

PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC

Form N-CSR

March 30, 2012

[Table of Contents](#)

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)

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

10019
(Zip code)

(Name and address of agent for service)

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

Date of fiscal year end: January 31, 2012

Table of Contents

Date of reporting period: January 31, 2012

Table of Contents

ITEM 1: REPORT TO SHAREHOLDERS

Annual Report

January 31, 2012

PIMCO Strategic Global Government Fund, Inc.

Table of Contents

Contents

<u>Letter to Stockholders</u>	2 3
<u>Fund Insights</u>	4
<u>Performance & Statistics</u>	5
<u>Schedule of Investments</u>	6 23
<u>Statement of Assets and Liabilities</u>	24
<u>Statement of Operations</u>	25
<u>Statement of Changes in Net Assets</u>	26
<u>Statement of Cash Flows</u>	27
<u>Notes to Financial Statements</u>	28 46
<u>Financial Highlights</u>	47
<u>Report of Independent Registered Public Accounting Firm</u>	48
<u>Tax Information/Annual Stockholder Meeting Results/Changes to Board of Directors/Proxy Voting Policies & Procedures</u>	49
<u>A Note Regarding Matters Relating to the Directors Consideration of the Investment Management and Portfolio Management Agreements</u>	50
<u>Privacy Policy</u>	51
<u>Dividend Reinvestment Plan</u>	52 53
<u>Board of Directors</u>	54 55
<u>Fund Officers</u>	56

Table of Contents

Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

Dear Stockholder:

After a slow start, the U.S. economy expanded at an ever-increasing pace during the twelve-month fiscal period ended January 31, 2012. Companies registered robust profits and began to hire workers in increasing numbers, pushing the unemployment rate down to its lowest level in three years. The recovery was held back in part by political dysfunction in Washington and a variety of geopolitical worries, which at times sparked extraordinary market volatility.

Twelve Months in Review through January 31, 2012

For the fiscal twelve-month period ended January 31, 2012, PIMCO Strategic Global Government Fund, Inc. (the Fund) returned 3.83% on net asset value and rose 28.34% on market price. In contrast, U.S. government bonds, as measured by the Barclays Capital Long Term U.S. Treasury Index, advanced 21.30% and the Barclays Capital U.S. Credit Index, which reflects corporate bond performance, rose 10.38%. The Barclays Capital U.S. Aggregate Bond Index, a measure of the broad U.S. bond market, advanced 8.66%, and the Barclays Capital U.S. Intermediate Aggregate Bond Index, a broad measure of intermediate-term bonds, increased 6.51%. Mortgage-backed securities, as represented by the Barclays Capital Mortgage Index, rose 4.97%. The

Barclays Capital Global Aggregate Bond Index, a broad market measure of U.S. and non-U.S. government and corporate bonds, was up 7.22%. U.S. stocks, as measured by the Standard & Poor's 500 Index, increased 4.22%.

As the fiscal year unfolded, 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, grew at an annualized rate of just 0.4%. The January to March 2011 period was marked by turmoil across much of the Middle East, and by an earthquake, tsunami and nuclear meltdown in Japan. Middle East unrest pushed oil prices higher, while Japan's catastrophe hampered a significant portion of the global supply chain. GDP accelerated from that point, growing at annualized rates of 1.3% between April and June 2011, 1.8% between July and September 2011 and 2.8% (preliminary estimate) between October and December 2011. The labor market

Table of Contents

also accelerated, as the U.S. unemployment rate dropped from 9.1% to 8.3% during the twelve-month reporting period. The jobless rate's reduction all occurred during the last five months of the fiscal year, a sign, perhaps, of just how quickly the economy is gathering momentum. The government indicated that private sector job creation in 2011 was the best since 2005.

Geopolitical concerns, notably Europe's deepening fiscal crisis, caused many investors to flock to the perceived safety of U.S. Treasury bonds, which soared in

price during the twelve-month fiscal period. Ironically, prices moved even higher in the wake of a downgrade of the U.S. government's long-term credit rating by Standard and Poor's.

The Road Ahead

Europe's fiscal woes were a primary reason the Federal Reserve (the Fed) maintained a cautious stance during the period. The Fed warned of significant downside risks to the economic outlook,

including strains in global financial markets. The Fed extended its policy of maintaining low interest rates at least through late 2014 and began another effort to stimulate the economy by swapping \$400 billion in short-term Treasury securities in exchange for a similar amount of longer-term bonds. The lower long-term yields, the Fed intimated, could help breathe life into the housing market.

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 subadviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

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

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Fund Insights

January 31, 2012 (unaudited)

For the 12 months ended January 31, 2012, PIMCO Strategic Global Government Fund, Inc. returned 3.83% on net asset value (NAV) and 28.34% on market price. The unmanaged Barclays Capital U.S. Aggregate Bond and Barclays Capital U.S. Intermediate Aggregate Bond Indices returned 8.66% and 6.51%, respectively, during the reporting period.

During the fiscal period, a number of events caused increased market volatility. In particular, political unrest across the Middle East followed by rising commodity prices, natural disasters in Japan with implications for global growth, sovereign debt concerns both in the U.S. and Europe, and political polarization all weighed on financial markets globally.

U.S. Treasury yields declined across the curve during the reporting period given a flight to quality that resulted from increased investor concerns over the European sovereign debt crisis and generally moderating global growth. On several occasions the Fed reiterated its intention to maintain the federal funds rate at a historically low range between zero and 0.25% for an extended period. In September 2011, the Fed announced a program referred to as Operation Twist whereby it would purchase \$400 billion of longer-term Treasury securities and sell an equal amount of shorter-term Treasury securities by June 2012. This was designed to put downward pressure on long term interest rates in an effort to stimulate the economy. Following the announcement of Operation Twist, most spread sectors (non-U.S. Treasuries) rallied during much of the remainder of the reporting period. In addition, improving U.S. economic data and increased investor risk appetite were supporting the spread sectors. During the 12 months ended January 31, 2012, both short- and long-term Treasury yields declined and the yield curve flattened.

Portfolio positioning generated mixed results

The Fund's yield curve and duration positioning detracted from performance during the fiscal period. From a yield curve perspective returns were hindered by a steepening bias in the U.S. This proved to be negative for results as the yield curve flattened during the period, with the two-year Treasury yield falling 35 basis points and the 30-year yield falling 163 basis points. A short duration (or sensitivity to changes in market interest rates) during the first half of the reporting period detracted from performance due to the decline in Treasury yields.

Spread sectors generally underperformed like-duration Treasuries during the period due to several extreme flights to quality and declining Treasury yields. However, most spread sectors did generate positive absolute returns, which contributed to the Fund's absolute performance during fiscal period. Allocations to agency and non-agency mortgage-backed securities added to the Fund's absolute returns and were a significant source of incremental income during the period.

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

January 31, 2012 (unaudited)

Total Return ⁽¹⁾ :	Market Price	NAV
1 Year	28.34%	3.83%
5 Year	14.51%	11.71%
10 Year	11.77%	9.23%
Commencement of Operations (2/24/1994) to 1/31/12	10.02%	8.35%

Market Price/NAV Performance:

Commencement of Operations (2/24/1994) to 1/31/12

Market Price/NAV:

Market Price	\$11.80
NAV	\$8.91
Premium to NAV	32.44%
Market Price Yield ⁽²⁾	8.14%

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 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 Fund 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.

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

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

January 31, 2012

Principal Amount (000s)		Value
U.S. GOVERNMENT AGENCY SECURITIES 264.6%		
Fannie Mae 221.2%		
\$220	2.19%, 12/1/30, FRN, MBS (k)	\$220,705
20	2.308%, 9/1/28, FRN, MBS	20,902
2	2.325%, 4/1/30, FRN, MBS	2,085
69	2.45%, 11/1/27, FRN, MBS (k)	73,048
88	2.497%, 12/1/28, FRN, MBS (k)	93,428
29	2.515%, 2/1/27, FRN, MBS (k)	30,897
138	2.525%, 3/1/32, FRN, MBS (k)	138,991
9	2.54%, 2/1/32, FRN, MBS	9,187
7	2.722%, 12/1/25, FRN, MBS	7,671
80	2.75%, 3/1/31, FRN, MBS (k)	84,712
50,000	3.50%, MBS, TBA, 30 Year (e)	51,960,935
15,000	4.00%, MBS, TBA, 30 Year (e)	15,857,813
448	4.25%, 11/25/24, CMO (k)	522,451
9	4.25%, 3/25/33, CMO	9,849
4,510	4.50%, 7/25/40, CMO (k)	5,046,122
220,000	4.50%, MBS, TBA, 30 Year (e)	234,609,375
10	5.00%, 12/1/18, MBS	10,724
29,974	5.00%, 1/25/38, CMO (k)	33,908,210
15	5.50%, 12/25/16, CMO	15,754
99	5.50%, 7/25/24, CMO (k)	105,524
15,865	5.50%, 11/25/32, CMO (k)	18,335,260
887	5.50%, 12/25/34, CMO (k)	1,017,509
1,370	5.50%, 4/25/35, CMO (k)	1,565,750
297,000	5.50%, MBS, TBA, 30 Year (e)	322,982,276
100	5.75%, 6/25/33, CMO (k)	117,254
2,500	5.807%, 8/25/43, CMO (k)	2,893,324
34	6.00%, 2/25/17, CMO (k)	36,433
189	6.00%, 4/25/17, CMO (k)	205,544
1,082	6.00%, 9/25/31, CMO (k)	1,218,688
1,418	6.00%, 12/1/32, MBS (k)	1,580,048
1,402	6.00%, 1/1/33, MBS (k)	1,562,907
297	6.00%, 2/1/33, MBS (k)	330,604
2,988	6.00%, 4/1/35, MBS (k)	3,330,188
4,085	6.00%, 1/1/36, MBS (k)	4,517,420
1,318	6.00%, 10/1/36, MBS (k)	1,468,727
5,990	6.00%, 9/1/37, MBS (k)	6,598,656
10,786	6.00%, 5/1/40, MBS (k)	11,927,666
3,892	6.00%, 1/25/44, CMO (k)	4,361,885
72	6.283%, 12/25/42, CMO, VRN (k)	82,992
45	6.499%, 10/25/42, CMO, VRN (k)	50,741
8	6.50%, 5/1/13, MBS	8,550
8	6.50%, 10/1/13, MBS	8,731
44	6.50%, 2/1/14, MBS (k)	45,154
65	6.50%, 10/1/18, MBS (k)	70,861
119	6.50%, 9/1/19, MBS (k)	130,449
92	6.50%, 1/1/20, MBS (k)	101,329

