

MANAGED MUNICIPALS PORTFOLIO INC

Form N-CSRS

February 08, 2005

[Table of Contents](#)

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 **811-6629**

Managed Municipals Portfolio Inc.

(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY

10004

(Address of principal executive offices)

(Zip code)

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Robert I. Frenkel, Esq.

Smith Barney Fund Management LLC

300 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 451-2010

Date of fiscal year end: **May 31**

Date of reporting period: **November 30, 2004**

Table of Contents

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

Table of Contents

*Managed Municipals
Portfolio Inc.*

Semi-Annual Report

November 30, 2004

Table of Contents

*Managed Municipals
Portfolio Inc.*

WHAT'S INSIDE

<u>Letter from the Chairman</u>	1
<u>Fund at a Glance</u>	5
<u>Schedule of Investments</u>	7
<u>Statement of Assets and Liabilities</u>	26
<u>Statement of Operations</u>	27
<u>Statements of Changes in Net Assets</u>	28
<u>Financial Highlights</u>	29
<u>Notes to Financial Statements</u>	31
<u>Additional Shareholder Information</u>	37
<u>Financial Data</u>	38
<u>Dividend Reinvestment Plan</u>	39
<u>Share Repurchase Notice</u>	40

Table of Contents

*Managed Municipals
Portfolio Inc.*

LETTER FROM THE CHAIRMAN

R. JAY GERKEN, CFA

Chairman, President and Chief Executive Officer

Dear Shareholder,

For the six months ended November 30, 2004, the Managed Municipals Portfolio Inc. returned 3.57%, based on its New York Stock Exchange (NYSE) market price and 3.19% based on its net asset value (NAV) per share. In comparison, the fund's unmanaged benchmark, the Lehman Brothers Municipal Bond Index,ⁱⁱ returned 4.30% for the same time frame. The fund's Lipper general municipal debt closed-end funds category averageⁱⁱⁱ was 6.34%. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the fund distributed dividends to shareholders totaling \$0.34 per share. The performance table shows the fund's 30-day

FUND PERFORMANCE AS OF NOVEMBER 30, 2004

(unaudited)

Price Per Share	30-Day SEC Yield	Six-Month Total Return
\$11.74 (NAV)	6.06%	3.19%
\$10.98 (NYSE)	6.49%	3.57%

All figures represent past performance and are not a guarantee of future results. The fund's yields will vary.

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Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions, if any, in additional shares. The SEC yield is a return figure often quoted by bond and other fixed-income mutual funds. This quotation is based on the most recent 30-day (or one-month) period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after deduction of the fund's expenses for the period. The yield is as of November 30, 2004 and is subject to change.

Table of Contents

SEC yields as well as its six-month total returns based on its NAV and market price as of November 30, 2004. **Past performance is no guarantee of future results. The fund's yields will vary.**

Despite sharply rising oil prices, threats of terrorism, geopolitical concerns, and uncertainties surrounding the Presidential election, the U.S. economy continued to expand during the reporting period. Following a robust 4.5% gain in the first quarter of 2004, gross domestic product^v (GDP^v) growth was 3.3% in the second quarter of the year. This decline was largely attributed to higher energy prices. However, estimated third quarter 2004 GDP rose a solid 3.9%.

Given the overall strength of the economy, Federal Reserve Board (Fed) monetary policy was seen as highly accommodative and expectations were that it would start raising rates to ward off the threat of inflation. As expected, the Fed raised its target for the federal funds rate^{vi} by 0.25% to 1.25% at the end of June 2004 – the first rate increase in four years. The Fed again raised rates in 0.25% increments in August, September, and November, to 2.00%, and then again to 2.25% on December 14th after the fund's reporting period had ended. Rising interest rates can act as a brake on robust economic growth, helping to maintain a balance between steady growth and the inflation that generally can accompany it.

Despite the economic expansion and higher interest rates, the municipal bond market generated solid results during the six-month reporting period. Modestly lower supply, combined with generally strong demand supported the municipal market during much of the period.

Although the fund's shorter-duration approach limited the fund's ability to completely participate in the market's upside moves, this more defensive approach to interest rate risk resulted in a smoother ride for investors who held the fund over the period in comparison to longer-duration portfolios.

While rising interest rates are generally troublesome for longer-term fixed income securities, since bond prices decline as rates are expected to rise, rising rates result in higher levels of income on new bonds issued in the future. In the recent market and rate environment, the fund's managers believe that their cautious approach to managing interest rate risk is more prudent than a longer-duration strategy.

