

PIMCO Floating Rate Strategy Fund
Form N-CSR
November 08, 2005

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

FORM N-CSR

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

Investment Company Act file number 811-21601

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

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

Larry G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

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

Date of fiscal year end: August 31, 2005

Date of reporting period: August 31, 2005

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

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

PIMCO Floating Rate Strategy Fund

Annual Report
August 31, 2005

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PIMCO Floating Rate Strategy Fund Letter to Shareholders

October 17, 2005

Dear Shareholder:

We are pleased to provide you with the initial annual report of the PIMCO Floating Rate Strategy Fund (the "Fund") for the period October 29, 2004 (commencement of operations) through August 31, 2005.

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

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager and Pacific Investment Management Company LLC, the Fund's sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Robert E. Connor

Chairman

Brian S. Shlissel

President & Chief Executive Officer

PIMCO Floating Rate Strategy Fund Performance & Statistics

August 31, 2005 (unaudited)

Symbol:

PFN

Primary Investments:

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

Inception Date:

October 29, 2004

Objective:

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

Total Net Assets⁽¹⁾ :

\$1.269 billion

Portfolio Manager:

Raymond G. Kennedy

Total Return⁽²⁾:

Six months ended 8/31/05

Commencement of Operations (10/29/04) to 8/31/05

Market Price

(3.56)%

(4.39)%

Net Asset Value (NAV)

2.53%

4.27%

Common Share Market Price/NAV Performance:

Commencement of Operations (10/29/04) to 8/31/05

Market Price/NAV:

Market Price

\$18.21

NAV

\$18.98

Discount to NAV

(4.06)%

Market Price Yield⁽³⁾

7.13%

Portfolio Composition as a % of Total Investments

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

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

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

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(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at August 31, 2005.

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PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|-------------------------------------|--|--------------|
| SENIOR LOANS (a)(b)(c) 62.0% | | |
| Aerospace 0.5% | | |
| | K & F Industries, Inc., | |
| \$ 4,534 | 5.92%, 11/18/12, Term B | \$ 4,614,573 |
| 2,223 | 6.15%, 11/18/12, Term B | 2,262,046 |
| | | 6,876,619 |
| Apparel & Textiles 0.2% | | |
| | Simmons Co., | |
| 2,458 | 5.75%, 12/19/11, Term C | 2,496,297 |
| 60 | 5.938%, 12/19/11, Term C | 61,025 |
| 295 | 6.438%, 12/19/11, Term C | 299,460 |
| 151 | 8.00%, 12/19/11, Term C | 153,618 |
| | | 3,010,400 |
| Automotive 0.5% | | |
| 2,000 | Dura Operating Corp., 7.07%, 4/28/11 | 2,025,000 |
| | Visteon Corp., | |
| 496 | 7.58%, 6/25/07 | 502,977 |
| 169 | 7.613%, 6/25/07 | 170,793 |
| 958 | 7.80%, 6/25/07 | 970,693 |
| 962 | 7.839%, 6/25/07 | 974,746 |
| 43 | 7.873%, 6/25/07 | 43,793 |
| 323 | 7.90%, 6/25/07 | 327,118 |
| 440 | 7.912%, 6/25/07 | 445,830 |
| 88 | 8.02%, 6/25/07 | 89,166 |
| 152 | 8.14%, 6/25/07 | 154,014 |
| 671 | 8.153%, 6/25/07 | 680,256 |
| 257 | 8.394%, 6/25/07 | 260,020 |
| 230 | 8.553%, 6/25/07 | 232,744 |
| | | 6,877,150 |
| Automotive Products 4.7% | | |
| 9,743 | Affinia Group, 6.40%, 11/30/11, Term B | 9,795,066 |
| | Cooper Standard Automotive, Inc., | |
| 3,992 | 5.50%, 12/31/11, Term B | 3,997,107 |
| 6,422 | 5.50%, 12/31/11, Term C | 6,430,129 |
| 7,000 | Delphi Corp., 10.30%, 6/14/11 | 7,193,123 |

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| | | |
|-------|--|------------|
| | Goodyear Tire & Rubber Co., | |
| 8,500 | 6.32%, 4/30/10 | 8,615,354 |
| 2,000 | 7.07%, 4/1/11 | 2,027,500 |
| 916 | Plastech Engineered Products, Inc., 8.24%, 2/12/10, Term B | 890,738 |
| 6,510 | Polypore, Inc., 5.92%, 11/12/11, Term B | 6,547,666 |
| | Tenneco Automotive, Inc., | |
| 534 | 5.59%, 12/12/10, Term B | 543,836 |
| 3,217 | 6.08%, 12/12/10, Term B (e) | 3,273,011 |
| | TRW Automotive, Inc., | |
| 5,970 | 4.938%, 10/31/10, Term E | 6,029,700 |
| 4,468 | 5.25%, 6/30/12, Term B | 4,519,648 |
| 2,746 | VWR International, Inc., 6.14%, 4/7/11, Term B | 2,787,190 |
| | | 62,650,068 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|-----------------------------------|---|------------|
| Building/Construction 1.5% | | |
| | Masonite International Corp., | |
| \$ 188 | 5.49%, 4/6/13, Term B | \$ 188,303 |
| 9,787 | 5.66%, 4/6/13, Term B | 9,824,103 |
| | Nortek, Inc., | |
| 9,358 | 5.91%, 8/27/11 | 9,482,264 |
| 48 | 7.75%, 8/27/11 | 48,133 |
| | | 19,542,803 |
| Chemicals 4.1% | | |
| 6,000 | Brenntag AG, 6.81%, 2/27/12, Term B2 | 6,076,002 |
| 10,361 | Celanese AG, 5.74%, 4/6/11, Term B | 10,561,539 |
| 4,000 | Cognis BV, 5.44%, 5/12/12, Term B1 (e) | 4,032,456 |
| | Hercules, Inc., | |
| 70 | 5.24%, 10/8/10, Term B | 70,939 |
| 1,311 | 5.31%, 10/8/10, Term B | 1,330,101 |
| 5,200 | Huntsman International LLC, 5.323%, 8/10/12 | 5,276,378 |
| | Innophos, Inc., | |
| 1,218 | 5.55%, 8/15/11, Term B | 1,232,394 |
| 1,818 | 5.86%, 8/15/11, Term B | 1,839,394 |
| 764 | 5.97%, 8/15/11, Term B | 772,546 |
| | KRATON Polymers Group LLC, | |
| 580 | 6.125%, 12/2/09 | 589,871 |
| 2,591 | 6.25%, 12/23/10 | 2,635,704 |
| 1,023 | 6.438%, 12/2/09 | 1,041,019 |
| 81 | 6.50%, 12/2/09 | 82,366 |
| | Lyondell-CITGO Refining, L.P., | |
| 7,925 | 5.51%, 5/21/07, Term B | 8,048,599 |
| 20 | 5.67%, 5/21/07, Term B | 20,376 |
| | Nalco Co., | |
| 2,768 | 5.45%, 11/1/10, Term B | 2,815,740 |
| 3,590 | 5.66%, 11/4/10, Term B | 3,651,725 |
| 2,442 | 5.87%, 11/1/10, Term B | 2,484,476 |
| 2,993 | Niagara Holdings, Inc., 5.50%, 2/11/12, Term B | 3,031,776 |
| | | 55,593,401 |
| Commercial Products 0.2% | | |
| 2,204 | Alliance Laundry Holdings LLC, 5.80%, 1/27/12, Term B | 2,240,097 |
| Computer Services 0.9% | | |

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| | | |
|--------|--|------------|
| 12,000 | Sungard Data Systems, Inc., 6.28%, 1/22/13 (e) | 12,178,500 |
| | Computer Software 0.7% | |
| | Spectrum Brands Corp., | |
| 1,154 | 5.27%, 2/6/12, Term B | 1,171,367 |
| 974 | 5.48%, 2/7/12, Term B | 988,464 |
| 325 | 5.54%, 2/7/12, Term B | 329,488 |
| 6,888 | UGS Corp., 5.67%, 3/31/12, Term B | 6,997,393 |
| | | <hr/> |
| | | 9,486,712 |
| | | <hr/> |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|---------------------------------------|----------------------------------|--------------|
| Consumer Products 1.7% | | |
| | Jarden Corp., | |
| \$ 9,343 | 5.49%, 1/21/12, Term B | \$ 9,430,122 |
| 1,105 | 5.635%, 1/21/12, Term B | 1,115,331 |
| | Rayovac Corp., | |
| 609 | 5.49%, 2/6/12, Term B | 617,869 |
| 4,043 | 5.55%, 2/7/12, Term B | 4,104,103 |
| 909 | 5.56%, 2/7/12, Term B | 922,567 |
| 470 | 5.79%, 2/7/12, Term B | 477,148 |
| | Revlon, Inc., | |
| 1,513 | 9.38%, 7/31/10 | 1,566,856 |
| 1,513 | 9.48%, 7/31/10 | 1,566,856 |
| 1,513 | 9.49%, 7/31/10 | 1,566,856 |
| 756 | 9.98%, 7/9/10 | 783,428 |
| | | 22,151,136 |
| Containers 3.4% | | |
| | Graham Packaging Co., | |
| 2,760 | 5.938%, 10/7/11, Term B | 2,807,378 |
| 50 | 6.00%, 9/15/11, Term B | 50,884 |
| 7,144 | 6.063%, 9/15/11, Term B | 7,267,599 |
| 7,396 | Horizon Lines LLC, 5.99%, 7/7/11 | 7,510,364 |
| | Intertape Polymer Group, Inc., | |
| 872 | 5.65%, 7/28/11, Term B | 889,212 |
| 2,591 | 5.742%, 7/28/11, Term B | 2,640,959 |
| | Solo Cup Co., | |
| 4,485 | 5.49%, 2/27/11, Term B | 4,538,468 |
| 4,676 | 5.86%, 2/27/11, Term B | 4,731,317 |
| | Stone Container Corp., | |
| 1,528 | 3.24%, 11/1/10 | 1,550,628 |
| 2,792 | 5.375%, 11/1/10, Term B | 2,833,024 |
| 2,505 | 5.375%, 11/1/11, Term C | 2,542,468 |
| 1,816 | 5.563%, 11/1/10, Term B | 1,842,645 |
| 4,420 | 5.563%, 11/1/11, Term B | 4,485,621 |
| 1,234 | 5.575%, 11/1/10, Term C | 1,252,165 |
| | | 44,942,732 |
| Diversified Manufacturing 0.6% | | |
| 5,000 | Invensys plc, 8.529%, 12/30/09 | 5,125,000 |
| | Linpac Mouldings Ltd., | |

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|-------|-------------------------|-----------|
| 1,037 | 6.24%, 4/16/12, Term B1 | 1,033,984 |
| 1,322 | 6.74%, 4/16/12, Term C1 | 1,323,273 |
| | | <hr/> |
| | | 7,482,257 |
| | | <hr/> |

Drugs & Medical Products 0.7%

Warner Chilcott plc,

| | | |
|-------|-------------------------|-----------|
| 1,146 | 6.359%, 1/18/12 | 1,159,540 |
| 3,004 | 6.359%, 1/18/12, Term B | 3,039,352 |
| 2,481 | 6.359%, 1/18/12, Term C | 2,509,979 |
| 3,153 | 6.46%, 1/18/12, Term B | 3,189,637 |
| | | <hr/> |
| | | 9,898,508 |
| | | <hr/> |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|--------------------------------|--|--------------|
| Energy 2.8% | | |
| | Covanta Energy Corp., | |
| \$ 1,106 | 3.36%, 6/24/12 | \$ 1,125,041 |
| 894 | 6.46%, 6/30/12, Term B | 909,959 |
| 1,500 | 8.96%, 5/12/13, Term DHC | 1,511,250 |
| 1,500 | 9.141%, 5/12/13, Term DHC | 1,511,250 |
| 4,969 | Dynegy Holdings, Inc., 7.54%, 5/28/10 | 5,000,791 |
| | Foundation Coal Holdings, Inc., | |
| 1,903 | 5.38%, 7/30/11, Term B | 1,938,181 |
| 3,059 | 5.66%, 7/30/11, Term B | 3,114,934 |
| | Headwaters, Inc., | |
| 11,559 | 5.87%, 4/30/11, Term B | 11,723,147 |
| 267 | 7.75%, 4/30/11, Term B | 270,947 |
| 1,000 | 9.02%, 9/1/12, Term C | 1,014,167 |
| | NRG Energy, Inc., | |
| 4,156 | 3.39%, 12/24/11 | 4,209,936 |
| 5,296 | 5.255%, 12/24/11, Term B | 5,364,662 |
| 21 | 5.365%, 12/24/11, Term B | 21,050 |
| | | 37,715,315 |
| Entertainment 1.2% | | |
| 11,000 | MGM Studios, 5.74%, 4/8/12, Term B | 11,151,250 |
| | Warner Music Group, Inc., | |
| 1,571 | 5.52%, 2/28/11, Term B | 1,589,335 |
| 1,388 | 5.64%, 2/27/11, Term B | 1,404,095 |
| 1,402 | 5.83%, 2/27/11, Term B | 1,418,278 |
| 1,158 | 5.86%, 2/27/11, Term B | 1,171,707 |
| | | 16,734,665 |
| Financial Services 1.3% | | |
| 6,623 | Global Cash Access LLC, 5.92%, 3/10/10, Term B | 6,728,485 |
| 10,449 | Refco Group Ltd., 5.669%, 8/5/11, Term B | 10,578,379 |
| | | 17,306,864 |
| Financing 0.5% | | |
| | Satbirds Finance SARL, | |
| □ 1,500 | 4.397%, 4/4/12, Term A | 1,826,328 |
| □ 1,000 | 4.397%, 10/4/13 (g) | 1,208,137 |
| □ 3,500 | 4.897%, 4/4/13, Term B | 4,293,715 |

