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PIMCO FLOATING RATE INCOME FUND
Form N-CSRS
April 05, 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 811-21374

PIMCO Floating Rate Income 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)

Lawrence 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: July 31, 2005

Date of reporting period: January 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. Section 3507.

ITEM 1. Report to Shareholder

SEMI-ANNUAL REPORT
1.31.05

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PIMCO FLOATING RATE INCOME FUND

[PFL LISTED NYSE LOGO]
THE NEW YORK STOCK EXCHANGE

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[PIMCO ADVISORS LOGO]

PIMCO FLOATING RATE INCOME FUND LETTER TO SHAREHOLDERS

March 16, 2005

Dear Shareholder:

We are pleased to provide you with the semi-annual report of the PIMCO Floating Rate Income Fund (the "Fund") for the six months ended January 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 1-800-331-1710. Furthermore, a wide range of information and resources can be accessed through our Web site, www.pimcoadvisors.com.

Together with PA 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,

/s/ Robert E. Connor

/s/ Brian S. Shlissel

Robert E. Connor

Brian S. Shlissel

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CHAIRMAN

PRESIDENT & CHIEF EXECUTIVE OFFICER

PIMCO FLOATING RATE INCOME FUND PERFORMANCE SUMMARY & STATISTICS
January 31, 2005 (unaudited)

SYMBOL:
PFL

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

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

INCEPTION DATE:
August 29, 2003

TOTAL NET ASSETS(1):
\$564.3 million

PORTFOLIO MANAGERS:
Raymond G. Kennedy
Jason R. Rosiak

TOTAL RETURN(2):	MARKET PRICE	NET ASSET VALUE ("NAV")

Six months ended 1/31/05	7.65%	5.30%
1 Year	12.32%	7.73%
Commencement of Operations (8/29/03) to 1/31/05	10.09%	6.77%

COMMON SHARE MARKET PRICE/NAV PERFORMANCE:
Commencement of Operations (8/29/03) to 1/31/05

[CHART]

	NAV	MARKET PRICE
8/29/2003	\$ 19.31	\$ 20.00
9/5/2003	\$ 19.29	\$ 20.01
9/12/2003	\$ 19.31	\$ 20.15
9/19/2003	\$ 19.33	\$ 20.29
9/26/2003	\$ 19.34	\$ 20.04
10/3/2003	\$ 19.37	\$ 20.01
10/10/2003	\$ 19.42	\$ 20.03
10/17/2003	\$ 19.44	\$ 20.02
10/24/2003	\$ 19.45	\$ 20.22
10/31/2003	\$ 19.41	\$ 20.03
11/7/2003	\$ 19.30	\$ 20.16
11/14/2003	\$ 19.24	\$ 20.10
11/21/2003	\$ 19.25	\$ 20.08
11/28/2003	\$ 19.27	\$ 19.98

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12/5/2003	\$	19.36	\$	19.62
12/12/2003	\$	19.30	\$	19.40
12/19/2003	\$	19.35	\$	19.42
12/26/2003	\$	19.38	\$	19.58
1/2/2004	\$	19.42	\$	19.84
1/9/2004	\$	19.51	\$	19.61
1/16/2004	\$	19.42	\$	19.76
1/23/2004	\$	19.48	\$	19.75
1/30/2004	\$	19.41	\$	20.10
2/6/2004	\$	19.36	\$	20.18
2/13/2004	\$	19.50	\$	20.05
2/20/2004	\$	19.33	\$	20.15
2/27/2004	\$	19.29	\$	19.95
3/5/2004	\$	19.36	\$	19.97
3/12/2004	\$	19.37	\$	20.02
3/19/2004	\$	19.30	\$	20.15
3/26/2004	\$	19.29	\$	19.88
4/2/2004	\$	19.33	\$	20.00
4/8/2004	\$	19.45	\$	20.05
4/16/2004	\$	19.32	\$	19.98
4/23/2004	\$	19.32	\$	20.04
4/30/2004	\$	19.30	\$	20.20
5/7/2004	\$	19.17	\$	20.17
5/14/2004	\$	19.10	\$	20.20
5/21/2004	\$	19.08	\$	20.13
5/28/2004	\$	19.19	\$	20.20
6/4/2004	\$	19.20	\$	20.17
6/11/2004	\$	19.27	\$	20.35
6/18/2004	\$	19.26	\$	20.29
6/25/2004	\$	19.36	\$	20.60
7/2/2004	\$	19.41	\$	20.50
7/9/2004	\$	19.44	\$	20.60
7/16/2004	\$	19.40	\$	20.62
7/23/2004	\$	19.40	\$	20.46
7/23/2004	\$	19.4	\$	20.4600
7/30/2004	\$	19.37	\$	20.4700
8/6/2004	\$	19.41	\$	20.8700
8/13/2004	\$	19.37	\$	20.7900
8/20/2004	\$	19.33	\$	20.8700
8/27/2004	\$	19.4	\$	21.0100
9/3/2004	\$	19.41	\$	21.0600
9/10/2004	\$	19.48	\$	21.1800
9/17/2004	\$	19.44	\$	20.4100
9/24/2004	\$	19.42	\$	20.8100
10/1/2004	\$	19.47	\$	20.9600
10/8/2004	\$	19.56	\$	20.7700
10/15/2004	\$	19.5	\$	20.5600
10/22/2004	\$	19.52	\$	20.6100
10/29/2004	\$	19.66	\$	20.9200
11/5/2004	\$	19.79	\$	21.1000
11/12/2004	\$	19.81	\$	21.6500
11/19/2004	\$	19.77	\$	21.1300
11/26/2004	\$	19.8	\$	21.4500
12/3/2004	\$	19.84	\$	20.7600
12/10/2004	\$	19.87	\$	20.6100
12/17/2004	\$	19.81	\$	20.5000
12/23/2004	\$	19.86	\$	20.7500
12/31/2004	\$	19.76	\$	21.1600
1/7/2005	\$	19.76	\$	21.3600
1/14/2005	\$	19.73	\$	21.7000
1/21/2005	\$	19.62	\$	21.4200
1/28/2005	\$	19.7	\$	21.2800

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1/31/2005 \$ 19.71 \$ 21.30

MARKET PRICE/NET ASSET VALUE:

Market Price	\$	21.30
Net Asset Value	\$	19.71
Premium to NAV		8.07%
Market Price Yield(3)		5.53%

[CHART]

MOODY'S RATINGS AS A % OF TOTAL INVESTMENTS

AAA	6.5%
A	0.3%
Baa	1.3%
Ba	23.2%
B	36.4%
Caa	5.2%
Ca	0.0%
NR	27.1%

(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 and capital gain distributions 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. Total return for a period more than one year represents the average annual total return.

