

PIMCO MUNICIPAL INCOME FUND
Form N-CSR
February 29, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-10377

PIMCO Municipal Income Fund

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices)

William G. Galipeau

Treasurer (Principal Financial & Accounting Officer)

650 Newport Center Drive

Newport Beach, CA 92660

(Name and address of agent for service)

Copies to:

David C. Sullivan

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

Registrant's telephone number, including area code: (844) 337-4626

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Date of fiscal year end: December 31

Date of reporting period: December 31, 2015

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

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

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Item 1. Reports to Shareholders.

The following is a copy of the report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30e-1).

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Annual Report

December 31, 2015

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Letter from the Chairman of the Board & President

Dear Shareholder,

The financial markets experienced periods of volatility during each Fund's reporting period. Investor sentiment was challenged at times given mixed economic data, uncertainties surrounding future global monetary policy, falling commodity prices and geopolitical issues.

For the reporting periods ended December 31, 2015

The U.S. economy expanded during the reporting period, but the pace was uneven. Looking back, U.S. gross domestic product (GDP), which represents the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at a 3.9% annual pace during the second quarter of 2015. Economic activity then decelerated, as GDP grew at a 2.0% annual pace during the third quarter of 2015. Finally, the Commerce Department's initial reading released after the reporting period had ended showed that fourth quarter 2015 GDP grew at an annual pace of 0.7%.

After nearly a decade of highly accommodative monetary policy, the Federal Reserve (Fed) raised interest rates at its meeting in mid-December 2015. The Fed's action pushed rates from a range between 0% and 0.25% to a range between 0.25% and 0.50%. In its official statement following the meeting, the Fed said, "The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run."

The municipal bond market generated a positive return and outperformed the overall U.S. taxable fixed income market during each Fund's reporting period. The municipal market was volatile at times given negative headlines surrounding Puerto Rico after the Commonwealth's first default and the governor's acknowledgement that the outstanding debt is not payable. After a modest decline in June 2015, the overall municipal market, as measured by the Barclays Municipal Bond Index, posted positive returns from July through December 2015. Supporting the municipal market were generally improving fundamentals and favorable supply and demand factors.

Outlook

PIMCO's baseline view sees U.S. economic growth in the range of 2.0%-2.5% over the next four quarters in line with the average growth rate of the U.S. economy during the current expansion and headline CPI (Consumer Price Index) inflation in a range of 1.5%-2%. In PIMCO's view, given moderate global recovery and the strong U.S. dollar, there will be little if any boost to aggregate demand from international trade. On the positive side of the ledger, PIMCO believes that the recent budget agreement between the Congress and President Obama will provide the U.S. economy a modest and unexpected fiscal boost from the increase in federal spending. With respect to the Fed, after December's initial rate hike, the market is pricing in two further quarter-point increases in 2016. PIMCO believes there is a risk that the Fed will deliver more rate hikes than the market is currently pricing in.

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PIMCO's outlook for the municipal market remains positive due to improving credit fundamentals and favorable pre-tax equivalent valuations. That being said, PIMCO acknowledges the potential for interest rate volatility, additional supply pressures and negative credit headlines.

In the following pages of this PIMCO Closed-End Funds Annual Report, please find specific details regarding investment performance and a discussion of factors that most affected the Funds' performance over the reporting period.

¹ Please note that the Funds' fiscal year ends were recently changed to December 31, 2015; therefore, the length of each Fund's reporting period will differ depending on its former fiscal year end. Please see Notes to Financial Statements for further detail.

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Thank you for investing with us. We value your trust and will continue to work diligently to meet your investment needs. If you have questions regarding any of your PIMCO Closed-End Funds investments, please contact your financial advisor or call the Funds' shareholder servicing agent at (844) 33-PIMCO or (844) 337-4626. We also invite you to visit our website at www.pimco.com to learn more about our views.

Sincerely,

Hans W. Kertess
Chairman of the Board of Trustees

Peter G. Strelow
President

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Important Information About the Funds

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates trend upward, rising rates would negatively impact the performance of most bond funds, and fixed-income securities held by a Fund are likely to decrease in value. A number of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). Accordingly, changes in interest rates can be sudden, and there is no guarantee that Fund Management will anticipate such movement. As of the date of this report, interest rates in the U.S. are at or near historically low levels. As such, bond funds may currently face an increased exposure to the risks associated with rising interest rates. This is especially true since the Federal Reserve Board has concluded its quantitative easing program and, at its meeting on December 16, 2015, raised interest rates for the first time since 2006 from a target range of 0% to 0.25% to a target range of 0.25% to 0.50%. Further, while the U.S. bond market has steadily grown over the past three decades, dealer inventories of corporate bonds have remained relatively stagnant. As a result, there has been a significant reduction in the ability of dealers to make markets in corporate bonds. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets, which could result in increased losses to a Fund. Bond funds and individual bonds with a longer duration (a measure of the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. In addition, in the current low interest rate environment, the market price of the Funds' common shares may be particularly sensitive to changes in interest rates or the perception that there will be a change in interest rates.

A Fund that invests in the municipal bond market is subject to certain risks. The amount of public information available about the municipal bonds held by a Fund is generally less than that for corporate equities or bonds, and the investment performance of the Fund may therefore be more dependent on the analytical abilities of PIMCO than would be a stock fund or taxable bond fund. The secondary market for municipal bonds, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect a Fund's ability to sell its bonds at attractive prices. The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipal issuers to levy taxes. Issuers of municipal securities might seek protection under the bankruptcy

laws. In the event of bankruptcy of such an issuer, a Fund investing in the issuer's securities could experience delays in collecting principal and interest and the Fund may not, in all circumstances, be able to collect all principal and interest to which it is entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, a Fund may take possession of, and manage, the assets securing the issuer's obligations on such securities, which may increase the Fund's operating expenses. Any income derived from the Fund's ownership or operation of such assets may not be tax-exempt.

A Fund that concentrates its investments in California municipal bonds may be affected significantly by economic, regulatory or political developments affecting the ability of California issuers to pay interest or repay principal. Certain issuers of California municipal bonds have experienced serious financial difficulties in the past and reoccurrence of these difficulties may impair the ability of certain California issuers to pay principal or interest on their obligations. Provisions of the California Constitution and State statutes that limit the taxing and spending authority of California governmental entities may impair the ability of California issuers to pay principal and/or interest on their obligations. While California's economy is broad, it does have major concentrations in high technology, aerospace and defense-related manufacturing, trade, entertainment, real estate and financial services, and may be sensitive to economic problems affecting those industries. Future California political and economic developments, constitutional amendments, legislative measures, executive orders, administrative regulations, litigation and voter initiatives could have an adverse effect on the debt obligations of California issuers.

A Fund that concentrates its investments in New York municipal bonds may be affected significantly by economic, regulatory or political developments affecting the ability of New York issuers to pay interest or repay principal. While New York's economy is broad, it does have concentrations in the financial services industry, and may be sensitive to economic problems affecting that industry. Certain issuers of New York municipal bonds have experienced serious financial difficulties in the past and a reoccurrence of these difficulties may impair the ability of certain New York issuers to pay principal or interest on their obligations. The financial health of New York City affects that of the State, and

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when New York City experiences financial difficulty it may have an adverse effect on New York municipal bonds held by a Fund. The growth rate of New York has at times been somewhat slower than the nation overall. The economic and financial condition of New York also may be affected by various financial, social, economic and political factors.

The use of derivatives may subject the Funds to greater volatility than investments in traditional securities. The Funds may use derivative instruments for hedging purposes or as part of an investment strategy.

