PUTNAM MUNICIPAL OPPORTUNITIES TRUST
Form N-CSR
June 28, 2012

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:	(811-07626)
Exact name of registrant as specified in charter:	Putnam Municipal Opportunities Trust
Address of principal executive offices:	One Post Office Square, Boston, Massachusetts 02109
Name and address of agent for service:	Robert T Burns, Vice President One Post Office Square Boston, Massachusetts 02109
Copy to:	John W. Gerstmayr, Esq. Ropes & Gray LLP 800 Boylston Street Boston, Massachusetts 02199-3600
Registrant’s telephone number, including area code:	(617) 292-1000
Date of fiscal year end:	April 30, 2012
Date of reporting period:	May 1, 2011 - April 30, 2012

Item 1. Report to Stockholders:

The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940:

Putnam Municipal Opportunities Trust

Annual report
4 | 30 | 12

Consider these risks before investing: Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value.

Message from the Trustees

Dear Fellow Shareholder:

Since the start of 2012, the economic picture and market performance worldwide have been mixed and volatile, punctuated by periodic worries over Europe's unresolved sovereign-debt troubles and China's efforts to maintain its robust economic growth. The U.S. economy has shown signs of gathering steam, but continues to face the dual headwinds of tepid jobs growth and a burgeoning federal debt.

Putnam's portfolio managers and analysts are trained to uncover opportunities that often emerge in this type of environment, while also seeking to guard against downside risk. During these times, your financial advisor also can be a valuable resource, helping you to maintain a long-term focus and a balanced investment approach.

In other news, please join us in welcoming the return of Elizabeth T. Kennan to the Board of Trustees. Dr. Kennan, who served as a Trustee from 1992 until 2010, has rejoined the Board, effective January 1, 2012. Dr. Kennan is a Partner of Cambus-Kenneth Farm (thoroughbred horse breeding and general farming), and is also President Emeritus of Mount Holyoke College.

We would also like to take this opportunity to welcome new shareholders to the fund and to thank all of our investors for your continued confidence in Putnam.

About the fund

Potential for income exempt from federal income tax

Investing in municipal bonds through a fund such as Putnam Municipal Opportunities Trust can help address a significant challenge: taxes on your investment income. While the stated yields on municipal bonds are usually lower than those of taxable bonds, the income most of these bonds pay has the advantage of being exempt from federal tax.

Municipal bonds are typically issued by states and local municipalities to raise funds for building and maintaining public facilities. The bonds are backed by the issuing city or town, by revenues collected from usage fees, or by state tax revenues. Depending on the type of backing, the bonds will have varying degrees of credit risk, which is the risk that the issuer will not be able to repay the bond.

Many municipal bonds are not rated by independent rating agencies such as Standard & Poor's and Moody's. This is primarily because many issuers decide not to pursue a rating that might be below investment grade. As a result, the fund's managers must conduct additional research to determine whether these bonds are prudent investments.

Once the fund has invested in a bond, the managers continue to monitor developments that affect the overall bond market, the sector, and the issuer of the bond.

The goal of this in-depth research and active management is to stay a step ahead of the industry and pinpoint opportunities for investors.

How do closed-end funds differ from open-end funds?

More assets at work While open-end funds need to maintain a cash position to meet redemptions, closed-end funds are not subject to redemptions and can keep more of their assets invested in the market.

Traded like stocks Closed-end fund shares are traded on stock exchanges, and their market prices fluctuate in response to supply and demand, among other factors.

Net asset value vs. market price Like an open-end fund's net asset value (NAV) per share, the NAV of a closed-end fund share is equal to the current value of the fund's assets, minus its liabilities, divided by the number of shares outstanding. However, when buying or selling closed-end fund shares, the price you pay or receive is the market price. Market price reflects current market supply and demand and may be higher or lower than the NAV.

Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 5 and 10–11 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

Interview with your fund's portfolio manager

Municipal bonds were frequently in the news during the past 12 months. How would you describe the investment environment?

