

Invesco Value Municipal Income Trust  
Form N-CSR  
May 04, 2012

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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**

**811-06590**

**Invesco Value Municipal Income Trust**  
(Exact name of registrant as specified in charter)  
1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Address of principal executive offices) (Zip code)  
Philip A. Taylor 1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Name and address of agent for service)

Registrant's telephone number, including area code: (713) 626-1919

Date of fiscal year end: 2/28

Date of reporting period: 2/29/12

Item 1. Reports to Stockholders.

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**Annual Report to Shareholders**

**February 29, 2012**

**Invesco Value Municipal Income Trust**

*Effective January 23, 2012, Invesco Insured Municipal Income Trust was renamed Invesco Value Municipal Income Trust.*

NYSE: IIM

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## Letters to Shareholders

Philip Taylor

Dear Shareholders:

This annual report provides important information about your Trust, including its performance. I encourage you to read this report to learn more about how your Trust is managed, what it invests in and why it performed as it did. Also, this report includes information about your Trust's management team and a listing of investments held by your Trust at the close of the reporting period.

Investors are likely to confront both opportunities and challenges in 2012. As we saw in 2011, market sentiment can change suddenly and dramatically—and certainly without advance notice—depending on economic developments and world events. Similarly, your own situation, needs and goals can change, requiring adjustments in your financial strategy.

### **For current information about your Trust**

Many investors find that staying abreast of market trends and developments may provide reassurance in times of economic uncertainty and market volatility such as we saw last year and may see again this year.

Invesco can help you stay informed about your investments and market trends. On our website, [invesco.com/us](http://invesco.com/us), we provide timely market updates and commentary from many of our portfolio managers and other investment professionals. Also on our website, you can obtain information about your account at any hour of the day or night. I invite you to visit and explore the tools and information we offer at [invesco.com/us](http://invesco.com/us).

### **Our commitment to investment excellence**

Many investors believe that it's wise to be well diversified and to maintain a long-term investment focus. While diversification can't guarantee a profit or protect against loss, it may cushion the impact of dramatic market moves. Maintaining a long-term investment focus for your long-term goals—financing your retirement or your children's education, for example—may help you avoid making rash investment decisions based on short-term market swings.

Likewise, Invesco's investment professionals maintain a long-term focus. Each Invesco fund is managed by a specialized team of investment professionals, and as a company, we maintain a single focus—investment management that allows our portfolio managers to concentrate on doing what they do best: managing your money.

Each Invesco fund is managed according to its stated investment objectives and strategies, with robust risk oversight using consistent, repeatable investment processes that don't change in response to short-term market events. This disciplined approach can't guarantee a profit; no investment can do that, since all involve some measure of risk. But it can ensure that your money is managed the way we said it would be—according to your Trust's objective and strategies.

### **Questions?**

If you have questions about your account, please contact one of our client service representatives at 800 341 2929. If you have a general Invesco-related question or comment for me, I invite you to email me directly at [phil@invesco.com](mailto:phil@invesco.com).

All of us at Invesco look forward to serving your investment management needs for many years to come. Thank you for investing with us.

Sincerely,

Philip Taylor

Senior Managing Director, Invesco Ltd.

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Bruce Crockett

Dear Fellow Shareholders:

As always, the Invesco Funds Board of Trustees remains committed to putting your interests first. We worked to manage costs throughout the year, and this remains a continuing focus of your Board. We will continue to oversee the funds with the same strong sense of responsibility for your money and your continued trust that we've always maintained.

Throughout 2011, we experienced volatile, challenging markets that presented both significant opportunities and risks for investors.

Early in the year, protests in the Middle East and Africa led to increases in oil and gas prices. This was followed by the disasters in Japan that led to supply chain disruptions across a number of industries. In Europe, sovereign debt concerns created uncertainty in global markets that remains unresolved. Here in the US, prolonged congressional debates over deficits and the debt ceiling resulted in the first-ever downgrade of US long-term debt. Combined, this imperfect storm of events took a tremendous toll on global economic growth and created volatility in the markets.

Across the globe, demographic and economic trends are profoundly reshaping the world's wealth. Emerging markets such as China, India, Brazil and Russia are experiencing tremendous growth. China is now the world's second-largest economy. Meanwhile, established markets such as the US and Europe are struggling with debt issues and experiencing much lower rates of growth. We all know the US is a consumer-driven market and consumers continue to face numerous headwinds, including elevated energy prices, a dismal housing market and high unemployment.

This dynamic, challenging market and economic environment underscores once again the value of maintaining a well-diversified investment portfolio. Obviously, none of us can control the markets or global economic trends. However, adopting a disciplined approach to saving and investing may help provide the funds needed to buy a house, pay for our children's education and provide for a comfortable retirement.

Based on everything I've read, this year could potentially be just as interesting as 2011, with continued uncertainty in key economies around the world and volatility in the markets. With this in mind, you'll want to stay informed regarding the markets and keep up to date with news that affects your investment portfolio. Invesco's website, [invesco.com/us](http://invesco.com/us), provides a wealth of information about your investments and news regarding global markets.

I would like to close by thanking Bob Baker for his distinguished 30-year service with the Invesco Funds Board and his unflagging commitment to our funds' shareholders. As always, I encourage you to contact me at [bruce@brucecrockett.com](mailto:bruce@brucecrockett.com) with any questions or concerns you may have. We look forward to representing you and serving you in 2012.

Sincerely,

Bruce L. Crockett

Independent Chair

Invesco Funds Board of Trustees

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## Management's Discussion of Trust Performance

### Performance summary

This is the annual report for Invesco Value Municipal Income Trust (formerly Invesco Insured Municipal Income Trust) for the fiscal year ended February 29, 2012. The Trust's return can be calculated based on either the market price or the net asset value (NAV) of its shares. NAV per share is determined by dividing the value of the Trust's portfolio securities, cash and other assets, less all liabilities and preferred shares, by the total number of common shares outstanding. Market price reflects the supply and demand for Trust shares. As a result, the two returns can differ, as they did during the reporting period. The main contributors to return on an NAV basis were our yield positioning and our exposure to electric and special tax bonds.

### Performance

*Total returns, 2/28/11 to 2/29/12*

|   |        |
|---|--------|
| Trust at NAV                              | 22.36% |
| Trust at Market Value                     | 38.39  |
| Barclays Municipal Bond Index             | 12.42  |
| Market Price Premium to NAV as of 2/29/12 | 5.41   |

Source(s): Lipper Inc.

*The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Investment return, net asset value and common share market price will fluctuate so that you may have a gain or loss when you sell shares. Please visit [invesco.com/us](http://invesco.com/us) for the most recent month-end performance. Performance figures reflect Trust expenses, the reinvestment of distributions (if any) and changes in net asset value (NAV) for performance based on NAV and changes in market price for performance based on market price.*

*Since the Trust is a closed-end management investment company, shares of the Trust may trade at a discount or premium from the NAV. This characteristic is separate and distinct from the risk that NAV could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Trust cannot predict whether shares will trade at, above or below NAV. The Trust should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.*

### How we invest

We seek to provide investors with current income exempt from federal income tax, primarily by investing in a diversified portfolio of municipal securities.

We seek to achieve the Trust's investment objective by investing primarily in municipal obligations that are rated investment grade by at least one nationally recognized statistical rating organization. Municipal obligations include municipal bonds, municipal notes, municipal commercial paper and lease obligations. The Trust may invest in taxable or tax-exempt investment grade securities, or if not rated, securities we determine to be of comparable quality. From time to time, we may invest in municipal securities that pay interest that is subject to the federal alternative minimum tax.

We employ a bottom-up, research-driven approach to identify securities that have attractive risk/reward characteristics for the sectors in which we invest. We also integrate macroeconomic analysis and forecasting into our

evaluation and ranking of various sectors and individual securities. Finally, we employ leverage in an effort to enhance the Trust's income and total return.

Sell decisions are based on:

- n A deterioration or likely deterioration of an individual issuer's capacity to meet its debt obligations on a timely basis.
- n A deterioration or likely deterioration of the broader fundamentals of a particular industry or sector.
- n Opportunities in the secondary or primary market to exchange into a security with better relative value.

### Market conditions and your Trust

For the fiscal year ended February 29, 2012, the municipal market performed strongly. The Barclays Municipal Bond Index returned 12.42%, outperforming other fixed income indexes such as the Barclays U.S. Aggregate Index, which returned 8.37%; the Barclays U.S. Corporate High Yield Index, which returned 6.94%; the Barclays U.S. Corporate Investment Grade Index, which returned 10.37%; and the Barclays U.S. Mortgage Backed Securities Index, which returned 6.44%.<sup>1</sup>

During 2011, credit fundamentals remained strong, and default rates continued their downward trend. In line with the drop exhibited from 2009 to 2010, the number of defaults in 2011 was muted and lower than 2010. Despite a few high profile bankruptcies such as Harrisburg, Pennsylvania, Jefferson County, Alabama, and Central Falls, Rhode Island, defaults came nowhere near the hundreds of billions of dollars predicted by well-known analyst Meredith Whitney at the end of 2010.<sup>2</sup>

In terms of municipal fund flows, Whitney's prediction raised concerns regarding the credit stability of municipalities and the heightened risk of unprecedented defaults in 2011. Retail investors, who already had been making withdrawals from municipal bond mutual funds, heeded Whitney's warning and began to sell shares at a record pace.<sup>3</sup> Money was withdrawn from municipal mutual funds for 29 straight weeks<sup>3</sup>, but by the end of the third quarter of 2011, the tide had changed. This increase in demand in the third quarter had a positive effect on municipal market performance during the reporting period.

The Trust's exposure to the 15- to 20-year part of the yield curve and the long end (20+ years) of the yield curve added to Trust returns as yields approached all-time lows<sup>3</sup> during the reporting period. Some of our yield curve and duration positioning was obtained through the use of inverse floating rate

### Portfolio Composition

*By credit sector, based on total investments*

|                          |       |
|--------------------------|-------|
| Revenue Bonds            | 77.4% |
| General Obligation Bonds | 11.8  |
| Pre-refunded Bonds       | 10.0  |
| Other                    | 0.8   |

### Top Five Fixed Income Holdings

|  |      |
|--|------|
| 1. Anaheim (City of)<br>Public Financing Authority | 6.1% |
|--|------|

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|    |   |     |
|----|---|-----|
| 2. | California Infrastructure & Economic Development Bank | 4.0 |
| 3. | Miami-Dade (County of) School Board                   | 3.6 |
| 4. | Long Beach (City of)                                  | 3.3 |
| 5. | Rhode Island Depositors Economic Protection Corp.     | 3.2 |

|                             |         |
|-----------------------------|---------|
| Total Net Assets            | \$336.9 |
| Applicable to Common Shares | million |

Total Number of Holdings 176  
The Trust's holdings are subject to change, and there is no assurance that the Trust will continue to hold any particular security.

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securities. Inverse floating rate securities are instruments which have an inverse relationship to a referenced interest rate. Inverse floating rate securities can be a more efficient way to manage duration, yield curve exposure and credit exposure. Also, they potentially can enhance yield.

Sector performance was driven by spread tightening between lower rated and higher rated investment grade securities for most of the reporting period, largely a result of declining yields, increased demand and lower tax-exempt issuance. As a result, lower credit quality sectors outperformed and contributed to Trust performance as we had overweight exposure to these market segments.

Our exposure to electric and special tax bonds contributed to returns for the reporting period. Our allocation to state general obligation bonds detracted from returns.

One important factor impacting the return of the Trust relative to its comparative index was the Trust's use of structural leverage. The Trust uses leverage because we believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, if the prices of securities held by a trust decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a trust generally are rising. Leverage made a positive contribution to the performance of the Trust during the reporting period.

During the reporting period, the Trust achieved a leveraged position through the use of tender option bonds and auction rate preferred shares. As of the close of the reporting period, leverage accounted for 31% of the Trust's total assets. For more information about the Trust's use of leverage, see the Notes to Financial Statements later in this report.

As stated earlier, the Trust trades at a market price and also has an NAV. The Trust traded at a discount to its underlying NAV until October. From October to December, it traded at or around its NAV. Beginning in December and through the close of the reporting period, the Trust traded at a premium to its NAV.

Thank you for investing in Invesco Value Municipal Income Trust and for sharing our long-term investment horizon.

1 Source: Lipper Inc.

2 Source: CBS News

3 Source: *The Bond Buyer*

*The views and opinions expressed in management's discussion of Trust performance are those of Invesco Advisers, Inc. These views and opinions are subject to change at any time based on factors such as market and economic conditions. These views and opinions may not be relied upon as investment advice or recommendations, or as an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Trust. Statements of fact are from sources considered reliable, but Invesco Advisers, Inc. makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

See important Trust and, if applicable, index disclosures later in this report.

#### **Thomas Byron**

Portfolio manager, is manager of Invesco Value Municipal Income Trust. He joined Invesco in 2010. Mr. Byron was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1981 to 2010 and began managing the Trust in 2009. He earned a B.S. in finance from Marquette University and an M.B.A. in finance from DePaul University.

#### **Robert Stryker**

Chartered Financial Analyst, portfolio manager, is manager of Invesco Value Municipal Income Trust. He joined Invesco in 2010. Mr. Stryker was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1994 to 2010 and began managing the Trust in 2009. He earned a B.S. in finance from the University of Illinois, Chicago.

**Robert Wimmel**

Portfolio manager, is manager of Invesco Value Municipal Income Trust. He joined Invesco in 2010. Mr. Wimmel was associated with the Trust's previous investment adviser or its investment advisory affiliates in an investment management capacity from 1996 to 2010 and began managing the Trust in 2009. He earned a B.A. in anthropology from the University of Cincinnati and an M.A. in economics from the University of Illinois, Chicago.

*Effective March 1, 2012, after the close of the reporting period, Richard Berry and Stephen Turman left the management team.*

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### **Additional Information**

- n Unless otherwise stated, information presented in this report is as of February 29, 2012, and is based on total net assets applicable to common shares.
- n Unless otherwise noted, all data provided by Invesco.
- n To access your Trust's reports, visit [invesco.com/fundreports](http://invesco.com/fundreports).

### **About indexes used in this report**

- n The **Barclays Municipal Bond index** is an unmanaged index considered representative of the tax-exempt bond market.
- n The **Barclays U.S. Aggregate Index** is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.
- n The **Barclays U.S. Corporate High Yield Index** is an unmanaged index that covers the universe of fixed-rate, noninvestment-grade debt.
- n The **Barclays U.S. Corporate Investment Grade Index** is an unmanaged index considered representative of fixed-rate, investment grade taxable bond debt.
- n The **Barclays U.S. Mortgage Backed Securities Index** is an unmanaged index comprising 15- and 30-year fixed-rate securities backed by mortgage pools of Ginnie Mae, Freddie Mac and Fannie Mae.
- n The Trust is not managed to track the performance of any particular index, including the index(es) defined here, and consequently, the performance of the Trust may deviate significantly from the performance of the index(es).
- n A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of the peer group, if applicable, reflects fund expenses; performance of a market index does not.

### **Other information**

- n The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.
- n The returns shown in management's discussion of Trust performance are based on net asset values calculated for shareholder transactions. Generally accepted accounting principles require adjustments to be made to the net assets of the Trust at period end for financial reporting purposes, and as such, the net asset values for shareholder transactions and the returns based on those net asset values may differ from the net asset values and returns reported in the Financial Highlights.

### **Changes to Investment Policy and Trust Name**

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Effective January 23, 2012, the Trust eliminated its existing non-fundamental investment policy requiring that it invest substantially all of its assets in municipal securities that are insured at the time of purchase by insurers whose claims-paying ability is rated A by S&P, A by Moody's or the equivalent by another nationally recognized statistical rating organization.<sup>1</sup> The Trust did not change its investment objective, and the Trust will continue to invest primarily in a portfolio of municipal obligations. In connection with the change in policy, the Trust changed its name to Invesco Value Municipal Income Trust.

<sup>1</sup> A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. For more information on rating methodologies, please visit the following NRSRO websites: [standardandpoors.com](http://standardandpoors.com) and select Understanding Ratings under Rating Resources on the homepage; [moody.com](http://moody.com) and select Rating Methodologies under Research and Ratings on the homepage; and [fitchratings.com](http://fitchratings.com) and select Ratings Definitions on the homepage.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

**NYSE Symbol**

**IIM**

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### **Dividend Reinvestment Plan**

The dividend reinvestment plan (the Plan) offers you a prompt and simple way to reinvest your dividends and capital gains distributions (Distributions) into additional shares of your Trust. Under the Plan, the money you earn from dividends and capital gains distributions will be reinvested automatically in more shares of your Trust, allowing you to potentially increase your investment over time.

#### **Plan benefits**

n **Add to your account:**

You may increase the amount of shares in your Trust easily and automatically with the Plan.

n **Low transaction costs:**

Transaction costs are low because the new shares are bought in blocks and the brokerage commission is shared among all participants.

n **Convenience:**

You will receive a detailed account statement from Computershare Trust Company, N.A. (the Agent) which administers the Plan. The statement shows your total Distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account. You can also access your account via the Internet. To do this, please go to [invesco.com/us](http://invesco.com/us).

n **Safekeeping:**

The Agent will hold the shares it has acquired for you in safekeeping.

### **How to participate in the Plan**

If you own shares in your own name, you can participate directly in the Plan. If your shares are held in street name in the name of your brokerage firm, bank, or other financial institution you must instruct that entity to participate on your behalf. If they are unable to participate on your behalf, you may request that they reregister your shares in your own name so that you may enroll in the Plan.

### **How to enroll**

To enroll in the Plan, please read the Terms and Conditions in the Plan brochure. You can enroll in the Plan by visiting [invesco.com/us](http://invesco.com/us), calling toll-free 800 341 2929 or notifying us in writing at Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Please include your Trust name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the Plan will begin with the next Distribution payable after the Agent receives your authorization, as long as they receive it before the record date, which is generally one week before such Distributions are paid. If your authorization arrives after such record date, your participation in the Plan will begin with the following Distributions.

### **How the Plan Works**

If you choose to participate in the Plan, whenever your Trust declares such Distributions, it will be invested in additional shares of your Trust that are purchased on the open market.

### **Costs of the Plan**

There is no direct charge to you for reinvesting Distributions because the Plan's fees are paid by your Trust. However, you will pay your portion of any per share fees incurred when the new shares are purchased on the open market. These fees are typically less than the standard brokerage charges for individual transactions, because shares are purchased for all Participants in blocks, resulting in lower commissions for each individual Participant. Any per share or service fees are averaged into the purchase price. Per share fees include any applicable brokerage commissions the Agent is

required to pay.

### **Tax implications**

The automatic reinvestment of Distributions does not relieve you of any income tax that may be due on Distributions. You will receive tax information annually to help you prepare your federal income tax return.

*Invesco does not offer tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used, by any taxpayer for avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Federal and state tax laws are complex and constantly changing. Shareholders should always consult a legal or tax adviser for information concerning their individual situation.*

### **How to withdraw from the Plan**

You may withdraw from the Plan at any time by calling 800 341 2929, visiting [invesco.com/us](http://invesco.com/us) or by writing to Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Simply indicate that you would like to withdraw from the Plan, and be sure to include your Trust name and account number. Also, ensure that all shareholders listed on the account have signed these written instructions. If you withdraw, you have three options with regard to the shares held in the Plan:

1. If you opt to continue to hold your non-certificated shares, whole shares will be held by the Agent and fractional shares will be sold. The proceeds will be sent via check to your address of record after deducting per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
2. If you opt to sell your shares through the Agent, we will sell all full and fractional shares and send the proceeds via check to your address of record after deducting per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
3. You may sell your shares through your financial adviser through the Direct Registration System (DRS). DRS is a service within the securities industry that allows Trust shares to be held in your name in electronic format. You retain full ownership of your shares, without having to hold a stock certificate. You should contact your financial adviser to learn more about any restrictions or fees that may apply.

**To obtain a complete copy of the Dividend Reinvestment Plan, please call our Client Services department at 800 341 2929 or visit [invesco.com/us](http://invesco.com/us).**

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**Schedule of Investments**

February 29, 2012

|   | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Principal<br/>Amount<br/>(000)</b> | <b>Value</b> |
|---|--------------------------|--------------------------|---------------------------------------|--------------|
| <b>Municipal Obligations 146.54%</b>  |                          |                          |                                       |              |
| Alabama 2.35%   |                          |                          |                                       |              |
| Birmingham (City of) Airport Authority; Series 2010,<br>RB (INS AGM <sup>3</sup> )  | 5.25%                    | 07/01/30                 | \$ 1,600                              | \$ 1,768,608 |
| Birmingham (City of) Water Works Board; Series 2011,<br>Water RB (INS AGM <sup>3</sup> )(b)   | 5.00%                    | 01/01/36                 | 3,855                                 | 5,172,099    |
| Chatom (Town of) Industrial Development Board<br>(PowerSouth Energy Cooperative); Series 2010 A, Ref.<br>Gulf Opportunity Zone RB (INS AGC <sup>3</sup> ) | 5.00%                    | 08/01/37                 | 900                                   | 987,048      |
|   |                          |                          |                                       | 7,927,755    |
| Alaska 0.56%  |                          |                          |                                       |              |
| Alaska (State of) Industrial Development & Export<br>Authority (Providence Health Services);<br>Series 2011 A, RB <sup>(b)</sup>                          | 5.50%                    | 10/01/41                 | 1,695                                 | 1,896,502    |
| Arizona 1.82%   |                          |                          |                                       |              |
| Arizona (State of) Health Facilities Authority (Catholic<br>Healthcare West); Series 2011 B-2, RB (INS AGM <sup>3</sup> )                                 | 5.00%                    | 03/01/41                 | 930                                   | 982,805      |
| Arizona (State of); Series 2008 A, COP (INS AGM <sup>3</sup> )  | 5.00%                    | 09/01/26                 | 1,495                                 | 1,635,156    |
| Glendale (City of) Industrial Development Authority<br>(Midwestern University);<br>Series 2010, RB  | 5.00%                    | 05/15/35                 | 450                                   | 470,147      |
| Series 2010, RB   | 5.13%                    | 05/15/40                 | 450                                   | 470,516      |

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|   |       |          |        |            |
|---|-------|----------|--------|------------|
| University of Arizona; Series 2003 B, COP<br>(INS AMBAC <sup>(a)</sup> )  | 5.00% | 06/01/23 | 2,500  | 2,576,375  |
|   |       |          |        | 6,134,999  |
| California 33.47%   |       |          |        |            |
| Alameda (County of) Joint Powers Authority (Juvenile<br>Justice Refunding); Series 2008 A, Lease RB<br>(INS AGM <sup>(a)</sup> )                      | 5.00% | 12/01/24 | 1,475  | 1,633,843  |
| Alhambra Unified School District (Election of 2004);<br>Series 2009 B, Unlimited Tax CAB GO Bonds<br>(INS AGC <sup>(a)</sup> )(c)                     | 0.00% | 08/01/35 | 1,655  | 477,815    |
| Alvord Unified School District (Election of 2007);<br>Series 2008 A, Unlimited Tax GO Bonds (INS AGM <sup>(a)</sup> )                                 | 5.00% | 08/01/27 | 610    | 679,076    |
| Anaheim (City of) Public Financing Authority (Electric<br>System Distribution Facilities); Series 2007 A, RB<br>(INS NATL <sup>(a)</sup> )(b)         | 4.50% | 10/01/37 | 20,000 | 20,627,600 |
| Beverly Hills Unified School District (Election of 2008);<br>Series 2009, Unlimited Tax CAB GO Bonds <sup>(c)</sup>                                   | 0.00% | 08/01/26 | 1,170  | 689,048    |
| Series 2009, Unlimited Tax CAB GO Bonds <sup>(c)</sup>  | 0.00% | 08/01/31 | 2,275  | 996,632    |
| California (State of) Department of Water Resources;<br>Series 2008 H, Power Supply RB (INS AGM <sup>(a)</sup> )                                      | 5.00% | 05/01/22 | 3,050  | 3,559,258  |
| California (State of) Health Facilities Financing<br>Authority (Scripps Health); Series 2010 A, RB  | 5.00% | 11/15/36 | 2,150  | 2,292,051  |
| California (State of) Statewide Communities<br>Development Authority (Cottage Health System<br>Obligated Group); Series 2010, RB                      | 5.00% | 11/01/40 | 1,000  | 1,047,590  |
| California Infrastructure & Economic Development<br>Bank;<br>Series 2003 A, First Lien Bay Area Toll Bridges Seismic<br>Retrofit RB <sup>(d)(e)</sup> | 5.00% | 01/01/28 | 4,500  | 6,037,470  |
| Series 2003 A, First Lien Bay Area Toll Bridges Seismic<br>Retrofit RB <sup>(b)(d)(e)</sup>   | 5.00% | 01/01/28 | 10,000 | 13,416,600 |
| Clovis Unified School District (Election of 2004);<br>Series 2004 A, Unlimited Tax CAB GO Bonds<br>(INS NATL <sup>(a)</sup> )(c)                      | 0.00% | 08/01/29 | 585    | 257,979    |
|   | 5.00% | 06/01/36 | 1,995  | 2,280,844  |



