

Edgar Filing: PIMCO Floating Rate Strategy Fund - Form N-Q

PIMCO Floating Rate Strategy Fund
Form N-Q
December 27, 2006

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

OMB APPROVAL
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FORM N-Q

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

Investment Company Act file number 811-21601

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

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

10105
(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: 7/31/07

Date of reporting period: 10/31/06

Form N-Q is to be used by the registered management investment company, other than a small business investment company registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q 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 the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

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PIMCO Floating Rate Strategy Fund Schedule of Investments

October 31, 2006 (unaudited)

| Principal Amount (000) | | | Value* |
|-------------------------------------|--------|-------------------------------------------------|--------------|
| SENIOR LOANS (a)(b)(c) 74.9% | | | |
| Aerospace 1.1% | | | |
| \$ 6,253 | | K & F Industries, Inc., 7.32%, 11/18/12, Term B | \$ 6,283,189 |
| | | Standard Aero Holdings, Inc., Term B, | |
| | 315 | 7.57%, 8/24/12 | 315,405 |
| | 1,574 | 7.58%, 8/30/12 | 1,577,025 |
| | 3,148 | 7.63%, 8/24/12 | 3,154,051 |
| | 3,000 | Transdigm Group, Inc., 7.389%, 6/23/13, Term B | 3,022,125 |
| | | | 14,351,795 |
| Airlines 1.1% | | | |
| 8,000 | | Northwest Airlines Corp., 7.90%, 8/22/08 (e) | 7,980,000 |
| | | United Airlines, Inc., | |
| | 746 | 9.125%, 1/9/11, Term DD | 759,309 |
| | 5,224 | 9.25%, 2/1/12, Term B (f) | 5,319,084 |
| | | | 14,058,393 |
| Apparel & Textiles 0.3% | | | |
| 1,000 | | Hanesbrands, Inc., 7.688%, 10/15/13, Term B | 1,009,750 |
| | | Simmons Co., Term C, | |
| | 915 | 7.125%, 12/19/11 | 921,792 |
| | 931 | 7.375%, 12/19/11 | 938,058 |
| | 538 | 7.625%, 12/19/11 | 542,230 |
| | 199 | 7.813%, 12/19/11 | 200,625 |
| | | | 3,612,455 |
| Automotive 0.9% | | | |
| | | Dura Operating Corp., | |
| | 1,333 | 9.07%, 4/28/11 | 1,150,000 |
| | 667 | 9.109%, 4/30/11 | 575,000 |
| | | Hertz Corp., | |
| | 556 | 5.39%, 12/21/12 | 560,347 |
| | 284 | 7.61%, 12/21/12, Term B | 286,205 |
| | 3,773 | 7.62%, 12/21/12, Term B | 3,805,410 |
| | 462 | 7.70%, 12/21/12, Term B | 466,362 |
| | 1,901 | 7.73%, 12/21/12, Term B | 1,917,426 |
| | | Lear Corp., | |
| | 2,100 | 7.867%, 3/23/12 | 2,095,844 |
| | 900 | 7.904%, 3/23/12 | 898,219 |
| | | | 11,754,813 |
| Automotive Products 4.8% | | | |
| 8,722 | | Affinia Group, 8.376%, 11/30/11, Term B | 8,768,447 |
| | | Cooper Standard Automotive, Inc., | |
| | 3,419 | 7.875%, 12/31/11, Term B | 3,426,117 |
| | 6,341 | 7.875%, 12/31/11, Term C | 6,355,297 |
| | | Delphi Corp., | |
| | 1,500 | 8.125%, 10/8/07, Term A | 1,515,000 |
| | 6,743 | 13.75%, 6/14/11 | 6,994,573 |
| | 6,000 | Fed Mogul Corp., 7.375%, 11/23/06, Term B | 6,015,936 |
| | | Goodyear Tire & Rubber Co., | |
| | 10,500 | 8.14%, 4/30/10 | 10,597,503 |
| | 2,000 | 8.89%, 4/1/11 | 2,006,428 |
| | 6,175 | Polypore, Inc., 8.32%, 11/12/11, Term B | 6,223,641 |

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| Principal Amount (000) | | Value* | |
|----------------------------------------|-------|---------------------------------------------------------|--------------|
| Automotive Products (continued) | | | |
| \$ | 1,141 | Tenneco Automotive, Inc., 7.311%, 12/12/10, Term B1 | \$ 1,147,733 |
| | 2,610 | 7.40%, 12/12/10, Term B | 2,625,153 |
| | 5,895 | TRW Automotive, Inc., 6.75%, 10/31/10, Term E | 5,890,703 |
| | | | 61,566,531 |
| Banking 0.6% | | | |
| | 2,800 | Aster Co., Ltd., 6.060%, 9/19/13, Term B | 3,597,235 |
| \$ | 2,137 | 7.872%, 9/19/13, Term B1 | 2,151,416 |
| | 2,214 | 8.372%, 9/19/14, Term C1 | 2,239,689 |
| | | | 7,988,340 |
| Building/Construction 2.0% | | | |
| | 63 | Masonite International Corp., Term B, 7.367%, 4/6/13 | 61,457 |
| | 9,787 | 7.38%, 4/6/13 | 9,583,082 |
| | 9,310 | Nortek, Inc., 7.32%, 8/27/11 | 9,298,362 |
| | 6,967 | UGS Corp., 7.126%, 3/31/12, Term B | 6,968,932 |
| | | | 25,911,833 |
| Chemicals 5.8% | | | |
| | 39 | Basell NV, 4.559%, 9/15/13, Term B1-2 | 49,746 |
| | 57 | 5.00%, 9/15/13, Term B4-2 | 73,566 |
| | 149 | 5.558%, 9/15/13, Term B | 192,041 |
| | 861 | 5.558%, 9/15/13, Term B1 | 1,110,034 |
| | 129 | 5.558%, 9/15/13, Term B4 | 166,660 |
| | 230 | 5.558%, 9/15/13, Term B5 | 296,048 |
| | 406 | 5.704%, 9/15/13, Term B6 | 524,009 |
| | 1,199 | 5.804%, 9/15/13, Term B | 1,546,602 |
| | 937 | 5.804%, 9/15/13, Term B4 | 1,208,122 |
| | 1,174 | 6.308%, 9/15/14, Term C | 1,520,698 |
| | 449 | 6.308%, 9/15/14, Term C4 | 581,448 |
| | 236 | 6.308%, 9/15/14, Term C5 | 306,032 |
| | 185 | 6.454%, 9/15/14, Term C6 | 239,537 |
| | 673 | 6.554%, 9/15/14, Term C | 871,695 |
| | 1,819 | 6.554%, 9/15/14, Term C4 | 2,357,179 |
| | 2,000 | Brenntag AG, 6.029%, 12/23/13, Term B5 | 2,473,734 |
| \$ | 9,606 | Celanese AG, 7.367%, 4/6/11, Term B | 9,670,846 |
| | 4,000 | Chart Industries, 7.438%, 10/14/12, Term B | 4,012,500 |
| | 4,000 | Cognis BV, 8.17%, 5/12/12, Term B1 (e) | 4,027,500 |
| | 2,794 | Cognis Deutschland GMBH, 5.346%, 5/12/11, Term A | 3,565,400 |
| \$ | 3,000 | Georgia Gulf Corp., 7.32%, 11/30/13 | 3,018,126 |
| | 52 | Hercules, Inc., Term B, 6.867%, 10/8/10 | 52,516 |
| | 1,311 | 6.87%, 10/8/10 | 1,312,893 |
| | 4,713 | Huntsman International LLC, 7.07%, 8/10/12 | 4,715,597 |
| | 5,000 | INEOS Group Ltd., 7.611%, 10/7/12, Term A4 | 5,040,625 |
| | 2,000 | INEOS Holdings Ltd., 7.611%, 10/7/13, Term B1 | 2,019,766 |
| | 2,000 | 8.111%, 10/7/14, Term C1 | 2,028,516 |

