

PIMCO NEW YORK MUNICIPAL INCOME FUND III  
Form N-CSR  
June 04, 2004

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 811-21189

PIMCO New York Municipal Income Fund III

-----  
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105

-----  
(Address of principal executive offices) (Zip code)

Larry A. Shlissel - 1345 Avenue of the Americas, New York, New York 10105

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(Name and address of agent for service)

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

Date of fiscal year end: September 30

Date of reporting period: March 31

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. ss. 3507.

ITEM 1. Report to Shareholder

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Semi-Annual Report  
3.31.04

PIMCO Municipal Income Fund III  
PIMCO California Municipal Income Fund III  
PIMCO New York Municipal Income Fund III  
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PIMCO MUNICIPAL INCOME FUNDS III LETTER TO SHAREHOLDERS

May 14, 2004

Dear Shareholder:

We are pleased to provide you with the semi-annual report for PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III ("PIMCO Municipal Income Funds III" or the "Funds") for the six months ended March 31, 2004.

Please refer to the following pages for specific information for each of the PIMCO Municipal Income III Funds. If you have any questions regarding the

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information provided, please contact your financial advisor or call our shareholder services area at 1-800-331-1710. Please note that a wide range of information and resources can be accessed through our web site--www.pimcoadvisors.com.

We at the Funds, together with PA Fund Management LLC (formerly PIMCO Advisors Fund Management LLC), the Funds' investment manager and Pacific Investment Management Co. LLC, the Funds' sub-adviser, thank you for investing with us. We remain dedicated to serving your investment needs.

Sincerely,

/s/ Stephen Treadway

Stephen Treadway  
Chairman

/s/ Brian S. Shlissel

Brian S. Shlissel  
President, Chief Executive Officer

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PIMCO MUNICIPAL INCOME FUND III PERFORMANCE SUMMARY AND STATISTICS  
March 31, 2004 (unaudited)

SYMBOL: PMX	PRIMARY INVESTMENTS: Municipal fixed-income securities, the interest from which is exempt from federal income tax.	INCEPTION DATE: October 31, 2002
OBJECTIVE: To provide income exempt from federal income tax.		TOTAL NET ASSETS(1): \$719.3 million
		PORTFOLIO MANAGER: Mark McCray

TOTAL RETURN(2):	MARKET PRICE	NET ASSET VALUE
Six Months	7.06%	6.75%
1 Year	10.00%	8.62%
Commencement of Operations (10/31/02) to 3/31/04	4.97%	7.39%

COMMON SHARE PRICE PERFORMANCE:	MARKET PRICE/NET ASSET VALUE:
Commencement of Operations (10/31/02) to 3/31/04	
o Market Price	Market Price \$14.68
o Net Asset Value	Net Asset Value \$14.49
	Premium to Net Asset Value 1.31%
	Market Price Yield(3) 6.79%

[GRAPH OMITTED]

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- (1) Inclusive of net assets attributable to Preferred Shares outstanding.
- (2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends have been reinvested at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

- (3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at March 31, 2004.

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### PIMCO CALIFORNIA MUNICIPAL INCOME FUND III PERFORMANCE SUMMARY AND STATISTICS March 31, 2004 (unaudited)

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SYMBOL:	PRIMARY INVESTMENTS:	INCEPTION DATE:
PZC	Municipal fixed-income securities, the interest from which is exempt from federal and California state income tax.	October 31, 2002
OBJECTIVE:		TOTAL NET ASSETS(1):
To provide current income exempt from federal and California state income tax.		\$486.3 million
		PORTFOLIO MANAGER:
		Mark McCray
-----		

TOTAL RETURN(2):	MARKET PRICE	NET ASSET VALUE
-----		
Six Months	7.87%	9.02%
1 Year	7.19%	7.98%
Commencement of Operations (10/31/02) to 3/31/04	2.42%	5.52%
COMMON SHARE PRICE PERFORMANCE:	MARKET PRICE/NET ASSET VALUE:	
Commencement of Operations (10/31/02) to 3/31/04	-----	
o Market Price	Market Price	\$14.19
o Net Asset Value	Net Asset Value	\$14.15
	Premium to Net Asset Value	0.28%
	Market Price Yield(3)	6.77%

[GRAPH OMITTED]

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- (1) Inclusive of net assets attributable to Preferred Shares outstanding.
- (2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends have been reinvested at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

- (3) Market price yield is determined by dividing the annualized per share dividend payable to common shareholders by the market price per common share at March 31, 2004.

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### PIMCO NEW YORK MUNICIPAL INCOME FUND III PERFORMANCE SUMMARY AND STATISTICS March 31, 2004 (unaudited)

SYMBOL: PYN	PRIMARY INVESTMENTS: Municipal fixed-income securities, the interest from which is exempt from federal, New York state and New York City income tax.	INCEPTION DATE: October 31, 2002
OBJECTIVE: To provide current income exempt from federal, New York state and New York City income tax.		TOTAL NET ASSETS(1): \$126.4 million
		PORTFOLIO MANAGER: Mark McCray

TOTAL RETURN(2):	MARKET PRICE	NAV
Six Months	11.04%	6.63%
1 Year	14.37%	10.20%
Commencement of Operations (10/31/02) to 3/31/04	4.80%	7.64%

  

COMMON SHARE PRICE PERFORMANCE:	NET ASSET VALUE/MARKET PRICE:
Commencement of Operations (10/31/02) to 3/31/04	Market Price \$14.69
o at Market Price	Net Asset Value \$14.59
o at Net Asset Value	Premium to Net Asset Value 0.69%
	Market Price Yield(3) 6.54%

[GRAPH OMITTED]

- (1) Inclusive of net assets attributable to Preferred Shares outstanding.

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- (2) Past performance is no guarantee of future results. Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends have been reinvested at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

- (3) Market price yield is determined by dividing the annualized per share dividend payable to common shareholders by the market price per common share at March 31, 2004.

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### PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS March 31, 2004 (unaudited)

Principal Amount (000)	Credit Ratings (Moody's/ S&P)
-----	
MUNICIPAL BONDS & NOTES--94.3%	
ALABAMA--1.6%	
\$ 9,560 Birmingham, GO, 5.00%, 12/1/27-12/1/32, Ser. B (AMBAC)	Aaa/AAA
1,500 Colbert Cnty., Northwest Health Care Auth., Health Care Facs. 5.75%, 6/1/27	Baa3/NR
ALASKA--1.8%	
State Housing Finance Corp.,	
11,400 5.00%, 12/1/33-12/1/39, Ser. A	Aaa/AAA
1,000 5.25%, 6/1/32, Ser. C (MBIA)	Aaa/AAA
ARIZONA--0.6%	
2,200 Health Facs. Auth. Hospital Syst. Rev., 7.00%, 12/1/25	NR/BBB
1,500 Maricopa Cnty. Pollution Control Corp., Pollution Control Rev., 5.05%, 5/1/29 (AMBAC)	Aaa/AAA
CALIFORNIA--6.8%	

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48,585	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., 6.25%-6.75%, 6/1/33-6/1/39, Ser. 2003 A-1	Baa2/BBB
	COLORADO--4.4%	
	El Paso Cnty., CP,	
4,555	5.00%, 12/1/23-12/1/27, Ser. A (AMBAC)	Aaa/AAA
3,225	5.00%, 12/1/23-12/1/27, Ser. B (AMBAC)	Aaa/AAA
1,500	Garfield Cnty. School Dist. Re-2, GO, 5.00%, 12/1/25 (FSA)	Aaa/NR
3,000	La Plata Cnty. School Dist. No. 9-R, Durango, GO, 5.25%, 11/1/23-11/1/25 (MBIA)	Aaa/NR
4,000	Saddle Rock Met. Dist., GO, 5.35%, 12/1/31 (Radian)	NR/AA
3,500	School Mines Aux. Facs. Rev., 5.00%, 12/1/37 (AMBAC)	Aaa/AAA
9,955	Springs Utilities Rev., 5.00%, 11/15/30, Ser. B	Aa2/AA
	FLORIDA--6.0%	
8,000	Highlands Cnty., Health Facs. Auth., Rev., 5.25%, 11/15/23, Ser. B	A3/A
2,500	Hillsborough Cnty. Industrial Dev. Auth., Hospital Rev., 5.25%, 10/1/34, Ser. B	Baa1/NR
1,485	Julington Creek Plantation Community Dev. Dist., Assessment Rev., 5.00%, 5/1/29 (MBIA)	Aaa/AAA
1,000	Orange Cnty., Housing Finance Auth. Multifamily Rev., 5.25%, 1/1/28, Ser. G (FNMA)	Aaa/NR
15,000	Pinellas Cnty., Health Facs. Auth. Rev., 5.50%, 11/15/33	A1/NR
7,500	South Miami Health Facs. Auth., Hospital Rev., 5.25%, 11/15/33	Aa3/A+
5,615	Tampa, Water & Sewer Rev., 5.00%, 10/1/26, Ser. A	Aa2/AA

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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/ S&P)
	GEORGIA--0.6%	
\$ 4,000	Griffin Combined Public Utility Rev., 5.00%, 1/1/32 (AMBAC)	Aaa/AAA
	IDAHO--1.0%	
6,750	State Building Auth. Building Rev., 5.00%, 9/1/33-9/1/43, Ser. A (XLCA)	Aaa/AAA
	ILLINOIS--8.2%	
2,250	Chicago, GO, 5.00%, 1/1/31, Ser. A (MBIA)	Aaa/AAA
	Chicago Board of Education, GO,	
500	zero coupon, 12/1/28, Ser. A (FGIC)	Aaa/AAA
5,000	5.00%, 12/1/31, Ser. C (FSA)	Aaa/AAA
4,000	Chicago Park Dist. GO, 5.00%, 1/1/29, Ser. D (FGIC)	Aaa/AAA
7,000	Chicago Motor Fuel Tax Rev., 5.00% 1/1/33, Ser. A (AMBAC)	Aaa/AAA
5,056	Chicago, Special Assessment, 6.625%-6.75%, 12/1/22-12/1/32	NR/NR
2,500	Chicago Water Rev., 5.00% 11/1/31 (AMBAC)	Aaa/AAA
2,500	Cook Cnty., GO, 5.125%, 11/15/26, Ser. A (FGIC)	Aaa/AAA

