036 ^	845	441
5.896% due 04/25/2036	689	566
6.500% due 05/25/2036 ^	564	394
Deutsche ALT-A Securities, Inc. Mortgage Loan Trust		
0.302% due 02/25/2047	928	640
6.250% due 07/25/2036 ^	180	132
Deutsche Mortgage Securities, Inc. Mortgage Loan Trust		
5.500% due 09/25/2033 (i)	399	419
Downey Savings & Loan Association Mortgage Loan Trust		
0.337% due 04/19/2047 ^	722	189
EMF-NL BV		
1.081% due 07/17/2041	EUR 800	910
2.331% due 10/17/2041	1,000	1,247
First Horizon Alternative Mortgage Securities Trust		
2.202% due 05/25/2036 ^	\$ 1,640	1,346
2.232% due 02/25/2036	344	274
2.236% due 11/25/2036 ^	2,189	1,648
2.261% due 08/25/2035 ^	374	104
6.250% due 11/25/2036 ^	186	156
First Horizon Mortgage Pass-Through Trust		
2.381% due 07/25/2037 ^	222	186
2.569% due 01/25/2037 ^	1,706	1,488
5.500% due 08/25/2035	306	313
FREMF Mortgage Trust		
0.100% due 05/25/2020 (a)	50,020	204
GMAC Mortgage Corp. Loan Trust		
2.886% due 06/25/2034	261	252
2.948% due 07/19/2035	151	142
3.277% due 06/25/2034	215	209
Greenpoint Mortgage Funding Trust		
0.332% due 01/25/2037	1,723	1,321
GS Mortgage Securities Trust		
1.504% due 08/10/2043 (a)	9,231	598
6.023% due 08/10/2043 (i)	2,100	2,313
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)

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GSR Mortgage Loan Trust			
0.602% due 07/25/2037 ^	\$	735	\$ 532
2.663% due 01/25/2036 ^(i)		2,433	2,296
2.816% due 12/25/2034		49	47
6.000% due 09/25/2034		171	171
HarborView Mortgage Loan Trust			
0.347% due 02/19/2046 (i)		2,701	2,367
0.367% due 11/19/2036 (i)		5,057	3,709
0.477% due 01/19/2035		420	358
0.717% due 06/19/2034		383	359
2.535% due 08/19/2036 ^		391	287
4.592% due 06/19/2036 ^		1,875	1,354
HomeBanc Mortgage Trust			
0.402% due 03/25/2035		603	543
IM Pastor Fondo de Titulizacion de Activos			
0.222% due 03/22/2044	EUR	934	1,061
Impac CMB Trust			
0.672% due 11/25/2035 ^	\$	496	409
IndyMac Mortgage Loan Trust			
0.382% due 04/25/2035		312	275
0.952% due 08/25/2034		331	298
1.012% due 09/25/2034		661	599
2.059% due 06/25/2037 ^		502	385
2.594% due 12/25/2036 ^		2,144	1,891
2.668% due 05/25/2037 ^		1,809	1,426
4.643% due 05/25/2037 ^		96	14
4.703% due 11/25/2036 ^		1,796	1,643
JPMorgan Alternative Loan Trust			
2.574% due 05/25/2036 ^		702	576
5.500% due 11/25/2036 ^		7	7
JPMorgan Commercial Mortgage-Backed Securities Trust			
5.638% due 03/18/2051 (i)		4,000	4,326
JPMorgan Mortgage Trust			
2.523% due 07/25/2035		228	227
2.535% due 10/25/2036		91	82
2.681% due 06/25/2037 ^		495	428
2.816% due 05/25/2036		1,317	1,179
5.500% due 11/25/2034 (i)		3,446	3,532
6.000% due 08/25/2037 ^		1,079	977
KGS Alpha SBA Trust			
1.068% due 04/25/2038		2,631	123
Landmark Mortgage Securities PLC			
0.301% due 06/17/2038	EUR	434	525
0.787% due 06/17/2038	GBP	1,139	1,761
Legg Mason Mortgage Capital Corp.			
7.110% due 03/10/2021 (g)	\$	2,242	2,259
Lehman Mortgage Trust			
6.000% due 05/25/2037 ^(i)		2,619	2,553
6.147% due 04/25/2036		604	577
MASTR Adjustable Rate Mortgages Trust			
0.362% due 04/25/2046		1,346	1,028
0.854% due 01/25/2047 ^		647	441
3.020% due 10/25/2034		1,089	957

