
Invesco Pennsylvania Tax Free Income Fund

Quarterly Schedule of Portfolio Holdings

November 30, 2014



Schedule of Investments

November 30, 2014

(Unaudited)

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Municipal Obligations—103.01%				
Pennsylvania—97.75%				
Allegheny (County of) Higher Education Building Authority (Chatham University); Series 2012 A, University RB	5.00%	09/01/35	\$ 1,000	\$ 1,064,360
Allegheny (County of) Higher Education Building Authority (Duquesne University); Series 1998, Ref. University RB (INS-AMBAC) ^(a)	5.50%	03/01/20	1,750	2,003,032
Series 2011 A, University RB	5.50%	03/01/31	550	622,699
Allegheny (County of) Higher Education Building Authority (Robert Morris University); Series 2008 A, University RB	6.00%	10/15/38	1,000	1,073,150
Allegheny (County of) Hospital Development Authority (Ohio Valley General Hospital); Series 2005 A, RB	5.00%	04/01/25	1,600	1,601,008
Allegheny (County of) Hospital Development Authority (University of Pittsburgh Medical Center); Series 2009, RB	5.63%	08/15/39	1,250	1,429,512
Allegheny (County of) Industrial Development Authority (Residential Resources, Inc.); Series 2006, Lease RB	5.10%	09/01/26	980	990,839
Allegheny (County of) Redevelopment Authority (Pittsburgh Mills); Series 2004, Tax Allocation RB	5.60%	07/01/23	1,220	1,243,729
Allegheny (County of) Residential Finance Authority; Series 2006 TT, Single Family Mortgage RB (CEP-GNMA) ^(b)	5.00%	05/01/35	655	663,508
Allegheny (County of); Series 2008 C 61, Unlimited Tax GO Bonds (INS-AGC) ^(a)	5.00%	12/01/33	500	554,750
Beaver (County of) Industrial Development Authority (FirstEnergy Generation Corp.); Series 2008 A, Ref. PCR	2.15%	03/01/17	700	703,535
Beaver (County of) Industrial Development Authority; Series 2008 A, Ref. PCR ^(c)	2.70%	04/02/18	230	233,496
Beaver (County of); Series 2009, Unlimited Tax GO Notes ^{(c)(d)}	5.55%	11/15/17	65	74,361
Series 2009, Unlimited Tax GO Notes (INS-AGM) ^(a)	5.55%	11/15/31	1,325	1,472,300
Berks (County of) Industrial Development Authority (One Douglassville); Series 2007 A, Ref. RB ^(b)	6.13%	11/01/34	440	444,624
Berks (County of) Municipal Authority (Reading Hospital Medical Center); Series 2012 A, RB	5.00%	11/01/40	1,000	1,098,340
Bethlehem (City of); Series 2014, Gtd. Ref. Water RB	5.00%	11/15/30	425	475,707
