

PCM FUND, INC.
Form N-CSRS
August 25, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-07816

PCM Fund, Inc.
(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019
(Address of principal executive offices, including zip code)

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

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

Date of fiscal year end: December 31, 2011

Date of reporting period: June 30, 2011

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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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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ITEM 1. REPORT TO SHAREHOLDERS

Semi-Annual Report

June 30, 2011

PCM Fund, Inc.

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Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

Dear Stockholders:

After gaining steam in 2010, the U.S. economy downshifted during 2011 and began experiencing a great deal of volatility, based on the extended budget battles in Washington, Standard & Poor's downgrade of U.S. credit, troubles in the euro-zone and a slew of mixed economic data. Although this letter does not ignore these recent market events, it focuses primarily on the six-month period ended June 30, 2011.

The Six Months in Review

For the fiscal six-month period ended June 30, 2011, PCM Fund returned 8.94% on net asset value (NAV) and 10.47% on market price. The U.S. Treasury market, as measured by the Barclays Capital U.S. Treasury Index, gained 2.20% and the Barclays Capital Mortgage Index, a broad measure of mortgage bond performance, returned 2.91%. The Barclays Capital U.S. Aggregate Index, a broad measure of government and corporate bond performance, returned 2.72%, while the Barclays Capital U.S. Credit Index, a measure of corporate bond performance, returned 3.41%.

In addition to the anemic Gross Domestic Product (GDP) figures, other data through June 30, 2011, signified the headwinds that are holding the U.S. economy back. The nation's unemployment rate in June 2011 was 9.2%, barely below the 9.4% rate of December 2010. The housing market continued its decline, with the S&P/Case-Shiller Home Price Index indicating that home prices had fallen to 2002 levels. There were bright spots, however. Manufacturing generally strengthened during the six-month period and exports, boosted by a weakening dollar, continued to grow.

The early-August downgrade by Standard & Poor's triggered severe market volatility and caused many investors to shift their assets into the perceived safe haven of U.S. Treasury securities, pushing their prices higher and their yields lower. The Federal Reserve (the Fed), which had previously pledged to stimulate the economy by keeping interest rates low for an extended period,

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issued a statement on August 9, 2011 indicating it intends to support the U.S. economic recovery. The Fed now plans to keep interest rates near zero until at least the middle of 2013, and announced that it was discussing a range of policy tools that it was prepared to employ.

The U.S. slowdown has sparked fresh concern about another recession, but we are cautiously optimistic. The housing market appears to be at or near a bottom and many companies are beginning to hire, albeit modestly. Although there will

be more bumps in the road, we continue to believe that the U.S. economy remains in recovery mode, and the expansion, now entering its third year, will continue.

For specific information on the Fund and its performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your

financial advisor or call the Fund's stockholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources are available on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager, and Pacific Investment Management Company LLC (PIMCO), the Fund's subadviser, we thank you for investing with us.

Sincerely,

Hans W. Kertess
Chairman

Brian S. Shlissel
President & CEO

Receive this report electronically and eliminate paper mailings. To enroll, go to www.allianzinvestors.com/edelivery.

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PCM Fund, Inc. Fund Insights

June 30, 2011 (unaudited)

For the six month reporting period ended June 30, 2011, PCM returned 8.94% on net asset value (NAV) and 10.47% on market price, outperforming the unmanaged Barclays Capital CMBS Investment Grade Index (the benchmark index), which returned 3.71%.

While the return of the U.S. fixed income market was positive during the six-months ended June 30, 2011, there were periods of heightened volatility due to shifting expectations for the economy and periodic flights to quality. During the first half of the period, expectations for a strengthening economy and inflationary concerns dominated the market. Despite a number of geopolitical challenges, the ongoing European sovereign debt crisis and the devastating earthquake in Japan, most spread sectors (non-U.S. Treasuries) outperformed equal-duration Treasuries and yields moved higher across the curve. During the second half of the reporting period, the economy decelerated and investors became risk averse. Against this backdrop, Treasury yields moved lower and nearly every spread sector lagged equal-duration Treasuries. All told, during the six months period both short- and long-term Treasury yields declined and the yield curve steepened.

