

PIMCO Income Strategy Fund II
Form N-Q
June 26, 2018

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act File Number:	811-21601
Registrant Name:	PIMCO Income Strategy Fund II
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	Trent W. Walker 650 Newport Center Drive Newport Beach, CA 92660
Registrant's telephone number, including area code:	(844) 337-4626
Date of Fiscal Year End:	July 31
Date of Reporting Period:	April 30, 2018

Item 1. Schedule of Investments

Schedule of Investments

PIMCO Income Strategy Fund II

April 30, 2018 (Unaudited)

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

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 124.3% ☒		
LOAN PARTICIPATIONS AND ASSIGNMENTS 2.8%		
Alphabet Holding Co., Inc.		
5.401% (LIBOR03M + 3.500%) due 09/26/2024 ~	\$ 100	\$ 86
Altice Financing S.A.		
5.098% (LIBOR03M + 2.750%) due 01/31/2026 ~	16	16
Avantor, Inc.		
5.901% (LIBOR03M + 4.000%) due 11/21/2024 ~	50	50
Beacon Roofing Supply, Inc.		
4.128% (LIBOR03M + 2.250%) due 01/02/2025 ~	40	40
California Resources Corp.		
6.647% (LIBOR03M + 4.750%) due 12/31/2022 ~	50	51
Centene Corp.		
TBD% due 09/13/2018	1,400	1,400
CenturyLink, Inc.		
4.651% (LIBOR03M + 2.750%) due 01/31/2025 ~	998	984
Crown Americas LLC		
4.312% (LIBOR03M + 2.000%) due 01/29/2025 ~	50	51
CSC Holdings LLC		
4.397% (LIBOR03M + 2.500%) due 01/25/2026 ~	100	100
Dell, Inc.		
3.910% (LIBOR03M + 2.000%) due 09/07/2023 ~	100	100
Forbes Energy Services LLC		
5.000% - 7.000% due 04/13/2021	283	286
Frontier Communications Corp.		
5.660% (LIBOR03M + 3.750%) due 06/15/2024 ~	597	591
iHeartCommunications, Inc.		
TBD% due 01/30/2019 ^(e)	10,700	8,500
IRB Holding Corp.		
5.128% - 5.248% (LIBOR03M + 3.250%) due 02/05/2025 ~	100	101
Lightstone Generation LLC		
5.651% (LIBOR03M + 3.750%) due 01/30/2024 ~	1,927	1,946
McDermott Technology, Inc.		
TBD% due 04/04/2025 «	1,000	980
MH Sub LLC		
5.647% (LIBOR03M + 3.750%) due 09/13/2024 ~	119	120

Ministry of Finance and Economic Affairs		
TBD% due 12/10/2019 «	200	200
Multi Color Corp.		
4.151% (LIBOR03M + 2.250%) due 10/31/2024 ~	17	17
Parexel International Corp.		
4.651% (LIBOR03M + 2.750%) due 09/27/2024 ~	100	100
Ply Gem Industries, Inc.		
6.089% (LIBOR03M + 3.750%) due 04/12/2025 ~	200	202
Sequa Mezzanine Holdings LLC		
7.071% (LIBOR03M + 5.000%) due 11/28/2021 ~	228	231
11.362% (LIBOR03M + 9.000%) due 04/28/2022 ~	90	92
Syniverse Holdings, Inc.		
6.895% (LIBOR03M + 5.000%) due 03/09/2023 ~	120	122
Traverse Midstream Partners LLC		
5.850% (LIBOR03M + 4.000%) due 09/27/2024 ~	91	91
West Corp.		
5.901% (LIBOR03M + 4.000%) due 10/10/2024 ~	41	42
Westmoreland Coal Co.		
8.802% (LIBOR03M + 6.500%) due 12/16/2020 ~	955	333
Wyndham Hotels & Resorts, Inc.		
TBD% due 03/28/2025	100	101
Total Loan Participations and Assignments		16,933
(Cost \$18,999)		

CORPORATE BONDS & NOTES 52.3%**BANKING & FINANCE 24.4%****AGFC Capital Trust**

4.098% (US0003M + 1.750%) due 01/15/2067 ~	1,800	1,035
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Ally Financial, Inc.

8.000% due 11/01/2031	4,610	5,619
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Ardonagh Midco PLC

8.375% due 07/15/2023	GBP	2,248	3,244
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Assurant, Inc.

4.200% due 09/27/2023	\$	56	56
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Athene Holding Ltd.

4.125% due 01/12/2028		54	51
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Avolon Holdings Funding Ltd.