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East Bay Municipal Utility District; Series 2010 A, Ref. Sub. Water System RB<sup>(b)</sup>

|  |       |          |       |            |
|--|-------|----------|-------|------------|
| El Segundo Unified School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds <sup>(c)</sup>                      | 0.00% | 08/01/31 | 3,065 | 1,138,402  |
| Long Beach (City of); Series 1998 A, Ref. Harbor RB (INS NATL <sup>(g)</sup> ) <sup>(f)</sup>  | 6.00% | 05/15/18 | 9,000 | 11,188,260 |
| Los Angeles (City of) Department of Airports (Los Angeles International Airport); Series 2010 B, Sub. RB                             | 5.00% | 05/15/40 | 850   | 927,903    |
| Los Angeles (City of) Department of Water & Power; Series 2004 C, Water System RB (INS NATL <sup>(g)</sup> ) <sup>(b)</sup>          | 5.00% | 07/01/25 | 5,000 | 5,826,150  |
| Los Angeles (City of); Series 2004 A, Unlimited Tax GO Bonds (INS NATL <sup>(g)</sup> )  | 5.00% | 09/01/24 | 3,000 | 3,287,190  |
| Menifee Union School District (Election of 2008); Series 2009 C, Unlimited Tax CAB GO Bonds (INS AGC <sup>(g)</sup> ) <sup>(c)</sup> | 0.00% | 08/01/34 | 1,665 | 501,381    |
| Moreland School District (Crossover); Series 2006 C, Ref. Unlimited Tax CAB GO Bonds (INS AMBAC <sup>(g)</sup> ) <sup>(c)</sup>      | 0.00% | 08/01/29 | 1,845 | 774,476    |
| Oak Grove School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds <sup>(c)</sup>                               | 0.00% | 08/01/28 | 1,320 | 611,094    |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**8 Invesco Value Municipal Income Trust**

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|   | Interest Rate | Maturity Date | Principal Amount (000) | Value      |
|---|---------------|---------------|------------------------|------------|
| California (continued)  |               |               |                        |            |
| Oakland (Port of);<br>Series 2002 L, RB <sup>(d)(e)(f)</sup>  | 5.00%         | 11/01/12      | \$ 110                 | \$ 113,446 |
| Series 2002 L, RB (INS NATL <sup>(g)(f)</sup> )   | 5.00%         | 11/01/21      | 890                    | 908,485    |
| Patterson Joint Unified School District (Election of 2008);<br>Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGM <sup>(g)(c)</sup> )                           | 0.00%         | 08/01/34      | 3,825                  | 1,122,064  |
| Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGM <sup>(g)(c)</sup> )  | 0.00%         | 08/01/35      | 4,120                  | 1,133,906  |
| Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGM <sup>(g)(c)</sup> )  | 0.00%         | 08/01/36      | 300                    | 77,217     |
| Poway Unified School District (Election of 2008 School Facilities Improvement District No. 2007-1);<br>Series 2009 A, Unlimited Tax CAB GO Bonds <sup>(c)</sup> | 0.00%         | 08/01/28      | 3,925                  | 1,837,606  |
| Series 2009 A, Unlimited Tax CAB GO Bonds <sup>(c)</sup>  | 0.00%         | 08/01/31      | 4,245                  | 1,650,031  |
| Regents of the University of California;<br>Series 2003 B, General RB (INS AMBAC <sup>(g)</sup> )   | 5.00%         | 05/15/22      | 2,000                  | 2,107,160  |
| Series 2007 J, General RB (INS AGM <sup>(g)(b)</sup> )  | 4.50%         | 05/15/31      | 3,310                  | 3,464,378  |
| Series 2007 J, General RB (INS AGM <sup>(g)(b)</sup> )  | 4.50%         | 05/15/35      | 2,690                  | 2,782,106  |
| Sacramento (County of) Sanitation Districts Financing Authority (Sacramento Regional County Sanitation District); Series 2006, RB (INS NATL <sup>(g)</sup> )    | 5.00%         | 12/01/36      | 3,000                  | 3,218,670  |
| San Diego (County of) Water Authority;<br>Series 2002 A, COP <sup>(d)(e)</sup>  | 5.00%         | 05/01/12      | 5,000                  | 5,090,600  |
| Series 2004 A, COP (INS AGM <sup>(g)(b)</sup> )   | 5.00%         | 05/01/29      | 5,000                  | 5,310,350  |
| Twin Rivers Unified School District (School Facility Bridge Funding Program); Series 2007, COP  | 3.50%         | 05/31/13      | 2,100                  | 2,102,415  |

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(INS AGM)<sup>(d)(g)</sup>

|   |       |          |        |             |
|---|-------|----------|--------|-------------|
| William S. Hart Union High School District (Election of 2008); Series 2009 A, Unlimited Tax CAB GO Bonds <sup>(c)</sup> | 0.00% | 08/01/33 | 11,350 | 3,568,440   |
|   |       |          |        | 112,737,536 |

Colorado 1.33%

|   |       |          |       |           |
|---|-------|----------|-------|-----------|
| Colorado (State of) Regional Transportation District (Denver Transit Partners Eagle P3); Series 2010, Private Activity RB | 6.00% | 01/15/41 | 1,350 | 1,455,759 |
| Denver (City of) Convention Center Hotel Authority; Series 2006, Ref. Sr. RB (INS SGI) <sup>(j)</sup>                     | 5.00% | 12/01/30 | 3,000 | 3,023,400 |
|   |       |          |       | 4,479,159 |

Connecticut 0.50%

|   |       |          |       |           |
|---|-------|----------|-------|-----------|
| Connecticut (State of) Health & Educational Facilities Authority (Quinnipiac University); Series 2007 K-2, RB (INS NATL) <sup>(j)</sup> | 5.00% | 07/01/25 | 1,525 | 1,690,066 |
|---|-------|----------|-------|-----------|

District of Columbia 3.29%

|  |       |          |       |            |
|--|-------|----------|-------|------------|
| District of Columbia Water & Sewer Authority; Series 2008 A, Ref. Public Utility Sub. Lien RB (INS AGC) <sup>(j)</sup> | 5.00% | 10/01/28 | 1,350 | 1,532,318  |
| District of Columbia; Series 2006 B-1, Ballpark RB (INS NATL) <sup>(j)</sup>   | 5.00% | 02/01/31 | 2,000 | 2,035,160  |
| Series 2008 E, Unlimited Tax GO Bonds (INS BHAC) <sup>(j)(b)</sup>   | 5.00% | 06/01/26 | 1,000 | 1,127,290  |
| Series 2008 E, Unlimited Tax GO Bonds (INS BHAC) <sup>(j)(b)</sup>   | 5.00% | 06/01/27 | 1,000 | 1,121,190  |
| Series 2008 E, Unlimited Tax GO Bonds (INS BHAC) <sup>(j)(b)</sup>   | 5.00% | 06/01/28 | 2,000 | 2,231,940  |
| Series 2009 A, Sec. Income Tax RB <sup>(b)</sup>   | 5.25% | 12/01/27 | 2,540 | 3,028,772  |
|  |       |          |       | 11,076,670 |

Florida 10.84%

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|   |       |          |       |           |
|---|-------|----------|-------|-----------|
| Cape Coral (City of); Series 2011, Ref. Water & Sewer RB (INS AGM <sup>9</sup> )                        | 5.00% | 10/01/41 | 1,855 | 2,009,930 |
| Citizens Property Insurance Corp. (High Risk Account); Series 2010 A-1, Sr. Sec. RB                     | 5.00% | 06/01/14 | 2,600 | 2,826,096 |
| Florida (State of) Mid-Bay Bridge Authority; Series 2008 A, Ref. RB (INS AGC <sup>9</sup> )             | 5.00% | 10/01/27 | 1,550 | 1,641,900 |
| Martin (County of) Health Facilities (Martin Memorial Medical Center); Series 2012, RB                  | 5.13% | 11/15/32 | 2,250 | 2,305,192 |
| Miami-Dade (County of) (Building Better Communities Program); Series 2009 B-1, Unlimited Tax GO Bonds   | 6.00% | 07/01/38 | 1,000 | 1,146,780 |
| Miami-Dade (County of) Expressway Authority; Series 2010 A, Ref. Toll System RB (INS AGM <sup>9</sup> ) | 5.00% | 07/01/35 | 1,525 | 1,652,963 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**9 Invesco Value Municipal Income Trust**

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|   | Interest Rate | Maturity Date | Principal Amount (000) | Value         |
|---|---------------|---------------|------------------------|---------------|
| Florida (continued)   |               |               |                        |               |
| Miami-Dade (County of) School Board; Series 2003 D, COP (INS NATL <sup>(a)</sup> )  | 5.00%         | 08/01/29      | \$ 12,000              | \$ 12,218,040 |
| Miami-Dade (County of); Series 2010, Water & Sewer System RB (INS AGM <sup>(a)</sup> )  | 5.00%         | 10/01/39      | 2,000                  | 2,172,120     |
| Orange (County of) School Board; Series 2002 A, COP (INS AMBAC <sup>(a)</sup> )   | 5.25%         | 08/01/14      | 3,000                  | 3,092,070     |
| Palm Beach (County of) Solid Waste Authority; Series 2009, Improvement RB (INS BHAC <sup>(a)</sup> )                                | 5.50%         | 10/01/23      | 1,500                  | 1,853,640     |
| Series 2011, Ref. RB <sup>(b)</sup>   | 5.00%         | 10/01/31      | 1,395                  | 1,568,399     |
| Port St. Lucie (City of); Series 2009, Ref. Utility System RB (INS AGC <sup>(a)</sup> )   | 5.00%         | 09/01/29      | 1,000                  | 1,113,970     |
| Tampa (City of) Sports Authority; Series 2005, Ref. Sales Tax RB (INS AGM <sup>(a)</sup> )  | 5.00%         | 01/01/26      | 2,670                  | 2,921,300     |
|   |               |               |                        | 36,522,400    |
| Georgia 3.78%   |               |               |                        |               |
| Atlanta (City of); Series 2004 C, Airport Passenger Facility Charge & Sub. Lien General RB (INS AGM <sup>(a)</sup> ) <sup>(b)</sup> | 5.00%         | 01/01/33      | 5,000                  | 5,275,800     |
| Series 2010 A, General Airport RB (INS AGM <sup>(a)</sup> )   | 5.00%         | 01/01/35      | 2,000                  | 2,171,880     |
| Augusta (City of); Series 2004, Water & Sewerage RB (INS AGM <sup>(a)</sup> )   | 5.25%         | 10/01/39      | 2,000                  | 2,179,960     |
| Metropolitan Atlanta Rapid Transit Authority; Series 2007 B, Ref. Third Indenture Sales Tax RB (INS AGM <sup>(a)</sup> )            | 5.00%         | 07/01/34      | 1,390                  | 1,498,740     |
| Private Colleges & Universities Authority (Mercer University);  |               |               |                        |               |

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|   |       |          |       |            |
|---|-------|----------|-------|------------|
| Series 2012 A, RB   | 5.25% | 10/01/27 | 975   | 1,045,531  |
| Series 2012 A, RB   | 5.00% | 10/01/32 | 540   | 553,203    |
|   |       |          |       | 12,725,114 |
| Hawaii 1.48%  |       |          |       |            |
| Hawaii (State of) Department of Budget & Finance (Hawaiian Electric Co., Inc.); Series 1999 C, Special Purpose RB (INS AMBA <sup>(f)</sup> )                        | 6.20% | 11/01/29 | 5,000 | 5,001,500  |
| Idaho 1.59%   |       |          |       |            |
| Idaho (State of) Health Facilities Authority (St. Luke's Regional Medical Center); Series 2010, RB (INS AGM <sup>(g)</sup> )  | 5.00% | 07/01/35 | 2,250 | 2,428,785  |
| Idaho (State of) Housing & Finance Association (Federal Highway Trust Fund); Series 2008 A, Grant & RAB (INS AGC <sup>(g)</sup> )                                   | 5.25% | 07/15/24 | 2,500 | 2,926,700  |
|   |       |          |       | 5,355,485  |
| Illinois 10.78%   |       |          |       |            |
| Chicago (City of) (O'Hare International Airport); Series 2005 A, Third Lien General Airport RB (INS NATL <sup>(g)</sup> )   | 5.25% | 01/01/25 | 5,000 | 5,417,150  |
| Chicago (City of) Transit Authority (FTA Section 5309 Fixed Guideway Modernization Formula Funds); Series 2008, Capital Grant Receipts RB (INS AGC <sup>(g)</sup> ) | 5.25% | 06/01/25 | 480   | 527,846    |
| Series 2008, Capital Grant Receipts RB (INS AGC <sup>(g)</sup> )  | 5.25% | 06/01/26 | 1,210 | 1,320,449  |
| Chicago (City of) Transit Authority; Series 2011, Sales Tax Receipts RB <sup>(a)(b)</sup>   | 5.25% | 12/01/36 | 5,000 | 5,575,300  |
| Chicago (City of); Series 2007 A, Ref. Project Unlimited Tax GO Bonds (INS AGM <sup>(g)(b)(h)</sup> )   | 5.00% | 01/01/37 | 7,460 | 7,739,974  |
| DeKalb County Community Unit School District No. 428; Series 2008, Unlimited Tax GO Bonds (INS AGM <sup>(g)</sup> )   | 5.00% | 01/01/27 | 1,175 | 1,295,661  |
| Illinois (State of) Finance Authority (Northwestern Memorial Hospital); Series 2009 B, RB   | 5.38% | 08/15/24 | 1,595 | 1,863,375  |

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|  |       |          |       |            |
|--|-------|----------|-------|------------|
| Illinois (State of) Finance Authority (Swedish American Hospital); Series 2004, RB (INS AMBAC <sup>(3)</sup> )                         | 5.00% | 11/15/31 | 2,000 | 2,013,700  |
| Illinois (State of) Metropolitan Pier & Exposition Authority (McCormick Place Expansion); Series 2002 A, RB (INS NATL <sup>(3)</sup> ) | 5.25% | 06/15/42 | 5,000 | 5,103,750  |
| Series 2002 B, Ref. Conv. CAB RB (INS NATL <sup>(3)(c)</sup> )   | 0.00% | 06/15/18 | 3,000 | 3,338,130  |
| Railsplitter Tobacco Settlement Authority; Series 2010, RB   | 5.50% | 06/01/23 | 1,830 | 2,111,655  |
|  |       |          |       | 36,306,990 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**10 Invesco Value Municipal Income Trust**

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|  | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Principal<br/>Amount<br/>(000)</b> | <b>Value</b> |
|--|--------------------------|--------------------------|---------------------------------------|--------------|
| Iowa 1.36%   |                          |                          |                                       |              |
| Iowa (State of) (IJOBS Program);<br>Series 2009 A, Special Obligation RB <sup>(b)(h)</sup>   | 5.00%                    | 06/01/25                 | \$ 2,225                              | \$ 2,632,086 |
| Series 2009 A, Special Obligation RB <sup>(b)(h)</sup>   | 5.00%                    | 06/01/26                 | 1,665                                 | 1,957,807    |
|  |                          |                          |                                       | 4,589,893    |
| Kansas 0.69%   |                          |                          |                                       |              |
| Kansas (State of) Development Finance Authority<br>(Adventist Health System/Sunbelt Obligated Group);<br>Series 2009 C, Hospital RB                  | 5.50%                    | 11/15/29                 | 755                                   | 872,516      |
| Wyandotte (County of) & Kansas City (City of) Unified<br>Government; Series 2009 A, Utility System Improvement<br>RB (INS BHAC <sup>3</sup> )        | 5.25%                    | 09/01/34                 | 1,295                                 | 1,459,996    |
|  |                          |                          |                                       | 2,332,512    |
| Kentucky 0.68%   |                          |                          |                                       |              |
| Kentucky (Commonwealth of) State Property & Buildings<br>Commission (No. 93); Series 2009, Ref. RB (INS AGC <sup>3</sup> )                           | 5.25%                    | 02/01/28                 | 2,000                                 | 2,276,000    |
| Louisiana 1.97%  |                          |                          |                                       |              |
| Lafayette (City of) Public Trust Financing Authority<br>(Ragin Cajun Facilities, Inc.-Housing & Parking);<br>Series 2010, RB (INS AGM <sup>3</sup> ) | 5.50%                    | 10/01/35                 | 2,000                                 | 2,230,800    |
| Lafayette (City of); Series 2004, Utilities RB<br>(INS NATL <sup>3</sup> )   | 5.25%                    | 11/01/25                 | 4,000                                 | 4,414,120    |
|  |                          |                          |                                       | 6,644,920    |
| Massachusetts 3.79%  |                          |                          |                                       |              |



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|   |       |          |       |            |
|---|-------|----------|-------|------------|
| Massachusetts (State of) Development Finance Agency<br>(Harvard University); Series 2009 A, RB <sup>(b)</sup>                                     | 5.50% | 11/15/36 | 7,925 | 9,665,885  |
| Massachusetts (State of) Development Finance Agency<br>(Massachusetts Institute of Technology);<br>Series 2009 O, RB <sup>(b)</sup>               | 5.50% | 07/01/36 | 2,565 | 3,096,391  |
|   |       |          |       | 12,762,276 |
| Michigan 0.55%  |       |          |       |            |
| Wayne State University Board of Governors;<br>Series 2008, Ref. General RB (INS AGM <sup>(3)</sup> )  | 5.00% | 11/15/25 | 760   | 836,259    |
| Series 2008, Ref. General RB (INS AGM <sup>(3)</sup> )  | 5.00% | 11/15/29 | 930   | 1,017,113  |
|   |       |          |       | 1,853,372  |
| Missouri 1.28%  |       |          |       |            |
| Kansas City (City of) Industrial Development Authority<br>(Downtown Redevelopment District);<br>Series 2011 A, Ref. RB                            | 5.50% | 09/01/24 | 370   | 445,839    |
| Series 2011 A, Ref. RB  | 5.50% | 09/01/25 | 650   | 776,522    |
| Series 2011 A, Ref. RB  | 5.50% | 09/01/27 | 430   | 504,541    |
| Missouri (State of) Joint Municipal Electric Utility<br>Commission (Plum Point); Series 2006, Power Project RB<br>(INS NATL <sup>(3)</sup> )      | 5.00% | 01/01/26 | 2,500 | 2,596,600  |
|   |       |          |       | 4,323,502  |
| Montana 0.31%   |       |          |       |            |
| Montana (State of) Facility Finance Authority (Benefis<br>Health System Obligated Group); Series 2011 A, Hospital<br>RB (INS AGC <sup>(3)</sup> ) | 5.75% | 01/01/31 | 895   | 1,026,744  |
| Nebraska 1.14%  |       |          |       |            |
| Nebraska (State of) Public Power District;<br>Series 2003 A, RB <sup>(d)(e)</sup>   | 5.00% | 07/01/13 | 3,760 | 3,827,793  |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**11 Invesco Value Municipal Income Trust**

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|   | <b>Interest<br/>Rate</b> | <b>Maturity<br/>Date</b> | <b>Principal<br/>Amount<br/>(000)</b> | <b>Value</b> |
|---|--------------------------|--------------------------|---------------------------------------|--------------|
| Nevada 3.54%  |                          |                          |                                       |              |
| Clark (County of) (Las Vegas-McCarran International Airport); Series 2010 A, Passenger Facility Charge RB (INS AGM <sup>3</sup> )                             | 5.25%                    | 07/01/39                 | \$ 2,000                              | \$ 2,175,820 |
| Las Vegas (City of) Valley Water District; Series 2003 A, Ref. & Improvement Limited Tax GO Bonds <sup>(d)(e)</sup>   | 5.25%                    | 12/01/12                 | 5,080                                 | 5,275,224    |
| Nevada (State of); Series 2008 C, Capital Improvement & Cultural Affairs Limited Tax GO Bonds (INS AGM <sup>3</sup> ) <sup>(b)</sup>                          | 5.00%                    | 06/01/26                 | 4,000                                 | 4,469,480    |
|   |                          |                          |                                       | 11,920,524   |
| New Jersey 3.26%  |                          |                          |                                       |              |
| New Jersey (State of) Economic Development Authority (Provident Group-Montclair Properties LLC-Montclair State University Student Housing); Series 2010 A, RB | 5.88%                    | 06/01/42                 | 880                                   | 948,129      |
| New Jersey (State of) Economic Development Authority; Subseries 2005 N-1, Ref. School Facilities Construction RB (INS AMBAC <sup>3</sup> )                    | 5.50%                    | 09/01/24                 | 1,465                                 | 1,839,674    |
| New Jersey (State of) Transportation Trust Fund Authority; Series 2005 C, Transportation System RB (INS NATL <sup>3</sup> )                                   | 5.25%                    | 06/15/20                 | 4,000                                 | 4,407,640    |
| Series 2006 C, Transportation System CAB RB (INS AGC <sup>3</sup> ) <sup>(c)</sup>  | 0.00%                    | 12/15/26                 | 7,155                                 | 3,777,196    |
|   |                          |                          |                                       | 10,972,639   |
| New York 6.46%  |                          |                          |                                       |              |
| Long Island Power Authority; Series 2003 C, Electric System General RB (INS AGM <sup>3</sup> )  | 5.00%                    | 09/01/28                 | 3,000                                 | 3,098,220    |
| Series 2011 A, Electric System General RB (INS AGM <sup>3</sup> )   | 5.00%                    | 05/01/36                 | 2,230                                 | 2,430,990    |
| Metropolitan Transportation Authority; Series 2010 D, RB  | 5.00%                    | 11/15/34                 | 1,300                                 | 1,421,251    |

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|   |       |          |       |            |
|---|-------|----------|-------|------------|
| New York (City of) Transitional Finance Authority;<br>Series 2002 C, Future Tax Sec. RB <sup>(d)(e)</sup>   | 5.25% | 08/01/12 | 1,735 | 1,772,476  |
| New York (State of) Dormitory Authority (City of New<br>York);<br>Series 2005 A, Court Facilities Lease RB (INS AMBAC <sup>(g)</sup> )                    | 5.50% | 05/15/28 | 750   | 946,620    |
| Series 2005 A, Court Facilities Lease RB (INS AMBAC <sup>(g)</sup> )  | 5.50% | 05/15/29 | 1,150 | 1,454,853  |
| New York (State of) Thruway Authority; Series 2011 A-1,<br>Second General Highway & Bridge Trust Fund RB <sup>(b)</sup>                                   | 5.00% | 04/01/29 | 2,040 | 2,377,069  |
| Triborough Bridge & Tunnel Authority; Series 2002 E,<br>Ref. Sub. RB (INS NATL <sup>(g)</sup> )   | 5.25% | 11/15/22 | 8,000 | 8,251,280  |
|   |       |          |       | 21,752,759 |
| Ohio 2.36%  |       |          |       |            |
| Cleveland (City of);<br>Series 2008 B-1, Public Power System CAB RB<br>(INS NATL <sup>(g)(c)</sup> )  | 0.00% | 11/15/26 | 2,270 | 1,206,142  |
| Series 2008 B-1, Public Power System CAB RB<br>(INS NATL <sup>(g)(c)</sup> )  | 0.00% | 11/15/28 | 1,720 | 809,002    |
| Montgomery (County of) (Miami Valley Hospital);<br>Series 2011 B, VRD RB <sup>(i)</sup>   | 0.10% | 11/15/45 | 4,000 | 4,000,000  |
| Ohio (State of) Higher Educational Facility Commission<br>(Summa Health System); Series 2010, Hospital Facilities<br>RB                                   | 5.75% | 11/15/35 | 900   | 973,566    |
| Ohio (State of) Water Development Authority<br>(FirstEnergy Nuclear Generation Corp.); Series 2009 A,<br>Ref. PCR <sup>(d)(g)</sup>                       | 5.88% | 06/01/16 | 850   | 968,192    |
|   |       |          |       | 7,956,902  |
| Pennsylvania 3.64%  |       |          |       |            |
| Delaware (County of) Industrial Development Authority<br>(Aqua Pennsylvania, Inc.); Series 2005 A, Water Facilities<br>RB (INS NATL <sup>(g)(f)</sup> )   | 5.00% | 11/01/37 | 2,000 | 2,063,080  |
| Pennsylvania (State of) Economic Development Financing<br>Authority (Waste Management, Inc.); Series 2004 A,<br>Solid Waste Disposal RB <sup>(d)(g)</sup> | 3.70% | 05/01/15 | 1,800 | 1,889,424  |