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9,325	Educational Facs. Auth. Rev., 5.00%-5.25%, 7/1/33-7/1/41, Ser. A	Aa1/AA
1,175	Health Facs. Auth., Rev., Elmurst Memorial Healthcare, 5.50%, 1/1/22	A2/NR
9,045	Metropolitan Pier & Exposition Auth., Dedicated State Tax Rev., 5.25%, 6/15/42 (MBIA)	Aaa/AAA
4,300	Round Lake, Special Tax Rev., 6.70%, 3/1/33	NR/NR
3,050	University, Rev., 5.00%, 4/1/30, Ser. A (AMBAC)	Aaa/AAA
INDIANA--4.0%		
8,035	Bond Bank, 5.00%, 2/1/33, Ser. A (FSA)	Aaa/AAA
3,000	Brownsburg, 1999 School Bluiding Corp., 5.25% 3/15/25, Ser. A (FSA)	Aaa/AAA
1,375	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25.	Baa1/BBB
5,000	Indianapolis Local Public Improvement Board, Tax Allocation, 5.00%, 2/1/29, Ser. G (MBIA)	Aaa/AAA
4,500	Michigan City Area Wide School Building Corp., Rev., zero coupon, 1/15/21-1/15/22 (FGIC)	Aaa/AAA
1,000	Plainfield Parks Facs. Corp. Lease Rent Rev., 5.00%, 1/15/22 (AMBAC)	Aaa/AAA
3,500	State Dev. Finance Auth. Pollution Control Rev, 5.00% 3/1/30 (AMBAC)	Aaa/AAA
3,455	Valparaiso, Middle Schools Building Corp. Rev., 5.00%, 7/15/24 (MBIA)	Aaa/AAA
KENTUCKY--0.9%		
5,000	Dev. Finance Auth. Hospital Facs. Rev., 6.00%, 10/1/19	A3/A
1,000	Economic Dev. Finance Auth. Hospital Facs. Rev., 5.25%, 10/1/30	A1/AA-

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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/ S&P)
-----		
LOUISIANA--1.1%		
\$ 5,000	Public Facs. Auth. Rev., 5.50%, 5/15/32, Ser. B	A3/NR
2,595	Tobacco Settlement Financing Corp., 5.875%, 5/15/39, Ser. 2001B	Baa2/BBB
MASSACHUSETTS--3.6%		
1,000	State Dev. Finance Agcy. Rev., 5.75%, 7/1/33	NR/BBB
7,000	State Health & Educational Facs. Auth. Rev., 5.125%, 7/15/37, Ser. FF	Aaa/AAA
4,910	State Housing Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H	Aa3/AA-
3,225	State Water Pollution Abatement Trust, 5.00%, 8/1/32, Ser. 8	Aaa/AAA



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8,055	State Water Resources Auth., 5.00%, 8/1/32, Ser. J (FSA)	Aaa/AAA
	MICHIGAN--7.3%	
3,000	Detroit City School District, 5.00%, 5/1/33, Ser. B (FGIC)	Aaa/AAA
10,000	Detroit Water Supply Syst., 5.00%, 7/1/34, Ser. B (MBIA)	Aaa/AAA
5,000	State Building Auth., Rev., 5.00%, 10/15/26, Ser. III (FSA)	Aaa/AAA
175	State Hospital Finance Auth. Rev., Detroit Medical Center, 5.25%, 8/15/23	Ba3/B
4,000	State Hospital Finance Auth. Rev., Henry Ford Health Syst., 5.00%, 3/1/17	A1/A-
20,000	State Hospital Finance Auth. Rev., Trinity Health Credit, 5.375%, 12/1//30	Aa3/AA-
5,980	State Hospital Finance Auth. Rev., Oakwood Group, 5.75%-6.00%, 4/1/22-4/1/32, Ser. A	A2/A
1,000	Technological University, 5.00%, 10/1/33 (XLCA)	Aaa/AAA
	MINNESOTA--0.9%	
2,400	Upsala Independent School Dist. No. 487, GO, 5.00%, 2/1/28 (FGIC)	Aaa/Aaa
4,000	Willmar, GO, 5.00%, 2/1/32 (FSA)	Aaa/NR
	MISSISSIPPI--0.6%	
4,250	Business Finance Corp., Pollution Control Rev., 5.875%-5.90%, 4/1/22-5/1/22	Ba1/BBB-
	MISSOURI--3.0%	
4,000	Bi State Dev. Agcy., Missouri Illinois Dist., 5.00%, 10/1/32 (FSA)	Aaa/AAA
4,365	State Environmental Improvement & Energy Resources Auth., Water Pollution Control Rev., 5.00%, 7/1/23, Ser. B	Aaa/NR
7,500	State Health & Educational Facs. Auth., Health Facs. Rev., 6.25%, 12/1/30	A2/A

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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/ S&P)
-----		
	MISSOURI (CONCLUDED)	
\$ 1,350	St. Louis Industrial Dev. Auth., Housing Dev. Rev., 5.20%, 1/20/36 (GNMA)	NR/AAA
3,000	St. Louis Industrial Dev. Auth. Rev., 5.125%, 12/20/29-12/20/30 (GNMA)	NR/AAA
	MONTANA--1.7%	
11,250	Forsyth Pollution Control Rev., 5.00%, 3/1/31 (AMBAC)	Aaa/AAA

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	NEVADA--0.6%	
3,355	Henderson Health Care Fac. Rev., 5.125%, 7/1/28	Baa2/BBB
1,000	Henderson Local Improvement Dist., 5.80%, 3/1/23	NR/NR
	NEW HAMPSHIRE--0.7%	
4,750	Manchester Water Works, 5.00%, 12/1/28-12/1/34 (FGIC)	Aaa/AAA
	NEW JERSEY--3.6%	
1,540	Camden Cnty., Improvement Auth. Rev., 6.00%, 2/15/27	Ba2/NR
300	Economic Dev. Auth. Industrial Dev. Rev., 7.00%, 10/1/14	Ba3/NR
2,000	Health Care Facs. Financing Auth. Rev., Somerset Medical Center, 5.50%, 7/1/33	Baa2/NR
3,000	Health Care Facs. Financing Auth. Rev., Pascack Valley Hospital, 6.625%, 7/1/36	NR/BB+
2,500	Middlesex Cnty. Pollution Control Auth., Rev., 5.75%, 9/15/32	Baa3/BBB
2,000	South Port Corp., Rev., 5.10%, 1/1/33	NR/A
1,500	State Educational Fac. Auth. Rev., 6.00%, 7/1/25, Ser. D	NR/NR
12,755	Tobacco Settlement Financing Corp., Rev., 6.00%-6.75%, 6/1/24-6/1/43	Baa2/BBB
	NEW MEXICO--0.1%	
1,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa2/BBB
	NEW YORK--5.4%	
	Metropolitan Transportation Auth. Rev.,	
5,000	5.00%, 11/15/32, Ser. A (FGIC)	Aaa/AAA
10,000	5.25%, 11/15/32, Ser. B	A2/A
3,800	State Dorm Auth. Rev., 5.00%, 3/15/32	NR/AA
11,590	State Dorm Auth. Rev., Memorial Sloan-Kettering Center, 5.00%, 7/1/34, Ser. 1	Aa2/AA
4,000	State Dorm Auth. Rev., St. Barnabas, 5.125%, 2/1/22, Ser. A (FHA)	Aaa/AAA
2,000	State Environmental Facs. Corp. Clean Water & Drinking Rev., 5.00%, 6/15/28	Aaa/AAA

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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/ S&P)
-----		
	NORTH CAROLINA--1.4%	
\$ 2,000	Charlotte-Mecklenberg Hospital Auth., Healthcare Syst. Rev., 5.00%, 1/15/33, Ser. A	Aa3/AA
3,795	Eastern Municipal Power Agcy, Power Syst. Rev., 5.375%, 1/1/17, Ser. C	Baa3/BBB

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4,000	5.125%, 1/1/23-1/1/26, Ser. D	Baa3/BBB
	OHIO--0.4%	
2,500	Lorian Cnty. Hospital Rev., 5.375%, 10/1/30	A1/AA-
	PENNSYLVANIA--2.7%	
4,350	Allegheny Cnty. Hospital Dev. Auth. Rev., 9.25%, 11/15/30, Ser. B	B2/B
1,500	Cumberland Cnty. Muni Auth. Retirement Community Rev., 7.25%, 1/1/35, Ser. A	NR/NR
3,250	Delaware River Joint Toll Bridge, Commission Bridge Rev., 5.00%, 7/1/28	A2/A-
3,000	Lehigh Cnty General Purpose Auth. Rev., 5.375%, 8/15/33	Baa2/BBB
6,300	St. Mary Hospital Auth., Bucks Cnty., 5.00%, 12/1/28 (pre-refunded @ 101, 6/1/08) (a)	Aa2/AA
	PUERTO RICO--0.3%	
2,200	Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN	A3/A-
	SOUTH CAROLINA--1.0%	
6,700	Jobs Economic Dev. Auth. Economic Dev. Rev., 5.625%, 11/15/30	A3/A-
	TENNESSEE--4.0%	
1,250	Knox Cnty. Health Educational & Housing Facs. Board, Hospital Facs. Rev., 5.25%, 10/1/30	A1/AA-
23,500	Memphis Electric Syst. Rev., 5.00%, 12/1/12, Ser. A	Aaa/AAA
	TEXAS--12.0%	
1,955	Caddo Mills Independent School Dist., GO, 5.25%, 8/15/39 (PSF)	NR/AAA
4,135	Canyon Independent School Dist., GO, 5.00%, 2/15/28, Ser. A (PSF)	NR/AAA
1,300	Comal Cnty. Health Facs. Dev., 6.25%, 2/1/32	Baa2/BBB
33,000	Denton Independent School Dist. GO, zero coupon, 8/15/26-8/15/31 (PSF)	Aaa/AAA
10,115	5.00%, 8/15/33	Aaa/AAA
	Harris Cnty. Health Facs. Dev. Corp. Rev., Ser. A,	
2,750	5.375%, 2/15/26	NR/AA-
5,000	5.375%, 7/1/29 (MBIA)	Aaa/AAA
	Harris Cnty. Rev.,	
4,400	5.125% 8/15/31	Aa1/AA+
19,500	5.125% 8/15/32 (FSA)	Aaa/AAA
4,005	Houston, GO, 5.00%, 3/1/25 (MBIA)	Aaa/AAA