Series 2014, Gtd. Ref. Water RB	5.00%	11/15/31	425	473,501
Bethlehem Area School District; Series 2010, Unlimited Tax GO Bonds (INS-AGM) ^(a)	5.25%	01/15/26	1,000	1,150,230
Bucks (County of) Industrial Development Authority (Lutheran Community Telford Center); Series 2007, RB	5.75%	01/01/37	2,000	2,027,160
Central Bradford Progress Authority (Guthrie Healthcare System); Series 2011, RB	5.38%	12/01/41	1,100	1,242,879
Centre (County of) Hospital Authority (Mt. Nittany Medical Center); Series 2011, RB	6.25%	11/15/41	500	580,630
Chartiers Valley Industrial & Commercial Development Authority (Asbury Health Center); Series 2006, Ref. First Mortgage RB	5.25%	12/01/15	500	513,025
Series 2006, Ref. First Mortgage RB	5.75%	12/01/22	900	927,387
Chester (County of) Industrial Development Authority (University Student Housing, LLC at West Chester University of Pennsylvania); Series 2013, Student Housing RB	5.00%	08/01/45	250	262,713
Cumberland (County of) Municipal Authority (Asbury Pennsylvania Obligated Group); Series 2010, RB	6.00%	01/01/40	870	923,470
Cumberland (County of) Municipal Authority (Association of Independent Colleges & Universities of Pennsylvania Financing Program-Dickinson College); Series 2009, RB	5.00%	11/01/39	750	813,360
Cumberland (County of) Municipal Authority (Diakon Lutheran Ministries); Series 2007, RB	5.00%	01/01/36	1,000	1,020,240
Cumberland (County of) Municipal Authority (Messiah Village); Series 2008 A, RB	5.63%	07/01/28	1,000	1,071,800
Dauphin (County of) General Authority (Pinnacle Health System); Series 2009 A, Health System RB	6.00%	06/01/36	2,215	2,599,834
Dauphin (County of) General Authority (Riverfront Office); Series 1998, Office & Parking RB	6.00%	01/01/25	940	940,498
Delaware (County of) Authority (Cabrin College); Series 1999, College RB (INS-Radian) ^(a)	5.75%	07/01/23	220	220,376
Delaware (County of) Authority (Neumann College); Series 2008, College RB	6.25%	10/01/38	110	112,123
Delaware (County of) Industrial Development Authority (Aqua Pennsylvania, Inc.); Series 2005 A, Water Facilities RB (INS-NATL) ^{(a)(b)}	5.00%	11/01/38	1,500	1,545,360
Delaware River Port Authority (Port District); Series 2012, Ref. RB	5.00%	01/01/25	540	618,737
Series 2012, Ref. RB	5.00%	01/01/27	535	606,011
Delaware River Port Authority; Series 2010 D, RB	5.00%	01/01/40	1,000	1,103,150