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| | | | |
|----|-------|---|-----------|
| | | | 7,328,180 |
| | | | 7,328,180 |
| | | Food 0.1% | |
| | | Michael Foods, Inc., | |
| \$ | 1,258 | 5.09% 11/30/10, Term B | 1,279,583 |
| | 112 | 5.859%, 11/30/10, Term B | 113,504 |
| | | | 1,393,087 |
| | | | 1,393,087 |
| | | Food & Beverage 0.1% | |
| | 1,802 | Commonwealth Brands, Inc., 7.00%, 8/28/07, Term B | 1,836,276 |
| | | | 1,836,276 |
| | | | 1,836,276 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|--|--|--------------|
| Funeral Services 0.5% | | |
| | Alderwoods Group, Inc., | |
| \$ 1,713 | 5.296%, 9/17/09, Term B | \$ 1,738,610 |
| 2,227 | 5.48%, 9/17/08, Term B | 2,260,193 |
| 1,644 | 5.609%, 9/17/08, Term B | 1,669,066 |
| 559 | 5.84%, 9/17/08, Term B | 567,346 |
| | | 6,235,215 |
| Healthcare & Hospitals 3.4% | | |
| 2,952 | Community Health Systems, Inc., 5.61%, 8/19/11, Term B | 2,997,031 |
| 20,000 | DaVita, Inc., 6/17/12, Term B (f) | 20,311,120 |
| 9,500 | HEALTHSouth Corp., 8.57%, 6/9/10 | 9,612,812 |
| | PacifiCare Health Systems, Inc., | |
| 2,859 | 4.938%, 12/17/08 | 2,870,139 |
| 4,288 | 5.125%, 12/17/08 | 4,305,208 |
| 912 | 5.188%, 12/17/08 | 916,053 |
| 4,000 | Psychiatric Solutions, Inc., 5.73%, 7/7/12, Term B | 4,065,000 |
| | | 45,077,363 |
| Hotels/Gaming 3.7% | | |
| | Aladdin Gaming, Inc., | |
| 4,572 | 6.504%, 8/31/10, Term A | 4,593,089 |
| 96 | 7.504%, 8/31/10, Term B | 96,669 |
| 2,317 | Ameristar Casinos, Inc., 5.50%, 12/20/06, Term B1 | 2,328,587 |
| | Choctaw Resort Development Enterprise, Inc., | |
| 157 | 5.63%, 11/4/11, Term B | 158,820 |
| 9,112 | 5.91%, 11/4/11, Term B | 9,219,941 |
| | MotorCity Casino, | |
| 3,477 | 5.641%, 7/21/12, Term B | 3,522,189 |
| 1,023 | 5.841%, 7/21/12, Term B | 1,035,938 |
| 6,000 | Penn National Gaming, Inc., 5/26/12, Term B (f) | 6,094,686 |
| 9,385 | Resorts International, Inc., 6.20%, 3/22/12, Term B | 9,504,869 |
| | Venetian Casino, | |
| 829 | 5.24%, 2/22/12, Term B | 839,617 |
| 2,564 | 5.462%, 2/22/12, Term B | 2,596,754 |
| 10,000 | Wynn Resorts Ltd., 5.805%, 12/14/11, Term B | 10,139,060 |
| | | 50,130,219 |
| Machinery 0.8% | | |

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|-------|------------------------------------|------------|
| 5,631 | Agco Corp., 5.42%, 1/31/06, Term B | 5,710,548 |
| | Rexnord Corp., | |
| 153 | 5.75%, 12/31/11, Term B | 155,718 |
| 115 | 5.85%, 12/31/11, Term B | 116,788 |
| 1,855 | 6.07%, 12/31/11, Term B | 1,884,183 |
| 2,300 | 6.21%, 12/31/11, Term B | 2,335,765 |
| | | <hr/> |
| | | 10,203,002 |
| | | <hr/> |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|-----------------------------------|--|--------------|
| Manufacturing 0.6% | | |
| | Berry Plastics, Corp., | |
| \$ 4,489 | 5.60%, 6/30/10 | \$ 4,565,059 |
| 11 | 5.766%, 7/22/10 | 11,441 |
| 3,500 | Xerium Technologies, Inc., 5.49%, 5/18/12, Term B | 3,551,408 |
| | | 8,127,908 |
| Measuring Instruments 0.4% | | |
| | Dresser Inc., | |
| 4,397 | 5.438%, 10/29/11, Term B | 4,478,623 |
| 1,085 | 5.49%, 10/29/11, Term B | 1,104,746 |
| | | 5,583,369 |
| Metals & Mining 0.7% | | |
| | Novelis, Inc., | |
| 5,904 | 5.46%, 1/7/12, Term B1 | 5,987,699 |
| 3,399 | 5.46%, 1/7/12, Term B2 | 3,447,463 |
| | | 9,435,162 |
| Multi-Media 3.6% | | |
| 1,250 | Atlantic Broadband, Inc., 6.11%, 8/4/12, Term B | 1,273,438 |
| 953 | Canwest Media, Inc., 5.823%, 8/1/09, Term E | 966,426 |
| | Charter Communications Operating LLC, 6.83%, 4/27/11, Term B | |
| 39 | 6.83%, 4/27/11, Term B | 39,114 |
| 15,381 | 6.93%, 4/27/11, Term B | 15,450,065 |
| 6,889 | Insight Midwest Holdings LLC, 6.125%, 12/31/09, Term B (e) | 6,918,924 |
| | Primedia, Inc., | |
| 4,091 | 6.438%, 6/30/09, Term B | 4,100,449 |
| 2,475 | 8.00%, 12/31/09, Term C | 2,485,056 |
| 4,329 | Source Media, Inc., 5.74%, 11/8/11, Term B | 4,394,353 |
| 8,978 | Telcordia Technologies, Inc., 6.61%, 9/9/12, Term B | 8,977,500 |
| | Young Broadcasting, Inc., | |
| 2,227 | 5.688%, 11/3/12, Term B | 2,251,529 |
| 30 | 5.75%, 5/2/12, Term B | 30,426 |
| 753 | 6.00%, 5/2/12, Term B | 760,652 |
| | | 47,647,932 |
| Oil & Gas 4.1% | | |

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| | | |
|--------|--|------------|
| | El Paso Corp., | |
| 11,500 | 5.55%, 11/22/09, Term LC | 11,654,135 |
| 21,588 | 6.438%, 11/22/09, Term B | 21,935,500 |
| | Kerr McGee Corp., | |
| 8,000 | 5.79%, 5/1/11, Term B | 8,052,504 |
| 4,000 | 5.85%, 5/1/07 | 4,016,784 |
| 3,691 | Kinetic Concepts, Inc., 5.24%, 8/11/10, Term B | 3,739,179 |
| 1,000 | Premcor Refining Group, Inc., 5.255%, 4/14/09, Term LC | 1,007,188 |
| 4,979 | Universal Compression Holdings, Inc., 5.24%, 2/15/12, Term B | 5,047,651 |
| | | 55,452,941 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Credit Rating (Moody's/S&P)* | Value |
|----------------------------------|-------------------------------------|---------------------------------|------------|
| Paper/Paper Products 0.2% | | | |
| | Appleton Papers, Inc., | | |
| \$ 927 | 5.55%, 6/9/10 | | \$ 937,637 |
| 995 | 5.73%, 6/11/10 | | 1,006,790 |
| | Boise Cascade Holdings LLC, | | |
| 789 | 5.25%, 10/28/11, Term D | | 802,183 |
| 413 | 5.438%, 10/29/11, Term D | | 419,906 |
| | | | 3,166,516 |
| Printing/Publishing 0.9% | | | |
| | RH Donnelly Corp., | | |
| 1,719 | 5.11%, 6/30/11, Term D | | 1,744,887 |
| 2,149 | 5.16%, 6/30/11, Term D | | 2,181,109 |
| 1,289 | 5.18%, 6/30/11, Term D | | 1,308,666 |
| 430 | 5.19%, 6/30/11, Term D | | 436,222 |
| 1,719 | 5.21%, 6/30/11, Term D | | 1,744,887 |
| 430 | 5.23%, 6/30/11, Term D | | 436,222 |
| 2,866 | 5.24%, 6/30/11, Term D | | 2,908,978 |
| 430 | 5.27%, 6/30/11, Term D | | 436,222 |
| 1,289 | 5.30%, 6/30/11, Term D | | 1,308,666 |
| | | | 12,505,859 |
| Real Estate 1.2% | | | |
| | General Growth Properties, Inc., | | |
| 5,972 | 5.67%, 11/12/08, Term B | | 6,048,954 |
| 9,487 | 5.95%, 11/12/07, Term A | | 9,563,845 |
| | | | 15,612,799 |
| Recreation 1.8% | | | |
| | Loews Cineplex Entertainment Corp., | | |
| 5,488 | 5.80%, 7/22/11 | | 5,536,027 |
| 4,880 | 5.97%, 7/8/11 | | 4,922,036 |
| | Six Flags Theme Parks, Inc., | | |
| 2,452 | 6.28%, 6/30/09, Term B | | 2,480,809 |
| 10 | 6.41%, 6/30/09, Term B | | 10,156 |
| 1,513 | 6.50%, 6/30/09, Term B | | 1,530,736 |
| | Worldspan L.P., | | |
| 333 | 5.438%, 2/11/10, Term B | | 330,113 |
| 842 | 6.313%, 2/11/10, Term B | | 836,285 |

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| | | |
|--------|--|------------|
| 842 | 6.375%, 2/11/10, Term B | 836,285 |
| 1,464 | 6.438%, 2/11/10, Term B | 1,452,495 |
| 399 | 6.50%, 2/11/10, Term B | 396,135 |
| 6,180 | 6.563%, 2/11/10, Term B | 6,133,212 |
| | | <hr/> |
| | | 24,464,289 |
| | | <hr/> |
| | Retail 2.9% | |
| | Arby's Restaurant Group, Inc., | |
| 10,000 | 5.919%, 7/25/12, Term B | 10,128,620 |
| 1,500 | 6.11%, 7/25/12, Term B | 1,518,729 |
| 8,407 | Dominos, Inc., 5.25%, 6/25/10, Term B | 8,550,451 |
| 8,925 | Jean Coutu Group, Inc., 5.938%, 7/30/11 UNIT | 9,072,710 |
| 10,000 | Neiman Marcus Bridge, zero coupon, 12/31/05 (f)(g) | 9,979,817 |
| | | <hr/> |
| | | 39,250,327 |
| | | <hr/> |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Value |
|------------------------------|---|--------------|
| | Semi-Conductors 0.4% | |
| \$ 4,975 | On Semiconductor Corp., 6.50%, 12/3/11, Term G | \$ 5,046,516 |
| | Telecommunications 6.4% | |
| | Alliance Atlantis Communications, Inc., | |
| 82 | 4.84%, 10/19/11, Term B | 83,130 |
| 2,237 | 5.41%, 10/19/11, Term B | 2,270,234 |
| 5,000 | American Towers, L.P., 4.27%, 2/28/11, Term A | 5,032,815 |
| | Centennial Cellular Communications Corp., | |
| 1,128 | 5.63%, 1/20/11 | 1,146,843 |
| 3,383 | 5.63%, 2/9/11 | 3,440,529 |
| 3,758 | 5.74%, 1/20/11 | 3,822,810 |
| 376 | 5.77%, 1/20/11 | 382,281 |
| 241 | 6.11%, 1/20/11 | 244,660 |
| | Consolidated Communications, Inc., | |
| 3,574 | 5.815%, 9/18/11, Term B | 3,632,519 |
| 3,177 | 6.052%, 9/18/11, Term B | 3,228,905 |
| 2,000 | Hawaiian Telcom Communications, Inc., 5.73%, 10/31/12, Term B (e) | 2,028,438 |
| | Mediacom Broadband LLC, | |
| 3,200 | 5.35%, 2/28/14, Term B | 3,251,501 |
| 700 | 5.49%, 2/28/14, Term B | 711,266 |
| 4,080 | 5.51%, 2/28/14, Term B | 4,140,245 |
| | Mediacomm Communications Corp., | |
| 533 | 4.60%, 3/31/10, Term A | 531,667 |
| 533 | 4.64%, 3/31/10, Term A | 531,667 |
| 193 | 4.74%, 3/31/10, Term A | 188,017 |
| 600 | 4.81%, 3/31/10, Term A | 598,447 |
| | New Skies Satellites, NV, | |
| 1,218 | 5.6875%, 5/4/11, Term B | 1,235,439 |
| 6,724 | 5.875%, 5/4/11, Term B (e) | 6,819,007 |
| | PanAmSat Corp., | |
| 3,023 | 5.359%, 8/20/09, Term A1 | 3,053,612 |
| 1,580 | 5.359%, 8/20/09, Term A2 | 1,596,643 |
| | Qwest Corp., | |
| 6,500 | 6.95%, 6/30/10, Term B | 6,495,261 |
| 7,400 | 8.53%, 6/30/07, Term A | 7,648,211 |
| | Telewest Global Finance LLC, | |
| 2,550 | 4.244%, 11/2/12, Term B2 | 2,569,125 |
| 1,950 | 5.892%, 11/2/12, Term C2 | 1,959,317 |
| 15,000 | UPC Distribution Holding B.V., 6.254%, 9/30/12, Term H2 | 15,162,885 |
| | Valor Telecommunications Enterprises LLC, | |
| 1,502 | 5.24%, 2/14/12, Term B | 1,522,328 |