Given investors' quest for yield, lower rated, higher yielding securities generally outperformed their higher quality, lower yielding counterparts during the six-month reporting period. For example, compared to the 2.72% return for the overall U.S. fixed income market (as measured by the Barclays Capital U.S. Aggregate Index), commercial mortgage-backed securities (CMBS), as measured by the benchmark index, rose 3.71%. Within the CMBS market, lower rated securities outperformed their higher rated counterparts, as lower rated fixed-rate BBB CMBS returned 5.09%, whereas fixed-rate AAA CMBS returned 3.20%.

Spread sector exposures produce mixed results

The Fund's allocation to bank loans, investment grade bonds and high yield bonds benefited performance during the reporting period. Spreads of these securities narrowed given generally robust investor demand and corporate profits that often exceeded expectations.

An allocation to super-senior CMBS detracted from performance, as CMBS positioning high in the capital structure underperformed the lower rated (less senior) portion of the CMBS capital structure. In addition, negatively impacting performance was the Fund's allocation to non-agency mortgage-backed securities (MBS). This sector performed poorly as investor risk aversion increased due to concerns that the economic recovery was moderating. Supply was also a concern, as the New York Federal Reserve conducted several auctions in an attempt to sell its Maiden Lane II mortgage portfolio, which was acquired in the AIG rescue.

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June 30, 2011 (unaudited)

Total Return ⁽¹⁾ :	Market Price	NAV
Six Month	10.47%	8.94%
1 Year	29.79%	25.07%
5 Year	8.55%	10.40%
10 Year	8.74%	8.94%
Commencement of Operations (9/2/93) to 6/30/11	8.59%	8.65%

Market Price/NAV Performance:

Commencement of Operations (9/2/93) to 6/30/11

Market Price/NAV:

Market Price	\$11.40
NAV	\$10.27
Premium to NAV	11.00%
Market Price Yield ⁽²⁾	8.42%

Moody's Rating

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

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

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(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to stockholders by the market price per share at June 30, 2011.

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June 30, 2011 (unaudited)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
MORTGAGE-BACKED SECURITIES 129.3%			
\$568	Adjustable Rate Mortgage Trust, 2.942%, 1/25/36, CMO, VRN Banc of America Alternative Loan Trust, CMO,	Caa3/CCC	\$374,832
774	5.673%, 4/25/37, VRN	Ca/NR	593,321
373	6.25%, 1/25/37	C/NR	39,873
2,000	Banc of America Commercial Mortgage, Inc., 5.414%, 9/10/47, CMO (h) Banc of America Funding Corp., CMO,	Aaa/AAA	2,138,580
1,110	2.948%, 12/20/34, VRN	NR/A-	718,380
405	5.661%, 3/20/36, FRN	Caa1/BB	323,111
1,104	7.00%, 10/25/37, Banc of America Large Loan, Inc., CMO, FRN (a)(c),	NR/CCC	814,222
1,500	0.657%, 3/15/22	NR/BBB-	1,442,451
975	1.937%, 11/15/15 Banc of America Mortgage Securities, Inc., CMO, FRN,	NR/NR	905,673
976	2.841%, 6/20/31	WR/BB	885,806
36	3.161%, 11/25/34	Ba2/NR	32,638
646	5.080%, 6/25/35	B3/NR	572,898
150	BCAP LLC Trust, 5.057%, 3/26/36, CMO, FRN (a)(c)	NR/NR	133,943
1,000	BCRR Trust, 5.858%, 7/17/40, CMO, VRN (a)(c) Bear Stearns Adjustable Rate Mortgage Trust, CMO, FRN,	Aa2/NR	982,688
460	2.75%, 5/25/34 (h)	B1/A+	442,206
2,000	2.827%, 10/25/35 Bear Stearns Alt-A Trust, CMO,	NR/BB	1,741,976
683	2.950%, 5/25/36, VRN	Ca/CC	383,934
383	3.389%, 9/25/34, VRN	A2/AAA	316,922
1,832	4.639%, 8/25/36, VRN	Ca/D	970,262
303	4.838%, 11/25/36, VRN	Caa3/CCC	179,691
313	5.028%, 7/25/35, FRN	Caa3/CCC	211,834
789	5.980%, 8/25/36, VRN	Caa3/CCC	495,260
247	Bear Stearns Asset-Backed Securities Trust, 5.50%, 12/25/35, CMO Bear Stearns Commercial Mortgage Securities, CMO,	Caa2/D	214,994
200	0.407%, 3/15/19, FRN (a)(c)	A2/BB+	199,694
3,000	5.694%, 6/11/50, VRN (h)	NR/A+	3,260,606
1,300	5.810%, 3/13/40, VRN (a)(c)	NR/BBB+	1,137,762
2,000	5.905%, 6/11/40, VRN (h)	Aaa/NR	2,170,493
1,000	5.982%, 5/11/39, VRN (a)(c)	NR/BBB+	907,609
512	6.50%, 2/15/32	NR/D	4,863
1,558	CBA Commercial Small Balance Commercial Mortgage, 5.54%, 1/25/39, CMO (a)(c)	C/CCC+	735,146
800	Chase Mortgage Finance Corp., 6.00%, 3/25/37, CMO	Caa3/CCC	663,524
2,500	Citigroup Commercial Mortgage Trust, 5.886%, 12/10/49, CMO, VRN (h) Citigroup Mortgage Loan Trust, Inc., CMO, VRN,	Aaa/A+	2,731,407
665	2.858%, 8/25/35	Caa2/NR	531,471
763	5.145%, 9/25/35	NR/CCC	647,531
765	5.329%, 11/25/36	NR/CCC	543,349
4,012	Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/49, CMO (h)	Aaa/A-	4,259,804