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| Principal Amount (000) | | Value* | |
|---------------------------------|--------|-------------------------------------------------------|--------------|
| Chemicals (continued) | | | |
| \$ | 1,359 | Innophos, Inc., Term B, 7.57%, 8/13/10 | \$ 1,365,352 |
| | 1,521 | 7.58%, 8/15/11 | 1,528,149 |
| | 5,472 | KRATON Polymers Group LLC, 7.375%, 5/11/13 | 5,496,442 |
| | 2,467 | Nalco Co., Term B, 7.08%, 11/1/10 | 2,476,541 |
| | 2,881 | 7.23%, 11/4/10 | 2,892,935 |
| | 2,442 | 7.30%, 11/1/10 | 2,452,020 |
| | 2,955 | Niagara Holdings, Inc., 7.375%, 2/11/12, Term B | 2,967,928 |
| | 2,220 | VWR International, Inc., 7.63%, 4/7/11, Term B | 2,225,841 |
| | | | 74,386,644 |
| Commercial Products 1.6% | | | |
| | 3,385 | Alliance Laundry Holdings LLC, 7.57%, 1/27/12, Term B | 3,409,520 |
| | 388 | iPayment, Inc., 7.32%, 12/27/12 | 388,350 |
| | 1,602 | 7.62%, 12/27/12 | 1,601,650 |
| | 3,500 | Rexel S.A., 7.862%, 11/3/13, Term B1 | 3,526,058 |
| | 3,500 | 8.591%, 4/18/14, Term C1 | 3,539,511 |
| | 985 | Sigmakalon, 5.491%, 6/30/12, Term A | 1,256,011 |
| | 2,500 | 5.991%, 9/19/12, Term B1 | 3,216,125 |
| | 1,829 | 6.491%, 9/19/13, Term C | 2,362,532 |
| | 671 | 6.491%, 9/19/13, Term C1 | 867,314 |
| | | | 20,167,071 |
| Computer Services 1.4% | | | |
| \$ | 5,603 | PanAmSat Corp., 7.497%, 6/30/11, Term A | 5,618,427 |
| | 11,850 | SunGard Data Systems, Inc., 7.999%, 2/11/13 | 11,975,409 |
| | | | 17,593,836 |
| Computer Software 0.7% | | | |
| | 3,943 | Infor Global Solutions, 9.08%, 8/1/12 | 3,978,177 |
| | 2,057 | 9.08%, 8/1/12, Term DD | 2,089,286 |
| | 328 | Spectrum Brands Corp., Term B, 8.39%, 2/6/12 | 329,574 |
| | 711 | 8.39%, 2/7/12 | 713,697 |
| | 1,298 | 8.40%, 2/6/12 | 1,303,808 |
| | | | 8,414,542 |
| Consumer Products 2.5% | | | |
| | 1,911 | Eastman Kodak Co., Term B, 7.439%, 10/18/12 | 1,916,344 |
| | 676 | 7.57%, 10/18/12 | 677,365 |
| | 2,851 | 7.60%, 10/18/12 | 2,858,151 |
| | 1,380 | 7.639%, 10/18/12 | 1,383,642 |
| | 690 | 7.64%, 10/18/12 | 691,821 |
| | 6,742 | Education Management Corp., 7.875%, 5/23/13, Term B | 6,796,094 |
| | 9,462 | Jarden Corp., 7.367%, 1/24/12, Term B1 | 9,491,123 |
| | 3,000 | National Mentor, Inc., 5.00%, 6/30/12 (e) | 3,015,000 |

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| Principal Amount (000) | | Value* | |
|----------------------------------------|-------|----------------------------------------------------------|------------|
| Consumer Products (continued) | | | |
| \$ | 566 | Rayovac Corp., Term B, 7.61%, 2/6/12 | \$ 568,539 |
| | 3,571 | 8.37%, 2/6/12 | 3,585,472 |
| | 470 | 8.39%, 2/7/12 | 472,027 |
| | 909 | 8.44%, 2/7/12 | 912,666 |
| | | | 32,368,244 |
| Containers & Packaging 3.0% | | | |
| | 5,889 | Graham Packaging Co., Term B, 7.625%, 10/7/11 | 5,923,988 |
| | 3,939 | 7.875%, 10/7/11 | 3,962,626 |
| | 7,303 | Horizon Lines LLC, 7.62%, 7/7/11 | 7,337,183 |
| | 436 | Intertape Polymer Group, Inc., Term B, 7.62%, 7/28/11 | 436,790 |
| | 2,984 | 7.64%, 7/28/11 | 2,987,642 |
| | 274 | JSG Packaging, 5.741%, 11/29/13, Term B | 352,590 |
| | 75 | 5.754%, 1/12/13, Term B | 96,517 |
| | 154 | 5.835%, 1/12/13, Term B | 198,672 |
| | 89 | 5.85%, 1/12/13, Term B | 114,257 |
| | 408 | 5.964%, 1/12/13, Term B | 524,285 |
| | 274 | 6.241%, 11/29/14, Term C | 353,676 |
| | 154 | 6.335%, 1/12/14, Term C | 199,284 |
| | 88 | 6.35%, 1/12/14, Term C | 114,257 |
| | 408 | 6.464%, 1/12/14, Term C | 524,285 |
| | 75 | 6.494%, 1/12/14, Term C | 96,517 |
| \$ | 2,250 | 7.745%, 11/29/13, Term B | 2,266,747 |
| | 2,250 | 8.245%, 11/29/14, Term C | 2,266,747 |
| | 1,528 | Smurfit-Stone Container, 5.234%, 11/1/10 | 1,539,399 |
| | 2,573 | 7.625%, 11/1/11, Term B | 2,592,558 |
| | 1,187 | 7.625%, 11/1/10, Term C | 1,195,770 |
| | 844 | 7.625%, 11/1/11, Term C1 | 849,888 |
| | 2,792 | 7.688%, 11/1/11, Term B | 2,812,507 |
| | 2,506 | 7.688%, 11/1/11, Term C | 2,524,056 |
| | 3 | Solo Cup Co., 5.42%, 2/27/11, Term B | 2,541 |
| | | | 39,272,782 |
| Diversified Manufacturing 0.3% | | | |
| | 959 | Invensys PLC, 5.446%, 7/17/13, Term Y1 | 963,099 |
| | 1,041 | 7.398%, 7/17/13, Term Z1 | 1,045,651 |
| | 1,016 | Linpac Mouldings Ltd., 8.249%, 4/16/12, Term B1 | 1,023,744 |
| | 1,277 | 8.749%, 4/16/12, Term C1 | 1,293,642 |
| | | | 4,326,136 |

