

PCM FUND, INC.
Form DEF 14A
March 10, 2017

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Joint Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

PCM Fund, Inc. (PCM)

PIMCO Corporate & Income Strategy Fund (PCN)

PIMCO Corporate & Income Opportunity Fund (PTY)

PIMCO Income Opportunity Fund (PKO)

PIMCO Dynamic Credit & Mortgage Income Fund (PCI)

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 28, 2017

PCM FUND, INC. (PCM)

PIMCO CORPORATE & INCOME STRATEGY FUND (PCN)

PIMCO CORPORATE & INCOME OPPORTUNITY FUND (PTY)

PIMCO INCOME OPPORTUNITY FUND (PKO)

PIMCO DYNAMIC CREDIT & MORTGAGE INCOME FUND (PCI)

1633 Broadway

New York, New York 10019

To the Shareholders of PCM Fund, Inc. (PCM), PIMCO Corporate & Income Strategy Fund (PCN), PIMCO Corporate & Income Opportunity Fund (PTY), PIMCO Income Opportunity Fund (PKO) and PIMCO Dynamic Credit & Mortgage Income Fund (PCI) (each, a Fund and, collectively, the Funds):

Notice is hereby given that a Joint Annual Meeting of Shareholders of each Fund (the Meeting) will be held at the offices of Pacific Investment Management Company LLC (PIMCO or the Manager), at 1633 Broadway, between West 51st Streets, 42nd Floor, New York, New York 10019, on Friday, April 28, 2017, with the Meeting to be held at 9:30 A.M., Eastern Time, for the following purposes, which are more fully described in the accompanying Proxy Statement:

1. To elect Trustees/Directors¹ of each Fund, each to hold office for the term indicated and until his or her successor shall have been elected and qualified; and
2. To transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

¹ Hereinafter, the terms Trustee or Trustees shall refer to a Director or Directors of PCM, as well as a Trustee or Trustees of PCN, PTY, PKO or PCI, as applicable.

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The Board of Trustees of each Fund has fixed the close of business on February 27, 2017 as the record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment(s) or postponement(s) thereof. The enclosed proxy is being solicited on behalf of the Board of Trustees of each Fund.

By order of the Board of Trustees of each Fund

Joshua D. Ratner
Secretary

New York, New York

March 10, 2017

It is important that your shares be represented at the Meeting in person or by proxy, no matter how many shares you own. If you do not expect to attend the Meeting, please complete, date, sign and return the applicable enclosed proxy or proxies in the accompanying envelope, which requires no postage if mailed in the United States. Please mark and mail your proxy or proxies promptly in order to save any additional costs of further proxy solicitations and in order for the Meeting to be held as scheduled.

PCM FUND, INC. (PCM)

PIMCO CORPORATE & INCOME STRATEGY FUND (PCN)

PIMCO CORPORATE & INCOME OPPORTUNITY FUND (PTY)

PIMCO INCOME OPPORTUNITY FUND (PKO)

PIMCO DYNAMIC CREDIT & MORTGAGE INCOME FUND (PCI)

1633 Broadway

New York, New York 10019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 28, 2017

This Proxy Statement and the Annual Reports to Shareholders for the fiscal year ended June 30, 2016 for PCM, PKO and PCI and for the fiscal year ended July 31, 2016 for PTY and PCN are also available at pimco.com/closedendfunds.

PROXY STATEMENT

March 10, 2017

FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 28, 2017

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Boards of Trustees/Directors¹ (each a **Board**) of the shareholders of each of PCM Fund, Inc. (**PCM**), PIMCO Corporate & Income Strategy Fund (**PCN**), PIMCO Corporate & Income Opportunity Fund (**PTY**), PIMCO Income Opportunity Fund (**PKO**) and PIMCO Dynamic Credit & Mortgage Income Fund (**PCI**) (each, a **Fund** and, collectively, the **Funds**) of proxies to be voted at the Joint Annual Meeting of Shareholders of each Fund and any adjournment(s) or postponement(s) thereof. The term **Meeting** is used throughout this joint Proxy Statement to refer to the Annual Meeting of Shareholders of each Fund, as dictated by the context. The Meeting will be held at the offices of Pacific Investment Management Company LLC (**PIMCO** or the **Manager**), at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019, on Friday, April 28, 2016, at 9:30 A.M.

