

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III
Form DEF 14A
November 20, 2014

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Joint Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Under Rule 14a-12

PIMCO Municipal Income Fund

PIMCO California Municipal Income Fund

PIMCO New York Municipal Income Fund

PIMCO Municipal Income Fund II

PIMCO California Municipal Income Fund II

PIMCO New York Municipal Income Fund II

PIMCO Municipal Income Fund III

PIMCO California Municipal Income Fund III

PIMCO New York Municipal Income Fund III

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials:

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 18, 2014

PIMCO MUNICIPAL INCOME FUND (PMF)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND (PCQ)

PIMCO NEW YORK MUNICIPAL INCOME FUND (PNF)

PIMCO MUNICIPAL INCOME FUND II (PML)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II (PCK)

PIMCO NEW YORK MUNICIPAL INCOME FUND II (PNI)

PIMCO MUNICIPAL INCOME FUND III (PMX)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III (PZC)

PIMCO NEW YORK MUNICIPAL INCOME FUND III (PYN)

1633 Broadway

New York, New York 10019

To the Shareholders of PIMCO Municipal Income Fund (PMF), PIMCO California Municipal Income Fund (PCQ), PIMCO New York Municipal Income Fund (PNF), PIMCO Municipal Income Fund II (PML), PIMCO California Municipal Income Fund II (PCK), PIMCO New York Municipal Income Fund II (PNI), PIMCO Municipal Income Fund III (PMX), PIMCO California Municipal Income Fund III (PZC) and PIMCO New York Municipal Income Fund III (PYN) (each, a Fund and, collectively, the Funds):

Notice is hereby given that a Joint Annual Meeting of Shareholders of the Funds (the Meeting) will be held at the offices of Pacific Investment Management Company LLC (PIMCO or the Manager), at 1633 Broadway, between West 51st Streets, 42nd Floor, New York, New York 10019, on Thursday, December 18, 2014 at 9:30 A.M., Eastern Time, for the following purposes, which are more fully described in the accompanying Proxy Statement:

1. To elect Trustees of each Fund, each to hold office for the term indicated and until his or her successor shall have been elected and qualified; and
2. To transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The Board of Trustees of each Fund has fixed the close of business on November 3, 2014 as the record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment(s) or postponement(s) thereof. The enclosed proxy is being solicited on behalf of the Board of Trustees of each Fund.

By order of the Board of Trustees of each Fund

Joshua D. Ratner
Secretary

New York, New York

November 20, 2014

It is important that your shares be represented at the Meeting in person or by proxy, no matter how many shares you own. If you do not expect to attend the Meeting, please complete, date, sign and return the applicable enclosed proxy or proxies in the accompanying envelope, which requires no postage if mailed in the United States. Please mark and mail your proxy or proxies promptly in order to save any additional costs of further proxy solicitations and in order for the Meeting to be held as scheduled.

PIMCO MUNICIPAL INCOME FUND (PMF)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND (PCQ)

PIMCO NEW YORK MUNICIPAL INCOME FUND (PNF)

PIMCO MUNICIPAL INCOME FUND II (PML)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II (PCK)

PIMCO NEW YORK MUNICIPAL INCOME FUND II (PNI)

PIMCO MUNICIPAL INCOME FUND III (PMX)

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III (PZC)

PIMCO NEW YORK MUNICIPAL INCOME FUND III (PYN)

1633 Broadway

New York, New York 10019

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE JOINT ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD ON DECEMBER 18, 2014**

This Proxy Statement and the Annual Reports to Shareholders for the fiscal years ended April 30, 2014 for PMF, PCQ and PNF, May 31, 2014 for PML, PCK and PNI, and September 30, 2014 for PMX, PZC and PYN are also available at pimco.com/closedendfunds.

