

PIMCO NEW YORK MUNICIPAL INCOME FUND III
Form N-Q
August 28, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act File Number:	811-21189
Registrant Name:	PIMCO New York Municipal Income Fund III
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	William G. Galipeau 650 Newport Center Drive Newport Beach, CA 92660
Registrant's telephone number, including area code:	(844) 337-4626
Date of Fiscal Year End:	September 30
Date of Reporting Period:	June 30, 2015

Item 1. Schedule of Investments

Schedule of Investments

PIMCO New York Municipal Income Fund III

June 30, 2015 (Unaudited)

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
INVESTMENTS IN SECURITIES 168.0%		
MUNICIPAL BONDS & NOTES 167.6%		
NEW YORK 163.4%		
Brooklyn Arena Local Development Corp., New York Revenue Bonds, Series 2009		
6.375% due 07/15/2043	\$ 1,000	\$ 1,156
Chautauqua Industrial Development Agency, New York Revenue Bonds, Series 2009		
5.875% due 04/01/2042	1,500	1,667
Dutchess County, New York Industrial Development Agency Revenue Bonds, Series 2007		
5.250% due 01/01/2037	695	648
Erie County, New York Industrial Development Agency Revenue Bonds, Series 2011		
5.250% due 05/01/2025	1,000	1,170
Hudson Yards Infrastructure Corp., New York Revenue Bonds, Series 2011		
5.750% due 02/15/2047	4,000	4,535
Long Island Power Authority, New York Revenue Bonds, Series 2009		
5.750% due 04/01/2039	1,500	1,700
Metropolitan Transportation Authority, New York Revenue Bonds, Series 2009		
5.000% due 11/15/2034	500	568
Metropolitan Transportation Authority, New York Revenue Bonds, Series 2013		
5.000% due 11/15/2042	2,000	2,164
5.000% due 11/15/2043	4,000	4,326
Monroe County Industrial Development Corp., New York Revenue Bonds, (FHA Insured), Series 2010		
5.500% due 08/15/2040	1,500	1,706
Monroe County Industrial Development Corp., New York Revenue Bonds, Series 2013		
5.000% due 07/01/2043	1,750	1,923

Nassau County, New York Industrial Development Agency		
Revenue Bonds,		
Series 2014		
2.000% due 01/01/2049	135	11
6.700% due 01/01/2049	375	362
New York City, New York General Obligation Bonds,		
Series 2013		
5.000% due 08/01/2031	2,590	2,935
New York City, New York Industrial Development Agency		
Revenue Bonds, (AGC Insured), Series 2009		
6.500% due 01/01/2046	600	687
7.000% due 03/01/2049	2,200	2,610
New York City, New York Transitional Finance Authority		
Future Tax Secured Revenue Bonds, Series 2013		
5.000% due 11/01/2042	2,000	2,207
New York City, New York Trust for Cultural Resources		
Revenue Bonds,		
Series 2014		
5.000% due 08/01/2043	2,000	2,193
New York City, New York Water & Sewer System Revenue		
Bonds, Series 2007		
4.750% due 06/15/2035 (a)	5,000	5,317
New York City, New York Water & Sewer System Revenue		
Bonds, Series 2009		
5.000% due 06/15/2039	1,500	1,675
New York City, New York Water & Sewer System Revenue		
Bonds, Series 2012		
5.000% due 06/15/2047	2,500	2,737
New York Counties Tobacco Trust Revenue Bonds, Series		
2001		
5.750% due 06/01/2043	2,000	2,025
New York Liberty Development Corp. Revenue Bonds,		
Series 2007		
5.500% due 10/01/2037	2,400	2,844
New York Liberty Development Corp. Revenue Bonds,		
Series 2010		
5.125% due 01/15/2044	2,000	2,220
6.375% due 07/15/2049	1,050	1,185
New York Liberty Development Corp. Revenue Bonds,		
Series 2011		
5.750% due 11/15/2051	4,000	4,555
New York Liberty Development Corp. Revenue Bonds,		
Series 2014		
5.000% due 11/15/2044	2,000	2,009
New York State Dormitory Authority Revenue Bonds,		
Series 2009		
5.000% due 03/15/2038	1,000	1,113
5.500% due 03/01/2039	1,200	1,361
New York State Dormitory Authority Revenue Bonds,		
Series 2010		
5.500% due 07/01/2040	500	570