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Fannie Mae (continued)		
\$173	6.50%, 6/25/23, CMO (k)	\$189,495
	(g) 6.50%, 3/1/24, MBS	80
20	6.50%, 4/1/27, MBS	22,978
105	6.50%, 11/18/27, CMO (k)	119,685
10	6.50%, 1/1/28, MBS	11,099
436	6.50%, 2/1/28, MBS (k)	497,586
12	6.50%, 4/1/28, MBS	13,405
52	6.50%, 9/1/28, MBS (k)	59,984
16	6.50%, 11/1/28, MBS	18,072
44	6.50%, 1/1/29, MBS (k)	50,663
2	6.50%, 3/1/29, MBS	2,929
34	6.50%, 4/1/29, MBS (k)	39,088
42	6.50%, 6/1/29, MBS (k)	47,247
584	6.50%, 7/1/29, MBS (k)	671,584
2	6.50%, 9/1/29, MBS	2,699
8	6.50%, 12/1/29, MBS	9,007
194	6.50%, 4/1/31, MBS (k)	217,891
98	6.50%, 5/1/31, MBS (k)	107,878
125	6.50%, 8/1/31, MBS (k)	137,950
968	6.50%, 9/25/31, CMO (k)	1,108,298
41	6.50%, 10/1/31, MBS (k)	45,056
25	6.50%, 11/1/31, MBS (k)	27,239
1,780	6.50%, 3/25/32, CMO (k)	1,997,335
29	6.50%, 6/1/32, MBS (k)	32,271
99	6.50%, 8/1/32, MBS (k)	110,014
46	6.50%, 9/1/32, MBS (k)	50,890
338	6.50%, 10/1/32, MBS (k)	387,936
245	6.50%, 5/1/33, MBS (k)	278,801
72	6.50%, 6/1/33, MBS (k)	81,783
123	6.50%, 7/1/33, MBS (k)	139,549
143	6.50%, 8/1/33, MBS (k)	162,501
416	6.50%, 9/1/33, MBS (k)	475,814
1,055	6.50%, 10/1/33, MBS (k)	1,201,310
746	6.50%, 11/1/33, MBS (k)	850,183
134	6.50%, 12/1/33, MBS (k)	152,395
397	6.50%, 1/1/34, MBS (k)	452,366
59	6.50%, 2/1/34, MBS (k)	67,342
15	6.50%, 3/1/34, MBS	17,263
50	6.50%, 4/1/34, MBS (k)	56,994
65	6.50%, 5/1/34, MBS (k)	73,996
584	6.50%, 7/1/34, MBS (k)	663,824
423	6.50%, 8/1/34, MBS (k)	480,251
395	6.50%, 9/1/34, MBS (k)	448,538
13	6.50%, 10/1/34, MBS	15,183
279	6.50%, 11/1/34, MBS (k)	316,379
237	6.50%, 12/1/34, MBS (k)	268,990
146	6.50%, 2/1/35, MBS (k)	166,373
97	6.50%, 4/1/35, MBS (k)	110,462

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Fannie Mae (continued)		
\$44	6.50%, 7/1/35, MBS (k)	\$50,240
161	6.50%, 10/1/35, MBS (k)	182,898
793	6.50%, 6/1/36, MBS (k)	898,920
2,736	6.50%, 12/1/36, MBS (k)	3,094,678
387	6.50%, 4/1/37, MBS (k)	432,868
206	6.50%, 2/1/38, MBS (k)	234,726
922	6.50%, 7/1/39, MBS (k)	1,037,668
1,000	6.50%, MBS, TBA, 30 Year (e)	1,116,250
1,090	6.50%, 12/25/41, CMO (k)	1,298,786
3,135	6.50%, 7/25/42, CMO (k)	3,575,534
266	6.50%, 8/25/42, CMO (k)	296,864
2,579	6.50%, 9/25/42, CMO (k)	2,973,385
1,154	6.50%, 6/25/44, CMO (k)	1,336,672
189	6.50%, 11/1/47, MBS (k)	209,395
47	6.85%, 12/18/27, CMO (k)	53,336
13	7.00%, 2/1/15, MBS	13,704
125	7.00%, 3/1/16, MBS (k)	134,695
72	7.00%, 5/1/16, MBS (k)	78,526
64	7.00%, 11/1/16, MBS (k)	66,368
188	7.00%, 5/1/17, MBS (k)	206,877
51	7.00%, 11/1/17, MBS (k)	54,583
600	7.00%, 7/1/21, MBS (k)	657,682
122	7.00%, 11/1/24, MBS (k)	139,089
8	7.00%, 10/1/25, MBS	8,839
38	7.00%, 6/18/27, CMO (k)	43,266
4	7.00%, 9/1/27, MBS	4,909
8	7.00%, 11/1/27, MBS	8,944
33	7.00%, 12/1/27, MBS (k)	37,954
3	7.00%, 5/1/28, MBS	3,225
17	7.00%, 6/1/28, MBS	19,911
34	7.00%, 2/1/29, MBS (k)	39,862
127	7.00%, 3/1/29, MBS (k)	148,232
77	7.00%, 4/1/29, MBS (k)	88,651
52	7.00%, 5/1/29, MBS (k)	60,842
44	7.00%, 6/1/29, MBS (k)	51,901
20	7.00%, 7/1/29, MBS	23,103
65	7.00%, 9/1/29, MBS (k)	76,549
21	7.00%, 10/1/29, MBS	25,158
1	7.00%, 11/1/29, MBS	951
13	7.00%, 3/1/30, MBS	14,938
4,704	7.00%, 4/1/30, MBS (k)	5,454,997
134	7.00%, 5/1/30, MBS (k)	156,748
10	7.00%, 4/1/31, MBS	12,030
8	7.00%, 6/1/31, MBS	9,441
34	7.00%, 7/1/31, MBS	40,527
98	7.00%, 8/1/31, MBS (k)	115,228
79	7.00%, 9/1/31, MBS (k)	93,435
10	7.00%, 11/1/31, MBS	11,633

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Fannie Mae (continued)		
\$120	7.00%, 12/1/31, MBS (k)	\$140,816
68	7.00%, 1/1/32, MBS (k)	75,839
118	7.00%, 2/1/32, MBS (k)	138,824
44	7.00%, 4/1/32, MBS (k)	51,838
126	7.00%, 5/1/32, MBS (k)	148,325
104	7.00%, 6/1/32, MBS (k)	121,293
60	7.00%, 7/1/32, MBS (k)	69,706
22	7.00%, 8/1/32, MBS	26,227
281	7.00%, 9/25/32, CMO (k)	322,375
183	7.00%, 9/1/33, MBS (k)	208,347
269	7.00%, 11/1/33, MBS (k)	310,327
559	7.00%, 1/1/34, MBS (k)	638,734
103	7.00%, 7/1/34, MBS (k)	116,531
163	7.00%, 2/25/35, CMO (k)	210,496
128	7.00%, 3/1/35, MBS (k)	147,334
1,670	7.00%, 7/1/36, MBS (k)	1,888,319
1,424	7.00%, 9/25/41, CMO, VRN (k)	1,662,225
140	7.00%, 10/25/41, CMO (k)	163,820
70	7.00%, 7/25/42, CMO (k)	79,659
361	7.00%, 11/25/43, CMO (k)	406,879
313	7.00%, 2/25/44, CMO (k)	362,841
1,922	7.00%, 3/25/45, CMO (k)	2,200,616
207	7.00%, 12/1/46, MBS (k)	233,975
299	7.00%, 1/1/47, MBS (k)	337,134
1,191	7.096%, 2/25/42, CMO, VRN (k)	1,408,119
1,076	7.272%, 10/25/42, CMO, VRN (k)	1,266,807
303	7.50%, 6/1/17, MBS (k)	325,647
34	7.50%, 12/1/17, MBS (k)	37,724
327	7.50%, 5/1/22, MBS (k)	379,149
45	7.50%, 10/25/22, CMO (k)	51,322
86	7.50%, 4/1/24, MBS (k)	92,179
46	7.50%, 11/25/26, CMO (k)	52,153
189	7.50%, 6/19/30, CMO, VRN (k)	216,148
185	7.50%, 6/25/30, CMO (k)	217,473
46	7.50%, 7/1/31, MBS (k)	47,062
103	7.50%, 5/1/32, MBS (k)	111,057
967	7.50%, 7/25/41, CMO (k)	1,075,121
67	7.50%, 7/25/42, CMO (k)	79,284
7	7.50%, 8/25/42, CMO	8,404
568	7.50%, 3/25/44, CMO (k)	667,023
2,250	7.50%, 6/25/44, CMO (k)	2,677,412
70	7.70%, 3/25/23, CMO (k)	79,377
6	8.00%, 4/1/19, MBS	5,913
267	8.00%, 9/25/21, CMO (k)	300,956
2	8.00%, 1/1/22, MBS	2,243
4	8.00%, 12/1/22, MBS	3,932
6	8.00%, 6/1/24, MBS	7,267
280	8.00%, 9/1/24, MBS (k)	330,636

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Fannie Mae (continued)		
\$1	8.00%, 12/1/24, MBS	\$1,089
1	8.00%, 9/1/27, MBS	1,439
16	8.00%, 4/1/30, MBS	19,647
66	8.00%, 5/1/30, MBS (k)	80,733
1,688	8.00%, 7/19/30, CMO, VRN (k)	1,856,665
28	8.00%, 8/1/30, MBS (k)	33,921
(g)	8.00%, 9/1/30, MBS	464
1	8.00%, 10/1/30, MBS	1,184
12	8.00%, 1/1/31, MBS	14,810
8	8.00%, 3/1/31, MBS	10,270
50	8.00%, 5/1/31, MBS (k)	56,767
237	8.00%, 7/1/31, MBS (k)	285,419
30	8.00%, 8/1/31, MBS	35,540
314	8.00%, 10/1/31, MBS (k)	380,081
45	8.00%, 11/1/31, MBS (k)	52,266
22	8.00%, 1/1/32, MBS	26,786
12	8.00%, 6/1/32, MBS	12,334
66	8.00%, 1/1/35, MBS (k)	68,844
33	8.50%, 4/1/16, MBS (k)	33,621
447	8.50%, 9/25/21, CMO (k)	490,910
446	8.50%, 10/25/21, CMO (k)	503,980
295	8.50%, 12/25/21, CMO (k)	333,281
1,110	8.50%, 6/18/27, CMO (k)	1,267,457
207	8.50%, 6/25/30, CMO (k)	242,680
269	8.50%, 6/1/36, MBS (k)	310,185
669	9.426%, 5/15/21, MBS (k)	779,491
214	10.018%, 7/15/27, MBS (k)	245,593
1	10.30%, 4/25/19, CMO	1,542
		791,082,890
Federal Housing Administration 0.8%		
3,079	7.25%, 8/1/31 (f)	3,037,482
Freddie Mac 32.9%		
9	2.262%, 12/1/26, FRN, MBS	9,134
72	2.374%, 9/1/31, FRN, MBS (k)	72,676
8	2.533%, 4/1/33, FRN, MBS	8,219
3,000	4.00%, MBS, TBA, 30 Year (e)	3,163,594
42	5.00%, 2/15/24, CMO (k)	46,225
14,296	5.50%, 4/1/39, MBS (k)	15,766,853
6,000	5.50%, 6/15/41, CMO (k)	7,113,682
160	6.00%, 9/15/16, CMO (k)	166,690
1,613	6.00%, 12/15/16, CMO (k)	1,722,431
22	6.00%, 3/15/17, CMO	23,538
626	6.00%, 4/1/17, MBS (k)	666,488
558	6.00%, 12/15/28, CMO (k)	595,693
882	6.00%, 2/15/31, CMO (k)	940,099
556	6.00%, 4/15/31, CMO (k)	606,780
10,511	6.00%, 2/15/32, CMO (k)	11,575,815