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.

(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 January 31, 2005.

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PRINCIPAL
AMOUNT
(000)

SENIOR LOANS (a) (b) (c)--57.9%

AEROSPACE - 0.3%

\$ 1,950 K & F Industries Inc., 4.92%-6.75%, 11/18/12, Term B

APPAREL & TEXTILES - 1.4%

2,692 Arteva DBA Kosa, 5.3125%, 4/30/11, Term B1

1,214 Kosa Canada Co., 5.3125%, 4/30/11, Term B2

4,000 Simmons & Co., 7.00%, 6/19/12, Term C

AUTOMOTIVE - 4.0%

2,255 Federal-Mogul Corp., 0.00%, 12/8/11, Term B (d)

245 Federal-Mogul Corp., 0.00%, 12/8/11, Term LC (d)

3,762 Hayes Lemmerz International Inc., 5.33%-6.00%, 6/30/09, Term B

2,000 Imperial Plastech Inc., 6.26%, 2/15/10, Term C

2,500 Pacificare Systems Inc., 4.0625%-4.25%, 12/17/08, Term B

1,397 Tenneco Automotive Inc., 5.40%, 12/30/10, Term B1

3,072 Tenneco Automotive Inc., 5.56875%, 12/30/10, Term B

3,500 TRW Automotive Inc., 4.375%, 12/17/11, Term B

4,256 Volkswagon ADR, 5.17%, 4/7/11, Term B

CHEMICALS - 3.7%

2,500 Brenntag AG, 4.73%, 2/27/12 Term B2

3,500 Celanese AG, 0.00%, 1/11/11-4/11/11 (d)

998 Celanese AG, 4.81%, 6/8/11, Term B

1,992 Cognis BV, 5.0933%, 3/31/13, Term C1

1,149 Cognis BV, 5.44%, 3/31/12, Term B1

1,985 Hercules Inc., 3.96625%-4.31%, 10/8/10, Term B

1,660 Huntsman International LLC, 5.00%, 12/30/10, Term B

2,948 Kraton Polymers Group, 4.625%-5.5625%, 12/2/09

4,578 Nalco Co., 4.52%-4.92%, 11/1/10, Term B

COMPUTER SOFTWARE - 0.2%

995 UGS Solutions Inc., 4.83%, 5/26/11, Term B

CONSUMER PRODUCTS - 1.4%

2,000 Jarden Corp., 6.25%, 1/21/12, Term B

3,059 Rayovac Corp., 4.78%-4.94%, 10/1/09, Term B

3,000 Revlon Inc., 8.42%-8.84%, 7/9/10-7/31/10

CONTAINERS - 4.2%

5,500 Graham Packaging Co., 5.00%-5.125%, 9/15/11, Term B

1,500 Graham Packaging Co., 6.8125%, 3/15/12

3,650 Graphic Packaging International Corp., 5.06%-5.44%, 8/9/10, Term C

1,496 Intertape Polymer Group, Inc., 4.69%-4.96%, 7/28/11, Term B

1,331 Owens-Illinois Inc., 5.23%, 4/1/08

1,981 Solo Cup Co., 4.96875%-5.09%, 2/27/11, Term B

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742	Stone Container Corp., 2.20625%, 11/1/10
5,932	Stone Container Corp., 4.4375%-4.6875%, 11/1/10-11/1/11, Term B
1,825	Stone Container Corp., 4.4375%-4.50%, 11/1/10-11/1/11, Term C

DIVERSIFIED MANUFACTURING - 0.7%

3,654	Invensys plc, 6.0913%, 9/30/09, Term B1
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PRINCIPAL
AMOUNT
(000)

DRUGS & MEDICAL PRODUCTS - 0.9%

\$ 740	Warner Chilcott plc, 0.00%, 1/4/12 (d)
4,260	Warner Chilcott plc, 0.00%, 1/18/12, Term B (d)

ENERGY - 2.7%

1,980	Calpine Corp., 8.5775%, 8/13/09
2,488	Dynegy, Inc., 6.398%, 5/10/10
1,638	Foundation Coal Holdings Inc., 4.56%-4.78%, 7/30/11, Term B
4,585	Headwaters Inc., 5.75%-8.17%, 4/30/11, Term B
333	Headwaters Inc., 7.90%, 9/1/12, Term C
1,969	NRG Energy Inc., 0.00%, 12/24/11 (d)
2,531	NRG Energy Inc., 0.00%, 12/24/11, Term B (d)

ENTERTAINMENT - 1.0%

1,496	Loews Cineplex Entertainment, 4.44%-4.8144%, 7/8/11-7/22/11
4,466	Warner Music Group Inc., 4.31875%-5.11%, 2/27/11, Term B

FINANCIAL SERVICES - 0.9%

1,000	Atlantic Broadcast, Inc., 5.69%, 7/30/11, Term B
1,500	Nextel Finance Corp., 4.9375%, 3/15/11, Term C
2,430	Refco Group Ltd., 5.27%, 7/30/11, Term B

FOOD & BEVERAGE - 0.8%

4,470	Constellation Brands, Inc. 4.83%-5.06%, 9/18/11, Term B
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FOOD SERVICES - 1.1%

2,437	Del Monte Foods Co., 4.96%, 12/20/10, Term B
4,000	Michaels Foods, Inc., 6.59% 11/30/11, Term C

FUNERAL SERVICES - 0.1%

669	Alderwoods Group Inc., 3.73%-4.51%, 9/17/08, Term B
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HEALTH & HOSPITALS - 2.4%

3,990	Ardent Health Inc., 4.80%, 8/15/11, Term B
1,975	Beverly Enterprises Inc., 4.73%-5.42%, 10/30/08, Term B
8,372	Davita, Inc., 3.874%-4.66%, 6/23/09, Term B1