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| Principal Amount (000) | | Value* |
|------------------------------------------|-----------------------------------------|------------|
| Drugs & Medical Products 0.5% | | |
| | Warner Chilcott PLC, | |
| \$ 697 | 7.867%, 1/4/12 | \$ 701,832 |
| 985 | 7.867%, 1/18/12 | 988,436 |
| 1,527 | 7.867%, 1/18/12, Term B | 1,536,824 |
| 1,018 | 7.867%, 1/18/12, Term C | 1,024,706 |
| 2,182 | 7.968%, 1/18/12, Term B | 2,195,492 |
| | | 6,447,290 |
| Electronics 1.4% | | |
| 8,000 | Sanmina-SCI Corp., 7.88%, 1/31/08 | 8,028,000 |
| | Sensata Technologies, Inc., | |
| 11 | 7.117%, 4/21/13 | 10,475 |
| 987 | 7.13%, 4/21/13 | 982,193 |
| 9,000 | Spansion, Inc., 5.00%, 10/30/12, Term B | 9,053,442 |
| | | 18,074,110 |
| Energy 3.3% | | |
| | Alon USA Energy, Inc., | |
| 665 | 7.824%, 6/8/13, Term DD | 672,066 |
| 5,320 | 7.931%, 6/8/13 | 5,376,525 |
| | Covanta Energy Corp., | |
| 1,041 | 5.371%, 6/24/12 | 1,050,623 |
| 81 | 7.57%, 6/30/12, Term B | 82,079 |
| 998 | 7.621%, 6/30/12 | 1,007,059 |
| 665 | 7.621%, 6/30/12, Term B | 670,799 |
| 1,950 | 10.871%, 5/12/13, Term DHC | 1,984,312 |
| | Edison Midwest, Term B, | |
| 2,359 | 6.87%, 4/27/11 | 2,363,710 |
| 1,747 | 7.24%, 4/27/11 | 1,750,531 |
| 1,908 | 7.31%, 4/27/11 | 1,911,981 |
| | Headwaters, Inc., Term B, | |
| 1,336 | 7.33%, 4/30/11 | 1,334,561 |
| 9,760 | 7.38%, 4/30/11 | 9,750,805 |
| | NRG Energy, Inc., | |
| 557 | 7.367%, 2/1/13 | 560,586 |
| 2,431 | 7.367%, 2/1/13, Term B | 2,446,494 |
| | Targa Resources, Inc., | |
| 774 | 5.242%, 10/31/11 | 778,930 |
| 3,000 | 7.617%, 10/31/07 | 3,018,750 |
| 24 | 7.617%, 10/31/12, Term B | 24,332 |
| 2,193 | 7.626%, 10/31/12, Term B | 2,206,970 |
| 976 | 7.65%, 10/31/12, Term B | 981,787 |
| | Weather Investments SARL (e), | |
| 1,000 | 5.505%, 6/17/12, Term A | 1,275,712 |
| 1,000 | 6.298%, 6/17/13, Term B | 1,279,541 |
| 1,000 | 6.798%, 6/17/14, Term C | 1,285,923 |
| | | 41,814,076 |
| Entertainment 1.9% | | |
| \$ 2,481 | AMC Entertainment, Inc., 7.445%, 1/5/13 | 2,504,060 |
| 13,933 | MGM Studios, 8.617%, 4/8/12, Term B | 13,776,993 |

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| Principal Amount (000) | | Value* |
|----------------------------------------|-----------------------------------------------------------|------------|
| Entertainment (continued) | | |
| \$ 351 | Warner Music Group, Inc., Term B, 7.309%, 2/28/11 | \$ 352,343 |
| 2,166 | 7.32%, 2/28/11 | 2,176,897 |
| 555 | 7.374%, 2/28/11 | 558,111 |
| 1,094 | 7.376%, 2/28/11 | 1,099,478 |
| 3,332 | 7.40%, 2/28/11 | 3,348,665 |
| 347 | 7.409%, 2/28/11 | 348,819 |
| | | 24,165,366 |
| Financial Services 1.3% | | |
| 5,126 | Global Cash Access LLC, 9.00%, 3/10/10, Term B | 5,125,906 |
| 12,000 | Nielson Finance, 8.19%, 8/8/13, Term B | 12,057,192 |
| | | 17,183,098 |
| Food Services 1.6% | | |
| 7,511 | Arby's Restaurant Group, Inc., Term B, 7.617%, 7/25/12 | 7,545,593 |
| 2,690 | 7.626%, 7/25/12 | 2,701,842 |
| 210 | 7.735%, 7/25/12 | 210,557 |
| 5,736 | Dominos, Inc., 6.875%, 6/25/10, Term B | 5,740,687 |
| 10 | Michael Foods, Inc., Term B, 7.370%, 11/21/10 | 9,687 |
| 286 | 7.387%, 11/21/10 | 287,010 |
| 10 | 7.511%, 11/21/10 | 9,687 |
| 3,560 | 7.553%, 11/21/10 | 3,568,247 |
| | | 20,073,310 |
| Funeral Services 0.4% | | |
| 1,866 | Alderwoods Group, Inc., Term B, 7.32%, 9/17/08 | 1,868,605 |
| 1,834 | 7.33%, 9/17/08 | 1,836,286 |
| 1,497 | 7.33%, 9/17/09 | 1,499,085 |
| | | 5,203,976 |
| Healthcare & Hospitals 3.4% | | |
| 384 | DaVita, Inc., Term B, 7.11%, 5/16/12 | 386,471 |
| 2,497 | 7.37%, 10/5/12 | 2,512,061 |
| 886 | 7.38%, 10/5/12 | 891,856 |
| 1,440 | 7.40%, 10/5/12 | 1,449,266 |
| 8,547 | 7.51%, 10/5/12 | 8,598,979 |
| 1,617 | 7.69%, 5/16/12 | 1,626,708 |
| 739 | 7.69%, 10/5/12 | 743,213 |
| 10,972 | HealthSouth Corp., 8.62%, 2/2/13 | 11,030,413 |
| 3,000 | MultiPlan, Inc., 7.85%, 4/12/13, Term B | 3,007,500 |
| 2,096 | Psychiatric Solutions, Inc., Term B, 7.07%, 7/7/12 | 2,100,084 |
| 2,096 | 7.249%, 7/7/12 | 2,100,084 |
| 9,903 | Renal Advantage, Inc., 7.89%, 10/6/12, Term B | 9,983,532 |
| | | 44,430,167 |

