

PIMCO Dynamic Income Fund
Form N-Q
August 22, 2014

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

FORM N-Q

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

Investment Company Act file number 811-22673

PIMCO Dynamic Income Fund
(Exact name of registrant as specified in charter)

1633 Broadway New York, New York
(Address of principal executive offices)

10019
(Zip code)

Lawrence G. Altadonna 1633 Broadway New York, New York 10019
(Name and address of agent for service)

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

Date of fiscal year end: March 31, 2015

Date of reporting period: June 30, 2014

Item 1. Schedule of Investments

Schedule of Investments

PIMCO Dynamic Income Fund

June 30, 2014 (unaudited)

| Principal Amount (000s) | | Value* |
|--|--|--------------|
| MORTGAGE-BACKED SECURITIES - 103.5% | | |
| £12,404 | Alba PLC, 0.818%, 12/15/38, CMO (n) | \$18,666,250 |
| \$12,071 | American Home Mortgage Assets Trust, CMO, 0.442%, 8/25/37 (n) | 6,005,586 |
| 4,033 | 0.692%, 11/25/35 (k)(n) | 3,415,707 |
| 12,418 | 6.25%, 6/25/37 (k) | 8,516,637 |
| 9,272 | American Home Mortgage Investment Trust, CMO (n), 0.452%, 9/25/45 (k) | 8,033,642 |
| 9,739 | 1.052%, 2/25/44 | 6,191,299 |
| 1,760 | Banc of America Alternative Loan Trust, CMO, 0.552%, 5/25/35 (n) | 1,352,955 |
| 741 | 6.00%, 6/25/37 | 597,904 |
| 282 | 6.00%, 6/25/46 | 241,355 |
| 10,469 | Banc of America Funding Corp., CMO (n), zero coupon, 6/26/35 (a)(d) | 8,806,786 |
| 30,682 | 0.363%, 4/20/47 (k) | 23,317,644 |
| 11,800 | 0.364%, 8/25/47 (a)(d) | 8,132,794 |
| 4,612 | 0.603%, 2/20/35 | 2,621,521 |
| 15,300 | 0.65%, 7/26/36 (a)(d) | 9,191,411 |
| 449 | 2.749%, 1/20/47 | 375,000 |
| 698 | 2.82%, 1/25/35 | 368,981 |
| 3,852 | Banc of America Funding Trust, 2.618%, 3/20/36, CMO (k)(n) | 3,378,980 |
| 423 | Banc of America Mortgage Trust, CMO (n), 2.622%, 10/20/46 | 275,022 |
| 1,919 | 2.762%, 1/25/36 | 1,776,838 |
| 13,000 | Banc of America Re-Remic Trust, CMO (a)(d), 5.383%, 12/15/16 | 13,690,131 |
| 38,264 | 5.679%, 2/17/51 (n) | 39,049,463 |
| 3,565 | Bancaja 8 Fondo de Titulizacion de Activos, 0.442%, 10/25/37, CMO (n) | 4,605,326 |
| \$7,018 | BCAP LLC Trust, CMO (a)(d), 2.103%, 7/26/45 (n) | 6,131,986 |
| 9,500 | 2.476%, 11/26/35 (n) | 7,865,392 |
| 13,986 | 2.652%, 5/26/36 (n) | 10,342,536 |
| 25,967 | 3.215%, 4/26/37 (n) | 14,664,594 |
| 8,051 | 4.978%, 3/26/35 (n) | 7,680,856 |
| 6,045 | 5.062%, 6/26/47 (n) | 5,297,519 |
| 6,052 | 5.192%, 10/26/35 (n) | 5,235,514 |
| 4,770 | 5.456%, 7/26/35 (n) | 3,961,756 |
| 12,138 | 5.50%, 12/26/35 | 9,909,331 |
| 8,018 | 6.00%, 8/26/37 (n) | 6,786,838 |

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|---------|---|------------|
| | Bear Stearns ALT-A Trust, CMO (k)(n), | |
| 10,611 | 0.352%, 2/25/34 | 7,881,921 |
| 16,095 | 4.928%, 9/25/35 | 13,063,900 |
| 27,980 | Celtic Residential Irish Mortgage Securitisation No. 9 PLC, 0.419%, 11/13/47, CMO (n) | 35,733,650 |
| 10,204 | Celtic Residential Irish Mortgage Securitisation No. 10 PLC, 0.567%, 4/10/48, CMO (n) | 13,095,723 |
| 8,016 | Celtic Residential Irish Mortgage Securitisation No. 11 PLC, 0.502%, 12/14/48, CMO (n) | 10,275,263 |
| 5,300 | Celtic Residential Irish Mortgage Securitisation No. 12 Ltd., 0.423%, 3/18/49, CMO (n) | 6,503,982 |
| \$6,243 | Chase Mortgage Finance Trust, 2.649%, 3/25/37, CMO (k)(n) | 5,291,089 |
| | Citigroup Mortgage Loan Trust, Inc., CMO (n), | |
| 1,528 | 2.527%, 3/25/36 | 1,449,475 |
| 11,931 | 2.697%, 10/25/35 (k) | 10,690,048 |
| 9,287 | 2.764%, 9/25/37 (k) | 7,887,703 |
| | Countrywide Alternative Loan Trust, CMO, | |
| 24,410 | 0.342%, 9/25/46 (k)(n) | 19,143,803 |
| 22,780 | 0.767%, 12/25/35, IO | 469,441 |
| 30,753 | 0.882%, 11/25/35 (k)(n) | 26,495,305 |
| 13,088 | 0.973%, 11/25/46 (k)(n) | 9,831,612 |
| 19,689 | 1.582%, 12/25/35, IO | 1,553,011 |
| 229 | 2.762%, 6/25/47 (n) | 188,814 |
| 474 | 5.50%, 2/25/20 | 463,142 |
| 4,614 | 5.50%, 7/25/35 (k) | 4,297,934 |
| 1,382 | 5.50%, 11/25/35 (k) | 1,279,901 |
| 16,402 | 5.50%, 12/25/35 (k) | 14,114,124 |
| 305 | 5.50%, 1/25/36 | 286,691 |
| 4,504 | 5.50%, 4/25/37 (k) | 3,712,351 |
| 439 | 5.75%, 1/25/36 | 377,113 |
| 15,336 | 5.75%, 1/25/37 (k) | 13,015,841 |
| 5,127 | 5.75%, 4/25/37 (k) | 4,646,068 |
| 757 | 6.00%, 6/25/36 | 680,932 |
| 806 | 6.00%, 11/25/36 | 735,473 |
| 328 | 6.00%, 12/25/36 | 256,187 |
| 3,991 | 6.00%, 1/25/37 (k) | 3,526,339 |
| 1,385 | 6.00%, 2/25/37 (k) | 1,075,353 |
| 11,068 | 6.00%, 4/25/37 (k) | 8,619,424 |

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| 10,327 | 6.00%, 5/25/37 (k) | 8,708,201 |
| 4,237 | 6.00%, 7/25/37 (k) | 4,025,105 |
| 19,130 | 6.998%, 7/25/36, IO (n) | 5,464,963 |
| 2,049 | 38.088%, 5/25/37 (b)(n) | 3,508,656 |
| | Countrywide Home Loan Mortgage Pass-Through Trust, CMO, | |
| 3,901 | 0.492%, 3/25/36 (n) | 2,156,111 |
| 318 | 0.752%, 3/25/35 (n) | 288,025 |
| 121 | 5.00%, 11/25/35 | 116,958 |
| 16,958 | 5.196%, 6/25/47 (k)(n) | 16,033,598 |
| 315 | 5.50%, 12/25/34 | 279,860 |
| 147 | 5.50%, 11/25/35 | 143,878 |
| 592 | 6.00%, 7/25/37 | 545,113 |
| 13,166 | 6.00%, 8/25/37 (k) | 12,191,043 |
| 7 | 6.00%, 8/25/37 | 7,074 |
| 443 | 6.00%, 1/25/38 | 411,660 |
| | Credit Suisse Mortgage Capital Certificates, CMO, | |
| 2,239 | 1.372%, 10/15/21 (a)(d)(n) | 2,235,215 |
| 11,208 | 2.205%, 7/26/49 (a)(d)(n) | 7,845,331 |
| 27,326 | 3.101%, 4/26/35 (a)(d)(n) | 22,385,629 |
| 79,842 | 4.541%, 2/27/47 (a)(d)(k)(n) | 54,869,535 |
| 13,952 | 4.689%, 7/26/37 (a)(d)(k)(n) | 10,149,646 |
| 12,950 | 5.643%, 2/15/39 (k)(n) | 13,751,314 |
| 10,000 | 5.692%, 4/16/49 (a)(d)(k)(n) | 10,698,515 |
| 12,398 | 5.896%, 4/25/36 (k) | 10,409,760 |
| 21,404 | 7.00%, 8/26/36 (a)(d) | 10,176,847 |
| 5,120 | 7.00%, 8/27/36 (a)(d) | 3,544,557 |
| | Credit Suisse Mortgage Capital Certificates Mortgage-Backed Trust, CMO (k), | |
| 7,034 | 6.50%, 10/25/21 | 6,312,732 |
| 16,246 | 6.50%, 7/26/36 | 9,590,603 |
| | Debussy DTC 1, CMO (a)(d), | |
| £18,250 | 5.93%, 7/12/25 | 32,404,286 |
| 5,000 | 8.25%, 7/12/25 | 8,641,287 |
| \$1,961 | Deutsche ALT-A Securities, Inc. Alternate Loan Trust, 6.00%, 10/25/21, CMO | 1,692,636 |
| | Diversity Funding Ltd., CMO (n), | |
| £6,383 | 1.476%, 2/10/46 | 10,630,607 |
| 1,310 | 1.826%, 2/10/46 | 1,794,143 |
| 1,193 | 2.326%, 2/10/46 | 898,558 |
| 1,170 | 2.826%, 2/10/46 | 336,359 |
| 702 | 4.076%, 2/10/46 | 96,102 |
| 234 | 4.618%, 2/10/46 (f) | 14,015 |
| 247 | 4.718%, 2/10/46 (f) | 11,635 |
| 30,643 | Emerald Mortgages No. 4 PLC, 0.276%, 7/15/48, CMO (n) | 37,953,373 |
| \$3,751 | Extended Stay America Trust, 7.625%, 12/5/19, CMO (a)(d) | 3,834,786 |
| | First Horizon Alternative Mortgage Securities Trust, CMO (n), | |
| 11,443 | 2.25%, 8/25/35 | 3,340,579 |
| 2,535 | 6.948%, 11/25/36, IO | 633,694 |
| 1,117 | First Horizon Mortgage Pass-Through Trust, 5.50%, 8/25/37, CMO | 970,214 |
| 7,958 | GMAC Commercial Mortgage Securities, Inc., 4.915%, 12/10/41, CMO (k) | 8,068,262 |
| 5,241 | Greenpoint Mortgage Funding Trust, 0.352%, 12/25/46, CMO (n) | 2,894,327 |
| | GSR Mortgage Loan Trust, CMO (n), | |
| 391 | 2.794%, 11/25/35 | 361,372 |
| 1,675 | 6.50%, 8/25/36 | 1,426,828 |
| | Harborview Mortgage Loan Trust, CMO (n), | |
| 25 | 0.345%, 1/19/38 | 21,387 |
| 26,015 | 0.395%, 3/19/36 (k) | 19,354,035 |
| 13,064 | 0.405%, 1/19/36 (k) | 9,326,947 |
| 15,685 | 0.803%, 6/20/35 (k) | 13,035,076 |
| 3,562 | 1.053%, 6/20/35 (k) | 2,920,916 |