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Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, call risk, credit risk, management risk and the risk that a Fund could not close out a position when it would be most advantageous to do so. Certain derivative transactions may have a leveraging effect on a Fund. For example, a small investment in a derivative instrument may have a significant impact on a Fund's exposure to interest rates, currency exchange rates or other investments. As a result, a relatively small price movement in a derivative instrument may cause an immediate and substantial loss or gain, which translates into heightened volatility in a Fund's net asset value (NAV). A Fund may engage in such transactions regardless of whether the Fund owns the asset, instrument or components of the index underlying a derivative instrument. A Fund may invest a significant portion of its assets in these types of instruments. If it does, a Fund's investment exposure could far exceed the value of its portfolio securities and its investment performance could be primarily dependent upon securities it does not directly own. Changes in regulation relating to a registered investment company's use of derivatives and related instruments could potentially limit or impact a Fund's ability to invest in derivatives, limit a Fund's ability to employ certain strategies that use derivatives and adversely affect the value or performance of derivatives and a Fund.

A Fund's use of leverage creates the opportunity for increased income for the Fund's common shareholders, but also creates special risks. Leverage is a speculative technique that may expose a Fund to greater risk and increased costs. If shorter-term interest rates rise relative to the rate of return on a Fund's portfolio, the interest and other costs to the Fund of leverage could exceed the rate of return on the debt obligations and other investments held by the Fund, thereby reducing return to the Fund's common shareholders. In addition, fees and expenses of any form of leverage used by a Fund will be borne entirely by its common shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Fund's common shares. There can be no assurance that a Fund's use of leverage will result in a higher yield on its common shares, and it may result in losses. Leverage creates several major types of risks for a Fund's common shareholders, including: (1) the likelihood of greater volatility of net asset value and market price of the Fund's common shares, and of the investment return to the Fund's common shareholders, than a comparable portfolio without leverage; (2) the possibility either that the Fund's common share dividends will fall if the interest and other costs of leverage rise, or that dividends paid on the Fund's common shares will fluctuate because such costs vary over time; and (3) the effects of leverage in a declining market or a rising interest rate environment, as leverage is likely to cause a greater decline in the net asset value of the Fund's common shares than if the Fund were not leveraged and may result in a greater decline in the market value of the Fund's common shares.

There is a risk that a Fund investing in a tender option bond program will not be considered the owner of a tender option bond for federal income tax purposes, and thus will not be entitled to treat such interest as exempt from federal income tax. Certain tender option bonds may be illiquid or may become illiquid as a result of, among other things, a credit rating downgrade, a payment default or a disqualification from tax-exempt status. A Fund's investment in the securities issued by a tender option bond trust may involve greater risk and volatility than an investment in a fixed rate bond, and the value of such securities may decrease significantly when market interest rates increase. Tender option bond trusts could be terminated due to market, credit or other events beyond the Funds' control, which could require the Funds to reduce leverage and dispose of portfolio investments at inopportune times and prices. A Fund may use a tender option bond program as a way of achieving leverage in its portfolio, in which case the Fund will be subject to leverage risk.

High-yield bonds (commonly referred to as "junk bonds") typically have a lower credit rating than other bonds. Lower-rated bonds generally involve a greater risk to principal than higher-rated bonds. Further, markets for lower-rated bonds are typically less liquid than for higher rated bonds, and public information is usually less abundant in such markets. Thus, high yield investments increase the chance that a Fund will lose money on its investment. The Funds may also invest in bonds and other instruments that are not rated, but which PIMCO considers to be equivalent to high-yield investments. The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted securities are often illiquid and may not be actively traded. Sale of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of the securities used by the Funds could be material.

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 a 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

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NAV of the Funds shares.

The common shares of the Funds trade on the New York Stock Exchange. As with any stock, the price of a Fund's common shares will

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Important Information About the Funds (Cont.)

fluctuate with market conditions and other factors. If you sell your common shares of a Fund, the price received may be more or less than your original investment. Shares of closed-end management investment companies frequently trade at a discount from their net asset value. The common shares of a Fund may trade at a price that is less than the initial offering price and/or the net asset value of such shares. Further, if a Fund's shares trade at a price that is more than the initial offering price and/or the net asset value of such shares, including at a substantial premium and/or for an extended period of time, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the shares will not trade at a discount to net asset value thereafter.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may cause timing differences between income and capital gain recognition. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on each Fund's annual financial statements presented under U.S. GAAP.

If a Fund estimates that a portion of one of its dividend distributions may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of record of the estimated composition of such distribution through a Section 19 Notice. To determine the sources of the Fund's distributions, the Fund references its accounting records at the time the distribution is paid. If, based on such accounting records, a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally will not be issued. It is important to note that differences exist between a Fund's accounting entries maintained on a day-to-day basis, the Fund's financial statements presented in accordance with U.S. GAAP, and accounting practices under income tax regulations. Examples of such differences may include the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. A Fund may not issue a Section 19 Notice in situations where the Fund's financial statements prepared later and in accordance with U.S. GAAP or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Please visit www.pimco.com for the most recent Section 19

Notice, if applicable, for additional information regarding the composition of distributions. Final determination of a distribution's tax character will be reported on Form 1099 DIV sent to shareholders each January.

The Funds may be subject to various risks in addition to those described above. Some of these risks may include, but are not limited to, the following: asset allocation risk, credit risk, stressed securities risk, distressed and defaulted securities risk, corporate bond risk, market risk, issuer risk, liquidity risk, equity securities and related market risk, mortgage-related and other asset-backed securities risk, extension risk, prepayment risk, privately issued mortgage-related securities risk, mortgage market/ subprime risk, currency risk, redenomination risk, non-diversification risk, management risk, municipal bond risk, tender option bond risk, inflation-indexed security risk, senior debt risk, loans, participations and assignments risk, reinvestment risk, real estate risk, U.S. Government securities risk, foreign (non-U.S.) government securities risk, valuation risk, segregation and cover risk, focused investment risk, credit default swaps risk, event-linked securities risk, counterparty risk, preferred securities risk, confidential information access risk, other investment companies risk, private placements risk, inflation/deflation risk, regulatory risk, tax risk, recent economic conditions risk, market disruptions and geopolitical risk, potential conflicts of interest involving allocation of investment opportunities, repurchase agreements risk, securities lending risk, zero-coupon bond and payment-in-kind securities risk, portfolio turnover risk, smaller company risk, short sale risk and convertible securities risk. A description of certain of these risks is available in the Notes to Financial Statements of this Report.

On each Fund Summary page in this Shareholder Report, the Average Annual Total Return table measures performance assuming that all dividend and capital gain distributions were reinvested. Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions. 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.

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Although market price returns tend to reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about a Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends. Performance shown is net of fees and expenses.

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The following table discloses the commencement of operations and diversification status of each fund:

Fund Name	Commencement of Operations	Diversification Status
PIMCO Municipal Income Fund	06/29/01	Diversified
PIMCO Municipal Income Fund II	06/28/02	Diversified
PIMCO Municipal Income Fund III	10/31/02	Diversified
PIMCO California Municipal Income Fund	06/29/01	Diversified
PIMCO California Municipal Income Fund II	06/28/02	Non-diversified
PIMCO California Municipal Income Fund III	10/31/02	Diversified
PIMCO New York Municipal Income Fund	06/29/01	Non-diversified
PIMCO New York Municipal Income Fund II	06/28/02	Non-diversified
PIMCO New York Municipal Income Fund III	10/31/02	Non-diversified

An investment in a Fund is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money on investments in the Funds.

The Trustees are responsible generally for overseeing the management of the Funds. The Trustees authorize the Funds to enter into service agreements with the Investment Manager and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Funds. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither a Fund's original or any subsequent prospectus or Statement of Additional Information (SAI), any press release or shareholder report, any contracts filed as exhibits to a Fund's registration statement, nor any other communications, disclosure documents or regulatory filings from or on behalf of a Fund creates a contract between or among any shareholder of a Fund, on the one hand, and the Fund, a service provider to the Fund, and/or the Trustees or officers of the Fund, on the other hand. The Trustees (or the Funds and their officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent or use a new prospectus or SAI with respect to a Fund, adopt and disclose new or amended policies and other changes in press releases and shareholder reports and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may

amend or enter into any contracts to which a Fund is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to any Fund, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement was specifically disclosed in a Fund's prospectus, SAI or shareholder report and is otherwise still in effect.