¹ Hereinafter, the terms **Trustee** or **Trustees** shall refer to a Director or Directors of PCM, as well as a Trustee or Trustees of PCN, PTY, PKO or PCI, as applicable.

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The Notice of Joint Annual Meeting of Shareholders (the **Notice**), this Proxy Statement and the enclosed proxy cards are first being sent to Shareholders on or about March 20, 2017.

The Meeting is scheduled as a joint meeting of the holders of all shares of the Funds, which consist of holders of common shares of each Fund (the **Common Shareholders**) and holders of preferred shares of PCN and PTY (the **Preferred Shareholders** and, together with the Common Shareholders, the **Shareholders**). The Shareholders of each Fund are expected to consider and vote on similar matters. The Shareholders of each Fund will vote on the applicable proposal set forth herein (the **Proposal**) and on any other matters that may properly be presented for vote by the Shareholders of that Fund. The outcome of voting by the Shareholders of one Fund does not affect the outcome for the other Funds.

The Board of each Fund has fixed the close of business on February 27, 2017 as the record date (the **Record Date**) for the determination of Shareholders of each Fund entitled to notice of, and to vote at, the Meeting. The Shareholders of each Fund on the Record Date will be entitled to one vote per share on each matter to which they are entitled to vote and that is to be voted on by Shareholders of the Fund, and a fractional vote with respect to fractional shares, with no cumulative voting rights in the election of Trustees. The following table sets forth the number of common shares (**Common Shares**) and preferred shares (**Preferred Shares** and, together with the Common Shares, the **Shares**) issued and outstanding of each Fund at the close of business on the Record Date:

	Outstanding Common Shares	Outstanding Preferred Shares
PCM	11,557,428	N/A
PTY	71,803,273	9,518
PCN	39,012,869	2,221
PKO	15,015,408	N/A
PCI	137,221,372	N/A

The classes of Shares listed for each Fund in the table above are the only classes of Shares currently authorized by that Fund.

At the Meeting, the election of one Trustee (the **Preferred Shares Trustee**) of PTY will be voted on exclusively by the Preferred Shareholders of that Fund voting as a separate class. On each other proposal to be brought before the Meeting (including the election of the nominees other than the Preferred Shares Trustee by all Shareholders), the Preferred Shareholders, if any, will have equal

voting rights (*i.e.*, one vote per Share) with the applicable Fund's Common Shareholders and will vote together with Common Shareholders as a single class. As summarized in the table below:

PCM:

The Common Shareholders of PCM, voting as a single class, have the right to vote on the re-election of Hans W. Kertess, Bradford K. Gallagher and John C. Maney as Directors of PCM.

PCN:

The Common and Preferred Shareholders of PCN, voting together as a single class, have the right to vote on the re-election of Bradford K. Gallagher and Craig A. Dawson as Trustees of PCN and the election of William B. Ogden, IV and John C. Maney as Trustees of PCN.

PTY:

The Common and Preferred Shareholders of PTY, voting together as a single class, have the right to vote on the re-election of Bradford K. Gallagher and the Preferred Shareholders of PTY, voting as a separate class, have the right to vote on the re-election James A. Jacobson as Trustees of PTY.

PKO:

The Common Shareholders of PKO, voting as a single class, have the right to vote on the re-election of Bradford K. Gallagher, Alan Rappaport and Craig A. Dawson as Trustees of PKO.