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| 477 | Impac CMB Trust, 0.872%, 10/25/34, CMO (n) | 418,972 |
| 27 | Impac Secured Assets Trust, 0.262%, 5/25/37, CMO (n) | 18,663 |
| 8,229 | IndyMac IMSC Mortgage Loan Trust, 2.731%, 6/25/37, CMO (k)(n) | 6,300,772 |
| 113 | IndyMac INDA Mortgage Loan Trust, 5.067%, 3/25/37, CMO (n) | 103,803 |
| | IndyMac Index Mortgage Loan Trust, CMO (n), | |
| 6,993 | 0.352%, 11/25/46 (k) | 4,291,587 |
| 4,700 | 0.402%, 2/25/37 | 2,763,158 |
| 1,007 | 0.452%, 7/25/36 (k) | 827,265 |
| 712 | 2.591%, 2/25/35 (k) | 610,227 |
| | JPMorgan Alternative Loan Trust, CMO (k), | |
| 49,783 | 0.352%, 6/25/37 (n) | 29,438,759 |
| 11,120 | 3.09%, 11/25/36 (n) | 10,910,964 |
| 10,000 | 5.96%, 12/25/36 | 8,440,350 |
| 5,000 | 6.31%, 8/25/36 | 4,033,825 |
| 74,043 | JPMorgan Chase Commercial Mortgage Securities Corp., 2.163%, 6/15/45, CMO, IO (k)(n) | 6,952,833 |
| | JPMorgan Mortgage Trust, CMO (n), | |
| 9,639 | 2.576%, 6/25/37 (k) | 8,205,224 |
| 8,251 | 5.044%, 4/25/37 (k) | 7,719,156 |
| 2,249 | 5.552%, 10/25/36 | 2,088,972 |
| | KGS Alpha SBA, 1.045%, 4/25/38, CMO (a)(b)(d)(g)(l) (acquisition cost - \$420,205; purchased | |
| 7,270 | 10/18/12) | 341,230 |
| | Lavendar Trust, CMO (a)(d), | |
| 7,252 | 5.50%, 9/26/35 | 5,735,077 |
| 17,220 | 6.00%, 11/26/36 | 11,885,097 |

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| 10,913 | LB Commercial Mortgage Trust, 6.09%, 7/15/44, CMO (k)(n) | 12,211,573 |
| | LB-UBS Commercial Mortgage Trust, CMO (k)(n), | |
| 211,240 | 0.738%, 2/15/40, IO (a)(d) | 3,045,761 |
| 7,751 | 5.452%, 9/15/39 | 8,282,037 |
| | Lehman Mortgage Trust, CMO, | |
| 171 | 5.50%, 11/25/35 | 164,314 |
| 1,940 | 6.00%, 8/25/36 | 1,643,731 |
| 1,355 | 6.00%, 9/25/36 | 1,124,072 |
| 9,056 | 6.50%, 9/25/37 (k) | 7,989,742 |
| 44,017 | 7.25%, 9/25/37 (k) | 22,812,252 |
| | Lehman XS Trust, CMO (n), | |
| 32,414 | 0.43%, 7/25/37 | 11,968,197 |
| 4,671 | 0.65%, 7/25/47 | 1,788,501 |
| | MASTR Adjustable Rate Mortgages Trust, CMO (n), | |
| 30,514 | 0.352%, 5/25/47 (k) | 24,066,999 |
| 5,799 | 0.492%, 5/25/47 | 1,850,177 |
| | MASTR Alternative Loans Trust, CMO (n), | |
| 26,620 | 0.502%, 3/25/36 (k) | 8,106,298 |
| 34,021 | 0.552%, 3/25/36 | 10,479,982 |
| 522 | MASTR Asset Securitization Trust, 5.322%, 11/25/33, CMO (a)(d)(n) | 87,246 |
| | Morgan Stanley Re-Remic Trust, CMO (a)(d), | |
| 26,634 | 2.558%, 7/26/35 (n) | 20,394,910 |
| 11,082 | 2.61%, 1/26/35 (n) | 9,766,444 |
| 6,285 | 2.61%, 2/26/37 (n) | 5,185,314 |
| 4,998 | 5.231%, 9/26/35 (n) | 4,428,843 |
| 7,969 | 6.00%, 4/26/36 | 6,228,743 |
| | Newgate Funding, CMO (n), | |
| £2,200 | 0.758%, 12/15/50 | 3,201,786 |
| 2,750 | 1.492%, 12/15/50 | 3,586,711 |
| 5,250 | 1.742%, 12/15/50 | 6,619,668 |
| £4,150 | 1.808%, 12/15/50 | 6,392,078 |
| | Nomura Asset Acceptance Corp., CMO, | |
| \$919 | 5.82%, 3/25/47 | 936,860 |
| 15,008 | 6.138%, 3/25/47 (k) | 15,293,690 |
| 28,616 | 6.347%, 3/25/47 (k) | 29,153,036 |
| 990 | NovaStar Mortgage-Backed Notes, 0.342%, 9/25/46, CMO (n) | 844,759 |
| | RBSSP Resecuritization Trust, CMO (a)(d), | |
| 20,150 | 2.107%, 7/26/45 (n) | 17,811,903 |
| 13,334 | 2.718%, 5/26/37 (n) | 9,873,550 |
| 9,913 | 2.806%, 2/26/36 (k)(n) | 6,308,775 |
| 17,914 | 5.17%, 11/21/35 (k)(n) | 15,046,474 |
| 9,271 | 6.00%, 3/26/36 | 7,204,655 |
| 30,125 | 7.165%, 11/26/35 (k)(n) | 19,873,832 |
| | Residential Accredit Loans, Inc., CMO, | |
| 13,696 | 0.332%, 7/25/36 (k)(n) | 9,274,619 |
| 29,211 | 0.342%, 5/25/37 (k)(n) | 25,143,853 |
| 11,786 | 1.123%, 1/25/46 (k)(n) | 8,597,827 |
| 1,611 | 4.263%, 1/25/36 (k)(n) | 1,247,587 |
| 1,520 | 6.00%, 8/25/35 | 1,355,571 |
| 3,640 | 6.00%, 6/25/36 | 2,974,749 |
| 11,204 | 6.00%, 8/25/36 (k) | 9,027,058 |
| 19,814 | 7.00%, 10/25/37 (k) | 15,999,518 |
| | Residential Asset Securitization Trust, CMO, | |
| 1,753 | 5.50%, 7/25/35 | 1,626,261 |
| 5,173 | 6.25%, 8/25/37 | 3,185,084 |
| | Residential Funding Mortgage Securities I, CMO, | |
| 461 | 5.85%, 11/25/35 | 444,079 |
| 5,883 | 5.864%, 8/25/36 (k)(n) | 5,358,304 |

