

PIMCO NEW YORK MUNICIPAL INCOME FUND II
Form N-CSR
August 05, 2014

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 811-21078

PIMCO New York Municipal Income Fund II
(Exact name of registrant as specified in charter)

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

New York 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: May 31, 2014

Date of reporting period: May 31, 2014

Item 1. Report to Shareholders

PIMCO Municipal Income Fund II

PIMCO California Municipal Income Fund II

PIMCO New York Municipal Income Fund II

Annual Report

May 31, 2014

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Letter from Chairman of the Board & President

Hans W. Kertess

Chairman

Julian Sluyters

President & CEO

Dear Shareholder:

After three years of generally moderate growth, the US economy contracted toward the end of the 12-month fiscal reporting period ended May 31, 2014. The US taxable bond market posted a positive return. The overall municipal bond market overcame a weak start and outperformed the US taxable bond market during the reporting period.

For the fiscal twelve-month period ended May 31, 2014:

n PIMCO Municipal Income Fund II returned 5.22% on net asset value (NAV) and 7.76% on market price.

n PIMCO California Municipal Income Fund II returned 5.77% on NAV and -1.76% on market price.

n PIMCO New York Municipal Income Fund II returned 4.88% on NAV and 7.83% on market price.

Twelve Months in Review

After several years of positive growth, severe winter weather in parts of the United States constrained the US economy throughout the reporting period. Gross domestic product (GDP), the value of goods and services produced

in the country, the broadest measure of economic activity, expanded at an annual pace of 2.5% during the second quarter of 2013. Annual GDP growth then rose 4.1% during the third quarter, the best reading since the fourth quarter of 2011. Fourth quarter 2013 GDP then expanded at a 2.6% annual pace, but contracted at an annual pace of 2.9% during the first quarter of 2014.

The Federal Reserve (the Fed) maintained an accommodative monetary stance during the reporting period. Announcements and actions related to the reduction of the Fed s monthly asset purchase program contributed to bond-yield volatility over the reporting period. The markets have also been scrutinizing Fed statements related to when interest rates would begin to rise. In April, the Fed repeated that it would not raise rates in the near future, saying that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable

time after the asset purchase program ends, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored.

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Outlook

We remain positive on the US economic recovery and expect the first-quarter GDP decline to be followed by a meaningful bounce during the second quarter. Federal Reserve officials have tied the outlook for monetary policy to incoming economic data. Based on our forecasts for growth we believe that Fed asset purchases will end in the fourth quarter of 2014, with lift-off in the Fed funds rate possible in mid-2015.

Receive this report electronically and eliminate paper mailings.

To enroll, visit;

us.allianzgi.com/edelivery.

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, us.allianzgi.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 of the Board of Trustees

Julian Sluyters
President & Chief Executive Officer

Fund Insights

PIMCO Municipal Income Fund II

PIMCO California Municipal Income Fund II

PIMCO New York Municipal Income Fund II

May 31, 2014 (unaudited)

For the twelve-months ended May 31, 2014, PIMCO Municipal Income Fund II (Municipal II) returned 5.22% on net asset value (NAV) and 7.76% on market price.

For the twelve-months ended May 31, 2014, PIMCO California Municipal Income Fund II (California Municipal II) returned 5.77% on NAV and -1.76% on market price.

For the twelve-months ended May 31, 2014, PIMCO New York Municipal Income Fund II (New York Municipal II) returned 4.88% on NAV and 7.83% on market price.

After a challenging start, the municipal bond market rallied and generated a positive return during the 12-month reporting period ended May 31, 2014. The overall municipal market, as measured by the Barclays Municipal Bond Index (the Index), posted negative returns during the first three months of the reporting period. Negatively impacting the municipal market were rising interest rates, as well as generally weak demand given concerns over the city of Detroit's bankruptcy filing and credit issues in Puerto Rico. However, the municipal bond market then strengthened and generated positive returns during seven of the last nine months of the reporting period. This turnaround was due to several factors, including improving fundamentals, attractive valuations and generally falling interest rates. In addition, investor demand improved, while new municipal supply fell sharply over the first five months of 2014. All told, the Index gained 3.05% during the 12-month reporting period. In comparison, the overall taxable fixed income market, as measured by the Barclays US Aggregate Index, returned 2.71%.

Municipal II's overweighting to the Revenue-Backed, High Yield Tobacco and Industrial Revenue sectors enhanced its results as all three sectors outperformed the Index. An overweight duration relative to the Index detracted from Municipal II's performance as municipal yields moved higher during the 12 months ended May 31, 2014. Municipal II's underweighting to the Transportation and Education sectors hindered results as they outperformed the Index.

California Municipal II's overweighting to the Revenue-Backed, High Yield Tobacco and Industrial Revenue sectors enhanced its results as all three sectors outperformed the Index. An overweight duration relative to the Index detracted from California Municipal II's performance as municipal yields moved higher during the 12 months ended May 31, 2014. California Municipal II's underweighting to the Transportation and Education sectors hindered results as they outperformed the Index.

New York Municipal II's overweighting to the Revenue-Backed, High Yield Tobacco, Industrial Revenue and Health Care sectors enhanced its results as all four sectors outperformed the Index. An overweight duration relative to the Index detracted from New York Municipal II's performance as municipal yields moved higher during the 12 months ended May 31, 2014. New York Municipal II's underweighting to the Transportation and Water and Sewer sectors hindered results as they outperformed the Index.

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Performance & Statistics

PIMCO Municipal Income Fund II

May 31, 2014 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
1 Year	7.76%	5.22%
5 Year	12.76%	13.77%
10 Year	6.16 %	5.38%
Commencement of Operations (6/28/02) to 5/31/14	5.25%	5.46%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/14

Market Price/NAV:

Market Price	\$12.25
NAV	\$11.94
Premium to NAV	2.60%
Market Price Yield ⁽²⁾	6.37%
Leverage Ratio ⁽³⁾	36.04%

Moody's Rating*

(as a % of total investments)

Performance & Statistics

PIMCO California Municipal Income Fund II

May 31, 2014 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
1 Year	-1.76%	5.77%
5 Year	10.39%	13.01%
10 Year	4.32%	3.70%
Commencement of Operations (6/28/02) to 5/31/14	3.62%	3.67%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/14

Market Price/NAV:

Market Price	\$9.52
NAV	\$8.61
Premium to NAV	10.57%
Market Price Yield ⁽²⁾	6.03%
Leverage Ratio ⁽³⁾	42.39%

Moody's Rating*

(as a % of total investments)

Performance & Statistics

PIMCO New York Municipal Income Fund II

May 31, 2014 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
1 Year	7.83%	4.88%
5 Year	10.91%	10.83%
10 Year	6.15%	4.98%
Commencement of Operations (6/28/02) to 5/31/14	4.99%	4.74%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/14

Market Price/NAV:

Market Price	\$12.01
NAV	\$10.98
Premium to NAV	9.38%
Market Price Yield ⁽²⁾	6.62%
Leverage Ratio ⁽³⁾	41.98%

Moody's Rating*

(as a % of total investments)

Performance & Statistics

PIMCO Municipal Income Funds II

May 31, 2014 (unaudited) (continued)

* Bond ratings apply to the underlying holdings of the Funds and not the Funds themselves and are divided into categories ranging from highest to lowest credit quality, determined for purposes of this presentation by using ratings provided by Moody's Investors Service, Inc. (Moody's). The Funds use ratings provided by Moody's for this purpose, among other reasons, because of the access to background information and other materials provided by Moody's, as well as the Funds' consideration of industry practice. When a bond is not rated by Moody's, it is designated in the chart above as "NR" for not rated. Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change periodically, even as frequently as daily. Ratings assigned by Moody's or another rating agency are not absolute standards of credit quality and do not evaluate market risk. Rating agencies may fail to make timely changes in credit ratings, and an issuer's current financial condition may be better or worse than a rating indicates. In formulating investment decisions for the Funds, Pacific Investment Management Company LLC, the sub-adviser to the Funds, develops its own analysis of the credit quality and risks associated with individual debt instruments, rather than relying exclusively on rating agencies or third-party research.

(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 dividends and 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 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 each Fund's 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.

(2) Market Price Yield is determined by dividing the annualized current monthly dividend per common share (comprised of net investment income) by the market price per common share at May 31, 2014.

(3) Represents Floating Rate Notes issued in tender option bond transactions and Preferred Shares outstanding (collectively Leverage), as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus accrued liabilities (other than liabilities representing Leverage).

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014

Principal Amount (000s)		Value
Municipal Bonds & Notes 95.8%		
Alabama 3.0%		
\$1,000	Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A	\$1,006,630
21,000	Jefferson Cnty. Sewer Rev., zero coupon, 10/1/50, Ser. F (i)	12,122,040
16,000	6.50%, 10/1/53, Ser. D	18,196,640
2,000	State Docks Department Rev., 6.00%, 10/1/40	2,280,160
		33,605,470
Arizona 8.1%		
3,500	Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A	3,662,890
2,860	5.50%, 1/1/38, Ser. D	3,060,486
29,700	Pima Cnty. Industrial Dev. Auth. Rev., 5.00%, 9/1/39	30,836,025
1,500	Tucson Electric Power Co., 5.25%, 10/1/40, Ser. A	1,580,640
1,750	Pinal Cnty. Electric Dist. No. 3 Rev., 5.25%, 7/1/36	1,928,885
3,700	5.25%, 7/1/41	4,044,396
10,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (h)	10,983,400
9,000	Salt Verde Financial Corp. Rev., 5.00%, 12/1/32	10,080,270
22,400	5.00%, 12/1/37	24,987,872
		91,164,864
California 12.8%		
5,000	Bay Area Toll Auth. Rev., 5.25%, 4/1/48, Ser. S-4	5,523,200
6,000	San Francisco Bay Area, 5.00%, 10/1/29	6,660,840
1,430	San Francisco Bay Area, 5.00%, 4/1/34, Ser. F-1	1,556,312
1,535	Golden State Tobacco Securitization Corp. Rev., 5.75%, 6/1/47, Ser. A-1	1,289,200
2,000	Hayward Unified School Dist., GO, 5.00%, 8/1/33	2,151,180
1,500	Health Facs. Financing Auth. Rev., Scripps Health, 5.00%, 11/15/36, Ser. A	1,625,385
6,300	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	6,552,693
3,000	Sutter Health, 6.00%, 8/15/42, Ser. B	3,490,620
1,500	Indian Wells Redev. Agcy., Tax Allocation, Whitewater Project, 4.75%, 9/1/34, Ser. A (AMBAC)	1,467,435
2,000	Los Angeles Community College Dist., GO, 5.00%, 8/1/32, Ser. A (FGIC-NPFGC)	2,220,340

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4,000	Los Angeles Department of Water & Power Rev., 5.00%, 7/1/39, Ser. A-1 (AMBAC)	4,294,120
5,000	Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)	5,228,150
1,750	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	2,334,903
2,000	Montebello Unified School Dist., GO, 5.00%, 8/1/33 (AGM)	2,190,440
2,875	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B Newport Beach Rev., Hoag Memorial Hospital Presbyterian, 5.875%, 12/1/30	3,370,650
3,000	(Pre-refunded @ \$100, 12/1/21) (c)	3,853,200
500	Peralta Community College Dist., GO, 5.00%, 8/1/39, Ser. C	524,020
2,000	San Diego Cnty. Water Auth., CP, 5.00%, 5/1/38, Ser. 2008-A (AGM)	2,195,200

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	California (continued)	
\$3,300	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	\$3,608,715
2,000	Santa Clara Cnty. Financing Auth. Rev., El Camino Hospital, 5.75%, 2/1/41, Ser. A (AMBAC)	2,154,440
2,925	State, GO, 5.00%, 11/1/32	3,214,604
1,590	5.00%, 6/1/37	1,705,259
5,200	5.125%, 8/1/36	5,709,860
2,500	5.25%, 3/1/38	2,723,475
5,945	5.25%, 11/1/40	6,667,853
5,750	5.50%, 3/1/40	6,538,497
9,500	6.00%, 4/1/38	11,200,880
2,510	Statewide Communities Dev. Auth. Rev., California Baptist Univ., 5.75%, 11/1/17, Ser. B (a)(b)(d)(j) (acquisition cost-\$2,510,000; purchased 6/22/07)	2,775,734
710	California Baptist Univ., 6.50%, 11/1/21	836,756
1,000	Cottage Health, 5.00%, 11/1/40	1,081,830
4,890	Methodist Hospital Project, 6.625%, 8/1/29 (FHA)	5,821,154
17,415	Methodist Hospital Project, 6.75%, 2/1/38 (FHA)	20,687,627
5,690	Sutter Health, 6.00%, 8/15/42, Ser. A	6,620,543
1,000	Trinity Health, 5.00%, 12/1/41	1,062,850
4,725	Torrance Rev., Torrance Memorial Medical Center, 5.00%, 9/1/40, Ser. A	4,935,640
		143,873,605
	Colorado 1.5%	
5,800	Aurora Rev., Children's Hospital Assoc., 5.00%, 12/1/40	6,103,108
1,000	Denver Health & Hospital Auth. Rev., 5.625%, 12/1/40 Health Facs. Auth. Rev., Ser. A,	1,079,640
1,000	American Baptist Homes, 5.90%, 8/1/37	1,001,620
500	Evangelical Lutheran, 6.125%, 6/1/38 (Pre-refunded @ \$100, 6/1/14) (c)	500,000
6,045	Sisters of Charity of Leavenworth Health System, 5.00%, 1/1/40	6,443,728
1,430	Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38	1,892,519
		17,020,615
	Connecticut 0.2%	
1,250	Harbor Point Infrastructure Improvement Dist., Tax Allocation, 7.875%, 4/1/39, Ser. A	1,454,913
1,000	State Health & Educational Fac. Auth. Rev., Hartford Healthcare, 5.00%, 7/1/41, Ser. A	1,069,960
		2,524,873
	Florida 5.1%	