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
\$242	Citimortgage Alternative Loan Trust, 5.50%, 4/25/22, CMO	B3/NR	\$214,077
3,000	Commercial Capital Access One, Inc., 7.884%, 11/15/28, CMO, VRN (a)(c)	NR/NR	2,112,841
1,500	Commercial Mortgage Pass Through Certificates, CMO (a)(c), 6.586%, 7/16/34 (h)	Aaa/AAA	1,653,046
1,500	7.019%, 7/16/34, VRN Countrywide Alternative Loan Trust, CMO,	Aa2/A+	1,552,551
1,817	0.366%, 6/25/47, FRN	Caa3/CCC	1,036,724
4,290	0.396%, 7/20/46, FRN	Ca/CCC	1,825,277
545	0.466%, 2/25/37, FRN	Caa3/CCC	311,717
426	0.476%, 2/25/36, FRN	C/CC	116,038
4,753	1.278%, 12/25/35, FRN	Caa3/CC	2,957,165
358	6.00%, 11/25/35	Caa3/CCC	237,561
1,195	Countrywide Home Loan Mortgage Pass Through Trust, 6.00%, 5/25/37, CMO	Caa2/NR	947,681
21,391	Credit Suisse First Boston Mortgage Securities Corp., CMO, 1.578%, 12/15/35, IO, VRN (a)(c)	NR/AAA	287,744
3,000	6.574%, 12/15/35 (h)	Aaa/AAA	3,072,891
151	7.00%, 2/25/33	Aaa/AAA	161,868
2,000	7.46%, 1/17/35, VRN (h)	NR/NR	2,187,644
1,000	Credit Suisse Mortgage Capital Certificates, CMO, 5.467%, 7/18/16, VRN (a)(c)	NR/NR	991,456
5,000	5.467%, 9/15/39 (h)	Aaa/AAA	5,395,085
434	5.896%, 4/25/36	Caa3/CCC	319,068
328	6.50%, 5/25/36	Ca/D	184,146
1,925	CW Capital Cobalt Ltd., 5.223%, 8/15/48, CMO	NR/AA-	2,040,787
3,364	FFCA Secured Lending Corp., 1.108%, 9/18/27, CMO, IO, VRN (a)(c)	Aaa/NR	123,331
357	First Horizon Alternative Mortgage Securities, 2.367%, 8/25/35, CMO, FRN	C/CCC	76,362
313	First Horizon Asset Securities, Inc., 2.75%, 4/25/35, CMO, FRN	Baa2/AAA	297,906
1,984	First Union-Lehman Brothers-Bank of America, 6.778%, 11/18/35, CMO (h)	Aaa/AAA	2,021,088
15,851	FREMF Mortgage Trust, 0.10%, 5/25/20, CMO, IO, VRN (e)	NR/NR	95,460
754	GMAC Commercial Mortgage Securities, Inc., CMO (a)(c), 5.539%, 4/10/40, VRN	A3/A	763,690
2,000	6.50%, 5/15/35 (h)	NR/B	2,071,787
1,500	7.116%, 5/15/30, VRN	NR/NR	1,256,623
1,500	8.495%, 9/15/35, VRN	NR/NR	1,495,977
1,500	Greenwich Capital Commercial Funding Corp., CMO, 5.419%, 1/5/36, VRN (a)(c)	A2/A+	1,531,120
2,000	5.444%, 3/10/39 (h)	Aaa/A	2,146,752
18,257	GS Mortgage Securities Corp. II, CMO, 1.711%, 8/10/43, IO, VRN (a)(c)	Aaa/NR	1,714,320
5,750	5.56%, 11/10/39 (h)	Aaa/NR	6,234,285
1,000	6.144%, 8/10/43, VRN (a)(c)	Baa3/NR	954,748
946	Harborview Mortgage Loan Trust, 5.614%, 6/19/36, CMO, VRN	Ca/D	571,638
1,129	Indymac INDA Mortgage Loan Trust, 5.510%, 6/25/37, CMO, VRN	Caa2/CCC	908,355
267	Indymac Index Mortgage Loan Trust, CMO, 0.586%, 11/25/34, FRN	Caa2/BB	179,332
252	5.508%, 5/25/36, VRN	Ca/D	134,002