See Accompanying Notes

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Morgan Stanley Mortgage Loan Trust		
2.546% due 07/25/2035 (i)	\$ 3,119	\$ 2,737
2.737% due 01/25/2035 ^	406	30
5.750% due 12/25/2035	887	856
6.000% due 08/25/2037 ^	517	482
Morgan Stanley Re-REMIC Trust		
0.000% due 07/17/2056 (b)(i)	945	938
Prime Mortgage Trust		
0.502% due 06/25/2036 ^	5,424	2,983
7.000% due 07/25/2034	251	255
Regal Trust		
2.167% due 09/29/2031	31	29
Residential Accredit Loans, Inc. Trust		
0.332% due 06/25/2046	456	208
0.362% due 06/25/2037	2,928	2,223
5.500% due 04/25/2037	200	159
6.000% due 08/25/2035	975	863
6.000% due 01/25/2037 ^	948	814
Residential Asset Securitization Trust		
6.000% due 03/25/2037 ^	689	531
Residential Funding Mortgage Securities, Inc. Trust		
5.786% due 07/27/2037 ^	483	426
6.000% due 06/25/2037 ^	874	773
Royal Bank of Scotland Capital Funding Trust		
5.223% due 08/16/2048 (i)	2,000	2,105
Salomon Brothers Mortgage Securities, Inc.		
6.500% due 02/25/2029	503	511
Sequoia Mortgage Trust		
2.784% due 01/20/2038 ^	558	475
Structured Adjustable Rate Mortgage Loan Trust		
2.414% due 08/25/2034	42	42
4.683% due 11/25/2036 ^	1,413	1,283
5.020% due 01/25/2036 ^	1,895	1,436
Structured Asset Mortgage Investments Trust		
0.362% due 08/25/2036 (i)	3,345	2,621
0.382% due 05/25/2045	247	224
Structured Asset Securities Corp. Mortgage Pass-Through Certificates		
2.379% due 01/25/2034	741	721
Suntrust Adjustable Rate Mortgage Loan Trust		
2.869% due 10/25/2037	540	484
TBW Mortgage-Backed Trust		
6.000% due 07/25/2036 ^	490	317
WaMu Commercial Mortgage Securities Trust		
5.667% due 03/23/2045 (i)	5,000	5,240
WaMu Mortgage Pass-Through Certificates Trust		
0.442% due 10/25/2045	54	52
2.000% due 11/25/2036 ^	550	468
2.055% due 06/25/2037 (i)	2,596	2,255
2.069% due 03/25/2037 ^	905	772
2.143% due 03/25/2033	146	146
2.167% due 07/25/2046 (i)	2,938	2,664

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
2.303% due 02/25/2037 ^	\$ 1,464	\$ 1,265
2.329% due 07/25/2037 ^(i)	5,050	4,123
2.353% due 07/25/2037 ^	2,017	1,818
2.374% due 02/25/2037 ^	1,887	1,668
Washington Mutual Mortgage Pass-Through Certificates Trust		
0.964% due 10/25/2046 ^	847	608
1.600% due 06/25/2033	68	65
5.500% due 07/25/2035 ^(i)	4,655	4,319
Wells Fargo Mortgage-Backed Securities Trust		
0.652% due 07/25/2037	593	504
2.486% due 09/25/2036 ^	1,344	1,258
2.600% due 04/25/2036 ^	156	153
2.610% due 09/25/2036 ^	51	49
2.620% due 10/25/2036 ^	51	49
5.500% due 01/25/2036	36	10
Total Mortgage-Backed Securities (Cost \$148,459)		181,298

ASSET-BACKED SECURITIES 32.2%

Access Financial Manufactured Housing Contract Trust		
7.650% due 05/15/2021	263	211
Accredited Mortgage Loan Trust		
0.282% due 02/25/2037	1,156	1,103
0.335% due 04/25/2036	786	768
Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates		
0.662% due 10/25/2035	708	583
1.877% due 05/25/2034	154	114
3.002% due 08/25/2032	1,633	1,544
Asset-Backed Funding Certificates Trust		
0.712% due 10/25/2033	167	148
0.977% due 08/25/2033	1,356	1,313
Associates Manufactured Housing Pass-Through Certificates		
7.150% due 03/15/2028 (i)	1,628	1,943
Bear Stearns Asset-Backed Securities Trust		
0.623% due 09/25/2034	1,107	1,062
2.813% due 07/25/2036	882	464
Bombardier Capital Mortgage Securitization Corp.		
7.830% due 06/15/2030	3,662	2,185
Conseco Finance Securitizations Corp.		
7.770% due 09/01/2031	1,218	1,356
7.960% due 05/01/2031	1,909	1,520
7.970% due 05/01/2032	284	195
8.060% due 05/01/2031	3,235	2,233
9.163% due 03/01/2033	3,070	2,817
Conseco Financial Corp.		
6.220% due 03/01/2030	188	201
6.330% due 11/01/2029	158	164
6.530% due 02/01/2031	1,645	1,653