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1,000	Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project, 7.00%, 4/1/39	1,145,960
	Broward Cnty. Airport System Rev.,	
12,100	5.00%, 10/1/42, Ser. Q-1	13,118,336
600	5.375%, 10/1/29, Ser. O	688,710
8,500	Broward Cnty. Water & Sewer Utility Rev., 5.25%, 10/1/34, Ser. A (h)	9,500,365
1,000	Clearwater Water & Sewer Rev., 5.25%, 12/1/39, Ser. A	1,064,630
340	Dev. Finance Corp. Rev., Renaissance Charter School, 6.50%, 6/15/21, Ser. A	362,246
	Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System,	
3,000	5.625%, 11/15/37, Ser. B	3,364,140
3,000	Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32	3,002,010
10,000	Orlando-Orange Cnty. Expressway Auth. Rev., 5.00%, 7/1/40, Ser. A	10,701,200

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Schedule of Investments

PIMCO Municipal Income Fund II

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Principal Amount (000s)		Value
	Florida (continued)	
\$500	Sarasota Cnty. Health Facs. Auth. Rev., 5.75%, 7/1/37	\$483,860
7,900	State Board of Education, GO, 5.00%, 6/1/38, Ser. D (h)	8,742,851
5,000	Sumter Landing Community Dev. Dist. Rev., 4.75%, 10/1/35, Ser. A (NPFGC)	4,973,150
		57,147,458
	Georgia 0.4%	
1,500	Atlanta Airport Rev., 5.00%, 1/1/40, Ser. A	1,595,820
2,775	Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37	2,785,823
		4,381,643
	Illinois 5.8%	
2,444	Chicago, Special Assessment, Lake Shore East, 6.625%, 12/1/22	2,472,497
5,438	6.75%, 12/1/32	5,495,806
1,250	Chicago Motor Fuel Tax Rev., 5.00%, 1/1/38, Ser. A (AGC) Finance Auth. Rev.,	1,278,662
2,500	Christian Homes, Inc., 5.75%, 5/15/31, Ser. A	2,569,300
250	Leafs Hockey Club Project, 6.00%, 3/1/37, Ser. A (b)(e)	85,000
700	OSF Healthcare System, 7.125%, 11/15/37, Ser. A	833,595
2,000	Provena Health, 6.00%, 5/1/28, Ser. A	2,188,740
5,000	Univ. of Chicago, 5.50%, 7/1/37, Ser. B (h)	5,654,250
37,000	Sports Facs. Auth. Rev., 5.50%, 6/15/30 (AMBAC) Village of Hillside, Tax Allocation, Mannheim Redev. Project,	38,397,860
3,495	6.55%, 1/1/20	3,725,216
2,900	7.00%, 1/1/28	2,978,938
		65,679,864
	Indiana 0.4%	
1,500	Finance Auth. Rev., Duke Energy Indiana, Inc., 6.00%, 8/1/39, Ser. B Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc.,	1,656,870
990	5.80%, 9/1/47 (a)(b)(d)(j) (acquisition cost-\$960,082; purchased 9/7/07)	968,487
1,900	7.50%, 9/1/22	2,314,352
		4,939,709
	Iowa 2.3%	
	Finance Auth. Rev.,	
144	Deerfield Retirement Community, Inc., 2.00%, 5/15/56, Ser. B, PIK	1,442
4,500	Edgewater LLC Project, 6.75%, 11/15/42	4,681,440
6,000	Fertilizer Company Project, 5.25%, 12/1/25	6,264,360
5,000	Fertilizer Company Project, 5.50%, 12/1/22	5,236,450

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10,350	Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B	9,554,809
		25,738,501
	Kansas 0.1%	
500	Dev. Finance Auth. Rev., Adventist Health, 5.75%, 11/15/38	557,180
850	Manhattan Rev., Meadowlark Hills Retirement, 5.00%, 5/15/36, Ser. A (b)	821,406
		1,378,586
	Kentucky 0.1%	
1,000	Economic Dev. Finance Auth. Rev., Owensboro Medical Healthcare Systems, 6.375%, 6/1/40, Ser. A	1,119,600

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PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	Louisiana 0.7%	
	Local Gov t Environmental Facs. & Community Dev. Auth Rev.,	
\$450	Westlake Chemical Corp., 6.50%, 11/1/35, Ser. A-2	\$519,341
750	Woman s Hospital Foundation, 5.875%, 10/1/40, Ser. A	855,262
1,000	Woman s Hospital Foundation, 6.00%, 10/1/44, Ser. A	1,146,800
	Public Facs. Auth. Rev., Ochsner Clinic Foundation Project,	
3,300	5.50%, 5/15/47, Ser. B	3,469,059
2,000	6.50%, 5/15/37	2,345,600
		8,336,062
	Maryland 0.7%	
	Health & Higher Educational Facs. Auth. Rev.,	
1,400	Charlestown Community, 6.25%, 1/1/41	1,522,290
2,380	Medstar Health, 5.00%, 8/15/41	2,521,324
4,050	Washington Cnty. Hospital, 6.00%, 1/1/43	4,167,572
		8,211,186
	Massachusetts 0.9%	
	Dev. Finance Agcy. Rev.,	
4,610	Adventcare Project, 6.75%, 10/15/37, Ser. A	4,807,354
570	Adventcare Project, 7.625%, 10/15/37	631,024
1,000	Foxborough Regional Charter School, 7.00%, 7/1/42, Ser. A	1,123,140
2,900	State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A	3,269,431
		9,830,949
	Michigan 0.5%	
1,000	Detroit, GO, 5.25%, 11/1/35	1,069,430
	Public Educational Facs. Auth. Rev., Bradford Academy, 6.50%, 9/1/37 (a)(b)(d)(j)	
800	(acquisition cost-\$800,000; purchased 9/21/07)	456,000
	Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 8.25%,	
3,000	9/1/39 (Pre-refunded @ \$100, 9/1/18) (c)	3,912,660
		5,438,090
	Minnesota 0.3%	
2,640	North Oaks Rev., Presbyterian Homes North Oaks, 6.00%, 10/1/33	2,759,170
400	St. Louis Park Rev., Nicollett Health Services, 5.75%, 7/1/39	434,720
		3,193,890
	Mississippi 0.0%	
	Dev. Bank Special Obligation Rev., Capital Projects and Equipment Acquisition,	
40	5.00%, 7/1/24, Ser. A-2 (AMBAC)	40,156
	Missouri 1.0%	
550	Lee s Summit, Tax Allocation, Summit Fair Project, 5.625%, 10/1/23	575,558
10,000	State Health & Educational Facs. Auth. Rev., CoxHealth, 5.00%, 11/15/44, Ser. A	10,674,600

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		11,250,158
	Nevada 0.9%	
10,000	Clark Cnty., GO, 4.75%, 11/1/35 (FGIC-NPFGC) (h)	10,489,200
	New Hampshire 0.2%	
2,000	Business Finance Auth. Rev., Elliot Hospital, 6.125%, 10/1/39, Ser. A	2,134,680
	New Jersey 4.0%	
950	Burlington Cnty. Bridge Commission Rev., The Evergreens Project, 5.625%, 1/1/38	928,729
4,000	Economic Dev. Auth., Special Assessment, Kapkowski Road Landfill Project, 5.75%, 10/1/21	4,421,120

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Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	New Jersey (continued)	
	Economic Dev. Auth. Rev.,	
\$525	Arbor Glen, 6.00%, 5/15/28, Ser. A	\$368,634
2,000	MSU Student Housing Project, 5.875%, 6/1/42	2,188,000
	Health Care Facs. Financing Auth. Rev.,	
1,500	AHS Hospital Corp., 6.00%, 7/1/37	1,741,320
4,000	Robert Wood Johnson Univ. Hospital, 5.50%, 7/1/43, Ser. A	4,420,680
1,500	St. Peters Univ. Hospital, 5.75%, 7/1/37	1,523,835
2,000	State Turnpike Auth. Rev., 5.25%, 1/1/40, Ser. E	2,170,500
	Tobacco Settlement Financing Corp. Rev., Ser. 1-A,	
3,300	4.75%, 6/1/34	2,587,596
31,305	5.00%, 6/1/41	24,605,730
		44,956,144
	New Mexico 0.2%	
2,000	Farmington Pollution Control Rev., 5.90%, 6/1/40, Ser. D	2,210,760
	New York 12.6%	
33,500	Hudson Yards Infrastructure Corp. Rev., 5.25%, 2/15/47, Ser. A	36,367,265
3,880	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/36, Ser. D	4,205,649
	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%,	
1,100	1/1/43, Ser. A	571,912
	New York City Water & Sewer System Rev.,	
2,830	5.00%, 6/15/37, Ser. D (h)	2,931,795
4,000	Second Generation Resolutions, 4.75%, 6/15/35, Ser. DD (h)	4,225,080
2,000	Second Generation Resolutions, 5.00%, 6/15/39, Ser. GG-1	2,194,280
	New York Liberty Dev. Corp. Rev.,	
10,000	1 World Trade Center Project, 5.00%, 12/15/41	10,725,200
54,000	4 World Trade Center Project, 5.75%, 11/15/51	60,327,720
1,000	Bank of America Tower at One Bryant Park Project, 5.125%, 1/15/44	1,065,860
2,500	Bank of America Tower at One Bryant Park Project, 5.625%, 7/15/47	2,756,475
1,250	Bank of America Tower at One Bryant Park Project, 6.375%, 7/15/49	1,380,700
1,505	Goldman Sachs Headquarters, 5.25%, 10/1/35	1,761,196
10,000	Goldman Sachs Headquarters, 5.25%, 10/1/35 (h)	11,702,300
1,750	State Dormitory Auth. Rev., The New School, 5.50%, 7/1/40	1,912,960
		142,128,392
	North Carolina 0.1%	
550	Medical Care Commission Rev., Salemtowne, 5.10%, 10/1/30	551,513
	North Dakota 0.3%	
3,710	Stark Cnty. Healthcare Rev., Benedictine Living Communities, 6.75%, 1/1/33	3,929,595
	Ohio 5.2%	

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	Buckeye Tobacco Settlement Financing Auth. Rev., Ser. A-2,	
10,000	5.875%, 6/1/47	8,199,500
33,740	6.50%, 6/1/47	29,785,335
3,900	Hamilton Cnty. Sales Tax Rev., 5.00%, 12/1/30, Ser. A	4,285,281
	Higher Educational Fac. Commission Rev., Univ. Hospital Health Systems,	
1,000	6.75%, 1/15/39, Ser. 2009-A (Pre-refunded @ \$100, 1/15/15) (c)	1,040,290
	Montgomery Cnty. Rev., Miami Valley Hospital, 6.25%, 11/15/39, Ser. A	
1,000	(Pre-refunded @ \$100, 11/15/14) (c)	1,027,260
3,000	State Rev., Cleveland Clinic Health System, 5.50%, 1/1/39, Ser. B	3,350,940
10,000	State Turnpike Commission Rev., 5.00%, 2/15/48, Ser. A-1	10,804,200
		58,492,806

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	Oregon 0.2%	
\$1,000	Clackamas Cnty. Hospital Fac. Auth. Rev., Legacy Health System, 5.50%, 7/15/35, Ser. A	\$1,084,580
1,155	State Department of Administrative Services, CP, 5.25%, 5/1/39, Ser. A	1,242,699
		2,327,279
	Pennsylvania 5.4%	
7,500	Berks Cnty. Municipal Auth. Rev., Reading Hospital Medical Center, 5.00%, 11/1/44, Ser. A	8,035,425
750	Cumberland Cnty. Municipal Auth. Rev., Messiah Village Project, Ser. A, 5.625%, 7/1/28	779,085
670	6.00%, 7/1/35	698,904
3,250	Harrisburg Auth. Rev., Harrisburg Univ. of Science, 6.00%, 9/1/36, Ser. B (e)	1,496,332
	Higher Educational Facs. Auth. Rev.,	
850	Edinboro Univ. Foundation, 6.00%, 7/1/43	894,480
400	Thomas Jefferson Univ., 5.00%, 3/1/40	423,260
500	Luzerne Cnty. Industrial Dev. Auth. Rev., Pennsylvania American Water Co., 5.50%, 12/1/39	553,250
8,465	Montgomery Cnty. Industrial Dev. Auth. Rev., New Regional Medical Center, 5.375%, 8/1/38 (FHA)	9,398,436
17,000	Philadelphia, GO, 5.25%, 12/15/32, Ser. A (AGM)	18,258,340
	Philadelphia Hospitals & Higher Education Facs. Auth. Rev., Temple Univ. Health System, Ser. A,	
1,000	5.625%, 7/1/36	1,021,080
7,000	5.625%, 7/1/42	7,060,620
500	Philadelphia Water & Wastewater Rev., 5.25%, 1/1/36, Ser. A	537,995
10,000	Turnpike Commission Rev., 5.00%, 12/1/43, Ser. C	10,907,100
1,000	Westmoreland Cnty. Industrial Dev. Auth. Rev., Excelsa Health Project, 5.125%, 7/1/30	1,059,560
		61,123,867
	Rhode Island 5.0%	
56,200	Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. 2002-A	56,214,050
	South Carolina 1.1%	
1,000	Greenwood Cnty. Rev., Self Regional Healthcare, 5.375%, 10/1/39	1,085,260
10,000	State Public Service Auth. Rev., 5.50%, 12/1/53, Ser. E	11,149,900
		12,235,160
	Tennessee 1.2%	
1,750	Claiborne Cnty. Industrial Dev. Board Rev., Lincoln Memorial Univ. Project, 6.625%, 10/1/39	1,930,302
1,000		1,121,190