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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)	Credit Ratings (Moody's/ S&P)
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TEXAS (CONCLUDED)				
\$	5,000	Houston Water & Sewer Syst Rev., 5.00%, 12/1/30, Ser. A (FSA)	Aaa/AAA	\$ 5
	1,800	Irving Independent School Dist., GO, 5.00% 2/15/28 (PSF)	Aaa/AAA	1
	7,000	Judson Independent School Dist., GO, 5.00%, 2/1/30 (PSF)	Aaa/NR	7
	415	Leander Independent School Dist., GO, 5.00%, 8/15/32 (PSF)	NR/AAA	
	1,500	North Thruway Auth., Dallas North Thruway Syst. Rev., 5.00%, 1/1/33, Ser. A (AMBAC)	Aaa/AAA	1
	2,105	Northwest Harris Cnty. Muni Utility Dist. No. 16, GO, 5.30%, 10/1/29 (Radian)	NR/AA	2
	2,500	San Antonio Water Rev., 5.00%, 5/15/32, Ser. A (FSA)	Aaa/AAA	2
-----				
84				
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UTAH--0.9%				
	4,100	Salt Lake Cnty Hospital Rev., 5.125%, 2/15/33 (AMBAC)	Aaa/AAA	4
	1,750	Weber Cnty., Hospital Rev., 5.00%, 5/15/30	Aa2/AA+	1
-----				
6				
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WASHINGTON--7.0%				
	6,375	Chelan Cnty. Public Utility Dist No. 001 Cons. Rev., 5.125%, 7/1/33, Ser. C (AMBAC)	Aaa/AAA	6
	15,000	King Cnty Sewer Rev., 5.00%, 1/1/35, Ser. A (FSA)	Aaa/AAA	15
	3,000	Port Seattle, Rev., 5.00%, 9/1/24 (FGIC)	Aaa/AAA	3
	24,845	Tobacco Settlement Auth., Tobacco Settlement Rev., 6.50%, 6/1/26	Baa2/BBB	24
-----				
49				
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WISCONSIN--0.1%				
	560	Badger Tobacco Asset Securitization Corp. 6.00%, 6/1/17	Baa2/BBB	
-----				
Total Municipal Bonds & Notes (cost-\$638,954,408)				663
-----				
VARIABLE RATE NOTES (b) (c) (g)--4.1%				
ILLINOIS--0.3%				
	1,990	Dev. Finance Auth., Gas Supply Rev., 23.91%, 2/1/33 (AMBAC)	NR/NR	2
-----				
MICHIGAN--1.6%				
	4,990	Detroit Sewer Disposal Rev., 24.58%, 7/1/11 (FSA)	NR/AAA	5
	4,725	Detroit Water Supply Syst. Rev., 27.32%, 1/1/11 (MBIA)	NR/AAA	5
-----				
11				
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TEXAS--1.1%				
	2,450	Dallas Area Rapid Transit Rev., 19.96%, 12/1/32 (FGIC)	NR/NR	2
	1,870	Mansfield Independent School Dist., GO, 23.78%, 2/15/23 (PSF)	NR/NR	2
	2,060	University Rev., 20.46%, 8/15/33	NR/NR	2
-----				
7				
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PIMCO MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (concluded)

Principal

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Amount (000)		Credit Ratings (Moody's/ S&P)	Va
	WASHINGTON--1.1%		
\$ 1,520	King Cnty. Sewer Rev., 24.43%, 7/1/11 (FGIC)	NR/NR	\$ 1,8
3,065	Port Tacoma, GO, 26.09%, 12/1/33 (AMBAC)	NR/NR	3,8
1,510	Seattle Drain & Wastewater Rev., 24.58%, 7/1/10 (FGIC)	NR/NR	1,8
			7,4
	Total Variable Rate Notes (cost-\$26,066,555)		28,6
	VARIABLE RATE DEMAND NOTES (b) (d)--0.5%		
	NEW YORK--0.5%		
	New York City Municipal Water Finance Auth. Water & Sewer Syst. Rev.,		
2,730	1.10%, 4/1/04, Ser. C (FGIC)	VMIG1/A-1+	2,7
1,000	1.10%, 4/1/04, Ser. G (FGIC)	VMIG1/A-1+	1,0
	Total Variable Rate Notes Demand Notes (cost-\$3,730,000)		3,7
	U.S. TREASURY BILLS (e)--1.5%		
10,480	0.94%-0.96%, 6/3/04-6/17/04 (cost--\$10,461,536)		10,4
	TOTAL INVESTMENTS, BEFORE CALL OPTIONS WRITTEN (cost-\$679,212,499)--100.4%		705,9
	CALL OPTIONS WRITTEN (f)--(0.4)%		
	Contracts U.S. Treasury Bond Futures, Chicago Board of Trade		
(920)	Strike Price \$114, expires 6/21/04		(1,7
(920)	Strike Price \$116, expires 6/21/04		9)
	Total call options written (premiums received-\$1,590,045)		(2,6
	TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN (cost-\$677,622,454+)--100.0%		\$703,2

+ The cost of securities for federal income tax purposes is \$679,212,499. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$27,295,036 aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$587,003; net unrealized appreciation for federal income tax purposes is \$26,708,033.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited)

Principal Amount (000)		Credit Ratings (Moody's/S&P)
	CALIFORNIA MUNICIPAL BONDS & NOTES--85.6%	

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\$ 14,925	ABAG Fin. Auth. Rev., Odd Fellows Home, 5.20%-5.35%, 11/15/22-11/15/32	NR/BBB	\$
17,100	Alameda Cnty. Tob. Securitization Agy., 5.875%-6.00%, 6/1/35-6/1/42	Baa2/NR	
2,135	Burbank Pub. Fin. Auth. Rev., San Fernando Redev., 5.50%, 12/1/28-12/1/33	NR/BBB	
2,000	Butte-Glenn Community College GO, 5.00%, 8/1/26, Ser. A (MBIA)	Aaa/NR	
2,000	Capistrano Univ. School Dist., Community Fac. Dist., Special Tax, 6.00%, 9/1/32	NR/NR	
1,000	Cathedral City Pub. Fin. Auth. Rev., 5.00%, 8/1/33, Ser A (MBIA)	Aaa/AAA	
5,765	Ceres School Dist. GO, zero coupon, 8/1/28-8/1/29 (FGIC)	Aaa/AAA	
3,895	Chula Vista Community Fac. Dist., Special Tax., 5.75%-6.20%, 9/1/26-9/1/33	NR/NR	
1,000	Chula Vista Improvement Board Act 1915, Special Assessment, 6.15%, 9/2/29	NR/NR	
8,000	Contra Costa County Public Financing Auth. Tax Collection Rev. 5.625%, 8/1/33	NR/BBB	
3,775	Cucamonga School Dist., CP, 5.20%, 6/1/27	NR/A-	
5,205	Eastern California Municipal Water Dist., Special Tax, 5.75%-6.10%, 9/1/27-9/1/33	NR/NR	
500	Franklin-McKinley School Dist., GO, 5.00%, 8/1/27, Ser. B (FSA)	Aaa/AAA	
5,000	Fremont California Community Facilities Dist., Special Tax, 6.30%, 9/1/31	NR/NR	
9,500	Fresno School Dist., GO, 6.00%, 8/1/26, Ser. A (MBIA)	Aaa/AAA	
9,380	Glendale Elec. Works Rev., 5.00%, 2/1/27-2/1/32 (MBIA)	Aaa/AAA	
56,490	Golden St. Tobacco Securitization Corp. Rev., 6.25%-6.75%, 6/1/33-6/1/39	Baa2/BBB	
2,000	Health Facilities Financing Auth. Rev., 6.25%, 8/15/35, Ser. A	A1/A+	
16,000	Health Facilities Financing Auth. Rev., 5.00%, 3/1/33-11/1/33, Ser. A	Aaa/AAA	
2,750	Infrastructure & Economic Development Bank Rev., 5.25%, 10/1/33	Aa3/NR	
2,500	Institute of Technology Educational Fac. Auth. Rev., 5.00%, 10/1/32, Ser. A	Aaa/AAA	
8,000	Kaiser Assistance Corp., Infrastructure & Economic Dev. Rev., 5.55%, 8/1/31, Ser. A	NR/A	
3,000	5.50%, 8/1/31, Ser. B	A2/A	
5,000	Kaiser Permanente Health Facs. Fin. Auth. Rev., 5.00%, 10/1/18, Ser. B	A3/A	

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/S&P)	
\$ 3,725	La Mesa-Spring Valley School Dist. GO, 5.00%, 8/1/26, Ser. A (FGIC)	Aaa/AAA	\$ 3,

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1,400	La Quinta California Redevelopment Agency, Tax Allocation, 5.10%, 9/1/31 (AMBAC)	Aaa/AAA	1,
4,070	Lancaster Financing Auth. Tax Allocation Rev., 4.75%, 8/1/33-2/1/34 (MBIA)	Aaa/AAA	4,
825	Lee Lake Water Dist. Community Facilities Dist., Special Tax, 6.125%, 9/1/32	NR/NR	
3,000	Los Angeles Unified School Dist. GO, 5.00%, 1/1/28, Ser. A (MBIA)	Aaa/AAA	3,
7,650	5.125%, 1/1/27, Ser. E	Aaa/AAA	7,
5,000	Los Osos Community Wastewater Svcs., Dist. 1, 5.00%, 9/2/33 (MBIA)	NR/AAA	5,
2,455	Loyola-Marymount Educational Facs. Auth. Rev., zero coupon, 10/1/34 (MBIA)	Aaa/NR	
1,000	Lynwood Unified School Dist., 5.00%, 8/1/27, Ser. A (FSA)	Aaa/NR	1,
2,180	Murrieta Valley Unified School Dist., Special Tax, 6.40%, 9/1/24	NR/NR	2,
3,550	Northern California Ret. Officers, State Health Fac. Fin. Auth. Rev., 5.125%-5.250%, 1/1/22-1/1/26	NR/BBB	3,
5,000	Oakland CA, GO, 5.00%, 1/15/33, Ser. A (MBIA)	Aaa/AAA	5,
2,530	Oakland Redev. Agcy., Tax Allocation, 5.25%, 9/1/27-9/1/33	NR/A-	2,
5,000	Orange Cnty. Community Facilities Dist., Special Tax, 5.55%, 8/15/33, Ser. A	NR/NR	5,
5,000	Orange Cnty. Unified School Dist., CP, 4.75%, 6/1/29	Aaa/AAA	5,
1,000	Orange Cnty. Water Dist., CP, 5.00%, 8/15/28-8/15/34 (MBIA)	Aaa/AAA	1,
2,000	Palm Desert Fin. Auth. Rev., Tax Allocation, 5.00%, 4/1/25, Ser. A (MBIA)	Aaa/AAA	2,
1,410	Ponoma Public Fin. Auth. Rev., 5.00%, 12/1/37 (MBIA)	Aaa/AAA	1,
3,385	Poway Unified School Dist., Special Tax, 6.05%-6.125%, 9/1/25-9/1/33	NR/NR	3,
7,680	Rowland Unified School Dist., GO, 5.00%, 8/1/28, Ser. B (FSA)	Aaa/AAA	7,
1,500	Sacramento City Fin. Auth. Rev., 6.25%, 9/1/23, Ser. A	NR/NR	1,
480	San Diego Unified School Dist. GO, 5.00%, 7/1/26, Ser. C (FSA)	Aaa/AAA	
19,425	San Diego Unified School Dist. GO, 5.00%, 7/1/26-7/1/28, Ser. E (FSA)	Aaa/AAA	20,
1,500	San Diego Univ. Auxiliary Foundation Organization, 5.00%, 3/1/27, Ser. A (MBIA)	Aaa/AAA	1,