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Freddie Mac (continued)		
\$4	6.00%, 2/1/33, MBS	\$4,847
1,197	6.00%, 3/1/33, MBS (k)	1,304,388
34	6.00%, 2/1/34, MBS (k)	37,599
136	6.00%, 3/15/35, CMO (k)	171,219
517	6.50%, 11/1/16, MBS (k)	533,102
13	6.50%, 8/1/21, MBS	14,513
117	6.50%, 9/15/23, CMO (k)	132,456
2,049	6.50%, 10/15/23, CMO (k)	2,242,542
258	6.50%, 12/15/23, CMO (k)	282,888
304	6.50%, 3/15/26, CMO (k)	344,467
842	6.50%, 2/15/28, CMO (k)	939,258
1,600	6.50%, 5/15/29, CMO (k)	1,722,100
7	6.50%, 6/1/29, MBS	8,051
194	6.50%, 7/15/29, CMO (k)	223,675
7,238	6.50%, 6/15/31, CMO (k)	8,303,371
3,861	6.50%, 9/15/31, CMO (k)	4,465,253
52	6.50%, 12/15/31, CMO (k)	53,430
330	6.50%, 2/15/32, CMO (k)	378,760
725	6.50%, 6/15/32, CMO (k)	836,955
3,920	6.50%, 7/15/32, CMO (k)	4,529,385
1,748	6.50%, 7/1/37, MBS (k)	1,941,320
105	6.50%, 2/25/43, CMO (k)	115,866
99	6.50%, 9/25/43, CMO, VRN (k)	113,541
547	6.50%, 10/25/43, CMO (k)	621,962
4,831	6.50%, 3/25/44, CMO (k)	5,794,692
307	6.50%, 9/1/47, MBS (k)	340,872
491	6.50%, 9/1/48, MBS (k)	542,803
930	6.616%, 7/25/32, CMO, VRN (k)	1,078,640
1,085	6.90%, 9/15/23, CMO (k)	1,221,571
562	6.95%, 7/15/21, CMO (k)	621,821
227	6.999%, 7/25/32, CMO, VRN (k)	264,077
95	7.00%, 7/1/13, MBS (k)	97,699
4	7.00%, 1/1/14, MBS	4,506
167	7.00%, 9/1/14, MBS (k)	177,593
31	7.00%, 11/1/14, MBS (k)	32,814
19	7.00%, 7/1/15, MBS	20,385
3	7.00%, 8/1/15, MBS	3,729
21	7.00%, 4/1/16, MBS	23,246
2	7.00%, 6/1/16, MBS	2,623
24	7.00%, 7/1/16, MBS	25,558
6	7.00%, 11/1/16, MBS	7,000
7	7.00%, 3/1/17, MBS	7,997
342	7.00%, 6/1/17, MBS (k)	356,922
178	7.00%, 8/1/21, MBS (k)	193,506
613	7.00%, 9/1/21, MBS (k)	667,613
393	7.00%, 5/15/23, CMO (k)	443,005
1,041	7.00%, 1/15/24, CMO (k)	1,176,975
56	7.00%, 3/15/24, CMO (k)	62,968

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Freddie Mac (continued)		
\$57	7.00%, 5/15/24, CMO (k)	\$64,042
7	7.00%, 7/1/24, MBS	7,975
473	7.00%, 9/15/25, CMO (k)	538,563
813	7.00%, 7/15/27, CMO (k)	918,352
4,311	7.00%, 3/15/29, CMO (k)	5,165,535
74	7.00%, 3/1/31, MBS (k)	85,639
1,435	7.00%, 6/15/31, CMO (k)	1,630,361
564	7.00%, 10/1/31, MBS (k)	656,506
237	7.00%, 1/1/32, MBS (k)	275,877
19	7.00%, 3/1/32, MBS	22,277
39	7.00%, 4/1/32, MBS (k)	44,899
332	7.00%, 1/1/36, MBS (k)	386,778
1,788	7.00%, 6/1/36, MBS (k)	2,034,271
402	7.00%, 7/1/36, MBS (k)	457,165
3,415	7.00%, 8/1/36, MBS (k)	3,885,733
799	7.00%, 9/1/36, MBS (k)	909,380
1,170	7.00%, 11/1/36, MBS (k)	1,329,915
449	7.00%, 12/1/36, MBS (k)	510,832
1,685	7.00%, 1/1/37, MBS (k)	1,917,116
811	7.00%, 2/25/43, CMO (k)	960,000
349	7.00%, 9/25/43, CMO (k)	415,022
107	7.00%, 10/25/43, CMO (k)	121,876
40	7.50%, 1/1/16, MBS (k)	43,157
1,325	7.50%, 5/15/24, CMO (k)	1,547,327
223	7.50%, 8/1/24, MBS (k)	262,307
2	7.50%, 6/1/25, MBS	2,146
17	7.50%, 12/1/25, MBS	19,349
4	7.50%, 1/1/26, MBS	4,748
12	7.50%, 2/1/26, MBS	14,327
20	7.50%, 3/1/26, MBS	23,861
25	7.50%, 4/1/26, MBS (k)	29,801
23	7.50%, 5/1/26, MBS	25,151
205	7.50%, 6/1/26, MBS (k)	241,138
171	7.50%, 7/1/26, MBS (k)	185,893
47	7.50%, 8/1/26, MBS	49,152
13	7.50%, 11/1/26, MBS	15,051
439	7.50%, 12/1/26, MBS (k)	510,287
157	7.50%, 3/15/28, CMO (k)	178,808
2,942	7.50%, 4/1/28, MBS (k)	3,492,892
1	7.50%, 2/1/30, MBS	570
1	7.50%, 4/1/30, MBS	773
(g)	7.50%, 6/1/30, MBS	58
4	7.50%, 10/1/30, MBS	4,035
2	7.50%, 11/1/30, MBS	1,987
872	7.50%, 12/1/30, MBS (k)	1,042,752
608	7.50%, 5/1/32, MBS (k)	722,293
84	7.50%, 7/1/34, MBS (k)	88,797
200	7.50%, 3/1/37, MBS (k)	228,503

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Freddie Mac (continued)		
\$65	7.50%, 2/25/42, CMO (k)	\$79,923
57	8.00%, 8/15/22, CMO (k)	69,809
38	8.00%, 7/1/24, MBS	39,838
55	8.00%, 8/1/24, MBS (k)	65,351
607	8.00%, 12/1/26, MBS (k)	721,538
148	8.00%, 4/15/30, CMO (k)	169,918
89	8.50%, 4/15/22, CMO (k)	90,936
255	8.50%, 10/1/30, MBS (k)	298,594
		117,576,664
Ginnie Mae 6.9%		
7,000	4.50%, MBS, TBA, 30 Year (e)	7,634,375
194	5.50%, 6/20/35, FRN, MBS (k)	205,593
28	6.00%, 4/15/29, MBS (k)	31,807
3	6.00%, 8/15/31, MBS	3,094
51	6.00%, 2/15/36, MBS (k)	57,925
22	6.00%, 6/15/36, MBS	24,535
10	6.00%, 7/15/36, MBS	11,544
29	6.00%, 9/15/36, MBS (k)	33,126
38	6.00%, 10/15/36, MBS (k)	43,398
64	6.00%, 12/15/36, MBS (k)	72,500
16	6.00%, 6/15/37, MBS	18,666
1,433	6.00%, 7/15/37, MBS (k)	1,622,238
47	6.00%, 11/15/37, MBS (k)	52,983
59	6.00%, 12/15/37, MBS (k)	67,209
123	6.00%, 3/15/38, MBS (k)	139,326
535	6.00%, 9/15/38, MBS (k)	609,670
920	6.00%, 10/15/38, MBS (k)	1,040,693
3,652	6.00%, 11/15/38, MBS (k)	4,152,914
26	6.00%, 12/15/38, MBS (k)	29,176
95	6.50%, 11/20/24, MBS (k)	108,770
727	6.50%, 4/15/32, MBS (k)	849,570
796	6.50%, 5/15/32, MBS (k)	930,543
51	6.50%, 6/20/32, CMO (k)	58,478
246	6.50%, 8/20/38, MBS (k)	269,744
84	6.50%, 10/20/38, MBS (k)	93,746
2	7.00%, 4/15/24, MBS	2,482
20	7.00%, 7/15/25, MBS	22,775
28	7.00%, 9/15/25, MBS	33,007
16	7.00%, 11/15/25, MBS	18,288
6	7.00%, 12/15/25, MBS	6,604
22	7.00%, 3/15/26, MBS	25,186
6	7.00%, 4/15/26, MBS	7,880
2	7.00%, 5/15/26, MBS	2,268
37	7.00%, 6/15/26, MBS (k)	44,002
3,083	7.00%, 3/20/31, CMO (k)	3,503,091
5	7.50%, 1/15/17, MBS	4,768
2	7.50%, 2/15/17, MBS	2,080

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Ginnie Mae (continued)		
\$3	7.50%, 3/15/17, MBS	\$3,280
2	7.50%, 4/15/17, MBS	2,284
2	7.50%, 5/15/17, MBS	2,277
2	7.50%, 7/15/17, MBS	1,894
1	7.50%, 6/15/23, MBS	827
10	7.50%, 10/15/25, MBS	10,892
108	7.50%, 3/15/26, MBS (k)	128,558
122	7.50%, 6/20/26, CMO (k)	139,370
231	7.50%, 9/15/26, MBS (k)	273,972
8	7.50%, 12/15/26, MBS	7,786
2	7.50%, 1/15/27, MBS	2,425
4	7.50%, 2/15/27, MBS	4,401
48	7.50%, 3/15/27, MBS (k)	54,991
278	7.50%, 4/15/27, MBS (k)	328,043
6	7.50%, 5/15/27, MBS	5,882
106	7.50%, 6/15/27, MBS (k)	119,291
145	7.50%, 7/15/27, MBS (k)	157,427
46	7.50%, 8/15/27, MBS (k)	48,007
42	7.50%, 12/15/27, MBS (k)	49,038
299	7.50%, 1/15/28, MBS (k)	318,684
83	7.50%, 2/15/28, MBS (k)	93,273
158	7.50%, 1/15/29, MBS (k)	173,907
118	7.50%, 2/15/29, MBS (k)	133,957
6	7.50%, 3/15/29, MBS	5,648
3	8.00%, 6/15/16, MBS	3,130
8	8.00%, 1/15/17, MBS	8,107
(g)	8.00%, 2/15/17, MBS	138
5	8.00%, 3/15/17, MBS	5,924
13	8.00%, 4/15/17, MBS	13,537
8	8.00%, 5/15/17, MBS	7,856
1	8.00%, 6/15/17, MBS	649
7	8.00%, 7/15/17, MBS	7,199
(g)	8.00%, 1/15/20, MBS	424
5	8.00%, 11/15/21, MBS	5,286
4	8.00%, 12/15/21, MBS	4,748
8	8.00%, 4/15/22, MBS	7,967
(g)	8.00%, 5/15/22, MBS	78
5	8.00%, 11/15/22, MBS	5,398
(g)	8.50%, 10/15/16, MBS	173
(g)	8.50%, 5/15/22, MBS	153
1	8.50%, 1/15/23, MBS	844
2	8.50%, 8/15/30, MBS	2,161
11	8.50%, 2/15/31, MBS	13,065
11	9.00%, 6/15/16, MBS	11,558
29	9.00%, 11/15/16, MBS (k)	29,618
29	9.00%, 12/15/16, MBS (k)	29,996
18	9.00%, 9/15/17, MBS	18,395
33	9.00%, 12/15/17, MBS (k)	38,138

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Ginnie Mae (continued)		
\$50	9.00%, 3/15/18, MBS (k)	\$52,949
39	9.00%, 5/15/18, MBS (k)	40,183
18	9.00%, 6/15/18, MBS	18,251
128	9.00%, 10/15/19, MBS (k)	131,532
88	9.00%, 11/15/19, MBS (k)	98,587
74	9.00%, 1/15/20, MBS (k)	86,869
		24,543,081
Small Business Administration Participation Certificates 0.9%		
511	4.625%, 2/1/25, ABS	558,728
368	4.754%, 8/10/14, ABS	390,566
279	5.038%, 3/10/15, ABS	296,972
1,237	5.51%, 11/1/27, ABS	1,394,756
129	5.78%, 8/1/27, ABS	147,280
116	5.82%, 7/1/27, ABS	132,620
52	6.30%, 7/1/13	53,040
191	6.30%, 6/1/18	209,360
64	6.40%, 8/1/13	66,284
28	7.20%, 6/1/17	30,792
20	7.70%, 7/1/16	21,845
		3,302,243
Vendee Mortgage Trust 1.9%		
404	6.50%, 3/15/29, CMO	480,654
80	6.75%, 2/15/26, CMO	92,873
186	6.75%, 6/15/26, CMO	221,103
4,973	7.50%, 9/15/30, CMO	5,962,273
		6,756,903
Total U.S. Government Agency Securities (cost-\$915,312,880)		946,299,263
CORPORATE BONDS & NOTES 58.9%		
Airlines 2.2%		
727	Northwest Airlines, Inc., 1.229%, 11/20/15, FRN (MBIA) (k)	662,079
	United Air Lines Pass Through Trust,	
2,338	6.636%, 1/2/24	2,396,157
835	9.75%, 7/15/18	939,247
3,455	10.40%, 5/1/18 (k)	3,895,911
		7,893,394
Banking 11.5%		
£1,300	Barclays Bank PLC, 14.00%, 6/15/19 (h)	2,458,249
	BPCE S.A. (h),	
50	9.00%, 3/17/15	57,554
300	9.25%, 4/22/15	332,572
	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA,	