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| Principal Amount (000) | | | Value* |
|-----------------------------------|-------|-----------------------------------------------------|--------------|
| Hotels/Gaming 2.1% | | | |
| \$ | 4,560 | Aladdin Gaming, Inc., 8.372%, 8/31/10, Term A | \$ 4,461,159 |
| | 107 | 9.537%, 8/31/10, Term B | 104,804 |
| | | MotorCity Casino, Term B, | |
| | 6,496 | 7.367%, 7/21/12 | 6,499,261 |
| | 670 | 7.39%, 7/21/12 | 670,724 |
| | 1,732 | 7.40%, 7/21/12 | 1,733,136 |
| | | Penn National Gaming, Inc., Term B, | |
| | 1,238 | 7.02%, 5/26/12 | 1,246,230 |
| | 120 | 7.12%, 5/26/12 | 120,780 |
| | 2,629 | 7.13%, 5/26/12 | 2,646,180 |
| | 862 | 7.24%, 5/26/12 | 867,420 |
| | 1,091 | 7.25%, 5/26/12 | 1,098,000 |
| | 4,266 | Resorts International, Inc., 9.33%, 3/22/12, Term B | 4,291,327 |
| | 3,393 | Venetian Casino, 7.12%, 2/22/12, Term B | 3,405,358 |
| | | | 27,144,379 |
| Machinery 0.7% | | | |
| | 5,554 | Agco Corp., 7.117%, 6/15/09, Term B | 5,582,040 |
| | | Mueller Industries, Inc., Term B, | |
| | 1,524 | 7.32%, 9/28/12 | 1,534,127 |
| | 254 | 7.367%, 9/28/12 | 255,974 |
| | 476 | 7.376%, 9/28/12 | 479,415 |
| | 503 | 7.477%, 9/28/12 | 506,262 |
| | 267 | 7.618%, 9/28/12 | 268,472 |
| | | | 8,626,290 |
| Manufacturing 1.5% | | | |
| | 7,000 | Bombardier, Inc., 8.13%, 6/26/13, Term B | 7,000,000 |
| | 2,216 | Lucite International, 8.07%, 5/26/13, Term B | 2,234,544 |
| | | NACCO Materials Handling Group, Inc., Term B, | |
| | 622 | 7.28%, 3/24/13 | 621,445 |
| | 222 | 7.323%, 3/24/13 | 221,944 |
| | 1,156 | 7.405%, 3/24/13 | 1,154,111 |
| | 7,771 | Xerium Technologies, Inc., 7.617%, 5/18/12, Term B | 7,761,421 |
| | | | 18,993,465 |
| Measuring Instruments 0.1% | | | |
| | | Dresser Rand, Term B, | |
| | 136 | 7.367%, 10/29/11 | 136,390 |
| | 872 | 7.40%, 10/29/11 | 877,241 |
| | 678 | 7.618%, 10/29/11 | 681,949 |
| | | | 1,695,580 |
| Metals & Mining 0.5% | | | |
| | | Novelis, Inc., | |
| | 3,731 | 7.718%, 1/7/12, Term B | 3,747,746 |
| | 2,148 | 7.718%, 1/7/12, Term B2 | 2,157,793 |
| | | | 5,905,539 |
| Multi-Media 7.5% | | | |
| | 6,470 | American Media Operations, Inc., 8.31%, 1/30/13 | 6,517,852 |
| | 1,244 | Atlantic Broadband, Inc., 8.14%, 8/4/12, Term B | 1,260,852 |

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| Principal Amount (000) | | Value* |
|----------------------------------|--------------------------------------------------------------|--------------|
| Multi-Media (continued) | | |
| \$ 2,000 | Cablevision Systems Corp., Term B, 7.122%, 3/29/13 | \$ 2,000,804 |
| 2,000 | 7.218%, 3/29/13 | 2,000,804 |
| 12,500 | Cebridge Connections, Inc., 7.62%, 11/6/13 | 12,492,187 |
| 25,000 | Charter Communications Holdings LLC, 8.005%, 4/25/13, Term B | 25,243,750 |
| | CMP Susquehanna Corp., Term B, | |
| 1,526 | 7.375%, 5/5/13 | 1,529,839 |
| 1,424 | 7.438%, 5/5/13 | 1,428,046 |
| 2,965 | CSC Holdings, Inc., 7.126%, 2/24/13, Term B | 2,966,192 |
| 8,500 | NTL Investment, 7.32%, 1/6/13, Term B (e) | 8,553,125 |
| 9,405 | Primedia, 7.57%, 9/30/13, Term B | 9,379,136 |
| 2,040 | Source Media, Inc., 7.61%, 11/8/11, Term B | 2,051,859 |
| 10,840 | Telecordia Technologies, Inc., 7.90%, 9/9/12, Term B | 10,453,765 |
| 1,734 | Thomas Media, 7.61%, 11/8/11 | 1,744,080 |
| | Young Broadcasting, Inc., Term B, | |
| 71 | 7.875%, 11/3/12 | 71,260 |
| 2,250 | 8.00%, 5/2/12 | 2,248,646 |
| 7,068 | 8.00%, 11/3/12 | 7,062,648 |
| | | 97,004,845 |
| Oil & Gas 1.6% | | |
| 12,000 | El Paso Corp., 5.65%, 6/15/09 | 11,820,000 |
| | E.ON Ruhrgas AG, | |
| 11 | 7.806%, 7/15/13, Term B | 11,666 |
| 857 | 7.806%, 7/15/13, Term B (e) | 869,437 |
| 11 | 8.306%, 7/15/14, Term C | 11,666 |
| 857 | 8.306%, 7/15/14, Term C (e) | 869,437 |
| 2,653 | Kinetic Concepts, Inc., 7.12%, 8/11/10, Term B | 2,660,164 |
| 3,000 | Newpark Resources, Inc., 8.637%, 8/17/11 | 3,016,875 |
| | Vetco International, | |
| 625 | 8.25%, 1/16/12, Term B | 629,297 |
| 625 | 8.75%, 1/16/13, Term C | 630,781 |
| | | 20,519,323 |
| Paper/Paper Products 1.6% | | |
| | Appleton Papers, Inc., | |
| 808 | 7.64%, 6/9/10 | 811,809 |
| 809 | 7.65%, 6/11/10 | 812,732 |
| | Boise Cascade Holdings LLC, Term D, | |
| 415 | 7.094%, 10/28/11 | 416,959 |
| 359 | 7.125%, 10/28/11 | 360,816 |
| | Georgia-Pacific Corp., | |
| 1,162 | 7.367%, 12/20/12, Term B | 1,173,765 |
| 302 | 7.376%, 12/20/12, Term B | 304,352 |
| 4,839 | 7.39%, 12/20/12, Term B | 4,869,628 |
| 11,650 | 8.39%, 12/23/13, Term C | 11,813,368 |
| | | 20,563,429 |
| Printing/Publishing 1.3% | | |
| | RH Donnelly Corp., Term D, | |
| 2,543 | 6.83%, 6/30/11 | 2,536,942 |
| 2,665 | 6.87%, 6/30/11 | 2,658,898 |
| 424 | 6.88%, 6/30/11 | 423,061 |
| 4,238 | 6.89%, 6/30/11 | 4,228,237 |
| 1,695 | 6.90%, 6/30/11 | 1,691,295 |
| 424 | 6.92%, 6/30/11 | 422,824 |
| 4,267 | Seat Pagine Gialle SpA, 3.531%, 5/25/12, Term A | 5,458,316 |