HOTELS/GAMING - 1.5%

2,333	Aladdin Gaming, 0.00%, 8/31/10 (j)
998	Argosy Gaming Co., 4.31%, 6/30/11, Term B
3,333	Host Marriott Corp., 0.00%, 9/10/08, Term A Revolver (d) (e)
1,667	Host Marriott Corp., 0.00%, 9/10/08, Term B Revolver (d) (e)
864	Las Vegas Sands, Inc. 4.90%, 8/15/11, Term B
133	Wynn Resorts Ltd., 4.575%, 12/14/11, Term B

HOUSEHOLD PRODUCTS - 0.7%

1,000	Springer S.A., 5.5261%, 9/16/11, Term B2
2,800	Springer S.A., 6.0261%, 9/16/12, Term C2 (e)

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PRINCIPAL AMOUNT (000)

LEASING - 0.3%

\$ 333	United Rentals, Inc., 2.40%, 2/15/11, Term LC
1,651	United Rentals, Inc., 4.81%, 2/15/11, Term B

MACHINERY - 0.6%

2,295	Agco Corp., 4.47%-4.55%, 1/31/06, Term B
1,022	Flowserve Corp., 4.8125%-5.4375%, 6/30/09, Term C

MANUFACTURING - 0.1%

788	SPX Corp., 4.625%, 9/30/09, Term B1
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MEASURING INSTRUMENTS - 0.7%

4,000	Dresser Inc., 5.84%, 2/18/10
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METALS & MINING - 0.5%

3,000	Novelis Inc., 4.125%, 12/30/11, Term B
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MULTI-MEDIA - 5.4%

2,831	Canwest Media Inc., 4.70%, 8/15/09, Term E
2,000	Charter Communications Holdings, LLC, 5.13%, 4/26/10, Term A
6,439	Charter Communications Holdings, LLC, 5.89%-5.98%, 4/27/11, Term B
3,304	DirectTV Holdings LLC, 4.45%-4.48%, 3/6/10, Term B-2

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1,000	DirectTV Holdings LLC, 4.75%, 3/6/10, Term B-1
6,930	Insight Midwest Holdings LLC., 5.4375%, 12/31/09, Term B
2,985	MediaCom Broadband LLC, 4.89%-5.29%, 9/30/10, Term B
3,000	Olympus Cable Holdings LLC, 0.00%, 9/30/10, Term B (d)
1,625	Primedia Inc., 5.375%, 6/30/09, Term B
1,493	Primedia Inc., 6.8725%, 11/10/09, Term C

OFFICE EQUIPMENT - 2.2%

5,700	Boise Cascade Inc., 4.6875%, 10/29/11, Term B
5,300	Boise Cascade Inc., 4.84375%, 10/29/11, Term C
2,000	Xerox Corp., 4.33%, 9/30/08, Term B

PAPER PRODUCTS - 0.8%

2,488	Appleton Papers Inc., 4.33%-4.79%, 6/9/10-6/11/10
2,052	Buckeye Technologies Inc., 4.45%-5.05%, 11/4/10, Term B

PIPELINES - 0.6%

3,260	Kinetics Concepts, Inc., 4.31%, 7/14/10, Term B
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PRINTING/PUBLISHING - 1.0%

1,440	RH Donnelley Corp., 4.09%-4.13%, 12/31/09, Term A3
3,690	RH Donnelley Corp., 4.13%-4.69%, 6/30/11,
409	RH Donnelley Corp., 4.26%, 6/30/11, Term D4
136	RH Donnelley Corp., 4.30%, 6/30/11, Term D1
136	RH Donnelley Corp., 4.31%, 6/30/11, Term D3

REAL ESTATE - 0.9%

1,000	General Growth Properties Inc., 4.64%, 11/12/07, Term A
4,000	General Growth Properties Inc., 4.64%, 11/12/08, Term A

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PRINCIPAL
AMOUNT
(000)

RECREATION - 0.3%

\$ 1,801	Six Flags Theme Parks Inc., 4.90%, 6/30/09, Term B
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RETAIL - 0.3%

1,995	Jean Coutu Group Inc., 4.4375%, 7/30/11
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SEMI-CONDUCTORS - 0.5%

3,000	On Semiconductor Corp., 5.5625%, 12/3/11, Term G
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SPECIAL PURPOSE ENTITY - 0.3%

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1,871 Global Cash Access LLC, 5.17%, 3/15/10, Term B

TELECOMMUNICATIONS - 6.6%

5,000 Advert Direct Sol., 4.48%, 11/19/11, Term B
3,970 Centennial Cellular Communications Corp.,
4.92%-5.38%, 1/20/11-6/18/11, Term B
3,268 Cincinnati Bell Inc., 4.98%-5.08% 6/30/08-11/30/08, Term D
1,665 Dex Media East LLC, 3.39%-4.23%, 11/8/08, Term A
3,271 Dex Media West LLC, 4.10%-4.25%, 9/9/10, Term B
2,483 Dex Media East LLC, 4.14%-4.25%, 5/8/09, Term B
1,136 Dex Media West LLC, 4.35%-4.91%, 9/9/09, Term A
2,292 Inmarsat Ventures PLC., 5.50235%, 10/10/10, Term B
2,298 Inmarsat Ventures PLC., 6.00235%, 10/10/11, Term C
2,000 New Skies Satellite NV, 5.25%-5.438%, 5/10/10, Term B
2,565 Panamsat Corp., 5.00%, 8/20/09, Term A1
1,231 Panamsat Corp., 5.00%, 8/20/09, Term A2
1,995 Valor Telecommunications, 5.92%-5.98%, 9/23/09-11/10/11, Term B
4,975 Western Wireless Corp., 5.40%-5.71%, 5/30/11, Term B

TOBACCO - 0.3%

1,908 Commonwealth Brands, Inc. 5.875%, 8/28/07, Term B

TRANSPORTATION - 0.4%

2,335 Bombardier Inc., 4.97%, 12/17/10-12/18/10, Term B

UTILITIES - 5.5%

1,571 AES Corp., 4.25%-4.44%, 4/30/08-8/10/11, Term B
3,414 Allegheny Energy Inc., 4.76%-4.91%, 3/8/11, Term B
4,500 El Paso Corp., 4.9575%, 11/22/09, Term LC
7,470 El Paso Corp., 5.1875%, 11/23/09, Term B
3,736 Midwest Generation LLC, 5.38%-5.81438%, 4/27/11, Term B
9,000 Reliant Resources Inc., 4.895%-5.0675%, 12/22/10
2,000 Tucson Electric Power Corp., 2.45%, 3/30/09, Term B