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| 3,490 | 6.00%, 4/25/37 | 3,134,456 |
| | Sequoia Mortgage Trust, CMO (n), | |
| 2,218 | 0.523%, 7/20/36 | 1,635,959 |
| 1,392 | 1.353%, 10/20/27 | 1,152,179 |
| £2,722 | Southern Pacific Securities PLC, 4.034%, 12/10/42, CMO (n) | 4,279,501 |
| | Structured Adjustable Rate Mortgage Loan Trust, CMO (n), | |
| \$4,849 | 2.77%, 4/25/47 (k) | 3,919,575 |
| 5,573 | 4.558%, 8/25/36 (k) | 3,494,525 |
| 14,633 | 4.63%, 2/25/37 (k) | 11,225,466 |
| 1,797 | 5.171%, 7/25/35 | 1,592,708 |
| | Structured Asset Mortgage Investments II Trust, CMO (n), | |
| 3,709 | 0.322%, 3/25/37 | 1,004,719 |
| 29,522 | 0.342%, 7/25/46 (k) | 25,152,397 |
| | Suntrust Alternative Loan Trust, CMO (n), | |
| 26,251 | 0.502%, 4/25/36 (k) | 9,424,442 |
| 7,095 | 6.998%, 4/25/36, IO | 2,182,430 |
| | TBW Mortgage-Backed Trust, CMO (k), | |
| 14,854 | 5.80%, 3/25/37 | 7,839,687 |
| 13,767 | 6.12%, 3/25/37 | 7,262,082 |
| 27,405 | 6.50%, 7/25/36 | 16,180,908 |
| | WaMu Mortgage Pass-Through Certificates, CMO (n), | |
| 459 | 0.572%, 6/25/44 | 433,223 |
| 17,104 | 0.873%, 6/25/47 (k) | 7,510,830 |

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| 35,353 | 0.933%, 7/25/47 (k) | 30,977,621 |
| 810 | 1.003%, 10/25/46 (k) | 678,782 |
| 2,997 | 1.103%, 7/25/46 | 2,578,255 |
| 100 | 1.123%, 2/25/46 | 95,039 |
| 1,433 | 1.951%, 7/25/47 (k) | 1,047,538 |
| 8,690 | 4.358%, 3/25/37 (k) | 7,844,312 |
| 605 | 4.628%, 2/25/37 (k) | 567,098 |
| | Washington Mutual Mortgage Pass-Through Certificates, CMO (k), | |
| 19,469 | 0.392%, 1/25/47 (n) | 12,963,395 |
| 13,259 | 0.752%, 7/25/36 (n) | 8,461,773 |
| 7,654 | 6.00%, 4/25/37 | 6,625,402 |
| | Wells Fargo Alternative Loan Trust, CMO, | |
| 9,441 | 2.619%, 7/25/37 (k)(n) | 8,063,712 |
| 1,068 | 5.75%, 7/25/37 | 975,568 |
| 28,600 | Wells Fargo Mortgage Loan Trust, 5.588%, 4/27/36, CMO (a)(d)(n) | 26,550,089 |
| | Wells Fargo Mortgage-Backed Securities Trust, CMO, | |
| 1,041 | 2.618%, 10/25/35 (n) | 1,033,996 |
| 633 | 6.00%, 7/25/36 | 643,303 |
| 1,266 | 6.00%, 9/25/36 | 1,239,201 |
| 399 | 6.00%, 4/25/37 | 389,265 |
| 955 | 6.00%, 6/25/37 | 950,014 |
| 2,082 | 6.00%, 8/25/37 | 2,084,360 |
| Total Mortgage-Backed Securities (cost-\$1,277,598,038) | | 1,569,927,687 |

CORPORATE BONDS & NOTES - 30.7%

Auto Components - 0.7%

| | | |
|-------|---|------------|
| 7,983 | Commercial Vehicle Group, Inc., 7.875%, 4/15/19 (k) | 8,342,235 |
| 1,950 | Pittsburgh Glass Works LLC, 8.00%, 11/15/18 (a)(d)(k) | 2,130,375 |
| | | 10,472,610 |

Banking - 7.7%

| | | |
|----------|---|-------------|
| 9,100 | Banco Continental SAECA, 8.875%, 10/15/17 (a)(d)(k) | 9,953,125 |
| 12,500 | Banco do Brasil S.A., 3.875%, 10/10/22 (k) | 11,781,250 |
| 2,300 | Citigroup, Inc., 6.30%, 5/15/24 (h) | 2,353,164 |
| | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 6.875%, 3/19/20 (k) | |
| 15,800 | | 26,120,734 |
| \$10,700 | Credit Suisse AG, 6.50%, 8/8/23 (a)(d)(k) | 11,903,750 |
| | Eksporthfinans ASA (k), | |
| 700 | 2.00%, 9/15/15 | 701,050 |
| 1,700 | 5.50%, 5/25/16 | 1,814,750 |
| 1,900 | 5.50%, 6/26/17 | 2,042,405 |
| 6,000 | Intesa Sanpaolo SpA, 6.50%, 2/24/21 (a)(d)(k) | 7,103,454 |
| 15,800 | LBG Capital No. 2 PLC, 6.385%, 5/12/20 | 23,679,447 |
| 5,446 | Royal Bank of Scotland NV, 1.042%, 6/8/15 (k)(n) | 7,474,734 |
| 7,900 | Royal Bank of Scotland PLC, 6.934%, 4/9/18 (k) | 12,559,745 |
| | | 117,487,608 |

Building Materials - 0.1%

| | | |
|---------|--|-----------|
| \$5,000 | Desarrolladora Homex S.A.B. de C.V., 9.75%, 3/25/20 (a)(d)(f) | 775,000 |
| 5,000 | Urbi Desarrollos Urbanos S.A.B. de C.V., 9.75%, 2/3/22 (a)(b)(d)(f)(l) (acquisition cost - \$4,955,000; purchased 5/30/12 - 5/31/12) | 575,000 |
| | | 1,350,000 |

Chemicals - 1.9%

| | | |
|--------|--|------------|
| 25,980 | Ineos Finance PLC, 7.50%, 5/1/20 (a)(d)(k) | 28,383,150 |
|--------|--|------------|

Coal - 0.4%

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| 5,900 | Mongolian Mining Corp., 8.875%, 3/29/17 (a)(d) | 3,864,500 |
|-------|--|-----------|

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| 2,900 | 8.875%, 3/29/17 | 1,899,500 |
| 313 | Westmoreland Coal Co., 10.75%, 2/1/18 (a)(d) | 336,866 |
| | | 6,100,866 |
| Diversified Financial Services - 7.8% | | |
| 12,900 | AGFC Capital Trust I, 6.00%, 1/15/67 (converts to FRN on 1/15/17) (a)(d)(k) | 11,158,500 |
| 9,600 | Cantor Fitzgerald L.P., 7.875%, 10/15/19 (a)(d)(k) | 10,699,238 |
| 900 | Cedulas TDA 1 Fondo de Titulizacion de Activos, 0.385%, 4/8/16 (k)(n) | 1,218,148 |
| 31,700 | Cedulas TDA 6 Fondo de Titulizacion de Activos, 4.25%, 4/10/31 (k) | 46,189,717 |
| \$9,700 | Exeter Finance Corp., 9.75%, 5/20/19 (a)(b)(d)(e)(g)(l) (acquisition cost - \$9,506,000; purchased 5/15/14) | 9,700,000 |
| 10,000 | General Electric Capital Corp., 7.125%, 6/15/22 (h) | 11,820,390 |
| 4,181 | Jefferies LoanCore LLC, 6.875%, 6/1/20 (a)(d)(k) | 4,243,715 |
| 5,000 | Navient Corp., 6.00%, 1/25/17 (k) | 5,450,000 |
| | Springleaf Finance Corp. (k), | |
| 2,300 | 6.50%, 9/15/17 | 2,507,000 |
| 5,400 | 6.90%, 12/15/17 | 6,007,500 |