PCI:

The Common Shareholders of PCI, voting as a single class, have the right to vote on the re-election of William B. Ogden, IV, Hans W. Kertess and Alan Rappaport as Trustees of PCI.

Summary

Proposal	Common Shareholders	Preferred Shareholders
Election of Trustees		
PCM		
<i>Independent Trustees/Nominees*</i>		
Re-election of Hans W. Kertess		N/A
Re-election of Bradford K. Gallagher		N/A
<i>Interested Trustee/Nominee</i>		
Re-election of John C. Maney**		N/A
PCN		
<i>Independent Trustees/Nominees*</i>		
Re-election of Bradford K. Gallagher		
Election of William B. Ogden, IV		
<i>Interested Trustee/Nominee</i>		
Re-election of Craig A. Dawson***		
Election of John C. Maney**		
PTY		
<i>Independent Trustees/Nominee*</i>		
Re-election of Bradford K. Gallagher		
Re-election of James A. Jacobson	N/A	
PKO		
<i>Independent Trustee/Nominee*</i>		
Re-election of Alan Rappaport		N/A
Re-election of Bradford K. Gallagher		N/A
<i>Interested Trustee/Nominee</i>		
Re-election of Craig A. Dawson***		N/A
PCI		
<i>Independent Trustee/Nominee</i>		
Re-election of Hans W. Kertess		N/A
Re-election of Alan Rappaport		N/A
Re-election of William B. Ogden, IV		N/A

* Independent Trustees or Independent Nominees are those Trustees or nominees who are not interested persons, as defined in the Investment Company Act of 1940, as amended (the 1940 Act), of each Fund.

** Mr. Maney is an interested person of each Fund, as defined in Section 2(a)(19) of the 1940 Act (Interested Trustee), due to his affiliation with Allianz Asset Management of America L.P. and its affiliates.

*** Mr. Dawson is an Interested Trustee of each Fund due to his affiliation with PIMCO and its affiliates.

You may vote by mail by returning a properly executed proxy card, by internet by going to the website listed on the proxy card, by telephone using the toll-free number listed on the proxy card, or in person by attending the Meeting. Shares represented by duly executed and timely delivered proxies will be voted as instructed on the proxy. If you execute and mail the enclosed proxy and no choice is indicated for the election of Trustees listed in the attached Notice, your proxy will be voted in favor of the election of all nominees. At any time before it has been voted, your proxy may be revoked in one of the following ways: (i) by timely delivering a signed, written letter of revocation to the Secretary of the applicable Fund at 1633 Broadway, New York, New York 10019, (ii) by properly executing and timely submitting a later-dated proxy vote, or (iii) by attending the Meeting and voting in person. Please call 1-(800) 207-3156 for information on how to obtain directions to be able to attend the Meeting and vote in person or for information or assistance regarding how to vote by telephone, mail or by internet. If any proposal, other than the Proposal set forth herein, properly comes before the Meeting, the persons named as proxies will vote in their sole discretion.

The principal executive offices of the Funds are located at 1633 Broadway, New York, New York 10019. PIMCO serves as the investment manager of each Fund. Additional information regarding the Manager may be found under [Additional Information](#) [Investment Manager](#) below.

The solicitation will be primarily by mail and by telephone and the cost of soliciting proxies for each Fund will be borne by PIMCO. Certain officers of the Funds and certain officers and employees of the Manager or its affiliates (none of whom will receive additional compensation therefor) may solicit proxies by telephone, mail, e-mail and personal interviews. Any out-of-pocket expenses incurred in connection with the solicitation will be borne by PIMCO.

Unless a Fund receives contrary instructions, only one copy of this Proxy Statement will be mailed to a given address where two or more Shareholders share that address and also share the same surname. Additional copies of the Proxy Statement will be delivered promptly upon request. Requests may be sent to the Secretary of the Fund c/o Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019, or by calling 1-(800) 207-3156 on any business day.