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| | | |
|-------|-------------------------|------------|
| 342 | 5.42%, 2/14/12, Term B | 347,198 |
| 1,976 | 5.811%, 2/14/12, Term B | 2,003,063 |
| | | <hr/> |
| | | 85,678,063 |
| | | <hr/> |
| | Utilities 3.5% | |
| | AES Corp., | |
| 3,720 | 5.07%, 4/30/08, Term B | 3,773,650 |
| 3,720 | 5.69%, 8/10/11, Term B | 3,773,650 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | Credit Rating (Moody's/S&P)* | Value |
|-----------------------------------|---|-------------------------|
| Utilities (continued) | | |
| Allegheny Energy, Inc., | | |
| \$ | | |
| 3,354 | 5.34%, 3/8/11, Term C | \$ 3,403,036 |
| 6,993 | 5.359%, 3/8/11, Term C | 7,094,436 |
| Midwest Generation LLC, | | |
| 5,095 | 4.50%, 4/27/11 Term B | 5,153,914 |
| 95 | 5.47%, 4/27/11 | 95,927 |
| 86 | 5.809%, 4/27/11 | 87,330 |
| 467 | 5.809%, 4/27/11, Term B | 472,224 |
| 604 | 5.814%, 4/27/11, Term B | 611,402 |
| 2,000 | 5.961%, 4/27/11, Term B | 2,034,000 |
| Reliant Resources, Inc., | | |
| 1,474 | 6.016%, 4/30/10 | 1,489,512 |
| 18,923 | 6.089%, 4/30/10 | 19,116,736 |
| | | <hr/> 47,105,817 <hr/> |
| Waste Disposal 1.1% | | |
| Allied Waste North America, Inc., | | |
| 4,039 | 2.00%, 1/15/12 | 4,079,871 |
| 1,615 | 5.37%, 1/15/12 | 1,631,796 |
| 3,635 | 5.50%, 1/15/12 | 3,671,542 |
| 1,696 | 5.52%, 1/15/12 | 1,713,127 |
| 2,019 | 5.65%, 1/15/12 | 2,039,745 |
| 1,616 | 5.67%, 1/15/12 | 1,631,796 |
| | | <hr/> 14,767,877 <hr/> |
| Wholesale 0.1% | | |
| Roundy's, Inc., | | |
| 133 | 5.41%, 6/6/09, Term B1 | 134,831 |
| 588 | 5.59%, 6/6/09, Term B1 | 595,227 |
| | | <hr/> 730,058 <hr/> |
| | Total Senior Loans (cost \$827,783,227) | <hr/> 831,466,002 <hr/> |

CORPORATE BONDS & NOTES (i) 15.2%

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| | | | |
|-------------------------------|---|----------|-----------|
| Air-Conditioning 0.3% | | | |
| 4,250 | Goodman Global Holding Co., Inc., 6.41%, 6/15/12, FRN (d) | B3/B- | 4,250,000 |
| Airlines 0.5% | | | |
| | JetBlue Airways Corp., | | |
| 4,000 | 6.89%, 5/15/10, Ser. 04-2, FRN | Ba1/BB+ | 4,029,620 |
| 2,114 | 7.66%, 3/15/08, Ser. 04-1, FRN | Ba1/BB+ | 2,166,753 |
| | | | 6,196,373 |
| Computer Services 0.3% | | | |
| 4,000 | SunGard Data Systems, Inc., 8.525%, 8/15/13, FRN (b)(d) | B3/B- | 4,160,000 |
| Financing 2.1% | | | |
| 5,750 | Borden US Finance Corp., 8.349%, 7/15/10, FRN (d) | B3/B- | 5,807,500 |
| | Ford Motor Credit Co., | | |
| 2,000 | 4.389%, 3/21/07, FRN | Baa3/BB+ | 1,974,096 |
| 10,000 | 5.169%, 1/15/10, FRN | Baa3/BB+ | 9,347,200 |

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PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Credit Rating (Moody's/S&P)* | Value |
|------------------------------------|--|------------------------------|--------------|
| Financing (continued) | | | |
| \$ 5,000 | General Motors Acceptance Corp., 5.53%, 12/1/14, FRN | Ba1/BB | \$ 4,359,050 |
| 4,000 | 6.125%, 9/15/06 | Ba1/BB | 4,016,452 |
| 3,098 | Simsbury CLO Ltd., 3.92%, 9/24/11, FRN (d)(g) | Aaa/AAA | 3,070,528 |
| | | | 28,574,826 |
| Multi-Media 2.5% | | | |
| □ 4,000 | Cablecom Luxembourg, 4.869%, 4/15/12, FRN (d)(g) | B2/B | 4,973,429 |
| \$ 7,000 | Cablevision Systems Corp., 7.89%, 4/1/09, Ser. B, FRN | B3/B+ | 7,262,500 |
| | CCO Holdings LLC, 7.535%, 12/15/10, FRN | B3/CCC- | 5,970,000 |
| 6,000 | 8.75%, 11/15/13 | B3/CCC- | 1,995,000 |
| 2,000 | Charter Communications Holdings II LLC, 10.25%, 9/15/10 | Caa1/CCC- | 8,300,000 |
| 8,000 | Emmis Communications Corp., 9.314%, 6/15/12, FRN | B3/B- | 5,596,250 |
| 5,500 | | | 34,097,179 |
| Oil & Gas 0.2% | | | |
| 2,500 | Gaz Capital, 9.125%, 4/25/07 | NR/BB- | 2,676,750 |
| Paper/Paper Products 1.1% | | | |
| | Abitibi-Consolidated, Inc., 6.91%, 6/15/11 FRN | Ba3/BB- | 8,040,000 |
| 8,000 | 7.875%, 8/1/09 FRN | Ba3/BB- | 2,020,000 |
| 2,000 | Bowater, Inc., 6.41%, 3/15/10, FRN | Ba3/BB | 4,060,000 |
| 4,000 | | | 14,120,000 |
| Semi-Conductors 0.4% | | | |
| 5,500 | MagnaChip Semiconductor Finance Co., 6.66%, 12/15/11, FRN (d) | Ba3/B+ | 5,555,000 |
| Special Purpose Entity 1.1% | | | |
| 9,900 | Dow Jones CDX US High Yield, 8.25%, 6/29/10, Ser. 4-T1 (d)(h) | B3/NR | 10,067,062 |
| 4,500 | Universal City Florida Holding Co., 8.443%, 5/1/10, FRN | B3/B- | 4,736,250 |
| | | | 14,803,312 |
| Telecommunications 6.3% | | | |

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| | | | |
|--------|--|---------|------------|
| 3,515 | Calpoint Receivable Structured Trust, 7.44%, 12/10/06 (d) | Caa2/NR | 3,532,776 |
| 5,000 | Dobson Cellular Systems, Inc., 8.443%, 11/1/11, FRN | B2/B- | 5,225,000 |
| 8,499 | Echostar DBS Corp., 6.754%, 10/1/08, FRN | Ba3/BB- | 8,722,099 |
| 5,000 | Hawaiian Telcom Communications, Inc., 8.914%, 5/1/13, FRN (d) | B3/B- | 5,150,000 |
| 5,425 | Intelsat Bermuda Ltd., 8.695%, 1/15/12, FRN (d) | B2/B+ | 5,547,063 |
| 2,000 | New Skies Satellites NV, 8.539%, 11/1/11, FRN | B3/B- | 2,085,000 |
| 5,000 | Qwest Capital Funding, Inc., 7.90%, 8/15/10 | Caa2/B | 5,037,500 |
| 25,650 | Qwest Communications International, Inc., 7.29%, 2/15/09, FRN | B3/B | 25,650,000 |
| 6,000 | Qwest Corp., 6.671%, 6/15/13, FRN (d) | Ba3/BB- | 6,315,000 |
| 7,750 | Rogers Wireless Communications, Inc., 6.535%, 12/15/10, FRN | Ba3/BB | 8,118,125 |
| 3,500 | Rural Cellular Corp., 7.91%, 3/15/10, FRN | B2/B- | 3,640,000 |
| 5,820 | Time Warner Telecom Holdings, Inc., 7.79%, 2/15/11, FRN | B1/B | 5,994,600 |
| | | | 85,017,163 |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Credit Rating (Moody's/S&P)* | Value |
|--|--|---------------------------------|--------------|
| Utilities 0.4% | | | |
| \$ 5,000 | NorthWestern Corp., 7.30%, 12/1/06 (d) | Ba1/BB+ | \$ 5,156,895 |
| | Total Corporate Bonds & Notes (cost \$204,002,038) | | 204,607,498 |
| SOVEREIGN DEBT OBLIGATIONS 3.3% | | | |
| Brazil 3.3% | | | |
| 16,471 | Federal Republic of Brazil, 4.313%, 4/15/12, FRN (i) | B1/BB- | 15,853,145 |
| 15,832 | 8.00%, 4/15/14 (i) | B1/BB- | 15,991,469 |
| 10,000 | 11.00%, 8/17/40 (i) | B1/BB- | 11,942,500 |
| | Total Sovereign Debt Obligations (cost \$42,923,669) | | 43,787,114 |
| MORTGAGE-BACKED SECURITIES (i) 3.0% | | | |
| 4,306 | Countrywide Home Loan Mortgage Pass Through Trust, 3.931%, 4/25/35, FRN | Aaa/AAA | 4,306,455 |
| 5,951 | 3.971%, 2/25/35, FRN | Aaa/AAA | 5,958,362 |
| 6,221 | 3.981%, 2/25/35, FRN | Aaa/AAA | 6,219,865 |
| 4,013 | Master Adjustable Rate Mortgage Trust, 3.787%, 11/21/34, FRN | Aaa/AAA | 3,999,158 |
| 11,096 | Washington Mutual, Inc., 3.951%, 1/25/45, FRN | Aaa/AAA | 11,106,945 |
| 9,444 | 3.961%, 1/25/45, FRN | Aaa/AAA | 9,443,110 |
| | Total Mortgage-Backed Securities (cost \$41,034,985) | | 41,033,895 |
| ASSET-BACKED SECURITIES (i) 2.7% | | | |
| 1,388 | Accredited Mortgage Loan Trust, 3.791%, 1/25/35, FRN | Aaa/AAA | 1,389,353 |
| 609 | Amortizing Residential Collateral Trust, 4.121%, 12/25/32, FRN | Aaa/AAA | 610,232 |
| 1,383 | Asset Backed Securities Corp. Home Equity Loan Trust, | | |

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| | | | |
|-------|--|---------|-----------|
| | 3.801%, 9/25/34, FRN | Aaa/AAA | 1,384,312 |
| | Bear Stearns Asset Backed Securities, Inc., | | |
| 4,701 | 3.811%, 12/25/42, FRN | Aaa/AAA | 4,701,940 |
| 7,965 | 4.091%, 12/25/33, FRN | Aaa/AAA | 7,993,077 |
| 1,791 | Chase Funding Loan Acquisition Trust, 3.971%, 1/25/33, FRN | Aaa/AAA | 1,794,928 |
| 3,144 | CIT Group Home Equity Loan Trust, 3.911%, 6/25/33, FRN | Aaa/AAA | 3,149,995 |
| 5,341 | Countrywide Asset-Backed Certificates, | | |
| | 3.791%, 10/25/23, FRN | Aaa/AAA | 5,344,370 |
| 102 | Credit-Based Asset Servicing and Securitization, | | |
| | 3.981%, 2/25/33, FRN | Aaa/AAA | 102,454 |
| 2,338 | Fremont Home Loan Trust, 3.801%, 3/25/35, FRN | Aaa/AAA | 2,339,600 |
| 112 | GSAMP Trust, 3.791%, 8/25/34, FRN | Aaa/NR | 112,019 |
| 1,148 | Indymac Home Equity Asset-Backed Trust, | | |
| | 3.801%, 7/25/34, FRN | Aaa/AAA | 1,148,632 |
| 2,054 | Long Beach Mortgage Loan Trust, 3.961%, 7/25/33, FRN | Aaa/AAA | 2,057,402 |
| 2,706 | Salomon Brothers Mortgage Securities VII, | | |
| | 3.941%, 3/25/32, FRN | NR/AAA | 2,714,131 |

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PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | | Credit Rating (Moody's/S&P)* | Value |
|--|---|---------------------------------|------------|
| ASSET-BACKED SECURITIES (i) (continued) | | | |
| \$ 948 | Wells Fargo Home Equity Trust, 3.801%, 6/25/19, FRN | Aaa/AAA | \$ 948,576 |
| | Total Asset-Backed Securities (cost \$35,742,934) | | 35,791,021 |
| PREFERRED STOCK (i) 0.1% | | | |
| Shares | | | |
| | Finance 0.1% | | |
| 17,600 | Fannie Mae, 7.00%, Ser. O, FRN (cost \$880,000) | Aa3/AA- | 986,700 |
| SHORT-TERM INVESTMENTS 13.7% | | | |
| Principal Amount (000) | | | |
| | Commercial Paper (i) 5.6% | | |
| | Banking 2.8% | | |
| \$ 6,100 | Rabobank USA Financial Corp., 3.54%, 9/1/05 | P-1/A-1+ | 6,100,000 |
| 21,400 | Skandinaviska Enskilda Banken, 3.61%, 11/2/05 | NR/NR | 21,261,970 |
| 10,500 | 3.71%, 11/17/05 | NR/NR | 10,415,370 |
| | | | 37,777,340 |
| | Financial Services 2.8% | | |
| 1,000 | UBS Finance, Inc., 3.255%, 9/26/05 | P-1/A-1+ | 997,740 |
| 1,000 | 3.285%, 10/3/05 | P-1/A-1+ | 997,080 |
| 1,500 | 3.56%, 9/1/05 | P-1/A-1+ | 1,500,000 |
| 35,000 | 3.76%, 12/1/05 | P-1/A-1+ | 34,664,350 |
| | | | 38,159,170 |

