

PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC

Form N-CSRS

October 01, 2012

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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 **811-08216**

PIMCO Strategic Global Government Fund, Inc.

(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York

(Address of principal executive offices)

10019

(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019

(Name and address of agent for service)

Registrant's telephone number, including area code: **212-739-3371**

Date of fiscal year end: **January 31, 2013**

Date of reporting period: **July 31, 2012**

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ITEM 1. REPORT TO SHAREHOLDERS

Semi-Annual Report

July 31, 2012

PIMCO Strategic Global Government Fund, Inc.

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Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

Dear Stockholder:

The U.S. economy slowed during the fiscal six-month reporting period ended July 31, 2012. Behind the slowdown were a variety of issues, notably Europe's ongoing sovereign fiscal crisis and the uncertainty about future levels of federal taxes and spending in the United States. Stocks slipped after reaching their highest levels since 2008 as corporate earnings leveled off.

Six Months in Review through July 31, 2012

For the fiscal six-month period ended July 31, 2012, PIMCO Strategic Global Government Fund, Inc. (the Fund) returned 10.45% on net asset value (NAV) and 4.82% on market price. In contrast, U.S. government bonds, as measured by the Barclays Long Term U.S. Treasury Index, advanced 5.04% and the

Barclays U.S. Credit Index, which reflects corporate bond performance, rose 5.19%. The Barclays U.S. Aggregate Bond Index, a measure of the broad U.S. bond market, returned 2.88%, and the Barclays U.S. Intermediate Aggregate Bond Index, a broad measure of intermediate-term bonds, increased 2.09%. Mortgage-backed securities, as represented by the Barclays MBS Index, rose 2.09%. The Barclays Global Aggregate Bond Index, a broad market measure of U.S. and non-U.S. government and corporate bonds, increased 0.98%. U.S. stocks, as measured by the Standard & Poor's 500 Index, rose 6.25%.

As the fiscal reporting period began, U.S. gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at an annual rate of 2.0% between January and March 2012, and at a 1.5% annual pace (preliminary estimate) from April to June, 2012. This slowing trend is notable, given that growth registered a 4.1% annual rate during the fourth quarter of 2011.

The period opened with robust private sector hiring however, hiring diminished throughout the period. Unemployment was flat beginning and ending the six-month period at 8.3%. U.S. consumers, whose spending has historically been responsible for approximately two-thirds of U.S. economic activity, became increasingly skittish at the abundant signs of a slowdown, notably the tepid labor market and rising gasoline prices.

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In response to the uncertainty, investors shifted assets into the perceived safe haven of U.S. Treasury bonds, triggering the yield to reach a record low of 1.47%. During the reporting period, the yield on the benchmark 10-year Treasury bond fell from 1.83% to 1.51%.

The Federal Reserve (the Fed) revealed that it would maintain its closely watched Fed Funds rate in the 0.0% to 0.25% range through late 2014. In testimony to Congress, Fed Chairman Ben Bernanke cited concern over the

slowing U.S. and global economies and indicated that the Fed is prepared to take action to protect the U.S. economy and financial system as needed.

Outlook

There is growing uncertainty over future levels of federal taxes and spending. A series of tax cuts are scheduled to expire on December 31, 2012 and major spending reductions are planned to begin in

January 2013. The prospect of higher taxes, reduced spending, or both, would likely have an adverse effect on the economy in 2013.

Abroad, unemployment in the Eurozone stands at 11.2%, as a combination of sovereign debt woes, austerity measures and tax increases have pushed the continent into, or near recession. China's growth rate has also begun to diminish.

For specific information on the Fund and its performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund's shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our website, www.allianzinvestors.com/closedendfunds.

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess

Chairman

Receive this report electronically and eliminate paper mailings. To enroll, go to www.allianzinvestors.com/edelivery.

Brian S. Shlissel

President & CEO

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PIMCO Strategic Global Government Fund, Inc. Fund Insights

July 31, 2012 (unaudited)

For fiscal six months ended July 31, 2012, PIMCO Strategic Global Government Fund, Inc. (the Fund) returned 10.45% on net asset value (NAV) and 4.82% on market price, outperforming the unmanaged Barclays U.S. Aggregate Bond and Barclays U.S. Intermediate Aggregate Bond Indexes which returned 2.88% and 2.09%, respectively, during the reporting period.