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/S&P)	Value
\$ 3,000	San Jose Libraries & Parks Proj., GO, 5.125%, 9/1/31	Aa1/AA+	\$ 3,128,370

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4,225	San Mateo Cnty. Community College Dist., 5.00%, 9/1/26, Ser. A (FGIC)	Aaa/AAA	4,389,310
16,085	Santa Ana School Dist. GO, zero coupon, 8/1/26-8/1/32, Ser. B (FGIC)	Aaa/AAA	4,166,144
1,250	Santa Clara Valley Transportation Auth. Sales Tax Rev., 5.00%, 6/1/26, Ser. A (MBIA)	Aaa/AAA	1,292,438
6,000	Santa Margarita Community Fac. Water Dist., Special Tax, 6.25%, 9/1/29	NR/NR	6,197,305
1,205	Sequoia Unified High School Dist. GO, 5.00%, 7/1/23-7/1/24 (MBIA)	Aaa/NR	1,265,864
11,175	Simi Valley Community Dev. Agy., Tax Allocation, 5.00%, 9/1/25-9/1/30 (FGIC)	Aaa/AAA	11,594,019
4,250	Sonoma Cnty Jr. College Dist., 5.00%, 8/1/27, Ser. A (FSA)	Aaa/AAA	4,426,503
1,000	Sonoma Cnty Water Agy. Rev., 5.00%, 7/1/32, Ser. A (MBIA)	Aaa/AAA	1,036,440
2,500	South Tahoe Joint Powers Financing Auth., 5.125%, 10/1/09	NR/NR	2,572,800
4,425	5.45%, 10/1/33	NR/BBB-	4,437,036
14,900	Southern CA. Public Power Auth., 5.00%, 7/1/33 (AMBAC)	Aaa/AAA	15,445,638
4,095	State Dept. Vet. Affairs Home Purchase Rev., 5.35%, 12/1/27, Ser. A (AMBAC)	Aaa/AAA	4,242,829
5,385	State Public Works Board Lease Rev., 5.00%, 10/1/19	A3/BBB-	5,532,010
4,600	5.00%, 4/1/28, Ser. A	Aa2/AA-	4,700,188
1,105	5.375 4/1/28	Baa2/BBB-	1,062,535
6,300	Statewide Community Dev. Auth. CP, Internext Group, 5.50%, 11/15/33, Ser. A	NR/BBB	6,458,886
3,505	Statewide Community Dev. Auth. CP, Internext Group, 5.375%, 4/1/30	NR/BBB-	3,430,519
15,000	Statewide Community Dev. Auth. Rev., 5.50%, 10/1/33, Ser. A	A3/A	15,692,400
10,000	5.50% 8/15/34, Ser. B	A1/AA-	10,372,200
2,500	7.25%, 10/1/33	NR/NR	2,578,750
1,795	Sunnyvale Water & Wastewater Rev., 5.00%, 10/1/26 (AMBAC)	Aaa/AAA	1,858,435
2,000	Tamalpais Unified High School Dist. GO, 5.00%, 8/1/26 (MBIA)	Aaa/AAA	2,077,100
2,000	Temecula Public Financing Auth., 6.00%, 9/1/33, Ser. A	NR/NR	2,050,560
2,950	Torrance Memorial Med. Ctr. Hosp. Rev., 5.50%, 6/1/31	A1/A+	3,057,587
4,000	Vernon Electric Syst. Rev., 5.50%, 4/1/33	Aaa/BBB+	4,143,080

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/S&P)	Va
\$ 2,500	William S Hart Union High School Dist., Special Tax, 6.00%, 9/1/33	NR/NR	\$ 2,5



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2,750	Woodland Fin. Auth. Lease Rev., 5.00%, 3/1/32	Aaa/AAA	2,8
	Total California Municipal Bonds & Notes (cost-\$397,789,899)		----- 409,3
PUERTO RICO	MUNICIPAL BONDS & NOTES--1.0%		-----
	PUERTO RICO--1.0%		
1,800	Commonwealth Hwy. & Transmission Auth. Rev., 5.375%, 7/1/36, Ser. D	Baa1/A	1,9
1,500	Electric Power Auth. Power Rev., 5.125%, 7/1/29, Ser NN	A3/A-	1,5
1,080	Gov't Fac. Public Buildings Auth. Rev., 5.25%, 7/1/36, Ser. D	Baa1/A-	1,1
	Total Puerto Rico Municipal Bonds & Notes (cost-\$4,437,589)		----- 4,6
CALIFORNIA	VARIABLE RATE NOTES (b) (c) (g)--6.4%		
1,465	California Infrastructure & Economic Development Bank Rev., 20.09%, 7/1/29 (AMBAC)	NR/NR	1,7
	Los Angeles Unified School Dist., GO, RITES, Clark Cnty. School Dist.,		
2,090	22.72%, 1/1/11 Ser. 1763-A (MBIA)	NR/NR	3,3
1,745	20.22%, 1/1/23 Ser. 1763-B (MBIA)	NR/NR	1,8
2,020	Los Angeles Water and Power Rev., 18.80%, 1/1/25	NR/NR	2,3
800	Orange Cnty. Water Dist., CP, 25.78%, 1/1/25 (MBIA)	NR/NR	1,0
710	Pajaro Valley Unified School Dist., GO, 26.12%, 8/1/11	NR/NR	7
1,170	Pasadena Water Rev., 20.89%, 6/1/27 (FGIC)	NR/NR	1,4
1,545	Sacramento Cnty. Water Financing Auth. Rev., 26.12%, 6/1/11 (AMBAC)	NR/NR	1,9
1,150	Sacramento Municipal Utility Dist., 25.95%, 2/15/11 (MBIA)	NR/NR	1,2
1,725	San Diego Community College Dist., 26.11%, 5/1/11 (FSA)	NR/NR	1,8
1,130	San Marcos Public Facilities Auth. Tax Allocation Rev., 25.92%, 2/1/11 (FGIC)	NR/NR	1,4
1,130	San Marcos Public Facilities Auth. Tax Allocation Rev., 25.92%, 8/1/11 (FGIC)	NR/NR	1,2
1,680	Southern CA. Public Power Auth., 27.26%, 7/1/11 (AMBAC)	NR/NR	1,8
6,980	University of CA. Rev., 25.76%, 9/1/31-9/1/34 (FSA)	NR/NR	8,6
	Total California Variable Rate Notes (cost-\$33,134,556)		----- 30,6

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
March 31, 2004 (unaudited) (concluded)

Principal Amount (000)	Credit Ratings (Moody's/S&P)	Va
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CALIFORNIA VARIABLE RATE DEMAND NOTES (b) (d)--6.0%

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\$1,000	Anaheim Union High School Dist., CP, 1.00%, 4/1/04 (FSA)	Aaa/AAA	\$
1,750	Bay Area Toll Auth., Toll Bridge Rev., 0.99%, 4/1/04 (AMBAC)	VMIG1/A-1+	
3,750	California Pollution Control Financing Auth., 0.95%, 4/1/04	VMIG1/A-1+	
2,000	East Bay Muni. Util. Dist. Water Syst. Rev., 1.01%, 4/7/04, Ser. A (FSA)	VMIG1/A-1+	
4,800	Irvine Ranch Water Dist., 0.96%-1.10%, 4/1/04	NR/A-1+	
1,800	Irvine Unified School Dist., Special Tax, 1.10%, 4/1/04	VMIG1/NR	
1,500	Los Angeles County Metropolitan Transportation Auth., Sales Tax, 1.00%, 4/1/04, Ser. A	Aaa/AAA	
1,225	Los Angeles Water and Power Waterworks Rev., 1.10%, 4/1/04	Aa3/AA	
1,000	Long Beach Unified School Dist., 1.00%, 4/1/04 (AMBAC)	Aaa/NR	
1,000	Metropolitan Water Dist., Southern CA Waterworks Rev., 1.00%, 4/1/04, Ser. A (AMBAC)	VMIG1/A-1+	
1,000	1.10%, 4/1/04, Ser C-1	VMIG1/A-1+	
1,500	1.03%, 4/1/04, Ser C-2	VMIG1/A-1+	
3,100	Orange Cnty. Sanitation Dist. CP, 1.10%, 4/1/04 (AMBAC)	VMIG1/A-1+	
3,350	Sutter Health Fac. Auth. Rev., 1.05%, 4/1/04, Ser. B (AMBAC)	VMIG1/A-1+	
	Total California Variable Rate Demand Notes (cost-\$25,050,000)		
	U.S. TREASURY BILLS (e)-1.4%		
6,685	0.94%-0.97%, 6/3/04-6/17/04 (cost-\$6,673,320)	Aaa/AAA	
	TOTAL INVESTMENTS BEFORE CALL OPTIONS WRITTEN (cost-\$467,085,364+)--100.4%		4
	CALL OPTIONS WRITTEN (f)--(0.4)%		
	Contracts		
	-----		
	U.S. Treasury Bond Futures, Chicago Board of Trade		
(583)	Strike Price \$116, expires 5/21/04		
(583)	Strike Price \$114, expires 5/21/04		
	Total call options written (premium received-\$1,007,605)		
	TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN (cost-\$466,077,759)--100%		\$4

+ The cost of securities for federal income tax purposes is \$467,085,364. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$15,520,820; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$2,560,048; net unrealized appreciation for federal income tax purposes is \$12,960,772.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO NEW YORK MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS

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March 31, 2004 (unaudited)