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| | | |
|---|---|-------------|
| 45,231 | Toll Road Investors Partnership II L.P., zero coupon, 2/15/45 (MBIA) (a)(b)(d)(l) (acquisition cost - \$8,023,775; purchased 11/20/12 - 7/26/13) | 8,973,416 |
| | | 117,967,624 |
| Engineering & Construction - 1.2% | | |
| 6,500 | Aeropuertos Dominicanos Siglo XXI S.A., 9.25%, 11/13/19 (a)(d) | 6,240,000 |
| 12,086 | Alion Science and Technology Corp., 12.00%, 11/1/14, PIK (k) | 12,002,864 |
| | | 18,242,864 |
| Food & Beverage - 0.2% | | |
| 3,187 | Carolina Beverage Group LLC, 10.625%, 8/1/18 (a)(d)(k) | 3,449,928 |
| Household Products/Wares - 1.6% | | |
| 8,236 | Armored Autogroup, Inc., 9.25%, 11/1/18 (k) | 8,709,570 |
| | Reynolds Group Issuer, Inc. (k), 6.875%, 2/15/21 | 6,504,750 |
| 6,000 | 7.875%, 8/15/19 | 9,843,750 |
| 9,000 | | 25,058,070 |
| Insurance - 0.7% | | |
| 10,200 | Pinnacol Assurance, 8.625%, 6/25/34 (a)(b)(g)(l) (acquisition cost - \$10,200,000; purchased 6/23/14) | 10,305,572 |
| Lodging - 0.3% | | |
| 12,000 | Buffalo Thunder Development Authority, 9.375%, 12/15/14 (a)(b)(d)(f)(l) (acquisition cost - \$4,320,000; purchased 6/28/12) | 4,920,000 |
| Media - 0.1% | | |
| 1,700 | Numericable Group S.A., 6.00%, 5/15/22 (a)(d) | 1,770,125 |
| Metal Fabricate/Hardware - 0.3% | | |
| 4,000 | Wise Metals Group LLC, 8.75%, 12/15/18 (a)(d)(k) | 4,360,000 |
| Oil, Gas & Consumable Fuels - 1.2% | | |
| 5,000 | Alliance Oil Co., Ltd., 9.875%, 3/11/15 (k) | 5,119,000 |
| 3,074 | Ecopetrol S.A., 7.375%, 9/18/43 (k) | 3,798,542 |
| 3,000 | Gazprom OAO Via Gaz Capital S.A., 7.288%, 8/16/37 (a)(d) | 3,360,000 |
| 16,700 | OGX Austria GmbH, 8.50%, 6/1/18 (a)(d)(f) | 1,085,500 |
| 7,000 | Petroleos de Venezuela S.A., 5.50%, 4/12/37 (k) | 4,228,000 |
| | | 17,591,042 |
| Paper & Forest Products - 0.4% | | |
| 6,000 | Millar Western Forest Products Ltd., 8.50%, 4/1/21 (k) | 6,435,000 |
| Pipelines - 1.6% | | |
| 15,900 | NGPL PipeCo LLC, 7.768%, 12/15/37 (a)(d)(k) | 15,264,000 |
| 9,740 | Rockies Express Pipeline LLC, 6.875%, 4/15/40 (a)(d)(k) | 9,399,100 |
| | | 24,663,100 |
| Retail - 2.5% | | |
| £1,950 | Aston Martin Capital Ltd., 9.25%, 7/15/18 (k) | 3,572,504 |
| 1,100 | Enterprise Inns PLC, 6.50%, 12/6/18 | 2,047,262 |
| 12,120 | Spirit Issuer PLC, 5.472%, 12/28/34 (n) | 20,119,901 |
| 6,441 | Unique Pub Finance Co. PLC, 6.542%, 3/30/21 | 11,684,441 |
| | | 37,424,108 |
| Software - 0.4% | | |
| \$5,000 | First Data Corp., 7.375%, 6/15/19 (a)(d)(k) | 5,381,250 |
| Telecommunications - 1.4% | | |
| 900 | Altice S.A., 7.75%, 5/15/22 (a)(d) | 963,000 |
| 13,162 | GCI, Inc., 6.75%, 6/1/21 (k) | 13,367,656 |
| 7,000 | VimpelCom Holdings BV, 7.504%, 3/1/22 (k) | 7,586,250 |
| | | 21,916,906 |

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Transportation - 0.2%

| | | |
|--|--|-------------|
| 2,850 | Western Express, Inc., 12.50%, 4/15/15 (a)(d)(k) | 2,329,875 |
| Total Corporate Bonds & Notes (cost-\$412,674,155) | | 465,609,698 |

ASSET-BACKED SECURITIES - 25.1%

| | | |
|-------|---|-----------|
| 2,326 | Asset Backed Funding Certificates, 1.202%, 3/25/34 (n) | 1,816,833 |
| 8,346 | Bear Stearns Asset-Backed Securities Trust (n), 0.702%, 6/25/36 (k) | 7,113,822 |
| 2,124 | 2.567%, 10/25/36 | 1,610,591 |
| 2,788 | Bombardier Capital Mortgage Securitization Corp. Trust, 7.44%, 12/15/29 (k)(n) Citigroup Mortgage Loan Trust, Inc., | 1,708,476 |

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| | | |
|--------|---|------------|
| 3,504 | 5.545%, 3/25/36 | 2,617,304 |
| 599 | 5.727%, 5/25/36 | 406,540 |
| | Conseco Finance Securitizations Corp. (k), | |
| 10,017 | 7.96%, 5/1/31 | 8,106,156 |
| 17,263 | 7.97%, 5/1/32 | 12,132,461 |
| 29,691 | 8.20%, 5/1/31 | 25,018,492 |
| 9,740 | 9.163%, 3/1/33 (n) | 9,057,245 |
| 7,000 | Conseco Financial Corp., 7.06%, 2/1/31 (k)(n) | 7,198,866 |
| | Countrywide Asset-Backed Certificates (n), | |
| 15,615 | 0.322%, 6/25/47 (k) | 13,892,488 |
| 5,881 | 0.352%, 4/25/36 (k) | 5,267,159 |
| 8,000 | 0.392%, 3/25/47 | 4,192,504 |
| 29,733 | 0.412%, 1/25/46 | 232,872 |
| 2,500 | 0.572%, 6/25/36 | 630,340 |
| 31 | 0.952%, 3/25/33 | 28,298 |
| 2,405 | 1.532%, 12/25/32 | 2,093,621 |
| 910 | 4.915%, 2/25/36 | 907,008 |
| 2,473 | 5.255%, 7/25/36 | 2,420,764 |
| 505 | 5.319%, 10/25/46 (k) | 394,685 |
| 2,923 | 5.505%, 4/25/36 | 2,891,870 |
| 3,004 | 5.588%, 8/25/36 (k) | 2,943,645 |
| 3,170 | 5.657%, 3/25/34 | 4,717,827 |
| | Credit-Based Asset Servicing and Securitization LLC, 5.647%, | |
| 10,800 | 10/25/36 (a)(d)(k) | 9,444,514 |
| 10,821 | CSAB Mortgage-Backed Trust, 5.50%, 5/25/37 (k) | 9,793,947 |
| | EMC Mortgage Loan Trust (a)(d)(n), | |
| 219 | 0.602%, 12/25/42 | 206,412 |
| 11,129 | 0.622%, 4/25/42 (k) | 10,011,844 |
| 2,813 | 2.402%, 4/25/42 | 1,554,827 |
| 9,310 | GMACM Home Equity Loan Trust, 6.249%, 12/25/37 (k) | 8,940,719 |
| 3,748 | GSAA Trust, 6.205%, 3/25/46 (k) | 3,737,606 |
| 2,747 | GSAMP Trust, 2.027%, 6/25/34 (n) | 2,173,831 |
| 1,684 | Home Equity Mortgage Loan Asset-Backed Trust, 7.238%, 12/25/31 | 796,118 |
| 31,723 | Legg Mason PT, 6.55%, 3/10/20 (a)(d)(g) | 31,588,653 |
| 10,186 | Lehman XS Trust, 5.667%, 6/24/46 (k) | 8,696,828 |
| 258 | Long Beach Mortgage Loan Trust, 1.202%, 2/25/34 (n) | 241,736 |
| | MASTR Asset-Backed Securities Trust (n), | |
| 11,100 | 0.302%, 3/25/36 (k) | 7,128,520 |
| 400 | 0.532%, 1/25/36 | 284,152 |
| 30,565 | Morgan Stanley Home Equity Loan Trust, 0.382%, 4/25/37 (k)(n) | 18,769,467 |
| | Oakwood Mortgage Investors, Inc., | |
| 9,292 | 5.92%, 6/15/31 (n) | 4,865,587 |
| 5,670 | 6.61%, 6/15/31 (n) | 3,275,323 |
| 25,062 | 7.40%, 7/15/30 (n) | 17,407,282 |
| 7,366 | 7.405%, 6/15/31 (n) | 4,709,814 |
| 5,517 | 7.84%, 11/15/29 (k)(n) | 5,412,194 |
| 2,061 | 8.49%, 10/15/30 | 394,016 |
| | Popular ABS Mortgage Pass-Through Trust, | |
| 3,663 | 1.402%, 8/25/35 (n) | 3,064,268 |
| 12,633 | 4.696%, 7/25/35 (k) | 10,991,646 |
| 36 | Renaissance Home Equity Loan Trust, 0.652%, 12/25/33 (n) | 34,841 |
| 11,872 | Residential Asset Mortgage Products, Inc., 1.125%, 4/25/34 (k)(n) | 10,193,812 |
| | Residential Asset Securities Corp. (n), | |
| 7,372 | 0.312%, 6/25/36 (k) | 6,992,543 |
| 11,000 | 0.392%, 8/25/36 | 6,062,122 |
| 7,664 | Sorin Real Estate CDO IV Ltd., 0.758%, 10/28/46, CDO (a)(d)(n) | 4,981,805 |
| | Soundview Home Equity Loan Trust, | |
| 11,933 | 0.432%, 6/25/37 (k)(n) | 7,207,148 |
| 1,608 | 5.655%, 10/25/36 | 1,633,648 |

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| | | |
|--|--|-------------|
| | South Coast Funding VII Ltd. (a)(d)(n), | |
| 189,072 | 0.49%, 1/6/41, CDO (k) | 55,776,244 |
| | 0.49%, 1/6/41, CDO (b)(l) (acquisition cost - \$1,130,426; purchased | |
| 5,724 | 11/8/12) | 1,688,484 |
| 8,029 | Structured Asset Securities Corp., 6.15%, 5/25/32 (n) | 3,996,832 |
| 1,536 | Vanderbilt Acquisition Loan Trust, 7.33%, 5/7/32 (k)(n) | 1,677,287 |
| Total Asset-Backed Securities (cost-\$336,607,414) | | 381,133,937 |

SOVEREIGN DEBT OBLIGATIONS (i)- 7.0%

Brazil - 7.0%

| | | |
|--|---|-------------|
| | Brazil Notas do Tesouro Nacional, Ser. B, | |
| BRL4,500 | 6.00%, 5/15/45 | 4,881,556 |
| 93,800 | 6.00%, 8/15/50 | 101,468,916 |
| Total Sovereign Debt Obligations (cost-\$93,398,255) | | 106,350,472 |