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Johnson City Health & Educational Facs. Board Rev., Mountain States Health Alliance, 6.00%, 7/1/38, Ser. A

500	Sullivan Cnty. Health Educational & Housing Facs. Board Rev., Wellmont Health Systems Project, 5.25%, 9/1/36, Ser. C	519,995
3,000	Tennessee Energy Acquisition Corp. Rev., Ser. C, 5.00%, 2/1/23	3,405,420
6,000	5.00%, 2/1/27	6,750,060
		13,726,967
	Texas 13.5%	
130	Aubrey Independent School Dist., GO, 5.50%, 2/15/33 (GTD-PSF)	130,761
6,500	Brazos Cnty. Health Facs. Dev. Corp. Rev., 5.375%, 1/1/32	6,511,310
2,500	Dallas Rev., Dallas Civic Center, 5.25%, 8/15/38 (AGC)	2,695,025
21,000	Grand Parkway Transportation Corp. Rev., 5.00%, 4/1/53, Ser. B	22,451,310

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Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	Texas (continued)	
	Harris Cnty. Cultural Education Facs. Finance Corp. Rev., Texas Children's Hospital Project,	
\$3,750	5.25%, 10/1/29	\$4,221,188
12,700	5.50%, 10/1/39	14,132,306
700	HFDC of Central Texas, Inc. Rev., Village at Gleannloch Farms, 5.50%, 2/15/37, Ser. A	671,062
10,300	North Harris Cnty. Regional Water Auth. Rev., 5.25%, 12/15/33	11,165,715
10,300	5.50%, 12/15/38	11,214,537
5,750	North Texas Tollway Auth. Rev., 5.00%, 1/1/38	6,158,307
1,300	5.50%, 9/1/41, Ser. A	1,490,931
5,000	5.625%, 1/1/33, Ser. B	5,545,550
1,200	5.75%, 1/1/33, Ser. F	1,335,600
250	San Juan Higher Education Finance Auth. Rev., 6.70%, 8/15/40, Ser. A	294,360
	State, Mobility Fund, GO (h),	
10,025	4.75%, 4/1/35, Ser. A	10,290,061
17,500	4.75%, 4/1/36	18,558,925
1,000	State Public Finance Auth. Charter School Finance Corp. Rev., 5.875%, 12/1/36, Ser. A	1,088,050
3,000	Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev., Baylor Health Care Systems Project, 6.25%, 11/15/29	3,487,140
19,380	Texas Municipal Gas Acquisition & Supply Corp. I Rev., 6.25%, 12/15/26, Ser. D	23,751,934
5,000	Texas Municipal Gas Acquisition & Supply Corp. III Rev., 5.00%, 12/15/26	5,517,900
1,000	Wise Cnty. Rev., Parker Cnty. Junior College Dist., 8.00%, 8/15/34	1,176,720
		151,888,692
	Virginia 0.2%	
1,000	Fairfax Cnty. Industrial Dev. Auth. Rev., Inova Health Systems, 5.50%, 5/15/35, Ser. A	1,138,780
412	James City Cnty. Economic Dev. Auth. Rev., United Methodist Home, Ser. A, 2.00%, 10/1/48 (e)	10,900
1,273	6.00%, 6/1/43	1,154,094
		2,303,774
	Washington 1.5%	
1,300	Health Care Facs. Auth. Rev., Multicare Health Systems, 6.00%, 8/15/39, Ser. B (AGC)	1,527,344
1,000	Seattle Cancer Care Alliance, 7.375%, 3/1/38	1,208,680

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13,000	Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A	13,836,550
		16,572,574
	West Virginia 0.2%	
2,000	Hospital Finance Auth. Rev., Highland Hospital, 9.125%, 10/1/41	2,016,380
	Wisconsin 0.1%	
1,000	Health & Educational Facs. Auth. Rev., Prohealth Care, Inc., 6.625%, 2/15/39	1,174,430
	Total Municipal Bonds & Notes (cost-\$988,744,527)	1,079,351,542
	Variable Rate Notes 1.5%	
	California 0.5%	
5,000	Health Facs. Financing Auth. Rev., 8.07%, 11/15/36, Ser. 3193 (a)(b)(d)(f)(g)(j) (acquisition cost -\$4,860,300; purchased 6/7/10)	5,912,050

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
	Florida 0.2%	
\$1,830	Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.00%, 11/15/31, Ser. C (g)	\$1,889,310
	Iowa 0.1%	
769	Finance Auth. Rev., Deerfield Retirement Community, Inc., 2.70%, 11/15/46, Ser. A (g)(i)	495,583
	Texas 0.5%	
5,365	State, GO, 7.663%, 4/1/37, Ser. 3197 (a)(d)(f)(g)	6,020,925
	West Virginia 0.2%	
2,000	Economic Dev. Auth. Rev., Appalachian Power, 5.375%, 12/1/38, Ser. A (g)	2,179,700
	Total Variable Rate Notes (cost-\$14,967,655)	16,497,568
	Corporate Bonds & Notes 0.1%	
	Commercial Services 0.1%	
900	ADT Corp., 4.125%, 6/15/23 (cost-\$805,149)	843,750
	Short-Term Investments 2.6%	
	U.S. Government Agency Securities (k) 2.3%	
	Fannie Mae Discount Notes,	
1,800	0.051%, 8/26/14	1,799,785
9,200	0.056%, 9/8/14	9,198,608
	Federal Home Loan Bank Discount Notes,	
1,300	0.061%, 7/9/14	1,299,918
8,900	0.079%, 10/8/14	8,897,528
1,900	0.101%, 8/1/14	1,899,678
3,400	0.132%, 7/25/14	3,399,337
	Total U.S. Government Agency Securities (cost-\$26,494,854)	26,494,854
	U.S. Treasury Obligations 0.3%	
1,300	U.S. Treasury Bills, 0.046%-0.056%, 10/23/14-10/30/14 (k)	1,299,720
	U.S. Treasury Notes,	
800	0.25%, 1/31/15	800,938
1,000	0.50%, 8/15/14	1,000,957
	Total U.S. Treasury Obligations (cost-\$3,101,052)	3,101,615
	Total Short-Term Investments (cost-\$29,595,906)	29,596,469
	Total Investments (cost-\$1,034,113,237) 100.0%	\$1,126,289,329

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

Industry classification of portfolio holdings as a percentage of total investments was as follows:

Revenue Bonds:	
Health, Hospital & Nursing Home Revenue	23.0%
Miscellaneous Revenue	7.9
Industrial Revenue	7.0
Natural Gas Revenue	7.0
Highway Revenue Tolls	6.9
Tobacco Settlement Funded	6.7
Miscellaneous Taxes	6.6
Water Revenue	3.9
Electric Power & Light Revenue	3.2
Lease (Appropriation)	2.7
Sewer Revenue	2.7
Port, Airport & Marina Revenue	2.5
College & University Revenue	2.3
Sales Tax Revenue	0.4
Transit Revenue	0.4
Resource Recovery Revenue	0.2
Fuel Sales Tax Revenue	0.1
Lease Revenue	0.1
Total Revenue Bonds	83.6%
General Obligation	11.4
U.S. Government Agency Securities	2.3
Special Assessment	1.1
Tax Allocation	0.9
Certificates of Participation	0.3
U.S. Treasury Obligations	0.3
Commercial Services	0.1
Total Investments	100.0%

Notes to Schedule of Investments:

(a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$16,133,196, representing 1.4% of total investments.

(b) Illiquid.

- (c) 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).
- (d) 144A 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.
- (e) In default.
- (f) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on May 31, 2014.
- (g) 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 May 31, 2014.
- (h) Residual Interest Bonds held in Trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
- (i) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (j) Restricted. The aggregate acquisition cost of such securities is \$9,130,382. The aggregate value is \$10,112,271, representing 0.9% of total investments.

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

(k) Rates reflect the effective yields at purchase date.

(l) Floating Rate Notes The weighted average daily balance of Floating Rate Notes outstanding during the year ended May 31, 2014 was \$44,385,770 at a weighted average interest rate, including fees, of 0.71%.

(m) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 5/31/14
Investments in Securities Assets				
Municipal Bonds & Notes:				
Illinois	\$	\$65,594,864	\$85,000	\$65,679,864
Iowa		25,737,059	1,442	25,738,501
Michigan		4,982,090	456,000	5,438,090
Virginia		2,292,874	10,900	2,303,774
All Other		980,191,313		980,191,313
Variable Rate Notes		16,497,568		16,497,568
Corporate Bonds & Notes		843,750		843,750
Short-Term Investments		29,596,469		29,596,469
Totals	\$	\$1,125,735,987	\$553,342	\$1,126,289,329

At May 31, 2014, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended May 31, 2014, was as follows:

	Beginning Balance 5/31/2013	Purchases	Sales	Net Accrued Discount (Premiums)	Realized Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance 5/31/2014
Investments In Securities Assets									
Municipal Bonds & Notes:									
Illinois	\$	\$	\$	\$	\$	\$	\$85,000	\$	\$85,000
Iowa		3,007				(1,565)			1,442

Michigan					456,000	456,000
Virginia					10,900	10,900
Totals	\$	\$3,007	\$	\$	\$(1,565)	\$ 553,342

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at May 31, 2014.

	Ending Balance at 5/31/14	Valuation Technique Used	Unobservable Inputs	Input Values
Investments in Securities				
Assets				
Municipal Bonds & Notes	\$553,342	Third-Party Pricing Vendor	Projected Revenue Stream	\$1.00 \$57.00

The net change in unrealized appreciation/depreciation of Level 3 investments held at May 31, 2014, was \$(1,565).

Net change in unrealized appreciation/depreciation is reflected on the Statement of Operations.

(n) The following is a summary of the derivative instruments categorized by risk exposure:

The effect of derivatives on the Statement of Operations for the year ended May 31, 2014:

Location	Interest Rate Contracts
Net realized gain on:	
Swaps	\$622,769
Net change in unrealized appreciation/depreciation of:	
Swaps	\$(334,300)

Schedule of Investments

PIMCO Municipal Income Fund II

May 31, 2014 (continued)

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended May 31, 2014:

	Interest Rate Swap Agreements(1)
	\$27,200

(1) Notional Amount (in thousands)

Glossary:

AGC	- insured by Assured Guaranty Corp.
AGM	- insured by Assured Guaranty Municipal Corp.
AMBAC	- insured by American Municipal Bond Assurance Corp.
CP	- Certificates of Participation
FGIC	- insured by Financial Guaranty Insurance Co.
FHA	- insured by Federal Housing Administration
GO	- General Obligation Bond
GTD	- Guaranteed
IBC	- Insurance Bond Certificate
NPFGC	- insured by National Public Finance Guarantee Corp.
PIK	- Payment-in-Kind
PSF	- Public School Fund

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Schedule of Investments

PIMCO California Municipal Income Fund II

May 31, 2014

Principal

Amount

(000s)		Value
California Municipal Bonds & Notes 87.5%		
\$2,000	Alhambra Rev., Atherton Baptist Homes, 7.625%, 1/1/40, Ser. A	\$2,165,700
20,000	Bay Area Toll Auth. Rev., San Francisco Bay Area, 5.00%, 4/1/39, Ser. F-1 (h)	21,404,600
	Chabot-Las Positas Community College Dist., GO, Ser. C,	
17,305	zero coupon, 8/1/36 (AMBAC)	5,711,169
5,000	zero coupon, 8/1/37 (AMBAC)	1,561,150
15,000	zero coupon, 8/1/43 (AMBAC)	3,328,950
1,000	Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34, Ser. B	1,147,840
	City & Cnty. of San Francisco, Capital Improvement Projects, CP, 5.25%, 4/1/31,	
300	Ser. A	335,532
8,920	Coronado Community Dev. Agcy., Tax Allocation, 4.875%, 9/1/35 (AMBAC)	9,030,430
25,000	Desert Community College Dist., GO, zero coupon, 8/1/46, Ser. C (AGM)	4,393,750
	El Dorado Irrigation Dist. & El Dorado Water Agcy., CP, 5.75%, 8/1/39, Ser. A	
8,300	(AGC) (Pre-refunded @ \$100, 8/ 1/14) (c)	8,374,202
	Fremont Community Facs. Dist. No. 1, Special Tax, Pacific Commons, 5.30%,	
1,440	9/1/30	1,448,122
	Golden State Tobacco Securitization Corp. Rev.,	
13,885	5.00%, 6/1/45 (AMBAC-TCRS)	13,960,951
3,500	5.00%, 6/1/45, Ser. A	3,519,145
6,000	5.00%, 6/1/45, Ser. A (FGIC-TCRS)	6,032,820
8,500	5.125%, 6/1/47, Ser. A-1	6,573,390
31,415	5.75%, 6/1/47, Ser. A-1	26,384,516
	Health Facs. Financing Auth. Rev.,	
250	Adventist Health System, 5.75%, 9/1/39, Ser. A	281,682
3,000	Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	3,362,160
1,000	Children s Hospital of Los Angeles, 5.00%, 11/15/34, Ser. A	1,041,930
500	Children s Hospital of Orange Cnty., 6.50%, 11/1/38, Ser. A	593,060
4,000	Scripps Health, 5.00%, 11/15/40, Ser. A	4,335,720
3,700	Stanford Hospital, 5.25%, 11/15/40, Ser. A-2	4,110,959
8,755	Stanford Hospital Clinics, 5.00%, 8/15/51, Ser. A	9,475,712
1,000	Sutter Health, 5.00%, 8/15/35, Ser. D	1,104,030
4,220	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	4,389,264
12,195	Sutter Health, 5.25%, 11/15/46, Ser. A (h)	12,755,238
4,500	Imperial Irrigation Dist. Rev., 5.00%, 11/1/41, Ser. B	4,723,470
	Infrastructure & Economic Dev. Bank Rev.,	
175	5.25%, 2/1/38	186,226
10,000	Independent System Operator Corp., 5.00%, 2/1/39	10,763,100