WASTE DISPOSAL - 1.9%

11,114 Allied Waste North America, 4.95%-5.24%, 1/15/10-4/30/10, Term B

WHOLESALE - 0.7%

4,149 Roundy's Inc., 3.92%-4.49%, 6/6/09, Term B1

Total Senior Loans (cost-\$336,212,073)

CORPORATE BONDS & NOTES--24.0%

AIR-CONDITIONING - 0.5%

3,000 Goodman Global Holdings, 5.76%, 6/15/12 (f) (g)

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PRINCIPAL
AMOUNT
(000)

CR
(M)

AIRLINES - 0.6%

\$ 1,219 Delta Air Lines, Inc., pass thru certificates,
7.379%, 5/18/10
JetBlue Airways Corp., pass thru certificates,
1,750 5.39%, 11/15/08 (f)
700 6.74%, 3/15/08 (f)

AUTOMOTIVE - 0.4%

2,000 Dura Operating Corp., 8.625%, 4/15/12, Ser. B

BUILDING/CONSTRUCTION - 0.1%

500 North American Energy Partners Inc., 8.75%, 12/1/11

ENERGY - 2.2%

1,231 Calpine Corp., 8.41%, 7/15/07 (f) (g)
2,000 CMS Energy Corp., 7.75%, 8/1/10
2,500 Dynegy Holdings, Inc., 9.16%, 7/15/08 (f) (g)
4,000 NRG Energy Inc., 8.00%, 12/15/13 (g)
2,500 PPL Capital Fund Trust I, 7.29%, 5/18/06

FINANCING - 0.8%

5,000 General Motors Acceptance Corp.,
3.185%-4.56%, 5/18/06-12/1/14, (f)

FORESTRY - 0.4%

2,000 GP Canada Finance Co., 7.20%, 12/15/06 (g)

HOSPITALS - 0.3%

2,000 HCA Inc., 5.50%, 12/1/09

HOTELS/GAMING - 1.1%

1,000 Boyd Gaming Corp., 7.75%, 12/15/12
1,250 La Qunita Corp., 7.00%, 8/15/07
2,000 Mandalay Resort Group, 7.625%, 7/15/13
2,000 Starwood Hotels Resorts, 7.375%, 5/1/07

INSURANCE - 0.6%

1,500 Parametric Re Ltd., 6.84%, 11/19/07 (b) (f) (g)
2,000 Residential Reinsurance Ltd., 7.35%, 6/8/06 (b) (f)

MANUFACTURING - 0.2%

1,000 Superior Essex Inc., 9.00%, 4/15/12 (g)

MULTI-MEDIA - 4.0%

5,000 Cablevision Systems Corp., 6.669%, 4/1/09 (f) (g)
2,000 Cablevision Systems Corp., 8.00%, 4/15/12 (g)
4,000 CCO Holdings LLC, 6.615%, 12/15/10 (f) (g)

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1,000	CCO Holdings LLC, 8.75%, 11/15/13
4,000	Charter Communications Holdings Inc., 10.25%, 9/15/10
5,665	Echostar DBS Corp., 5.81%, 10/1/08 (f) (g)
1,000	Primedia Inc., 7.67%, 5/15/10 (f) (g)

PAPER - 0.9%

2,000	Abitibi-Consolidated Inc., 5.25% 6/20/08
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PRINCIPAL
AMOUNT
(000)

PAPER (continued)

\$ 3,000	Boise Cascade LLC, 5.535%, 10/15/12 (f) (g)
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RETAIL - 0.4%

2,000	Toys "R" Us Inc., 7.63%, 8/1/11
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SEMI-CONDUCTORS - 0.9%

2,000	Freescale Semiconductor Inc., 5.41%, 7/15/09 (f)
3,000	Magnachip Semiconductor Inc., 5.76%, 12/15/11 (f) (g)

SPECIAL PURPOSE ENTITY - 1.7%

4,000	Borden US Finance Corp., 7.41%, 7/15/10 (f) (g)
293	Merrill Lynch CBO, 2.66%, 11/7/06, Ser. A (e) (f) (g)
3,000	Pioneer 2002 Ltd., 7.74%, 6/15/06 (b) (e) (f) (g)
2,500	Univeral City Florida Holdings, 7.20%, 5/1/10 (f) (g)

TELECOMMUNICATIONS - 8.1%

2,000	Cincinnati Bell Inc., 8.375%, 1/15/14
3,000	Dobson Cellular Systems, Inc., 6.96%, 11/1/11 (f) (g)
2,500	Intelsat Bermuda Ltd., 7.79%, 1/15/12 (f) (g)
2,500	New Skies Satellites NV, 7.44%, 11/1/11 (f) (g)
2,000	Qwest Capital Funding Corp., 7.90%, 8/15/10
12,000	Qwest Communications International Inc., 5.79%, 2/15/09 (f) (g)
10,000	Qwest Services Corp., 13.50%, 12/15/10 (g)
3,500	Rogers Wireless Inc., 5.53%, 12/15/10 (f) (g)
2,000	Rural Cellular Corp., 6.99%, 3/15/10 (f)
2,000	Rural Cellular Corp., 8.25%, 3/15/12
3,000	Time Warner Telecommunications Inc., 6.29%, 2/15/11 (f)

TOBACCO - 0.8%

1,000	Commonwealth Brands, Inc. 9.71%, 4/15/08 (f) (g)
2,500	Dimon Corp., 7.75%, 6/1/13
1,500	North Atlantic Trading Co., 9.25%, 3/1/12

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Total Corporate Bonds & Notes (cost-\$137,246,318)

ASSET-BACKED SECURITIES--7.2%

2,575	Ameriquest Mortgage Securities Inc.,	2.62%-2.65%, 4/25/34-8/25/34 (f)
2,659	Amortizing Residential Collateral Trust,	3.01%, 12/25/32 (f)
1,640	CDC Mortgage Capital Trust,	2.88%, 10/25/33 (f)
1,910	Centex Home Equity Loan Trust,	2.82%, 3/25/33 (f)
1,895	Chec Loan Trust,	2.65%, 7/25/34 (f)
493	Citifinancial Mortgage Securities Inc.,	2.83%, 1/25/33 (f)
3,607	Countrywide Asset-Backed Certificates,	2.71%, 7/25/21 (f)
3,268	Credit-Suisse First Boston Mortgage Securities Corp.,	2.88%-2.90%, 7/25/32-8/25/32 (f)
1,625	FC CBO,	3.007%, 6/3/09, Ser. 1A (f) (g)
397	First Franklin Mortgage Loan Corp.,	2.65%, 7/25/33 (f)
2,280	GSAMP Trust,	2.82%, 3/25/34 (f)

