

PIMCO NEW YORK MUNICIPAL INCOME FUND
Form N-CSRS
January 05, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-10381

PIMCO New York Municipal Income
Fund

(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York
(Address of principal executive offices)

10019
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019

(Name and address of agent for service)

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

Date of fiscal year end: **April 30, 2012**

Date of reporting period: **October 31, 2011**

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

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. REPORT TO SHAREHOLDERS

Semi-Annual Report

October 31, 2011

PIMCO Municipal Income Fund
PIMCO California Municipal Income Fund
PIMCO New York Municipal Income Fund

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Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

Dear Shareholder:

Municipal bonds posted solid returns during the six-month reporting period ended October 31, 2011. Low levels of new issuance together with concerns of higher taxes, helped to drive prices higher. Despite ongoing challenges for the U.S. economy, anxiety over municipal defaults eased.

Six-Month Period in Review

For the fiscal six-month period ended October 31, 2011:

PIMCO Municipal Income Fund increased 14.50% on net asset value (NAV) and 10.32% on market price.

PIMCO California Municipal Income Fund increased 14.11% on NAV and 10.68% on market price.

PIMCO New York Municipal Income Fund increased 9.73% on NAV and 10.04% on market price.

The U.S. economy gained strength during the reporting period. As it began, gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, rose at an annual rate of 1.3%. GDP nearly doubled to an annual rate of 2.0% between July and September 2011.

During the period, Standard & Poor's (S&P) downgraded the long-term credit rating of U.S. government debt from AAA to AA+. This move reflected S&P's concern that Congress and the White House would not be able to solve the nation's deepening fiscal problems. Other credit ratings agencies, however, maintained their top ratings for U.S. debt and the downgrade did not harm investor demand for U.S. Treasury securities. In fact, it had the opposite effect—investors reaffirmed the view that Treasuries were a relatively safe haven in times of uncertainty. Demand for government debt surged, with the yield on the benchmark 10-year Treasury bond dropping at one point to 1.72%, the lowest level in more than half-a-century. Municipal bond prices, which tend to closely track their Treasury brethren, rose accordingly. New issuance remained low throughout much of the reporting period, though it began to rise during the latter stages of the six-month period as suppliers moved to lock in low interest rates. In California, demand for new securities was strong, while a rally in higher-quality credits benefitted issuance in New York State.

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The Federal Reserve (the Fed) launched a third attempt to stimulate the economy. Its latest effort, Operation Twist, involves the selling of \$400 billion of short-term Treasury securities in exchange for a similar amount of longer-term bonds. The Fed indicated this move is aimed at lowering longer-term bond yields while maintaining short-term rates at their current and historically low levels. This is regarded as an attempt to boost the ailing housing market by lowering mortgage rates, though such rates stand at the lowest levels in half-a-century. The Fed warned of significant downside risks to the economic outlook, including strains in global financial markets.

Outlook

The U.S. economy and the fiscal situation at the state and local level have strengthened of late, however, the overall picture remains daunting. The Center on Budget and Policy Priorities reports that collectively, states are grappling with \$103 billion in red ink during the 2012 fiscal year. Separately, the National League of Cities reported that 57% of cities are facing greater financial

difficulties in 2011 than in 2010. These difficulties are compounded by uncertainty on taxes and budgets at the federal level, notably ongoing efforts by the so-called Congressional super committee to reduce the federal debt by \$1.5 trillion.

For specific information on the Funds and their performance, please review the following pages. 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) 254-5197. In addition, a wide range of information and resources is available on our website, www.allianzinvestors.com/closedendfunds.

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess

Chairman

Brian S. Shlissel

President & CEO

Receive this report electronically and eliminate paper mailings. To enroll, go to www.allianzinvestors.com/edelivery.

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PIMCO Municipal Income Funds Fund Insights

October 31, 2011 (unaudited)

For the six-months ended October 31, 2011, PIMCO Municipal Income Fund returned 14.50% on net asset value (NAV) and 10.32% on market price.

For the six-months ended October 31, 2011, PIMCO California Municipal Income Fund returned 14.11% on net asset value (NAV) and 10.68% on market price.

For the six-months ended October 31, 2011, PIMCO New York Municipal Income Fund returned 9.73% on net asset value (NAV) and 10.04% on market price.

The municipal bond market produced strong results during the six-months ended October 31, 2011. The overall municipal market (as measured by the Barclays Capital Municipal Bond Index) posted a positive return during five of the six months of the reporting period. Factors supporting the market during the period included: generally robust investor demand as fear of mass defaults from earlier in the year were somewhat mitigated, as states observed improving revenue and actively addressed structural budgetary issues; a sharp decline in new issuance of municipal securities; sharply declining interest rates due to several flights to quality.

During the reporting period, Municipal Income and New York Municipal emphasized revenue bonds over general obligation bonds. This was beneficial for results as revenue bonds outperformed general obligation bonds. California Municipal in contrast, was aided by its positioning in California general obligation bonds, as these securities outperformed revenue bonds.

The Funds were rewarded for having exposure to tobacco bonds. This higher yielding sector outperformed the benchmark during the six months ended October 31, 2011.

Exposure to the health care was additive for the Funds performance as this sector outperformed the benchmarks during the reporting period. Municipal Income and New York Municipal benefited from exposure to the corporate-backed sector. California Municipal s performance was enhanced by exposure to the education sector.

Shorter duration than that of their benchmarks detracted from performance, of each Fund, as municipal yields declined during the reporting period. A steepening yield curve bias also adversely effected results, as the municipal curve flattened during the six-month period.