The U.S. fixed income market experienced periods of volatility during the reporting period, but ultimately generated positive returns amid shifting expectations for the U.S. economy. As the reporting period began, fears of a double-dip recession appeared to be receding as certain economic data was better than expected. This largely continued throughout the first quarter of 2012, as unemployment moved lower and consumer spending accelerated. During this time, both short- and long-term Treasury yields generally moved higher and most spread sectors (non-U.S. Treasuries) outperformed equal duration Treasuries.

Investor sentiment reversed course in April and May 2012, due to fears of contagion from the European sovereign debt crisis and concerns that the U.S. economy may be hitting a soft patch. This triggered increased risk aversion and falling Treasury yields. The spread sectors rallied in June and July providing some signs of progress in Europe. There were also expectations for another round of quantitative easing by the Federal Reserve (the Fed) after it extended Operation Twist (a program whereby the Fed purchases longer-term Treasuries and sells an equal amount of shorter-term Treasuries in an attempt to put downward pressure on interest rates and stimulate the economy) until the end of 2012. All told, during the six months ended July 31, 2012, short-term Treasury yields were relatively flat, long-term Treasury yields declined and the yield curve flattened.

Sector positioning drives the Fund s outperformance

The Fund s exposures to agency and non-agency mortgage-backed securities (MBS) contributed to performance and were a significant source of incremental income during the six-months ended July 31, 2012. Agency MBS benefited from strong demand from banks and mortgage real estate investment trusts, while non-agency MBS prices increased as investors became more optimistic regarding the state of the U.S. housing market. An overweighting to investment grade corporate bonds was another key driver of performance, as the Fund s holdings were supported by overall strong demand for higher quality spread sectors.

A curve steepening bias in the U.S. negatively impacted performance given the flattening of the yield curve. A short duration (or sensitivity to changes in market interest rates) detracted from results due to the decline in Treasury yields.

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Performance & Statistics**

July 31, 2012 (unaudited)

Total Return ⁽¹⁾ :	Market Price	NAV
Six Month	4.82%	10.45%
1 Year	24.77%	9.74%
5 Year	16.42%	14.07%
10 Year	10.78%	9.97%
Commencement of Operations (2/24/94) to 7/31/12	10.02%	8.69%

Market Price/NAV Performance:

Commencement of Operations (2/24/94) to 7/31/12

Market Price/NAV:

Market Price	\$11.84
NAV	\$9.34
Premium to NAV	26.77%
Market Price Yield ⁽²⁾	8.11%
Leverage Ratio ⁽³⁾	52.77%

Moody's Ratings

(as a % of total investments,

before securities sold short)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends, capital gain and return of capital distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. 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.

Performance at market price will differ from 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 the Fund's dividends.

An investment in the Funds involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes 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 traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

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(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) by the market price per share at July 31, 2012.

(3) Represents Reverse Repurchase Agreements (Leverage) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus accrued liabilities (other than liabilities representing Leverage).

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July 31, 2012 (unaudited)