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|   |       |          |       |            |
|---|-------|----------|-------|------------|
| Philadelphia (City of);<br>Series 1998, Ref. Water & Wastewater RB<br>(INS AMBAC <sup>(3)</sup> ) | 5.25% | 12/15/14 | 5,000 | 5,611,950  |
| Series 2009 B, Limited Tax GO Bonds (INS AGC <sup>(3)</sup> )                                     | 7.13% | 07/15/38 | 875   | 1,005,147  |
| Philadelphia School District; Series 2008 E, Limited Tax<br>GO Bonds (INS BHAC <sup>(3)</sup> )   | 5.13% | 09/01/23 | 1,500 | 1,709,445  |
|   |       |          |       | 12,279,046 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**12 Invesco Value Municipal Income Trust**

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|   | Interest Rate | Maturity Date | Principal Amount (000) | Value        |
|---|---------------|---------------|------------------------|--------------|
| Puerto Rico 1.35%   |               |               |                        |              |
| Puerto Rico (Commonwealth of) Aqueduct & Sewer Authority;<br>Series 2012 A, Sr. Lien RB   | 5.00%         | 07/01/33      | \$ 1,025               | \$ 1,027,060 |
| Series 2012 A, Sr. Lien RB  | 5.25%         | 07/01/42      | 705                    | 706,008      |
| Series 2012 A, Sr. Lien RB  | 6.00%         | 07/01/47      | 565                    | 609,426      |
| Puerto Rico Sales Tax Financing Corp.; First Subseries<br>2010 C, RB  | 5.25%         | 08/01/41      | 2,050                  | 2,208,076    |
|   |               |               |                        | 4,550,570    |
| Rhode Island 3.21%  |               |               |                        |              |
| Rhode Island Depositors Economic Protection Corp.;<br>Series 1993 B, Ref. Special Obligation RB (INS NATL <sup>(3)</sup> )  | 6.00%         | 08/01/17      | 10,000                 | 10,802,000   |
| South Carolina 6.02%  |               |               |                        |              |
| Piedmont Municipal Power Agency; Series 2011 C, Ref.<br>Electric RB (INS AGC <sup>(3)</sup> )   | 5.75%         | 01/01/34      | 3,330                  | 3,880,449    |
| South Carolina (State of) Medical University Hospital<br>Authority; Series 2004 A, Ref. FHA Insured Mortgage<br>Hospital Facilities RB (INS NATL <sup>(3)</sup> ) | 5.25%         | 02/15/25      | 1,500                  | 1,628,220    |
| South Carolina (State of) Public Service Authority<br>(Santee Cooper); Series 2006 A, RB (INS NATL <sup>(3)</sup> )   | 5.00%         | 01/01/36      | 4,000                  | 4,324,880    |
| South Carolina (State of) Public Service Authority;<br>Series 2003 A, Ref. RB <sup>(b)(e)</sup>   | 5.00%         | 01/01/27      | 10,000                 | 10,423,200   |
|   |               |               |                        | 20,256,749   |
| Tennessee 0.38%   |               |               |                        |              |
|   | 5.25%         | 11/01/30      | 1,115                  | 1,284,257    |

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Memphis Center City Revenue Finance Corp.  
(Pyramid & Pinch District Redevelopment);  
Series 2011 B, Sub. RB (INS AGM<sup>3</sup>)

Texas 18.19%

Amarillo Health Facilities Corp. (Baptist St. Anthony's  
Hospital Corp.);  
Series 1998, RB (INS AGM<sup>3</sup>)

5.50% 01/01/16 3,020 3,310,675

Series 1998, RB (INS AGM<sup>3</sup>)

5.50% 01/01/17 5,075 5,660,452

Capital Area Cultural Education Facilities Finance Corp.  
(The Roman Catholic Diocese of Austin); Series 2005 B,  
RB

6.13% 04/01/45 900 974,106

Dallas-Fort Worth International Airport Facilities  
Improvement Corp.; Series 2003 A, Joint RB  
(INS AGM<sup>3</sup>)(b)(f)

5.38% 11/01/22 9,000 9,378,180

Friendswood Independent School District; Series 2008,  
Schoolhouse Unlimited Tax GO Bonds (CEP Texas  
Permanent School Fund)

5.00% 02/15/27 1,000 1,133,150

Harris (County of) Metropolitan Transit Authority;  
Series 2011 A, Sales & Use Tax RB<sup>(b)</sup>

5.00% 11/01/41 3,000 3,357,240

Harris County Health Facilities Development Corp.  
(TECO); Series 2008, Thermal Utility RB (INS AGC<sup>3</sup>)

5.25% 11/15/24 2,160 2,466,158

Houston (City of) Convention & Entertainment Facilities  
Department; Series 2001 B, Hotel Occupancy Tax &  
Special CAB RB (INS AGM<sup>3</sup>)(c)

0.00% 09/01/26 3,975 2,065,330

Houston (City of); Series 2004 A, Ref. First Lien  
Combined Utility System RB (INS NATL<sup>3</sup>)

5.25% 05/15/23 5,435 5,954,260

Houston Community College System;  
Series 2008, Sr. Lien Student Fee RB (INS AGM<sup>3</sup>)

5.00% 04/15/25 1,175 1,326,728

Series 2008, Sr. Lien Student Fee RB (INS AGM<sup>3</sup>)

5.00% 04/15/26 330 370,253

Lower Colorado River Authority;  
Series 2001, Ref. RB (INS AGM<sup>3</sup>)

5.00% 05/15/26 965 966,641

Series 2002, Ref. & Improvement RB<sup>(d)(e)</sup>

5.00% 05/15/13 155 163,792

Series 2002, Ref. & Improvement RB<sup>(d)(e)</sup>

5.00% 05/15/13 50 52,887

Series 2002, Ref. & Improvement RB (INS NATL<sup>3</sup>)

5.00% 05/15/31 8,115 8,266,913

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|  |       |          |       |           |
|--|-------|----------|-------|-----------|
| North Texas Tollway Authority;<br>Series 2008 D, Ref. First Tier System CAB RB<br>(INS AGC <sup>(3)</sup> )(c)                     | 0.00% | 01/01/28 | 8,200 | 3,999,304 |
| Series 2008 D, Ref. First Tier System CAB RB<br>(INS AGC <sup>(3)</sup> )(c)   | 0.00% | 01/01/31 | 1,775 | 725,638   |
| San Antonio (City of); Series 2002 A, Water<br>System RB <sup>(d)(e)</sup>   | 5.00% | 05/15/12 | 3,000 | 3,030,750 |
| San Jacinto River Authority (Groundwater Reduction<br>Plan Division);<br>Series 2011, Special Project RB (INS AGM <sup>(3)</sup> ) | 5.00% | 10/01/32 | 1,010 | 1,107,707 |
| Series 2011, Special Project RB (INS AGM <sup>(3)</sup> )  | 5.00% | 10/01/37 | 1,110 | 1,201,242 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**13 Invesco Value Municipal Income Trust**

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|   | Interest<br>Rate | Maturity<br>Date | Principal<br>Amount<br>(000) | Value        |
|---|------------------|------------------|------------------------------|--------------|
| Texas (continued)   |                  |                  |                              |              |
| Texas (State of) Turnpike Authority (Central Texas Turnpike System); Series 2002 A, First Tier RB (INS AMBAC <sup>(a)</sup> )                     | 5.50%            | 08/15/39         | \$ 4,000                     | \$ 4,028,000 |
| Victoria Independent School District; Series 2008, School Building Unlimited Tax GO Bonds (CEP Texas Permanent School Fund)                       | 5.00%            | 02/15/24         | 1,510                        | 1,742,162    |
|   |                  |                  |                              | 61,281,568   |
| Utah 3.08%  |                  |                  |                              |              |
| Intermountain Power Agency; Series 2003 A, Ref. Power Supply RB (INS AGM <sup>(a)</sup> )   | 5.00%            | 07/01/21         | 5,000                        | 5,258,050    |
| Utah (State of) Transit Authority; Series 2008 A, Sales Tax RB (INS AGM <sup>(a)(b)</sup> )   | 5.00%            | 06/15/36         | 4,640                        | 5,125,066    |
|   |                  |                  |                              | 10,383,116   |
| Virginia 1.68%  |                  |                  |                              |              |
| Richmond (City of) Metropolitan Authority; Series 2002, Ref. Expressway RB (INS NATL <sup>(a)</sup> )   | 5.25%            | 07/15/22         | 3,000                        | 3,520,230    |
| Roanoke (City of) Economic Development Authority (Carilion Clinic Obligated Group); Series 2010, Ref. Hospital RB                                 | 5.00%            | 07/01/33         | 1,000                        | 1,064,060    |
| Roanoke (City of) Industrial Development Authority (Carilion Health System Obligated Group); Series 2005 B, Hospital RB (INS AGM <sup>(a)</sup> ) | 5.00%            | 07/01/38         | 1,000                        | 1,070,630    |
|   |                  |                  |                              | 5,654,920    |
| Washington 7.50%  |                  |                  |                              |              |

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|  |       |          |       |              |
|--|-------|----------|-------|--------------|
| Cowlitz (County of) Public Utility District No. 1;<br>Series 2006, Production System RB (INS NATL <sup>(j)</sup> )   | 5.00% | 09/01/31 | 6,000 | 6,345,180    |
| Seattle (City of); Series 2003, Ref. Water System RB<br>(INS NATL <sup>(j)</sup> )   | 5.00% | 09/01/23 | 2,870 | 3,051,011    |
| Seattle (Port of); Series 2012 A, Ref. Intermediate Lien<br>RB   | 5.00% | 08/01/32 | 1,180 | 1,345,046    |
| Spokane County School District No. 81; Series 2005,<br>Unlimited Tax GO Bonds (INS NATL <sup>(j)</sup> )   | 5.13% | 12/01/23 | 2,500 | 2,827,075    |
| Washington (State of);<br>Series 2004 F, Motor Vehicle Fuel Unlimited Tax CAB<br>GO Bonds (INS AMBAC <sup>(c)</sup> )  | 0.00% | 12/01/29 | 4,300 | 2,268,207    |
| Series 2010 A, Various Purpose Unlimited Tax GO<br>Bonds <sup>(b)</sup>  | 5.00% | 08/01/29 | 3,895 | 4,616,042    |
| Series 2010 A, Various Purpose Unlimited Tax GO<br>Bonds <sup>(b)</sup>  | 5.00% | 08/01/30 | 4,095 | 4,819,406    |
|  |       |          |       | 25,271,967   |
| West Virginia 1.48%  |       |          |       |              |
| West Virginia (State of) Economic Development<br>Authority (Appalachian Power Co. Amos); Series 2010 A,<br>Ref. Solid Waste Disposal Facilities RB <sup>(g)</sup>  | 5.38% | 12/01/38 | 1,800 | 1,937,772    |
| West Virginia (State of) Water Development Authority<br>(Loan Program II); Series 2003 B, Ref. RB<br>(INS AMBAC <sup>(c)</sup> )   | 5.25% | 11/01/23 | 2,900 | 3,048,944    |
|  |       |          |       | 4,986,716    |
| Wisconsin 0.83%  |       |          |       |              |
| Wisconsin (State of); Series 2009 A, General<br>Fund Annual Appropriation RB   | 5.63% | 05/01/28 | 2,335 | 2,781,732    |
| TOTAL INVESTMENTS <sup>(i)</sup> 146.54% (Cost \$452,363,462)  |       |          |       | 493,626,653  |
| FLOATING RATE NOTE OBLIGATIONS (25.00%)<br>Notes with interest rates ranging from 0.13% to 0.31% at<br>02/29/12 and contractual maturities of collateral ranging<br>from 11/01/22 to 11/01/41 (See Note 1J) <sup>(k)</sup> |       |          |       | (84,205,000) |
| OTHER ASSETS LESS LIABILITIES (0.40%)  |       |          |       | (1,367,653)  |

|   |                |
|---|----------------|
| PREFERRED SHARES (21.14%)                         | (71,200,000)   |
| NET ASSETS APPLICABLE TO COMMON<br>SHARES 100.00% | \$ 336,854,000 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**14 Invesco Value Municipal Income Trust**

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Investment Abbreviations:

|       |   |
|-------|---|
| AGC   | Assured Guaranty Corp.                  |
| AGM   | Assured Guaranty Municipal Corp.        |
| AMBAC | American Municipal Bond Assurance Corp. |
| BHAC  | Berkshire Hathaway Assurance Corp.      |
| CAB   | Capital Appreciation Bonds              |
| CEP   | Credit Enhancement Provider             |
| Conv. | Convertible                             |
| COP   | Certificates of Participation           |
| FHA   | Federal Housing Administration          |
| FTA   | Federal Transit Administration          |
| GO    | General Obligation                      |
| INS   | Insurer                                 |
| NATL  | National Public Finance Guarantee Corp. |
| PCR   | Pollution Control Revenue Bonds         |
| RAB   | Revenue Anticipation Bonds              |
| RB    | Revenue Bonds                           |
| Ref.  | Refunding                               |
| Sec.  | Secured                                 |
| SGI   | Syncora Guarantee, Inc.                 |
| Sr.   | Senior                                  |
| Sub.  | Subordinated                            |
| VRD   | Variable Rate Demand                    |

Notes to Schedule of Investments:

- (a) Principal and/or interest payments are secured by the bond insurance company listed.
- (b) Underlying security related to Dealer Trusts entered into by the Trust. See Note 1J.
- (c) Zero coupon bond issued at a discount.
- (d) Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.
- (e) Advance refunded; secured by an escrow fund of U.S. Government obligations or other highly rated collateral.
- (f) Security subject to the alternative minimum tax.
- (g) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on February 29, 2012.
- (h) Security is subject to a shortfall agreement which may require the Trust to pay amounts to a counterparty in the event of a significant decline in the market value of the security underlying the Dealer Trusts. In case of a shortfall, the maximum potential amount of payments the Trust could ultimately be required to make under the agreement is \$7,590,000. However, such shortfall payment would be reduced by the proceeds from the sale of the security underlying the Dealer Trusts.
- (i) Demand security payable upon demand by the Trust at specified time intervals no greater than thirteen months. Interest rate is redetermined periodically. Rate shown is the rate in effect on February 29, 2012.
- (j) This table provides a listing of those entities that have either issued, guaranteed, backed or otherwise enhanced the credit quality of more than 5% of the securities held in the portfolio. In instances where the entity has guaranteed, backed or otherwise enhanced the credit quality of a security, it is not primarily responsible for the issuer's obligations but may be called upon to satisfy the issuer's obligations.

| <b>Entity</b>                           | <b>Percentage</b> |
|---|-------------------|
| National Public Finance Guarantee Corp. | 29.5%             |
| Assured Guaranty Municipal Corp.        | 23.7              |
| American Municipal Bond Assurance Corp. | 7.0               |
| Assured Guaranty Corp.                  | 6.1               |

<sup>(k)</sup> Floating rate note obligations related to securities held. The interest rates shown reflect the rates in effect at February 29, 2012. At February 29, 2012, the Trust's investments with a value of \$150,363,146 are held by Dealer Trusts and serve as collateral for the \$84,205,000 in the floating rate note obligations outstanding at that date.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**15 Invesco Value Municipal Income Trust**

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**Statement of Assets and Liabilities***February 29, 2012***Assets:**

|   |                |
|---|----------------|
| Investments, at value (Cost \$452,363,462)                        | \$ 493,626,653 |
| Interest receivable   | 5,153,961      |
| Investment for trustee deferred compensation and retirement plans | 9,996          |
| Other assets  | 2,716          |
| Total assets  | 498,793,326    |

**Liabilities:**

|  |                |
|--|----------------|
| Floating rate note obligations   | 84,205,000     |
| Payable for:   |                |
| Investments purchased  | 1,331,807      |
| Amount due custodian   | 5,059,981      |
| Dividends declared on preferred shares   | 2,380          |
| Accrued other operating expenses   | 58,446         |
| Trustee deferred compensation and retirement plans   | 81,712         |
| Total liabilities  | 90,739,326     |
| Preferred shares (\$0.01 par value, authorized 100,000,000 shares, 1,424 issued with liquidation preference of \$50,000 per share) | 71,200,000     |
| Net assets attributable to common shares   | \$ 336,854,000 |

**Net assets applicable to common shares consist of:**

|  |                |
|--|----------------|
| Shares of beneficial interest    common shares | \$ 300,421,176 |
| Undistributed net investment income            | 3,701,140      |

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|  |                |
|--|----------------|
| Undistributed net realized gain (loss) | (8,531,507)    |
| Unrealized appreciation                | 41,263,191     |
|  | \$ 336,854,000 |

**Shares outstanding, \$0.01 par value per share, with an unlimited number of shares authorized:**

|                               |            |
|-------------------------------|------------|
| Outstanding                   | 20,694,675 |
| Net asset value per share     | \$ 16.28   |
| Market value per common share | \$ 17.16   |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**16 Invesco Value Municipal Income Trust**

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**Statement of Operations***For the year ended February 29, 2012***Investment income:**

|          |               |
|----------|---------------|
| Interest | \$ 21,530,464 |
|----------|---------------|

**Expenses:**

|               |           |
|---------------|-----------|
| Advisory fees | 1,260,269 |
|---------------|-----------|

|                              |         |
|------------------------------|---------|
| Administrative services fees | 121,958 |
|------------------------------|---------|

|                |        |
|----------------|--------|
| Custodian fees | 14,621 |
|----------------|--------|

|   |         |
|---|---------|
| Interest, facilities and maintenance fees | 795,665 |
|---|---------|

|                     |        |
|---------------------|--------|
| Transfer agent fees | 10,456 |
|---------------------|--------|

|   |         |
|---|---------|
| Trustees and officers fees and benefits | 129,661 |
|---|---------|

|                            |         |
|----------------------------|---------|
| Professional services fees | 802,037 |
|----------------------------|---------|

|       |        |
|-------|--------|
| Other | 83,064 |
|-------|--------|

|                |           |
|----------------|-----------|
| Total expenses | 3,217,731 |
|----------------|-----------|

|                       |            |
|-----------------------|------------|
| Net investment income | 18,312,733 |
|-----------------------|------------|

**Realized and unrealized gain (loss) from:**

|   |           |
|---|-----------|
| Net realized gain (loss) from:<br>Investment securities | (807,451) |
|---|-----------|

|  |            |
|--|------------|
| Change in net unrealized appreciation of:<br>Investment securities | 46,062,323 |
|--|------------|

|                                  |            |
|----------------------------------|------------|
| Net realized and unrealized gain | 45,254,872 |
|----------------------------------|------------|

|  |            |
|--|------------|
| Net increase in net assets resulting from operations | 63,567,605 |
|--|------------|

|  |           |
|--|-----------|
| Distributions to preferred shareholders from net investment income | (203,135) |
|--|-----------|



|  |               |
|--|---------------|
| Net increase in net assets from operations applicable to common shares | \$ 63,364,470 |
|--|---------------|

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**17 Invesco Value Municipal Income Trust**

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**Statement of Changes in Net Assets**

*For the year ended February 29, 2012, the period November 1, 2011 to February 28, 2011, and the year ended October 31, 2010*

|  | <b>Year ended<br/>February 29,<br/>2012</b> | <b>Four months<br/>ended<br/>February 28,<br/>2011</b> | <b>Year ended<br/>October 31,<br/>2010</b> |
|--|---|--|--|
| <b>Operations:</b>   |   |  |  |
| Net investment income  | \$ 18,312,733                               | \$ 5,618,560   | \$ 19,175,612                              |
| Net realized gain (loss)   | (807,451)                                   | 45,149   | (762,639)                                  |
| Change in net unrealized appreciation (depreciation)   | 46,062,323                                  | (27,728,896)   | 16,797,669                                 |
| Net increase (decrease) in net assets resulting from operations  | 63,567,605                                  | (22,065,187)   | 35,210,642                                 |
| Distributions to preferred shareholders from net investment income   | (203,135)                                   | (112,589)  | (328,250)                                  |
| Net increase in net assets from operations applicable to common shares   | 63,364,470                                  | (22,177,776)   | 34,882,392                                 |
| Distributions to shareholders from net investment income   | (18,366,527)                                | (6,001,456)  | (18,004,369)                               |
| Net increase (decrease) in net assets  | 44,997,943                                  | (28,179,232)   | 16,878,023                                 |
| <b>Net assets applicable to common shares:</b>   |   |  |  |
| Beginning of period  | 291,856,057                                 | 320,035,289  | 303,157,266                                |
| End of period (includes undistributed net investment income of \$3,701,140, \$4,009,636 and \$4,506,307, respectively) | \$ 336,854,000                              | \$ 291,856,057   | \$ 320,035,289                             |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Statement of Cash Flows**

*For the year ended February 29, 2012*

**Cash provided by operating activities:**

Net increase in net assets from operations applicable to common shares \$ 63,364,470

**Adjustments to reconcile the change in net assets applicable to common shares from operations to net cash provided by operating activities:**

|  |              |
|--|--------------|
| Net realized loss on investment securities           | 807,451      |
| Net change in unrealized appreciation on investments | (46,062,323) |
| Amortization of premium                              | 1,165,934    |
| Accretion of discount                                | (1,529,971)  |
| Cost of purchases on investments                     | (64,299,002) |
| Proceeds from sales of investments                   | 63,080,927   |
| Net sale of short-term investments                   | 192,000      |
| Increase in interest receivables and other assets    | (95,563)     |
| Decrease in accrued expenses and other payables      | (412,674)    |
| Net cash provided by operating activities            | 16,211,249   |

**Cash flows provided by (used in) financing activities:**

|  |              |
|--|--------------|
| Dividends paid to common shareholders from net investment income | (18,366,527) |
| Increase in payable for amount due custodian                     | 2,480,278    |
| Net proceeds from redemption of preferred shares                 | (10,850,000) |
| Net proceeds from floating rate note obligations                 | 10,525,000   |
| Net cash provided by (used in) financing activities              | (16,211,249) |
| Net increase in cash   |              |

Cash at beginning of period

Cash at end of period \$

**Supplemental disclosure of cash flow information:**

Cash paid during the period for interest, facilities and maintenance fees \$ 785,487

**Notes to Financial Statements**

*February 29, 2012*

**NOTE 1 Significant Accounting Policies**

Invesco Value Municipal Income Trust, formerly Invesco Insured Municipal Income Trust (the Trust), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end series management investment company.

The Trust's investment objective is to provide current income which is exempt from federal income tax.

The following is a summary of the significant accounting policies followed by the Trust in the preparation of its financial statements.

**A. Security Valuations** Securities, including restricted securities, are valued according to the following policy.

Securities are fair valued using an evaluated quote provided by an independent pricing service approved by the Board of Trustees. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices and may reflect appropriate factors such as institution-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, individual trading characteristics and other market data. Securities with a demand feature exercisable within one to seven days are valued at par. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and principal payments.

Securities for which market quotations either are not readily available or are unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Some of the factors which may be considered in determining fair value are fundamental analytical data relating to the investment; the nature and duration of any restrictions on transferability or disposition; trading in similar securities by the same issuer or comparable companies; relevant political, economic or issuer specific news; and other relevant factors under the circumstances.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

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**B. Securities Transactions and Investment Income** Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Trust may periodically participate in litigation related to Trust investments. As such, the Trust may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Trust's net asset value and, accordingly, they reduce the Trust's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Trust and the investment adviser.