As of the Record Date, the Trustees, nominees and the officers of each Fund as a group and individually beneficially owned less than one percent (1%) of each Fund's outstanding Shares. To the knowledge of the Funds, no person beneficially owned more than five percent (5%) of the outstanding Shares of PKO or PCI and the following entities beneficially owned more than five percent (5%) of a class of shares of a Fund:

Beneficial Owner	Fund	Percentage of Ownership of Class
First Foundation Advisors 18101 Von Karman Avenue, Suite 700 Irvine, CA 92612 UBS AG	PCM	6.38% of Common Shares
Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland		
Bank of America Corporation 100 North Tryon Street, Charlotte, North Carolina 28255	PCN	21.39% of Preferred Shares
Bank of America Corporation 100 North Tryon Street, Charlotte, North Carolina 28255	PCN	18.78% of Preferred Shares
Bank of America Corporation 100 North Tryon Street, Charlotte, North Carolina 28255	PTY	52.93% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PTY	34.06% of Preferred Shares

PROPOSAL: ELECTION OF TRUSTEES

In accordance with PCN's, PTY's, PKO's and PCI's Amended and Restated Agreement and Declaration of Trust (each, a Declaration), and PCM's Articles of Incorporation, as amended (the Articles) the Trustees have been divided into the following three classes (each a Class): Class I, Class II and Class III. The Nominating Committee of each applicable Fund has recommended the nominees listed herein for election or re-election, as applicable, as Trustees by the Shareholders of the applicable Funds.

PCM. With respect to PCM, the term of office of the Class II Directors will expire at the Meeting; the term of office of the Class III Directors will expire at the annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2017 through June 30, 2018); and the term of office of the Class I Directors will expire at the annual meeting of Shareholders held during the 2018-2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2018 through June 30, 2019). Currently, Hans W. Kertess, Bradford K. Gallagher

and John C. Maney are Class II Directors. The Nominating Committee has recommended to the Board that Messrs. Kertess, Gallagher and Maney be nominated for re-election by the Common Shareholders as Class II Directors at the Meeting. Consistent with the Fund's Articles, if elected, the nominees shall hold office for terms coinciding with the Classes of Directors to which they have been designated. Therefore, if re-elected at the Meeting, Messrs. Kertess, Gallagher and Maney will serve terms consistent with the Class II Directors, which will expire at the Fund's annual meeting of Shareholders for the 2019-2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2019 through June 30, 2020).

PCN. With respect to PCN, the term of office of the Class III Trustees will expire at the Meeting; the term of office of the Class I Trustees will expire at the annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2017 through July 31, 2018); and the term of office of the Class II Trustees will expire at the annual meeting of Shareholders held during the 2018-2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2018 through July 31, 2019). Currently, Bradford K. Gallagher, Craig Dawson and John C. Maney are Class III Trustees and William B. Ogden, IV is a Class I Trustee. The Nominating Committee has recommended to the Board that Messrs. Gallagher and Dawson be nominated for re-election as Class III Trustees by the Common Shareholders and Preferred Shareholders, voting as a single class, that Mr. Ogden be nominated for election as a Class III Trustee by the Common Shareholders and Preferred Shareholders, voting as a single class, and that Mr. Maney be nominated for election by the Common Shareholders and Preferred Shareholders, voting as a single class, as a Class I Trustee at the Meeting. Consistent with the Fund's Declaration, if elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if re-elected or elected, as applicable, at the Meeting, Messrs. Gallagher, Dawson and Ogden will serve terms consistent with the Class III Trustees, which will expire at the Fund's annual meeting of Shareholders for the 2019-2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2019 through July 31, 2020) and Mr. Maney will serve a term consistent with the Class I Trustees, which will expire at the Fund's annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2017 through July 31, 2018).