Principal Amount (000s)		Value
U.S. GOVERNMENT AGENCY SECURITIES 208.5%		
Fannie Mae 171.0%		
\$216	2.065%, 12/1/30, MBS (i)(l)	\$218,414
2	2.20%, 4/1/30, MBS (i)	2,072
19	2.243%, 9/1/28, MBS (i)	20,606
96	2.40%, 3/1/32, MBS (i)(l)	98,223
9	2.415%, 2/1/32, MBS (i)	9,050
85	2.445%, 12/1/28, MBS (i)(l)	91,697
67	2.45%, 11/1/27, MBS (i)(l)	71,257
6	2.722%, 12/1/25, MBS (i)	6,846
77	2.75%, 3/1/31, MBS (i)(l)	83,013
50,000	3.50%, MBS, TBA, 30 Year (e)	52,953,125
134,000	4.00%, MBS, TBA, 30 Year (e)	143,597,500
458	4.25%, 11/25/24, CMO (l)	549,246
7	4.25%, 3/25/33, CMO	7,090
4,612	4.50%, 7/25/40, CMO (l)	5,070,670
22,000	4.50%, MBS, TBA, 30 Year (e)	23,804,689
9	5.00%, 12/1/18, MBS	9,241
21,177	5.00%, 7/1/35, MBS (l)	23,251,324
30,462	5.00%, 1/25/38-7/25/38, CMO (l)	34,319,458
100,000	5.00%, MBS, TBA, 30 Year (e)	109,000,030
12	5.50%, 12/25/16, CMO	12,578
18,647	5.50%, 7/25/24-4/25/35, CMO (l)	21,432,410
100,000	5.50%, MBS, TBA, 30 Year (e)	109,671,895
100	5.75%, 6/25/33, CMO (l)	115,183
2,500	5.807%, 8/25/43, CMO (l)	2,944,741
4,721	6.00%, 2/25/17-1/25/44, CMO (l)	5,339,422
47,360	6.00%, 12/1/32-6/1/40, MBS (l)	52,550,515
69	6.233%, 12/25/42, CMO (i)(l)	79,284
42	6.485%, 10/25/42, CMO (i)(l)	47,558
1,114	6.50%, 10/1/13-11/1/47, MBS	1,246,908
10,496	6.50%, 6/25/23-6/25/44, CMO (l)	12,189,353
11,098	6.50%, 2/1/28-7/1/39, MBS (l)	12,709,640
1,000	6.50%, MBS, TBA, 30 Year (e)	1,125,782
43	6.85%, 12/18/27, CMO (l)	50,086
1,151	7.00%, 2/1/15-12/1/46, MBS	1,314,887
8,193	7.00%, 3/1/16-1/1/47, MBS (l)	9,557,539
3,059	7.00%, 6/18/27-3/25/45, CMO (l)	3,498,064
1,349	7.00%, 9/25/41, CMO (i)(l)	1,568,902
1,115	7.055%, 2/25/42, CMO (i)(l)	1,320,531
1,025	7.252%, 10/25/42, CMO (i)(l)	1,222,134
583	7.50%, 6/1/17-5/1/22, MBS (l)	657,561
3,882	7.50%, 10/25/22-6/25/44, CMO (l)	4,531,986
186	7.50%, 4/1/24-5/1/32, MBS	199,220
179	7.50%, 6/19/30, CMO (i)(l)	212,487
7	7.50%, 8/25/42, CMO	8,412
62	7.70%, 3/25/23, CMO (l)	72,085
169	8.00%, 4/1/19-1/1/35, MBS	191,588

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
Fannie Mae (continued)		
\$220	8.00%, 9/25/21, CMO (l)	\$251,469
958	8.00%, 9/1/24-11/1/31, MBS (l)	1,164,864
1,568	8.00%, 7/19/30, CMO (i)(l)	1,770,533
297	8.50%, 4/1/16-6/1/36, MBS (l)	340,540
2,243	8.50%, 9/25/21-6/25/30, CMO (l)	2,594,532
587	9.422%, 5/15/21, MBS	680,117
189	10.009%, 7/15/27, MBS	207,611
		644,043,968
Federal Housing Administration 0.8%		
3,019	7.25%, 8/1/31 (g)	2,973,014
Freddie Mac 28.1%		
9	2.262%, 12/1/26, MBS (i)	8,859
43	2.374%, 9/1/31, MBS (i)(l)	43,512
7	2.908%, 4/1/33, MBS (i)	7,162
3,000	4.00%, MBS, TBA, 30 Year (e)	3,205,312
37	5.00%, 2/15/24, CMO (l)	40,711
6,000	5.50%, 6/15/41, CMO (l)	7,257,867
11,521	5.50%, 4/1/39, MBS (l)	12,808,893
12,364	6.00%, 9/15/16-3/15/35, CMO (l)	13,668,608
18	6.00%, 3/15/17, CMO	19,284
1,551	6.00%, 4/1/17-2/1/34, MBS (l)	1,687,230
4	6.00%, 2/1/33, MBS	4,139
2,041	6.50%, 11/1/16-9/1/48, MBS (l)	2,249,797
219	6.50%, 8/1/21-9/1/47, MBS	246,178
24,035	6.50%, 9/15/23-3/25/44, CMO (l)	27,907,607
25	6.50%, 12/15/31, CMO	25,722
95	6.50%, 9/25/43, CMO (i)(l)	108,592
889	6.613%, 7/25/32, CMO (i)(l)	1,025,304
967	6.90%, 9/15/23, CMO (l)	1,109,762
218	6.941%, 7/25/32, CMO (i)(l)	253,733
506	6.95%, 7/15/21, CMO (l)	571,926
122	7.00%, 1/1/14-3/1/32, MBS	132,229
11,134	7.00%, 9/1/14-1/1/37, MBS (l)	12,638,172
9,432	7.00%, 5/15/23-10/25/43, CMO (l)	11,255,848
4,951	7.50%, 1/1/16-5/1/32, MBS (l)	5,960,550
1,526	7.50%, 5/15/24-2/25/42, CMO (l)	1,772,941
412	7.50%, 6/1/25-3/1/37, MBS	460,942
187	8.00%, 8/15/22-4/15/30, CMO (l)	223,091
37	8.00%, 7/1/24, MBS	38,472
638	8.00%, 8/1/24-12/1/26, MBS (l)	770,356
55	8.50%, 4/15/22, CMO (l)	55,324
252	8.50%, 10/1/30, MBS (l)	296,185
		105,854,308
Ginnie Mae 6.1%		
7,000	4.50%, MBS, TBA, 30 Year (e)	7,689,062
414	6.00%, 4/15/29-12/15/38, MBS	466,727
6,023	6.00%, 7/15/37-11/15/38, MBS (l)	6,821,197