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
	JPMorgan Chase Commercial Mortgage Securities Corp., CMO,		
\$61,000	0.573%, 2/16/46, IO, VRN (a)(c)	NR/NR	\$1,982,921
9,028	1.487%, 3/12/39, IO, VRN (a)(c)	Aaa/NR	159,770
4,100	5.717%, 3/18/51, VRN (a)(c)(h)	A1/NR	3,985,283
1,195	5.794%, 2/12/51, VRN	Aaa/A+	1,298,192
1,400	5.932%, 2/12/49, VRN (h)	Aa2/A+	1,520,541
2,000	6.162%, 5/12/34 (h)	Aaa/NR	2,039,120
1,150	6.186%, 2/15/51, VRN	Aaa/A-	1,224,250
	JPMorgan Mortgage Trust, CMO,		
534	2.927%, 7/25/35, FRN	B1/B+	490,062
247	5.080%, 10/25/35, VRN	B1/NR	243,259
950	LB Commercial Conduit Mortgage Trust, 6.169%, 7/15/44, CMO, VRN	Aaa/A	1,033,342
	LB-UBS Commercial Mortgage Trust, CMO,		
1,278	5.347%, 11/15/38 (h)	NR/AAA	1,376,528
1,500	5.683%, 7/15/35 (a)(c)	Ba1/BB+	1,391,403
1,572	6.95%, 3/15/34, VRN (a)(c)	Aa2/A	1,597,407
	Lehman Mortgage Trust, CMO,		
1,669	6.00%, 5/25/37	NR/D	1,332,705
747	6.475%, 4/25/36, VRN	Caa1/CCC	716,173
1,690	Luminant Mortgage Trust, 0.356%, 12/25/36, CMO, FRN	Caa2/B+	1,050,172
1,987	MASTR Asset Securitization Trust, 6.00%, 6/25/36, CMO, FRN	Caa2/CCC	1,746,885
1,500	Merrill Lynch Mortgage Investors, Inc., 7.045%, 12/15/30, CMO, VRN (h)	Aaa/AA+	1,629,455
	Merrill Lynch/Countrywide Commercial Mortgage Trust, CMO (h),		
1,500	5.485%, 3/12/51, VRN	Aaa/NR	1,594,391
2,300	5.70%, 9/12/49	NR/A+	2,478,734
	MLCC Mortgage Investors, Inc., CMO, FRN,		
588	0.396%, 7/25/30	A2/AAA	447,440
169	0.436%, 11/25/35	B1/BBB	144,101
595	0.436%, 11/25/35	B3/BBB	497,820
461	0.516%, 11/25/29	Baa3/AAA	409,300
	Morgan Stanley Capital I, CMO,		
2,000	5.447%, 2/12/44, VRN	Aaa/A	2,154,497
315	5.692%, 4/15/49, VRN	Aa2/A-	338,267
558	5.809%, 12/12/49	NR/A+	612,196
1,400	Morgan Stanley Dean Witter Capital I, 6.50%, 11/15/36, CMO (a)(c)	NR/B-	1,372,633
	Morgan Stanley Mortgage Loan Trust, CMO,		
765	3.200%, 1/25/35, VRN	NR/CCC	89,436
1,000	6.00%, 8/25/37	NR/CCC	879,538
1,200	Morgan Stanley Reremic Trust, 7/17/56, CMO, PO (a)(c)(e)	NR/NR	947,309
1,438	Nationslink Funding Corp., 7.105%, 8/20/30, CMO, VRN (a)(c)	NR/BBB+	1,529,434
	Ocwen Residential MBS Corp., CMO, VRN (a)(c),		
104	6.837%, 6/25/39 (d)	NR/NR	2,834
1,392	7.00%, 10/25/40 (e)	C/NR	159,396
	RBSCF Trust, CMO, VRN (a)(c),		
1,000	5.223%, 8/16/48	NR/NR	969,632
1,000	5.331%, 2/16/44	NR/NR	995,005
1,000	5.336%, 5/16/47	NR/NR	1,005,054
2,744	6.068%, 2/17/51	NR/NR	2,937,031