Principal Amount (000)		Credit Ratings (Moody's/S&P)
NEW YORK MUNICIPAL BONDS & NOTES--83.2%		
\$ 2,800	East Rochester Housing Auth. Rev., St. Mary's Residence Proj., 5.375%, 12/20/22 (LC:GNMA)	NR/AAA
1,000	Long Island Power Auth., Elec. Syst. Rev., 5.00%, 9/1/27, Ser. C	Baa1/A-
5,000	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/31, Ser. F (MBIA)	Aaa/AAA
1,000	Monroe Tobacco Securitization Corp., Tobacco Settlement Rev., 6.375%, 6/1/35	Baa2/BBB
2,000	Nassau Cnty. Tobacco Settlement Corp., 6.60%, 7/15/39	Baa2/BBB-
10,445	New York City GO, Ser. I, 5.00%-5.375%, 3/1/27-3/1/33	A2/A
1,000	New York City Muni. Water Auth. Rev., 5.00%, 6/15/29, Ser. F	Aa2/AA
5,000	New York City Muni. Water Fin. Auth., Water & Sewer Syst. Rev., 5.00%, 6/15/32, Ser. A	Aa2/AA
1,000	New York City Muni. Water Fin. Auth., Water & Sewer Syst. Rev., 5.00%, 6/15/35, Ser. C	Aa2/AA
1,000	Niagara Falls Public Water & Sewer Syst. Rev., 5.00%, 7/15/34, Ser. A (MBIA)	Aaa/AAA
6,105	Sachem Central School Dist., GO, 5.00%, 6/15/29-6/15/30 (MBIA)	Aaa/AAA
2,000	Schenectady Indl. Dev. Agy., Union College Fac. Rev., 5.00% 7/1/32, Ser. A (AMBAC)	Aaa/NR
2,995	State Community Tobacco Settlement Trust, 5.625%, 6/1/35	Baa2/BBB
2,000	State Dormitory Auth. Rev., Barnard College, 4.75%, 7/1/35 (AMBAC)	Aaa/NR
2,000	State Dormitory Auth. Rev., Columbia Univ., 5.00%, 7/1/24, Ser. A	Aaa/AAA
1,000	State Dormitory Auth. Revs., FHA-NY & Presbyterian Hospital, 4.75%, 8/1/27 (AMBAC)	Aaa/AAA
2,250	State Dormitory Auth. Rev., Jewish Board Family & Children, 5.00%, 7/1/33 (AMBAC)	Aaa/AAA
4,500	State Dormitory Auth. Revs., Lenox Hill Hospital, 5.50%, 7/1/30	A3/NR
6,040	State Dormitory Auth. Rev., Long Island Univ., 5.00%, 9/1/23-9/1/32, Ser. A (Radian)	NR/AA
3,000	State Dormitory Auth. Rev., Lutheran Medical Hosp., 5.00%, 8/1/31 (MBIA)	Aaa/AAA
3,750	State Dormitory Auth. Revs., Memorial Sloan-Kettering Center, 5.00%, 7/1/34, Ser. 1	Aa2/AA
4,000	State Dormitory Auth. Rev., Mount Saint Mary College, 5.00%, 7/1/27-7/1/32 (Radian)	NR/AA
1,000	State Dormitory Auth. Rev., New York Univ., 5.00%, 7/1/31, Ser. 2 (AMBAC)	Aaa/AAA
6,150	State Dormitory Auth. Rev., North General Hosp., 5.00%, 2/15/25	NR/AA-
1,000	State Dormitory Auth. Revs., North Shore L.I. Jewish Group, 5.50%, 5/1/33	A3/NR
3,600	State Dormitory Auth. Rev., Personal Income Tax, 5.00%, 3/15/32	NR/AA
3,740	State Dormitory Auth. Rev., Saint Barnabas, 5.00%, 2/1/31, Ser. A (AMBAC)	Aaa/AAA
1,000	State Dormitory Auth. Rev., School Dist. Financing, 5.00%, 10/1/30, Ser. D (MBIA)	Aaa/AAA

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PIMCO NEW YORK MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS

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March 31, 2004 (unaudited) (continued)

Principal Amount (000)		Credit Ratings (Moody's/S&P)
\$ 1,500	State Dormitory Auth. Rev., Teachers College, 5.00%, 7/1/32 (MBIA)	Aaa/NR
3,120	State Dormitory Auth. Revs., Winthrop Univ., 5.50%-5.75%, 7/1/28-7/1/32, Ser. A	Baa1/NR
1,900	State Urban Development Corp. Rev., 5.00%, 3/15/33, Ser. C-1	A1/AA
5,000	Triborough Bridge & Tunnel Auth. Rev., 5.00% 11/15/32, Ser. B	Aa3/AA-
2,000	Warren & Washington Cnty. Indl. Dev. Agy. Fac. Rev., 5.00%, 12/1/35, Ser. A (FSA)	Aaa/AAA
1,250	Westchester Cnty. Indl Dev. Agency. Continuing Care, 6.50%, 1/1/34	NR/NR
	Total New York Municipal Bonds & Notes (cost-\$100,642,349)	
OTHER MUNICIPAL BONDS & NOTES--7.5%		
CALIFORNIA--4.4%		
5,560	Golden St. Tobacco Securitization Corp. Rev., 6.75%, 6/1/39, Ser. 2003 A-1	Baa2/BBB
DISTRICT OF COLUMBIA--0.1%		
175	Tobacco Settlement Financing Corp., 6.50%, 5/15/33	Baa2/BBB
PUERTO RICO--2.6%		
2,280	Children Trust Fund Puerto Rico Tobacco Settlement Rev., 5.50%-5.625%, 5/15/39-5/15/43	Baa2/BBB
1,000	Electric Power Auth. Rev., 5.125%, 7/1/29, Ser. NN	A3/A-
SOUTH CAROLINA--0.3%		
370	Tobacco Settlement Auth., Tobacco Settlement Rev., 6.375%, 5/15/30, Ser. B	Baa2/BBB
WASHINGTON--0.1%		
135	Tobacco Settlement Auth., Tobacco Settlement Rev., 6.625%, 6/1/32	Baa2/BBB
	Total Other Municipal Bonds & Notes (cost-\$8,449,083)	
NEW YORK VARIABLE RATE NOTES (b) (c) (g)--8.0%		
1,555	Metropolitan Transportation Auth. Rev., RITES 16.19%, 11/15/32, Ser. 862 (FGIC)	Aaa/NR
1,205	State Dormitory Auth. Revs., RITES, 21.91508%, 7/1/26 State Environmental Facs. Corp., State Clean Water & Drinking, 19.86315%, 7/15/23, RITES-A-PA-1165	Aaa/AAA
1,005	19.86315%, 7/15/23, RITES-A-PA-1165	NR/AAA
1,560	19.86315%, 7/15/27, RITES-B-PA-1165	NR/AAA
1,845	State Housing Fin. Agy., Personal Income Tax., 16.18%, 3/15/33, Ser. 859	NR/AA
2,000	Triborough Bridge & Tunnel Auth. Rev., 8.72%, 11/15/32 (MBIA) (h)	NR/NR
	Total New York Variable Rate Notes (cost-\$9,100,698)	

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PIMCO NEW YORK MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
 March 31, 2004 (unaudited) (concluded)

Principal Amount (000)	Credit Ratings (Moody's/S&P)
-----	
U.S. TREASURY BILLS (e)--1.7%	
\$ 2,125 0.916%--0.9425%, 6/3/04--6/17/04 (cost \$2,121,074)	Aaa/AAA
TOTAL INVESTMENTS, BEFORE CALL OPTIONS WRITTEN (cost-\$120,313,204+)--100.4%	
CALL OPTIONS WRITTEN (f)--(0.4)%	
Contracts U.S. Treasury Bond Futures, Chicago Board of Trade	
-----	
(196) Strike Price \$114, expires 5/21/04	
(196) Strike Price \$116, expires 5/21/04	
Total call options written (premium received-\$338,749)	
TOTAL INVESTMENTS, NET OF CALL OPTONS WRITTEN (cost-\$119,974,455)--100%	

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+ The cost basis of securities for federal income tax purposes is \$120,313,204. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$5,743,346; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$90,480; net unrealized appreciation for federal income tax purposes is \$5,652,866.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 3.31.04 PIMCO Municipal Income Funds III Semi-Annual Report 19

PIMCO NEW YORK MUNICIPAL INCOME FUND III SCHEDULE OF INVESTMENTS  
 March 31, 2004 (unaudited) (concluded)

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NOTES TO SCHEDULE OF INVESTMENTS:

- (a) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date.
- (b) Variable Rate Notes--instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically to qualified institutional investors. At March 31, 2004, these securities amounted to \$28,681,021 or 4.1% of total investments, \$30,603,599 or 6.4% of total investments and \$10,040,553 or 8.0% of total investments, respectively, for Municipal III, California

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Municipal III and New York Municipal III.

- (d) Maturity date shown is date of next call.
- (e) All or partial principal amount segregated as initial margin on futures contracts.
- (f) Non-income producing security.
- (g) Residual Interest Municipal Bonds. The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.

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### GLOSSARY

ABAG--Association of Bay Area Government  
AMBAC--insured by American Municipal Bond Assurance Corp.  
CP--Certificates of Participation  
FGIC--insured by insured Financial Guaranty Insurance Co.  
FHA--insured by Federal Housing Administration  
FNMA--Federal National Mortgage Association  
FSA--insured by Financial Security Assurance, Inc.  
GO--General Obligation Bonds  
GNMA--Government National Mortgage Association  
MBIA--insured by Municipal Bond Investors Assurance  
NR--Not Rated  
PSF--Public School Fund  
Radian--insured by Radian Guaranty Inc.  
RITES--Residual Interest Tax Exempt Securities  
XLCA--insured by XL Capital Assurance

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PIMCO MUNICIPAL INCOME FUNDS III STATEMENTS OF ASSETS AND LIABILITIES  
March 31, 2004 (unaudited)

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	MUNICIPAL III	CALIFORNIA MUNICIPAL III
	-----	-----
ASSETS:		
Investments, at value (cost-\$679,212,499, \$467,085,364 and \$120,313,204, respectively)	\$705,920,532	\$480,046,136
Cash	9,361,557	1,806,134
Receivable for investments sold	--	2,236,376
Interest receivable	11,742,015	7,229,919
Prepaid expenses	22,507	10,408
Total Assets	727,046,611	491,328,973
LIABILITIES:		
Options written, at value (premiums received-\$1,590,045, \$1,007,605, \$338,749, respectively)	2,688,125	1,703,453
Payable for investments purchased	--	--
Dividends payable to common and preferred shareholders	2,601,643	1,718,987
Payable for variation margin on futures contracts	1,968,313	1,322,063
Investment management fees payable	307,480	208,177
Accrued expenses	134,990	82,309
Total Liabilities	7,700,551	5,034,989
PREFERRED SHARES (\$25,000 NET ASSET AND LIQUIDATION VALUE PER SHARE APPLICABLE TO AN AGGREGATE OF 10,800, 7,400 AND 1,880, SHARES ISSUED AND OUTSTANDING, RESPECTIVELY)	270,000,000	185,000,000
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$449,346,060	\$301,293,984
COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:		
Common Stock:		
Par value \$0.00001 per share	\$ 310	\$ 213
Paid-in capital in excess of par	440,317,989	302,119,322
Dividends in excess of net investment income	(963,288)	(562,629)
Accumulated net realized loss	(9,591,169)	(8,095,065)
Net unrealized appreciation of investments, futures contracts and options written	19,582,218	7,832,143
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$449,346,060	\$301,293,984
Common Shares Outstanding	31,014,777	21,287,764
NET ASSET VALUE PER COMMON SHARE	\$ 14.49	\$ 14.15

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO MUNICIPAL INCOME FUNDS III STATEMENTS OF OPERATIONS  
For the six months ended March 31, 2004 (unaudited)