Information About Your Fund

As you may be aware, several issues in the mutual fund industry have recently come under the scrutiny of federal and state regulators. The fund's Adviser and some of its affiliates have received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The fund has

Table of Contents

been informed that the Adviser and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

As previously disclosed by Citigroup, the Staff of the Securities and Exchange Commission (SEC) has notified Citigroup Asset Management (CAM) and Citicorp Trust Bank (CTB), an affiliate of CAM, that the Staff is considering recommending a civil injunctive action and/or an administrative proceeding against CAM, CTB, the former CEO of CAM, two former employees and a current employee of CAM, relating to the creation, operation and fees of an internal transfer agent unit that serves various CAM-managed funds. Citigroup is cooperating with the SEC and will seek to resolve this matter in discussion with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the fund. For further information, please see the Additional Information note in the Notes to the Financial Statements included in this report.

Looking for Additional Information?

The fund is traded under the symbol MMU and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under symbol XMMUX. *Barron's* and *The Wall Street Journal's* Monday editions carry closed-end fund tables that will provide additional information. In addition, the fund issues a quarterly press release that can be found on most major financial websites as well as www.citigroupassetmanagement.com.

In a continuing effort to provide information concerning the fund, shareholders may call 1-888-735-6507, Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the fund's current net asset value, market price, and other information.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you continue to meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

January 20, 2005

Table of Contents

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

RISKS: Fixed-income investments are subject to interest rate risk. As interest rates rise, the price of fixed-income investments decline. Please note that derivatives, such as options and futures, can be illiquid and harder to value, especially in declining markets. A small investment in certain derivatives may have a potentially large impact on the fund's performance. Derivatives can disproportionately increase losses as stated in the prospectus.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

- i NAV is calculated by subtracting total liabilities and outstanding preferred stock from the closing value of all securities held by the fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the fund has invested. However, the price at which an investor may buy or sell shares of the fund is at the fund's market price as determined by supply of and demand for the fund's shares.
- ii The Lehman Brothers Municipal Bond Index is a broad measure of the municipal bond market with maturities of at least one year.
- iii Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the 6-month period ended November 30, 2004, including the reinvestment of dividends and capital gains, if any, calculated among the 66 funds in the fund's Lipper category, and excluding sales charges.
- iv Gross domestic product is a market value of goods and services produced by labor and property in a given country.
- v The Fed is responsible for the formulation of a policy designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- vi The federal funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans.

Table of Contents

Fund at a Glance

(unaudited)

5

Table of Contents

Take Advantage of the Fund's Dividend Reinvestment Plan!

As an investor in the Fund, you can participate in its Dividend Reinvestment Plan (Plan), a convenient, simple and efficient way to reinvest your dividends and capital gains, if any, in additional shares of the Fund. Below is a short summary of how the Plan works.

Plan Summary

If you are a Plan participant who has not elected to receive your dividends in the form of a cash payment, then your dividend and capital gain distributions will be reinvested automatically in additional shares of the Fund.

The number of shares of common stock of the Fund that you will receive in lieu of a cash dividend is determined in the following manner. If the market price of the common stock is equal to or exceeds 98% of the net asset value per share (NAV) on the determination date, you will be issued shares by the Fund at a price reflecting 98% of NAV, or 95% of the market price, whichever is greater.

If the market price is less than 98% of the NAV at the time of valuation (the close of business on the determination date), PFPC Inc. (Plan Agent), will buy common stock for your account in the open market.

If the Plan Agent begins to purchase additional shares in the open market and the market price of the shares subsequently rises above the previously determined NAV before the purchases are completed, the Plan Agent will attempt to terminate purchases and have the Fund issue the remaining dividend or distribution in shares at the greater of the previously determined 98% of NAV or 95% of the market price. In that case, the number of Fund shares you receive will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues the remaining shares.

A more complete description of the current Plan appears in this report beginning on page 39.

To find more detailed information about the Plan and about how you can participate, please call the Plan Agent at 1 (800) 331-1710.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)

Face Amount	Rating(a)	Security	Value
MUNICIPAL BONDS AND NOTES 100.0%			
Alabama 3.7%			
\$24,510,000	AAA	Jefferson County, AL Sewer Revenue, Capital Improvement Warrants (Pre-Refunded Escrowed with state and local government securities to 2/1/09 Call @ 101), Series A, FGIC-Insured, 5.375% due 2/1/36 (b)	\$ 27,343,846
Alaska 0.1%			
600,000	A-1+	Valdez, AK Marine Terminal Revenue Refunding (BP Pipelines Inc. Project), 1.680% due 7/1/37 (c)	600,000
Arizona 1.5%			
Arizona State University, COP, MBIA-insured:			
1,500,000	AAA	5.100% due 7/1/24	1,563,060
1,000,000	AAA	5.125% due 7/1/26	1,037,120
4,000,000	AAA	Mesa, AZ IDA, Discovery Health System, Series A, MBIA-Insured, 5.625% due 1/1/29	4,265,880
3,000,000	AAA	Phoenix, AZ Civic Improvement Corp. Airport Revenue, Sr. Lien, Series B, FGIC-Insured, 5.250% due 7/1/22 (d)	3,133,230
1,000,000	AA+	Phoenix, AZ GO, Series B, 5.000% due 7/1/27	1,018,900
200,000	A-1+	Phoenix, AZ IDA Revenue (Valley of the Sun YMCA Project), 1.670% due 1/1/31 (c)	200,000
			11,218,190
California 9.6%			
7,040,000	Ba1*	California Educational Facilities Authority Revenue (Pooled College & University Project), Series A (Call 7/1/08 @ 101), 5.625% due 7/1/23 (e)	6,567,334
6,000,000	A3*	California Health Facilities Authority Revenue, Cedars-Sinai Medical Center, Series A, 6.250% due 12/1/34	6,558,060
1,000,000	AA-	California Health Facilities Financing Authority Revenue, Sutter Health, Series A, 6.250% due 8/15/35	1,105,420