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PRINCIPAL
AMOUNT
(000)

\$	2,421	Isles CBO, 2.975%, 10/27/10, Ser. 1 (e) (f) (g)
	1,056	Jade CBO Ltd., 7.67%, 10/24/11 (e) (g)
	2,237	Long Beach Mortgage Loan Trust,
		2.85%-2.93%, 3/25/33-6/25/33 (f)
	3,849	Mellon Residential Funding Corp., 2.83%, 11/15/31 (f)
	1,657	Nelnet Student Loan Trust, 2.017%, 4/25/11 (f)
	5,955	Park Place Securities Inc., 2.68%-2.73%, 10/25/34 (f)
	3,339	Terwin Mortgage Trust, 2.66%, 9/25/34 (f) (g)

Total Asset-Backed Securities (cost-\$42,216,968)

SOVEREIGN DEBT OBLIGATIONS (f)--3.0%

BRAZIL - 3.0%

12,512	Federal Republic of Brazil,	3.125%-11.00%, 4/15/09
5,000	Federal Republic of Brazil,	11.00%, 8/17/40

Total Sovereign Debt Obligations (cost-\$17,151,708)

PREFERRED STOCK (a) (f) (g)--0.7%

Shares

FINANCING - 0.2%

16,100	Fannie Mae,	7.00%, 12/31/07
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SPECIAL PURPOSE ENTITY - 0.5%

30	Richmond County Cap. Corp.,	5.32%, 7/15/08 (b)
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Total Preferred Stock (cost-\$3,873,307)

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SHORT-TERM INVESTMENTS--7.2%

ASSET-BACKED SECURITIES - 1.0%

\$ 3,000 Redwood Capital II Ltd., 4.86%, 1/9/06 (b) (f) (g)
 3,000 Redwood Capital II Ltd., 6.41%, 1/9/06 (b) (f) (g)

Total Asset-Backed Securities (cost-\$6,000,000)

COMMERCIAL PAPER - 1.1%

FINANCING - 1.1%

6,400 UBS Finance, Inc., 2.47%, 2/1/05 (cost-\$6,400,000)

CORPORATE NOTES - 1.6%

CHEMICALS - 0.3%

1,500 Arco Chemical Co., 9.375%, 12/15/05

FINANCING - 0.3%

1,500 Ford Motor Credit Corp., 7.60%, 8/1/05

HOTELS/GAMING - 0.7%

3,000 La Quinta Corp., 7.40%, 9/15/05

1,430 MGM Mirage Inc., 6.625%, 2/1/05

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PRINCIPAL
 AMOUNT
 (000)

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 (M)

PAPER - 0.3%

\$ 2,000 Abitibi-Consolidated Inc., 8.30% 8/1/05

Total Short-Term Corporate Notes (cost-\$9,556,409)

U.S. TREASURY BILLS (h) - 0.7%

3,965 2.127%-2.455%, 3/3/05-5/5/05 (cost-\$3,939,760)

REPURCHASE AGREEMENTS - 2.8%

12,258 State Street Bank & Trust Co.
 dated 1/31/05, 1.90%, due 2/1/05,
 proceeds:\$12,258,647; collateralized by Federal Home
 Loan Mortgage, 3.875%, 2/15/05, valued at
 \$12,504,528 with accrued interest
 4,000 Lehman Brothers, dated 1/31/05, 2.38%, due 2/1/05,
 proceeds:\$4,000,264; collateralized by
 U.S. Treasury Bonds, 7.125%, 2/15/23,
 valued at \$4,093,540 with accrued interest

Total Repurchase Agreements-(cost-\$16,258,000)

Total Short-Term Investments (cost-\$42,154,169)

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PUT OPTIONS PURCHASED (i)--0.0%

Contracts

	Eurodollar Futures,
480	strike price \$94.00, expires 9/19/05
20	strike price \$94.25, expires 9/19/05
60	strike price \$94.50, expires 9/19/05
	U.S. Treasury Notes 10 yr Futures, Chicago Board of Trade,
286	strike price \$107, expires 2/18/05

Total Put Options Purchased (cost-\$11,141)

TOTAL INVESTMENTS BEFORE OPTIONS WRITTEN (cost-\$578,865,684) - 100.0%

CALL OPTIONS WRITTEN (i) - 0.0%

(8,500,000)	Swap Option 3 Month LIBOR,
	strike rate @ 4.15%, expires 2/3/05
	U.S. Treasury Notes 10 yr Futures, Chicago Board of Trade:
(195)	strike price \$113, expires 2/18/05
(215)	strike price \$114, expires 5/20/05

Total Call Options Written (premiums received-\$121,837)

PUT OPTIONS WRITTEN (i)--0.0%

(8,500,000)	Swap Option 3 Month LIBOR,
	Strike rate @ 4.60%, expires 2/3/05
	U.S. Treasury Bond Futures, Chicago Board of Trade:
(130)	strike price \$108, expires 5/20/05
	U.S. Treasury Notes 10 yr Futures, Chicago Board of Trade:
(131)	strike price \$107, expires 5/20/05
(234)	strike price \$109, expires 2/18/05

Total Put Options Written (premiums received-\$203,400)

TOTAL INVESTMENTS, NET OF OPTIONS WRITTEN (cost-\$578,540,447) - 100.0%

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- (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 London Interbank Offered Rate ("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.
- (d) Unsettled security, coupon rate undetermined at January 31, 2005.
- (e) Fair-valued security.
- (f) Floating Rate Security. Interest rate shown is the rate in effect at January 31, 2005.
- (g) 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

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- investors.
- (h) All or partial principal amount segregated as initial margin on futures contracts.
- (i) Non-income producing.