PROXY STATEMENT

November 20, 2014

FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 18, 2014

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Boards of Trustees (the Board) of the shareholders of each of PIMCO Municipal Income Fund (PMF), PIMCO California Municipal Income Fund (PCQ), PIMCO New York Municipal Income Fund (PNF), PIMCO Municipal Income Fund II (PML), PIMCO California Municipal Income Fund II (PCK), PIMCO New York Municipal Income Fund II (PNI), PIMCO Municipal Income Fund III (PMX), PIMCO California Municipal Income Fund III (PZC) and PIMCO New York Municipal Income Fund III (PYN) (each, a Fund and, collectively, the Funds) of proxies to be voted at the Joint Annual Meeting of Shareholders of

the Funds and any adjournment(s) or postponement(s) thereof (the Meeting). The Meeting will be held at the offices of Pacific Investment Management Company LLC (PIMCO or the Manager), at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019, on Wednesday, December 18, 2014 at 9:30 A.M., Eastern Time.

The Notice of Joint Annual Meeting of Shareholders (the Notice), this Proxy Statement and the enclosed proxy cards are first being sent to Shareholders on or about November 20, 2014.

The Meeting is scheduled as a joint meeting of the holders of all shares of each Fund, which consist of holders of common shares of each Fund (the Common Shareholders) and holders of preferred shares of each Fund (the Preferred Shareholders and, together with the Common Shareholders, the Shareholders). The Shareholders of each Fund are expected to consider and vote on similar matters. The Shareholders of each Fund will vote on the applicable proposal set forth herein (the Proposal) and on any other matters that may properly be presented for vote by the Shareholders of that Fund. The outcome of voting by the Shareholders of one Fund does not affect the outcome for the other Funds.

The Board of each Fund has fixed the close of business on November 3, 2014 as the record date (the Record Date) for the determination of Shareholders of each Fund entitled to notice of, and to vote at, the Meeting. The Shareholders of each Fund on the Record Date will be entitled to one vote per share on each matter to which they are entitled to vote and that is to be voted on by Shareholders of the Fund, and a fractional vote with respect to fractional shares, with no cumulative voting rights in the election of Trustees. The following table sets forth the number of shares of common stock (Common Shares) and shares of preferred stock (Preferred Shares and, together with the Common Shares, the Shares) issued and outstanding of each Fund at the close of business on the Record Date:

	Outstanding Common Shares	Outstanding Preferred Shares
PMF	25,435,248	7,600
PCQ	18,598,478	6,000
PNF	7,705,367	1,880
PML	61,192,343	14,680
PCK	31,768,694	6,520
PNI	11,004,611	3,160

	Outstanding Common Shares	Outstanding Preferred Shares
PMX	32,589,384	7,560
PZC	22,096,877	5,000
PYN	5,660,610	1,280

The classes of Shares listed for each Fund in the table above are the only classes of Shares currently authorized by that Fund.

At the Meeting, with respect to the election of Trustees and on each other proposal brought before the Meeting, the Preferred Shareholders will have equal voting rights (*i.e.*, one vote per Share) with the applicable Fund's Common Shareholders and will vote together with Common Shareholders as a single class. As summarized in the table below:

PMF/PCQ/PNF/PML/PCK/PNI:

The Common and Preferred Shareholders of the Funds, voting together as a single class, have the right to vote on the election of Craig A. Dawson and the re-election of Bradford K. Gallagher and John C. Maney, as Trustees of the Funds.

PMX/PZC/PYN:

The Common and Preferred Shareholders of the Funds, voting together as a single class, have the right to vote on the election of Craig A. Dawson and the re-election of Deborah A. DeCotis and John C. Maney, as Trustees of the Funds.