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| | |
|---|------------|
| Total Commercial Paper (cost\$75,945,795) | 75,936,510 |
|---|------------|

SOVEREIGN DEBT OBLIGATIONS (e)(i) 4.2%

Germany 4.2%

| | | | | |
|---|--------|--|--------|------------|
| □ | 45,600 | Federal Republic of Germany, 2.75%, 12/16/05 (cost\$55,631,627) | Aaa/NR | 56,173,321 |
|---|--------|--|--------|------------|

U.S. GOVERNMENT AGENCY SECURITIES (i) 1.0%

| | | | | |
|----|--------|--|-------|------------|
| \$ | 13,300 | Freddie Mac, 3.579%, 12/12/05 (cost\$13,160,571) | NR/NR | 13,156,493 |
|----|--------|--|-------|------------|

U.S. TREASURY BILLS (i) 1.5%

| | | | | |
|--|--------|--|--|------------|
| | 20,340 | 2.90%-3.30%, 9/1/05-9/15/05 (cost\$20,317,145) | | 20,317,145 |
|--|--------|--|--|------------|

CORPORATE NOTES (i) 0.3%

Financing 0.2%

| | | | | |
|--|-------|---|--------|-----------|
| | 3,000 | General Motors Acceptance Corp., 4.677%, 5/18/06, FRN | Ba1/BB | 2,993,379 |
|--|-------|---|--------|-----------|

Paper/Paper Products 0.1%

| | | | | |
|--|-----|--|--------|---------|
| | 775 | Smurfit Capital Funding plc, 6.75%, 11/20/05 | B1/BB- | 778,875 |
|--|-----|--|--------|---------|

| | |
|---|-----------|
| Total Corporate Notes (cost\$3,775,374) | 3,772,254 |
|---|-----------|

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Principal Amount (000) | Credit Rating (Moody's/S&P)* | Value |
|---|---|--------------|
| REPURCHASE AGREEMENTS 1.1% | | |
| \$ 9,649 | State Street Bank & Trust Co., dated 8/31/2005, 3.15%, due 9/1/2005, proceeds \$9,649,844; collateralized by U.S. Treasury Note, 3.875%, 7/31/07, valued at \$9,846,330 with accrued interest | \$ 9,649,000 |
| 5,000 | Credit Suisse First Boston, dated 8/31/2005, 3.40%, due 9/1/2005, proceeds \$5,000,472; collateralized by U.S. Treasury Note, 4.25%, 11/15/13, valued at \$5,125,416 with accrued interest | 5,000,000 |
| | Total Repurchase Agreements (cost \$14,649,000) | 14,649,000 |
| | Total Short-Term Investments (cost \$183,479,512) | 184,004,723 |
| OPTIONS PURCHASED (j) 0.0% | | |
| <u>Contracts</u> | | |
| Call Options 0.0% | | |
| 515 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$118, expires 11/22/05 | 8,047 |
| Put Options 0.0% | | |
| 405 | Eurodollar Futures, Chicago Mercantile Exchange, strike price \$93.75, expires 9/19/05 | 2,531 |
| 2,585 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$102, expires 11/22/05 | 40,391 |
| | Total Options Purchased (cost \$62,563) | 50,969 |
| Total Investments before options written | | |

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(cost \$1,335,908,928) 100.0%

1,341,727,922

OPTIONS WRITTEN (j) 0.0%

Call Options 0.0%

| | | |
|-----------|---|-----------|
| | Swap Option 3 Month LIBOR, | |
| 4,600,000 | strike price \$3.85, expires 9/23/05 | (143) |
| | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, | |
| 640 | strike price \$113, expires 9/23/05 | (150,000) |
| 515 | strike price \$114, expires 11/22/05 | (201,172) |
| 820 | strike price \$115, expires 11/22/05 | (166,562) |
| | | (517,877) |

PIMCO Floating Rate Strategy Fund Schedule of Investments

August 31, 2005

| Contracts | Value |
|---|--------------------------------|
| Put Options (0.0)% | |
| 4,600,000 Swap Option 3 Month LIBOR, strike price \$4.50, expires 9/23/05 | \$ (575) |
| 1,060 U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$107, expires 11/22/05 | (66,250) |
| 640 strike price \$108, expires 9/23/05 | (10,000) |
| 885 strike price \$108, expires 11/22/05 | (96,797) |
| | <u>(173,622)</u> |
| Total Options Written (premiums received) \$1,412,922 | <u>(691,499)</u> |
| Total Investments net of options written (cost-\$1,334,496,006) 100.0% | <u>\$ 1,341,036,423</u> |

* Unaudited

- (a) Private Placement. Restricted as to resale and may not have a readily available market.
- (b) Illiquid security.
- (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.
- (d) 144A Security Security 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 security. To be settled/delivered after August 31, 2005.
- (f) Unsettled security, coupon rate undetermined at August 31, 2005.
- (g) Fair-valued security.
- (h) Credit-linked trust certificate.
- (i) All or partial amount segregated as collateral for futures contracts, when-issued or delayed-delivery securities.
- (j) Non-income producing.

Glossary:

□ □ Euros

FRN □ Floating Rate Note. The interest rate disclosed reflects the rate in effect on August 31, 2005.

LIBOR □ London Inter-Bank Offered Rate

NR □ Not Rated

UNIT □ More than one class of securities traded together.

PIMCO Floating Rate Strategy Fund Statement of Assets and Liabilities

August 31, 2005

Assets:

| | |
|---|----------------------|
| Investments, at value (cost □ \$1,335,908,928) | \$ 1,341,727,922 |
| Foreign currency (cost □ \$4,513) | 4,516 |
| Unrealized appreciation on swaps | 39,156,240 |
| Receivable for investments sold | 12,992,006 |
| Interest receivable | 9,814,868 |
| Premium for swaps purchased | 297,255 |
| Unrealized appreciation on unfunded loan commitments | 135,662 |
| Unrealized appreciation on forward foreign currency contracts | 94,807 |
| Prepaid expenses | 54,805 |
| Total Assets | 1,404,278,081 |

Liabilities:

| | |
|---|--------------------|
| Payable for investments purchased | 72,581,864 |
| Premium for swaps sold | 25,214,615 |
| Unrealized depreciation on swaps | 28,110,019 |
| Dividends payable to common and preferred shareholders | 4,669,917 |
| Payable to custodian | 2,377,600 |
| Investment management fees payable | 809,148 |
| Options written, at value (premiums received □ \$1,412,922) | 691,499 |
| Unrealized depreciation of forward foreign currency contracts | 269,916 |
| Deferred facility fees | 235,701 |
| Accrued expenses | 223,841 |
| Total Liabilities | 135,184,120 |

| | |
|---|-----------------------|
| Preferred shares (\$0.00001 par value and \$25,000 net asset and liquidation value per share applicable to an aggregate of 19,200 shares issued and outstanding) | 480,000,000 |
| Net Assets Applicable to Common Shareholders | \$ 789,093,961 |
| Composition of Net Assets Applicable to Common Shareholders: | |
| Common Stock: | |
| Par value (\$0.00001 per share, applicable to 41,582,884 shares issued and outstanding) | \$ 416 |
| Paid-in-capital in excess of par | 787,483,157 |
| Distributions in excess of net investment income | (4,497,636) |
| Accumulated net realized loss on investments | (11,251,308) |
| Net unrealized appreciation of investments, options written, swaps, foreign currency transactions and unfunded loan commitments | 17,359,332 |
| Net Assets Applicable to Common Shareholders | \$ 789,093,961 |
| Net Asset Value Per Common Share | \$18.98 |

See accompanying Notes to Financial Statements | 8.31.05 | PIMCO Floating Rate Strategy Fund Annual Report 17

PIMCO Floating Rate Strategy Fund Statement of Operations

For the period October 29, 2004* through August 31, 2005

Investment Income:

| | |
|--------------------------------|-------------------|
| Interest | \$ 44,936,441 |
| Facility and other fee income | 63,542 |
| Dividends | 38,536 |
| Total Investment Income | 45,038,519 |

Expenses:

| | |
|---|------------------|
| Investment management fees | 7,337,506 |
| Auction agent fees and commissions | 823,888 |
| Custodian and accounting agent fees | 290,036 |
| Audit and tax services | 126,034 |
| Reports and notices to shareholders | 73,261 |
| New York Stock Exchange listing fees | 34,801 |
| Trustees' fees and expenses | 30,183 |
| Organizational expenses | 25,000 |
| Transfer agent fees | 20,512 |
| Legal fees | 20,112 |
| Investor relations | 8,804 |
| Insurance expense | 2,992 |
| Miscellaneous | 4,085 |
| Total expenses | 8,797,214 |
| Less: custody credits earned on cash balances | (106,382) |
| Net expenses | 8,690,832 |

| | |
|--|---------------|
| Net Investment Income | 36,347,687 |
| <hr/> | |
| Realized and Unrealized Gain (Loss): | |
| Net realized gain (loss) on: | |
| <hr/> | |
| Investments | 3,001,896 |
| <hr/> | |
| Futures contracts | 171,838 |
| <hr/> | |
| Options written | 106,997 |
| <hr/> | |
| Swaps | (8,330,935) |
| <hr/> | |
| Foreign currency transactions | 560,222 |
| <hr/> | |
| Net unrealized appreciation (depreciation) of: | |
| <hr/> | |
| Investments | 5,818,994 |
| <hr/> | |
| Options written | 721,423 |
| <hr/> | |
| Swaps | 11,046,221 |
| <hr/> | |
| Foreign currency transactions | (362,968) |
| <hr/> | |
| Unfunded loan commitments | 135,662 |
| <hr/> | |
| Net realized and unrealized gain on investments, futures contracts, options written, swaps, foreign currency transactions and unfunded loan commitments | 12,869,350 |
| <hr/> | |
| Net Increase in Net Assets Resulting from Investment Operations | 49,217,037 |
| <hr/> | |
| Dividends on Preferred Shares from Net Investment Income | (9,877,326) |
| <hr/> | |
| Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations | \$ 39,339,711 |
| <hr/> | |

* Commencement of operations

PIMCO Floating Rate Strategy Fund **Statement of Changes in Net Assets
Applicable to Common Shareholders**

| | For the Period October 29, 2004* through August 31, 2005 |
|---|---|
| Investment Operations: | |
| Net investment income | \$ 36,347,687 |
| Net realized loss on investments, futures contracts, options written, swaps and foreign currency transactions | (4,489,982) |
| Net unrealized appreciation of investments, futures contracts, options written, swaps, foreign currency transactions and unfunded loan commitments | 17,359,332 |
| Net increase in net assets resulting from investment operations | 49,217,037 |
| Dividends on Preferred Shares from Net Investment Income | (9,877,326) |
| Net increase in net assets applicable to common shareholders resulting from investment operations | 39,339,711 |
| Dividends to Common Shareholders from Net Investment Income | (37,754,323) |
| Capital Share Transactions: | |
| Net proceeds from the sale of common stock | 788,830,000 |
| Preferred shares underwriting discount charged to paid-in capital in excess of par | (4,800,000) |
| Common stock and preferred shares offering costs charged to paid-in capital in excess of par | (1,912,898) |
| Reinvestment of dividends | 5,291,463 |
| Net increase from capital transactions | 787,408,565 |
| Total increase in net assets applicable to common shareholders | 788,993,953 |
| Net Assets Applicable to Common Shareholders: | |
| Beginning of period | 100,008 |
| End of period (including distributions in excess of net investment income of \$4,497,636) | \$ 789,093,961 |
| Common Shares Issued and Reinvested: | |
| Issued | 41,300,000 |

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| | |
|-------------------------------------|-------------------|
| Issued in reinvestment of dividends | 277,648 |
| Net Increase | 41,577,648 |

* Commencement of operations

See accompanying Notes to Financial Statements | 8.31.05 | PIMCO Floating Rate Strategy Fund Annual Report 19

PIMCO Floating Rate Strategy Fund Statement of Cash Flows

For the period October 29, 2004* through August 31, 2005

Cash Flows used for Operating Activities

| | |
|--|------------------------|
| Purchases of long-term investments | \$ (1,573,151,878) |
| Proceeds from sales of long-term investments | 473,591,817 |
| Interest, dividends and facility and other fee income received | 33,949,727 |
| Net cash provided by options written | 6,838,956 |
| Net cash provided by swap transactions | 16,586,425 |
| Operating expenses paid | (7,712,648) |
| Net cash provided by futures transactions | 171,838 |
| Net realized gain on foreign currency transactions | 560,222 |
| Net increase in short-term investments | (177,754,384) |
| Net cash used for operating activities | (1,226,919,925) |

Cash Flows from Financing Activities:

| | |
|---|----------------------|
| Proceeds from common shares sold | 788,830,000 |
| Issuance of preferred shares | 480,000,000 |
| Common and preferred shares offering costs and underwriting discount paid | (6,712,898) |
| Cash dividends paid (excluding reinvestment of dividends of \$5,291,463) | (37,670,269) |
| Net cash provided by financing activities | 1,224,446,833 |

| | |
|--|-----------------------|
| Net decrease in cash | (2,473,092) |
| Cash at beginning of period | 100,008 |
| Payable to custodian at end of period | \$ (2,373,084) |