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515	Irvine Unified School Dist., Special Tax, 6.70%, 9/1/35	562,261
	Lancaster Redev. Agcy., Tax Allocation,	
425	6.875%, 8/1/39	492,350
575	6.875%, 8/1/39 (Pre-refunded @ \$100, 8/ 1/19) (c)	737,403
500	Long Beach Airport Rev., 5.00%, 6/1/40, Ser. A	521,530
	Long Beach Bond Finance Auth. Rev., Long Beach Natural Gas, 5.50%, 11/15/37,	
7,500	Ser. A	9,110,400
10,000	Long Beach Unified School Dist., GO, 5.25%, 8/1/33, Ser. A (h)	11,199,400
	Los Angeles Department of Water & Power Rev.,	
15,000	4.75%, 7/1/30, Ser. A-2 (AGM) (h)	15,524,250
3,000	5.00%, 7/1/36, Ser. B	3,356,610
3,000	5.00%, 7/1/43, Ser. B (e)	3,358,170
11,000	Los Angeles Unified School Dist., GO, 5.00%, 1/1/34, Ser. I	12,181,180
7,175	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	9,573,100

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Schedule of Investments

PIMCO California Municipal Income Fund II

May 31, 2014 (continued)

Principal

Amount

(000s)		Value
\$10,000	Manteca Redev. Agcy., Tax Allocation, 5.00%, 10/1/36 (AMBAC)	\$10,037,400
5,000	Metropolitan Water Dist. of Southern California Rev., 5.00%, 7/1/37, Ser. A (h)	5,481,200
1,130	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	1,324,812
5,000	Oakland Unified School Dist., Alameda Cnty., GO, 6.125%, 8/1/29, Ser. A	5,692,650
4,750	Palomar Pomerado Health, CP, 6.75%, 11/1/39	4,999,280
10,000	Placentia-Yorba Linda Unified School Dist., CP, 5.00%, 10/1/32 (NPFGC)	10,423,600
1,500	Pollution Control Financing Auth. Rev., American Water Capital Corp. Project, 5.25%, 8/1/40 (a)(b)(d)(i) (acquisition cost-\$1,500,000; purchased 8/11/10)	1,591,290
	Poway Unified School Dist., GO,	
11,000	zero coupon, 8/1/40	3,197,040
16,000	zero coupon, 8/1/46	3,437,280
2,000	Roseville Redev. Agcy., Tax Allocation, 5.00%, 9/1/32, Ser. B (NPFGC)	2,001,000
1,375	Ross Valley School Dist., GO, 5.00%, 8/1/42, Ser. B	1,501,844
1,000	San Diego Public Facs. Financing Auth. Sewer Rev., 5.25%, 5/15/39, Ser. A	1,111,950
4,000	San Diego Public Facs. Financing Auth. Water Rev., 5.25%, 8/1/38, Ser. A	4,483,840
2,800	San Diego Regional Building Auth. Rev., Cnty. Operations Center & Annex, 5.375%, 2/1/36, Ser. A	3,089,548
2,800	San Diego Unified School Dist., GO, 4.75%, 7/1/27, Ser. D-2 (AGM)	2,961,224
1,000	San Jose Hotel Tax Rev., Convention Center Expansion, 6.50%, 5/1/36	1,161,340
1,300	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	1,421,615
1,260	Santa Cruz Cnty., CP, 5.25%, 8/1/32	1,263,692
1,500	Santa Cruz Cnty. Redev. Agcy., Tax Allocation, Live Oak/Soquel Community, 7.00%, 9/1/36, Ser. A	1,722,990
	State, GO,	
2,500	5.00%, 9/1/31	2,722,750
7,000	5.00%, 11/1/43	7,723,100
10,000	6.00%, 4/1/38	11,790,400
	State Public Works Board Rev.,	
3,000	5.75%, 10/1/30, Ser. G-1	3,476,670
2,000	California State Univ., 6.00%, 11/1/34, Ser. J	2,352,000
2,000	Judicial Council Projects, 5.00%, 12/1/29, Ser. D	2,249,460
2,500	Judicial Council Projects, 5.00%, 3/1/38, Ser. A (b)	2,721,225
7,915	Regents Univ., 5.00%, 3/1/33, Ser. A (Pre-refunded @ \$100, 3/1/18) (c)	9,166,520
	Statewide Communities Dev. Auth. Rev.,	
3,760	Bentley School, 7.00%, 7/1/40, Ser. A	4,156,680
1,520	Catholic Healthcare West, 5.50%, 7/1/31, Ser. D	1,672,137
1,520	Catholic Healthcare West, 5.50%, 7/1/31, Ser. E	1,672,137

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250	Huntington Park Charter School Project, 5.15%, 7/1/30, Ser. A (b)	246,762
1,250	Huntington Park Charter School Project, 5.25%, 7/1/42, Ser. A (b)	1,169,975
500	International School of the Peninsula Project, 5.00%, 11/1/29	502,115
9,705	Kaiser Permanente, 5.00%, 4/1/42, Ser. A	10,493,240
1,000	Lancer Student Housing Project, 7.50%, 6/1/42	1,112,030
2,135	Methodist Hospital Project, 6.625%, 8/1/29 (FHA)	2,541,547
7,860	Methodist Hospital Project, 6.75%, 2/1/38 (FHA)	9,337,051
3,700	St. Joseph Health System, 5.75%, 7/1/47, Ser. A-3 (FGIC)	4,100,932
5,490	Sutter Health, 5.25%, 11/15/48, Ser. B	5,824,561
5,600	Sutter Health, 6.00%, 8/15/42, Ser. A	6,515,824
4,500	Univ. of California Irvine E. Campus, 5.375%, 5/15/38	4,838,085

Schedule of Investments

PIMCO California Municipal Income Fund II

May 31, 2014 (continued)

Principal

Amount

(000s)		Value
\$1,800	Tobacco Securitization Agcy. Rev., Stanislaus Cnty., 5.875%, 6/1/43, Ser. A	\$1,800,054
3,100	Torrance Rev., Torrance Memorial Medical Center, 5.00%, 9/1/40, Ser. A	3,238,198
3,000	Township Health Care Dist, GO, 5.00%, 8/1/43, Ser. B	3,232,680
1,700	Turlock Irrigation Dist. Rev., 5.50%, 1/1/41	1,859,460
1,000	Tustin Unified School Dist., Special Tax, 6.00%, 9/1/40, Ser. 2006-1	1,058,450
	Total California Municipal Bonds & Notes (cost-\$365,223,580)	413,589,110
	California Variable Rate Notes (a)(d)(f)(g) 5.9%	
	Desert Community College Dist., GO, 8.05%, 8/1/32, Ser. 3016-1 (AGC) (b)(i)	
6,035	(acquisition cost-\$5,860,407; purchased 4/17/09)	7,164,088
7,500	JPMorgan Chase Putters/Drivers Trust Rev., 8.085%, 5/15/34, Ser. 3838	8,965,575
4,000	Los Angeles Community College Dist., GO, 11.866%, 8/1/33, Ser. 3096	5,422,200
5,000	San Diego Community College Dist., GO, 8.523%, 2/1/17	6,307,100
	Total California Variable Rate Notes (cost-\$22,302,284)	27,858,963
	Other Municipal Bonds & Notes 3.7%	
	New Jersey 0.7%	
	Tobacco Settlement Financing Corp. Rev., Ser. 1-A,	
1,300	4.75%, 6/1/34	1,019,356
3,000	5.00%, 6/1/41	2,358,000
		3,377,356
	New York 0.7%	
	New York Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%,	
1,250	10/1/35	1,462,787
1,900	TSASC, Inc. Rev., 5.00%, 6/1/34, Ser. 1	1,609,908
		3,072,695
	Rhode Island 2.3%	
11,000	Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. 2002-A	11,002,750
	Total Other Municipal Bonds & Notes (cost-\$14,871,058)	17,452,801
	Short-Term Investments 2.9%	
	U.S. Government Agency Securities (j) 1.9%	
	Federal Home Loan Bank Discount Notes,	
800	0.091%, 7/18/14	799,906
8,100	0.101%, 7/30/14	8,098,673
	Total U.S. Government Agency Securities (cost-\$8,898,579)	8,898,579
	U.S. Treasury Obligations 0.7%	
	U.S. Treasury Notes,	
3,400	0.50%, 8/15/14	3,403,254
100	0.50%, 10/15/14	100,162

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Total U.S. Treasury Obligations (cost-\$3,502,725)		3,503,416
Repurchase Agreements	0.3%	
1,300	Citigroup Global Markets, Inc., dated 5/30/14, 0.10%, due 6/2/14, proceeds \$1,300,011; collateralized by U.S. Treasury Notes, 0.50%, due 10/15/14, valued at \$1,327,999 including accrued interest (cost-\$1,300,000)	1,300,000
Total Short-Term Investments (cost-\$13,701,304)		13,701,995
Total Investments (cost-\$416,098,226)	100.0%	\$472,602,869

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Schedule of Investments

PIMCO California Municipal Income Fund II

May 31, 2014 (continued)

Industry classification of portfolio holdings as a percentage of total investments was as follows:

Revenue Bonds:	
Health, Hospital & Nursing Home Revenue	18.8%
Tobacco Settlement Funded	13.4
Electric Power & Light Revenue	7.7
Highway Revenue Tolls	4.5
Natural Gas Revenue	4.2
Water Revenue	3.2
Lease (Abatement)	2.9
Miscellaneous Revenue	2.6
College & University Revenue	2.5
Port, Airport & Marina Revenue	2.0
Local or Guaranteed Housing	1.0
Private Schools	1.0
Lease Revenue	0.3
Hotel Occupancy Tax	0.2
Sewer Revenue	0.2
Total Revenue Bonds	64.5%
General Obligation	21.4
Certificates of Participation	5.4
Tax Allocation	5.1
U.S. Government Agency Securities	1.9
U.S. Treasury Obligations	0.7
Special Tax	0.7
Repurchase Agreements	0.3
Total Investments	100.0%

Notes to Schedule of Investments:

(a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$29,450,253, representing 6.2% of total investments.

(b) Illiquid.

(c)

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).

- (d) 144A 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.
- (e) When-issued or delayed-delivery. To be settled/delivered after May 31, 2014.
- (f) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on May 31, 2014.
- (g) 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 May 31, 2014.
- (h) Residual Interest Bonds held in Trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
- (i) Restricted. The aggregate acquisition cost of such securities is \$7,360,407. The aggregate value is \$8,755,378, representing 1.9% of total investments.
- (j) Rates reflect the effective yields at purchase date.
- (k) Floating Rate Notes The weighted average daily balance of Floating Rate Notes outstanding during the year ended May 31, 2014 was \$38,098,801 at a weighted average interest rate, including fees, of 0.70%.

Schedule of Investments

PIMCO California Municipal Income Fund II

May 31, 2014 (continued)

(l) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 5/31/14
Investments in Securities Assets				
California Municipal Bonds & Notes	\$	\$413,589,110	\$	\$413,589,110
California Variable Rate Notes		27,858,963		27,858,963
Other Municipal Bonds & Notes		17,452,801		17,452,801
Short-Term Investments		13,701,995		13,701,995
Totals	\$	\$472,602,869	\$	\$472,602,869

At May 31, 2014, there were no transfers between Levels 1 and 2.

(m) The following is a summary of the derivative instruments categorized by risk exposure:

The effect of derivatives on the Statement of Operations for the year ended May 31, 2014:

Location	Interest Rate Contracts
Net realized gain on:	
Swaps	\$205,965
Net change in unrealized appreciation/depreciation of:	
Swaps	\$(119,661)

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended May 31, 2014:

	Interest Rate Swap Agreements(1)
	\$10,600

(1) Notional Amount (in thousands)

(n) The following tables present by counterparty, the Fund's derivative assets and liabilities net of related collateral held by the Fund at May 31, 2014 which has not been offset in the Statement of Assets and Liabilities, but would be available for offset to the extent of a default by the counterparty to the transaction.

Financial Assets and Derivative Assets, and Collateral Received at May 31, 2014:

Counterparty	Gross Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount
	Financial		Instrument/ Derivative	
	Gross Financial Assets Presented in Statement of	Offset		
	Assets and Liabilities			
Repurchase Agreement				
Citigroup	\$1,300,000		\$(1,300,000)	\$
Totals	\$1,300,000		\$(1,300,000)	\$

The actual collateral received is greater than the amount shown here due to over collateralization.

