

PIMCO MUNICIPAL INCOME FUND III  
Form N-Q  
August 20, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

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

Investment Company Act File Number: 811-21187

Registrant Name:

**PIMCO Municipal Income Fund III**

Address of Principal Executive Offices:

1633 Broadway

New York, NY 10019

**Name and Address of Agent for Service:**

**Lawrence G. Altadonna**

**1633 Broadway**

**New York, NY 10019**

**Registrant's telephone number, including area code:**

**212-739-3371**

**Date of Fiscal Year End: September 30, 2013**

**Date of Reporting Period: June 30, 2013**

**Item 1. Schedule of Investments****Schedule of Investments****PIMCO Municipal Income Fund III**

June 30, 2013 (unaudited)

Principal Amount (000s)		Value*
<b>MUNICIPAL BONDS &amp; NOTES - 91.5%</b>		
<b>Alabama - 2.0%</b>		
\$ 500	Birmingham Special Care Facs. Financing Auth. Rev., Childrens Hospital, 6.00%, 6/1/39 (AGC)	\$ 561,950
9,000	Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A	9,001,440
1,000	State Docks Department Rev., 6.00%, 10/1/40	1,164,250
		10,727,640
<b>Arizona - 6.5%</b>		
	Health Facs. Auth. Rev.,	
1,250	Banner Health, 5.00%, 1/1/35, Ser. A	1,281,300
900	Banner Health, 5.50%, 1/1/38, Ser. D	966,123
2,250	Beatitudes Campus Project, 5.20%, 10/1/37	1,966,905
	Pima Cnty. Industrial Dev. Auth. Rev.,	
13,000	5.00%, 9/1/39 (h)	13,204,230
750	Tucson Electric Power Co., 5.25%, 10/1/40, Ser. A	754,875
5,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (h)	5,302,650
11,600	Salt Verde Financial Corp. Rev., 5.00%, 12/1/37	11,518,568
		34,994,651
<b>California - 14.6%</b>		
	Bay Area Toll Auth. Rev., San Francisco Bay Area,	
1,500	5.00%, 10/1/29	1,589,565
500	5.00%, 4/1/34, Ser. F-1	526,460
3,260	5.00%, 10/1/42	3,369,764
	Golden State Tobacco Securitization Corp. Rev., Ser. A-1,	
2,630	4.50%, 6/1/27	2,469,044
3,600	5.125%, 6/1/47	2,777,904
11,120	5.75%, 6/1/47	9,426,313
	Health Facs. Financing Auth. Rev.,	
2,500	Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	2,833,875
600	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	602,178
1,500	Sutter Health, 6.00%, 8/15/42, Ser. B	1,719,105
3,350	Indian Wells Redev. Agey., Tax Allocation, Whitewater Project, 4.75%, 9/1/34, Ser. A (AMBAC)	2,920,463
130	Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)	136,466
2,000	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	2,370,400
1,500	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	1,652,700
1,250	Palomar Pomerado Health, CP, 6.75%, 11/1/39	1,343,463
1,600	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	1,667,936
	State, GO,	
5,000	5.00%, 6/1/37	5,128,200
5,300	5.00%, 12/1/37	5,451,739
1,350	5.25%, 3/1/38	1,407,037
1,300	5.25%, 11/1/40	1,370,993

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3,200	5.50%, 3/1/40	3,462,528
2,500	5.75%, 4/1/31	2,809,625
5,000	6.00%, 4/1/38	5,686,850
	Statewide Communities Dev. Auth. Rev.,	
1,000	American Baptist Homes West, 6.25%, 10/1/39	1,079,030
1,935	California Baptist Univ., 5.75%, 11/1/17, Ser. B (a)(d)	2,025,926
2,580	Methodist Hospital Project, 6.625%, 8/1/29 (FHA)	3,024,044
9,200	Methodist Hospital Project, 6.75%, 2/1/38 (FHA)	10,617,076
1,200	Tobacco Securitization Auth. of Southern California Rev., 5.00%, 6/1/37, Ser. A-1	995,628
		78,464,312

**Colorado - 0.7%**

	Health Facs. Auth. Rev., Ser. A,	
500	Evangelical Lutheran, 6.125%, 6/1/38 (Pre-refunded @ \$100 6/1/14) (c)	526,765
2,000	Sisters of Charity of Leavenworth Health System, 5.00%, 1/1/40	2,034,360
500	Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38	582,360
500	Regional Transportation Dist. Rev., Denver Transportation Partners, 6.00%, 1/15/34	560,445
		3,703,930