5.500% due 01/15/2023		170	170
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AXA Equitable Holdings, Inc.				
3.900% due 04/20/2023			20	20
4.350% due 04/20/2028			126	123
5.000% due 04/20/2048			74	71
Banco Bilbao Vizcaya Argentaria S.A.				
6.750% due 02/18/2020 (i)(j)(m)	EUR	1,600		2,088
Banco do Brasil S.A.				
4.875% due 04/19/2023	\$	1,000		995
Banco Espirito Santo S.A.				
4.000% due 01/21/2019 ^(e)	EUR	8,100		2,886
Banco Santander S.A.				
6.250% due 09/11/2021 (i)(j)(m)		500		669
Barclays Bank PLC				
7.625% due 11/21/2022 (j)	\$	4,400		4,821
Barclays PLC				
3.250% due 01/17/2033	GBP	200		263
6.500% due 09/15/2019 (i)(j)(m)	EUR	3,200		4,116
7.875% due 09/15/2022 (i)(j)	GBP	415		630
8.000% due 12/15/2020 (i)(j)(m)	EUR	4,100		5,706
Blackstone CQP Holdco LP				
6.000% due 08/18/2021	\$	900		907
6.500% due 03/20/2021		5,000		5,050
Bighthouse Holdings LLC				
6.500% due 07/27/2037 (i)		70		72
Brookfield Finance, Inc.				
3.900% due 01/25/2028		90		86
4.700% due 09/20/2047		200		192
Cantor Fitzgerald LP				
6.500% due 06/17/2022 (m)		8,500		9,183
CBL & Associates LP				
5.950% due 12/15/2026 (m)		2,288		1,836
CIT Group, Inc.				
5.250% due 03/07/2025		54		55
Co-operative Group Holdings Ltd.				
7.500% due 07/08/2026	GBP	5,800		9,730
Cooperatieve Rabobank UA				
6.625% due 06/29/2021 (i)(j)	EUR	1,200		1,658
Credit Agricole S.A.				
7.875% due 01/23/2024 (i)(j)	\$	500		544
Credit Suisse Group AG				
7.500% due 12/11/2023 (i)(j)		7,243		7,868
Emerald Bay S.A.				
0.000% due 10/08/2020 (h)	EUR	1,873		2,126
Equinix, Inc.				
2.875% due 03/15/2024		100		121
2.875% due 02/01/2026		100		117
Fairfax Financial Holdings Ltd.				
4.850% due 04/17/2028	\$	55		54
Flagstar Bancorp, Inc.				

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6.125% due 07/15/2021		3,500	3,700
Fortress Transportation & Infrastructure Investors LLC			
6.750% due 03/15/2022		262	267
Freedom Mortgage Corp.			
8.250% due 04/15/2025		120	120
GSPA Monetization Trust			
6.422% due 10/09/2029		3,609	4,083
HSBC Holdings PLC			
6.000% due 09/29/2023 (i)(j)	EUR	3,530	4,940
6.500% due 03/23/2028 (i)(j)	\$	500	509
Hunt Cos., Inc.			
6.250% due 02/15/2026		26	25
Iron Mountain, Inc.			
5.250% due 03/15/2028		8	8
iStar, Inc.			
4.625% due 09/15/2020		14	14
5.250% due 09/15/2022		49	48
Jefferies Finance LLC			
6.875% due 04/15/2022 (m)		6,850	6,859
7.375% due 04/01/2020		2,890	2,930
7.500% due 04/15/2021		347	354
Kennedy-Wilson, Inc.			
5.875% due 04/01/2024		68	67
Life Storage LP			
3.875% due 12/15/2027		28	27
Lloyds Banking Group PLC			
7.625% due 06/27/2023 (i)(j)	GBP	2,300	3,593
7.875% due 06/27/2029 (i)(j)		250	417
LoanCore Capital Markets LLC			
6.875% due 06/01/2020	\$	200	204
Meiji Yasuda Life Insurance Co.			
5.100% due 04/26/2048		200	204
MetLife, Inc.			
5.875% due 03/15/2028 (i)		150	153
MPT Operating Partnership LP			
5.250% due 08/01/2026		500	489

Nationwide Building Society			
10.250% ~(i)	GBP	13	2,728
Navient Corp.			
4.875% due 06/17/2019	\$	500	506
5.625% due 08/01/2033		63	54
6.500% due 06/15/2022		80	82
Oppenheimer Holdings, Inc.			
6.750% due 07/01/2022		1,616	1,664
Physicians Realty LP			
3.950% due 01/15/2028		62	58
Provident Funding Associates LP			
6.375% due 06/15/2025		26	26
Rio Oil Finance Trust			
8.200% due 04/06/2028		250	261
9.250% due 07/06/2024		2,078	2,289
Royal Bank of Scotland Group PLC			
7.500% due 08/10/2020 (i)(j)(m)		3,080	3,242
8.000% due 08/10/2025 (i)(j)(m)		5,190	5,689
8.625% due 08/15/2021 (i)(j)		2,700	2,963
Santander UK Group Holdings PLC			
6.750% due 06/24/2024 (i)(j)	GBP	2,025	3,035
7.375% due 06/24/2022 (i)(j)		4,100	6,160
Societe Generale S.A.			
6.750% due 04/06/2028 (i)(j)	\$	200	199
Spirit Realty LP			
4.450% due 09/15/2026 (m)		1,500	1,429
Springleaf Finance Corp.			
5.625% due 03/15/2023		1,200	1,191
6.125% due 05/15/2022		674	693
6.875% due 03/15/2025		350	354
8.250% due 10/01/2023		1,300	1,430
STORE Capital Corp.			
4.500% due 03/15/2028		38	37
Tesco Property Finance PLC			
5.411% due 07/13/2044	GBP	4,372	6,926
6.052% due 10/13/2039		2,552	4,213
WeWork Cos., Inc.			
7.875% due 05/01/2025	\$	74	72
			146,474
INDUSTRIALS 21.4%			
Air Canada Pass-Through Trust			
3.700% due 07/15/2027		24	23
Altice Financing S.A.			
6.625% due 02/15/2023 (m)		700	702
7.500% due 05/15/2026		3,200	3,152
Altice France S.A.			
7.375% due 05/01/2026 (m)		5,564	5,418