**C. Country Determination** For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

**D. Distributions** The Trust declares and pays monthly dividends from net investment income to common shareholders. Distributions from net realized capital gain, if any, are generally paid annually and are distributed on a pro rata basis to common and preferred shareholders. The Trust may elect to treat a portion of the proceeds from redemptions as distributions for federal income tax purposes.

**E. Federal Income Taxes** The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as a regulated investment company and to distribute substantially all of the Trust's taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

In addition, the Trust intends to invest in such municipal securities to allow it to qualify to pay shareholders exempt dividends, as defined in the Internal Revenue Code.

The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

**F. Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

**G.**

**Indemnifications** Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust's servicing agreements that contain a variety of indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

- H. Cash and Cash Equivalents** For the purposes of the Statement of Cash Flows the Trust defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.
- I. Interest, Facilities and Maintenance Fees** Interest, Facilities and Maintenance Fees include interest and related borrowing costs such as commitment fees and other expenses associated with lines of credit and interest and administrative expenses related to establishing and maintaining Auction Rate Preferred Shares and floating rate note obligations, if any.
- J. Floating Rate Note Obligations** The Trust invests in inverse floating rate securities, such as Residual Interest Bonds ( RIBs ) or Tender Option Bonds ( TOBs ) for investment purposes and to enhance the yield of the Trust. Inverse floating rate investments tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Such transactions may be purchased in the secondary market without first owning the underlying bond or by the sale of fixed rate bonds by the Trust to special purpose trusts established by a broker dealer ( Dealer Trusts ) in exchange for cash and residual interests in the Dealer Trusts' assets and cash flows, which are in the form of inverse floating rate securities. The Dealer Trusts finance the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interest in the bonds. The floating rate notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. The residual interests held by the Trust (inverse floating rate investments) include the right of the Trust (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Trust, thereby collapsing the Dealer Trusts.

TOBs are presently classified as private placement securities. Private placement securities are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended or are otherwise not readily marketable. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Trust or less than what may be considered the fair value of such securities.

The Trust accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust's investment assets, and the related floating rate notes reflected as Trust liabilities under the caption *Floating rate note obligations* on the Statement of Assets and Liabilities. The Trust records the interest income from the fixed rate bonds under the caption *Interest* and records the expenses related to floating rate obligations and any administrative expenses of the Dealer Trusts as a component of *Interest, facilities and maintenance fees* on the Statement of Operations.

The Trust generally invests in inverse floating rate securities that include embedded leverage, thus exposing the Trust to greater risks and increased costs. The primary risks associated with inverse floating rate securities are varying degrees of liquidity and the changes in the value of such securities in response to changes in market rates of interest to a greater extent than the value of an equal principal amount of a fixed rate security having similar credit quality, redemption provisions and maturity which may cause the Trust's net asset value to be more volatile than if it had not invested in inverse floating rate securities. In certain instances, the short-term floating rate interests created by the special purpose trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such interests for repayment of principal, may not be able to be remarketed to third parties. In such cases, the special purpose trust holding the long-term fixed rate bonds may be collapsed. In the case of RIBs or TOBs created by the contribution of long-term fixed income bonds by the Trust, the Trust will then be required to repay the principal amount of the tendered securities. During times of market volatility, illiquidity or uncertainty, the Trust could be required to sell other portfolio holdings at a disadvantageous time to raise cash to meet that obligation.

**K. Other Risks** The value of, payment of interest on, repayment of principal for and the ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions in which the issuers are located.

Since many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and a Trust's investments in municipal securities.

There is some risk that a portion or all of the interest received from certain tax-free municipal securities could become taxable as a result of determinations by the Internal Revenue Service.

## **NOTE 2 Advisory Fees and Other Fees Paid to Affiliates**

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco). Under the terms of the investment advisory agreement, the Trust pays an advisory fee to the Adviser based on the annual rate 0.27% of the Trust's average weekly managed assets including current preferred shares and leverage that the Trust entered into to retire preferred shares of the Trust.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers) the Adviser, not the Trust, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Trust based on the percentage of assets allocated to such Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2012, to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Trust's expenses (excluding certain items discussed below) to 0.64%. In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not

taken into account, and could cause the Trust's expenses to exceed the limit reflected above: (1) interest, facilities and maintenance fees; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Trust has incurred but did not actually pay because of an expense offset arrangement. Unless the Board of Trustees and Invesco mutually agree to amend or continue the fee waiver agreement, it will terminate on June 30, 2012. The Adviser did not waive fees and/or reimburse expenses during the period under this expense limitation.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. For the year ended February 29, 2012, expenses incurred under this agreement are shown in the Statement of Operations as administrative services fees.

Certain officers and trustees of the Trust are officers and directors of Invesco.

### **NOTE 3 Additional Valuation Information**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 Prices are determined using quoted prices in an active market for identical assets.

Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

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Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of February 29, 2012. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the year ended February 29, 2012, there were no significant transfers between investment levels.

|                       | Level<br>1 | Level 2        | Level<br>3 | Total          |
|-----------------------|------------|----------------|------------|----------------|
| Municipal Obligations | \$         | \$ 493,626,653 | \$         | \$ 493,626,653 |

#### **NOTE 4 Trustees and Officers Fees and Benefits**

Trustees and Officers Fees and Benefits include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Trustees have the option to defer compensation payable by the Trust, and Trustees and Officers Fees and Benefits also include amounts accrued by the Trust to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Trusts in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Trust may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. Trustees and Officers Fees and Benefits include amounts accrued by the Trust to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Trust.

During the year ended February 29, 2012, the Trust paid legal fees of \$7,663 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A partner of that firm is a Trustee of the Trust.

#### **NOTE 5 Cash Balances and Borrowings**

The Trust is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period end, are shown in the Statement of Assets and Liabilities under the payable caption *amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

Inverse floating rate obligations resulting from the transfer of bonds to Dealer Trusts are accounted for as secured borrowings. The average floating rate notes outstanding and average annual interest and fees related to inverse floating rate note obligations during the year ended February 29, 2012 were \$75,078,462 and 0.79%, respectively.

#### **NOTE 6 Distributions to Shareholders and Tax Components of Net Assets**

**Tax Character of Distributions to Shareholders Paid During the Year Ended February 29, 2012, the Period November 1, 2010 to February 28, 2011 and the Year Ended October 31, 2010:**

|                     | <b>Year ended<br/>February 29,<br/>2012</b> | <b>Four months<br/>ended<br/>February 28,<br/>2011</b> | <b>Year ended<br/>October 31,<br/>2010</b> |
|---------------------|---|--|--|
| Tax-exempt income   | \$ 18,569,662                               | \$ 6,114,045   | \$ 18,330,936                              |
| Ordinary income     |   |  | 1,683                                      |
| Total distributions | \$ 18,569,662                               | \$ 6,114,045   | \$ 18,332,619                              |

**Tax Components of Net Assets at Period-End:**

|   | <b>2012</b>    |
|---|----------------|
| Undistributed ordinary income           | \$ 3,645,077   |
| Net unrealized appreciation investments | 40,968,084     |
| Temporary book/tax differences          | (80,658)       |
| Capital loss carryforward               | (8,099,679)    |
| Shares of beneficial interest           | 300,421,176    |
| Total net assets                        | \$ 336,854,000 |

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Trust's net unrealized appreciation difference is attributable primarily to book to tax accretion and amortization differences and TOBs.

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The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses. The Fund's temporary book/tax differences are the result of the trustee deferral of compensation and retirement plan benefits.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Trust to utilize. The Regulated Investment Company Modernization Act of 2010 (the Act) eliminated the eight-year carryover period for capital losses that arise in taxable years beginning after its enactment date of December 22, 2010. Consequently, these capital losses can be carried forward for an unlimited period. However, capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Additionally, post-enactment capital loss carryovers will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Trust has a capital loss carryforward as of February 29, 2012, which expires as follows:

| Expiration                | Capital Loss Carryforward* |           |              |
|---------------------------|----------------------------|-----------|--------------|
|                           | Short-Term                 | Long-Term | Total        |
| February 28, 2017         | \$ 6,459,610               | \$        | \$ 6,459,610 |
| February 28, 2018         | 1,574,576                  |           | 1,574,576    |
| Not subject to expiration |                            | 65,493    | 65,493       |
|                           | \$ 8,034,186               | \$ 65,493 | \$ 8,099,679 |

\* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

#### NOTE 7 Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the year ended February 29, 2012 was \$60,774,061 and \$59,077,810, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed Federal income tax reporting period-end.

#### Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

|  |               |
|--|---------------|
| Aggregate unrealized appreciation of investment securities   | \$ 41,899,856 |
| Aggregate unrealized (depreciation) of investment securities | (931,772)     |
| Net unrealized appreciation of investment securities         | \$ 40,968,084 |

Cost of investments for tax purposes is \$452,658,569.

#### NOTE 8 Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of taxable income, on February 29, 2012, undistributed net investment income was decreased by \$51,567 and shares of beneficial interest was increased by \$51,567. This reclassification had no effect on the net assets of the Trust.

**NOTE 9 Preferred Shares of Beneficial Interest**

The Trust has issued Auction Rate Preferred Shares ( preferred shares ) which have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

Historically, the Trust paid annual fees equivalent to 0.25% of the preferred share liquidation value for the remarketing efforts associated with the preferred auction. Effective March 31, 2009, the Trust decreased this amount to 0.15% due to auction failures. In the future, if auctions no longer fail, the Trust may return to an annual fee payment of 0.25% of the preferred share liquidation value. These fees are included as a component of Interest, facilities and maintenance fees expense on the Statement of Operations.

Dividends, which are cumulative, are reset through auction procedures.

| Series | Shares+ | Amount<br>(000 s<br>omitted)+ | Rate+  | Reset Date | Range of<br>Dividend Rates++ |
|--------|---------|-------------------------------|--------|------------|------------------------------|
| 1      | 184     | \$ 9,200                      | 0.244% | 03/02/12   | 0.107-0.411%                 |
| 2      | 413     | 20,650                        | 0.244% | 03/02/12   | 0.107-0.411                  |
| 3      | 459     | 22,950                        | 0.244% | 03/02/12   | 0.107-0.411                  |
| 4      | 184     | 9,200                         | 0.244% | 03/02/12   | 0.107-0.411                  |
| 5      | 184     | 9,200                         | 0.244% | 03/02/12   | 0.107-0.411                  |

+ As of February 29, 2012.

++ For the year ended February 29, 2012.

Subsequent to February 29, 2012 and up through April 5, 2012, the Trust paid dividends to preferred shareholders at rates ranging from 0.198% to 0.274% in the aggregate amount of \$16,016.

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The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

Beginning February 15, 2008 and continuing through February 29, 2012, all series of preferred shares of the Trust were not successfully remarketed. As a result, the dividend rates of these preferred shares were reset to the maximum applicable rate.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

The preferred shares are not listed on an exchange. Investors in preferred shares may participate in auctions through authorized broker-dealers; however, such broker-dealers are not required to maintain a secondary market in preferred shares, and there can be no assurance that a secondary market will develop, or if it does develop, a secondary market may not provide you with liquidity. When a preferred share auction fails, investors may not be able to sell any or all of their preferred shares and because of the nature of the market for preferred shares, investors may receive less than the price paid for their preferred shares if sold outside of the auction.

The Trust entered into additional floating rate note and dealer trust obligations as an alternative form of leverage in order to redeem a portion of its preferred shares. Transactions in preferred shares were as follows:

|                                  | <b>Shares</b> | <b>Value</b>  |
|----------------------------------|---------------|---------------|
| Outstanding at February 28, 2011 | 1,641         | \$ 82,050,000 |
| Shares redeemed                  | (217)         | (10,850,000)  |
| Outstanding at February 29, 2012 | 1,424         | 71,200,000    |

#### **NOTE 10 Common Shares of Beneficial Interest**

Transactions in common shares of beneficial interest were as follows:

|   | <b>Year ended<br/>February 29,<br/>2012</b> | <b>Four months<br/>ended<br/>February 28,<br/>2011</b> | <b>Year ended<br/>October 31,<br/>2010</b> |
|---|---|--|--|
| Beginning Shares                            | 20,694,675                                  | 20,694,675   | 20,694,675                                 |
| Shares Issued Through Dividend Reinvestment |   |  |  |
| Ending Shares                               | 20,694,675                                  | 20,694,675   | 20,694,675                                 |

The Trustees have approved share repurchases whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase.

#### **NOTE 11 Dividends**

The Trust declared the following dividends to common shareholders from net investment income subsequent to February 29, 2012:

| <b>Declaration Date</b> | <b>Amount Per Share</b> | <b>Record Date</b> | <b>Payable Date</b> |
|-------------------------|-------------------------|--------------------|---------------------|
| March 1, 2012           | \$ 0.075                | March 14, 2012     | March 30, 2012      |
| April 2, 2012           | \$ 0.075                | April 13, 2012     | April 30, 2012      |

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**NOTE 12 Financial Highlights**

The following schedule presents financial highlights for a share of the Trust outstanding throughout the periods indicated.

|  | <b>Year ended<br/>February 29,<br/>2012</b> | <b>Four months<br/>ended<br/>February 28,<br/>2011</b> | <b>2010</b> | <b>Year ended October 31,<br/>2009</b> | <b>2008</b> | <b>2007</b> |
|--|---|--|-------------|--|-------------|-------------|
| Net asset value per common share, beginning of period                                  | \$ 14.10                                    | \$ 15.46   | \$ 14.65    | \$ 12.76                               | \$ 15.32    | \$ 15.81    |
| Net investment income <sup>(a)</sup>   | 0.89  | 0.27   | 0.93        | 0.94                                   | 0.95        | 0.96        |
| Net gains (losses) on securities (both realized and unrealized)                        | 2.19  | (1.33)   | 0.77        | 1.88                                   | (2.57)      | (0.46)      |
| Distributions paid to preferred shareholders from net investment income <sup>(a)</sup> | (0.01)                                      | (0.01)   | (0.02)      | (0.05)                                 | (0.26)      | (0.27)      |
| Total income (loss) from investment operations   | 3.07  | (1.07)   | 1.68        | 2.77                                   | (1.88)      | 0.23        |
| Less dividends and distributions paid to common shareholders from:                     |   |  |             |  |             |             |

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|  |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
| Net investment income  | (0.89)     | (0.29)     | (0.87)     | (0.77)     | (0.68)     | (0.69)     |
| Net realized gains   |            |            |            | (0.11)     | (0.02)     | (0.06)     |
| Total dividends and distributions paid to common shareholders        | (0.89)     | (0.29)     | (0.87)     | (0.88)     | (0.70)     | (0.75)     |
| Anti-dilutive effect of shares repurchased <sup>(a)</sup>            |            |            |            |            | 0.02       | 0.03       |
| Net asset value per common share, end of period                      | \$ 16.28   | \$ 14.10   | \$ 15.46   | \$ 14.65   | \$ 12.76   | \$ 15.32   |
| Market value, end of period  | \$ 17.16   | \$ 13.15   | \$ 15.32   | \$ 13.40   | \$ 10.76   | \$ 13.81   |
| Total return at net asset value <sup>(b)</sup>                       | 22.44%     | (6.82)%    | 12.05%     |            |            |            |
| Total return at market value <sup>(c)</sup>                          | 38.39%     | (12.30)%   | 21.39%     | 33.83%     | (17.80)%   | 0.03%      |
| Net assets applicable to common shares, end of period (000s omitted) | \$ 336,854 | \$ 291,856 | \$ 320,035 | \$ 303,157 | \$ 264,145 | \$ 320,233 |
| Portfolio turnover rate <sup>(d)</sup>                               | 13%        | 3%         | 7%         | 16%        | 12%        | 7%         |

**Ratios/supplemental data based on average net assets applicable to common shares:**

|                                  |                      |                         |       |                      |                      |                         |
|----------------------------------|----------------------|-------------------------|-------|----------------------|----------------------|-------------------------|
| Ratio of expenses <sup>(e)</sup> | 1.03% <sup>(f)</sup> | 1.38% <sup>(g)(h)</sup> | 0.88% | 1.02% <sup>(i)</sup> | 1.15% <sup>(i)</sup> | 1.18% <sup>(i)(j)</sup> |
|                                  | 0.78% <sup>(f)</sup> | 1.14% <sup>(g)(h)</sup> | 0.68% | 0.74% <sup>(i)</sup> | 0.75% <sup>(i)</sup> | 0.75% <sup>(i)(j)</sup> |



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|   |                      |                      |       |                      |                      |                      |
|---|----------------------|----------------------|-------|----------------------|----------------------|----------------------|
| Ratio of expenses excluding interest, facilities and maintenance fees <sup>(e)(k)</sup> |                      |                      |       |                      |                      |                      |
| Ratio of net investment income before preferred share dividends                         | 5.85% <sup>(f)</sup> | 5.81% <sup>(h)</sup> | 6.15% | 6.86% <sup>(i)</sup> | 6.43% <sup>(i)</sup> | 6.24% <sup>(i)</sup> |
| Preferred share dividends   | 0.06% <sup>(f)</sup> | 0.12% <sup>(h)</sup> | 0.11% | 0.37%                | 1.76%                | 1.75%                |
| Ratio of net investment income after preferred share dividends                          | 5.79% <sup>(f)</sup> | 5.69% <sup>(h)</sup> | 6.04% | 6.49% <sup>(i)</sup> | 4.67% <sup>(i)</sup> | 4.49% <sup>(i)</sup> |
| Rebate from Morgan Stanley affiliate  |                      |                      |       | 0.00% <sup>(l)</sup> | 0.00% <sup>(l)</sup> | 0.00% <sup>(l)</sup> |

**Senior securities:**

|   |            |            |      |      |      |      |
|---|------------|------------|------|------|------|------|
| Total amount of preferred shares outstanding (000s omitted) | \$ 71,200  | \$ 82,050  |      |      |      |      |
| Asset coverage per preferred share <sup>(m)</sup>           | \$ 286,555 | \$ 227,853 | 490% | 469% | 343% | 307% |
| Liquidating preference per preferred share                  | \$ 50,000  | \$ 50,000  |      |      |      |      |

(a) Calculated using average shares outstanding.

(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Not annualized for

- periods less than one year, if applicable.
- (c) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all of the shares at the closing common share market price at the end of the period indicated. Not annualized for periods less than one year, if applicable.
  - (d) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.
  - (e) Ratios do not reflect the effect of dividend payments to preferred shareholders.
  - (f) Ratios are based on average daily net assets applicable to common shares (000's omitted) of \$312,862.
  - (g) Ratio includes an adjustment for a change in accounting estimate for professional services fees during the period. Ratios excluding this adjustment would have been lower by 0.14%.
  - (h) Annualized.
  - (i) The ratios reflect the rebate of certain Trust expenses in connection with investments in a Morgan Stanley affiliate during the period. The effect of the rebate on the ratios is disclosed in the above table as Rebate from Morgan Stanley affiliate .
  - (j) Does not reflect the effect of expense offset of 0.01%.
  - (k) For the years ended October 31, 2010 and prior, ratio does not exclude facilities and maintenance fees.
  - (l) Amount is less than 0.005%.
  - (m) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets and dividing this by the number of preferred shares outstanding. For periods prior to February 28, 2011, calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets and dividing this by preferred shares at liquidation value.

### **NOTE 13 Significant Event**

The Board of Trustees of the Trust (the Board) approved the redomestication of the Trust, a Massachusetts business trust, into a Delaware statutory trust pursuant to an Agreement and Plan of Redomestication (the Redomestication). The Board also approved an Agreement and Plan of Merger pursuant to which Invesco Value Municipal Bond Trust, Invesco Value Municipal Securities and Invesco Value Municipal Trust (each a Target Trust) would merge with and into the Trust in accordance with the Delaware Statutory Trust Act (the Merger). As a result of the Merger, all of the assets and liabilities of each Target Trust will become assets and liabilities of the Trust and each Target Trust's shareholders will become shareholders of the Trust. The Redomestication and the Merger are subject to shareholder approval.

In addition, the Board also approved a plan to redeem all of the outstanding auction rate preferred shares at their respective liquidation preferences. These redemptions are anticipated to be funded with proceeds received from the issuance of Variable Rate Munifund Term Preferred Shares (VMTPS) and Tender Option Bonds (TOBs). VMTPS are a variable rate form of preferred stock with a mandatory redemption date. These redemptions and this issuance of VMTPS are targeted to occur in the first half of 2012.

### **NOTE 14 Legal Proceedings**

*Terms used in the Legal Proceedings Note are defined terms solely for the purpose of this note.*

#### **Pending Litigation and Regulatory Inquiries**

On January 17, 2011, a Consolidated Amended Shareholder Derivative Complaint entitled Curbow Family, LLC, et al. v. Morgan Stanley Investment Advisors, Inc., was filed on behalf of Invesco Insured Municipal Income Trust and Invesco Municipal Premium Income Trust (the Trusts) against Morgan Stanley Investment Advisors, Inc., Morgan Stanley and certain current and former executive officers of the Trusts (collectively, the Defendants) alleging that they breached their fiduciary duties to common shareholders by causing the Trusts to redeem Auction Rate Preferred Securities (ARPS) at their liquidation value. Specifically, the shareholders claim that the board and officers had no obligation to provide liquidity to the ARPS shareholders, the redemptions were improperly motivated to benefit the prior adviser by preserving business relationships with the ARPS holders, i.e., institutional investors, and the market value and fair value of the ARPS were less than par at the time they were redeemed. The Complaint alleges that the redemption of the ARPS occurred at the expense of the Trusts and their common shareholders. This Complaint amends and consolidates two separate complaints that were filed by Curbow Family LLC and Elsie Mae Melms Revocable Living Trust on July 22, 2010 and August 3, 2010, respectively. Each of the Trusts initially received a demand letter from the plaintiffs on April 8, 2010. Plaintiffs seek judgment that: 1) orders Defendants to refrain from redeeming any ARPS at their liquidation value using Trusts assets; 2) awards monetary damages against all Defendants, individually, jointly or severally, in favor of the Trusts, for all losses and damages allegedly suffered as a result of the redemptions of ARPS at their liquidation value; 3) grants appropriate equitable relief to remedy the Defendants' breaches of fiduciary duties; and 4) awards to Plaintiffs the costs and disbursements of the action. The Board formed a Special Litigation Committee (SLC) to investigate these claims and to make a recommendation to the Board regarding whether pursuit of these claims is in the best interests of the Trusts. After reviewing the findings of the SLC, the Board announced on July 12, 2011, that it had adopted the SLC's recommendation to seek dismissal of the action. The Trusts filed a motion to dismiss on October 4, 2011, which remains pending. Plaintiffs filed a motion on November 28, 2011 asking the court to hold the motion to dismiss in abeyance while plaintiffs conduct limited discovery. The Plaintiffs' request for discovery has been briefed and the court's decision whether Plaintiffs are entitled to discovery is pending. This matter is pending. The Trust has accrued \$657,757 in expenses relating to these matters during the year ended February 29, 2012.

Management of Invesco and the Trust believe that the outcome of the proceedings described above will have no material adverse effect on the Trust or on the ability of Invesco to provide ongoing services to the Trust.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of  
Invesco Value Municipal Income Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Invesco Value Municipal Income Trust (formerly known as Invesco Insured Municipal Income Trust; hereafter referred to as the Trust ) at February 29, 2012, the results of its operations and cash flows for the year then ended, and the changes in its net assets and financial highlights for the year then ended, the period ended February 28, 2011 and the year ended October 31, 2010, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Trust s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at February 29, 2012 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion. The financial highlights of the Trust for the periods ended October 31, 2009 and prior were audited by other independent auditors whose report dated December 24, 2009 expressed an unqualified opinion on those financial statements.

PRICEWATERHOUSECOOPERS LLP

April 23, 2012  
Houston, Texas

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## Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

The Trust designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended February 29, 2012:

### Federal and State Income Tax

|   |        |
|---|--------|
| Qualified Dividend Income*              | 0%     |
| Corporate Dividends Received Deduction* | 0%     |
| Tax-Exempt Interest Dividends*          | 99.72% |

\* The above percentage is based on ordinary income dividends paid to shareholders during the Trust's fiscal year.

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## Supplemental Information

The disclosure concerning the investment objective, principal investment strategies and principal risks of Invesco Value Municipal Income Trust (the Fund) is being updated. The investment objective has not changed; however the Board of Trustees of the Fund approved a revised statement of the principal investment strategies for the Fund. The revised disclosure of the investment objective, principal investment strategies and associated principal risks for the Fund is set forth below.

