

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III

Form N-CSRS

June 04, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-21188
PIMCO California Municipal Income Fund III**

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY

10105

(Address of principal executive offices)

(Zip code)

Lawrence G. Altadonna 1345 Avenue of the Americas, New York, New York 10105

(Name and address of agent for service)

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

Date of fiscal year end: **September 30, 2009**

Date of reporting period: **March 31, 2009**

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles. A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

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

Semi-Annual Report
March 31, 2009

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PIMCO Municipal Income Funds III Letter to Shareholders

May 15, 2009

Dear Shareholder:

Please find enclosed the semi-annual report for the PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III (the Funds) for the six months ended March 31, 2009.

The U.S. bond market provided positive returns during the fiscal six-month period, with municipal and high quality corporate bonds showing marked improvement as liquidity infusions improved credit market conditions and bolstered investor sentiment. In this environment, the Barclays Capital Municipal Bond Index returned a tax-advantaged 5.00% for the fiscal six-month period, outperforming the taxable, broad bond market return of 4.70% as represented by the Barclays Capital U.S. Aggregate Index. The Federal Reserve (the Fed) and U.S. Treasury Department moved aggressively during the fiscal six-month period to stave off bank failures and to inject liquidity into the banking system. The Fed reduced the Federal Funds rate three times during the fiscal six-month period, lowering the benchmark rate on loans between member banks from 2.00% to a target of 0% to 0.25%. In addition, the Fed pursued a policy of quantitative easing, buying securities from banks in order to add to the supply of cash available for lending.

On April 6, 2009, the Funds announced a change increasing the amount of Residual Interest Municipal Bonds (RIBs) in which a Fund may invest to 15% from 10% of their total assets. The change potentially allows the Funds to earn additional tax-free income. In addition, the use of RIBs, which results in a form of economic leverage, will allow the Funds to replace or increase leverage to some degree.

Please refer to the following pages for information on the Funds. 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 (866) 298-8462. In addition, a wide range of information and resources is available on our Web site, www.allianzinvestors.com/closedendfunds.

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess
Chairman

Brian S. Shlissel
President & Chief Executive Officer

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PIMCO Municipal Income Fund III Fund Insights

March 31, 2009 (unaudited)

For the fiscal six-month period ended March 31, 2009, PIMCO Municipal Income Fund III (Muni III) declined 23.73% on net asset value (NAV) and 18.27% on market price, compared with the decrease of 3.33% and rise of 3.94%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

High-quality municipal bond yields decreased across the curve for the fiscal six-month period ended March 31, 2009. The market began to rebound at the end of 2008 and continued into the first quarter of 2009.

Duration hedging strategies detracted from performance during the fiscal six-month period. Interest rates for Treasuries and London Inter-bank Offered Rate (LIBOR) swaps moved significantly lower due to a flight-to-quality and uncertain economic conditions. This move lower was larger than the move in high-quality municipal yields, causing municipals to underperform. However these rates moved higher off their lows in the first quarter of 2009, helping to recoup some of the negative performance for the hedge from the last quarter of 2008.

Municipal-to-Treasury yield ratios moved higher, remaining at very high levels compared to historical averages during the fiscal six-month period. The 10-year ratio increased to 118% and 30-year ratio increased to 135%.

Tobacco securitization sector holdings detracted from performance as municipal investors avoided all but the highest quality, most liquid issues during the period. The sector lost in excess of 15% during the fiscal six-month period due to this flight-to-quality.

Exposures to healthcare related municipals detracted from Muni III 's performance while exposure to the education sector contributed to performance during the fiscal six-month period.

Pre-refunded bond exposure contributed positively to performance as the sector performed well due to continued investor demand for the highest quality securities.

Exposure to zero coupon municipals detracted from performance as these securities underperformed coupon bonds during the period. The Barclays Capital Zero Coupon Index declined 1.46% for the fiscal six-month period.

The municipal yield curve saw a significant steepening during the fiscal six-month period as yields on the front end of the curve declined more than the longer end. The 15-, 20-, and 30-year maturity AAA General Obligation yields decreased by 105, 67, and 51 basis points, respectively while the two-year yield decreased by 155 basis points. Significant exposure in the long end of the yield curve detracted from Muni III 's performance as that area underperformed during the period.

Compared to long taxable sectors, long municipals underperformed due to the Treasury rally with the Barclays Capital Long Municipal Bond Index returning 1.63%% while the Barclays Capital U.S. Long Government/Credit and the Barclays Capital U.S. Long Treasury Indices returned 6.10% and 12.45%, respectively.

Municipal bond issuance continued to trend lower during the fourth quarter of 2008, remaining consistent with the previous year for the first quarter in 2009. During the fiscal six-month period, the overall municipal bond issuance was \$35 billion, less than the same period in the prior year at \$155 billion.

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PIMCO Municipal Income Fund III Performance & Statistics

March 31, 2009 (unaudited)

| Total Return(1): | Market Price | Net Asset Value (NAV) |
|--|---------------------|--------------------------------|
| Six Months | (18.27)% | (23.73)% |
| 1 Year | (33.54)% | (35.31)% |
| 5 Year | (3.79)% | (5.49)% |
| Commencement of Operations (10/31/02) to 3/31/09 | (1.92)% | (2.79)% |

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/09

Market Price/NAV:

| | |
|-----------------------|--------|
| Market Price | \$8.68 |
| NAV | \$7.85 |
| Premium to NAV | 10.57% |
| Market Price Yield(2) | 9.68% |

Moody's Ratings
(as a % of total investments)

(1)

Past performance is no guarantee of future results. Total return is calculated by determining the percentage change in net asset value or market share price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its 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 Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value 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 per share dividend payable to common shareholders by the market price per common share at March 31, 2009.