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
	Residential Accredit Loans, Inc., CMO,		
\$855	3.840%, 1/25/36, VRN	Caa3/D	\$445,766
684	6.00%, 8/25/35	NR/CCC	557,674
709	6.50%, 9/25/37	NR/D	468,014
535	Residential Asset Securitization Trust, 6.00%, 3/25/37, CMO	NR/D	373,119
1,000	Residential Funding Mortgage Securities I, 6.00%, 6/25/36, CMO	Caa2/CCC	791,773
	RMF Commercial Mortgage Pass Through Certificates, CMO (a)(c),		
187	7.471%, 1/15/19	NR/NR	186,913
265	9.350%, 1/15/19, VRN	NR/NR	264,637
831	Sequoia Mortgage Trust, 0.386%, 7/20/36, CMO, FRN	B1/BBB+	656,684
	Structured Adjustable Rate Mortgage Loan Trust, CMO,		
500	5.479%, 9/25/36, FRN	NR/CCC	372,663
1,285	5.528%, 11/25/36, VRN	NR/CC	965,860
1,441	5.561%, 4/25/36, VRN	NR/D	1,060,686
860	5.706%, 1/25/36, VRN	NR/CCC	637,824
1,756	Structured Asset Mortgage Investments, Inc.,		
	0.396%, 8/25/36, CMO, FRN	Caa3/CCC	1,086,409
395	Structured Asset Securities Corp., 5.00%, 5/25/35, CMO	B2/A	389,776
	TBW Mortgage-Backed Pass Through Certificates,		
374	6.00%, 7/25/36, CMO	NR/D	260,981
1,500	TIAA Retail Commercial Trust, 5.77%, 6/19/33, CMO (a)(c)	NR/BBB	1,598,487
	Wachovia Bank Commercial Mortgage Trust, CMO,		
40,778	0.575%, 10/15/41, IO, VRN (a)(c)	Aaa/AAA	754,791
2,500	5.188%, 2/15/41, VRN (a)(c)	Baa2/BBB-	2,323,229
1,000	5.509%, 4/15/47	Aa2/BBB+	1,052,017
5,044	5.605%, 2/15/35, VRN (a)(c)(h)	NR/AA-	5,042,545
1,825	6.096%, 2/15/51, VRN (h)	Aaa/BBB	1,968,509
1,085	WaMu Mortgage Pass Through Certificates,		
	3.406%, 12/25/36, CMO, VRN	NR/CCC	817,385
217	Wells Fargo Alternative Loan Trust, 5.50%, 7/25/22, CMO	NR/CC	201,132
900	Wells Fargo Mortgage-Backed Securities Trust,		
	5.693%, 10/25/36, CMO, VRN	Caa1/NR	746,446
32,022	WF-RBS Commercial Mortgage Trust,		
	1.371%, 2/15/44, CMO, IO, VRN (a)(c)(h)	Aaa/NR	1,873,298
	Total Mortgage-Backed Securities (cost-\$141,361,710)		152,169,031
	CORPORATE BONDS & NOTES 35.9%		
	Airlines 2.8%		
386	Northwest Airlines, Inc., 1.01%, 11/20/15, FRN (MBIA) (h)	Baa2/A-	366,715
	United Air Lines Pass Through Trust (h),		
848	6.636%, 1/2/24	Baa2/BB+	852,419
923	9.75%, 1/15/17	Baa2/BBB+	1,054,358
909	10.40%, 5/1/18	Baa2/BBB+	1,030,670
			3,304,162
	Banking 3.9%		
2,200	Discover Bank, 7.00%, 4/15/20 (h)	Ba1/BBB-	2,446,121
2,000	Regions Financial Corp., 7.75%, 11/10/14 (h)	Ba3/BB+	2,119,876
			4,565,997