See accompanying notes which are an integral part of this schedule.

Invesco Pennsylvania Tax Free Income Fund

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Pennsylvania—(continued)				
Delaware Valley Regional Financial Authority; Series 2002, RB	5.75%	07/01/17	\$ 3,535	\$ 3,936,965
Series 2002, RB	5.75%	07/01/32	1,000	1,241,880
Doylestown (City of) Hospital Authority; Series 2013 A, RB (INS-AGM) ^(a)	5.00%	07/01/24	1,000	1,126,660
East Hempfield (Township of) Industrial Development Authority (Student Services Inc. Student Housing); Series 2013, RB	5.00%	07/01/35	500	528,740
Series 2014, RB	5.00%	07/01/39	250	263,653
Erie (City of) Higher Education Building Authority (Mercyhurst College); Series 2004 B, Ref. College RB	5.00%	03/15/23	1,000	1,001,560
Series 2008, College RB	5.50%	03/15/38	500	541,830
Franklin (County of) Industrial Development Authority (Chambersburg Hospital); Series 2010, RB	5.38%	07/01/42	1,000	1,105,130
Geisinger Authority (Geisinger Health System Foundation); Series 2002, VRD Health System RB ^(e)	0.02%	11/15/32	700	700,000
Series 2011 A1, Health System RB	5.13%	06/01/41	500	548,600
Series 2013 A, VRD Health System RB ^(e)	0.02%	10/01/43	100	100,000
Lancaster (County of) Hospital Authority (Brethren Village); Series 2008 A, RB	6.50%	07/01/40	350	366,142
Lehigh (County of) Authority; Series 2013 A, Water & Sewer RB	5.00%	12/01/38	930	1,038,131
Lehigh (County of) General Purpose Authority (Bible Fellowship Church Homes, Inc.); Series 2013, RB	5.25%	07/01/42	825	848,083
Lehigh (County of) General Purpose Authority (Kidspeace Obligation Group); Series 2014 A, RB	7.50%	02/01/44	690	624,833
Series 2014 B, Conv. CAB RB ^(f)	7.50%	02/01/44	172	25,441
Series 2014 C, RB ^(e)	0.00%	02/01/44	516	5
Lycoming (County of) Authority (Pennsylvania College of Technology); Series 2011, RB	5.00%	07/01/30	750	821,933
Lycoming (County of) Authority (Susquehanna Health System); Series 2009 A, Health System RB	5.75%	07/01/39	1,250	1,366,087
Monroe (County of) Hospital Authority (Pocono Medical Center); Series 2007, RB	5.13%	01/01/37	1,500	1,561,485
Montgomery (County of) Higher Education & Health Authority (Abington Memorial Hospital Obligated Group); Series 2012, RB	5.00%	06/01/31	1,400	1,543,430
Montgomery (County of) Higher Education & Health Authority (Holy Redeemer Health); Series 2014, Ref. RB	5.00%	10/01/27	390	426,434
Montgomery (County of) Industrial Development Authority (ACTS Retirement-Life Communities, Inc.); Series 2009 A-1, RB	6.25%	11/15/29	1,000	1,152,330
Series 2012, Ref. RB	5.00%	11/15/28	900	971,424
Montgomery (County of) Industrial Development Authority (Philadelphia Presbytery Homes, Inc.); Series 2010, RB	6.63%	12/01/30	1,500	1,738,080
Montgomery (County of) Industrial Development Authority (Whitemarsh Community); Series 2008, Mortgage RB	7.00%	02/01/36	500	537,320
Montgomery (County of) Industrial Development Authority (Whitemarsh Continuing Care); Series 2005, Mortgage RB	6.13%	02/01/28	1,100	1,104,400
Northampton (County of) General Purpose Authority (Lehigh University); Series 2009, Higher Education RB	5.50%	11/15/33	1,000	1,139,600
Northampton (County of) General Purpose Authority (St. Luke's Hospital); Series 2008 A, Hospital RB	5.50%	08/15/35	1,000	1,094,010
Series 2010 C, Hospital RB ^(c)	4.50%	08/15/16	1,000	1,057,300
Northampton (County of) Industrial Development Authority (Morningstar Senior Living, Inc.); Series 2012, RB	5.00%	07/01/32	535	558,663
Pennsylvania (Commonwealth of); First Series 2014, Unlimited Tax GO Bonds ^(b)	5.00%	06/15/34	3,000	3,466,560
Pennsylvania (State of) Economic Development Financing Agency (Forum Place); Series 2012, Governmental Lease RB	5.00%	03/01/34	500	544,170
Pennsylvania (State of) Economic Development Financing Authority (Amtrak); Series 2012 A, Ref. Exempt Facilities RB ^(b)	5.00%	11/01/41	1,200	1,294,728
Pennsylvania (State of) Economic Development Financing Authority (National Gypson Co.); Series 2014, Ref. RB ^{(b)(i)}	5.50%	11/01/44	635	643,649
Pennsylvania (State of) Economic Development Financing Authority (Philadelphia Biosolids Facility); Series 2009, Sewage Sludge Disposal RB	6.25%	01/01/32	1,000	1,104,620
Pennsylvania (State of) Economic Development Financing Authority (Shippingport); Series 2006 A, Exempt Facilities RB ^(c)	2.55%	12/03/18	1,500	1,526,550

See accompanying notes which are an integral part of this schedule.

