

PIMCO MUNICIPAL INCOME FUND

Form N-CSR

July 06, 2006

Item 1. Report to Shareholder

PIMCO Municipal Income Fund  
PIMCO California Municipal Income Fund  
PIMCO New York Municipal Income Fund  
Annual Report  
April 30, 2006  
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PIMCO Municipal Income Funds Letter to Shareholders

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June 12, 2006

Dear Shareholder:

We are pleased to provide you with the annual report for PIMCO Municipal Income Fund, PIMCO California Municipal Income Fund and PIMCO New York Municipal Income Fund (the “Funds”) for the fiscal year ended April 30, 2006.

During the fiscal twelve month period, the Federal Reserve raised short-term interest rates eight times for a total of 200 basis points. These actions, coupled with only modest increases in longer term rates, caused the yield curve to flatten across all fixed income sectors, including national and state-specific municipal bonds.

In this environment, the Funds were able to post positive returns. For the twelve months ended April 30, 2006, PIMCO Municipal Income Fund increased 4.63% on net asset value and 18.13% on market price, outperforming the Lipper Analytical General Municipal Debt Funds (Leveraged) average, which posted returns of 3.86% and 9.25%, respectively. PIMCO California Municipal Income Fund rose 5.62% on net asset value and 18.93% on market price,

outperforming the Lipper Analytical California Municipal Debt Funds average which returned 3.85% and 10.14%, respectively. PIMCO New York Municipal Income Fund increased 3.86% on net asset value and 11.45% on market price, compared to returns of 3.88% and 8.09%, respectively for the Lipper Analytical New York Municipal Debt Funds average.

Please review the following pages for specific information on the Funds. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 331-1710. You can also find a wide range of information and resources on our Web site at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and Pacific Investment Management Company LLC, the Funds' sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Robert E. Connor  
Chairman

Brian S. Shlissel  
President & Chief Executive Officer

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PIMCO Municipal Income Fund  
Performance & Statistics  
April 30, 2006

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Symbol:

PMF

Objective:

To provide income exempt from federal income tax.

Primary Investments:

Municipal fixed-income securities, the interest from which is exempt from federal income tax.

Inception Date:

June 29, 2001

Total Net Assets<sup>(1)</sup>:

\$555.9 million

Portfolio Manager:

Mark McCray

| Total Return <sup>(2)</sup> :                      | Market Price | Net Asset Value (“NAV”) |
|--|--------------|-------------------------|
| 1 Year   | 18.13%       | 4.63%                   |
| 3 Years  | 11.76%       | 8.28%                   |
| Commencement of Operations (6/29/01) to<br>4/30/06 | 8.63%        | 7.24%                   |

Common Share Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/06

|                                   |         |
|-----------------------------------|---------|
| Market Price/NAV:                 |         |
| Market Price                      | \$16.22 |
| NAV                               | \$14.54 |
| Premium to NAV                    | 11.55%  |
| Market Price Yield <sup>(3)</sup> | 6.01%   |

Moody's Ratings

(as a % of total investments)

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

(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. 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 April 30, 2006.

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April 30, 2006

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Symbol:

PCQ

Objective:

To provide current income exempt from federal and California State income tax.

Primary Investments:

Municipal fixed-income securities, the interest from which is exempt from federal and California State income tax.

Inception Date:

June 29, 2001

Total Net Assets<sup>(1)</sup>:

\$409.1 million

Portfolio Manager:

Mark McCray

| Total Return <sup>(2)</sup> :                   | Market Price | Net Asset Value ("NAV") |
|---|--------------|-------------------------|
| 1 Year  | 18.93%       | 5.62%                   |
| 3 Years   | 10.90%       | 7.47%                   |
| Commencement of Operations (6/29/01) to 4/30/06 | 7.82%        | 6.77%                   |

Common Share Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/06

|                                   |         |
|-----------------------------------|---------|
| Market Price/NAV:                 |         |
| Market Price                      | \$15.87 |
| NAV                               | \$14.48 |
| Premium to NAV                    | 9.60%   |
| Market Price Yield <sup>(3)</sup> | 5.82%   |

Moody's Ratings

(as a % of total investments)

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

(2)

**Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. 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 April 30, 2006.

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PIMCO New York Municipal Income Fund  
Performance & Statistics  
April 30, 2006

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Symbol:

PNF

Objective:

To provide current income exempt from federal, New York State and New York City income tax.

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:

June 29, 2001

Total Net Assets<sup>(1)</sup>:

\$163.4 million

Portfolio Manager:

Mark McCray

| Total Return <sup>(2)</sup> :                   | Market Price | Net Asset Value (“NAV”) |
|---|--------------|-------------------------|
| 1 Year  | 11.45%       | 3.86%                   |
| 3 Years   | 9.34%        | 6.75%                   |
| Commencement of Operations (6/29/01) to 4/30/06 | 6.01%        | 5.33%                   |

Common Share Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/06

| Market Price/NAV:                 |         |
|-----------------------------------|---------|
| Market Price                      | \$14.56 |
| NAV                               | \$13.47 |
| Premium to NAV                    | 8.09%   |
| Market Price Yield <sup>(3)</sup> | 5.77%   |

Moody's Ratings  
(as a % of total investments)

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

(2)**Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. 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 April 30, 2006.

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PIMCO Municipal Income Fund  
Schedule of Investments  
April 30, 2006

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Value

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| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* |                               |
|------------------------------|--|---------------------------------|-------------------------------|
|                              |  |                                 | MUNICIPAL BONDS & NOTES—92.7% |
|                              | Alabama—3.6%   |                                 |                               |
| \$ 2,500                     | Birmingham Baptist Medical Centers Special<br>Care Facs. Financing Auth. Rev., 5.875%,<br>11/15/24, Ser. A               | Baa1/NR                         | \$ 2,602,225                  |
| 9,900                        | Daphne Special Care Facs. Financing Auth. Rev.,<br>zero coupon, 8/15/28, (Pre-refunded @ \$100,<br>8/15/08) (a)          | Aaa/AAA                         | 8,905,644                     |
| 8,000                        | Huntsville Health Care Auth. Rev., 5.75%, 6/1/31,<br>Ser. A  | A2/NR                           | 8,357,600                     |
|                              |  |                                 | 19,865,469                    |
|                              | Alaska—1.1%  |                                 |                               |
| 6,000                        | Northern Tobacco Securitization Corp. Rev.,<br>5.50%, 6/1/29   | Baa3/BBB                        | 6,081,840                     |
|                              | Arizona—1.0%   |                                 |                               |
| 2,000                        | Apache Cnty. Industrial Dev. Auth. Rev.,<br>Pollution Control Rev., Tucson Electric Power<br>Co., 5.875%, 3/1/33, Ser. B | Ba1/B+                          | 2,007,680                     |
| 3,500                        | Salt River Project Agricultural Improvement &<br>Power Dist. Rev., 4.75%, 1/1/35, Ser. A                                 | Aa2/AA                          | 3,513,265                     |
|                              |  |                                 | 5,520,945                     |
|                              | California—3.8%  |                                 |                               |
| 10,000                       | Golden State Tobacco Securitization Corp.,<br>Tobacco Settlement Rev., 6.75%, 6/1/39, Ser.<br>2003-A-1                   | Baa3/BBB                        | 11,139,000                    |
| 10,000                       | Riverside Cnty. Public Financing Auth., Tax<br>Allocation, 4.50%, 10/1/30, Ser. A (XLCA)                                 | Aaa/AAA                         | 9,571,000                     |
|                              |  |                                 | 20,710,000                    |
|                              | Colorado—2.3%  |                                 |                               |
|                              | Denver Health & Hospital Auth. Healthcare Rev.,<br>Ser. A,   |                                 |                               |
| 2,000                        | 5.375%, 12/1/28  | Baa3/BBB                        | 1,996,020                     |
| 1,000                        | 6.00%, 12/1/23   | Baa3/BBB                        | 1,055,070                     |
| 12,400                       | Health Facs. Auth. Retirement Facs. Rev., zero<br>coupon, 7/15/24  | NR/AAA                          | 5,137,940                     |
| 4,965                        | Northwest Parkway Public Highway Auth. Rev.,<br>7.125%, 6/15/41, Ser. D  | B3/CCC                          | 4,586,170                     |
|                              |  |                                 | 12,775,200                    |
|                              | Connecticut—0.2%   |                                 |                               |
| 1,000                        | State Dev. Auth. Pollution Control Rev., 5.85%,<br>9/1/28  | Baa1/BBB–                       | 1,055,510                     |
|                              | District of Columbia—1.0%  |                                 |                               |
| 5,325                        | Tobacco Settlement Financing Corp. Rev., 6.25%,<br>5/15/24   | Baa3/BBB                        | 5,649,665                     |
|                              | Florida—1.8%   |                                 |                               |
| 9,000                        | Highlands Cnty. Health Facs. Auth. Rev.,<br>Adventist Health System,<br>6.00%, 11/15/31, Ser. A, (Pre-refunded @ \$101,  | A2/A+                           | 10,038,330                    |

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|       |   |         |            |
|-------|---|---------|------------|
|       | 11/15/11) (a)                                 |         |            |
|       | Georgia-2.0%                                  |         |            |
|       | Municipal Electric Auth. Power Rev.           |         |            |
|       | (MBIA-IBC),                                   |         |            |
| 9,700 | 5.50%, 1/1/20                                 | Aaa/AAA | 10,607,823 |
| 300   | 5.50%, 1/1/20, Ser. Z, (Pre-refunded @ \$100, |         |            |
|       | 1/1/13) (a)                                   | NR/AAA  | 329,997    |
|       |   |         | 10,937,820 |

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PIMCO Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value        |
|------------------------------|--|---------------------------------|--------------|
|                              | Illinois-12.0%                                 |                                 |              |
|                              | Chicago, GO, Ser. A (FGIC),                    |                                 |              |
| \$ 2,935                     | 5.375%, 1/1/34                                 | Aaa/AAA                         | \$ 3,059,150 |
| 6,145                        | 5.375%, 1/1/34, (Pre-refunded @ \$101, 1/1/09) |                                 |              |
|                              | (a)  | Aaa/AAA                         | 6,463,803    |
| 10,115                       | Chicago Board of Education, GO, zero coupon,   |                                 |              |
|                              | 12/1/31, Ser. A (FGIC)                         | Aaa/AAA                         | 2,810,554    |
| 2,000                        | Chicago Water Rev., 5.25%, 11/1/27,            |                                 |              |
|                              | (Pre-refunded @ \$102, 11/1/07) (FGIC) (a)     | Aaa/AAA                         | 2,085,520    |
|                              | Educational Facs. Auth. Rev.,                  |                                 |              |
| 1,115                        | Midwestern Univ., 5.50%, 5/15/18, Ser. B       | NR/A-                           | 1,145,506    |
|                              | Univ. of Chicago,                              |                                 |              |
| 190                          | 5.25%, 7/1/41                                  | Aa1/AA                          | 197,581      |
| 4,810                        | 5.25%, 7/1/41, (Pre-refunded @ \$101,          |                                 |              |
|                              | 7/1/11) (a)                                    | Aa1/AA                          | 5,178,304    |
|                              | Finance Auth. Rev.,                            |                                 |              |
| 5,000                        | 5.50%, 11/15/29, (Pre-refunded @ \$101,        |                                 |              |
|                              | 11/15/09) (a)                                  | A2/A+                           | 5,315,450    |
| 1,260                        | 5.65%, 11/15/24, (Pre-refunded @ \$101,        |                                 |              |
|                              | 11/15/09) (a)                                  | A2/A+                           | 1,345,680    |
|                              | Health Facs. Auth. Rev.,                       |                                 |              |
| 3,000                        | Decatur Memorial Hospital, 5.75%, 10/1/24      | A2/A                            | 3,111,120    |
| 5,425                        | Silver Cross Hospital, 5.50%, 8/15/25,         |                                 |              |
|                              | (Pre-refunded @ \$101,                         |                                 |              |
|                              | 8/15/09) (a)                                   | NR/A                            | 5,765,148    |
|                              | Lake Cnty. Community High School Dist., GO,    |                                 |              |
|                              | Ser. B (FGIC),                                 |                                 |              |
| 5,000                        | zero coupon, 2/1/19                            | Aaa/AAA                         | 2,772,850    |
| 5,000                        | zero coupon, 2/1/20                            | Aaa/AAA                         | 2,636,850    |



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|        |  |         |                          |
|--------|--|---------|--------------------------|
| 5,690  | zero coupon, 2/1/22  | Aaa/AAA | 2,717,146                |
| 7,345  | Regional Transportation Auth. Rev., 5.50%,<br>6/1/23, Ser. B (FGIC)  | Aaa/AAA | 8,326,733                |
| 3,000  | State Sales Tax Rev., 5.125%, 6/15/20, Ser. 1  | Aa3/AAA | 3,132,060                |
| 5,000  | Univ. Rev., 5.25%, 4/1/32, Ser. B (FGIC)   | Aaa/AAA | 5,167,850                |
| 4,000  | Winnebago-Boone ETC Cntys. Rock Valley<br>Community College, Dist. No. 511, GO, 5.30%,<br>10/1/18, (Pre-refunded @ \$100, 10/1/10) (FGIC)<br>(a) | Aaa/NR  | 4,160,640<br>65,391,945  |
|        | Indiana-1.8%   |         |                          |
| 6,500  | Carmel School Building Corp. Rev., 5.00%,<br>7/15/22 (MBIA)  | Aaa/AAA | 6,687,850                |
| 1,225  | Richland-Bean Blossom School Building Corp.<br>Rev., 5.00%, 1/15/22 (FGIC)   | Aaa/AA- | 1,255,319                |
| 1,825  | Zionsville Community Schools Building Corp.<br>Rev., 5.00%, 7/15/27, Ser. A (FSA)  | NR/AAA  | 1,870,880<br>9,814,049   |
|        | Kansas-3.8%  |         |                          |
|        | Wichita Hospital Rev.,   |         |                          |
| 5,000  | 5.625%, 11/15/31, Ser. III   | NR/A+   | 5,237,450                |
| 14,370 | 6.25%, 11/15/24, Ser. XI   | NR/A+   | 15,373,601<br>20,611,051 |
|        | Kentucky-0.8%  |         |                          |
| 3,680  | Economic Dev. Finance Auth. Hospital Facs.<br>Rev., St. Luke's<br>Hospital, 6.00%, 10/1/19   | A3/A    | 4,061,763                |