PTY. With respect to PTY, the term of office of the Class II Trustees will expire at the Meeting; the term of office of the Class III Trustees will expire at the annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2017

through July 31, 2018); and the term of office of the Class I Trustees will expire at the annual meeting of Shareholders held during the 2018-2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2018 through July 31, 2019). Currently, Bradford K. Gallagher and James A. Jacobson are Class II Trustees. The Nominating Committee has recommended to the Board that Mr. Gallagher be nominated for re-election as a Class II Trustee by the Common Shareholders and Preferred Shareholders, voting as a single class, and that Mr. Jacobson be nominated for re-election by the Preferred Shareholders, voting as a separate class, as a Class II Trustee at the Meeting. Consistent with the Fund's Declaration, if elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if re-elected at the Meeting, Messrs. Gallagher and Jacobson will serve terms consistent with the Class II Trustees, which will expire at the Fund's annual meeting of Shareholders for the 2019-2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from August 1, 2019 through July 31, 2020).

PKO. With respect to PKO, the term of office of the Class III Trustees will expire at the Meeting; the term of office of the Class I Trustees will expire at the annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2017 through June 30, 2018); and the term of office of the Class II Trustees will expire at the annual meeting of Shareholders held during the 2018-2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2018 through June 30, 2019). Currently, Bradford K. Gallagher, Alan Rappaport and Craig A. Dawson are Class III Trustees. The Nominating Committee has recommended to the Board that Messrs. Gallagher, Rappaport and Dawson be nominated for re-election as Class III Trustees by the Common Shareholders at the Meeting. Consistent with the Fund's Declaration, if elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if re-elected at the Meeting, Messrs. Gallagher, Rappaport and Dawson will serve terms consistent with the Class III Trustees, which will expire at the Fund's annual meeting of Shareholders for the 2019-2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2019 through June 30, 2020).

PCI. With respect to PCI, the term of office of the Class I Trustees will expire at the Meeting; the term of office of the Class II Trustees will expire at the annual meeting of Shareholders held during the 2017-2018 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2017 through June 30, 2018); and the term of office of the Class III Trustees will expire at the annual meeting of Shareholders held during the 2018-2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2018 through

June 30, 2019). Currently William B. Ogden, IV, Hans W. Kertess and Alan Rappaport are Class I Trustees. The Nominating Committee has recommended to the Board that Messrs. Ogden, Kertess and Rappaport be nominated for election by the Common Shareholders as Class I Trustees at the Meeting. Consistent with the Declaration, if elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if elected at the Meeting, Messrs. Ogden, Kertess and Rappaport will serve terms consistent with the Class I Trustees, which will expire at the Fund's annual meeting of Shareholders held during the 2019-2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from July 1, 2019 through June 30, 2020).

All members of the Board of each of PCN, PTY, PKO and PCI are and will remain, if elected, Continuing Trustees, as such term is defined in the Declaration of the applicable Fund, having either served as Trustee since the inception of the Fund or for thirty-six months, or having been nominated by at least a majority of the Continuing Trustees then members of the Board.

At any annual meeting of Shareholders, any Trustee elected to fill a vacancy that has arisen since the preceding annual meeting of Shareholders (whether or not such vacancy has been filled by election of a new Trustee by the Board) shall hold office for a term that coincides with the term (or any remaining term) of the Class of Trustees to which such office was previously assigned, if such vacancy arose other than by an increase in the number of Trustees, and until his or her successor shall be elected and shall qualify. In the event such vacancy arose due to an increase in the number of Trustees, any Trustee so elected to fill such vacancy at an annual meeting shall hold office for a term which coincides with that of the Class of Trustee to which such office has been apportioned and until his or her successor shall be elected and shall qualify.