See Notes to Financial Statements.

Table of Contents**Schedule of Investments***November 30, 2004 (unaudited) (continued)*

Face Amount	Rating(a)	Security	Value
California	9.6% (continued)		
		California Infrastructure and Economic Development Bank Revenue:	
\$ 5,000,000	AAA	Bay Area Toll Bridges, First Lien, Series A, FGIC-Insured, 5.000% due 7/1/25	\$ 5,154,550
900,000	A-1+	Rand Corp., Series B, 1.630% due 4/1/42 (c)	900,000
5,000,000	AAA	California State Department of Veterans Affairs, Home Purchase Revenue, Series A, AMBAC-Insured, 5.350% due 12/1/27	5,121,300
7,375,000	AAA	Garden Grove, CA Agency for Community Development, Tax Allocation, AMBAC-Insured, 5.000% due 10/1/29 (b)	7,469,031
10,000,000	BBB	Golden State Tobacco Securitization Corp., CA Tobacco Settlement Revenue, Series 2003-A-1, 6.750% due 6/1/39 (b)	10,012,700
7,000,000	AAA	Los Angeles County, CA COP, Antelope Valley Courthouse, Series A, AMBAC-Insured, 5.250% due 11/1/33	7,254,870
3,340,000	AAA	Rancho Cucamonga, CA Redevelopment Agency Tax Allocation (Rancho Redevelopment Project), MBIA-Insured, 5.125% due 9/1/30	3,403,594
2,750,000	AAA	Sacramento County, CA COP (Public Facilities Project), MBIA-Insured, 5.375% due 2/1/19	2,935,350
5,000,000	AAA	San Diego, CA Unified School District, Series E, FSA-Insured, 5.000% due 7/1/28	5,087,050
3,000,000	AAA	San Jose, CA Airport Revenue, Series D, MBIA-Insured, 5.000% due 3/1/28	3,044,160
3,000,000	AAA	San Mateo County Community College District, COP, MBIA-Insured, 5.000% due 10/1/25	3,103,440
2,500,000	AAA	Santa Clara, CA Redevelopment Agency, Tax Allocation (Bayshore North Project), MBIA-Insured, 5.000% due 6/1/23	2,594,575
			70,311,434

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Colorado 7.5%			
\$ 4,000,000	AAA	Arapahoe County, CO Capital Improvement Trust Fund, E-470 Public Highway Authority Revenue, Remarketed 8/31/95, (Call 8/31/05 @ 103), 7.000% due 8/31/26 (e)(f)	\$ 4,266,040
1,000,000	A	Aspen, CO Sales Tax Revenue, 5.400% due 11/1/19	1,070,110
4,000,000	AAA	Colorado Educational & Cultural Facilities Revenue Refunding (University of Denver Project), AMBAC-Insured, 5.375% due 3/1/23	4,246,520
4,000,000	AAA	Colorado Health Facilities Authority Revenue, Series B, Remarketed 7/8/98, 5.350% due 8/1/15 (g)	4,202,360
10,945,000	A	Denver, CO City & County Airport Revenue, Series C: 6.125% due 11/15/25 (b)(d)(g)	12,754,865
13,630,000	A	6.125% due 11/15/25 (b)(d)	13,684,793
2,000,000	AAA	Denver, CO City & County COP, Series B, AMBAC-Insured (Call 12/1/10 @ 101), 5.500% due 12/1/25 (e)	2,276,200
1,700,000	AAA	El Paso County, CO COP (Detention Facility Project), Series B, AMBAC-Insured, 5.000% due 12/1/23	1,763,478
2,300,000	Aaa*	Garfield County, CO School District No. 2, GO, FSA-Insured: 5.000% due 12/1/23	2,385,882
1,000,000	Aaa*	5.000% due 12/1/25	1,027,850
7,320,000	AAA	University of Colorado COP, Master Lease Purchase Agreement, Series A, AMBAC-Insured, 5.000% due 6/1/28	7,446,636
			55,124,734
Connecticut 1.1%			
4,490,000	AA	Connecticut State, GO, Series B: 5.500% due 6/15/21	4,958,038
1,600,000	AA	5.000% due 6/15/22	1,664,080
1,000,000	AAA	Connecticut State Health & Education Revenue (Child Care Facilities Project), Series C, AMBAC-Insured, 5.625% due 7/1/29	1,076,590
			7,698,708