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PIMCO California Municipal Income Fund III Fund Insights

March 31, 2009 (unaudited)

For the fiscal six-month period ended March 31, 2009, PIMCO California Municipal Income Fund III (California Muni III) declined 30.58% on net asset value (NAV) and 23.40% on market price, compared with decreases of 3.84% and 3.60%, respectively, for the Lipper Analytical California Municipal Debt Funds average.

High-quality municipal bond yields decreased across the curve for the fiscal six-month period ended March 31, 2009. The market began to rebound at the end of 2008 and continued into the first quarter of 2009.

Duration hedging strategies detracted from performance during the fiscal six-month period. Interest rates for Treasuries and London Inter-bank Offered Rate (LIBOR) swaps moved significantly lower due to a flight-to-quality and uncertain economic conditions. This move lower was larger than the move in high-quality municipal yields causing municipals to underperform. However these rates moved higher off their lows in the first quarter of 2009, helping to recoup some of the negative performance for the hedge from the last quarter of 2008.

Municipal-to-Treasury yield ratios moved higher, remaining at very high levels compared to historical averages during the fiscal six-month period. The 10-year ratio increased to 118% and 30-year ratio increased to 135%.

Tobacco securitization sector holdings detracted from performance as municipal investors avoided all but the highest quality, most liquid issues during the period. The sector lost in excess of 15% during the fiscal six-month period due to this flight-to-quality.

Exposure to healthcare related municipals detracted from California Muni III s performance while exposure to the education sector contributed to performance during the fiscal six-month period.

Pre-refunded bond exposure contributed positively to performance as the sector performed well due to continued investor demand for the highest quality securities.

Exposure to zero coupon municipals detracted from performance as these securities underperformed coupon bonds during the period. The Barclays Capital Zero Coupon Index declined 1.46% for the fiscal six-month period.

Municipal bonds within California underperformed the Barclays Capital Municipal Bond Index returning 2.97% compared with 5.00% for during the fiscal six-month period. This underperformance reflected a worsening budget situation in the state due to the economic downturn, and the new issue in the first quarter which pushed yields higher. New issue supply in California for the first quarter of 2009 was 11% higher compared with the first quarter of 2008 at \$15 billion.

Long California municipals underperformed the Barclays Capital Long Municipal Bond Index declining 1.25% compared to a rise of 1.63%, respectively during the fiscal six-month period ended March 31, 2009. The California municipal curve also steepened with 30-year yields increasing 35 basis points while 5-year yields decreased 8 basis points. Positioning in longer-maturity California municipals detracted from California Muni III s performance due to this curve steepening.

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PIMCO California Municipal Income Fund III Performance & Statistics

March 31, 2009 (unaudited)

| Total Return(1): | Market Price | Net Asset Value (NAV) |
|--|---------------------|--------------------------------|
| Six Months | (23.40)% | (30.58)% |
| 1 Year | (39.99)% | (38.60)% |
| 5 Year | (5.61)% | (6.34)% |
| Commencement of Operations (10/31/02) to 3/31/09 | (3.90)% | (3.84)% |

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/09

Market Price/NAV:

| | |
|-----------------------|--------|
| Market Price | \$7.71 |
| NAV | \$7.40 |
| Premium to NAV | 4.19% |
| Market Price Yield(2) | 9.34% |

Moody's Ratings
(as a % of total investments)

(1)

Past performance is no guarantee of future results. Total return is calculated by determining the percentage change in net asset value or market share price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its 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 Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value 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 per share dividend payable to common shareholders by the market price per common share at March 31, 2009.

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PIMCO New York Municipal Income Fund III Fund Insights

March 31, 2009 (unaudited)

For the fiscal six-month period ended March 31, 2009, PIMCO New York Municipal Income Fund III (New York Muni III) declined 29.78% on net asset value (NAV) and 18.10% on market price, compared with the decrease of 2.87% and rise of 0.46%, respectively, for the Lipper Analytical New York Municipal Debt Funds average.

High-quality municipal bond yields decreased across the curve for the fiscal six-month period ended March 31, 2009. The market began to rebound at the end of 2008 and continued into the first quarter of 2009.

Duration hedging strategies significantly detracted from performance during the fiscal six-month period. Interest rates for Treasuries and London Inter-bank Offered Rate (LIBOR) swaps moved significantly lower due to a flight to quality and uncertain economic conditions. This move lower was larger than the move in high-quality municipal yields causing municipals to underperform. However these rates moved higher off their lows in the first quarter of 2009, thus helping to recoup some of the negative performance for the hedge from the last quarter of 2008.

Municipal-to-Treasury yield ratios moved higher, remaining at very high levels compared to historical averages during the fiscal six-month period. The 10-year ratio increased to 118% and 30-year ratio increased to 135%.

Tobacco securitization sector holdings detracted from performance as municipal investors avoided all but the highest quality, most liquid issues during the period. The sector lost in excess of 15% during the fiscal six-month period due to this flight-to-quality.

Exposure to healthcare related municipals detracted from New York Muni III s performance while exposure to the education sector contributed to performance during the fiscal six-month period.

Pre-refunded bond exposure contributed positively to performance as the sector performed well due to continued investor demand for the highest quality securities.

Exposure to zero coupon municipals detracted from performance as these securities underperformed coupon bonds during the period. The Barclays Capital Zero Coupon Index declined 1.46% for the fiscal six-month period. .

Municipal bonds within New York slightly outperformed the Barclays Capital Municipal Bond Index returning 5.07% compared with 5.00% for the National Index during the period. New issue supply for New York during the first quarter of 2009 was \$9.7 billion, 7.5% lower than during the first quarter of 2008.

Long New York municipals outperformed the Barclays Capital Long Municipal Bond Index returning 2.59% compared to 1.63%, respectively. The New York curve also steepened during the fiscal six-month period ended March 31, 2009 with 30-year yields declining 29 basis points while 5-year yields decreased 74 basis points. Significant positions in the longer portions of the curve detracted from New York Muni III s performance as the curve steepened.