Altice Luxembourg S.A.			
7.250% due 05/15/2022	EUR	2,070	2,484
7.750% due 05/15/2022	\$	3,455	3,312
American Woodmark Corp.			
4.875% due 03/15/2026		5	5
Andeavor Logistics LP			
3.500% due 12/01/2022		10	10
4.250% due 12/01/2027		20	19
Bacardi Ltd.			
4.450% due 05/15/2025		100	100
4.700% due 05/15/2028		100	100
5.150% due 05/15/2038		100	99
5.300% due 05/15/2048		100	99
Berry Global, Inc.			
4.500% due 02/15/2026		31	30
BMC Software Finance, Inc.			
8.125% due 07/15/2021		2,890	2,897
Boxer Parent Co., Inc. (9.000% Cash or 9.750% PIK)			
9.000% due 10/15/2019 (d)		2,936	2,932
Caesars Resort Collection LLC			
5.250% due 10/15/2025		8	8
Cequel Communications Holdings LLC			
7.500% due 04/01/2028		200	204
CH Robinson Worldwide, Inc.			
4.200% due 04/15/2028		40	40
Charles River Laboratories International, Inc.			
5.500% due 04/01/2026		26	27
Charter Communications Operating LLC			
4.200% due 03/15/2028		137	129
Cheniere Energy Partners LP			
5.250% due 10/01/2025		33	32
Chesapeake Energy Corp.			
5.598% (US0003M + 3.250%) due 04/15/2019 ~		134	134
Cleveland-Cliffs, Inc.			
4.875% due 01/15/2024		34	33
Community Health Systems, Inc.			
5.125% due 08/01/2021 (m)		2,935	2,715
6.250% due 03/31/2023		4,331	3,960

Coty, Inc.			
6.500% due 04/15/2026		6	6
Crown Americas LLC			
4.750% due 02/01/2026		22	21
CSC Holdings LLC			
5.375% due 02/01/2028		200	188
CSN Resources S.A.			
6.500% due 07/21/2020		414	405
CVS Health Corp.			
4.300% due 03/25/2028		400	395
DAE Funding LLC			
4.000% due 08/01/2020		60	60
Diamond Resorts International, Inc.			
10.750% due 09/01/2024		2,500	2,800
DriveTime Automotive Group, Inc.			
8.000% due 06/01/2021		800	806
EnSCO PLC			
7.750% due 02/01/2026		10	9
Exela Intermediate LLC			
10.000% due 07/15/2023		120	121
Ferroglobe PLC			
9.375% due 03/01/2022		1,500	1,579
Ford Motor Co.			
7.700% due 05/15/2097 (m)		9,770	11,769
Fresh Market, Inc.			
9.750% due 05/01/2023		7,590	4,212
Frontier Finance PLC			
8.000% due 03/23/2022	GBP	4,600	6,562
Full House Resorts, Inc.			
8.575% due 01/31/2024 «	\$	299	294
General Electric Co.			
5.000% due 01/21/2021 (i)		62	61
Hadrian Merger Sub, Inc.			
8.500% due 05/01/2026		40	40
Harland Clarke Holdings Corp.			
8.375% due 08/15/2022		54	56
HCA, Inc.			
4.500% due 02/15/2027		940	900
7.500% due 11/15/2095		1,200	1,197
Hilton Domestic Operating Co., Inc.			
5.125% due 05/01/2026		135	136
Hologic, Inc.			
4.375% due 10/15/2025		25	24
iHeartCommunications, Inc.			
9.000% due 12/15/2019 ^(e)		1,243	1,007
9.000% due 03/01/2021 ^(e)		830	670
9.000% due 09/15/2022 ^(e)		3,450	2,769
IHS Markit Ltd.			
4.000% due 03/01/2026		4	4

Ingevity Corp.		
4.500% due 02/01/2026	40	39
Intelsat Jackson Holdings S.A.		
7.250% due 10/15/2020	5,940	5,829
9.750% due 07/15/2025	120	118
Intelsat Luxembourg S.A.		
6.750% due 06/01/2018	2,500	2,488
7.750% due 06/01/2021	6,888	4,701
8.125% due 06/01/2023	7,535	4,747
Intrepid Aviation Group Holdings LLC		
6.875% due 02/15/2019	9,155	9,063
IRB Holding Corp.		
6.750% due 02/15/2026	2	2
Kinder Morgan, Inc.		
7.800% due 08/01/2031 (m)	3,500	4,326
Live Nation Entertainment, Inc.		
5.625% due 03/15/2026	20	20
Mallinckrodt International Finance S.A.		
5.500% due 04/15/2025	50	38
Meredith Corp.		
6.875% due 02/01/2026	32	32
Metinvest BV		
8.500% due 04/23/2026	1,000	965
Netflix, Inc.		
4.875% due 04/15/2028	26	25
New Albertson's LP		
6.570% due 02/23/2028	6,800	4,590
Nufarm Australia Ltd.		
5.750% due 04/30/2026	52	52
Odebrecht Oil & Gas Finance Ltd.		
0.000% due 05/30/2018 (h)(i)	401	10
0.000% due 05/31/2018 (h)(i)	700	17
OI European Group BV		
4.000% due 03/15/2023	18	17