**Connecticut - 0.3%**

1,250	Harbor Point Infrastructure Improvement Dist., Tax Allocation, 7.875%, 4/1/39, Ser. A	1,367,400
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**District of Columbia - 2.0%**

10,000	Water & Sewer Auth. Rev., 5.50%, 10/1/39, Ser. A (h)	10,620,000
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**Florida - 5.8%**

3,480	Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project, 5.00%, 4/1/34	3,536,794
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## Schedule of Investments

## PIMCO Municipal Income Fund III

June 30, 2013 (unaudited) (continued)

Principal Amount (000s)		Value*
	<b>Broward Cnty. Airport System Rev.,</b>	
\$ 6,125	5.00%, 10/1/42, Ser. Q-1	\$ 6,326,022
500	5.375%, 10/1/29, Ser. O	545,700
4,500	Broward Cnty. Water & Sewer Utility Rev., 5.25%, 10/1/34, Ser. A (h)	4,910,130
3,000	Cape Coral Water & Sewer Rev., 5.00%, 10/1/41 (AGM)	3,114,720
350	Dev. Finance Corp. Rev., Renaissance Charter School, 6.50%, 6/15/21, Ser. A	371,126
2,500	Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General Hospital Project, 5.25%, 10/1/34, Ser. B (Pre-refunded @ \$100, 10/1/13) (c)	2,530,775
5,000	Palm Beach Cnty. Solid Waste Auth. Rev., 5.00%, 10/1/31	5,362,450
4,200	State Board of Education, GO, 5.00%, 6/1/38, Ser. D (h)	4,562,880
		31,260,597
<b>Georgia - 0.3%</b>		
1,750	Fulton Cnty. Residential Care Facs. for the Elderly Auth. Rev., Lenbrook Project, 5.125%, 7/1/42, Ser. A	1,523,533
400	Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37	359,296
		1,882,829
<b>Hawaii - 0.3%</b>		
1,500	Hawaii Pacific Health Rev., 5.50%, 7/1/40, Ser. A	1,561,755
<b>Illinois - 2.7%</b>		
1,250	Chicago, GO, 5.00%, 1/1/34, Ser. C	1,267,975
	Finance Auth. Rev.,	
1,000	Leafs Hockey Club Project, 5.875%, 3/1/27, Ser. A (b)(e)	340,000
625	Leafs Hockey Club Project, 6.00%, 3/1/37, Ser. A (b)(e)	212,500
400	OSF Healthcare System, 7.125%, 11/15/37, Ser. A	463,404
1,000	Swedish Covenant Hospital, 6.00%, 8/15/38, Ser. A	1,081,990
5,000	Univ. of Chicago, 5.50%, 7/1/37, Ser. B (h)	5,595,450
5,000	State Toll Highway Auth. Rev., 5.50%, 1/1/33, Ser. B	5,432,050
		14,393,369
<b>Indiana - 1.0%</b>		
	Portage, Tax Allocation, Ameriplex Project,	
1,000	5.00%, 7/15/23	1,004,730
775	5.00%, 1/15/27	758,585
2,800	Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 7.50%, 9/1/22	3,443,524
		5,206,839
<b>Iowa - 0.1%</b>		
	Finance Auth. Rev., Deerfield Retirement Community, Inc., Ser. A,	
120	5.50%, 11/15/27	75,131
575	5.50%, 11/15/37	356,230

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431,361

**Kentucky - 0.6%**

2,000	Economic Dev. Finance Auth. Rev., Owensboro Medical Healthcare Systems, 6.375%, 6/1/40, Ser. A	2,205,560
1,250	Ohio Cnty. Pollution Control Rev., Big Rivers Electric Corp. Project, 6.00%, 7/15/31, Ser. A	1,203,775

3,409,335

**Louisiana - 1.3%**

	Local Gov t Environmental Facs. & Community Dev. Auth Rev.,	
400	Westlake Chemical Corp., 6.50%, 11/1/35, Ser. A-2	429,048
1,500	Woman s Hospital Foundation, 5.875%, 10/1/40, Ser. A	1,673,265
1,000	Woman s Hospital Foundation, 6.00%, 10/1/44, Ser. A	1,120,630
	Public Facs. Auth. Rev., Ochsner Clinic Foundation Project,	
1,700	5.50%, 5/15/47, Ser. B	1,757,188
2,000	6.50%, 5/15/37	2,305,340