Glossary:

AGC	- insured by Assured Guaranty Corp.
AGM	- insured by Assured Guaranty Municipal Corp.
AMBAC	- insured by American Municipal Bond Assurance Corp.
CP	- Certificates of Participation
FGIC	- insured by Financial Guaranty Insurance Co.
FHA	- insured by Federal Housing Administration
GO	- General Obligation Bond
IBC	- Insurance Bond Certificate
NPFGC	- insured by National Public Finance Guarantee Corp.
TCRS	- Temporary Custodian Receipts

Schedule of Investments

PIMCO New York Municipal Income Fund II

May 31, 2014

Principal Amount (000s)		Value
New York Municipal Bonds & Notes 88.6%		
\$1,000	Chautauqua Cnty. Industrial Dev. Agcy. Rev., Dunkirk Power Project, 5.875%, 4/1/42	\$1,085,610
150	Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A	152,135
9,000	Hudson Yards Infrastructure Corp. Rev., 5.75%, 2/15/47, Ser. A	10,291,500
500	Long Island Power Auth. Rev., 5.00%, 9/1/34, Ser. A (AMBAC)	502,780
2,000	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/30, Ser. D	2,242,560
2,000	5.00%, 11/15/34, Ser. B	2,215,500
3,000	5.00%, 11/15/43, Ser. B	3,233,070
5,000	5.50%, 11/15/39, Ser. A	5,605,200
3,500	Monroe Cnty. Industrial Dev. Corp. Rev., Unity Hospital Rochester Project, 5.50%, 8/15/40 (FHA)	3,968,090
1,750	University of Rochester, 5.00%, 7/1/43, Ser. A	1,916,897
2,400	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	1,247,808
2,000	New York City, GO, 5.00%, 8/1/31, Ser. D-1	2,273,540
1,500	New York City Health & Hospital Corp. Rev., 5.00%, 2/15/30, Ser. A	1,641,990
1,415	New York City Industrial Dev. Agcy. Rev., Liberty Interactive Corp., 5.00%, 9/1/35	1,426,419
1,500	Pilot Queens Baseball Stadium, 6.50%, 1/1/46 (AGC)	1,748,640
1,500	United Jewish Appeal Federation Project, 5.00%, 7/1/27, Ser. A	1,504,365
750	Yankee Stadium, 5.00%, 3/1/31 (FGIC)	767,663
1,900	Yankee Stadium, 5.00%, 3/1/36 (NPFGC)	1,938,190
4,900	Yankee Stadium, 7.00%, 3/1/49 (AGC)	5,938,555
5	New York City Transitional Finance Auth. Rev., 5.00%, 11/1/27, Ser. B	5,016
4,850	5.00%, 5/1/39, Ser. F-1	5,366,282
5,000	5.25%, 1/15/39, Ser. S-3	5,512,950
1,000	New York City Water & Sewer System Rev., 5.00%, 6/15/47, Ser. CC	1,095,800
1,000	5.25%, 6/15/40, Ser. EE	1,107,770
500	Second Generation Resolutions, 5.00%, 6/15/39, Ser. GG-1	548,570
3,000	New York Liberty Dev. Corp. Rev., 1 World Trade Center Project, 5.00%, 12/15/41	3,217,560
10,000	4 World Trade Center Project, 5.75%, 11/15/51	11,171,800
1,500	Bank of America Tower at One Bryant Park Project, 5.125%, 1/15/44	1,598,790
1,400	Bank of America Tower at One Bryant Park Project, 5.625%, 7/15/47	1,543,626

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1,300	Bank of America Tower at One Bryant Park Project, 6.375%, 7/15/49	1,435,928
2,230	Goldman Sachs Headquarters, 5.25%, 10/1/35	2,609,613
4,120	Goldman Sachs Headquarters, 5.25%, 10/1/35 (g)	4,821,348
3,500	Goldman Sachs Headquarters, 5.50%, 10/1/37	4,237,100
1,000	Onondaga Cnty. Rev., Syracuse Univ. Project, 5.00%, 12/1/36	1,091,210
1,400	Port Auth. of New York & New Jersey Rev., JFK International Air Terminal, 6.00%, 12/1/36	1,568,882
3,000	State Dormitory Auth. Rev., 5.00%, 3/15/38, Ser. A	3,289,050
2,500	5.00%, 7/1/42, Ser. A	2,734,125
7,490	5.50%, 5/15/31, Ser. A (AMBAC)	9,447,811
2,600	Catholic Health of Long Island, 5.10%, 7/1/34	2,609,594
1,500	Fordham Univ., 5.50%, 7/1/36, Ser. A	1,676,565

Schedule of Investments

PIMCO New York Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
\$2,750	Memorial Sloan-Kettering Cancer Center, 5.00%, 7/1/35, Ser. 1	\$2,911,067
2,000	Memorial Sloan-Kettering Cancer Center, 5.00%, 7/1/36, Ser. A-1	2,156,300
2,000	Mount Sinai Hospital, 5.00%, 7/1/31, Ser. A	2,185,220
2,100	New York Univ., 5.00%, 7/1/38, Ser. A	2,285,997
1,000	New York Univ. Hospital Center, 5.625%, 7/1/37, Ser. B	1,072,270
600	North Shore-Long Island Jewish Health System, 5.50%, 5/1/37, Ser. A	649,728
5,000	Rochester General Hospital, 5.00%, 12/1/35 (Radian) (Pre-refunded @ \$100, 12/1/15) (c)	5,343,250
3,000	Teachers College, 5.50%, 3/1/39	3,246,240
1,000	The New School, 5.50%, 7/1/40	1,093,120
5,000	State Environmental Facs. Corp. Rev., 5.125%, 6/15/38, Ser. A	5,644,500
	State Thruway Auth. Rev.,	
1,000	4.75%, 1/1/29, Ser. G (AGM)	1,038,230
3,800	5.00%, 1/1/42, Ser. I	4,084,658
6,000	State Urban Dev. Corp. Rev., 5.00%, 3/15/36, Ser. B-1 (g)	6,626,100
5,000	Triborough Bridge & Tunnel Auth. Rev., 5.25%, 11/15/34, Ser. A-2 (g)	5,599,850
3,435	Troy Capital Res. Corp. Rev., Rensselaer Polytechnic Institute Project, 5.125%, 9/1/40, Ser. A	3,671,809
	TSASC, Inc. Rev., Ser. 1,	
5,000	5.00%, 6/1/26	4,937,900
5,000	5.00%, 6/1/34	4,236,600
1,000	5.125%, 6/1/42	831,560
1,815	Ulster Cnty. Industrial Dev. Agcy. Rev., 6.00%, 9/15/37, Ser. A (b)	1,495,687
2,000	Warren & Washington Cntys. Industrial Dev. Agcy. Rev., Glens Falls Hospital Project, 5.00%, 12/1/35, Ser. A (AGM)	2,001,980
1,490	Westchester Cnty. Healthcare Corp. Rev., 6.125%, 11/1/37, Ser. C-2	1,678,127
1,000	Westchester Cnty. Local Dev. Corp. Rev., 5.50%, 5/1/42, Ser. A	1,074,220
1,000	Yonkers Economic Dev. Corp. Rev., Charter School of Educational Excellence Project, 6.00%, 10/15/30, Ser. A	1,047,210
600	Yonkers Industrial Dev. Agcy. Rev., Sarah Lawrence College Project, 6.00%, 6/1/41, Ser. A	661,794
	Total New York Municipal Bonds & Notes (cost-\$168,826,458)	181,963,319
	Other Municipal Bonds & Notes 4.8%	
	Florida 0.5%	
1,000	Clearwater Water & Sewer Rev., 5.25%, 12/1/39, Ser. A	1,064,630
	Louisiana 0.6%	
1,000	East Baton Rouge Sewerage Commission Rev., 5.25%, 2/1/39, Ser. A	1,109,960
	Ohio 3.2%	
7,450	Buckeye Tobacco Settlement Financing Auth. Rev., 6.50%, 6/1/47, Ser. A-2	6,576,786

U. S. Virgin Islands 0.5%		
1,000	Public Finance Auth. Rev., 6.00%, 10/1/39, Ser. A	1,043,790
Total Other Municipal Bonds & Notes (cost-\$9,866,259)		9,795,166
New York Variable Rate Notes 2.9%		
5,000	JPMorgan Chase Putters/Drivers Trust Rev., 8.031%, 7/1/33, Ser. 3382 (a)(d)(e)(f) (cost-\$4,885,484)	5,990,050

Schedule of Investments

PIMCO New York Municipal Income Fund II

May 31, 2014 (continued)

Principal Amount (000s)		Value
Short-Term Investments 3.7%		
U.S. Government Agency Securities (h) 2.3%		
\$1,300	Fannie Mae Discount Notes, 0.066%, 9/3/14	\$1,299,779
1,800	Federal Home Loan Bank Discount Notes, 0.101%, 8/1/14	1,799,695
1,600	Freddie Mac Discount Notes, 0.056%, 9/2/14	1,599,773
Total U.S. Government Agency Securities (cost-\$4,699,247)		4,699,247
U.S. Treasury Obligations 1.0%		
U.S. Treasury Notes,		
262	0.25%, 8/31/14	262,138
1,800	0.50%, 10/15/14	1,802,918
Total U.S. Treasury Obligations (cost-\$2,064,552)		2,065,056
Repurchase Agreements 0.4%		
900	Citigroup Global Markets, Inc., dated 5/30/14, 0.10%, due 6/2/14, proceeds \$900,008; collateralized by U.S. Treasury Notes, 0.50%, due 10/15/14, valued at \$919,075 including accrued interest (cost-\$900,000)	900,000
Total Short-Term Investments (cost-\$7,663,799)		7,664,303
Total Investments (cost-\$191,242,000) 100.0%		\$205,412,838

Industry classification of portfolio holdings as a percentage of total investments was as follows:

Revenue Bonds:	
Health, Hospital & Nursing Home Revenue	14.2%
College & University Revenue	12.4
Industrial Revenue	11.0
Miscellaneous Revenue	8.2
Tobacco Settlement Funded	8.1
Income Tax Revenue	7.4
Transit Revenue	6.5
Highway Revenue Tolls	5.2
Miscellaneous Taxes	5.0
Water Revenue	4.6
Lease (Abatement)	4.6
Recreational Revenue	4.2
Port, Airport & Marina Revenue	2.3
Economic Development Revenue	0.7
Sewer Revenue	0.5

Electric Power & Light Revenue	0.3
Total Revenue Bonds	95.2%
U.S. Government Agency Securities	2.3
General Obligation	1.1
U.S. Treasury Obligations	1.0
Repurchase Agreements	0.4
Total Investments	100.0%

Schedule of Investments

PIMCO New York Municipal Income Fund II

May 31, 2014 (continued)

Notes to Schedule of Investments:

- (a) Private Placement Restricted as to resale and may not have a readily available market. Security with a value of \$5,990,050, representing 2.9% of total investments.
- (b) Illiquid.
- (c) 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).
- (d) 144A 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.
- (e) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on May 31, 2014.
- (f) 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 May 31, 2014.
- (g) Residual Interest Bonds held in Trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
- (h) Rates reflect the effective yields at purchase date.
- (i) Floating Rate Notes The weighted average daily balance of Floating Rate Notes outstanding during the year ended May 31, 2014 was \$8,250,305 at a weighted average interest rate, including fees, of 0.80%.
- (j) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

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	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 5/31/14
Investments in Securities Assets				
New York Municipal Bonds & Notes	\$	\$ 181,963,319	\$	\$ 181,963,319
Other Municipal Bonds & Notes		9,795,166		9,795,166
New York Variable Rate Notes		5,990,050		5,990,050
Short-Term Investments		7,664,303		7,664,303
Totals	\$	\$ 205,412,838	\$	\$ 205,412,838

At May 31, 2014, there were no transfers between Levels 1 and 2.

(k) The following is a summary of the derivative instruments categorized by risk exposure:
The effect of derivatives on the Statement of Operations for the year ended May 31, 2014:

Location	Interest Rate Contracts
Net realized gain on:	
Swaps	\$144,467
Net change in unrealized appreciation/depreciation of:	
Swaps	\$(89,478)

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended May 31, 2014:

	Interest Rate Swap Agreements(1)
	\$7,200

(1) Notional Amount (in thousands)

Schedule of Investments

PIMCO New York Municipal Income Fund II

May 31, 2014 (continued)

(1) The following tables present by counterparty, the Fund's derivative assets and liabilities net of related collateral held by the Fund at May 31, 2014 which has not been offset in the Statement of Assets and Liabilities, but would be available for offset to the extent of a default by the counterparty to the transaction.

Financial Assets and Derivative Assets, and Collateral Received at May 31, 2014:

Counterparty	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
	Assets and Liabilities	Financial Instrument/ Derivative Offset	
Repurchase Agreement			
Citigroup	\$900,000	\$(900,000)	\$
Totals	\$900,000	\$(900,000)	\$

The actual collateral received is greater than the amount shown here due to overcollateralization.

Glossary:

AGC	- insured by Assured Guaranty Corp.
AGM	- insured by Assured Guaranty Municipal Corp.
AMBAC	- insured by American Municipal Bond Assurance Corp.
FGIC	- insured by Financial Guaranty Insurance Co.
FHA	- insured by Federal Housing Administration
GO	- General Obligation Bond
NPFGC	- insured by National Public Finance Guarantee Corp.
Radian	- insured by Radian Guaranty, Inc.