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
Energy 0.9%			
\$950	Consol Energy, Inc., 8.00%, 4/1/17 (h)	B1/BB	\$1,040,250
Financial Services 12.9%			
	Ally Financial, Inc.,		
10	5.90%, 1/15/19	B1/B+	9,176
20	6.00%, 2/15/19	B1/B+	18,378
106	6.00%, 3/15/19	B1/B+	97,604
30	6.15%, 3/15/16	B1/B+	28,803
20	6.30%, 8/15/19	B1/B+	18,547
16	6.50%, 10/15/16	B1/B+	15,460
23	6.65%, 6/15/18	B1/B+	23,033
25	6.70%, 6/15/18	B1/B+	25,015
19	6.75%, 8/15/16	B1/B+	18,540
12	6.75%, 6/15/17	B1/B+	12,003
18	6.75%, 9/15/18	B1/B+	17,345
35	6.75%, 10/15/18	B1/B+	34,009
2	6.80%, 10/15/18	B1/B+	1,963
12	6.85%, 4/15/16	B1/B+	11,782
174	6.90%, 8/15/18	B1/B+	169,645
30	7.00%, 6/15/17	B1/B+	30,062
3	7.00%, 2/15/18	B1/B+	2,959
100	7.00%, 3/15/18	B1/B+	98,608
5	7.00%, 5/15/18	B1/B+	4,928
55	7.00%, 8/15/18	B1/B+	53,903
14	7.05%, 3/15/18	B1/B+	13,839
32	7.05%, 4/15/18	B1/B+	31,624
100	7.125%, 8/15/12	B1/B+	99,868
6	7.15%, 9/15/18	B1/B+	5,905
60	7.20%, 10/15/17	B1/B+	60,101
5	7.25%, 9/15/17	B1/B+	5,013
38	7.25%, 4/15/18	B1/B+	38,075
60	7.25%, 8/15/18	B1/B+	59,339
30	7.25%, 9/15/18	B1/B+	29,678
195	7.30%, 12/15/17	B1/B+	195,363
102	7.30%, 1/15/18	B1/B+	102,193
76	7.35%, 4/15/18	B1/B+	76,327
20	7.375%, 11/15/16	B1/B+	20,030
36	7.40%, 12/15/17	B1/B+	36,071
14	7.50%, 8/15/17	B1/B+	14,024
12	7.50%, 11/15/17	B1/B+	12,024
8	7.75%, 10/15/17	B1/B+	8,018
19	8.00%, 10/15/17	B1/B+	19,048
18	8.00%, 11/15/17	B1/B+	18,137
5	8.20%, 3/15/17	B1/B+	5,021
322	9.00%, 7/15/20	B1/B+	327,020
1,000	American Express Co., 6.80%, 9/1/66, (converts to FRN on 9/1/16) (h)	Baa2/BBB	1,031,250
1,000	Cantor Fitzgerald L.P., 7.875%, 10/15/19 (a)(c)(h)	Baa3/BBB	1,093,341
	CIT Group, Inc.,		
800	5.25%, 4/1/14 (a)(c)(h)	B2/B+	800,000