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
Ginnie Mae (continued)		
\$333	6.50%, 11/20/24-10/20/38, MBS	\$379,447
1,405	6.50%, 4/15/32-5/15/32, MBS (I)	1,653,505
46	6.50%, 6/20/32, CMO (I)	53,309
122	7.00%, 4/15/24-6/15/26, MBS	144,537
2,793	7.00%, 3/20/31, CMO (I)	3,233,858
1,637	7.50%, 1/15/17-3/15/29, MBS	1,864,318
116	7.50%, 6/20/26, CMO (I)	139,061
59	8.00%, 6/15/16-1/15/22, MBS	61,876
14	8.50%, 10/15/16-2/15/31, MBS	16,197
464	9.00%, 6/15/16-1/15/20, MBS	497,630
		23,020,724
Small Business Administration Participation Certificates 0.8%		
480	4.625%, 2/1/25, ABS	531,002
322	4.754%, 8/10/14, ABS	339,853
236	5.038%, 3/10/15, ABS	249,944
1,171	5.51%, 11/1/27, ABS	1,345,570
121	5.78%, 8/1/27, ABS	140,085
109	5.82%, 7/1/27, ABS	125,866
174	6.30%, 6/1/18	190,985
43	6.40%, 8/1/13	44,256
26	7.20%, 6/1/17	28,215
14	7.70%, 7/1/16	15,029
		3,010,805
Vendee Mortgage Trust 1.7%		
377	6.50%, 3/15/29, CMO	452,342
252	6.75%, 2/15/26-6/15/26, CMO (I)	299,490
4,809	7.50%, 9/15/30, CMO (I)	5,778,668
		6,530,500
	Total U.S. Government Agency Securities (cost-\$757,942,254)	785,433,319
CORPORATE BONDS & NOTES 57.8%		
Airlines 2.9%		
3,000	American Airlines, Inc., 10.50%, 10/15/12 (f)	3,300,000
610	Northwest Airlines, Inc., 1.217%, 11/20/15, (MBIA) (i)(l) United Air Lines Pass Through Trust,	582,526
2,274	6.636%, 1/2/24	2,376,598
797	9.75%, 7/15/18 (I)	912,946
3,276	10.40%, 5/1/18 (I)	3,739,121
		10,911,191
Banking 11.3%		
£ 1,300	Barclays Bank PLC, 14.00%, 6/15/19 (h) BPCE S.A. (h),	2,404,634

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50	9.00%, 3/17/15	57,060
300	9.25%, 4/22/15	340,513
	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA,	
2,000	6.875%, 3/19/20	2,461,292