PIMCO has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 206(4)-6 under the Investment Advisers Act of 1940. The Proxy Policy has been adopted by the Funds as the policies and procedures that PIMCO will use when voting proxies on behalf of the Funds. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of each Fund, and information about how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Funds at (844) 33-PIMCO (844-337-4626), on the Funds' website at www.pimco.com, and on the Securities and Exchange Commission's (SEC) website at <http://www.sec.gov>.

Each Fund files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of its fiscal year on Form N-Q. A copy of each Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C., and is available without charge, upon request by calling the Funds at (844) 33-PIMCO (844-337-4626) and on the Funds' website at www.pimco.com. Updated portfolio holdings information about a Fund will be available at www.pimco.com approximately 15 calendar days after such Fund's most recent fiscal quarter end, and will remain accessible until such Fund files a Form N-Q or a shareholder report for the period which includes the date of the information. Information on the operation of the Public Reference Room may be obtained by

calling 1-800-SEC-0330.

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Allocation Breakdown

California	16.4%
New York	13.0%
Texas	9.7%
New Jersey	7.5%
Illinois	6.2%
Ohio	5.1%
Pennsylvania	5.0%
Other	37.1%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$15.45
NAV	\$13.26
Premium/(Discount) to NAV	16.52%
Market Price Distribution Yield ⁽²⁾	6.31%
NAV Distribution Yield ⁽²⁾	7.35%
Total Effective Leverage ⁽³⁾	38%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/29/01)
Market Price	15.49%	11.88%	6.74%	7.45%
NAV	7.66%	12.77%	6.99%	7.24%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from an April 30 to a December 31 fiscal year end. For the period May 1, 2015 through December 31, 2015, the Fund's total return was 5.27% and 6.03% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in

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the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO Municipal Income Fund's primary investment objective is to seek current income exempt from federal income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the revenue-backed sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the education sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the water & sewer utility sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

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Allocation Breakdown

New York	13.1%
California	12.6%
Texas	11.7%
Arizona	8.3%
Illinois	8.0%
Pennsylvania	6.4%
Ohio	5.5%
Other	34.4%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$12.51
NAV	\$12.39
Premium/(Discount) to NAV	0.97%
Market Price Distribution Yield ⁽²⁾	6.24%
NAV Distribution Yield ⁽²⁾	6.30%
Total Effective Leverage ⁽³⁾	35%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/28/02)
Market Price	12.24%	11.76%	4.47%	5.58%
NAV	7.21%	12.09%	5.28%	5.89%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a May 31 to a December 31 fiscal year end. For the period June 1, 2015 through December 31, 2015, the Fund's total return was 6.56% and 6.24% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in

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the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- ⁽³⁾ Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO Municipal Income Fund II's primary investment objective is to seek current income exempt from federal income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the revenue-backed sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the education sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

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PIMCO Municipal Income Fund III

Symbol on NYSE - **PMX**

Allocation Breakdown

California	16.5%
Texas	10.1%
New York	10.0%
Alabama	9.7%
Ohio	7.0%
Arizona	6.5%
Illinois	5.1%
Other	35.1%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$11.51
NAV	\$11.13
Premium/(Discount) to NAV	3.41%
Market Price Distribution Yield ⁽²⁾	6.50%
NAV Distribution Yield ⁽²⁾	6.72%
Total Effective Leverage ⁽³⁾	37%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (10/31/02)
Market Price	10.97%	9.85%	4.18%	5.26%
NAV	8.35%	12.97%	5.02%	5.60%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a September 30 to a December 31 fiscal year end. For the period October 1, 2015 through December 31, 2015, the Fund's total return was 6.70% and 4.06% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in

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the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- ⁽³⁾ Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO Municipal Income Fund III's primary investment objective is to seek current income exempt from federal income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » Exposure to the transportation sector contributed to performance, as the segment outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the education sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the lease-backed sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the health care sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

10 PIMCO CLOSED-END FUNDS

Table of Contents**PIMCO California Municipal Income Fund**Symbol on NYSE - **PCQ**

Allocation Breakdown

California	95.8%
Short-Term Instruments	2.2%
Illinois	1.5%
Alabama	0.5%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$15.70
NAV	\$14.61
Premium/(Discount) to NAV	7.46%
Market Price Distribution Yield ⁽²⁾	5.89%
NAV Distribution Yield ⁽²⁾	6.32%
Total Effective Leverage ⁽³⁾	40%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/29/01)
Market Price	6.84%	12.14%	6.94%	7.19%
NAV	8.32%	12.54%	7.17%	7.19%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from an April 30 to a December 31 fiscal year end. For the period May 1, 2015 through December 31, 2015, the Fund's total return was 4.60% and 6.48% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character

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will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO California Municipal Income Fund's primary investment objective is to seek current income exempt from federal and California income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the revenue-backed sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the water & sewer utility sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

Table of Contents**PIMCO California Municipal Income Fund II**Symbol on NYSE - **PCK**

Allocation Breakdown

California	95.0%
Short-Term Instruments	2.1%
Illinois	1.9%
New Jersey	0.7%
New York	0.3%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$9.94
NAV	\$8.95
Premium/(Discount) to NAV	11.06%
Market Price Distribution Yield ⁽²⁾	6.49%
NAV Distribution Yield ⁽²⁾	7.21%
Total Effective Leverage ⁽³⁾	40%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/28/02)
Market Price	12.01%	10.71%	3.07%	4.37%
NAV	8.73%	13.99%	3.42%	4.43%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a May 31 to a December 31 fiscal year end. For the period June 1, 2015 through December 31, 2015, the Fund's total return was 6.19% and 7.55% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its

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distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO California Municipal Income Fund II's primary investment objective is to seek current income exempt from federal and California income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the revenue-backed sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the education sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

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Table of Contents**PIMCO California Municipal Income Fund III**Symbol on NYSE - **PZC**

Allocation Breakdown

California	94.8%
Illinois	2.6%
Indiana	1.4%
Short-Term Instruments	1.0%
New Jersey	0.2%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$11.92
NAV	\$10.31
Premium/(Discount) to NAV	15.62%
Market Price Distribution Yield ⁽²⁾	6.04%
NAV Distribution Yield ⁽²⁾	6.98%
Total Effective Leverage ⁽³⁾	40%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (10/31/02)
Market Price	19.19%	13.76%	4.40%	5.34%
NAV	8.77%	12.52%	3.77%	4.67%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a September 30 to a December 31 fiscal year end. For the period October 1, 2015 through December 31, 2015, the Fund's total return was 10.76% and 4.12% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the

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composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO California Municipal Income Fund III's primary investment objective is to seek current income exempt from federal and California income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the revenue-backed sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the lease-backed sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

Table of Contents**PIMCO New York Municipal Income Fund**Symbol on NYSE - **PNF**

Allocation Breakdown

New York	95.1%
Ohio	1.8%
Illinois	1.7%
Short-Term Instruments	1.4%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$11.90
NAV	\$12.10
Premium/(Discount) to NAV	-1.65%
Market Price Distribution Yield ⁽²⁾	5.75%
NAV Distribution Yield ⁽²⁾	5.65%
Total Effective Leverage ⁽³⁾	38%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/29/01)
Market Price	9.71%	9.61%	3.72%	4.74%
NAV	7.06%	10.35%	4.99%	5.23%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from an April 30 to a December 31 fiscal year end. For the period May 1, 2015 through December 31, 2015, the Fund's total return was 7.23% and 5.49% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of

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such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively Total Effective Leverage). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO New York Municipal Income Fund's primary investment objective is to seek current income exempt from federal, New York State and New York City income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the health care sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the water & sewer utility sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

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Table of Contents**PIMCO New York Municipal Income Fund II**Symbol on NYSE - **PNI**

Allocation Breakdown

New York	96.6%
Illinois	1.1%
Ohio	0.6%
Florida	0.5%
Short-Term Instruments	0.1%
Other	1.1%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$12.35
NAV	\$11.41
Premium/(Discount) to NAV	8.24%
Market Price Distribution Yield ⁽²⁾	6.44%
NAV Distribution Yield ⁽²⁾	6.97%
Total Effective Leverage ⁽³⁾	41%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (06/28/02)
Market Price	8.53%	10.86%	4.27%	5.46%
NAV	7.09%	10.54%	4.72%	5.34%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a May 31 to a December 31 fiscal year end. For the period June 1, 2015 through December 31, 2015, the Fund's total return was 4.36% and 5.42% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in

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the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

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Investment Objective and Strategy Overview

- » PIMCO New York Municipal Income Fund II's primary investment objective is to seek current income exempt from federal, New York State and New York City income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the health care sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the water & sewer utility sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the special tax sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.