New York State Dormitory Authority Revenue Bonds, Series 2011		
6.000% due 07/01/2040	250	289
New York State Dormitory Authority Revenue Bonds, Series 2012		
5.000% due 05/15/2026	1,225	1,424
5.000% due 12/15/2027	2,000	2,336
New York State Dormitory Authority Revenue Bonds, Series 2013		
5.000% due 02/15/2029	750	851
New York State Dormitory Authority Revenue Bonds, Series 2015		
5.000% due 07/01/2037	1,000	1,113
5.000% due 07/01/2045	1,500	1,672
New York State Environmental Facilities Corp. Revenue Bonds, Series 2007		
4.750% due 06/15/2032	750	801
New York State Thruway Authority Revenue Bonds, Series 2012		
5.000% due 01/01/2042	1,600	1,748
New York State Urban Development Corp. Revenue Bonds, Series 2009		
5.000% due 03/15/2036 (a)	2,200	2,453
Niagara Tobacco Asset Securitization Corp., New York Revenue Bonds, Series 2014		
5.250% due 05/15/2034	500	555
5.250% due 05/15/2040	500	550

Onondaga County, New York Revenue Bonds, Series 2011		
5.000% due 12/01/2036	400	446
Port Authority of New York & New Jersey Revenue Bonds, Series 2010		
6.000% due 12/01/2036	600	701
Triborough Bridge & Tunnel Authority, New York Revenue Notes, Series 2009		
5.250% due 11/15/2034 (a)	2,000	2,221
Troy Capital Resource Corp., New York Revenue Bonds, Series 2010		
5.125% due 09/01/2040	1,400	1,539
TSASC, Inc., New York Revenue Bonds, Series 2006		
5.000% due 06/01/2026	4,000	4,061
5.000% due 06/01/2034	100	90
5.125% due 06/01/2042	500	423
Warren & Washington Counties Industrial Development Agency, New York Revenue Bonds, (AGM Insured), Series 2003		
5.000% due 12/01/2035	2,000	2,002
Westchester County Healthcare Corp., New York Revenue Bonds, Series 2010		
6.125% due 11/01/2037	600	686
Yonkers Economic Development Corp., New York Revenue Bonds, Series 2010		
6.000% due 10/15/2030	100	105
		86,245
OHIO 3.1%		
Buckeye Tobacco Settlement Financing Authority, Ohio Revenue Bonds, Series 2007		
6.500% due 06/01/2047	1,950	1,653
U.S. VIRGIN ISLANDS 1.1%		
Virgin Islands Public Finance Authority, U.S. Virgin Islands Revenue Bonds, Series 2009		
6.000% due 10/01/2039	500	555
Total Municipal Bonds & Notes		88,453
(Cost \$81,585)		
SHORT-TERM INSTRUMENTS 0.4%		
U.S. TREASURY BILLS 0.4%		
0.005% due 09/17/2015	200	200

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Total Short-Term Instruments	200
(Cost \$200)	
Total Investments in Securities	88,653
(Cost \$81,785)	
Total Investments 168.0%	\$ 88,653
(Cost \$81,785)	
Preferred Shares (60.6%)	(32,000)
Other Assets and Liabilities, net (7.3%)	(3,872)
Net Assets Applicable to Common Shareholders 100.0%	\$ 52,781

Notes to Schedule of Investments (amounts in thousands*):

- (a) Represents an underlying municipal bond transferred to a tender option bond trust established in a tender option bond transaction in which the Fund sold, or caused the sale of, the underlying municipal bond and purchased the residual interest certificate. The security serves as collateral in a financing transaction. See Note 5(a) in the Notes to Financial Statements for more information.

Fair Value Measurements

The following is a summary of the fair valuations according to the inputs used as of June 30, 2015 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2015
Investments in Securities, at Value				
Municipal Bonds & Notes				
New York	\$ 0	\$ 86,245	\$ 0	\$ 86,245
Ohio	0	1,653	0	1,653
U.S. Virgin Islands	0	555	0	555
Short-Term Instruments				
U.S. Treasury Bills	0	200	0	200
Total Investments	\$ 0	\$ 88,653	\$ 0	\$ 88,653

There were no significant transfers between Levels 1, 2, or 3 during the period ended June 30, 2015.

See Accompanying Notes

Notes to Financial Statements

1. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The net asset value (NAV) of the Fund 's shares is valued as of the close of regular trading (normally 4:00 p.m., Eastern time) (the NYSE Close) on each day that the New York Stock Exchange (NYSE) is open (each a Business Day). Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day.