Reconciliation of Net Increase in Net Assets From Investment Operations to Net Cash Used for Operating Activities:

| | |
|---|---------------|
| Net increase in net assets resulting from investment operations | \$ 49,217,037 |
|---|---------------|

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| | |
|--|---------------------------|
| Increase in receivable for investments sold | (12,992,006) |
| Increase in interest receivable | (9,814,868) |
| Increase in premium for swaps purchased | (297,255) |
| Increase in premium for swaps sold | 25,214,615 |
| Increase in premium for options written | 1,412,922 |
| Increase in prepaid expenses | (54,805) |
| Increase in Investment Management fees payable | 809,148 |
| Increase in net unrealized appreciation on swaps | (11,046,221) |
| Increase in net unrealized depreciation on forward foreign currency transactions | 175,109 |
| Increase in net unrealized appreciation on unfunded loan commitments | (135,662) |
| Increase in unrealized appreciation on options written | (721,423) |
| Increase in accrued expenses | 223,841 |
| Increase in deferred facility fees | 235,701 |
| Increase in payable for investments purchased | 72,581,864 |
| Net increase in investments | (1,341,727,922) |
| Net cash used for operating activities | \$ (1,226,919,925) |

* Commencement of operations

PIMCO Floating Rate Strategy Fund Notes to Financial StatementsAugust 31, 2005

1. Organization and Significant Accounting Policies

PIMCO Floating Rate Strategy Fund (the "Fund") was organized as a Massachusetts business trust on June 30, 2004. Prior to commencing operations on October 29, 2004, the Fund had no operations other than matters relating to its organization and registration as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended, and the sale and issuance of 5,236 shares of beneficial interest at an aggregate purchase price of \$100,008 to Allianz Global Investors of America L.P. ("Allianz Global"). Allianz Global Investors Fund Management LLC (the "Investment Manager"), formerly PA Fund Management LLC, serves as the Fund's Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global. Allianz Global is an indirect, majority-owned subsidiary of Allianz AG, a publicly traded insurance and financial services company. The Fund invests substantially all of its assets in a diversified portfolio of floating rate debt instruments, a substantial portion of which will be senior floating rate loans. There is an unlimited number of \$0.00001 per share par value common stock authorized.

The Fund issued 37,000,000 shares of common stock in its initial public offering. An additional 4,300,000 shares were issued in connection with the underwriter's over-allotment option. These shares were all issued at \$20.00 per share before an underwriting discount of \$0.90 per share. Common offering costs of \$1,339,026 (representing \$0.032 per share) were offset against the proceeds of the offering and over-allotment option and have been charged to paid-in capital in excess of par. The Investment Manager agreed to pay all common share offering costs (other than the sales load) and organizational expenses of approximately \$25,000 exceeding \$0.04 per common share. In addition, the underwriters' commission and offering costs associated with the issuance of Preferred Shares in the amounts of \$4,800,000 and \$573,872, respectively, have been charged to paid-in capital in excess of par.

The Fund's investment objective is to seek high current income, consistent with the preservation of capital by investing primarily in floating rate debt instruments, a substantial portion of which will be senior floating rate loans. The ability of the issuers of the Fund's investments to meet their obligations may be affected by economic developments in a specific industry.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

In the normal course of business the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet been asserted. However, the Fund expects the risk of any loss to be remote.

The following is a summary of significant accounting policies followed by the Fund:

(a) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, may be fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Fund's investments are valued on the last business day of each week by an independent pricing service, dealer quotations, or are valued at the last sale price on the exchange that is the primary market for such securities, or the last quoted bid price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. 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. The Fund's investments in senior floating rate loans ("Senior Loans") for which a secondary market exists will be valued at the mean of the last available bid and asked prices in the market for such Senior Loans, as provided by an independent pricing service. Other Senior Loans are valued at fair-value by Pacific Investment Management Company LLC (the "Sub-Adviser"). Such procedures by the Sub-Adviser include consideration and evaluation of: (1) the creditworthiness of the borrower and any intermediate participants; (2) the term of the Senior Loan; (3) recent prices in the market for similar loans, if any; (4) recent prices in the market for loans of similar quality, coupon rate, and period until next interest rate reset and maturity; and (5) general economic and market conditions affecting the fair value of the Senior Loan. Exchange traded options, futures and options on futures are valued at the settlement 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 value. Short-term investments maturing in 60 days or less are valued at amortized

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

1. Organization and Significant Accounting Policies (continued)

(a) Valuation of Investments (continued)

cost, if their original maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements. The Fund's net asset value is determined weekly on the last business day of the week at the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange.

(b) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Facility fees and other fees (such as origination fees) received by the Fund are amortized as income over the expected term of the loan. Commitment fees received by the Fund relating to unfunded purchase commitments are deferred and amortized to facility fee income over the period of the commitment.

(c) Federal Income Taxes

The Fund intends to distribute all of its taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year the Fund intends not to be subject to U.S. federal excise tax.

(d) Dividends and Distributions - Common Stock

The Fund declares dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Fund records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These "book-tax" differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. For the period October 29, 2004 (commencement of operations) through August 31, 2005, permanent differences of \$6,761,326 are primarily attributable to the differing treatment of foreign currency transactions, swap payments, paydowns and consent fees. There was also a reclass of a permanent difference of \$25,000 to paid-in capital due to non-deductible organizational costs. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes; they are reported as dividends and/or distributions of paid-in capital in excess of par.

Net investment income and net realized gains differ for financial, statement and tax purposes primarily due to the treatment of amounts received under swap agreements. For the period October 29, 2004 (commencement of operations) through August 31, 2005, the Fund received \$6,743,249 from swap agreements which are treated as net realized gain (loss) for financial statement purposes and as net income (loss) for federal income tax purposes.

(e) Foreign Currency Translation

The Fund's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain or loss is included in the Statement of Operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities.

Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Fund does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain or loss upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal income tax regulations; such amount is categorized as foreign currency gain or loss for both financial reporting and income tax reporting purposes.

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

1. Organization and Significant Accounting Policies (continued)

(f) Senior Loans

The Fund purchases assignments of Senior Loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the "Agent") for a lending syndicate of financial institutions (the "Lender"). When purchasing an assignment, the Fund succeeds all the rights and obligations under the loan agreement with the same rights and obligations as the assigning Lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning Lender.

(g) Option Transactions

The Fund may purchase and write (sell) put and call options for hedging purposes, risk management purposes or as a part of its investment strategy. The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from the securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability and is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of an written option could result in the Fund purchasing a security at a price different from the current market.

(h) Interest Rate/Credit Default Swaps

The Fund enters into interest rate and credit default swap contracts ("swaps") for investment purposes, to manage its interest rate and credit risk or to add leverage.

As a seller in the credit default swap contract, the Fund would be required to pay the notional amount or other agreed-upon value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the referenced debt obligation. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations. Such periodic payments are accrued daily and recorded as realized gain (loss).

The Fund may also purchase credit default swap contracts in order to hedge against the risk of default of debt securities held, in which case the Fund would function as the counterparty referenced in the preceding paragraph. As a purchaser of a credit default swap contract, the Fund would receive the notional amount or other agreed upon value of a referenced debt obligation from the counterparty in the event of default by a third party, such as a U.S. or foreign corporate issuer on the referenced obligation. In return, the Fund would make periodic payments to the counterparty over the term of the contract provided no event of default has occurred. Such periodic payments are accrued daily and recorded as realized gain (loss).

Interest rate swap agreements involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal. Net periodic payments received by the Fund are included as part of realized gain/(loss) and or change in unrealized appreciation/(depreciation) on the Statement of Operations.

Swaps are marked to market daily by the Sub-Adviser based upon quotations from market makers and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Fund's Statement of Operations. For a credit default swap sold by the Fund, payment of the agreed upon amount made by the Fund in the event of default of the referenced debt obligation is recorded as the cost of the referenced debt obligation purchased/received. For a credit default swap purchased by the Fund, the agreed upon amount received by the Fund in the event of default of the referenced debt obligation

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

1. Organization and Significant Accounting Policies (continued)

(h) Interest Rate/Credit Default Swaps (continued)

is recorded as proceeds from sale/delivery of the referenced debt obligation and the resulting gain or loss realized on the referenced debt obligation is recorded as such by the Fund.

Entering into swaps involves, to varying degrees, elements of credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in net interest rates.

(i) Futures Contracts

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Upon entering into such a contract, the Fund is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contracts, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as "variation margin" and are recorded by the Fund as unrealized appreciation or depreciation. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts.

(j) Forward Foreign Currency Contracts

A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Fund may enter into forward foreign currency contracts for the purpose of hedging against foreign currency risk arising from the investment or anticipated investment in securities denominated in foreign currencies. The Fund may also enter these contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in forward currency exchange rates. All commitments are marked to market daily at the applicable exchange rates and any resulting unrealized appreciation or depreciation is recorded. Realized gains or losses are recorded at the time the forward contract matures or by delivery of the currency. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

(k) Credit-Linked Trust Certificates

Credit-linked trust certificates are investments in a limited purpose trust or other vehicle formed under state law which, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to the high yield or another fixed income market.

Similar to an investment in a bond, investments in these credit-linked trust certificates represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the certificate. However, these payments are conditioned on the trust's receipt of payments from, and the trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the trust invests.

(l) Repurchase Agreements

The Fund enters into transactions with its custodian bank or securities brokerage firms whereby it purchases securities under agreements to resell at an agreed upon price and date ("repurchase agreements"). Such agreements are carried at the contract amount in the financial statements. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, are held by the custodian bank until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Fund require that the market value of the collateral, including accrued interest thereon, is sufficient in the event of default by the counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Fund may be delayed or limited.

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

1. Organization and Significant Accounting Policies (continued)**(m) When-Issued/Delayed-Delivery Transactions**

The Fund may purchase or sell securities on a when-issued or delayed-delivery basis. The transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Fund will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its net asset value. The Fund may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security on a delayed-delivery basis is sold, the Fund does not participate in future gains and losses with respect to the security.

(n) Custody Credits on Cash Balances

The Fund benefits from an expense offset arrangement with its custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Fund.

2. Investment Manager/Sub-Adviser

The Fund has entered into an Investment Management Agreement (the "Agreement") with the Investment Manager. Subject to the supervision of the Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs and administrative matters. Pursuant to the Agreement, the Investment Manager receives an annual fee, payable monthly, at an annual rate of 0.75% of the Fund's average weekly total managed assets. Total managed assets refer to the total assets of the Fund (including assets attributable to any Preferred Shares or other forms of leverage that may be outstanding minus accrued liabilities (other than liabilities representing leverage)).

The Investment Manager has retained the Sub-Adviser, to manage the Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all the Fund's investment decisions. The Investment Manager and not the Fund pays a portion of the fees it receives as Investment Manager to the Sub-Adviser in return for its services, at the maximum annual rate of 0.39% of the Fund's average weekly total managed assets for the period from commencement of operations through October 31, 2008. Commencing November 1, 2008, the Investment Manager will pay the Sub-Adviser a monthly fee at the annual rate of 0.55% of the Fund's average weekly total managed assets. The Investment Manager informed the Fund that it paid the Sub-Adviser \$3,815,502 in connection with its sub-advisory services for the period October 29, 2004 (commencement of operations) through August 31, 2005.

3. Investment in Securities

For the period October 29, 2004 (commencement of operations) through August 31, 2005, purchases and sales of investments, other than short-term securities and U.S. government obligations, were \$1,639,949,653 and \$486,533,388 respectively.

(a) Transactions in options written for the period October 29, 2004 (commencement of operations) through August 31, 2005:

| | Contracts | Premiums |
|---|---------------|--------------|
| Options outstanding, October 29, 2004 | □ | \$ □ |
| Options written | 163,617,852 | 6,838,956 |
| Options terminated in closing purchase transactions | (24,910,652) | (4,754,075) |
| Options expired | (129,502,640) | (671,959) |
| | <hr/> | <hr/> |
| Options outstanding, August 31, 2005 | 9,204,560 | \$ 1,412,922 |
| | <hr/> | <hr/> |

The Fund received \$1,750,000 par value in U.S. Treasury Bills as collateral for swap contracts.