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
Financial Services (continued)			
\$153	7.00%, 5/1/14 (h)	B2/B+	\$155,530
275	7.00%, 5/1/15 (h)	B2/B+	276,141
459	7.00%, 5/1/16 (h)	B2/B+	457,369
642	7.00%, 5/1/17	B2/B+	641,121
1,000	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37) (h)	Ba1/BB+	1,025,000
	Ford Motor Credit Co. LLC (h),		
1,000	6.625%, 8/15/17	Ba2/BB-	1,063,788
500	8.00%, 12/15/16	Ba2/BB-	563,217
1,600	International Lease Finance Corp., 7.125%, 9/1/18 (a)(c)(h)	Ba3/BBB-	1,720,000
1,200	Morgan Stanley, 0.758%, 10/15/15, FRN (h)	A2/A	1,137,032
	SLM Corp. (h),		
1,000	8.00%, 3/25/20	Ba1/BBB-	1,074,890
1,100	8.45%, 6/15/18	Ba1/BBB-	1,208,398
1,000	Stone Street Trust, 5.902%, 12/15/15 (a)(c)(h)	Baa1/A-	1,048,700
			15,164,258
Hotels/Gaming 1.0%			
1,100	MGM Resorts International, 9.00%, 3/15/20 (h)	Ba3/B	1,210,000
Insurance 5.0%			
	American International Group, Inc. (h),		
2,000	4.25%, 5/15/13	Baa1/A-	2,057,580
500	5.45%, 5/18/17	Baa1/A-	523,228
700	5.85%, 1/16/18	Baa1/A-	734,090
1,350	6.25%, 5/1/36	Baa1/A-	1,380,987
1,100	6.40%, 12/15/20	Baa1/A-	1,185,375
			5,881,260
Oil & Gas 2.6%			
	Anadarko Petroleum Corp. (h),		
200	6.20%, 3/15/40	Ba1/BBB-	203,382
1,000	6.375%, 9/15/17	Ba1/BBB-	1,147,168
1,400	6.45%, 9/15/36	Ba1/BBB-	1,465,451
285	Global Geophysical Services, Inc., 10.50%, 5/1/17 (h)	B3/B	300,675
			3,116,676
Paper/Paper Products 0.9%			
1,000	Weyerhaeuser Co., 7.375%, 3/15/32 (h)	Ba1/BBB-	1,043,430
Real Estate Investment Trust 2.8%			
1,000	Kilroy Realty L.P., 5.00%, 11/3/15 (h)	Baa3/BBB-	1,042,811
2,000	Reckson Operating Partnership L.P., 7.75%, 3/15/20 (h)	Ba1/BBB-	2,293,674
			3,336,485
Retail 2.5%			
	CVS Pass Through Trust (h),		

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1,718	5.88%, 1/10/28	Baa2/BBB+	1,773,564
974	7.507%, 1/10/32 (a)(c)	Baa2/BBB+	1,157,665
			2,931,229