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PIMCO Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value                    |
|------------------------------|--|---------------------------------|--------------------------|
|                              | Louisiana-6.4%   |                                 |                          |
| \$ 4,905                     | Local Gov't Environmental Facs. & Community<br>Dev. Auth. Rev.,<br>6.55%, 9/1/25 (ACA) | NR/A                            | \$ 5,456,665             |
| 27,895                       | Tobacco Settlement Financing Corp. Rev.,<br>5.875%, 5/15/39, Ser. 2001-B               | Baa3/BBB                        | 29,255,718<br>34,712,383 |
|                              | Maryland-0.2%  |                                 |                          |
| 1,150                        | Baltimore Water Project Rev., 5.125%, 7/1/42,<br>Ser. A (FGIC)                         | Aaa/AAA                         | 1,185,730                |

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|       |   |           |            |
|-------|---|-----------|------------|
|       | Massachusetts—1.9%  |           |            |
| 9,000 | Commonwealth of Massachusetts Rev., 5.50%,<br>1/1/34 (FGIC)   | Aaa/AAA   | 10,331,280 |
|       | Michigan—4.4%   |           |            |
| 1,000 | Detroit, GO, Ser. A-1 (MBIA),<br>5.375%, 4/1/15   | Aaa/AAA   | 1,064,770  |
| 1,000 | 5.375%, 4/1/17  | Aaa/AAA   | 1,061,770  |
| 5,650 | Forest Hills Public Schools, GO, 5.25%, 5/1/18,<br>(Pre-refunded @ \$100, 5/1/10) (a)                   | Aa2/NR    | 5,961,654  |
| 3,000 | Mount Clemens Community School Dist., GO,<br>5.00%, 5/1/31  | Aa2/AA    | 3,064,980  |
| 50    | Royal Oak Hospital Finance Auth. Rev., William<br>Beaumont<br>Hospital, 5.25%, 11/15/35, Ser. M (MBIA)  | Aaa/AAA   | 51,350     |
| 4,000 | State Hospital Finance Auth. Rev., Detroit<br>Medical Center, 6.25%, 8/15/13                            | Ba3/BB-   | 4,006,520  |
| 2,000 | State Strategic Fund Ltd. Obligation Rev., Detroit<br>Edison Pollution<br>Control Co., 5.45%, 9/1/29    | A3/BBB+   | 2,072,700  |
| 3,000 | Taylor Tax Increment Finance Auth., 5.375%,<br>5/1/17 (FSA)   | Aaa/AAA   | 3,179,490  |
| 6,255 | Wayne Charter Cnty. Airport Fac. Rev., 6.75%,<br>12/1/15 (h)  | NR/NR     | 3,445,880  |
|       |   |           | 23,909,114 |
|       | Minnesota—0.6%  |           |            |
| 95    | Agricultural & Economic Dev. Board Rev.,<br>Health Care System,<br>6.375%, 11/15/29                     | A2/A      | 104,482    |
| 2,905 | 6.375%, 11/15/29, (Pre-refunded @ \$101,<br>11/15/10) (a)   | A2/A      | 3,244,711  |
|       |   |           | 3,349,193  |
|       | Missouri—0.5%   |           |            |
| 2,500 | Interstate 470 & 350 Transportation Dev. Dist.<br>Rev., 6.35%, 5/1/22                                   | NR/NR     | 2,539,625  |
|       | Nevada—1.4%   |           |            |
| 3,000 | Clark Cnty. Rev., 5.25%, 7/1/34, Ser. B,<br>(Pre-refunded @ \$100, 7/1/11) (FGIC) (a)                   | Aaa/AAA   | 3,212,130  |
| 4,250 | Truckee Meadows Water Auth. Rev., 5.25%,<br>7/1/34, Ser. A,<br>(Pre-refunded @ \$100, 7/1/11) (FSA) (a) | Aaa/AAA   | 4,399,048  |
|       |   |           | 7,611,178  |
|       | New Hampshire—0.6%  |           |            |
| 3,000 | State Business Finance Auth. Pollution Control<br>Rev., Conn. Light<br>& Power Co., 5.85%, 12/1/22      | Baa1/BBB- | 3,170,100  |

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PIMCO Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006 (continued)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value      |
|---------------------------|--|---------------------------------|------------|
|                           | New Jersey—4.0%  |                                 |            |
|                           | Camden Cnty., Improvement Auth. Rev., Cooper Health System,                                    |                                 |            |
| \$ 240                    | 5.60%, 2/15/07   | Baa3/BBB                        | \$ 240,158 |
| 875                       | 6.00%, 2/15/27, (Pre-refunded @ \$102, 2/15/07) (a)  | Baa3/BBB                        | 907,340    |
| 16,550                    | Economic Dev. Auth., Kapkowski Landfill Project, 5.75%, 4/1/31                                 | Baa3/NR                         | 17,569,811 |
| 2,510                     | Economic Dev. Auth. Rev., Arbor Glen, 5.875%, 5/15/16  | NR/NR                           | 2,569,638  |
| 490                       | 5.875%, 5/15/16, Ser. A, (Pre-refunded @ \$102, 5/15/09) (a)                                   | NR/NR                           | 528,049    |
|                           |  |                                 | 21,814,996 |
|                           | New Mexico—0.5%  |                                 |            |
| 2,500                     | Farmington Pollution Control Rev., 5.80%, 4/1/22   | Baa2/BBB                        | 2,534,950  |
|                           | New York—2.1%  |                                 |            |
| 5,000                     | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%, 10/1/35                            | Aa3/A+                          | 5,402,100  |
| 3,000                     | New York City Municipal Water Finance Auth., Water & Sewer System Rev., 5.00%, 6/15/39, Ser. A | Aa2/AA+                         | 3,070,170  |
| 2,875                     | Westchester Cnty. Healthcare Corp. Rev., 5.875%, 11/1/25, Ser. A                               | Ba2/BB                          | 2,896,390  |
|                           |  |                                 | 11,368,660 |
|                           | North Carolina—0.6%  |                                 |            |
| 3,000                     | Capital Facs. Finance Agcy. Rev., Duke Univ. Project, 5.125%, 10/1/41, Ser. A                  | Aa1/AA+                         | 3,078,900  |
|                           | Ohio—1.2%  |                                 |            |
|                           | Lorain Cnty. Hospital Rev., Catholic Healthcare Partners,                                      |                                 |            |
| 2,500                     | 5.625%, 10/1/17  | Aa3/AA-                         | 2,664,450  |
| 2,565                     | 5.75%, 10/1/18   | Aa3/AA-                         | 2,746,448  |
| 1,235                     | State Turnpike Commission Rev., 5.50%, 2/15/15   | Aa3/AA                          | 1,314,843  |
|                           |  |                                 | 6,725,741  |
|                           | Pennsylvania—4.2%  |                                 |            |
|                           | Allegheny Cnty.,   |                                 |            |
| 5,780                     | Hospital Dev. Auth. Rev., 9.25%, 11/15/30, Ser. B  | Ba3/B+                          | 6,900,395  |
| 1,000                     | Industrial Dev. Auth. Rev., USX Corp., 5.60%, 9/1/30   | Baa1/BBB+                       | 1,030,420  |
| 1,095                     | Port Auth. Rev., 5.25%, 3/1/20 (FGIC)  | Aaa/AAA                         | 1,154,645  |
| 2,575                     | Delaware Cnty. Auth. College Rev., Neumann College, 5.80%, 10/1/17                             | NR/BBB-                         | 2,673,957  |

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|        |   |          |                         |
|--------|---|----------|-------------------------|
| 6,200  | Higher Educational Facs. Auth. Rev., 6.00%,<br>1/15/31, Ser. A  | Aa3/A+   | 6,733,138               |
| 4,610  | Philadelphia Hospitals & Higher Education Facs.<br>Hospital Rev.,<br>Temple Univ. Hospital, 6.625%, 11/15/23, Ser.<br>A | Baa2/BBB | 4,617,699<br>23,110,254 |
|        | Puerto Rico-0.3%  |          |                         |
| 1,600  | Electric Power Auth., Power Rev., 5.125%,<br>7/1/29, Ser. NN  | A3/BBB+  | 1,646,720               |
|        | Rhode Island-3.5%   |          |                         |
| 18,000 | Tobacco Settlement Financing Corp. Rev., 6.25%,<br>6/1/42, Ser. A   | Baa3/BBB | 18,877,680              |

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PIMCO Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value                    |
|------------------------------|--|---------------------------------|--------------------------|
|                              | South Carolina-4.8%  |                                 |                          |
|                              | Greenwood Cnty. Hospital Rev., Self Memorial<br>Hospital,                                    |                                 |                          |
| \$ 3,500                     | 5.50%, 10/1/21   | A2/A                            | \$ 3,608,640             |
| 2,000                        | 5.50%, 10/1/26   | A2/A                            | 2,063,040                |
| 3,000                        | Jobs Economic Dev. Auth. Hospital Facs. Rev.,<br>Georgetown                                  |                                 |                          |
|                              | Memorial Hospital, 5.375%, 2/1/30 (Radian)   | NR/AA                           | 3,111,270                |
| 15,600                       | Tobacco Settlement Rev., Management Auth.<br>Rev., 6.375%, 5/15/30, Ser. B                   | Baa3/BBB                        | 17,430,036<br>26,212,986 |
|                              | Tennessee-0.2%   |                                 |                          |
| 940                          | Memphis Health Educational & Housing Fac.,<br>Wesley Housing<br>Corp. Project, 6.95%, 1/1/20 | NR/NR                           | 894,340                  |
|                              | Texas-12.2%  |                                 |                          |
| 1,750                        | Austin Convention Enterprises, Inc., 5.75%,<br>1/1/32, Ser. B                                | A3/NR                           | 1,803,112                |
| 4,000                        | Austin Rev., 5.25%, 5/15/31, Ser. A & B (FSA)  | Aaa/AAA                         | 4,130,080                |
| 2,935                        | Bell Cnty. Health Fac. Dev. Corp., 5.25%,<br>11/15/19  | NR/A-                           | 2,964,379                |
| 10,000                       | Coppell Independent School Dist., GO, zero<br>coupon, 8/15/29 (PSF-GTD)                      | NR/AAA                          | 3,203,000                |

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|   |   |         |            |
|---|---|---------|------------|
| Corpus Christi Refinance & Improvement, GO (FSA),   |   |         |            |
| 1,125   | 5.375%, 3/1/18  | Aaa/AAA | 1,191,218  |
| 1,740   | 5.375%, 3/1/18, (Pre-refunded @ \$100, 3/1/11)  |         |            |
|   | (a)   | Aaa/AAA | 1,865,297  |
| 3,680   | Duncanville Independent School Dist., GO, 5.25%, 2/15/32, Ser. B, (Pre-refunded @ \$100, 2/15/12) (PSF-GTD) (a)               | Aaa/AAA | 3,841,773  |
| 5,000   | Harris Cnty. Health Facs. Dev. Corp. Rev., Christus Health, 5.375%, 7/1/29, Ser. A, (Pre-refunded @ \$101, 7/1/09) (MBIA) (a) | Aaa/AAA | 5,296,550  |
| 7,000   | Memorial Hermann Healthcare, 6.375%, 6/1/29, (Pre-refunded @ \$101, 6/1/11) (a)   | A2/A    | 7,889,770  |
| 1,840   | Houston, CP, 6.25%, 12/15/12, Ser. J (AMBAC)  | Aaa/AAA | 2,079,642  |
| 2,000   | Mansfield Independent School Dist., GO, 5.25%, 2/15/23 (PSF-GTD)  | Aaa/AAA | 2,090,900  |
| 4,380   | Southlake Park Dev. Corp. Rev., 5.60%, 8/15/31, (Pre-refunded @ \$100, 2/15/11) (AMBAC) (a)                                   | Aaa/AAA | 4,623,484  |
| 4,530   | State, GO, 5.30%, 8/1/18, Ser. A  | Aa1/AA  | 4,770,181  |
| 19,990  | State Turnpike Auth. Rev., zero coupon, 8/15/25, Ser. A (AMBAC)   | Aaa/AAA | 8,024,186  |
| 4,920   | Univ. Rev., 5.00%, 7/1/26, Ser. B   | Aaa/AAA | 5,106,615  |
| 7,450   | Water Dev. Board Rev., 5.125%, 7/15/18  | Aaa/AAA | 7,517,646  |
|   |   |         | 66,397,833 |
| Utah-1.3%   |   |         |            |
| 7,000   | Salt Lake Cnty. Hospital Rev., IHC Health Services, 5.125%, 2/15/33 (AMBAC)   | Aaa/AAA | 7,195,020  |
| Washington-2.3%                                     |   |         |            |
| Cowlitz Cnty. School Dist. No. 458 Kelso, GO (FSA), |   |         |            |
| 910   | 5.625%, 12/1/14,  | NR/NR   | 992,264    |
| 985   | 5.625%, 12/1/14, (Pre-refunded @ \$100, 12/01/11) (a)   | NR/NR   | 1,075,590  |
| 1,225   | 5.625%, 12/1/16, (Pre-refunded @ \$100, 12/01/11) (a)   | Aaa/NR  | 1,337,663  |

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PIMCO Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006 (continued)

| Principal Amount | Credit Rating (Moody's/S&P)* | Value |
|------------------|------------------------------|-------|
|------------------|------------------------------|-------|