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Pennsylvania--(continued)				
Pennsylvania (State of) Economic Development Financing Authority (Waste Management, Inc.); Series 2005 A, Solid Waste Disposal RB ^(b)	5.10%	10/01/27	\$ 1,300	\$ 1,350,804
Pennsylvania (State of) Higher Educational Facilities Authority (AICUP Financing Program-Del Valley College); Series 2012, RB	5.00%	11/01/42	535	559,771
Pennsylvania (State of) Higher Educational Facilities Authority (Edinboro University Foundation); Series 2008, RB	5.88%	07/01/38	750	794,850
Series 2010, RB	6.00%	07/01/43	500	546,320
Pennsylvania (State of) Higher Educational Facilities Authority (La Salle University); Series 2012, RB	5.00%	05/01/42	1,180	1,263,981
Pennsylvania (State of) Higher Educational Facilities Authority (Shippensburg University Student Services); Series 2012, RB	5.00%	10/01/35	1,300	1,357,005
Pennsylvania (State of) Higher Educational Facilities Authority (St. Joseph's University); Series 2010 A, RB	5.00%	11/01/34	500	536,900
Pennsylvania (State of) Higher Educational Facilities Authority (Temple University); First Series 2012, RB	5.00%	04/01/42	570	630,545
Pennsylvania (State of) Higher Educational Facilities Authority (Trustees of the University of Pennsylvania); Series 2005 C, RB ^(h)	5.00%	07/15/38	4,700	4,818,252
Pennsylvania (State of) Turnpike Commission; Series 2008 B-1, Sub. RB	5.50%	06/01/33	1,000	1,111,020
Series 2009 C, Sub. Conv. CAB RB (INS-AGM) ^{(a)(f)}	6.25%	06/01/33	2,000	2,344,700
Series 2009 E, Sub. Conv. CAB RB ^(f)	6.38%	12/01/38	1,435	1,541,133
Series 2010 A 1, Motor License Fund Special RB	5.00%	12/01/38	500	540,500
Series 2010 A-2, Motor License Fund Special Conv. CAB RB ^(f)	5.50%	12/01/34	1,000	1,053,870
Series 2010 B 2, Conv. CAB RB ^(f)	5.00%	12/01/30	625	651,613
Series 2010 B 2, Conv. CAB RB ^(f)	5.13%	12/01/35	500	517,305
Philadelphia (City of) Authority for Industrial Development (The Children's Hospital of Philadelphia); Series 2014 A, Hospital RB ^(h)	5.00%	07/01/42	1,500	1,693,020
Philadelphia (City of) Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia); Series 2002 B, VRD RB ^(e)	0.04%	07/01/25	200	200,000
Series 2011, VRD RB ^(e)	0.04%	07/01/41	1,300	1,300,000
Philadelphia (City of) Hospitals & Higher Education Facilities Authority (Jefferson Health System); Series 2010 B, RB ^{(c)(d)}	5.00%	05/15/20	1,500	1,780,890
Philadelphia (City of) Industrial Development Authority (Architecture & Design Charter High School); Series 2013, RB	6.13%	03/15/43	585	628,787
Philadelphia (City of) Industrial Development Authority (Discovery Charter School); Series 2012, RB	6.25%	04/01/42	1,000	1,063,320
Philadelphia (City of) Industrial Development Authority (First Philadelphia Preparatory Charter School); Series 2014 A, RB	7.00%	06/15/33	875	961,214
Philadelphia (City of) Industrial Development Authority (Independence Charter School); Series 2007 A, RB	5.50%	09/15/37	1,235	1,258,576
Philadelphia (City of) Industrial Development Authority (MaST Charter School); Series 2010, RB	6.00%	08/01/35	700	766,871
Philadelphia (City of) Industrial Development Authority (New Foundations Charter School); Series 2012, RB	6.63%	12/15/41	750	824,310
Philadelphia (City of) Industrial Development Authority (Performing Arts Charter School); Series 2013, RB ⁽ⁱ⁾	6.50%	06/15/33	945	971,611
Philadelphia (City of); Ninth Series 2010, Gas Works RB	5.25%	08/01/40	1,000	1,140,880
Series 2005 A, Airport RB (INS-NATL) ^{(a)(b)}	5.00%	06/15/25	1,000	1,024,520
Series 2009 A, Ref. Unlimited Tax GO Bonds (INS-AGC) ^(a)	5.50%	08/01/24	1,000	1,150,300
Series 2010 C, Water & Wastewater RB (INS-AGM) ^(a)	5.00%	08/01/35	1,250	1,392,625
Series 2011, Unlimited Tax GO Bonds	6.00%	08/01/36	500	573,080
Philadelphia School District; Series 2008 E, Limited Tax GO Bonds (INS-BHAC) ^(a)	5.13%	09/01/23	1,500	1,702,260
Pittsburgh (City of) & Allegheny (County of) Sports & Exhibition Authority (Regional Asset District); Series 2010, Ref. Sales Tax RB (INS-AGM) ^(a)	5.00%	02/01/31	1,000	1,124,710
Pittsburgh (City of) Water & Sewer Authority; Series 2013 A, Ref. First Lien RB	5.00%	09/01/31	500	566,410
Radnor Township School District; Series 2005 B, Unlimited Tax GO Bonds ^{(c)(d)}	5.00%	08/15/15	435	450,064
Series 2005 B, Unlimited Tax GO Bonds ^{(c)(d)}	5.00%	08/15/15	435	450,064
Series 2005 B, Unlimited Tax GO Bonds ^{(c)(d)}	5.00%	08/15/15	130	134,502

See accompanying notes which are an integral part of this schedule.