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| Principal Amount (000) | | | Value* |
|--------------------------------|-------|----------------------------------------------------------|------------|
| Real Estate 0.0% | | | |
| \$ | 156 | Gables Residential Trust, 7.07%, 3/30/07 | \$ 156,098 |
| Recreation 2.8% | | | |
| | | Amadeus Global Travel, | |
| | 4,786 | 8.117%, 4/8/13, Term B | 4,825,381 |
| | 414 | 8.117%, 4/8/13, Term B2 | 417,461 |
| | 4,786 | 8.617%, 4/8/14, Term C | 4,843,870 |
| | 414 | 8.617%, 4/8/14, Term C2 | 419,061 |
| | 7,980 | Cedar Fair L.P., 7.867%, 6/13/12 | 8,076,630 |
| | | Six Flags Theme Parks, Inc., Term B, | |
| | 1,473 | 8.48%, 6/30/09 | 1,490,842 |
| | 2,452 | 8.62%, 6/30/09 | 2,482,022 |
| | | Travelport (e), | |
| | 595 | 8.367%, 8/1/13 | 597,363 |
| | 6,072 | 8.367%, 8/22/13, Term CD | 6,097,877 |
| | | Worldspan L.P., Term B, | |
| | 210 | 8.11%, 2/11/10 | 210,327 |
| | 867 | 8.125%, 2/11/10 | 867,599 |
| | 394 | 8.15%, 2/11/10 | 394,363 |
| | 5,122 | 8.188%, 2/11/10 | 5,126,724 |
| | 131 | 8.25%, 2/11/10 | 131,455 |
| | 263 | 8.375%, 2/11/10 | 262,909 |
| | | | 36,243,884 |
| Retail 1.3% | | | |
| | 8,108 | Jean Coutu Group, Inc., 7.938%, 7/30/11 | 8,144,714 |
| | 6,000 | Michaels Stores, Inc., 5.00%, 10/11/13, Term 10 | 6,030,000 |
| | 3,133 | Neiman Marcus Group, Inc., 7.891%, 4/6/13 | 3,161,305 |
| | | | 17,336,019 |
| Semi-Conductors 0.3% | | | |
| | 4,448 | On Semiconductor Corp., 7.62%, 12/3/11, Term G | 4,464,007 |
| Telecommunications 6.4% | | | |
| | 2,290 | Alliance Atlantis Communications, Inc., 6.999%, 10/19/11 | 2,291,916 |
| | | Centennial Cellular Communications Corp., Term B, | |
| | 534 | 7.318%, 1/20/11 | 538,360 |
| | 376 | 7.57%, 1/20/11 | 379,127 |
| | 376 | 7.57%, 2/9/11 | 379,127 |
| | 4,007 | 7.617%, 2/9/11 (e) | 4,041,763 |
| | 218 | 7.65%, 1/20/11 | 219,893 |
| | 3,758 | 7.749%, 1/20/11 | 3,791,266 |
| | | Consolidated Communications, Inc., Term B, | |
| | 5,166 | 7.367%, 10/14/11 | 5,182,492 |
| | 1,605 | 7.41%, 9/18/11 | 1,610,379 |
| | 8,978 | Crown Castle International, 7.65%, 6/1/14, Term B | 9,022,387 |
| | | Eircom Group PLC (e), | |
| | 4,700 | 5.933%, 7/17/14, Term B | 5,997,682 |
| | 4,700 | 6.308%, 7/17/15, Term C | 6,040,430 |
| | | Hawaiian Telcom Communications, Inc., | |
| \$ | 4,900 | 7.62%, 4/30/12, Term A | 4,890,048 |
| | 4,982 | 7.62%, 10/31/12, Term B | 4,997,782 |
| | | Mediacom Broadband LLC, Term D, | |
| | 2,182 | 7.002%, 2/28/14 | 2,175,683 |
| | 2,909 | 7.12%, 2/28/14 | 2,900,911 |
| | 2,909 | 7.27%, 2/28/14 | 2,900,911 |

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| Principal Amount (000) | | | Value* |
|---------------------------------------|--------|--------------------------------------------------------------------|-------------|
| Telecommunications (continued) | | | |
| \$ | 604 | Mediacomm Communications Corp., Term A, 6.33%, 3/31/10 | \$ 594,080 |
| | 968 | 6.62%, 3/31/10 | 951,793 |
| | 6,050 | Nordic Telephone Co. Holdings ApS (e), 5.536%, 11/30/14, Term B | 7,797,532 |
| | 6,050 | 6.036%, 11/30/14, Term C | 7,830,350 |
| \$ | 8,500 | Qwest Corp., 6.95%, 6/30/10, Term B | 8,636,000 |
| | | | 83,169,912 |
| Transportation 0.5% | | | |
| | 38 | Fleetpride Corp., Term B, 8.32%, 6/6/13 | 37,664 |
| | 5,962 | 8.586%, 6/6/13 | 5,988,586 |
| | | | 6,026,250 |
| Utilities 2.3% | | | |
| | 3,720 | AES Corp., Term B, 6.75%, 4/30/08 | 3,731,725 |
| | 3,720 | 7.50%, 8/10/11 | 3,731,726 |
| | 5,925 | Midwest Generation LLC, 7.57%, 12/31/11, Term B | 5,977,768 |
| | 12,870 | Reliant Energy, Inc., 7.655%, 4/30/10, Term B2 | 12,908,880 |
| | 3,691 | 7.705%, 4/30/10 | 3,695,631 |
| | | | 30,045,730 |
| Waste Disposal 1.2% | | | |
| | 4,499 | Allied Waste North America, Inc., 5.323%, 1/15/12 | 4,507,051 |
| | 1,928 | 7.07%, 1/15/12 | 1,931,011 |
| | 1,836 | 7.13%, 1/15/12 | 1,839,059 |
| | 5,647 | 7.17%, 1/15/12 | 5,655,104 |
| | 1,928 | 7.21%, 1/15/12 | 1,930,719 |
| | | | 15,862,944 |
| Wholesale 0.8% | | | |
| | 4,925 | Roundys, Inc., Term B, 8.39%, 10/27/11 | 4,969,941 |
| | 5,000 | 8.44%, 10/27/11 | 5,045,625 |
| | | | 10,015,566 |
| Wire & Cable Products 2.5% | | | |
| | 4,000 | Pirelli Cable S.A., 5.566%, 6/23/13, Term B | 5,124,546 |
| | 2,500 | 6.066%, 6/23/14, Term C | 3,210,819 |
| | 6,758 | UPC Broadband Holding BV, 5.507%, 3/31/13, Term J1 | 8,634,994 |
| | 6,758 | 5.509%, 12/31/13, Term K1 | 8,636,288 |
| \$ | 3,250 | 7.64%, 3/31/13, Term J2 | 3,253,916 |
| | 3,250 | 7.64%, 12/31/13, Term K2 | 3,253,338 |
| | | | 32,113,901 |
| | | Total Senior Loans (cost \$964,283,932) | 966,471,542 |