Park Aerospace Holdings Ltd.			
3.625% due 03/15/2021		82	79
4.500% due 03/15/2023		163	156
5.250% due 08/15/2022		13	13
5.500% due 02/15/2024		36	35
Pelabuhan Indonesia Persero PT			
4.500% due 05/02/2023 (c)		200	199
Petroleos Mexicanos			
6.500% due 03/13/2027		220	228
6.750% due 09/21/2047		120	116
PetSmart, Inc.			
5.875% due 06/01/2025		112	81
Pisces Midco, Inc.			
8.000% due 04/15/2026		177	178
Pitney Bowes, Inc.			
4.700% due 04/01/2023		34	32
QVC, Inc.			
5.950% due 03/15/2043		4,515	4,294
Radiate Holdco LLC			
6.875% due 02/15/2023		70	68
Rockpoint Gas Storage Canada Ltd.			
7.000% due 03/31/2023		8	8
Russian Railways via RZD Capital PLC			
7.487% due 03/25/2031 (m)	GBP	1,300	2,241
Sabine Pass Liquefaction LLC			
5.875% due 06/30/2026 (m)	\$	2,500	2,717
Safeway, Inc.			
7.250% due 02/01/2031		245	207
Scientific Games International, Inc.			
5.000% due 10/15/2025		12	12
Shelf Drilling Holdings Ltd.			
8.250% due 02/15/2025		54	55
Spirit Issuer PLC			
3.392% (BP0003M + 2.700%) due 12/28/2031 ~	GBP	1,000	1,349
6.582% due 12/28/2027		1,000	1,425
Sprint Spectrum Co. LLC			
4.738% due 03/20/2025 (m)	\$	200	203
5.152% due 03/20/2028 (m)		400	407
Standard Industries, Inc.			
4.750% due 01/15/2028		96	90
Sunoco LP			
4.875% due 01/15/2023		66	65
T-Mobile USA, Inc.			
4.750% due 02/01/2028		20	19
Telenet Finance Luxembourg Notes SARL			
5.500% due 03/01/2028		200	192
Teva Pharmaceutical Finance Netherlands BV			
3.250% due 04/15/2022	EUR	300	369
4.500% due 03/01/2025		100	123

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6.000% due 04/15/2024	\$	200	194
6.750% due 03/01/2028 (m)		200	198
TopBuild Escrow Corp.			
5.625% due 05/01/2026		52	52
Transcontinental Gas Pipe Line Co. LLC			
4.600% due 03/15/2048		28	27
Tronox, Inc.			
6.500% due 04/15/2026		19	19
Unique Pub Finance Co. PLC			
5.659% due 06/30/2027	GBP	3,652	5,613
6.542% due 03/30/2021		962	1,401
United Group BV			
4.375% due 07/01/2022	EUR	100	124
4.875% due 07/01/2024		100	124
Univision Communications, Inc.			
5.125% due 02/15/2025	\$	400	370
UPCB Finance Ltd.			
3.625% due 06/15/2029	EUR	190	228
Valeant Pharmaceuticals International, Inc.			
5.500% due 11/01/2025	\$	20	20
6.500% due 03/15/2022		89	93
7.000% due 03/15/2024		171	181
ViaSat, Inc.			
5.625% due 09/15/2025		94	90
Viking Cruises Ltd.			
5.875% due 09/15/2027		28	27
VOC Escrow Ltd.			
5.000% due 02/15/2028		74	72
Vrio Finco LLC			
6.875% due 04/04/2028		540	539
Westmoreland Coal Co.			
8.750% due 01/01/2022		6,130	2,115
Wind Tre SpA			
2.625% due 01/20/2023	EUR	200	220
2.750% due 01/20/2024 ~		200	225
3.125% due 01/20/2025		200	213

128,940

UTILITIES 6.5%			
AT&T, Inc.			
3.400% due 08/14/2024 (m)	\$	400	404
3.900% due 08/14/2027 (m)		360	364
4.900% due 08/15/2037 (m)		366	359
5.150% due 02/15/2050 (m)		550	537
5.300% due 08/15/2058 (m)		1,364	1,357
Calpine Corp.			
5.250% due 06/01/2026		43	41
DTEK Finance PLC (10.750% Cash or 10.750% PIK)			
10.750% due 12/31/2024 (d)		2,841	3,024
Frontier Communications Corp.			
8.500% due 04/01/2026		90	88
Gazprom Neft OAO Via GPN Capital S.A.			
6.000% due 11/27/2023 (m)		9,600	10,024
Northwestern Bell Telephone			
7.750% due 05/01/2030		12,625	13,152
Odebrecht Drilling Norbe Ltd.			
6.350% due 12/01/2021		131	128
Odebrecht Drilling Norbe Ltd. (6.350% Cash or 7.350% PIK)			
7.350% due 12/01/2026 (d)		209	115
Odebrecht Offshore Drilling Finance Ltd.			
6.720% due 12/01/2022		2,070	1,995
Odebrecht Offshore Drilling Finance Ltd. (6.720% Cash or 7.200% PIK)			
7.720% due 12/01/2026 (d)		1,811	539
Odebrecht Offshore Drilling Finance Ltd. (6.720% Cash or 7.720% PIK)			
7.720% due 12/01/2026 (d)		4,432	1,319
Petrobras Global Finance BV			
5.299% due 01/27/2025		32	31
5.999% due 01/27/2028		2,871	2,801
6.125% due 01/17/2022		466	493
6.625% due 01/16/2034	GBP	100	147
6.750% due 01/27/2041	\$	828	788
7.375% due 01/17/2027		772	829
Sprint Corp.			
7.625% due 03/01/2026		282	297
Verizon Communications, Inc.			
2.875% due 01/15/2038	EUR	100	122
3.375% due 10/27/2036	GBP	100	137
			39,091
Total Corporate Bonds & Notes (Cost \$313,626)			314,505