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PIMCO Municipal Income Funds Performance & Statistics

October 31, 2011 (unaudited)

Municipal:

Total Return⁽¹⁾:	Market Price	NAV
Six Month	10.32%	14.50%
1 Year	3.76%	5.01%
5 Year	3.44%	3.48%
10 Year	6.58%	5.39%
Commencement of Operations (6/29/01) to 10/31/11	6.34%	5.72%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 10/31/11

Market Price/NAV:

Market Price	\$13.72
NAV	\$11.76
Premium to NAV	16.67%
Market Price Yield ⁽²⁾	7.11%

Moody's Rating

(as a % of total investments)

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PIMCO Municipal Income Funds Performance & Statistics

October 31, 2011 (unaudited)

California:

Total Return⁽¹⁾:	Market Price	NAV
Six Month	10.68%	14.11%
1 Year	1.15%	0.30%
5 Year	1.84%	3.71%
10 Year	5.14%	5.29%
Commencement of Operations (6/29/01) to 10/31/11	5.31%	5.62%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 10/31/11

Market Price/NAV:

Market Price	\$12.78
NAV	\$12.43
Premium to NAV	2.82%
Market Price Yield ⁽²⁾	7.23%

Moody's Rating

(as a % of total investments)

Table of Contents**PIMCO Municipal Income Funds Performance & Statistics**

October 31, 2011 (unaudited)

New York:

Total Return⁽¹⁾:	Market Price	NAV
Six Month	10.04%	9.73%
1 Year	0.26%	1.67%
5 Year	1.91%	0.66%
10 Year	3.14%	3.29%
Commencement of Operations (6/29/01) to 10/31/11	2.94%	3.42%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 10/31/11

Market Price/NAV:	
Market Price	\$10.53
NAV	\$10.53
Premium to NAV	0.00%
Market Price Yield ⁽²⁾	6.50%

Moody's Rating

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total investment return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Funds, market conditions, supply and demand for each Fund's shares, or changes in the Funds' dividends.

An investment in the Funds involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. 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 traded in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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(2) Market Price Yield is determined by dividing the annualized current monthly per common share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at October 31, 2011.

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October 31, 2011 (unaudited)

Principal Amount (000s)		Value
MUNICIPAL BONDS & NOTES 97.2%		
Alabama 1.0%		
\$ 2,500	Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.875%, 11/15/24, Ser. A	\$ 2,509,725
250	Huntsville-Redstone Village Special Care Facs. Financing Auth. Rev., Redstone Village Project, 5.50%, 1/1/28	222,215
885	5.50%, 1/1/43	672,697
1,350	Montgomery Medical Clinic Board Rev., Jackson Hospital & Clinic, 5.25%, 3/1/31	1,267,245
		4,671,882
Alaska 1.2%		
3,280	Borough of Matanuska-Susitna Rev., Goose Creek Correctional Center, 6.00%, 9/1/32 (AGC)	3,702,858
900	Industrial Dev. & Export Auth. Rev., Boys & Girls Home, 6.00%, 12/1/36	585,000
2,400	Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A	1,508,448
		5,796,306
Arizona 5.0%		
5,000	Apache Cnty. Industrial Dev. Auth. Rev., Tucson Electric Power Co. Project, 5.875%, 3/1/33, Ser. B	5,001,100
2,050	Health Facs. Auth. Rev., Banner Health, 5.50%, 1/1/38, Ser. D	2,126,711
2,750	Beatitudes Campus Project, 5.20%, 10/1/37	2,092,475
1,500	Maricopa Cnty. Pollution Control Corp. Rev., Southern California Edison Co., 5.00%, 6/1/35, Ser. A	1,573,515
750	Pima Cnty. Industrial Dev. Auth. Rev., Tucson Electric Power Co., Ser. A, 5.25%, 10/1/40	711,555
4,150	6.375%, 9/1/29,	4,213,536
5,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (i)	5,282,900
4,200	Salt Verde Financial Corp. Rev., 5.00%, 12/1/37	3,808,392
		24,810,184
Arkansas 0.5%		
8,500	Dev. Finance Auth. Rev., Arkansas Cancer Research Center Project, zero coupon, 7/1/36 (AMBAC)	2,690,760
California 14.7%		
2,875	Bay Area Toll Auth. Rev., 5.00%, 10/1/34	2,979,449
3,255	San Francisco Bay Area, 5.00%, 10/1/42	3,363,619
3,000	Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34, Ser. B	3,298,620
6,000	Golden State Tobacco Securitization Corp. Rev., Ser. A-1, 5.00%, 6/1/33	4,244,460
1,500	5.75%, 6/1/47	1,086,555

Table of Contents**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Value
	California (continued)	
	Health Facs. Financing Auth. Rev.,	
\$ 2,000	Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	\$ 2,131,080
1,500	Sutter Health, 6.00%, 8/15/42, Ser. B	1,634,370
5,300	Los Angeles Community College Dist., GO, 5.00%, 8/1/32, Ser. A (FGIC-NPFGC)	5,525,091
2,000	Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)	2,070,140
4,175	Montebello Unified School Dist., GO, 5.00%, 8/1/33 (AGM)	4,346,718
2,000	M-S-R Energy Auth. Rev., 6.125%, 11/1/29, Ser. C	2,158,360
1,600	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	1,716,896
5,000	Orange Cnty. Airport Rev., 5.25%, 7/1/39, Ser. A	5,230,550
500	San Diego Cnty. Regional Airport Auth. Rev., 5.00%, 7/1/24, Ser. A	539,310
1,600	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	1,648,432
	State, GO,	
700		