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| Principal Amount (000) | | | Credit Rating (Moody s/S&P) | Value* |
|------------------------------------------|--------|----------------------------------------------------------------|-----------------------------|--------------|
| CORPORATE BONDS & NOTES 20.7% | | | | |
| Airlines 0.3% | | | | |
| | | JetBlue Airways Corp., FRN, | | |
| \$ | 2,861 | 8.505%, 5/15/10, Ser. 04-2 | Ba3/BB- | \$ 2,866,267 |
| | 1,440 | 9.64%, 3/15/08, Ser. 04-1 | Ba3/BB- | 1,458,657 |
| | | | | 4,324,924 |
| Banking 0.5% | | | | |
| £ | 3,000 | Royal Bank of Scotland PLC, 6.00%, 4/6/11 (b)(d)(f) | NR/NR | 5,669,574 |
| Chemicals 0.2% | | | | |
| | 2,000 | Rhodia S.A., 6.242%, 10/15/13, FRN (d)(f) | B2/B- | 2,551,859 |
| Computer Services 0.5% | | | | |
| | | SunGard Data Systems, Inc., | | |
| \$ | 2,000 | 9.125%, 8/15/13 | Caa1/B- | 2,085,000 |
| | 4,000 | 9.973%, 8/15/13, FRN | Caa1/B- | 4,180,000 |
| | | | | 6,265,000 |
| Energy 0.0% | | | | |
| | 250 | Transcontinental Gas Pipe Line Corp., 6.654%, 4/15/08, FRN (d) | Ba1/BB- | 250,313 |
| Financial Services 5.8% | | | | |
| | 3,500 | Chukchansi Economic Dev. Auth., 8.78%, 11/15/12, FRN (d) | B2/BB- | 3,640,000 |
| | 37,375 | Ford Motor Credit Co., FRN, 6.944%, 1/15/10 | B1/B | 35,583,542 |
| | 14,000 | 8.466%, 11/2/07 | B1/B | 14,197,904 |
| | 5,000 | General Motors Acceptance Corp., 7.60%, 12/1/14, FRN | Ba1/BB | 5,123,525 |
| | 6,000 | Hellas Telecommunications Luxembourg V, 6.994%, 10/15/12, FRN | B1/B | 7,849,554 |
| \$ | 2,000 | Universal City Florida Holding Co., 8.375%, 5/1/10 | B3/B- | 2,025,000 |
| | 6,500 | 10.239%, 5/1/10, FRN | B3/B- | 6,719,375 |
| | | | | 75,138,900 |
| Healthcare & Hospitals 0.2% | | | | |
| | 4,000 | Rotech Healthcare, Inc., 9.50%, 4/1/12 | Caa3/CC | 2,620,000 |
| Multi-Media 3.0% | | | | |
| | 16,000 | Cablevision Systems Corp., 9.87%, 4/1/09, Ser. B, FRN | B3/B+ | 16,840,000 |
| | 2,000 | CCO Holdings LLC, 8.75%, 11/15/13 | Caa1/CCC- | 2,045,000 |
| | 6,000 | 9.515%, 12/15/10, FRN | Caa1/CCC- | 6,172,500 |
| | 8,000 | Charter Communications Holdings II LLC, 10.25%, 9/15/10 | Caa2/CCC- | 8,300,000 |
| | 3,200 | DirecTV Holdings LLC, 8.375%, 3/15/13 | Ba3/BB- | 3,336,000 |
| | 2,000 | Paxson Communications Corp., 11.624%, 1/15/13, FRN (d) | Caa2/CCC- | 2,012,500 |
| | | | | 38,706,000 |
| Oil & Gas 1.2% | | | | |
| | 5,865 | El Paso Corp., 6.375%, 2/1/09 | B2/B | 5,894,325 |

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| | | | |
|----------------------------------|---------------------------------------------------|-------|------------|
| 9,500 | 7.375%, 12/15/12 | B2/B | 9,808,750 |
| | | | 15,703,075 |
| Paper/Paper Products 1.8% | | | |
| 2,000 | Abitibi-Consolidated Finance L.P., 7.875%, 8/1/09 | B2/B+ | 1,970,000 |

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| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value* |
|-----------------------------------------|-----------------------------------------------------------------------------------|-----------------------------|--------------|
| Paper/Paper Products (continued) | | | |
| \$ 3,000 | Abitibi-Consolidated, Inc., 7.75%, 6/15/11 | B2/B+ | \$ 2,692,500 |
| 8,000 | 8.89%, 6/15/11, FRN | B2/B+ | 7,760,000 |
| 4,000 | Bowater, Inc., 8.39%, 3/15/10, FRN | B2/B+ | 4,060,000 |
| 7,000 | Verso Paper Holdings LLC, 9.239%, 8/1/14, FRN (d) | B2/B+ | 7,105,000 |
| | | | 23,587,500 |
| Telecommunications 7.2% | | | |
| 2,000 | Cincinnati Bell, Inc., 8.375%, 1/15/14 | B2/B- | 2,050,000 |
| 8,750 | Hawaiian Telcom Communications, Inc., 10.789%, 5/1/13, Ser. B, FRN | B3/CCC+ | 9,012,500 |
| 5,425 | Intelsat Subsidiary Holding Co., Ltd., FRN, 10.484%, 1/15/12 | B2/B+ | 5,526,719 |
| 6,000 | 11.64%, 6/15/13 (d) | Caa1/B | 6,390,000 |
| 6,350 | Nordic Telephone Co. Holdings ApS, 8.649%, 5/1/16, FRN (d) | B2/B | 8,469,541 |
| \$ 9,150 | Nortel Networks Ltd., 9.624%, 7/15/11, FRN (d) | B3/B- | 9,493,125 |
| 5,000 | Qwest Capital Funding, Inc., 7.90%, 8/15/10 | B3/B | 5,200,000 |
| 25,650 | Qwest Communications International, Inc., 8.905%, 2/15/09, FRN | B2/B | 26,195,063 |
| 6,000 | Qwest Corp., 8.64%, 6/15/13, FRN | Ba2/BB | 6,495,000 |
| 7,750 | Rogers Wireless, Inc., 8.515%, 12/15/10, FRN | Ba2/BB+ | 7,934,062 |
| 5,820 | Time Warner Telecom Holdings, Inc., 9.405%, 2/15/11, FRN | NR/CCC+ | 5,936,406 |
| | | | 92,702,416 |
| | Total Corporate Bonds & Notes (cost \$264,000,222) | | 267,519,561 |
| ASSET-BACKED SECURITIES 0.4% | | | |
| 1,092 | Bear Stearns Asset Backed Securities, Inc., 5.555%, 12/25/42, FRN | Aaa/AAA | 1,092,712 |
| 2,056 | CIT Group Home Equity Loan Trust, 5.655%, 6/25/33, FRN | Aaa/AAA | 2,061,769 |
| 1,695 | Salomon Brothers Mortgage Securities VII, 5.685%, 3/25/32, FRN | NR/AAA | 1,700,884 |
| | Total Asset-Backed Securities (cost \$4,839,859) | | 4,855,365 |
| MORTGAGE-BACKED SECURITIES 0.0% | | | |
| 209 | MASTR Adjustable Rate Mortgage Trust, 3.786%, 11/21/34, CMO, FRN (cost \$209,463) | Aaa/AAA | 208,689 |
| SHORT-TERM INVESTMENTS 4.0% | | | |
| U.S. Treasury Bills (g) 1.0% | | | |
| 12,565 | 4.71%-4.96%, 11/30/06-12/14/06 (cost \$12,495,756) | | 12,495,756 |
| Commercial Paper 0.8% | | | |
| Banking 0.8% | | | |
| 3,900 | Danske Corp., 5.27%, 12/27/06 | NR/NR | 3,868,029 |
| 5,700 | Total Finance, 5.29%, 11/1/06 | NR/NR | 5,700,000 |
| | Total Commercial Paper (cost \$9,568,029) | | 9,568,029 |

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Corporate Notes 0.2%

Oil & Gas 0.2%

| | | | |
|-------|-----------------------------|-----------|-----------|
| 2,500 | Gazprom AG, 9.125%, 4/25/07 | Baa1/BBB- | 2,552,750 |
|-------|-----------------------------|-----------|-----------|

Telecommunications 0.0%

| | | | |
|-----|-----------------------------------------------------------|-------|---------|
| 612 | Calpoint Receivable Structured Trust, 7.44%, 12/10/06 (d) | B3/NR | 616,695 |
|-----|-----------------------------------------------------------|-------|---------|

| | | | |
|------------------------------------------|--|--|-----------|
| Total Corporate Notes (cost \$3,167,505) | | | 3,169,445 |
|------------------------------------------|--|--|-----------|