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

2,000	6.875%, 3/19/20	2,476,023
\$5,900	11.00%, 6/30/19 (a)(d)(h)(k)	7,336,095
7,700	Discover Bank, 7.00%, 4/15/20 (k)	8,453,799
£800	DnB NOR Bank ASA, 6.012%, 3/29/17 (h)	1,231,646

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Banking (continued)		
\$5,000	ICICI Bank Ltd., 5.75%, 11/16/20 (a)(d)(k)	\$4,925,400
13,000	Regions Financial Corp., 7.75%, 11/10/14 (k)	13,715,000
		40,986,338
Energy 0.2%		
625	Consol Energy, Inc., 8.25%, 4/1/20	680,469
Financial Services 26.5%		
3,000	Ally Financial, Inc. (k), 6.75%, 12/1/14	3,106,572
6,100	8.30%, 2/12/15	6,744,282
1,800	C10 Capital SPV Ltd., 6.722%, 12/31/16 (h)	1,071,000
3,000	Cantor Fitzgerald L.P., 6.375%, 6/26/15 (a)(d)(k)	2,964,309
3,900	CIT Group, Inc., 5.25%, 4/1/14 (a)(d)(k)	3,987,750
663	7.00%, 5/1/16	664,066
1,172	7.00%, 5/1/17	1,174,643
9,000	Citigroup, Inc., 5.00%, 9/15/14 (k)	9,260,793
£250	Credit Agricole S.A. (h), 5.136%, 2/24/16	273,795
\$2,500	6.637%, 5/31/17 (a)(d)(k)	1,796,875
£800	8.125%, 10/26/19	951,784
\$1,000	Ford Motor Credit Co. LLC, 6.625%, 8/15/17	1,120,483
10,000	8.70%, 10/1/14 (k)	11,348,910
£3,000	General Electric Capital Corp., 6.50%, 9/15/67, (converts to FRN on 9/15/17)	4,372,847
\$4,000	HSBC Finance Corp., 6.676%, 1/15/21 (k)	4,165,604
2,000	International Lease Finance Corp. (a)(d), 6.75%, 9/1/16	2,162,500
7,000	7.125%, 9/1/18 (k)	7,700,000
£300	LBG Capital No.2 PLC, 15.00%, 12/21/19	553,106
\$4,000	Merrill Lynch & Co., Inc., 1.027%, 1/15/15, FRN (k)	3,568,072
8,000	Morgan Stanley, 1.015%, 10/18/16, FRN (k)	6,929,024
AUD2,700	4.93%, 3/1/13, FRN	2,795,496
\$1,000	6.625%, 4/1/18	1,055,461
2,000	Royal Bank of Scotland PLC, FRN, 1.281%, 4/11/16	1,590,000
3,000	1.316%, 9/29/15	2,415,000
150	SLM Corp., 0.86%, 1/27/14, FRN	139,150
1,050	5.00%, 10/1/13	1,073,625
1,000	5.375%, 5/15/14	1,028,310
570	5.575%, 2/1/14, FRN	557,848
1,000	8.00%, 3/25/20	1,067,500
2,500	8.45%, 6/15/18 (k)	2,718,750
1,800	UBS AG, 5.875%, 12/20/17	2,019,461
4,250	Waha Aerospace BV, 3.925%, 7/28/20 (a)(d)	4,356,250
		94,733,266

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Healthcare & Hospitals 0.4%		
\$1,500	HCA, Inc., 9.00%, 12/15/14	\$1,582,500
Hotels/Gaming 0.0%		
100	MGM Resorts International, 9.00%, 3/15/20	113,250
Insurance 5.6%		
	American International Group, Inc.,	
6,300	5.85%, 1/16/18 (k)	6,588,093
3,000	6.25%, 5/1/36	2,978,172
3,600	6.40%, 12/15/20 (k)	3,925,119
£819	6.765%, 11/15/17 (a)(d)	1,288,403
\$3,400	8.25%, 8/15/18 (k)	3,926,820
£850	8.625%, 5/22/68, (converts to FRN on 5/22/18)	1,174,681
		19,881,288
Oil & Gas 9.3%		
	Anadarko Petroleum Corp.,	
\$600	6.20%, 3/15/40	709,774
3,600	6.375%, 9/15/17	4,264,873
4,500	6.45%, 9/15/36 (k)	5,393,930
7,000	BP Capital Markets PLC, 4.75%, 3/10/19 (k)	7,951,209
	Gaz Capital S.A. for Gazprom,	
1,000	5.875%, 6/1/15 (a)(d)	1,403,537
\$3,000	8.625%, 4/28/34	3,720,000
1,250	Ras Laffan Liquefied Natural Gas Co., Ltd. III, 6.332%, 9/30/27 (b)	1,388,358
2,000	Royal Bank of Scotland AG for Gazprom, 9.625%, 3/1/13	2,150,000
5,000	Shell International Finance BV, 5.50%, 3/25/40 (k)	6,447,815
		33,429,496
Real Estate Investment Trust 2.3%		
4,500	SL Green Realty Corp., 7.75%, 3/15/20 (k)	5,102,082
3,000	Wells Operating Partnership II L.P., 5.875%, 4/1/18 (k)	3,092,913
		8,194,995
Retail 0.3%		
962	CVS Pass Through Trust, 7.507%, 1/10/32 (a)(d)(k)	1,146,607
Utilities 0.6%		
2,000	Energy Future Holdings Corp., 10.00%, 1/15/20	2,155,000
Total Corporate Bonds & Notes (cost-\$185,538,270)		210,796,603
MORTGAGE-BACKED SECURITIES 46.0%		
	Adjustable Rate Mortgage Trust, CMO, VRN,	
1,759	2.684%, 7/25/35	1,341,946
4,141	4.74%, 8/25/35	3,269,845

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

	Banc of America Large Loan, Inc., CMO (a)(d),	
4,761	2.035%, 11/15/15, FRN	4,426,293
2,833	5.686%, 4/24/49, VRN	2,819,606
71	Banc of America Mortgage Securities, Inc., 2.926%, 2/25/35, CMO, FRN	60,163
	BCAP LLC Trust, CMO,	
210	0.475%, 7/26/36, FRN (a)(d)	49,007

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
\$41	0.775%, 10/26/33, FRN	\$36,882
130	2.665%, 10/26/33, VRN (a)(b)(d)(l) (acquisition cost-\$25,974; purchased 1/20/12)	26,341
43	2.696%, 6/26/35, VRN (a)(d)	22,202
574	4.903%, 3/26/36, FRN (a)(d)	509,415
825	Bear Stearns Alt-A Trust, 5.677%, 8/25/36, CMO, VRN	448,159
3,860	Bear Stearns Commercial Mortgage Securities, 7.00%, 5/20/30, CMO, VRN	4,351,574
17	Citigroup Mortgage Loan Trust, Inc., 7.00%, 9/25/33, CMO	17,541
2,500	Commercial Mortgage Pass Through Certificates, 5.605%, 6/9/28, CMO (a)(d) Countrywide Alternative Loan Trust, CMO,	2,559,835
324	5.50%, 5/25/22	283,381
1,598	6.25%, 8/25/37	969,647
2,453	6.50%, 7/25/35 Countrywide Home Loan Mortgage Pass Through Trust, CMO,	1,448,716
1,378	3.728%, 8/25/34, FRN	867,990
4,418	7.50%, 11/25/34 (a)(d)	4,552,337
599	7.50%, 6/25/35 (a)(d) Credit Suisse First Boston Mortgage Securities Corp., CMO,	597,203
438	1.426%, 3/25/34, FRN	376,795
1,198	7.00%, 2/25/34 Credit Suisse Mortgage Capital Certificates, CMO,	1,250,448
2,519	0.455%, 10/15/21, FRN (a)(d)	2,348,454
2,306	5.695%, 9/15/40, VRN	2,499,999
2,697	DECO Series, 1.309%, 10/27/20, CMO, FRN	2,965,543
\$6,770	Deutsche Mortgage Securities, Inc., 5.00%, 6/26/35, CMO, VRN (a)(d)	4,780,615
471	GMAC Mortgage Corp. Loan Trust, 5.15%, 8/19/34, CMO, FRN	370,889
2,793	GSA Trust, 6.00%, 4/1/34, CMO GSMPS Mortgage Loan Trust, CMO (a)(d),	2,882,967
4,028	7.00%, 6/25/43	4,088,906
100	7.50%, 6/19/27, VRN	101,373
1,548	8.00%, 9/19/27, VRN GSR Mortgage Loan Trust, CMO,	1,605,516
1,077	0.606%, 12/25/34, FRN	888,391
583	0.616%, 12/25/34, FRN	475,748
5,476	5.136%, 11/25/35, VRN	4,765,096
5,000	5.50%, 11/25/35	4,484,710
968	6.50%, 1/25/34 Harborview Mortgage Loan Trust, CMO,	1,022,570
3,053	0.651%, 10/19/33, FRN	2,578,391
3,101	5.546%, 6/19/36, VRN	1,757,535
425	JPMorgan Alternative Loan Trust, 5.95%, 9/25/36, CMO, VRN JPMorgan Chase Commercial Mortgage Securities Corp., CMO (a)(d),	421,517
5,000	0.735%, 7/15/19, FRN	4,375,050
4,000	5.717%, 3/18/51, VRN JPMorgan Mortgage Trust, CMO,	4,009,598
5,828	2.676%, 10/25/36, VRN	4,520,259
224	5.50%, 8/25/22	213,378
1,529	5.50%, 6/25/37	1,347,170
615	Lehman Mortgage Trust, 5.00%, 8/25/21, CMO	559,954

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
\$4,005	Luminent Mortgage Trust, 0.446%, 12/25/36, CMO, FRN	\$2,168,297
1,679	MASTR Adjustable Rate Mortgage Trust, 3.027%, 10/25/34, CMO, VRN	1,222,997
	MASTR Alternative Loans Trust, CMO,	
1,047	6.25%, 7/25/36	781,319
1,360	6.50%, 3/25/34	1,419,913
106	7.00%, 4/25/34	106,664
	MASTR Reperforming Loan Trust, CMO (a)(d),	
2,967	7.00%, 5/25/35 (k)	2,972,275
4,285	7.50%, 7/25/35	4,336,188
135	Merrill Lynch Mortgage Investors, Inc., 5.25%, 8/25/36, CMO, VRN	137,244
2	Morgan Stanley Dean Witter Capital I, 5.50%, 4/25/17, CMO	1,837
	Newgate Fund PLC, CMO, FRN,	
£ 4,200	2.061%, 12/15/50	4,694,273
£ 3,450	2.311%, 12/15/50	2,679,113
3,050	2.676%, 12/15/50	1,785,623
3,050	2.926%, 12/15/50	1,501,791
	Nomura Asset Acceptance Corp., CMO (a)(d),	
\$2,217	7.00%, 10/25/34	2,246,815
3,499	7.50%, 3/25/34	3,745,986
6,653	7.50%, 10/25/34	6,909,938
	Residential Accredit Loans, Inc., CMO,	
3,331	0.456%, 6/25/46, FRN	1,208,490
4,101	6.00%, 8/25/35	3,277,075
	Residential Asset Mortgage Products, Inc., CMO,	
40	6.50%, 11/25/31	40,221
488	7.00%, 8/25/16	493,460
1,036	8.50%, 10/25/31	1,109,137
1,608	8.50%, 11/25/31	1,684,121
585	Structured Adjustable Rate Mortgage Loan Trust, 2.563%, 3/25/34, CMO, VRN	535,953
5,965	Structured Asset Mortgage Investments, Inc., 1.697%, 8/25/47, CMO, FRN	3,100,833
5,307	Structured Asset Securities Corp., 7.50%, 10/25/36, CMO (a)(d)	5,030,117
3,921	Thornburg Mortgage Securities Trust, 0.386%, 3/25/37, CMO, FRN	3,887,300
5,600	UBS Commercial Mortgage Trust, 0.860%, 7/15/24, CMO, FRN (a)(d)	4,519,334
5,000	Wachovia Bank Commercial Mortgage Trust, 0.410%, 9/15/21, CMO, FRN (a)(d)	4,485,645
575	WaMu Mortgage Pass Through Certificates, 2.569%, 5/25/35, CMO, VRN	440,832
	Washington Mutual MSC Mortgage Pass Through Certificates, CMO,	
1,427	6.50%, 8/25/34	1,477,392
591	7.00%, 3/25/34	630,289
1,335	7.50%, 4/25/33	1,367,262
	Wells Fargo Mortgage-Backed Securities Trust, CMO,	
2,229	2.667%, 4/25/36, VRN	1,755,384
1,184	2.678%, 6/25/35, FRN	1,102,708
129	2.698%, 4/25/36, VRN	100,931
2,800	5.666%, 10/25/36, VRN	2,429,876
5,500	WFDB Commercial Mortgage Trust, 6.403%, 7/5/24, CMO (a)(d)	5,709,143
Total Mortgage-Backed Securities (cost-\$166,439,175)		164,444,731

