

PIMCO Floating Rate Strategy Fund
Form N-CSRS
April 07, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21601

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 July 31, 2006
end:

Date of reporting period: January 31, 2006

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1 - Report to Shareholders

PIMCO Floating Rate Income Fund

PIMCO Floating Rate Strategy Fund

Semi-Annual Report

January 31, 2006

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PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds Letter to Shareholders

March 24, 2006

Dear Shareholder:

We are pleased to provide you with the semi-annual report for PIMCO Floating Rate Income Fund and PIMCO Floating Rate Strategy Fund, collectively the Funds for the six-month and five-month periods ended January 31, 2006, respectively. In December 2005, PIMCO Floating Rate Strategy changed its fiscal year-end from July 31 to August 31. Accordingly, the financial statements for this Fund cover the five-month period from September 1, 2005 to January 31, 2006.

During the period, the Federal Reserve raised short-term interest rates five times for a total increase of 125 basis points. Within this rising interest rate environment, the 3-month London Interbank Offered Rate (LIBOR) increased nearly 1%, ending the reporting period at 4.68%. This trend was positive for floating-rate securities, which typically pay a spread over LIBOR. Accordingly, the Funds increased their dividends to shareholders during the period.

Please refer to the following pages for specific information on the Funds. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds shareholder servicing agent at (800) 331-1710. Also, you may visit our Web site at www.allianzinvestors.com/closedendfunds to access additional information.

Together with Allianz Global Investors Fund Management LLC, the Funds investment manager, and Pacific Investment Management Company LLC, the Funds sub-adviser, we thank you for investing with us.

We remain dedicated to serving your financial needs.

Sincerely,

Robert E. Connor

Chairman

Brian S. Shlissel

President & Chief Executive Officer

PIMCO Floating Rate Income Fund Performance & Statistics

January 31, 2006 (unaudited)

Symbol:

PFL

Objective:

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

Primary Investments:

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

Inception Date:

August 29, 2003

Total Net Assets⁽¹⁾:

\$558.1 million

Portfolio Manager:

Raymond G. Kennedy

Total Return⁽²⁾:

Six months ended 1/31/06

1 Year

Commencement of Operations (8/29/03) to 1/31/06

Market Price

3.70%

(5.65)%

3.31%

Net Asset Value (NAV)

3.31%

5.70%

6.33%

Common Share Market Price/NAV Performance:

Commencement of Operations (8/29/03) to 1/31/06

Market Price/NAV:

Market Price	\$18.60
NAV	\$19.31
Discount to NAV	(3.68)%
Market Price Yield ⁽³⁾	8.45%

Portfolio composition (as a % of total investments)

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

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(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

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

(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at January 31, 2006.

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PIMCO Floating Rate Strategy Fund Performance & Statistics

January 31, 2006 (unaudited)

Symbol:

PFN

Objective:

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

Primary Investments:

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

Inception Date:

October 29, 2004

Total Net Assets⁽¹⁾:

\$1,263.4 million

Portfolio Manager:

Raymond G. Kennedy

Total Return⁽²⁾:

Five months ended 1/31/06

1 Year

Commencement of Operations (10/29/04) to 1/31/06

Market Price

4.12%

0.64%

(0.37)%

Net Asset Value (NAV)

2.51%

6.22%

5.44%

Common Share Market Price/NAV Performance:

Commencement of Operations (10/29/04) to 1/31/06

Market Price/NAV:

Market Price	\$18.34
NAV	\$18.84
Discount to NAV	(2.65)%
Market Price Yield ⁽³⁾	8.30%

Portfolio composition (as a % of total investments)

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market

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through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at January 31, 2006.

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PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2006 (unaudited)

Principal Amount (000)		Value
SENIOR LOANS (a) (b) (c) 69.9%		
Aerospace 0.3%		
\$ 1,254	K & F Industries, Inc., Term B, 6.81%, 11/18/12	\$ 1,269,844
625	6.87%, 11/18/12	632,812
		1,902,656
Automotive 0.7%		
292	Hayes Lemmerz International, Inc., Term B, 7.31%, 6/3/09	292,386
449	7.34%, 6/3/09	448,674
299	7.67%, 6/3/09	299,116
479	7.84%, 6/3/09	479,187
183	7.91%, 6/3/09	183,200
286	7.97%, 6/3/09	285,656
	Visteon Corp., 8.558%, 6/25/07	386,984
383	8.85%, 6/25/07	388,600
59	9.00%, 6/25/07	59,286
1,104	9.25%, 6/25/07	1,114,642
		3,937,731
Automotive Products 4.6%		
2,281	Cooper Standard Automotive, Inc., 6.563%, 12/31/11, Term B	2,290,498
3,669	6.563%, 12/31/11, Term C	3,684,714
2,408	Delphi Corp., 12.75%, 6/14/11	2,546,330
	Goodyear Tire & Rubber Co., 7.06%, 4/30/10, Term A	4,045,416
4,000	7.81%, 4/1/11	1,009,643
1,000	Polypore, Inc., 7.53%, 11/12/11, Term B	2,661,791
2,674	Tenneco Automotive, Inc., 6.63%, 12/12/10, Term B (e)	1,825,153
1,796	6.635%, 12/12/10, Term B1	801,757
789	TRW Automotive, Inc., 6.25%, 6/30/12, Term B	3,471,015
3,465	VWR International, Inc., 7.12%, 4/7/11, Term B	4,324,137
4,256		26,660,454
Banking 0.4%		
	Aster Co., Ltd.	