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Delaware 1.5%			
\$10,000,000	AAA	Delaware State EDA PCR (Delmarva Project), Series B, AMBAC-Insured, 5.200% due 2/1/19 (b)	\$ 10,714,500
Florida 3.5%			
5,000,000	AAA	Florida State Board & Educational Capital Outlay GO, Series B, FSA-Insured, 5.000% due 6/1/24	5,186,500
3,000,000	AA+	Florida State Board of Education GO, Series A, 5.125% due 6/1/21	3,169,950
1,465,000	AAA	Florida State Department of Transportation, GO (Right of Way Project), FGIC-Insured, 5.000%, due 7/1/25	1,518,707
600,000	A-1	Manatee County, FL Pollution Control Revenue Refunding 1.700% due 9/1/24 (c)	600,000
6,500,000	BBB-	Martin County, FL IDA (Indiantown Cogeneration Project), Series A, 7.875% due 12/15/25 (d)	6,661,200
1,290,000	AAA	Miami Beach, FL Stormwater Revenue, FGIC-Insured, 5.375% due 9/1/30	1,342,297
2,000,000	Aaa*	Orange County, FL School Board COP, Series A, MBIA-Insured, 5.250% due 8/1/23	2,135,960
1,180,000	VMIG 1*	Palm Beach County, FL Health Facilities Authority Revenue (Bethesda Healthcare System Project), 1.690% due 12/1/31 (c)	1,180,000
1,400,000	VMIG 1*	Sarasota County Public Hospital Board Revenue, Sarasota Memorial Hospital, Series A, AMBAC-Insured, 1.740% due 7/1/37 (c)	1,400,000
2,500,000	Aaa*	South Brevard, FL Recreational Facilities Improvement, Special District, AMBAC-Insured, 5.000% due 7/1/20	2,608,550
			25,803,164
Georgia 2.0%			
6,000,000	AAA	Augusta, GA Water & Sewer Revenue, FSA-Insured, 5.250% due 10/1/26	6,181,260
300,000	A-1+	Burke County, GA Development Authority PCR, Oglethorpe Power Corp., Series A, 1.690% due 1/1/20 (c)	300,000

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Georgia 2.0% (continued)			
\$ 400,000	A-1+	Monroe County, GA Development Authority PCR, Oglethorpe Power Corp., AMBAC-Insured, 1.690% due 1/1/22 (c)	\$ 400,000
		Private Colleges & Universities Authority Revenue (Mercer University Project):	
2,180,000	Baa1*	5.750% due 10/1/21	2,346,617
		Series A:	
2,000,000	Baa1*	5.250% due 10/1/25	2,003,260
1,000,000	Baa1*	5.375% due 10/1/29	1,005,880
2,000,000	NR	Savannah, GA EDA Revenue (College of Arts & Design Inc. Project), (Call 10/1/09 @ 102) 6.900% due 10/1/29 (e)	2,357,860
			14,594,877
Hawaii 0.6%			
4,000,000	AAA	Hawaii State Department of Budget & Finance, Special Purpose Revenue, Kaiser Permanente, Series A, 5.100% due 3/1/14 (g)	4,324,200
Illinois 4.9%			
4,095,000	AAA	Chicago, IL GO, Series D, FGIC-Insured, 5.500% due 1/1/35	4,338,325
7,400,000	AAA	Chicago, IL Skyway Toll Bridge Revenue, AMBAC-Insured, 5.500% due 1/1/31 (b)	7,844,000
2,500,000	VMIG 1*	Illinois Finance Authority Revenue (Jewish Federation of Metropolitan Chicago Project), AMBAC-Insured, 1.680% due 9/1/32 (c)	2,500,000
		Illinois Health Facilities Authority Revenue:	
2,900,000	A-1+	Northwestern Memorial Hospital, Sub-Series B-1, 1.670% due 8/15/38 (c)	2,900,000
3,800,000	A-1+	University of Chicago Hospital Project, Series C, MBIA-Insured, 1.680% due 8/15/26 (c)	3,800,000
8,000,000	A	6.250% due 11/15/29 (b)	8,445,760
5,000,000	AAA	Illinois State GO, First Series, MBIA-Insured (Call 6/1/10 @ 100), 5.625% due 6/1/25 (e)	5,644,100
			35,472,185