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	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
6.860% due 03/15/2028	\$ 15	\$ 15
7.050% due 01/15/2027	406	415
7.140% due 03/15/2028	555	591
7.240% due 06/15/2028	326	341
7.400% due 06/15/2027	27	27
Countrywide Asset-Backed Certificates		
0.492% due 12/25/2036 ^	995	583
0.712% due 08/25/2032	545	459
1.427% due 02/25/2035 (i)	3,750	3,327
Countrywide Asset-Backed Certificates Trust		
0.302% due 03/25/2047	21	18
0.932% due 11/25/2034 (i)	528	525
1.127% due 02/25/2034	399	376
4.693% due 10/25/2035	102	102
Credit Suisse First Boston Mortgage Securities Corp.		
1.202% due 02/25/2031	3,405	3,134
Credit-Based Asset Servicing and Securitization LLC		
1.475% due 12/25/2035	1,377	1,082
First Franklin Mortgage Loan Trust		
0.602% due 11/25/2036 (i)	10,000	8,253
0.752% due 07/25/2035 (i)	8,092	5,927
Greenpoint Manufactured Housing		
8.300% due 10/15/2026	1,000	1,077
GSAA Home Equity Trust		
5.772% due 11/25/2036	2,928	1,807
GSAMP Trust		
0.455% due 05/25/2036 (i)	340	337
Home Equity Asset Trust		
2.552% due 10/25/2033	38	36
Home Equity Loan Trust		
0.382% due 04/25/2037	13,115	7,759
0.492% due 04/25/2037	8,700	5,252
IndyMac Home Equity Mortgage Loan Asset-Backed Trust		
0.392% due 04/25/2047	18,750	11,036
0.472% due 04/25/2047 (i)	6,500	4,591
JPMorgan Mortgage Acquisition Trust		
0.235% due 08/25/2036	10	5
0.342% due 03/25/2047	1,849	972
Legg Mason Portfolio Trust		
6.550% due 03/10/2020	1,439	1,439
Lehman ABS Mortgage Loan Trust		
0.242% due 06/25/2037	7,591	4,891
0.352% due 06/25/2037	6,006	3,928
Long Beach Mortgage Loan Trust		
0.312% due 10/25/2036	1,189	585
2.627% due 03/25/2032	452	419
MASTR Asset-Backed Securities Trust		
0.262% due 08/25/2036	4,340	2,305
5.233% due 11/25/2035	259	264
Merrill Lynch First Franklin Mortgage Loan Trust		
0.392% due 05/25/2037 (i)	6,534	3,882
	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)

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Merrill Lynch Mortgage Investors Trust			
0.652% due 06/25/2036	\$	1,872	\$ 1,728
Morgan Stanley Dean Witter Capital, Inc. Trust			
1.577% due 02/25/2033		793	751
Morgan Stanley Home Equity Loan Trust			
1.202% due 12/25/2034 (i)		4,445	3,693
NovaStar Mortgage Funding Trust			
0.322% due 11/25/2036		1,717	795
Oakwood Mortgage Investors, Inc.			
0.383% due 06/15/2032		29	26
Option One Mortgage Loan Trust			
5.662% due 01/25/2037 ^		53	54
Origen Manufactured Housing Contract Trust			
7.650% due 03/15/2032		3,394	3,565
Ownit Mortgage Loan Trust			
3.384% due 12/25/2036		3,004	1,890
Park Place Securities, Inc. Asset-Backed Pass-Through Certificates			
2.027% due 10/25/2034		1,161	327
Residential Asset Mortgage Products Trust			
1.280% due 08/25/2033		1,072	956
1.877% due 09/25/2034		3,239	2,217
4.020% due 04/25/2033		7	7
5.220% due 07/25/2034 ^		286	274
5.860% due 11/25/2033 (i)		1,427	1,537
Residential Asset Securities Corp. Trust			
0.592% due 10/25/2035		3,526	2,535
4.470% due 03/25/2032		15	15
Saxon Asset Securities Trust			
1.127% due 12/26/2034		772	607
Securitized Asset-Backed Receivables LLC Trust			
0.382% due 02/25/2037 ^		465	278
0.827% due 01/25/2035		73	66
South Coast Funding Ltd.			
0.491% due 01/06/2041		52,122	14,751
Structured Asset Securities Corp. Mortgage Loan Trust			
0.452% due 06/25/2035 (i)		674	584
Talon Funding Ltd.			
0.724% due 06/05/2035		2,202	1,486
UCFC Home Equity Loan Trust			
7.750% due 04/15/2030		741	722
Vanderbilt Acquisition Loan Trust			
7.330% due 05/07/2032 (i)		463	505
Total Asset-Backed Securities			
(Cost \$119,964)			136,706

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		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
SOVEREIGN ISSUES 7.4%			
Brazil Notas do Tesouro Nacional			
6.000% due 05/15/2045	BRL	12,500	\$ 12,567
6.000% due 08/15/2050		16,200	16,349
10.000% due 01/01/2021		62	23
10.000% due 01/01/2023		62	22
10.000% due 01/01/2025		1,100	393
Costa Rica Government International Bond			
7.000% due 04/04/2044 (i)	\$	700	724
Republic of Greece Government Bond			
3.800% due 08/08/2017	JPY	46,000	389
4.500% due 07/03/2017		40,000	331
Russia Government International Bond			
5.625% due 04/04/2042 (i)	\$	400	407
5.875% due 09/16/2043		200	211
7.500% due 03/31/2030		134	152
Total Sovereign Issues (Cost \$31,390)			31,568
SHARES			
COMMON STOCKS 0.1%			
CONSUMER DISCRETIONARY 0.1%			
Tribune Media Co. A (d)		5,969	400
Tribune Publishing Co. (d)		1,492	28
Total Common Stocks (Cost \$340)			428
WARRANTS 0.0%			
INDUSTRIALS 0.0%			
Alion Science and Technology Corp. - Exp. 03/15/2017		3,575	0
Total Warrants (Cost \$0)			0
CONVERTIBLE PREFERRED SECURITIES 4.1%			
BANKING & FINANCE 4.1%			
Wells Fargo & Co. 7.500% (f)		14,500	17,458
Total Convertible Preferred Securities (Cost \$9,203)			17,458