The past 12 months marked a particularly strong period for municipal bonds and for the fund. In the months before the fund's fiscal year began, investors had become increasingly concerned about a potential wave of defaults in the municipal bond market and the perceived threat of unusually high supply in 2011, and as a result the market sold off dramatically. Neither of these concerns materialized, however. While defaults in calendar 2011 were somewhat higher than in 2010, they were still quite low overall, and were nowhere near the record-setting levels that some in the media forecasted. With regard to supply, new issuance remained relatively light by historical standards throughout the fund's fiscal year, and that generally offered some price stability to the market.

Against this backdrop, tax-exempt bonds posted solid returns and outpaced the broad taxable bond market, as measured by the Barclays U.S. Aggregate Bond Index. Moreover, I am pleased to report that the fund outperformed its benchmark over the past 12 months.

Last August, Standard & Poor's [S&P] downgraded its credit rating for U.S. Treasuries and a number of municipal bonds. What impact did that have on the market?

On the heels of its August downgrade of U.S. sovereign debt, S&P lowered its ratings

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 4/30/12. See pages 4 and 10–11 for additional fund performance information. Index descriptions can be found on page 12.

from AAA to AA+ for more than 11,000 municipal securities, including taxable and tax-exempt securities. While this number does seem large, it covers less than 1% of the nearly $4 trillion municipal bond market. These securities all had links to the federal government, and, according to S&P, the affected issues fall into four broad categories: municipal housing bonds backed by the federal government or invested in U.S. government securities; bonds of certain government-related entities in the housing and public power sectors; bonds backed by federal leases; and defeased bonds secured by U.S. Treasury and government agency securities held in escrow.

The downgrade was not surprising given the interdependence of state and federal finances, and S&P had been suggesting such a move was imminent for some time. To date, state general obligation, or “G.O.,” bond ratings were unchanged; 13 states continue to hold AAA ratings from S&P. Nonetheless, we believe S&P’s downgrades underscore the importance of performing intensive fundamental research when investing in the municipal bond market. At Putnam, we independently research every bond we hold and assess the credit risk it represents before we add it to the portfolio.

You mentioned an increase in defaults in 2011. What contributed to that change?

Prior to the fourth quarter of 2011, defaults in the municipal bond market had been trending lower since 2009, with the majority of defaults that did occur stemming from lower-rated or unrated securities, often in more speculative real-estate-backed sectors of the market. Late in 2011, however, we saw a significant increase in the default rate, driven in part by two high-profile events. The first was the bankruptcy filing of American Airlines.

Credit qualities are shown as a percentage of portfolio value as of 4/30/12. A bond rated Baa or higher (MIG3/VMIG3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody’s ratings; percentages may include bonds or derivatives not rated by Moody’s but rated by Standard & Poor’s (S&P) or, if unrated by S&P, by Fitch, and then included in the closest equivalent Moody’s rating. Ratings will vary over time. Credit qualities are included for portfolio securities and are not included for derivative instruments and cash. The fund itself has not been rated by an independent rating agency.

With about $3 billion of par-value bonds in the municipal market, that event had a significant effect on default levels. The second was a default by Jefferson County, Alabama, a county whose fiscal struggles had captured headlines for a number of years. The county’s bonds had been trading at distressed levels for some time, and their eventual default in 2011 was well anticipated by the market.

Overall, the default rate remained relatively low for all of last year, finishing well below 1%. Looking ahead, we believe defaults will continue to be in line with historical averages. That said, we believe it’s likelythat certain cities or counties will continue to capture headlines in 2012, as a number of municipalities work to find their fiscal footing.

What effect have potential policy changes had on the tax-exempt bond market?

As the 2012 presidential election race has heated up, there has been a lot of discussion about tax reform. For example, in President Obama’s fiscal 2013 budget proposal, individuals and married couples earning more than $200,000 and $250,000, respectively, would only be able to exclude from federal taxes 28 cents of every dollar of municipal bond income earned. Meanwhile, Republicans in general and presumptive nominee Mitt Romney in particular have been calling for a flatter rate on a broader tax base.