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Indiana 0.5%			
\$ 3,000,000	BBB+	Indiana State Development Financing Authority Revenue Refunding (USX Corp. Project), 5.250% due 12/1/22	\$ 3,293,820
Kansas 0.8%			
4,900,000	A-1+	Kansas State Department of Transportation Highway Revenue, Refunded, Series C-3, 1.600% due 9/1/19 (c)	4,900,000
1,250,000	AAA	Scott County, KS GO, Refunding USD No. 446, FGIC-Insured, 5.000% due 9/1/22	1,298,688
			6,198,688
Kentucky 0.3%			
2,480,000	VMIG 1*	Breckinridge County, KY Lease Program Revenue, 1.680% due 2/1/32 (c)	2,480,000
Maine 0.3%			
2,085,000	AA+	Maine State Housing Authority Mortgage Revenue, Series C, 5.300% due 11/15/23	2,122,509
Maryland 1.3%			
		Baltimore, MD Project Revenue Refunding (Wastewater project), Series A, FGIC-Insured:	
2,500,000	AAA	5.125% due 7/1/32	2,575,025
3,385,000	AAA	5.200% due 7/1/32	3,526,764
3,075,000	AA-	Maryland State Health & Higher Educational Facilities Authority Revenue, John Hopkins Hospital Issue, 5.000% due 11/15/26	3,121,463
			9,223,252
Massachusetts 4.7%			
2,000,000	Baa3*	Boston, MA Industrial Development Financing Authority, Sr. Revenue Bonds (Cross-Town Center Project), 6.500% due 9/1/35 (d)	2,001,160
2,430,000	AAA	Massachusetts Bay Transportation Authority, Sales Tax Revenue, Sr. Series A: Pre-refunded, 5.250% due 5/15/23	2,718,635
570,000	AAA	Unrefunded Balance, 5.500% due 7/1/30	603,579

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Massachusetts 4.7% (continued)			
\$ 1,125,000	Aaa*	Massachusetts Development Finance Agency, Merrimack College Issue, MBIA-Insured, 5.200% due 7/1/32	\$ 1,169,190
1,850,000	AAA	Massachusetts Health & Educational Facilities Authority, University of Massachusetts Issue, Series C, FGIC-Insured, 5.125% due 10/1/27	1,908,219
17,000,000	AA-	Massachusetts State GO, Consolidated Loan of 2002, Series C (Call 11/1/12 @ 100), 5.250% due 11/1/30 (b)	18,853,849
5,000,000	AAA	Massachusetts State Special Obligation Revenue, Consolidated loan of 2002, Series A, FGIC-Insured, (Call 6/1/12 @ 100), 5.000% due 6/1/21 (e)	5,238,500
2,000,000	AAA	University of Massachusetts Building Authority Project Revenue Refunding, Series 2004-1, AMBAC-Insured, 5.250% due 11/1/25	2,120,440
			34,613,572
Michigan 2.7%			
5,000,000	AA+	East Lansing, MI School District GO, Q-SBLF-Insured, 5.625% due 5/1/30	5,301,750
2,345,000	AAA	Michigan State COP, AMBAC-Insured: 5.500% due 6/1/19 (f)	2,561,655
6,000,000	AAA	5.500% due 6/1/27	6,379,140
2,500,000	AA-	Michigan State Hospital Finance Authority Revenue Refunding, Trinity Health Credit, Series C, 5.375% due 12/1/23	2,589,475
12,000,000	NR	Michigan State Strategic Fund Resources Recovery, Limited Obligation Revenue (Central Wayne Energy Recovery L.P. Project), Series A, 7.000% due 7/1/27 (d)(h)	600,000
2,300,000	A-1+	Northern Michigan University Revenues, FGIC-Insured, 1.670% due 6/1/31 (c)	2,300,000
			19,732,020
Minnesota 2.2%			
1,500,000	AAA	Dakota County, MN Community Development Agency, MFH Revenue Refunding, Southfork Apartments, FNMA-Collateralized, 5.625% due 2/1/26	1,548,675

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Minnesota 2.2% (continued)			
\$ 7,000,000	A-	Minneapolis, MN Healthcare System Revenue, Allina Health System, Series A, 6.000% due 11/15/23 (b)	\$ 7,440,230
2,000,000	AAA	Minneapolis & St. Paul, MN Community Airport Revenue, FGIC-Insured: Series A, 5.125% due 1/1/25	2,059,680
4,000,000	AAA	Sub-series C, 5.250% due 1/1/26	4,153,520
630,000	AA+	Minnesota State Housing Financing Agency, Single-Family Mortgage, Series I, 5.500% due 1/1/17	652,327
			15,854,432
Missouri 3.5%			
1,500,000	AAA	Greene County, MO Reorganized School District No. R-8 GO, (Mo Direct Deposit Program), FSA-Insured, 5.100% due 3/1/22	1,577,730
21,000,000	Aaa*	Missouri State Environmental Improvement & Energy Resource Authority (Water Pollution Revolving Funds Program), Series B, 5.000% due 1/1/24 (b)	21,925,260
200,000	A-1+	Missouri State Health & Educational Facilities Authority Revenue, Washington University, Series B, 1.670% due 3/1/40 (c)	200,000
2,000,000	AAA	St. Louis, MO Airport Revenue, Airport Development Program, Series A, MBIA-Insured, 5.125% due 7/1/22	2,081,960
			25,784,950
Montana 1.1%			
740,000	A-1+	Curators University, MO System Facilities Revenue, Series A, 1.670% due 11/1/32 (c)	740,000
10,080,000	NR	Montana State Board Investment Resource Recovery Revenue (Yellowstone Energy L.P. Project), 7.000% due 12/31/19 (b)(d)	7,547,299
			8,287,299
Nebraska 0.1%			
500,000	VMIG 1*	Lancaster County, NE Hospital Authority No 1 Hospital Revenue (Bryan Lgh Medical Center Project), AMBAC-Insured, 1.670% due 6/1/18 (c)	500,000