	MUNICIPAL III	CALIFORNIA MUNICIPAL III
INTEREST INCOME:		
Interest	\$ 20,343,497	\$ 14,466,537
EXPENSES:		
Investment management fees	2,336,452	1,574,576
Auction agent fees and commissions	350,757	236,938
Shareholder reports	65,844	30,425
Custodian and accounting agent fees	64,502	66,095
Audit and tax services	23,374	18,891
Trustees' fees and expenses	19,347	14,843
Transfer agent fees	11,740	13,053
New York Stock Exchange listing fees	10,688	10,351
Legal fees	10,055	4,817
Insurance expense	8,672	6,461
Investor relations	284	1,982
Miscellaneous	2,472	3,246
Total expenses	2,904,187	1,981,678
Less: investment management fees waived	(539,181)	(363,364)
custody credits earned on cash balances	(831)	(1,779)
Net expenses	2,364,175	1,616,535
NET INVESTMENT INCOME	17,979,322	12,850,002
REALIZED AND UNREALIZED GAIN (LOSS):		
Net realized gain (loss) on:		
Investments	1,553,120	411,322
Futures contracts	(10,581,560)	(5,872,968)



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Options written	1,836,078	85,722
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	19,615,439	19,008,107
Net realized and unrealized gain on investments, futures contracts and options written	12,423,077	13,632,183
NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	30,402,399	26,482,185
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(1,240,100)	(866,531)
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM INVESTMENT OPERATIONS	\$ 29,162,299	\$ 25,615,654

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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PIMCO MUNICIPAL INCOME FUNDS III STATEMENTS OF CHANGES IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS

	MUNICIPAL III	
	Six months ended March 31, 2004 (unaudited)	For the period ended October 31, 2004 (unaudited)
INVESTMENT OPERATIONS:		
Net investment income	\$ 17,979,322	\$ 24,112,100
Net realized gain (loss) on investments, futures contracts and options written	(7,192,362)	(2,112,100)
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	19,615,439	19,008,107
Net increase in net assets resulting from investment operations	30,402,399	21,008,107
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(1,240,100)	(866,531)
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	29,162,299	19,141,576
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME	(15,463,967)	(24,112,100)
CAPITAL SHARE TRANSACTIONS:		
Net proceeds from the sale of common stock	--	441,000
Preferred shares underwriting discount charged to paid-in		

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capital in excess of par	--	(2)
Common stock and preferred shares offering costs charged to paid-in capital in excess of par	--	(1)
Reinvestment of dividends	478,492	2
Net increase from capital share transactions	478,492	439
Total increase in net assets applicable to common shareholders	14,176,824	435
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:		
Beginning of period	435,169,236	
End of period (including dividends in excess of net investment income of \$963,288 and \$2,238,543; \$562,269 and \$2,329,413; \$269,205 and \$628,641; respectively)	\$ 449,346,060	\$ 435
COMMON SHARES ISSUED AND REINVESTED:		
Issued	--	30
Issued in reinvestment of dividends	34,057	
NET INCREASE	34,057	30

\* Commencement of operations

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CALIFORNIA MUNICIPAL INCOME III		NEW YORK MUNICIPAL III	
Six months ended March 31, 2004 (unaudited)	For the period October 31, 2002* through September 30, 2003	Six months ended March 31, 2004 (unaudited)	For the period October 31, 2002* through September 30, 2003
\$ 12,850,002	\$ 15,092,799	\$ 3,173,120	\$ 3,831,249
(5,375,924)	(2,719,141)	(2,352,589)	861,082
19,008,107	(11,175,965)	4,403,173	(419,660)
26,482,185	1,197,693	5,223,704	4,272,671
(866,531)	(1,326,256)	(201,390)	(330,543)
25,615,654	(128,563)	5,022,314	3,942,128
(10,216,687)	(16,095,956)	(2,612,294)	(4,129,347)
--	302,744,550	--	77,698,800
--	(1,850,000)	--	(470,000)
--	(897,594)	--	(323,602)

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615,561	1,407,016	--	156,675
-----	-----	-----	-----
615,561	301,403,972	--	77,061,873
-----	-----	-----	-----
16,014,528	285,179,453	2,410,020	76,874,654
-----	-----	-----	-----
285,279,456	100,003	76,974,657	100,003
-----	-----	-----	-----
\$ 301,293,984	\$ 285,279,456	\$ 79,384,677	\$ 76,974,657
-----	-----	-----	-----
--	21,134,000	--	5,424,000
-----	-----	-----	-----
45,680	101,103	--	11,299
-----	-----	-----	-----
45,680	21,235,103	--	5,435,299
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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PIMCO MUNICIPAL INCOME FUNDS III NOTES TO FINANCIAL STATEMENTS

March 31, 2004 (unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

PIMCO Municipal Income Fund III ("Municipal III"), PIMCO California Municipal Income Fund III ("California Municipal III") and PIMCO New York Municipal Income Fund III ("New York Municipal III"), collectively referred to as the "Funds", or "PIMCO Municipal Income Funds III" were organized as Massachusetts business trusts on August 20, 2002. Prior to commencing operations on October 31, 2002, the Funds had no operations other than matters relating to their organization and registration as closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended, and the sale and issuance of 6,981 shares of beneficial interest of each Fund at an aggregate purchase price of \$100,003 per Fund to Allianz Dresdner Asset Management of America L.P. ("ADAM"). PA Fund Management LLC (the "Investment Manager," formerly known as PIMCO Advisors Fund Management LLC), serves as the Funds' Investment Manager and is an indirect, wholly-owned subsidiary of ADAM. ADAM is an indirect, majority-owned subsidiary of Allianz AG. The Funds each have an unlimited amount of \$0.00001 par value common stock authorized.

Municipal III invests substantially all of its assets in a portfolio of municipal bonds, the interest from which is exempt from federal income taxes. California Municipal III invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal and California state income taxes. New York Municipal III invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal, New York State and New York City income taxes. The Funds will seek to avoid bonds generating interest income which could potentially subject individuals to alternative minimum tax. The issuers' abilities to meet their obligations may be affected by economic and political developments in a specific state or region.

Municipal III, California Municipal III and New York Municipal III issued 28,850,000, 19,500,000 and 5,000,000 shares of common stock, respectively, in their initial public offerings. An additional 1,979,000, 1,634,000 and 424,000 shares of Municipal III, California Municipal III and New York Municipal III, respectively, were issued in connection with the exercise of the underwriters' over-allotment option on December 13, 2002. These shares were all issued at \$15.00 per share before an underwriting discount of \$0.675 per share. The

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Investment Manager agreed to reimburse the amount by which the aggregate of each Fund's organizational and common offering costs (other than the sales load) exceeded \$0.03 per share. Common offering costs of \$873,326, \$634,020 and \$162,720 (representing \$0.03 per share for each Fund), were offset against the proceeds of the offerings and have been charged to paid-in capital in excess of par. For Municipal III, aggregate common offering costs and organizational expenses were less than \$0.03 per common share. Consequently, organizational expenses of \$15,000 were expensed in the current period. For California Municipal III and New York Municipal III, aggregate offering costs and organizational expenses exceeded \$0.03 per common share, as a result, all organizational expenses and offering costs exceeding \$0.03 per common share were reimbursed by the Investment Manager.

In addition, the underwriters commission and offering costs associated with the Funds' issuance of Preferred Shares in the amounts of \$2,700,000 and \$335,618, \$1,850,000 and \$263,574 and \$470,000 and \$160,882, for Municipal III, California Municipal III and New York Municipal III, respectively, have been charged to paid-in capital in excess of par.

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

In the normal course of business, the Funds enter into contracts that contain a variety of representations which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as such exposure would involve claims that may be made against the Funds based upon events that have not yet been asserted. However, the Funds expect the risk of any loss to be remote.

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

### (A) VALUATION OF INVESTMENTS

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Debt securities are valued daily by an independent pricing service approved by the Board of Trustees. Prices obtained from independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. The value of the Funds' investments is determined at the close of regular trading (normally, 4:00 p.m., Eastern Time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open. Short-term investments maturing in sixty days or less are valued at amortized cost, which approximates market value. Certain fixed income securities for which daily market quotations are not readily available may be valued, pursuant to guidelines established by the Board of Trustees, with

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PIMCO MUNICIPAL INCOME FUNDS III NOTES TO FINANCIAL STATEMENTS  
March 31, 2004 (unaudited)

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reference to fixed income securities whose prices are more readily obtainable. The prices used by the Funds to value securities may differ from the value that

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would be realized if the securities were sold.

### (B) INVESTMENT TRANSACTIONS AND INVESTMENT INCOME

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Original issue discounts or premiums on debt securities purchased are accreted or amortized daily to non-taxable interest income. Market discount, if any, is accreted daily to taxable income.

### (C) FEDERAL INCOME TAXES

The Funds intend to distribute all of their taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of their taxable ordinary income and long-term capital gains, if any, during each calendar year, the Funds intend not to be subject to U.S. federal excise tax.

### (D) FUTURES CONTRACTS

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Upon entering into such a contract, the Funds are required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contracts, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as "variation margin" and are recorded by the Funds as unrealized appreciation or depreciation. When the contracts are closed, the Funds record a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts.

### (E) OPTION TRANSACTIONS

For hedging purposes, the Funds may purchase and write (sell) put and call options on municipal bonds, U.S. government securities, swap agreements, indexes or futures contracts which are standardized and traded on a U.S. or other exchange, boards of trade, or similar entity, or quoted on an automated quotation system. The risk associated with purchasing an option is that the Funds pay a premium whether or not the option is exercised. Additionally, the Funds bear the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from the securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability which is subsequently adjusted to the current market value of the option written. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security. In writing an option, the Funds bear the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of an option

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written could result in the Funds purchasing a security at price different from the current market price.

### (F) RESIDUAL INTEREST MUNICIPAL BONDS (RIBS)

The Funds invest in Residual Interest Municipal Bond ("RIBS") whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. RIBS are created by dividing the income stream provided by the underlying bonds to create two securities, one short-term and one long-term. The interest rate on the short-term component is reset by an index or auction process normally every seven to 35 days. After income is paid on the short-term securities at current rates, the residual income from the underlying bond(s) goes to the long-term securities. Therefore, rising short-term interest rates result in lower income for the longer-term portion, and vice versa. The longer-term bonds may be more volatile and less liquid than other Municipal Bonds of comparable maturity. An investment in RIBS typically will involve greater risk than an investment in a fixed rate bond.

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PIMCO MUNICIPAL INCOME FUNDS III NOTES TO FINANCIAL STATEMENTS  
March 31, 2004 (unaudited)

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## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

### (G) DIVIDENDS AND DISTRIBUTIONS -- COMMON STOCK

The Funds declare dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. Each Fund records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These "book-tax" differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions of paid-in capital in excess of par.