Income tax rates are only one factor among many, including the prevailing interest-rate environment, the strength of the equity

Top ten state allocations are shown as a percentage of the fund’s portfolio value as of 4/30/12. Investments in Puerto Rico represented 4.7% of portfolio value. Holdings will vary over time. State concentrations listed after the portfolio schedule in the Financial Statements section of this shareholder report are inclusive of tender option bonds and exclusive of insured status and any interest accruals, and may differ from the summary information above.

markets, and the tax picture more broadly. We believe there is likely to be a much broader discussion on tax reform in 2013.

However, in our view there are a number of issues that likely will need to be addressed even before then, and it remains to be seen whether Congress will act on the debt ceiling, the alternative minimum tax, and the Bush-era tax cuts, which are slated to expire at the end of the year. As always, we're monitoring the situation closely.

How did you position the portfolio during the fund's fiscal year?

We sought to benefit from improving fundamentals in the municipal bond market. While we believed that the budget challenges faced by many states were significant, we were confident that conditions would improve as long as the broad economy did not stall.

Against this backdrop, we believed that essential service revenue bonds remained attractive, while we remained highly selective regarding the fund's positioning in local G.O.s, which are securities issued at the city or county level. We believe that as the federal government looks to reduce transfer payments to the states — and as states, in turn, seek to close their deficits by reducing spending — these types of bonds are at risk for downgrades or other headline-driven price volatility. And unlike state general obligation bonds, local G.O.s rely more on property tax revenue than on income or sales taxes. With real-estate prices still under pressure in many markets, property taxes have been slower to recover than other tax sources.

From a credit perspective, we held an overweight position in A- and Baa-rated securities versus the fund's benchmark. In terms of sectors, relative to the benchmark

This chart shows how the fund's top weightings have changed over the past six months. Weightings are shown as a percentage of net assets. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, and the use of different classifications of securities for presentation purposes. Holdings will vary over time. Sector concentrations listed after the portfolio schedule in the Financial Statements section of this shareholder report are exclusive of insured status and any interest accruals, and may differ from the summary information above.

index, we favored higher education, utility, and health-care bonds, particularly those of larger, higher-quality hospitals and continuing-care retirement communities. Overall, this positioning generally helped the fund's relative performance during its fiscal year.

What is your outlook for the months ahead?

While technical factors in the market have been positive — specifically, higher refunding activity and strong investor demand — we believe that uncertainty remains. We believe that states will continue to face financial challenges as the economy struggles to find its footing. For the most part, however, we believe that the fiscal conditions of states and municipalities are showing signs of improvement: Tax receipts are beginning to improve, albeit slowly, and we believe defaults will remain relatively low. We remain focused on the economy and Congress's plans to reduce the deficit.

Higher federal income tax rates, a change in the tax status of municipal bonds, and significant cuts in state funding all would have consequences for the municipal bond market in our view. But for investors with longer time horizons, we believe that our actively managed approach remains a prudent way to diversify holdings and generate tax-exempt income in the municipal bond market.

Thank you, Thalia, for updating us on the fund.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Portfolio Manager **Thalia Meehan** holds a B.A. from Williams College. A CFA charterholder, Thalia joined Putnam in 1989 and has been in the investment industry since 1983.

In addition to Thalia, your fund's portfolio managers are Paul M. Drury, CFA and Susan A. McCormack, CFA.

IN THE NEWS

With the Bush-era tax cuts set to expire on December 31, 2012, municipal bond investors are taking note. President Obama has said that, if re-elected, he would not extend those tax cuts for households earning more than $250,000 per year ($200,000 per year for single taxpayers) and would seek to impose a minimum tax rate of 30% on taxpayers earning more than $1 million a year. If income tax rates in the United States rise, municipal bonds — the interest on which is exempt from federal and state taxes — could become more attractive, which may bolster current municipal bond prices. Meanwhile, Republican opponent Mitt Romney favors creating a broader tax base with lower, flatter rates. It is possible that income tax rate reductions may make municipal bonds less attractive relative to taxable alternatives.