CONVERTIBLE BONDS & NOTES 0.8%

INDUSTRIALS 0.8%			
Caesars Entertainment Corp.			
5.000% due 10/01/2024	\$	1,066	1,875
DISH Network Corp.			
3.375% due 08/15/2026		3,400	3,094
Total Convertible Bonds & Notes (Cost \$5,390)			4,969
MUNICIPAL BONDS & NOTES 7.7%			
CALIFORNIA 1.2%			
Riverside County, California Redevelopment Successor Agency Tax Allocation Bonds, Series 2010			
7.500% due 10/01/2030		1,200	1,330
San Francisco, California City & County Redevelopment Agency Tax Allocation Bonds, Series 2009			
8.406% due 08/01/2039		1,650	2,337
Stockton Public Financing Authority, California Revenue Bonds, (BABs), Series 2009			
7.942% due 10/01/2038		3,500	3,726
			7,393
ILLINOIS 0.2%			
Chicago, Illinois General Obligation Bonds, Series 2015			
7.375% due 01/01/2033		180	194
7.750% due 01/01/2042		330	353
Illinois State General Obligation Bonds, (BABs), Series 2010			
6.725% due 04/01/2035		35	36
7.350% due 07/01/2035		20	22
Illinois State General Obligation Bonds, Series 2003			
5.100% due 06/01/2033		280	261
			866
OHIO 3.7%			
Ohio State University Revenue Bonds, Series 2011			
4.800% due 06/01/2111		21,000	22,341

VIRGINIA 0.1%**Tobacco Settlement Financing Corp., Virginia Revenue Bonds, Series 2007**

6.706% due 06/01/2046	835	801
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WEST VIRGINIA 2.5%**Tobacco Settlement Finance Authority, West Virginia Revenue Bonds, Series 2007**

0.000% due 06/01/2047 (h)	45,700	2,729
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7.467% due 06/01/2047	12,270	12,112
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		14,841
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Total Municipal Bonds & Notes		46,242
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(Cost \$39,018)		
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U.S. GOVERNMENT AGENCIES 3.3%**Fannie Mae**

3.500% due 02/25/2042 (a)	991	127
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4.353% (- 1.0*LIBOR01M + 6.250%) due 01/25/2040 ~(a)	358	48
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4.500% due 11/25/2042 (a)	2,588	458
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Freddie Mac

0.000% due 02/25/2046 - 08/25/2046 (b)(h)	9,633	7,080
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0.100% due 02/25/2046 - 08/25/2046 (a)	121,630	318
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3.000% due 02/15/2033 (a)	2,136	237
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3.500% due 12/15/2032 (a)	3,541	538
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4.626% due 11/25/2055 «~	8,677	5,217
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6.968% (- 2.667*LIBOR01M + 12.000%) due 09/15/2035 ~	776	1,010
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9.447% (US0001M + 7.550%) due 12/25/2027 ~	2,891	3,586
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12.647% (US0001M + 10.750%) due 03/25/2025 ~	731	1,001
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Ginnie Mae

3.500% due 06/20/2042 - 10/20/2042 (a)	762	119
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4.000% due 10/16/2042 - 10/20/2042 (a)	474	65
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Total U.S. Government Agencies		19,804
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(Cost \$18,810)		
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NON-AGENCY MORTGAGE-BACKED SECURITIES 20.9%**Banc of America Alternative Loan Trust**

6.000% due 01/25/2036 ^	106	104
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Banc of America Funding Corp.

6.000% due 01/25/2037	6,533	5,292
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Banc of America Funding Trust

4.037% due 01/20/2047 ^~	1,218	1,176
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BCAP LLC Trust