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
Banking (continued)		
\$5,900	11.00%, 6/30/19 (a)(d)(h)(l)	\$7,577,618
7,700	Discover Bank, 7.00%, 4/15/20	9,010,825
£800	DnB NOR Bank ASA, 6.012%, 3/29/17 (h)	1,187,813
\$5,000	ICICI Bank Ltd., 5.75%, 11/16/20 (a)(d)	5,078,320
13,000	Regions Financial Corp., 7.75%, 11/10/14 (l)	14,332,500
		42,450,575
Construction & Engineering 0.9%		
3,737	Alion Science and Technology Corp., 12.00%, 11/1/14, PIK	3,503,438
Energy 0.7%		
2,100	Berau Coal Energy Tbk PT, 7.25%, 3/13/17 (a)(d)	2,128,770
625	Consol Energy, Inc., 8.25%, 4/1/20	668,750
		2,797,520
Financial Services 24.0%		
	Ally Financial, Inc. (l),	
3,000	6.75%, 12/1/14	3,219,546
6,100	8.30%, 2/12/15	6,793,875
1,800	C10 Capital SPV Ltd., 6.722%, 12/31/16 (b)(h)	1,098,000
3,000	Cantor Fitzgerald L.P., 6.375%, 6/26/15 (a)(d)(l)	3,040,002
3,900	CIT Group, Inc., 5.25%, 4/1/14 (a)(d)(l)	4,085,250
9,000	Citigroup, Inc., 5.00%, 9/15/14 (l)	9,380,502
	Credit Agricole S.A. (h),	
£250	5.136%, 2/24/16	246,339
£800	8.125%, 10/26/19	928,456
	Ford Motor Credit Co. LLC,	
\$1,000	6.625%, 8/15/17	1,144,832
10,000	8.70%, 10/1/14 (l)	11,339,310
£ 3,000	General Electric Capital Corp., 6.50%, 9/15/67, (converts to FRN on 9/15/17)	4,585,962
\$4,000	HSBC Finance Corp., 6.676%, 1/15/21 (l)	4,471,624
	International Lease Finance Corp. (a)(d),	
2,000	6.75%, 9/1/16	2,205,000
7,000	7.125%, 9/1/18	7,953,750
£300	LBG Capital No.2 PLC, 15.00%, 12/21/19	581,077
\$4,000	Merrill Lynch & Co., Inc., 0.915%, 1/15/15 (i)(l)	3,829,032
	Morgan Stanley,	
8,000	0.905%, 10/18/16 (i)(l)	7,065,504
1,000	6.625%, 4/1/18	1,071,750
	Royal Bank of Scotland PLC (i),	
2,000	1.158%, 4/11/16	1,575,250
3,000	1.201%, 9/29/15	2,490,750
	SLM Corp.,	
150	0.751%, 1/27/14 (i)	145,193
570	3.714%, 2/1/14 (i)	567,452
1,050	5.00%, 10/1/13	1,092,000
1,000	5.375%, 5/15/14	1,049,071
1,000	8.00%, 3/25/20	1,127,500
2,500	8.45%, 6/15/18	2,862,500
1,800	UBS AG, 5.875%, 12/20/17	2,087,687

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4,000	Waha Aerospace BV, 3.925%, 7/28/20 (a)(d)	4,221,600
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90,258,814

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
Healthcare & Hospitals 0.4%		
\$1,500	HCA, Inc., 9.00%, 12/15/14	\$1,672,500
Hotels/Gaming 0.0%		
100	MGM Resorts International, 9.00%, 3/15/20	111,875
Insurance 5.9%		
	American International Group, Inc.,	
6,300	5.85%, 1/16/18 (l)	7,105,310
3,000	6.25%, 5/1/36 (l)	3,649,014
3,600	6.40%, 12/15/20 (l)	4,222,717
£819	6.765%, 11/15/17 (a)(d)	1,446,901
\$3,400	8.25%, 8/15/18 (l)	4,200,391
£850	8.625%, 5/22/68, (converts to FRN on 5/22/18)	1,396,721
		22,021,054
Oil & Gas 8.6%		
	Anadarko Petroleum Corp. (l),	
\$600	6.20%, 3/15/40	749,332
3,600	6.375%, 9/15/17	4,324,237
4,500	6.45%, 9/15/36	5,721,358
7,000	BP Capital Markets PLC, 4.75%, 3/10/19 (l)	8,137,521
	Gaz Capital S.A. for Gazprom,	
1,000	5.875%, 6/1/15 (a)(d)	1,334,984
\$2,600	8.625%, 4/28/34	3,545,750
1,250	Ras Laffan Liquefied Natural Gas Co., Ltd. III, 6.332%, 9/30/27 (b)	1,452,221
5,000	Shell International Finance BV, 5.50%, 3/25/40 (l)	6,940,245
		32,205,648
Real Estate Investment Trust 2.2%		
4,500	SL Green Realty Corp., 7.75%, 3/15/20 (l)	5,259,690
3,000	Wells Operating Partnership II L.P., 5.875%, 4/1/18 (l)	3,162,465
		8,422,155
Retail 0.3%		
951	CVS Pass Through Trust, 7.507%, 1/10/32 (a)(d)	1,227,334
Utilities 0.6%		
2,000	Energy Future Holdings Corp., 10.00%, 1/15/20	2,172,500
Total Corporate Bonds & Notes (cost-\$186,858,462)		217,754,604
MORTGAGE-BACKED SECURITIES 46.0%		
	Adjustable Rate Mortgage Trust, CMO (i),	
1,656	2.874%, 7/25/35	1,267,065
3,974	3.159%, 8/25/35	3,377,374
	Banc of America Large Loan, Inc., CMO (a)(d)(i),	