Summary

Proposal	Common Shareholders	Preferred Shareholders
Election of Trustees		
PMF/PCQ/PNF/PML/PCK/PNI:		
<i>Interested Trustees/Nominees*</i>		
Election of Craig A. Dawson	ü	ü
Re-Election of John C. Maney	ü	ü
<i>Independent Trustee/Nominee**</i>		
Re-election of Bradford K. Gallagher	ü	ü

Proposal	Common Shareholders	Preferred Shareholders
PMX/PZC/PYN		
<i>Interested Trustees/Nominees*</i>		
Election of Craig A. Dawson	ü	ü
Re-Election of John C. Maney	ü	ü
<i>Independent Trustee/Nominee**</i>		
Re-Election of Deborah A. DeCotis	ü	ü

* Mr. Dawson is an interested person of each Fund, as defined in Section 2(a)(19) of the 1940 Act, due to his affiliation with PIMCO and its affiliates. Mr. Maney is an interested person of each Fund, as defined in Section 2(a)(19) of the 1940 Act, due to his affiliation with Allianz Asset Management of America L.P. and its affiliates.

** Independent Trustees or Independent Nominees are those Trustees or nominees who are not interested persons, as defined in the Investment Company Act of 1940, as amended (the 1940 Act), of each Fund.

You may vote by mail by returning a properly executed proxy card, by Internet by going to the website listed on the proxy card, by telephone using the toll-free number listed on the proxy card, or in person by attending the Meeting. Shares represented by duly executed and timely delivered proxies will be voted as instructed on the proxy. If you execute and mail the enclosed proxy and no choice is indicated for the election of Trustees listed in the attached Notice, your proxy will be voted in favor of the election of all nominees. At any time before it has been voted, your proxy may be revoked in one of the following ways: (i) by timely delivering a signed, written letter of revocation to the Secretary of the applicable Fund at 1633 Broadway, New York, New York 10019, (ii) by properly executing and timely submitting a later-dated proxy vote, or (iii) by attending the Meeting and voting in person. Please call 1-(800)-309-2984 for information on how to obtain directions to be able to attend the Meeting and vote in person. If any proposal, other than the Proposal set forth herein, properly comes before the Meeting, the persons named as proxies will vote in their sole discretion.

The principal executive offices of the Funds are located at 1633 Broadway, New York, New York 10019. PIMCO serves as the investment manager of each Fund. Additional information regarding the Manager may be found under Additional Information Investment Manager below.

The solicitation will be primarily by mail and the cost of soliciting proxies for a Fund will be borne by PIMCO. Certain officers of the Funds and certain officers and employees of the Manager or its affiliates (none of whom will receive additional compensation therefor) may solicit proxies by telephone, mail,

e-mail and personal interviews. Any out-of-pocket expenses incurred in connection with the solicitation will be borne by PIMCO.

Unless a Fund receives contrary instructions, only one copy of this Proxy Statement will be mailed to a given address where two or more Shareholders share that address and also share the same surname. Additional copies of the Proxy Statement will be delivered promptly upon request. Requests may be sent to the Secretary of the Fund c/o Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019, or by calling 1-(800)-309-2984 on any business day.

As of the Record Date, the Trustees, nominees and the officers of each Fund as a group and individually beneficially owned less than one percent (1%) of each Fund's outstanding Shares and, to the knowledge of the Funds, the following entities beneficially owned more than five percent (5%) of a class of a Fund:

Beneficial Owner	Fund	Percentage of Ownership of Class
UBS AG	PMF	73.54% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021		
Zurich, Switzerland		
UBS AG	PCQ	72.82% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021		
Zurich, Switzerland		
First Trust Portfolios L.P.	PCQ	8.58% of Common Shares
120 East Liberty Drive, Suite 400		
Wheaton, Illinois 60187		
UBS AG	PNF	68.40% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021		
Zurich, Switzerland		
Bank of America Corporation	PNF	13.40% of Preferred Shares
100 North Tryon Street,		
Charlotte, North Carolina 28255		
First Trust Portfolios L.P.	PNF	11.66% of Common Shares
120 East Liberty Drive, Suite 400		
Wheaton, Illinois 60187		
UBS AG	PML	63.27% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021		
Zurich, Switzerland		
UBS AG	PCK	57.27% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021		
Zurich, Switzerland		