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PIMCO New York Municipal Income Fund III

Symbol on NYSE - **PYN**

Allocation Breakdown

New York	92.9%
Illinois	2.2%
Short-Term Instruments	2.2%
Ohio	2.1%
U.S. Virgin Islands	0.6%

% of Investments, at value as of 12/31/15. Financial derivative instruments, if any, are excluded.

Fund Information (as of December 31, 2015)⁽¹⁾

Market Price	\$10.27
NAV	\$9.55
Premium/(Discount) to NAV	7.54%
Market Price Distribution Yield ⁽²⁾	6.13%
NAV Distribution Yield ⁽²⁾	6.60%
Total Effective Leverage ⁽³⁾	41%

Average Annual Total Return⁽¹⁾ for the period ended December 31, 2015

	1 Year	5 Year	10 Year	Commencement of Operations (10/31/02)
Market Price	12.24%	10.42%	1.94%	3.65%
NAV	6.67%	10.20%	2.14%	3.45%

All Fund returns are net of fees and expenses.

The average annual total returns shown above have been restated from previous reports to shareholders to align with the Fund's change from a September 30 to a December 31 fiscal year end. For the period October 1, 2015 through December 31, 2015, the Fund's total return was 5.75% and 3.09% on a market price and NAV basis, respectively.

⁽¹⁾ Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Total return, market price, NAV, market price distribution yield, and NAV distribution yield will fluctuate with changes in market conditions. For performance current to the most recent month-end, visit www.pimco.com or call (844) 33-PIMCO.

⁽²⁾ Distribution yields are not performance and are calculated by annualizing the most recent distribution per share and dividing by the NAV or Market Price, as applicable, as of the reported date. Distributions may be comprised of ordinary income, net capital gains, and/or a return of capital (ROC) of your investment in the Fund. Because the distribution rate may include a ROC, it should not be confused with yield or income. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. Please refer to the most recent Section 19 Notice, if applicable, for additional information regarding the

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composition of distributions. Please visit www.pimco.com for most recent Section 19 Notice, if applicable. Final determination of a distribution's tax character will be made on Form 1099 DIV sent to shareholders each January.

- (3) Represents total effective leverage outstanding, as a percentage of total managed assets. Total effective leverage consists of preferred shares, reverse repurchase agreements and other borrowings, credit default swap notional and floating rate notes issued in tender option bond transactions, as applicable (collectively "Total Effective Leverage"). The Fund may engage in other transactions not included in Total Effective Leverage disclosed above that may give rise to a form of leverage, including certain derivative transactions. For the purpose of calculating Total Effective Leverage outstanding as a percentage of total managed assets, total managed assets refer to total assets (including assets attributable to Total Effective Leverage that may be outstanding) minus accrued liabilities (other than liabilities representing Total Effective Leverage).

Investment Objective and Strategy Overview

- » PIMCO New York Municipal Income Fund III's primary investment objective is to seek current income exempt from federal, New York State and New York City income tax.

Fund Insights

- » Long duration contributed to performance, as municipal yields declined in the intermediate and long portions of the curve during the reporting period.
- » An overweight to the industrial revenue sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An overweight to the tobacco sector contributed to performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the water & sewer utility sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » An underweight to the transportation sector detracted from performance, as the sector outperformed the general municipal bond market during the reporting period.
- » Select exposure to the electric utility sector detracted from performance during the reporting period.

16 PIMCO CLOSED-END FUNDS

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Financial Highlights

	Investment Operations						Less Distributions to Common Shareholders			
	Net Asset Value Beginning of Year or Period	Net Investment Income (a)	Unrealized Gain (Loss)	Distributions on Preferred Shares from Net Investment Income (b)	Distributions on Preferred Shares from Realized Gains (Loss) (b)	Total	From Net Investment Income (b)	From Net Realized Capital Gain (Loss)	Tax Basis Return of Capital (b)	Total
PIMCO Municipal Income Fund										
05/01/2015 - 12/31/2015 ^(f)	\$ 13.15	\$ 0.65	\$ 0.12	\$ (0.01)	\$ 0.00	\$ 0.76	\$ (0.65)	\$ 0.00	\$ 0.00	\$ (0.65) ⁽ⁱ⁾
04/30/2015	12.57	0.93	0.64	(0.01)	0.00	1.56	(0.98)	0.00	0.00	(0.98)
04/30/2014	13.75	0.94	(1.13)	(0.01)	0.00	(0.20)	(0.98)	0.00	0.00	(0.98)
04/30/2013	12.93	0.95	0.87	(0.02)	0.00	1.80	(0.98)	0.00	0.00	(0.98)
04/30/2012	10.72	1.01	2.20	(0.02)	0.00	3.19	(0.98)	0.00	0.00	(0.98)
04/30/2011	11.76	1.07	(1.10)	(0.03)	0.00	(0.06)	(0.98)	0.00	0.00	(0.98)
PIMCO Municipal Income Fund II										
06/01/2015 - 12/31/2015 ^(g)	\$ 12.11	\$ 0.47	\$ 0.28	\$ (0.01)	\$ 0.00	\$ 0.74	\$ (0.46)	\$ 0.00	\$ 0.00	\$ (0.46) ⁽ⁱ⁾
05/31/2015	11.94	0.81	0.15	(0.01)	0.00	0.95	(0.78)	0.00	0.00	(0.78)
05/31/2014	12.17	0.81	(0.25)	(0.01)	0.00	0.55	(0.78)	0.00	0.00	(0.78)
05/31/2013	11.91	0.82	0.23	(0.01)	0.00	1.04	(0.78)	0.00	0.00	(0.78)
05/31/2012	10.12	0.88	1.70	(0.01)	0.00	2.57	(0.78)	0.00	0.00	(0.78)
05/31/2011	10.77	0.91	(0.75)	(0.03)	0.00	0.13	(0.78)	0.00	0.00	(0.78)
PIMCO Municipal Income Fund III										
10/01/2015 - 12/31/2015 ^(h)	\$ 10.88	\$ 0.20	\$ 0.24	\$ (0.00) [^]	\$ 0.00	\$ 0.44	\$ (0.19)	\$ 0.00	\$ 0.00	\$ (0.19) ⁽ⁱ⁾
09/30/2015	10.78	0.78	0.08	(0.01)	0.00	0.85	(0.75)	0.00	0.00	(0.75)
09/30/2014	9.58	0.75	1.25	(0.01)	0.00	1.99	(0.79)	0.00	0.00	(0.79)
09/30/2013	11.02	0.75	(1.34)	(0.01)	0.00	(0.60)	(0.84)	0.00	0.00	(0.84)
09/30/2012	9.69	0.83	1.35	(0.01)	0.00	2.17	(0.84)	0.00	0.00	(0.84)
09/30/2011	10.29	0.87	(0.61)	(0.02)	0.00	0.24	(0.84)	0.00	0.00	(0.84)
PIMCO California Municipal Income Fund										
05/01/2015 - 12/31/2015 ^(f)	\$ 14.33	\$ 0.65	\$ 0.26	\$ (0.01)	\$ 0.00	\$ 0.90	\$ (0.62)	\$ 0.00	\$ 0.00	\$ (0.62) ⁽ⁱ⁾
04/30/2015	13.77	0.95	0.54	(0.01)	0.00	1.48	(0.92)	0.00	0.00	(0.92)
04/30/2014	14.71	0.99	(1.00)	(0.01)	0.00	(0.02)	(0.92)	0.00	0.00	(0.92)
04/30/2013	13.75	1.02	0.88	(0.02)	0.00	1.88	(0.92)	0.00	0.00	(0.92)
04/30/2012	11.32	1.08	2.29	(0.02)	0.00	3.35	(0.92)	0.00	0.00	(0.92)
04/30/2011	12.84	1.12	(1.69)	(0.03)	0.00	(0.60)	(0.92)	0.00	0.00	(0.92)
PIMCO California Municipal Income Fund II										
06/01/2015 - 12/31/2015 ^(g)	\$ 8.69	\$ 0.38	\$ 0.27	\$ (0.01)	\$ 0.00	\$ 0.64	\$ (0.38)	\$ 0.00	\$ 0.00	\$ (0.38) ⁽ⁱ⁾
05/31/2015	8.61	0.66	0.08	(0.01)	0.00	0.73	(0.65)	0.00	0.00	(0.65)
05/31/2014	8.93	0.68	(0.26)	(0.01)	0.00	0.41	(0.66)	0.00	(0.07)	(0.73)
05/31/2013	8.65	0.69	0.35	(0.01)	0.00	1.03	(0.68)	0.00	(0.07)	(0.75)
05/31/2012	7.38	0.71	1.32	(0.01)	0.00	2.02	(0.70)	0.00	(0.05)	(0.75)
05/31/2011	8.11	0.74	(0.70)	(0.02)	0.00	0.02	(0.75)	0.00	0.00	(0.75)
PIMCO California Municipal Income Fund III										
10/01/2015 - 12/31/2015 ^(h)	\$ 10.08	\$ 0.17	\$ 0.24	\$ (0.00) [^]	\$ 0.00	\$ 0.41	\$ (0.18)	\$ 0.00	\$ 0.00	\$ (0.18) ⁽ⁱ⁾
09/30/2015	10.02	0.68	0.11	(0.01)	0.00	0.78	(0.72)	0.00	0.00	(0.72)
09/30/2014	9.09	0.69	0.97	(0.01)	0.00	1.65	(0.72)	0.00	0.00	(0.72)
09/30/2013	10.23	0.79	(1.20)	(0.01)	0.00	(0.42)	(0.72)	0.00	0.00	(0.72)
09/30/2012	9.08	0.81	1.07	(0.01)	0.00	1.87	(0.72)	0.00	0.00	(0.72)
09/30/2011	9.65	0.77	(0.60)	(0.02)	0.00	0.15	(0.72)	0.00	0.00	(0.72)

