

PIMCO NEW YORK MUNICIPAL INCOME FUND II
Form N-CSRS
January 29, 2014
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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 811-21078

PIMCO New York Municipal Income Fund II
(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York 10019
(Address of principal executive offices) (Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019

(Name and address of agent for service)

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

Date of fiscal year end: May 31, 2014

Date of reporting period: November 30, 2013

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Item 1. REPORT TO SHAREHOLDERS

PIMCO Municipal Income Fund II

PIMCO California Municipal Income Fund II

PIMCO New York Municipal Income Fund II

Semi-Annual Report

November 30, 2013

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Letter from the Chairman of the Board and President

Hans W. Kertess

Chairman

Brain S. Shlissel

President & Chief Executive Officer

Dear Shareholder:

Municipal bonds generated weak results during the fiscal six-month reporting period ended November 30, 2013. Yields moved higher as the US economy continued to expand and the Federal Reserve (the Fed) indicated that it may begin tapering its asset purchase program. Investor demand for municipal securities also slumped as the reporting period progressed due to concerns regarding the fallout from Detroit's bankruptcy filing.

For the fiscal six-month period ended November 30, 2013:

n PIMCO Municipal Income Fund II returned -6.96% on net asset value (NAV) and -10.22% on market price.

n PIMCO California Municipal Income Fund II returned -9.18% on NAV and -9.22% on market price.

n PIMCO New York Municipal Income Fund II returned -8.02% on NAV and -9.93% on market price.

Six Months in Review

During the reporting period, the US experienced choppy, but continued growth. Gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, grew at an annual pace of 1.1% during the first quarter and 2.5% during the second quarter of 2013.

The US Commerce Department reported that third quarter 2013 GDP growth registered 4.1%. Supporting the economy were signs of improvement in the housing market and although unemployment remained elevated, the unemployment rate declined during the six-month reporting period.

The Fed maintained an accommodative monetary policy throughout the reporting period. However, with unemployment falling and signs of improving economic activity, the Fed announced its intention to begin tapering its monthly \$85 billion asset purchase program in June 2013. This triggered sharply rising yields and declining bond prices. However, the Fed surprised many investors at its meetings in September and October 2013 by choosing not to begin tapering. This caused yields to drop from the reporting period peak in early September. All told, US Treasury interest rates moved sharply higher during the six-month fiscal period, with the yield on the benchmark 10-year Treasury bond rising from 2.16% to 2.75%.

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Outlook

The US was highly resilient during the reporting period and appeared to overcome the headwinds associated with higher taxes, the sequestration and rising interest rates. Market volatility was at times elevated during the period. This was partly triggered by concerns regarding the Fed's plans to taper its asset purchase program, mixed global growth and the 16 day partial US government shutdown that began on October 1, 2013.

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In December 2013, after the reporting period concluded, the Fed announced the tapering of its asset purchase program. We expect the central bank to take a measured approach with the withdrawal of its purchases in 2014. While ongoing Fed tapering could lead to periods of volatility, the Fed made it clear that it does not intend to raise short term rates for an extended period, indicating that its highly accommodative stance of monetary policy will remain appropriate for a considerable time after the asset purchase program ends and the economic recovery strengthens. Consequently, concerns of higher mortgage rates impacting the housing market, geopolitical issues, and continued dysfunction in Washington DC are likely to contribute to market volatility.

For specific information on the Funds and their performance, please review the following pages. 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 (800) 254-5197. In addition, a wide range of information and resources is available on our website, us.allianzgi.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 of the Board of Trustees

Brian S. Shlissel
President & Chief Executive Officer

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Fund Insights

PIMCO Municipal Income Fund II

PIMCO California Municipal Income Fund II

PIMCO New York Municipal Income Fund II

November 30, 2013 (unaudited)

For the six-months ended November 30, 2013, PIMCO Municipal Income Fund II (Municipal II) returned -6.96% on net asset value (NAV) and -10.22% on market price.

For the six-months ended November 30, 2013, PIMCO California Municipal Income Fund II (California Municipal II) returned -9.18% on NAV and -9.22% on market price.

For the six-months ended November 30, 2013, PIMCO New York Municipal Income Fund II (New York Municipal II) returned -8.02% on NAV and -9.93% on market price.

The overall municipal bond market, as measured by the Barclays Municipal Bond Index (the Index) experienced periods of elevated volatility during the six-month reporting period ended November 30, 2013. The Index produced a negative return during each of the first three months of the period. This was triggered by sharply rising yields given the Federal Reserve's (the Fed) announcement of a possible shift in monetary policy. Investor demand for municipal bonds also weakened due to several high profile credit events, including Detroit's filing for bankruptcy in July 2013. The Index then rallied sharply over the next two months of the period as the Fed surprised the market and chose not to begin tapering its asset purchase program during its meeting on September 18. However, the Index modestly declined during the last month of the period as interest rates again moved higher. All told, the Index fell 2.45% during the six-month reporting period. In comparison, the overall taxable fixed income market, as measured by the Barclays US Aggregate Bond Index, declined 0.56%.