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Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended April 30, 2012, the end of its most recent fiscal year. In accordance with regulatory requirements for mutual funds, we also include performance as of the most recent calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance Total return for periods ended 4/30/12

	NAV	Market price	Barclays Municipal Bond Index	Lipper Closed End General and Insured Muni Debt Funds (Leveraged) category average*
Annual average				
Life of fund (since 5/28/93)	6.46%	5.98%	5.75%	6.30%
10 years	90.74	94.24	68.84	91.49
Annual average	6.67	6.86	5.38	6.68
5 years	36.21	44.20	31.31	34.06
Annual average	6.38	7.60	5.60	6.00

3 years	52.32	60.49	23.90	49.60
Annual average	15.06	17.08	7.40	14.31
1 year	23.08	26.00	11.36	23.04

Performance assumes reinvestment of distributions and does not account for taxes.

Index and Lipper results should be compared to fund performance at net asset value. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund's monthly reinvestment NAV.

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 4/30/12, there were 83, 80, 80, 68, and 45 funds, respectively, in this Lipper category.

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Fund price and distribution information For the 12-month period ended 4/30/12

Distributions — Common shares	
Number	12
Income [1]	$0.7956
Capital gains [2]	—
Total	**$0.7956**

Distributions — Preferred shares	**Series B (3,417 shares)**	**Series C (3,737 shares)**
Income [1]	$57.50	$56.43
Capital gains [2]	—	—
Total	**$57.50**	**$56.43**
Share value	**NAV**	**Market price**
4/30/11	$11.26	$10.77
4/30/12	12.97	12.70
Current yield (end of period)		

Current dividend rate 3	6.13%	6.26%
Taxable equivalent 4	9.43	9.63

The classification of distributions, if any, is an estimate. Final distribution information will appear on your year-end tax forms.

1 For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes.

2 Capital gains, if any, are taxable for federal and, in most cases, state purposes.

3 Most recent distribution, excluding capital gains, annualized and divided by NAV or market price at end of period.

4 Assumes maximum 35% federal tax rate for 2012. Results for investors subject to lower tax rates would not be as advantageous.

Fund performance as of most recent calendar quarter
Total return for periods ended 3/31/12

	NAV	**Market price**
Annual average Life of fund (since 5/28/93)	6.39%	5.91%
10 years	91.18	91.79
Annual average	6.70	6.73
5 years	34.05	41.28
Annual average	6.04	7.16
3 years	55.26	65.07
Annual average	15.79	18.18
1 year	24.00	23.82

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Terms and definitions

Important terms

Total return shows how the value of the fund’s shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities and the net assets allocated to any outstanding preferred shares, divided by the number of outstanding common shares.

Market price is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on exchanges such as the New York Stock Exchange.

Fixed-income terms

Current yield is the annual rate of return earned from dividends or interest of an investment. Current yield is expressed as a percentage of the price of a security, fund share, or principal investment.

Yield curve is a graph that plots the yields of bonds with equal credit quality against their differing maturity dates, ranging from shortest to longest. It is used as a benchmark for other debt, such as mortgage or bank lending rates.

Comparative indexes

Barclays Municipal Bond Index is an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds.

Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities.

BofA (Bank of America) Merrill Lynch U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

S&P 500 Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper is a third-party industry-ranking entity that ranks mutual funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding share repurchase program

In September 2011, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal will allow your fund to repurchase, in the 12 months beginning October 8, 2011, up to 10% of the fund's common shares outstanding as of October 7, 2011.

Important notice regarding Putnam's privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. Finally, it is our policy to share account information with your financial representative, if you've listed one on your Putnam account.

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2011, are available in the Individual Investors section at putnam.com, and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain the fund's Forms N-Q on the SEC's website at www.sec.gov. In addition, the fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's website or the operation of the Public Reference Room.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of April 30, 2012, Putnam employees had approximately $350,000,000 and the Trustees had approximately $80,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

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Financial statements

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and non-investment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings — from dividends and interest income — and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings — as well as any unrealized gains or losses over the period — is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlights table also includes the current reporting period.