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Common Share			Ratios/Supplemental Data Ratios to Average Net Assets							
Net Asset Value	End of Market Price	Total Investment Return	Net Assets Applicable to Common Shareholders	Expenses Excluding Waivers	Expenses Excluding Interest	Expenses Excluding Interest Expense and Waivers	Net Investment Income	Preferred Shares Asset Coverage Per Share	Portfolio Turnover Rate	
Year or Period	End of Year or Period	(c)	(000s)	(d)(e)	(d)(e)	(d)	(d)			
\$ 13.26	\$ 15.45	5.27%	\$ 338,342	1.22%*	1.22%*	1.21%*	1.21%*	7.42%*	\$ 69,516	15%
13.15	15.38	21.47	334,775	1.25	1.25	1.22	1.22	7.12	69,049	9
12.57	13.58	(8.45)	319,155	1.30	1.30	1.27	1.27	7.74	66,993	15
13.75	16.05	11.96	348,162	1.22	1.23	1.19	1.20	6.99	70,809	9
12.93	15.28	27.20	326,741	1.28	1.35	1.22	1.29	8.42	67,990	18
10.72	12.92	1.54	269,916	1.44	1.44	1.34	1.34	9.43	60,514	15
\$ 12.39	\$ 12.51	6.56%	\$ 760,212	1.11%*	1.11%*	1.10%*	1.10%*	6.57%*	\$ 76,782	10%
12.11	12.19	6.15	742,133	1.16	1.16	1.11	1.11	6.65	75,553	10
11.94	12.25	7.76	730,088	1.21	1.21	1.16	1.16	7.22	74,733	16
12.17	12.19	3.41	741,368	1.16	1.17	1.11	1.12	6.74	75,501	16
11.91	12.54	28.70	722,161	1.19	1.26	1.11	1.18	8.04	74,192	26
10.12	10.45	1.30	610,800	1.37	1.37	1.24	1.24	8.80	66,606	21
\$ 11.13	\$ 11.51	6.70%	\$ 363,832	1.19%*	1.19%*	1.17%*	1.17%*	7.09%*	\$ 73,123	2%
10.88	10.97	9.65	355,368	1.23	1.23	1.17	1.17	7.14	72,006	5
10.78	10.71	10.69	351,139	1.29	1.29	1.23	1.23	7.47	71,447	15
9.58	10.45	(15.39)	311,231	1.27	1.27	1.20	1.20	7.04	66,168	20
11.02	13.31	33.20	357,139	1.27	1.33	1.17	1.23	8.00	72,239	25
9.69	10.75	2.01	313,021	1.44	1.46	1.28	1.30	9.39	66,404	14
\$ 14.61	\$ 15.70	4.60%	\$ 272,345	1.24%*	1.24%*	1.21%*	1.21%*	6.76%*	\$ 70,388	13%
14.33	15.66	16.08	266,838	1.32	1.32	1.22	1.22	6.67	69,473	11
13.77	14.38	0.61	255,751	1.36	1.36	1.27	1.27	7.55	67,624	21
14.71	15.33	9.96	272,398	1.30	1.31	1.21	1.22	7.17	70,398	12
13.75	14.83	32.94	253,870	1.36	1.43	1.25	1.32	8.63	67,310	9
11.32	11.99	(2.79)	208,147	1.48	1.48	1.34	1.34	9.21	59,689	19
\$ 8.95	\$ 9.94	6.19%	\$ 285,097	1.25%*	1.25%*	1.23%*	1.23%*	7.42%*	\$ 68,724	10%
8.69	9.75	9.85	276,525	1.32	1.32	1.21	1.21	7.48	67,411	12
8.61	9.52	(1.76)	273,289	1.41	1.41	1.30	1.30	8.51	66,915	14
8.93	10.51	11.41	282,181	1.34	1.35	1.23	1.24	7.65	68,279	13
8.65	10.15	19.59	272,570	1.44	1.52	1.24	1.32	8.99	66,804	25
7.38	9.21	7.53	231,486	1.55	1.55	1.37	1.37	9.73	60,503	15
\$ 10.31	\$ 11.92	10.76%	\$ 228,221	1.25%*	1.25%*	1.21%*	1.21%*	6.44%*	\$ 70,641	2%
10.08	10.94	12.80	223,030	1.30	1.30	1.21	1.21	6.68	69,605	24
10.02	10.40	19.73	221,415	1.37	1.37	1.26	1.26	7.29	69,282	11
9.09	9.36	(13.98)	200,245	1.35	1.35	1.25	1.25	7.93	65,409	25
10.23	11.68	31.62	224,596	1.34	1.40	1.20	1.26	8.40	69,918	10
9.08	9.53	(0.47)	198,748	1.48	1.50	1.32	1.34	9.01	64,749	11

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Financial Highlights (Cont.)