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(000)

|          |   |                                    |                         |
|----------|---|------------------------------------|-------------------------|
|          | Washington (continued)  |                                    |                         |
| \$ 3,415 | Kent, GO, 5.375%, 12/1/20 (MBIA)  | NR/NR                              | \$ 3,638,034            |
| 5,420    | King Cnty. School Dist. No. 1 Seattle, GO,<br>5.25%, 12/1/21,<br>Ser. A (MBIA)                          | Aaa/AAA                            | 5,700,214<br>12,743,765 |
|          | Wisconsin-4.3%  |                                    |                         |
|          | Badger Tobacco Asset Securitization Corp.,  |                                    |                         |
| 5,000    | 5.75%, 6/1/12   | Baa3/BBB                           | 5,274,550               |
| 9,785    | 6.00%, 6/1/17   | Baa3/BBB                           | 10,276,305              |
| 3,515    | State, GO, 5.00%, 5/1/22, Ser. A (FGIC)   | Aaa/AAA                            | 3,647,551               |
| 2,230    | State Health & Educational Facs. Auth. Rev.,<br>Kenosha Hospital &<br>Medical Center, 5.625%, 5/15/29   | NR/A                               | 2,270,519               |
| 2,250    | Wisconsin Health & Educational Facs. Auth.,<br>Divine Savior<br>Healthcare Rev., 5.00%, 5/1/32          | NR/BBB                             | 2,195,640<br>23,664,565 |
|          | Total Municipal Bonds & Notes<br>(cost-\$481,453,395)   |                                    | 505,588,600             |
|          |   | VARIABLE RATE NOTES (b)(c)(d)-4.7% |                         |
|          | Hawaii-0.3%   |                                    |                         |
| 1,388    | City & Cnty. of Honolulu Rev., 8.72%, 7/1/23,<br>Ser. 400 (FGIC)  | Aaa/NR                             | 1,637,097               |
|          | Illinois-1.1%   |                                    |                         |
| 2,902    | Cook Cnty., GO, 8.76%, 11/15/28, Ser. 458<br>(FGIC)   | Aaa/NR                             | 3,298,343               |
| 2,765    | Educational Facs. Auth. Rev., 9.587%, 7/1/38  | NR/AA                              | 3,042,385<br>6,340,728  |
|          | Massachusetts-0.5%  |                                    |                         |
| 2,000    | State Health & Educational Facs. Auth. Rev.,<br>12.762%, 7/1/32   | NR/NR                              | 2,754,000               |
|          | Nevada-0.5%   |                                    |                         |
| 2,440    | Washoe Cnty., GO, 8.784%, 1/1/35, Ser. 1241<br>(MBIA)   | Aaa/AAA                            | 2,816,029               |
|          | New York-0.6%   |                                    |                         |
| 224      | New York City Municipal Water Finance Auth.,<br>Water & Sewer<br>System Rev., 8.87%, 6/15/37, Ser. 1226 | Aa2/NR                             | 254,475                 |
| 2,600    | New York City Municipal Water Finance Auth.<br>Rev., 8.933%, 6/15/26                                    | NR/AA+                             | 3,007,290<br>3,261,765  |
|          | Texas-1.3%  |                                    |                         |
|          | Harris Cnty. Health Facs. Dev. Corp. Rev.,  |                                    |                         |
| 3,595    | 10.64%, 7/1/29, Ser. 357 (MBIA)   | Aaa/NR                             | 4,661,097               |
| 1,720    | 10.754%, 2/15/26  | NR/AA-                             | 2,342,296<br>7,003,393  |
|          | Washington-0.4%   |                                    |                         |
| 1,800    | Seattle, GO, 9.39%, 12/15/28, Ser. 348  | Aa1/NR                             | 2,017,260               |
|          | Total Variable Rate Notes (cost-\$20,842,533)   |                                    | 25,830,272              |

PIMCO Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P)* | Value        |
|------------------------------|---|---------------------------------|--------------|
|                              | VARIABLE RATE DEMAND NOTES (d)(e)-2.1%  |                                 |              |
|                              | Alaska-0.5%   |                                 |              |
|                              | Valdez Rev.,  |                                 |              |
| \$ 2,300                     | 3.63%, 5/1/06   | VMIG1/A-1+                      | \$ 2,300,000 |
| 200                          | 3.77%, 5/1/06   | VMIG1/A-1+                      | 200,000      |
|                              |   |                                 | 2,500,000    |
|                              | California-0.0%   |                                 |              |
| 220                          | State of California, Daily Kindergarten Univ.,<br>GO, 3.75%, 5/1/06                 | VMIG1/A-1+                      | 220,000      |
|                              | Indiana-0.0%  |                                 |              |
| 100                          | Indiana Health Fac. Financing Auth. Rev., 3.83%,<br>5/1/06                          | VMIG1/A-1                       | 100,000      |
|                              | Michigan-0.8%   |                                 |              |
| 4,065                        | Univ. of Michigan Rev., 3.76%, 5/1/06, Ser. A                                       | VMIG1/A-1+                      | 4,065,000    |
|                              | New York-0.8%   |                                 |              |
| 4,600                        | New York City Transitional Finance Auth.,<br>3.76%, 5/1/06, Ser. 1                  | VMIG1/A-1+                      | 4,600,000    |
|                              | Total Variable Rate Demand Notes<br>(cost-\$11,485,000)                             |                                 | 11,485,000   |
|                              |   | U.S. TREASURY BILLS (f)-0.6%    |              |
| 3,405                        | 4.49%-4.58%, 6/1/06-6/15/06 (cost-\$3,387,024)                                      |                                 | 3,387,024    |
|                              |   | OPTIONS PURCHASED (g)-0.0%      |              |
|                              | <u>Contracts</u>  |                                 |              |
|                              | Put Options-0.0%  |                                 |              |
|                              | Eurodollar Futures, Chicago Mercantile<br>Exchange,                                 |                                 |              |
| 125                          | strike price \$92, expires 3/19/07 (cost-\$1,188)                                   |                                 | 781          |
|                              | <b>Total Investments before options written</b> (cost-\$517,169,140)- <b>100.1%</b> |                                 | 546,291,677  |
|                              |   | OPTIONS WRITTEN (g)-(0.1)%      |              |
|                              | Call Options-(0.0)%   |                                 |              |
|                              | U.S. Treasury Notes 10 yr. Futures, Chicago<br>Board of Trade,                      |                                 |              |
| 700                          | strike price \$110, expires 5/26/06   |                                 | (10,938)     |
|                              | Put Options-(0.1)%  |                                 |              |
|                              | U.S. Treasury Notes 10 yr. Futures, Chicago<br>Board of Trade,                      |                                 |              |
| 741                          | strike price \$105, expires 5/26/06   |                                 | (185,250)    |

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|     |   |                      |
|-----|---|----------------------|
| 700 | strike price \$106, expires 5/26/06   | (492,187)            |
|     |   | (677,437)            |
|     | Total Options Written (premiums received-\$544,557)                         | (688,375)            |
|     | <b>Total Investments net of options written</b> (cost-\$516,624,583)-100.0% | <b>\$545,603,302</b> |

See accompanying Notes to Financial Statements | 4.30.06 | PIMCO Municipal Income Funds Annual Report 11

PIMCO California Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P)* | Value        |
|---------------------------|---|---------------------------------|--------------|
|                           | CALIFORNIA MUNICIPAL BONDS & NOTES-88.6%  |                                 |              |
| \$1,000                   | ABAG Finance Auth. for Nonprofit Corps.,<br>CP, 5.375%, 2/15/19   | NR/BBB                          | \$ 1,038,950 |
| 1,000                     | Rev., 5.375%, 11/15/25 (CA Mtg. Ins.)   | NR/A                            | 1,043,730    |
| 1,385                     | Alvord Unified School Dist., GO, 5.375%, 8/1/29,<br>Ser. C (FSA)  | Aaa/NR                          | 1,396,108    |
| 8,000                     | California Cnty., Tobacco Settlement Rev., zero<br>coupon, 6/1/28   | Baa3/NR                         | 6,295,360    |
| 6,405                     | Campbell Union High School Dist., GO, 5.50%,<br>8/1/30, (FSA)   | Aaa/NR                          | 6,821,005    |
| 2,250                     | Capistrano Unified School Dist., Special Tax,<br>5.75%, 9/1/29,<br>(Pre-refunded @ \$102, 9/1/09) (a)       | NR/NR                           | 2,433,622    |
|                           | Carson, Improvement Board Act 1915, Special<br>Assessment,  |                                 |              |
| 3,250                     | 6.35%, 9/2/23   | NR/NR                           | 3,356,958    |
| 5,000                     | 6.375%, 9/2/31  | NR/NR                           | 5,163,600    |
| 5,250                     | Central JT Powers Health Financing Auth., CP,<br>5.75%, 2/1/31  | Baa2/BBB-                       | 5,336,625    |
| 4,140                     | Charter Oak Unified School Dist., GO, 5.00%,<br>7/1/28, Ser. B,<br>(Pre-refunded @ \$100, 7/1/13) (FSA) (a) | Aaa/AAA                         | 4,437,997    |
|                           | Contra Costa Cnty. Public Financing Auth., Tax<br>Allocation,   |                                 |              |
| 2,150                     | 5.125%, 8/1/19  | NR/BBB                          | 2,202,912    |
| 600                       | 5.125%, 8/1/19, (Pre-refunded @ \$102, 8/1/09)<br>(a)   | NR/BBB                          | 636,726      |
| 5,000                     | 5.85%, 8/1/33   | NR/BBB                          | 5,221,250    |
| 2,750                     | CSUCI Financing Auth. Rev., 5.00%, 9/1/31, Ser.<br>A (MBIA)   | Aaa/AAA                         | 2,811,710    |
| 3,635                     | Cucamonga Cnty. Water Dist., CP, 5.125%,<br>9/1/35 (FGIC)   | Aaa/AAA                         | 3,722,458    |



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|        |   |           |            |
|--------|---|-----------|------------|
|        | East Side Union High School Dist.-Santa Clara Cnty.,<br>GO, Ser. E (XLCA),                                      |           |            |
| 1,985  | zero coupon, 8/1/21   | Aaa/AAA   | 918,440    |
| 1,490  | zero coupon, 8/1/22   | Aaa/AAA   | 649,223    |
|        | El Monte, CP (AMBAC),   |           |            |
| 10,790 | 4.75%, 6/1/30   | Aaa/AAA   | 10,833,052 |
| 14,425 | 5.25%, 1/1/34   | Aaa/AAA   | 14,954,253 |
|        | Foothill/Eastern Corridor Agcy. Rev., Toll Road Rev.,   |           |            |
| 5,000  | zero coupon, 1/15/33  | Baa3/BBB- | 1,036,200  |
| 5,000  | zero coupon, 1/15/34  | Baa3/BBB- | 974,000    |
|        | Fremont Community Dist., Special Tax,   |           |            |
| 165    | 6.00%, 9/1/18   | NR/NR     | 169,440    |
| 505    | 6.00%, 9/1/19   | NR/NR     | 516,479    |
| 3,500  | 6.30%, 9/1/31   | NR/NR     | 3,577,595  |
|        | Golden State Tobacco Securitization Corp. Rev.,   |           |            |
| 17,500 | 6.25%, 6/1/33, Ser. 2003-A-1  | Baa3/BBB  | 19,039,475 |
| 10,155 | 6.75%, 6/1/39, Ser. 2003-A-1  | Baa3/BBB  | 11,311,654 |
| 540    | 7.875%, 6/1/42, Ser. A-3  | Baa3/BBB  | 642,902    |
| 1,000  | Health Facs. Finance Auth. Rev., Catholic Healthcare West,<br>5.00%, 7/1/28, (Pre-refunded @ \$101, 7/1/08) (a) | A3/A-     | 967,405    |

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PIMCO California Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value        |
|---------------------------|--|---------------------------------|--------------|
|                           | Health Facs. Financing Auth. Rev.,   |                                 |              |
| \$1,980                   | 5.00%, 7/1/18  | A3/A-                           | \$ 2,031,619 |
| 130                       | 5.00%, 7/1/18, (Pre-refunded @ \$101, 7/1/08) (a)  | A3/A-                           | 134,949      |
| 5,315                     | 5.125%, 7/1/18   | NR/BBB+                         | 5,360,549    |
| 3,000                     | 5.25%, 10/1/14, Ser. B   | A3/AAA                          | 3,142,200    |
| 6,250                     | Infrastructure & Economic Dev. Bank Rev., Bay Area Toll Bridges,<br>5.00%, 7/1/36, (Pre-refunded @ \$100, 1/1/28)<br>(AMBAC) (a) | Aaa/AAA                         | 6,688,188    |
|                           | La Quinta Redev. Agcy., Tax Allocation<br>(AMBAC),   |                                 |              |
| 3,000                     | 5.00%, 9/1/21  | Aaa/AAA                         | 3,090,690    |
| 10,000                    | 5.10%, 9/1/31  | Aaa/AAA                         | 10,220,000   |
| 1,000                     | 5.125%, 9/1/32   | Aaa/AAA                         | 1,032,420    |

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|        |   |                             |                                 |
|--------|---|-----------------------------|---------------------------------|
| 1,500  | Lincoln Public Financing Auth. Rev., Twelve Bridges Ltd.,<br>6.125%, 9/2/27   | NR/NR                       | 1,532,955                       |
| 6,250  | Los Angeles Cnty. Metropolitan Transportation Auth. Rev., 4.75%,<br>7/1/28, Ser. B, (Pre-refunded @ \$101, 7/1/09)<br>(FSA) (a)<br>Los Angeles Community Redev. Agcy., Tax Allocation,<br>520 5.875%, 9/1/26<br>325 6.00%, 9/1/31 | Aaa/AAA<br>NR/NR<br>NR/NR   | 6,524,250<br>515,871<br>323,290 |
| 3,250  | Los Angeles Unified School Dist., GO, 5.125%,<br>7/1/21,<br>Ser. E (MBIA)   | Aaa/AAA                     | 3,404,342                       |
| 12,000 | Los Angeles Water & Power Rev., 5.25%, 7/1/21,<br>Ser. A-A-1 (FSA)  | Aaa/AAA                     | 12,658,200                      |
| 3,500  | Metropolitan Water Dist. of Southern California Rev., Water Works Rev., 5.00%, 7/1/26, Ser. A, (Pre-refunded @ \$101,<br>1/1/08) (a)  | Aa2/AAA                     | 3,613,996                       |
| 5,820  | Montclair Redev. Agcy., Tax Allocation, 5.30%,<br>10/1/30 (MBIA)<br>Murrieta Valley Unified School Dist., Special Tax,<br>195 6.30%, 9/1/18   | Aaa/AAA<br>NR/NR            | 6,159,597<br>200,292            |
| 3,535  | 6.50%, 9/1/31   | NR/NR                       | 3,641,757                       |
| 6,255  | Orange Cnty. Sanitation Dist., CP, 5.25%, 2/1/30<br>(FGIC)  | Aaa/AAA                     | 6,569,439                       |
| 1,080  | Palm Springs Community Redev. Agcy., Tax Allocation,<br>5.50%, 8/1/21   | NR/A-                       | 1,129,766                       |
| 1,010  | Pomona Unified School Dist., GO, 6.10%, 2/1/19,<br>Ser. A (MBIA)  | Aaa/AAA                     | 1,186,871                       |
| 1,690  | Rancho Etiwanda Public Facs., Special Tax,<br>6.375%, 9/1/24<br>Rancho Mirage Redev. Agcy., Tax Allocation,<br>1,190 5.50%, 4/1/24  | NR/NR<br>Baa1/BBB+          | 1,738,148<br>1,240,456          |
| 1,580  | 5.625%, 4/1/33<br>Riverside, Improvement Board Act 1915, Special Assessment,<br>500 6.15%, 9/2/19   | Baa1/BBB+                   | 1,641,383                       |
| 1,350  | 6.375%, 9/2/26  | NR/NR                       | 531,585                         |
| 8,305  | Riverside Cnty., CP, 5.125%, 11/1/30 (MBIA)<br>Riverside Cnty. Public Auth. Financing, Tax Allocation,<br>185 5.625%, 10/1/33<br>815 5.625%, 10/1/33, (Pre-refunded @ \$102, 10/1/06)<br>(a)                                      | Aaa/AAA<br>Baa2/A<br>Baa2/A | 8,562,787<br>189,795<br>837,690 |
| 575    | Roseville, Woodcreek Community Fac. Dist.,<br>Special Tax,  | NR/NR                       | 645,765                         |

