

PIMCO NEW YORK MUNICIPAL INCOME FUND III
Form N-Q
November 28, 2017

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

FORM N-Q

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

Investment Company Act File Number:	811-21189
Registrant Name:	PIMCO New York Municipal Income Fund III
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	William G. Galipeau 650 Newport Center Drive Newport Beach, CA 92660
Registrant's telephone number, including area code:	(844) 337-4626
Date of Fiscal Year End:	December 31
Date of Reporting Period:	September 30, 2017

Item 1. Schedule of Investments

Schedule of Investments

PIMCO New York Municipal Income Fund III

September 30, 2017 (Unaudited)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 175.4%		
MUNICIPAL BONDS & NOTES 172.8%		
CALIFORNIA 2.2%		
California Health Facilities Financing Authority Revenue Bonds, Series 2016		
5.000% due 11/15/2046 (d)	\$ 1,000	\$ 1,145
		1,145
ILLINOIS 3.9%		
Chicago, Illinois General Obligation Bonds, Series 2015		
5.250% due 01/01/2028	1,900	2,085
NEW YORK 161.4%		
Brooklyn Arena Local Development Corp., New York Revenue Bonds, Series 2009		
6.375% due 07/15/2043	1,000	1,121
Brooklyn Arena Local Development Corp., New York Revenue Bonds, Series 2016		
5.000% due 07/15/2042	2,500	2,825
Buffalo & Fort Erie Public Bridge Authority, New York Revenue Bonds, Series 2017		
5.000% due 01/01/2047	1,000	1,146
Hudson Yards Infrastructure Corp., New York Revenue Bonds, Series 2011		
5.750% due 02/15/2047	4,000	4,582
Long Island Power Authority, New York Revenue Bonds, Series 2009		
5.750% due 04/01/2039	1,500	1,594
Metropolitan Transportation Authority, New York Revenue Bonds, Series 2009		
5.000% due 11/15/2034	500	541
Metropolitan Transportation Authority, New York Revenue Bonds, Series 2013		
5.000% due 11/15/2042	2,000	2,248
5.000% due 11/15/2043	4,000	4,485

Monroe County Industrial Development Corp., New York Revenue Bonds, (FHA Insured), Series 2010		
5.500% due 08/15/2040	1,500	1,675
Monroe County Industrial Development Corp., New York Revenue Bonds, Series 2013		
5.000% due 07/01/2043	1,750	1,978
Nassau County, New York Industrial Development Agency Revenue Bonds, Series 2014		
2.000% due 01/01/2049 ^{^(a)}	135	23
6.700% due 01/01/2049	375	380
New York City Industrial Development Agency, New York Revenue Bonds, (AGC Insured), Series 2009		
6.500% due 01/01/2046	600	637
7.000% due 03/01/2049	2,200	2,380
New York City Transitional Finance Authority Future Tax Secured, New York Revenue Bonds, Series 2013		
5.000% due 11/01/2042	2,000	2,291
New York City Transitional Finance Authority Future Tax Secured, New York Revenue Bonds, Series 2017		
4.000% due 08/01/2042 (d)	2,000	2,132
New York City Trust for Cultural Resources, New York Revenue Bonds, Series 2014		
5.000% due 08/01/2043	2,000	2,236
New York City Water & Sewer System, New York Revenue Bonds, Series 2009		
5.000% due 06/15/2039	1,500	1,593
New York City Water & Sewer System, New York Revenue Bonds, Series 2012		
5.000% due 06/15/2047	2,500	2,824
New York City, New York General Obligation Bonds, Series 2013		
5.000% due 08/01/2031	2,590	3,017
New York Convention Center Development Corp. Revenue Bonds, Series 2015		
5.000% due 11/15/2045	1,000	1,138
New York Counties Tobacco Trust IV Revenue Bonds, Series 2005		
0.000% due 06/01/2050 (b)	10,000	1,258
5.000% due 06/01/2042	3,200	3,098
New York Counties Tobacco Trust Revenue Bonds, Series 2001		
5.750% due 06/01/2043	335	340
New York Liberty Development Corp. Revenue Bonds, Series 2007		
5.500% due 10/01/2037	2,400	3,111
New York Liberty Development Corp. Revenue Bonds, Series 2010		
5.125% due 01/15/2044	2,000	2,158

