

PIMCO INCOME STRATEGY FUND

Form SC 13D/A

November 06, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 19)*

PIMCO Income Strategy Fund

(Name of Issuer)

Auction-Rate Preferred Shares

(Title of Class of Securities)

72201H207

72201H306

72201H405

(CUSIP Number)

Brigade Leveraged Capital Structures Fund Ltd.

c/o Ogier Fiduciary Services (Cayman) Limited

89 Nexus Way

Camana Bay

Grand Cayman KY1-9007

Attention: Donald E. Morgan, III

Copies to:

Raymond Gietz, Esq.

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, New York 10153

(212) 310-8000

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications)

November 6, 2014

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box ☐.

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

*No additional purchases or sales have been made since the date of the reporting persons' last filing.

72201H207
CUSIP No. 72201H306
72201H405

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Brigade Leveraged Capital Structures Fund Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

0*

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

0*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

☐

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%**

14. TYPE OF REPORTING PERSON

CO

* Consistent with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008, these amounts reflect Brigade Leveraged Capital Structures Fund Ltd.'s combined holdings in the separate series of auction rate preferred shares of the issuer identified by the CUSIP numbers set forth on the cover page of this Schedule 13D Amendment, which are treated herein as one class of securities.

** Percentage calculation is based on the number of Issuer's Auction-Rate Preferred Shares outstanding as of July 31, 2014, as reported in the Issuer's Form N-CSR filed on October 3, 2014.

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72201H207

CUSIP No. 72201H306

72201H405

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Brigade Capital Management, LP

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

0*

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

0*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

☐

0*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%**

14. TYPE OF REPORTING PERSON

IA

* Consistent with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008, these amounts reflect Brigade Capital Management, LP's combined holdings in the separate series of auction rate preferred shares of the issuer identified by the CUSIP numbers set forth on the cover page of this Schedule 13D Amendment, which are treated herein as one class of securities.

** Percentage calculation is based on the number of Issuer's Auction-Rate Preferred Shares outstanding as of July 31, 2014, as reported in the Issuer's Form N-CSR filed on October 3, 2014.

72201H207
CUSIP No. 72201H306
72201H405

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Donald E. Morgan, III

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

☐

6. CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

0*

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

0*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

☐

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%**

14. TYPE OF REPORTING PERSON

IN

* Consistent with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008, these amounts reflect Donald E. Morgan, III's combined holdings in the separate series of auction rate preferred shares of the issuer identified by the CUSIP numbers set forth on the cover page of this Schedule 13D Amendment, which are treated herein as one class of securities.

** Percentage calculation is based on the number of Issuer's Auction-Rate Preferred Shares outstanding as of July 31, 2014, as reported in the Issuer's Form N-CSR filed on October 3, 2014.

This Amendment No. 19 amends the Schedule 13D first filed with the Securities and Exchange Commission on January 28, 2011, as amended on March 10, 2011, April 29, 2011, July 15, 2011, September 9, 2011, September 21, 2011, October 24, 2011, November 14, 2011, December 1, 2011, February 29, 2012, May 10, 2012, June 6, 2012, August 1, 2013, September 20, 2013, April 24, 2014, May 5, 2014, June 6, 2014, August 21, 2014 and September 18, 2014 (the "Schedule 13D"), and is being filed by Brigade Leveraged Capital Structures Fund Ltd., a Cayman Islands exempted company ("Brigade LCSF"), Brigade Capital Management, LP, a Delaware limited partnership ("Brigade CM") and Donald E. Morgan, III (each a "Reporting Person" and collectively the "Reporting Persons"), with respect to the Auction-Rate Preferred Shares, par value \$.00001 per share ("Shares"), of PIMCO Income Strategy Fund, a Massachusetts business trust (the "Issuer"). Unless otherwise indicated herein, all capitalized terms used and not defined herein have the respective meanings assigned to them in the Schedule 13D.

Item 4. Purpose of
Transaction.

Item 4 is
supplemented
by the
following:

On October 31,
2014, the Issuer
and PIMCO
Income Strategy
Fund II ("PFN")
announced the
expiration and
final results of
the issuer tender
offers
conducted by
the Issuer and
PFN (together,
the "Tender
Offers") for up
to 100% of the
Shares and up
to 100% of the
outstanding
auction rate
preferred shares
of PFN
(collectively,
the "ARPS") at
a price equal to
90% of the
ARPS' per share
liquidation
preference of
\$25,000 per
share (or

\$22,500 per share), and any unpaid dividends accrued on the ARPS through the expiration date of the Tender Offers. The Reporting Persons validly tendered and did not withdraw prior to the expiration of the offering period, and the Issuer and PFN accepted for payment, 100% of the ARPS beneficially owned by the Reporting Persons as of the expiration of the offering period. As a result of such acceptance for payment, the Reporting Persons no longer beneficially own any ARPS.

This is the final amendment to the Schedule 13D and constitutes an exit filing for the Reporting Persons.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to

Securities of the
Issuer.

Item 6 is
supplemented
by the
following:

The Reporting
Persons have
entered into a
Joint Filing
Agreement, a
copy of which
is attached
hereto as
Exhibit A.

Material to be
Item 7. Filed as
Exhibits.

Exhibit A: Joint
Filing
Agreement

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

November 6, 2014
(Date)

Brigade Leveraged Capital Structures Fund Ltd.

/s/ Donald E. Morgan, III
(Signature)

Director
(Name/Title)

Brigade Capital Management, LP*

By: /s/ Donald E. Morgan, III
(Signature)

Managing Member of its General Partner
(Name/Title)

/s/ Donald E. Morgan, III*
(Signature)

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

* The Reporting Persons disclaim beneficial ownership in the Shares reported herein except to the extent of their pecuniary interest therein.

Exhibit A

Joint Filing Agreement

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, each of the undersigned hereby agrees that only one statement containing the information required by Schedule 13D need be filed with respect to the ownership by each of the undersigned of PIMCO Income Strategy Fund.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

November 6, 2014

(Date)

Brigade Leveraged Capital Structures Fund Ltd.

/s/ Donald E. Morgan, III

(Signature)

Director

(Name/Title)

Brigade Capital Management, LP

By: /s/ Donald E. Morgan, III

(Signature)

Managing Member of its General Partner

(Name/Title)

/s/ Donald E. Morgan, III

(Signature)

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