### Investment Objective

The investment objective of Invesco Value Municipal Income Trust (the Fund) is to provide current income which is exempt from federal income tax.

The investment objective is fundamental and may not be changed without approval of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act of 1940, as amended (the 1940 Act).

### Principal Investment Strategies of the Fund

Under normal circumstances, the Fund will invest at least 80% of its net assets in municipal obligations. The policy stated in the foregoing sentence is a fundamental policy of the Fund and may not be changed without approval of a majority of the Fund's outstanding voting securities, as defined in the 1940 Act. Under normal market conditions, the Fund's investment adviser, Invesco Advisers, Inc. (the Adviser) seeks to achieve the Fund's investment objective by investing at least 80% of the Fund's net assets in investment grade municipal securities. Investment grade securities are: (i) securities rated BBB- or higher by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (S&P) or Baa3 or higher by Moody's Investors Service, Inc. (Moody's) or an equivalent rating by another nationally recognized statistical rating organization (NRSRO), (ii) comparably rated short term securities, or (iii) unrated municipal securities determined by the Adviser to be of comparable quality at the time of purchase. Under normal market conditions, the Fund may invest up to 20% of its net assets in municipal securities rated below investment grade or that are unrated but determined by the Adviser to be of comparable quality at the time of purchase. Lower-grade securities are commonly referred to as junk bonds and involve greater risks than investments in higher-grade securities. The Fund does not purchase securities that are in default or rated in categories lower than B- by S&P or B3 by Moody's or unrated securities of comparable quality.

The Fund may invest up to 20% of its net assets in taxable or tax-exempt fixed income securities rated at least investment grade by an NRSRO or, if not rated, determined by the Adviser to be of comparable quality, including obligations of the U.S. government, its respective agencies or instrumentalities, and other fixed income obligations, and, during periods in which the Investment Adviser believes that changes in economic, financial or political conditions make it advisable to do so, to an unlimited extent in such investments for temporary defensive purposes.

The foregoing percentage and rating limitations apply at the time of acquisition of a security based on the last previous determination of the Fund's net asset value. Any subsequent change in any rating by a rating service or change in percentages resulting from market fluctuations or other changes in the Fund's total assets will not require elimination of any security from the Fund's portfolio.

The Fund may invest all or a substantial portion of its total assets in municipal securities that may subject certain investors to the federal alternative minimum tax and, therefore, a substantial portion of the income produced by the Fund may be taxable for such investors under the federal alternative minimum tax. Accordingly, the Fund may not be a suitable investment for investors who are already subject to the federal alternative minimum tax or could become subject to the federal alternative minimum tax as a result of an investment in the Fund.

The Adviser buys and sells securities for the Fund with a view towards seeking a high level of current income exempt from federal income taxes, subject to reasonable credit risk. As a result, the Fund will not necessarily invest in the highest yielding municipal securities permitted by its investment policies if the Adviser determines that market risks or credit risks associated with such investments would subject the Fund's portfolio to undue risk. The potential realization of capital gains or losses resulting from possible changes in interest rates will not be a major consideration

and frequency of portfolio turnover generally will not be a limiting factor if the Adviser considers it advantageous to purchase or sell securities.

The Fund intends to emphasize investments in municipal obligations with long-term maturities because such long-term obligations generally produce higher income than short-term obligations, although such longer-term obligations are more susceptible to market fluctuations resulting from changes in interest rates than shorter-term obligations. The average weighted maturity of the Fund's portfolio, as well as the emphasis on longer-term obligations, may vary depending upon the market conditions.

The Adviser employs a bottom-up, research-driven approach to identify securities that have attractive risk/reward characteristics for the sectors in which the Fund invests. The Adviser also integrates macroeconomic analysis and forecasting into its evaluation and ranking of various sectors and individual securities. Finally, the Fund employs leverage in an effort to enhance the Fund's income and total return. Sell decisions are based on: (i) a deterioration or likely deterioration of an individual issuer's capacity to meet its debt obligations on a timely basis; (ii) a deterioration or likely deterioration of the broader fundamentals of a particular industry or sector; and (iii) opportunities in the secondary or primary market to purchase a security with better relative value.

*Municipal Obligations.* Municipal obligations are securities issued by or on behalf of states, territories or possessions of the United States, the District of Columbia and their cities, counties, political subdivisions, agencies and instrumentalities, the interest on which, in the opinion of bond counsel or other counsel to the issuers of such securities, is, at the time of issuance, exempt from federal income tax. The Adviser does not conduct its own analysis of the tax status of the interest paid by municipal securities held by the Fund, but will rely on the opinion of counsel to the issuer of each such instrument.

The issuers of municipal securities obtain funds for various public purposes, including the construction of a wide range of public facilities such as airports, highways, bridges, schools,

hospitals, housing, mass transportation, streets and water and sewer works. Other public purposes for which municipal securities may be issued include refunding outstanding obligations, obtaining funds for general operating expenses and obtaining funds to lend to other public institutions and facilities. Certain types of municipal securities are issued to obtain funding for privately operated facilities.

The yields of municipal securities depend on, among other things, general money market conditions, general conditions of the municipal securities market, size of a particular offering, the maturity of the obligation and rating of the issue. There is no limitation as to the maturity of the municipal securities in which the Fund may invest. The ratings of S&P and Moody's represent their opinions of the quality of the municipal securities they undertake to rate. These



ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while municipal securities of the same maturity and coupon with different ratings may have the same yield.

The two principal classifications of municipal securities are general obligation and revenue or special delegation securities. General obligation securities are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue securities are usually payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source. Industrial development bonds are usually revenue securities, the credit quality of which is normally directly related to the credit standing of the industrial user involved.

Within these principal classifications of municipal securities, there are a variety of types of municipal securities, including:

Variable rate securities, which bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest.

Municipal notes, including tax, revenue and bond anticipation notes of short maturity, generally less than three years, which are issued to obtain temporary funds for various public purposes.

Variable rate demand notes, which are obligations that contain a floating or variable interest rate adjustment formula and which are subject to a right of demand for payment of the principal balance plus accrued interest either at any time or at specified intervals. The interest rate on a variable rate demand note may be based on a known lending rate, such as a bank's prime rate, and may be adjusted when such rate changes, or the interest rate may be a market rate that is adjusted at specified intervals. The adjustment formula maintains the value of the variable rate demand note at approximately the par value of such note at the adjustment date.

Municipal leases, which are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities. Certain municipal lease obligations may include non-appropriation clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis.

Private activity bonds, which are issued by, or on behalf of, public authorities to finance privately operated facilities.

Participation certificates, which are obligations issued by state or local governments or authorities to finance the acquisition of equipment and facilities. They may represent participations in a lease, an installment purchase contract or a conditional sales contract.

Municipal securities that may not be backed by the faith, credit and taxing power of the issuer.

Municipal securities that are privately placed and that may have restrictions on the Fund's ability to resell, such as timing restrictions or requirements that the securities only be sold to qualified institutional investors.

Municipal securities that are insured by financial insurance companies.

*Derivatives.* The Fund may use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. Derivatives are financial instruments whose value is based on the value of another underlying asset, interest rate, index or financial instrument. Derivative instruments and techniques that the Fund may use include:

Futures. A futures contract is a standardized agreement between two parties to buy or sell a specific quantity of an underlying instrument at a specific price at a specific future time. The value of a futures contract tends to increase and decrease in tandem with the value of the underlying instrument. Futures contracts are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. Depending on the terms of the particular contract, futures contracts are settled through either physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date.

Swaps. A swap contract is an agreement between two parties pursuant to which the parties exchange payments at specified dates on the basis of a specified notional amount, with the payments calculated by reference to specified securities, indexes, reference rates, currencies or other instruments. Most swap agreements provide that when the period payment dates for both parties are the same, the payments are made on a net basis (i.e., the two payment streams are netted out, with only the net amount paid by one party to the other). The Fund's obligations or rights under

a swap contract entered into on a net basis will generally be equal only to the net amount to be paid or received under the agreement, based on the relative values of the positions held by each counterparty.

*Inverse Floating Rate Obligations.* The Fund may invest in inverse floating rate obligations. Inverse floating rate obligations are variable rate debt instruments that pay interest at rates that move in the opposite direction of prevailing interest rates. Because the interest rate paid to holders of such obligations is generally determined by subtracting a variable or floating rate from a predetermined amount, the interest rate paid to holders of such obligations will decrease as such variable or floating rate increases and increase as such variable or floating rate decreases. The inverse floating rate obligations in which the Fund may invest include derivative instruments such as residual interest bonds ( RIBs ) or tender option bonds ( TOBs ). Such instruments are typically created by a special purpose trust that holds long-term fixed rate bonds and sells two classes of beneficial interests: short-term floating rate interests, which are sold to third party investors, and inverse floating residual interests, which are purchased by the Fund. The short-term floating rate interests have first priority on the cash flow from the bond held by the special purpose trust and the Fund (as holder of the inverse floating residual interests) is paid the residual cash flow from the bond held by the special purpose trust.

*When-Issued and Delayed Delivery Transactions.* The Fund may purchase and sell securities on a when-issued and delayed delivery basis, which means that the Fund buys or sells a security with payment and delivery taking place in the future. The payment obligation and the interest rate are fixed at the time the Fund enters into the commitment. No income accrues on such securities until the date the Fund actually takes delivery of the securities.

*Preferred Shares.* The Fund uses leverage in the form of Preferred Shares. Dividends on the Preferred Shares will typically be comparable to the yields on investment grade short-term municipal securities, although the assets attributable to the Preferred Shares will generally be invested in longer-term municipal securities, which typically have higher yields than short-term municipal securities. Assuming such a yield differential, this leveraged capital structure enables the Fund to pay a potentially higher yield on the Common Shares than similar investment companies that do not use leverage.

The Fund will generally maintain an asset coverage of the value of the Fund's total assets, less all liabilities and indebtedness of the Fund not represented by the Preferred Shares, of 200% of the aggregate liquidation value of the Preferred Shares. The liquidation value of the Preferred Shares is their aggregate original purchase price, plus any accrued and unpaid dividends.

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*Portfolio Turnover.* The Fund may sell securities without regard to the length of time they have been held to take advantage of new investment opportunities, yield differentials, or for other reasons. The Fund's portfolio turnover rate may vary from year to year. A high portfolio turnover rate (100% or more) would increase the Fund's transaction costs (including brokerage commissions and dealer costs), which would adversely impact the Fund's performance. Higher portfolio turnover may result in the realization of more short-term capital gains than if the Fund had lower portfolio turnover. Additionally, in a declining market, portfolio turnover may create realized capital losses. The turnover rate will not be a limiting factor, however, if the Adviser considers portfolio changes appropriate.

*Temporary Defensive Strategy.* When market conditions dictate a more defensive investment strategy, the Fund may, on a temporary basis, hold cash or invest a portion or all of its assets in high-quality, short-term municipal securities. If such municipal securities are not available or, in the judgment of the Adviser, do not afford sufficient protection against adverse market conditions, the Fund may invest in taxable instruments. Such taxable securities may include securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, other investment grade quality fixed income securities, prime commercial paper, certificates of deposit, bankers' acceptances and other obligations of domestic banks, repurchase agreements and money market funds (including money market funds affiliated with the Adviser). In taking a defensive position, the Fund would temporarily not be pursuing its principal investment strategies and may not achieve its investment objective.

*Zero Coupon/PIK Bonds.* The Fund may invest in securities not producing immediate cash income, including zero coupon securities or pay-in-kind (PIK) securities, when their effective yield over comparable instruments producing cash income makes these investments attractive. PIK securities are debt securities that pay interest through the issuance of additional securities. Zero coupon securities are debt securities that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest. They are issued and traded at a discount from their face amounts or par value, which discount varies depending on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer. The securities do not entitle the holder to any periodic payments of interest prior to maturity, which prevents any reinvestment of interest payments at prevailing interest rates if prevailing interest rates rise. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate the reinvestment risk and may lock in a favorable rate of return to maturity if interest rates drop. In addition, the Fund would be required to distribute the income on these instruments as it accrues, even though the Fund will not receive all of the income on a current basis or in cash. Thus, the Fund may have to sell other investments, including when it may not be advisable to do so, to make income distributions to the Common Shareholders.

## **Principal Risks of Investing in the Fund**

As with any fund investment, loss of money is a risk of investing. An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. As with any managed fund, the Adviser may not be successful in selecting the best-performing securities or investment techniques, and the Fund's performance may lag behind that of similar funds. The risks associated with an investment in the Fund can increase during times of significant market volatility.

*Municipal Securities Risk.* Under normal market conditions, longer-term municipal securities generally provide a higher yield than shorter-term municipal securities. The Adviser may adjust the average maturity of the Fund's portfolio from time to time depending on its assessment of the relative yields available on securities of different maturities and its expectations of future changes in interest rates. The yields of municipal securities may move differently and adversely compared to the yields of the overall debt securities markets. Certain kinds of municipal securities are subject to specific risks that could cause a decline in the value of those securities:

Lease Obligations. Certain lease obligations contain non-appropriation clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for that purpose by the appropriate legislative body on an annual or other periodic basis. Consequently, continued lease payments on those lease obligations containing non-appropriation clauses are dependent on future legislative actions. If these legislative actions do not occur, the holders of the lease obligation may experience difficulty in exercising

their rights, including disposition of the property.

Private Activity Bonds. The issuers of private activity bonds in which the Fund may invest may be negatively impacted by conditions affecting either the general credit of the user of the private activity project or the project itself. Conditions such as regulatory and environmental restrictions and economic downturns may lower the need for these facilities and the ability of users of the project to pay for the facilities. Private activity bonds may also pay interest subject to the alternative minimum tax.

In 2011, S&P lowered its long-term sovereign credit rating on the U.S. to AA+ from AAA with a negative outlook. Following S&P's downgrade of the long-term sovereign credit rating on the U.S., the major rating agencies have also placed many municipalities on review for potential downgrades, which could impact the market price, liquidity and volatility of the municipal securities held by the Fund in its portfolio. If the universe of municipal securities meeting the Fund's ratings and credit quality requirements shrinks, it may be more difficult for the Fund to meet its investment objectives and the Fund's investments may become more concentrated in fewer issues. Future downgrades by other rating agencies could have significant adverse effects on the economy generally and could result in significant adverse impacts on municipal issuers and the Fund.

Many state and municipal governments that issue securities are under significant economic and financial stress and may not be able to satisfy their obligations. In response to the national economic downturn, governmental cost burdens have been and may continue to be reallocated among federal, state and local governments. The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. Also, as a result of the downturn and related unemployment, declining income and loss of property values, many state and local governments have experienced significant reductions in revenues and consequently difficulties meeting ongoing expenses. As a result, certain of these state and local governments may have difficulty paying or default in the payment of principal or interest on their outstanding debt, may experience ratings downgrades of their debt. The taxing power of any governmental entity may be limited by provisions of state constitutions or laws and an entity's credit will depend on many factors, including the entity's tax base, the extent to which the entity relies on federal or state aid, and other factors which are beyond the entity's control. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend

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the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations or on the ability of municipalities to levy taxes.

In addition, municipalities might seek protection under the bankruptcy laws, thereby affecting the repayment of their outstanding debt. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, holders of municipal securities could experience delays in collecting principal and interest and such holders may not be able to collect all principal and interest to which they are entitled. Certain provisions of the U.S. Bankruptcy Code governing such bankruptcies are unclear. Further, the application of state law to municipal securities issuers could produce varying results among the states or among municipal securities issuers within a state. These uncertainties could have a significant impact on the prices of the municipal securities in which the Fund invests. The value of municipal securities generally may be affected by uncertainties in the municipal markets as a result of legislation or litigation, including legislation or litigation that changes the taxation of municipal securities or the rights of municipal securities holders in the event of a bankruptcy. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, the Fund may take possession of and manage the assets securing the issuer's obligations on such securities, which may increase the Fund's operating expenses. Any income derived from the Fund's ownership or operation of such assets may not be tax-exempt and could jeopardize the Fund's status as a regulated investment company under the Internal Revenue Code.

The U.S. economy may be in the process of deleveraging, with individuals, companies and municipalities reducing expenditures and paying down borrowings. In such event, the number of municipal borrowers and the amount of outstanding municipal securities may contract, potentially without corresponding reductions in investor demand for municipal securities. As a result, the Fund may have fewer investment alternatives, may invest in securities that it previously would have declined and may concentrate its investments in a smaller number of issuers.

*Insurance Risk.* Financial insurance guarantees that interest payments on a bond will be made on time and that principal will be repaid when the bond matures. Insured municipal obligations would generally be assigned a lower rating if the rating were based primarily on the credit quality of the issuer without regard to the insurance feature. If the claims-paying ability of the insurer were downgraded, the ratings on the municipal obligations it insures may also be downgraded. Insurance does not protect the Fund against losses caused by declines in a bond's value due to a change in market conditions.

*Market Risk.* Market risk is the possibility that the market values of securities owned by the Fund will decline. The net asset value of the Fund will change with changes in the value of its portfolio securities, and the value of the Fund's investments can be expected to fluctuate over time. The financial markets in general are subject to volatility and may at times experience extreme volatility and uncertainty, which may affect all investment securities, including debt securities and derivative instruments. Volatility may be greater during periods of general economic uncertainty.

*Interest Rate Risk.* Because the Fund invests primarily in fixed income municipal securities, the net asset value of the Fund can be expected to change as general levels of interest rates fluctuate. When interest rates decline, the value of a portfolio invested in fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of a portfolio invested in fixed income securities generally can be expected to decline. The prices of longer term municipal securities generally are more volatile with respect to changes in interest rates than the prices of shorter term municipal securities. These risks may be greater in the current market environment because certain interest rates are near historically low levels.

*Credit Risk.* Credit risk refers to an issuer's ability to make timely payments of interest and principal when due. Municipal securities, like other debt obligations, are subject to the credit risk of nonpayment. The ability of issuers of municipal securities to make timely payments of interest and principal may be adversely affected by general economic downturns and as relative governmental cost burdens are allocated and reallocated among federal, state and local governmental units. Private activity bonds used to finance projects, such as industrial development and pollution control, may also be negatively impacted by the general credit of the user of the project. Nonpayment would result in a reduction of income to the Fund, and a potential decrease in the net asset value of the Fund. The Adviser continuously monitors the issuers of securities held in the Fund.

The Fund will rely on the Adviser's judgment, analysis and experience in evaluating the creditworthiness of an issuer. In its analysis, the Adviser may consider the credit ratings of NRSROs in evaluating securities, although the Adviser

does not rely primarily on these ratings. Credit ratings of NRSROs evaluate only the safety of principal and interest payments, not the market risk. In addition, ratings are general and not absolute standards of quality, and the creditworthiness of an issuer may decline significantly before an NRSRO lowers the issuer's rating. A rating downgrade does not require the Fund to dispose of a security.

Medium-grade obligations (for example, bonds rated BBB by S&P) possess speculative characteristics so that changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of the issuer to make principal and interest payments than in the case of higher-rated securities. Securities rated below investment grade are considered speculative by NRSROs with respect to the issuer's continuing ability to pay interest and principal.

*Income Risk.* The income you receive from the Fund is based primarily on prevailing interest rates, which can vary widely over the short and long term. If interest rates decrease, your income from the Fund may decrease as well.

*Call Risk.* If interest rates fall, it is possible that issuers of securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the Fund in securities bearing the new, lower interest rates, resulting in a possible decline in the Fund's income and distributions to shareholders.

*Market Segment Risk.* The Fund generally considers investments in municipal securities issued by governments or political subdivisions not to be subject to industry concentration policies (because such issuers are not in any industry). The Fund may, however, invest in municipal securities issued by entities having similar characteristics. For example, the issuers may be located in the same geographic area or may pay their interest obligations from revenue of similar projects, such as hospitals, airports, utility systems and housing finance agencies. This may make the Fund's investments more susceptible to similar economic, political or regulatory occurrences, which could increase the volatility of the Fund's net asset value. The Fund may invest more than 25% of its total assets in a segment of the municipal securities market with similar characteristics if the Adviser determines that the yields available from obligations in a particular segment justify the additional risks of a larger investment in that segment. The Fund may not, however, invest more than 25% of its total assets in municipal securities, such as many private activity bonds or industrial development revenue bonds, issued for non-governmental entities that are in the same industry.

The Fund has no policy limiting its investments in municipal securities whose issuers are located in the same state. If the Fund were to invest a significant portion of its total assets in issuers located in the same state, it would be more susceptible to adverse economic, business or regulatory conditions in that state.

*Tax Risk.* To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources. If for any taxable year the Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to federal income tax at regular corporate rates without any deduction for distributions to shareholders, and all distributions from the Fund (including underlying distributions attributable to tax exempt interest income) would be taxable to shareholders as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits.

The value of the Fund's investments and its net asset value may be adversely affected by changes in tax rates and policies. Because interest income from municipal securities is normally not subject to regular federal income taxation, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect the Fund's net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Additionally, the Fund may not be a suitable investment for individual retirement accounts, for other tax-exempt or tax-deferred accounts or for investors who are not sensitive to the federal income tax consequences of their investments.

The Fund may invest all or a substantial portion of its total assets in municipal securities subject to the federal alternative minimum tax. Accordingly, an investment in the Fund could cause shareholders to be subject to (or result in an increased liability under) the federal alternative minimum tax. As a result, the Fund may not be a suitable investment for investors who are already subject to the federal alternative minimum tax or who could become subject to the federal alternative minimum tax as a result of an investment in the Fund.

Subsequent to the Fund's acquisition of a municipal security, the security may be determined to pay, or to have paid, taxable income. As a result, the treatment of dividends previously paid or to be paid by the Fund as exempt-interest dividends could be adversely affected, subjecting the Fund's shareholders to increased federal income tax liabilities.

For federal income tax purposes, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and not eligible for favorable taxation as qualified dividend income), and capital gain dividends will be taxed at long-term capital gain rates. In certain circumstances, the Fund will make payments to holders of Preferred Shares to offset the tax effects of a taxable distribution.

Generally, to the extent the Fund's distributions are derived from interest on municipal securities of a particular state (and, in some cases qualifying obligations of U.S. territories and possessions), its distributions are exempt from the personal income tax of that state. In some cases, the Fund's shares may (to the extent applicable) also be exempt from personal property taxes of such state. However, some states require that the Fund meet certain thresholds with respect to the portion of its portfolio consisting of municipal securities of such state in order for such exemption to apply.

*Risks of Using Derivative Instruments.* A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument or instrument being hedged, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which they relate, and risks that the derivatives may not be liquid. The use of derivatives involves risks that are different from, and potentially greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. Certain derivative transactions may give rise to a form of leverage. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable SEC rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. The Fund could suffer losses related to its derivative positions as a result of unanticipated market movements, which losses may potentially be unlimited. Although the Adviser may seek to use derivatives to further the Fund's investment objective, the Fund is not required to use derivatives and may choose not to do so and there is no assurance that the use of derivatives will achieve this result.

**Counterparty Risk.** The Fund will be subject to credit risk with respect to the counterparties to the derivative transactions entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

**Futures Risk.** A decision as to whether, when and how to use futures involves the exercise of skill and judgment and even a well-conceived futures transaction may be unsuccessful because of market behavior or unexpected events. In addition to the derivatives risks discussed above, the prices of futures can be highly volatile, using futures can lower total return, and the potential loss from futures can exceed the Fund's initial investment in such contracts.

**Swaps Risk.** Swap agreements are not entered into or traded on exchanges and there is no central clearing or guaranty function for swaps. Therefore, swaps are subject to credit risk or the risk of default or non-performance by the counterparty. Swaps could result in losses if interest rate or credit quality changes are not correctly anticipated by the Fund or if the reference index, security or investments do not perform as expected.

**Tax Risk.** The use of derivatives may generate taxable income. In addition, the Fund's use of derivatives may be limited by the requirements for taxation as a regulated investment company or the Fund's intention to pay dividends that are exempt from federal income taxes. The tax treatment of derivatives may be adversely affected by changes in legislation, regulations or other legal authority, subjecting the Fund's shareholders to increased federal income tax liabilities.