U.S. GOVERNMENT AGENCY SECURITIES (n)- 2.4%

| | | |
|----------|--------------------------|-----------|
| | Fannie Mae, CMO, | |
| \$14,640 | 5.768%, 7/25/41, IO (k) | 1,906,165 |
| 22,029 | 5.918%, 10/25/40, IO (k) | 2,835,271 |
| 705 | 6.198%, 12/25/37, IO | 95,412 |

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| | | |
|---|---|------------|
| 47,277 | 6.288%, 3/25/37 - 4/25/37, IO (k) | 6,337,575 |
| 499 | 6.348%, 2/25/37, IO | 76,447 |
| 1,611 | 6.368%, 9/25/37, IO (k) | 352,573 |
| 46,254 | 6.408%, 6/25/41, IO (k) | 6,470,005 |
| 390 | 6.498%, 11/25/36, IO | 48,764 |
| 1,359 | 6.568%, 6/25/37, IO (k) | 261,869 |
| 4,664 | 6.598%, 10/25/35, IO (k) | 829,409 |
| 3,782 | 6.618%, 5/25/37, IO (k) | 682,401 |
| 4,429 | 6.828%, 3/25/38, IO (k) | 661,033 |
| 3,133 | 6.848%, 2/25/38, IO (k) | 457,604 |
| 3,302 | 6.948%, 6/25/23, IO (k) | 589,326 |
| 5,985 | 12.033%, 1/25/41 (b) | 7,256,029 |
| | Freddie Mac, CMO, | |
| 96,813 | 0.886%, 10/25/20, IO (k) | 3,808,206 |
| 655 | 6.258%, 5/15/37, IO | 89,939 |
| 5,587 | 6.318%, 7/15/36, IO (k) | 830,642 |
| 2,137 | 6.428%, 9/15/36, IO (k) | 306,697 |
| 4,869 | 6.548%, 4/15/36, IO (k) | 689,862 |
| 3,495 | 7.628%, 9/15/36, IO (k) | 553,302 |
| 602 | 14.097%, 9/15/41 (b) | 751,408 |
| 456 | 16.496%, 9/15/34 (b) | 566,228 |
| Total U.S. Government Agency Securities (cost-\$46,161,175) | | 36,456,167 |
| SENIOR LOANS (a)(c)- 2.3% | | |
| Electric Utilities - 1.0% | | |
| 14,214 | Energy Future Intermediate Holding Co. LLC, 4.25%, 6/19/16 | 14,325,906 |
| Hotels/Gaming - 0.6% | | |
| 7,600 | Stockbridge SBE Holdings LLC, 13.00%, 5/2/17, Term B (b)(l) (acquisition cost - \$7,600,000; purchased 6/6/12 - 7/10/12) | 8,474,000 |
| Media - 0.1% | | |
| | Numericable U.S. LLC (e), | |
| 880 | 4.50%, 5/21/20, Term B1 | 886,623 |
| 762 | 4.50%, 5/21/20, Term B2 | 767,050 |
| | | 1,653,673 |
| Oil, Gas & Consumable Fuels - 0.0% | | |
| 603 | OGX, 8.00%, 4/11/15, Term A | 500,771 |
| Plumbing & HVAC Equipment - 0.6% | | |
| 9,450 | AMPAM Parks Mechanical, Inc., 8.375%, 10/31/18 (b)(d)(g)(l) (acquisition cost - \$9,261,000; purchased 10/31/13) | 9,286,138 |
| Total Senior Loans (cost-\$33,122,762) | | 34,240,488 |
| U.S. TREASURY OBLIGATIONS - 1.4% | | |
| | U.S. Treasury Notes, | |
| 5,100 | 0.25%, 10/31/14 (j) | 5,103,488 |
| 14,900 | 0.25%, 1/15/15 (j) | 14,914,840 |
| 1,100 | 0.25%, 1/31/15 | 1,101,139 |
| 800 | 0.375%, 11/15/14 | 800,953 |
| Total U.S. Treasury Obligations (cost-\$21,908,879) | | 21,920,420 |
| Shares | | |
| COMMON STOCK - 0.6% | | |
| Diversified Financial Services - 0.1% | | |
| 5,207,199 | EME Reorganization Trust, UNIT (p) | 828,465 |

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Electric Utilities - 0.5%

| | | |
|---------------------------------------|-----------|-----------|
| 245,814 | PPL Corp. | 8,733,772 |
| Total Common Stock (cost-\$8,800,390) | | 9,562,237 |

PREFERRED STOCK - 0.3%

Banking - 0.3%

| | | |
|--------|--|-----------|
| 36,000 | AgriBank FCB, 6.875%, 1/1/24 (a)(d)(h)(m) (cost-\$3,600,000) | 3,805,877 |
|--------|--|-----------|

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| Principal Amount (000s) | | |
|---|--|------------------------|
| SHORT-TERM INVESTMENTS - 6.7% | | |
| U.S. Government Agency Securities (o)- 3.7% | | |
| | Fannie Mae Discount Notes, | |
| \$800 | 0.051%, 8/26/14 | 799,938 |
| 4,300 | 0.056%, 9/8/14 | 4,299,751 |
| | Federal Home Loan Bank Discount Notes, | |
| 12,100 | 0.077%, 11/14/14 | 12,097,713 |
| 7,900 | 0.079%, 10/8/14 | 7,899,131 |
| 23,100 | 0.122%, 5/8/15 | 23,080,041 |
| | Freddie Mac Discount Notes, | |
| 300 | 0.081%, 11/26/14 | 299,938 |
| 100 | 0.091%, 1/14/15 | 99,962 |
| 1,894 | 0.101%, 7/1/14 | 1,894,000 |
| 5,700 | 0.132%, 6/9/15 | 5,694,026 |
| Total U.S. Government Agency Securities (cost-\$56,157,173) | | 56,164,500 |
| Repurchase Agreements - 1.5% | | |
| 5,700 | Banc of America Securities LLC, dated 6/30/14, 0.14%, due 7/1/14, proceeds \$5,700,022; collateralized by U.S. Treasury Notes, 1.625%, due 6/30/19, valued at \$5,815,577 including accrued interest | 5,700,000 |
| 16,000 | Credit Agricole, dated 6/30/14, 0.13%, due 7/1/14, proceeds \$16,000,058; collateralized by U.S. Treasury Notes, 1.00%, due 8/31/19, valued at \$16,329,542 including accrued interest | 16,000,000 |
| 1,210 | State Street Bank and Trust Co., dated 6/30/14, 0.00%, due 7/1/14, proceeds \$1,210,000; collateralized by Fannie Mae, 2.11%, due 11/7/22, valued at \$1,238,238 including accrued interest | 1,210,000 |
| Total Repurchase Agreements (cost-\$22,910,000) | | 22,910,000 |
| U.S. Treasury Obligations - 1.5% | | |
| 18,155 | U.S. Treasury Bills, 0.046%-0.117%, 8/14/14-10/30/14 (j)(k)(o) | 18,152,753 |
| | U.S. Treasury Notes, | |
| 350 | 0.25%, 8/31/14 | 350,116 |
| 1,834 | 0.25%, 9/15/14 | 1,834,752 |
| 500 | 0.25%, 9/30/14 | 500,264 |
| 200 | 0.25%, 11/30/14 | 200,148 |
| 920 | 0.50%, 10/15/14 | 921,240 |
| Total U.S. Treasury Obligations (cost-\$21,958,380) | | 21,959,273 |
| Total Short-Term Investments (cost-\$101,025,553) | | 101,033,773 |
| Total Investments (cost-\$2,334,896,621) (q)-180.0% | | 2,730,040,756 |
| Liabilities in excess of other assets-(80.0)% | | (1,213,030,163) |
| Net Assets-100.0% | | \$1,517,010,593 |

Notes to Schedule of Investments:

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

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to Allianz Global Investors Fund Management LLC (the Investment Manager) and Pacific Investment Management Company LLC (the Sub-Adviser). The Fund's Valuation Committee was established by the Board to oversee the implementation of the Fund's valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Adviser monitors the continued appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

Benchmark pricing procedures are used as the basis for setting the base price of a fixed-income security and for subsequently adjusting the price proportionally to market value changes of a pre-determined security deemed to be comparable in duration, generally a U.S. Treasury or sovereign note based on country of issuance. The base price may be a broker-dealer quote, transaction price, or an internal value as derived by analysis of market data. The base price of the security may be reset on a periodic basis based on the availability of market data and procedures approved by the Valuation Committee. The validity of the fair value is reviewed by the Sub-Adviser on a periodic basis and may be amended as the availability of market data indicates a material change.

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

Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the net asset value (NAV) of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the New York Stock Exchange (NYSE) is closed.

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

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- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$825,228,071, representing 54.4% of net assets.
- (b) Illiquid.
- (c) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on June 30, 2014.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) When-issued or delayed-delivery. To be settled/delivered after June 30, 2014.
- (f) In default.
- (g) Fair-Valued Securities with an aggregate value of \$61,221,593, representing 4.0% of net assets.
- (h) Perpetual maturity. The date shown, if any, is the next call date. For Corporate Bonds & Notes the interest rate is fixed until the first call date and variable thereafter.
- (i) Inflationary Bonds Principal amount of security is adjusted for inflation/deflation.
- (j) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives.
- (k) All or partial amount transferred for the benefit of the counterparty as collateral for reverse repurchase agreements.
- (l) Restricted. The aggregate acquisition cost of such securities is \$55,416,406. The aggregate value is \$54,263,840, representing 3.6% of net assets.

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(m) Dividend rate is fixed until the first call date and variable thereafter.

