

PIMCO MUNICIPAL INCOME FUND
Form DEF 14A
November 02, 2018

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

(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.

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

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(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Dear Shareholder:

The Boards of Trustees 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) and PIMCO California Municipal Income Fund III (PZC) (each a Fund and, collectively, the Funds) are currently comprised of eight members. We hope for your support to re-elect the incumbent Trustees who have been nominated by the Board (the Board Nominees) of each Fund at its upcoming annual shareholder meeting.

Preferred Shareholders: At the upcoming annual shareholder meeting for the Funds (the annual meeting), you will be asked to vote for the re-election of each Fund s incumbent Board Nominees. At the upcoming annual meeting, Dryden Capital, LLC and a hedge fund it manages (collectively, Dryden) has nominated one of Dryden s founders as their own candidate (the Dryden Nominee) for election as a Trustee of each Fund by the Fund s preferred shareholders voting as a single class apart from the common shareholders (a preferred share Trustee). The Trustees do not support the Dryden Nominee and urge you to vote in favor of re-electing the incumbent preferred share Board Nominees. We believe that the current Trustees are experienced and highly qualified individuals who have worked well together as a Board and have a strong history of actively supporting the interests of the Funds and all of their shareholders.

The Funds Trustees (including preferred share Trustees) have a fiduciary duty to act in the best interests of the Fund, and in carrying out this duty, they must consider the interests of all shareholders, both common and preferred. At each of the Funds regular quarterly meetings, the Trustees review and consider detailed reports from PIMCO regarding the Funds use of leverage, financing costs, and available alternatives to the Funds Auction Rate Preferred Shares (ARPS). In considering such alternatives, PIMCO and the Trustees consider PIMCO s economic and interest rate outlook, the rollover and refinancing risks inherent in alternative forms of leverage, the costs, terms, permanency, asset coverage requirements and covenants, as applicable, associated with the leverage alternatives available in the marketplace and the viability of conducting additional ARPS tender offers at an adequately discounted price. These various factors may vary over time and the decision regarding the best form of financing for a Fund is a Fund-specific decision based on the particular dynamics of the Fund s financing profile and other market factors.

In this regard, at PIMCO s recommendation, each Fund recently offered all holders of ARPS, including Dryden, an opportunity to tender up to 100% of their

ARPS at a price of 85% of the ARPS liquidation preference (i.e., face value) in a tender offer. In considering the interests of all shareholders, the Board determined that this price represented fair value for the ARPS and was in the best interests of the Funds and their shareholders. Although a substantial percentage of ARPS holders participated in the tender offers, Dryden was offered a 100% liquidity alternative for its ARPS and chose not to participate. As a condition of such tender offers, certain of the Funds issued Variable Rate Municipal Term Preferred Shares (VMTPS) in amounts equal to the aggregate liquidation preference of the ARPS accepted for purchase in such Fund s tender offer.

Over the past two years, PIMCO has responded to various questions from Dryden to the extent possible without disclosing material, non-public information. Following this correspondence and after the public announcement of the ARPS tender offers, representatives from PIMCO and certain of the Funds preferred share Trustees agreed to hold a meeting with representatives from Dryden to discuss Dryden s questions regarding the Funds use of leverage and available financing alternatives to the ARPS. PIMCO and those Trustees explained their views on the value of the permanency of the ARPS to the Funds as compared to available financing alternatives, and explained the Trustees fiduciary duty to consider the best interests of all shareholders (both common and preferred) when considering the Funds use of leverage. Accordingly, the Trustees explained that providing liquidity to ARPS holders is only one of many factors the Trustees consider when overseeing the Funds use of leverage.

The Trustees and PIMCO will continue to closely monitor the Funds leverage and actively consider alternative primary forms of financing that are in the best interests of Funds and their shareholders.

For these reasons, the Trustees of the Funds urge you to vote in favor of re-electing the Funds incumbent preferred share Board Nominees, Hans W. Kertess for PMF, PML, PNI, PCQ, PCK and PNF and Alan Rappaport for PMX and PZC. The Trustees of the Funds urge you NOT TO RETURN any proxy card sent by Dryden.

Common Shareholders: For common shareholders, the upcoming annual shareholder meeting for the Funds will be similar to previous meetings. As has been the case at previous meetings, you will be asked to vote, together with the preferred shareholders, on the Funds incumbent Board Nominees. You will not be asked to vote for any Dryden nominee.

The current Trustees thank you for your support of the Fund's incumbent Board Nominees in the past, and we hope for your continued support at the upcoming annual shareholder meeting. If you have any questions about the upcoming meeting, please call a shareholder service representative at 1-(866) 406-2288.