For purposes of calculating the NAV, portfolio securities and other financial derivative instruments are valued on each Business Day using valuation methods as adopted by the Board of Trustees (the Board) of the Fund. The Board has formed a Valuation Oversight Committee, whose function is to monitor the valuation of portfolio securities and other financial derivative instruments and, as required by the Fund 's valuation policies, determine in good faith the fair market value of the Fund 's portfolio holdings after consideration of all relevant factors, including recommendations provided by the investment manager (the Manager). The Board has delegated responsibility for applying the valuation methods to the Manager. The Manager monitors the continual appropriateness of methods applied and determines if adjustments should be made in light of market factor changes and events affecting issuers.

Where market quotes are readily available, fair market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales or closing prices are reported, equity securities are generally valued at the mean of the last available bid and ask quotations on the exchange or market on which the security is primarily traded, or use other information based on quotes obtained from a quotation reporting system, established market makers, or pricing services. Where market quotes are not readily available, portfolio securities and other financial derivative instruments are valued at fair market value, as determined in good faith by the Board, its Valuation Committee, or the Manager pursuant to instructions from the Board or its Valuation Committee. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Fund 's securities or financial derivative instruments. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Manager the responsibility for monitoring significant events that may materially affect the values of the Fund 's securities or financial derivative instruments and for determining whether the value of the applicable securities or financial derivative instruments should be re-evaluated in light of such significant events.

The Board has adopted methods for valuing securities and other financial derivative instruments that may require fair valuation under particular circumstances. The Manager monitors the continual appropriateness of fair valuation methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Manager determines that a fair valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will take any appropriate action in accordance with procedures set forth by the Board. The Board reviews the appropriateness of the valuation methods from time to time, and these methods may be amended or supplemented from time to time by the Valuation Committee.

In circumstances in which daily market quotes are not readily available, investments may be valued pursuant to guidelines established by the Board. In the event that the security or other financial derivative instruments cannot be valued pursuant to the established guidelines, the value of the security or other financial derivative instrument will be determined in good faith by the Valuation Committee, generally based upon recommendations provided by the Manager. These methods may require subjective determinations about the value of a security. While the Fund 's policy is intended to result in a calculation of the Fund 's NAV that fairly reflects security values as of the time of pricing, the

Fund cannot guarantee that values determined by the Board or persons acting at their direction would accurately reflect the price that the Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realized if the securities were sold or settled.

(b) Fair Value Hierarchy U.S. GAAP describes fair market value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

Level 1 Inputs using (unadjusted) quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers in and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments of the Fund.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The end of period timing recognition is used for the transfers between Levels of the Fund's assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for the Fund.

(c) Valuation Techniques and the Fair Value Hierarchy

Level 1 and Level 2 trading assets and trading liabilities, at fair market value The valuation methods (or techniques) and significant inputs used in determining the fair market values of portfolio securities or financial derivative instruments categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued by pricing service providers that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The service providers' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the

fair value hierarchy.

Short-term investments having a maturity of 60 days or less and repurchase agreements are generally valued at amortized cost which approximates fair market value. These investments are categorized as Level 2 of the fair value hierarchy.

2. FEDERAL INCOME TAX MATTERS

The Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the Code) and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

In accordance with U.S. GAAP, the Manager has reviewed the Fund's tax positions for all open tax years. As of June 30, 2015, the Fund has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Fund files U.S. tax returns. While the statute of limitations remains open to examine the Fund's U.S. tax returns filed for the fiscal years from 2012-2014, no examinations are in progress or anticipated at this time. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

As of June 30, 2015, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands):

Federal Tax Cost	Aggregate Gross Unrealized Appreciation	Aggregate Gross Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation) ⁽¹⁾
\$ 81,785	\$ 7,167	\$ (299)	\$ 6,868

⁽¹⁾ Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) are attributable to wash sale loss deferrals for federal income tax purposes.

Glossary: (abbreviations that may be used in the preceding statements)

(Unaudited)

Currency Abbreviations:

USD (or \$) United States Dollar

Municipal Bond or Agency Abbreviations:

AGC Assured Guaranty Corp. AGM Assured Guaranty Municipal FHA Federal Housing Administration

Item 2. Controls and Procedures

(a) The principal executive officer and principal financial & accounting officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a-3(c))), 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 control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

A separate certification for each principal executive officer and principal financial & accounting officer of the registrant as required by Rule 30a-2 under the 1940 Act is attached as Exhibit 99.CERT.

Signatures

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/ Peter G. Strelow
Peter G. Strelow
President

Date: August 27, 2015

By: /s/ William G. Galipeau
William G. Galipeau
Treasurer

Date: August 27, 2015

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/ Peter G. Strelow
Peter G. Strelow
President

Date: August 27, 2015

By: /s/ William G. Galipeau
William G. Galipeau
Treasurer

Date: August 27, 2015