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

3. Investment in Securities (continued)

(b) Credit default swaps contracts outstanding at August 31, 2005:

| Swap Counterparty/ Referenced Debt Issuer | Notional Amount Payable on Default (000) | Fixed Payments Termination Date | Unrealized Received (Paid) by Fund | Appreciation (Depreciation) |
|--|--|---------------------------------|------------------------------------|-----------------------------|
| Bank of America | | | | |
| Bombardier, Inc. | \$ 3,000 | 12/20/05 | 2.00% | \$ 21,416 |
| Bombardier, Inc. | 3,500 | 6/20/10 | 3.80% | 50,101 |
| CMS Energy Corp. | 5,000 | 12/20/09 | 2.15% | 163,306 |
| Royal Caribbean Cruises, Ltd. | 5,000 | 12/20/09 | 1.12% | 13,441 |
| Williams Cos., Inc. | 5,000 | 12/20/09 | 1.65% | 120,946 |
| Bear Stearns | | | | |
| Allied Waste North America, Inc. | 1,500 | 12/20/07 | 1.85% | 1,991 |
| ArvinMeritor, Inc. | 1,500 | 12/20/07 | 1.14% | (14,061) |
| Dura Operating Corp. | 4,500 | 12/20/09 | 4.15% | (177,136) |
| Dynergy Inc. | 1,500 | 12/20/09 | 2.35% | (14,975) |
| MGM Mirage | 5,000 | 12/20/09 | 1.54% | (26,992) |
| Stone Container Corp. | 1,500 | 12/20/09 | 1.76% | (116,516) |
| Stone Container Corp. | 5,000 | 12/20/09 | 1.87% | (116,441) |
| Citigroup | | | | |
| Host Marriott L.P. | 5,000 | 12/20/09 | 1.70% | 35,991 |
| Reliant Energy, Inc. | 5,000 | 12/20/09 | 3.20% | 161,762 |
| Credit Suisse First Boston | | | | |
| Delphi Corp. | 3,000 | 3/20/10 | 3.80% | (544,932) |
| Equistar Chemicals L.P. | 5,000 | 12/20/09 | 2.25% | (45,308) |
| Goodyear Tire & Rubber Co. | 2,000 | 3/20/15 | (3.85%) | 45,876 |
| Intelsat Bermuda Ltd. | 7,000 | 3/20/10 | 3.21% | (475,561) |
| Samis | 7,000 | 12/20/09 | 2.15% | 55,851 |
| Samis | 2,800 | 9/20/08 | 2.45% | 45,385 |
| Vintage Petroleum, Inc. | 5,000 | 12/20/09 | 1.95% | 54,369 |
| Goldman Sachs | | | | |
| Dow Jones CDX | 19,800 | 6/20/10 | 3.60% | 545,511 |
| HSBC Bank | | | | |
| Ford Motor Credit Co. | 2,000 | 6/20/06 | 3.25% | 39,580 |
| General Motors Acceptance Corp. | 4,000 | 6/20/06 | 4.25% | 118,924 |

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J. P. Morgan Chase

| | | | | |
|----------------------------|-------|----------|---------|----------|
| Dow Jones CDX | 5,800 | 6/20/10 | 3.60% | 147,859 |
| Goodyear Tire & Rubber Co. | 2,000 | 3/20/07 | (1.55)% | 5,306 |
| Goodyear Tire & Rubber Co. | 4,000 | 3/20/10 | 3.40% | (16,203) |
| NRG Energy, Inc. | 5,000 | 12/20/09 | 2.20% | 22,320 |

Lehman Securities

| | | | | |
|-----------------------------------|-------|----------|-------|----------|
| Boyd Gaming Corp. | 5,000 | 12/20/09 | 1.65% | 150,431 |
| Ford Motor Credit Co. | 3,000 | 6/20/06 | 2.90% | 48,932 |
| General Motors Acceptance Corp. | 3,000 | 3/20/06 | 2.10% | 20,625 |
| General Motors Corp. | 8,000 | 12/20/05 | 0.92% | (8,314) |
| Hayes Lemmerz International, Inc. | 5,000 | 12/20/09 | 2.50% | (81,799) |
| HCA, Inc. | 5,000 | 12/20/09 | 1.55% | 79,663 |

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PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

3. Investment in Securities (continued)

| Swap Counterparty/ Referenced Debt Issuer | Notional Amount Payable on Default (000) | Fixed Payments Termination Date | Unrealized Received (Paid) by Fund | Appreciation (Depreciation) |
|--|--|--|--|--------------------------------|
| Lehman Securities (continued) | | | | |
| PanAmSat Corp. | \$ 3,000 | 12/20/09 | 3.00% | \$ (33,874) |
| Six Flags, Inc. | 4,000 | 3/20/10 | 2.70% | 87,119 |
| Starwood Hotels and Resorts Worldwide, Inc. | 5,000 | 12/20/09 | 1.15% | 41,627 |
| Station Casinos, Inc. | 5,000 | 12/20/09 | 1.45% | 32,691 |
| Stone Container Corp. | 3,000 | 12/20/09 | 1.85% | (236,333) |
| TRW, Inc. | 5,000 | 12/20/09 | 2.05% | (2,907) |
| Merrill Lynch | | | | |
| AES Corp. | 3,000 | 12/20/09 | 2.60% | 96,129 |
| ArvinMeritor, Inc. | 4,500 | 12/20/09 | 2.25% | (68,647) |
| Bombardier, Inc. | 5,000 | 3/20/06 | 3.25% | 88,200 |
| Chesapeake Energy Corp. | 5,000 | 12/20/09 | 1.30% | 49,560 |
| CMS Energy Corp. | 1,500 | 12/20/09 | 1.85% | 30,831 |
| Delhaize America, Inc. | 5,000 | 12/20/09 | 1.07% | 19,003 |
| Toys "R" Us, Inc. | 3,500 | 12/20/06 | (1.45%) | 10,986 |
| Toys "R" Us, Inc. | 7,000 | 12/20/09 | 2.91% | (349,291) |
| Toys "R" Us, Inc. | 5,000 | 12/20/09 | 3.20% | (195,205) |
| Toys "R" Us, Inc. | 3,500 | 12/20/14 | (3.34%) | 413,258 |
| Vintage Petroleum, Inc. | 3,000 | 12/20/09 | 1.50% | 30,984 |
| Morgan Stanley | | | | |
| Dow Jones CDX | 18,200 | 12/20/09 | 2.60% | 634,486 |
| Dow Jones CDX | 4,900 | 6/20/10 | 3.60% | 131,041 |
| UBS Securities | | | | |
| Dow Jones CDX | 10,000 | 6/20/10 | 3.60% | 254,930 |
| General Motors Acceptance Corp. | 6,000 | 9/20/06 | 5.05% | 264,273 |
| Wachovia Securities | | | | |
| Dow Jones CDX | 6,250 | 6/20/10 | 3.60% | 159,331 |
| Ford Motor Credit Co. | 5,000 | 12/20/09 | 2.14% | (536,187) |
| General Motors Corp. | 5,000 | 12/20/09 | 2.26% | (635,836) |
| | | | | \$ 597,517 |

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(c) Interest rate swap agreements outstanding at August 31, 2005:

| Swap Counterparty | Notional Amount (000) | Termination Date | Rate Type | | Unrealized Appreciation (Depreciation) |
|-------------------|-----------------------------|---------------------|-----------------------------|---------------------------------|--|
| | | | Payments made by Fund | Payments received by Fund | |
| Bank of America | \$255,000 | 1/07/25 | 3 month LIBOR | 5.13% | \$ 17,227,973 |
| Bank of America | 255,000 | 6/15/25 | 5.25% | 3 month LIBOR | (6,633,137) |
| Goldman Sachs | 630,000 | 6/15/25 | 5.00% | 3 month LIBOR | (17,780,364) |
| Goldman Sachs | 630,000 | 7/22/25 | 3 month LIBOR | 4.83% | 17,634,232 |
| | | | | | \$ 10,448,704 |

LIBOR □ London Interbank Offered Rate

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

3. Investment in Securities (continued)

(d) Forward foreign currency contracts outstanding at August 31, 2005:

| | U.S. \$ Value Origination Date | U.S. \$ Value August 31, 2005 | Unrealized Appreciation (Depreciation) |
|---|-----------------------------------|----------------------------------|--|
| Purchased: | | | |
| 1,693,307,000 Japanese Yen settling 9/13/05 | \$15,162,472 | \$15,257,279 | \$ 94,807 |
| Sold: | | | |
| □ 40,875,000 settling 9/30/05 | 50,067,665 | 50,337,581 | (269,916) |
| | | | <u>\$ (175,109)</u> |

(e) At August 31, 2005, the Fund had the following unfunded loan commitments which could be extended at the option of the borrower:

| Borrower | Unfunded Commitments |
|-------------------------------|-------------------------|
| Host Marriott L.P. Revolver A | \$3,245,833 |
| Host Marriott L.P. Revolver B | 1,622,917 |
| MotorCity Casino Term D | 2,015,000 |
| Visteon Corp. | 214,100 |
| Warner Chilcott Co., Inc. | 1,201,754 |
| Warner Chilcott Co., Inc. | 223,383 |
| Warner Chilcott Co., Inc. | 240,351 |
| Warner Chilcott Co., Inc. | 44,676 |
| | <u>\$8,808,014</u> |

4. Income Tax Information

The tax character of dividends paid for the period October 29, 2004 (commencement of operations) through August 31, 2005 of \$47,631,649 was comprised entirely of ordinary income.

For federal income tax purposes, the Fund elected to treat net realized capital losses of \$10,506,270 and net foreign currency losses of \$557,652 incurred in the period November 1, 2004 through August 31, 2005, as having been incurred in the next fiscal year.

The cost basis of portfolio securities for federal income tax purposes is \$1,335,954,114. Aggregated gross unrealized appreciation for securities in which there is an excess value over tax cost is \$8,900,198; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$3,126,390; net unrealized appreciation for federal income tax purposes is \$5,773,808. The difference between book and tax appreciation/depreciation is primarily attributable to wash sales and certain fees received from loans.

5. Auction Preferred Shares

The Fund has issued 3,840 shares of Preferred Shares Series M, 3,840 shares of Preferred Shares Series T, 3,840 shares of Preferred Shares Series W, 3,840 shares of Preferred Shares Series Th, and 3,840 shares of Preferred Shares Series F, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

Dividends and distributions of net realized long-term capital gains, if any, are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures.

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

5. Auction Preferred Shares (continued)

For the period October 29, 2004 (commencement of operations) through August 31, 2005, the annualized dividend rate ranged from:

| | High | Low | At August 31, 2005 |
|-----------|-------|-------|--------------------|
| Series M | 3.51% | 2.22% | 3.51% |
| Series T | 3.47% | 2.24% | 3.47% |
| Series W | 3.43% | 2.19% | 3.43% |
| Series TH | 3.50% | 2.19% | 3.45% |
| Series F | 3.45% | 2.22% | 3.42% |

The Fund is subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote together with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

6. Subsequent Common Dividend Declarations

On September 2, 2005, a dividend of \$0.11719 per share was declared to common shareholders payable October 7, 2005 to shareholders of record on September 16, 2005.

On October 7, 2005, a dividend of \$0.11719 per share was declared to common shareholders payable November 4, 2005 to shareholders of record on October 21, 2005.

7. Legal Proceedings

On September 13, 2004, the Securities and Exchange Commission (the "Commission") announced that the Investment Manager and certain of its affiliates (together with the Investment Manager, the "Affiliates") had agreed to a settlement of charges that they and certain of their officers had, among other things, violated various antifraud provisions of the federal securities laws in connection with an alleged market-timing arrangement involving trading of shares of certain open-end investment companies ("open-end funds") advised or distributed by these certain Affiliates. In their settlement with the Commission, the Affiliates consented to the entry of an order by the Commission and, without admitting or denying the findings contained in the order, agreed to implement certain compliance and governance changes and consented to cease-and-desist orders and censures. In addition, the Affiliates agreed to pay civil money penalties in the aggregate amount of \$40 million and to pay disgorgement in the amount of \$10 million, for an aggregate payment of \$50 million. In connection with the settlement, the Affiliates have been dismissed from the related complaint the Commission filed on May 6, 2004 in the U.S. District Court in the Southern District of New York. Neither the complaint nor the order alleges any inappropriate activity took place with respect to the Fund.

In a related action on June 1, 2004, the Attorney General of the State of New Jersey ("NJAG") announced that it had entered into a settlement agreement with Allianz Global and the Affiliates, in connection with a complaint filed by the NJAG on February 17, 2004. The NJAG dismissed claims against the Sub-Adviser, which had been part of the same complaint. In the settlement, Allianz Global and other named affiliates neither admitted nor denied the allegations or conclusions of law, but did agree to pay New Jersey a civil fine of \$15 million and \$3 million for investigative costs and further potential enforcement initiatives against unrelated parties. They also undertook to implement certain governance changes. The complaint relating to the settlement contained allegations arising out of the same matters that were the subject of the Commission order regarding market-timing described above and does not allege any inappropriate activity took place with respect to the Fund.

On September 15, 2004, the Commission announced that the Affiliates had agreed to settle an enforcement action in connection with charges that they violated various antifraud and other provisions of federal securities laws as a result of, among other things, their failure to disclose to the board of trustees and shareholders of various open-end funds advised or distributed by the Affiliates material facts and conflicts of interest that arose from their use of brokerage commissions on portfolio transactions to pay for so-called "shelf space" arrangements with certain broker-dealers. In their settlement with the Commission, the Affiliates

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consented to the entry of an order by the Commission without admitting or denying the findings contained in the order. In connection with the settlement, the Affiliates agreed to undertake certain

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PIMCO Floating Rate Strategy Fund Notes to Financial StatementsAugust 31, 2005

7. Legal Proceedings (continued)

compliance and disclosure reforms and consented to cease-and-desist orders and censures. In addition, the Affiliates agreed to pay a civil money penalty of \$5 million and to pay disgorgement of approximately \$6.6 million based upon the aggregate amount of brokerage commissions alleged to have been paid by such open-end funds in connection with these shelf-space arrangements (and related interest). In a related action, the California Attorney General announced on September 15, 2004 that it had entered into an agreement with an affiliate of the Investment Manager in resolution of an investigation into matters that are similar to those discussed in the Commission order. The settlement agreement resolves matters described in a complaint filed contemporaneously by the California Attorney General in the Superior Court of the State of California alleging, among other things, that this affiliate violated certain antifraud provisions of California law by failing to disclose matters related to the shelf-space arrangements described above. In the settlement agreement, the affiliate did not admit to any liability but agreed to pay \$5 million in civil penalties and \$4 million in recognition of the California Attorney General's fees and costs associated with the investigation and related matters. Neither the Commission order nor the California Attorney General's complaint alleges any inappropriate activity took place with respect to the Fund.