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PIMCO New York Municipal Income Fund III Performance & Statistics

March 31, 2009 (unaudited)

| Total Return(1): | Market Price | Net Asset Value (NAV) |
|--|---------------------|--------------------------------|
| Six Months | (18.10)% | (29.78)% |
| 1 Year | (34.47)% | (37.53)% |
| 5 Year | (6.29)% | (6.59)% |
| Commencement of Operations (10/31/02) to 3/31/09 | (3.95)% | (3.62)% |

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/09

Market Price/NAV:

| | |
|-----------------------|--------|
| Market Price | \$7.87 |
| NAV | \$7.75 |
| Premium to NAV | 1.55% |
| Market Price Yield(2) | 8.01% |

Moody's Ratings
(as a % of total investments)

(1)

Past performance is no guarantee of future results. Total return is calculated by determining the percentage change in net asset value or market share price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its 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 Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value 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 per share dividend payable to common shareholders by the market price per common share at March 31, 2009.

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March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|--|--|--------------------------------|--------------|
| MUNICIPAL BONDS & NOTES 95.4% | | | |
| Alabama 0.8% | | | |
| \$ 5,000 | Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A | Baa1/NR | \$ 3,033,900 |
| 1,500 | Colbert Cnty., Northwest Health Care Facs. Auth., Health Care Fac. Rev., 5.75%, 6/1/27 | Baa3/NR | 1,191,540 |
| | | | 4,225,440 |
| Alaska 1.2% | | | |
| 3,100 | Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A | Baa3/NR | 1,582,612 |
| 3,900 | State Housing Finance Corp. Rev., 5.00%, 12/1/33, Ser. A | Aaa/AAA | 3,656,172 |
| 1,000 | 5.25%, 6/1/32, Ser. C (NPFGC) | Aa2/AA | 969,950 |
| | | | 6,208,734 |
| Arizona 4.7% | | | |
| 1,250 | Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A | NR/AA- | 1,055,900 |
| 900 | 5.50%, 1/1/38, Ser. D | NR/AA- | 807,390 |
| 2,250 | Beatitudes Campus Project, 5.20%, 10/1/37 | NR/NR | 1,252,463 |
| 1,500 | Maricopa Cnty. Pollution Control Corp. Rev., Palo Verde Project, 5.05%, 5/1/29, Ser. A (AMBAC) | Baa1/A | 1,177,140 |
| 13,000 | Pima Cnty. Industrial Dev. Auth. Rev., 5.00%, 9/1/39 | Aa2/AA | 11,676,210 |
| 5,000 | Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (j) | Aa1/AA | 4,769,100 |
| 5,600 | Salt Verde Financial Corp. Rev., 5.00%, 12/1/37 | A3/A | 3,279,640 |
| | | | 24,017,843 |

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California 9.4%

| | | | |
|--------|--|---------|------------|
| 16,875 | Golden State Tobacco Securitization Corp. Rev., Ser. A-1, 6.25%, 6/1/33 | Aaa/AAA | 18,653,119 |
| 2,750 | 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13) (c) State, GO, | NR/AAA | 3,232,845 |
| 250 | 5.00%, 11/1/37 | A2/A | 215,267 |
| 5,300 | 5.00%, 12/1/37 | A2/A | 4,562,929 |
| 4,500 | 6.00%, 4/1/38 (e) | A2/A | 4,493,835 |
| 3,060 | Statewide Communities Dev. Auth. Rev., Baptist Univ., 9.00%, 11/1/17, Ser. B (a)(d) | NR/NR | 2,612,261 |
| 2,900 | Methodist Hospital Project, (FHA), 6.625%, 8/1/29 | Aa2/AA | 2,994,888 |
| 10,300 | 6.75%, 2/1/38 | Aa2/AA | 10,646,801 |
| | | | 47,411,945 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---------------------------|--|--------------------------------|---------------|
| | Colorado 3.0% | | |
| \$ 9,955 | Colorado Springs Utilities Rev., 5.00%, 11/15/30, Ser. B (j) | Aa2/AA | \$ 10,000,196 |
| 500 | Confluence Metropolitan Dist. Rev., 5.45%, 12/1/34 | NR/NR | 291,325 |
| 1,500 | Housing & Finance Auth. Rev., Evergreen Country Day School, 5.875%, 6/1/37 (a)(d) | NR/BB | 1,031,595 |
| 500 | Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38 | A1/A | 374,125 |
| 4,000 | Saddle Rock Metropolitan Dist., GO, 5.35%, 12/1/31 (Radian) | NR/BBB+ | 3,314,880 |
| | | | 15,012,121 |
| | District of Columbia 2.0% | | |
| 10,000 | Dist. Of Columbia Water & Sewer Auth. Rev., 5.50%, 10/1/39, Ser. A (j) | Aa3/AA | 10,103,100 |
| | Florida 4.7% | | |
| 4,200 | Board of Education, GO, 5.00%, 6/1/38, Ser. D (j) | Aa1/AAA | 4,130,070 |
| 3,480 | Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project, 5.00%, 4/1/34 | A3/A- | 2,483,537 |
| 4,500 | Broward Cnty. Rev., 5.25%, 10/1/34, Ser. A (j) | Aa3/AA | 4,388,895 |
| 2,500 | Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General Hospital, 5.25%, 10/1/34, Ser. B | A3/NR | 1,896,725 |
| 1,485 | Julington Creek Plantation Community Dev. Dist., Special Assessment, 5.00%, 5/1/29, (NPFGC) | Baa1/AA- | 1,154,439 |
| 3,895 | Sarasota Cnty. Health Fac. Auth. Rev., 5.75%, 7/1/45 | NR/NR | 2,481,621 |
| 6,900 | State Board of Governors Rev., Florida Univ., 6.50%, 7/1/33 | Aa2/AA | 7,273,842 |
| | | | 23,809,129 |
| | Georgia 0.2% | | |
| 1,750 | Fulton Cnty. Rev., Lenbrook Project, 5.125%, 7/1/42, Ser. A | NR/NR | 965,947 |
| 400 | Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37 | NR/NR | 243,020 |
| | | | 1,208,967 |
| | Idaho 1.2% | | |
| 1,000 | State Building Auth. Building Rev., Ser. A (XLCA), 5.00%, 9/1/33 | NR/AA- | 952,560 |
| 5,750 | 5.00%, 9/1/43 | NR/AA- | 5,324,443 |

