

PIMCO High Income Fund (PHK)

Description

Seeks high current income, with capital appreciation as a secondary objective.

Fund Inception Date

April 30, 2003

Total Fund Assets (in millions)

Common \$1,167.2
Preferred \$292.0
Total \$1,459.2

Management Firm

PIMCO (Pacific Investment Management Company)

Portfolio Manager

Bill Gross

Dividend Frequency

Monthly

Net Asset Value (NAV) / Market Price at Inception

\$14.31 / \$15.00

NAV / Market Price (as of 9/30/09)

\$7.34 / \$10.34

High / Low Ranges (52-Week)

High / Low NAV \$8.47 / \$2.76
High / Low Market Price \$10.62 / \$3.14

Premium / (Discount) to NAV

40.87%

Fund Data (Common Shares)

Shares Outstanding 119,231,264
Average Daily Volume 960,017

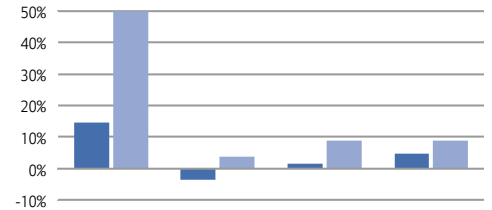
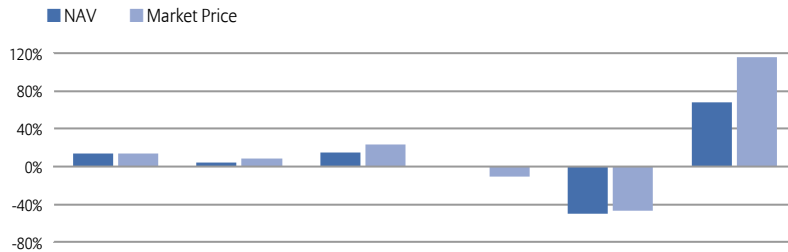
Fund Data (Preferred Shares)

Shares Outstanding 11,680
Share Price \$25,000
% of Total Fund Assets (Leverage) 25.02
Average Quarterly Rate (% Annualized) 0.22
Average Maturity (Days) 7

Fund Highlights

- Currently invests primarily in a diversified portfolio of U.S. dollar denominated high-yield corporate debt obligations. Effective November 13, 2009, the Fund will invest at least 50% of its net assets in a diversified portfolio of U.S. dollar denominated high-yield corporate debt obligations.
- To identify securities that provide high current income and/or capital appreciation, the Fund uses a dynamic asset allocation strategy that focuses on credit quality analysis; duration management; broad diversification among issuers, industries and sectors; and other risk-management techniques designed to manage default risk.
- The Fund normally has an intermediate average portfolio duration (i.e., four to eight years). The Fund may hold common stock received from conversion of other portfolio securities.

Performance and Dividend Analysis—Common Shares



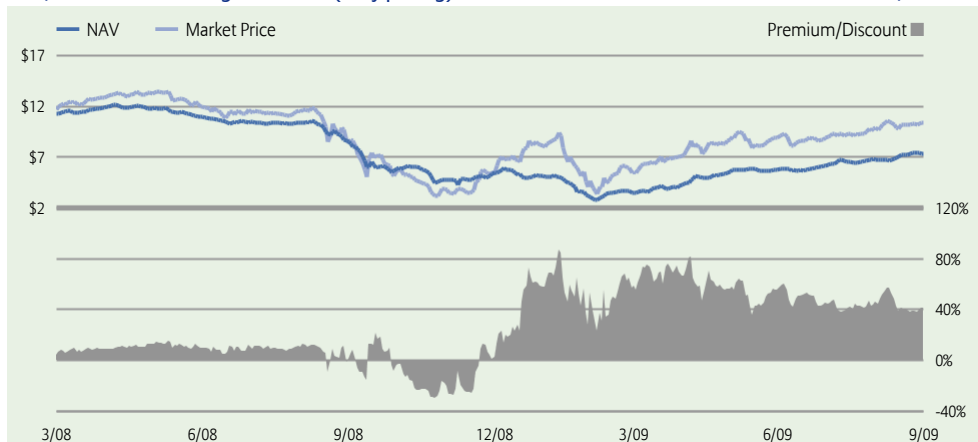
Calendar Year Returns

	'04	'05	'06	'07	'08	YTD
NAV	13.6%	3.9%	14.6%	-0.3%	-48.9%	67.8%
Market Price	13.5%	8.1%	23.1%	-9.6%	-45.3%	116.3%

Average Annual Returns

	1-yr	3-yr	5-yr	Inception
NAV	14.61%	-3.12%	1.70%	4.75%
Market Price	49.85%	3.87%	8.83%	8.77%

NAV/Market Price-Trailing 18 Months (daily pricing)



Fund Premium/Discount

Current Yield

Market Price Yield (%)	14.14
NAV Yield (%)	19.93
Undistributed Net Investment Income (as of 6/30/09)	-\$0.0761

Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
9/01/09	Dividend	\$0.121875
8/03/09	Dividend	\$0.121875
7/01/09	Dividend	\$0.121875
6/01/09	Dividend	\$0.121875
5/01/09	Dividend	\$0.121875
4/01/09	Dividend	\$0.121875

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Past performance is no guarantee of future results. An investment in the Fund involves risk, including loss of principal. Investment return and the value of shares will fluctuate. Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares or changes in Fund distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding. This material is presented only to provide information and is not intended for trading purposes. The Fund is a closed-end exchange traded management investment company. A closed-end fund, unlike an open-end fund, is not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Changes to investment policies, current management fees, and other matters of interest to investors may be found in each closed-end fund's most recent annual report to shareholders. The current semi annual report also will contain important updated information for investors. See reverse for more information. For the period covered by the most recent shareholder report, the expense ratio is 1.64% or 1.62% when additional non-cash interest expenses are excluded. These expenses do not reflect actual expenses paid but reflect the accounting treatment of certain bonds held in the Fund.

Visit www.allianzinvestors.com for more information.

PIMCO High Income Fund (PHK)

Portfolio Analysis

Top Five Sectors		Average Weighted Maturity		Investment Breakdown	
Banks	19%	1–3 Years	14%	High Yield	45%
Automotive	15%	3–5 Years	30%	Investment Grade Corporate	32%
Non-Captive Consumer Finance	15%	5–10 Years	36%	Non-U.S. Developed	16%
Insurance Life	14%	10–20 Years	7%	Emerging Markets	6%
Non-Captive Diversified Finance	7%	20+ Years	13%	Mortgage	5%
		Average Maturity	10.27 Years	Other	3%
		Average Duration	5.72 Years	Government-Related	1%
				Net Cash & Equivalents	-8%
Credit Quality				Statistics	
A	5%			Average Coupon Rate (%)	7.90
BBB	39%			Standard Deviation of NAV	41.21
BB	19%			Standard Deviation of Market Price	58.85
B	16%				
<B	21%				
Average Quality	BB-				

Portfolio Management

PIMCO (Pacific Investment Management Company)

Founded in 1971 and based in Newport Beach, California, PIMCO is a leading institutional investment firm with a client list that includes many of the largest companies in the United States. PIMCO is one of the most respected names in fixed-income management, due in large part to its total return approach to bond investing and strong long-term performance record. While renowned for its bond management expertise, PIMCO has also developed a range of innovative investment strategies to offer investors access to other asset classes, including stocks, commodities and real estate. In recent years, the firm has expanded its global operations and today has offices in cities such as London, Munich, Singapore, Sydney and Tokyo.

Portfolio Manager



Bill Gross

Mr. Gross is founder and co-chief investment officer of Pacific Investment Management Company (PIMCO) and has won Morningstar's coveted "Fixed-Income Manager of the Year Award" three times (1998, 2000 and 2007) for managing the PIMCO Total Return Fund. In 2000, Mr. Gross received the Bond Market Association's Distinguished Service Award. He holds a BA from Duke University and an MBA from the UCLA Graduate School of Business.

Investment Process

The top-down investment process begins with PIMCO's annual Secular Forum, during which the firm develops a three- to five-year outlook for the global economy and interest rates. This helps set the basic portfolio parameters, including duration, yield-curve positioning, sector weightings, credit quality breakdown and individual issue selection. The Fund focuses on securities in the upper tier of the below-investment-grade credit spectrum, which historically have delivered the best risk/return profile. Consideration of yield is only one component of the portfolio manager's approach; PIMCO also considers capital appreciation and principal preservation through intensive fundamental, macroeconomic, industry and company-specific research. Furthermore, intermediate-maturity bonds are emphasized to ensure that Fund performance is driven by credit characteristics, not interest rate risk. Finally, non-traditional sectors are employed in small doses to enhance return and increase diversification.

Past performance is no guarantee of future results. Holdings are subject to change daily. The use of leverage may cause a Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. This may cause a Fund to be more volatile, which may increase the risk of investment loss. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk (the risk that illiquid securities may not be able to be sold at an advantageous time or price), interest rate risk (the risk that the value of fixed-income securities will decline if interest rates rise), market risk (the risk that the market price of securities may go up or down, sometimes rapidly or unpredictably), credit risk (the risk that the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, may be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations), management risk (the risk that investment management decisions may not produce the desired results) and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments. High-yield bonds typically have a lower credit rating than other bonds and generally involve a greater risk to principal than higher rated bonds.

Duration is a measure of a Fund's price sensitivity expressed in years. The credit quality of the securities in the portfolio is generally calculated by Moody's or S&P; if unrated, the investment manager may determine a comparable rating, which is included in the portfolio breakdown. Credit quality ratings generally range from AAA (highest) to D (lowest). The credit quality of the investment in the portfolio does not apply to the stability or safety of the Fund. Call Feature allows the issuer to "call" or repurchase certain securities before maturity, at a specified price and/or point in time. Standard deviation is an absolute measure of volatility measuring dispersion about an Average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

Allianz Global Investors Fund Management LLC serves as the Fund's investment manager, and the sub-advisor is PIMCO (Pacific Investment Management Company). Visit www.allianzinvestors.com for more information.