Statements of Assets and Liabilities

PIMCO Municipal Income Funds II

May 31, 2014

	Municipal II	California Municipal II	New York Municipal II
Assets:			
Investments, at value (cost-\$1,034,113,237, \$416,098,226 and \$191,242,000, respectively)	\$1,126,289,329	\$472,602,869	\$205,412,838
Cash	533,716	538,495	529,027
Interest receivable	18,423,154	6,746,777	2,958,510
Receivable for investments sold	1,152,350		
Prepaid expenses and other assets	52,587	46,422	23,231
Total Assets	1,146,451,136	479,934,563	208,923,606
Liabilities:			
Payable for floating rate notes issued	44,317,277	38,098,801	8,186,394
Payable for investments purchased		3,347,340	
Dividends payable to common and preferred shareholders	3,978,349	1,706,992	728,393
Investment management fees payable	602,006	239,301	109,485
Interest payable	69,041	34,258	7,253
Accrued expenses and other liabilities	396,717	218,577	372,024
Total Liabilities	49,363,390	43,645,269	9,403,549
Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 14,680, 6,520 and 3,160 shares issued and outstanding, respectively)	367,000,000	163,000,000	79,000,000
Net Assets Applicable to Common Shareholders	\$730,087,746	\$273,289,294	\$120,520,057
Composition of Net Assets Applicable to Common Shareholders:			
Common Shares:			
Par value (\$0.00001 per share)	\$611	\$317	\$110
Paid-in-capital in excess of par	808,756,893	410,321,297	148,435,008
Undistributed (dividends in excess of) net investment income	24,160,410	(1,706,992)	1,140,077
Accumulated net realized loss	(195,000,505)	(191,851,739)	(43,213,661)
Net unrealized appreciation	92,170,337	56,526,411	14,158,523
Net Assets Applicable to Common Shareholders	\$730,087,746	\$273,289,294	\$120,520,057
Common Shares Issued and Outstanding	61,139,523	31,723,041	10,980,906
Net Asset Value Per Common Share	\$11.94	\$8.61	\$10.98

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Statements of Operations

PIMCO Municipal Income Funds II

Year ended May 31, 2014

	Municipal II	California Municipal II	New York Municipal II
Investment Income:			
Interest	\$57,325,385	\$24,929,386	\$9,829,802
Miscellaneous	90,000		
Total Investment Income	57,415,385	24,929,386	9,829,802
Expenses:			
Investment management	6,812,730	2,693,680	1,239,209
Auction agent and commissions	582,265	275,917	131,810
Interest	315,818	265,961	66,001
Custodian and accounting agent	152,596	92,647	65,854
Audit and tax services	139,511	68,685	64,668
Trustees	55,138	20,409	9,175
Shareholder communications	53,165	34,758	19,275
New York Stock Exchange listing	47,557	24,641	20,804
Insurance	25,282	13,069	8,530
Transfer agent	23,606	26,026	32,671
Legal	13,445	17,131	11,860
Miscellaneous	14,994	12,460	11,216
Total Expenses	8,236,107	3,545,384	1,681,073
Net Investment Income	49,179,278	21,384,002	8,148,729
Realized and Change In Unrealized Gain (Loss):			
Net realized gain (loss) on:			
Investments	(3,791,952)	(3,313,696)	(453,677)
Swaps	622,769	205,965	144,467
Net change in unrealized appreciation/depreciation of:			
Investments	(11,659,833)	(4,674,339)	(2,675,606)
Swaps	(334,300)	(119,661)	(89,478)
Net realized and change in unrealized loss	(15,163,316)	(7,901,731)	(3,074,294)
Net Increase in Net Assets Resulting from Investment Operations	34,015,962	13,482,271	5,074,435
Dividends on Preferred Shares from Net investment income	(425,517)	(190,698)	(91,824)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	\$33,590,445	\$13,291,573	\$4,982,611

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Statements of Changes in Net Assets Applicable to Common Shareholders

PIMCO Municipal Income Funds II

	Municipal II	
	Year ended May 31, 2014	Year ended May 31, 2013
Investment Operations:		
Net investment income	\$49,179,278	\$50,453,284
Net realized gain (loss)	(3,169,183)	4,106,105
Net change in unrealized appreciation/depreciation	(11,994,133)	9,719,063
Net increase in net assets resulting from investment operations	34,015,962	64,278,452
Dividends on Preferred Shares from Net Investment Income	(425,517)	(901,014)
Net increase in net assets applicable to common shareholders resulting from investment operations	33,590,445	63,377,438
Dividends to Common Shareholders from:		
Net investment income	(47,596,445)	(47,407,514)
Return of capital		
Total dividends and distributions to common shareholders	(47,596,445)	(47,407,514)
Common Share Transactions:		
Reinvestment of dividends	2,726,193	3,236,891
Total increase (decrease) in net assets applicable to common shareholders	(11,279,807)	19,206,815
Net Assets Applicable to Common Shareholders:		
Beginning of year	741,367,553	722,160,738
End of year*	\$730,087,746	\$741,367,553
*Including undistributed (dividends in excess of) net investment income of:	\$24,160,410	\$22,643,835
Common Shares Issued in Reinvestment of Dividends	242,896	257,784

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Statements of Changes in Net Assets Applicable to Common Shareholders

PIMCO Municipal Income Funds II

California Municipal II		New York Municipal II	
Year ended May 31, 2014	Year ended May 31, 2013	Year ended May 31, 2014	Year ended May 31, 2013
\$21,384,002	\$21,709,832	\$8,148,729	\$8,604,979
(3,107,731)	3,108,299	(309,210)	292,763
(4,794,000)	7,700,006	(2,765,084)	(612,931)
13,482,271	32,518,137	5,074,435	8,284,811
(190,698)	(402,646)	(91,824)	(194,449)
13,291,573	32,115,491	4,982,611	8,090,362
(20,949,262)	(21,313,126)	(8,711,074)	(8,669,854)
(2,252,817)	(2,354,016)		
(23,202,079)	(23,667,142)	(8,711,074)	(8,669,854)
1,018,865	1,162,949	563,362	597,357
(8,891,641)	9,611,298	(3,165,101)	17,865
282,180,935	272,569,637	123,685,158	123,667,293
\$273,289,294	\$282,180,935	\$120,520,057	\$123,685,158
\$(1,706,992)	\$(2,098,678)	\$1,140,077	\$1,873,593
112,714	113,525	53,584	47,813

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Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies

PIMCO Municipal Income Fund II (Municipal II), PIMCO California Municipal Income Fund II (California Municipal II) and PIMCO New York Municipal Income Fund II (New York Municipal II), (each a Fund and collectively the Funds or PIMCO Municipal Income Funds II), were organized as Massachusetts business trusts on March 29, 2002. Prior to commencing operations on June 28, 2002, 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 as amended, and the rules and regulations thereunder. Allianz Global Investors Fund Management LLC (AGIFM or the Investment Manager) and Pacific Investment Management Company LLC (PIMCO or the Sub-Adviser) serve as the Funds investment manager and sub-adviser, respectively, and are both indirect, wholly-owned subsidiaries of Allianz Asset Management of America L.P. (AAM). AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has authorized an unlimited amount of common shares with \$0.00001 par value.

Under normal market conditions, Municipal II invests substantially all of its assets in a portfolio of municipal bonds, the interest from which is exempt from U.S. federal income taxes. Under normal market conditions, California Municipal II invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal and California state income taxes. Under normal market conditions, New York Municipal II 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. There can be no assurance that the Funds will meet their stated

objectives. The Funds will generally seek to avoid investing in 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 Funds financial statements in accordance with accounting principles generally accepted in the United States of America requires the Funds management to make estimates and assumptions that affect the reported amounts and disclosures in each Fund s 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 that 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 that have not yet occurred.

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. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or

independent pricing services. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price.

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily until settlement at the forward settlement date.

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to the Investment Manager and Sub-Adviser. The Funds' Valuation Committee was established by the Board to oversee the implementation of the Funds' valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Adviser monitors the continued appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

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 premium or discount based on their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Funds to value investments may differ from the value that would be realized if the investments were sold, and these differences could be material to the Funds' financial statements. Each Fund's net asset value (NAV) is normally determined 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) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

- n Level 1 – quoted prices in active markets for identical investments that the Funds have the ability to access
- n Level 2 – valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs
- n Level 3 – valuations based on significant unobservable inputs (including the Sub-Adviser's or Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Funds to measure fair value during the year ended May 31, 2014 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Funds' policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate,

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

that is significant to the fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Investments categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles (GAAP).

U.S. Treasury Obligations U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Government Sponsored Enterprise and Mortgage-Backed Securities Government sponsored enterprise and mortgage-backed securities are valued by independent pricing

services using pricing models based on inputs that include issuer type, coupon, cash flows, mortgage prepayment projection tables and Adjustable Rate Mortgage evaluations that incorporate index data, periodic life caps and the next coupon reset date. To the extent that these inputs are observable, the values of government sponsored enterprise and mortgage-backed securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Municipal Bonds & Notes and Variable Rate Notes Municipal bonds & notes and variable rate notes are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond or note insurance. To the extent that these inputs are observable, the values of municipal bonds & notes and variable rate notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Corporate Bonds & Notes Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread

curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

(c) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis maybe settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discount and amortization of premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income. Consent fees relating to corporate actions are recorded as miscellaneous income upon receipt.

(d) Federal Income Taxes

The Funds intend to distribute all of their taxable income and to comply with the other requirements of Subchapter M 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.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of

the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. In accordance with provisions set forth under U.S. GAAP, the Investment Manager has reviewed the Funds' tax positions for all open tax years. As of May 31, 2014, the Funds have recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken. The Funds' federal income tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

(e) Dividends and Distributions – Common Shares

The Funds declare dividends from net investment income to common shareholders monthly. Distributions of net realized capital gains, if any, are paid at least annually. The Funds record dividends and distributions on the ex-dividend date. The amount of dividends from net investment income and distributions from net realized capital gains is determined in accordance with federal income tax regulations, which may differ from GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in

nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to shareholders from return of capital.

(f) Inverse Floating Rate Transactions Residual Interest Municipal Bonds (RIBs) / Residual Interest Tax Exempt Bonds (RITEs)

The Funds invest in RIBs and RITEs (Inverse Floaters), whose interest rates bear an inverse

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

relationship to the interest rate on another security or the value of an index. In inverse floating rate transactions, the Funds sell a fixed rate municipal bond (Fixed Rate Bond) to a broker who places the Fixed Rate Bond in a special purpose trust (Trust) from which floating rate bonds (Floating Rate Notes) and Inverse Floaters are issued. The Funds simultaneously or within a short period of time, purchase the Inverse Floaters from the broker. The Inverse Floaters held by the Funds provide the Funds with the right to: (1) cause the holders of the Floating Rate Notes to tender their notes at par, and (2) cause the broker to transfer the Fixed-Rate Bond held by the Trust to the Funds, thereby collapsing the Trust. The Funds account for the transaction described above as a secured borrowing by including the Fixed Rate Bond in their Schedules of Investments, and account for the Floating Rate Notes as a liability under the caption Payable for Floating Rate Notes issued in the Funds Statements of Assets and Liabilities. The Floating Rate Notes have interest rates that generally reset weekly and their holders have the option to tender their notes to the broker for redemption at par at each reset date.

The Funds may also invest in Inverse Floaters without transferring a fixed rate municipal bond into a Trust, which are not accounted for as secured borrowings. The Funds may also invest in Inverse Floaters for the purpose of increasing leverage.

The Inverse Floaters 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 typically every 7 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 rates result in lower income for the long-term component and vice versa. The longer-term bonds may be more volatile and less liquid than other municipal bonds of comparable maturity. Investments in Inverse Floaters typically will involve greater risk than investments in Fixed Rate Bonds.

The Funds restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes. Inverse Floaters held by the Funds are exempt from registration under Rule 144A of the Securities Act of 1933.

In addition to general market risks, the Funds investments in Inverse Floaters may involve greater risk and volatility than an investment in a fixed rate bond, and the value of Inverse Floaters may decrease significantly when market interest rates increase. Inverse Floaters have varying degrees of liquidity, and the market for these securities may be volatile. These securities tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Although volatile, Inverse Floaters typically offer the potential for yields exceeding the yields available on fixed rate bonds with comparable credit quality, coupon, call provisions and maturity. Trusts in which Inverse Floaters may be held could be terminated due to market, credit or other events beyond the Funds control, which could require the Funds to reduce

leverage and dispose of portfolio investments at inopportune times and prices.

(g) Repurchase Agreements

The Funds are parties to Master Repurchase Agreements (Master Repo Agreements) with select counterparties. The Master Repo Agreements maintain provisions for initiation,

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

income payments, events of default, and maintenance of collateral.

The Funds enter into transactions, under the terms of the Master Repo Agreements, with their custodian bank or securities brokerage firms whereby they purchase securities under agreements to resell such securities at an agreed upon price and date (repurchase agreements). The Funds, through their custodian, take possession of securities collateralizing the repurchase agreement. Such agreements are carried at the contract amount in the financial statements, which is considered to represent fair value. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, is held by the custodian bank for the benefit of the Funds until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Funds require that the market value of the collateral, including accrued interest thereon, be sufficient in the event of default by the counterparty. If the counterparty defaults under the Master Repo Agreements and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Funds may be delayed or limited.

(h) When-Issued/Delayed-Delivery Transactions

When-issued or delayed-delivery transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Funds will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on

a delayed-delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations; consequently, such fluctuations are taken into account when determining the NAV. The Funds may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security is sold on a delayed-delivery basis, the Funds do not participate in future gains and losses with respect to the security.

(i) U.S. Government Agencies or Government-Sponsored Enterprises

Securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury. The Government National Mortgage Association (GNMA or Ginnie Mae), a wholly-owned U.S. Government corporation, is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Government-related guarantors not backed by the full faith and credit of the U.S. Government include the Federal National Mortgage Association (FNMA or Fannie Mae) and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac). Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC guarantees the

timely payment of interest and ultimate collection of principal, but its participation certificates are not backed by the full faith and credit of the U.S. Government.

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

1. Organization and Significant Accounting Policies (continued)

(j) Restricted Securities

The Funds are permitted to invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult.

