

PCM FUND, INC.  
Form N-Q  
May 30, 2018

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

**FORM N-Q**

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

<b>Investment Company Act File Number:</b>	<b>811-07816</b>
<b>Registrant Name:</b>	<b>PCM Fund Inc.</b>
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	Trent W. Walker 650 Newport Center Drive Newport Beach, CA 92660
Registrant's telephone number, including area code:	(844) 337-4626
Date of Fiscal Year End:	June 30
Date of Reporting Period:	March 31, 2018

**Item 1. Schedule of Investments**

**Schedule of Investments****PCM Fund, Inc.**

March 31, 2018 (Unaudited)

**(AMOUNTS IN THOUSANDS\*, EXCEPT NUMBER OF SHARES, CONTRACTS AND UNITS, IF ANY)**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>INVESTMENTS IN SECURITIES 154.5% <sup>⌘</sup></b>		
<b>LOAN PARTICIPATIONS AND ASSIGNMENTS 3.2%</b>		
<b>Beacon Roofing Supply, Inc.</b>		
3.936% due 01/02/2025	\$ 10	\$ 10
<b>Caesars Resort Collection LLC</b>		
4.627% due 12/22/2024	100	101
<b>Centene Corp.</b>		
TBD% due 09/13/2018	300	300
<b>Forbes Energy Services LLC</b>		
5.000% - 7.000% due 04/13/2021	454	467
<b>Frontier Communications Corp.</b>		
5.630% due 06/15/2024	99	98
<b>iHeartCommunications, Inc.</b>		
TBD% due 01/30/2019 <sup>^(e)</sup>	3,000	2,398
<b>MH Sub LLC</b>		
5.527% due 09/13/2024	20	20
<b>Multi Color Corp.</b>		
4.127% due 10/31/2024	3	3
<b>Sequa Mezzanine Holdings LLC</b>		
7.071% due 11/28/2021	40	40
10.752% due 04/28/2022	220	224
<b>Sinclair Broadcast Group, Inc.</b>		
TBD% due 12/12/2024	100	101
<b>West Corp.</b>		
5.877% due 10/10/2024	9	9
Total Loan Participations and Assignments (Cost \$4,310)		3,771
<b>CORPORATE BONDS &amp; NOTES 11.8%</b>		
<b>BANKING &amp; FINANCE 4.8%</b>		
<b>Assurant, Inc.</b>		
4.200% due 09/27/2023	12	12
<b>Athene Holding Ltd.</b>		
4.125% due 01/12/2028	10	10
<b>Bank of America Corp.</b>		

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5.875% due 03/15/2028 (j)	84	85
<b>Cantor Fitzgerald LP</b>		
7.875% due 10/15/2019 (m)	740	787
<b>CIT Group, Inc.</b>		
4.125% due 03/09/2021	12	12
5.250% due 03/07/2025	10	10
<b>Exeter Finance Corp.</b>		
9.750% due 05/20/2019 «	800	782
<b>Fortress Transportation &amp; Infrastructure Investors LLC</b>		
6.750% due 03/15/2022	12	12
<b>Hunt Cos., Inc.</b>		
6.250% due 02/15/2026	6	6
<b>iStar, Inc.</b>		
4.625% due 09/15/2020	3	3
5.250% due 09/15/2022	10	10
<b>Jefferies Finance LLC</b>		
7.500% due 04/15/2021	187	190
<b>Kennedy-Wilson, Inc.</b>		
5.875% due 04/01/2024	14	14
<b>Life Storage LP</b>		
3.875% due 12/15/2027	6	6
<b>LoanCore Capital Markets LLC</b>		
6.875% due 06/01/2020	1,000	1,013
<b>MetLife, Inc.</b>		
5.875% due 03/15/2028 (j)	30	31
<b>Navient Corp.</b>		
5.875% due 03/25/2021 (m)	465	477
6.500% due 06/15/2022	16	17
<b>Oppenheimer Holdings, Inc.</b>		
6.750% due 07/01/2022	10	10
<b>Physicians Realty LP</b>		
3.950% due 01/15/2028	12	11
<b>Provident Funding Associates LP</b>		
6.375% due 06/15/2025	6	6
<b>Santander Holdings USA, Inc.</b>		
3.400% due 01/18/2023	12	12
4.400% due 07/13/2027	4	4
<b>Springleaf Finance Corp.</b>		
5.250% due 12/15/2019	14	14

5.625% due 03/15/2023 (m)	200	197
6.125% due 05/15/2022 (m)	131	134
6.875% due 03/15/2025	70	70
7.750% due 10/01/2021 (m)	150	163
8.250% due 12/15/2020 (m)	900	982
<b>Starwood Property Trust, Inc.</b>		
4.750% due 03/15/2025	14	14
<b>STORE Capital Corp.</b>		
4.500% due 03/15/2028	8	8
<b>Toll Road Investors Partnership LP</b>		
0.000% due 02/15/2045 (h)	1,174	287
<b>Vici Properties LLC</b>		
8.000% due 10/15/2023	322	358
		5,747

**INDUSTRIALS 6.6%****American Woodmark Corp.**

4.875% due 03/15/2026	2	2
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**Andeavor Logistics LP**

3.500% due 12/01/2022	2	2
4.250% due 12/01/2027	4	4

**Anheuser-Busch InBev Worldwide, Inc.**

4.000% due 04/13/2028 (c)	22	22
4.375% due 04/15/2038 (c)	21	21
4.600% due 04/15/2048 (c)	17	18
4.750% due 04/15/2058 (c)	26	27

**Aramark Services, Inc.**

5.000% due 02/01/2028	8	8
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**Ball Corp.**

4.875% due 03/15/2026	14	14
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**Berry Global, Inc.**

4.500% due 02/15/2026	14	13
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**BMC Software Finance, Inc.**

8.125% due 07/15/2021 (m)	285	286
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**Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)**

9.000% due 10/15/2019 (d)(m)	510	511
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**Campbell Soup Co.**

2.645% due 03/16/2020 ~	30	30
2.775% due 03/15/2021 ~	20	20
3.300% due 03/15/2021	20	20
3.650% due 03/15/2023	30	30
3.950% due 03/15/2025	20	20
4.150% due 03/15/2028	30	30
4.800% due 03/15/2048	10	10

**Charles River Laboratories International, Inc.**

5.500% due 04/01/2026 (c)	6	6
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**Charter Communications Operating LLC**

4.200% due 03/15/2028	27	26
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<b>Cheniere Energy Partners LP</b>		
5.250% due 10/01/2025	5	5
<b>Chesapeake Energy Corp.</b>		
4.970% (US0003M + 3.250%) due 04/15/2019 ~	10	10
<b>Cleveland-Cliffs, Inc.</b>		
4.875% due 01/15/2024	6	6
<b>Community Health Systems, Inc.</b>		
5.125% due 08/01/2021	235	220
6.250% due 03/31/2023	490	454
<b>Coty, Inc.</b>		
6.500% due 04/15/2026 (c)	20	20
<b>Crown Americas LLC</b>		
4.750% due 02/01/2026	10	10
<b>CVS Health Corp.</b>		
2.687% due 03/09/2020 ~	20	20
3.125% due 03/09/2020	40	40
3.350% due 03/09/2021	30	30
3.700% due 03/09/2023	100	100
4.100% due 03/25/2025	60	60
4.300% due 03/25/2028	80	81
4.780% due 03/25/2038	20	20
5.050% due 03/25/2048	30	32
<b>CVS Pass-Through Trust</b>		
5.880% due 01/10/2028	1,210	1,291
<b>DAE Funding LLC</b>		
4.000% due 08/01/2020	10	10
4.500% due 08/01/2022	10	9
5.000% due 08/01/2024	30	28
<b>Diamond Resorts International, Inc.</b>		
10.750% due 09/01/2024 (m)	500	546
<b>Discovery Communications LLC</b>		
3.950% due 03/20/2028	9	9
<b>Exela Intermediate LLC</b>		
10.000% due 07/15/2023	23	23
<b>Fresh Market, Inc.</b>		
9.750% due 05/01/2023 (m)	350	205

<b>Full House Resorts, Inc.</b>		
8.575% due 01/31/2024 «	100	97
<b>Harland Clarke Holdings Corp.</b>		
8.375% due 08/15/2022	8	8
<b>Hologic, Inc.</b>		
4.375% due 10/15/2025	4	4
<b>iHeartCommunications, Inc.</b>		
9.000% due 12/15/2019 ^(e)	93	74
9.000% due 03/01/2021 ^(e)	70	56
<b>Ingevity Corp.</b>		
4.500% due 02/01/2026	10	10
<b>Intrepid Aviation Group Holdings LLC</b>		
6.875% due 02/15/2019 (m)	1,800	1,782
<b>IRB Holding Corp.</b>		
6.750% due 02/15/2026	4	4
<b>Kronos Acquisition Holdings, Inc.</b>		
9.000% due 08/15/2023	200	190
<b>Live Nation Entertainment, Inc.</b>		
5.625% due 03/15/2026	4	4
<b>Meredith Corp.</b>		
6.875% due 02/01/2026	10	10
<b>Netflix, Inc.</b>		
4.875% due 04/15/2028	6	6
<b>PetSmart, Inc.</b>		
5.875% due 06/01/2025	22	16
<b>Pisces Midco, Inc.</b>		
8.000% due 04/15/2026 (c)	40	40
<b>Pitney Bowes, Inc.</b>		
4.700% due 04/01/2023	8	8
<b>Radiate Holdco LLC</b>		
6.875% due 02/15/2023	10	10
<b>Scientific Games International, Inc.</b>		
5.000% due 10/15/2025	3	3
<b>Standard Industries, Inc.</b>		
4.750% due 01/15/2028	22	21
<b>Sunoco LP</b>		
4.875% due 01/15/2023	14	13
<b>T-Mobile USA, Inc.</b>		
4.750% due 02/01/2028	10	10
<b>Transcontinental Gas Pipe Line Co. LLC</b>		
4.600% due 03/15/2048	6	6
<b>Tronox, Inc.</b>		
6.500% due 04/15/2026 (c)	14	14
<b>UAL Pass-Through Trust</b>		
6.636% due 01/02/2024	484	508
<b>Valeant Pharmaceuticals International, Inc.</b>		
9.250% due 04/01/2026	6	6
<b>ViaSat, Inc.</b>		
5.625% due 09/15/2025	18	17