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Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders of
Putnam Municipal Opportunities Trust:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Putnam Municipal Opportunities Trust (the "fund") at April 30, 2012, and the results of its operations, the changes in its net assets and the financial highlights for each of the periods indicated, 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 fund'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 investments owned at April 30, 2012 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
June 22, 2012

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The fund's portfolio 4/30/12

Key to holding's abbreviations

AGM Assured Guaranty Municipal Corporation
AGO Assured Guaranty, Ltd.
AMBAC AMBAC Indemnity Corporation
COP Certificates of Participation
FGIC Financial Guaranty Insurance Company
FNMA Coll. Federal National Mortgage Association Collateralized
FRB Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period
G.O. Bonds General Obligation Bonds
NATL National Public Finance Guarantee Corp.
SGI Syncora Guarantee, Inc.
U.S. Govt. Coll. U.S. Government Collateralized
VRDN Variable Rate Demand Notes, which are floating-rate securities with long-term maturities, that carry coupons that reset every one or seven days. The rate shown is the current interest rate at the close of the reporting period.

MUNICIPAL BONDS AND NOTES (138.0%)*	Rating**	Principal amount	Value
Alabama (0.1%)			
Selma, Indl. Dev. Board Rev. Bonds (Gulf Opportunity Zone Intl. Paper Co.), Ser. A, 5.8s, 5/1/34	BBB	$750,000	$809,115
			809,115
Arizona (3.4%)			
Casa Grande, Indl. Dev. Auth. Rev. Bonds (Casa Grande Regl. Med. Ctr.), Ser. A, 7 5/8s, 12/1/29	BB–/P	3,025,000	3,117,565
Cochise Cnty., Indl. Dev. Auth. Rev. Bonds (Sierra Vista Cmnty. Hosp.), Ser. A, 6 3/4s, 12/1/26	BBB+/P	395,000	395,557
Coconino Cnty., Poll. Control Rev. Bonds (Tucson Elec. Pwr. Co. — Navajo), Ser. A, 5 1/8s, 10/1/32	Baa3	1,500,000	1,532,850
Glendale, Indl. Dev. Auth. Rev. Bonds (Midwestern U.), 5 1/8s, 5/15/40	A–	2,125,000	2,223,876
Maricopa Cnty., Poll. Control Rev. Bonds (El Paso Elec. Co.), Ser. A, 7 1/4s, 2/1/40	Baa2	2,400,000	2,833,560
Phoenix, Civic Impt. Corp. Arpt. Rev. Bonds, Ser. A, 5s, 7/1/40	A1	1,000,000	1,063,980
Pima Cnty., Indl. Dev. Auth. Rev. Bonds			
(Tucson Elec. Pwr. Co.), 5 3/4s, 9/1/29	Baa3	800,000	848,768
(Horizon Cmnty. Learning Ctr.), 5.05s, 6/1/25	BBB	1,550,000	1,448,429
Pinal Cnty., Elec. Rev. Bonds (Dist. No. 3), 5 1/4s, 7/1/36	A	500,000	534,455
Salt River Agricultural Impt. & Pwr. Dist. Rev. Bonds, Ser. A, 5s, 12/1/31	Aa1	3,000,000	3,518,430
Tempe, Indl. Dev. Auth. Lease Rev. Bonds (ASU Foundation), AMBAC, 5s, 7/1/28	AA/P	500,000	503,445
U. Med. Ctr. Corp. AZ Hosp. Rev. Bonds, 6 1/2s, 7/1/39	Baa1	1,000,000	1,140,240

			19,161,155
California (24.4%)			
ABC Unified School Dist. G.O. Bonds, Ser. B, FGIC, zero %, 8/1/20	Aa3	1,500,000	1,116,825
Bay Area Toll Auth. of CA Rev. Bonds (San Francisco Bay Area), Ser. F-1, 5s, 4/1/39	AA	2,500,000	2,705,525
Burbank, Unified School Dist. G.O. Bonds (Election of 1997), Ser. C, FGIC, zero %, 8/1/23	AA–	1,000,000	665,090