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| Principal Amount (000) | Value* |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Repurchase Agreements 2.0% | |
| \$ 20,000 | Credit Suisse First Boston, dated 10/31/06, 5.25%, due 11/1/06, proceeds \$20,002,917; collateralized by U.S. Treasury Inflation Indexed Bond, 3.375%, 4/15/32, valued at 20,555,289 including accrued interest |
| | \$ 20,000,000 |
| 5,937 | State Street Bank & Trust Co., dated 10/31/06, 4.90%, due 11/1/06, proceeds \$5,937,808; collateralized by Federal Home Loan Bank, 3.875%, 9/14/07, valued at \$6,058,422 including accrued interest |
| | 5,937,000 |
| | Total Repurchase Agreements (cost \$25,937,000) |
| | 25,937,000 |
| | Total Short-Term Investments (cost \$51,168,290) |
| | 51,170,230 |

**Contracts/
Notional
Amount**

| | |
|-----------------------------------|----------------------------------------------------------------------------------------------------|
| OPTIONS PURCHASED (h) 0.0% | |
| Call Options 0.0% | |
| 3,637 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$113, expires 11/21/06 |
| | 56,828 |
| 550 | U.S. Treasury Notes 5 yr. Futures, Chicago Board of Trade, strike price \$108.50, expires 11/21/06 |
| | 8,594 |
| | 65,422 |
| Put Options 0.0% | |
| 460 | Eurodollar Futures, Chicago Mercantile Exchange, strike price \$91.75, expires 3/19/07 |
| | 1 |
| 508 | strike price \$92.50, expires 12/18/06 |
| | 1 |
| 1,063 | strike price \$92.75, expires 12/18/06 |
| | 2 |
| 1,472 | strike price \$93, expires 12/18/06 |
| | 4 |
| 256 | strike price \$94.25, expires 12/18/06 |
| | 1 |
| 1,515 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$101 expires 11/21/06 |
| | 23,672 |
| | 23,681 |
| | Total Options Purchased (cost \$159,179) |
| | 89,103 |
| | Total Investments before options written |
| | (cost \$1,284,660,945) 100.0% |
| | 1,290,314,490 |

| | |
|-----------------------------------|-------------------------------------------------------------------------------------------------|
| OPTIONS WRITTEN (h) (0.0)% | |
| Call Options (0.0)% | |
| 8,600,000 | Swap Option 3 month LIBOR, Over the Counter, strike rate 4.60%, expires 1/2/07 |
| | (1,006) |
| 1,624 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$111, expires 2/23/07 |
| | (329,875) |
| | (330,881) |

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| Contracts/ Notional Amount | Value* |
|---------------------------------------------------------------------------------------------------------|-------------------------|
| Put Options (0.0%) | |
| 8,600,000 Swap Option 3 month LIBOR, Over the Counter, strike rate 5.90%, expires 1/2/07 | \$ (198) |
| 402 U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$104, expires 11/21/06 | (6,281) |
| 1,624 strike price \$106, expires 2/23/07 | (380,625) |
| | (387,104) |
| Total Options Written (premiums received \$1,396,399) | (717,985) |
| Total Investments net of options written (cost \$1,283,264,546) 100.0% | \$ 1,289,596,505 |

Notes to the Schedule of Investments:

- * Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. The Fund's investments in senior floating rate loans (Senior Loans), for which a secondary market exists will be valued at the mean of the last available bid and asked prices in the market for such Senior Loans, as provided by an independent pricing service. Senior Loans, for which a secondary market does not exist are valued at fair-value pursuant to procedures approved by the Fund's 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. Exchange traded options and futures are valued at the settlement price determined by the relevant exchange. Securities purchased on a when issued or delayed-delivery basis are marked to market daily until settlement at the forward settlement value. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing 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. The Fund's net asset value is determined on the last business day of each week as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business.
- (a) Private Placement. Restricted as to resale and may not have a readily available market.
 - (b) Illiquid security. Securities with an aggregate value of \$972,141,117, which represent 75.38% of total investments are deemed illiquid.
 - (c) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty.
 - (d) 144A Security - Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
 - (e) When-issued or delayed-delivery security. To be settled/delivered after October 31, 2006.
 - (f) Fair-valued security. Securities with an aggregate value of \$13,540,517 which represents 1.05% of total investments.
 - (g) All or partial amount segregated as collateral for futures contracts and/or options written.
 - (h) Non-income producing.

Glossary

£ - British Pound

- Euros

¥ - Japanese Yen

CMO - Collateralized Mortgage Obligation

FRN - Floating Rate Note. The interest rate disclosed reflects the rate in effect on October 31, 2006.

LIBOR - London Inter-Bank Offered Rate

NR - Not Rated

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Other Investments:

(1) Futures contracts outstanding at October 31, 2006:

| Type | | Contracts | Market Value | Expiration Date | Unrealized Appreciation (Depreciation) |
|--------|------------------------------------|-----------|--------------|-----------------|----------------------------------------|
| Long: | Financial Future Euro 90 day | 1,189 | \$ 283,116 | 12/17/07 | \$ 595,384 |
| | Financial Future Euro 90 day | 980 | 233,448 | 3/17/08 | 440,057 |
| | Financial Future Euro 90 day | 576 | 137,182 | 6/16/08 | 110,700 |
| | Financial Future Euro 90 day | 620 | 147,622 | 9/15/08 | 268,410 |
| | Financial Future Euro 90 day | 306 | 72,836 | 12/15/08 | 288,487 |
| | Financial Future Euro 90 day | 44 | 10,469 | 3/16/09 | 42,350 |
| | Financial Future Euro 90 day | 44 | 10,455 | 6/15/09 | 42,900 |
| Short: | U.S. Treasury Notes 5 yr. Futures | (550) | (58,059) | 12/29/06 | (335,156) |
| | U.S. Treasury Notes 10 yr. Futures | (1,011) | (109,409) | 12/19/06 | (1,012,279) |
| | | | | | \$ 440,853 |

(2) Transactions in options written for the three months ended October 31, 2006:

| | Contracts/Notional | Premiums |
|--------------------------------------------|--------------------|--------------|
| Options outstanding, July 31, 2006 | 17,204,999 | \$ 1,637,161 |
| Options written | 9,400 | 1,999,700 |
| Options terminated in closing transactions | (10,749) | (2,240,462) |
| Options outstanding, October 31, 2006 | 17,203,650 | \$ 1,396,399 |

(3) Credit default swap contracts outstanding at October 31, 2006:

| Swap Counterparty/ Referenced Debt Issuer | Notional Amount Payable on Default (000) | Termination Date | Fixed Payments Received by Fund | Unrealized Appreciation (Depreciation) |
|----------------------------------------------|------------------------------------------------|---------------------|------------------------------------------|----------------------------------------------|
| Bank of America | | | | |
| Abitibi-Consolidated | \$ 5,000 | 6/20/08 | 2.95% | \$ 16,772 |
| Bombardier | 3,500 | 6/20/10 | 3.80% | 226,070 |
| Royal Caribbean Cruises | 5,000 | 12/20/09 | 1.12% | 74,668 |
| Williams Cos. | 5,000 | 12/20/09 | 1.65% | 122,920 |
| Bear Stearns | | | | |
| Abitibi-Consolidated | 2,500 | 6/20/07 | 1.65% | 359 |
| Allied Waste North America | 1,500 | 12/20/07 | 1.85% | 25,718 |
| ArvinMeritor | 1,500 | 12/20/07 | 1.14% | (592) |
| Dura Automotive Systems | 4,500 | 12/20/09 | 4.15% | (2,996,121) |
| Dynergy Holdings | 1,500 | 12/20/09 | 2.35% | 15,098 |
| MGM Mirage | 5,000 | 12/20/09 | 1.54% | 65,091 |
| Stone Container | 1,500 | 12/20/09 | 1.76% | (17,666) |
| Stone Container | 5,000 | 12/20/09 | 1.87% | (42,674) |