3.380% due 07/26/2037 ~	10,327	9,509
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3.560% due 08/26/2037 ~	13,825	9,479
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3.562% due 08/28/2037 ~	7,081	6,869
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3.744% due 05/26/2036 ~	106	8
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4.318% due 09/26/2036 ~	5,240	5,110
4.962% due 03/26/2037	902	640
5.750% due 12/26/2035 ~	4,389	4,151
6.250% due 11/26/2036	4,769	4,212
8.433% due 05/26/2037 ~	1,708	751
12.614% due 06/26/2036 ~	437	172
Bear Stearns ALT-A Trust		
2.397% (US0001M + 0.500%) due 01/25/2036 ^~	1,414	1,490
3.533% due 11/25/2036 ^~	482	411
3.654% due 11/25/2035 ~	7,181	6,367
3.676% due 09/25/2035 ^~	604	517
3.691% due 09/25/2047 ^~	6,649	5,501
CD Mortgage Trust		
5.688% due 10/15/2048	2,162	1,116
Chase Mortgage Finance Trust		
3.476% due 12/25/2035 ^~	10	9
5.500% due 05/25/2036 ^	22	20
Citicorp Mortgage Securities Trust		
5.500% due 04/25/2037	117	117
6.000% due 09/25/2037	1,198	1,238
Commercial Mortgage Loan Trust		
6.263% due 12/10/2049 ~	2,127	1,318
Countrywide Alternative Loan Resecuritization Trust		
6.000% due 05/25/2036 ^	2,759	2,312
6.000% due 08/25/2037 ^~	1,235	973
Countrywide Alternative Loan Trust		
3.695% due 04/25/2036 ^~	1,371	1,269
5.500% due 03/25/2035	324	248
5.500% due 01/25/2036	687	599
5.750% due 01/25/2035	386	387
5.750% due 02/25/2035	426	420
5.750% due 12/25/2036 ^	868	630
6.000% due 02/25/2035	423	419
6.000% due 04/25/2036	605	474
6.000% due 04/25/2037 ^	2,005	1,495
6.250% due 11/25/2036 ^	882	793
6.250% (US0001M + 0.650%) due 12/25/2036 ^~	631	484
6.500% due 08/25/2036 ^	541	358

Countrywide Home Loan Mortgage Pass-Through Trust		
2.477% (US0001M + 0.580%) due 03/25/2035 ^~	5,238	4,407
6.000% due 07/25/2037	1,953	1,636
6.250% due 09/25/2036 ^	627	508
Credit Suisse First Boston Mortgage-Backed Pass-through Trust		
6.000% due 11/25/2035 ^	475	405
Credit Suisse Mortgage Capital Certificates		
3.667% due 10/26/2036 ~	6,217	4,908
Credit Suisse Mortgage Capital Mortgage-Backed Trust		
5.750% due 04/25/2036 ^	171	134
Epic Drummond Ltd.		
0.000% due 01/25/2022	EUR	137
		165
First Horizon Mortgage Pass-Through Trust		
3.750% due 11/25/2035 ^~	\$	463
		410
4.039% due 05/25/2037 ^~		364
		308
GS Mortgage Securities Trust		
5.622% due 11/10/2039	1,001	869
IndyMac Mortgage Loan Trust		
6.500% due 07/25/2037 ^	3,507	2,284
JPMorgan Alternative Loan Trust		
3.244% due 03/25/2037 ^~	1,260	1,184
3.607% due 03/25/2036 ^~	2,179	2,045
3.708% due 05/25/2036 ^~	2,059	1,679
JPMorgan Chase Commercial Mortgage Securities Trust		
5.623% due 05/12/2045	1,358	1,264
JPMorgan Mortgage Trust		
3.517% due 02/25/2036 ^~	399	361
3.621% due 10/25/2035 ~	315	306
6.500% due 09/25/2035	115	111
LB-UBS Commercial Mortgage Trust		
5.407% due 11/15/2038	878	673
5.562% due 02/15/2040 ~	932	594
Lehman Mortgage Trust		
6.000% due 07/25/2037 ^	1,019	986
6.500% due 09/25/2037 ^	2,745	2,090
Lehman XS Trust		
2.117% (US0001M + 0.220%) due 06/25/2047 ~	2,293	2,078
MASTR Asset Securitization Trust		
6.500% due 11/25/2037 ^	526	349
Merrill Lynch Mortgage Investors Trust		
3.557% due 03/25/2036 ^~	2,064	1,603
Morgan Stanley Capital Trust		
6.193% due 06/11/2049 ~	726	733
Nomura Asset Acceptance Corp. Alternative Loan Trust		
4.976% due 05/25/2035 ^	13	10
Residential Accredited Loans, Inc. Trust		
4.490% due 12/26/2034 ^~	1,225	996
6.000% due 08/25/2036 ^	377	345

Residential Asset Securitization Trust		
5.750% due 02/25/2036 ^	1,162	902
6.000% due 07/25/2037 ^	1,540	1,115
6.250% due 09/25/2037 ^	2,813	2,002
Residential Funding Mortgage Securities, Inc. Trust		
4.524% due 09/25/2035 ~	998	826
4.679% due 08/25/2036 ^~	1,235	1,157
Structured Adjustable Rate Mortgage Loan Trust		
3.569% due 11/25/2036 ^~	2,776	2,700
3.570% due 01/25/2036 ^~	2,385	1,865
3.636% due 07/25/2036 ^~	583	514
Suntrust Adjustable Rate Mortgage Loan Trust		
3.708% due 02/25/2037 ^~	318	288
WaMu Mortgage Pass-Through Certificates Trust		
3.324% due 02/25/2037 ^~	620	601
3.345% due 10/25/2036 ^~	900	834
3.363% due 05/25/2037 ^~	1,517	1,450
3.403% due 07/25/2037 ^~	1,092	1,019
Wells Fargo Mortgage-Backed Securities Trust		
3.914% due 07/25/2036 ^~	312	316
5.750% due 03/25/2037 ^	269	267

Total Non-Agency Mortgage-Backed Securities 125,735
(Cost \$113,189)