6,277,003

Illinois 8.3%

| | | | |
|-------|--|---------|-----------|
| | Chicago, GO, (NPFGC) | | |
| 720 | 5.00%, 1/1/31, Ser. A | Aa3/AA- | 686,001 |
| 5,000 | 5.00%, 1/1/34, Ser. C (j) | Aa3/AA- | 4,909,100 |
| 500 | Chicago Board of Education School Reform, GO, zero coupon, 12/1/28, Ser. A (FGIC) | A1/AA | 150,100 |
| 7,000 | Chicago Motor Fuel Tax Rev., 5.00%, 1/1/33, Ser. A (AMBAC) | A1/AA+ | 6,645,170 |
| 4,780 | Educational Facs. Auth. Rev., Univ. of Chicago, Ser. A, 5.00%, 7/1/33 | Aa1/AA | 4,739,800 |
| 165 | 5.25%, 7/1/41 | Aa1/AA | 165,523 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|-----------------------------|--|--------------------------------|------------|
| Illinois (continued) | | | |
| | Finance Auth. Rev., Leafs Hockey Club, Ser. A, 5.875%, 3/1/27 | NR/NR | \$ 450,040 |
| \$ 1,000 | 6.00%, 3/1/37 | NR/NR | 281,244 |
| 625 | OSF Healthcare Systems, 7.125%, 11/15/37, Ser. A | A2/A | 398,744 |
| 400 | Peoples Gas Light & Coke, 5.00%, 2/1/33 (AMBAC) | A1/A | 12,063,510 |
| 12,795 | Univ. of Chicago, 5.50%, 7/1/37, Ser. B (j) | Aa1/AA | 5,127,000 |
| 5,000 | Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.50%, 1/1/22 | Baa1/NR | 1,040,533 |
| 1,175 | State Toll Highway Auth. Rev., 5.50%, 1/1/33, Ser. B | Aa3/AA- | 5,114,450 |
| 5,000 | | | |
| | | | 41,771,215 |
| Indiana 2.1% | | | |
| | Fort Wayne Pollution Control Rev., General Motors Corp. Project, 6.20%, 10/15/25 | Caa3/C | 172,288 |
| 1,375 | Indianapolis Local Public Improvement Board, Tax Allocation, 5.00%, 2/1/29, Ser. G (NPFGC) | Baa1/AA | 5,006,550 |
| 5,000 | Plainfield Parks Facs. Corp. Lease Rent Rev., 5.00%, 1/15/22 (AMBAC) | Baa1/A | 1,016,050 |
| 1,000 | Portage Industrial Economic Dev. Rev., Ameriplex Project, Tax Allocation, 5.00%, 7/15/23 | NR/BBB+ | 711,550 |
| 1,000 | 5.00%, 1/15/27 | NR/BBB+ | 512,290 |
| 775 | State Dev. Finance Auth. Pollution Control Rev., 5.00%, 3/1/30 (AMBAC) | Aaa/A | 3,039,050 |
| 3,500 | | | |
| | | | 10,457,778 |
| Iowa 1.4% | | | |
| | Finance Auth. Rev., Deerfield Retirement Community, Inc., Ser. A, 5.50%, 11/15/27 | NR/NR | 74,836 |
| 120 | 5.50%, 11/15/37 | NR/NR | 327,002 |
| 575 | Tobacco Settlement Auth. of Iowa Rev., 5.60%, 6/1/34, Ser. B | Baa3/BBB | 6,574,952 |
| 11,010 | | | |
| | | | 6,976,790 |

Kentucky 0.6%

| | | | |
|-------|--|--------|-----------|
| | Economic Dev. Finance Auth. Hospital Facs. Rev., | | |
| | Baptist Healthcare System, Ser. A, | | |
| 1,000 | 5.375%, 8/15/24 | Aa3/NR | 1,017,030 |
| 1,300 | 5.625%, 8/15/27 | Aa3/NR | 1,303,445 |
| 1,000 | Catholic Healthcare Partners, 5.25%, 10/1/30 | A1/AA- | 891,040 |
| | | | 3,211,515 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---------------------------|--|--------------------------------|--------------|
| | Louisiana 0.4% | | |
| \$ 1,700 | Public Facs. Auth. Rev., Ochsner Clinic Foundation Project, 5.50%, 5/15/47, Ser. B | A3/NR | \$ 1,205,096 |
| 1,595 | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001-B | Baa3/BBB | 1,000,894 |
| | | | 2,205,990 |
| | Maryland 0.3% | | |
| 1,500 | Health & Higher Educational Facs. Auth. Rev., Calvert Health Systems, 5.50%, 7/1/36 | A2/NR | 1,307,430 |
| | Massachusetts 1.3% | | |
| 750 | Dev. Finance Agcy. Rev., Linden Ponds, Inc., 5.75%, 11/15/35, Ser. A | NR/NR | 424,987 |
| 1,600 | State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A | A1/A+ | 1,597,584 |
| 4,910 | State Housing Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H | Aa3/AA- | 4,620,114 |
| | | | 6,642,685 |
| | Michigan 14.0% | | |
| 500 | Conner Creek Academy East Rev., 5.25%, 11/1/36 | NR/BB+ | 313,135 |
| 9,320 | Detroit Sewer Disposal System Rev., 5.00%, 7/1/32, Ser. A (FSA) | Aa3/AAA | 7,989,850 |
| 30,000 | Detroit Water Supply System Rev. (NPFGC), 5.00%, 7/1/34, Ser. A | A2/AA- | 25,133,100 |
| 7,555 | 5.00%, 7/1/34, Ser. B | A3/AA- | 6,239,070 |
| 1,500 | Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 8.25%, 9/1/39 | A1/A | 1,599,840 |
| 175 | State Hospital Finance Auth. Rev., Detroit Medical Center, 5.25%, 8/15/23, Ser. A | Ba3/BB- | 130,427 |
| 5,405 | Oakwood Group, Ser. A, 5.75%, 4/1/32 | A2/A | 4,494,636 |
| 575 | 6.00%, 4/1/22 | A2/A | 540,477 |
| 20,000 | Trinity Health Credit, 5.375%, 12/1/30, Ser. C | Aa2/AA | 18,700,600 |
| 10,000 | Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A | NR/BBB | 5,550,900 |
| | | | 70,692,035 |