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| | | | | |
|----------------------------|----------|----------|-------|---------|
| Citigroup | | | | |
| AES | 10,000 | 6/20/08 | 1.17% | 94,447 |
| Host Marriot | 5,000 | 12/20/09 | 1.70% | 148,763 |
| Reliant Energy | 5,000 | 12/20/09 | 3.20% | 183,403 |
| Credit Suisse First Boston | | | | |
| Equistar Chemicals | 5,000 | 12/20/09 | 2.25% | 194,521 |
| Intelsat Bermuda | 7,000 | 3/20/10 | 3.21% | 121,065 |
| ITRAXX Europe Crossover | 7,400 | 6/20/11 | 2.90% | 319,484 |
| Samis | \$ 1,400 | 9/20/08 | 2.45% | 8,693 |
| Samis | 3,600 | 12/20/09 | 2.15% | 3,092 |

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| Swap Counterparty/ Referenced Debt Issuer | Notional Amount Payable on Default (000) | Termination Date | Fixed Rate Received by Portfolio | Unrealized Appreciation (Depreciation) |
|----------------------------------------------|------------------------------------------------|---------------------|----------------------------------------|----------------------------------------------|
| Deutsche Bank | | | | |
| Dow Jones CDX High Yield | \$ 80,000 | 12/20/11 | 7.00% | \$ 1,058,880 |
| Russian Federation | 7,000 | 6/20/07 | 0.44% | 19,790 |
| Softbank | ¥ 1,000,000 | 9/20/07 | 2.30% | 37,142 |
| J.P. Morgan Chase | | | | |
| Nortel Network | \$ 3,100 | 9/20/07 | 1.43% | 21,549 |
| NRG Energy | 5,000 | 12/20/09 | 2.20% | 160,834 |
| Owens-Brock | 5,000 | 12/20/11 | 2.09% | 2,186 |
| Lehman Securities | | | | |
| Boyd Gaming | 5,000 | 12/20/09 | 1.65% | 9,786 |
| Hayes Lemmerz International | 5,000 | 12/20/09 | 2.50% | 125,614 |
| HCA | 5,000 | 12/20/09 | 1.55% | (121,879) |
| PanAmSat | 3,000 | 12/20/09 | 3.00% | 150,852 |
| Six Flags Theme Parks | 4,000 | 3/20/10 | 2.70% | (180,194) |
| Station Casinos | 5,000 | 12/20/09 | 1.45% | (5,633) |
| Stone Container | 3,000 | 12/20/09 | 1.85% | (27,373) |
| TRW Automotive | 5,000 | 12/20/09 | 2.05% | 226,775 |
| Merrill Lynch | | | | |
| AES | 3,000 | 12/20/09 | 2.60% | 124,555 |
| ArvinMeritor | 4,500 | 12/20/09 | 2.25% | (60,960) |
| Chesapeake Energy | 5,000 | 12/20/09 | 1.30% | 74,068 |
| CMS Energy | 1,500 | 12/20/09 | 1.85% | 60,558 |
| Delhaize America | 5,000 | 12/20/09 | 1.07% | 84,361 |
| Naftogaz Ukrainy | 3,000 | 4/20/09 | 3.30% | (143,529) |
| Toys R Us | 5,000 | 12/20/09 | 3.20% | (194,140) |
| Wachovia Securities | | | | |
| Ford Motor Credit | 5,000 | 12/20/09 | 2.14% | (367,035) |
| GMAC | 5,000 | 12/20/09 | 2.26% | (180,051) |
| | | | | \$ (560,733) |

(4) Interest rate swap agreements outstanding at October 31, 2006:

| Swap Counterparty | Notional Amount Payable on Default (000) | Termination Date | Rate Type | | Unrealized Appreciation (Depreciation) |
|-------------------|------------------------------------------------|---------------------|-----------------------------|---------------------------------|----------------------------------------------|
| | | | Payments Made by Fund | Payments Received by Fund | |
| Barclays Bank | \$ 265,000 | 6/21/25 | 5.70% | 3 Month LIBOR | \$ (13,721,435) |
| Barclays Bank | 265,000 | 6/21/25 | 3 Month LIBOR | 5.70% | 13,453,176 |
| Deutsche Bank | 190,800 | 12/19/08 | 3 Month LIBOR | 5.00% | 66,834 |
| Goldman Sachs | 36,300 | 12/19/08 | 3 Month LIBOR | 5.00% | 6,037 |
| Lehman Securities | 30,300 | 12/20/16 | 5.00% | 3 Month LIBOR | (975,527) |
| Lehman Securities | 630,000 | 12/18/24 | 5.77% | 3 Month LIBOR | (40,753,566) |
| Lehman Securities | 613,000 | 12/18/24 | 3 Month LIBOR | 5.70% | 32,606,730 |
| UBS Securities | 8,000 | 12/19/08 | 3 Month LIBOR | 5.00% | 3,410 |
| UBS Securities | 261,700 | 6/21/25 | 5.70% | 3 Month LIBOR | (16,799,570) |
| UBS Securities | 255,000 | 6/21/25 | 3 Month LIBOR | 5.70% | 13,987,095 |
| | | | | | \$ (12,126,816) |

LIBOR London Inter-Bank Offered Rate

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The Fund received \$2,000,000 par value in U.S. Treasury Bills as collateral for swap contracts.

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(5) Forward foreign currency contracts outstanding at October 31, 2006:

| | U.S. \$ Value Origination Date | U.S. \$ Value October 31, 2006 | Unrealized Depreciation |
|---------------------------------|-----------------------------------|-----------------------------------|----------------------------|
| <u>Purchased:</u> | | | |
| ¥ 885,500,000 settling 11/15/06 | \$ 7,784,800 | \$ 7,574,967 | \$ (209,833) |
| <u>Sold:</u> | | | |
| £ 2,985,000 settling 11/30/06 | 5,588,980 | 5,694,695 | (105,715) |
| 701,000 settling 12/5/06 | 892,870 | 896,467 | (3,597) |
| 85,801,000 settling 12/8/06 | 109,442,608 | 109,740,705 | (298,097) |
| | | \$ | (617,242) |

(6) At October 31, 2006, the Fund held the following unfunded loan commitments which could be extended at the option of the borrower:

| Borrower | Unfunded Commitments |
|-------------------------------|-----------------------------|
| Eastman Kodak | \$ 5,013,340 |
| Host Marriott L.P. Revolver A | 3,314,348 |
| Host Marriott L.P. Revolver B | 1,635,652 |
| Lucite International | 785,205 |
| | \$ 10,748,545 |

Item 2. Controls and Procedures

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 3. Exhibits

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

SIGNATURES

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

Registrant: PIMCO Floating Rate Strategy Fund

By */s/ Brian S. Shlissel*
President & Chief Executive Officer

Date: December 27, 2006

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

Date: December 27, 2006

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

By */s/ Brian S. Shlissel*
President & Chief Executive Officer

Date: December 27, 2006

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

Date: December 27, 2006