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6.375% due 07/15/2049	1,050	1,137
New York Liberty Development Corp. Revenue Bonds, Series 2011		
5.750% due 11/15/2051	4,000	4,610
New York Liberty Development Corp. Revenue Bonds, Series 2014		
5.000% due 11/15/2044	1,750	1,907
New York State Dormitory Authority Revenue Bonds, Series 2009		
5.000% due 03/15/2038	1,000	1,058
5.500% due 03/01/2039	1,200	1,276
New York State Dormitory Authority Revenue Bonds, Series 2010		
5.500% due 07/01/2040	500	559
New York State Dormitory Authority Revenue Bonds, Series 2011		
6.000% due 07/01/2040	250	283
New York State Dormitory Authority Revenue Bonds, Series 2012		
5.000% due 12/15/2027	2,000	2,340

New York State Dormitory Authority Revenue Bonds, Series 2013		
5.000% due 02/15/2029	750	869
New York State Dormitory Authority Revenue Bonds, Series 2017		
5.000% due 12/01/2036	1,000	1,090
New York State Thruway Authority Revenue Bonds, Series 2012		
5.000% due 01/01/2042	1,600	1,778
New York State Urban Development Corp. Revenue Bonds, Series 2009		
5.000% due 03/15/2036 (d)	2,200	2,327
Niagara Tobacco Asset Securitization Corp., New York Revenue Bonds, Series 2014		
5.250% due 05/15/2034	500	566
5.250% due 05/15/2040	500	563
Onondaga County, New York Revenue Bonds, Series 2011		
5.000% due 12/01/2036	400	450
Port Authority of New York & New Jersey Revenue Bonds, Series 2010		
6.000% due 12/01/2036	600	671
Port Authority of New York & New Jersey Revenue Bonds, Series 2016		
5.250% due 11/15/2056 (d)	2,500	2,926
Triborough Bridge & Tunnel Authority, New York Revenue Bonds, Series 2009		
5.250% due 11/15/2034	2,000	2,096
Triborough Bridge & Tunnel Authority, New York Revenue Bonds, Series 2017		
5.000% due 11/15/2038 (d)	2,000	2,363
Troy Capital Resource Corp., New York Revenue Bonds, Series 2010		
5.125% due 09/01/2040	1,400	1,528
TSASC, Inc., New York Revenue Bonds, Series 2017		
5.000% due 06/01/2041	2,000	2,223
Utility Debt Securitization Authority, New York Revenue Bonds, Series 2015		
5.000% due 12/15/2037 (d)	1,000	1,195
Westchester County Healthcare Corp., New York Revenue Bonds, Series 2010		
6.125% due 11/01/2037	600	687
Yonkers Economic Development Corp., New York Revenue Bonds, Series 2010		
6.000% due 10/15/2030	95	100
		85,413

OHIO 3.7%

**Buckeye Tobacco Settlement Financing Authority, Ohio
Revenue Bonds, Series 2007**

6.500% due 06/01/2047	1,950	1,952
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PUERTO RICO 0.9%
**Puerto Rico Highway & Transportation Authority Revenue
Bonds, (AGC Insured), Series 2005**

5.250% due 07/01/2041	400	466
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U.S. VIRGIN ISLANDS 0.7%
**Virgin Islands Public Finance Authority, U.S. Virgin Islands
Revenue Bonds,
Series 2009**

5.000% due 10/01/2022	100	69
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6.000% due 10/01/2039	500	319
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		388
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Total Municipal Bonds & Notes (Cost \$84,411)		91,449
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SHORT-TERM INSTRUMENTS 2.6%
SHORT-TERM NOTES 2.6%
Federal Home Loan Bank

1.053% due 11/10/2017 (b)(c)	1,400	1,399
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Total Short-Term Instruments (Cost \$1,399)		1,399
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Total Investments in Securities (Cost \$85,810)		92,848
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Total Investments 175.4% (Cost \$85,810)	\$	92,848
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Preferred Shares (60.5)%		(32,000)
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Other Assets and Liabilities, net (14.9)%		(7,924)
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Net Assets Applicable to Common Shareholders 100.0%	\$	52,924
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Notes to Schedule of Investments (amounts in thousands*):

* A zero balance may reflect actual amounts rounding to less than one thousand.

^ Security is in default.

(a) Security is not accruing income as of the date of this report.