Mississippi 0.7%

Business Finance Corp. Pollution Control Rev.,
System Energy Resources, Inc.,

| | | | |
|-------|----------------|---------|-----------|
| 3,000 | 5.875%, 4/1/22 | Ba1/BBB | 2,550,960 |
| 1,250 | 5.90%, 5/1/22 | Ba1/BBB | 1,064,650 |
| | | | 3,615,610 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---------------------------|--|--------------------------------|--------------|
| | Missouri 0.3% | | |
| \$ 1,350 | St. Louis Cnty. Industrial Dev. Auth. Housing Dev. Rev., 5.20%, 1/20/36, Ser. A (GNMA) | NR/AAA | \$ 1,300,779 |
| 250 | Township of Jennings Rev., Northland Redev. Area Project, 5.00%, 11/1/23 | NR/NR | 168,890 |
| | | | 1,469,669 |
| | Montana 1.6% | | |
| 11,250 | Forsyth Pollution Control Rev., Puget Sound Energy, 5.00%, 3/1/31, Ser. A (AMBAC) | Baa1/A | 8,050,725 |
| | Nevada 0.7% | | |
| 4,000 | Clark Cnty., GO, 4.75%, 6/1/30 (FSA) | Aa1/AAA | 3,505,240 |
| | New Jersey 3.6% | | |
| 1,000 | Camden Cnty. Improvement Auth. Rev., Cooper Health Systems Group, 5.00%, 2/15/35, Ser. A Economic Dev. Auth. Rev., | Baa3/BBB | 635,210 |
| 4,500 | Kapkowski Road Landfill Project, Special Assessment, 6.50%, 4/1/28 | Baa3/NR | 3,949,515 |
| 300 | Newark Airport, 7.00%, 10/1/14 | Ba1/NR | 269,403 |
| 1,085 | Pascack Valley Hospital Assoc., 6.625%, 7/1/36 (b)(f) | NR/D | 27,113 |
| 1,000 | St. Peters Univ. Hospital, 5.75%, 7/1/37 | Baa2/BBB- | 751,060 |
| 1,150 | Trinitas Hospital, 5.25%, 7/1/30, Ser. A | Baa3/BBB- | 788,544 |
| 22,645 | Tobacco Settlement Financing Corp. Rev., 5.00%, 6/1/41, Ser. 1A | Baa3/BBB | 11,765,436 |
| | | | 18,186,281 |
| | New Mexico 0.2% | | |
| 1,000 | Farmington Pollution Control Rev., 5.80%, 4/1/22 | Baa3/BB+ | 816,540 |
| | New York 4.3% | | |
| 1,700 | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.50%, 10/1/37 | A1/A | 1,457,359 |
| 1,150 | Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A | NR/NR | 868,124 |

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| | | | |
|--------|---|-----------|------------|
| 10,450 | New York City Industrial Dev. Agcy. Rev., Yankee Stadium, 7.00%, 3/1/49 | Aa2/AAA | 11,229,570 |
| | New York City Municipal Water Finance Auth. Water & Sewer System Rev. (j), | | |
| 4,000 | 4.75%, 6/15/35, Ser. DD | Aa3/AA+ | 3,694,560 |
| 4,900 | 5.00%, 6/15/37, Ser. D | Aa2/AAA | 4,755,450 |
| | | | 22,005,063 |
| | North Carolina 1.7% | | |
| | Eastern Municipal Power Agcy. Power System Rev., | | |
| 2,000 | 5.125%, 1/1/23, Ser. D | Baa1/BBB+ | 1,935,640 |
| 2,000 | 5.125%, 1/1/26, Ser. D | Baa1/BBB+ | 1,882,960 |
| 3,795 | 5.375%, 1/1/17, Ser. C | Baa1/BBB+ | 3,849,193 |