<b>Viking Cruises Ltd.</b>		
5.875% due 09/15/2027	6	6
<b>VOC Escrow Ltd.</b>		
5.000% due 02/15/2028	14	13
<b>Western Digital Corp.</b>		
4.750% due 02/15/2026	52	52
<b>Westmoreland Coal Co.</b>		
8.750% due 01/01/2022	1,225	435
<b>Wyndham Hotels &amp; Resorts, Inc.</b>		
5.375% due 04/15/2026 (c)	6	6
		7,778

**UTILITIES 0.4%**

<b>AT&amp;T, Inc.</b>		
2.850% due 02/14/2023	40	40
3.400% due 08/14/2024	80	81
3.900% due 08/14/2027	70	71
4.900% due 08/14/2037	70	71
5.150% due 02/14/2050	106	107
5.300% due 08/14/2058	32	32
<b>Calpine Corp.</b>		
5.250% due 06/01/2026	4	4
<b>Frontier Communications Corp.</b>		
8.500% due 04/01/2026	20	19
<b>Sprint Capital Corp.</b>		
6.900% due 05/01/2019	2	2



<b>Sprint Corp.</b>		
7.625% due 03/01/2026	54	53
		480
Total Corporate Bonds & Notes (Cost \$14,489)		14,005
<b>CONVERTIBLE BONDS &amp; NOTES 0.0%</b>		
<b>INDUSTRIALS 0.0%</b>		
<b>Caesars Entertainment Corp.</b>		
5.000% due 10/01/2024	28	48
Total Convertible Bonds & Notes (Cost \$51)		48
<b>MUNICIPAL BONDS &amp; NOTES 0.8%</b>		
<b>ARKANSAS 0.1%</b>		
<b>Little Rock Municipal Property Owners Multipurpose Improvement District No. 10, Arkansas Special Tax Bonds, Series 2007</b>		
7.200% due 03/01/2032	165	161
<b>WEST VIRGINIA 0.7%</b>		
<b>Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007</b>		
7.467% due 06/01/2047	820	815
Total Municipal Bonds & Notes (Cost \$937)		976
<b>U.S. GOVERNMENT AGENCIES 5.2%</b>		
<b>Fannie Mae</b>		
5.422% (US0001M + 3.550%) due 07/25/2029 ~	170	185
7.622% (US0001M + 5.750%) due 07/25/2029 ~	230	269
<b>Freddie Mac</b>		
0.000% due 04/25/2045 - 11/25/2050 (b)(h)	3,517	2,259
0.000% due 04/25/2046 (b)(h)(m)	1,046	881
0.100% due 05/25/2020 - 11/25/2050 (a)	47,748	165
0.200% due 04/25/2045 (a)	1,136	2
0.542% due 01/25/2021 ~(a)	2,587	35
0.680% due 10/25/2020 ~(a)	8,420	118
2.011% due 11/25/2045 ~(a)	1,027	155
3.615% due 06/25/2041 ~(a)(m)	10,500	1,038
7.022% (US0001M + 5.150%) due 10/25/2029 ~	500	565
9.422% (US0001M + 7.550%) due 12/25/2027 ~	449	555
Total U.S. Government Agencies (Cost \$6,032)		6,227

**NON-AGENCY MORTGAGE-BACKED SECURITIES 55.5%**

<b>Adjustable Rate Mortgage Trust</b>		
3.682% due 01/25/2036 ^~	187	177
<b>Banc of America Alternative Loan Trust</b>		
6.515% due 04/25/2037 ^~	218	209
<b>Banc of America Funding Trust</b>		
3.203% due 12/20/2034 ~	342	286
3.775% due 03/20/2036 ~	99	93
5.806% due 03/25/2037 ^~	112	107
7.000% due 10/25/2037 ^	653	458
<b>Banc of America Mortgage Trust</b>		
3.658% due 11/25/2034 ~	181	184
3.801% due 06/25/2035 ~	128	125
4.076% due 06/20/2031 ~	409	418
<b>Bancorp Commercial Mortgage Trust</b>		
5.490% due 08/15/2032 ~(m)	2,300	2,318
<b>Barclays Commercial Mortgage Securities Trust</b>		
6.777% (LIBOR01M + 5.000%) due 08/15/2027 ~(m)	900	885
<b>BCAP LLC Trust</b>		
1.790% due 07/26/2036 ~	87	69
<b>Bear Stearns ALT-A Trust</b>		
2.042% (US0001M + 0.170%) due 04/25/2037 ~	879	863
3.354% due 08/25/2036 ^~	620	619
3.378% due 05/25/2036 ^~	306	283
3.400% due 05/25/2036 ~	48	40
3.492% due 09/25/2034 ~	101	100
3.695% due 01/25/2047 ~	48	38
3.860% due 08/25/2036 ^~	321	252
3.867% due 07/25/2035 ^~	165	146
4.267% due 11/25/2036 ^~	853	731
<b>Bear Stearns Asset-Backed Securities Trust</b>		
5.500% due 12/25/2035	48	43
<b>Bear Stearns Commercial Mortgage Securities Trust</b>		
5.657% due 10/12/2041 ~(m)	1,258	1,188
5.760% due 04/12/2038 ~	40	31
<b>BRAD Resecuritization Trust</b>		
2.184% due 03/12/2021 <<	2,053	97
6.550% due 03/12/2021 <<	384	385

<b>CBA Commercial Small Balance Commercial Mortgage</b>		
5.540% due 01/25/2039 ^	457	386
<b>CD Mortgage Trust</b>		
5.688% due 10/15/2048 (m)	1,555	777
<b>Chase Mortgage Finance Trust</b>		
6.000% due 03/25/2037 ^	269	230
<b>Citigroup Commercial Mortgage Trust</b>		
5.612% due 12/10/2049 ~(m)	708	545
<b>Citigroup Mortgage Loan Trust</b>		
3.608% due 11/25/2036 ^~	126	122
3.767% due 11/25/2035 ~	1,874	1,304
3.872% due 08/25/2035 ^~	89	82
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
3.485% due 10/25/2035 ~	672	528
<b>Citigroup Mortgage Loan Trust, Inc. Mortgage Pass-Through Certificates</b>		
3.608% due 09/25/2035 ^~	200	177
<b>Citigroup/Deutsche Bank Commercial Mortgage Trust</b>		
5.398% due 12/11/2049 ~	187	111
<b>CitiMortgage Alternative Loan Trust</b>		
5.500% due 04/25/2022 ^	33	33
<b>Commercial Mortgage Asset Trust</b>		
6.000% due 11/17/2032	565	566
<b>Commercial Mortgage Loan Trust</b>		
6.034% due 12/10/2049 ~	869	536
<b>Commercial Mortgage Trust</b>		
4.750% due 10/15/2045 ~(m)	1,500	1,132
5.505% due 03/10/2039 ~(m)	313	243
5.658% due 06/10/2046 ~	130	99
6.126% due 07/10/2046 ~(m)	690	715
<b>Countrywide Alternative Loan Trust</b>		
2.152% (US0001M + 0.280%) due 02/25/2037 ~	277	252
2.162% (US0001M + 0.290%) due 02/25/2036 ^~	880	738
2.283% (12MTA + 1.000%) due 12/25/2035 ~(m)	1,476	1,367
2.422% (US0001M + 0.550%) due 10/25/2037 ~	5,252	1,815
5.500% due 03/25/2035	607	467
6.000% due 11/25/2035 ^	184	74
6.000% due 04/25/2036 ^(m)	3,467	2,739
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>		
2.512% (US0001M + 0.640%) due 03/25/2035 ~	187	165
3.402% due 09/20/2036 ^~	147	128
3.462% (US0012M + 1.750%) due 02/20/2036 ^~	13	11
3.473% due 09/25/2047 ^~	576	543
3.742% (US0001M + 1.870%) due 03/25/2046 ^~(m)	1,016	669
6.000% due 05/25/2037 ^	329	270
<b>Credit Suisse First Boston Mortgage Securities Corp.</b>		
7.000% due 02/25/2033	69	75
<b>Credit Suisse Mortgage Capital Certificates</b>		
2.061% (LIBOR01M + 0.500%) due 11/30/2037 ~	2,900	2,552

<b>Credit Suisse Mortgage Capital Mortgage-Backed Trust</b>		
5.896% due 04/25/2036	266	192
6.000% due 07/25/2036	1,451	1,225
6.500% due 05/25/2036 ^	171	109
<b>First Horizon Alternative Mortgage Securities Trust</b>		
3.375% due 08/25/2035 ^~	41	8
<b>First Horizon Mortgage Pass-Through Trust</b>		
3.987% due 04/25/2035 ~	69	71
<b>GE Commercial Mortgage Corp. Trust</b>		
5.606% due 12/10/2049 ~(m)	1,700	1,716
<b>GS Mortgage Securities Corp.</b>		
4.591% due 10/10/2032 ~	1,000	894
<b>GS Mortgage Securities Trust</b>		
1.374% due 08/10/2043 ~(a)	13,692	345
2.220% due 05/10/2045 ~(a)	4,382	249
5.622% due 11/10/2039 (m)	750	708
6.052% due 08/10/2043 ~(m)	1,670	1,693
<b>GSR Mortgage Loan Trust</b>		
3.546% due 03/25/2047 ~(m)	1,496	1,388
<b>HarborView Mortgage Loan Trust</b>		
2.308% (US0001M + 0.500%) due 01/19/2036 ~	822	650
<b>IndyMac Mortgage Loan Trust</b>		
2.672% (US0001M + 0.800%) due 11/25/2034 ~	125	113
3.338% due 05/25/2036 ~	184	141
3.848% due 06/25/2037 ~	337	314
<b>JPMorgan Alternative Loan Trust</b>		
6.500% due 03/25/2036 (m)	1,241	1,115
<b>JPMorgan Chase Commercial Mortgage Securities Corp.</b>		
1.559% due 03/12/2039 ~(a)	232	1
<b>JPMorgan Chase Commercial Mortgage Securities Trust</b>		
0.525% due 02/15/2046 ~(a)	59,516	874
2.972% due 05/15/2045 ~(m)	2,200	1,141
4.000% due 08/15/2046 ~(m)	1,000	571
5.585% due 01/12/2043 ~	130	134
6.450% due 05/12/2034 ~	169	169
<b>JPMorgan Mortgage Trust</b>		
3.739% due 07/25/2035 ~	85	87