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6.375%, 9/1/27, (Pre-refunded @ \$102, 9/1/10)  
(a)

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PIMCO California Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P)* | Value        |
|---------------------------|---|---------------------------------|--------------|
| \$2,945                   | Sacramento, Special Tax,<br>5.70%, 9/1/23   | NR/NR                           | \$ 2,989,970 |
| 1,350                     | 6.10%, 9/1/21   | NR/NR                           | 1,380,604    |
| 2,560                     | 6.15%, 9/1/26   | NR/NR                           | 2,622,669    |
| 2,000                     | Sacramento Health Fac. Rev., 5.30%, 1/1/24, Ser.<br>A<br>(CA Mtg. Ins.)   | NR/A                            | 2,054,240    |
| 545                       | San Diego Cnty., CP, 5.25%, 10/1/28   | A2/NR                           | 561,514      |
| 1,000                     | San Diego Cnty. Water Auth., CP, 5.00%, 5/1/32,<br>Ser. A (MBIA)  | Aaa/AAA                         | 1,023,150    |
| 3,330                     | San Francisco Bay Area Rapid Transit Dist. Rev.,<br>5.125%, 7/1/36 (AMBAC)  | Aaa/AAA                         | 3,409,287    |
| 720                       | San Francisco City & Cnty. Redev. Agcy. Rev.,<br>Special Tax, 6.125%, 8/1/31  | NR/NR                           | 748,822      |
| 5,065                     | San Joaquin Cnty., CP, 5.00%, 9/1/20 (MBIA)<br>San Joaquin Hills Transportation Corridor Agcy.<br>Toll Road Rev., Ser. A,       | Aaa/AAA                         | 5,220,698    |
| 5,000                     | zero coupon, 1/15/19  | Ba2/B                           | 4,753,900    |
| 5,000                     | 5.50%, 1/15/28  | Ba2/B                           | 4,932,850    |
| 230                       | San Jose, Improved Board Act 1915, Special<br>Assessment,<br>5.60%, 9/2/17, Ser. Q  | NR/NR                           | 237,093      |
| 5,000                     | San Jose Unified School Dist., Santa Clara Cnty.,<br>GO, 5.125%,<br>8/1/25, Ser. D, (Pre-refunded @ \$101, 8/1/10)<br>(FSA) (a) | Aaa/AAA                         | 5,340,350    |
| 9,445                     | San Juan Unified School Dist., GO (FSA),<br>zero coupon, 8/1/22   | Aaa/AAA                         | 4,350,084    |
| 10,895                    | zero coupon, 8/1/25   | Aaa/AAA                         | 4,299,821    |
| 6,110                     | zero coupon, 8/1/26   | Aaa/AAA                         | 2,284,040    |
| 600                       | Santa Ana Financing Auth. Rev., 5.60%, 9/1/19   | NR/BBB                          | 623,502      |
| 1,815                     | Santa Clara, CP, 5.00%, 2/1/32 (AMBAC)  | Aaa/AAA                         | 1,861,845    |
| 1,435                     | Santa Maria JT Union High School Dist., GO,<br>5.25%, 8/1/25,<br>Ser. A, (Pre-refunded @ \$102, 8/1/15) (FSA)(a)                | Aaa/AAA                         | 1,550,116    |

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|        |   |         |            |
|--------|---|---------|------------|
| 500    | State Department of Water Rev., Central Valley Project, 5.00%,<br>12/1/25, Ser. AC (MBIA) | Aaa/AAA | 519,775    |
|        | Statewide Community Dev. Auth., CP,   |         |            |
| 8,000  | 5.375%, 4/1/30  | NR/BBB  | 7,972,880  |
| 2,325  | 6.50%, 7/1/20   | A3/A-   | 2,522,486  |
| 5,675  | 6.50%, 7/1/20, (Pre-refunded @ \$101, 7/1/10) (a)   | A3/A-   | 6,319,340  |
|        | Statewide Community Dev. Auth. Rev.,  |         |            |
| 15,250 | 5.125%, 10/1/30 (CA Mtg. Ins.)  | NR/A    | 15,456,332 |
| 3,000  | 5.50%, 11/15/33 (CA ST Mtg.)  | NR/A    | 3,158,490  |
| 4,000  | 5.50%, 8/15/34, Ser. B  | Aa3/AA- | 4,150,040  |
| 5,600  | 6.625%, 10/1/31   | NR/NR   | 5,694,752  |
| 4,300  | 6.625%, 11/1/31   | NR/NR   | 4,292,088  |
| 2,550  | 6.75%, 6/1/28   | NR/NR   | 2,638,179  |
|        | Tobacco Securitization Auth. Rev., Ser. A,<br>(Pre-refunded @ \$100, 6/1/11) (a)          |         |            |
| 1,500  | 5.25%, 6/1/31   | Aaa/AAA | 1,608,120  |
| 9,300  | 5.375%, 6/1/41  | Aaa/AAA | 10,023,726 |

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PIMCO California Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value                              |
|------------------------------|--|---------------------------------|------------------------------------|
| \$1,650                      | Town of Apple Valley, CP, 5.375%, 6/1/21 (CA Mtg. Ins.)  | NR/A                            | \$ 1,731,329                       |
|                              | Tustin Unified School Dist., Special Tax,  |                                 |                                    |
| 2,345                        | 5.50%, 9/1/22  | NR/NR                           | 2,337,308                          |
| 2,520                        | 5.60%, 9/1/29  | NR/NR                           | 2,538,598                          |
| 2,000                        | 5.625%, 9/1/32   | NR/NR                           | 2,012,340                          |
|                              | University Rev.,   |                                 |                                    |
| 10,000                       | 5.00%, 5/15/36, Ser. A (AMBAC)   | Aaa/AAA                         | 10,219,800                         |
| 7,000                        | 5.125%, 9/1/31, Ser. O (FGIC)  | Aaa/AAA                         | 7,272,370                          |
| 3,750                        | West Kern Cnty. Water Dist., CP, 5.625%, 6/1/31,<br>(Pre-refunded @ \$101, 6/1/10) (a)                         | Baa2/NR                         | 4,053,075                          |
|                              | Total California Municipal Bonds & Notes<br>(cost-\$337,181,089)   |                                 | 358,265,902                        |
|                              |  |                                 | OTHER MUNICIPAL BONDS & NOTES-8.8% |
|                              | <b>Alabama-0.6%</b>  |                                 |                                    |
| 2,900                        | Daphne Special Care Facs. Financing Auth. Rev.,<br>zero coupon,<br>8/15/28 (Pre-refunded @ \$100, 8/15/08) (a) | Aaa/AAA                         | 2,608,724                          |
|                              | <b>Illinois-1.4%</b>   |                                 |                                    |

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|                          |   |          |                        |
|--------------------------|---|----------|------------------------|
| 5,260                    | Educational Facs. Auth. Rev., Univ. of Chicago,<br>5.00%, 7/1/33        | Aa1/AA   | 5,393,288              |
| 240                      | 5.00%, 7/1/33, (Pre-refunded @ \$100, 7/1/13)<br>(a)                    | Aa1/AA   | 255,727<br>5,649,015   |
| <b>Iowa-2.0%</b>         |   |          |                        |
| 8,700                    | Tobacco Settlement Auth. Rev., zero coupon,<br>6/1/34, Ser. B           | Baa3/BBB | 8,101,788              |
| <b>Louisiana-0.5%</b>    |   |          |                        |
| 1,750                    | Tobacco Settlement Financing Corp. Rev.,<br>5.875%, 5/15/39, Ser. 2001B | Baa3/BBB | 1,835,365              |
| <b>New Jersey-1.6%</b>   |   |          |                        |
| 1,685                    | Tobacco Settlement Financing Corp. Rev.,<br>6.00%, 6/1/37               | Baa3/BBB | 1,762,426              |
| 2,210                    | 6.125%, 6/1/42  | Baa3/BBB | 2,322,290              |
| 2,315                    | 6.375%, 6/1/32  | Baa3/BBB | 2,518,488<br>6,603,204 |
| <b>New York-0.6%</b>     |   |          |                        |
| 2,000                    | State Dormitory Auth. Rev., 6.25%, 8/15/15<br>(FHA)                     | Aa2/AAA  | 2,261,920              |
| <b>Puerto Rico-1.6%</b>  |   |          |                        |
| 1,250                    | Electric Power Auth., Power Rev.,<br>5.125%, 7/1/29, Ser. NN            | A3/BBB+  | 1,286,500              |
| 5,000                    | 5.25%, 7/1/29, Ser. HH (FSA)  | Aaa/AAA  | 5,299,250<br>6,585,750 |
| <b>Rhode Island-0.4%</b> |   |          |                        |
| 1,500                    | Tobacco Settlement Financing Corp. Rev.,<br>6.125%, 6/1/32, Ser. A      | Baa3/BBB | 1,571,445              |

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PIMCO California Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal<br>Amount<br>(000)                  |   | Credit Rating<br>(Moody's/S&P)* | Value      |
|---|---|---------------------------------|------------|
| <b>South Carolina-0.1%</b>                    |   |                                 |            |
| \$ 340  | Tobacco Settlement Rev. Management Auth.,<br>6.375%, 5/15/30, Ser. B  | Baa3/BBB                        | \$379,886  |
|   | Total Other Municipal Bonds & Notes<br>(cost-\$33,106,099)            |                                 | 35,597,097 |
| CALIFORNIA VARIABLE RATE NOTES (b)(c)(d)-2.2% |   |                                 |            |
| 4,001   | Los Angeles Wastewater System Rev., 8.88%,<br>6/1/28, Ser. 318 (FGIC) | Aaa/NR                          | 4,762,390  |

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|       |   |                              |             |
|-------|---|------------------------------|-------------|
| 1,000 | Los Angeles Water & Power Rev., 7.66%, 7/1/30,<br>Ser. 1243 (FSA)                   | Aaa/AAA                      | 1,047,800   |
| 1,000 | Sacramento Cnty. Sanitation Dist. Rev., 8.652%,<br>8/1/13, Ser. 1034 (MBIA)         | Aa/AAA                       | 1,175,550   |
| 2,000 | University Rev., 7.64%, 5/15/35, Ser. 1119 (FSA)                                    | NR/AAA                       | 2,019,700   |
|       | Total California Variable Rate Notes<br>(cost-\$8,148,232)                          |                              | 9,005,440   |
|       |   | U.S. TREASURY BILLS (f)-0.4% |             |
| 1,650 | 4.46%-4.58%, 6/1/06-6/15/06 (cost-\$1,640,827)                                      |                              | 1,640,827   |
|       | <b>Total Investments before options written</b> (cost-\$380,076,247)- <b>100.0%</b> |                              | 404,509,266 |
|       |   | OPTIONS WRITTEN (g)-(0.0)%   |             |

Contracts

**Call Options-(0.0)%**

|     |  |  |         |
|-----|--|--|---------|
|     | U.S. Treasury Notes 10 yr. Futures, Chicago<br>Board of Trade, |  |         |
| 190 | strike price \$110, expires 5/26/06                            |  | (2,969) |

**Put Options-(0.0)%**

|     |  |  |           |
|-----|--|--|-----------|
|     | U.S. Treasury Notes 10 yr. Futures, Chicago<br>Board of Trade, |  |           |
| 175 | strike price \$105, expires 5/26/06                            |  | (43,750)  |
| 190 | strike price \$106, expires 5/26/06                            |  | (133,593) |
|     |  |  | (177,343) |

|  |  |  |           |
|--|--|--|-----------|
|  | Total Options Written (premiums<br>received-\$139,915) |  | (180,312) |
|--|--|--|-----------|

**Total Investments net of options written** (cost-\$379,936,332)-**100.0%**      **\$404,328,954**

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PIMCO New York Municipal Income Fund  
Schedule of Investments  
April 30, 2006

| Principal<br>Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P)* | Value        |
|------------------------------|---|---------------------------------|--------------|
|                              | NEW YORK MUNICIPAL BONDS & NOTES-79.1%                                  |                                 |              |
| \$3,265                      | Albany Industrial Dev. Agcy. Civic Fac. Rev.,<br>5.30%, 4/1/29, Ser. A  | Baa3/NR                         | \$ 3,352,371 |
| 1,600                        | Erie Cnty. Industrial Dev. Agcy., Orchard Park<br>Rev., 6.00%, 11/15/36 | NR/NR                           | 1,655,648    |
| 1,000                        | Long Island Power Auth. Electric System Rev.,<br>5.375%, 5/1/33, Ser. L | A3/A-                           | 1,041,470    |
|                              | Metropolitan Transportation Auth. NY Service<br>Contract Rev., Ser. A,  |                                 |              |
| 6,040                        | 5.00%, 7/1/25 (FGIC)  | Aaa/AAA                         | 6,256,474    |
| 8,150                        | 5.00%, 7/1/30 (AMBAC)   | Aaa/AAA                         | 8,375,511    |