The following table summarizes the nominees who will stand for election or re-election at the Meeting, the respective Classes of Trustees to which they have been designated and the expiration of their respective terms if elected or re-elected, as applicable:

Trustee/Director/Nominee	Class	Expiration of Term if Elected/Re-Elected*
PCM		
Hans W. Kertess	Class II	Annual Meeting held during the 2019-2020 fiscal year
Bradford K. Gallagher	Class II	Annual Meeting held during the 2019-2020 fiscal year
John C. Maney**	Class II	Annual Meeting held during the 2019-2020 fiscal year

Trustee/Director/Nominee	Class	Expiration of Term if Elected/Re-Elected*
PCN		
Bradford K. Gallagher	Class III	Annual Meeting held during the 2019-2020 fiscal year
Craig Dawson**	Class III	Annual Meeting held during the 2019-2020 fiscal year
William B. Ogden, IV	Class III	Annual Meeting held during the 2019-2020 fiscal year
John C. Maney**	Class I	Annual Meeting held during the 2017-2018 fiscal year
PTY		
Bradford K. Gallagher	Class II	Annual Meeting held during the 2019-2020 fiscal year
James A. Jacobson	Class II	Annual Meeting held during the 2019-2020 fiscal year
PKO		
Bradford K. Gallagher	Class III	Annual Meeting held during the 2019-2020 fiscal year
Alan Rappaport	Class III	Annual Meeting held during the 2019-2020 fiscal year
Craig A. Dawson**	Class III	Annual Meeting held during the 2019-2020 fiscal year
PCI		
William B. Ogden	Class I	Annual Meeting held during the 2019-2020 fiscal year
Hans W. Kertess	Class I	Annual Meeting held during the 2019-2020 fiscal year
Alan Rappaport	Class I	Annual Meeting held during the 2019-2020 fiscal year

* A Trustee of PCN, PTY, PCI or PKO elected or re-elected at an annual meeting shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. A Director of PCM elected at an annual meeting shall hold office until the annual meeting in which his term expires and until his successor is elected and qualifies.

** Messrs. Dawson and Maney are Interested Trustees/Nominees

Under this classified Board structure, generally only those Trustees in a single Class may be replaced in any one year, and it would require a minimum of two years to change a majority of the Board under normal circumstances. This structure, which may be regarded as an anti-takeover provision, may make it more difficult for a Fund's Shareholders to change the majority of Trustees of the Fund and, thus, promotes the continuity of management.

Unless authority is withheld, it is the intention of the persons named in the enclosed proxy for a Fund to vote each proxy for the persons listed above for that Fund. Each of the nominees has indicated he or she will serve if elected, but if he or she should be unable to serve for a Fund, the proxy holders may vote in favor of such substitute nominee as the Board may designate (or, alternatively, the Board may determine to save a vacancy).

Trustees and Officers

The business of each Fund is managed under the direction of the Fund's Board. Subject to the provisions of each Fund's Declaration or Articles, its Bylaws and applicable state law, the Trustees have all powers necessary and convenient to carry out their responsibilities, including the election and removal of the Fund's officers.

Board Leadership Structure Currently, and assuming the nominees are elected as proposed, the Board of Trustees of each Fund consists and will continue to consist of eight Trustees, six of whom are Independent Trustees. An Independent Trustee serves as Chairman of the Trustees and is selected by a vote of the majority of the Independent Trustees. The Chairman of the Trustees presides at meetings of the Board and acts as a liaison with service providers, officers, attorneys and other Trustees generally between meetings, and performs such other functions as may be requested by the Board from time to time.

The Board of each Fund meets regularly four times each year to discuss and consider matters concerning the Funds, and also holds special meetings to address matters arising between regular meetings. The Independent Trustees regularly meet outside the presence of management and are advised by independent legal counsel. Regular meetings generally take place in-person; other meetings may take place in-person or by telephone.

The Board has established five standing Committees to facilitate oversight of the management of the Funds: the Audit Oversight Committee, the Nominating Committee, the Valuation Oversight Committee, the Compensation Committee and the Contracts Committee. The functions and role of each Committee are described below under Board Committees and Meetings. The membership of each Committee consists of all of the Independent Trustees, which the Board believes allows them to participate in the full range of the Board's oversight duties.