ASSET-BACKED SECURITIES 20.1%

Adagio CLO DAC			
0.000% due 04/30/2031 ~	EUR	1,800	1,957
Airspeed Ltd.			
2.167% (LIBOR01M + 0.270%) due 06/15/2032 ~	\$	3,202	2,790
Apidos CLO			
0.000% due 07/22/2026 ~		1,500	883
0.000% due 01/20/2031 ~		4,500	4,244
Argent Securities Trust			
2.087% (US0001M + 0.190%) due 03/25/2036 ~		3,913	2,365
Bear Stearns Asset-Backed Securities Trust			
2.037% (US0001M + 0.140%) due 10/25/2036 ^~		5,249	5,417
6.500% due 10/25/2036 ^		366	288

Belle Haven ABS CDO Ltd.			
2.571% (LIBOR03M + 0.250%) due 07/05/2046 ~		180,259	1,767
CIFC Funding Ltd.			
0.000% due 05/24/2026 (h)		2,400	1,490
0.000% due 07/22/2026 (h)		1,500	882
Citigroup Mortgage Loan Trust			
2.047% (US0001M + 0.150%) due 12/25/2036 ~		15,735	8,360
2.057% (US0001M + 0.160%) due 12/25/2036 ~		4,157	2,744
Cork Street CLO Designated Activity Co.			
0.000% due 11/27/2028 ~	EUR	2,366	2,903
3.600% due 11/27/2028		1,062	1,286
4.500% due 11/27/2028		929	1,127
6.200% due 11/27/2028		1,150	1,394
Countrywide Asset-Backed Certificates			
2.037% (US0001M + 0.140%) due 12/25/2046 ~	\$	14,987	13,552
2.037% (US0001M + 0.140%) due 06/25/2047 ~		1,710	1,594
2.067% (US0001M + 0.170%) due 03/25/2037 ~		2,002	1,943
2.097% (US0001M + 0.200%) due 06/25/2047 ~		10,602	9,517
Countrywide Asset-Backed Certificates Trust			
2.647% (US0001M + 0.750%) due 11/25/2035 ~		4,008	4,112
Fremont Home Loan Trust			
2.047% (US0001M + 0.150%) due 01/25/2037 ~		14,900	8,880
Grosvenor Place CLO BV			
0.000% due 04/30/2029 ~	EUR	500	456
Home Equity Mortgage Loan Asset-Backed Trust			
2.057% (US0001M + 0.160%) due 07/25/2037 ~	\$	3,225	2,140
HSI Asset Securitization Corp. Trust			
0.000% due 10/25/2036 (b)(h)		3,309	1,356
Lehman XS Trust			
6.290% due 06/24/2046		3,176	3,212
Long Beach Mortgage Loan Trust			
2.197% (US0001M + 0.300%) due 01/25/2036 ~		4,813	4,352
Merrill Lynch Mortgage Investors Trust			
2.057% (US0001M + 0.160%) due 04/25/2037 ~		574	364
Morgan Stanley Mortgage Loan Trust			
6.250% due 07/25/2047 ^~		717	512
SLM Student Loan EDC Repackaging Trust			
0.000% due 10/28/2029 <<(h)		1	1,389
SLM Student Loan Trust			
0.000% due 01/25/2042 <<(h)		4	3,000
SoFi Professional Loan Program LLC			
0.000% due 05/25/2040 <<(h)		4,400	2,453
0.000% due 07/25/2040 <<(h)		21	1,264
0.000% due 09/25/2040 <<(a)(h)		1,758	1,037
South Coast Funding Ltd.			
2.411% (LIBOR03M + 0.600%) due 08/10/2038 ~		12,328	2,404
Taberna Preferred Funding Ltd.			
2.147% (LIBOR03M + 0.360%) due 12/05/2036 ~		5,173	4,552
2.167% (US0003M + 0.380%) due 08/05/2036 ~		431	366

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2.167% (US0003M + 0.380%) due 08/05/2036 ^~	8,510	7,233
2.791% (LIBOR03M + 0.470%) due 07/05/2035 ~	5,249	4,881

Total Asset-Backed Securities 120,466
(Cost \$113,846)

SOVEREIGN ISSUES 5.8%

Argentina Government International Bond

2.260% due 12/31/2038	EUR	3,270	2,717
3.375% due 01/15/2023		200	239
5.250% due 01/15/2028		200	235
6.250% due 11/09/2047		100	112
7.820% due 12/31/2033		9,789	13,072
22.844% (BADLARPP) due 10/04/2022 ~	ARS	58	5
24.839% (BADLARPP + 2.000%) due 04/03/2022 ~		63,442	3,087
25.331% (BADLARPP + 2.500%) due 03/11/2019 ~		200	10
26.088% (BADLARPP + 3.250%) due 03/01/2020 ~		1,200	60
28.875% (ARPP7DRR) due 06/21/2020 ~		103,383	5,272

Autonomous Community of Catalonia

4.750% due 06/04/2018	EUR	10	12
4.900% due 09/15/2021		1,500	1,994

Egypt Government International Bond

4.750% due 04/16/2026		300	362
5.625% due 04/16/2030		300	359

Peru Government International Bond

6.350% due 08/12/2028	PEN	2,800	936
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Qatar Government International Bond

3.875% due 04/23/2023	\$	400	399
4.500% due 04/23/2028		200	200
5.103% due 04/23/2048		200	199

Republic of Greece Government International Bond

4.750% due 04/17/2019	EUR	300	376
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Saudi Government International Bond