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March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|-----------------------------------|--|--------------------------------|--------------|
| North Carolina (continued) | | | |
| \$ 1,500 | Medical Care Commission Rev., Cleveland Cnty. Healthcare, 5.00%, 7/1/35, Ser. A (AMBAC) | Baa1/A | \$ 1,138,980 |
| | | | 8,806,773 |
| Ohio 3.9% | | | |
| 15,375 | Air Quality Dev. Auth. Pollution Control Rev., Dayton Power, 4.80%, 1/1/34, Ser. B (FGIC) | A2/A- | 13,699,586 |
| 5,000 | Buckeye Tobacco Settlement Financing Auth. Rev., 5.875%, 6/1/47, Ser. A-2 | Baa3/BBB | 2,746,950 |
| 500 | Cnty. of Montgomery Rev., Miami Valley Hospital, 6.25%, 11/15/39, Ser. A | Aa3/NR | 499,295 |
| 2,500 | Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30 | A1/AA- | 2,265,025 |
| 500 | State Higher Educational Fac. Commission Rev., Univ. Hospital Health Systems, 6.75%, 1/15/39, Ser. A | A2/A | 494,405 |
| | | | 19,705,261 |
| Pennsylvania 1.5% | | | |
| | Cumberland Cnty. Auth. Retirement Community Rev., Messiah Village Project, Ser. A, | | |
| 750 | 5.625%, 7/1/28 | NR/BBB- | 537,915 |
| 670 | 6.00%, 7/1/35 | NR/BBB- | 479,995 |
| 1,250 | Harrisburg Auth. Rev., Harrisburg Univ. of Science, 6.00%, 9/1/36, Ser. B | NR/NR | 963,687 |
| 6,200 | Philadelphia Hospitals & Higher Education Facs. Auth. Rev., Temple Univ. Hospital, 6.625%, 11/15/23, Ser. A | Baa3/BBB | 5,486,814 |
| | | | 7,468,411 |
| South Carolina 0.9% | | | |
| 5,305 | Jobs-Economic Dev. Auth. Rev., Bon Secours, 5.625%, 11/15/30, Ser. B | A3/A- | 4,623,254 |
| Tennessee 0.2% | | | |
| 1,200 | State Energy Acquisition Corp. Rev., Ser. A, 5.25%, 9/1/21 | Ba1/BBB+ | 902,376 |

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| | | | |
|--------|--|----------|------------|
| 365 | 5.25%, 9/1/22 | Ba1/BBB+ | 270,071 |
| | | | 1,172,447 |
| | Texas 9.7% | | |
| 6,810 | Crowley Independent School Dist., GO, 4.75%, 8/1/35 (PSF-GTD) | Aaa/AAA | 6,523,367 |
| 1,300 | Dallas Water Rev., 5.25%, 8/15/38 | Aa2/AAA | 1,263,899 |
| 10,115 | Denton Independent School Dist., GO, 5.00%, 8/15/33 (PSF-GTD) (j) | Aaa/AAA | 10,154,752 |
| 465 | Judson Independent School Dist., GO, 5.00%, 2/1/30 (PSF-GTD) | Aaa/NR | 466,818 |
| | Municipal Gas Acquisition & Supply Corp. I Rev., | | |
| 150 | 5.25%, 12/15/26, Ser. A | A2/A | 88,361 |
| 8,100 | 6.25%, 12/15/26, Ser. D | A2/A | 5,483,538 |

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March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---|---|--------------------------------|--------------|
| Texas (continued) | | | |
| \$ 5,500 | North Harris Cnty. Regional Water Auth. Rev., 5.25%, 12/15/33 | A3/A+ | \$ 5,098,225 |
| 5,500 | 5.50%, 12/15/38 | A3/A+ | 5,222,360 |
| 10,800 | North Texas Tollway Auth. Rev., 5.625%, 1/1/33, Ser. A | A2/A- | 10,342,404 |
| 700 | 5.75%, 1/1/33, Ser. F | A3/BBB+ | 632,219 |
| 2,000 | Sabine River Auth. Rev., 5.20%, 5/1/28, Ser. C | Caa1/CCC | 893,900 |
| 3,000 | Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev., Baylor Health Care Systems, 6.25%, 11/15/29 | Aa2/AA- | 3,083,970 |
| | | | 49,253,813 |
| Virginia 0.1% | | | |
| 1,000 | James City Cnty. Economic Dev. Auth. Rev., 5.50%, 7/1/37, Ser. A | NR/NR | 554,460 |
| Washington 8.3% | | | |
| 6,375 | Chelan Cnty. Public Utility Dist. Rev., 5.125%, 7/1/33, Ser. C (AMBAC) | Aa2/AA | 6,396,229 |
| 1,000 | Health Care Facs. Auth. Rev., Seattle Cancer Care Alliance, 7.375%, 3/1/38 | A3/NR | 1,032,880 |
| 15,000 | King Cnty. Sewer Rev., 5.00%, 1/1/35, Ser. A (FSA) (j) | Aa3/AAA | 15,014,100 |
| 21,480 | Tobacco Settlement Auth. Tobacco Settlement Rev., 6.50%, 6/1/26 | Baa3/BBB | 19,550,451 |
| | | | 41,993,660 |
| Wisconsin 2.1% | | | |
| 560 | Badger Tobacco Asset Securitization Corp. Rev., 6.00%, 6/1/17 | Baa3/BBB | 616,504 |
| 10,000 | State Rev., 6.00%, 5/1/36, Ser. A (e) | A1/AA- | 10,150,500 |
| | | | 10,767,004 |
| | Total Municipal Bonds & Notes (cost \$532,788,524) | | 483,533,931 |
| CORPORATE BONDS & NOTES (i) 1.6% | | | |
| 5,500 | CIT Group, Inc., 5.80%, 7/28/11 | Baa2/BBB | 3,966,286 |

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| | | | |
|-------|---|-----------|-----------|
| 700 | International Lease Finance Corp., 1.469%, 5/24/10, FRN | Baa2/BBB+ | 500,740 |
| 5,000 | SLM Corp., 1.319%, 7/26/10, FRN | Baa2/BBB- | 3,549,470 |
| | Total Corporate Bonds & Notes (cost \$9,125,271) | | 8,016,496 |