<b>LB-UBS Commercial Mortgage Trust</b>		
5.350% due 09/15/2040 ~(m)	1,200	1,213
5.407% due 11/15/2038 (m)	378	292
5.562% due 02/15/2040 ~(m)	355	226
5.767% due 02/15/2040 ~	200	200
<b>Lehman Mortgage Trust</b>		
5.000% due 08/25/2021 ^	214	214
5.837% due 04/25/2036 ~	190	173
6.000% due 05/25/2037 ^	384	387
<b>MASTR Adjustable Rate Mortgages Trust</b>		
3.584% due 11/25/2035 ^~(m)	497	417
<b>MASTR Asset Securitization Trust</b>		
6.000% (US0001M + 6.000%) due 06/25/2036 ^~	448	439
<b>Merrill Lynch Mortgage Investors Trust</b>		
2.292% (US0001M + 0.420%) due 07/25/2030 ~	155	148
2.532% (US0001M + 0.660%) due 11/25/2029 ~	126	124
3.667% due 11/25/2035 ~	181	184
<b>Merrill Lynch Mortgage Trust</b>		
5.810% due 06/12/2050 ~(m)	1,800	1,820
<b>Morgan Stanley Capital Trust</b>		
0.309% due 11/12/2049 ~(a)	6,489	29
5.399% due 12/15/2043 (m)	784	614
5.993% due 06/11/2049 ~	209	212
<b>Morgan Stanley Mortgage Loan Trust</b>		
3.734% due 01/25/2035 ^~	272	114
6.000% due 08/25/2037 ^	257	214
<b>Morgan Stanley Resecuritization Trust</b>		
3.804% due 03/26/2037 ~	5,469	5,149
<b>Mortgage Equity Conversion Asset Trust</b>		
4.000% due 07/25/2060 <<	223	195
<b>Motel 6 Trust</b>		
8.703% due 08/15/2019 ~(m)	1,580	1,603
<b>Regal Trust</b>		
2.277% (D11COF + 1.500%) due 09/29/2031 ~	49	46
<b>Residential Accredit Loans, Inc. Trust</b>		
4.467% due 01/25/2036 ^~(m)	419	364
6.000% due 08/25/2035 ^	285	269
6.500% due 09/25/2037 ^	276	245
<b>Residential Asset Securitization Trust</b>		
6.000% due 03/25/2037 ^	242	173
<b>Residential Funding Mortgage Securities, Inc. Trust</b>		
6.000% due 06/25/2036 ^	272	270
<b>Structured Adjustable Rate Mortgage Loan Trust</b>		
3.563% due 01/25/2036 ^~	338	265
3.595% due 04/25/2036 ^~	396	357
3.633% due 09/25/2036 ^~	201	185
<b>Structured Asset Mortgage Investments Trust</b>		
2.082% (US0001M + 0.210%) due 08/25/2036 ^~	934	856
<b>TBW Mortgage-Backed Trust</b>		

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6.000% due 07/25/2036 ^	160	126
<b>Wachovia Bank Commercial Mortgage Trust</b>		
0.855% due 10/15/2041 ~(a)	1,152	0
5.691% due 10/15/2048 ~	200	203
5.720% due 10/15/2048 ~(m)	2,400	2,456
<b>WaMu Mortgage Pass-Through Certificates Trust</b>		
2.277% (COF 11 + 1.500%) due 11/25/2046 ~	479	456
2.362% (US0001M + 0.490%) due 06/25/2044 ~	539	506
3.254% due 12/25/2036 ^~(m)	403	389
<b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>		
6.500% due 08/25/2036 ^(m)	1,509	1,177
<b>Wells Fargo Alternative Loan Trust</b>		
5.500% due 07/25/2022	25	25
<b>Wells Fargo-RBS Commercial Mortgage Trust</b>		
0.783% due 02/15/2044 ~(a)(m)	14,463	287
Total Non-Agency Mortgage-Backed Securities (Cost \$60,825)		66,126

**ASSET-BACKED SECURITIES 67.5%**

**Airspeed Ltd.**

2.047% (LIBOR01M + 0.270%) due 06/15/2032 ~	722	628
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**Asset-Backed Securities Corp. Home Equity Loan Trust**

2.967% (US0001M + 1.095%) due 02/25/2035 ~(m)	3,374	3,431
3.597% (US0001M + 1.725%) due 12/25/2034 ~(m)	1,771	1,766
5.091% (US0001M + 3.250%) due 06/21/2029 ~	148	145

**Associates Manufactured Housing Pass-Through Certificates**

7.150% due 03/15/2028 ~(m)	373	410
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**Bayview Financial Acquisition Trust**

2.157% (US0001M + 0.280%) due 12/28/2036 ~	108	108
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**Bear Stearns Asset-Backed Securities Trust**

2.252% (US0001M + 0.380%) due 04/25/2036 ~	2,646	2,767
2.252% (US0001M + 0.380%) due 06/25/2036 ~	12	12
3.558% due 07/25/2036 ~	387	389

**Bombardier Capital Mortgage Securitization Corp.**

7.830% due 06/15/2030 ~	1,185	491
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**Centex Home Equity Loan Trust**

2.622% (US0001M + 0.750%) due 01/25/2035 ~(m)	1,643	1,587
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<b>Citigroup Mortgage Loan Trust</b>		
2.032% (US0001M + 0.160%) due 12/25/2036 ~(m)	1,708	1,129
2.092% (US0001M + 0.220%) due 12/25/2036 ~	902	486
2.322% (US0001M + 0.450%) due 11/25/2045 ~(m)	4,748	4,696
2.572% (US0001M + 0.700%) due 11/25/2046 ~	1,900	1,124
<b>Citigroup Mortgage Loan Trust, Inc.</b>		
2.132% (US0001M + 0.260%) due 03/25/2037 ~(m)	4,061	3,696
<b>Conseco Finance Securitizations Corp.</b>		
7.960% due 05/01/2031	366	239
9.163% due 03/01/2033 ~	878	828
<b>Countrywide Asset-Backed Certificates</b>		
2.002% (US0001M + 0.130%) due 12/25/2036 ^~	1,246	1,169
2.012% (US0001M + 0.140%) due 06/25/2035 ~(m)	2,667	2,388
2.012% (US0001M + 0.140%) due 06/25/2047 ^~(m)	3,018	2,771
2.022% (US0001M + 0.150%) due 04/25/2047 ~(m)	1,123	1,093
2.072% (US0001M + 0.200%) due 06/25/2037 ^~(m)	839	758
2.112% (US0001M + 0.240%) due 05/25/2036 ~(m)	8,526	6,186
3.522% (US0001M + 1.650%) due 06/25/2035 ~(m)	4,000	3,543
<b>Countrywide Asset-Backed Certificates Trust</b>		
2.142% (US0001M + 0.270%) due 09/25/2046 ~	5,000	3,128
<b>Credera Americas LLC</b>		
0.000% due 08/31/2020 ~	1,900	1,902
<b>EMC Mortgage Loan Trust</b>		
2.922% (US0001M + 1.050%) due 05/25/2040 ~	595	531
3.172% (LIBOR01M + 1.300%) due 02/25/2041 ~	318	314
<b>Fremont Home Loan Trust</b>		
2.052% (US0001M + 0.180%) due 04/25/2036 ~	1,063	887
<b>GE Capital Mortgage Services, Inc. Trust</b>		
6.705% due 04/25/2029 ~	103	87
<b>GSAMP Trust</b>		
3.622% (US0001M + 1.750%) due 12/25/2034 ~	2,074	1,248
3.672% (US0001M + 1.800%) due 06/25/2035 ~	2,200	2,169
<b>Home Equity Mortgage Loan Asset-Backed Trust</b>		
2.112% (US0001M + 0.240%) due 04/25/2037 ~(m)	4,985	3,789
<b>HSI Asset Securitization Corp. Trust</b>		
1.982% (US0001M + 0.110%) due 04/25/2037 ~(m)	3,961	2,355
<b>Lehman XS Trust</b>		
5.420% due 11/25/2035 ^	109	109
<b>Mastr Asset Backed Securities Trust</b>		
1.982% (US0001M + 0.110%) due 08/25/2036 ~(m)	3,390	1,853
<b>Morgan Stanley ABS Capital, Inc. Trust</b>		
2.652% (US0001M + 0.780%) due 12/25/2034 ~	170	158
<b>Morgan Stanley Home Equity Loan Trust</b>		
2.937% (US0001M + 1.065%) due 05/25/2035 ~	1,978	1,264
<b>National Collegiate Commutation Trust</b>		
0.000% (7-DayAuc) due 03/25/2038 ~	3,500	1,821
<b>People s Financial Realty Mortgage Securities Trust</b>		
2.002% (US0001M + 0.130%) due 09/25/2036 ~	1,547	500
<b>Renaissance Home Equity Loan Trust</b>		