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MUNICIPAL BONDS AND NOTES (138.0%)* *cont.*	**Rating****	**Principal amount**	**Value**
California *cont.*			
CA Edl. Fac. Auth. Rev. Bonds			
(Claremont Graduate U.), Ser. A, 5s, 3/1/42	A3	$2,000,000	$2,041,960
(U. of the Pacific), 5s, 11/1/21	A2	1,500,000	1,639,470
(Loyola-Marymount U.), NATL, zero %, 10/1/21	A2	1,300,000	864,682
CA Hsg. Fin. Agcy. Rev. Bonds (Home Mtge.)			
Ser. E, 4.8s, 8/1/37	Baa2	5,000,000	4,512,850
Ser. K, 4 5/8s, 8/1/26	Baa2	2,500,000	2,337,175
CA Muni. Fin. Auth. COP (Cmnty. Hosp. Central CA), 5 1/4s, 2/1/37	Baa2	1,800,000	1,830,815
CA Poll. Control Fin. Auth. Rev. Bonds			
(San Jose Wtr. Co.), 5.1s, 6/1/40	A	3,500,000	3,718,715
(Pacific Gas & Electric Corp.), Class D, FGIC, 4 3/4s, 12/1/23	A3	2,500,000	2,681,425
CA Poll. Control Fin. Auth. Solid Waste Disp. FRB (Waste Management, Inc.), Ser. C, 5 1/8s, 11/1/23	BBB	850,000	913,053
CA Poll. Control Fin. Auth. Wtr. Fac. 144A Rev. Bonds (American Wtr. Cap. Corp.), 5 1/4s, 8/1/40	BBB+	1,000,000	1,013,740
CA State G.O. Bonds			
6 1/2s, 4/1/33	A1	12,000,000	14,704,320
5 1/2s, 3/1/40	A1	7,450,000	8,262,944

5s, 4/1/42	A1	4,000,000	4,267,120
5s, 10/1/29	A1	4,000,000	4,350,440
CA State Pub. Wks. Board Rev. Bonds			
Ser. I-1, 6 1/8s, 11/1/29	A2	1,000,000	1,167,430
Ser. A-1, 6s, 3/1/35	A2	1,600,000	1,796,000
(Dept. of Forestry & Fire), Ser. E, 5s, 11/1/32	A2	1,575,000	1,646,457
(Capital Projects), Ser. A, 5s, 4/1/29	A2	2,000,000	2,135,240
CA Statewide Cmnty. Dev. Auth. COP (The Internext Group), 5 3/8s, 4/1/30	BBB	5,250,000	5,251,838
CA Statewide Cmnty. Dev. Auth. Rev. Bonds			
(Irvine, LLC-UCI East Campus), 6s, 5/15/40	Baa2	2,000,000	2,150,380
(Sutter Hlth.), Ser. A, 5s, 11/15/43	Aa3	2,485,000	2,566,085
Cathedral City, Impt. Board Act of 1915 Special Assmt. Bonds (Cove Impt. Dist.), Ser. 04-02, 5.05s, 9/2/35	BB+/P	775,000	736,242
Chula Vista COP, NATL, 5s, 8/1/32	A1	4,000,000	4,052,760
Chula Vista, Indl. Dev. Rev. Bonds (San Diego Gas), Ser. B, 5s, 12/1/27	Aa3	1,915,000	2,060,061
Foothill-De Anza, Cmnty. College Dist. G.O. Bonds, Ser. C, 5s, 8/1/40	Aaa	2,250,000	2,520,135
Foothill/Eastern Corridor Agcy. Rev. Bonds, Ser. A, zero %, 1/1/28 (Escrowed to maturity)	Aaa	13,000,000	8,154,770
Golden State Tobacco Securitization Corp. Rev. Bonds			
Ser. 03 A-1, 6 1/4s, 6/1/33 (Prerefunded 6/1/12)	Aaa	685,000	718,599
Ser. A-1, 5s, 6/1/33	B3	1,050,000	828,062
Ser. S-B, zero %, 6/1/47	CCC+	6,000,000	331,320
Los Angeles, Dept. Arpt. Rev. Bonds (Los Angeles Intl. Arpt.), Ser. D, 5s, 5/15/40	AA	3,500,000	3,813,670
M-S-R Energy Auth. Rev. Bonds, Ser. B, 6 1/2s, 11/1/39	A–	3,000,000	3,689,280