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
New Jersey 7.3%			
\$ 5,200,000	A+	Hudson County, NJ Improvement Authority, Remarketed 7/1/92 6.624% due 8/1/25	\$ 5,220,696
1,000,000	BBB-	Middlesex County, NJ Pollution Control Authority Revenue Refunding, Pollution Control Financing (Amerada Hess Corp. Project), 5.750% due 9/15/32	1,039,090
New Jersey EDA:			
3,125,000	BBB	PCR Refunding (PSEG Power LLC Project), 5.000% due 3/1/12	3,279,562
1,000,000	A+	Revenue (School Facilities-Construction), Series F, 5.000% due 6/15/28	1,012,450
New Jersey Health Care Facilities Financing Authority Revenue:			
3,875,000	AAA	Engelwood Hospital, FHA/MBIA-Insured, 5.000% due 8/1/23	4,034,844
8,000,000	A	Robert Wood Johnson University Hospital, 5.700% due 7/1/20 (b)	8,562,160
2,395,000	AAA	New Jersey State Highway Authority, Garden State Parkway General Revenue (Call 1/1/10 @ 101), 5.625% due 1/1/30 (e)	2,713,224
1,350,000	A-	South Jersey Port Corp., NJ Revenue Refunding, 5.000% due 1/1/26	1,356,183
Tobacco Settlement Financing Corp., NJ Asset-Backed Bonds:			
9,705,000	BBB	5.750% due 6/1/32 (b)	9,242,460
15,000,000	BBB	6.000% due 6/1/37 (b)	13,635,150
3,390,000	BBB	6.125% due 6/1/42	3,110,698
			53,206,517
New Mexico 0.2%			
1,070,000	AAA	New Mexico Mortgage Financing Authority, Single-Family Mortgage Revenue, Series D-3, 5.625% due 9/1/28 (f)	1,091,100
New York 3.0%			
Nassau Health Care Corp., NY Health Systems Revenue, FSA-Insured (Call 8/1/09 @ 102):			
2,000,000	AAA	5.500% due 8/1/19 (e)	2,275,160
3,000,000	AAA	5.750% due 8/1/29 (e)	3,445,350
100,000	A-1+	New York, NY GO, Sub-Series A-4, 1.670% due 8/1/22 (c)	100,000

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
New York 3.0% (continued)			
\$ 6,000,000	AA+	New York City, NY Municipal Water Financing Authority, Water & Sewer System Revenue, Series D, 5.250% due 6/15/25	\$ 6,323,940
5,000,000	AAA	New York State Dormitory Authority Revenue: Series B, FSA-Insured (Call 5/15/10 @ 101), 5.500% due 5/15/30 (e)	5,663,900
1,000,000	AAA	(Willow Towers Inc. Project), GNMA-Collateralized, 5.250% due 2/1/22	1,049,230
3,000,000	AAA	New York State Thruway Authority Highway & Bridge Revenue, Series B-1, FGIC-Insured, 5.400% due 4/1/17	3,238,860
			22,096,440
North Carolina 0.8%			
1,750,000	AA+	Charlotte, NC COP (Governmental Facilities Projects), Series G, 5.000% due 6/1/28	1,776,617
1,615,000	AAA	Harnett County, NC GO, Refunded Custody Receipts, AMBAC-Insured, 5.250% due 6/1/24	1,712,869
		North Carolina Capital Facilities Finance Agency, Educational Facilities Revenue (Elizabeth City State University Housing Foundation LLC Project), Series A, AMBAC-Insured:	
1,000,000	AAA	5.000% due 6/1/23	1,043,580
1,250,000	AAA	5.000% due 6/1/33	1,267,263
			5,800,329
Ohio 9.5%			
4,500,000	Aa2*	Bexley, OH City School District GO, 5.125% due 12/1/27	4,603,590
2,000,000	AAA	Canton, OH City School District GO, Series A, MBIA-Insured, 5.500% due 12/1/20	2,195,340
1,300,000	AA+	Cincinnati, OH Water System Revenue, 5.125% due 12/1/21	1,375,296
3,000,000	AAA	Cuyahoga County, OH Hospital Revenue, University Hospitals Health System Inc., AMBAC-Insured, 5.500% due 1/15/30	3,157,050