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7.238% due 09/25/2037 <sup>^(m)</sup>	4,078	2,290
<b>Residential Asset Securities Corp. Trust</b>		
2.562% (US0001M + 0.690%) due 08/25/2035 <sup>~(m)</sup>	4,350	3,800
<b>Securitized Asset-Backed Receivables LLC Trust</b>		
2.266% (LIBOR01M + 0.645%) due 01/25/2035 <sup>~</sup>	1,228	1,115
2.322% (US0001M + 0.450%) due 10/25/2035 <sup>~(m)</sup>	5,500	5,330
<b>SoFi Professional Loan Program LLC</b>		
0.000% due 03/25/2036 <sup>«(h)</sup>	10	201
0.000% due 01/25/2039 <sup>«(h)</sup>	1,000	553
0.000% due 05/25/2040 <sup>«(h)</sup>	1,000	558
0.000% due 09/25/2040 <sup>«(h)</sup>	339	197
<b>Southern Pacific Secured Asset Corp.</b>		
2.212% (US0001M + 0.340%) due 07/25/2029 <sup>~</sup>	15	15
<b>Structured Asset Investment Loan Trust</b>		
3.597% (US0001M + 1.725%) due 10/25/2034 <sup>~</sup>	1,986	1,953
6.372% (US0001M + 4.500%) due 10/25/2033 <sup>~</sup>	68	66
<b>UCFC Manufactured Housing Contract</b>		
7.900% due 01/15/2028 <sup>^~</sup>	384	379
<b>UPS Capital Business Credit</b>		
7.527% (US0001M + 5.750%) due 04/15/2026 <sup>«~</sup>	1,856	39
Total Asset-Backed Securities (Cost \$73,127)		80,451

SHARES

<b>COMMON STOCKS 1.0%</b>		
<b>CONSUMER DISCRETIONARY 0.7%</b>		
Caesars Entertainment Corp. (f)	71,398	803
<b>ENERGY 0.3%</b>		
Forbes Energy Services Ltd. (f)(k)	35,625	339





<b>Total Investments 154.5%</b>	<b>\$ 184,080</b>
<b>(Cost \$174,475)</b>	
<b>Financial Derivative Instruments (n)(o) (1.0)%</b>	<b>(1,200)</b>
<b>(Cost or Premiums, net \$185)</b>	
<b>Other Assets and Liabilities, net (53.5)%</b>	<b>(63,705)</b>
<b>Net Assets Applicable to Common Shareholders 100.0%</b>	<b>\$ 119,175</b>

**Notes to Schedule of Investments:**

- \* A zero balance may reflect actual amounts rounding to less than one thousand.
- ✕ **The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.**
- ^ **Security is in default.**
- « **Security valued using significant unobservable inputs (Level 3).**
- ~ **Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.**  
  
**Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.**
- (a) **Interest only security.**
- (b) **Principal only security.**
- (c) **When-issued security.**
- (d) **Payment in-kind security.**
- (e) **Security is not accruing income as of the date of this report.**
- (f) **Security did not produce income within the last twelve months.**
- (g) **Coupon represents a weighted average yield to maturity.**

(h) Zero coupon security.

(i) Coupon represents a yield to maturity.

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

(k) Restricted Securities:

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
Forbes Energy Services Ltd.	07/29/2014	\$ 1,769	\$ 339	0.29%
VICI Properties, Inc.	04/30/2014 - 11/06/2017	1,538	1,923	1.61%
		\$ 3,307	\$ 2,262	1.90%

**Borrowings and Other Financing Transactions**

(l) Repurchase Agreements:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements at Value	Repurchase Agreements to be Received
C	1.250%	03/29/2018	04/02/2018	\$ 681	U.S. Treasury Notes 2.000% due 04/30/2024	\$ (699)	\$ 681	\$ 681
L	1.910	03/29/2018	04/02/2018	4,700	U.S. Treasury Notes 1.750% due 05/31/2022	(4,799)	4,700	4,700
<b>Total Repurchase Agreements</b>						<b>\$ (5,498)</b>	<b>\$ 5,381</b>	<b>\$ 5,381</b>

**Reverse Repurchase Agreements:**

<b>Counterparty</b>	<b>Borrowing Rate <sup>(2)</sup></b>	<b>Settlement Date</b>	<b>Maturity Date</b>	<b>Amount Borrowed <sup>(2)</sup></b>	<b>Payable for Reverse Repurchase Agreements</b>
BCY	2.697%	01/03/2018	04/03/2018	\$ (204)	\$ (205)
	2.760	01/26/2018	04/26/2018	(547)	(550)
	2.797	01/03/2018	04/03/2018	(4,714)	(4,747)
	2.984	02/27/2018	05/30/2018	(743)	(745)
	3.072	01/17/2018	01/17/2019	(2,832)	(2,850)
GSC	2.836	03/16/2018	04/16/2018	(754)	(755)
JPS	2.443	12/05/2017	06/05/2018	(4,662)	(4,699)
MSB	3.187	02/05/2018	02/05/2019	(1,110)	(1,116)
NOM	2.500	03/22/2018	04/23/2018	(203)	(203)
RCY	2.940	01/19/2018	05/29/2018	(192)	(193)
	3.220	02/02/2018	08/02/2018	(2,903)	(2,918)
	3.240	02/07/2018	08/07/2018	(1,541)	(1,549)
	3.350	03/20/2018	06/20/2018	(1,138)	(1,139)
	3.450	03/12/2018	09/12/2018	(6,635)	(6,648)
RDR	2.290	02/27/2018	05/30/2018	(731)	(733)
RTA	2.616	10/06/2017	04/06/2018	(3,465)	(3,510)
	2.698	11/08/2017	05/08/2018	(2,865)	(2,896)
	2.879	05/08/2017	05/07/2018	(3,436)	(3,526)
	2.888	05/11/2017	05/07/2018	(4,415)	(4,530)
	2.889	04/13/2017	04/05/2018	(3,009)	(3,095)
	2.945	11/27/2017	05/29/2018	(218)	(220)
	3.017	01/31/2018	07/31/2018	(1,717)	(1,726)
	3.296	03/08/2018	09/07/2018	(2,612)	(2,618)
	3.519	03/12/2018	09/12/2018	(1,577)	(1,580)
SAL	2.596	01/05/2018	04/05/2018	(1,347)	(1,355)
SOG	2.250	01/24/2018	04/24/2018	(444)	(446)
	2.250	01/29/2018	04/24/2018	(286)	(287)
	2.350	03/02/2018	06/04/2018	(1,173)	(1,175)
	2.440	03/14/2018	06/14/2018	(492)	(493)
	2.954	01/10/2018	07/10/2018	(924)	(930)
	2.969	11/15/2017	05/15/2018	(459)	(461)
UBS	2.590	01/23/2018	04/23/2018	(1,308)	(1,315)
	2.887	02/05/2018	05/07/2018	(1,751)	(1,759)
	2.900	02/09/2018	05/09/2018	(3,057)	(3,070)
	3.084	02/27/2018	05/31/2018	(1,887)	(1,893)

**Total Reverse Repurchase Agreements**

**\$ (65,935)**

**(m) Securities with an aggregate market value of \$89,235 have been pledged as collateral under the terms of master agreements as of March 31, 2018.**

*(1) Includes accrued interest.*

*(2) The average amount of borrowings outstanding during the period ended March 31, 2018 was \$(69,419) at a weighted average interest rate of 2.682%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.*

**(n) Financial Derivative Instruments: Exchange-Traded or Centrally Cleared**

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

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at March 31, 2018 (%)	Notional Amount (\$)	Premiums Paid (Receive) (\$)	Unrealized Appreciation/Depreciation (\$)	Variation Margin		
								Market Value	Asset	Liability
Frontier Communications Corp.	5.000%	Quarterly	06/20/2020	8.984%	\$ 590	\$ (33)	\$ (11)	\$ (44)	\$ 0	\$ 0
Sprint Communications, Inc.	5.000	Quarterly	12/20/2021	2.888	300	9	13	22	0	(1)
						\$ (24)	\$ 2	\$ (22)	\$ 0	\$ (1)

**Interest Rate Swaps**

Receive/Floating Rate	Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/Receive (\$)	Unrealized Appreciation/Depreciation (\$)	Variation Margin		
								Market Value	Asset	Liability
	3-Month USD-LIBOR	1.500%	Semi-Annual	12/21/2021	\$ 1,500	\$ 22	\$ (80)	\$ (58)	\$ 0	\$ 0
Receive <sup>(4)</sup>	3-Month USD-LIBOR	2.000	Semi-Annual	06/20/2023	6,500	182	43	225	0	0
	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2023	60,000	1,131	(4,021)	(2,890)	48	0
	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2026	3,200	77	(323)	(246)	5	0
Receive <sup>(4)</sup>	3-Month USD-LIBOR	2.500	Semi-Annual	06/20/2038	20,200	465	785	1,250	0	0
Receive <sup>(4)</sup>	3-Month USD-LIBOR	2.500	Semi-Annual	06/20/2048	1,600	132	(6)	126	0	0
						\$ 2,009	\$ (3,602)	\$ (1,593)	\$ 53	\$ (1)
<b>Total Swap Agreements</b>						<b>\$ 1,985</b>	<b>\$ (3,600)</b>	<b>\$ (1,615)</b>	<b>\$ 53</b>	<b>\$ (1)</b>

**Cash of \$1,200 has been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of March 31, 2018.**

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

- (2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on issues as of period end serve as indicators 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) This instrument has a forward starting effective date.