GLOSSARY:

ADR - American Depositary Receipt
 CBO - Collateralized Bond Obligation
 LIBOR - London Interbank Offered Rate
 NR - Not Rated

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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PIMCO FLOATING RATE INCOME FUND STATEMENT OF ASSETS AND LIABILITIES January 31, 2005 (unaudited)

ASSETS:

Investments, at value (cost-\$578,865,684)	\$	587,0
Cash (including foreign currency of \$5,385 with a cost of \$5,410)		1,9
Receivable for investments sold/paydowns		10,4
Unrealized appreciation on swaps		5,7
Interest receivable		4,1
Premium for swaps purchased		
Unrealized appreciation on unfunded loan commitments		
Prepaid expenses		
Total Assets		609,4

LIABILITIES:

Payable for investments purchased		36,0
Unrealized depreciation on swaps		4,2
Premium for swaps sold		2,0
Dividends payable to common and preferred shareholders		1,8
Investment management fee payable		3
Options written, at value (premium received \$325,237)		1
Deferred facility fees		1
Payable for variation margin on futures contracts		
Unrealized depreciation on forward foreign currency contracts		
Accrued expenses		1
Total Liabilities		45,1

PREFERRED SHARES (\$0.00001 PAR VALUE AND \$25,000 NET ASSET AND LIQUIDATION VALUE PER SHARE APPLICABLE TO AN AGGREGATE OF 8,400 SHARES ISSUED AND OUTSTANDING)		210,0
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NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$	354,3
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COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:

Common stock:		
Par value (\$0.00001 per share, applicable to 17,981,553 shares issued and outstanding)	\$	
Paid-in-capital in excess of par		344,7
Dividends in excess of net investment income		(1,5
Accumulated net realized gain		2,2
Net unrealized appreciation of investments, swaps, futures contracts, options written, unfunded loan commitments and foreign currency transactions		9,0

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NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$ 354,3

NET ASSET VALUE PER COMMON SHARE	\$
=====	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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PIMCO FLOATING RATE INCOME FUND STATEMENT OF OPERATIONS
For the six months ended January 31, 2005 (unaudited)

INTEREST INCOME:

Interest	\$ 12,7
Facility and other fee income	7
Dividends	

	13,6

EXPENSES:

Investment management fees	2,1
Auction agent fees and commissions	2
Custodian and accounting agent fees	1
Reports to shareholders	
Audit and tax services	
Trustees' fees and expenses	
New York Stock Exchange listing fees	
Transfer agent fees	
Legal fees	
Investor relations	
Miscellaneous	

Total expenses	2,6

Less: custody credits earned on cash balances	

Net expenses	2,6

NET INVESTMENT INCOME	10,9
	=====

REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain (loss) on:	
Investments	(
Futures contracts	2
Options written	1
Swaps	1,8
Foreign currency transactions	2
Net change in unrealized appreciation/depreciation of:	
Investments	5,0
Futures contracts	(3
Options written	1
Swaps	1,6
Unfunded loan commitments	1

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Foreign currency transactions	1
Net realized and unrealized gain on investments, futures contracts, options written, swaps, unfunded loan commitments and foreign currency transactions	9,2

NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	20,2
=====	
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(2,0

NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM INVESTMENT OPERATIONS	\$ 18,1
=====	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

PIMCO FLOATING RATE INCOME FUND STATEMENT OF CHANGES IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS

	SIX MO
	ENDE
	JANUARY 31
	(unaudi

INVESTMENT OPERATIONS:	
Net investment income	\$ 10,9
Net realized gain on investments, swaps, futures contracts, options written and foreign currency transactions	2,4
Net unrealized appreciation of investments, swaps, futures contracts, options written, unfunded loan commitments and foreign currency transactions	6,7

Net increase in net assets resulting from investment operations	20,2
=====	
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(2,0
Net increase in net assets applicable to common shareholders resulting from investment operations	18,1
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:	
Net investment income	(9,7
Net realized gains	(2,4

Total dividends and distributions to common shareholders	(12,2
=====	
CAPITAL SHARE TRANSACTIONS:	
Net proceeds from the sale of common stock	
Preferred shares underwriting discount charged to paid-in capital in excess of par	
Common stock and preferred shares offering costs charged to paid-in capital in excess of par	
Reinvestment of dividends and distributions	1,7
Net increase in capital share transactions	1,7

Total increase in net assets applicable to common shareholders	7,5
=====	
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:	

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Beginning of period	346,7

End of period (including dividends in excess of net investment income of \$1,592,593 and \$667,789, respectively)	\$ 354,3
=====	
COMMON SHARES ISSUED AND REINVESTED:	
Issued	
Issued in reinvestment of dividends and distributions	

NET INCREASE	
=====	

* Commencement of operations

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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PIMCO FLOATING RATE INCOME FUND STATEMENT OF CASH FLOWS For the six months ended January 31, 2005 (unaudited)

CASH FLOWS USED FOR OPERATING ACTIVITIES:	
Purchases of long-term investments	\$ (461,3
Proceeds from sales of long-term investments	401,3
Interest, dividends and facility and other fee income received	12,0
Decrease in swap premium paid	8
Increase in swap premium sold	1,8
Realized net gain on swaps	2,1
Decrease in prepaid expenses	
Operating expenses paid	(2,7
Decrease in variation margin paid	1
Realized net gain (loss) on foreign currency transactions	2
Net decrease in short-term investments	55,0

NET CASH USED FOR OPERATING ACTIVITIES	9,7
=====	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Cash dividends paid (excluding reinvestment of \$1,762,362)	(12,2

NET CASH FROM FINANCING ACTIVITIES	(12,2
=====	
NET DECREASE IN CASH	(2,5
CASH AT BEGINNING OF PERIOD	4,5

CASH AT END OF PERIOD	1,9
=====	
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	20,2
Decrease in receivable for investments sold	2,5
Increase in interest receivable	(1,0
Decrease in periodic payments receivable on swaps	2
Decrease in premium for swaps purchased	8
Increase in premium for swaps sold	1,5

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Increase in premium of options written	3
Decrease in prepaid expenses	
Increase in payable to Investment Manager	
Decrease in net unrealized depreciation on swaps	(1,6
Decrease in unrealized depreciation on forward foreign currency contracts	(1
Decrease in unrealized depreciation on unfunded loan commitments	1
Decrease in variation margin on futures contracts	3
Decrease in receivable from swap counterparty	(1
Increase in unrealized appreciation on option written	(
Decrease in accrued expenses	(2
Decrease in deferred facility fees	7,3
Increase in payable for investments purchased	(20,6
Net increase in investments	(20,6
NET CASH USED FOR OPERATING ACTIVITIES	\$ 9,7