Beneficial Owner	Fund	Percentage of Ownership of Class
Bank of America Corporation	PCK	7.20% of Preferred Shares
100 North Tryon Street, Charlotte, North Carolina 28255		
UBS AG	PNI	62.53% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland		
Bank of America Corporation	PNI	7.50% of Preferred Shares
100 North Tryon Street, Charlotte, North Carolina 28255		
UBS AG	PMX	67.76% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland		
UBS AG	PZC	66.98% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland		
First Trust Portfolios L.P.	PZC	7.54% of Common Shares
120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187		
UBS AG	PYN	81.09% of Preferred Shares
Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland		
Bank of America Corporation	PYN	8.40% of Preferred Shares
100 North Tryon Street, Charlotte, North Carolina 28255		

Except for Alan Rappaport, a Trustee of the Funds, who owns 1,500 Common Shares of PML, none of the other Trustees or officers of any Fund owned any of such Funds' outstanding Shares.

PROPOSAL: ELECTION OF TRUSTEES

In accordance with each Fund's Amended and Restated Agreement and Declaration of Trust (each, a "Declaration"), the Trustees have been divided into the following three classes (each a "Class"): Class I, Class II and Class III. Each Fund's Nominating Committee has nominated Craig A. Dawson, Bradford K. Gallagher, John C. Maney and Deborah A. DeCotis (the "nominees") for election or re-election, as applicable, as Trustees by Shareholders of the applicable Fund.

PMF/PCQ/PNF/PML/PCK/PNI. With respect to PMF, PCQ, PNF, PML, PCK and PNI, the term of office of the Class III Trustees will expire at the Meeting; the term of office of the Class I Trustees will expire at the annual meeting of Shareholders for the 2015-2016 fiscal year (*i.e.*, for PMF, PCQ and PNF, the annual meeting for the fiscal year running from May 1, 2015 through April 30, 2016, and, for PML, PCK and PNI, the annual meeting for the fiscal year running from June 1, 2015 through May 31, 2016); and the term of office of the Class II Trustees will expire at the annual meeting of Shareholders for the 2016-2017 fiscal year (*i.e.*, for PMF, PCQ and PNF, the annual meeting for the fiscal year running from May 1, 2016 through April 30, 2017, and, for PML, PCK and PNI, the annual meeting for the fiscal year running from June 1, 2016 through May 31, 2017). Currently, Bradford K. Gallagher, John C. Maney and Craig A. Dawson are Class III Trustees. On March 10, 2014, the Board appointed Craig A. Dawson to serve as a Class III Trustee of each Fund, which appointment became effective at the close of business on September 5, 2014. Pursuant to each Fund's Declaration, as a Trustee appointed to fill a vacancy on the Fund's Board, Mr. Dawson must stand for election at the Meeting, which is the next annual meeting of Shareholders of the Fund following such appointment. The Nominating Committee of each Fund has recommended to the Board that Mr. Dawson be nominated for election and Messrs. Gallagher and Maney be nominated for re-election by the Common Shareholders and Preferred Shareholders, voting as a single class, as Class III Trustees at the Meeting. Consistent with each Fund's Declaration, if elected or re-elected, as applicable, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if elected or re-elected, as applicable, at the Meeting, Messrs. Dawson, Gallagher and Maney will serve terms consistent with the Class III Trustees, which will expire at each Fund's annual meeting of Shareholders for the 2017-2018 fiscal year (*i.e.*, for PMF, PCQ and PNF, the annual meeting for the fiscal year running from May 1, 2017 through April 30, 2018, and, for PML, PCK and PNI, the annual meeting for the fiscal year running from June 1, 2017 through May 31, 2018).