	Investment Operations							Less Distributions to Common Shareholders			
	Net Asset Value Beginning of Year or Period	Net Investment Income (a)	Net Realized/Unrealized Gain (Loss)	Distributions on Preferred Shares		Total	From Net Investment Income (b)	From Net Realized Capital Gain (Loss) (b)	Tax Basis Return of Capital (b)	Total	
				from Net Investment Income (b)	on Preferred Shares from Realized Gains (Loss) (b)						
PIMCO New York Municipal Income Fund											
05/01/2015 - 12/31/2015 ^(f)	\$ 11.92	\$ 0.47	\$ 0.18	\$ (0.01)	\$ 0.00	\$ 0.64	\$ (0.46)	\$ 0.00	\$ 0.00	\$ (0.46) ⁽ⁱ⁾	
04/30/2015	11.20	0.68	0.73	(0.01)	0.00	1.40	(0.68)	0.00	0.00	(0.68)	
04/30/2014	12.04	0.67	(0.82)	(0.01)	0.00	(0.16)	(0.68)	0.00	0.00	(0.68)	
04/30/2013	11.38	0.70	0.66	(0.02)	0.00	1.34	(0.68)	0.00	0.00	(0.68)	
04/30/2012	9.92	0.74	1.41	(0.01)	0.00	2.14	(0.68)	0.00	0.00	(0.68)	
04/30/2011	10.67	0.80	(0.84)	(0.03)	0.00	(0.07)	(0.68)	0.00	0.00	(0.68)	
PIMCO New York Municipal Income Fund II											
06/01/2015 - 12/31/2015 ^(g)	\$ 11.28	\$ 0.43	\$ 0.17	\$ (0.01)	\$ 0.00	\$ 0.59	\$ (0.46)	\$ 0.00	\$ 0.00	\$ (0.46) ⁽ⁱ⁾	
05/31/2015	10.98	0.75	0.36	(0.01)	0.00	1.10	(0.80)	0.00	0.00	(0.80)	
05/31/2014	11.32	0.75	(0.28)	(0.01)	0.00	0.46	(0.80)	0.00	0.00	(0.80)	
05/31/2013	11.37	0.79	(0.02)	(0.02)	0.00	0.75	(0.80)	0.00	0.00	(0.80)	
05/31/2012	10.10	0.85	1.24	(0.02)	0.00	2.07	(0.80)	0.00	0.00	(0.80)	
05/31/2011	10.90	0.88	(0.85)	(0.03)	0.00	0.00	(0.80)	0.00	0.00	(0.80)	
PIMCO New York Municipal Income Fund III											
10/01/2015 - 12/31/2015 ^(h)	\$ 9.42	\$ 0.14	\$ 0.15	\$ (0.00) [^]	\$ 0.00	\$ 0.29	\$ (0.16)	\$ 0.00	\$ 0.00	\$ (0.16) ⁽ⁱ⁾	
09/30/2015	9.43	0.57	0.06	(0.01)	0.00	0.62	(0.63)	0.00	0.00	(0.63)	
09/30/2014	8.51	0.56	1.00	(0.01)	0.00	1.55	(0.63)	0.00	0.00	(0.63)	
09/30/2013	9.65	0.62	(1.12)	(0.01)	0.00	(0.51)	(0.63)	0.00	0.00	(0.63)	
09/30/2012	8.82	0.77	0.70	(0.01)	0.00	1.46	(0.63)	0.00	0.00	(0.63)	
09/30/2011	9.38	0.69	(0.60)	(0.02)	0.00	0.07	(0.63)	0.00	0.00	(0.63)	

* Annualized

[^] Reflects an amount rounding to less than one cent.

(a) Per share amounts based on average number of common shares outstanding during the year.

(b) Determined in accordance with federal income tax regulations, see Note 2(b) in the Notes to Financial Statements for more information.

(c) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year or period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Funds' dividend reinvestment plan. Total investment return does not reflect brokerage commissions in connection with the purchase or sale of Fund shares.

(d) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.

(e) Interest expense primarily relates to participation in borrowing and financing transactions. See Note 5 in the Notes to Financial Statements for more information.

(f) Fiscal year end changed from April 30th to December 31st.

(g) Fiscal year end changed from May 31st to December 31st.

(h) Fiscal year end changed from September 30th to December 31st.

(i) Total distributions for the period ended December 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended December 31, 2015.

20 PIMCO CLOSED-END FUNDS

See Accompanying Notes

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Common Share			Ratios/Supplemental Data Ratios to Average Net Assets							
Net Asset Value End of Year or Period	Market Price End of Year or Period	Total Investment Return (c)	Net Assets Applicable to Common Shareholders (000s)	Expenses Excluding Waivers (d)(e)	Expenses Excluding Interest Expense (d)	Expenses Excluding Interest Expense and Waivers (d)	Net Investment Income (d)	Preferred Shares Asset Coverage Per Share	Portfolio Turnover Rate	
\$ 12.10	\$ 11.90	7.23%	\$ 93,205	1.27%*	1.27%*	1.26%*	1.26%*	5.82%*	\$ 74,574	5%
11.92	11.54	7.72	91,832	1.39	1.39	1.31	1.31	5.78	73,847	1
11.20	11.36	(3.21)	86,211	1.46	1.46	1.40	1.40	6.28	70,857	10
12.04	12.52	12.96	92,509	1.36	1.37	1.30	1.31	5.89	74,203	16
11.38	11.73	26.36	87,126	1.37	1.44	1.31	1.38	7.00	71,341	21
9.92	9.89	(5.57)	75,728	1.51	1.51	1.42	1.42	7.70	65,279	29
\$ 11.41	\$ 12.35	4.36%	\$ 126,085	1.35%*	1.35%*	1.33%*	1.33%*	6.48%*	\$ 64,898	7%
11.28	12.32	9.89	124,424	1.40	1.40	1.33	1.33	6.65	64,373	7
10.98	12.01	7.83	120,520	1.51	1.51	1.45	1.45	7.30	63,139	5
11.32	12.01	4.14	123,685	1.42	1.43	1.33	1.34	6.78	64,140	25
11.37	12.29	20.97	123,667	1.45	1.53	1.36	1.44	7.86	64,135	18
10.10	10.92	3.03	109,256	1.55	1.55	1.44	1.44	8.46	59,574	7
\$ 9.55	\$ 10.27	5.75%	\$ 54,247	1.55%*	1.55%*	1.53%*	1.53%*	5.87%*	\$ 67,378	0%
9.42	9.87	11.09	53,548	1.55	1.55	1.49	1.49	6.04	66,764	13
9.43	9.49	9.47	53,369	1.66	1.66	1.60	1.60	6.31	66,695	24
8.51	9.30	(6.83)	48,007	1.65	1.65	1.56	1.56	6.72	62,505	17
9.65	10.66	26.56	54,327	1.64	1.70	1.50	1.56	8.42	67,441	16
8.82	9.00	(1.27)	49,490	1.73	1.75	1.58	1.60	8.07	63,663	9

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	PIMCO Municipal Income Fund	PIMCO Municipal Income Fund II	PIMCO Municipal Income Fund III	PIMCO California Municipal Income Fund
(Amounts in thousands, except per share amounts)				
Assets:				
<i>Investments, at value</i>				
Investments in securities*	\$ 535,812	\$ 1,171,372	\$ 583,271	\$ 445,977
Cash	379	388	549	431
Receivable for investments sold	115	9,614	0	0
Interest receivable	7,585	13,897	6,872	6,323
Other assets	108	39	17	34
Total Assets	543,999	1,195,310	590,709	452,765
Liabilities:				
<i>Borrowings & Other Financing Transactions</i>				
Payable for tender option bond floating rate certificates	\$ 13,081	\$ 38,737	\$ 26,133	\$ 28,493
Payable for investments purchased	0	24,354	9,157	0
Distributions payable to common shareholders	2,073	3,987	2,036	1,435
Distributions payable to preferred shareholders	13	25	13	10
Accrued management fees	346	715	362	276
Other liabilities	144	280	176	206
Total Liabilities	15,657	68,098	37,877	30,420
Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 7,600, 14,680, 7,560, 6,000, 6,520, 5,000, 1,880, 3,160, and 1,280 shares issued and outstanding, respectively)	190,000	367,000	189,000	150,000
Net Assets Applicable to Common Shareholders	\$ 338,342	\$ 760,212	\$ 363,832	\$ 272,345
Composition of Net Assets Applicable to Common Shareholders:				
Common Shares:				
Par value (\$0.00001 per share)	\$ 0	\$ 1	\$ 0	\$ 0
Paid in capital in excess of par	330,050	803,270	433,992	244,135
Undistributed (overdistributed) net investment income	1,820	26,143	204	13,406
Accumulated undistributed net realized (loss)	(55,047)	(184,622)	(138,351)	(33,773)
Net unrealized appreciation	61,519	115,420	67,987	48,577
	\$ 338,342	\$ 760,212	\$ 363,832	\$ 272,345
Common Shares Issued and Outstanding	25,518	61,338	32,679	18,646
Net Asset Value Per Common Share	\$ 13.26	\$ 12.39	\$ 11.13	\$ 14.61
Cost of Investments in securities	\$ 474,305	\$ 1,055,940	\$ 515,285	\$ 397,402
* Includes repurchase agreements of:	\$ 0	\$ 0	\$ 7,800	\$ 0

A zero balance may reflect actual amounts rounding to less than one thousand.