**(o) Financial Derivative Instruments: Over the Counter Swap Agreements:**

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

Counterparty	Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(2)</sup>	Swap Agreements, at Value <sup>(3)</sup>			
						Premium Paid/ (Receive)	Unrealized Appreciation/ (Depreciation)	Asset	Liability
DUB	CMBX.NA.BBB-.6 Index	3.000%	Monthly	05/11/2063	\$ 300	\$ (16)	\$ (28)	\$ 0	\$ (44)
	CMBX.NA.BBB-.8 Index	3.000	Monthly	10/17/2057	600	(69)	(22)	0	(91)
	CMBX.NA.BBB-.9 Index	3.000	Monthly	09/17/2058	300	(38)	(1)	0	(39)
FBF	CMBX.NA.BBB-.8 Index	3.000	Monthly	10/17/2057	100	(16)	1	0	(15)
GST	ABX.HE.AA.6-1 Index	0.320	Monthly	07/25/2045	5,539	(1,102)	772	0	(330)
	ABX.HE.PENAAA.7-1 Index	0.090	Monthly	08/25/2037	1,334	(258)	42	0	(216)
	CMBX.NA.A.6 Index	2.000	Monthly	05/11/2063	500	(25)	3	0	(22)
	CMBX.NA.BB.6 Index	5.000	Monthly	05/11/2063	300	(41)	(30)	0	(71)
	CMBX.NA.BBB-.6 Index	3.000	Monthly	05/11/2063	700	(39)	(64)	0	(103)
	CMBX.NA.BBB-.7 Index	3.000	Monthly	01/17/2047	100	(5)	(7)	0	(12)
	CMBX.NA.BBB-.9 Index	3.000	Monthly	09/17/2058	700	(87)	(3)	0	(90)
MYC	CMBX.NA.BBB-.10 Index	3.000	Monthly	11/17/2059	1,200	(126)	(6)	0	(132)
	CMBX.NA.BBB-.7 Index	3.000	Monthly	01/17/2047	300	(13)	(22)	0	(35)
	CMBX.NA.BBB-.8 Index	3.000	Monthly	10/17/2057	100	(12)	(3)	0	(15)
		3.000	Monthly	09/17/2058	300	(37)	(2)	0	(39)



CMBX.NA.BBB-.9  
Index

\$ (1,884) \$ 630 \$ 0 \$ (1,254)

### Interest Rate Swaps

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Swap Agreements, Premiums, and Unrealized Appreciation/ Depreciation and Liabilities			
							Notional Amount	Paid (Received)	Unrealized Appreciation/ Depreciation	Liabilities
MYC	Pay	3-Month USD-LIBOR	2.860%	Semi-Annual	04/26/2023	\$ 50,000	\$ 84	\$ 23	\$ 107	\$ 0
Common stock, \$.01 par value; 50,000 shares authorized, issued 3,748 shares in 2014 and 3,743 shares in 2013							37		37	
Accumulated other comprehensive income (loss)							(3,234 )		16	
Additional paid-in capital							2,890		3,278	
Retained earnings							64,863		57,250	
Total stockholders' equity							64,556		60,581	
Total liabilities and stockholders' equity	\$						81,076		\$80,711	

See accompanying notes to financial statements.

UTAH MEDICAL PRODUCTS, INC.  
CONSOLIDATED STATEMENT OF INCOME  
AND COMPREHENSIVE INCOME

Years ended December 31, 2014, 2013 and 2012

(In thousands, except per share amounts)

	2014	2013	2012
Sales, net (notes 10, 12 and 13)	\$41,278	\$40,493	\$41,552
Cost of goods sold	16,295	16,220	16,245
Gross profit	24,983	24,273	25,307
Operating expense:			
Sales and marketing	2,211	2,790	2,712
Research and development	460	491	563
General and administrative	6,110	6,164	6,836
Operating income	16,202	14,828	15,196
Other income (expense):			
Dividend and interest income	7	7	11
Gains and (losses) on investments	-	-	(1 )
Royalty income (note 13)	99	90	89
Interest expense	(289 )	(438 )	(652 )
Other, net	(207 )	(11 )	(106 )
Income before provision for income taxes	15,812	14,476	14,537
Provision for income taxes (note 8)	4,434	3,070	4,368
Net income	\$11,378	\$11,406	\$10,169
Earnings per common share (basic) (note 1):	\$3.04	\$3.06	\$2.77
Earnings per common share (diluted) (note 1):	\$3.02	\$3.02	\$2.74
Other comprehensive income:			
Foreign currency translation net of taxes of \$0 in all periods	\$(3,252 )	\$859	\$1,862
Unrealized gain (loss) on investments net of taxes of \$1, \$6 and \$123	1	8	193
Total comprehensive income	\$8,127	\$12,273	\$12,224

See accompanying notes to financial statements.

UTAH MEDICAL PRODUCTS, INC.  
CONSOLIDATED STATEMENT OF CASH FLOW  
Years Ended December 31, 2014, 2013 and 2012  
(In thousands)

	2014	2013	2012
Cash flows from operating activities:			
Net income	\$ 11,378	\$ 11,406	\$ 10,169
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	637	611	653
Amortization	2,719	2,584	2,613
(Gain) loss on investments	-	-	177
Provision for (recovery of) losses on accounts receivable	(27 )	10	5
Loss on disposal of assets	35	6	-
Deferred income taxes	(500 )	(1,399 )	(600 )
Stock-based compensation expense	74	28	70
(Increase) decrease in:			
Accounts receivable	(365 )	213	675
Accrued interest and other receivables	(100 )	(241 )	(204 )
Inventories	(141 )	(249 )	841
Prepaid expenses and other current assets	(19 )	6	(125 )
Increase (decrease) in:			
Accounts payable	188	(216 )	50
Accrued expenses	1,508	(28 )	(570 )
Deferred revenue	-	(83 )	(100 )
Other liability	-	(340 )	(91 )
Net cash provided by operating activities	15,387	12,308	13,563
Cash flows from investing activities:			
Capital expenditures for:			
Property and equipment	(1,110 )	(339 )	(254 )
Intangible assets	(22 )	(5 )	(1 )
Purchases of investments	-	-	-
Proceeds from the sale of investments	-	-	47
Net cash provided by (used in) investing activities	(1,132 )	(344 )	(208 )
Cash flows from financing activities:			
Proceeds from issuance of common stock - options	491	787	1,803
Common stock purchased and retired	(1,055 )	-	(504 )
Payment of taxes for exchange of stock options	-	(85 )	-
Tax benefit attributable to exercise of stock options	103	281	178
Repayments of notes payable	(4,035 )	(3,908 )	(9,093 )
Dividends paid	(3,765 )	(3,675 )	(3,555 )
Net cash provided by (used in) financing activities	(8,261 )	(6,600 )	(11,171 )
Effect of exchange rate changes on cash	(1,115 )	160	153
Net increase in cash and cash equivalents	4,879	5,524	2,337

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Cash at beginning of year	14,395	8,871	6,534
Cash at end of year	\$ 19,274	\$ 14,395	\$ 8,871

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:

Income taxes	\$3,094	\$3,971	\$4,423
Interest	296	439	658

See accompanying notes to financial statements.

UTAH MEDICAL PRODUCTS, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
Years Ended December 31, 2014, 2013 and 2012  
(In thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2011	3,640	\$36	\$721	\$ (2,906 )	\$42,905	\$ 40,756
Shares issued upon exercise of employee stock options for cash	82	1	1,940	-	-	1,941
Shares received and retired upon exercise of stock options	(4 )	(0 )	(138 )	-	-	(138 )
Tax benefit attributable to appreciation of stock options	-	-	178	-	-	178
Stock option compensation expense	-	-	70	-	-	70
Common stock purchased and retired	(15 )	(0 )	(503 )	-	-	(504 )
Foreign currency translation adjustment	-	-	-	1,862	-	1,862
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	-	-	-	193	-	193
Common stock dividends	-	-	-	-	(3,555 )	(3,555 )
Net income	-	-	-	-	10,169	10,169
Balance at December 31, 2012	3,703	\$37	\$2,268	\$ (851 )	\$49,519	\$ 50,972
Shares issued upon exercise of employee stock options for cash	55	1	1,402	-	-	1,403
Shares received and retired upon exercise of stock options	(15 )	(0 )	(701 )	-	-	(701 )
Tax benefit attributable to appreciation of stock options	-	-	281	-	-	281
Stock option compensation expense	-	-	28	-	-	28
Common stock purchased and retired	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	859	-	859
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	-	-	-	8	-	8
Common stock dividends	-	-	-	-	(3,675 )	(3,675 )
Net income	-	-	-	-	11,406	11,406
Balance at December 31, 2013	3,743	\$37	\$3,278	\$ 16	\$57,250	\$ 60,581
Shares issued upon exercise of employee stock options for	35	0	926	-	-	926

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cash						
Shares received and retired upon exercise of stock options	(8 )	(0 )	(435 )	-	-	(435 )
Tax benefit attributable to appreciation of stock options	-	-	103	-	-	103
Stock option compensation expense	-	-	74	-	-	74
Common stock purchased and retired	(22 )	(0 )	(1,055 )	-	-	(1,055 )
Foreign currency translation adjustment	-	-	-	(3,252 )	-	(3,252 )
Unrealized holding gain (loss) from investments, available-for-sale, net of taxes	-	-	-	1	-	1
Common stock dividends	-	-	-	-	(3,765 )	(3,765 )
Net income	-	-	-	-	11,378	11,378
Balance at December 31, 2014	3,748	\$37	\$2,890	\$ (3,234 )	\$64,863	\$ 64,556

See accompanying notes to financial statements.

Currency amounts are in thousands except per-share amounts and where noted.

## Note 1 – Summary of Significant Accounting Policies

### Organization

Utah Medical Products, Inc. with headquarters in Midvale, Utah and its wholly owned subsidiaries, Femcare Nikomed Ltd, located in Romsey, Hampshire, England, Femcare Australia Pty Ltd located in Castle Hill, NSW, Australia and Utah Medical Products Ltd., which operates a manufacturing facility in Athlone, Ireland, (in the aggregate, the Company) are in the primary business of developing, manufacturing and globally distributing specialized medical devices for the healthcare industry. The Company's broad range of products includes those used in critical care areas and the labor and delivery departments of hospitals, as well as outpatient clinics and physicians' offices. Products are sold directly to end user facilities in the U.S., Ireland, UK and Australia, and through third party distributors in other international markets. Domestically, UTMD has an exclusive distribution relationship with CooperSurgical, Inc for the Filshie Clip System. UTMD also sells subcontract manufactured components and finished products to over 100 companies in the U.S. for their medical and non-medical products.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, management believes it has considered and disclosed all relevant information in making its estimates that materially affect reported performance and current values.

### Principles of Consolidation

The consolidated financial statements include those of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

### Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Company considers cash on deposit and short-term investments with original maturities of three months or less to be cash and cash equivalents.

### Investments

The Company classifies its investments as "available for sale." Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in operations; unrealized holding gains and losses are reported as a separate component of accumulated other comprehensive income. Declines in fair value below cost that are other than temporary are included in operations. As of December 31, 2014 the Company retained a freely tradeable investment in Citigroup (C) (see note 3).

### Concentration of Credit Risk

The primary concentration of credit risk consists of trade receivables. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its

customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations as reflected by its reserves.