PMX/PZC/PYN. With respect to PMX, PZC and PYN, the term of office of the Class III Trustees will expire at the Meeting; the term of office of the Class I Trustees will expire at the annual meeting of Shareholders for the 2015-2016 fiscal year (*i.e.*, the annual meeting for the fiscal year running from October 1, 2015 through September 30, 2016); and the term of office of the Class II Trustees will expire at the annual meeting of Shareholders for the 2016-2017 fiscal year (*i.e.*, the annual meeting for the fiscal year running from October 1, 2016 through September 30, 2017). Currently, John C. Maney, Deborah A. DeCotis and Craig A. Dawson are Class III Trustees. On March 10, 2014, the Board appointed Craig A. Dawson to serve as a Class III Trustee of each Fund, which appointment became effective at the close of business on September 5,

2014. Pursuant to each Fund's Declaration, as a Trustee appointed to fill a vacancy on the Fund's Board, Mr. Dawson must stand for election at the Meeting, which is the next annual meeting of Shareholders of the Fund following such appointment. The Nominating Committee of each Fund has recommended to the Board that Mr. Dawson be nominated for election and Mr. Maney and Ms. DeCotis be nominated for re-election by the Common Shareholders and Preferred Shareholders, voting as a single class, as Class III Trustees at the Meeting. Consistent with each Fund's Declaration, if elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if elected or re-elected, as applicable, at the Meeting, Messrs. Dawson and Maney and Ms. DeCotis will serve terms consistent with the Class III Trustees, which will expire at the Fund's annual meeting of Shareholders for the 2017-2018 fiscal year (*i.e.*, the annual meeting for the fiscal year running from October 1, 2017 through September 30, 2018).

All members of the Board of each Fund are and will remain, if elected, Continuing Trustees, as such term is defined in the Declaration of the applicable Fund. In the case of PMF, PCQ and PNF, a Continuing Trustee is a Trustee that is not a person or an affiliated person of a person who is entering into or proposing to enter into certain transactions with the applicable Fund, as specified in such Fund's Declaration, and who has either served as a Trustee for a period of at least twelve months or is a successor to a Continuing Trustee. In the case of PML, PCK, PNI, PMX, PZC and PYN, a Continuing Trustee is a Trustee that has either served as Trustee since the inception of the Fund or for thirty-six months, or has been nominated by at least a majority of the Continuing Trustees then members of the Board.

At any annual meeting of Shareholders, any Trustee elected to fill a vacancy that has arisen since the preceding annual meeting of Shareholders (whether or not such vacancy has been filled by election of a new Trustee by the Board) shall hold office for a term that coincides with the remaining term of the Class of Trustees to which such office was previously assigned, if such vacancy arose other than by an increase in the number of Trustees, and until his or her successor shall be elected and shall qualify. In the event such vacancy arose due to an increase in the number of Trustees, any Trustee so elected to fill such vacancy at an annual meeting shall hold office for a term which coincides with that of the Class of Trustee to which such office has been apportioned and until his or her successor shall be elected and shall qualify.

The following table summarizes the nominees who will stand for election or re-election, as applicable, at the Meeting, the respective Classes of Trustees to which they have been designated and the expiration of their respective terms if elected or re-elected:

Trustee/Nominee	Class	Expiration of Term if Re-Elected/Elected*
PMF/PCQ/PNF/PML/PCK/PNI		
Craig A. Dawson	Class III	Annual Meeting for the 2017-2018 fiscal year
Bradford K. Gallagher	Class III	Annual Meeting for the 2017-2018 fiscal year
John C. Maney	Class III	Annual Meeting for the 2017-2018 fiscal year
PMX/PZC/PYN		
Craig A. Dawson	Class III	Annual Meeting for the 2017-2018 fiscal year
John C. Maney	Class III	Annual Meeting for the 2017-2018 fiscal year
Deborah A. DeCotis	Class III	Annual Meeting for the 2017-2018 fiscal year

* A Trustee re-elected or elected at an annual meeting shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Under this classified Board structure, generally only those Trustees in a single Class may be replaced in any one year, and it would require a minimum of two years to change a majority of the Board under normal circumstances. This structure, which may be regarded as an anti-takeover provision, may make it more difficult for a Fund's Shareholders to change the majority of Trustees of the Fund and, thus, promotes the continuity of management.