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PIMCO California Municipal Income Fund II	PIMCO California Municipal Income Fund III	PIMCO New York Municipal Income Fund	PIMCO New York Municipal Income Fund II	PIMCO New York Municipal Income Fund III
\$ 471,413	\$ 377,855	\$ 146,812	\$ 211,304	\$ 90,014
593	201	507	325	527
0	0	0	0	0
6,362	5,190	2,073	2,817	1,048
45	3	1,937	30	0
478,413	383,249	151,329	214,476	91,589
\$ 28,155	\$ 28,290	\$ 10,494	\$ 8,195	\$ 4,932
0	0	0	0	0
1,712	1,328	439	732	298
11	9	3	5	2
293	234	100	140	69
145	167	88	319	41
30,316	30,028	11,124	9,391	5,342
163,000	125,000	47,000	79,000	32,000
\$ 285,097	\$ 228,221	\$ 93,205	\$ 126,085	\$ 54,247
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
403,321	289,745	97,463	148,022	75,507
(1,269)	4,863	2,241	112	912
(176,331)	(105,929)	(20,397)	(42,205)	(30,408)
59,376	39,542	13,898	20,156	8,236
\$ 285,097	\$ 228,221	\$ 93,205	\$ 126,085	\$ 54,247
31,853	22,144	7,705	11,052	5,682
\$ 8.95	\$ 10.31	\$ 12.10	\$ 11.41	\$ 9.55
\$ 412,037	\$ 338,315	\$ 133,136	\$ 191,117	\$ 81,778
\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0

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	PIMCO Municipal Income Fund		PIMCO Municipal Income Fund II		PIMCO Municipal Income Fund III	
	Period from May 1, 2015 to December 31, 2015	Year Ended April 30, 2015	Period from June 1, 2015 to December 31, 2015	Year Ended May 31, 2015	Period from October 1, 2015 to December 31, 2015 ^(c)	Year Ended September 30, 2015
	(a)		(b)			
(Amounts in thousands)						
Investment Income:						
Interest	\$ 19,416	\$ 27,881	\$ 33,969	\$ 58,095	\$ 7,742	\$ 29,850
Total Income	19,416	27,881	33,969	58,095	7,742	29,850
Expenses:						
Management fees	2,486	3,589	4,507	7,518	1,003	3,843
Auction agent fees and commissions	204	322	329	567	73	285
Trustee fees and related expenses	24	33	57	68	10	42
Interest expense	28	101	61	380	21	200
Auction rate preferred shares related expenses	9	20	7	13	8	11
Operating expenses pre-transition ^(d)						
Custodian and accounting agent	0	42	0	39	0	0
Audit and tax services	0	22	0	13	0	0
Shareholder communications	0	12	0	13	0	0
New York Stock Exchange listing	0	13	0	16	0	0
Transfer agent	0	10	0	7	0	0
Legal	0	4	0	5	0	0
Insurance	0	3	0	6	0	0
Other expenses	0	1	0	0	0	0
Total Expenses	2,751	4,172	4,961	8,645	1,115	4,381
Net Investment Income	16,665	23,709	29,008	49,450	6,627	25,469
Net Realized Gain (Loss):						
Investments in securities	161	(1,080)	410	1,136	612	1,031
Net Realized Gain (Loss)	161	(1,080)	410	1,136	612	1,031
Net Change in Unrealized Appreciation (Depreciation):						
Investments in securities	2,788	17,051	16,059	8,054	7,195	1,472
Net Change in Unrealized Appreciation (Depreciation)	2,788	17,051	16,059	8,054	7,195	1,472
Net Increase in Net Assets Resulting from Operations	\$ 19,614	\$ 39,680	\$ 45,477	\$ 58,640	\$ 14,434	\$ 27,972
Distributions on Preferred Shares from Net Investment Income	(222)	(211)	(368)	(420)	(98)	(242)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations	\$ 19,392	\$ 39,469	\$ 45,109	\$ 58,220	\$ 14,336	\$ 27,730

A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Fiscal year end changed from April 30th to December 31st.

(b) Fiscal year end changed from May 31st to December 31st.

(c) Fiscal year end changed from September 30th to December 31st.

(d) These expenses were incurred by the Fund prior to the close of business on September 5, 2014. Subsequent to the close of business on September 5, 2014, any such operating expenses are borne by PIMCO.

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PIMCO California Municipal Income Fund		PIMCO California Municipal Income Fund II		PIMCO California Municipal Income Fund III	
Period from May 1, 2015 to	Year Ended April 30, 2015	Period from June 1, 2015 to December 31, 2015 (b)	Year Ended May 31, 2015	Period from October 1, 2015 to December 31, 2015 (c)	Year Ended September 30, 2015
December 31, 2015 (a)					
\$ 14,380	\$ 21,169	\$ 14,275	\$ 24,531	\$ 4,497	\$ 17,854
14,380	21,169	14,275	24,531	4,497	17,854
1,981	2,846	1,840	3,053	649	2,492
159	250	146	261	49	190
23	26	22	27	7	24
51	259	32	305	22	203
9	20	9	13	8	11
0	32	0	21	0	0
0	21	0	11	0	0
0	7	0	6	0	0
0	13	0	8	0	0
0	10	0	6	0	0
0	5	0	1	0	0
0	2	0	3	0	0
0	0	0	0	0	0
2,223	3,491	2,049	3,715	735	2,920
12,157	17,678	12,226	20,816	3,762	14,934
593	455	122	6,746	(107)	4,105
593	455	122	6,746	(107)	4,105
3,978	9,666	7,982	(4,455)	5,478	(1,806)
3,978	9,666	7,982	(4,455)	5,478	(1,806)
\$ 16,728	\$ 27,799	\$ 20,330	\$ 23,107	\$ 9,133	\$ 17,233
(174)	(165)	(164)	(188)	(66)	(160)
\$ 16,554	\$ 27,634	\$ 20,166	\$ 22,919	\$ 9,067	\$ 17,073