Sincerely yours,

Hans W. Kertess

Chairman of the Boards

NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 19, 2018

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)

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) and PIMCO California Municipal Income Fund III (PZC) (each, a Fund and, collectively, the Funds)

Notice is hereby given that a Joint Annual Meeting of Shareholders of each Fund (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 19, 2018, with the Meeting to be held at 10:30 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 October 19, 2018 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 1, 2018

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)

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 19, 2018

This Proxy Statement and the Annual Report to Shareholders for the fiscal year ended December 31, 2017 for PMF, PCQ, PNF, PML, PCK, PNI, PMX and PZC are also available at pimco.com/closedendfunds.

PROXY STATEMENT

November 1, 2018

FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 19, 2018

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Boards of Trustees (each a 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) and PIMCO California Municipal Income Fund III (PZC) (each, a Fund and, collectively, the Funds) of proxies to be voted at the Joint Annual Meeting of Shareholders of each Fund and any adjournment(s) or

postponement(s) thereof. The term Meeting is used throughout this joint Proxy Statement to refer to the Annual Meeting of Shareholders of each Fund, as dictated by the context. 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 19, 2018, at 10:30 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 9, 2018.

The Meeting is scheduled as a joint meeting of the holders of all shares of the Funds, which consist of holders of common shares of each Fund (the Common Shareholders) and holders of preferred shares, which include Auction Rate Preferred Shares (ARPS) and, for each Fund other than PNF, Variable Rate Municipal Term Preferred Shares (VMTPS), 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 whether to elect the Boards nominees for Trustees of the Funds (the Board Nominees) (the Proposal) and on any other matters that may arise for 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 October 19, 2018 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 common shares (Common Shares) and preferred shares (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	
		ARPS	VMTPS
PMF	25,733,849.000	6,668	233
PCQ	18,774,730.000	4,825	293
PNF	7,783,432.000	1,641	None
PML	62,219,731.000	11,931	687
PCK	31,996,958.000	5,147	343
PNI	11,151,142.000	2,320	210
PMX	32,902,645.000	6,188	343
PZC	22,285,050.000	3,915	271

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, the election of one Trustee (the Preferred Shares Trustee) of each Fund will be voted on exclusively by the Preferred Shareholders (including holders of ARPS and, for each Fund other than PNF, holders of VMTPS, voting together) of that Fund. Holders of ARPS and VMTPS will be entitled to one vote per share, regardless of the relative liquidation preference of the Preferred Shares. On each other proposal to be brought before the Meeting (including the election of the nominees other than the Preferred Shares Trustee by all Shareholders), the Preferred Shareholders, if any, 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. In connection with the Boards nomination process for the Meeting, all current Trustees voted in favor of the nominations of all Board Nominees standing for re-election.

In addition to the Board Nominees, Dryden Capital, LLC, operating in concert with a hedge fund it manages (Dryden), has nominated T. Matthew Buffington, one of Dryden's founders, as a competing Preferred Shares Trustee nominee for each Fund (the Dryden Nominee). Dryden is a Preferred Shareholder that owns less than 1% of each Fund's ARPS. Dryden first purchased ARPS of each Fund in 2016, and has continued to purchase ARPS of certain of the Funds at a substantial discount to their face value as recently as this year. The current Trustees do not support the Dryden Nominee and urge you to vote in favor of re-electing the incumbent preferred share Board Nominees. The current Trustees have worked well together as a Board and have a strong history of actively supporting the interests of the Funds and all of their shareholders.

The Funds' Trustees (including the Preferred Share Trustees) have a fiduciary duty to act in the best interests of the Fund, and in carrying out this duty, they must consider the interests of all shareholders, both common and preferred. At each of the Funds' regular quarterly meetings, PIMCO provides the Trustees with detailed reports regarding the Funds' use of leverage, financing costs, and available leverage alternatives to the Funds' ARPS. In considering such alternatives, PIMCO and the Trustees consider PIMCO's economic and interest rate outlook, the rollover and refinancing risks inherent in alternative forms of leverage, the costs, terms, permanency, asset coverage requirements and covenants, as applicable, associated with the leverage alternatives available in the marketplace and the viability of conducting additional ARPS tender offers at an adequately discounted price. These various factors may vary over time and the decision regarding the best form of financing for a Fund is a Fund-specific decision based on the particular dynamics of the Fund's financing profile and other market factors.