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4,662	1.999%, 11/15/15	4,453,938
2,833	5.686%, 4/24/49	2,863,384
67	Banc of America Mortgage Securities, Inc., 3.002%, 2/25/35, CMO (i) BCAP LLC Trust, CMO (a)(d)(i),	59,247
211	0.444%, 7/26/36	62,583
130	2.683%, 10/26/33 (b)(m) (acquisition cost-\$25,974; purchased 1/20/12)	64,309

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Table of Contents**PIMCO Strategic Global Government Fund, Inc. Schedule of Investments**

July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
\$43	2.699%, 6/26/35	\$24,744
574	4.71%, 3/26/36	515,578
762	Bear Stearns Alt-A Trust, 5.542%, 8/25/36, CMO (i)	462,435
3,849	Bear Stearns Commercial Mortgage Securities, 7.00%, 5/20/30, CMO (i)	4,422,997
17	Citigroup Mortgage Loan Trust, Inc., 7.00%, 9/25/33, CMO	17,331
2,500	Commercial Mortgage Pass Through Certificates, 5.605%, 6/9/28, CMO (a)(d)	2,575,666
	Countrywide Alternative Loan Trust, CMO,	
288	5.50%, 5/25/22	257,068
1,470	6.25%, 8/25/37	938,365
2,453	6.50%, 7/25/35	1,041,508
	Countrywide Home Loan Mortgage Pass Through Trust, CMO,	
1,334	3.578%, 8/25/34 (i)	1,000,190
4,093	7.50%, 11/25/34 (a)(d)	4,202,743
563	7.50%, 6/25/35 (a)(d)	561,100
	Credit Suisse First Boston Mortgage Securities Corp., CMO,	
398	1.396%, 3/25/34 (i)	344,603
1,118	7.00%, 2/25/34	1,189,411
	Credit Suisse Mortgage Capital Certificates, CMO,	
2,418	0.419%, 10/15/21 (a)(d)(i)	2,326,864
2,306	5.695%, 9/15/40 (i)	2,558,837
2,236	6.50%, 3/25/36	1,414,782
2,620	DECO Series, 0.587%, 10/27/20, CMO (i)	2,949,477
\$6,770	Deutsche Mortgage Securities, Inc., 5.00%, 6/26/35, CMO (a)(d)(i)	4,762,336
4,292	Emerald Mortgages PLC, 0.322%, 7/15/48, CMO (i)	3,525,341
\$429	GMAC Mortgage Corp. Loan Trust, 5.132%, 8/19/34, CMO (i)	374,983
2,459	GSA A Trust, 6.00%, 4/1/34, CMO	2,550,640
	GSMPS Mortgage Loan Trust, CMO (a)(d),	
6,104	7.00%, 6/25/43	6,197,465
92	7.50%, 6/19/27 (i)	93,815
1,416	8.00%, 9/19/27 (i)	1,472,383
	GSR Mortgage Loan Trust, CMO,	
1,061	0.576%, 12/25/34 (i)	967,621
564	0.586%, 12/25/34 (i)	485,696
4,894	5.13%, 11/25/35 (i)	4,805,971
5,000	5.50%, 11/25/35	4,654,982
803	6.50%, 1/25/34	849,708
	Harborview Mortgage Loan Trust, CMO (i),	
3,032	0.617%, 10/19/33	2,752,774
3,000	5.613%, 6/19/36	1,913,973
245	JPMorgan Alternative Loan Trust, 5.95%, 9/25/36, CMO (i)	247,214
	JPMorgan Chase Commercial Mortgage Securities Corp., CMO (a)(d)(i),	
5,000	0.699%, 7/15/19	4,727,750
4,000	5.646%, 3/18/51	4,028,232
	JPMorgan Mortgage Trust, CMO,	
5,878	2.66%, 10/25/36 (i)	4,678,271
302	5.50%, 8/25/22	293,027
1,438	5.50%, 6/25/37	1,310,523
540	Lehman Mortgage Trust, 5.00%, 8/25/21, CMO	510,911
3,795	Luminant Mortgage Trust, 0.416%, 12/25/36, CMO (i)	2,426,911