SHORT-TERM INVESTMENTS 3.0%

Corporate Notes (i) 3.0%

| | | | |
|-------|---------------------------------|----------|-----------|
| | American General Finance Corp., | | |
| 1,900 | 1.785%, 10/2/09, FRN | Baa2/BB+ | 1,354,518 |
| 1,400 | 4.625%, 5/15/09 | Baa2/BB+ | 1,310,338 |
| | CIT Group, Inc., | | |
| 1,200 | 1.358%, 8/17/09, FRN | Baa2/BBB | 1,072,231 |
| 5,785 | 4.125%, 11/3/09 | Baa2/BBB | 5,269,771 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---|---|--------------------------------|-----------------------|
| Corporate Notes (continued) | | | |
| \$ 1,800 | Goldman Sachs Group, Inc., 1.318%, 11/16/09, FRN | A1/A | \$ 1,758,389 |
| 600 | International Lease Finance Corp., 1.494%, 1/15/10, FRN | Baa2/BBB+ | 473,722 |
| 4,000 | 4.75%, 7/1/09 | Baa2/BBB+ | 3,760,372 |
| | Total Corporate Notes (cost \$15,701,389) | | 14,999,341 |
| Variable Rate Demand Notes (g)(h) 0.0% | | | |
| Massachusetts 0.0% | | | |
| 200 | Health & Educational Facs. Auth. Rev., Museum, 0.25%, 4/1/09, Ser. A1 (cost \$200,000) | VMIG1/A-1+ | 200,000 |
| | Total Short-Term Investments (cost \$15,901,389) | | 15,199,341 |
| | Total Investments (cost \$557,815,184) 100.0% | | \$ 506,749,768 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---|---|--------------------------------|--------------|
| CALIFORNIA MUNICIPAL BONDS & NOTES 92.6% | | | |
| | Assoc. of Bay Area Gov t Finance Auth. Rev., Odd Fellows Home | | |
| | Ser. A (CA Mtg. Ins.), | | |
| \$ 3,200 | 5.20%, 11/15/22 | NR/A | \$ 3,196,704 |
| 11,725 | 5.35%, 11/15/32 | NR/A | 10,508,180 |
| 1,000 | Cathedral City Public Financing Auth., Tax Allocation, 5.00%, 8/1/33, Ser. A, (NPFGC) | Baa1/AA- | 750,470 |
| 1,150 | Ceres Redev. Agcy. Project Area No. 1, Tax Allocation, 5.00%, 11/1/33, (NPFGC) | Baa1/AA- | 834,866 |
| 1,415 | Contra Costa Cnty. Public Financing Auth., Tax Allocation, 5.625%, 8/1/33, Ser. A | NR/BBB | 1,123,100 |
| 3,775 | Cucamonga School Dist., CP, 5.20%, 6/1/27 | NR/A- | 3,085,949 |
| | Educational Facs. Auth. Rev., | | |
| 9,800 | Claremont McKenna College, 5.00%, 1/1/39 (j) | Aa2/NR | 9,562,154 |
| 5,000 | Pepperdine Univ., 5.00%, 9/1/33, Ser. A (NPFGC-FGIC) | Aa3/AA- | 4,723,800 |
| 10,000 | Univ. of Southern California, 5.00%, 10/1/39, Ser. A (j) | Aa1/AA+ | 9,755,500 |
| 1,695 | El Dorado Irrigation Dist. & El Dorado Water Agcy., CP, 5.75%, 8/1/39, Ser. A | Aa2/AAA | 1,680,423 |
| | Golden State Tobacco Securitization Corp. Rev., | | |
| 11,000 | 5.00%, 6/1/45 (AMBAC-TCRS) | A2/A | 8,030,880 |
| 4,000 | 5.00%, 6/1/45, Ser. A (FGIC-TCRS) | A2/A | 2,920,320 |
| 23,140 | 6.75%, 6/1/39, Ser. A-1, (Pre-refunded @ \$100, 6/1/13) (c) | NR/AAA | 27,202,921 |
| | Health Facs. Financing Auth. Rev., | | |
| 6,000 | Cottage Health System, 5.00%, 11/1/33, Ser. B (NPFGC) | Baa1/AA- | 4,783,800 |
| | Paradise VY Estates (CA Mtg. Ins)., | | |
| 2,000 | 5.125%, 1/1/22 | NR/A | 1,897,680 |
| 1,550 | 5.25%, 1/1/26 | NR/A | 1,403,014 |
| | Infrastructure & Economic Dev. Bank Rev., | | |
| | Kaiser Assistance Corp., | | |
| 3,000 | 5.50%, 8/1/31, Ser. B | A2/A | 2,639,100 |
| 8,000 | 5.55%, 8/1/31, Ser. A | NR/A+ | 7,323,440 |
| 20 | Lancaster Financing Auth., Tax Allocation, 4.75%, 2/1/34, (NPFGC) | Baa1/AA- | 16,924 |
| 5,600 | Long Beach Bond Finance Auth. Rev., 5.50%, 11/15/37, Ser. A | A2/A | 3,594,640 |
| | Los Angeles Department of Water & Power Rev. (j), | | |
| 6,000 | 4.75%, 7/1/30, Ser. A-2 (FSA) | Aa3/AAA | 5,766,660 |
| 10,000 | 5.00%, 7/1/39, Ser. A | Aa3/AA- | 9,637,000 |

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| | | | |
|--------|--|---------|-----------|
| 9,580 | Los Angeles Unified School Dist., GO, 4.75%, 1/1/28, Ser. A (NPFGC) | Aa3/AA- | 9,023,210 |
| 10,000 | 5.00%, 1/1/34, Ser. I (j) | Aa3/AA- | 9,417,600 |
| 5,000 | Metropolitan Water Dist. of Southern California Waterworks Rev., 5.00%, 7/1/37, Ser. A (j) | Aa2/AAA | 4,852,400 |
| 5,280 | Modesto Irrigation Dist., CP, 5.00%, 7/1/33, Ser. A (NPFGC) | A1/AA- | 4,477,968 |
| 5,000 | Oakland, GO, 5.00%, 1/15/33, Ser. A (NPFGC) | A1/AA- | 4,527,250 |
| 5,000 | Orange Cnty. Unified School Dist., CP, 4.75%, 6/1/29 (NPFGC) | A1/AA- | 4,581,900 |