In this regard, at PIMCO's recommendation, each Fund recently offered all holders of ARPS, including Dryden, an opportunity to tender up to 100% of their ARPS at a price of 85% of the ARPS liquidation preference (*i.e.*, face value) in a tender offer. In considering the interests of all shareholders, the Board determined that this price represented fair value for the ARPS and was in the best interests of the Funds and their shareholders. Although a substantial percentage of ARPS holders participated in the tender offers, Dryden was offered a 100% liquidity alternative for its ARPS and chose not to participate. As a condition of such tender offers, certain of the Funds issued Variable Rate Municipal Term Preferred Shares (VMTPS) in amounts equal to the aggregate liquidation preference of the ARPS accepted for purchase in such Fund's tender offer.

Over the past two years, PIMCO has responded to various questions from Dryden to the extent possible without disclosing material, non-public information. Following this correspondence and after the public announcement of the ARPS tender offers, representatives from PIMCO and certain of the Funds' preferred share Trustees agreed to hold a meeting with representatives from Dryden to discuss Dryden's questions regarding the Funds' use of leverage and available financing alternatives to the ARPS. PIMCO and those Trustees explained their views on the value of the permanency of the ARPS to the Funds as compared to available financing alternatives, and explained the Trustees' fiduciary duty to consider the best interests of all shareholders (both common and preferred) when considering the Funds' use of leverage. Accordingly, the Trustees explained that providing liquidity to ARPS holders is only one of many factors the Trustees consider when overseeing the Funds' use of leverage.

The Trustees and PIMCO will continue to closely monitor the Funds' leverage and actively consider alternative primary forms of financing that are in the best interests of Funds and their shareholders.

Your current Trustees are experienced and highly qualified fiduciaries who exercise strong fund governance practices. Six of the eight members of the Board of Trustees are not interested persons (within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the 1940 Act)) of the Funds or of the Manager. The Trustees have significant current and past related industry experience, and have actively supported the interests of all of the Funds' shareholders, both common and preferred. The Board includes individuals with substantial professional accomplishments and prior experience in a variety of fields, as further detailed below. In addition, the Board includes a combination of long-tenured and newer members, bringing diverse perspectives to Fund oversight.

The Funds' Trustees urge that you NOT RETURN any proxy card sent to you by Dryden.

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

The Common and Preferred Shareholders of each Fund, voting together as a single class, have the right to vote on the re-election of Alan Rappaport and John C. Maney, as Trustees of each Fund. The Preferred Shareholders of each Fund, voting as a separate class, have the right to vote on the re-election of Hans W. Kertess (or his proposed replacement by the Dryden Nominee) as a Trustee of each Fund.

PMX/PZC:

The Common and Preferred Shareholders of each Fund, voting together as a single class, have the right to vote on the re-election of Hans W. Kertess and John C. Maney, as Trustees of each Fund. The Preferred Shareholders of each Fund, voting as a separate class, have the right to vote on the re-election of Alan Rappaport (or his proposed replacement by the Dryden Nominee) as a Trustee of each Fund.

Summary

Proposal	Common Shareholders	Preferred Shareholders
Election of Trustees		
PMF/PCQ/PNF/PML/PCK/PNI		
Re-election of Hans W. Kertess		
Independent Trustees/Nominees*		
Re-election of Alan Rappaport		
Interested Trustees/Nominees		
Re-election of John C. Maney**		
PMX/PZC		
Independent Trustees/Nominees*		
Re-election of Hans W. Kertess		
Re-election of Alan Rappaport		
Interested Trustees/Nominees		
Election of John C. Maney**		

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

** Mr. Maney is an Interested Trustee of each Fund, due to his affiliation with Allianz Asset Management of America L.P. and its affiliates.

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-(866) 406-2288 for information on how to obtain directions to be able to attend the Meeting and vote in person or for information or assistance regarding how to vote by telephone, mail or by internet. 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 by telephone and the cost of soliciting proxies for each 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. In addition, AST Fund Solutions LLC (AST) has been engaged to assist in the solicitation of proxies and manage the Funds overall proxy campaign. While the fees received by AST will vary based on the level of additional solicitation necessary to achieve quorum and shareholder approval of the current Trustees recommendations (and may be increased in connection with the potential Dryden proposal mentioned above), the fees paid to AST are estimated to be between approximately \$19,500 and \$23,500 per Fund. The actual amount of these expenses will vary depending on a number of factors. 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-(866) 406-2288 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. To the knowledge of the Funds, the following entities beneficially owned more than five percent (5%) of a class of shares of a Fund:

Beneficial Owner	Fund	Percentage of Ownership of Class
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PMF	80.99% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PCQ	85.37% of Preferred Shares
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PCQ	5.72% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PNF	78.37% of Preferred Shares
Bank of America Corporation 100 North Tryon Street, Charlotte, North Carolina 28255	PNF	15.30% of Preferred Shares
First Trust Portfolios L.P. 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	PNF	7.56% of Common Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PML	73.61% of Preferred Shares
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PML	5.44% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021	PCK	68.01% of Preferred Shares

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Zurich, Switzerland

Bank of America Corporation

PCK

8.60% of Preferred Shares

100 North Tryon Street,

Charlotte, North Carolina 28255

RiverNorth Capital Management, LLC

PCK

10.97% of Preferred Shares

325 N. LaSalle Street, Suite 645

Chicago, IL 60654-7030

Beneficial Owner	Fund	Percentage of Ownership of Class
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PCK	6.25% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PNI	78.10% of Preferred Shares
Bank of America Corporation 100 North Tryon Street, Charlotte, North Carolina 28255	PNI	9.33% of Preferred Shares
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PNI	8.30% of Preferred Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PMX	78.44% of Preferred Shares
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PMX	5.25% of Preferred Shares
First Trust Portfolios L.P. 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	PMX	6.51% of Common Shares
UBS AG Bahnhofstrasse 45, PO Box CH-8021 Zurich, Switzerland	PZC	80.00% of Preferred Shares
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	PZC	6.47% of Preferred 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. The

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Nominating Committee and the Board of each applicable Fund recommends that the Shareholders of the applicable Funds re-elect the Board Nominees listed herein as Trustees.

PMF/PCQ/PNF/PML/PCK/PNI. With respect to PMF, PCQ, PNF, PML, PCK and PNI, the term of office of the Class I Trustees will expire at the

Meeting; the term of office of the Class II Trustees will expire at the annual meeting of Shareholders during the 2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from January 1, 2019 through December 31, 2019); and the term of office of the Class III Trustees will expire at the annual meeting of Shareholders held during the 2020 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from January 1, 2020 through December 31, 2020). Currently, Hans W. Kertess, Alan Rappaport and John C. Maney are Class I Trustees. The Nominating Committee of each Fund has recommended to the Board that Messrs. Rappaport and Maney be nominated for re-election by the Common Shareholders and Preferred Shareholders, voting as a single class, as Class I Trustees, and that Mr. Kertess be nominated for re-election by the Preferred Shareholders, voting as a separate class, as a Class I Trustee. In addition, Dryden has nominated T. Matthew Buffington for election by the Preferred Shareholders, voting as a separate class, as a Class I Trustee at the Meeting for the seat currently held by Mr. Kertess. Consistent with each Fund's Declaration, if re-elected, the nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if re-elected at the Meeting, Messrs. Kertess, Rappaport and Maney will serve terms consistent with the Class I Trustees, which will expire at each Fund's annual meeting of Shareholders held during the 2021 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from January 1, 2021 through December 31, 2021).

PMX/PZC. With respect to PMX and PZC, the term of office of the Class I Trustees will expire at the Meeting; the term of office of the Class II Trustees will expire at the annual meeting of Shareholders during the 2019 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from January 1, 2019 through December 31, 2019); and the term of office of the Class III Trustees will expire at the annual meeting of Shareholders held during the 2020 fiscal year (*i.e.*, the annual meeting during the fiscal year running from January 1, 2020 through December 31, 2020). Currently, Hans W. Kertess, Alan Rappaport and John C. Maney are Class I Trustees. The Nominating Committee of each Fund has recommended to the Board that Messrs. Kertess and Maney be nominated for re-election by the Common Shareholders and Preferred Shareholders, voting as a single class, as Class I Trustees, and that Mr. Rappaport be nominated for re-election by the Preferred Shareholders, voting as a separate class, as a Class I Trustee. In addition, Dryden has nominated T. Matthew Buffington for election by the Preferred Shareholders, voting as a separate class, as a Class I Trustee at the Meeting for the seat currently held by Mr. Rappaport. Consistent with each Fund's Declaration, if re-elected, the Board Nominees shall hold office for terms coinciding with the Classes of Trustees to which they have been designated. Therefore, if re-elected at the Meeting, Messrs. Rappaport, Maney and Kertess will serve terms consistent with the Class I Trustees, which will expire at each

Fund's annual meeting of Shareholders held during the 2021 fiscal year (*i.e.*, the annual meeting held during the fiscal year running from January 1, 2021 through December 31, 2021).

All current members of the Board of each Fund are (and Messrs. Kertess, Maney, and Rappaport, if re-elected, will remain) Continuing Trustees, as such term is defined in the Declaration of the applicable Fund. The Dryden nominee, if elected, would not be a Continuing Trustee. 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 and has been recommended to succeed a Continuing Trustee by a majority of the Continuing Trustees then members of the Board. In the case of PML, PCK, PNI, PMX and PZC, 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.