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|       |  |         |           |
|-------|--|---------|-----------|
| 1,375 | 5.125%, 1/1/29   | A1/AA-  | 1,427,456 |
| 1,500 | Monroe Tobacco Asset Securitization Corp.,<br>Tobacco Settlement Rev.,<br>6.375%, 6/1/35, (Pre-refunded @ \$101, 6/1/10) (a) | Aaa/AAA | 1,666,455 |
| 4,945 | 5.125%, 5/15/29 (MBIA)   | AAA/AAA | 5,127,520 |
| 55    | 5.125%, 5/15/29, (Pre-refunded @ \$101, 5/15/09)<br>(MBIA)(a)  | AAA/AAA | 57,802    |
| 300   | 5.25%, 6/1/28<br>New York City Municipal Water Finance Auth.,<br>Water & Sewer System Rev.,                                  | A1/A+   | 314,238   |
| 7,605 | 4.75%, 6/15/31, Ser. A (FGIC)  | Aaa/AAA | 7,632,986 |
| 7,000 | 5.125%, 6/15/21, Ser. A (AMBAC-TCRS)   | Aaa/AAA | 7,171,150 |
| 5,000 | 5.125%, 6/15/33, Ser. C  | Aa2/AA+ | 5,181,450 |
| 5,000 | 5.25%, 6/15/25, Ser. D   | Aa2/AA+ | 5,296,250 |
| 2,250 | New York City Transitional Finance Auth. Rev.,<br>4.75%, 11/15/23, Ser. B  | Aa1/AAA | 2,279,610 |
| 130   | New York Cntys. Tobacco Trust II Rev., 5.75%,<br>6/1/43  | Ba1/BBB | 132,729   |
| 1,000 | Niagara Falls Public Water Auth., Water & Sewer<br>System Rev.,<br>5.00%, 7/15/34, Ser. A (MBIA)                             | Aaa/AAA | 1,030,390 |
|       | Port Auth. of New York & New Jersey Rev., Ser.<br>132,   |         |           |
| 3,000 | 5.00%, 9/1/29  | A1/AA-  | 3,094,590 |
| 5,000 | 5.00%, 9/1/38  | A1/AA-  | 5,134,700 |
| 4,515 | Sachem Central School Dist. of Holbrook, GO,<br>5.00%, 10/15/30, Ser. B (MBIA)   | Aaa/AAA | 4,670,903 |
| 6,550 | State Dormitory Auth. Lease Rev., 4.75%, 1/15/29,<br>Ser. 1 (FSA)  | Aaa/AAA | 6,593,426 |
|       | State Dormitory Auth. Rev.,<br>Augustana Lutheran Home for the Aged, Inc.<br>(MBIA-FHA),                                     |         |           |
| 100   | 5.40%, 2/1/31  | Aaa/AAA | 105,476   |
| 1,435 | 5.50%, 2/1/41  | Aaa/AAA | 1,516,723 |
| 3,850 | Lenox Hill Hospital, Obligation Group, 5.50%,<br>7/1/30  | Ba2/NR  | 3,718,484 |
|       | Mental Health Services Facs. Improvement, Ser. D<br>(MBIA),  |         |           |
| 7,985 | 4.75%, 2/15/25   | Aaa/AAA | 8,035,944 |
| 15    | 4.75%, 2/15/25, (Pre-refunded @ \$100, 8/15/08) (a)  | Aaa/AAA | 15,496    |
| 1,825 | Mount Sinai Health, 6.50%, 7/1/25, Ser. A  | Ba1/BB  | 1,950,341 |
| 7,000 | NY & Presbyterian Hospital Rev., 4.75%, 8/1/27<br>(AMBAC-FHA)  | Aaa/AAA | 7,061,600 |
| 445   | NY Univ., 5.50%, 7/1/21, Ser. 2 (AMBAC)  | Aaa/AAA | 474,966   |
| 4,000 | Sloan-Kettering Center Mem., 5.00%, 7/1/34, Ser. 1   | Aa2/AA  | 4,067,120 |
| 1,275 | Winthrop Univ. Hospital Assoc., 5.25%, 7/1/31,<br>Ser. A (AMBAC)   | Aaa/AAA | 1,339,872 |

PIMCO New York Municipal Income Fund  
 Schedule of Investments  
 April 30, 2006 (continued)

| Principal Amount (000) |   | Credit Rating (Moody's/S&P)* | Value                              |
|------------------------|---|------------------------------|------------------------------------|
|                        | State Dormitory Auth. State Univ., GO (FSA-CR)(a)   |                              |                                    |
| \$1,270                | 4.75%, 5/15/28, (Pre-refunded @ \$101, 5/15/08)   | Aaa/AAA                      | \$ 1,308,926                       |
| 1,045                  | 4.75%, 5/15/28, Ser. B, (Pre-refunded @ \$101, 5/15/08)   | Aaa/AAA                      | 1,077,029                          |
| 5,000                  | State Thruway Auth. General Rev., 4.75%, 1/1/19, Ser. E   | Aa3/AA-                      | 5,083,650                          |
| 3,975                  | State Urban Dev. Corp. Rev. Correctional Fac. Service, 4.75%, 1/1/28, Ser. B, (Pre-refunded @ \$101, 1/1/09) (AMBAC)(a) | Aaa/AAA                      | 4,120,843                          |
| 2,000                  | Triborough Bridge & Tunnel Auth. Rev., Ser. A, 5.00%, 1/1/27  | Aa2/AA-                      | 2,055,400                          |
| 755                    | 5.00%, 1/1/32   | Aa2/AA-                      | 772,501                            |
| 4,245                  | 5.00%, 1/1/32, (Pre-refunded @ \$100, 1/1/12) (a)   | Aa2/AA-                      | 4,506,492                          |
| 2,945                  | Warren & Washington Cntys. Industrial Dev. Agcy. Rev., Glens Falls Hospital Project Rev., 5.00%, 12/1/27, Ser. C (FSA)  | Aaa/AAA                      | 3,059,649                          |
|                        | Total New York Municipal Bonds & Notes (cost-\$121,675,362)   |                              | 127,763,641                        |
|                        |   |                              | OTHER MUNICIPAL BONDS & NOTES-9.4% |
|                        | Alabama-0.7%  |                              |                                    |
| 1,200                  | Daphne Special Care Facs. Financing Auth. Rev., zero coupon, 8/15/28, (Pre-refunded @ \$100, 8/15/08) (a)               | Aaa/AAA                      | 1,079,472                          |
|                        | California-1.0%   |                              |                                    |
| 2,000                  | California Cnty., Tobacco Settlement Rev., zero coupon, 6/1/28  | Baa3/NR                      | 1,573,840                          |
|                        | Illinois-2.5%   |                              |                                    |
| 3,825                  | Educational Facs. Auth. Rev., 5.00%, 7/1/33   | Aa1/AA                       | 3,921,925                          |
| 175                    | 5.00%, 7/1/33, (Pre-refunded @ \$100, 7/1/13) (a)   | Aa1/AA                       | 186,468                            |
|                        |   |                              | 4,108,393                          |
|                        | Louisiana-0.5%  |                              |                                    |
| 750                    | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001-B   | Baa3/BBB                     | 786,585                            |
|                        | Nevada-3.4%   |                              |                                    |
| 5,500                  | Truckee Meadows Water Auth. Rev., 4.75%,  | Aaa/AAA                      | 5,499,670                          |



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|       |   |          |  |
|-------|---|----------|--|
|       | 7/1/31, Ser. A (MBIA)<br>Puerto Rico-1.3%   |          |  |
| 1,500 | Commonwealth Highway & Transportation Auth.<br>Rev., 5.25%,<br>7/1/38, Ser. D, (Pre-refunded @ \$100, 7/1/12) (a) | Baa2/AAA | 1,620,105                                    |
| 500   | Electric Power Auth., Power Rev., 5.125%, 7/1/29,<br>Ser. NN  | A3/BBB+  | 514,600                                      |
|       |   |          | 2,134,705                                    |
|       | Total Other Municipal Bonds & Notes<br>(cost-\$14,724,144)  |          | 15,182,665                                   |
|       |   |          | NEW YORK VARIABLE RATE NOTES (b)(c)(d)-10.5% |
| 2,078 | Liberty Dev. Corp. Rev., 12.153%, 10/1/35, Ser.<br>1251   | Aa3/NR   | 3,192,099                                    |
| 2,173 | New York City Transitional Finance Auth. Rev.,<br>7.42%, 11/1/23, Ser. 362  | Aa1/NR   | 2,337,914                                    |

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PIMCO New York Municipal Income Fund  
Schedule of Investments  
April 30, 2006 (continued)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P)* | Value                          |
|------------------------------|--|---------------------------------|--------------------------------|
| \$4,240                      | New York Cntys. Tobacco Trust II Rev.,<br>6.976%, 6/1/35                                   | NR/NR                           | \$4,419,055                    |
| 6,780                        | 7.214%, 6/1/43   | NR/NR                           | 7,052,827                      |
|                              | Total New York Variable Rate Notes<br>(cost-\$16,915,269)                                  |                                 | 17,001,895                     |
|                              |  |                                 | OTHER VARIABLE RATE NOTES-0.9% |
| 1,300                        | Puerto Rico-0.9%<br>Public Finance Corp. Rev., 5.75%, 8/1/27, Ser. A<br>(cost-\$1,382,840) | Baa3/BBB-                       | 1,394,952                      |
| 250                          | 4.49%-4.55%, 6/15/06 (cost-\$248,590)  | U.S. TREASURY BILLS (f)-0.1%    | 248,590                        |
|                              | <b>Total Investments</b> (cost-\$154,946,205)-100.0%                                       |                                 | <b>\$161,591,743</b>           |

Notes to Schedule of Investments:

\*Unaudited

(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 (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).

(b)

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144A Security – Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.

- (c)Residual Interest Municipal Bonds (“RIBS”)/Residual Interest Tax Exempt Bonds (“RITES”) – The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.
- (d)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). The interest rate disclosed reflects the rate in effect on April 30, 2006.
- (e)Maturity date shown is date of next put.
- (f)All or partial amount segregated as collateral for futures contracts and/or options written.
- (g)Non-income producing.
- (h)Security in default.

Glossary:

- ACA – insured by American Capital Access Holding Ltd.
  - AMBAC – insured by American Municipal Bond Assurance Corp.
  - CA Mtg. Ins. – insured by California Mortgage Insurance
  - CA ST Mtg. – insured by California State Mortgage
  - CP – Certificates of Participation
  - CR – Custodian Receipt
  - FGIC – insured by Financial Guaranty Insurance Co.
  - FHA – insured by Federal Housing Administration
  - FSA – insured by Financial Security Assurance, Inc.
  - GO – General Obligation Bond
  - IBC – Insurance Bond Certificate
  - MBIA – insured by Municipal Bond Investors Assurance
  - NR – Not Rated
  - PSF-GTD – Permanent School Fund Guaranteed
  - Radian – insured by Radian Guaranty, Inc.
  - TCRS – Temporary Custodian Receipts
  - XLCA – insured by XL Capital Assurance
- See accompanying Notes to Financial Statements | 4.30.06 | PIMCO Municipal Income Funds Annual Report 19

PIMCO Municipal Income Funds  
Statements of Assets and Liabilities  
April 30, 2006

|   | Municipal     | California<br>Municipal | New York<br>Municipal |
|---|---------------|-------------------------|-----------------------|
| <b>Assets:</b>  |               |                         |                       |
| Investments, at value (cost–\$517,169,140,<br>\$380,076,247 and \$154,946,205,<br>respectively) | \$546,291,677 | \$404,509,266           | \$161,591,743         |
| Cash  | 2,376,181     | 720,223                 | —                     |

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|   |               |               |               |
|---|---------------|---------------|---------------|
| Interest receivable   | 10,030,533    | 5,745,069     | 2,662,269     |
| Receivable for investments sold   | 285,000       | —             | —             |
| Receivable for variation margin on futures contracts  | 63,800        | 57,797        | 8,700         |
| Prepaid expenses  | 25,489        | 23,184        | 20,749        |
| Total Assets  | 559,072,680   | 411,055,539   | 164,283,461   |
| <b>Liabilities:</b>   |               |               |               |
| Dividends payable to common and preferred shareholders  | 2,088,467     | 1,460,809     | 552,709       |
| Options written, at value (premiums received—\$544,557, \$139,915, and \$0)   | 688,375       | 180,312       | —             |
| Accrued expenses  | 206,985       | 135,410       | 41,957        |
| Investment management fees payable  | 205,789       | 151,584       | 60,506        |
| Payable to custodian  | —             | —             | 256,711       |
| Payable for variation margin on futures contracts   | 6,250         | —             | 4,375         |
| Total Liabilities   | 3,195,866     | 1,928,115     | 916,258       |
| <b>Preferred shares (\$25,000 net asset and liquidation value per share applicable to an aggregate of 8,000, 6,000 and 2,520 shares issued and outstanding, respectively)</b> | 200,000,000   | 150,000,000   | 63,000,000    |
| <b>Net Assets Applicable to Common Shareholders</b>   | \$355,876,814 | \$259,127,424 | \$100,367,203 |
| <b>Composition of Net Assets Applicable to Common Shareholders:</b>   |               |               |               |
| Common Stock (no par value):  |               |               |               |
| Paid-in-capital   | \$347,577,024 | \$254,071,197 | \$105,568,018 |
| Undistributed (dividends in excess of) net investment income  | 6,967,363     | 3,392,769     | (85,794)      |
| Accumulated net realized loss   | (27,309,517)  | (22,145,273)  | (11,870,772)  |
| Net unrealized appreciation of investments, futures contracts and options written   | 28,641,944    | 23,808,731    | 6,755,751     |
| <b>Net Assets Applicable to Common Shareholders</b>   | \$355,876,814 | \$259,127,424 | \$100,367,203 |
| Common Shares Outstanding   | 24,473,102    | 17,900,557    | 7,452,004     |
| <b>Net Asset Value Per Common Share</b>   | \$14.54       | \$14.48       | \$13.47       |

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PIMCO Municipal Income Funds  
Statements of Operations  
For the year ended April 30, 2006

|                           | Municipal | California<br>Municipal | New York<br>Municipal |
|---------------------------|-----------|-------------------------|-----------------------|
| <b>Investment Income:</b> |           |                         |                       |