Unless authority is withheld, it is the intention of the persons named in the enclosed proxy for a Fund to vote each proxy for the persons listed above for that Fund. Each of the nominees has indicated he or she will serve if elected, but if he or she should be unable to serve for a Fund, the proxy holders may vote in favor of such substitute nominee as the Board may designate (or, alternatively, the Board may determine to leave a vacancy).

Trustees and Officers

The business of each Fund is managed under the direction of the Fund's Board of Trustees. Subject to the provisions of each Fund's Declaration, its Bylaws and applicable state law, the Trustees have all powers necessary and convenient to carry out this responsibility, including the election and removal of the Fund's officers.

Board Leadership Structure Currently, and assuming the nominees are elected as proposed, the Board of Trustees of each Fund consists and will

continue to consist of eight Trustees, six of whom are not interested persons (within the meaning of Section 2(a)(19) of the 1940 Act) of the Fund or of the Manager (the Independent Trustees). An Independent Trustee serves as Chairman of the Trustees and is selected by a vote of the majority of the Independent Trustees. The Chairman presides at meetings of the Board and acts as a liaison with service providers, officers, attorneys and other Trustees generally between meetings, and performs such other functions as may be requested by the Board from time to time.

The Board of Trustees of each Fund meets regularly four times each year to discuss and consider matters concerning the Funds, and also holds special meetings to address matters arising between regular meetings. The Independent Trustees regularly meet outside the presence of management and are advised by independent legal counsel. Regular meetings generally take place in-person; other meetings may take place in-person or by telephone.

The Board of Trustees has established four standing Committees to facilitate oversight of the management of the Funds: the Audit Oversight Committee, the Nominating Committee, the Valuation Committee and the Compensation Committee. The functions and role of each Committee are described below under Board Committees and Meetings. The membership of each Committee consists of all of the Independent Trustees, which the Board believes allows them to participate in the full range of the Board's oversight duties.

The Board reviews its leadership structure periodically and has determined that this leadership structure, including an Independent Chairman, a supermajority of Independent Trustees and Committee membership limited to Independent Trustees, is appropriate in light of the characteristics and circumstances of each Fund. In reaching this conclusion, the Board considered, among other things, the predominant role of the Manager in the day-to-day management of Fund affairs, the extent to which the work of the Board is conducted through the Committees, the number of portfolios overseen by the Board that are advised by the Manager or have an investment adviser that is an affiliated person of the Manager (the Fund Complex), the variety of asset classes those portfolios include, the net assets of each Fund and other portfolios overseen by the Board in the Fund Complex and the management and other service arrangements of each Fund and such other portfolios. The Board also believes that its structure, including the presence of two Trustees who are executives with the Manager or Manager-affiliated entities, facilitates an efficient flow of information concerning the management of each Fund to the Independent Trustees.

Risk Oversight Each of the Funds has retained the Manager to provide investment advisory services and administrative services. The Manager is

principally responsible for the management of risks that may arise from Fund investments and operations. Some employees of the Manager serve as the Funds' officers, including the Funds' principal executive officer and principal financial and accounting officer, chief compliance officer and chief legal officer. The Manager employs processes, procedures and controls to identify and manage different types of risks that may affect the Funds. The Board oversees the performance of these functions by the Manager, both directly and through the Committee structure it has established. The Board receives from the Manager a wide range of reports, both on a regular and as-needed basis, relating to the Funds' activities and to the actual and potential risks of the Funds. These include reports on investment and market risks, custody and valuation of Fund assets, compliance with applicable laws, and the Funds' financial accounting and reporting. In addition, the Board meets periodically with the individual portfolio managers of the Funds or their delegates to receive reports regarding the portfolio management of the Funds and their performance, including their investment risks. The Board has emphasized to the Manager the importance of maintaining vigorous risk-management programs and procedures.

In addition, the Board has appointed a Chief Compliance Officer (CCO). The CCO oversees the development of compliance policies and procedures that are reasonably designed to minimize the risk of violations of the federal securities laws (Compliance Policies). The CCO reports directly to the Independent Trustees, interacts with individuals within the Manager's organization and provides presentations to the Board at its quarterly meetings and an annual report on the application of the Compliance Policies. The Board periodically discusses relevant risks affecting the Funds with the CCO at these meetings. The Board has approved the Compliance Policies and reviews the CCO's reports. Further, the Board annually reviews the sufficiency of the Compliance Policies, as well as the appointment and compensation of the CCO.