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
Utilities 0.6%			
\$250	Dynegy Holdings, Inc., 7.125%, 5/15/18	Caa3/CC	\$173,750
500	Energy Future Holdings Corp., 10.00%, 1/15/20 (h)	Caa3/B-	532,978
			706,728
Total Corporate Bonds & Notes (cost-\$37,681,015)			42,300,475
ASSET-BACKED SECURITIES 7.2%			
663	Advanta Business Card Master Trust, 0.436%, 6/20/14, FRN	Ca/CCC-	557,685
156	Ameriquest Mortgage Securities, Inc., 5.811%, 2/25/33, FRN	C/D	10,249
158	Asset-Backed Securities Corp. Home Equity, 2.936%, 6/21/29, FRN	C/NR	37,723
607	Bayview Financial Acquisition Trust, 0.466%, 12/28/36, FRN	B3/BB	433,659
	Bear Stearns Asset-Backed Securities Trust,		
106	0.566%, 6/25/36, FRN	NR/BB	85,766
1,007	3.374%, 7/25/36, VRN	NR/CCC	704,273
1,342	Bombardier Capital Mortgage Securitization Corp., 7.83%, 6/15/30, VRN	Ca/NR	863,900
1	CDC Mortgage Capital Trust, 5.286%, 3/25/33, FRN	C/D	7
985	Denver Arena Trust, 6.94%, 11/15/19 (a)(c)	NR/NR	1,012,061
636	EMC Mortgage Loan Trust, 0.836%, 2/25/41, FRN (a)(c)	NR/NR	526,926
341	GE Mortgage Services LLC, 6.705%, 4/25/29, VRN	NR/NR	314,367
232	GSAA Trust, 0.456%, 6/25/35, FRN	B2/AA+	180,612
56	Keystone Owner Trust, 9.00%, 1/25/29 (a)(c)	C/NR	51,972
814	Lehman XS Trust, 5.42%, 11/25/35	A3/AAA	808,557
2,455	Merrill Lynch First Franklin Mortgage Loan Trust, 0.426%, 5/25/37, FRN	Ca/CCC	936,700
630	Merrill Lynch Mortgage Investors, Inc., 0.686%, 6/25/36, FRN	Caa1/BB-	375,237
880	Oakwood Mortgage Investors, Inc., 6.89%, 11/15/32, VRN	C/D	253,541
94	Residential Asset Mortgage Products, Inc., 0.556%, 9/25/32, FRN	B2/CCC	58,963
81	Southern Pacific Secured Asset Corp., 0.526%, 7/25/29, FRN	B3/B	48,352
68	Structured Asset Investment Loan Trust, 4.686%, 10/25/33, FRN	C/CC	6,224
1,000	UCFC Manufactured Housing Contract, 7.90%, 1/15/28, VRN	Ca/NR	1,115,278
1,856	UPS Capital Business Credit, 3.469%, 4/15/26, FRN	C/NR	101,098
Total Asset-Backed Securities (cost-\$9,671,080)			8,483,150
U.S. GOVERNMENT AGENCY SECURITIES 2.2%			
	Freddie Mac, CMO, IO, VRN (b),		
3,179	0.843%, 1/25/21	Aaa/AAA	142,420
10,500	3.614%, 6/25/46 (e)	Aaa/AAA	2,402,437
Total U.S. Government Agency Securities (cost-\$2,540,815)			2,544,857
MUNICIPAL BONDS 1.7%			
Arkansas 0.5%			
845	Little Rock Municipal Property Owners Multipurpose Improvement Dist. No. 10, Special Tax, Capital Improvement Projects, 7.20%, 3/1/32, Ser. B	NR/NR	637,400

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Iowa	0.2%			
	185	Dickinson Cnty. Rev., Spirit Lake, 7.75%, 12/1/12, Ser. B	NR/NR	193,382

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June 30, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value
Virginia 0.4%			
\$465	Lexington Industrial Dev. Auth. Rev., 8.00%, 1/1/15, Ser. C	NR/NR	\$456,900
West Virginia 0.6%			
940	Tobacco Settlement Finance Auth. Rev., 7.467%, 6/1/47, Ser. A	Baa3/BB+	697,123
Total Municipal Bonds (cost-\$2,369,738)			1,984,805
CONVERTIBLE BONDS 1.2%			
Real Estate Investment Trust 1.2%			
1,200	SL Green Operating Partnership L.P., 3.00%, 10/15/17 (a)(c) (cost-		