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PREFERRED SECURITIES 1.7%

BANKING & FINANCE 1.7%

	SHARES	MARKET VALUE (000S)
AgriBank FCB		
6.875% due 01/01/2024 (f)	10,000	1,027
Farm Credit Bank of Texas		
6.750% due 09/15/2023 (f)	50,000	5,339
Navient Corp. CPI Linked Security		
3.992% due 03/15/2017	32,400	\$ 799
4.042% due 01/16/2018	8,500	209
Total Preferred Securities (Cost \$6,460)		7,374

PRINCIPAL AMOUNT (000S)

SHORT-TERM INSTRUMENTS 4.5%

REPURCHASE AGREEMENTS (h) 1.2%

	5,200
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SHORT-TERM NOTES 1.0%

Fannie Mae		
0.091% due 03/04/2015	\$ 600	600
Federal Home Loan Bank		
0.066% due 03/27/2015	800	800
0.089% due 02/18/2015	500	500
Freddie Mac		
0.020% due 02/06/2015	500	500
0.051% due 03/03/2015	700	700
0.071% due 04/23/2015	500	500
0.080% due 03/16/2015	500	500
		4,100

U.S. TREASURY BILLS 2.3%

0.026% due 01/02/2015 -02/26/2015 (e)(k)(m)	9,533	9,533
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Total Short-Term Instruments

(Cost \$18,832)	18,833
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Total Investments in Securities

(Cost \$677,840)	737,993
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Total Investments 173.8%

(Cost \$677,840)	\$ 737,993
------------------	------------

Financial Derivative

Instruments (j)(l) (0.6%)	
(Cost or Premiums, net \$(14,518))	(2,645)
Other Assets and Liabilities, net (73.2)%	(310,716)

Net Assets 100.0%

\$ 424,632

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

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

^ Security is in default.

(a) Interest only security.

(b) Principal only security.

(c) Payment in-kind bond security.

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

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

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

(g) RESTRICTED SECURITIES:

Issuer Description	Coupon	Maturity Date	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
KGH Intermediate Holdco LLC	8.500%	08/07/2019	08/07/2014	\$ 3,800	\$ 3,900	0.92%
KGH Intermediate Holdco LLC	8.500%	08/08/2019	08/07/2014	1,300	1,300	0.31%
Legg Mason Mortgage Capital Corp.	7.110%	03/10/2021	01/29/2013	2,163	2,259	0.53%
Pinnacol Assurance	8.625%	06/25/2034	06/23/2014	2,900	2,993	0.70%
				\$ 10,163	\$ 10,452	2.46%

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

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral Received, at Value	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received ⁽¹⁾
BOS	0.160%	10/31/2014	11/03/2014	\$ 1,300	U.S. Treasury Notes 1.500% due 10/31/2019	\$ (1,326)	\$ 1,300	\$ 1,300
SAL	0.160%	10/31/2014	11/03/2014	3,900	U.S. Treasury Notes 2.500% due 05/15/2024	(3,982)	3,900	3,900
Total Repurchase Agreements						\$ (5,308)	\$ 5,200	\$ 5,200

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(1) Includes accrued interest.

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed ⁽²⁾	Payable for Reverse Repurchase Agreements
BCY	(2.250%)	10/20/2014	05/13/2016	\$ (1,102)	\$ (1,101)
	(2.000%)	08/20/2014	08/19/2016	(6,951)	(6,922)
	(1.000%)	10/16/2014	10/10/2016	(912)	(912)
	(0.350%)	09/09/2014	09/04/2016	(1,971)	(1,970)
	0.100%	08/15/2014	08/14/2016	(2,402)	(2,403)
	0.300%	10/30/2014	10/29/2016	(95)	(95)
	0.450%	08/13/2014	11/13/2014	(901)	(902)
	0.500%	08/08/2014	11/10/2014	(1,510)	(1,512)
	0.500%	09/03/2014	12/03/2014	(6,222)	(6,227)
	0.500%	09/12/2014	12/12/2014	(1,425)	(1,426)
	0.550%	09/03/2014	12/03/2014	(8,704)	(8,712)