The Board recognizes that the reports it receives concerning risk management matters are, by their nature, typically summaries of the relevant information. Moreover, the Board recognizes that not all risks that may affect the Funds can be identified in advance; that it may not be practical or cost-effective to eliminate or mitigate certain risks; that it may be necessary to bear certain risks (such as investment-related risks) in seeking to achieve the Funds' investment objectives; and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness.

Information Regarding Trustees and Nominees.

The following table provides information concerning the Trustees/Nominees of the Funds.

Name, Address*, Year of Birth and Class	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee During the Past 5 Years
Independent Trustees/Nominees					
Hans W. Kertess 1939	Chairman of the Board		President, H. Kertess & Co., a financial advisory company. Formerly, Managing Director, Royal Bank of Canada Capital Markets.	65	None
PMF/PCQ/PNF Class I	Trustee	Since inception (2001)			
PML/PCK/PNI Class I	Trustee	Since inception (2002)			
PMX/PZC/PYN Class I	Trustee	Since 2003			
Deborah A. DeCotis 1952			Advisory Director, Morgan Stanley & Co., Inc. (since 1996); Co-Chair Special Projects Committee, Memorial Sloan Kettering (since 2005); Member, Circle Financial Group (since 2010); Trustee, Stanford University (since 2010); and Member, Council on Foreign Relations (since 2013). Formerly, Director, Helena Rubenstein Foundation (1997-2012).	83	None
PMF/PCQ/PNF /PML/PCK/PNI Class II	Trustee	Since 2011			
PMX/PZC/PYN	Trustee,				

Class III	Nominee	Since 2011
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				Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee During the Past 5 Years
Name, Address*, Year of Birth and Class	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years		
Bradford K. Gallagher 1944 PMF/PCQ/PNF /PML/PCK/PNI Class III	Trustee, Nominee	Since 2010	Retired. Chairman and Trustee, Atlantic Maritime Heritage Foundation (since 2007); Founder, Spyglass Investments LLC, a private investment vehicle (since 2001); and Founder, President and CEO, Cypress Holding Company and Cypress Tree Investment Management Company (since 1995). Formerly, Chairman and Trustee, The Common Fund (2005-2014); and Partner, New Technology Ventures Capital Management LLC, a venture capital fund (2011-2013).	65	Formerly, Chairman and Trustee of Grail Advisors ETF Trust (2009-2010) and Trustee of Nicholas-Applegate Institutional Funds (2007-2010)
PMX/PZC/PYN Class II	Trustee	Since 2010			
James A. Jacobson 1945			Retired. Formerly, Vice Chairman and Managing Director, Spear, Leeds & Kellogg Specialists, LLC, a specialist firm on the New York Stock Exchange.	65	Trustee, Alpine Mutual Funds Complex consisting of 17 funds
PMF/PCQ/PNF /PML/PCK/PNI/ PMX/PZC/PYN Class II	Trustee	Since 2009			

				Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee During the Past 5 Years
Name, Address*, Year of Birth and Class	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years		
William B. Ogden, IV 1945 PMF/PCQ/PNF /PML/PCK/PNI/ PMX/PZC/PYN Class I	Trustee	Since 2006	Asset Management Industry Consultant. Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.	65	None
Alan Rappaport 1953			Advisory Director (formerly Vice Chairman) (since 2009), Roundtable Investment Partners; Chairman (formerly President), Private Bank of Bank of America; Vice Chairman, US Trust (2001-2008); Adjunct Professor, New York University Stern School of Business (since 2011); Lecturer, Stanford University Graduate School of Business (since 2013); Trustee, American Museum of Natural History (since 2005) and Trustee, NYU Langone Medical Center (since 2007).	65	None