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
SENIOR LOANS (a)(c) 5.8%		
Financial Services 4.5%		
\$1,300	Delos Aircraft, Inc., 7.00%, 3/17/16, Term B2	\$1,310,345
1,700	International Lease Finance Corp., 6.75%, 3/17/15, Term B1	1,712,822
1,293	iStar Financial, Inc., 5.00%, 6/28/13, Term A1	1,292,622
12,500	Springleaf Finance Corp., 5.50%, 5/10/17	11,682,288
		15,998,077
Healthcare & Hospitals 0.5%		
1,925	HCA, Inc., 2.77%, 5/2/16, Term A2	1,855,619
Oil & Gas 0.5%		
1,873	Petroleum Export, 3.563%, 12/20/12, Term B	1,855,051
Utilities 0.3%		
1,913	Texas Competitive Electric Holdings Co. LLC, 4.795%, 10/10/17	1,187,973
Total Senior Loans (cost-\$21,852,709)		20,896,720
ASSET-BACKED SECURITIES 3.6%		
625	Access Financial Manufactured Housing Contract Trust, 7.65%, 5/15/21	517,304
	Advanta Business Card Master Trust, FRN,	
367	0.531%, 6/20/14	337,663
367	0.531%, 12/22/14	337,663
	Ameriquest Mortgage Securities, Inc., FRN,	
1,468	3.801%, 11/25/32	137,113
430	5.901%, 2/25/33	32,780
1,532	Bear Stearns Asset-Backed Securities Trust, 0.776%, 9/25/34, FRN	1,063,164
	Conseco Finance Securitizations Corp.,	
623	7.96%, 2/1/32	499,926
319	7.97%, 5/1/32	224,797
	Conseco Financial Corp.,	
254	6.53%, 2/1/31, VRN	255,930
461	7.05%, 1/15/27	480,329
1,128	Credit-Based Asset Servicing and Securitization LLC, 6.02%, 12/25/37 (a)(d)	911,240
5,000	Green Tree, 8.97%, 4/25/38, VRN (a)(d)	5,557,066
1,000	Greenpoint Manufactured Housing, 8.30%, 10/15/26, VRN	1,110,595
1,315	Morgan Stanley ABS Capital I, 0.456%, 1/25/36, FRN	1,158,521
40	Oakwood Mortgage Investors, Inc., 0.515%, 5/15/13, FRN	31,924
30	Residential Asset Mortgage Products, Inc., 8.50%, 12/25/31	30,890
Total Asset-Backed Securities (cost-\$13,121,827)		12,686,905
CONVERTIBLE PREFERRED STOCK 0.4%		
Shares		
27,200	PPL Corp., 9.50%, 7/1/13 (cost-\$1,360,000)	1,474,240



20 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
MUNICIPAL BOND 0.4%		
West Virginia 0.4%		
\$1,880	Tobacco Settlement Finance Auth. Rev., 7.467%, 6/1/47, Ser. A (cost-\$1,769,389)	\$1,386,801
Shares		
COMMON STOCK 0.0%		
Oil, Gas & Consumable Fuels 0.0%		
3,881	SemGroup Corp., Class A (j) (cost-\$100,913)	102,737
Units		
WARRANT 0.0%		
Oil, Gas & Consumable Fuels 0.0%		
4,086	SemGroup Corp., expires 11/30/14 (j) (cost-\$18,385)	24,207
Principal Amount (000s)		
SHORT-TERM INVESTMENTS 12.4%		
Corporate Notes 4.4%		
Airlines 0.8%		
\$3,000	American Airlines, Inc., 10.50%, 10/15/12 (o)	3,003,750
Financial Services 3.6%		
10,000	Citigroup, Inc., 5.625%, 8/27/12 (k)	10,192,400
	SLM Corp.,	
1,500	3.125%, 9/17/12	1,949,505
\$500	5.125%, 8/27/12	505,006
200	5.375%, 1/15/13	204,790
		12,851,701
	Total Corporate Notes (cost-\$15,380,605)	15,855,451
U.S. Treasury Obligations (i)(k)(m) 3.2%		
11,518	U.S. Treasury Bills, 0.007%-0.056%, 2/9/12-6/28/12 (cost-\$11,516,573)	11,516,573
Sovereign Debt Obligations 0.6%		
Tunisia 0.6%		
2,000	Banque Centrale de Tunisie S.A., 7.375%, 4/25/12 (cost-\$2,003,674)	2,030,000
U.S. Government Agency Securities 0.0%		
Fannie Mae,		
9	7.00%, 7/18/12, CMO	9,104
8	7.00%, 1/1/13, MBS	7,977
Freddie Mac,		
18	7.00%, 9/1/12, MBS	17,860
2	7.00%, 10/1/12, MBS	2,570
4	7.00%, 11/1/12, MBS	4,016

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Total U.S. Government Agency Securities (cost-\$41,126)

41,527

1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 21

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

January 31, 2012 (continued)

Principal Amount (000s)		Value
Repurchase Agreements 4.2%		
\$5,000	Barclays Capital, Inc., dated 1/31/12, 0.22%, due 2/1/12, proceeds \$5,000,031; collateralized by Ginnie Mae, 6.00%, due 4/15/40, valued at \$5,136,743 including accrued interest	\$5,000,000
7,000	JPMorgan Securities, Inc., dated 1/31/12, 0.21%, due 2/1/12, proceeds \$7,000,041; collateralized by Fannie Mae, 0.87%, due 9/12/14, valued at \$7,155,418 including accrued interest	7,000,000
2,000	Morgan Stanley & Co., dated 1/31/12, 0.21%, due 2/1/12, proceeds \$2,000,012; collateralized by U.S. Treasury Notes, 1.00%, due 8/31/16, valued at \$2,044,087 including accrued interest	2,000,000
987	State Street Bank & Trust Co., dated 1/31/12, 0.01%, due 2/1/12, proceeds \$987,000; collateralized by Federal Home Loan Bank, 0.255%, due 7/20/12, valued at \$1,007,513 including accrued interest	987,000
Total Repurchase Agreements (cost-\$14,987,000)		14,987,000
Total Short-Term Investments (cost-\$43,928,978)		44,430,551
Notional Amount (000s)		
OPTIONS PURCHASED (j) 0.0%		
Put Options 0.0%		
\$50,400	Fannie Mae, 3.50%-6.50%, TBA, 30 Year (OTC), strike price \$87, expires 4/5/12	(n)
13,600	strike price \$89, expires 2/6/12	(n)
14,000	strike price \$90, expires 4/5/12	(n)
50,000	strike price \$92.50, expires 3/5/12	(n)
153,000	strike price \$93, expires 2/6/12	2
1,000	strike price \$93, expires 4/5/12	(n)
67,000	strike price \$97.50, expires 3/5/12	1
87,000	strike price \$98, expires 2/6/12	1
196,000	strike price \$102.88, expires 3/5/12	14,549
Freddie Mac 4.00%, TBA, 30 Year (OTC),		
3,000	strike price \$87, expires 3/5/12	(n)
Ginnie Mae 4.50%, TBA, 30 Year (OTC),		
7,000	strike price \$92, expires 3/12/12	(n)
Total Options Purchased (cost-\$75,234)		14,553
Total Investments, before securities sold short (cost-\$1,349,517,760) 392.1%		1,402,557,311
Principal Amount (000s)		
SECURITIES SOLD SHORT (63.5)%		
U.S. Government Agency Securities (63.5)%		
\$15,000	Fannie Mae, 4.00%, MBS, TBA, 30 Year	(15,857,812)
198,000	4.50%, MBS, TBA, 30 Year	(211,148,438)

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Total U.S. Government Agency Securities (proceeds received-\$226,510,078)	(227,006,250)
Total Investments, net of securities sold short (cost-\$1,123,007,682) 328.6%	1,175,551,061
Other liabilities in excess of other assets (228.6)%	(817,838,966)
Net Assets 100.0%	\$357,712,095

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Schedule of Investments

January 31, 2012 (continued)

Notes to Schedule of Investments:

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$143,259,944, representing 40.0% of net assets.
- (b) Illiquid.
- (c) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on January 31, 2012.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) Delayed-delivery. To be delivered after January 31, 2012.
- (f) Fair-Valued Security with a value of \$3,037,482, representing 0.8% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (g) Principal amount less than \$500.
- (h) Perpetual maturity. The date shown is the next call date. For Corporate Bonds & Notes, the interest rate is fixed until the first call date and variable thereafter.
- (i) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives and delayed-delivery securities.
- (j) Non-income producing.
- (k) All or partial amount transferred for the benefit of the counterparty as collateral for reverse repurchase agreements.
- (l) Restricted. The acquisition cost of such security is \$25,974 and the market value is \$26,341, representing less than 0.05% of net assets.
- (m) Rates reflect the effective yields at purchase date.
- (n) Value less than \$1.
- (o) In default.

Glossary:

ABS	-	Asset-Backed Securities
AUD	-	Australian Dollar
£	-	British Pound
CMO	-	Collateralized Mortgage Obligation
	-	Euro
FRN	-	Floating Rate Note. The interest rate disclosed reflects the rate in effect on January 31, 2012.
LIBOR	-	London Inter-Bank Offered Rate
MBIA	-	insured by Municipal Bond Investors Assurance
MBS	-	Mortgage-Backed Securities
OTC	-	Over the Counter
TBA	-	To Be Announced
VRN	-	Variable Rate Note. Instruments whose interest rates change on a specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on January 31, 2012.