Invesco Pennsylvania Tax Free Income Fund

	Interest Rate	Maturity Date	Principal Amount (000)	Value
Pennsylvania—(continued)				
Southcentral (Region of) General Authority (Wellspan Health Obligated Group); Series 2014, Ref. RB	5.00%	06/01/44	\$ 635	\$ 705,771
State Public School Building Authority (Harrisburg School District); Series 2009 A, RB (INS-AGC) ^(a)	5.00%	11/15/33	1,000	1,088,500
Susquehanna Area Regional Airport Authority; Series 2012 A, Airport System RB ^(b)	5.00%	01/01/27	1,185	1,294,174
Union (County of) Hospital Authority (Evangelical Community Hospital); Series 2011, Ref. & Improvement RB	7.00%	08/01/41	1,000	1,188,980
Washington (County of) Industrial Development Authority (Washington Jefferson College); Series 2010, College RB	5.25%	11/01/30	500	568,040
Washington (County of) Redevelopment Authority (Victory Centre Tanger Outlet Development); Series 2006 A, Tax Allocation RB	5.45%	07/01/35	1,400	1,427,636
West View Municipal Authority; Series 2014, Water RB	5.00%	11/15/39	850	965,268
Westmoreland (County of) Industrial Development Authority (Redstone Presbyterian Senior Care Obligated Group); Series 2005 A, Retirement Community RB ^{(c)(d)}	5.75%	01/01/16	2,500	2,645,100
Series 2005 A, Retirement Community RB ^{(c)(d)}	5.88%	01/01/16	900	953,460
Westmoreland (County of) Municipal Authority; Series 2013, RB	5.00%	08/15/31	750	838,305
Wilkes-Barre (City of) Finance Authority (University of Scranton); Series 2010, RB	5.00%	11/01/40	850	912,730
				125,516,407
Guam—3.66%				
Guam (Territory of) (Section 30); Series 2009 A, Limited Obligation RB	5.75%	12/01/34	1,250	1,382,100
Guam (Territory of) Power Authority; Series 2010 A, RB	5.50%	10/01/40	410	460,442
Series 2012 A, Ref. RB	5.00%	10/01/34	520	577,772
Guam (Territory of) Waterworks Authority; Series 2010, Water & Wastewater System RB	5.63%	07/01/40	1,000	1,109,450
Series 2014 A, Ref. Water & Wastewater System RB	5.00%	07/01/29	285	315,527
Guam (Territory of); Series 2011 A, Business Privilege Tax RB	5.13%	01/01/42	785	857,518
				4,702,809
Virgin Islands—1.60%				
Virgin Islands (Government of) Port Authority; Series 2014 A, Ref. RB ^(b)	5.00%	09/01/29	575	643,983
Virgin Islands (Government of) Public Finance Authority (Matching Fund Loan Note - Diageo); Series 2009 A, Sub. RB	6.63%	10/01/29	750	853,507
Virgin Islands (Government of) Public Finance Authority (Matching Fund Loan Note); Series 2010 A, Sr. Lien RB	5.00%	10/01/29	500	549,405
				2,046,895
TOTAL INVESTMENTS ⁽ⁱ⁾ —103.01% (Cost \$123,028,953)				132,266,111
FLOATING RATE NOTE OBLIGATIONS—(4.78)%				
Notes with interest and fee rate of 0.57% at 11/30/14 and maturities of collateral ranging from 06/15/34 to 07/01/42 (See Note 1D) ^(k)				(6,135,000)
OTHER ASSETS LESS LIABILITIES—1.77%				2,273,328
NET ASSETS—100.00%				\$ 128,404,439

See accompanying notes which are an integral part of this schedule.