On April 11, 2005, the Attorney General of the State of West Virginia filed a complaint in the Circuit Court of Marshall County, West Virginia (the "West Virginia Complaint") against the Investment Manager and certain of its Affiliates based on the same circumstances as those cited in the 2004 settlements with the Commission and NJAG involving alleged "market timing" activities described above. The West Virginia Complaint alleges, among other things, that the Investment Manager and certain of its Affiliates improperly allowed broker-dealers, hedge funds and investment advisers to engage in frequent trading of various open-end funds advised or distributed by the Affiliates in violation of the funds' stated restrictions on "market timing." As of the date of this report, the West Virginia Complaint has not been formally served upon the Investment Manager or the Affiliates. The West Virginia Complaint also names numerous other defendants unaffiliated with the Affiliates in separate claims alleging improper market timing and/or late trading of open-end investment companies advised or distributed by such other defendants. The West Virginia Complaint seeks injunctive relief, civil monetary penalties, investigative costs and attorney's fees. The West Virginia Complaint does not allege that any inappropriate activity took place with respect to the Fund.

Since February 2004, certain of the Affiliates and their employees have been named as defendants in a total of 14 lawsuits filed in one of the following: U.S. District Court in the Southern District of New York, the Central District of California and the Districts of New Jersey and Connecticut. Ten of those lawsuits concern "market timing," and they have been transferred to and consolidated for pre-trial proceedings in the U.S. District Court for the District of Maryland; the remaining four lawsuits concern "revenue sharing" with brokers offering "shelf space" and have been consolidated into a single action in the U.S. District Court for the District of Connecticut. The lawsuits have been commenced as putative class actions on behalf of investors who purchased, held or redeemed shares of affiliated funds during specified periods or as derivative actions on behalf of the funds.

The lawsuits generally relate to the same facts that are the subject of the regulatory proceedings discussed above. The lawsuits seek, among other things, unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts, the return of fees paid under those contracts and restitution. The Investment Manager believes that other similar lawsuits may be filed in federal or state courts naming as defendants the Investment Adviser, the Affiliates, Allianz Global, the Fund, other open- and closed-end funds advised or distributed by the Investment Manager and/or its affiliates, the boards of directors or trustees of those funds, and/or other affiliates and their employees. Under Section 9(a) of the 1940 Act, if any of the various regulatory proceedings or lawsuits were to result in a court injunction against the Investment Manager, Allianz Global/or their affiliates, they and their affiliates would, in the absence of exemptive relief granted by the Commission, be barred from serving as an investment manager/sub-adviser or principal underwriter for any registered investment company, including the Fund. In connection with an inquiry from the Commission concerning the status of the New Jersey settlement described above under Section 9(a), the Investment Manager and certain of its affiliates (together, the "Applicants") have sought exemptive relief from the Commission under Section 9(c) of the 1940 Act.

The Commission has granted the Applicants a temporary exemption from the provisions of Section 9(a) with respect to the New Jersey settlement until the earlier of (i) September 13, 2006 and (ii) the date on which the Commission takes final action on their application for a permanent order. There is no assurance that the Commission will issue a permanent order. If the West Virginia Attorney General were to obtain a court injunction against the Investment Manager or the Affiliates, the Investment Manager or the Affiliates would, in turn, seek exemptive relief under Section 9(c) with respect to that matter, although there is no assurance that such exemptive relief would be granted.

PIMCO Floating Rate Strategy Fund Notes to Financial Statements

August 31, 2005

7. Legal Proceedings (continued)

A putative class action lawsuit captioned Charles Mutchka et al. v. Brent R. Harris, et al., filed in January 2005 by and on behalf of individual shareholders of certain open-end funds that hold equity securities and that are sponsored by the Investment Manager and the Affiliates, is currently pending in the federal district court for the Central District of California. The plaintiff alleges that fund trustees, investment advisers and affiliates breached fiduciary duties and duties of care by failing to ensure that the open-end funds participated in securities class action settlements for which those funds were eligible. The plaintiff has claimed as damages disgorgement of fees paid to the investment advisers, compensatory damages and punitive damages.

The Investment Manager believes that the claims made in the lawsuit against the Investment Manager and the Affiliates are baseless, and the Investment Manager and the Affiliates intend to vigorously defend the lawsuit. As of the date hereof, the Investment Manager believes a decision, if any, against the defendants would have no material adverse effect on the Fund or the ability of the Investment Manager or the Sub-Adviser to perform their duties under the investment management or portfolio management agreements, as the case may be. It is possible that these matters and/or other developments resulting from these matters could lead to a decrease in the market price of the Fund's shares or other adverse consequences to the Fund and its shareholders. However, the Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Fund or on the Investment Manager's or the Sub-Adviser's ability to perform their respective investment advisory services related to the Fund.

The foregoing speaks only as of the date hereof. There may be additional litigation or regulatory developments in connection with the matters discussed above.

PIMCO Floating Rate Strategy Fund Financial Highlights

For a share of common stock outstanding for the period October 29, 2004* through August 31, 2005

| | |
|---|------------|
| Net asset value, beginning of period | \$ 19.10** |
| Investment Operations: | |
| Net investment income | 0.88 |
| Net realized and unrealized gain on investments, futures contracts, options written, swaps, foreign currency transactions and unfunded loan commitments | 0.31 |
| Total from investment operations | 1.19 |
| Dividends on Preferred Shares from Net Investment Income | (0.24) |
| Net increase in net assets applicable to common shareholders resulting from investment operations | 0.95 |
| Dividends to Common Shareholders from Net Investment Income | (0.91) |
| Capital Share Transactions: | |
| Common stock offering costs charged to paid-in capital in excess of par | (0.03) |
| Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par | (0.13) |
| Total capital share transactions | (0.16) |
| Net asset value, end of period | \$ 18.98 |
| Market price, end of period | \$ 18.21 |
| Total Investment Return (1) | (4.39)% |
| RATIOS/SUPPLEMENTAL DATA: | |
| Net assets applicable to common shareholders, end of period (000) | \$ 789,094 |
| Ratio of expenses to average net assets (2)(3)(4) | 1.35% |
| Ratio of net investment income to average net assets (2)(4) | 5.57% |
| Preferred shares asset coverage per share | \$ 66,084 |
| Portfolio turnover | 47% |

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* Commencement of operations.

** Initial public offering price of \$20.00 per share less underwriting discount of \$0.90 per share.

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of the period and a sale of a share of common stock at the current market price on the last day of the period reported. Dividends are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(n) in Notes to Financial Statements).
- (4) Annualized.

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PIMCO Floating Rate Strategy Fund

**Report of Independent Registered
Public Accounting Firm**

**To the Shareholders and Board of Trustees of
PIMCO Floating Rate Strategy Fund**

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets applicable to common shareholders and of cash flows and the financial highlights present fairly, in all material respects, the financial position of PIMCO Floating Rate Strategy Fund (the "Fund") at August 31, 2005, and the results of its operations, the changes in its net assets applicable to common shareholders, cash flows, and financial highlights for the period October 29, 2004 (commencement of operations) through August 31, 2005, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at August 31, 2005 by correspondence with the custodian, brokers and agent banks, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
October 27, 2005

PIMCO Floating Rate Strategy Fund Tax Information and Privacy Policy

(unaudited)

Tax Information

Pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003, the Fund designates qualified dividend income of \$38,536 or maximum allowable amount.

The percentage of ordinary dividends paid by the Fund during the year ended August 31, 2005 which qualified for the Dividends Received Deduction available to corporate shareholders was 100% or the maximum allowable amount.

Since the Fund's tax year is not the calendar year, another notification will be sent with respect to calendar year 2005. In January 2006, shareholders will be advised on IRS Form 1099 DIV as to the federal tax status of the dividends and distributions received during calendar 2005. The amount that will be reported, will be the amount to use on your 2005 federal income tax return and may differ from the amount which must be reported in connection with the fund's tax year ended August 31, 2005. Shareholders are advised to consult their tax advisers as to the federal, state and local tax status of the dividend income received from the Fund.

Privacy Policy:

Our Commitment to You

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients' personal information. We have developed policies designed to protect this confidentiality, while allowing client needs to be served.

Obtaining Personal Information

In the course of providing you with products and services, we may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

Respecting Your Privacy

We do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. We may also provide your personal and account information to your brokerage or financial advisory firm and/or to your financial adviser or consultant.

Sharing Information with Third Parties

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about you or your accounts to a non-affiliated third party at your request or if you consent in writing to the disclosure.

Sharing Information with Affiliates

We may share client information with our affiliates in connection with servicing your account or to provide you with information about products and services that we believe may be of interest to you. The information we share may include, for example, your participation in our mutual funds or other investment programs, your ownership of certain types of accounts (such as IRAs), or other data about your accounts. Our affiliates, in turn, are not permitted to share your information with non-affiliated entities, except as required or permitted by law.

Implementation of Procedures

We take seriously the obligation to safeguard your non-public personal information. We have implemented procedures designed to restrict access to your non-public personal information to our personnel who need to know that information to provide products or services to you. To guard your non-public personal information, physical, electronic, and procedural safeguards are in place.

PIMCO Floating Rate Strategy Fund Proxy Voting Policies & Procedures

(unaudited)

Proxy Voting Policies & Procedures:

A description of the policies and procedures that the Fund has adopted to determine how to vote proxies relating to portfolio securities and information about how the Fund voted proxies relating to portfolio securities held during October 29, 2004 (commencement of operations) through June 30, 2005 is available (i) without charge, upon request, by calling the Fund's transfer agent at (800) 331-1710; (ii) on the Fund's website at www.allianzinvestors.com; and (iii) on the Securities and Exchange Commission's website at www.sec.gov.

PIMCO Floating Rate Strategy Fund Dividend Reinvestment Plan (unaudited)

Pursuant to the Fund's Dividend Reinvestment Plan (the "Plan"), all Common Shareholders whose shares are registered in their own names will have all dividends, including any capital gain dividends, reinvested automatically in additional Common Shares by PFPC Inc., as agent for the Common Shareholders (the "Plan Agent"), unless the shareholder elects to receive cash. An election to receive cash may be revoked or reinstated at the option of the shareholder. In the case of record shareholders such as banks, brokers or other nominees that hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan. Shareholders whose shares are held in the name of a bank, broker or nominee should contact the bank, broker or nominee for details. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor's behalf), will be paid cash by check mailed, in the case of direct shareholder, to the record holder by PFPC Inc., as the Fund's dividend disbursement agent.

Unless you (or your broker or nominee) elects not to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

- (1) If common Shares are trading at or above net asset value on the payment date, the Fund will issue new shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date; or
- (2) If Common Shares are trading below net asset value (minus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market) on the payment date, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price on the payment date, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next distribution. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving notice to the Plan Agent. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. The Plan Agent will also furnish each person who buys Common Shares with written instructions detailing the procedures for electing not to participate in the Plan and to instead receive distributions in cash. Common Shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions.

The Fund and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Fund's transfer agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027, telephone number (800) 331-1710.

PIMCO Floating Rate Strategy Fund Board of Trustees (unaudited)

**Name, Age, Position(s) Held with Funds,
Length of Service, Other Trusteeships/
Directorships Held by Trustee; Number of
Portfolios in Fund Complex/Outside Fund
Complexes Currently Overseen by Trustee**

Principal Occupation(s) During Past 5 years:

*The address of each trustee is 1345 Avenue of
the Americas, New York, NY 10105*

Robert E. Connor

Date of Birth: 9/17/34

Chairman of the Board of Trustees since: 2004

Trustee since: 2004

*Term of office: Expected to stand for re-election
at 2005 annual meeting of shareholders.*

Trustee/Director of 24 funds in Fund Complex

*Trustee/Director of no funds outside of Fund
Complex*

Corporate Affairs Consultant; Formerly, Senior Vice President, Corporate
Office, Smith Barney Inc.

John J. Dalessandro II

Date of Birth: 7/26/37

Trustee since: 2004

*Term of office: Expected to stand for re-election
at 2006 annual meeting of shareholders.*

Trustee of 23 funds in Fund Complex

Trustee of no funds outside of Fund complex

Formerly, President and Director, J.J. Dalessandro II Ltd, registered broker-
dealer and member of the New York Stock Exchange.

David C. Flattum

Date of Birth: 8/27/64

Trustee since: 2005

*Term of office: Expected to stand for election
at 2005 annual meeting of shareholders.*

Trustee of 52 funds in Fund Complex

Trustee of no funds outside of Fund Complex

Managing Director, Chief Operating Officer, General Counsel and
member of Management Board, Allianz Global Investors of America, L.P.;
Formerly, Partner, Latham & Watkins LLP (1998-2001).

Hans W. Kertess

Date of Birth: 7/12/39

Trustee since: 2004

*Term of office: Expected to stand for re-election
at 2007 annual meeting of shareholders.*

Trustee of 23 Funds in Fund Complex;

Trustee of no funds outside of Fund Complex

President, H Kertess & Co., L.P. Formerly, Managing Director, Royal Bank
of Canada Capital Markets.

Mr. Flattum is an "interested person" of the Fund due to his affiliation with Allianz Global Investors of America L.P. and the Investment Manager. In addition to Mr. Flattum's positions with affiliated persons of the Fund set forth in the trade above, he holds the following positions with affiliated person: Director, PIMCO Global Advisors (Resources) Limited; Managing Director, Allianz Dresdner Asset Management U.S. Equities LLC, Allianz Hedge Fund Partners Holdings L.P., Allianz PacLife Partners LLC, PA Holdings LLC; Director and Chief Executive Officer, Oppenheimer Group, Inc.