See Accompanying Notes to Financial Statements 1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 23

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Statement of Assets and Liabilities**

January 31, 2012

Assets:	
Investments, at value (cost-\$1,349,517,760)	\$1,402,557,311
Cash (including foreign currency, at value of \$467,544 with a cost of \$457,898)	690,049
Receivable for investments sold	623,149,063
Interest receivable	6,378,165
Unrealized appreciation of OTC swaps	3,724,659
Swap premiums paid	518,648
Unrealized appreciation of forward foreign currency contracts	90,143
Receivable for principal paydown	406
Prepaid expenses and other assets	6,466
Total Assets	2,037,114,910

Liabilities:	
Payable for investments purchased	1,031,792,520
Payable for reverse repurchase agreements	407,006,000
Securities sold short, at value (proceeds received-\$226,510,078)	227,006,250
Swap premiums received	3,756,696
Dividends payable to shareholders	3,197,092
Payable to brokers for cash collateral received	3,150,000
Payable for variation margin on centrally cleared swaps	882,382
Unrealized depreciation of forward foreign currency contracts	560,255
Unrealized depreciation of OTC swaps	327,783
Interest payable for reverse repurchase agreements	306,403
Investment management fees payable	252,208
Payable to broker	13,594
Accrued expenses and other liabilities	1,151,632
Total Liabilities	1,679,402,815
Net Assets	\$357,712,095

Composition of Net Assets:

Common Stock:	
Par value (\$0.00001 per share, applicable to 40,128,991 shares issued and outstanding)	\$401
Paid-in-capital in excess of par	433,355,375
Undistributed net investment income	1,712,439
Accumulated net realized loss	(127,043,671)
Net unrealized appreciation of investments, securities sold short, swaps, and foreign currency transactions	49,687,551
Net Assets	\$357,712,095
Net Asset Value Per Share	\$8.91

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Statement of Operations**

Year ended January 31, 2012

Investment Income:	
Interest	\$59,460,572
Dividends	129,200
Facility and other fee income	99,085
Total Investment Income	59,688,857
Expenses:	
Investment management fees	3,222,057
Interest expense	1,764,831
Custodian and accounting agent fees	281,704
Audit and tax services	87,496
Stockholder communications	79,093
Transfer agent fees	51,142
Directors' fees and expenses	40,030
New York Stock Exchange listing fees	33,297
Legal fees	21,505
Insurance expense	13,575
Miscellaneous	4,709
Total Expenses	5,599,439
Net Investment Income	54,089,418
Realized and Change in Unrealized Gain (Loss):	
Net realized gain (loss) on:	
Investments	12,305,038
Swaps	(39,421,505)
Foreign currency transactions	(196,036)
Net change in unrealized appreciation/depreciation of:	
Investments	(3,886,523)
Securities sold short	(496,172)
Swaps	(9,831,064)
Foreign currency transactions	175,780
Net realized and change in unrealized loss on investments, securities sold short, swaps and foreign currency transactions	(41,350,482)
Net Increase in Net Assets Resulting from Investment Operations	\$12,738,936

See Accompanying Notes to Financial Statements 1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 25

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Statement of Changes in Net Assets**

	Year ended January 31,	
	2012	2011
Investment Operations:		
Net investment income	\$54,089,418	\$49,757,755
Net realized gain (loss) on investments, swaps and foreign currency transactions	(27,312,503)	4,128,900
Net change in unrealized appreciation/depreciation of investments, securities sold short, swaps and foreign currency transactions	(14,037,979)	36,580,820
Net increase in net assets resulting from investment operations	12,738,936	90,467,475
Dividends to Stockholders from Net Investment Income	(55,382,544)	(55,794,474)
Common Stock Transactions:		
Reinvestment of dividends	5,660,890	5,905,180
Total increase (decrease) in net assets	(36,982,718)	40,578,181
Net Assets:		
Beginning of year	394,694,813	354,116,632
End of year (including undistributed net investment income of \$1,712,439 and \$2,491,806, respectively)	\$357,712,095	\$394,694,813
Shares Issued in Reinvestment of Dividends	525,411	584,778

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Statement of Cash Flows**

Year ended January 31, 2012

Decrease in Cash from:**Cash Flows provided by Operating Activities:**

Net increase in net assets resulting from investment operations \$12,738,936

Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to Net Cash provided**by Operating Activities:**

Purchases of long-term investments (1,879,043,532)

Proceeds from sales of long-term investments 1,691,067,878

Purchases of short-term portfolio investments, net (13,644,156)

Net change in unrealized appreciation/depreciation of investments, securities sold short, swaps and foreign currency transactions 14,037,979

Net realized gain on investments, swaps and foreign currency transactions 27,312,503

Net amortization/accretion on investments (3,882,868)

Increase in proceeds from securities sold short 226,510,078

Increase in receivable for investments sold (427,354,720)

Decrease in interest receivable 1,440,080

Decrease in receivable for principal paydown 249,769

Increase in prepaid expenses and other assets (1,710)

Increase in payable for investments purchased 486,978,653

Decrease in payable to brokers for cash collateral received (5,500,000)

Net cash used for swap transactions (41,483,044)

Net cash used for foreign currency transactions (220,171)

Decrease in investment management fees payable (29,482)

Increase in interest payable for reverse repurchase agreements 232,336

Decrease in accrued expenses and other liabilities (13,447)

Net cash provided by operating activities* 89,395,082**Cash Flows used for Financing Activities:**

Decrease in payable for reverse repurchase agreements (40,013,773)

Cash dividends paid (excluding reinvestment of dividends of \$5,660,890) (49,494,830)

Net cash used for financing activities (89,508,603)**Net decrease in cash** (113,521)**Cash at beginning of year** 803,570**Cash at end of year** \$690,049

* Included in operating expenses is cash paid by the Fund for interest primarily related to participation in reverse repurchase agreement transactions of \$1,532,975.

See Accompanying Notes to Financial Statements 1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 27

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies

PIMCO Strategic Global Government Fund, Inc. (the **Fund**) commenced operations on February 24, 1994. The Fund is organized as a Maryland corporation and registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. Allianz Global Investors Fund Management LLC (the **Investment Manager**) serves as the Fund's investment manager and is an indirect, wholly-owned subsidiary of Allianz Asset Management of America L.P. (**AAM**), formerly Allianz Global Investors of America L.P. prior to December 31, 2011. AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. The Fund has authorized 500 million shares of common stock with \$0.00001 par value.

The Fund's primary investment objective is to generate, over time, a level of income higher than that generated by high-quality, intermediate-term U.S. debt securities. As a secondary objective, the Fund seeks to maintain volatility in the net asset value of the shares of the Fund comparable to that of high quality, intermediate-term U.S. debt securities. There is no guarantee that the Fund will meet its stated objectives.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the Fund's financial statements. Actual results could differ from those estimates.

In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

In April 2011, the Financial Accounting Standards Board (**FASB**) issued an Accounting Standards Update (**ASU**) related to the accounting for repurchase agreements and similar agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The ASU modifies the criteria for determining effective control of transferred assets and as a result certain agreements may be accounted for as secured borrowings. The ASU is effective prospectively for new transfers and existing transactions that are modified in the first interim or annual periods beginning on or after December 15, 2011. Fund management is evaluating the implications of this change.

In May 2011, FASB issued an ASU to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with Generally Accepted Accounting Principles (**GAAP**) and International Financial Reporting Standards (**IFRSs**). FASB concluded that the amendments in this ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRSs. The ASU is effective prospectively for interim or annual periods beginning on or after December 15, 2011. Fund management is evaluating the implications of this change.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, **Disclosures About Offsetting Assets and Liabilities** which requires enhanced disclosures that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments. The amendments are effective for fiscal years beginning on or after January 1, 2013. The Fund is currently evaluating the effect that the guidance may have on its financial statements.

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

The following is a summary of significant accounting policies consistently followed by the Fund:

(a) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

28 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

Portfolio securities and other financial instruments for which market quotations are not readily available, or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures approved by the Board of Directors, or persons acting at their discretion pursuant to procedures approved by the Board of Directors, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Centrally cleared swaps are valued at the price determined by the relevant exchange. Securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the net asset value (NAV) of the Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the New York Stock Exchange (NYSE) is closed.

The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold, and these differences could be material to the Fund's financial statements. The Fund's NAV is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the NYSE on each day the NYSE is open for business.

(b) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

- Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access
- Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges
- Level 3 valuations based on significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique used.

The valuation techniques used by the Fund to measure fair value during the year ended January 31, 2012 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Fund utilized option adjusted spread pricing techniques.

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with GAAP.

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions

1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 29

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

U.S. Treasury Obligations U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Government Sponsored Enterprise and Mortgage-Backed Securities Government sponsored enterprise and mortgage-backed securities are valued by independent pricing services using pricing models based on inputs that include issuer type, coupon, cash flows, mortgage prepayment projection tables and Adjustable Rate Mortgage evaluations that incorporate index data, periodic and life caps, the next coupon reset date, and the convertibility of the bond. To the extent that these inputs are observable, the values of government sponsored enterprise and mortgage-backed securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Municipal Bonds Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Sovereign Debt Obligations Sovereign debt obligations are valued by independent pricing services based on discounted cash flow models that incorporate option adjusted spreads along with benchmark curves and credit spreads. In addition, international bond markets are monitored regularly for information pertaining to the issuer and/or the specific issue. To the extent that these inputs are observable, the values of sovereign debt obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Corporate Bonds & Notes Corporate bonds and notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds and notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Asset-Backed Securities and Collateralized Mortgage Obligations Asset-backed securities and collateralized mortgage obligations are valued by independent pricing services using pricing models based on a security's average life volatility. The models also take into account tranche characteristics such as coupon, average life, ratings, the issuer and tranche type, underlying collateral and performance of the collateral, and discount margin for certain

30 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

floating rate issues. To the extent that these inputs are observable, the values of asset-backed securities and collateralized mortgage obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Option Contracts Option contracts traded over the counter (OTC) are valued by independent pricing services based on pricing models that incorporate various inputs such as interest rates, credit spreads, currency exchange rates and volatility measurements for in-the-money, at-the-money, and out-of-the-money contracts based on a given strike price. To the extent that these inputs are observable, the values of OTC option contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Forward Foreign Currency Contracts Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Interest Rate Swaps OTC interest rate swaps are valued by independent pricing services using pricing models that are based on real-time intraday snapshots of relevant interest rate curves that are built using the most actively traded securities for a given maturity. The pricing models also incorporate cash and money market rates. In addition, market data pertaining to interest rate swaps is monitored regularly to ensure that interest rates are properly depicting the current market rate. Centrally cleared swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of interest rate swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Credit Default Swaps OTC credit default swaps are valued by independent pricing services using pricing models that take into account, among other factors, information received from market makers and broker-dealers, default probabilities from index specific credit spread curves, recovery rates, and cash flows. Centrally cleared swaps are valued at the price determined by the relevant exchange. To the extent that these inputs are observable, the values of credit default swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Senior Loans Senior Loans are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. To the extent that these inputs are observable, the values of Senior Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The Fund's policy is to recognize transfers between levels at the end of the reporting period.

A summary of the inputs used at January 31, 2012 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments and Notes 5(a), 5(b) and 5(c) for more detailed information on Investments in Securities and Other Financial Instruments):

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 1/31/12
Investments in Securities				
Assets				
U.S. Government Agency Securities		\$ 943,261,781	\$ 3,037,482	\$ 946,299,263
Corporate Bonds & Notes:				
Airlines			7,893,394	7,893,394
All Other		202,903,209		202,903,209

1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 31

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 1/31/12
Mortgage-Backed Securities		\$ 164,444,731		\$ 164,444,731
Senior Loans		20,896,720		20,896,720
Asset-Backed Securities		12,686,905		12,686,905
Convertible Preferred Stock	\$ 1,474,240			1,474,240
Municipal Bonds		1,386,801		1,386,801
Common Stock	102,737			102,737
Warrants		24,207		24,207
Short-Term Investments		44,430,551		44,430,551
Options Purchased:				
Interest Rate Contracts		14,553		14,553
Total Investments in Securities Assets	\$ 1,576,977	\$ 1,390,049,458	\$ 10,930,876	\$ 1,402,557,311
Investments in Securities Liabilities				
Securities Sold Short, at value		\$ (227,006,250)		\$ (227,006,250)
Other Financial Instruments* Assets				
Credit Contracts		\$ 3,724,659		\$ 3,724,659
Foreign Exchange Contracts		90,143		90,143
Total Other Financial Instruments* Assets		\$ 3,814,802		\$ 3,814,802
Other Financial Instruments* Liabilities				
Credit Contracts		\$ (459,836)		\$ (459,836)
Foreign Exchange Contracts		(560,255)		(560,255)
Interest Rate Contracts		(5,646,877)		(5,646,877)
Total Other Financial Instruments* Liabilities		\$ (6,666,968)		\$ (6,666,968)
Total Investments	\$ 1,576,977	\$ 1,160,191,042	\$ 10,930,876	\$ 1,172,698,895

* Other financial instruments are derivatives not reflected in the Schedule of Investments, such as swap agreements and forward foreign currency contracts, which are valued at the unrealized appreciation (depreciation) of the instrument.