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

March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---------------------------|---|--------------------------------|--------------|
| \$ 4,560 | Orange Cnty. Water Dist. Rev., CP, Ser. B, (NPFGC) | Aa2/AAA | \$ 4,315,356 |
| 965 | 5.00%, 8/15/34 | NR/AAA | 980,701 |
| 2,000 | Palm Desert Financing Auth., Tax Allocation, 5.00%, 4/1/25, Ser. A, (NPFGC) | Baa1/AA- | 1,627,160 |
| 1,410 | Pomona Public Financing Auth. Rev., 5.00%, 12/1/37, Ser. AF (NPFGC) | A3/AA- | 1,112,405 |
| 1,950 | Poway Unified School Dist. Community Facs. Dist. No. 6, Special Tax, 5.125%, 9/1/28 | NR/BBB | 1,485,159 |
| 5,000 | Riverside, CP, 5.00%, 9/1/33 (AMBAC) | Baa1/A+ | 4,386,900 |
| 500 | Rocklin Unified School Dist. Community Facs., Special Tax, 5.00%, 9/1/29, (NPFGC) | Baa1/AA- | 401,070 |
| 5,750 | Sacramento Municipal Utility Dist. Rev., 5.00%, 8/15/33, Ser. R (NPFGC) | A1/AA- | 5,358,712 |
| 6,250 | San Diego Cnty. Water Auth. Rev., CP, 5.00%, 5/1/38, Ser. A (FSA) | Aa3/AAA | 5,964,375 |
| 12,075 | San Diego Community College Dist., GO, 5.00%, 5/1/28, Ser. A (FSA) | Aa2/AAA | 11,942,779 |
| 2,200 | San Diego Regional Building Auth. Rev., Cnty. Operations Center & Annex, 5.375%, 2/1/36, Ser. A | A1/AA+ | 2,161,478 |
| 1,500 | San Diego State Univ. Foundation Auxiliary Organization Rev., 5.00%, 3/1/27, Ser. A, (NPFGC) | Baa1/AA- | 1,458,435 |
| 3,000 | San Jose Libraries & Parks, GO, 5.125%, 9/1/31 | Aa1/AAA | 3,027,240 |
| 13,200 | San Marcos Public Facs. Auth., Tax Allocation, 5.00%, 8/1/33, Ser. A (NPFGC) | A3/AA- | 10,103,280 |
| 1,200 | Santa Cruz Cnty. Redev. Agcy., Tax Allocation, 7.00%, 9/1/36, Ser. A | A2/A | 1,254,012 |
| 4,425 | South Tahoe JT Powers Financing Auth. Rev., 5.45%, 10/1/33, Ser. A | NR/BBB | 3,589,914 |
| 4,095 | State Department Veteran Affairs Home Purchase Rev., 5.35%, 12/1/27, Ser. A (AMBAC) | Aa2/AA- | 4,121,986 |
| 4,600 | State Public Works Board Lease Rev., Univ. CA M.I.N.D. Inst., 5.00%, 4/1/28, Ser. A | Aa2/AA- | 4,398,888 |
| 4,300 | State, GO, 6.00%, 4/1/38 (e) | A2/A | 4,294,109 |
| | Statewide Communities Dev. Auth. Rev., Catholic Healthcare West, | | |
| 1,200 | 5.50%, 7/1/31, Ser. D | A2/A | 1,112,784 |
| 1,200 | 5.50%, 7/1/31, Ser. E | A2/A | 1,112,772 |
| 3,505 | Internext Group, CP, 5.375%, 4/1/30 | NR/BBB | 2,374,462 |

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| | | | |
|--------|---|---------|------------|
| 7,300 | Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.) | NR/A | 6,496,197 |
| 15,000 | Memorial Health Services, 5.50%, 10/1/33, Ser. A Methodist Hospital Project (FHA), | NR/A+ | 13,187,550 |
| 2,000 | 6.625%, 8/1/29 | Aa2/AA | 2,065,440 |
| 7,200 | 6.75%, 2/1/38 | Aa2/AA | 7,442,424 |
| 3,100 | St. Joseph, 5.75%, 7/1/47, Ser. A (FGIC) | Aa3/AA- | 2,891,339 |
| 10,000 | Sutter Health, 5.50%, 8/15/34, Ser. B Tobacco Securitization Agcy. Rev., Alameda Cnty., | Aa3/AA- | 9,254,000 |
| 8,100 | 5.875%, 6/1/35 | Baa3/NR | 5,090,526 |
| 7,000 | 6.00%, 6/1/42 | Baa3/NR | 4,252,010 |

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March 31, 2009 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody s/S&P) | Value |
|---|--|--------------------------------|--------------|
| \$ 2,000 | Kern Cnty., 6.125%, 6/1/43, Ser. A | NR/BBB | \$ 1,230,860 |
| 5,000 | Tobacco Securitization Auth. of Southern California Rev., 5.00%, 6/1/37, Ser. A-1 | Baa3/BBB | 2,597,600 |
| 2,950 | Torrance Medical Center Rev., 5.50%, 6/1/31, Ser. A | A1/A+ | 2,672,906 |
| 1,000 | West Basin Municipal Water Dist. Rev., CP, 5.00%, 8/1/30, Ser. A (NPFGC) | Aa3/AA- | 949,630 |
| 2,500 | William S. Hart Union High School Dist., Special Tax, 6.00%, 9/1/33 | NR/NR | 1,977,400 |
| 2,750 | Woodland Finance Auth. Lease Rev., 5.00%, 3/1/32 (XLCA) | A3/NR | 2,529,780 |
| | Total California Municipal Bonds & Notes (cost \$315,217,526) | | 296,539,492 |
| OTHER MUNICIPAL BONDS & NOTES 4.7% | | | |
| Indiana 1.0% | | | |
| 5,000 | Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 5.75%, 9/1/42 (a)(d) | NR/NR | 3,182,500 |
| New York 1.0% | | | |
| 3,300 | New York City Municipal Water Finance Auth. Water & Sewer System Rev., 5.00%, 6/15/37, Ser. D (j) | Aa2/AAA | 3,202,650 |
| Puerto Rico 2.3% | | | |