Further information about Fund's Trustees is available in the Fund's Statement of Additional Information, dated October 26, 2004, which can be obtained upon request, without charge, by calling the Fund's transfer agent at (800) 331-1710.

PIMCO Floating Rate Strategy Fund Board of Trustees (unaudited)

| Name, Age, Position(s) Held with Fund. | Principal Occupation(s) During Past 5 years: |
|---|--|
| <p>Brian S. Shlissel Date of Birth: 11/14/64 <i>President & Chief Executive Officer since: 2003</i></p> | <p>Executive Vice President, Allianz Global Investors Fund Management LLC; President and Chief Executive Officer of 32 funds in the Fund Complex; Treasurer; Principal Financial and Accounting Officer of 31 funds in the Fund Complex; Trustee of 8 funds in the Fund Complex.</p> |
| <p>Lawrence G. Altadonna Date of Birth: 3/10/66 <i>Treasurer, Principal/Financial and Accounting Officer since: 2003</i></p> | <p>Senior Vice President, Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting officer of 32 fund[s] in the Fund Complex; Assistant Treasurer of 31 funds in the Fund Complex.</p> |
| <p>Raymond G. Kennedy Date of Birth: 1/28/61 <i>Vice President since: 2003</i></p> | <p>Managing Director, Portfolio Manager and senior member of PIMCO's investment strategy group. Mr. Kennedy joined PIMCO in 1996, having previously been associated with the Prudential Insurance Company of Americas as a private placement asset manager, where he was responsible for investing and managing a portfolio of investment grade and high yield privately -placed fixed income securities. Prior to that, he was a consultant for Arthur Andersen in Los Angeles and London. He was 17 years of investment management experience and holds a bachelor's degree from Stanford University and an MBA from the Anderson Graduate School of Management at the University of California, Los Angeles. He is also a member of LSTA.</p> |
| <p>Newton B. Schott, Jr. Date of Birth: 7/14/42 <i>Vice President since: 2003</i></p> | <p>Managing Director, Chief Administrative Officer, General Counsel and Secretary, Allianz Global Investors Distributors LLC; Managing Director, Chief Legal Officer and Secretary, Allianz Global Investors Fund Management LLC; Vice President of 63 funds in the Fund Complex; Secretary of 33 funds in the fund Complex.</p> |
| <p>Thomas J. Fuccillo Date of Birth: 3/22/68 <i>Secretary since: 2004</i></p> | <p>Vice President, Senior Fund Attorney, Allianz Global Investors of America L.P., Secretary of 32 funds in the Fund Complex.</p> |
| <p>Youse Guia Date of Birth: 9/3/72 <i>Chief Compliance Officer since: 2004</i></p> | <p>Senior Vice President, Group Compliance Manager, Allianz Global Investors of America L.P., Chief Compliance Officer of 63 funds in the Fund Complex.</p> |
| <p>Jennifer Patula Date of Birth: 5/8/78 <i>Assistant Secretary since: 2004</i></p> | <p>Assistant Secretary, of 32 funds in the Fund Complex.</p> |

Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal.

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Trustees and Principal Officers

Robert E. Connor

Trustee, Chairman of the Board of Trustees

John J. Dalessandro II

Trustee

David C. Flattum

Trustee

Hans W. Kertess

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Raymond G. Kennedy

Vice President

Newton B. Schott, Jr.

Vice President

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Thomas J. Fuccillo

Secretary

Yousef Guida

Chief Compliance Officer

Jennifer A. Patula

Assistant Secretary

Investment Manager

Allianz Global Investors Fund Management LLC

1345 Avenue of the Americas

New York, NY 10105

Sub-Adviser

Pacific Investment Management Company LLC

840 Newport Center Drive

Newport Beach, CA 92660

Custodian & Accounting Agent

State Street Bank & Trust Co.

801 Pennsylvania

Kansas City, MO 64105-1307

Transfer Agent, Dividend Paying Agent and Registrar

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, NY 10017

Legal Counsel

Ropes & Gray LLP

One International Place

Boston, MA 02210-2624

This report, including the financial information herein, is transmitted to the shareholders of PIMCO Floating Rate Strategy Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.

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The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarter of its fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Fund's website at www.allianzinvestors.com.

On November 22, 2004, the Fund submitted a CEO annual certification to the New York Stock Exchange (NYSE) on which the Fund's principal executive officer certified that he was not aware, as of the date, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, each Fund's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting, as applicable.

Information on the Fund is available at www.allianzinvestors.com or by calling the Fund's transfer agent at (800) 331-1710.

ITEM 2. CODE OF ETHICS

- a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the [Section 406 Standards for Investment Companies] Ethical Standards for Principal Executive and Financial Officers]) that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-331-1710.
- b) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.
- a) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

The registrant's Board has determined that Mr. Paul Belica, a member of the Board's Audit Oversight Committee is an [audit committee financial expert,] and that he is [independent,] for purposes of this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

- a) Audit fees. The aggregate fees billed for each of the last two fiscal years (the [Reporting Periods]) for professional services rendered by the Registrant's principal accountant (the [Auditor]) for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$0 in 2004 and \$137,500 in 2005.
 - b) Audit-Related Fees. The aggregate fees billed in the Reporting Periods for assurance and related services by the principal accountant that are reasonably related to the performance of the audit registrant's financial statements and are not reported under paragraph (e) of this Item were \$0 in 2004 and \$15,000 in 2005. These services consist of accounting consultations, agreed upon procedure reports (inclusive of annual review of basic maintenance testing associated with the Preferred Shares), attestation reports and comfort letters.
 - c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance,
-

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tax service and tax planning (Tax Services) were \$0 in 2004 and \$11,000 in 2005. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns.

- d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor to the Registrant.
- e) 1. Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures for pre-approval of all audit and permissible non-audit services by the Auditor for the Registrant, as well as the Auditor's engagements for non-audit services to the when the engagement relates directly to the operations and financial reporting of the Registrant. The Registrant's policy is stated below.

PIMCO Floating Rate Strategy Fund (THE FUND)

AUDIT OVERSIGHT COMMITTEE POLICY FOR PRE-APPROVAL OF SERVICES PROVIDED BY THE INDEPENDENT ACCOUNTANTS

The Funds' Audit Oversight Committee (Committee) is charged with the oversight of the Funds' financial reporting policies and practices and their internal controls. As part of this responsibility, the Committee must pre-approve any independent accounting firm's engagement to render audit and/or permissible non-audit services, as required by law. In evaluating a proposed engagement by the independent accountants, the Committee will assess the effect that the engagement might reasonably be expected to have on the accountant's independence. The Committee's evaluation will be based on:

a review of the nature of the professional services expected to provided,

the fees to be charged in connection with the services expected to be provided,

a review of the safeguards put into place by the accounting firm to safeguard independence, and

periodic meetings with the accounting firm.

POLICY FOR AUDIT AND NON-AUDIT SERVICES TO BE PROVIDED TO THE FUNDS

On an annual basis, the Funds' Committee will review and pre-approve the scope of the audits of the Funds and proposed audit fees and permitted non-audit (including audit-related) services that may be performed by the Funds' independent accountants. At least annually, the Committee will receive a report of all audit and non-audit services that were rendered in the previous calendar year pursuant to this Policy. In addition to the Committee's

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pre-approval of services pursuant to this Policy, the engagement of the independent accounting firm for any permitted non-audit service provided to the Funds will also require the separate written pre-approval of the President of the Funds, who will confirm, independently, that the accounting firm's engagement will not adversely affect the firm's independence. All non-audit services performed by the independent accounting firm will be disclosed, as required, in filings with the Securities and Exchange Commission.

AUDIT SERVICES

The categories of audit services and related fees to be reviewed and pre-approved annually by the Committee are:

- Annual Fund financial statement audits
- Seed audits (related to new product filings, as required)
- SEC and regulatory filings and consents
- Semiannual financial statement reviews

AUDIT-RELATED SERVICES

The following categories of audit-related services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

- Accounting consultations
- Fund merger support services
- Agreed upon procedure reports (inclusive of quarterly review of Basic Maintenance testing associated with issuance of Preferred Shares and semiannual report review)
- Other attestation reports
- Comfort letters
- Other internal control reports

Individual audit-related services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chair (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$100,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

TAX SERVICES

The following categories of tax services are considered to be consistent with the role of the Funds' independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

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Tax compliance services related to the filing or amendment of the following:

- Federal, state and local income tax compliance; and, sales and use tax compliance
- Timely RIC qualification reviews
- Tax distribution analysis and planning
- Tax authority examination services
- Tax appeals support services
- Accounting methods studies
- Fund merger support service
- Other tax consulting services and related projects

Individual tax services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$100,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

PROHIBITED SERVICES

The Funds' independent accountants will not render services in the following categories of non-audit services:

- Bookkeeping or other services related to the accounting records or financial statements of the Funds
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
- Actuarial services Internal audit outsourcing services
- Management functions or human resources
- Broker or dealer, investment adviser or investment banking services
- Legal services and expert services unrelated to the audit
- Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

PRE-APPROVAL OF NON-AUDIT SERVICES PROVIDED TO OTHER ENTITIES WITHIN THE FUND COMPLEX

The Committee will pre-approve annually any permitted non-audit services to be provided to Allianz Global Investors Fund Management LLC (Formerly, PA Fund Management LLC) or any other investment manager to the Funds (but not including any sub-adviser whose role is primarily portfolio management and is sub-contracted by the investment manager) (the "Investment Manager") and any entity

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controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Funds (including affiliated sub-advisers to the Funds), provided, in each case, that the engagement relates directly to the operations and financial reporting of the Funds (such entities, including the Investment Manager, shall be referred to herein as the "Accounting Affiliates"). Individual projects that are not presented to the Committee as part of the annual pre-approval process, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$100,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

Although the Committee will not pre-approve all services provided to the Investment Manager and its affiliates, the Committee will receive an annual report from the Funds' independent accounting firm showing the aggregate fees for all services provided to the Investment Manager and its affiliates.

DE MINIMUS EXCEPTION TO REQUIREMENT OF PRE-APPROVAL OF NON-AUDIT SERVICES

With respect to the provision of permitted non-audit services to a Fund or Accounting Affiliates, the pre-approval requirement is waived if:

- (1) The aggregate amount of all such permitted non-audit services provided constitutes no more than (i) with respect to such services provided to the Fund, five percent (5%) of the total amount of revenues paid by the Fund to its independent accountant during the fiscal year in which the services are provided, and (ii) with respect to such services provided to Accounting Affiliates, five percent (5%) of the total amount of revenues paid to the Fund's independent accountant by the Fund and the Accounting Affiliates during the fiscal year in which the services are provided;
 - (2) Such services were not recognized by the Fund at the time of the engagement for such services to be non-audit services; and
 - (3) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated and shall be reported to the full Committee at its next regularly scheduled meeting.
- e) 2. No services were approved pursuant to the procedures contained in paragraph (C) (7) (i) (C) of Rule 2-01 of Regulation S-X.
-

f) Not applicable

g) Non-audit fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to the Adviser, for the 2004 Reporting Period was \$2,684,887 and the 2005 Reporting Period was \$2,992,953.

h) Auditor Independence. The Registrant's Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Adviser which were not pre-approved is compatible with maintaining the Auditor's independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

The Fund has a separately designated standing audit committee established in accordance with

Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee of the Fund is comprised of Robert E. Connor, John J. Dalessandro II, and Hans W. Kertess.

ITEM 6. SCHEDULE OF INVESTMENTS Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

The registrant has delegated the voting of proxies relating to its voting securities to its sub-adviser, Pacific Investment Management Co. (the "Sub-Adviser"). The Proxy Voting Policies and Procedures of the Sub-Adviser are included as an Exhibit 99.PROXYPOL hereto.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not effective at time of filing.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES

| PERIOD | TOTAL NUMBER OF SHARES PURCHASED | AVERAGE PRICE PAID PER SHARE | TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS |
|----------------|---|---|---|---|
| September 2004 | N/A | N/A | N/A | N/A |
| October 2004 | N/A | N/A | N/A | N/A |
| November 2004 | N/A | N/A | N/A | N/A |
| December 2004 | N/A | N/A | N/A | N/A |
| January 2005 | N/A | 19.08 | 69,672 | N/A |
| February 2005 | N/A | 19.09 | 69,085 | N/A |
| March 2005 | N/A | 19.18 | 67,690 | N/A |
| April 2005 | N/A | 18.89 | 71,201 | N/A |
| May 2005 | N/A | N/A | N/A | N/A |
| June 2005 | N/A | N/A | N/A | N/A |
| July 2005 | N/A | N/A | N/A | N/A |
| August 2005 | N/A | N/A | N/A | N/A |

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item. The Nominating Committee Charter governing the affairs of the Nominating Committee of the Board is posted on the Allianz Funds website at www.allianzinvestors.com

ITEM 11. CONTROLS AND PROCEDURES

- (a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) 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 controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 12. EXHIBITS

- (a) (1) Exhibit 99.CODE ETH - Code of Ethics
 - (a) (2) Exhibit 99 Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
 - (b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
 - Exhibit 99.PROXYPOL - Proxy Voting Policies and Procedures
-

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Signature

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 Floating Rate Strategy Fund

By /s/ Brian S. Shlissel

President and Chief Executive Officer

Date November 8, 2005

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date November 8, 2005

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/ Brian S. Shlissel

President and Chief Executive Officer

Date November 8, 2005

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date November 8, 2005