There were no significant transfers between Levels 1 and 2 during the year ended January 31, 2012.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended January 31, 2012, was as follows:

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

	Beginning Balance 1/31/11	Purchases	Sales	Accrued Discounts	Net Realized Gain	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3*	Ending Balance 1/31/12
Investments in Securities	Assets								
U.S. Government Agency Securities	\$ 3,323,718		\$ (272,876)	\$ 1,786	\$ 4,948	\$ (20,094)			\$ 3,037,482
Corporate Bonds & Notes: Airlines	9,471,650		(1,282,197)	20,823	4,989	(321,871)			7,893,394

32 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

	Beginning Balance 1/31/11	Purchases	Sales	Accrued Discounts	Net Realized Gain	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3*	Ending Balance 1/31/12
Mortgage-Backed Securities	\$ 2,851,092			\$ 35,842		\$ (67,328)		\$ (2,819,606)	
Total Investments	\$ 15,646,460		\$ (1,555,073)	\$ 58,451	\$ 9,937	\$ (409,293)		\$ (2,819,606)	\$ 10,930,876

* Transferred out of Level 3 into Level 2 because sufficient observable inputs were available.

The net change in unrealized appreciation/depreciation of Level 3 investments and other financial instruments, which the Fund held at January 31, 2012, was \$189,510. Net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statement of Operations.

(c) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Securities purchased and sold on a delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discount and amortization of premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. Facility fees and other fees received after settlement date relating to senior loans, consent fees relating to corporate actions and commitment fees received relating to unfunded purchase commitments are recorded as other fee income upon receipt. Paydown gains and losses are netted and recorded as interest income on the Statement of Operations.

(d) Federal Income Taxes

The Fund intends to distribute all of its taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Fund's management has determined that its evaluation has resulted in no material impact to the Fund's financial statements at January 31, 2012. The Fund's federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

(e) Dividends and Distributions

The Fund declares dividends from net investment income monthly to stockholders. Distributions of net realized capital gains, if any, are paid annually. The Fund records dividends and distributions on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These book-tax differences are considered either temporary or

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to stockholders from return of capital.

(f) Foreign Currency Translation

The Fund's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currencies are translated at the prevailing

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain (loss) is included in the Fund's Statement of Operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Fund does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain (loss) upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal income tax regulations; such amount is categorized as foreign currency gain (loss) for both financial reporting and income tax reporting purposes.

(g) Senior Loans

The Fund purchases assignments of, and participations in, Senior Loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the "Agent") for a lending syndicate of financial institutions (the "Lender"). When purchasing an assignment, the Fund succeeds to all the rights and obligations under the loan agreement with the same rights and obligations as the assigning Lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning Lender.

(h) Mortgage Dollar Rolls

Mortgage dollar rolls involve the Fund selling securities for delivery in the current month and simultaneously contracting to repurchase substantially similar (same type, same or similar interest and maturity) securities on a specified future date. The difference between the selling price and future purchase price is an adjustment to interest income on the Statement of Operations. During the roll period, the Fund forgoes principal and interest paid on the securities. The Fund accounts for rolls as financing transactions. The Fund's dollar roll transactions are intended to enhance the Fund's yield by earning a spread between the yield on the underlying mortgage securities and short-term interest rates. At January 31, 2012, \$898,447 in dollar roll commitments were outstanding. This balance is included in accrued expenses and other liabilities on the Fund's Statement of Assets and Liabilities.

(i) Repurchase Agreements

The Fund enters into transactions with its custodian bank or securities brokerage firms whereby it purchases securities under agreements to resell such securities at an agreed upon price and date ("repurchase agreements"). The Fund, through its custodian, takes possession of securities collateralizing the repurchase agreement. Such agreements are carried at the contract amount in the financial statements, which is considered to represent fair value. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, is held by the custodian bank for the benefit of the Fund until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Fund require that the market value of the collateral, including accrued interest thereon, be sufficient in the event of default by the counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Fund may be delayed or limited.

(j) Reverse Repurchase Agreements

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

In a reverse repurchase agreement, the Fund sells securities to a bank or broker-dealer and agrees to repurchase the securities at a mutually agreed upon date and price. Generally, the effect of such a transaction is that the Fund can recover and reinvest all or most of the cash invested in portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Fund of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. To the extent the Fund does not cover its positions in reverse repurchase agreements (by transferring liquid assets at least equal in amount to the forward purchase

34 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

commitment), the Fund's uncovered obligations under the agreements will be subject to the Fund's limitations on borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Fund is obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities.

(k) When-Issued/Delayed-Delivery Transactions

When-issued or delayed-delivery transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Fund will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations; consequently, such fluctuations are taken into account when determining the net asset value. The Fund may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security is sold on a delayed-delivery basis, the Fund does not participate in future gains and losses with respect to the security.

(l) Mortgage-Related and Other Asset-Backed Securities

Investments in mortgage-related or other asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations (CMOs), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities (SMBSs) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage-related or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Fund to a lower rate of return upon reinvestment of principal. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. The decline in liquidity and prices of these types of securities may make it more difficult to determine fair market value. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

(m) U.S. Government Agencies or Government-Sponsored Enterprises

Securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury. The Government National Mortgage Association (GNMA or Ginnie Mae), a wholly-owned U.S. Government corporation, is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Securities issued by the Small Business Administration and Vendee Mortgage Trust are backed by the full faith and credit of the U.S. Government. Government-related guarantors not backed by the full faith and credit of the U.S. Government include the Federal National Mortgage Association (FNMA or Fannie Mae) and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac). Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but its participation certificates are not backed by the full faith and credit of the U.S. Government.

(n) Short Sales

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Short sale transactions involve the Fund selling securities it does not own in anticipation of a decline in the market price of the securities. The Fund is obligated to deliver securities at the market price at the time the short position is closed. Possible losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 35

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

1. Organization and Significant Accounting Policies (continued)

(o) Restricted Securities

The Fund is permitted to invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult.

(p) Custody Credits on Cash Balances

The Fund may benefit from an expense offset arrangement with its custodian bank, whereby uninvested cash balances earn credits that reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income-producing securities, they would have generated income for the Fund. Cash overdraft charges, if any, are included in custodian and accounting agent fees.

(q) Interest Expense

Interest expense primarily relates to the Fund's participation in reverse repurchase agreement transactions. Interest expense is recorded as incurred.

2. Principal Risks

In the normal course of business, the Fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Fund is also exposed to other risks such as, but not limited to, interest rate, foreign currency and credit risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.* yield) movements.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Fund's shares.

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if the Fund holds mortgage-related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Fund because the Fund may have to reinvest that money at the lower prevailing interest rates. The Fund's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

The Fund is exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

2. Principal Risks (continued)

To the extent the Fund directly invests in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including economic growth, inflation, changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or the imposition of currency controls or other political developments in the United States or abroad. As a result, the Fund's investments in foreign currency-denominated securities may reduce the returns of the Fund.

The Fund is subject to elements of risk not typically associated with investments in the U.S., due to concentrated investments in foreign issuers located in a specific country or region. Such concentrations will subject the Fund to additional risks resulting from future political or economic conditions in such country or region and the possible imposition of adverse governmental laws of currency exchange restrictions affecting such country or region, which could cause the securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies.

The market values of securities may decline due to general market conditions (market risk) which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities.

The Fund is exposed to counterparty risk, or the risk that an institution or other entity with which the Fund has unsettled or open transactions will default. The potential loss to the Fund could exceed the value of the financial assets recorded in the Fund's financial statements. Financial assets, which potentially expose the Fund to counterparty risk, consist principally of cash due from counterparties and investments. The Fund's sub-adviser, Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager, seeks to minimize the Fund's counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

Leverage will cause the value of the Fund's stock to be more volatile than if the Fund did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's portfolio securities. The Fund engages in transactions (such as reverse repurchase agreements) or purchase instruments that give rise to forms of leverage. In addition, to the extent the Fund employs leverage, interest costs may not be recovered by any appreciation of the securities purchased with the leverage proceeds and could exceed the Fund's investment returns, resulting in greater losses.

The Fund is party to International Swaps and Derivatives Association, Inc. Master Agreements (ISDA Master Agreements) with select counterparties that govern transactions, over-the-counter derivatives and foreign exchange contracts entered into by the Fund and those counterparties. The ISDA Master Agreements contain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements of the Fund.

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

The considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis are governed by Master Securities Forward Transaction Agreements (Master Forward Agreements) between

1.31.12 PIMCO Strategic Global Government Fund, Inc. Annual Report 37

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

2. Principal Risks (continued)

the Fund and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

The Fund is also party to Master Repurchase Agreements (Master Repo Agreements) with select counterparties. The Master Repo Agreements maintain provisions for initiation, income payments, events of default, and maintenance of collateral.

The counterparty risk associated with certain contracts may be reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Fund's overall exposure to counterparty risk with respect to transactions subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

The Fund had credit default swap agreements and securities transactions outstanding with Lehman Brothers entities as issuer, referenced entity, counterparty or guarantor at the time the relevant Lehman Brothers entity filed for protection or was placed in administration. The balance shown under payable to broker on the Statement of Assets and Liabilities represents the amount due to Lehman Brothers, Inc.

3. Financial Derivative Instruments

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, and disclosure about credit-risk-related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives, which are accounted for as hedges, and those that do not qualify for such accounting. Although the Fund sometimes uses derivatives for hedging purposes, the Fund reflects derivatives at fair value and recognizes changes in fair value through the Fund's Statement of Operations, and such derivatives do not qualify for hedge accounting treatment.

(a) Option Transactions

The Fund purchases put and call options on securities and indices for hedging purposes, risk management purposes or otherwise as part of its investment strategies. The risks associated with purchasing an option includes the risk that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premiums and changes in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of put options is decreased by the premiums paid.

(b) Swap Agreements

Swap agreements are bilaterally negotiated agreements between the Fund and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements are privately negotiated in the over-the-counter market (OTC swaps) and may be executed in a multilateral or other trade facility platform, such as a registered commodities exchange (centrally cleared swaps). The Fund enters into credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements in order to manage its exposure to credit, currency and interest rate risk. In connection with these agreements, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

value and recourse in the event of default or bankruptcy/insolvency.

OTC swap payments received or made at the beginning of the measurement period are reflected as such on the Fund's Statement of Assets and Liabilities and represent payments made or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments are recorded as realized gains or losses on the Fund's Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Fund's Statement of Operations. Net periodic payments received or paid by the Fund are included

38 PIMCO Strategic Global Government Fund, Inc. Annual Report 1.31.12

Table of Contents

PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements

January 31, 2012

3. Financial Derivative Instruments (continued)

as part of realized gains or losses on the Fund's Statement of Operations. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a receivable or payable for variation margin on centrally cleared swaps on the Fund's Statement of Assets and Liabilities.

Entering into these agreements involves, to varying degrees, elements of credit, legal, market and documentation risk in excess of the amounts recognized on the Fund's Statement of Assets and Liabilities. Such risks include the possibility that there will be no liquid market for these agreements, that the counterparties to the agreements may default on their obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

Credit Default Swap Agreements Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. As a seller of protection on credit default swap agreements, the Fund will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Fund would effectively add leverage to its investment portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap.

If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are assumed by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate issues or sovereign issues involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event). The Fund uses credit default swaps on corporate issues or sovereign issues to provide a measure of protection against defaults of the issuers (*i.e.*, to reduce risk where the Fund owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default.

Credit default swap agreements on asset-backed securities involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit events. Unlike credit default swaps on corporate issues or sovereign issues, deliverable obligations in most instances would be limited to the specific referenced obligation as performance for asset-backed securities can vary across deals. Prepayments, principal paydowns, and other writedown or loss events on the underlying mortgage loans will reduce the outstanding principal balance of the referenced obligation. These reductions may be temporary or permanent as defined under the terms of the swap agreement and the notional amount for the swap agreement will be adjusted

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

3. Financial Derivative Instruments (continued)

by corresponding amounts. The Fund uses credit default swaps on asset-backed securities to provide a measure of protection against defaults of the referenced obligation or to take an active long or short position with respect to the likelihood of a particular referenced obligation's default.