(n) Variable or Floating Rate Security Securities with an interest rate that changes periodically. The interest rate disclosed reflects the rate in effect on June 30, 2014.

(o) Rates reflect the effective yields at purchase date.

(p) Non-income producing.

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(q) At June 30, 2014, the cost basis of portfolio securities of \$2,334,896,621 was substantially the same for both federal income tax and book purposes. Gross unrealized appreciation was \$439,371,626; gross unrealized depreciation was \$44,227,491; and net unrealized appreciation was \$395,144,135.

(r) Total return swap agreements on convertible securities outstanding at June 30, 2014:

| Swap Counterparty | Pay/Receive | Underlying Asset | # of Units | Financing Rate | Maturity Date | Notional Amount (000s) | Upfront Premiums Paid | Unrealized Appreciation | Swap Agreements, at Value | |
|-------------------|-------------|---------------------------------------|------------|------------------------------|---------------|------------------------|-----------------------|-------------------------|---------------------------|-----------|
| | | | | | | | | | Asset | Liability |
| Deutsche Bank | Receive | OGX Petroleo e Gas Participacoes S.A. | 2,102 | Not Applicable, Fully Funded | 2/11/15 | \$878 | \$878,175 | \$452,633 | \$1,330,808 | \$ |

(s) Credit default swap agreements outstanding at June 30, 2014:

OTC sell protection swap agreements(1):

| Swap Counterparty/ Referenced Debt Issuer | Notional Amount (000s)(3) | Credit Spread(2) | Termination Date | Payments Received | Value(4) | Upfront Premiums Received | Unrealized Appreciation |
|---|---------------------------|------------------|------------------|-------------------|----------------|---------------------------|-------------------------|
| Credit Suisse First Boston: ABX.HE AA 06-2 | \$31,828 | | 5/25/46 | 0.17% | \$(12,831,278) | \$(28,287,564) | \$15,456,286 |

Credit Spread not quoted for asset-backed securities.

(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, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are assumed by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements as of year/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) This represents the maximum potential amount the Fund could be required to make available as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

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(4) The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at June 30, 2014 of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement have been closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(t) Interest rate swap agreements outstanding at June 30, 2014:

OTC swap agreements:

| Swap Counterparty | Notional Amount (000s) | Termination Date | Rate Type Payments Made | Payments Received | Value | Upfront Premiums Received | Unrealized Depreciation |
|-------------------|------------------------|------------------|----------------------------|-------------------|------------|---------------------------|-------------------------|
| Goldman Sachs | BRL9,900 | 1/4/21 | 3-Month USD-LIBOR | 11.68% | \$(31,036) | \$(13,687) | \$(17,349) |

Centrally cleared swap agreements:

| Broker (Exchange) | Notional Amount (000s) | Termination Date | Rate Type Payments Made | Payments Received | Value | Unrealized Appreciation (Depreciation) |
|----------------------------------|------------------------|------------------|----------------------------|----------------------|------------------------------|--|
| Credit Suisse First Boston (CME) | \$134,000 | 6/20/22 | 4.00% | 3-Month USD-LIBOR | \$(16,749,348) | \$9,467,118 |
| Credit Suisse First Boston (CME) | 128,000 | 6/18/24 | 3-Month USD-LIBOR | 3.00% | 4,624,114 | 3,075,314 |
| Credit Suisse First Boston (CME) | 102,200 | 3/20/43 | 2.75% | 3-Month USD-LIBOR | 10,282,024 | 8,233,845 |
| Credit Suisse First Boston (CME) | 23,200 | 6/18/44 | 3.75% | 3-Month USD-LIBOR | (2,073,045) | (2,022,029) |
| Morgan Stanley (CME) | 282,700 | 12/18/18 | 2.00% | 3-Month USD-LIBOR | (5,902,793) \$(9,819,048) | (3,013,303) \$15,740,945 |

(u) Forward foreign currency contracts outstanding at June 30, 2014:

| Counterparty | U.S.\$ Value on Origination Date | U.S.\$ Value June 30, 2014 | Unrealized Appreciation (Depreciation) | |
|---|----------------------------------|----------------------------|--|-----------|
| Purchased: | | | | |
| 1,359,435 Brazilian Real settling 7/2/14 | Bank of America | \$617,223 | \$615,268 | \$(1,955) |
| 1,359,435 Brazilian Real settling 7/2/14 | BNP Paribas | 610,982 | 615,268 | 4,286 |
| 3,974,338 Brazilian Real settling 7/2/14 | BNP Paribas | 1,804,467 | 1,798,750 | (5,717) |
| 14,991,466 Brazilian Real settling 7/2/14 | Credit Suisse First Boston | 6,631,000 | 6,785,004 | 154,004 |
| 20,233,113 Brazilian Real settling 7/2/14 | Goldman Sachs | 8,929,000 | 9,157,327 | 228,327 |

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| | | | | |
|--|----------------------------|-------------|-------------|---------------|
| 39,095,767 Brazilian Real settling 7/2/14 | JPMorgan Chase | 17,465,163 | 17,694,396 | 229,233 |
| 4,343,286 Brazilian Real settling 7/2/14 | Morgan Stanley | 1,971,980 | 1,965,732 | (6,248) |
| 29,311,456 Brazilian Real settling 7/2/14 | UBS | 13,308,266 | 13,266,104 | (42,162) |
| 61,226,354 British Pound settling 7/2/14 | Bank of America | 103,927,695 | 104,782,770 | 855,075 |
| 831,000 Euro settling 7/2/14 | Citigroup | 1,125,427 | 1,137,889 | 12,462 |
| 112,263,165 Euro settling 7/2/14 | Deutsche Bank | 152,576,867 | 153,721,984 | 1,145,117 |
| Sold: | | | | |
| 1,359,435 Brazilian Real settling 7/2/14 | Bank of America | 605,000 | 615,268 | (10,268) |
| 6,813,498 Brazilian Real settling 1/5/15 | Barclays Bank | 2,884,264 | 2,930,669 | (46,405) |
| 5,333,773 Brazilian Real settling 7/2/14 | BNP Paribas | 2,384,448 | 2,414,018 | (29,570) |
| 1,359,435 Brazilian Real settling 8/4/14 | BNP Paribas | 605,458 | 609,516 | (4,058) |
| 19,574,310 Brazilian Real settling 1/5/15 | Citigroup | 8,290,571 | 8,419,438 | (128,867) |
| 14,991,466 Brazilian Real settling 7/2/14 | Credit Suisse First Boston | 6,806,568 | 6,785,004 | 21,564 |
| 56,019,716 Brazilian Real settling 10/2/14 | Credit Suisse First Boston | 24,185,000 | 24,702,774 | (517,774) |
| 15,776,777 Brazilian Real settling 1/5/15 | Credit Suisse First Boston | 6,631,000 | 6,786,017 | (155,017) |
| 2,749,266 Brazilian Real settling 7/2/14 | Goldman Sachs | 1,209,000 | 1,244,293 | (35,293) |
| 17,483,847 Brazilian Real settling 7/2/14 | Goldman Sachs | 7,938,182 | 7,913,033 | 25,149 |
| 87,937,819 Brazilian Real settling 10/2/14 | Goldman Sachs | 37,963,579 | 38,777,563 | (813,984) |
| 21,289,414 Brazilian Real settling 1/5/15 | Goldman Sachs | 8,929,000 | 9,157,151 | (228,151) |
| 6,513,202 Brazilian Real settling 7/2/14 | JPMorgan Chase | 2,957,186 | 2,947,817 | 9,369 |
| 32,582,565 Brazilian Real settling 7/2/14 | JPMorgan Chase | 13,583,887 | 14,746,578 | (1,162,691) |
| 39,095,767 Brazilian Real settling 8/4/14 | JPMorgan Chase | 17,306,287 | 17,528,983 | (222,696) |
| 4,343,286 Brazilian Real settling 7/2/14 | Morgan Stanley | 1,800,773 | 1,965,732 | (164,959) |
| 4,574,000 Brazilian Real settling 1/5/15 | Morgan Stanley | 1,942,498 | 1,967,401 | (24,903) |
| 29,311,456 Brazilian Real settling 7/2/14 | UBS | 13,020,370 | 13,266,104 | (245,734) |
| 60,510,522 British Pound settling 7/2/14 | Bank of America | 101,778,697 | 103,557,695 | (1,778,998) |
| 61,226,354 British Pound settling 8/5/14 | Bank of America | 103,901,123 | 104,754,986 | (853,863) |
| 715,832 British Pound settling 7/2/14 | Goldman Sachs | 1,207,000 | 1,225,075 | (18,075) |
| 1,120,481 Euro settling 7/2/14 | Bank of America | 1,518,000 | 1,534,275 | (16,275) |
| 447,925 Euro settling 8/5/14 | Bank of America | 609,000 | 613,423 | (4,423) |
| 111,533 Euro settling 7/2/14 | Barclays Bank | 151,000 | 152,722 | (1,722) |
| 112,263,000 Euro settling 8/5/14 | Deutsche Bank | 152,595,167 | 153,741,424 | (1,146,257) |
| 111,638,403 Euro settling 7/2/14 | Goldman Sachs | 152,895,044 | 152,866,497 | 28,547 |
| 223,748 Euro settling 7/2/14 | JPMorgan Chase | 303,000 | 306,378 | (3,378) |
| | | | | \$(4,956,310) |

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(v) At June 30, 2014, the Fund held \$308,000 in cash as collateral for derivative contracts. Cash collateral held may be invested in accordance with the Fund's investment strategy.