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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PIMCO FLOATING RATE INCOME FUND NOTES TO FINANCIAL STATEMENTS
January 31, 2005 (unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

PIMCO Floating Rate Income Fund (the "Fund") was organized as a Massachusetts business trust on June 19, 2003. Prior to commencing operations on August 29, 2003, the Fund had no operations other than matters relating to its organization and registration as a diversified, closed-end management investment company registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. PA Fund Management LLC (the "Investment Manager") serves as the Fund's Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. ("Allianz Global"). Allianz Global is an indirect, majority-owned subsidiary of Allianz AG. The Fund has an unlimited amount of \$0.00001 par value common stock authorized.

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:

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(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 impact the value of the security or financial instrument, may be fair-valued in good faith pursuant to procedures established by the Board of Trustees. The Fund's investments in senior floating rate loans ("Senior Loans") are valued in accordance with guidelines established by the Board of Trustees. Under the Fund's guidelines, Senior Loans for which a secondary market exists will be valued by an independent pricing service. Other Senior Loans are valued at fair value by Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager, pursuant to procedures approved by the Board of Trustees. Such procedures 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. Other portfolio securities and financial instruments are valued 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. The independent pricing service uses information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Short-term investments maturing in 60 days or less are valued at amortized 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 difference 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. 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. 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.

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(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

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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 either considered 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 income tax treatment; temporary differences do not require reclassification. 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 differs for financial statement and tax purposes primarily due to \$1,653,753 earned from swaps.

(e) FOREIGN CURRENCY TRANSLATION

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.

(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 ("Lenders"). 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) 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 a credit default swap contract, the Fund would be required to pay the par 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).

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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 par 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

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the referenced debt 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 charged to recorded to realized gains (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 net realized gain/(loss) on the Statement of Operations.

Swaps are marked to market daily by the Fund's 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 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.

(h) 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.

(i) OPTION TRANSACTIONS

The Fund may purchase and write (sell) put and call options for hedging and/or

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risk management purposes. 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 a 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 price.

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(j) FORWARD FOREIGN CURRENCY CONTRACTS

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 into these contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. 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 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) 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.

(l) CUSTODY CREDITS ON CASH BALANCES

The Fund benefits from an expense offset arrangement with its custodian bank

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whereby uninvested cash balances earn credits which reduce monthly custodian and accounting agent fees. Had these cash balances been invested in income producing securities, they would have generated income for the Fund.

2. INVESTMENT MANAGER AND 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 other 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 makes all the Fund's investment decisions. The Investment Manager and not the Fund pays a portion of the fees it receives 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 August 31, 2008. Commencing September 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 \$1,104,098 in connection with its sub-advisory services for the six months ended January 31, 2005.

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3. INVESTMENTS IN SECURITIES

For the six months ended January 31, 2005, purchases and sales of investments, other than short-term securities, were \$343,890,322 and \$208,378,710, respectively.

(a) Credit default swap contracts outstanding at January 31, 2005:

SWAP COUNTERPARTY/ REFERENCED DEBT OBLIGATION	NOTIONAL AMOUNT PAYABLE ON DEFAULT (000)	TERMINATION DATE	PAYMENTS RECEIVED BY FUND	UNREALIZED APPRECIATION (DEPRECIATION)

Bank of America				
AES Corp.	\$ 1,000	12/20/2007	1.50%	\$ 2,501
Allied Waste	600	9/29/2009	2.75%	16,233
Bombardier	3,000	12/20/2005	6.75%	(23,057)
MCI	875	9/20/2007	4.57%	72,048
Williams	875	9/20/2009	2.05%	29,807
Bear Stearns				
Georgia-Pacific	700	9/20/2009	1.24%	10,921
Host Marriott	700	9/20/2009	1.95%	13,409
MCI	5,000	9/20/2005	1.75%	45,364
MGM	1,500	9/20/2009	1.92%	39,646
Nextel	1,500	12/20/2007	0.95%	27,313
Royal Caribbean	1,500	9/20/2007	1.50%	33,699

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Citibank				
Allied Waste	1,500	9/20/2007	2.18%	25,444
Crown Cork	1,500	9/20/2007	2.38%	47,056
Host Marriott	900	9/20/2007	1.90%	21,138
Owens Illinois	3,000	9/20/2007	2.05%	50,693
Starwood	1,500	9/20/2007	1.20%	18,180
Williams	1,500	12/20/2006	1.15%	16,273
Credit Suisse				
AES	900	9/20/2009	3.85%	61,032
Allied Waste	875	9/20/2009	2.46%	13,481
Delhaize	875	9/20/2009	1.40%	28,961
Intelsat Bermuda	3,000	3/20/2010	3.21%	1,605
SAMI	6,480	9/20/2008	2.45%	133,906
SAMI	2,460	9/20/2008	2.45%	41,610
SAMI	4,700	9/20/2008	2.45%	65,398
Goldman Sachs				
Echostar	1,000	12/20/2005	0.85%	1,742
HCA Inc.	1,000	12/20/2007	0.75%	(6,473)
Starwood	1,000	12/20/2007	1.10%	9,118
TRW Automotive	875	9/20/2009	2.15%	17,953
JP Morgan Chase				
Aes Corp.	1,500	9/20/2007	2.15%	31,645
Echostar	1,000	12/20/2007	1.10%	(3,432)
Electronic Data	1,000	12/20/2007	1.30%	23,288
DowJones CDX	5,000	12/20/2009	3.75%	104,822
DowJones CDX	15,000	12/20/2009	2.60%	317,326
JC Penney	2,000	12/20/2007	0.65%	12,652
Nextel	1,000	12/20/2007	0.95%	18,209
Tenet Healthcare	5,000	12/20/2007	3.20%	(88,785)
Tenet Healthcare	5,000	12/20/2009	4.15%	79,681

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SWAP COUNTERPARTY/ REFERENCED DEBT OBLIGATION	NOTIONAL AMOUNT PAYABLE ON DEFAULT (000)	TERMINATION DATE	PAYMENTS RECEIVED BY FUND	UNREALIZED APPRECIATION (DEPRECIATION)