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index, or in the case of a tranching index credit default swap, the credit event is settled based on the name's weight in the index that falls within the tranche for which the Fund bears exposure. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Fund uses credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds in a manner which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit-default swaps on indices are benchmarks for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues or sovereign issues as of period end are disclosed later in the Notes to Financial Statements (see 5 (a)), serve as an indicator of the current status of the payment/performance risk, and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Wider credit spreads and increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Fund as a seller of protection could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. Notional amounts of all credit default swap agreements outstanding as of January 31, 2012 for which the Fund is the seller of protection are disclosed later in the Notes to Financial Statements (see 5 (a)). These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Fund for the same referenced entity or entities.

Interest Rate Swap Agreements Interest rate swap agreements involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, *e.g.*, an exchange of floating rate payments for fixed rate payments, with respect to the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap, (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor, (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

3. Financial Derivative Instruments (continued)

in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different money markets.

(c) Forward Foreign Currency Contracts

A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Fund enters into forward foreign currency contracts for the purpose of hedging against foreign currency risk arising from the investment or anticipated investment in securities denominated in foreign currencies. The Fund also enters into these contracts for purposes of increasing exposure to a foreign currency or shifting exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. All commitments are marked to market daily at the applicable exchange rates and any resulting unrealized appreciation or depreciation is recorded. Realized gains or losses are recorded at the time the forward contract matures or by delivery of the currency. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. In addition, these contracts may involve market price risk in excess of the unrealized appreciation (depreciation) reflected in the Fund's Statement of Assets and Liabilities.

The following is a summary of the fair valuation of the Fund's derivatives categorized by risk exposure.

The effect of derivatives on the Statement of Assets and Liabilities at January 31, 2012:

Location	Interest Rate Contracts	Credit Contracts	Foreign Exchange Contracts	Total
Asset derivatives:				
Investments, at value (options purchased)	\$ 14,553			\$ 14,553
Unrealized appreciation of OTC swaps		\$ 3,724,659		3,724,659
Unrealized appreciation of forward foreign currency contracts			\$ 90,143	90,143
Total asset derivatives	\$ 14,553	\$ 3,724,659	\$ 90,143	\$ 3,829,355
Liability derivatives:				
Unrealized depreciation of OTC swaps		\$ (327,783)		\$ (327,783)
Payable for variation margin on centrally cleared swaps*	\$ (873,859)	(8,523)		(882,382)
Unrealized depreciation of forward foreign currency contracts			\$ (560,255)	(560,255)
Total liability derivatives	\$ (873,859)	\$ (336,306)	\$ (560,255)	\$ (1,770,420)

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

* Included in the net unrealized depreciation of \$5,646,877 and \$132,053 on centrally cleared interest rate swaps and centrally cleared credit default swaps, respectively, as reported in sections 5(a) and 5(b) of the Notes to Financial Statements.

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

3. Financial Derivative Instruments (continued)

The effect of derivatives on the Statement of Operations for the year ended January 31, 2012:

Location	Interest Rate Contracts	Credit Contracts	Foreign Exchange Contracts	Total
Net realized loss on:				
Investments (options purchased)	\$ (163,547)			\$ (163,547)
Swaps	(34,712,622)	\$ (4,708,883)		(39,421,505)
Foreign currency transactions (forward foreign currency contracts)			\$ (270,887)	(270,887)
Total net realized loss	\$ (34,876,169)	\$ (4,708,883)	\$ (270,887)	\$ (39,855,939)
Net change in unrealized appreciation/depreciation of:				
Investments (options purchased)	\$ (21,661)			\$ (21,661)
Swaps	(8,979,890)	\$ (851,174)		(9,831,064)
Foreign currency transactions (forward foreign currency contracts)			\$ 199,915	199,915
Total net change in unrealized appreciation/depreciation	\$ (9,001,551)	\$ (851,174)	\$ 199,915	\$ (9,652,810)

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended January 31, 2012:

Options Purchased	Forward Foreign Currency Contracts ⁽¹⁾		Credit Default Swap Agreements ⁽²⁾		Interest Rate Swap
	Notional ⁽²⁾	Purchased	Sold	Buy	Sell
390,320,000	3,622,708	47,337,470	5,200	63,265	217,720

(1) U.S. \$ value on origination date

(2) Notional amount (in thousands)

4. Investment Manager/Sub-Adviser

The Fund has an Investment Management Agreement (the Agreement) with the Investment Manager. Subject to the supervision of the Fund's Board of Directors, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs and administrative matters. Pursuant to the Agreement, the Investment Manager receives an annual fee, payable monthly, at an annual rate of 0.85% of the Fund's

average daily net assets.

The Investment Manager has retained the Sub-Adviser to manage the Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Fund's investment decisions. The Investment Manager, not the Fund, pays a portion of the fees it receives as Investment Manager to the Sub-Adviser in return for its services.

5. Investments in Securities

For the year ended January 31, 2012, purchases and sales of investments, other than short-term securities and U.S. government obligations were \$161,074,208 and \$198,113,201, respectively. Purchases and sales of U.S. government obligations were \$1,717,969,324 and \$1,518,726,019, respectively.

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

5. Investments in Securities (continued)

(a) Credit default swap agreements outstanding at January 31, 2012:

OTC sell protection swap agreements:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount (000s) ⁽¹⁾	Credit Spread	Termination Date	Payments Received	Market Value ⁽²⁾	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
Bank of America:							
American Express	\$ 8,000	0.44%	12/20/13	4.10%	\$ 591,442		\$ 591,442
MetLife	13,400	2.56	9/20/15	1.00	(696,960)	\$ (900,456)	203,496
SLM	5,000	3.57	12/20/13	5.00	159,054	(612,500)	771,554
Barclays Bank:							
American International Group	100	3.51	12/20/20	1.00	(16,255)	(22,162)	5,907
BNP Paribas:							
General Electric	800	1.33	12/20/13	4.60	53,163		53,163
Citigroup:							
American Express	500	0.44	12/20/13	4.30	38,973		38,973
SLM	6,000	3.57	12/20/13	5.00	190,865	518,648	(327,783)
SLM	1,300	3.57	12/20/13	5.00	41,354	(156,000)	197,354
Deutsche Bank:							
American International Group	3,000	2.10	3/20/13	2.10	7,395		7,395
General Electric	4,100	1.33	12/20/13	4.78	286,710		286,710
General Electric	8,000	1.33	12/20/13	4.82	566,586		566,586
SLM	2,600	3.57	12/20/13	5.00	82,708	(318,500)	401,208
Goldman Sachs:							
American International Group	\$ 100	3.51%	12/20/20	1.00%	\$ (16,255)	\$ (25,555)	\$ 9,300
JPMorgan Chase:							
Markit ABX.HE Index	6,587		7/25/45	0.18	(694,889)	(955,181)	260,292
Morgan Stanley:							
American International Group	100	3.51	12/20/20	1.00	(16,255)	(24,688)	8,433
Merrill Lynch & Co.	5,000	3.06	9/20/16	1.00	(418,808)	(741,654)	322,846
					\$ 158,828	\$ (3,238,048)	\$ 3,396,876

Centrally cleared sell protection swap agreements:

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

Broker (Exchange)	Notional Amount (000s) ⁽¹⁾	Credit Spread	Termination Date	Payments Received	Market Value ⁽²⁾	Unrealized Depreciation
Citigroup (CME):						
Dow Jones CDX IG-17 5-Year Index	\$ 12,100	1.01%	12/20/16	1.00%	\$ (14,565)	\$ (132,053)

Credit spread not quoted for asset-backed securities.

- (1) This represents the maximum potential amount the Fund could be required to make available as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

5. Investments in Securities (continued)

(2) The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at January 31, 2012 of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(b) Centrally cleared interest rate swap agreements outstanding at January 31, 2012:

Broker (Exchange)	Notional Amount (000s)	Termination Date	Payments Made	Rate Type		Market Value	Unrealized Depreciation
				Payments Received			
Citigroup (CME)	\$ 188,000	6/20/22	2.25%	3-Month USD-LIBOR		\$ (4,080,837)	\$ (5,646,877)

CDX Credit Derivatives Index

CME Chicago Mercantile Exchange

IG Investment Grade

LIBOR London Inter-Bank Offered Rate

OTC Over the Counter

(c) Forward foreign currency contracts outstanding at January 31, 2012:

	Counterparty	U.S.\$ Value on Origination Date	U.S.\$ Value January 31, 2012	Unrealized Appreciation (Depreciation)
Purchased:				
324,000 Canadian Dollar settling 2/9/12	Royal Bank of Canada	\$ 321,504	\$ 323,068	\$ 1,564
3,588,000 Euro settling 2/2/12	Barclays Bank	4,650,048	4,693,282	43,234
1,071,000 Euro settling 2/2/12	Citigroup	1,394,228	1,400,921	6,693
1,500,000 Euro settling 2/2/12	UBS	1,950,300	1,962,075	11,775
Sold:				
2,438,000 Australian Dollar settling 2/23/12	JPMorgan Chase	2,395,615	2,582,206	(186,591)
	Barclays Bank	9,714,740	9,787,391	(72,651)

Edgar Filing: PIMCO STRATEGIC GLOBAL GOVERNMENT FUND INC - Form N-CSR

6,213,000 British Pound settling 3/12/12				
6,213,000 British Pound settling 3/12/12	UBS	9,738,411	9,787,391	(48,980)
324,000 Canadian Dollar settling 2/9/12	Deutsche Bank	317,358	323,068	(5,710)
175,000 Canadian Dollar settling 3/22/12	Royal Bank of Canada	175,091	174,330	761
3,588,000 Euro settling 3/2/12	Barclays Bank	4,650,507	4,693,533	(43,026)
686,000 Euro settling 4/16/12	Barclays Bank	879,349	897,540	(18,191)
1,071,000 Euro settling 3/2/12	Citigroup	1,394,382	1,400,996	(6,614)
507,000 Euro settling 4/16/12	Citigroup	648,788	663,343	(14,555)
6,159,000 Euro settling 2/2/12	Goldman Sachs	8,082,394	8,056,278	26,116
1,500,000 Euro settling 3/2/12	UBS	1,950,518	1,962,180	(11,662)
2,858,000 Euro settling 4/16/12	UBS	3,636,486	3,739,315	(102,829)
632,560,000 Japanese Yen settling 2/14/12	Deutsche Bank	8,250,747	8,300,193	(49,446)
				\$ (470,112)

Table of Contents**PIMCO Strategic Global Government Fund, Inc. Notes to Financial Statements**

January 31, 2012

5. Investments in Securities (continued)

At January 31, 2012, the Fund held \$2,560,000 in cash as collateral for derivatives and delayed-delivery securities. Cash collateral held may be invested in accordance with the Fund's investment strategy.

(d) Open reverse repurchase agreements at January 31, 2012:

Counterparty	Rate	Trade Date	Due Date	Principal & Interest	Principal
Barclays Bank	0.26%	1/20/12	2/13/12	\$ 23,971,077	\$ 23,969,000
	0.26	1/25/12	2/21/12	9,589,484	9,589,000
	0.45	12/12/11	3/13/12	631,402	631,000
	0.50	1/12/12	2/13/12	56,175,599	56,160,000
	0.753	8/24/11	2/24/12	2,860,601	2,851,000
	0.753	8/26/11	2/24/12	4,885,193	4,869,000
	0.764	8/24/11	2/14/12	3,024,298	3,014,000
	0.85	12/16/11	3/19/12	623,691	623,000
	0.95	10/19/11	4/20/12	1,511,176	1,507,000
	1.053	8/24/11	2/24/12	14,684,830	14,616,000
Citigroup	0.25	1/12/12	2/13/12	77,235,726	