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Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed ⁽²⁾	Payable for Reverse Repurchase Agreements
	0.600%	08/26/2014	02/26/2015	\$ (2,154)	\$ (2,157)
	0.600%	09/16/2014	11/17/2014	(1,311)	(1,312)
	0.600%	10/03/2014	11/03/2014	(620)	(620)
	0.630%	08/26/2014	02/26/2015	(4,468)	(4,473)
	0.650%	08/05/2014	11/06/2014	(1,503)	(1,505)
	0.650%	10/03/2014	01/05/2015	(471)	(471)
	0.650%	10/10/2014	11/10/2014	(3,993)	(3,995)
	0.650%	10/14/2014	11/24/2014	(2,059)	(2,060)
	0.650%	10/21/2014	11/21/2014	(1,574)	(1,574)
	0.700%	09/09/2014	12/09/2014	(789)	(790)
	0.700%	09/16/2014	11/17/2014	(9,948)	(9,957)
	0.700%	09/17/2014	11/17/2014	(1,887)	(1,889)
	0.700%	09/26/2014	12/23/2014	(185)	(185)
	0.700%	10/14/2014	12/09/2014	(249)	(249)
	0.710%	08/26/2014	02/26/2015	(1,970)	(1,973)
	0.730%	08/05/2014	11/06/2014	(850)	(852)
	0.750%	09/12/2014	12/12/2014	(1,128)	(1,129)
	0.750%	09/15/2014	12/15/2014	(1,843)	(1,845)
	0.750%	09/26/2014	12/23/2014	(190)	(190)
	0.800%	10/28/2014	01/28/2015	(3,497)	(3,498)
	0.850%	10/16/2014	01/16/2015	(104)	(104)
	1.134%	09/03/2014	12/03/2014	(1,876)	(1,880)
	1.155%	08/18/2014	11/18/2014	(2,185)	(2,190)
	1.231%	08/15/2014	11/17/2014	(384)	(385)
	1.381%	08/15/2014	11/17/2014	(2,427)	(2,435)
	1.429%	09/24/2014	03/24/2015	(4,357)	(4,364)
	1.430%	10/02/2014	04/02/2015	(3,208)	(3,212)
	1.431%	09/23/2014	03/23/2015	(5,875)	(5,885)
	1.438%	08/26/2014	02/26/2015	(3,682)	(3,692)
BPG	1.320%	08/15/2014	11/17/2014	(1,600)	(1,605)
BRC	(0.250%)	10/01/2014	11/03/2014	EUR (1,465)	(1,836)
	(0.250%)	11/03/2014	12/03/2014	(1,506)	(1,887)
	0.600%	10/03/2014	01/05/2015	\$ (545)	(545)
	0.750%	10/14/2014	01/14/2015	(872)	(872)
	0.750%	10/21/2014	01/21/2015	(855)	(855)
	0.750%	11/03/2014	02/03/2015	(614)	(614)
	0.850%	10/29/2014	12/01/2014	EUR (1,574)	(1,972)
CFR	(1.500%)	09/19/2014	09/17/2016	(388)	(485)
	0.600%	10/03/2014	11/03/2014	(4,066)	(5,097)
	0.750%	11/03/2014	02/03/2015	(3,930)	(4,925)
	0.900%	10/30/2014	01/30/2015	GBP (244)	(391)
	0.980%	10/30/2014	01/28/2015	(494)	(791)
	1.100%	10/21/2014	01/15/2015	(1,378)	(2,206)
DEU	(1.000%)	07/10/2014	07/09/2016	\$ (340)	(339)
	0.550%	08/15/2014	11/17/2014	(1,242)	(1,244)
	0.590%	08/01/2014	11/03/2014	(4,054)	(4,060)
	0.590%	09/10/2014	11/06/2014	(2,554)	(2,556)
	0.620%	08/13/2014	11/13/2014	(2,263)	(2,266)
	0.620%	08/14/2014	11/14/2014	(1,226)	(1,228)
	0.620%	08/15/2014	11/17/2014	(4,641)	(4,647)
	0.620%	08/15/2014	11/18/2014	(1,750)	(1,752)
	0.620%	08/18/2014	11/18/2014	(2,957)	(2,961)

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	0.620%	08/21/2014	11/21/2014	(743)	(744)
	0.620%	09/02/2014	12/02/2014	(1,439)	(1,441)
	0.620%	09/04/2014	12/04/2014	(3,885)	(3,889)
	0.620%	09/09/2014	12/09/2014	(2,071)	(2,073)
	0.620%	09/10/2014	12/10/2014	(4,686)	(4,690)
	0.620%	09/12/2014	12/01/2014	(1,717)	(1,719)