4.000% due 04/17/2025	\$	3,000	2,961
4.500% due 04/17/2030		1,000	988
5.000% due 04/17/2049		1,000	961

Turkey Government International Bond

6.125% due 10/24/2028		200	200
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Venezuela Government International Bond

6.000% due 12/09/2020 ^(e)	248	71
9.250% due 09/15/2027 ^(e)	315	99

Total Sovereign Issues 34,926
(Cost \$34,874)

SHARES

COMMON STOCKS 1.6%**CONSUMER DISCRETIONARY 0.9%**

Caesars Entertainment Corp. (f)	486,164	5,518
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ENERGY 0.1%

Forbes Energy Services Ltd. (f)(k)	21,825	166
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Ocean Rig UDW, Inc. (f)	16,639	403
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569

FINANCIALS 0.6%

TIG FinCo PLC «(k)	2,072,442	3,424
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Total Common Stocks 9,511
(Cost \$9,580)

WARRANTS 0.0%**INDUSTRIALS 0.0%**

Sequa Corp. - Exp. 04/28/2024 «	819,000	247
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Total Warrants 247
(Cost \$0)

PREFERRED SECURITIES 3.7%**BANKING & FINANCE 1.4%****Farm Credit Bank of Texas**

10.000% due 12/15/2020 (i)(k)	7,150	8,437
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INDUSTRIALS 2.3%**Sequa Corp.**

9.000% «	15,193	13,674
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Total Preferred Securities 22,111
(Cost \$23,612)

REAL ESTATE INVESTMENT TRUSTS 1.3%**REAL ESTATE 1.3%**

VICI Properties, Inc. (k)	423,584	7,701
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7,701

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Total Real Estate Investment Trusts
(Cost \$5,525)

SHORT-TERM INSTRUMENTS 4.0%			
REPURCHASE AGREEMENTS (l) 3.6%			21,550
		PRINCIPAL AMOUNT (000S)	
ARGENTINA TREASURY BILLS 0.1%			
10.032% due 09/14/2018 (g)(h)	ARS	13,190	624
U.S. TREASURY BILLS 0.3%			
1.702% due 05/03/2018 - 07/12/2018 (g)(h)(o)(q)	\$	1,654	1,649
Total Short-Term Instruments (Cost \$23,878)			23,823
Total Investments in Securities			746,973
(Cost \$720,347)			
Total Investments 124.3%			\$ 746,973
(Cost \$720,347)			
Financial Derivative Instruments (n)(p) 0.5%			2,882
(Cost or Premiums, net \$17,826)			
Preferred shares (15.4)%			(92,450)
Other Assets and Liabilities, net (9.4)%			(56,381)
Net Assets Applicable to Common Shareholders 100.0%			\$ 601,024

Notes to Schedule of Investments:

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

(h) Zero coupon security.

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

(j) Contingent convertible security.

(k) Restricted Securities:

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
Farm Credit Bank of Texas 10.000% due 12/15/2020	09/17/2013	\$ 8,419	\$ 8,437	1.40%
Forbes Energy Services Ltd.	10/09/2014 - 12/03/2014	944	166	0.03
TIG FinCo PLC	04/02/2015 - 07/20/2017	2,776	3,424	0.57
VICI Properties, Inc.	11/25/2014 - 11/17/2017	5,525	7,701	1.28
		\$ 17,664	\$ 19,728	3.28%

Borrowings and Other Financing Transactions

(l) Repurchase Agreements:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Price at Value	Repurchase Proceeds Received
	1.250%	04/30/2018	05/01/2018	\$ 3,450	U.S. Treasury Notes 2.750% due 02/28/2025	\$ (3,522)	\$ 3,450	\$ 1
	1.830	04/30/2018	05/01/2018	18,100	U.S. Treasury Notes 2.000% due 08/15/2025	(18,492)	18,100	18
Repurchase Agreements						\$ (22,014)	\$ 21,550	\$ 2

Reverse Repurchase Agreements:

Counterparty	Borrowing Rate ⁽²⁾	Settlement Date	Maturity Date	Amount Borrowed ⁽²⁾	Payable for Reverse Repurchase Agreements
BCY	(2.000)%	01/09/2018	TBD ⁽³⁾	\$ (823)	\$ (818)

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	0.750	03/26/2018	TBD ⁽³⁾	(1,181)	(1,182)
BPS	2.250	03/01/2018	06/01/2018	(5,138)	(5,158)
CFR	(2.500)	04/09/2018	05/07/2018	(201)	(201)
CIW	2.250	04/04/2018	05/03/2018	(4,146)	(4,153)
JML	2.300	04/16/2018	05/16/2018	(8,304)	(8,304)
RBC	2.490	02/07/2018	08/07/2018	(2,464)	(2,478)
	2.590	02/07/2018	08/07/2018	(6,085)	(6,121)
SOG	2.470	04/18/2018	07/18/2018	(2,940)	(2,943)
	2.600	04/10/2018	07/10/2018	(4,826)	(4,833)
UBS	0.150	04/30/2018	05/30/2018	EUR (8,772)	(10,593)
	2.200	04/10/2018	05/10/2018	\$ (7,568)	(7,578)
	2.410	03/21/2018	06/12/2018	(573)	(575)

 nbsp;