MUNICIPAL BONDS AND NOTES (138.0%)* *cont.*	**Rating****	**Principal amount**	**Value**
California *cont.*			
Metro. Wtr. Dist. Rev. Bonds (Southern CA Wtr. Wks.), 5 3/4s, 8/10/18	AAA	$6,000,000	$7,188,600
Orange Cnty., Cmnty. Fac. Dist. Special Tax Rev. Bonds (Ladera Ranch No. 02-1), Ser. A, 5.55s, 8/15/33	BBB–/P	900,000	901,179
Redwood City, Elementary School Dist. G.O. Bonds, FGIC, NATL, zero %, 8/1/21	A+	1,990,000	1,327,211
Rocklin, Unified School Dist. G.O. Bonds, FGIC, NATL, zero %, 8/1/27	Aa2	2,000,000	1,016,380
Sacramento Cnty., Arpt. Syst. Rev. Bonds, 5s, 7/1/40	A2	1,350,000	1,421,036
Sacramento, Special Tax Rev. Bonds (North Natomas Cmnty. Fac.), Ser. 97-01			
5s, 9/1/20	BB+/P	1,195,000	1,207,990
5s, 9/1/29	BB+/P	1,180,000	1,151,857
5s, 9/1/18	BB+/P	1,030,000	1,045,749
San Bernardino Cnty., COP (Med. Ctr. Fin.), Ser. A, NATL, 6 1/2s, 8/1/17	Baa2	4,420,000	4,786,462
San Diego Cnty., Regl. Arpt. Auth. Rev. Bonds, Ser. A, 5s, 7/1/40	A2	3,750,000	3,987,225
San Diego, Unified School Dist. G.O. Bonds (Election of 2008), Ser. C			
zero %, 7/1/40	Aa2	5,000,000	1,096,850
zero %, 7/1/38	Aa2	5,000,000	1,227,850
San Francisco City & Cnty. Arpt. Comm. Intl. Arpt. Rev. Bonds, 5s, 5/1/28	A1	575,000	654,494
San Juan, Unified School Dist. G.O. Bonds, AGM, zero %, 8/1/19	Aa2	1,000,000	813,480
Sunnyvale, Cmnty. Fac. Dist. Special Tax Rev. Bonds, 7.65s, 8/1/21	B+/P	580,000	580,783

Tuolumne Wind Project Auth. Rev. Bonds			
(Tuolumne Co.), Ser. A, 5 7/8s, 1/1/29	A+	1,585,000	1,862,391
Turlock, Irrigation Dist. Rev. Bonds, Ser. A, 5s, 1/1/40	A+	4,000,000	4,231,720
			135,745,735
Colorado (1.3%)			
CO Hlth. Fac. Auth. Rev. Bonds			
(Christian Living Cmntys.), Ser. A, 5 3/4s, 1/1/26	BB–/P	325,000	332,560
(Evangelical Lutheran), 5s, 6/1/29	A3	850,000	873,928
CO Hsg. & Fin. Auth. Rev. Bonds (Single Family Mtge.),			
Ser. A-3, Class III, 5 1/4s, 5/1/33	A2	1,490,000	1,544,832
CO Springs, Hosp. Rev. Bonds, 6 3/8s, 12/15/30	A3	3,280,000	3,285,970
E-470 CO Pub. Hwy. Auth. Rev. Bonds, Ser. C1,			
NATL, 5 1/2s, 9/1/24	Baa2	1,250,000	1,355,650
			7,392,940
Delaware (0.7%)			
DE St. Econ. Dev. Auth. Rev. Bonds (Delmarva Pwr.),			
5.4s, 2/1/31	BBB+	1,100,000	1,199,110
DE State Hlth. Facs. Auth. VRDN (Christiana Care),			
Ser. A, 0.23s, 10/1/38	VMIG1	1,130,000	1,130,000
DE State Hsg. Auth. Rev. Bonds (Single Family Mtge.),			