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|  |                     |                     |                    |
|--|---------------------|---------------------|--------------------|
| Interest   | \$30,336,028        | \$21,443,921        | \$8,309,782        |
| <b>Expenses:</b>   |                     |                     |                    |
| Investment management fees   | 3,655,808           | 2,680,032           | 1,074,078          |
| Auction agent fees and commissions   | 522,953             | 391,426             | 167,298            |
| Custodian and accounting agent fees  | 193,313             | 127,190             | 63,134             |
| Reports to shareholders  | 120,210             | 63,505              | 33,925             |
| Audit and tax services   | 74,485              | 55,961              | 28,675             |
| Transfer agent fees  | 35,784              | 35,086              | 33,850             |
| Trustees' fees and expenses  | 31,340              | 22,061              | 6,475              |
| New York Stock Exchange listing fees   | 20,895              | 20,610              | 20,680             |
| Insurance expense  | 14,525              | 11,020              | 5,736              |
| Legal fees   | 9,760               | 8,536               | 3,150              |
| Investor relations   | 5,358               | 4,767               | 1,468              |
| Miscellaneous  | 9,825               | 9,855               | 8,509              |
| Total expenses   | 4,694,256           | 3,430,049           | 1,446,978          |
| Less: investment management fees waived  | (1,124,863)         | (824,627)           | (330,485)          |
| custody credits earned on cash balances  | (72,801)            | (27,774)            | (12,734)           |
| Net expenses   | 3,496,592           | 2,577,648           | 1,103,759          |
| <b>Net Investment Income</b>   | <b>26,839,436</b>   | <b>18,866,273</b>   | <b>7,206,023</b>   |
| <b>Realized and Change in Unrealized Gain (Loss):</b>  |                     |                     |                    |
| Net realized gain (loss) on:   |                     |                     |                    |
| Investments  | 1,610,105           | 828,861             | 456,098            |
| Futures contracts  | (4,032,780)         | (2,494,601)         | (1,149,247)        |
| Options written  | 2,020,474           | 1,282,283           | 515,254            |
| Net change in unrealized appreciation/depreciation of:   |                     |                     |                    |
| Investments  | (7,139,724)         | (1,877,388)         | (2,386,926)        |
| Futures contracts  | 1,208,225           | 561,297             | 655,838            |
| Options written  | 1,221,374           | 775,184             | 185,961            |
| Net realized and change in unrealized loss on investments, futures contracts and options written         | (5,112,326)         | (924,364)           | (1,723,022)        |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>                                   | <b>21,727,110</b>   | <b>17,941,909</b>   | <b>5,483,001</b>   |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | <b>(5,231,157)</b>  | <b>(3,616,030)</b>  | <b>(1,622,910)</b> |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b> | <b>\$16,495,953</b> | <b>\$14,325,879</b> | <b>\$3,860,091</b> |

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|  | Municipal                    |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 |
| <b>Investment Operations:</b>  |                              |                              |
| Net investment income  | \$26,839,436                 | \$27,652,489                 |
| Net realized loss on investments, futures contracts and options written  | (402,201)                    | (8,369,653)                  |
| Net change in unrealized appreciation/depreciation of investments, futures contracts and options written   | (4,710,125)                  | 24,934,751                   |
| Net increase in net assets resulting from investment operations  | 21,727,110                   | 44,217,587                   |
| <b>Dividends on Preferred Shares from Net investment income</b>  | (5,231,157)                  | (2,856,330)                  |
| Net increase in net assets applicable to common shareholders resulting from investment operations  | 16,495,953                   | 41,361,257                   |
| <b>Dividends on Common Shareholders from Net investment income</b>   | (23,781,657)                 | (23,656,743)                 |
| <b>Capital Share Transactions:</b>   |                              |                              |
| Reinvestment of dividends  | 2,463,094                    | 1,211,038                    |
| Total increase (decrease) in net assets applicable to common shareholders  | (4,822,610)                  | 18,915,552                   |
| <b>Net Assets Applicable to Common Shareholders:</b>   |                              |                              |
| Beginning of year  | 360,699,424                  | 341,783,872                  |
| End of year (including undistributed (dividends in excess of) net investment income of \$6,967,363 and \$9,140,741; \$3,392,769 and \$4,640,975; \$(85,794) and \$898,985; respectively) | \$355,876,814                | \$360,699,424                |
| <b>Common Shares Issued in Reinvestment of Dividends:</b>  | 162,728                      | 83,880                       |

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| California Municipal         |                              | New York Municipal           |                              |
|------------------------------|------------------------------|------------------------------|------------------------------|
| Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 | Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 |
| \$18,866,273                 | \$19,052,509                 | \$7,206,023                  | \$7,428,747                  |
| (383,457)                    | (4,591,905)                  | (177,895)                    | (3,609,336)                  |
| (540,907)                    | 16,036,473                   | (1,545,127)                  | 6,558,341                    |
| 17,941,909                   | 30,497,077                   | 5,483,001                    | 10,377,752                   |
| (3,616,030)                  | (1,919,248)                  | (1,622,910)                  | (892,314)                    |
| 14,325,879                   | 28,577,829                   | 3,860,091                    | 9,485,438                    |
| (16,498,449)                 | (16,457,576)                 | (6,567,905)                  | (6,632,392)                  |

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|               |               |               |               |
|---------------|---------------|---------------|---------------|
| 1,322,388     | —             | 963,117       | 337,047       |
| (850,182)     | 12,120,253    | (1,744,697)   | 3,190,093     |
| 259,977,606   | 247,857,353   | 102,111,900   | 98,921,807    |
| \$259,127,424 | \$259,977,606 | \$100,367,203 | \$102,111,900 |
| 89,328        | —             | 67,984        | 24,712        |

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PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

1. Organization and Significant Accounting Policies

PIMCO Municipal Income Fund (“Municipal”), PIMCO California Municipal Income Fund (“California Municipal”) and PIMCO New York Municipal Income Fund (“New York Municipal”), collectively referred to as the “Funds”, were organized as Massachusetts business trusts on May 10, 2001. Prior to commencing operations on June 29, 2001, the Funds had no operations other than matters relating to their organization and registration as non-diversified, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Allianz Global Investors Fund Management LLC (the “Investment Manager”), serves as the investment manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. (“Allianz Global”). Allianz Global is an indirect majority-owned subsidiary of Allianz AG. The Funds have an unlimited amount of no par value common stock authorized.

Municipal invests substantially all of its assets in a portfolio of municipal bonds, the interest from which is exempt from federal income taxes. California Municipal 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 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.

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 this would involve future claims that may be made against the Funds based upon events that have not been asserted. However, the Funds expect the risk of any loss to be remote.

The following is a summary of significant accounting policies consistently 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. Portfolio securities and other financial instruments for which market quotations are not readily available

or if a development/event occurs that may significantly impact the value of a security may be fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, using the last sale price on the exchange that is the primary market for such securities, or the quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. The independent pricing service uses information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options and futures are valued at the settlement price determined by the relevant exchange. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61<sup>st</sup> day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements. The Funds' net asset values are determined daily as of 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 for business.

(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.

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PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

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1. Organization and Significant Accounting Policies (continued)

(d) 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. For the year ended April 30, 2006, New York Municipal had a permanent difference attributable to non-deductible excise taxes. This adjustment was a decrease to dividends in excess of net investment income and a decrease to paid in capital of \$13. Municipal and California Municipal had no permanent differences for the year ended April 30, 2006.

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.

(e) 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 or securities 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.

(f) Option Transactions

The Funds may purchase and write (sell) put and call options on securities for hedging purposes, risk management purposes or as part of its investment strategy. 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 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. These liabilities are reflected as options written in the Statement of Assets and Liabilities. 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 purchased transactions, as a realized loss. If a call option written by the Funds 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 written by the Funds 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 a written option could result in the Funds purchasing a security at a price different from the current market value.

(g) Residual Interest Municipal Bonds (“RIBS”)/Residual Interest Tax Exempt Bonds (“RITES”)

The Funds invest in RIBS and RITES whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. RIBS and RITES 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 visa versa. The longer-term bonds may be more volatile and less liquid than other municipal bonds of comparable maturity. Investments in RIBS and RITES typically will involve greater risk than an investment in a fixed-rate bond. The Funds may also invest in RIBS and RITES for the purpose of increasing their leverage.



PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

(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 and accounting agent expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Funds.

2. Investment Manager/Sub-Adviser

Each Fund has entered into an Investment Management Agreement (the "Agreements") with the Investment Manager. Subject to the supervision by each Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs and other administrative matters. Pursuant to the Agreements, the Investment Manager receives an annual fee, payable monthly, at the annual rate of 0.65% of each Fund's average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding. In order to reduce each Fund's expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fee for each Fund at the annual rate of 0.20% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding, from the commencement of operations through June 30, 2006, and for a declining amount thereafter through June 30, 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 0.37% of each Funds average daily net assets, inclusive of 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 0.25% 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 June 30, 2006, and will receive an increasing amount not to exceed 0.37% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding thereafter through June 30, 2009.

3. Investments in Securities

For the year ended April 30, 2006, purchases and sales of investments, other than short-term securities, were:

|           | Municipal    | California<br>Municipal | New York<br>Municipal |
|-----------|--------------|-------------------------|-----------------------|
| Purchases | \$71,283,082 | \$35,923,439            | \$43,166,155          |
| Sales     | 82,230,056   | 33,115,103              | 38,725,354            |

(a) Futures contracts outstanding at April 30, 2006:

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| Fund                 | Type                               | Notional Amount (000) | Expiration Date | Unrealized Appreciation (Depreciation) |
|----------------------|------------------------------------|-----------------------|-----------------|--|
| Municipal            | Long: Euro 90 day Futures          | \$440                 | 6/18/07         | \$(87,625)                             |
|                      | Euro 90 day Futures                | 440                   | 9/17/07         | (90,000)                               |
|                      | Euro 90 day Futures                | 440                   | 12/17/07        | (96,600)                               |
|                      | Euro 90 day Futures                | 440                   | 3/17/08         | (98,800)                               |
|                      | Short: U.S. Treasury Bond Futures  | (40)                  | 6/21/06         | 36,250                                 |
|                      |                                    |                       |                 | \$(336,775)                            |
| California Municipal | Long: Euro 90 day Futures          | \$213                 | 6/18/07         | \$(61,075)                             |
|                      | Euro 90 day Futures                | 213                   | 9/17/07         | (63,038)                               |
|                      | Euro 90 day Futures                | 213                   | 12/17/07        | (66,225)                               |
|                      | Euro 90 day Futures                | 213                   | 3/17/08         | (67,287)                               |
|                      | U.S. Treasury Notes 10 yr. Futures | 157                   | 6/21/06         | (326,266)                              |
|                      |                                    |                       |                 | \$(583,891)                            |
| New York Municipal   | Long: Euro 90 day Futures          | \$60                  | 6/18/07         | \$(11,400)                             |
|                      | Euro 90 day Futures                | 60                    | 9/17/07         | (11,700)                               |
|                      | Euro 90 day Futures                | 60                    | 12/17/07        | (12,600)                               |
|                      | Euro 90 day Futures                | 60                    | 3/17/08         | (12,900)                               |
|                      | Short: U.S. Treasury Bond Futures  | (28)                  | 6/21/06         | 158,813                                |
|                      |                                    |                       |                 | \$110,213                              |

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PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

3. Investments in Securities (continued)

(b) Transactions in options written for the year ended April 30, 2006:

|   | Contracts | Premiums    |
|---|-----------|-------------|
| Municipal   |           |             |
| Options outstanding, April 30, 2005                 | 2,580     | \$2,313,121 |
| Options written                                     | 11,183    | 5,037,198   |
| Options expired                                     | (5,269)   | (2,348,318) |
| Options terminated in closing purchase transactions | (6,353)   | (4,457,444) |
| Options outstanding, April 30, 2006                 | 2,141     | \$544,557   |
| California Municipal                                |           |             |
| Options outstanding, April 30, 2005                 | 1,779     | \$1,566,403 |
| Options written                                     | 5,767     | 2,952,455   |
| Options expired                                     | (3,373)   | (1,753,282) |
| Options terminated in closing purchase transactions | (3,618)   | (2,625,661) |
| Options outstanding, April 30, 2006                 | 555       | \$139,915   |

|   |         |             |
|---|---------|-------------|
| New York Municipal                                  |         |             |
| Options outstanding, April 30, 2005                 | 713     | \$644,445   |
| Options written                                     | 1,330   | 972,381     |
| Options expired                                     | (747)   | (568,305)   |
| Options terminated in closing purchase transactions | (1,296) | (1,048,521) |
| Options outstanding, April 30, 2006                 | —       | \$—         |

4. Income Tax Information

Municipal

The tax character of dividends paid was:

|                   | Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 |
|-------------------|------------------------------|------------------------------|
| Ordinary Income   | \$571,911                    | \$562,263                    |
| Tax Exempt Income | \$28,440,903                 | \$25,950,810                 |

At April 30, 2006, the tax character of distributable earnings of \$6,967,363 was comprised entirely of tax exempt income.

At April 30, 2006, Municipal had a capital loss carryforward of \$27,790,110 (\$12,636,580 of which will expire in 2011, \$1,890,888 of which will expire in 2012, \$12,156,912 of which will expire in 2013 and \$1,105,730 of which will expire in 2014), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

California Municipal:

The tax character of dividends paid was:

|                   | Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 |
|-------------------|------------------------------|------------------------------|
| Ordinary Income   | \$534,905                    | \$409,162                    |
| Tax Exempt Income | \$19,579,574                 | \$17,967,662                 |

At April 30, 2006, the tax basis of distributable earnings of \$3,392,769 was comprised entirely of tax exempt income.

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## 4. Income Tax Information (continued)

At April 30, 2006, California Municipal had a capital loss carryforward of \$22,769,560 (\$2,250 of which will expire in 2010, \$9,872,564 of which will expire in 2011, \$4,391,323 of which will expire in 2012, \$6,552,094 of which will expire in 2013 and \$1,951,329 of which will expire in 2014), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

New York Municipal:

The tax character of dividends paid was:

|                   | Year ended<br>April 30, 2006 | Year ended<br>April 30, 2005 |
|-------------------|------------------------------|------------------------------|
| Ordinary Income   | \$72,767                     | \$56,171                     |
| Tax Exempt Income | \$8,118,048                  | \$7,468,535                  |

At April 30, 2006, there were no distributable earnings.

At April 30, 2006, New York Municipal had a capital loss carryforward of \$11,760,541 (\$4,214,928 of which will expire in 2011, \$2,679,047 of which will expire in 2012, \$4,622,781 of which will expire in 2013 and \$243,785 of which will expire in 2014), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

The cost of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at April 30, 2006 were:

|                      | Cost of<br>Investments | Gross<br>Unrealized<br>Appreciation | Gross<br>Unrealized<br>Depreciation | Net<br>Unrealized<br>Appreciation |
|----------------------|------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Municipal            | \$517,169,140          | \$33,690,448                        | \$4,567,911                         | \$29,122,537                      |
| California Municipal | 380,076,247            | 24,834,410                          | 401,391                             | 24,433,019                        |
| New York Municipal   | 154,946,224            | 7,126,275                           | 480,756                             | 6,645,519                         |

The difference between book and tax basis unrealized appreciation/depreciation, if any, is attributable to wash sales.

## 5. Auction Preferred Shares

Municipal has issued 1,600 shares of Preferred Shares Series A, 1,600 shares of Preferred Shares Series B, 1,600 shares of Preferred Shares Series C, 1,600 shares of Preferred Shares Series D and 1,600 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

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

New York Municipal has issued 2,520 shares of Preferred Shares Series A with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

Dividends and distributions of net realized long-term capital gains, if any, are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures.