Investment Abbreviations:

AGC	—Assured Guaranty Corp.	INS	—Insurer
AGM	—Assured Guaranty Municipal Corp.	NATL	—National Public Finance Guarantee Corp.
AMBAC	—American Municipal Bond Assurance Corp.	PCR	—Pollution Control Revenue Bonds
BHAC	—Berkshire Hathaway Assurance Corp.	Radian	—Radian Asset Assurance, Inc.
CAB	—Capital Appreciation Bonds	RB	—Revenue Bonds
CEP	—Credit Enhancement Provider	Ref.	—Refunding
Conv.	—Convertible	Sr.	—Senior
GNMA	—Government National Mortgage Association	Sub.	—Subordinated
GO	—General Obligation	VRD	—Variable Rate Demand
Gtd.	—Guaranteed		

Notes to Schedule of Investments:

- (a) Principal and/or interest payments are secured by the bond insurance company listed.
- (b) Security subject to the alternative minimum tax.
- (c) Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.
- (d) Advance refunded; secured by an escrow fund of U.S. Government obligations or other highly rated collateral.
- (e) Demand security payable upon demand by the Fund at specified time intervals no greater than thirteen months. Interest rate is redetermined periodically. Rate shown is the rate in effect on November 30, 2014.
- (f) Convertible CAB. The interest rate shown represents the coupon rate at which the bond will accrue at a specified future date.
- (g) Zero coupon bond issued at a discount.
- (h) Underlying security related to Dealer Trusts entered into by the Fund. See Note 1D.
- (i) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the “1933 Act”). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at November 30, 2014 was \$1,615,260, which represented 1.26% of the Fund's Net Assets.
- (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.

Entity	Percentage
Assured Guaranty Municipal Corp.	6.5%

- (k) Floating rate note obligations related to securities held. The interest and fee rates shown reflect the rates in effect at November 30, 2014. At November 30, 2014, the Fund's investments with a value of \$9,977,832 are held by Dealer Trusts and serve as collateral for the \$6,135,000 in the floating rate note obligations outstanding at that date.

See accompanying notes which are an integral part of this schedule.

Notes to Quarterly Schedule of Portfolio Holdings

November 30, 2014
(Unaudited)

NOTE 1 -- Significant Accounting Policies

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, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Securities for which market quotations either are not readily available or became 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.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain of the Fund's investments.

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.

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 (net of withholding tax, if any) 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 Fund may periodically participate in litigation related to Fund investments. As such, the Fund 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 Fund's net asset value and, accordingly, they reduce the Fund'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 Fund and the investment adviser.

The Fund allocates realized and unrealized capital gains and losses to a class based on the relative net assets of each class. The Fund allocates income to a class based on the relative value of the settled shares of each class.

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. Floating Rate Note Obligations – The Fund 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 Fund. 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 Fund 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 Fund to retain residual interests 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 Fund (inverse floating rate investments) include the right of the Fund (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 Fund, thereby collapsing the Dealer Trusts.

Recently published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Volcker Rule”) prohibit banking entities from engaging in proprietary trading of certain instruments and limit such entities’ investments in, and relationships with, “covered funds.” These rules may preclude banking entities from sponsoring and/or providing services for existing TOB trust programs. There can be no assurances that TOB trusts can be restructured substantially similar to their present form that new sponsors of TOB trusts would begin providing these services, or that alternative forms of leverage will be available to the Fund in order to maintain current levels of leverage. Any alternative forms of leverage may be less advantageous to the Fund, and may adversely affect the Fund’s net asset value, distribution rate and ability to achieve its investment objective. The ultimate impact of these rules on the TOBs market and the municipal market generally is not yet certain.

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 (the “1933 Act”), 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 Fund or less than what may be considered the fair value of such securities.

The Fund accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Fund’s investment assets, and the related floating rate notes reflected as Fund liabilities under the caption *Floating rate note obligations* on the Statement of Assets and Liabilities. The Fund 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 Fund generally invests in inverse floating rate securities that include embedded leverage, thus exposing the Fund 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 Fund’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 Fund, the Fund will 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.

E. 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 Fund’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 -- Additional Valuation Information

Generally Accepted Accounting Principles ("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.
- 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 Fund'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.

As of November 30, 2014, all of the securities in this Fund were valued based on Level 2 inputs (see the Schedule of Investments for security categories). 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.

NOTE 3 -- 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 Fund during the three months ended November 30, 2014 was \$3,384,076 and \$4,962,500, 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	\$	10,539,141
Aggregate unrealized (depreciation) of investment securities		(1,105,966)
Net unrealized appreciation of investment securities	\$	9,433,175

Cost of investments for tax purposes is \$122,832,936.