Table of Contents**Statements of Operations (Cont.)**

	PIMCO New York Municipal Income Fund		PIMCO New York Municipal Income Fund II		PIMCO New York Municipal Income Fund III	
	Period from May 1, 2015 to December 31, 2015 ^(a)	Year Ended April 30, 2015	Period from June 1, 2015 to December 31, 2015 ^(b)	Year Ended May 31, 2015	Period from October 1, 2015 to December 31, 2015 ^(c)	Year Ended September 30, 2015
(Amounts in thousands)						
Investment Income:						
Interest	\$ 4,414	\$ 6,507	\$ 5,776	\$ 9,972	\$ 1,035	\$ 4,082
Total Income	4,414	6,507	5,776	9,972	1,035	4,082
Expenses:						
Management fees	723	1,005	886	1,449	191	737
Auction agent fees and commissions	50	83	71	129	12	48
Trustee fees and related expenses	8	9	11	13	2	8
Interest expense	5	70	18	83	3	32
Auction rate preferred shares related expenses	9	20	7	13	8	11
Operating expenses pre-transition ^(d)						
Custodian and accounting agent	0	20	0	16	0	0
Audit and tax services	0	21	0	10	0	0
Shareholder communications	0	6	0	4	0	0
New York Stock Exchange listing	0	13	0	7	0	0
Transfer agent	0	10	0	7	0	0
Legal	0	2	0	1	0	0
Insurance	0	1	0	2	0	0
Other expenses	0	0	0	0	0	0
Total Expenses	795	1,260	993	1,734	216	836
Net Investment Income	3,619	5,247	4,783	8,238	819	3,246
Net Realized Gain (Loss):						
Investments in securities	296	0	244	(515)	0	106
Net Realized Gain (Loss)	296	0	244	(515)	0	106
Net Change in Unrealized Appreciation:						
Investments in securities	1,026	5,582	1,538	4,505	837	158
Net Change in Unrealized Appreciation:	1,026	5,582	1,538	4,505	837	158
Net Increase in Net Assets Resulting from Operations	\$ 4,941	\$ 10,829	\$ 6,565	\$ 12,228	\$ 1,656	\$ 3,510
Distributions on Preferred Shares from Net Investment Income	(54)	(54)	(79)	(90)	(16)	(41)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations	\$ 4,887	\$ 10,775	\$ 6,486	\$ 12,138	\$ 1,640	\$ 3,469

A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Fiscal year end changed from April 30th to December 31st.

(b) Fiscal year end changed from May 31st to December 31st.

(c) Fiscal year end changed from September 30th to December 31st.

(d) These expenses were incurred by the Fund prior to the close of business on September 5, 2014. Subsequent to the close of business on September 5, 2014, any such operating expenses are borne by PIMCO.

Table of Contents**Statements of Changes in Net Assets**

	PIMCO Municipal Income Fund			PIMCO Municipal Income Fund II		
	Period from May 1, 2015 to December 31, 2015 ^(a)	Year Ended April 30, 2015	Year Ended April 30, 2014	Period from June 1, 2015 to December 31, 2015 ^(b)	Year Ended May 31, 2015	Year Ended May 31, 2014
(Amounts in thousands)						
Increase (Decrease) in Net Assets from:						
Operations:						
Net investment income	\$ 16,665	\$ 23,709	\$ 23,714	\$ 29,008	\$ 49,450	\$ 49,179
Net realized gain (loss)	161	(1,080)	(1,950)	410	1,136	(3,169)
Net change in unrealized appreciation (depreciation)	2,788	17,051	(26,690)	16,059	8,054	(11,994)
Net increase (decrease) in net assets resulting from operations	19,614	39,680	(4,926)	45,477	58,640	34,016
Distributions on preferred shares from net investment income ^(c)	(222)	(211)	(246)	(368)	(420)	(426)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	19,392	39,469	(5,172)	45,109	58,220	33,590
Distributions to Common Shareholders:						
From net investment income ^(c)	(16,571) ^(d)	(24,797)	(24,727)	(27,892) ^(d)	(47,740)	(47,596)
Total Distributions to Common Shareholders	(16,571)	(24,797)	(24,727)	(27,892)	(47,740)	(47,596)
Common Share Transactions**:						
Issued as reinvestment of distributions	746	948	892	862	1,565	2,726
Total Increase (Decrease) in Net Assets	3,567	15,620	(29,007)	18,079	12,045	(11,280)
Net Assets Applicable to Common Shareholders:						
Beginning of year	334,775	319,155	348,162	742,133	730,088	741,368
End of year*	\$ 338,342	\$ 334,775	\$ 319,155	\$ 760,212	\$ 742,133	\$ 730,088
* Including undistributed net investment income of:	\$ 1,820	\$ 1,979	\$ 3,318	\$ 26,143	\$ 25,414	\$ 24,160
** Common Share Transactions:						
Shares issued as reinvestment of distributions	54	68	72	70	128	243

A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Fiscal year end changed from April 30th to December 31st.

(b) Fiscal year end changed from May 31st to December 31st.

(c) Determined in accordance with federal income tax regulations, see Note 2(b) in the Notes to Financial Statements for more information.

(d) Total distributions for the period ended December 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended December 31, 2015.

Table of Contents**Statements of Changes in Net Assets (Cont.)**

	PIMCO Municipal Income Fund III			PIMCO California Municipal Income Fund		
	Period from October 1, 2015 to December 31, 2015 ^(a)	Year Ended September 30, 2015	Year Ended September 30, 2014	Period from May 1, 2015 to December 31, 2015 ^(b)	Year Ended April 30, 2015	Year Ended April 30, 2014
(Amounts in thousands)						
Increase (Decrease) in Net Assets from:						
Operations:						
Net investment income	\$ 6,627	\$ 25,469	\$ 24,526	\$ 12,157	\$ 17,678	\$ 18,445
Net realized gain (loss)	612	1,031	(2,929)	593	455	2,328
Net change in unrealized appreciation (depreciation)	7,195	1,472	43,465	3,978	9,666	(20,810)
Net increase (decrease) in net assets resulting from operations	14,434	27,972	65,062	16,728	27,799	(37)
Distributions on preferred shares from net investment income ^(d)	(98)	(242)	(212)	(174)	(165)	(196)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	14,336	27,730	64,850	16,554	27,634	(233)
Distributions to Common Shareholders:						
From net investment income ^(d)	(6,106) ^(e)	(24,386)	(25,829)	(11,478) ^(e)	(17,183)	(17,139)
Tax basis return of capital ^(d)	0	0	0	0	0	0
Total Distributions to Common Shareholders	(6,106)	(24,386)	(25,829)	(11,478)	(17,183)	(17,139)
Common Share Transactions**:						
Issued as reinvestment of distributions	234	885	887	431	636	725
Total Increase (Decrease) in Net Assets	8,464	4,229	39,908	5,507	11,087	(16,647)
Net Assets Applicable to Common Shareholders:						
Beginning of year	355,368	351,139	311,231	266,838	255,751	272,398
End of year*	\$ 363,832	\$ 355,368	\$ 351,139	\$ 272,345	\$ 266,838	\$ 255,751
* Including undistributed (overdistributed) net investment income of:	\$ 204	\$ (201)	\$ (945)	\$ 13,406	\$ 12,917	\$ 12,610
** Common Share Transactions:						
Shares issued as reinvestment of distributions	21	81	87	29	45	55

A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Fiscal year end changed from September 30th to December 31st.

(b) Fiscal year end changed from April 30th to December 31st.

(c) Fiscal year end changed from May 31st to December 31st.

(d) Determined in accordance with federal income tax regulations, see Note 2(b) in the Notes to Financial Statements for more information.

(e) Total distributions for the period ended December 31, 2015 may be lower than prior fiscal years due to fiscal year end changes resulting in a reduction of the amount of days in the period ended December 31, 2015.

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PIMCO California Municipal Income Fund II		PIMCO California Municipal Income Fund III			PIMCO New York Municipal Income Fund			
Period from June 1, 2015 to December 31, 2015 ^(c)	Year Ended May 31, 2015	Year Ended May 31, 2014	Period from October 1, 2015 to September 30, 2015	Year Ended September 30, 2015	Year Ended September 30, 2014	Period from May 1, 2015 to April 30, 2015	Year Ended April 30, 2015	Year Ended April 30, 2014
December 31, 2015 ^(a)				December 31, 2015 ^(b)				
\$ 12,226	\$ 20,816	\$ 21,384	\$ 3,762	\$ 14,934	\$ 15,281	\$ 3,619	\$ 5,247	\$ 5,170
122	6,746	(3,108)	(107)	4,105	(1,900)	296	0	21
7,982	(4,455)	(4,794)	5,478	(1,806)	23,299	1,026	5,582	(6,288)
20,330	23,107							