(k) Interest Expense

Interest expense primarily relates to the Funds' participation in Floating Rate Notes held by third parties in conjunction with Inverse Floater transactions.

(l) Custody Credits on Cash Balances

The Funds may benefit from an expense offset arrangement with their custodian bank, whereby uninvested cash balances may earn credits that 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. Cash overdraft charges, if any, are included in custodian and accounting agent fees.

2. Principal Risks

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Funds are also exposed to other risks such as, but not limited to, interest rate, credit and leverage risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the values of certain fixed income

securities held by the Funds are likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.* yield) movements. Interest rate changes can be sudden and unpredictable, and the Funds may lose money as a result of movements in interest rates. The Funds may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When a Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Funds' shares.

The Funds are exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

2. Principal Risks (continued)

subject to varying degrees of credit risk, which are often reflected in credit ratings.

The market values of securities may decline due to general market conditions (market risk) which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse changes to credit markets or adverse investor sentiment. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities. Credit ratings downgrades may also negatively affect securities held by the Funds. Even when markets perform well, there is no assurance that the investments held by the Funds will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

The Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. The Sub-Adviser seeks to minimize the Funds' counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received

payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Funds are exposed to risks associated with leverage. Leverage may cause the value of the Funds' shares to be more volatile than if the Funds did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Funds' portfolio securities. The Funds may engage in transactions or purchase instruments that give rise to forms of leverage. In addition, to the extent the Funds employ leverage, dividend and interest costs may not be recovered by any appreciation of the securities purchased with the leverage proceeds and could exceed the Funds' investment returns, resulting in greater losses.

The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted securities are often illiquid and may not be actively traded. Sale of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of the securities used by the Funds could be material.

A Fund may incur additional expenses to the extent it is required to seek recovery upon a portfolio security's default in the payment of principal or interest. In any bankruptcy proceeding relating to a defaulted investment, a Fund may lose

its entire investment or may be required to accept cash or securities with a value substantially less than its original investment.

The Funds are party to International Swaps and Derivatives Association, Inc. Master Agreements (ISDA Master Agreements) with select

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

2. Principal Risks (continued)

counterparties that govern transactions, over-the-counter derivatives and foreign exchange contracts entered into by the Funds and those counterparties. The ISDA Master Agreements contain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements of the Funds.

The considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis are governed by Master Securities Forward Transaction Agreements (Master Forward Agreements) between the Funds and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

3. Financial Derivative Instruments

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, and disclosure about credit-risk-related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives, which are accounted for as hedges , and those that do not qualify for such accounting. Although the Funds at times use derivatives for hedging purposes, the Funds reflect derivatives at fair value and recognize changes in fair value through the Funds Statements of Operations, and such derivatives do not qualify for hedge accounting treatment.

(a) Swap Agreements

Swap agreements are bilaterally negotiated agreements between the Funds and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market or event-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over-the-counter market (OTC swaps) or may be executed in a multilateral or other trade facility platform, such as a registered commodities exchange (centrally cleared swaps). The Funds may enter into credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements in order, among other things, to manage their exposure to credit, currency and interest rate risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

OTC swap payments received or made at the beginning of the measurement period, if any, are reflected as such on the Funds Statements of Assets and Liabilities and represent payments made or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments

are recorded as realized gains or losses on the Funds' Statements of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Funds' Statements of Operations. Net periodic payments received or paid by the Funds are included as part of realized gains or losses on the Funds' Statements of Operations. Changes in market value, if any, are reflected as a component of

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

3. Financial Derivative Instruments

(continued)

net changes in unrealized appreciation/depreciation on the Funds' Statements of Operations. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a receivable or payable, as applicable, for variation margin on centrally cleared swaps on the Funds' Statements of Assets and Liabilities.

Entering into these agreements involves, to varying degrees, elements of credit, legal, market and documentation risk in excess of the amounts recognized on the Funds' Statements of Assets and Liabilities. Such risks include the possibility that there will be no liquid market for these agreements, that the counterparties to the agreements may default on their obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

Interest Rate Swap Agreements Interest rate swap agreements involve the exchange by the Funds with a counterparty of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments, with respect to the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap, (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor, (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding

given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different money markets.

4. Investment Manager/Sub-Adviser

Each Fund has an Investment Management Agreement (each an Agreement) with the Investment Manager. Subject to the supervision of each Fund's Board, the Investment Manager is responsible for managing, either directly or through others selected by it, the Funds' investment activities, business affairs and administrative matters. Pursuant to each Agreement, the Investment Manager receives an annual fee, payable monthly, at an annual rate of 0.65% of each Fund's average daily net assets, inclusive of net assets attributable to any Preferred Shares that were outstanding.

The Investment Manager has retained the Sub-Adviser to manage the Funds' investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Funds' investment decisions. The Investment Manager, not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Adviser in

return for its services.

Please see Note 8 for a discussion of recently approved changes to the Funds' investment management and sub-advisory arrangements.

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

5. Investments in Securities

For the year ended May 31, 2014, purchases and sales of investments, other than short-term securities were:

	Municipal II	California Municipal II	New York Municipal II
Purchases	\$ 167,608,382	\$ 62,001,350	\$ 10,063,228
Sales	169,754,499	65,445,717	15,953,239

6. Income Tax Information

The tax character of dividends paid was:

	Year Ended May 31, 2014			Year Ended May 31, 2013		
	Ordinary Income	Tax Exempt Income	Return of Capital	Ordinary Income	Tax Exempt Income	Return of Capital
Municipal II	\$ 854,779	\$ 47,167,183	\$	\$ 458,232	\$ 47,850,296	\$
California Municipal II	748,147	20,391,813	2,252,817	583,738	21,132,034	2,354,016
New York Municipal II	155,141	8,647,757		76,412	8,787,891	

At May 31, 2014, the components of distributable earnings were:

	Tax Exempt Income	Capital Loss Carryforwards(1)	Post-October Capital Loss(2)	
			Short-Term	Long-Term
Municipal II	\$ 24,160,410	\$ 194,203,049	\$ 1,608,493	\$
California Municipal II		190,703,638	840,314	272,213
New York Municipal II	1,303,231	42,879,886	18,080	346,305

(1) Capital loss carryforwards available as a reduction, to the extent provided in the regulations, of any future net realized gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

(2) Capital losses realized during the period November 1, 2013 through May 31, 2014 which the Funds elected to defer to the following taxable year pursuant to income tax regulations.

Under the Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses for an unlimited period. Capital losses that are carried forward will retain their character as either short-term or long-term capital losses.

At May 31, 2014, capital loss carryforward amounts were:

	2015	2016	2017	2018	No Expiration(3)	
					Short-Term	Long-Term
Municipal II	\$ 7,912,932	\$	\$ 7,955,461	\$ 164,801,603	\$ 13,533,053	\$
California Municipal II	5,531,398	4,849,597	18,401,113	157,995,404	2,619,281	1,306,845
New York Municipal II	51,848	1,171,157	2,961,908	34,379,048	4,315,925	

(3) Carryforward amounts are subject to the provisions of the Regulated Investment Company Modernization Act of 2010.

For the year ended May 31, 2014, Municipal II had capital loss carryforwards which expired in the amount of \$4,473,237.

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

6. Income Tax Information (continued)

For the year ended May 31, 2014, permanent book-tax adjustments were:

	Undistributed Net Investment Income	Accumulated Net Realized Gain(Loss)	Paid-in Capital
Municipal II (a)(b)(c)	\$ 359,259	\$ 4,113,978	\$ (4,473,237)
California Municipal II (b)	147,644	(147,644)	
New York Municipal II (a)(b)	83,807	(83,807)	

These permanent book-tax differences were primarily attributable to:

(a) Different treatment of Inverse Floaters

(b) Different Treatment of swap payments

(c) Expiring Capital Loss Carryforwards

Net investment income, net realized gains or losses and net assets were not affected by these adjustments.

At May 31, 2014, the aggregate cost basis and the net unrealized appreciation of investments for federal income tax purposes were:

	Federal Tax Cost Basis	Unrealized Appreciation	Unrealized Depreciation	Net Unrealized Appreciation
Municipal II	\$ 988,460,225	\$ 99,746,802	\$ 6,476,335	\$ 93,270,467
California Municipal II	378,053,142	56,550,681	192,314	56,358,367
New York Municipal II	182,925,150	16,248,849	2,227,997	14,020,852

Differences between book and tax cost basis were attributable to Inverse Floater transactions and wash sale deferrals.

7. Auction-Rate Preferred Shares

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Municipal II has 2,936 shares of Preferred Shares Series A, 2,936 shares of Preferred Shares Series B, 2,936 shares of Preferred Shares Series C, 2,936 shares of Preferred Shares Series D, and 2,936 shares of Preferred Shares Series E outstanding, each with a liquidation preference of \$25,000 per share plus any accumulated, unpaid dividends.

California Municipal II has 1,304 shares of Preferred Shares Series A, 1,304 shares of Preferred Shares Series B, 1,304 shares of Preferred Shares Series C, 1,304 shares of Preferred Shares Series D, and 1,304 shares of

Preferred Shares Series E outstanding, each with a liquidation preference of \$25,000 per share plus any accumulated, unpaid dividends.

New York Municipal II has 1,580 shares of Preferred Shares Series A and 1,580 shares of Preferred Shares Series B outstanding, each with a liquidation preference of \$25,000 per share plus any accumulated, unpaid dividends.

Dividends are accumulated daily at an annual rate that is typically re-set every seven days. Distributions of net realized capital gains, if any, are paid annually.

Notes to Financial Statements

PIMCO Municipal Income Funds II

May 31, 2014

7. Auction-Rate Preferred Shares (continued)

For the year ended May 31, 2014, the annualized dividend rates ranged from:

	High	Low	At May 31, 2014
<u>Municipal II:</u>			
Series A	0.246%	0.066%	0.131%
Series B	0.246%	0.066%	0.131%
Series C	0.246%	0.066%	0.131%
Series D	0.246%	0.066%	0.131%
Series E	0.246%	0.066%	0.131%
<u>California Municipal II:</u>			
Series A	0.246%	0.066%	0.131%
Series B	0.246%	0.066%	0.131%
Series C	0.246%	0.066%	0.131%
Series D	0.246%	0.066%	0.131%
Series E	0.246%	0.066%	0.131%
<u>New York Municipal II:</u>			
Series A	0.246%	0.066%	0.131%
Series B	0.246%	0.066%	0.131%

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 or paying any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation preference plus any accumulated, unpaid dividends.

Preferred shareholders, who are entitled to one vote per share, generally vote together with the common shareholders but vote separately as a class to elect two Trustees and on certain matters adversely affecting the rights of the Preferred Shares.

Since mid-February 2008, holders of auction-rate preferred shares (ARPS) issued by the Funds have been directly impacted by lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end

funds. Since then, regularly scheduled auctions for ARPS issued by the Funds have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and the ARPS holders have continued to receive dividends at the defined

maximum rate equal to the higher of the 30-day AA Composite Commercial Paper Rate multiplied by a minimum of 110% or the Taxable Equivalent of the Short-Term Municipal Obligations Rate-defined as 90% of the quotient of (A) the per annum rate expressed on an interest equivalent basis equal to the S&P Municipal Bond 7-day High Grade Rate Index divided by (B) 1.00 minus the Marginal Tax Rate (expressed as a decimal) multiplied by a

7. Auction-Rate Preferred Shares (continued)

minimum of 110% (which is a function of short-term interest rates). As of May 31, 2014 the current multiplier for calculating the maximum rate is 110%. If the Funds' ARPS auctions continue to fail and the maximum rate

payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Funds' common shareholders could be adversely affected.

8. Subsequent Events

In preparing these financial statements, the Funds' management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On June 2, 2014, the following dividends were declared to common shareholders payable July 1, 2014 to shareholders of record on June 12, 2014.

Municipal II	\$0.065 per common share
California Municipal II	\$0.05375 per common share
New York Municipal II	\$0.06625 per common share

On July 1, 2014, the following dividends were declared to common shareholders payable August 1, 2014 to shareholders of record on July 11, 2014.

Municipal II	\$0.065 per common share
California Municipal II	\$0.05375 per common share
New York Municipal II	\$0.06625 per common share

At a special meeting of shareholders held on July 10, 2014 (following an earlier adjournment), each Fund's shareholders approved a new investment management agreement (the Agreement) between the Fund and PIMCO, pursuant to which PIMCO will replace AGIFM as the investment manager to the Funds. Under the Agreement, PIMCO will continue to provide the day-to-day portfolio management services it currently provides to the Funds as their sub-adviser and will also assume responsibility for the supervisory and administrative services currently provided by AGIFM to the Funds as their investment manager. The same investment professionals that are currently responsible for managing the Funds' portfolios will continue to do so following the proposed transition, and PIMCO personnel will replace AGIFM personnel as Fund officers and in other roles to provide and oversee the administrative, accounting/financial reporting, compliance, legal, marketing, transfer

agency, shareholder servicing and other services required for the daily operations of the Funds. The Agreement will become effective at a date and time mutually agreeable to the Funds, PIMCO and AGIFM (the Transition Date) in order to effect an efficient transition for the Funds and their shareholders. The Transition Date will be announced at a later date.

Although the management fee rate to be paid to PIMCO by each Fund under the Agreement is higher than the management fee rate imposed under the corresponding current agreement, the unified fee arrangement under the Agreement covers the Funds' portfolio management and administrative services covered under the current agreement and also requires PIMCO, at its expense, to procure most other supervisory and administrative services required by the Funds that are currently paid for or incurred by the Funds directly outside of the current agreements.