### (H) CUSTODY CREDITS EARNED ON CASH BALANCES

The Funds benefit from an expense offset arrangement with their custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Funds.

## 2. INVESTMENT MANAGER AND SUB-ADVISER

Each Fund has entered into an Investment Management Agreement (the "Agreements") with the Investment Manager to serve as Investment Manager to each Fund. Subject to the supervision of each Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the investment activities of the Fund and the Fund's business affairs and other administrative matters. Pursuant to the Agreements, the Investment Manager will receive an annual fee, payable monthly, at the annual rate of 0.65% of each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding). In order to reduce Fund expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fee for each Fund at the annual rate of 0.15% of each Fund's average daily net assets (including net assets

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attributable to any preferred shares that may be outstanding) from the commencement of operations through October 31, 2007, and for a declining amount thereafter through October 31, 2009.

The Investment Manager has retained its affiliate, Pacific Investment Management Company LLC (the "Sub-Adviser"), to manage each Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser makes all investment decisions for the Funds. The Investment Manager (not the Funds) pays a portion of the fees it receives to the Sub-Adviser in return for its services, at the maximum annual rate of 0.50% of each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding). The Sub-Adviser has contractually agreed to waive a portion of the fees it is entitled to receive from the Investment Manager, such that the Sub-Adviser will receive 0.26% of each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding) from the commencement of the Funds' operations through October 31, 2007, and will receive an increasing amount (not to exceed 0.50% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding) thereafter through October 31, 2009. The Investment Manager informed the Funds that it paid the Sub-Adviser \$934,581, \$629,830 and \$164,518 in connection with sub-advisory services for Municipal III, California Municipal III and New York Municipal III, respectively, for the six months ended March 31, 2004.

### 3. INVESTMENTS IN SECURITIES

For the six months ended March 31, 2004, purchases and sales of investments, other than short-term securities, were:

	Municipal III	California Municipal III	New York Municipal III
Purchases	\$77,948,924	\$108,565,872	\$2,172,270
Sales	20,201,027	117,205,170	10,228,867

(a) Futures contracts outstanding at March 31, 2004:

Fund	Type	# of Contracts	Expiration Date	Unrealize Depreciati
Municipal III	Short: U.S. Treasury 30 Year Bond	2,863	6/21/04	6,027,73
California Municipal III	Short: U.S. Treasury 30 Year Bond	1,923	6/21/04	4,432,78
New York Municipal III	Short: U.S. Treasury 30 Year Bond	579	6/21/04	1,435,41

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PIMCO MUNICIPAL INCOME FUNDS III NOTES TO FINANCIAL STATEMENTS  
March 31, 2004 (unaudited)

### 3. INVESTMENTS IN SECURITIES (CONCLUDED)

(b) Transactions in options written for the six months ended March 31, 2004:

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	Contracts	Premiums
-----		
Municipal III:		
-----		
Options outstanding, September 30, 2003	1,958	\$ 2,219,267
Options written	7,882	6,813,866
Options expired	(266)	(178,437)
Option terminated in closing purchase transactions	(3,916)	(4,526,206)
Options exercised	(3,818)	(2,738,445)
	-----	-----
Options outstanding, March 31, 2004	1,840	\$ 1,590,045
	=====	=====
California Municipal III:		
-----		
Options outstanding, September 30, 2003	1,161	\$ 1,256,068
Options written	3,751	3,909,726
Option expired	(318)	(248,932)
Options terminated in closing purchase transactions	(1,161)	(1,256,068)
Options exercised	(2,267)	(2,653,189)
	-----	-----
Options outstanding, March 31, 2004	1,166	\$ 1,007,605
	=====	=====
New York Municipal III:		
-----		
Options outstanding, September 30, 2003	274	\$ 221,207
Options written	1,395	1,422,341
Options expired	(75)	(50,311)
Options terminated in closing purchase transactions	(548)	(575,523)
Options exercised	(654)	(678,965)
	-----	-----
Options outstanding, March 31, 2004	392	\$ 338,749
	=====	=====

4. AUCTION PREFERRED SHARES

Municipal III has issued 2,160 shares of Preferred Shares Series A, 2,160 shares of Preferred Shares Series B, 2,160 shares of Preferred Shares Series C, 2,160 shares of Preferred Shares Series D and 2,160 shares of Preferred Shares Series E each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

California Municipal III has issued 3,700 shares of Preferred Shares Series A and 3,700 shares of Preferred Shares Series B each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

New York Municipal III has issued 1,880 shares of Preferred Shares Series A with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

Dividends are accumulated daily at an annual rate set through auction procedures. Distributions of net realized capital gains, if any, are paid annually.



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### 4. AUCTION PREFERRED SHARES (CONCLUDED)

For the six months ended March 31, 2004, the annualized dividend rates ranged from:

	High	Low	At 3/31/04
-----			
Municipal III:			
-----			
Series A	1.75%	0.73%	1.080%
Series B	1.75%	0.45%	1.099%
Series C	1.30%	0.73%	1.080%
Series D	1.75%	0.45%	1.130%
Series E	1.75%	0.45%	1.160%
California Municipal III:			
-----			
Series A	1.75%	0.80%	0.90%
Series B	1.75%	0.80%	0.90%
New York Municipal III:			
-----			
Series A	1.29%	0.45%	0.90%

The Funds are subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Funds from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

### 5. SUBSEQUENT COMMON DIVIDEND DECLARATIONS

On April 1, 2004, the following dividends were declared to common shareholders payable May 3, 2004 to shareholders of record on April 16, 2004:

Municipal III	\$0.0831 per common share
California Municipal III	\$0.08 per common share
New York Municipal III	\$0.08 per common share

On May 3, 2004, the following dividends were declared to common shareholders payable June 1, 2004 to shareholders of record on May 14, 2004:

Municipal III	\$0.0831 per common share
California Municipal III	\$0.08 per common share
New York Municipal III	\$0.08 per common share

### 6. LEGAL PROCEEDINGS

On February 12, 2004, the staff of the Securities and Exchange Commission (the "Commission") informed the Investment Manager that it intended to recommend that the Commission bring civil and administrative actions against the Investment Manager and one of its investment advisory affiliates seeking a permanent injunction against violations of certain provisions of the federal securities laws, disgorgement plus prejudgment interest and civil penalties in connection with the Commission staff's investigation of "market timing" and related trading activities in certain open-end investment companies advised by the Investment Manager (the "Subject Funds"). On February 17, 2004, the Attorney General of New Jersey filed a complaint alleging, among other things, that the Sub-Adviser and certain of its affiliates had failed to disclose that

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they improperly allowed certain hedge funds to engage in "market timing" in the Subject Funds and certain other mutual funds advised by the Sub-Adviser. The complaint seeks injunctive relief, civil monetary penalties, restitution and disgorgement of profits. On May 6, 2004, the Commission filed a complaint in the U.S. District Court in the Southern District of New York alleging that the Investment Manager, certain of its affiliates, and Stephen J. Treadway (the Chief Executive Officer of the Investment Manager as well as the Chairman of the Funds) had among other things, violated and/or aided and abetted violations of various antifraud provisions of the federal securities laws in connection with the alleged "market timing"

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PIMCO MUNICIPAL INCOME FUNDS III NOTES TO FINANCIAL STATEMENTS  
March 31, 2004 (unaudited)

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### 6. LEGAL PROCEEDINGS (CONCLUDED)

arrangements discussed above. The complaint seeks injunctive relief, disgorgement plus pre-judgment interest, monetary penalties, and an order permanently enjoining the defendants from serving as investment advisers, principal underwriters, officers, directors, or members of any advisory boards to any registered investment companies.

The proceedings described above do not allege that any inappropriate activity took place in the Funds and the Funds are not named in the proceedings.

If the New Jersey Attorney General or the Commission were to obtain a court injunction against the Investment Manager, the Sub-Adviser, certain of their affiliates and/or Mr. Treadway and their affiliates would, in the absence of exemptive relief granted by the Commission, be barred from serving as an investment adviser/sub-adviser or principal underwriter for any registered investment company, including the Funds. In such a case, the Investment Manager and the Sub-Adviser would in turn seek exemptive relief from the Commission, as contemplated by the Investment Company Act, although there is no assurance that such exemptive relief would be granted. The Commission also has the power by order to prohibit the Investment Manager, the Sub Adviser and certain of their affiliates from serving as investment advisers and underwriters, although to date it has not exercised such powers with respect to market timing arrangements involving other mutual fund complexes.

Since February, 2004, the Investment Manager, the Sub-Adviser and certain of their affiliates, various investment companies advised by the Investment Manager and the Sub-Adviser and their boards of trustees have been named as defendants in multiple lawsuits filed in U.S. District Court in the Southern District of New York, the Central District of California and the Districts of New Jersey and Connecticut. The lawsuits have been commenced as putative class actions on behalf of investors who purchased, held or redeemed shares of the specified funds during specified periods or as derivative actions on behalf of the specified funds. The lawsuits generally relate to the same facts that are the subject of the regulatory proceedings discussed above. The lawsuits seek unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts and/or the return of fees paid under those contracts and restitution. The Funds have been named in two of the class action lawsuits, one filed in the Southern District of New York and one filed in the District of New Jersey. The Investment Manager and the Sub-Adviser believe that other similar lawsuits may be filed in Federal or State Courts naming the Investment Manager, the Sub-Adviser, various investment companies they advise (which may include the Funds), their boards or trustees

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and/or their affiliates.

In November 2003, the Commission settled an enforcement action against an unaffiliated broker-dealer relating to the undisclosed receipt of fees from certain mutual fund companies in return for preferred marketing of their funds and announced that it would be investigating mutual funds and their distributors generally with respect to compensation arrangements relating to the sale of mutual fund shares. In that connection, the Investment Manager, the Sub-Adviser and certain of their affiliates are under investigation by the Commission relating to revenue-sharing arrangements and the use of brokerage commissions to recognize brokers effecting sales of open-end investment companies advised by the Investment Manager, the Sub-Adviser and their affiliates. In addition, the Attorney General of the State of California has publicly announced an investigation into the brokerage recognition and revenue-sharing arrangements of these open-end investment companies.

Although it is not possible to predict what, if any, effect the foregoing will have on the market for the Funds' shares, the Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the operations of the Funds or on the Investment Manager's, or Sub-Adviser's ability to perform their respective investment advisory services to the Funds.