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PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

5. Auction Preferred Shares (continued)

For the year ended April 30, 2006, the annualized dividend rates ranged from:

|                              | High   | Low    | At April 30, 2006 |
|------------------------------|--------|--------|-------------------|
| <u>Municipal:</u>            |        |        |                   |
| Series A                     | 4.350% | 1.880% | 3.650%            |
| Series B                     | 4.400% | 0.700% | 3.600%            |
| Series C                     | 4.450% | 1.500% | 3.700%            |
| Series D                     | 4.450% | 1.800% | 3.750%            |
| Series E                     | 4.350% | 1.600% | 3.600%            |
| <u>California Municipal:</u> |        |        |                   |
| Series A                     | 4.350% | 1.000% | 3.550%            |
| Series B                     | 4.450% | 1.590% | 3.600%            |
| Series C                     | 4.350% | 1.450% | 3.500%            |
| <u>New York Municipal:</u>   |        |        |                   |
| Series A                     | 4.400% | 1.850% | 3.600%            |

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 triggering the mandatory redemption of Preferred Shares at their liquidation value.

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

6. Subsequent Common Dividend Declarations

On May 1, 2006, the following dividends were declared to common shareholders payable June 1, 2006 to shareholders of record on May 11, 2006:

|                      |                               |
|----------------------|-------------------------------|
|                      | \$0.08125 per<br>common share |
| California Municipal | \$0.077 per common<br>share   |
| New York Municipal   | \$0.07 per common<br>share    |

On June 1, 2006 the following dividends were declared to common shareholders payable July 3, 2006 to shareholders of record on June 12, 2006:

|                      |                               |
|----------------------|-------------------------------|
| Municipal            | \$0.08125 per<br>common share |
| California Municipal | \$0.077 per common<br>share   |
| New York Municipal   | \$0.07 per common<br>share    |

## 7. Legal Proceedings

In June and September 2004, the Investment Manager, certain of its affiliates (Allianz Global Investors Distributors LLC and PEA Capital LLC) and Allianz Global, agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission (the “Commission”), the New Jersey Attorney General and the California Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. Two settlements (with the Commission and New Jersey) related to an alleged “market timing” arrangement in certain open-end funds sub-advised by PEA Capital. Two settlements (with the Commission and California) related to the alleged use of cash and fund portfolio commissions to finance “shelf-space” arrangements with broker-dealers for open-end funds. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims related to market timing and \$20.6 million to settle the claims related to shelf space. The settling parties also agreed to make certain corporate governance changes. None of the settlements allege that any inappropriate activity took place with respect to the Funds.

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PIMCO Municipal Income Funds  
Notes to Financial Statements  
April 30, 2006

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## 7. Legal Proceedings (continued)

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning “market timing,” and “revenue sharing/shelf space/directed brokerage,” which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a Multi-District Litigation in the United States District Court for the District of Maryland, and the revenue sharing/shelf space/directed brokerage lawsuits have been consolidated in the United States District Court for the District of Connecticut. Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against the Investment Manager or its affiliates or related

injunctions. The Investment Manager believes that other similar lawsuits may be filed in federal or state courts in the future.

Under Section 9(a) of the 1940 Act, if any of the various regulatory proceedings or lawsuits were to result in a court injunction against the Investment Manager, Allianz Global and/or their affiliates, they 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 Fund. In connection with an inquiry from the Commission concerning the status of the New Jersey settlement referenced above with regard to any implications under Section 9(a), the Investment Manager and certain of its affiliates, including the Investment Adviser, (together, the "Applicants") have sought exemptive relief from the Commission under Section 9(c) of the 1940 Act. The Commission has granted the Applicants a temporary exemption from the provisions of Section 9(a) with respect to the New Jersey settlement until the earlier of (i) September 13, 2006 and (ii) the date on which the Commission takes final action on their application for a permanent exemptive order. There is no assurance that the Commission will issue a permanent order. If a court injunction were to issue against the Investment Manager or the affiliates with respect to any of the other matters referenced above, the Investment Manager or the affiliates would, in turn, seek similar exemptive relief under Section 9(c) with respect to that matter, although there is no assurance that such exemptive relief would be granted.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on their ability to perform their respective investment advisory activities relating to the Funds.

The foregoing speaks only as of the date hereof.

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## PIMCO Municipal Income Fund Financial Highlights

For a share of common stock outstanding throughout each period:

|  | April 30,<br>2006 | Year ended<br>April 30,<br>2005 | April 30,<br>2004 | April 30,<br>2003 | For the period<br>June 29, 2001*<br>through<br>April 30, 2002<br>\$14.33** |
|--|-------------------|---------------------------------|-------------------|-------------------|--|
| Net asset value, beginning of period   | \$14.84           | \$14.11                         | \$14.03           | \$14.22           |  |
| <b>Investment Operations:</b>  |                   |                                 |                   |                   |  |
| Net investment income  | 1.10              | 1.15                            | 1.16              | 1.19              | 0.91   |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, and options written | (0.21)            | 0.68                            | (0.03)            | (0.26)            | (0.07)   |
| Total from investment operations   | 0.89              | 1.83                            | 1.13              | 0.93              | 0.84   |
| <b>Dividends and Distributions on Preferred Shares from:</b>   |                   |                                 |                   |                   |  |
| Net investment income  | (0.21)            | (0.12)                          | (0.07)            | (0.10)            | (0.09)   |
| Net realized gains   | —                 | —                               | —                 | (0.00)†           | (0.00)†  |

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|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Total dividends and distributions on preferred shares   | (0.21)    | (0.12)    | (0.07)    | (0.10)    | (0.09)    |
| Net increase in net assets applicable to common shareholders resulting from investment operations | 0.68      | 1.71      | 1.06      | 0.83      | 0.75      |
| <b>Dividends and Distributions to Common Shareholders from:</b>                                   |           |           |           |           |           |
| Net investment income   | (0.98)    | (0.98)    | (0.98)    | (0.98)    | (0.71)    |
| Net realized gains  | —         | —         | —         | (0.04)    | (0.02)    |
| Total dividends and distributions to common shareholders  | (0.98)    | (0.98)    | (0.98)    | (1.02)    | (0.73)    |
| <b>Capital Share Transactions:</b>  |           |           |           |           |           |
| Common stock offering costs charged to paid-in capital  | —         | —         | —         | —         | (0.03)    |
| Preferred shares offering costs/<br>underwriting discounts charged to paid-in capital             | —         | —         | —         | —         | (0.10)    |
| Total capital share transactions  | —         | —         | —         | —         | (0.13)    |
| Net asset value, end of period  | \$14.54   | \$14.84   | \$14.11   | \$14.03   | \$14.22   |
| Market price, end of period   | \$16.22   | \$14.64   | \$13.55   | \$14.22   | \$14.70   |
| <b>Total Investment Return (1)</b>  | 18.13%    | 15.68%    | 2.15%     | 3.79%     | 3.10%     |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>  |           |           |           |           |           |
| Net assets applicable to common shareholders, end of period (000)                                 | \$355,877 | \$360,699 | \$341,784 | \$337,688 | \$338,703 |
| Ratio of expenses to average net assets (2)(3)(5)   | 0.98%     | 0.97%     | 0.98%     | 1.00%     | 0.91%(4)  |
| Ratio of net investment income to average net assets (2)(5)                                       | 7.41%     | 7.97%     | 8.22%     | 8.21%     | 7.64%(4)  |
| Preferred shares asset coverage per share   | \$69,462  | \$70,077  | \$67,719  | \$67,206  | \$67,332  |
| Portfolio turnover  | 13%       | 11%       | 16%       | 27%       | 39%       |

\*Commencement of operations.

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

†Less than \$0.005 per share.

(1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's 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)



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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 a 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 1.30% and 7.09%, respectively, for the year ended April 30, 2006, 1.28% and 7.66%, respectively, for the year ended April 30, 2005, 1.30% and 7.91%, respectively, for the year ended April 30, 2004, 1.32% and 7.89%, respectively for the year ended April 30, 2003, and 1.21% (annualized) and 7.34% (annualized), respectively, for the period June 29, 2001 (commencement of operations) through April 30, 2002.

See accompanying Notes to Financial Statements | 4.30.06 | PIMCO Municipal Income Funds Annual Report 31

PIMCO California Municipal Income Fund

Financial Highlights

For a share of common stock outstanding throughout each period:

|  | April 30,<br>2006 | Year Ended<br>April 30,<br>2005 | April 30,<br>2004 | April 30,<br>2003 | For the period<br>June 29, 2001*<br>through<br>April 30, 2002<br>\$14.33** |
|--|-------------------|---------------------------------|-------------------|-------------------|--|
| Net asset value, beginning of period   | \$14.60           | \$13.92                         | \$14.17           | \$14.00           | \$14.33**  |
| <b>Investment Operations:</b>  |                   |                                 |                   |                   |  |
| Net investment income  | 1.05              | 1.07                            | 1.05              | 1.12              | 0.83   |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, and options written | (0.05)            | 0.64                            | (0.31)            | 0.07              | (0.25)   |
| Total from investment operations   | 1.00              | 1.71                            | 0.74              | 1.19              | 0.58   |
| <b>Dividends and Distributions on Preferred Shares from Net Investment Income:</b>                       | (0.20)            | (0.11)                          | (0.07)            | (0.10)            | (0.09)   |
| Net increase in net assets applicable to common shareholders resulting from investment operations        | 0.80              | 1.60                            | 0.67              | 1.09              | 0.49   |
| <b>Dividends and Distributions to Common Shareholders from Net Investment Income:</b>                    | (0.92)            | (0.92)                          | (0.92)            | (0.92)            | (0.68)   |
| <b>Capital Share Transactions:</b>   |                   |                                 |                   |                   |  |
| Common stock offering costs charged to paid-in capital   | —                 | —                               | —                 | —                 | (0.03)   |
|  | —                 | —                               | —                 | —                 | (0.11)   |

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|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Preferred shares offering costs/underwriting discounts charged to paid-in capital |         |         |         |         |         |
| Total capital share transactions  | —       | —       | —       | —       | (0.14)  |
| Net asset value, end of period  | \$14.48 | \$14.60 | \$13.92 | \$14.17 | \$14.00 |
| Market price, end of period   | \$15.87 | \$14.20 | \$13.19 | \$14.15 | \$14.71 |
| <b>Total Investment Return (1)</b>  | 18.93%  | 15.05%  | (0.28)% | 2.64%   | 2.82%   |

**RATIOS/SUPPLEMENTAL DATA:**

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Net assets applicable to common shareholders, end of period (000) | \$259,127 | \$259,978 | \$247,857 | \$251,831 | \$246,682 |
| Ratio of expenses to average net assets (2)(3)(5)                 | 0.99%     | 1.00%     | 1.01%     | 1.03%     | 0.94%(4)  |
| Ratio of net investment income to average net assets (2)(5)       | 7.19%     | 7.56%     | 7.53%     | 7.89%     | 7.03%(4)  |
| Preferred shares asset coverage per share                         | \$68,164  | \$68,319  | \$66,306  | \$66,967  | \$66,109  |
| Portfolio turnover  | 8%        | 5%        | 25%       | 15%       | 45%       |

\*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 a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's 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 a 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 1.31% and 6.87%, respectively, for the year ended April 30, 2006, 1.31% and 7.25%, respectively, for the year ended April 30, 2005, 1.33% and 7.21%, respectively, for the year ended April 30, 2004, 1.34% and 7.58%, respectively for the year ended April 30, 2003, and 1.24% (annualized) and 6.73% (annualized), respectively, for the period June 29, 2001 (commencement of operations) through April 30, 2002.

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PIMCO New York Municipal Income Fund

Financial Highlights

For a share of common stock outstanding throughout each period:

|  | April 30,<br>2006 | Year Ended<br>April 30,<br>2005 | April 30,<br>2004 | April 30,<br>2003 | For the period<br>June 29, 2001*<br>through<br>April 30, 2002<br>\$14.33** |
|--|-------------------|---------------------------------|-------------------|-------------------|--|
| Net asset value, beginning of period   | \$13.83           | \$13.44                         | \$13.49           | \$13.92           | \$14.33**  |
| <b>Investment Operations:</b>  |                   |                                 |                   |                   |  |
| Net investment income  | 0.98              | 1.01                            | 1.00              | 1.04              | 0.82   |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, and options written | (0.23)            | 0.40                            | (0.08)            | (0.47)            | (0.26)   |
| Total from investment operations   | 0.75              | 1.41                            | 0.92              | 0.57              | 0.56   |
| <b>Dividends and Distributions on Preferred Shares from:</b>   |                   |                                 |                   |                   |  |
| Net investment income  | (0.22)            | (0.12)                          | (0.07)            | (0.10)            | (0.09)   |
| Net realized gains   | —                 | —                               | —                 | —                 | (0.01)   |
| Total dividends and distributions on preferred shares  | (0.22)            | (0.12)                          | (0.07)            | (0.10)            | (0.10)   |
| Net increase in net assets applicable to common shareholders resulting from investment operations        | 0.53              | 1.29                            | 0.85              | 0.47              | 0.46   |
| <b>Dividends and Distributions to Common Shareholders from:</b>  |                   |                                 |                   |                   |  |
| Net investment income  | (0.89)            | (0.90)                          | (0.90)            | (0.90)            | (0.67)   |
| Net realized gains   | —                 | —                               | —                 | —                 | (0.05)   |
| Total dividends and distributions to common shareholders   | (0.89)            | (0.90)                          | (0.90)            | (0.90)            | (0.72)   |
| <b>Capital Share Transactions:</b>   |                   |                                 |                   |                   |  |
| Common stock offering costs charged to paid-in capital   | —                 | —                               | —                 | —                 | (0.03)   |
| Preferred shares offering costs/underwriting discounts charged to paid-in capital                        | —                 | —                               | —                 | —                 | (0.12)   |
| Total capital share transactions   | —                 | —                               | —                 | —                 | (0.15)   |
| Net asset value, end of period   | \$13.47           | \$13.83                         | \$13.44           | \$13.49           | \$13.92  |
| Market price, end of period  | \$14.56           | \$13.90                         | \$12.70           | \$13.55           | \$14.20  |
| <b>Total Investment Return (1)</b>   | 11.45%            | 17.04%                          | 0.21%             | 1.82%             | (0.34)%  |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |                   |                                 |                   |                   |  |
| Net assets applicable to common shareholders, end of period (000)  | \$100,367         | \$102,112                       | \$98,922          | \$98,323          | \$100,413  |
|  | 1.09%             | 1.12%                           | 1.10%             | 1.13%             | 1.04%(4)   |

Ratio of expenses to average  
net  
assets (2)(3)(5)

Ratio of net investment  
income to average net assets

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| (2)(5)                                       | 7.05%    | 7.48%    | 7.41%    | 7.46%    | 7.07%(4) |
| Preferred shares asset<br>coverage per share | \$64,809 | \$65,509 | \$64,251 | \$64,016 | \$64,834 |
| Portfolio turnover                           | 24%      | 10%      | 39%      | 23%      | 51%      |

\*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 a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's 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 a 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 1.42% and 6.72%, respectively, for the year ended April 30, 2006, 1.45% and 7.15%, respectively, for the year ended April 30, 2005, 1.43% and 7.08%, respectively, for the year ended April 30, 2004, 1.45% and 7.14%, respectively for the year ended April 30, 2003, and 1.34% (annualized) and 6.77% (annualized), respectively, for the period June 29, 2001 (commencement of operations) through April 30, 2002.