(w) Open reverse repurchase agreements at June 30, 2014:

| Counterparty | Rate | Trade Date | Due Date | Principal & Interest | Principal |
|----------------------------|---------|------------|------------|----------------------|--------------|
| Bank of America | 1.301% | 6/25/14 | 7/24/14 | \$16,301,534 | \$16,298,000 |
| | 1.305 | 6/19/14 | 7/23/14 | 6,088,647 | 6,086,000 |
| | 1.424 | 5/12/14 | 8/12/14 | 16,989,535 | 16,956,000 |
| Barclays Bank | 0.40 | 5/5/14 | 8/5/14 | 7,693,870 | 7,689,000 |
| | 0.45 | 5/13/14 | 8/13/14 | 2,219,359 | 2,218,000 |
| | 0.50 | 6/25/14 | 7/25/14 | 1,142,095 | 1,142,000 |
| | 0.55 | 4/15/14 | 4/14/16 | 5,839,862 | 5,833,000 |
| | 0.60 | 5/13/14 | 8/13/14 | 14,617,928 | 14,606,000 |
| | 0.65 | 4/1/14 | 7/2/14 | 19,963,748 | 19,931,000 |
| | 0.65 | 4/21/14 | 7/21/14 | 10,013,821 | 10,001,000 |
| | 0.65 | 4/23/14 | 7/23/14 | 1,656,061 | 1,654,000 |
| | 0.65 | 5/5/14 | 8/5/14 | 8,854,103 | 8,845,000 |
| | 0.65 | 6/16/14 | 9/16/14 | 6,319,711 | 6,318,000 |
| | 0.65 | 6/19/14 | 9/18/14 | 20,995,548 | 20,991,000 |
| | 0.65 | 6/25/14 | 7/25/14 | 2,907,315 | 2,907,000 |
| | 0.65 | 6/30/14 | 9/23/14 | 20,095,000 | 20,095,000 |
| | 0.70 | 4/16/14 | 7/16/14 | 6,284,522 | 6,275,242 |
| | 0.724 | 5/14/14 | 8/14/14 | 2,556,465 | 2,554,000 |
| | 1.129 | 4/24/14 | 7/24/14 | 38,664,278 | 38,582,000 |
| 1.375 | 4/30/14 | 7/30/14 | 4,097,681 | 4,088,000 | |
| 1.376 | 4/23/14 | 7/23/14 | 28,518,014 | 28,443,000 | |
| 1.377 | 6/5/14 | 9/8/14 | 5,463,428 | 5,458,000 | |
| 1.379 | 4/24/14 | 7/24/14 | 7,549,614 | 7,530,000 | |
| 1.381 | 6/24/14 | 9/24/14 | 19,812,319 | 19,807,000 | |
| 1.423 | 4/16/14 | 10/16/14 | 21,471,309 | 21,407,000 | |
| 1.423 | 4/17/14 | 10/17/14 | 17,383,382 | 17,332,000 | |
| 1.423 | 5/6/14 | 11/6/14 | 8,530,842 | 8,512,000 | |
| 1.425 | 6/20/14 | 12/22/14 | 17,824,758 | 17,817,000 | |
| 1.432 | 3/5/14 | 9/5/14 | 5,421,328 | 5,396,000 | |
| 1.433 | 3/28/14 | 9/29/14 | 2,695,153 | 2,685,000 | |
| 1.435 | 1/22/14 | 7/22/14 | 37,170,498 | 36,935,000 | |
| BNP Paribas | 1.231 | 6/11/14 | 9/11/14 | 9,645,592 | 9,639,000 |
| Citigroup | 0.977 | 6/4/14 | 9/4/14 | 9,122,680 | 9,116,000 |
| | 0.978 | 4/22/14 | 7/22/14 | 5,737,891 | 5,727,000 |
| | 0.978 | 6/16/14 | 7/22/14 | 10,300,196 | 10,296,000 |
| | 0.982 | 6/18/14 | 9/18/14 | 6,472,294 | 6,470,000 |
| Credit Suisse First Boston | 0.90 | 5/2/14 | 7/16/14 | 3,396,963 | 3,392,013 |
| | 1.49 | 5/16/14 | 7/17/14 | 9,872,761 | 9,854,000 |
| | 1.492 | 6/6/14 | 8/8/14 | 28,402,398 | 28,373,000 |
| | 1.492 | 6/23/14 | 8/22/14 | 77,200,588 | 77,175,000 |
| | 1.493 | 4/29/14 | 7/2/14 | 4,421,518 | 4,410,000 |
| | 1.493 | 5/29/14 | 7/29/14 | 4,446,077 | 4,440,000 |
| Deutsche Bank | 1.497 | 6/30/14 | 9/4/14 | 4,226,000 | 4,226,000 |
| | 0.59 | 4/22/14 | 7/22/14 | 2,976,411 | 2,973,000 |
| | 0.59 | 6/4/14 | 9/4/14 | 9,908,383 | 9,904,000 |
| | 0.59 | 6/16/14 | 9/16/14 | 13,904,417 | 13,901,000 |
| | 0.59 | 6/19/14 | 9/18/14 | 21,838,294 | 21,834,000 |

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| | | | | | |
|------------------------|--------|---------|----------|------------|-----------------|
| | 0.59 | 6/20/14 | 9/22/14 | 13,773,483 | 13,771,000 |
| | 1.203 | 6/20/14 | 7/21/14 | 5,854,151 | 5,852,000 |
| | 1.203 | 6/23/14 | 7/24/14 | 20,969,604 | 20,964,000 |
| | 1.379 | 5/28/14 | 8/28/14 | 10,496,653 | 10,483,000 |
| JPMorgan Chase | 1.352 | 6/16/14 | 7/16/14 | 7,250,082 | 7,246,000 |
| Morgan Stanley | 1.10 | 4/15/14 | 7/15/14 | 11,805,711 | 11,778,000 |
| | 1.15 | 4/15/14 | 7/15/14 | 7,141,523 | 7,124,000 |
| Royal Bank of Canada | (2.00) | 5/12/14 | 5/12/16 | 1,269,464 | 1,273,000 |
| | (2.00) | 5/23/14 | 5/21/16 | 949,937 | 952,000 |
| | 0.50 | 4/28/14 | 7/28/14 | 14,327,725 | 14,315,001 |
| | 0.55 | 6/16/14 | 12/16/14 | 9,886,265 | 9,884,000 |
| | 0.59 | 5/5/14 | 8/5/14 | 4,942,613 | 4,938,000 |
| | 1.22 | 5/6/14 | 8/6/14 | 15,343,063 | 15,314,000 |
| | 1.22 | 5/12/14 | 8/12/14 | 48,497,037 | 48,415,000 |
| | 1.23 | 4/7/14 | 7/7/14 | 38,642,900 | 38,531,000 |
| | 1.23 | 4/28/14 | 7/28/14 | 13,368,168 | 13,339,000 |
| | 1.32 | 4/22/14 | 10/22/14 | 1,700,353 | 1,696,000 |
| | 1.32 | 5/6/14 | 11/6/14 | 6,012,320 | 6,000,000 |
| | 1.32 | 5/27/14 | 11/28/14 | 14,076,041 | 14,058,000 |
| | 1.32 | 5/29/14 | 12/1/14 | 9,048,936 | 9,038,000 |
| | 1.32 | 6/11/14 | 12/11/14 | 12,400,087 | 12,391,000 |
| | 1.33 | 2/25/14 | 8/25/14 | 2,830,113 | 2,817,000 |
| | 1.425 | 5/14/14 | 5/14/15 | 64,418,170 | 64,295,999 |
| Royal Bank of Scotland | 1.629 | 5/20/14 | 11/20/14 | 29,231,449 | 29,176,000 |
| | 1.727 | 4/28/14 | 7/28/14 | 31,292,780 | 31,196,998 |
| Societe Generale | 1.252 | 6/12/14 | 7/14/14 | 30,958,443 | 30,938,000 |
| | 1.252 | 6/17/14 | 7/21/14 | 19,395,439 | 19,386,000 |
| | 1.473 | 5/7/14 | 8/7/14 | 6,584,785 | 6,570,000 |
| | 1.477 | 6/6/14 | 9/8/14 | 18,286,743 | 18,268,001 |
| UBS | 0.45 | 5/30/14 | 9/2/14 | 16,040,414 | 16,034,000 |
| | 0.50 | 5/30/14 | 9/2/14 | 5,453,423 | 5,451,000 |
| | 0.55 | 4/23/14 | 7/23/14 | 10,235,617 | 10,224,839 |
| | 0.58 | 5/30/14 | 9/2/14 | 15,915,201 | 15,907,000 |
| | 0.60 | 4/23/14 | 7/23/14 | 30,325,918 | 30,291,086 |
| | 0.60 | 5/30/14 | 9/2/14 | 3,994,129 | 3,992,000 |
| | 0.65 | 4/23/14 | 7/23/14 | 1,115,574 | 1,114,186 |
| | 0.65 | 6/16/14 | 9/16/14 | 4,643,257 | 4,642,000 |
| | 0.70 | 4/23/14 | 7/23/14 | 23,134,952 | 23,103,957 |
| | 0.75 | 4/23/14 | 7/23/14 | 10,915,352 | 10,899,685 |
| | 1.10 | 5/19/14 | 7/16/14 | 18,162,710 | 18,139,532 |
| | 1.644 | 4/24/14 | 10/6/14 | 3,365,418 | 3,355,000 |
| | | | | | \$1,219,285,539 |

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(x) The weighted average daily balance of reverse repurchase agreements during the three months ended June 30, 2014 was \$1,195,249,116, at a weighted average interest rate of 0.77%. Total value of underlying collateral (refer to the Schedule of Investments for positions transferred for the benefit of the counterparty as collateral) for open reverse repurchase agreements at June 30, 2014 was \$1,548,525,646.