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### PIMCO MUNICIPAL INCOME FUNDS III FINANCIAL HIGHLIGHTS

For a share of common stock outstanding each period:

MUNICIPAL III:	Six months ended March 31, 2004 (unaudited)	For the period October 31, 2002* through September 30, 2003
	-----	-----
Net asset value, beginning of period	\$ 14.05	\$ 14.33**
-----		
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	0.58	0.78
-----		
Net realized and unrealized gain (loss) on investments, futures contracts and options written	0.40	(0.08)
-----		
Total from investment operations	0.98	0.70
-----		
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(0.04)	(0.06)
-----		
Net increase in net assets applicable to common shares resulting from investment operations	0.94	0.64
-----		
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME	(0.50)	(0.79)
-----		
CAPITAL SHARE TRANSACTIONS:		
Common stock offering costs charged to paid-in capital in excess of par	--	(0.03)
-----		

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Preferred shares offering costs/underwriting commissions charged to paid-in capital in excess of par	--	(0.10)
-----		
Total capital share transactions	--	(0.13)
-----		
Net asset value, end of period	\$ 14.49	\$ 14.05
-----		
Market price, end of period	\$ 14.68	\$ 14.20
-----		
TOTAL INVESTMENT RETURN (1)	7.06%	0.05%
-----		
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders, end of period (000)	\$ 449,346	\$435,169
-----		
Ratio of expenses to average net assets (2) (3) (4) (5)	1.05%	0.99%
-----		
Ratio of net investment income to average net assets (2) (4) (5)	8.01%	6.05%
-----		
Preferred shares asset coverage per share	\$ 66,602	\$ 65,284
-----		
Portfolio turnover	3%	62%
-----		

\* Commencement of operations.

\*\* Initial public offering price of \$15.00 per share less underwriting discount of \$0.675 per share.

- (1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the current market price on the last day for each period reported. Dividends 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 or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1.(h) in Notes to Financial Statements).
- (4) Annualized.
- (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.29% (annualized) and 7.77% (annualized), respectively for the six months ended March 31, 2004 and 1.22% (annualized) and 5.82% (annualized), respectively, for the period October 31, 2002 (commencement of operations) through September 30, 2003.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO MUNICIPAL INCOME FUNDS III FINANCIAL HIGHLIGHTS

For a share of common stock outstanding each period:

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CALIFORNIA MUNICIPAL III	Six months ended March 31, 2004 (unaudited)	For the period October 31, 2003 through September 30, 2003
Net asset value, beginning of period	\$ 13.43	\$ 14.33**
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	0.60	0.71
Net realized and unrealized gain (loss) on investments, futures contracts and options written	0.64	(0.66)
Total from investment operations	1.24	0.05
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME		
	(0.04)	(0.06)
Net increase (decrease) in net assets applicable to common shares resulting from investment operations	1.20	(0.01)
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME		
	(0.48)	(0.76)
CAPITAL SHARE TRANSACTIONS:		
Common stock offering costs charged to paid-in capital in excess of par	--	(0.03)
Preferred shares offering costs/underwriting commissions charged to paid-in capital in excess of par	--	(0.10)
Total capital share transactions	--	(0.13)
Net asset value, end of period	\$ 14.15	\$ 13.43
Market price, end of period	\$ 14.19	\$ 13.62
TOTAL INVESTMENT RETURN (1)	7.87%	(4.10)%
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders, end of period (000)	\$301,294	\$ 285,279
Ratio of expenses to average net assets (2) (3) (4) (5)	1.08%	1.01%
Ratio of net investment income to average net assets (2) (4) (5)	8.58%	5.63%
Preferred shares asset coverage per share	\$ 65,712	\$ 63,539
Portfolio turnover	25%	123%

\* Commencement of operations.

\*\* Initial public offering price of \$15.00 per share less underwriting discount of \$0.675 per share.

(1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the current market price on the last day for each period reported. Dividends are

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- 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 or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
  - (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1.(h) in Notes to Financial Statements).
  - (4) Annualized.
  - (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.32% (annualized) and 8.34% (annualized) respectively for the six months ended March 31, 2004 and 1.24% (annualized) and 5.40% (annualized), respectively, for the period October 31, 2002 (commencement of operations) through September 30, 2003.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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### PIMCO MUNICIPAL INCOME FUNDS III FINANCIAL HIGHLIGHTS

For a share of common stock outstanding throughout each period:

	Six months ended March 31, 2004 (unaudited)	For the period October 31, 2002 through September 30, 2003
NEW YORK MUNICIPAL III		
Net asset value, beginning of period	\$ 14.14	\$ 14.33**
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	0.58	0.70
Net realized and unrealized gain on investments, futures contracts and options written	0.38	0.08
Total from investment operations	0.96	0.78
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME		
Net increase in net assets applicable to common shares resulting from investment operations	0.93	0.72
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME	(0.48)	(0.76)
CAPITAL SHARE TRANSACTIONS:		
Common stock offering costs charged to paid-in capital in excess of par	--	(0.03)
Preferred shares offering costs/underwriting commissions charged to paid-in capital in excess of par	--	(0.12)

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Total capital share transactions	--	(0.15)
-----		
Net asset value, end of period	\$ 14.59	\$ 14.14
-----		
Market price, end of period	\$ 14.69	\$ 13.68
-----		
TOTAL INVESTMENT RETURN (1)	11.04%	(3.77)%
-----		
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders, end of period (000)	\$79,385	\$ 76,975
-----		
Ratio of expenses to average net assets (2) (3) (4) (5)	1.17%	1.14%
-----		
Ratio of net investment income to average net assets (2) (4) (5)	7.98%	5.47%
-----		
Preferred shares asset coverage per share	\$67,224	\$ 65,942
-----		
Portfolio turnover	2%	217%
-----		

\* Commencement of operations.

\*\* Initial public offering price of \$15.00 per share less underwriting discount of \$0.675 per share.

- (1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the current market price on the last day for each period reported. Dividends 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 or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1.(h) in Notes to Financial Statements).
- (4) Annualized.
- (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.41% (annualized) and 7.74% (annualized), respectively for the six months ended March 31, 2004, and 1.37% (annualized) and 5.24% (annualized), respectively for the period October 31, 2002 (commencement of operations) through September 30, 2003.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

### PIMCO MUNICIPAL INCOME FUNDS III ANNUAL SHAREHOLDER MEETINGS

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The Funds held their annual meetings of shareholders on January 13, 2004. Common/Preferred shareholders of each fund voted to elect R. Peter Sullivan III as a Class II Trustee to serve until 2005, Stephen Treadway as a Class III Trustee to serve until 2006 and re-elect Hans W. Kertess as a Class I Trustee to serve until 2007. Preferred shareholders voted to re-elect Robert E. Connor as a Class I Trustee to serve until 2007.

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The resulting vote count is indicated below:

	Affirmative	Withhold Authority
-----		
Municipal III:		
-----		
Election of Stephen Treadway	27,900,735	361,628
Election of R. Peter Sullivan III	27,886,850	375,513
Election of Hans W. Kertess*	27,880,183	382,180
Election of Robert E. Connor	10,351	21
California Municipal III:		
-----		
Election of Stephen Treadway	18,552,254	131,826
Election of R. Peter Sullivan III	18,547,415	136,665
Election of Hans W. Kertess*	18,548,082	135,998
Election of Robert E. Connor	6,749	7
New York Municipal III:		
-----		
Election of Stephen Treadway	4,916,542	71,650
Election of R. Peter Sullivan III	4,917,481	70,711
Election of Hans W. Kertess*	4,917,481	70,711
Election of Robert E. Connor	1,715	3
Paul Belica and John J. Dalessandro II* continue to serve as Trustees of the Funds.		

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\* Preferred Stock Trustee

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## TRUSTEES AND PRINCIPAL OFFICERS

Stephen Treadway

Trustee, Chairman & Chairman of the Board

Paul Belica

Trustee

Robert E. Connor

Trustee

John J. Dalessandro II

Trustee

Hans W. Kertess

Trustee

R. Peter Sullivan

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Newton B. Schott, Jr.

Vice President & Secretary

Mark V. McCray

Vice President

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Jennifer A. Patula

Assistant Secretary

## INVESTMENT MANAGER

PA Fund Management LLC

1345 Avenue of the Americas

New York, NY 10105

## SUB-ADVISER

Pacific Investment Management Company LLC

840 Newport Center Drive

Newport Beach, CA 92660

## TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP

1177 Avenue of the Americas

New York, NY 10036

## LEGAL COUNSEL

Ropes & Gray LLP

One International Place

Boston, MA 02210-2624

This report, including the financial information herein, is transmitted to the shareholders of PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III for their

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information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time each Fund may purchase shares of its common stock in the open market.

The financial information included herein is taken from the records of each Fund without examination by independent auditors, who did not express an opinion hereon.

Information on the Funds is available at [www.pimcoadvisors.com](http://www.pimcoadvisors.com) or by calling 1-800-331-1710

P I M C O  
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A D V I S O R S  
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ITEM 2. CODE OF ETHICS Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT Not required in this filing

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES Not required in this filing

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT Not required in this filing

ITEM 6. SCHEDULE OF INVESTMENTS Schedule of Investments is included as part of the report to shareholders filed under item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES Not required in this filing.

ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES. Disclosure requirement not currently effective

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS In January 2004, the Registrant's Board of Trustees adopted a Nominating Committee Charter governing

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the affairs of the Nominating Committee of the Board, which is posted on the PIMCO Advisors Funds website at [www.pimcoadvisors.com](http://www.pimcoadvisors.com). Appendix B to the Nominating Committee Charter includes "Procedures for Shareholders to Submit Nominee Candidates," which sets forth the procedures by which shareholders may recommend nominees to the Registrant's Board of Trustees. The Registrant has not held an annual shareholder meeting since this rule became effective, so these procedures have yet to be disclosed in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A, and this is the first Form N-CSR filing made by the Registrant after Item 9 was added to the Form. Among other requirements, the procedures provide that the recommending shareholder must submit any recommendation in writing to the Registrant to the attention of the Registrant's Secretary, at the address of the principal executive offices of the Registrant and that such submission must be received at such offices not less than 45 days nor more than 75 days prior to the date of the Board or shareholder meeting at which the nominee would be elected. Any recommendation must include certain biographical and other information regarding the candidate and the recommending shareholder, and must include a written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected. The foregoing description of the requirements is only a summary and is qualified in its entirety by reference to Appendix B of the Nominating Committee Charter.

### ITEM 10. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

### ITEM 11. EXHIBITS

- (a) Exhibit 99.302 Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIMCO New York Municipal Income Fund III

By /s/ Brian S. Shlissel

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Brian S. Shlissel, President & Chief Executive Officer

Date: June 4, 2004

By /s/ Lawrence G. Altadonna

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Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: June 4, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Brian S. Shlissel

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Brian S. Shlissel, President & Chief Executive Officer

Date: June 4, 2004

By /s/ Lawrence G. Altadonna

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Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: June 4, 2004