Lehman Brothers				
Extendicare	\$ 2,000	9/20/2009	2.10%	\$ 52,477
Extendicare	600	9/20/2009	2.10%	15,744
General Motors Corp.	4,000	12/20/2005	0.92%	2,395
L-3Com Reval	5,000	12/20/2008	1.50%	39,455
Dynegy-LIBOR Revolver	3,000	12/20/2009	3.05%	45,587
Six Flags Theme Parks Revolver	1,000	3/20/2010	2.70%	13,290
Triton PCS, Inc.	5,000	5/20/2008	3.00%	25,000
Merrill Lynch				
PSEG Energy	3,500	12/4/2006	2.95%	107,632
SPX	900	9/20/2009	2.25%	(2,897)
Williams	700	9/20/2009	1.71%	13,646
Morgan Stanley				

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Georgia Pacific	900	9/20/2009	1.63%	29,167
UBS				
Dow Jones	15,000	12/20/2009	3.75%	399,151

				\$ 2,051,054
				=====

(b) Interest rate swap contracts outstanding at January 31, 2005:

SWAP COUNTERPARTY	NOTIONAL AMOUNT (000)	TERMINATION DATE	PAYMENTS MADE BY FUND	PAYMENTS RECEIVED BY FUND
Bank of America	\$ 2,400	6/15/2015	5.00%	3 Month LIBOR-BBA
Bank of America	3,400	6/15/2015	5.00%	3 Month LIBOR-BBA
Bank of America	115,000	1/7/2025	5.13%	3 Month LIBOR-BBA
Bank of America	115,000	6/15/2025	3 Month LIBOR-BBA	5.25%
Barclay's Bank	10,500	6/15/2025	6.00%	3 Month LIBOR-BBA
Goldman Sachs	2,000	6/15/2015	5.00%	3 Month LIBOR-BBA
Goldman Sachs	1,650	6/15/2015	5.00%	3 Month LIBOR-BBA
Lehman Brothers	3,900	6/15/2015	5.00%	3 Month LIBOR-BBA
Morgan Stanley	6,000	6/15/2015	5.00%	3 Month LIBOR-BBA
Morgan Stanley	2,400	6/15/2015	5.00%	3 Month LIBOR-BBA
Morgan Stanley	1,200	6/15/2015	5.00%	3 Month LIBOR-BBA

LIBOR - London Interbank Offered Rate

(c) Futures contracts outstanding at January 31, 2005:

TYPE	NOTIONAL AMOUNT (000)	EXPIRATION DATE	UNREALIZED DEPRECIATION
Long: Eurodollar Futures September 2005	\$ 1,100	9/19/2005	\$ 594,471
Eurodollar Futures December 2005	300	12/19/2005	162,000
U.S. Treasury 10 Year Note	286	3/21/2005	10,757

			\$ 767,228
			=====

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(d) Options written during the six months ended January 31, 2005:

	CONTRACTS	PREMIUMS

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Options outstanding, July 31, 2004	--	\$ --
Options written	17,001,334	450,988
Options terminated in closing purchase transactions	(429)	(125,751)
	-----	-----
Options outstanding, January 31, 2005	17,000,905	\$ 325,237
	-----	-----

(e) Forward foreign currency contracts outstanding at January 31, 2005:

PURCHASED:	U.S. \$ VALUE ORIGINATION DATE	U.S. \$ VALUE JANUARY 31, 2005	UNREALIZED DEPRECIATION
569,894,000 Japanese Yen settling 3/10/05	\$ 5,570,811	\$ 5,523,982	\$ 46,829
312,000 Euro Dollars settling 2/10/05	413,027	406,758	6,269
			=====
			\$ 53,098
			=====

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

BORROWER	UNFUNDED COMMITMENTS
Las Vegas Sands Term B	\$ 138,778
Wynn Resorts	1,893,439

	\$ 2,032,217

4. AUCTION PREFERRED SHARES

The Fund has issued 2,800 shares of Preferred Shares Series T, 2,800 shares of Preferred Shares Series W and 2,800 shares of Preferred Shares Series Th, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

Dividends and distributions of net realized capital gains if any, are accumulated daily at an annual rate set through auction procedures.

For the six months ended January 31, 2005, the annualized dividend rate ranged from:

	HIGH	LOW	AT JANUARY 31, 2005
Series T	2.61%	1.55%	2.30%
Series W	2.66%	1.20%	2.35%
Series TH	2.65%	1.60%	2.35%

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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 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.

5. SUBSEQUENT COMMON DIVIDEND DECLARATIONS

On February 4, 2005, a dividend of \$0.100482 per share was declared to common shareholders payable March 4, 2005 to shareholders of record on February 18, 2005.

On March 4, 2005, a dividend of \$0.105323 per share was declared to common shareholders payable April 1, 2005 to shareholders of record on March 18, 2005.

6. LEGAL PROCEEDINGS

On September 13, 2004, the Securities and Exchange Commission (the "Commission") announced that the Investment Manager and certain of its affiliates had agreed to a settlement of charges that they and certain of their officers had,

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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 various open-end investment companies ("open-end" funds) advised or distributed by the Investment Manager and certain of its affiliates. In their settlement with the Commission, the Investment Manager and their 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 Investment Manager and its affiliates agreed to pay civil money penalties in the aggregate amount \$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 Investment Manager and its 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 announced that it had entered into a settlement agreement with Allianz Global and certain other affiliates of the Investment Manager, in connection with a complaint filed by the New Jersey Attorney General ("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 subject of the Commission order regarding market timing described above.

On September 15, 2004, the Commission announced that the Investment Manager and certain of its affiliates 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

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advised or distributed by the Investment Manager and its 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 the settlement, the Investment Manager and its affiliates 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 Investment Manager and its affiliates agreed to undertake certain compliance and disclosure reforms and consented to cease-and-desist orders and censures. In addition, the Manager and these affiliates agreed to jointly pay a civil money penalty of \$5 million and to pay disgorgement of \$6.6 million based upon the amount of brokerage commissions alleged to have been paid by such open-end funds in connection with these arrangements (and related interest). In a related action, the California Attorney General announced on September 15, 2004 that it had entered 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's order. The settlement agreement resolves matters described in the complaint filed by the