**Inverse Floating Rate Obligations Risk.** Like most other fixed-income securities, the value of inverse floating rate obligations will decrease as interest rates increase. They are more volatile, however, than most other fixed-income securities because the coupon rate on an inverse floating rate obligation typically changes at a multiple of the change in the relevant index rate. Thus, any rise in the index rate (as a consequence of an increase in interest rates) causes a correspondingly greater drop in the coupon rate of an inverse floating rate obligation while a drop in the index rate causes a correspondingly greater increase in the coupon of an inverse floating rate obligation. Some inverse floating rate obligations may also increase or decrease substantially because of changes in the rate of prepayments. Inverse floating rate obligations tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Inverse floating rate obligations have varying degrees of liquidity.



The Fund generally invests in inverse floating rate obligations that include embedded leverage, thus exposing the Fund to greater risks and increased costs. The market value of a leveraged inverse floating rate obligations generally will fluctuate in response to changes in market rates of interest to a greater extent than the value of an unleveraged investment. The extent of increases and decreases in the value of inverse floating rate obligations generally will be larger than changes in an equal principal amount of a fixed rate security having similar credit quality, redemption provisions and maturity, which may cause the Fund's net asset value to be more volatile than if it had not invested in inverse floating rate obligations.

In certain instances, the short-term floating rate interests created by a special purpose trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such interests for repayment of principal, may not be able to be remarketed to third parties. In such cases, the special purpose trust holding the long-term fixed rate bonds may be collapsed. In the case of inverse floating rate obligations created by the Fund, the Fund would then be required to repay the principal amount of the tendered securities. During times of market volatility, illiquidity or uncertainty, the Fund could be required to sell other portfolio holdings at a disadvantageous time to raise cash to meet that obligation.

The use of short-term floating rate obligations may require the Fund to segregate or earmark cash or liquid assets to cover its obligations. Securities so segregated or earmarked will be unavailable for sale by the Fund (unless replaced by other securities qualifying for segregation requirements), which may limit the Fund's flexibility and may require that the Fund sell other portfolio investments at a time when it may be disadvantageous to sell such assets.

*Risks of Investing in Lower-Grade Securities.* Securities that are in the lower-grade categories generally offer higher yields than are offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, market risk, volatility and liquidity risk. In addition, the amount of available information about the financial condition of certain lower-grade issuers may be less extensive than other issuers, making the Fund more dependent on the Adviser's credit analysis than a fund investing only in higher-grade securities. To minimize the risks involved in investing in lower-grade securities, the Fund does not purchase securities that are in default or rated in categories lower than B- by S&P or B3 by Moody's or unrated securities of comparable quality.

Secondary market prices of lower-grade securities generally are less sensitive than higher-grade securities to changes in interest rates and are more sensitive to general adverse economic changes or specific developments with respect to the particular issuers. A significant increase in interest rates or a general economic downturn may significantly affect the ability of municipal issuers of lower-grade securities to pay interest and to repay principal, or to obtain additional financing, any of which could severely disrupt the market for lower-grade municipal securities and adversely affect the market value of such securities. Such events also could lead to a higher incidence of default by issuers of lower-grade securities. In addition, changes in credit risks, interest rates, the credit markets or periods of general economic uncertainty can be expected to result in increased volatility in the price of the lower-grade securities and the net asset value of the Fund. Adverse publicity and investor perceptions, whether or not based on rational analysis, may affect the value, volatility and liquidity of lower-grade securities.

In the event that an issuer of securities held by the Fund experiences difficulties in the timely payment of principal and interest and such issuer seeks to restructure the terms of its borrowings, the Fund may incur additional expenses and may determine to invest additional assets with respect to such issuer or the project or projects to which the Fund's securities relate. Further, the Fund may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of interest or the repayment of principal on its portfolio holdings and the Fund may be unable to obtain full recovery on such amounts.

Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. Federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, how payments received on obligations in default should be allocated between principal and interest and whether certain exchanges of debt obligations in a workout context are taxable. These and other issues will be addressed by the Fund, in the event it invests in or holds such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a regulated investment company.

*Liquidity Risk.* Liquidity relates to the ability of a fund to sell a security in a timely manner at a price which reflects the value of that security. The amount of available information about the financial condition of municipal securities issuers is generally less extensive than that for corporate issuers with publicly traded securities, and the market for municipal securities is generally considered to be less liquid than the market for corporate debt obligations. Certain municipal securities in which the Fund may invest, such as special obligation bonds, lease obligations, participation certificates and variable rate instruments, may be particularly less liquid. To the extent the Fund owns or may acquire illiquid or restricted securities, these securities may involve special registration requirements, liabilities and costs, and liquidity and valuation difficulties.

The effects of adverse publicity and investor perceptions may be more pronounced for securities for which no established retail market exists as compared with the effects on securities for which such a market does exist. An economic downturn or an increase in interest rates could severely disrupt the market for such securities and adversely affect the value of outstanding securities or the ability of the issuers to repay principal and interest. Further, the Fund may have more difficulty selling such securities in a timely manner and at their stated value than would be the case for securities for which an established retail market does exist.

The markets for lower-grade securities may be less liquid than the markets for higher-grade securities. To the extent that there is no established retail market for some of the lower-grade securities in which the Fund may invest, trading in such securities may be relatively inactive. Prices of lower-grade securities may decline rapidly in the event a significant number of holders decide to sell. Changes in expectations regarding an individual issuer of lower-grade securities generally could reduce market liquidity for such securities and make their sale by the Fund at their current valuation more difficult.

From time to time, the Fund's investments may include securities as to which the Fund, by itself or together with other funds or accounts managed by the Adviser, holds a major portion or all of an issue of municipal securities. Because there may be relatively few potential purchasers for such investments and, in some cases, there may be contractual restrictions on resales, the Fund may find it more difficult to sell such securities at a time when the Adviser believes it is advisable to do so.

*Preferred Shares Risk.* The Fund's use of leverage through Preferred Shares may result in higher volatility of the net asset value of the Common Shares, and fluctuations in the dividend rates on the Preferred Shares (which are expected to reflect yields on short-term municipal securities) may affect the yield to the Common Shareholders. So long as the Fund is able to realize a higher net return on its investment portfolio than the then current dividend rate of the Preferred Shares, the effect of the leverage provided by the Preferred Shares will be to cause the Common Shareholders to realize a higher current rate of return

than if the Fund were not so leveraged. On the other hand, to the extent that the then current dividend rate on the Preferred Shares approaches the net return on the Fund's investment portfolio, the benefit of leverage to the Common Shareholders will be reduced, and if the then current dividend rate on the Preferred Shares were to exceed the net return on the Fund's portfolio, the Fund's leveraged capital structure would result in a lower rate of return to the Common Shareholders than if the Fund were not so structured.

Similarly, because any decline in the net asset value of the Fund's investments will be borne entirely by the Common Shareholders, the effect of leverage in a declining market would result in a greater decrease in net asset value to the Common Shareholders than if the Fund were not so leveraged. Any such decrease would likely be reflected in a decline in the market price for Common Shares. If the Fund's current investment income were not sufficient to meet dividend requirements on the Preferred Shares, the Fund might have to liquidate certain of its investments in order to meet required dividend payments, thereby reducing the net asset value attributable to the Fund's Common Shares.

The amount of Preferred Shares outstanding from time to time may vary, depending on the Adviser's analysis of conditions in the municipal securities market and interest rate movements. Management of the amount of outstanding Preferred Shares places greater reliance on the ability of the Adviser to predict trends in interest rates than if the Fund did not use leverage. In the event the Adviser later determines that all or a portion of such Preferred Shares should be reissued so as to increase the amount of leverage, no assurance can be given that the Fund will subsequently be able to reissue Preferred Shares on terms and/or with dividend rates that are beneficial to the Common Shareholders. Further, redemption and reissuance of the Preferred Shares, and any related trading of the Fund's portfolio securities, results in increased transaction costs to the Fund and its Common Shareholders. Because the Common Shareholders bear these expenses, changes to the Fund's outstanding leverage and any losses resulting from related portfolio trading will have a proportionately larger impact on the Common Shares' net asset value and market price.

In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the Fund has an asset coverage of at least 200% (determined after deducting the amount of such dividend or distribution). This prohibition on the payment of dividends or other distributions might impair the ability of the Fund to maintain its qualification as a regulated investment company for federal income tax purposes. The Fund intends, however, to the extent possible, to purchase or redeem Preferred Shares from time to time to maintain an asset coverage of the Preferred Shares of at least 200%.

If a determination were made by the IRS to treat the Preferred Shares as debt rather than equity for U.S. federal income tax purposes, the Common Shareholders might be subject to increased federal income tax liabilities.

*Unrated Securities Risk.* Many lower-grade securities are not listed for trading on any national securities exchange, and many issuers of lower-grade securities choose not to have a rating assigned to their obligations by any NRSRO. As a result, the Fund's portfolio may consist of a higher portion of unlisted or unrated securities as compared with an investment company that invests solely in higher-grade, listed securities. Unrated securities are usually not as attractive to as many buyers as are rated securities, a factor which may make unrated securities less marketable. These factors may limit the ability of the Fund to sell such securities at their fair value. The Fund may be more reliant on the Adviser's judgment and analysis in evaluating the creditworthiness of an issuer of unrated securities.

*When-Issued and Delayed Delivery Risks.* When-issued and delayed delivery transactions are subject to market risk as the value or yield of a security at delivery may be more or less than the purchase price or the yield generally available on securities when delivery occurs. In addition, the Fund is subject to counterparty risk because it relies on the buyer or seller, as the case may be, to consummate the transaction, and failure by the other party to complete the transaction may result in the Fund missing the opportunity of obtaining a price or yield considered to be advantageous.

*Zero Coupon/PIK Bond Risk.* Prices on non-cash-paying instruments may be more sensitive to changes in the issuer's financial condition, fluctuations in interest rates and market demand/supply imbalances than cash-paying securities with similar credit ratings, and thus may be more speculative than are securities that pay interest periodically in cash. These securities may subject the Fund to greater market risk than a fund that does not own these types of securities. Special tax considerations are associated with investing in non-cash-paying instruments, such as zero coupon or PIK securities. The Adviser will weigh these concerns against the expected total returns from such instruments.



**Trustees and Officers**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. Generally, each trustee serves for a three year term or until his or her successor has been duly elected and qualified, and each officer serves for a one year term or until his or her successor has been duly elected and qualified. Column two below includes length of time served with predecessor entities, if any.

| <b>Name, Year of Birth and Position(s) Held with the Trust</b> | <b>Trustee and/ or Officer Since</b> | <b>Principal Occupation(s) During Past 5 Years</b> | <b>Number of Funds in Fund Complex Overseen by Trustee</b> | <b>Other Directorship(s) Held by Trustee</b> |
|--|--------------------------------------|--|--|--|
|--|--------------------------------------|--|--|--|

## Interested Persons

|  |              |   |     |      |
|--|--------------|---|-----|------|
| Martin L. Flanagan <sup>1</sup><br>Trustee | 1960<br>2010 | Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco and a global investment management firm); Advisor to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Trustee, The Invesco Funds; Vice Chair, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business<br><br>Formerly: Chairman, Invesco Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, IVZ Inc. (holding company), INVESCO Group Services, Inc. (service provider) and Invesco North American Holdings, | 140 | None |
|--|--------------|---|-----|------|

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Inc. (holding company);  
 Director, Chief Executive  
 Officer and President,  
 Invesco Holding  
 Company Limited (parent  
 of Invesco and a global  
 investment management  
 firm); Director, Invesco  
 Ltd.; Chairman,  
 Investment Company  
 Institute and President,  
 Co-Chief Executive  
 Officer, Co-President,  
 Chief Operating Officer  
 and Chief Financial  
 Officer, Franklin  
 Resources, Inc. (global  
 investment management  
 organization)

|   |             |   |            |             |
|---|-------------|---|------------|-------------|
| <p>Philip A. Taylor<sup>2</sup> 1954<br/>                 Trustee, President and Principal<br/>                 Executive Officer</p> | <p>2010</p> | <p>Head of North American<br/>                 Retail and Senior<br/>                 Managing Director,<br/>                 Invesco Ltd.; Director,<br/>                 Co-Chairman,<br/>                 Co-President and<br/>                 Co-Chief Executive<br/>                 Officer, Invesco Advisers,<br/>                 Inc. (formerly known as<br/>                 Invesco Institutional<br/>                 (N.A.), Inc.) (registered<br/>                 investment adviser);<br/>                 Director, Chairman, Chief<br/>                 Executive Officer and<br/>                 President, Invesco<br/>                 Management Group, Inc.<br/>                 (formerly Invesco Aim<br/>                 Management Group, Inc.)<br/>                 (financial services holding<br/>                 company); Director and<br/>                 President, INVESCO<br/>                 Funds Group, Inc.<br/>                 (registered investment<br/>                 adviser and registered<br/>                 transfer agent); Director<br/>                 and Chairman, Invesco<br/>                 Investment Services, Inc.<br/>                 (formerly known as<br/>                 Invesco Aim Investment</p> | <p>140</p> | <p>None</p> |
|---|-------------|---|------------|-------------|

Services, Inc.) (registered transfer agent) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.) (registered broker dealer); Director, President and Chairman, Invesco Inc. (holding company) and Invesco Canada Holdings Inc. (holding company); Chief Executive Officer, Invesco Corporate Class Inc. (corporate mutual fund company) and Invesco Canada Fund Inc. (corporate mutual fund company); Director, Chairman and Chief Executive Officer, Invesco Canada Ltd. (formerly known as Invesco Trimark Ltd./Invesco Trimark Ltée) (registered investment adviser and registered transfer agent); Trustee, President and Principal Executive Officer, The Invesco Funds (other than AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust); Trustee and Executive Vice President, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust) and Short-Term Investments Trust only); Director, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Director, Chief Executive Officer and President, Van Kampen Exchange Corp.

Formerly: Director and Chairman, Van Kampen Investor Services Inc.; Director, Chief Executive Officer and President, 1371 Preferred Inc. (holding company); and Van Kampen Investments Inc.; Director and President, AIM GP Canada Inc. (general partner for limited partnerships); and Van Kampen Advisors, Inc.; Director and Chief Executive Officer, Invesco Trimark Dealer Inc. (registered broker dealer); Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) (registered broker dealer); Manager, Invesco PowerShares Capital Management LLC; Director, Chief Executive Officer and President, Invesco Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco Aim Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltè; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Trustee and Executive Vice President, Tax-Free Investments Trust; Director and Chairman, Fund Management



Company (former registered broker dealer); President and Principal Executive Officer, The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust), Short-Term Investments Trust and Tax-Free Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.

|   |      |      |  |     |   |
|---|------|------|--|-----|---|
| Wayne W. Whalen <sup>3</sup><br>Trustee | 1939 | 2010 | Of Counsel, and prior to 2010, partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to funds in the Fund Complex | 158 | Director of the Abraham Lincoln Presidential Library Foundation |
|---|------|------|--|-----|---|

- <sup>1</sup> Mr. Flanagan is considered an interested person of the Trust because he is an officer of the adviser to the Trust, and an officer and a director of Invesco Ltd., ultimate parent of the adviser to the Trust.
- <sup>2</sup> Mr. Taylor is considered an interested person of the Trust because he is an officer and a director of the adviser to, and a director of the principal underwriter of, the Trust.
- <sup>3</sup> Mr. Whalen has been deemed to be an interested person of the Trust because of his prior service as counsel to the predecessor funds of certain Invesco open-end funds and his affiliation with the law firm that served as counsel to such predecessor funds and continues to serve as counsel to the Invesco Van Kampen closed-end funds.

**T-1 Invesco Value Municipal Income Trust**

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**Trustees and Officers (continued)**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. Generally, each trustee serves for a three year term or until his or her successor has been duly elected and qualified, and each officer serves for a one year term or until his or her successor has been duly elected and qualified. Column two below includes length of time served with predecessor entities, if any.

| <b>Name, Year of Birth and Position(s) Held with the Trust</b> | <b>Trustee and/ or Officer Since</b> | <b>Principal Occupation(s) During Past 5 Years</b>   | <b>Number of Funds in Fund Complex Overseen by Trustee</b> | <b>Other Directorship(s) Held by Trustee</b>  |
|--|--------------------------------------|--|--|---|
| Independent Trustees   |                                      |  |  |   |
| Bruce L. Crockett 1944<br>Trustee and Chair                    | 2010                                 | Chairman, Crockett Technology Associates (technology consulting company)<br><br>Formerly: Director, Captaris (unified messaging provider); Director, President and Chief Executive Officer COMSAT Corporation; and Chairman, Board of Governors of INTELSAT (international communications company) | 140  | ACE Limited (insurance company); and Investment Company Institute   |
| David C. Arch 1945<br>Trustee                                  | 2010                                 | Chairman and Chief Executive Officer of Blistex Inc., a consumer health care products manufacturer.  | 158  | Member of the Heartland Alliance Advisory Board, a nonprofit organization serving human needs based in Chicago. Board member of the Illinois Manufacturers Association. Member of the Board of Visitors, Institute for the Humanities, University |

of Michigan

|                               |      |      |   |     |   |
|-------------------------------|------|------|---|-----|---|
| Frank S. Bayley<br>Trustee    | 1939 | 2010 | Retired<br><br>Formerly: Director,<br>Badgley Funds, Inc.<br>(registered investment<br>company) (2 portfolios)<br>and Partner, law firm of<br>Baker & McKenzie  | 140 | Director and Chairman,<br>C.D. Stimson Company,<br>(a real estate investment<br>company)  |
| James T. Bunch<br>Trustee     | 1942 | 2010 | Managing Member,<br>Grumman Hill Group<br>LLC (family office private<br>equity management)<br><br>Formerly: Founder, Green,<br>Manning & Bunch Ltd.<br>(investment banking<br>firm)(1988-2010);<br>Executive Committee,<br>United States Golf<br>Association; and Director,<br>Policy Studies, Inc. and<br>Van Gilder Insurance<br>Corporation  | 140 | Chairman, Board of<br>Governors, Western<br>Golf Association,<br>Chairman-elect, Evans<br>Scholars Foundation<br>and Director, Denver<br>Film Society   |
| Rodney F. Dammeyer<br>Trustee | 1940 | 2010 | Chairman of CAC, LLC, a<br>private company offering<br>capital investment and<br>management advisory<br>services.<br><br>Formerly: Prior to January<br>2004, Director of<br>TeleTech Holdings Inc.;<br>Prior to 2002, Director of<br>Arris Group, Inc.; Prior to<br>2001, Managing Partner at<br>Equity Group Corporate<br>Investments. Prior to<br>1995, Vice Chairman of<br>Anixter International.<br>Prior to 1985, experience<br>includes Senior Vice | 158 | Director of Quidel<br>Corporation and<br>Stericycle, Inc. Prior to<br>May 2008, Trustee of<br>The Scripps Research<br>Institute. Prior to<br>February 2008, Director<br>of Ventana Medical<br>Systems, Inc. Prior to<br>April 2007, Director of<br>GATX Corporation.<br>Prior to April 2004,<br>Director of TheraSense,<br>Inc. |

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President and Chief  
Financial Officer of  
Household International,  
Inc, Executive Vice  
President and Chief  
Financial Officer of  
Northwest Industries, Inc.  
and Partner of Arthur  
Andersen & Co.

|                             |      |      |  |     |  |
|-----------------------------|------|------|--|-----|--|
| Albert R. Dowden<br>Trustee | 1941 | 2010 | <p>Director of a number of public and private business corporations, including the Boss Group, Ltd. (private investment and management); Reich &amp; Tang Funds (5 portfolios) (registered investment company); and Homeowners of America Holding Corporation/Homeowners of America Insurance Company (property casualty company)</p> <p>Formerly: Director, Continental Energy Services, LLC (oil and gas pipeline service); Director, CompuDyne Corporation (provider of product and services to the public security market) and Director, Annuity and Life Re (Holdings), Ltd. (reinsurance company); Director, President and Chief Executive Officer, Volvo Group North America, Inc.; Senior Vice President, AB Volvo; Director of various public and private corporations; Chairman, DHJ Media, Inc.; Director Magellan Insurance Company; and Director, The Hertz Corporation, Genmar</p> | 140 | Board of Nature s<br>Sunshine Products, Inc. |
|-----------------------------|------|------|--|-----|--|

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|-------------------------------|------|------|--|-----|---|
|                               |      |      | <p>Corporation (boat manufacturer), National Media Corporation; Advisory Board of Rotary Power International (designer, manufacturer, and seller of rotary power engines); and Chairman, Cortland Trust, Inc. (registered investment company)</p>  |     |   |
| Jack M. Fields<br>Trustee     | 1952 | 2010 | <p>Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Owner and Chief Executive Officer, Dos Angelos Ranch, L.P. (cattle, hunting, corporate entertainment), Discovery Global Education Fund (non-profit) and Cross Timbers Quail Research Ranch (non-profit)</p> <p>Formerly: Chief Executive Officer, Texana Timber LP (sustainable forestry company) and member of the U.S. House of Representatives</p> | 140 | Insperity (formerly known as Administaff)   |
| Carl Frischling<br>Trustee    | 1937 | 2010 | <p>Partner, law firm of Kramer Levin Naftalis and Frankel LLP</p>  | 140 | Director, Reich & Tang Funds (6 portfolios) |
| Prema Mathai-Davis<br>Trustee | 1950 | 2010 | <p>Retired</p> <p>Formerly: Chief Executive Officer, YWCA of the U.S.A.</p>  | 140 | None  |

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|                       |      |      |  |     |      |
|-----------------------|------|------|--|-----|------|
| Larry Soll<br>Trustee | 1942 | 2010 | Retired<br><br>Formerly, Chairman,<br>Chief Executive Officer<br>and President, Synergen<br>Corp. (a biotechnology<br>company) | 140 | None |
|-----------------------|------|------|--|-----|------|

**T-2 Invesco Value Municipal Income Trust**

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**Trustees and Officers (continued)**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. Generally, each trustee serves for a three year term or until his or her successor has been duly elected and qualified, and each officer serves for a one year term or until his or her successor has been duly elected and qualified. Column two below includes length of time served with predecessor entities, if any.

| <b>Name, Year of Birth and Position(s) Held with the Trust</b> | <b>Trustee and/ or Officer Since</b> | <b>Principal Occupation(s) During Past 5 Years</b>  | <b>Number of Funds in Fund Complex Overseen by Trustee</b> | <b>Other Directorship(s) Held by Trustee</b>  |
|--|--------------------------------------|---|--|---|
| <b>Independent Trustees</b>                                    |                                      |   |  |   |
| Hugo F. Sonnenschein<br>Trustee                                | 1940<br>2010                         | Distinguished Service Professor and President Emeritus of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to July 2000, President of the University of Chicago. | 158  | Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences |
| Raymond Stickel, Jr.<br>Trustee                                | 1944<br>2010                         | Retired<br><br>Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios) and Partner, Deloitte & Touche  | 140  |   |
| <b>Other Officers</b>  |                                      |   |  |   |
| Russell C. Burk<br>Senior Vice President and Senior Officer    | 1958<br>2010                         | Senior Vice President and Senior Officer of Invesco Funds   | N/A  | N/A   |

|   |             |  |            |            |
|---|-------------|--|------------|------------|
| <p>John M. Zerr 1962<br/>         Senior Vice President, Chief<br/>         Legal Officer and Secretary</p> | <p>2010</p> | <p>Director, Senior Vice<br/>         President, Secretary and<br/>         General Counsel, Invesco<br/>         Management Group, Inc.<br/>         (formerly known as<br/>         Invesco Aim Management<br/>         Group, Inc.) and Van<br/>         Kampen Exchange Corp.;<br/>         Senior Vice President,<br/>         Invesco Advisers, Inc.<br/>         (formerly known as<br/>         Invesco Institutional<br/>         (N.A.), Inc.) (registered<br/>         investment adviser);<br/>         Senior Vice President and<br/>         Secretary, Invesco<br/>         Distributors, Inc.<br/>         (formerly known as<br/>         Invesco Aim Distributors,<br/>         Inc.); Director, Vice<br/>         President and Secretary,<br/>         Invesco Investment<br/>         Services, Inc. (formerly<br/>         known as Invesco Aim<br/>         Investment Services, Inc.)<br/>         and IVZ Distributors, Inc.<br/>         (formerly known as<br/>         INVESCO Distributors,<br/>         Inc.); Director and Vice<br/>         President, INVESCO<br/>         Funds Group, Inc.; Senior<br/>         Vice President, Chief<br/>         Legal Officer and<br/>         Secretary, The Invesco<br/>         Funds; Manager, Invesco<br/>         PowerShares Capital<br/>         Management LLC;<br/>         Director, Secretary and<br/>         General Counsel, Invesco<br/>         Investment Advisers LLC<br/>         (formerly known as Van<br/>         Kampen Asset<br/>         Management); Secretary<br/>         and General Counsel, Van<br/>         Kampen Funds Inc. and<br/>         Chief Legal Officer,<br/>         PowerShares<br/>         Exchange-Traded Fund</p> | <p>N/A</p> | <p>N/A</p> |
|---|-------------|--|------------|------------|



Trust, PowerShares  
Exchange-Traded Fund  
Trust II, PowerShares  
India Exchange-Traded  
Fund Trust and  
PowerShares Actively  
Managed  
Exchange-Traded Fund  
Trust

Formerly: Director and  
Secretary, Van Kampen  
Advisors Inc.; Director  
Vice President, Secretary  
and General Counsel Van  
Kampen Investor Services  
Inc.; Director, Invesco  
Distributors, Inc.  
(formerly known as  
Invesco Aim Distributors,  
Inc.); Director, Senior  
Vice President, General  
Counsel and Secretary,  
Invesco Advisers, Inc.;  
and Van Kampen  
Investments Inc.;  
Director, Vice President  
and Secretary, Fund  
Management Company;  
Director, Senior Vice  
President, Secretary,  
General Counsel and Vice  
President, Invesco Aim  
Capital Management, Inc.;  
Chief Operating Officer  
and General Counsel,  
Liberty Ridge Capital,  
Inc. (an investment  
adviser); Vice President  
and Secretary, PBHG  
Funds (an investment  
company) and PBHG  
Insurance Series Fund (an  
investment company);  
Chief Operating Officer,  
General Counsel and  
Secretary, Old Mutual  
Investment Partners (a  
broker-dealer); General  
Counsel and Secretary,  
Old Mutual Fund Services

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(an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)

|                                    |      |      |   |     |
|------------------------------------|------|------|---|-----|
| Lisa O. Brinkley<br>Vice President | 1959 | 2010 | Global Assurance Officer, N/A Invesco Ltd.; Chief Compliance Officer, Invesco Investment Services, Inc.(formerly known as Invesco Aim Investment Services, Inc.); and Vice President, The Invesco Funds   | N/A |
|                                    |      |      | Formerly: Chief Compliance Officer, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.) and Van Kampen Investor Services Inc.; Senior Vice President, Invesco Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and The Invesco Funds; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Distributors, Inc.; Vice President, Invesco Investment Services, Inc. and Fund Management Company |     |

**T-3 Invesco Value Municipal Income Trust**

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**Trustees and Officers (continued)**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. Generally, each trustee serves for a three year term or until his or her successor has been duly elected and qualified, and each officer serves for a one year term or until his or her successor has been duly elected and qualified. Column two below includes length of time served with predecessor entities, if any.

| <b>Name, Year of Birth and Position(s) Held with the Trust</b> | <b>Trustee and/ or Officer Since</b> | <b>Principal Occupation(s) During Past 5 Years</b>   | <b>Number of Funds in Fund Complex Overseen by Trustee</b> | <b>Other Directorship(s) Held by Trustee</b> |
|--|--------------------------------------|--|--|--|
| Other Officers   |                                      |  |  |  |
| Karen Dunn Kelley<br>Vice President                            | 1960<br>2010                         | Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.) and Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Executive Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Invesco Mortgage Capital Inc.; Vice President, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust); and President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust)) | N/A  | N/A  |

and Short-Term  
Investments Trust only).