Pursuant to each Fund's Declaration of Trust, certain corporate actions and/or transactions involving the Fund outside of the ordinary course of business (including, among others, mergers, consolidations, significant dispositions of Fund assets, any shareholder proposals as to specific investment decisions and the conversion of a Fund to an open-end fund) would require the approval of 75% of the Fund's outstanding shares, unless approved by both a majority of the Board of Trustees and 75% of the Continuing Trustees (in which case shareholders have only the voting rights required by the 1940 Act with respect to such transaction or corporate action, if any).

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 term (or any 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 Board Nominees who will stand for re-election at the Meeting, the respective Classes of Trustees to which they have been designated and the expiration of their respective terms if re-elected:

Trustee/Nominee	Class	Expiration of Term if Elected/Re-Elected*
PMF/PCQ/PNF/PML/PCK/PNI/PMX/PZC		
Hans W. Kertess	Class I	Annual Meeting held during the 2021 fiscal year
Alan Rappaport	Class I	Annual Meeting held during the 2021 fiscal year
John C. Maney**	Class I	Annual Meeting held during the 2021 fiscal year

* A Trustee elected or re-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.

** Mr. Maney is an Interested Trustee/Nominee.

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.

Under each Fund's Bylaws, the Trustees may increase the size of the Board between shareholder meetings and fill a vacancy created by such increase. In the event that Messrs. Kertess and/or Rappaport are not re-elected by Preferred Shareholders of each Fund, as applicable, the Board of that Fund may increase its size to add one or more non-Preferred Shares Trustee positions, and may determine to appoint Messrs. Kertess and/or Rappaport to fill a vacancy. In such event, any Trustee added to the Board would be subject to election by Shareholders at the annual meeting of Shareholders held during the 2019 fiscal year, regardless of the Class of Trustee to which he or she is assigned.

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 Board Nominees has indicated he will serve if elected, but if he 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. 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 their responsibilities, including the election and removal of the Fund's officers.

Board Leadership Structure Currently, and assuming the Board 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 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 of the Trustees 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 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 has established six standing Committees to facilitate oversight of the management of the Funds: the Audit Oversight Committee, the Nominating Committee, the Valuation Oversight Committee, the Compensation Committee, the Contracts Committee and the Performance 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. In addition, the Performance Committee consists of all the Trustees.

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 (with the exception of the Performance Committee), 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 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. Accordingly, the Manager is immediately 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 and the Funds' other service providers have adopted policies, processes, and procedures to identify, assess and manage different types of risks associated with each Fund's activities. The Board oversees the performance of these functions by the Manager and the Funds' other service providers, 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. In the course of these meetings and discussions with the Manager, the Board has emphasized 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 Board Nominees.

The following table provides information concerning the Trustees/Board 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	Other	
				Number of Portfolios in Fund	Directorships Held by Trustee/ Nominee During the Past 5 Years
Independent Trustees/Nominees					
Hans W. Kertess 1939 PMF/PCQ/PNF/PML/PCK/PNI/PMX/PZC- Class I	Chairman of the Board, Trustee, Nominee	PMF/PCQ/ PNF- Since 2001 PML/PCK/ PNI- Since 2002 PMX/ PZC- Since 2003	President, H. Kertess & Co., a financial advisory company; and Senior Adviser (formerly Managing Director), Royal Bank of Canada Capital Markets (since 2004).	92	None

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	Other	
				Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Directorships Held by Trustee/ Nominee During the Past 5 Years
Deborah A. DeCotis 1952 PMF/PCQ/PNF/PML/PCK/PNI Class II PMX/PZC Class III	Trustee	PMF/PCQ/ PNF/PML/ PCK/PNI/ PMX/ PZC- Since 2011	Advisory Director, Morgan Stanley & Co., Inc. (since 1996); Member, Circle Financial Group (since 2009); and Member, Council on Foreign Relations (since 2013); Trustee, Smith College (since 2017); and Director, Watford Re (since 2017). Formerly, Co-Chair Special Projects Committee, Memorial Sloan Kettering (2005-2015); Trustee, Stanford University (2010-2015); Principal, LaLoop LLC, a retail accessories company (1999-2014); Director, Helena Rubenstein Foundation (1997-2010); and Director, Armor Holdings (2002-2010).	92	None

Name,	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
Address, Year of Birth and Class* Bradford K.					
Gallagher					
1944					
PMF/P					