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Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed ⁽²⁾	Payable for Reverse Repurchase Agreements
	0.620%	09/12/2014	12/12/2014	\$ (4,134)	\$ (4,138)
	0.650%	10/01/2014	01/02/2015	(3,506)	(3,508)
	0.750%	10/02/2014	01/02/2015	(3,714)	(3,717)
	0.750%	10/28/2014	01/28/2015	(2,525)	(2,525)
	0.750%	11/03/2014	02/03/2015	(3,984)	(3,984)
FOB	0.000%	12/20/2012	12/19/2014	(1,791)	(1,791)
MSC	0.550%	10/02/2014	01/05/2015	(4,038)	(4,040)
	0.900%	10/02/2014	01/05/2015	(6,099)	(6,104)
	1.050%	08/15/2014	11/17/2014	(1,355)	(1,358)
	1.300%	09/18/2014	03/18/2015	(3,689)	(3,695)
	1.300%	10/02/2014	01/05/2015	(3,046)	(3,050)
	1.350%	09/18/2014	03/18/2015	(1,086)	(1,088)
MYI	0.400%	09/22/2014	11/24/2014	EUR (1,127)	(1,413)
	0.500%	09/22/2014	11/24/2014	(3,546)	(4,446)
RBC	0.600%	08/18/2014	11/18/2014	\$ (373)	(374)
	0.600%	09/04/2014	12/04/2014	(1,947)	(1,949)
	0.700%	09/16/2014	03/16/2015	(5,747)	(5,752)
	0.700%	10/14/2014	01/14/2015	(6,144)	(6,146)
	0.740%	10/29/2014	04/29/2015	(2,425)	(2,425)
	0.750%	10/01/2014	04/01/2015	(4,665)	(4,668)
RDR	0.550%	09/04/2014	12/04/2014	(1,574)	(1,575)
	1.230%	09/04/2014	12/04/2014	(3,537)	(3,544)
	1.320%	10/15/2014	04/15/2015	(7,077)	(7,082)
	1.330%	09/23/2014	03/20/2015	(4,777)	(4,784)
RYL	0.750%	10/06/2014	11/06/2014	GBP (4,093)	(6,552)
	1.034%	07/10/2014	01/12/2015	\$ (1,899)	(1,905)
SAL	0.982%	09/09/2014	12/09/2014	(744)	(745)
	0.985%	09/17/2014	12/17/2014	(1,180)	(1,182)
	0.985%	10/02/2014	01/02/2015	(5,121)	(5,126)
UBS	0.400%	10/20/2014	11/20/2014	(3,344)	(3,345)
	0.450%	10/20/2014	11/20/2014	(8,360)	(8,362)
	0.470%	08/25/2014	11/25/2014	(6,910)	(6,916)
	0.470%	09/12/2014	12/12/2014	(582)	(582)
	0.470%	10/20/2014	11/20/2014	(573)	(573)
	0.480%	10/20/2014	11/20/2014	(1,867)	(1,867)
	0.500%	09/23/2014	12/23/2014	(487)	(487)
	0.540%	08/25/2014	11/25/2014	(986)	(987)
	0.540%	09/12/2014	12/12/2014	(494)	(494)
	0.550%	09/12/2014	12/12/2014	(793)	(794)
	0.550%	09/16/2014	12/16/2014	(3,975)	(3,978)
	0.550%	09/23/2014	12/23/2014	(1,387)	(1,388)
	0.550%	09/24/2014	11/24/2014	(1,604)	(1,605)
	0.550%	10/09/2014	01/08/2015	(746)	(746)
	0.600%	09/02/2014	12/02/2014	(500)	(501)
	0.600%	09/11/2014	11/25/2014	(2,068)	(2,070)
	0.600%	09/25/2014	12/23/2014	(1,053)	(1,054)
	0.600%	09/29/2014	11/12/2014	(1,901)	(1,902)
	0.600%	09/29/2014	12/02/2014	(521)	(521)
	0.600%	10/20/2014	01/20/2015	(550)	(550)
	0.650%	09/23/2014	12/23/2014	(552)	(552)
	0.650%	10/20/2014	01/20/2015	(1,471)	(1,471)
	0.650%	10/24/2014	01/26/2015	(1,640)	(1,640)
	0.680%	10/09/2014	01/08/2015	(1,509)	(1,510)
	0.700%	10/27/2014	01/27/2015	(1,154)	(1,154)

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0.700%	10/28/2014	11/03/2014		(1,942)	(1,942)
0.700%	11/03/2014	01/08/2015		(1,526)	(1,526)
0.950%	10/15/2014	01/15/2015	GBP	(583)	(933)
0.950%	10/16/2014	01/16/2015		(2,631)	(4,211)

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Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed ⁽²⁾	Payable for Reverse Repurchase Agreements
	1.388%	08/28/2014	12/02/2014	\$ (2,021)	\$ (2,026)
	1.480%	09/22/2014	03/23/2015	(1,849)	(1,852)
	1.480%	10/01/2014	04/01/2015	(3,461)	(3,466)
	1.484%	09/03/2014	12/03/2014	(2,057)	(2,062)
	1.524%	10/03/2014	04/06/2015	(4,305)	(4,311)
	1.524%	10/31/2014	05/01/2015	(7,996)	(7,997)
Total Reverse Repurchase Agreements					\$ (330,784)

⁽²⁾ The average amount of borrowings while outstanding during the period ended October 31, 2014 was \$226,215 at a weighted average interest rate of 0.644%.

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of October 31, 2014:

(i) Securities with an aggregate market value of \$376,630 and cash of \$2,853 have been pledged as collateral under the terms of the following master agreements as of October 31, 2014.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Payable for Short Sales	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure ⁽³⁾
Global/Master Repurchase Agreement							
BCY	\$ 0	\$ (97,053)	\$ 0	\$ 0	\$ (97,053)	\$ 108,062	\$ 11,009
BOS	1,300	0	0	0	1,300	(1,326)	(26)
BPG	0	(1,605)	0	0	(1,605)	2,205	600
BRC	0	(8,581)	0	0	(8,581)	13,171	4,590
CFR	0	(13,895)	0	0	(13,895)	15,983	2,088
DEU	0	(53,481)	0	0	(53,481)	58,235	4,754
FOB	0	(1,791)	0	0	(1,791)	1,949	158
MSC	0	(19,335)	0	0	(19,335)	21,965	2,630
MYI	0	(5,859)	0	0	(5,859)	5,895	36
RBC	0	(21,314)	0	0	(21,314)	23,500	2,186
RDR	0	(16,985)	0	0	(16,985)	21,944	4,959
RYL	0	(8,457)	0	0	(8,457)	9,137	680
SAL	3,900	(7,053)	0	0	(3,153)	4,436	1,283
UBS	0	(75,375)	0	0	(75,375)	88,733	13,358