See accompanying Notes to Financial Statements | 4.30.06 | PIMCO Municipal Income Funds Annual Report 33

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PIMCO Municipal Income Funds  
Report of Independent Registered  
Public Accounting Firm

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To the Shareholders and the Board of Trustees of  
PIMCO Municipal Income Fund,  
PIMCO California Municipal Income Fund and  
PIMCO New York Municipal Income Fund

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets applicable to common shareholders and the financial highlights present fairly, in all material respects, the financial position of PIMCO Municipal Income Fund, PIMCO California Municipal Income Fund and PIMCO New York Municipal Income Fund (collectively hereafter referred to as the "Funds") at April 30, 2006, the results of each of their operations for the year ended, the changes in each of their

net assets applicable to common shareholders for each of the two years in the period then ended and the financial highlights for each of the four years in the period then ended and for the period June 29, 2001 (commencement of operations) through April 30, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at April 30, 2006 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
June 21, 2006

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PIMCO Municipal Income Funds  
Tax Information/Annual Shareholder Meetings  
Results (unaudited)

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**Tax Information:**

Subchapter M of the Internal Revenue Code of 1986, as amended, requires the Funds to advise shareholders within 60 days of the Funds' tax year-end (April 30, 2006) as to the federal tax status of dividends and distributions received by shareholders during such tax period. Accordingly, please note that substantially all dividends paid from net investment income from the Funds during the tax period ended April 30, 2006 were federally exempt interest dividends. However the Funds invested in municipal bonds containing market discount, whose accretion is taxable. Accordingly, the percentage of dividends paid from net investment income during the tax period which are taxable were:

|                      |       |
|----------------------|-------|
| Municipal            | 1.97% |
| California Municipal | 2.66% |
| New York Municipal   | 0.89% |

Since the Funds' tax year is not the calendar year, another notification will be sent with respect to calendar year 2006. In January 2007, shareholders will be advised on IRS Form 1099 DIV as to the federal tax status of the dividends and distributions received during calendar 2006. The amount that will be reported will be the amount to use on your 2006 federal income tax return and may differ from the amount which must be reported in connection with each Fund's tax year ended April 30, 2006. Shareholders are advised to consult their tax advisers as to the federal, state and local tax status of the dividend income received from the Funds. In January 2007, an allocation of interest income by state will be provided which may be of value in reducing a shareholder's state and local tax liability, if any.

**Annual Shareholder Meetings Results:**

The Funds held their annual meeting of shareholders on December 28, 2005. Common/Preferred shareholders of each fund voted to re-elect R. Peter Sullivan III and David C. Flattum as a Class III Trustees to serve until 2008.

The resulting vote count is indicated below:

|                                      | Affirmative | Withheld Authority |
|--------------------------------------|-------------|--------------------|
| <u>Municipal</u>                     |             |                    |
| Re-election of David C. Flattum      | 22,109,952  | 182,766            |
| Re-election of R. Peter Sullivan III | 22,099,112  | 193,606            |
| <u>California Municipal</u>          |             |                    |
| Re-election of David C. Flattum      | 16,200,397  | 125,208            |
| Re-election of R. Peter Sullivan III | 16,203,270  | 122,335            |
| <u>New York Municipal</u>            |             |                    |
| Re-election of David C. Flattum      | 6,559,878   | 89,023             |
| Re-election of R. Peter Sullivan III | 6,561,884   | 87,017             |

Messrs. Paul Belica, Robert E Connor, Jack J. Dalessandro\* and Hans W. Kertess\* continue to serve as Trustees of the Funds.

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\* Preferred Shares Trustee

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PIMCO Municipal Income Funds  
 Privacy Policy/Proxy Voting Policies &  
 Procedures (unaudited)

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**Privacy Policy:**

**Our Commitment to You**

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients' personal information. We have developed policies designed to protect this confidentiality, while allowing client needs to be served.

**Obtaining Personal Information**

In the course of providing you with products and services, we may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

## Respecting Your Privacy

We do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. We may also provide your personal and account information to your brokerage or financial advisory firm and/or to your financial adviser or consultant.

## Sharing Information with Third Parties

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, the fund may disclose information about a shareholder's accounts to a non-affiliated third party with the consent or upon the request of the shareholder.

## Sharing Information with Affiliates

We may share client information with our affiliates in connection with servicing your account or to provide you with information about products and services that we believe may be of interest to you. The information we share may include, for example, your participation in our mutual funds or other investment programs, your ownership of certain types of accounts (such as IRAs), or other data about your accounts. Our affiliates, in turn, are not permitted to share your information with non-affiliated entities, except as required or permitted by law.

## Procedures to Safeguard Private Information

The Funds take seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Funds have also implemented procedures that are designed to restrict access to a shareholder's non-public personal information only to internal personnel who need to know that information in order to provide products or services to such shareholders. In order to guard a shareholder's non-public personal information, physical, electronic and procedural safeguards are in place.

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## Proxy Voting Policies & Procedures:

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the twelve months ended June 30, 2005 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 331-1710; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

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Pursuant to the Funds' Dividend Reinvestment Plan (the "Plan"), all Common Shareholders whose shares are registered in their own names will have all dividends, including any capital gain dividends, reinvested automatically in additional Common Shares by PFPC Inc., as agent for the Common Shareholders (the "Plan Agent"), unless the shareholder elects to receive cash. An election to receive cash may be revoked or reinstated at the option of the shareholder. In the case of record shareholders such as banks, brokers or other nominees that hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan. Shareholders whose shares are held in the name of a bank, broker or nominee should contact the bank, broker or nominee for details. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor's behalf), will be paid cash by check mailed, in the case of direct shareholder, to the record holder by PFPC Inc., as the Funds' dividend disbursement agent.

Unless you (or your broker or nominee) elects not to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

- (1) If on the payment date the net asset value of the Common Shares is equal to or less than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Fund will issue new shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date; or
- (2) If on the payment date the net asset value of the Common Shares is greater than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price on the payment date, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next distribution. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving notice to the Plan Agent. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. The Plan Agent will also furnish each person who buys Common Shares with written instructions detailing the procedures for electing not to participate in the Plan and to instead receive distributions in cash. Common Shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.



Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions.

The Fund and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Funds' shareholder servicing agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027, telephone number (800) 331-1710.

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PIMCO Municipal Income Funds  
Board of Trustees (unaudited)

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Name, Date of Birth, Position(s) Held with Funds, Length of Service, Other Trusteeships/Directorships Held by Trustee; Number of Portfolios in Fund Complex/Outside Fund Complexes Currently Overseen by Trustee  
The address of each trustee is 1345 Avenue of the Americas, New York, NY 10105

Principal Occupation(s) During Past 5 Years:

**Robert E. Connor**

Retired; Formerly, Senior Vice President, Corporate Office, Smith Barney Inc.

Date of Birth: 9/17/34

Chairman of the Board of Trustees since: 2004

Trustee since: 2001

Term of office: Expected to stand for re-election at 2006 annual meeting of shareholders.

Trustee/Director of 24 funds in Fund Complex

Trustee/Director of no funds outside of Fund Complex

**Paul Belica**

Retired. Formerly Director, Student Loan Finance Corp., Education Loans, Inc., Goal Funding, Inc., Goal Funding II, Inc. and Surety Loan Fund, Inc.; Formerly, Manager of Stratigos Fund LLC, Whistler Fund LLC, Xanthus Fund LLC & Wynstone Fund LLC; and Formerly, senior executive and member of the Board of Smith Barney, Harris Upham & Co.

Date of Birth: 9/27/21

Trustee since: 2001

Term of office: Expected to stand for re-election at 2007 annual meeting of shareholders.

Trustee/Director of 24 funds in Fund Complex

Trustee/Director of no funds outside of Fund Complex

**John J. Dalessandro II**

Retired. Formerly, President and Director, J.J. Dalessandro II Ltd., registered broker-dealer and member of the New York Stock Exchange.

Date of Birth: 7/26/37

Trustee since: 2001

Term of office: Expected to stand for re-election at 2007 annual meeting of shareholders.

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Trustee/Director of 24 funds in Fund Complex  
Trustee/Director of no funds outside of Fund complex

**David C. Flattum**<sup>†</sup>

Date of Birth: 8/27/64

Trustee since: 2004

Term of office: Expected to stand for election at 2008 annual meeting of shareholders.

Trustee/Director of 55 funds in Fund Complex

Trustee/Director of no funds outside of Fund Complex

**Hans W. Kertess**

Date of Birth: 7/12/39

Trustee since: 2001

Term of office: Expected to stand for re-election at 2006 annual meeting of shareholders.

Trustee/Director of 24 Funds in Fund Complex;

Trustee/Director of no funds outside of Fund Complex

Trustee/Director of no funds outside of Fund Complex

Trustee/Director of no funds outside of Fund Complex

**R. Peter Sullivan III**

Date of Birth: 9/4/41

Trustee since: 2002

Term of office: Expected to stand for re-election at 2008 annual meeting of shareholders.

Trustee/Director of 22 funds in Fund Complex

Trustee/Director of no funds outside of Fund Complex

Trustee/Director of no funds outside of Fund Complex

Managing Director, Chief Operating Officer, General Counsel and member of Management Board, Allianz Global Investors of America L.P.; Member of Management Board, Allianz Global Investors Fund Management LLC; Formerly, Head of Corporate Functions of Allianz Global Investors of America L.P.; Formerly, Partner, Latham & Watkins LLP (1998-2001).

President, H. Kertess & Co. L.P.; Formerly, Managing Director, Royal Bank of Canada Capital Markets.

Retired. Formerly, Managing Partner, Bear Wagner Specialists LLC, specialist firm on the New York Stock Exchange

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<sup>†</sup>Mr. Flattum is an “interested person” of the Fund due to his affiliation with Allianz Global Investors of America L.P. (“AGI”) and the Investment Manager. In addition to Mr. Flattum's positions with affiliated persons of the Funds set forth in the table above, he holds the following positions with affiliated person: Managing Director, Chief Operating Officer, General Counsel & member of Management Board, AGI; Member of Management Board AGIFM; Director, PIMCO Global Advisors (Resources) Limited; Managing Director, Allianz Dresdner Asset Management U.S. Equities LLC, Allianz Hedge Fund Partners Holdings L.P., Allianz PacLife Partners LLC, PA Holdings LLC; Director and Chief Executive Officer, Oppenheimer Group, Inc.

Further information about Funds' Trustees is available in the Funds' Statement of Additional Information, dated August 20, 2001, which can be obtained upon request, without charge, by calling the Funds' shareholder servicing agent at (800) 331-1710.

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Name, Date of Birth, Position(s) Held with Funds

**Brian S. Shlissel**

Date of Birth: 11/14/64

President & Chief Executive Officer since: 2002

**Lawrence G. Altadonna**

Date of Birth: 3/10/66

Treasurer, Principal/Financial and Accounting

Officer since: 2002

**Thomas J. Fuccillo**

Date of Birth: 3/22/68

Secretary & Chief Legal Officer since: 2004

**Youse Guia**

Date of Birth: 9/3/72

Chief Compliance Officer since: 2004

Principal Occupation(s) During Past 5 Years:

Executive Vice President, Allianz Global Investors Fund Management LLC; President and Chief Executive Officer of 32 funds in the Fund Complex; Treasurer; Principal Financial and Accounting Officer of 33 funds in the Fund Complex; Trustee of 8 funds in the Fund Complex.

Senior Vice President, Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting officer of 32 funds in the Fund Complex; Assistant Treasurer of 33 funds in the Fund Complex.

Senior Vice President, Senior Counsel, Allianz Global Investors of America L.P., Secretary and Chief Legal Officer of 32 funds in the Fund Complex. Formerly, Vice President and Associate General Counsel, Neuberger Berman LLC (1991-2004).

Senior Vice President, Group Compliance Manager, Allianz Global Investors of America L.P., Chief Compliance Officer of 65 funds in the Fund Complex. Formerly, Vice President, Group Compliance Manager, Allianz Global Investors of America L.P. (2002-2004), Audit Manager, PricewaterhouseCoopers LLP (1996-2002).

Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal.

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Trustees and Principal Officers

Robert E. Connor

Trustee, Chairman of the Board of Trustees

Paul Belica

Trustee

John J. Dalessandro II

Trustee

David C. Flattum

Trustee

Hans W. Kertess

Trustee

R. Peter Sullivan III

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Thomas J. Fuccillo

Secretary & Chief Legal Officer

Youse Guia

Chief Compliance Officer

Investment Manager

Allianz Global Investors 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

Custodian & Accounting Agent

State Street Bank & Trust Co.

225 Franklin Street

Boston, MA 02110

Transfer Agent, Dividend Paying Agent and Registrar

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, NY 10017

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, PIMCO California Municipal Income Fund and PIMCO New York Municipal Income Fund for their

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 Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission (the “Commission”) for the first and third quarters of its fiscal year on Form N-Q. The Funds' Form N-Q is available (i) on the Funds' website at [www.allianzinvestors.com](http://www.allianzinvestors.com) (ii) on the Commission's website at [www.sec.gov](http://www.sec.gov), and (iii) at the Commission's Public Reference Room located at the Commission's headquarters' office, 450 5th Street N.W. Room 1200, Washington, D.C. 20459, (202) 942-8090.

On December 30, 2005, the Funds submitted a CEO annual certification to the New York Stock Exchange (“NYSE”) on which the each Fund's principal executive officer certified that he was not aware, as of that date, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules each Fund's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Funds' disclosure controls and procedures and internal control over financial reporting, as applicable.

Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds' shareholder servicing agent at (800) 331-1710.

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