Financial Highlights

PIMCO Municipal Income Fund II

For a common share outstanding throughout each year:

	2014	2013	Year ended May 31, 2012	2011	2010
Net asset value, beginning of year	\$12.17	\$11.91	\$10.12	\$10.77	\$8.97
Investment Operations:					
Net investment income	0.81	0.82	0.88	0.91	0.88
Net realized and change in unrealized gain (loss)	(0.25)	0.23	1.70	(0.75)	1.73
Total from investment operations	0.56	1.05	2.58	0.16	2.61
Dividends on Preferred Shares from Net Investment Income	(0.01)	(0.01)	(0.01)	(0.03)	(0.03)
Net increase in net assets applicable to common shareholders resulting from investment operations	0.55	1.04	2.57	0.13	2.58
Dividends to Common Shareholders from Net Investment Income	(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
Net asset value, end of year	\$11.94	\$12.17	\$11.91	\$10.12	\$10.77
Market price, end of year	\$12.25	\$12.19	\$12.54	\$10.45	\$11.12
Total Investment Return ⁽¹⁾	7.76%	3.41%	28.70%	1.30%	25.49%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, applicable to common shareholders, end of year (000s)	\$730,088	\$741,368	\$722,161	\$610,800	\$645,589
Ratio of expenses to average net assets, including interest expense ⁽²⁾⁽³⁾	1.21%	1.16% ⁽⁴⁾⁽⁵⁾	1.19% ⁽⁴⁾⁽⁵⁾	1.37% ⁽⁴⁾	1.38% ⁽⁴⁾⁽⁵⁾
Ratio of expenses to average net assets, excluding interest expense ⁽²⁾	1.16%	1.11% ⁽⁴⁾⁽⁵⁾	1.11% ⁽⁴⁾⁽⁵⁾	1.24% ⁽⁴⁾	1.24% ⁽⁴⁾⁽⁵⁾
Ratio of net investment income to average net assets ⁽²⁾	7.22%	6.74% ⁽⁵⁾	8.04% ⁽⁵⁾	8.80%	8.77% ⁽⁵⁾
Preferred shares asset coverage per share	\$74,733	\$75,501	\$74,192	\$66,606	\$68,974
Portfolio turnover rate	16%	16%	26%	21%	6%

- (1) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year reported. Dividends and distributions, if any, 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 in connection with the purchase or sale of Fund shares.
- (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) Interest expense relates to the liability for Floating Rate Notes issued in connection with Inverse Floater transactions and/or participation in reverse repurchase agreement transactions.
- (4) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank (See note 1(l) in Notes to Financial Statements).
- (5) During the years indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.006%, 0.07% and 0.004% for the years ended May 31, 2013, May 31, 2012 and May 31, 2010, respectively.

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Financial Highlights

PIMCO California Municipal Income Fund II

For a common share outstanding throughout each year:

	2014	2013	Year ended May 31, 2012	2011	2010
Net asset value, beginning of year	\$8.93	\$8.65	\$7.38	\$8.11	\$7.48
Investment Operations:					
Net investment income	0.68	0.69	0.71	0.74	0.76
Net realized and change in unrealized gain (loss)	(0.26)	0.35	1.32	(0.70)	0.67
Total from investment operations	0.42	1.04	2.03	0.04	1.43
Dividends on Preferred Shares from Net Investment Income	(0.01)	(0.01)	(0.01)	(0.02)	(0.03)
Net increase in net assets applicable to common shareholders resulting from investment operations	0.41	1.03	2.02	0.02	1.40
Dividends and Distributions to Common Shareholders from:					
Net investment income	(0.66)	(0.68)	(0.70)	(0.75)	(0.77)
Return of capital	(0.07)	(0.07)	(0.05)		
Total dividends and distributions to shareholders	(0.73)	(0.75)	(0.75)	(0.75)	(0.77)
Net asset value, end of year	\$8.61	\$8.93	\$8.65	\$7.38	\$8.11
Market price, end of year	\$9.52	\$10.51	\$10.15	\$9.21	\$9.33
Total Investment Return ⁽¹⁾	(1.76)%	11.41%	19.59%	7.53%	16.44%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, applicable to common shareholders, end of year (000s)	\$273,289	\$282,181	\$272,570	\$231,486	\$252,816
Ratio of expenses to average net assets, including interest expense ⁽²⁾⁽³⁾	1.41%	1.34% ⁽⁴⁾⁽⁵⁾	1.44% ⁽⁴⁾⁽⁵⁾	1.55% ⁽⁴⁾	1.56% ⁽⁴⁾⁽⁵⁾
Ratio of expenses to average net assets, excluding interest expense ⁽²⁾	1.30%	1.23% ⁽⁴⁾⁽⁵⁾	1.24% ⁽⁴⁾⁽⁵⁾	1.37% ⁽⁴⁾	1.33% ⁽⁴⁾⁽⁵⁾
Ratio of net investment income to average net assets ⁽²⁾	8.51%	7.65% ⁽⁵⁾	8.99% ⁽⁵⁾	9.73%	9.78% ⁽⁵⁾
	\$66,915	\$68,279	\$66,804	\$60,503	\$63,773

Preferred shares asset coverage per share					
Portfolio turnover rate	14%	13%	25%	15%	9%

- (1) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year reported. Dividends and distributions, if any, 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 in connection with the purchase or sale of Fund shares.
- (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) Interest expense relates to the liability for Floating Rate Notes issued in connection with Inverse Floater transactions and/or participation in reverse repurchase agreement transactions.
- (4) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank (See note 1(I) in Notes to Financial Statements).
- (5) During the years indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.006%, 0.08% and 0.004% for the years ended May 31, 2013, May 31, 2012 and May 31, 2010, respectively.

See accompanying Notes to Financial Statements | May 31, 2014 | Annual Report **51**

Financial Highlights

PIMCO New York Municipal Income Fund II

For a common share outstanding throughout each year:

	2014	2013	Year ended May 31, 2012	2011	2010
Net asset value, beginning of year	\$11.32	\$11.37	\$10.10	\$10.90	\$9.56
Investment Operations:					
Net investment income	0.75	0.79	0.85	0.88	0.98
Net realized and change in unrealized gain (loss)	(0.28)	(0.02)	1.24	(0.85)	1.19
Total from investment operations	0.47	0.77	2.09	0.03	2.17
Dividends on Preferred Shares from Net Investment Income	(0.01)	(0.02)	(0.02)	(0.03)	(0.03)
Net increase in net assets applicable to common shareholders resulting from investment operations	0.46	0.75	2.07	0.00	2.14
Dividends to Common Shareholders from Net Investment Income	(0.80)	(0.80)	(0.80)	(0.80)	(0.80)
Net asset value, end of year	\$10.98	\$11.32	\$11.37	\$10.10	\$10.90
Market price, end of year	\$12.01	\$12.01	\$12.29	\$10.92	\$11.42
Total Investment Return ⁽¹⁾	7.83%	4.14%	20.97%	3.03%	19.92%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, applicable to common shareholders, end of year (000s)	\$120,520	\$123,685	\$123,667	\$109,256	\$117,161
Ratio of expenses to average net assets, including interest expense ⁽²⁾⁽³⁾	1.51%	1.42% ⁽⁴⁾⁽⁵⁾	1.45% ⁽⁴⁾⁽⁵⁾	1.55% ⁽⁴⁾	1.53% ⁽⁴⁾⁽⁵⁾
Ratio of expenses to average net assets, excluding interest expense ⁽²⁾	1.45%	1.33% ⁽⁴⁾⁽⁵⁾	1.36% ⁽⁴⁾⁽⁵⁾	1.44% ⁽⁴⁾	1.43% ⁽⁴⁾⁽⁵⁾
Ratio of net investment income to average net assets ⁽²⁾	7.30%	6.78% ⁽⁵⁾	7.86% ⁽⁵⁾	8.46%	9.51% ⁽⁵⁾
Preferred shares asset coverage per share	\$63,139	\$64,140	\$64,135	\$59,574	\$62,073
Portfolio turnover rate	5%	25%	18%	7%	5%

- (1) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each year reported. Dividends and distributions, if any, 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 in connection with the purchase or sale of Fund shares.
- (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) Interest expense relates to the liability for Floating Rate Notes issued in connection with Inverse Floater transactions and/or participation in reverse repurchase agreement transactions.
- (4) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank (See note 1(I) in Notes to Financial Statements).
- (5) During the years indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.006%, 0.08% and 0.004% for the years ended May 31, 2013, May 31, 2012 and May 31, 2010, respectively.

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Report of Independent Registered Public Accounting Firm

PIMCO Municipal Income Funds II

To the Shareholders and Board of Trustees of

PIMCO Municipal Income Fund II,

PIMCO California Municipal Income Fund II and

PIMCO New York Municipal Income Fund II

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 and the financial highlights present fairly, in all material respects, the financial position of PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II (collectively hereafter referred to as the Funds) at May 31, 2014, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, 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 May 31, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York

July 23, 2014

Tax Information

PIMCO Municipal Income Funds II (unaudited)

As required by the Internal Revenue Code, shareholders must be notified regarding certain tax attributes of distributions made by each Fund.

For the year ended May 31, 2014, the Funds designate the following percentages of the ordinary income dividends (or such greater percentages that constitute the maximum amount allowable pursuant to code sections 103(a) and 852(b)(5), as exempt-interest dividends which are exempt from federal income tax other than the alternative minimum tax.

Municipal II	98.22%
California Municipal II	96.46%
New York Municipal II	98.24%

Since the Funds' tax year is not the calendar year, another notification will be sent with respect to calendar year 2014. In January 2015, shareholders will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received during calendar year 2014. The amount that will be reported will be the amount to use on the shareholder's 2014 federal income tax return and may differ from the amount which must be reported in connection with the Funds' tax year ended May 31, 2014. 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 2014, 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 Meeting Results/Corporate Change

PIMCO Municipal Income Funds II (unaudited)

Annual Shareholder Meeting Results:

The Funds held their annual meetings of shareholders on December 18, 2013. Common/Preferred shareholders voted as indicated below:

	Affirmative	Withheld Authority
<u>Municipal II</u>		
Re-election of Deborah A. DeCotis Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	51,489,961	4,273,544
Re-election of James A. Jacobson* Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	11,484	354
<u>California Municipal II</u>		
Re-election of Deborah A. DeCotis Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	25,105,447	1,809,442
Re-election of James A. Jacobson* Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	3,971	274
<u>New York Municipal II</u>		
Re-election of Deborah A. DeCotis Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	9,324,548	562,894
Re-election of James A. Jacobson* Class II to serve until the Annual Meeting for the 2016-2017 fiscal year	2,445	58

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Bradford K. Gallagher, Hans W. Kertess*, William B. Ogden, IV, John C. Maney , and Alan Rappaport continued to serve as Trustees of the Funds.

* Preferred Shares Trustee
Interested Trustee

Corporate Change:

On March 14, 2014, Julian Sluyters became President and Chief Executive Officer of each Fund.

Matters Relating to the Trustees Consideration of the Investment Management Agreement

PIMCO Municipal Income Funds II

At a meeting of the Board of Trustees of each Fund (the Board or the Trustees) on December 10, 2013, the Board received a preliminary presentation from PIMCO regarding the proposed transition of the Funds investment management and administrative services from AGIFM to PIMCO and agreed that PIMCO should prepare materials regarding the proposed investment management agreement between PIMCO and the Funds (the Proposed Agreement) and related arrangements for formal consideration at the Board s next regularly scheduled meeting. On February 4, 2014, the Board held a special in-person meeting with members of PIMCO s senior management and other PIMCO personnel proposed to serve as officers of the Funds to discuss the proposed transition. On February 25, 2014, the non-interested Trustees (the Independent Trustees) met separately via conference call with their counsel to discuss materials provided by PIMCO regarding the Proposed Agreement and related arrangements, and representatives from PIMCO attended a portion of that meeting to respond to questions from the Independent Trustees and to field requests for supplemental information regarding the proposed arrangements. The Board then held an in-person meeting with management on March 10-11, 2014 to consider approval of the Proposed Agreement and related arrangements (the meetings of the Board discussed herein collectively referred to as the Meetings). Following careful consideration of the matter as described in more detail herein, the Board of each Fund, including all of the Independent Trustees, approved the Proposed Agreement for the Fund for an initial one-year term, subject to approval of the Proposed Agreement for the Fund by its shareholders. The information, material factors and conclusions that formed the basis for the Board s approvals for each Fund are described below. As noted, the Independent Trustees were assisted in their

evaluation of the Proposed Agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the Meetings.

In connection with their deliberations regarding the approval of the Proposed Agreement, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality and extent of the various investment management, administrative and other services to be provided to each Fund by PIMCO under the Proposed Agreement.

In connection with the Meetings, the Trustees received and relied upon materials provided by PIMCO (or AGIFM, as applicable) which included, among other items: (i) information provided by Lipper Inc. (Lipper), an independent third party, on the total return investment performance (based on net assets) of the Funds for various time periods, the investment performance of a group of funds with investment classifications/objectives comparable to those of the Funds identified by Lipper (the Lipper performance universe) and the performance of an applicable benchmark index, (ii) information provided by Lipper on the Funds management fees under the investment management agreement between each Fund and AGIFM (the Current Agreements) and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information provided by PIMCO on the Funds proposed management fee rates and total expense ratios under the Proposed Agreement in comparison to data provided by Lipper on the management fees and total expense ratios of comparable funds identified by Lipper, (iv) information on the aggregate management fees and total expenses paid by