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
\$1,648	MASTR Adjustable Rate Mortgage Trust, 3.32%, 10/25/34, CMO (i)	\$1,217,379
	MASTR Alternative Loans Trust, CMO,	
1,029	6.25%, 7/25/36	780,709
1,343	6.50%, 3/25/34	1,415,599
100	7.00%, 4/25/34	101,526
	MASTR Reperforming Loan Trust, CMO (a)(d)	
7,600	7.00%, 5/25/35	7,264,835
4,095	7.50%, 7/25/35	4,164,755
100	Merrill Lynch Mortgage Investors, Inc., 5.25%, 8/25/36, CMO (i)	100,991
1	Morgan Stanley Dean Witter Capital I, 5.50%, 4/25/17, CMO	1,510
	Newgate Fund PLC, CMO (i),	
3,050	1.912%, 12/15/50	1,879,184
£ 4,200	1.951%, 12/15/50	4,535,004
3,050	2.162%, 12/15/50	1,538,088
£ 3,450	2.201%, 12/15/50	2,716,866
	Nomura Asset Acceptance Corp., CMO (a)(d),	
\$2,125	7.00%, 10/25/34	2,151,486
5,412	7.50%, 3/25/34	5,776,309
6,375	7.50%, 10/25/34	6,614,536
	Residential Accredited Loans, Inc., CMO	
3,208	0.426%, 6/25/46 (i)	1,246,409
3,836	6.00%, 8/25/35	3,293,874
	Residential Asset Mortgage Products, Inc., CMO,	
29	6.50%, 4/25/34	28,957
396	7.00%, 8/25/16	401,628
984	8.50%, 10/25/31	1,062,155
1,538	8.50%, 11/25/31	1,609,125
549	Structured Adjustable Rate Mortgage Loan Trust, 2.866%, 3/25/34, CMO (i)	544,053
5,634	Structured Asset Mortgage Investments, Inc.,	
	1.647%, 8/25/47, CMO (i)	3,310,020
5,103	Structured Asset Securities Corp., 7.50%, 10/25/36, CMO (a)(d)	4,795,695
5,600	UBS Commercial Mortgage Trust, 0.824%, 7/15/24, CMO (a)(d)(i)	4,554,877
5,000	Wachovia Bank Commercial Mortgage Trust, 0.368%, 9/15/21, CMO (a)(d)(i)	4,655,568
575	WaMu Mortgage Pass Through Certificates, 2.469%, 5/25/35, CMO (i)	478,493
	Washington Mutual MSC Mortgage Pass Through Certificates, CMO,	
1,310	6.50%, 8/25/34	1,351,641
554	7.00%, 3/25/34	587,383
1,187	7.50%, 4/25/33	1,217,275
	Wells Fargo Mortgage-Backed Securities Trust, CMO (i),	
1,070	2.616%, 6/25/35	1,084,344
118	2.645%, 4/25/36	92,375
2,095	2.666%, 4/25/36	1,750,784
2,800	5.66%, 10/25/36	2,547,131
5,500	WFDB Commercial Mortgage Trust, 6.403%, 7/5/24, CMO (a)(d)	5,699,705
	Total Mortgage-Backed Securities (cost-\$170,991,967)	173,152,395

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July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
SENIOR LOANS (a)(c) 4.5%		
Financial Services 3.3%		
\$532	iStar Financial, Inc., 5.00%, 6/28/13, Term A1	\$532,291
12,500	Springleaf Finance Corp., 5.50%, 5/10/17	11,942,713
		12,475,004
Healthcare & Hospitals 0.5%		
1,875	HCA, Inc., 2.746%, 5/2/16, Term A2	1,845,703
Hotels/Gaming 0.1%		
500	Stockbridge SBE Holdings LLC, 13.00%, 5/2/17, Term B (b)(m) (acquisition cost-\$495,625; purchased 7/10/12)	495,000
Oil & Gas 0.3%		
950	Petroleum Export, 3.468%, 12/20/12, Term B	