The Board reviews its leadership structure periodically and has determined that this leadership structure, including an Independent Chairman, a supermajority of Independent Trustees and Committee membership limited to

Independent Trustees, is appropriate in light of the characteristics and circumstances of each Fund. In reaching this conclusion, the Board considered, among other things, the predominant role of the Manager in the day-to-day management of Fund affairs, the extent to which the work of the Board is conducted through the Committees, the number of portfolios overseen by the Board that are advised by the Manager or have an investment adviser that is an affiliated person of the Manager (the Fund Complex), the variety of asset classes those portfolios include, the assets of each Fund and other portfolios overseen by the Board in the Fund Complex and the management and other service arrangements of each Fund and such other portfolios. The Board also believes that its structure, including the presence of two Trustees who are executives with the Manager or Manager-affiliated entities, facilitates an efficient flow of information concerning the management of each Fund to the Independent Trustees.

Risk Oversight Each of the Funds has retained the Manager to provide investment advisory services and administrative services. Accordingly, the Manager is immediately responsible for the management of risks that may arise from Fund investments and operations. Some employees of the Manager serve as the Funds' officers, including the Funds' principal executive officer and principal financial and accounting officer, chief compliance officer and chief legal officer. The Manager and the Funds' other service providers have adopted policies, processes, and procedures to identify, assess and manage different types of risks associated with each Fund's activities. The Board oversees the performance of these functions by the Manager and the Funds' other service providers, both directly and through the Committee structure it has established. The Board receives from the Manager a wide range of reports, both on a regular and as-needed basis, relating to the Funds' activities and to the actual and potential risks of the Funds. These include reports on investment and market risks, custody and valuation of Fund assets, compliance with applicable laws, and the Funds' financial accounting and reporting. In addition, the Board meets periodically with the individual portfolio managers of the Funds or their delegates to receive reports regarding the portfolio management of the Funds and their performance, including their investment risks. In the course of these meetings and discussions with the Manager, the Board has emphasized the importance of maintaining vigorous risk-management programs and procedures.

In addition, the Board has appointed a Chief Compliance Officer (CCO). The CCO oversees the development of compliance policies and procedures that are reasonably designed to minimize the risk of violations of the federal securities laws (Compliance Policies). The CCO reports directly to the Independent Trustees, interacts with individuals within the Manager's organization and provides presentations to the Board at its quarterly meetings

and an annual report on the application of the Compliance Policies. The Board periodically discusses relevant risks affecting the Funds with the CCO at these meetings. The Board has approved the Compliance Policies and reviews the CCO's reports. Further, the Board annually reviews the sufficiency of the Compliance Policies, as well as the appointment and compensation of the CCO.

The Board recognizes that the reports it receives concerning risk management matters are, by their nature, typically summaries of the relevant information. Moreover, the Board recognizes that not all risks that may affect the Funds can be identified in advance; that it may not be practical or cost-effective to eliminate or mitigate certain risks; that it may be necessary to bear certain risks (such as investment-related risks) in seeking to achieve the Funds' investment objectives; and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness.

Information Regarding Trustees and Nominees.

The following table provides information concerning the Trustees/Nominees of the Funds.

Name, Address, Year of Birth and Class*	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee/Nominee	Other Directorships Held by Trustee/Nominee During the Past 5 Years
Independent Trustees/Nominees					
Hans W. Kertess 1939	Chairman of the Board, Trustee, Nominee	PCI-Since 2013	President, H. Kertess & Co., a financial advisory company; and Senior Adviser (formerly Managing Director), Royal Bank of Canada Capital Markets (since 2004).	89	None
PCN/PTY/PKO/PCI-Class I		PCM-Since 2008			
PCM-Class II		PCN-Since 2002			
		PTY-Since 2003			
		PKO-Since 2007			

Name, Address, Year of Birth and Class*	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee During the Past 5 Years
Deborah A.					
DeCotis					