The Company's customer base consists of hospitals, medical device distributors, physician practices and others directly related to healthcare providers, as well as other manufacturing companies. Although the Company is affected by the well-being of the global healthcare industry, management does not believe significant trade receivable credit risk exists at December 31, 2014 except under an extreme global financial crisis.

The Company maintains its cash in bank deposit accounts in addition to Fidelity Investment accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to a significant credit risk on cash and cash equivalent balances.



## Note 1 – Summary of Significant Accounting Policies (continued)

## Accounts Receivable

Accounts receivable are amounts due on product sales and are unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a late charge may be applied to such receivables that are past the due date. Accounts receivable are periodically evaluated for collectibility based on past credit history of customers and current market conditions. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions (see note 2).

## Inventories

Finished products, work-in-process, raw materials and supplies inventories are stated at the lower of cost (computed on a first-in, first-out method) or market (see note 2).

## Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line and units-of-production methods over estimated useful lives as follows:

Building and improvements	15-40 years
Furniture, equipment and tooling	3-10 years

## Long-Lived Assets

The Company evaluates its long-lived assets in accordance with Accounting Standards Codification (ASC) 360, “Accounting for the Impairment of Long-Lived Assets.” Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets, and is recorded in the period in which the determination was made.

## Intangible Assets

Costs associated with the acquisition of patents, trademarks, trade names, customer relationships, regulatory approvals & product certifications, license rights and non-compete agreements are capitalized, and are being amortized using the straight-line method over periods ranging from 5 to 20 years. UTMD’s goodwill is tested for impairment annually, in the fourth quarter of each year, using a fair value measurement test, in accordance with ASC 350. UTMD also performs impairment tests contemporaneously, if circumstances change that would more than likely reduce the fair value of goodwill below its net book value. If UTMD determines that its goodwill is impaired, a second step is completed to measure the amount of the impairment loss. UTMD does not expect its goodwill to become impaired in the foreseeable future. Estimated future amortization expense on intangible assets currently held, using the 2014 year-end 1.5586 USD/GBP and .8181 USD/AUD currency exchange rates, is about \$2,544 in 2015, \$2,512 in 2016, \$2,496 in 2017, 2018 and 2019 (see note 2).

## Revenue Recognition

The Company recognizes revenue at the time of shipment as title generally passes to the customer at the time of shipment. Revenue recognized by UTMD is based upon documented arrangements and fixed contracts in which the selling price is fixed prior to the Company's acceptance of an order. Revenue from product and service sales is generally recognized at the time the product is shipped or service completed and invoiced, and collectibility is reasonably assured. There are circumstances under which revenue may be recognized when product is not shipped, which meet the criteria of SAB 104: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's service has been completed according to a fixed contractual agreement. UTMD includes handling fees charged to customers in revenues.

## Note 1 – Summary of Significant Accounting Policies (continued)

## Income Taxes

The Company accounts for income taxes under ASC 740, “Accounting for Income Taxes,” whereby deferred taxes are computed under the asset and liability method.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, in Utah, in the United Kingdom, in Australia and in Ireland. UTMD is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011. In 2010, the Internal Revenue Service (IRS) examined the Company’s federal income tax return for 2008 and did not propose any adjustments.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expenses and any related penalties in income taxes. The Company did not recognize any tax-related interest expense or have any tax penalties in any of the three years 2012 through 2014.

## Legal Costs

The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of business. The Company maintains a reserve for legal costs which are probable and estimated based on previous experience and known risk. The reserve for legal costs at December 31, 2014 and 2013 was \$110 and \$148, respectively (see note 2).

## Earnings per Share

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of earnings per common share assuming dilution is based on the weighted average number of shares outstanding during the year plus the weighted average common stock equivalents which would arise from the exercise of stock options outstanding using the treasury stock method and the average market price per share during the year.

The shares (in thousands) used in the computation of the Company’s basic and diluted earnings per share are reconciled as follows:

	2014	2013	2012
Weighted average number of shares outstanding – basic	3,747	3,728	3,677
Dilutive effect of stock options	27	47	34
Weighted average number of shares outstanding, assuming dilution	3,774	3,775	3,711

## Presentation of Sales and Similar Taxes

Sales tax on revenue-producing transactions is recorded as a liability when the sale occurs. UTMD is not required to withhold sales tax on international sales, and at least 85% of domestic 2014 sales were to customers who are tax exempt or who are in jurisdictions where UTMD is not required to withhold sales tax.

## Stock-Based Compensation

At December 31, 2014, the Company has stock-based employee compensation plans, which are described more fully in note 9. The Company accounts for stock compensation under ASC 718, Share-Based Payment. This statement requires the Company to recognize compensation cost based on the grant date fair value of options granted to employees and directors. In 2014, the Company recognized \$74 in compensation cost compared to \$28 in 2013 and \$70 in 2012.

## Note 1 – Summary of Significant Accounting Policies (continued)

## Translation of Foreign Currencies

Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the applicable exchange rates at year-end. Net gains or losses resulting from the translation of the Company's assets and liabilities are reflected as a separate component of stockholders' equity. A negative translation impact on stockholders' equity reflects a current relative U.S. Dollar value higher than at the point in time that assets were actually acquired in a foreign currency. A positive translation impact would result from a U.S. dollar weaker in value than at the point in time foreign assets were acquired. Year-end translation gains or losses of non-functional currency bank account balances, e.g. EURO and AUD balances held by the UK subsidiary, are recognized as non-operating income/ expense.

Income and expense items are translated at the weighted average rate of exchange (based on when transactions actually occurred) during the year.

## Note 2 – Detail of Certain Balance Sheet Accounts

	December 31,	
	2014	2013
<b>Accounts and other receivables:</b>		
Accounts receivable	\$ 3,993	\$ 3,754
Income tax receivable	787	620
Accrued interest and other	36	103
Less allowance for doubtful accounts	(113 )	(143 )
Total accounts and other receivables	\$ 4,703	\$ 4,334
<b>Inventories:</b>		
Finished products	\$ 1,847	\$ 1,495
Work-in-process	1,103	984
Raw materials	1,922	2,225
Total inventories	\$ 4,872	\$ 4,704
<b>Other intangible assets:</b>		
Patents	\$ 2,113	\$ 2,076
Non-compete agreements	156	166
Trademarks & trade names	11,396	12,102
Customer relationships	11,144	11,850
Regulatory approvals & product certifications	14,866	15,808
Total other intangible assets	39,675	42,002
Accumulated amortization	(11,655 )	(9,556 )
Other intangible assets, net	\$ 28,020	\$ 32,446
<b>Accrued expenses:</b>		
Income taxes payable	\$ 2,445	\$ 1,237
Payroll and payroll taxes	940	1,103
Reserve for litigation costs	110	148
Other	653	298
Total accrued expenses	\$ 4,148	\$ 2,786



## Note 3 – Investments

The Company's investments, classified as available-for-sale consist of the following:

	December 31, 2014	2013
Investments, at cost	\$ 42	\$ 42
Equity securities:		
-Unrealized holding gains	16	14
-Unrealized holding (losses)	-	-
Investments, at fair value	\$ 58	\$ 56

Changes in the unrealized holding gain on investment securities available-for-sale and reported as a separate component of accumulated other comprehensive income are as follows:

	December 31, 2014	2013
Balance, beginning of year	\$ 8	\$ -
Realized (gain)/loss from securities included in beginning balance	-	-
Gross unrealized holding gains (losses) in equity securities	2	14
Impairment loss	-	-
Deferred income taxes on unrealized holding gain	(1 )	(6 )
Balance, end of year	\$ 9	\$ 8

During 2014, 2013 and 2012, UTMD had proceeds from sales of available-for-sale securities of \$0, \$0 and \$47, respectively.

## Note 4 – Fair Value Measurements and Financial Instruments

The Company follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 Quoted market prices in active markets for identical assets or liabilities;

1 -

Level 2 Significant other observable inputs (e.g. quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

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Level 3 - Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table provides financial assets carried at fair value measured as of December 31 for the past two years:

	Level 1		Levels 2 & 3		Total	
	2014	2013	2014	2013	2014	2013
Equities	58	56	-	-	58	56
Total	\$ 58	\$ 56	-	-	\$ 58	\$ 56

None of the Company's financial instruments, which are current assets and liabilities that could be readily traded, are held for trading purposes. Detail on investments is provided in note 3 above. The Company estimates that the fair value of all financial instruments at December 31, 2014 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated balance sheet.



## Note 5 – Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2014	2013
Land	\$ 1,342	\$ 1,399
Buildings and improvements	10,657	10,662
Furniture, equipment and tooling	15,483	15,560
Construction-in-progress	131	33
Total	27,613	27,654
Accumulated depreciation	(19,377 )	(19,325 )
Property and equipment, net	\$ 8,236	\$ 8,329

Included in the Company's consolidated balance sheet are the assets of its manufacturing and administrative facilities in Utah, England, Australia and Ireland. Property and equipment, by location, are as follows:

	December 31, 2014				
	Utah	England	Australia	Ireland	Total
Land	\$ 926	\$ -	\$ -	\$ 416	\$ 1,342
Building and improvements	5,635	-	585	4,437	10,657
Furniture, equipment and tooling	13,854	554	43	1,032	15,483
Construction-in-progress	120	7	-	4	131
Total	20,535	561	628	5,889	27,613
Accumulated depreciation	(16,482 )	(212 )	(16 )	(2,667 )	(19,377 )
Property and equipment, net	\$ 4,053	\$ 349	\$ 612	\$ 3,222	\$ 8,236

	December 31, 2013				
	Utah	England	Australia	Ireland	Total
Land	\$ 926	\$ -	\$ -	\$ 473	\$ 1,399
Building and improvements	5,614	-	-	5,084	10,662
Furniture, equipment and tooling	13,650	739	24	1,147	15,560
Construction-in-progress	25	4	1	3	33
Total	20,215	743	25	6,671	27,654
Accumulated depreciation	(16,179 )	(300 )	(5 )	(2,841 )	(19,325 )
Property and equipment, net	\$ 4,036	\$ 443	\$ 20	\$ 3,830	\$ 8,329

## Note 6 – Long-term Debt

In March 2011, the Company obtained a \$14,000 loan from JPMorgan Chase Bank, N.A. (Chase), to help finance the purchase of Femcare. The terms and conditions of the loan require UTMD to a) repay the loan in equal monthly payments over 5 years, b) pay interest based on the 30-day LIBOR rate plus a margin starting at 2.80% and ranging from 2.00% to 3.75%, depending on the ratio of its funded debt to EBITDA (Leverage Ratio), c) pledge 65% of all foreign subsidiaries' stock, d) provide first priority liens on all domestic business assets, e) maintain its Interest Coverage Ratio at 1.15 to 1.00 or better, f) maintain its Tangible Net Worth (TNW) above a minimum threshold 20% below UTMD's TNW at closing on March 18, and g) maintain its Leverage Ratio at 2.75 to 1.00 or less. UTMD is in compliance with all of the loan financial covenants at December 31, 2014. Based on UTMD's financial position, the bank's margin was 2.00% at December 31, 2014. The principal balance on this note at December 31, 2014 was \$1,750. The note was fully paid off in February 2015.