(b) Zero coupon security.

(c) Coupon represents a yield to maturity.

(d) Represents an underlying municipal bond transferred to a tender option bond trust established in a tender option bond transaction in which the Fund sold, or caused the sale of, the underlying municipal bond and purchased the residual interest certificate. The security serves as collateral in a financing transaction.

Fair Value Measurements

The following is a summary of the fair valuations according to the inputs used as of September 30, 2017 in valuing the Fund's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 09/30/2017
Investments in Securities, at Value				
Municipal Bonds & Notes				
California	\$ 0	\$ 1,145	\$ 0	\$ 1,145
Illinois	0	2,085	0	2,085
New York	0	85,413	0	85,413
Ohio	0	1,952	0	1,952
Puerto Rico	0	466	0	466
U.S. Virgin Islands	0	388	0	388
Short-Term Instruments				
Short-Term Notes	0	1,399	0	1,399
Total Investments	\$ 0	\$ 92,848	\$ 0	\$ 92,848

There were no significant transfers among Levels 1, 2, or 3 during the period ended September 30, 2017.

See Accompanying Notes

Notes to Financial Statements

1. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The net asset value (NAV) of the Fund 's shares is determined by dividing the total value of portfolio investments and other assets attributable to that Fund less any liabilities by the total number of shares outstanding of the Fund.

On each day that the New York Stock Exchange (NYSE) is open, Fund shares are ordinarily valued as of the close of regular trading (NYSE Close). Information that becomes known to the Fund or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Fund reserves the right to change the time as of which its NAV is calculated if the Fund closes earlier, or as permitted by the U.S. Securities and Exchange Commission (the SEC).

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Fund 's approved pricing services, quotation reporting systems and other third-party sources (together, Pricing Services). The Fund will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by Pacific Investment Management Company LLC (PIMCO or the Manager) to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Fund 's investments in open-end management investment companies, other than exchange-traded funds (ETFs), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to PIMCO the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board (Valuation Oversight Committee), generally based on recommendations provided by the Manager. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations (Broker Quotes), Pricing Services prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Fund 's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Manager

the responsibility for monitoring significant events that may materially affect the values of the Fund's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When the Fund uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a security. While the Fund's policy is intended to result in a calculation of the Fund's NAV that fairly reflects security values as of the time of pricing, the Fund cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Fund may differ from the value that would be realized if the securities were sold.

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

Level 1 Quoted prices in active markets or exchanges for identical assets and liabilities.

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

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

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

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

(c) Valuation Techniques and the Fair Value Hierarchy

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

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

Level 3 trading assets and trading liabilities, at fair value When a fair valuation method is applied by PIMCO that uses significant unobservable inputs, investments will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

2. FEDERAL INCOME TAX MATTERS

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

The Fund may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Manager has reviewed the Fund's tax positions for all open tax years. As of September 30, 2017, the Fund has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Fund files U.S. federal, state, and local tax returns as required. The Fund's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

As of September 30, 2017, the aggregate cost and the net unrealized appreciation (depreciation) of investments for Federal income tax purposes are as follows (amounts in thousands):

Federal Tax Cost	Aggregate Gross Unrealized	Aggregate Gross Unrealized	Net Unrealized Appreciation/
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	Appreciation	(Depreciation)	(Depreciation)⁽¹⁾
\$ 85,810	\$ 7,342	\$ (304)	\$ 7,038

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

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

Currency Abbreviations:

USD (or \$) United States Dollar

Municipal Bond or Agency Abbreviations:

AGC Assured Guaranty Corp. FHA Federal Housing Administration

Other Abbreviations:

TBA To-Be-Announced

Item 2. Controls and Procedures

(a) The principal executive officer and principal financial & accounting officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this report.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

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

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIMCO New York Municipal Income Fund III

By: /s/ Peter G. Strelow

Peter G. Strelow

President (Principal Executive Officer)

Date: November 27, 2017

By: /s/ William G. Galipeau

William G. Galipeau

Treasurer (Principal Financial & Accounting Officer)

Date: November 27, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Peter G. Strelow

Peter G. Strelow

President (Principal Executive Officer)

Date: November 27, 2017

By: /s/ William G. Galipeau

William G. Galipeau

Treasurer (Principal Financial & Accounting Officer)

Date: November 27, 2017