Each Fund's longer duration than the Index detracted from performance, as municipal yields moved higher during the six-month reporting period. Each of the Funds was negatively impacted by their overweighting to the tobacco sector as this sector underperformed the Index. Municipal II and California Municipal II were negatively impacted by their overweighting to the Industrial Revenue sector given its underperformance versus the Index. California Municipal II's and New York Municipal II's preference for Revenue municipal bonds over General Obligation municipal bonds was detrimental as the former underperformed the latter during the reporting period. New York Municipal II's overweighting to the Lease-Backed and Industrial Revenue sectors was detrimental to performance as both of these sectors underperformed the Index.

Each of the Funds benefited from an underweighting to Puerto Rico-related securities as a result of their underperformance versus the Index. Municipal Income II's tactical exposure to the Special Tax sector and its underweighting to the Transportation sector were beneficial for its performance. California Municipal II's tactical exposure to the Electric Utility sector and its underweighting to the Lease-Backed sector were positive for performance. New York Municipal II's underweightings to the Special Tax and Electric Utility sectors contributed to performance as these sectors underperformed the Index.

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PIMCO Municipal Income Fund II

November 30, 2013 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
Six Month	-10.22%	-6.96%
1 Year	-17.88%	-8.74%
5 Year	13.75%	13.85%
10 Year	4.22%	3.99%
Commencement of Operations (6/28/02) to 11/30/13	3.82%	4.57%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 11/30/13

Market Price/NAV:

Market Price	\$10.56
NAV	\$10.92
Discount to NAV	-3.30%
Market Price Yield ⁽²⁾	7.39%
Leverage Ratio ⁽³⁾	38.16%

Moody's Rating

(as a % of total investments)

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PIMCO California Municipal Income Fund II

November 30, 2013 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
Six Month	-9.22%	-9.18%
1 Year	-9.79%	-10.03%
5 Year	16.89%	11.09%
10 Year	3.47%	1.99%
Commencement of Operations (6/28/02) to 11/30/13	3.07%	2.46%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 11/30/13

Market Price/NAV:

Market Price	\$9.15
NAV	\$7.73
Premium to NAV	18.37%
Market Price Yield ⁽²⁾	7.29%
Leverage Ratio ⁽³⁾	45.10%

Moody's Rating

(as a % of total investments)

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PIMCO New York Municipal Income Fund II

November 30, 2013 (unaudited)

Total Return⁽¹⁾:	Market Price	NAV
Six Month	-9.93%	-8.02%
1 Year	-18.74%	-11.28%
5 Year	13.05%	10.49%
10 Year	3.97%	3.36%
Commencement of Operations (6/28/02) to 11/30/13	3.57%	3.75%

Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 11/30/13

Market Price/NAV:

Market Price	\$10.41
NAV	\$10.01
Premium to NAV	4.00%
Market Price Yield ⁽²⁾	7.64%
Leverage Ratio ⁽³⁾	44.29%

Moody's Rating

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. 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 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 Funds, market conditions, supply and demand for each Fund's shares, or changes in each Fund's dividends.

An investment in the Funds involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV 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 dividend per common share (comprised of net investment income) by the market price per common share at November 30, 2013.

(3) Represents Floating Rate Notes issued in tender option bond transactions and Preferred Shares outstanding (collectively Leverage), as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

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PIMCO Municipal Income Fund II

November 30, 2013 (unaudited)

Principal

Amount

(000s)