7,285,471

**Maryland - 0.8%**

1,000	Economic Dev. Corp. Rev., 5.75%, 6/1/35, Ser. B	1,085,300
	Health & Higher Educational Facs. Auth. Rev.,	
1,500	Calvert Health System, 5.50%, 7/1/36	1,520,250
700	Charlestown Community, 6.25%, 1/1/41	761,425
1,000	Lifebridge Health, 6.00%, 7/1/41	1,122,610

4,489,585

**Massachusetts - 1.4%**

	Dev. Finance Agcy. Rev.,	
300	Adventcare Project, 7.625%, 10/15/37	325,074
140	Linden Ponds, Inc. Fac., zero coupon, 11/15/56, Ser. B (b)	861
529	Linden Ponds, Inc. Fac., 6.25%, 11/15/39, Ser. A-1	460,363
4,910	Housing Finance Agcy. Rev., 5.125%, 6/1/43, Ser. H	4,911,473

**Schedule of Investments****PIMCO Municipal Income Fund III**

June 30, 2013 (unaudited) (continued)

Principal Amount (000s)		Value*
\$ 1,600	State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A	\$ 1,783,360
		7,481,131
<b>Michigan - 8.5%</b>		
1,500	Detroit, GO, 5.25%, 11/1/35	1,501,695
9,320	Detroit Sewage Disposal System Rev., 5.00%, 7/1/32, Ser. A (AGM)	8,998,553
5,000	Detroit Water and Sewage Dept. Rev., 5.25%, 7/1/39, Ser. A	4,794,850
16,000	Detroit Water Supply System Rev., 5.00%, 7/1/34, Ser. A (NPFGC)	15,475,040
7,555	5.00%, 7/1/34, Ser. B (NPFGC)	7,178,157
5,000	5.25%, 7/1/41, Ser. A	4,794,950
1,500	Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 8.25%, 9/1/39	1,839,225
1,300	State Univ. Rev., 6.173%, 2/15/50, Ser. A	1,478,100
		46,060,570
<b>Missouri - 0.1%</b>		
250	Jennings Rev., Northland Redev. Area Project, 5.00%, 11/1/23	234,455
500	Manchester, Tax Allocation, Highway 141/Manchester Road Project, 6.875%, 11/1/39	510,320
		744,775
<b>New Hampshire - 0.4%</b>		
2,000	Business Finance Auth. Rev., Elliot Hospital, 6.125%, 10/1/39, Ser. A	2,152,520
<b>New Jersey - 8.1%</b>		
1,000	Camden Cnty. Improvement Auth. Rev., Cooper Health Systems Group, 5.00%, 2/15/35, Ser. A	1,025,000
4,500	Economic Dev. Auth., Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/1/28	5,022,720
300	Economic Dev. Auth. Rev., Newark Airport Marriott Hotel, 7.00%, 10/1/14	300,891
1,000	Health Care Facs. Financing Auth. Rev., St. Peters Univ. Hospital, 5.75%, 7/1/37	1,027,010
1,600	Tobacco Settlement Financing Corp. Rev., Ser. 1-A, 4.75%, 6/1/34	1,282,208
20,745	5.00%, 6/1/41	16,580,026
18,000	Transportation Trust Fund Auth. Rev., 5.00%, 6/15/42, Ser. B	18,656,460
		43,894,315
<b>New Mexico - 0.2%</b>		
1,000	Farmington Pollution Control Rev., 5.90%, 6/1/40, Ser. D	1,065,820
<b>New York - 12.9%</b>		
9,800	Brooklyn Arena Local Dev. Corp. Rev., Barclays Center Project, 6.25%, 7/15/40	11,014,710
5,000	Hudson Yards Infrastructure Corp. Rev., 5.75%, 2/15/47, Ser. A	5,372,300
1,700	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.50%, 10/1/37	1,877,055
3,000	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/36, Ser. D	3,095,010

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4,000	5.00%, 11/15/43, Ser. B	4,084,160
1,150	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	638,250
10,450	New York City Industrial Dev. Agcy. Rev., Yankee Stadium, 7.00%, 3/1/49 (AGC)	12,236,846
	New York City Water & Sewer System Rev. (h),	
4,900	5.00%, 6/15/37, Ser. D	4,989,082
4,000		