Formerly: Senior Vice  
President, Van Kampen  
Investments Inc.; Vice  
President, Invesco  
Advisers, Inc. (formerly  
known as Invesco  
Institutional (N.A.), Inc.);  
Director of Cash  
Management and Senior  
Vice President, Invesco  
Advisers, Inc. and Invesco  
Aim Capital Management,  
Inc.; President and  
Principal Executive  
Officer, Tax-Free  
Investments Trust;  
Director and President,  
Fund Management  
Company; Chief Cash  
Management Officer,  
Director of Cash  
Management, Senior Vice  
President, and Managing  
Director, Invesco Aim  
Capital Management, Inc.;  
Director of Cash  
Management, Senior Vice  
President, and Vice  
President, Invesco  
Advisers, Inc. and The  
Invesco Funds (AIM  
Treasurer's Series Trust  
(Invesco Treasurer's Series  
Trust), Short-Term  
Investments Trust and  
Tax-Free Investments  
Trust only)

Sheri S. Morris 1964  
Vice President, Treasurer and  
Principal Financial Officer

2010

Vice President, Treasurer N/A  
and Principal Financial  
Officer, The Invesco  
Funds; Vice President,  
Invesco Advisers, Inc.  
(formerly known as  
Invesco Institutional  
(N.A.), Inc.) (registered

N/A

investment adviser).

Formerly: Treasurer,  
PowerShares  
Exchange-Traded Fund  
Trust, PowerShares  
Exchange-Traded Fund  
Trust II, PowerShares  
India Exchange-Traded  
Fund Trust and  
PowerShares Actively  
Managed  
Exchange-Traded Fund  
Trust, Vice President,  
Invesco Advisers, Inc.,  
Invesco Aim Capital  
Management, Inc. and  
Invesco Aim Private Asset  
Management, Inc.;  
Assistant Vice President  
and Assistant Treasurer,  
The Invesco Funds and  
Assistant Vice President,  
Invesco Advisers, Inc.,  
Invesco Aim Capital  
Management, Inc. and  
Invesco Aim Private Asset  
Management, Inc.

Yinka Akinsola 1977  
Anti-Money Laundering  
Compliance Officer

2011

Anti-Money Laundering N/A  
Compliance Officer,  
Invesco Advisers, Inc.  
(formerly known as  
Invesco Institutional  
(N.A.), Inc.) (registered  
investment adviser);  
Invesco Distributors, Inc.  
(formerly known as  
Invesco Aim Distributors,  
Inc.), Invesco Investment  
Services, Inc. (formerly  
known as Invesco Aim  
Investment Services, Inc.),  
The Invesco Funds,  
Invesco Van Kampen  
Closed-End Funds, Van  
Kampen Funds Inc.,  
PowerShares  
Exchange-Traded Fund

N/A

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Trust, PowerShares  
Exchange-Traded Fund  
Trust II, PowerShares  
India Exchange-Traded  
Fund Trust, and  
PowerShares Actively  
Managed  
Exchange-Traded Fund  
Trust

Formerly: Regulatory  
Analyst III, Financial  
Industry Regulatory  
Authority (FINRA).

|   |      |  |     |     |
|---|------|--|-----|-----|
| Todd L. Spillane 1958<br>Chief Compliance Officer | 2010 | <p>Senior Vice President,<br/>Invesco Management<br/>Group, Inc. (formerly<br/>known as Invesco Aim<br/>Management Group, Inc.)<br/>and Van Kampen<br/>Exchange Corp.; Senior<br/>Vice President and Chief<br/>Compliance Officer,<br/>Invesco Advisers, Inc.<br/>(registered investment<br/>adviser) (formerly known<br/>as Invesco Institutional<br/>(N.A.), Inc.); Chief<br/>Compliance Officer, The<br/>Invesco Funds, INVESCO<br/>Private Capital<br/>Investments, Inc. (holding<br/>company) and Invesco<br/>Private Capital, Inc.<br/>(registered investment<br/>adviser); Vice President,<br/>Invesco Distributors, Inc.<br/>(formerly known as<br/>Invesco Aim Distributors,<br/>Inc.) and Invesco<br/>Investment Services, Inc.<br/>(formerly known as<br/>Invesco Aim Investment<br/>Services, Inc.).</p> | N/A | N/A |
|   |      | <p>Formerly: Senior Vice<br/>President, Van Kampen<br/>Investments Inc.; Senior</p>  |     |     |

Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc., Invesco Senior Secured Management, Inc. (registered investment adviser) and Van Kampen Investor Services Inc., PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust; Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company

**Office of the Fund**

1555 Peachtree Street, N.E.  
Atlanta, GA 30309

**Investment Adviser**

Invesco Advisers, Inc.  
1555 Peachtree Street, N.E.  
Atlanta, GA 30309

**Auditors**

PricewaterhouseCoopers LLP  
1201 Louisiana Street, Suite 2900  
Houston, TX  
77002-5678

**Custodian**

State Street Bank and Trust Company  
225 Franklin  
Boston, MA  
02110-2801

**Counsel to the Fund**

Stradley Ronon  
Stevens & Young, LLP  
2600 One Commerce Square  
Philadelphia, PA  
19103

**Counsel to the Independent Trustees**

Kramer Levin  
Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY  
10036-2714

**Transfer Agent**

Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI  
02940-3078



**T-4 Invesco Value Municipal Income Trust**

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### **Correspondence information**

Send general correspondence to Computershare, P.O. Box 43078, Providence, RI 02940-3078.

### **Invesco privacy policy**

You share personal and financial information with us that is necessary for your transactions and your account records. We take very seriously the obligation to keep that information confidential and private.

Invesco collects nonpublic personal information about you from account applications or other forms you complete and from your transactions with us or our affiliates. We do not disclose information about you or our former customers to service providers or other third parties except to the extent necessary to service your account and in other limited circumstances as permitted by law. For example, we use this information to facilitate the delivery of transaction confirmations, financial reports, prospectuses and tax forms.

Even within Invesco, only people involved in the servicing of your accounts and compliance monitoring have access to your information. To ensure the highest level of confidentiality and security, Invesco maintains physical, electronic and procedural safeguards that meet or exceed federal standards. Special measures, such as data encryption and authentication, apply to your communications with us on our website. More detail is available to you at [invesco.com/privacy](http://invesco.com/privacy).

### **Trust holdings and proxy voting information**

The Trust provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Trust's semiannual and annual reports to shareholders. For the first and third quarters, the Trust files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. Shareholders can also look up the Trust's Forms N-Q on the SEC website at [sec.gov](http://sec.gov). Copies of the Trust's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file number for the Trust is 811-06590.

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 341 2929 or at [invesco.com/proxyguidelines](http://invesco.com/proxyguidelines).

The information is also available on the SEC website, [sec.gov](http://sec.gov).

Information regarding how the Trust voted proxies related to its portfolio securities during the 12 months ended June 30, 2011, is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). In addition, this information is available on the SEC website at [sec.gov](http://sec.gov).

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the U.S. distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds.

Both are wholly owned, indirect subsidiaries of Invesco Ltd.

MS-CE-VMINC-AR-1 Invesco Distributors, Inc.

## ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the Registrant had adopted a code of ethics (the Code) that applies to the Registrant's principal executive officer (PEO) and principal financial officer (PFO). There were no amendments to the Code during the period covered by the report. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the PEO or PFO during the period covered by this report.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees has determined that the Registrant has at least one audit committee financial expert serving on its Audit Committee. The Audit Committee financial experts are David C. Arch, James T. Bunch, Bruce L. Crockett, Rodney Dammeyer and Raymond Stickel, Jr. Messrs. Arch, Bunch, Crockett, Dammeyer and Stickel are independent within the meaning of that term as used in Form N-CSR.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

**Fees Billed by PWC Related to the Registrant**

PWC billed the Registrant aggregate fees for services rendered to the Registrant for the last two fiscal years as follows:

|                                      | Fees Billed for<br>Services<br>Rendered to<br>the Registrant for<br>fiscal year end<br>2/29/2012 | Percentage of Fees<br>Billed Applicable to<br>Non-Audit Services<br>Provided for fiscal<br>year end 2/29/2012<br>Pursuant to Waiver of<br>Pre-Approval<br>Requirement <sup>(1)</sup> | Fees Billed for<br>Services<br>Rendered to<br>the Registrant for<br>fiscal year end<br>2/28/2011 | Percentage of Fees<br>Billed Applicable to<br>Non-Audit Services<br>Provided for fiscal<br>year end 2/28/2011<br>Pursuant to Waiver of<br>Pre-Approval<br>Requirement <sup>(1)</sup> |
|--------------------------------------|--|--|--|--|
| Audit Fees                           | \$ 36,300  | N/A  | \$ 19,250  | N/A  |
| Audit-Related<br>Fees <sup>(2)</sup> | \$ 5,000   | 0%   | \$ 4,000   | 0%   |
| Tax Fees <sup>(3)</sup>              | \$ 4,300   | 0%   | \$ 2,300   | 0%   |
| All Other Fees                       | \$ 0   | 0%   | \$ 0   | 0%   |
| <b>Total Fees</b>                    | <b>\$ 45,600</b>   | <b>0%</b>  | <b>\$ 25,550</b>   | <b>0%</b>  |

PWC billed the Registrant aggregate non-audit fees of \$9,300 for the fiscal year ended February 29, 2012, and \$6,300 for the fiscal year ended February 28, 2011, for non-audit services rendered to the Registrant.

- (1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant's Audit Committee and approved by the Registrant's Audit Committee prior to the completion of the audit.
- (2) Audit-Related fees for the fiscal year end February 29, 2012 includes fees billed for agreed upon procedures related to auction rate preferred securities. Audit-Related fees for the fiscal year end February 28, 2011 includes fees billed for agreed upon procedures related to auction rate preferred securities.
- (3) Tax fees for the fiscal year end February 29, 2012 includes fees billed for reviewing tax returns. Tax fees for the fiscal year end February 28, 2011 includes fees billed for reviewing tax returns.

**Fees Billed by PWC Related to Invesco and Invesco Affiliates**

PWC billed Invesco Advisers, Inc. ( Invesco ), the Registrant s adviser, and any entity controlling, controlled by or under common control with Invesco that provides ongoing services to the Registrant ( Invesco Affiliates ) aggregate fees for pre-approved non-audit services rendered to Invesco and Invesco Affiliates for the last two fiscal years as follows:

|                           | Fees Billed for Non-Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 2/29/2012 That Were Required to be Pre-Approved by the Registrant s Audit Committee |     | Fees Billed for Non-Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 2/28/2011 That Were Required to be Pre-Approved by the Registrant s Audit Committee |     |
|---------------------------|---|-----|---|-----|
|                           | Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/29/2012 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>                       |     | Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 2/28/2011 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>                       |     |
| Audit-Related Fees        | \$ 0  | 0 % | \$ 0  | 0 % |
| Tax Fees                  | \$ 0  | 0 % | \$ 0  | 0 % |
| All Other Fees            | \$ 0  | 0 % | \$ 0  | 0 % |
| Total Fees <sup>(2)</sup> | \$ 0  | 0 % | \$ 0  | 0 % |

(1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant, Invesco and Invesco Affiliates to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant s Audit Committee and approved by the Registrant s Audit Committee prior to the completion of the audit.

(2) Including the fees for services not required to be pre-approved by the registrant s audit committee, PWC billed Invesco and Invesco Affiliates aggregate non-audit fees of \$0 for the fiscal year ended February 29, 2012, and \$0 for the fiscal year ended February 28, 2011, for non-audit services rendered to Invesco and Invesco Affiliates. The Audit Committee also has considered whether the provision of non-audit services that were rendered to Invesco and Invesco Affiliates that were not required to be pre-approved pursuant to SEC regulations, if any, is compatible with maintaining PWC s independence. To the extent that such services were provided, the Audit Committee determined that the provision of such services is compatible with PWC maintaining independence with respect to the Registrant.

**PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES  
POLICIES AND PROCEDURES**

As adopted by the Audit Committees of  
the Invesco Funds (the Funds )  
Last Amended May 4, 2010

***Statement of Principles***

Under the Sarbanes-Oxley Act of 2002 and rules adopted by the Securities and Exchange Commission ( SEC ) ( Rules ), the Audit Committees of the Funds (the Audit Committees ) Board of Trustees (the Board ) are responsible for the appointment, compensation and oversight of the work of independent accountants (an Auditor ). As part of this responsibility and to assure that the Auditor 's independence is not impaired, the Audit Committees pre-approve the audit and non-audit services provided to the Funds by each Auditor, as well as all non-audit services provided by the Auditor to the Funds investment adviser and to affiliates of the adviser that provide ongoing services to the Funds ( Service Affiliates ) if the services directly impact the Funds operations or financial reporting. The SEC Rules also specify the types of services that an Auditor may not provide to its audit client. The following policies and procedures comply with the requirements for pre-approval and provide a mechanism by which management of the Funds may request and secure pre-approval of audit and non-audit services in an orderly manner with minimal disruption to normal business operations.

Proposed services either may be pre-approved without consideration of specific case-by-case services by the Audit Committees ( general pre-approval ) or require the specific pre-approval of the Audit Committees ( specific pre-approval ). As set forth in these policies and procedures, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committees. Additionally, any fees exceeding 110% of estimated pre-approved fee levels provided at the time the service was pre-approved will also require specific approval by the Audit Committees before payment is made. The Audit Committees will also consider the impact of additional fees on the Auditor 's independence when determining whether to approve any additional fees for previously pre-approved services.

The Audit Committees will annually review and generally pre-approve the services that may be provided by each Auditor without obtaining specific pre-approval from the Audit Committee generally on an annual basis. The term of any general pre-approval runs from the date of such pre-approval through September 30<sup>th</sup> of the following year, unless the Audit Committees consider a different period and state otherwise. The Audit Committees will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of these policies and procedures is to set forth the guidelines to assist the Audit Committees in fulfilling their responsibilities.

***Delegation***

The Audit Committees may from time to time delegate pre-approval authority to one or more of its members who are Independent Trustees. All decisions to pre-approve a service by a delegated member shall be reported to the Audit Committees at the next quarterly meeting.

***Audit Services***

The annual audit services engagement terms will be subject to specific pre-approval of the Audit Committees. Audit services include the annual financial statement audit and other procedures such as tax provision work that is required to be performed by the independent auditor to be able to form an opinion on the Funds financial statements. The Audit Committees will obtain, review and consider sufficient information concerning the proposed Auditor to make a reasonable evaluation of the Auditor 's qualifications and independence.

In addition to the annual Audit services engagement, the Audit Committees may grant either general or specific pre-approval of other audit services, which are those services that only the independent auditor reasonably can provide. Other Audit services may include services such as issuing consents for the inclusion of audited financial statements with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

### ***Non-Audit Services***

The Audit Committees may provide either general or specific pre-approval of any non-audit services to the Funds and its Service Affiliates if the Audit Committees believe that the provision of the service will not impair the independence of the Auditor, is consistent with the SEC's Rules on auditor independence, and otherwise conforms to the Audit Committees' general principles and policies as set forth herein.

### **Audit-Related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; and agreed-upon procedures related to mergers, compliance with ratings agency requirements and interfund lending activities.

### **Tax Services**

Tax services include, but are not limited to, the review and signing of the Funds' federal tax returns, the review of required distributions by the Funds and consultations regarding tax matters such as the tax treatment of new investments or the impact of new regulations. The Audit Committees will scrutinize carefully the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the major business purpose of which may be tax avoidance or the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committees will consult with the Funds' Treasurer (or his or her designee) and may consult with outside counsel or advisors as necessary to ensure the consistency of Tax services rendered by the Auditor with the foregoing policy.

No Auditor shall represent any Fund or any Service Affiliate before a tax court, district court or federal court of claims.

Under rules adopted by the Public Company Accounting Oversight Board and approved by the SEC, in connection with seeking Audit Committees' pre-approval of permissible Tax services, the Auditor shall:

1. Describe in writing to the Audit Committees, which writing may be in the form of the proposed engagement letter:
  - a. The scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the Fund, relating to the service; and
  - b. Any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between the Auditor and any person (other than the Fund) with respect to the promoting, marketing, or recommending of a transaction covered by the service;
2. Discuss with the Audit Committees the potential effects of the services on the independence of the Auditor; and
3. Document the substance of its discussion with the Audit Committees.

### **All Other Auditor Services**

The Audit Committees may pre-approve non-audit services classified as All other services that are not categorically prohibited by the SEC, as listed in Exhibit 1 to this policy.

### **Pre-Approval Fee Levels or Established Amounts**

Pre-approval of estimated fees or established amounts for services to be provided by the Auditor under general or specific pre-approval policies will be set periodically by the Audit Committees. Any proposed fees exceeding 110% of the maximum estimated pre-approved fees or established amounts for pre-approved audit and non-audit services will be reported to the Audit Committees at the quarterly Audit Committees meeting and will require specific approval by the Audit Committees before payment is made. The Audit Committees will always factor

in the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services and in determining whether to approve any additional fees exceeding 110% of the maximum pre-approved fees or established amounts for previously pre-approved services.

**Procedures**

Generally on an annual basis, Invesco Advisers, Inc. ( Invesco ) will submit to the Audit Committees for general pre-approval, a list of non-audit services that the Funds or Service Affiliates of the Funds may request from the Auditor. The list will describe the non-audit services in reasonable detail and will include an estimated range of fees and such other information as the Audit Committee may request.

Each request for services to be provided by the Auditor under the general pre-approval of the Audit Committees will be submitted to the Funds' Treasurer (or his or her designee) and must include a detailed description of the services to be rendered. The Treasurer or his or her designee will ensure that such services are included within the list of services that have received the general pre-approval of the Audit Committees. The Audit Committees will be informed at the next quarterly scheduled Audit Committees meeting of any such services for which the Auditor rendered an invoice and whether such services and fees had been pre-approved and if so, by what means.

Each request to provide services that require specific approval by the Audit Committees shall be submitted to the Audit Committees jointly by the Fund's Treasurer or his or her designee and the Auditor, and must include a joint statement that, in their view, such request is consistent with the policies and procedures and the SEC Rules.

Each request to provide tax services under either the general or specific pre-approval of the Audit Committees will describe in writing: (i) the scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the audit client, relating to the service; and (ii) any compensation arrangement or other agreement between the Auditor and any person (other than the audit client) with respect to the promoting, marketing, or recommending of a transaction covered by the service. The Auditor will discuss with the Audit Committees the potential effects of the services on the Auditor's independence and will document the substance of the discussion.

Non-audit services pursuant to the *de minimis* exception provided by the SEC Rules will be promptly brought to the attention of the Audit Committees for approval, including documentation that each of the conditions for this exception, as set forth in the SEC Rules, has been satisfied.

On at least an annual basis, the Auditor will prepare a summary of all the services provided to any entity in the investment company complex as defined in section 2-01(f)(14) of Regulation S-X in sufficient detail as to the nature of the engagement and the fees associated with those services.

The Audit Committees have designated the Funds' Treasurer to monitor the performance of all services provided by the Auditor and to ensure such services are in compliance with these policies and procedures. The Funds' Treasurer will report to the Audit Committees on a periodic basis as to the results of such monitoring. Both the Funds' Treasurer and management of Invesco will immediately report to the chairman of the Audit Committees any breach of these policies and procedures that comes to the attention of the Funds' Treasurer or senior management of Invesco.

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**Exhibit 1 to Pre-Approval of Audit and Non-Audit Services Policies and Procedures**

**Conditionally Prohibited Non-Audit Services (not prohibited if the Fund can reasonably conclude that the results of the service would not be subject to audit procedures in connection with the audit of the Fund's financial statements)**

**Bookkeeping or other services related to the accounting records or financial statements of the audit client**

**Financial information systems design and implementation**

**Appraisal or valuation services, fairness opinions, or contribution-in-kind reports**

**Actuarial services**

**Internal audit outsourcing services**

**Categorically Prohibited Non-Audit Services**

**Management functions**

**Human resources**

**Broker-dealer, investment adviser, or investment banking services**

**Legal services**

**Expert services unrelated to the audit**

**Any service or product provided for a contingent fee or a commission**

**Services related to marketing, planning, or opining in favor of the tax treatment of confidential transactions or aggressive tax position transactions, a significant purpose of which is tax avoidance**

**Tax services for persons in financial reporting oversight roles at the Fund**

**Any other service that the Public Company Oversight Board determines by regulation is impermissible.**

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.**

- (a) The registrant has a separately-designed standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Members of the audit committee are: David C. Arch, Frank S. Bayley, James T. Bunch, Bruce L. Crockett, Rodney Dammeyer, Larry Soll and Raymond Stickel, Jr.

- (b) Not applicable.

**ITEM 6. SCHEDULE OF INVESTMENTS.**

Investments in securities of unaffiliated issuers is included as part of the reports to stockholders filed under Item 1 of this Form.

**ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**



**I.1. PROXY POLICIES AND PROCEDURES INSTITUTIONAL**

|                                       |  |
|---------------------------------------|--|
| <b>Applicable to</b>                  | Institutional Accounts   |
| <b>Risk Addressed by Policy</b>       | breach of fiduciary duty to client under Investment Advisers Act of 1940 by placing Invesco personal interests ahead of client best economic interests in voting proxies |
| <b>Relevant Law and Other Sources</b> | Investment Advisers Act of 1940  |
| <b>Last Tested Date</b>               |  |
| <b>Policy/Procedure Owner</b>         | Advisory Compliance, Proxy Committee   |
| <b>Policy Approver</b>                | Invesco Risk Management Committee  |
| <b>Approved/Adopted Date</b>          | January 1, 2010  |

The following policies and procedures apply to all institutional accounts, clients and funds managed by Invesco Advisers, Inc. ( Invesco ). These policies and procedures do not apply to any of the retail funds managed by Invesco. See Section I.2 for the proxy policies and procedures applicable to Invesco s retail funds.

**A. POLICY STATEMENT**

Invesco has responsibility for making investment decisions that are in the best interests of its clients. As part of the investment management services it provides to clients, Invesco may be authorized by clients to vote proxies appurtenant to the shares for which the clients are beneficial owners.

Invesco believes that it has a duty to manage clients assets in the best economic interests of its clients and that the ability to vote proxies is a client asset.

Invesco reserves the right to amend its proxy policies and procedures from time to time without prior notice to its clients.

**Voting of Proxies**

Invesco will vote client proxies relating to equity securities in accordance with the procedures set forth below unless a non-ERISA client retains in writing the right to vote, the named fiduciary (e.g., the plan sponsor) of an ERISA client retains in writing the right to direct the plan trustee or a third party to vote proxies, or Invesco determines that any benefit the client might gain from voting a proxy

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would be outweighed by the costs associated therewith. In addition, due to the distinct nature of proxy voting for interests in fixed income assets and stable value wrap agreements, the proxies for such fixed income assets and stable value wrap agreements will be voted in accordance with the procedures set forth in the Proxy Voting for Fixed Income Assets and Stable Value Wrap Agreements section below.

**Best Economic Interests of Clients**

In voting proxies, Invesco will take into consideration those factors that may affect the value of the security and will vote proxies in a manner in which, in its opinion, is in the best economic interests of clients. Invesco endeavors to resolve any conflicts of interest exclusively in the best economic interests of clients.

**B. OPERATING PROCEDURES AND RESPONSIBLE PARTIES**

**RiskMetrics Services**

Invesco has contracted with RiskMetrics Group ( RiskMetrics, formerly known as ISS), an independent third party service provider, to vote Invesco's clients' proxies according to RiskMetrics' proxy voting recommendations determined by RiskMetrics pursuant to its then-current US Proxy Voting Guidelines, a summary of which can be found at <http://www.riskmetrics.com> and which are deemed to be incorporated herein. In addition, RiskMetrics will provide proxy analyses, vote recommendations, vote execution and record-keeping services for clients for which Invesco has proxy voting responsibility. On an annual basis, the Proxy Committee will review information obtained from RiskMetrics to ascertain whether RiskMetrics (i) has the capacity and competency to adequately analyze proxy issues, and (ii) can make such recommendations in an impartial manner and in the best economic interests of Invesco's clients. This may include a review of RiskMetrics' Policies, Procedures and Practices Regarding Potential Conflicts of Interest and obtaining information about the work RiskMetrics does for corporate issuers and the payments RiskMetrics receives from such issuers.

Custodians forward to RiskMetrics proxy materials for clients who rely on Invesco to vote proxies. RiskMetrics is responsible for exercising the voting rights in accordance with the RiskMetrics proxy voting guidelines. If Invesco receives proxy materials in connection with a client's account where the client has, in writing, communicated to Invesco that the client, plan fiduciary or other third party has reserved the right to vote proxies, Invesco will forward to the party appointed by client any proxy materials it receives with respect to the account. In order to avoid voting proxies in circumstances where Invesco, or any of its affiliates have or may have any conflict of interest, real or perceived, Invesco has engaged RiskMetrics to provide the proxy analyses, vote recommendations and voting of proxies.

In the event that (i) RiskMetrics recuses itself on a proxy voting matter and makes no recommendation or (ii) Invesco decides to override the RiskMetrics vote recommendation, the Proxy Committee will review the issue and direct RiskMetrics how to vote the proxies as described below.

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**Proxy Voting for Fixed Income Assets and Stable Value Wrap Agreements**

Some of Invesco's fixed income clients hold interests in preferred stock of companies and some of Invesco's stable value clients are parties to wrap agreements. From time to time, companies that have issued preferred stock or that are parties to wrap agreements request that Invesco's clients vote proxies on particular matters. RiskMetrics does not currently provide proxy analysis or vote recommendations with respect to such proxy votes. Therefore, when a particular matter arises in this category, the investment team responsible for the particular mandate will review the matter and make a recommendation to the Proxy Manager as to how to vote the associated proxy. The Proxy Manager will complete the proxy ballots and send the ballots to the persons or entities identified in the ballots.

**Proxy Committee**

The Proxy Committee shall have seven (7) members, which shall include representatives from portfolio management, operations, and legal/compliance or other functional departments as deemed appropriate and who are knowledgeable regarding the proxy process. A majority of the members of the Proxy Committee shall constitute a quorum and the Proxy Committee shall act by a majority vote of those members in attendance at a meeting called for the purpose of determining how to vote a particular proxy. The Proxy Committee shall keep minutes of its meetings that shall be kept with the proxy voting records of Invesco. The Proxy Committee will appoint a Proxy Manager to manage the proxy voting process, which includes the voting of proxies and the maintenance of appropriate records.

The Proxy Manager shall call for a meeting of the Proxy Committee (1) when override submissions are made; and (2) in instances when RiskMetrics has recused itself or has not provided a vote recommendation with respect to an equity security. At such meeting, the Proxy Committee shall determine how proxies are to be voted in accordance with the factors set forth in the section entitled "Best Economic Interests of Clients," above.

The Proxy Committee also is responsible for monitoring adherence to these procedures and engaging in the annual review described in the section entitled "RiskMetrics Services," above.

**Recusal by RiskMetrics or Failure of RiskMetrics to Make a Recommendation**

When RiskMetrics does not make a recommendation on a proxy voting issue or recuses itself due to a conflict of interest, the Proxy Committee will review the issue and determine whether Invesco has a material conflict of interest as determined pursuant to the policies and procedures outlined in the "Conflicts of Interest" section below. If Invesco determines it does not have a material conflict of interest, Invesco will direct RiskMetrics how to vote the proxies. If Invesco determines it does have a material conflict of interest, the Proxy Committee will follow the policies and procedures set forth in such section.

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**Override of RiskMetrics Recommendation**

There may be occasions where Invesco investment personnel, senior officers or a member of the Proxy Committee seek to override a RiskMetrics recommendation if they believe that a RiskMetrics recommendation is not in accordance with the best economic interests of clients. In the event that an individual listed above in this section disagrees with a RiskMetrics recommendation on a particular voting issue, the individual shall document in writing the reasons that he/she believes that the RiskMetrics recommendation is not in accordance with clients' best economic interests and submit such written documentation to the Proxy Manager for consideration by the Proxy Committee along with the certification attached as Appendix A hereto. Upon review of the documentation and consultation with the individual and others as the Proxy Committee deems appropriate, the Proxy Committee may make a determination to override the RiskMetrics voting recommendation if the Committee determines that it is in the best economic interests of clients and the Committee has addressed any conflict of interest.

**Proxy Committee Meetings**

When a Proxy Committee Meeting is called, whether because of a RiskMetrics recusal or request for override of a RiskMetrics recommendation, the Proxy Committee shall request from the Chief Compliance Officer as to whether any Invesco person has reported a conflict of interest.

The Proxy Committee shall review the report from the Chief Compliance Officer to determine whether a real or perceived conflict of interest exists, and the minutes of the Proxy Committee shall:

- (1) describe any real or perceived conflict of interest,
- (2) determine whether such real or perceived conflict of interest is material,
- (3) discuss any procedure used to address such conflict of interest,
- (4) report any contacts from outside parties (other than routine communications from proxy solicitors), and
- (5) include confirmation that the recommendation as to how the proxies are to be voted is in the best economic interests of clients and was made without regard to any conflict of interest.

Based on the above review and determinations, the Proxy Committee will direct RiskMetrics how to vote the proxies as provided herein.

**Certain Proxy Votes May Not Be Cast**

In some cases, Invesco may determine that it is not in the best economic interests of clients to vote proxies. For example, proxy voting in certain countries outside

the United States requires share blocking. Shareholders who wish to vote their proxies must deposit their shares 7 to 21 days before the date of the meeting with a designated depository. During the blocked period, shares to be voted at the meeting cannot be sold until the meeting has taken place and the shares have been returned to the Custodian/Sub-Custodian bank. In addition, voting certain international securities may involve unusual costs to clients, some of which may be related to requirements of having a representative in person attend the proxy meeting. In other cases, it may not be possible to vote certain proxies despite good faith efforts to do so, for instance when inadequate notice of the matter is provided. In the instance of loan securities, voting of proxies typically requires termination of the loan, so it is not usually in the best economic interests of clients to vote proxies on loaned securities. Invesco typically will not, but reserves the right to, vote where share blocking restrictions, unusual costs or other barriers to efficient voting apply. Invesco will not vote if it determines that the cost of voting exceeds the expected benefit to the client. The Proxy Manager shall record the reason for any proxy not being voted, which record shall be kept with the proxy voting records of Invesco.

### **CONFLICTS OF INTEREST**

#### **Procedures to Address Conflicts of Interest and Improper Influence**

In order to avoid voting proxies in circumstances where Invesco or any of its affiliates have or may have any conflict of interest, real or perceived, Invesco has contracted with RiskMetrics to provide proxy analyses, vote recommendations and voting of proxies. Unless noted otherwise by RiskMetrics, each vote recommendation provided by RiskMetrics to Invesco shall include a representation from RiskMetrics that RiskMetrics has no conflict of interest with respect to the vote. In instances where RiskMetrics has recused itself or makes no recommendation on a particular matter, or if an override submission is requested, the Proxy Committee shall determine how to vote the proxy and instruct the Proxy Manager accordingly, in which case the conflict of interest provisions discussed below shall apply.

In effecting the policy of voting proxies in the best economic interests of clients, there may be occasions where the voting of such proxies may present a real or perceived conflict of interest between Invesco, as the investment manager, and Invesco's clients. For each director, officer and employee of Invesco ( Invesco person ), the interests of Invesco's clients must come first, ahead of the interest of Invesco and any Invesco person, including Invesco's affiliates. Accordingly, no Invesco person may put personal benefit, whether tangible or intangible, before the interests of clients of Invesco or otherwise take advantage of the relationship with Invesco's clients. Personal benefit includes any intended benefit for oneself or any other individual, company, group or organization of any kind whatsoever, except a benefit for a client of Invesco, as appropriate. It is imperative that each Invesco person avoid any situation that might compromise, or call into question, the exercise of fully independent judgment that is in the interests of Invesco's clients.

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Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist if Invesco has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Additional examples of situations where a conflict may exist include:

**Business Relationships** where Invesco manages money for a company or an employee group, manages pension assets or is actively soliciting any such business, or leases office space from a company;

**Personal Relationships** where an Invesco person has a personal relationship with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships; and

**Familial Relationships** where an Invesco person has a known familial relationship relating to a company (e.g. a spouse or other relative who serves as a director of a public company or is employed by the company).

In the event that the Proxy Committee determines that Invesco (or an affiliate) has a material conflict of interest, the Proxy Committee will not take into consideration the relationship giving rise to the conflict of interest and shall, in its sole discretion, either (a) decide to vote the proxies pursuant to RiskMetrics' general proxy voting guidelines, (b) engage an independent third party to provide a vote recommendation, or (c) contact Invesco's client(s) for direction as to how to vote the proxies.

In the event an Invesco person has a conflict of interest and has knowledge of such conflict of interest, it is the responsibility of such Invesco person to disclose the conflict to the Chief Compliance Officer. When a Proxy Committee meeting is called, the Chief Compliance Officer will report to the Proxy Committee all real or potential conflicts of interest for the Proxy Committee to review and determine whether such conflict is material. If the Proxy Committee determines that such conflict is material and involves a person involved in the proxy voting process, the Proxy Committee may require such person to recuse himself or herself from participating in the discussions regarding the proxy vote item and from casting a vote regarding how Invesco should vote such proxy. An Invesco person will not be considered to have a material conflict of interest if the Invesco person did not know of the conflict of interest and did not attempt to influence the outcome of a proxy vote.

In order to ensure compliance with these procedures, the Proxy Manager and each member of the Proxy Committee shall certify annually as to their compliance with this policy. In addition, any Invesco person who submits a RiskMetrics override recommendation to the Proxy Committee shall certify as to their compliance with this policy concurrently with the submission of their override recommendation. A form of such certification is attached as Appendix A.

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In addition, members of the Proxy Committee must notify Invesco's Chief Compliance Officer, with impunity and without fear of retribution or retaliation, of any direct, indirect or perceived improper influence exerted by any Invesco person or by an affiliated company's representatives with regard to how Invesco should vote proxies. The Chief Compliance Officer will investigate the allegations and will report his or her findings to the Invesco Risk Management Committee. In the event that it is determined that improper influence was exerted, the Risk Management Committee will determine the appropriate action to take, which actions may include, but are not limited to, (1) notifying the affiliated company's Chief Executive Officer, its Management Committee or Board of Directors, (2) taking remedial action, if necessary, to correct the result of any improper influence where clients have been harmed, or (3) notifying the appropriate regulatory agencies of the improper influence and cooperating fully with these regulatory agencies as required. In all cases, the Proxy Committee shall not take into consideration the improper influence in determining how to vote proxies and will vote proxies solely in the best economic interests of clients.

### **C. RECORDKEEPING**

Records are maintained in accordance with Invesco's Recordkeeping Policy.

#### **Proxy Voting Records**

The proxy voting statements and records will be maintained by the Proxy Manager on-site (or accessible via an electronic storage site of RiskMetrics) for the first two (2) years. Copies of the proxy voting statements and records will be maintained for an additional five (5) years by Invesco (or will be accessible via an electronic storage site of RiskMetrics). Clients may obtain information about how Invesco voted proxies on their behalf by contacting their client services representative. Alternatively, clients may make a written request for proxy voting information to: Proxy Manager, 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

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**APPENDIX A**

**ACKNOWLEDGEMENT AND CERTIFICATION**

I acknowledge that I have read the Invesco Proxy Voting Policy (a copy of which has been supplied to me, which I will retain for future reference) and agree to comply in all respects with the terms and provisions thereof. I have disclosed or reported all real or potential conflicts of interest to the Invesco Chief Compliance Officer and will continue to do so as matters arise. I have complied with all provisions of this Policy.

Print Name

Date

Signature

I.1 Proxy Policy Appendix A

Acknowledgement and Certification

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**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

The following individuals are jointly and primarily responsible for the day-to-day management of the Trust:

Thomas Byron, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1981 to 2010, Mr. Byron was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

Robert Stryker, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1994 to 2010, Mr. Stryker was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

Robert Wimmel, Portfolio Manager, who has been responsible for the Trust since 2009 and has been associated with Invesco and/or its affiliates since 2010. From 1996 to 2010, Mr. Wimmel was associated with Morgan Stanley Investment Advisors Inc. in an investment management capacity.

***Portfolio Manager Fund Holdings and Information on Other Managed Accounts***

Invesco's portfolio managers develop investment models which are used in connection with the management of certain Invesco Funds as well as other mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals. The Investments chart reflects the portfolio managers' investments in the Funds that they manage. Accounts are grouped into three categories: (i) investments made directly in the Fund, (ii) investments made in an Invesco pooled investment vehicle with the same or similar objectives and strategies as the Fund, and (iii) any investments made in any Invesco Fund or Invesco pooled investment vehicle. The Assets Managed chart reflects information regarding accounts other than the Funds for which each portfolio manager has day-to-day management responsibilities. Accounts are grouped into three categories: (i) other registered investment companies, (ii) other pooled investment vehicles and (iii) other accounts. To the extent that any of these accounts pay advisory fees that are based on account performance (performance-based fees), information on those accounts is specifically broken out. In addition, any assets denominated in foreign currencies have been converted into U.S. Dollars using the exchange rates as of the applicable date.

***Investments***

The following information is as of February 29, 2012:

| <b>Portfolio Manager</b> | <b>Dollar Range of Investments in each Fund<sup>1</sup></b> | <b>Dollar Range of Investments in Invesco pooled investment vehicles<sup>2</sup></b> | <b>Dollar Range of all Investments in Funds and Invesco pooled investment vehicles</b> |
|--------------------------|---|--|--|
|                          | <b>Invesco Value Municipal Income Trust</b>                 |  |  |
| Thomas Byron             | None  | N/A  | \$100,001-\$500,000  |
| Robert Stryker           | None  | N/A  | \$100,001-\$500,000  |
| Robert Wimmel            | None  | N/A  | \$100,001-\$500,000  |

1 This column reflects investments in a Fund's shares beneficially owned by a portfolio manager (as determined in accordance with Rule 16a-1(a) (2) under the Securities Exchange Act of 1934, as amended). Beneficial ownership includes ownership by a portfolio manager's immediate family members sharing the same household.

2 This column reflects portfolio managers' investments made either directly or through a deferred compensation or a similar plan in Invesco pooled investment vehicles with the same or similar objectives and strategies as the Fund as of the most recent fiscal year end of the Fund.

*Assets Managed*

The following information is as of February 29, 2012:

| Portfolio<br>Manager | Other Registered<br>Investment<br>Companies Managed<br>(assets in millions) |             | Other Pooled<br>Investment<br>Vehicles Managed<br>(assets in millions) |        | Other Accounts<br>Managed<br>(assets in millions) |        |
|----------------------|---|-------------|--|--------|---|--------|
|                      | Number of<br>Accounts   | Assets      | Number of<br>Accounts  | Assets | Number of<br>Accounts                             | Assets |
|                      | <b>Invesco Value Municipal Income Trust</b>                                 |             |  |        |   |        |
| Thomas Byron         | 30  | \$ 14,150.0 | None   | None   | None  | None   |
| Robert Stryker       | 30  | \$ 14,150.0 | None   | None   | None  | None   |
| Robert Wimmel        | 30  | \$ 14,150.0 | None   | None   | None  | None   |

*Potential Conflicts of Interest*

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one Fund or other account. More specifically, portfolio managers who manage multiple Funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple Funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each Fund and/or other account. The Adviser and each Sub-Adviser seek to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Funds.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one Fund or other account, a Fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible Funds and other accounts. To deal with these situations, the Adviser, each Sub-Adviser and the Funds have adopted procedures for allocating portfolio transactions across multiple accounts.

The Adviser and each Sub-Adviser determine which broker to use to execute each order for securities transactions for the Funds, consistent with its duty to seek best execution of the transaction. However, for certain other accounts (such as mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Adviser and each Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a Fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of the Fund or other account(s) involved.

Finally, the appearance of a conflict of interest may arise where the Adviser or Sub-Adviser has an incentive, such as a performance-based management fee, which relates to the management of one Fund or account but not all Funds and accounts for which a portfolio manager has day-to-day management responsibilities.

The Adviser, each Sub-Adviser, and the Funds have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

**Description of Compensation Structure**

*For the Adviser and each affiliated Sub-Adviser*

The Adviser and each Sub-Adviser seek to maintain a compensation program that is competitively positioned to attract and retain high-caliber investment professionals. Portfolio managers receive a base salary, an incentive bonus opportunity and an equity compensation opportunity. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine bonuses to promote competitive Fund performance. The Adviser and each Sub-Adviser evaluate competitive market compensation by reviewing compensation survey results conducted by an independent third party of investment industry compensation. Each portfolio manager's compensation consists of the following three elements:

**Base Salary.** Each portfolio manager is paid a base salary. In setting the base salary, the Adviser and each Sub-Adviser's intention is to be competitive in light of the particular portfolio manager's experience and responsibilities.

**Annual Bonus.** The portfolio managers are eligible, along with other employees of the Adviser and each Sub-Adviser, to participate in a discretionary year-end bonus pool. The Compensation Committee of Invesco Ltd. reviews and approves the amount of the bonus pool available for the Adviser and each of the Sub-Adviser's investment centers. The Compensation Committee considers investment performance and financial results in its review. In addition, while having no direct impact on individual bonuses, assets under management are considered when determining the starting bonus funding levels. Each portfolio manager is eligible to receive an annual cash bonus which is based on quantitative (i.e. investment performance) and non-quantitative factors (which may include, but are not limited to, individual performance, risk management and teamwork).

Each portfolio manager's compensation is linked to the pre-tax investment performance of the Funds/accounts managed by the portfolio manager as described in Table 1 below.

Table 1

| <b>Sub-Adviser</b>   | <b>Performance time period<sup>3</sup></b>   |
|--|--|
| Invesco <sup>4</sup><br>Invesco Australia <sup>4</sup><br>Invesco Deutschland                | One-, Three- and Five-year performance against Fund peer group.  |
| Invesco Advisors- Invesco Real Estate <sup>5</sup><br>Invesco Senior Secured <sup>4, 6</sup> | Not applicable   |
| Invesco Canada <sup>4</sup>  | One-year performance against Fund peer group.<br><br>Three- and Five-year performance against entire universe of Canadian funds. |
| Invesco Hong Kong <sup>4</sup><br>Invesco Asset Management                                   | One-, Three- and Five-year performance against Fund peer group.  |
| Invesco Japan <sup>7</sup>   | One-, Three- and Five-year performance against the appropriate Micropol benchmark.   |

<sup>3</sup> Rolling time periods based on calendar year-end.

<sup>4</sup> Portfolio Managers may be granted an annual deferral award that vests on a pro-rata basis over a four year period and final payments are based on the performance of eligible Funds selected by the portfolio manager at the time the award is granted.

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- 5 Portfolio Managers for Invesco Global Real Estate Fund, Invesco Real Estate Fund, Invesco Global Real Estate Income Fund and Invesco V.I. Global Real Estate Fund base their bonus on new operating profits of the U.S. Real Estate Division of Invesco.
  - 6 Invesco Senior Secured s bonus is based on annual measures of equity return and standard tests of collateralization performance.
  - 7 Portfolio Managers for Invesco Pacific Growth Fund s compensation is based on the one-, three- and five-year performance against the appropriate Micropol benchmark.
-

High investment performance (against applicable peer group and/or benchmarks) would deliver compensation generally associated with top pay in the industry (determined by reference to the third-party provided compensation survey information) and poor investment performance (versus applicable peer group) would result in low bonus compared to the applicable peer group or no bonus at all. These decisions are reviewed and approved collectively by senior leadership which has responsibility for executing the compensation approach across the organization.

*Equity-Based Compensation.* Portfolio managers may be granted an annual deferral award that allows them to select receipt of shares of certain Invesco Funds with a vesting period as well as common shares and/or restricted shares of Invesco Ltd. stock from pools determined from time to time by the Compensation Committee of Invesco Ltd. s Board of Directors. Awards of equity-based compensation typically vest over time, so as to create incentives to retain key talent.

Portfolio managers also participate in benefit plans and programs available generally to all employees.

**ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.**

Not applicable.

**ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**ITEM 11. CONTROLS AND PROCEDURES.**

- (a) As of March 21, 2012, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the Principal Executive Officer ( PEO ) and Principal Financial Officer ( PFO ), to assess the effectiveness of the Registrant s disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act ), as amended. Based on that evaluation, the Registrant s officers, including the PEO and PFO, concluded that, as of March 21, 2012, the Registrant s disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by the report that has materially affected, or is reasonably likely to materially affect, the Registrant s internal control over financial reporting.

**ITEM 12. EXHIBITS.**

12(a) Code of Ethics.

(1)

12(a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

(2)

12(a) Not applicable.

(3)

12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Invesco Value Municipal Income Trust

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: May 4, 2012

Pursuant to the requirements of the Securities and Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: May 4, 2012

By: /s/ Sheri Morris  
Sheri Morris  
Principal Financial Officer

Date: May 4, 2012

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EXHIBIT INDEX

- 12(a)(1) Code of Ethics.
- 12(a)(2) Certifications of principal executive officer and principal Financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- 12(a)(3) Not applicable.
- 12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.