At June 30, 2014, the Fund held \$911,315 in principal value of U.S. Treasury Obligations and \$4,418,275 in Corporate Bonds and \$430,000 in cash as collateral for open reverse repurchase agreements. Cash collateral held may be invested in accordance with the Fund's investment strategy. Securities held as collateral will not be pledged and are not reflected in the Schedule of Investments.

Glossary:

ABX.HE - Asset-Backed Securities Index Home Equity

BRL - Brazilian Real

£ - British Pound

CDO - Collateralized Debt Obligation

CME - Chicago Mercantile Exchange

CMO - Collateralized Mortgage Obligation

- Euro

FRN - Floating Rate Note

IO - Interest Only

LIBOR - London Inter-Bank Offered Rate

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MBIA - insured by MBIA Insurance Corp.

OTC - Over-the-Counter

PIK - Payment-in-Kind

UNIT - More than one class of securities traded together.

Fair Value Measurements

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

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

The valuation techniques used by the Fund to measure fair value during the three months ended June 30, 2014 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities within Level 2 and Level 3, in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Sovereign Debt Obligations Sovereign debt obligations are valued by independent pricing services based on discounted cash flow models that incorporate option adjusted spreads along with benchmark curves and credit spreads. In addition, international bond markets are monitored regularly for information pertaining to the issuer and/or the specific issue. To the extent that these inputs are observable, the values of sovereign debt obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Corporate Bonds & Notes Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and

techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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

Forward Foreign Currency Contracts Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Total Return Swaps OTC total return swaps are valued by independent pricing services using pricing models that take into account among other factors, index spread curves, nominal values, modified duration values and cash flows. To the extent that these inputs are observable, the values of OTC total return swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Credit Default Swaps Credit default swaps traded over-the-counter (OTC) are valued by independent pricing services using pricing models that take into account, among other factors, information received from market makers and broker-dealers, default probabilities from index specific credit spread curves, recovery rates, and cash flows. To the extent that these inputs are observable, the values of credit default swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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

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

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A summary of the inputs used at June 30, 2014 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments and Notes to Schedule of Investments for more detailed information on Investments in Securities and Other Financial Instruments):

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| | Level 1 - Quoted Prices | Level 2 - Other Significant Observable Inputs | Level 3 - Significant Unobservable Inputs | Value at 6/30/14 |
|---|----------------------------|--|--|------------------------|
| Investments in Securities - Assets | | | | |
| Mortgage-Backed Securities | \$ | \$1,563,194,379 | \$6,733,308 | \$1,569,927,687 |
| Corporate Bonds & Notes: | | | | |
| Diversified Financial Services | | 108,267,624 | 9,700,000 | 117,967,624 |
| Insurance | | | 10,305,572 | 10,305,572 |
| All Other | | 337,336,502 | | 337,336,502 |
| Asset-Backed Securities | | 292,080,556 | 89,053,381 | 381,133,937 |
| Sovereign Debt Obligations | | 106,350,472 | | 106,350,472 |
| U.S. Government Agency Securities | | 36,456,167 | | 36,456,167 |
| Senior Loans: | | | | |
| Hotels/Gaming | | | 8,474,000 | 8,474,000 |
| Oil, Gas & Consumable Fuels | | | 500,771 | 500,771 |
| Plumbing & HVAC Equipment | | | 9,286,138 | 9,286,138 |
| All Other | | 15,979,579 | | 15,979,579 |
| U.S. Treasury Obligations | | 21,920,420 | | 21,920,420 |
| Common Stock: | | | | |
| Diversified Financial Services | | 828,465 | | 828,465 |
| Electric Utilities | 8,733,772 | | | 8,733,772 |
| Preferred Stock | | 3,805,877 | | 3,805,877 |
| Short-Term Investments | | 101,033,773 | | 101,033,773 |
| | 8,733,772 | 2,587,253,814 | 134,053,170 | 2,730,040,756 |
| Other Financial Instruments* - Assets | | | | |
| Credit Contracts | | 15,456,286 | 452,633 | 15,908,919 |
| Foreign Exchange Contracts | | 2,713,133 | | 2,713,133 |
| Interest Rate Contracts | | 20,776,277 | | 20,776,277 |
| | | 38,945,696 | 452,633 | 39,398,329 |
| Other Financial Instruments* - Liabilities | | | | |
| Foreign Exchange Contracts | | (7,669,443) | | (7,669,443) |
| Interest Rate Contracts | | (5,052,681) | | (5,052,681) |
| | | (12,722,124) | | (12,722,124) |
| Totals | \$8,733,772 | \$2,613,477,386 | \$134,505,803 | \$2,756,716,961 |

At June 30, 2014, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended June 30, 2014, was as follows:

| | Beginning Balance 3/31/14 | Purchases | Sales | Accrued Discount (Premiums) | Net Realized Gain (Loss) | Net Change in Unrealized Appreciation/ Depreciation | Transfers into Level 3** | Transfers out of Level 3*** | Ending Balance 6/30/14 |
|---|---------------------------------|------------|-------------|-----------------------------------|--------------------------------|--|--------------------------------|-----------------------------------|------------------------------|
| Investments in Securities - Assets | | | | | | | | | |
| Mortgage-Backed Securities | \$8,701,078 | \$420,698 | \$(427,188) | \$5,547 | \$(49,003) | \$(246,190) | \$6,392,078 | \$(8,063,712) | \$6,733,308 |
| Corporate Bonds & Notes: | | | | | | | | | |
| Diversified Financial Services | | 9,506,000 | | 3,455 | | 190,545 | | | 9,700,000 |
| Insurance | | 10,200,000 | | | | 105,572 | | | 10,305,572 |

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| | | | | | | | | | |
|---|----------------------|---------------------|----------------------|------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Oil, Gas & Consumable Fuels | 1,252,500 | | | | | (167,000) | | (1,085,500) | |
| Asset-Backed Securities | 80,338,374 | | (2,716,106) | 612,091 | 1,635,471 | 9,183,551 | | | 89,053,381 |
| Senior Loans: | | | | | | | | | |
| Hotels/Gaming | 8,398,000 | | | 5,966 | | 70,034 | | | 8,474,000 |
| Oil, Gas & Consumable Fuels | | 496,219 | | 23,081 | | (18,529) | | | 500,771 |
| Plumbing & HVAC Equipment | 9,276,724 | | | 9,424 | | (10) | | | 9,286,138 |
| | 107,966,676 | 20,622,917 | (3,143,294) | 659,564 | 1,586,468 | 9,117,973 | 6,392,078 | (9,149,212) | 134,053,170 |
| Other Financial Instruments * - Assets | | | | | | | | | |
| Credit Contracts | 19,968 | | | | | 432,665 | | | 452,633 |
| Totals | \$107,986,644 | \$20,622,917 | \$(3,143,294) | \$659,564 | \$1,586,468 | \$9,550,638 | \$6,392,078 | \$(9,149,212) | \$134,505,803 |

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at June 30, 2014:

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| | Ending Balance at 6/30/14 | Valuation Technique Used | Unobservable Inputs | Input Values |
|---|---------------------------------|--|-----------------------------|--------------------|
| Investments in Securities - Assets | | | | |
| Mortgage-Backed Securities | | Interest Only Weighted Average Life Model | Security Price Reset | \$4.69 |
| | \$341,230 | Third-Party Pricing Vendor | Single Broker Quote | GBP 56.69 |
| Corporate Bonds & Notes | 9,700,000 | Analytical Model | Broker Quotes | \$100.00 |
| | 10,305,572 | Benchmarked Pricing | Security Price Reset | \$101.04 |
| Asset-Backed Securities | 31,588,653 | Benchmarked Pricing | Security Price Reset | \$99.58 |
| | 57,464,728 | Third-Party Pricing Vendor | Single Broker Quote | \$29.50 |
| Senior Loans | 8,974,771 | Third-Party Pricing Vendor | Single Broker Quote | \$83.00 - \$111.05 |
| | 9,826,138 | Discounted Yield Analysis | Yield to Maturity | 0.27% |
| Other Financial Instruments * - Assets | | | | |
| Credit Contracts | 452,633 | Analytical Model | Estimated Recovery Value | \$151.54 |

Paydown shortfall.

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

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

*** Transferred out of Level 3 into Level 2 because an evaluated price with observable inputs from a third-party pricing vendor became available.

The net change in unrealized appreciation/depreciation of Level 3 investments held at June 30, 2014 was \$10,776,761.

Item 2. Controls and Procedures

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

(a) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

Registrant: PIMCO Dynamic Income Fund

By /s/ Julian Sluyters
Julian Sluyters
President & Chief Executive Officer

Date: August 22, 2014

By /s/ Lawrence G. Altadonna
Lawrence G. Altadonna
Treasurer, Principal Financial & Accounting Officer

Date: August 22, 2014

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

By /s/ Julian Sluyters
Julian Sluyters
President & Chief Executive Officer

Date: August 22, 2014

By /s/ Lawrence G. Altadonna
Lawrence G. Altadonna
Treasurer, Principal Financial & Accounting Officer

Date: August 22, 2014