In March 2011, the Company also obtained a \$12,934 loan from JP Morgan Chase, London Branch, to help finance UTMD's purchase of Femcare. Terms and conditions of the loan are the same as those listed above for the \$14,000 U.S. loan. The principal balance on this note at December 31, 2014 was \$3,117. The note was fully paid off in February 2015.

## Note 7 – Commitments and Contingencies

## Operating Leases

The Company has a lease agreement for land adjoining its Utah facility for a term of forty years commencing on September 1, 1991. On September 1, 2001 and subsequent to each fifth lease year, the basic rental was and will be adjusted for published changes in a price index. The Company currently leases its UK facility, and some of the automobiles for employees in England and Ireland. Rent expense charged to operations under these operating lease agreements was approximately \$225, \$219 and \$258 for the years ended December 31, 2014, 2013 and 2012, respectively.

Future minimum lease payments under its lease obligations as of December 31, 2014 were as follows:

Years ending December 31:	Amount
2015	\$ 169
2016	74
2017	43
2018	43
2019	43
Thereafter	513
Total future minimum lease payments	\$ 885

## Purchase Obligations

The Company has obligations to purchase raw materials for use in its manufacturing operations. The Company has the right to make changes in, among other things, purchase quantities, delivery schedules and order acceptance.

## Product Liability

Except for its Femcare subsidiaries, the Company is self-insured for product liability risk. “Product liability” is an insurance industry term for the cost of legal defense and possible damages awarded as a result of use of a company’s product during a procedure which results in an injury of a patient. The Company maintains a reserve for product liability litigation and damages consistent with its previous long-term experience. Actual product liability litigation costs and damages during the last three reporting years have been immaterial, which is consistent with the Company’s overall history. Femcare product liability indemnity limit is £5 million each claim and in the annual aggregate.

The Company absorbs the costs of clinical training and trouble-shooting in its on-going operating expenses.

## Warranty Reserve

The Company’s published warranty is: “UTMD warrants its products to conform in all material respects to all published product specifications in effect on the date of shipment, and to be free from defects in material and workmanship for a period of thirty (30) days for supplies, or twenty-four (24) months for equipment, from date of shipment. During the warranty period UTMD shall, at its option, replace any products shown to UTMD’s reasonable satisfaction to be defective at no expense to the Purchaser or refund the purchase price.”

UTMD maintains a warranty reserve to provide for estimated costs which are likely to occur. The amount of this reserve is adjusted, as required, to reflect its actual experience. Based on its analysis of historical warranty claims and its estimate that existing warranty obligations are immaterial, no warranty reserve was made at December 31, 2014 or

December 31, 2013.

Litigation

The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of business. Presently, there is no litigation. The Company applies its accounting policy to accrue legal costs that can be reasonably estimated.

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## Note 7 – Commitments and Contingencies (continued)

## Irish Development Agency

In order to satisfy requirements of the Irish Development Agency in assisting the start-up of its Ireland subsidiary, the Company agreed to invest certain amounts and maintain a certain capital structure in its Ireland subsidiary. The effect of these financial relationships and commitments are reflected in the consolidated financial statements and do not represent any significant credit risk that would affect future liquidity.

## Note 8 – Income Taxes

Deferred tax assets (liabilities) consist of the following temporary differences:

	December 31,		2013	
	2014 Current	Long-term	Current	Long-term
Inventory write-downs and differences due to UNICAP	\$ 78	\$ -	\$ 82	\$ -
Allowance for doubtful accounts	26	-	27	-
Accrued liabilities and reserves	65	-	57	-
Other - foreign	27	(64 )	55	(85 )
Depreciation and amortization	-	(6,511 )	-	(7,369 )
Unrealized investment loss	107	-	107	-
Deferred income taxes, net	\$ 303	\$ (6,575 )	\$ 328	\$ (7,454 )

The components of income tax expense are as follows:

	Years ended December 31,		
	2014	2013	2012
Current	\$ 5,288	\$ 4,266	\$ 4,960
Deferred	(854 )	(1,196 )	(592 )
Total	\$ 4,434	\$ 3,070	\$ 4,368

Income tax expense differed from amounts computed by applying the statutory federal rate to pretax income as follows:

	Years ended December 31,		
	2014	2013	2012
Federal income tax expense at the statutory rate	\$ 2,632	\$ 2,580	\$ 2,741
State income taxes	255	250	266
Foreign income taxes (blended rate)	1,770	542	1,603
ETI, manufacturing deduction and tax credits	(244 )	(244 )	(266 )
Other	21	(58 )	24

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Total \$ 4,434 \$ 3,070 \$ 4,368

The domestic and foreign components of income before income tax expense were as follows:

	Years ended December 31,		
	2014	2013	2012
Domestic	\$ 7,717	\$ 7,587	\$ 7,989
Foreign	8,095	6,889	6,548
Total	\$ 15,812	\$ 14,476	\$ 14,537

## Note 9 – Options

The Company has stock option plans which authorize the grant of stock options to eligible employees, directors and other individuals to purchase up to an aggregate of 204 thousand shares of common stock, of which 91 thousand are outstanding as of December 31, 2014. All options granted under the plans are granted at current market value at the date of grant, and may be exercised between six months and ten years following the date of grant. The plans are intended to advance the interest of the Company by attracting and ensuring retention of competent directors, employees and executive personnel, and to provide incentives to those individuals to devote their utmost efforts to the advancement of shareholder value. Changes in stock options were as follows:

	Shares (000's)	Price Range Per Share	
<b>2014</b>			
Granted	39	\$ 49.18 -	\$ 50.72
Expired or canceled	4	25.59 -	49.18
Exercised	35	18.00 -	33.30
Total outstanding at December 31	91	21.68 -	50.72
Total exercisable at December 31	48	21.68 -	33.30
<b>2013</b>			
Granted	-	\$ -	\$ -
Expired or canceled	3	17.71 -	33.30
Exercised	55	17.71 -	33.30
Total outstanding at December 31	91	18.00 -	33.30
Total exercisable at December 31	77	18.00 -	33.30
<b>2012</b>			
Granted	13	\$ 33.30 -	\$ 33.30
Expired or canceled	19	24.00 -	28.13
Exercised	82	15.01 -	31.33
Total outstanding at December 31	150	17.71 -	33.30
Total exercisable at December 31	120	17.71 -	31.33

For the years ended December 31, 2014, 2013 and 2012, the Company reduced current income taxes payable and increased additional paid-in capital by \$103, \$281 and \$178, respectively, for the income tax benefit attributable to sale by optionees of common stock received upon the exercise of stock options.

## Stock-Based Compensation

In 2014, the Company recognized \$74 in equity compensation cost, compared to \$28 in 2013 and \$70 in 2012.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Years ended December 31,			
	2014	2013	2012	
Expected dividend amount per quarter	\$ .2624	\$ n/a	\$ 0.2571	
Expected stock price volatility	27.0 %		22.8 %	

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Risk-free interest rate	1.50	%	0.54	%
Expected life of options	4.7	years	3.8	years

The per share weighted average fair value of options granted during 2014 and 2012 is \$9.64 and \$3.92, respectively. No options were granted in 2013.



## Note 9 – Options (continued)

All UTMD options vest over a four-year service period. Expected dividend amounts were estimated based on the actual cash dividend rate at the time the options were granted and an estimate of future dividends based on past dividend rate changes as well as management's expectations of future dividend rates over the expected holding period of the options. Expected volatility is based on UTMD's historical volatility over recent periods of time and trends in that volatility, giving weight to more recent periods. Risk free interest rates were estimated based on actual U.S. Treasury Securities Interest rates as reported by the Federal Reserve Bank for periods of time equivalent to the holding periods estimated for the options on the dates the options were granted. Expected term of options were estimated based on historical holding periods for similar options previously granted by UTMD to employees and directors.

The following table summarizes information about stock options outstanding at December 31, 2014:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 21.68 - 24.00	15,399	3.58	\$ 23.68	15,399	\$ 23.68	
26.52 - 33.30	38,139	4.65	29.82	32,188	29.48	
49.18 - 50.72	37,000	9.35	49.22	0	0.00	
<b>\$ 21.68 - 50.72</b>	<b>90,538</b>	<b>6.39</b>	<b>\$ 36.70</b>	<b>47,587</b>	<b>\$ 27.60</b>	

## Note 10 – Geographic Information

The Company had sales in the following geographic areas based on the customer's country of domicile:

	2014	2013	2012
United States	\$ 19,483	\$ 18,965	\$ 19,961
Europe	8,939	9,077	9,286
Other	\$ 12,856	\$ 12,451	\$ 12,305

## Note 11 – Long-lived Assets by Geographic Area

The Company's long-lived assets by geographic area were as follows:

	Years ended December 31,		
	2014	2013	2012
United States	\$ 11,349	\$ 11,355	\$ 11,590
England	36,199	41,216	43,106
Ireland	3,222	3,829	3,704
Australia	\$ 631	\$ 24	\$ 0

## Note 12 – Revenues by Product Category

The Company had revenues in the following product categories:

Product Category	2014	2013	2012
Obstetrics	\$ 4,669	\$ 5,085	\$ 5,194
Gynecology/Electrosurgery/Urology	24,088	22,687	23,142
Neonatal	6,222	5,920	6,539
Blood Pressure Monitoring and Accessories	6,299	6,801	6,677

Note 13 - Product Sale and Purchase Commitments

The Company has had license agreements for the rights to develop and market certain products or technologies owned by unrelated parties. The confidential terms of such agreements are unique and varied, depending on many factors relating to the value and stage of development of the technology licensed. Royalties on future product sales are a normal component of such agreements and are included in the Company's cost of goods sold on an ongoing basis.