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Ohio 9.5% (continued)			
\$ 2,000,000	AAA	Hamilton County, OH Hospital Revenue, Cincinnati Childrens Hospital, FGIC-Insured, 5.250% dued 5/15/23	\$ 2,125,460
25,000,000	Aaa*	Hamilton County, OH Sales Tax Revenue, Sub-series B, AMBAC-Insured, 5.250% due 12/1/32 (b)	26,042,250
7,500,000	AA-	Lorain County, OH Hospital Revenue, Catholic Healthcare Partners, 5.375% due 10/1/30 (b)	7,616,700
5,990,000	AAA	Lucas County, OH Hospital Revenue, Promedic Healthcare Obligation Group, AMBAC-Insured, 5.375% due 11/15/29	6,160,835
3,025,000	Aaa*	Muskingum County, OH GO, Refunding & County Facilities Improvement, MBIA-Insured, 5.125% due 12/1/19	3,220,233
1,375,000	AAA	Ohio State Higher Educational Facility Commission Revenue (University of Dayton Project), AMBAC-Insured, 5.500% due 12/1/25	1,486,403
2,500,000	AAA	Portage County, OH GO, MBIA-Insured, 5.250% due 12/1/17	2,716,375
1,500,000	A3*	Steubenville, OH Hospital Revenue, 6.375% due 10/1/20	1,629,855
		Summit County, OH GO, FGIC-Insured:	
1,000,000	AAA	5.000% due 12/1/21	1,051,760
500,000	AAA	5.000% due 12/1/22	523,600
1,500,000	Aaa*	Trumbull County, OH GO, MBIA-Insured, 5.200% due 12/1/20	1,616,055
2,000,000	AAA	University of Cincinnati, OH General Receipts Revenue, Series A, FGIC-Insured, 5.250% due 6/1/24	2,112,760
1,500,000	AAA	Warrensville Heights, OH GO, City School District, School Improvements, FGIC-Insured, 5.625% due 12/1/20 (f)	1,672,860
			69,306,422
Oregon 2.1%			
3,210,000	AA	Clackamas County, OR Hospital Facilities Authority Revenue, Legacy Health System, 5.750% due 5/1/16	3,505,898
4,895,000	AA+	Oregon State Department of Transportation, Highway User Tax Revenue, Series A, 5.125% due 11/15/23	5,171,127

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Oregon 2.1% (continued)			
\$ 6,750,000	AA	Oregon State Veterans Welfare GO, Series 82, 5.500% due 12/1/42	\$ 6,920,303
			15,597,328
Pennsylvania 4.5%			
735,000	A-1+	Allegheny County, PA IDA Health & Housing Facilities Revenue, Refunded Longwood, Sr. Series A, 1.690% due 7/1/27 (c)	735,000
1,500,000	A-1+	Geisinger Authority PA Health System Revenue, Refunded, 1.680% due 8/1/28 (c)	1,500,000
3,000,000	BBB+	Pennsylvania State Higher Educational Facilities Authority Revenue: (Widener University), 5.000% due 7/15/20	3,022,830
1,900,000	A-1+	Refunded, Carnegie Mellon University, 1.670% due 11/1/29 (c)	1,900,000
18,745,000	AAA	State Public School Building Authority, School Revenue (Philadelphia School District Project), FSA-Insured: 5.250% due 6/1/26 (b)	19,741,859
5,540,000	AAA	5.250% due 6/1/27	5,818,662
			32,718,351
Rhode Island 0.0%			
100,000	A-1+	Rhode Island State Health & Educational Building Corp. Revenue, Care New England Health System, Series A, 1.680% due 9/1/32 (c)	100,000
South Carolina 4.6%			
10,000,000	BBB+	Berkeley County, SC PCR (SC Generating Co. Project), 4.875% due 10/1/14	10,530,100
1,000,000	A	Dorchester County, SC School District No. 2 Installment Purchase Revenue, Growth Remedy Opportunity Tax Hike, 5.250% due 12/1/29	1,009,290
15,000,000	AA-	Greenville County, SC School District Installment Purchase Revenue, Building Equity Sooner Tomorrow, 5.500% due 12/1/28 (b)	15,772,500