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Total Borrowings and Other Financing Transactions	\$ 5,200	\$ (330,784)	\$ 0	\$ 0
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⁽³⁾Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

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(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED**SWAP AGREEMENTS:****INTEREST RATE SWAPS**

Pay/Receive		Fixed	Maturity	Notional	Market	Unrealized	Variation Margin	
Floating Rate	Floating Rate Index	Rate	Date	Amount	Value	Appreciation/ (Depreciation)	Asset	Liability
Pay	3-Month CAD-Bank Bill	3.300%	06/19/2024	CAD 13,300	\$ 939	\$ 321	\$ 9	\$ 0
Receive	3-Month CAD-Bank Bill	3.500%	06/20/2044	5,600	(574)	(375)	13	0
Receive	3-Month USD-LIBOR	2.000%	06/18/2019	\$ 69,300	(1,547)	(1,609)	82	0
Receive	3-Month USD-LIBOR	3.000%	12/17/2024	37,000	(1,614)	(1,406)	105	0
Receive	3-Month USD-LIBOR	3.750%	06/18/2044	25,600	(4,062)	(4,179)	154	0
					\$ (6,858)	\$ (7,248)	\$ 363	\$ 0
Total Swap Agreements					\$ (6,858)	\$ (7,248)	\$ 363	\$ 0

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of October 31, 2014:

(k) Securities with an aggregate market value of \$4,057 and cash of \$450 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of October 31, 2014. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value		Variation Margin		Market Value		Variation Margin	
	Purchased	Asset	Asset	Swap	Written	Liability	Swap	Swap
	Options	Futures	Agreements	Total	Options	Futures	Agreements	Total
Total Exchange-Traded or Centrally Cleared	\$ 0	\$ 0	\$ 363	\$ 363	\$ 0	\$ 0	\$ 0	\$ 0

(I) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)	
						Asset	Liability
BOA	11/2014	BRL	21,464	\$	8,781	\$ 119	\$ 0
	11/2014	GBP	7,074		11,567	250	0
	11/2014	\$	8,676	BRL	21,464	0	(14)
	11/2014		9,189	GBP	5,703	0	(67)
	12/2014	BRL	20,634	\$	8,273	17	0
	12/2014	GBP	5,703		9,187	66	0
BPS	11/2014	EUR	269		344	6	0
	11/2014	\$	1,988	EUR	1,566	0	(25)
	11/2014		2,703	GBP	1,674	0	(26)
	12/2014	EUR	462	\$	587	8	0
BRC	11/2014	CAD	252		225	1	0
	11/2014	EUR	100		126	1	0
	11/2014	\$	799	JPY	86,090	0	(33)

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Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation)			
						Asset	Liability		
	12/2014	BRL	342	\$	139	\$	2	\$	0
	12/2014	JPY	86,090		799		33		0
	01/2015	BRL	4,699		1,989		125		0
CBK	11/2014	GBP	803		1,306		23		(1)
	01/2015	BRL	6,908		2,925		185		0
DUB	11/2014	EUR	894		1,128		8		0
	12/2014	BRL	769		313		5		0
FBF	11/2014		826		338		5		0
	11/2014	\$	341	BRL	826		0		(7)
	12/2014	BRL	268	\$	109		2		0
	01/2015		9,712		4,108		256		0
GLM	11/2014		3,260		1,334		18		0
	11/2014	EUR	2,043		2,601		41		0
	11/2014	\$	1,317	BRL	3,260		0		(2)
	12/2014	BRL	427	\$	174		3		0
	01/2015		2,482		1,041		56		0
HUS	11/2014	\$	686	EUR	538		0		(11)
JPM	11/2014	EUR	101	\$	128		2		0
	11/2014	GBP	54		86		0		0
	11/2014	JPY	86,090		791		25		0
	11/2014	\$	905	GBP	555		0		(18)
MSB	11/2014	BRL	22,193	\$	9,283		327		0
	11/2014	\$	9,031	BRL	22,193		22		(97)
	12/2014	BRL	4,779	\$	1,892		0		(20)
	01/2015		2,110		896		59		0
UAG	11/2014		30,349		12,800		552		0
	11/2014	EUR	9,149		11,704		239		0
	11/2014	\$	12,336	BRL	30,349		0		(88)
	11/2014		13,283	EUR	10,452		0		(184)
	12/2014	BRL	20,886	\$	8,391		34		0
	12/2014	EUR	10,452		13,285		184		0
	01/2015	BRL	2,587		1,114		88		0
Total Forward Foreign Currency Contracts						\$	2,762	\$	(593)