In 2014, 2013 and 2012, UTMD received royalties of \$99, \$90 and \$89, respectively, for the use of intellectual property of Filshie Clip System as part of Femcare's exclusive U.S. distribution agreement with CooperSurgical Inc.

Note 14 – Employee Benefit Plans

The Company sponsors a contributory 401(k) savings plan for U.S. employees, and contributory retirement plans for Ireland, UK and Australia employees. The Company's matching contribution is determined annually by the board of directors. Company contributions were approximately \$165, \$138 and \$161 for the years ended December 31, 2014, 2013 and 2012, respectively.

Note 15 – Recent Accounting Pronouncements

In May 2014, new accounting guidance was issued that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. This guidance becomes effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. UTMD is currently assessing the impact that this standard will have on its consolidated financial statements when it is adopted in 2017.

Note 16 – Subsequent Events

The Company evaluated its December 31, 2014 financial statements for subsequent events through the date the financial statements were issued. In February 2015, UTMD fully paid off its JPMorgan bank loan balances. The Company is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

UTMD Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Securities Exchange Act of 1934 Rule 13a-15(e). UTMD's Board of Directors, operating through its audit committee, provides oversight to its financial reporting process.

During 2014, UTMD evaluated the effectiveness of the design and operation of its disclosure controls and procedures. Based on that evaluation, UTMD's Chief Executive Officer and Principal Financial Officer concluded that, as of December 31, 2014, its disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the Company has included, as part of this Form 10-K, a report of management's assessment of the effectiveness of its internal controls as of December 31, 2014. Jones Simkins LLC, the independent registered public accounting firm of the Company, has audited the effectiveness of the Company's internal control over financial reporting. The Norton Practice, the independent registered public accounting firm of Femcare Group Limited (Femcare Group) has audited the effectiveness of Femcare Group's internal control over financial reporting. Management's report, and the reports of Jones Simkins LLC and The Norton Practice appear on pages 34 through 37 of this Form 10-K under the captions "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" and are incorporated herein by reference.

Changes in Internal Control Over Financial Reporting.

There have been no changes in UTMD's internal control over financial reporting that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting during the fourth quarter of the fiscal year ended December 31, 2014, and there were no material weaknesses.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders under the captions,

- “PROPOSAL NO. 1. ELECTION OF DIRECTORS: General,” and “Directors and Nominees,”
- “SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN PERSONS,” and
- “EXECUTIVE OFFICER COMPENSATION: 2014 Director Compensation,”

is incorporated herein by reference.

UTMD adopted a Code of Ethics for its executive officers, including the Chief Executive Officer and outside directors, in October 2003. The Code of Ethics, along with UTMD’s Code of Conduct, which covers all exempt employees (including all officers and outside directors) and certain non-exempt employees, is posted on UTMD’s web site at [www.utahmed.com](http://www.utahmed.com). UTMD intends to post on its website any waivers of or amendments to its Code of Ethics.

ITEM 11 - EXECUTIVE COMPENSATION

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders under the captions,

- “EXECUTIVE OFFICER COMPENSATION,”
- COMPENSATION DISCUSSION AND ANALYSIS,” and
- BOARD OF DIRECTORS AND OTHER BOARD COMMITTEE REPORTS: Compensation and Option Committee Interlocks and Insider Participation,” specifically excluding the “Report of the Compensation Committee”

is incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders under the captions,

- “SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN PERSONS” and
- “DISCLOSURE RESPECTING THE COMPANY’S EQUITY COMPENSATION PLANS”

is incorporated herein by reference.



ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders under the captions,

- “CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS”
- “BOARD OF DIRECTORS AND OTHER BOARD COMMITTEE REPORTS: Director Independence”

is incorporated herein by reference.

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders in the first paragraph under the caption, “Report of the Audit Committee” is incorporated herein by reference.

ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

The information from the definitive proxy statement of the registrant for the 2015 annual meeting of shareholders under the caption “PROPOSAL NO 2. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM: Fees billed by Jones Simkins LLC,” “Audit Committee Policy and Approval,” and “Auditor Independence” are incorporated herein by reference.

## PART IV

## ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report or incorporated herein by reference.

1. Financial Statements.

(See Table of Contents to Item 8, above.)

2. Supplemental Schedule.

Financial Statement Schedules are omitted because they are inapplicable or the required information is otherwise included in the accompanying Financial Statements and the notes thereto.

3. Exhibits.

SEC			
Exhibit #	Reference #	Title of Document	Location
1	3	Articles of Restatement of the Articles of Incorporation	Incorporated by Reference (1)
2	3	Articles of Correction to the Restated Articles of Incorporation	Incorporated by Reference (1)
3	3	Bylaws	Incorporated by Reference (2)
4	4	Rights Agreement dated as of July 30, 2004, between Utah Medical Products, Inc., and Registrar and Transfer Company	Incorporated by Reference (4)
5	4	Extension of Shareholder Rights Agreement	Incorporated by Reference (5)
6	4	Designation of Rights, Privileges, and Preferences of Series "A" Preferred Stock	Incorporated by Reference (3)
7	10	Employment Agreement dated December 21, 1992 with Kevin L. Cornwell*	Incorporated by Reference (6)
8	10	Amendment, effective May 15, 1998, to Employment Agreement dated December 21, 1992 with Kevin L. Cornwell*	Incorporated by Reference (6)
9	10	Utah Medical Products, Inc., 2003 Employees' and Directors' Incentive Plan	Incorporated by Reference (7)
10	10	Utah Medical Products, Inc., 2013 Employees' and Directors' Incentive Plan	Incorporated by Reference (8)
11	10	Agreement relating to the sale and purchase of the whole of the issued share capital of Femcare Group Limited dated 18 March 2011	Incorporated by Reference (9)
12	10	Credit Agreement dated as of March 17, 2011 among Utah Medical Products, Inc., as Borrower, and JPMorgan Chase Bank, N.A., as Lender	Incorporated by Reference (9)
13	10	Facility Agreement dated 18 March 2011 for Femcare Group Limited as Borrower with JPMorgan Chase Bank, N.A., London Branch as Lender	Incorporated by Reference (9)
14	10	First Modification Agreement dated as of September 23, 2011 among Utah Medical Products, Inc., as Borrower, and JPMorgan Chase Bank, N.A., as Lender	Incorporated by Reference (10)
15	10	Second Modification Agreement dated as of December 7, 2012 among Utah Medical Products, Inc., as Borrower, and JPMorgan Chase Bank, N.A., as	Incorporated by Reference (11)



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SEC			
Exhibit Reference			
#	#	Title of Document	Location
16	10	Summary of Officer and Director Compensation	This filing
17	21	Subsidiaries of Utah Medical Products, Inc.	Incorporated by Reference (8)
18	23	Consent of Jones Simkins LLC, Company's independent auditors for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	This Filing
19	23	Consent of The Norton Practice, Femcare Group Limited's independent auditors for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	This Filing
20	31	Certification of CEO pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	This Filing
21	31	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	This Filing
22	32	Certification of CEO pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Filing
23	32	Certification of Principal Financial Officer pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Filing
101.ins		XBRL Instance Document	This Filing
101.xsd		XBRL Taxonomy Extension Schema Document	This Filing
101.cal		XBRL Taxonomy Extension Calculation Linkbase Document	This Filing
101.def		XBRL Taxonomy Extension Definition Linkbase Document	This Filing
101.tab		XBRL Taxonomy Extension Label Linkbase Document	This Filing
101.pre		XBRL Taxonomy Extension Presentation Linkbase Document	This Filing

\* Management contract of compensatory plan or arrangement required to be filed pursuant to Item 14(c).

- (1) Incorporated by reference from the Company's annual report on form 10-K filed with the Commission for the year ended December 31, 2004.
- (2) Incorporated by reference from the Company's report on form 8-K filed with the Commission on February 13, 2014.
- (3) Incorporated by reference from the Company's registration statement on form S-8 filed with the Commission effective February 10, 1995.
- (4) Incorporated by reference from the Company's report on form 8-K filed with the Commission on October 1, 2004.
- (5) Incorporated by reference from the Company's report on form 8-K filed with the Commission on October 24, 2014.
- (6) Incorporated by reference from the Company's annual report on form 10-K filed with the Commission for the year ended December 31, 2003.
- (7) Incorporated by reference from the Company's annual report on form 10-K filed with the Commission for the year ended December 31, 2002.

- (8) Incorporated by reference from the Company's annual report on form 10-K filed with the Commission for the year ended December 31, 2012.
- (9) Incorporated by reference from the Company's report on form 8-K filed with the Commission on March 23, 2011.
- (10) Incorporated by reference from the Company's report on form 8-K filed with the Commission on September 26, 2011.
- (11) Incorporated by reference from the Company's report on form 8-K filed with the Commission on December 10, 2012.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned this 12th day of March, 2015.

UTAH MEDICAL PRODUCTS, INC.

By: /s/ Kevin L. Cornwell  
Kevin L. Cornwell  
Chief Executive  
Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 12th day of March, 2015.

By: /s/ James H. Beeson  
James H. Beeson, Director

By: /s/ Kevin L. Cornwell  
Kevin L. Cornwell, Chief Executive Officer & Director

By: /s/ Ernst G. Hoyer  
Ernst G. Hoyer, Director

By: /s/ Barbara A. Payne  
Barbara A. Payne, Director

By: /s/ Paul O. Richins  
Paul O. Richins, Principal Financial and Accounting Officer & Director