Value

Municipal Bonds & Notes 96.4%		
Alabama 2.6%		
\$1,000	Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A	\$947,420
20,000	Jefferson Cnty. Sewer Rev. (e), zero coupon, 10/1/50 (j)	9,404,400
16,000	6.50%, 10/1/53, Ser. D	14,868,640
2,000	State Docks Department Rev., 6.00%, 10/1/40	2,205,340
		27,425,800
Arizona 7.9%		
3,500	Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A	3,535,805
2,860	5.50%, 1/1/38, Ser. D	2,990,187
29,700	Pima Cnty. Industrial Dev. Auth. Rev., 5.00%, 9/1/39	29,821,473
1,500	Tucson Electric Power Co., 5.25%, 10/1/40, Ser. A	1,482,855
1,750	Pinal Cnty. Electric Dist. No. 3 Rev., 5.25%, 7/1/36	1,789,410
3,700	5.25%, 7/1/41	3,750,579
10,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (i)	10,412,900
9,000	Salt Verde Financial Corp. Rev., 5.00%, 12/1/32	8,848,350
22,400	5.00%, 12/1/37	21,759,808
		84,391,367
California 13.8%		
5,000	Bay Area Toll Auth. Rev., 5.25%, 4/1/48, Ser. S-4	5,106,850
6,000	San Francisco Bay Area, 5.00%, 10/1/29	6,362,280
1,430	San Francisco Bay Area, 5.00%, 4/1/34, Ser. F-1	1,489,660
1,565	Foothill-Eastern Transportation Corridor Agcy. Rev., 5.875%, 1/15/26 (IBC-NPFGC)	1,571,056
16,035	Golden State Tobacco Securitization Corp. Rev., 5.75%, 6/1/47, Ser. A-1	12,266,775
2,000	Hayward Unified School Dist., GO, 5.00%, 8/1/33	2,035,200
1,500	Health Facs. Financing Auth. Rev., Scripps Health, 5.00%, 11/15/36, Ser. A	1,522,290

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6,300	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	6,280,722
3,000	Sutter Health, 6.00%, 8/15/42, Ser. B	3,293,820
1,500	Indian Wells Redev. Agcy., Tax Allocation, Whitewater Project, 4.75%, 9/1/34, Ser. A (AMBAC)	1,290,210
2,000	Los Angeles Community College Dist., GO, 5.00%, 8/1/32, Ser. A (FGIC-NPFGC)	2,101,380
4,000	Los Angeles Department of Water & Power Rev., 5.00%, 7/1/39, Ser. A-1 (AMBAC)	4,086,440
5,000	Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)	5,190,200
1,750	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	2,077,302
2,000	Montebello Unified School Dist., GO, 5.00%, 8/1/33 (AGM)	2,088,460
2,985	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	3,261,053
3,000	Newport Beach Rev., Hoag Memorial Hospital Presbyterian, 5.875%, 12/1/30 (Pre-refunded @ \$100, 12/1/21) (c)	3,796,380
500	Peralta Community College Dist., GO, 5.00%, 8/1/39, Ser. C	502,410
2,000	San Diego Cnty. Water Auth., CP, 5.00%, 5/1/38, Ser. 2008-A (AGM)	2,090,720

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PIMCO Municipal Income Fund II

November 30, 2013 (unaudited) (continued)

Principal

Amount

(000s)		Value
	California (continued)	
\$3,300	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	\$3,373,491
2,000	Santa Clara Cnty. Financing Auth. Rev., El Camino Hospital, 5.75%, 2/1/41, Ser. A (AMBAC)	2,106,760
2,925	State, GO, 5.00%, 11/1/32	3,104,741
1,590	5.00%, 6/1/37	1,629,352
5,200	5.125%, 8/1/36	5,379,036
2,500	5.25%, 3/1/38	2,590,050
5,945	5.25%, 11/1/40	6,185,475
5,750	5.50%, 3/1/40	6,205,400
9,500	6.00%, 4/1/38	10,752,575
	Statewide Communities Dev. Auth. Rev.,	
2,510	California Baptist Univ., 5.75%, 11/1/17, Ser. B (a)(b)(d)(k) (acquisition cost-\$2,510,000; purchased 6/22/07)	2,603,874
710	California Baptist Univ., 6.50%, 11/1/21	773,020
1,000	Cottage Health, 5.00%, 11/1/40	997,020
4,890	Methodist Hospital Project, 6.625%, 8/1/29 (FHA)	5,654,405
17,415	Methodist Hospital Project, 6.75%, 2/1/38 (FHA)	19,657,704
5,690	Sutter Health, 6.00%, 8/15/42, Ser. A	6,247,279
4,725	Torrance Rev., Torrance Memorial Medical Center, 5.00%, 9/1/40, Ser. A	4,759,587
		148,432,977
	Colorado 1.7%	
5,800	Aurora Rev., Children s Hospital Assoc., 5.00%, 12/1/40	5,715,436
1,000	Denver Health & Hospital Auth. Rev., 5.625%, 12/1/40	1,001,420
	Health Facs. Auth. Rev., Ser. A,	
1,000	American Baptist Homes, 5.90%, 8/1/37	914,430
2,500	Catholic Health Initiatives, 5.00%, 2/1/41	2,445,325
500	Evangelical Lutheran, 6.125%, 6/1/38 (Pre-refunded @ \$100, 6/1/14) (c)	514,550
6,045	Sisters of Charity of Leavenworth Health System, 5.00%, 1/1/40	