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION ⁽¹⁾

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Counterparty	Reference Entity	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at October 31, 2014 ⁽²⁾	Notional Amount ⁽³⁾	Premiums Paid/ (Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value	
								Asset	Liability
BOA	Indonesia Government International Bond	1.000%	06/20/2019	1.281%	\$ 600	\$ (20)	\$ 13	\$ 0	\$ (7)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	400	(40)	(11)	0	(51)
BRC	Gazprom OAO Via Gaz Capital S.A.	1.900%	12/20/2017	2.883%	1,250	0	(27)	0	(27)
	JSC VTB Bank	2.340%	12/20/2017	3.870%	1,250	0	(44)	0	(44)
	Russia Government International Bond	1.000%	06/20/2019	2.369%	200	(12)	1	0	(11)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	400	(46)	(4)	0	(50)
	Russia Government International Bond	1.000%	09/20/2024	2.674%	300	(25)	(14)	0	(39)

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Counterparty	Reference Entity	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at October 31, 2014 ⁽²⁾	Notional Amount ⁽³⁾	Premiums Paid/ (Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value	
								Asset	Liability
CBK	Majapahit Holdings BV	2.650%	12/20/2017	1.775%	\$ 3,000	\$ 0	\$ 91	\$ 91	\$ 0
	Russia Government International Bond	1.000%	06/20/2019	2.369%	1,000	(62)	5	0	(57)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	500	(53)	(10)	0	(63)
	Russia Government International Bond	1.000%	09/20/2024	2.674%	300	(26)	(13)	0	(39)
DUB	Indonesia Government International Bond	1.000%	06/20/2019	1.281%	1,200	(42)	28	0	(14)
FBF	TNK-NS BP Finance S.A.	3.150%	12/20/2017	3.165%	1,500	0	17	17	0
GST	Russia Government International Bond	1.000%	06/20/2019	2.369%	400	(25)	2	0	(23)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	200	(23)	(3)	0	(26)
HUS	Russia Government International Bond	1.000%	06/20/2019	2.369%	130	(5)	(3)	0	(8)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	130	(13)	(3)	0	(16)
	Russia Government International Bond	1.000%	09/20/2024	2.674%	69	(10)	1	0	(9)
JPM	Indonesia Government International Bond	1.000%	06/20/2019	1.281%	1,200	(40)	27	0	(13)
	Russia Government International Bond	1.000%	06/20/2024	2.667%	200	(18)	(7)	0	(25)
						\$ (460)	\$ 46	\$ 108	\$ (522)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION ⁽¹⁾

Counterparty	Index/Tranches	Fixed Deal Receive Rate	Maturity Date	Notional Amount ⁽³⁾	Premiums (Received)	Unrealized Appreciation	Swap Agreements, at Value ⁽⁴⁾	
							Asset	Liability
RYL	ABX.HE.AA.6-1 Index	0.320%	07/25/2045	\$ 19,133	\$ (11,243)	\$ 7,194	\$ 0	\$ (4,049)
	ABX.HE.PENAAA.7-1 Index	0.090%	08/25/2037	7,017	(3,474)	1,860	0	(1,614)
					\$ (14,717)	\$ 9,054	\$ 0	\$ (5,663)

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

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- (2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (3) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (4) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

See Accompanying Notes

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Table of Contents**Schedule of Investments PIMCO Income Opportunity Fund (Cont.)****TOTAL RETURN SWAPS ON CONVERTIBLE SECURITIES**

Counterparty	Pay/Receive	Underlying Reference	# of Shares	Financing Rate	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation	Swap Agreements, at Value	
									Asset	Liability
DUB	Receive	OGX Petroleo e Gas Participaceos S.A.	2,430	Not Applicable, Fully Funded	02/11/2015	\$ 368	\$ 368	\$ 233	\$ 601	\$ 0
	Receive	OGX Petroleo e Gas Participaceos S.A.	1,644	Not Applicable, Fully Funded	04/11/2015	292	291	8	299	0
							\$ 659	\$ 241	\$ 900	\$ 0
Total Swap Agreements							\$ (14,518)	\$ 9,341	\$ 1,008	\$ (6,185)

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of October 31, 2014:

(m) Securities with an aggregate market value of \$5,974 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of October 31, 2014.

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities						
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of Derivatives	Collateral (Received)/Pledged	Net Exposure ⁽⁵⁾
BOA	\$ 452	\$ 0	\$ 0	\$ 452	\$ (81)	\$ 0	\$ (58)	\$ (139)	\$ 313	\$ 0	\$ 313
BPS	14	0	0	14	(51)	0	0	(51)	(37)	0	(37)
BRC	162	0	0	162	(33)	0	(171)	(204)	(42)	61	19
CBK	208	0	91	299	(1)	0	(159)	(160)	139	(230)	(91)
DUB	13	0	900	913	0	0	(14)	(14)	899	(300)	599
FBF	263	0	17	280	(7)	0	0	(7)	273	(290)	(17)
GLM	118	0	0	118	(2)	0	0	(2)	116	(270)	(154)
GST	0	0	0	0	0	0	(49)	(49)	(49)	0	(49)
HUS	0	0	0	0	(11)	0	(33)	(44)	(44)	0	(44)
JPM	27	0	0	27							