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
South Carolina 4.6% (continued)			
\$ 2,505,000	Aaa*	South Carolina Transportation Infrastructure Bank Revenue, Series A: Pre-Refunded Escrowed with state and local government securities to 10/1/11 (Call @ 100), AMBAC-Insured, 5.125% due 10/1/31	\$ 2,783,932
3,000,000	AAA	Pre-Refunded Escrowed with state and local government securities to 10/1/09 (Call @ 101), MBIA-Insured, 5.500% due 10/1/30	3,375,030
			33,470,852
Tennessee 2.8%			
575,000	VMIG 1*	Clarksville County, TN Public Building Authority Revenue, Pooled Financing, TN Municipal Bonds, 1.680% due 7/1/31 (c)	575,000
1,150,000	NR	Hardeman County, TN Correctional Facilities Revenue, Correctional Facilities Corp., 7.750% due 8/1/17	1,199,553
6,420,000	AAA	Memphis-Shelby County, TN Sports Authority Income Revenue (Memphis Arena Project), Series A, AMBAC-Insured, 5.125% due 11/1/21	6,824,845
Sevier County, TN Public Building Authority, Local Government Public Improvement Revenue:			
AMBAC-Insured:			
1,000,000	VMIG 1*	Series IV-E-3, 1.700% due 6/1/24 (c)	1,000,000
3,420,000	VMIG 1*	Series IV-F-1, 1.700% due 6/1/25 (c)	3,420,000
3,300,000	VMIG 1*	Series IV-H-1, 1.700% due 6/1/25 (c)	3,300,000
400,000	VMIG 1*	FSA-Insured, Series IV-B-12, 1.700% due 6/1/20 (c)	400,000
3,000,000	AA	Tennessee State, GO Series A, (Call 3/1/10 @ 100), 5.250% due 3/1/17	3,329,790
			20,049,188

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Texas 4.6%			
\$ 395,000	A-1+	Bell County, TX Health Facility Development Corp. Revenue, Scott & White Memorial Hospital, MBIA-Insured, Series B-2, 1.680% due 8/15/29 (c)	\$ 395,000
1,595,000	AAA	Burleson, TX ISD, GO, PSF-Insured, 6.750% due 8/1/24	1,704,561
12,000,000	CCC	Dallas Fort Worth, TX International Airport Facility Improvement Corp. Revenue (American Airlines Inc. Project): 6.375% due 5/1/35 (b)(d)	7,454,520
3,000,000	CCC	Refunding, Series B, 6.050% due 5/1/29 (d)	2,941,890
13,500,000	A-1+	Harris County, TX Health Facilities Development Corp., Hospital Revenue: Methodist Hospital, 1.680% due 12/1/32 (c)	13,500,000
1,000,000	AAA	School Health Care Systems Refunding, Series B, 5.750% due 7/1/27 (g)	1,141,820
4,840,000	A-1+	St. Luke's Episcopal Hospital Refunding, Series B, 1.680% due 2/15/31 (c)	4,840,000
1,275,000	A-1+	(Texas Medical Center Project), MBIA-Insured, 1.680% due 9/1/31 (c)	1,275,000
300,000	A-1+	Harris County, TX Industrial Development Corp. PCR (Exxon Project), 1.650% due 8/15/27 (c)	300,000
			33,552,791
Virginia 3.9%			
3,000,000	BBB+	Chesapeake, VA IDA, PCR, Remarketed 11/8/02, 5.250% due 2/1/08	3,097,440
3,000,000	BBB+	Chesterfield County, VA IDA, PCR, Virginia Electric & Power Co., Series A, Remarketed 11/8/02, 5.875% due 6/1/17	3,301,500
1,500,000	AAA	Fairfax County, VA Water Authority Water Revenue, 5.000% due 4/1/26	1,548,450
10,000,000	AAA	Virginia State HDA Commonwealth Mortgage Revenue, Series H, Sub-Series H-1, MBIA-Insured, 5.350% due 7/1/31 (b)	10,188,100

See Notes to Financial Statements.

Table of Contents**Schedule of Investments**

November 30, 2004 (unaudited)
(continued)

Face Amount	Rating(a)	Security	Value
Virginia 3.9% (continued)			
\$ 1,235,000	AAA	Virginia State HDA MFH Revenue: Series H, AMBAC-Insured, 6.300% due 11/1/15 (f)	\$ 1,268,197
600,000	AA+	Series K: 5.800% due 11/1/10	622,386
925,000	AA+	5.900% due 11/1/11	958,633
7,000,000	BBB+	York County, VA IDA PCR, Virginia Electrical & Power Co., Remarketed 11/8/02, 5.500% due 7/1/09	7,382,340
			28,367,046
Washington 1.3%			
22,685,000	AAA	Chelan County, WA Revenue Bonds, Public Utilities, District No. 1, Columbus River Rock, Series A, MBIA-Insured, zero coupon due 6/1/22 (b)	9,319,905
100,000	VMIG 1*	Washington State Housing Finance Commission Nonprofit Housing Revenue, Rockwood Retirement Program, Series A, 1.730% due 1/1/30 (c)	100,000
			9,419,905
West Virginia 1.2%			
		West Virginia State Housing Development Fund, Housing Finance Revenue:	
3,845,000	AAA	Series B, 5.300% due 5/1/24	3,949,853
5,000,000	AAA	Series C, 5.350% due 11/1/27	5,136,100
			9,085,953