

ALLIANCEBERNSTEIN NATIONAL MUNICIPAL INCOME FUND  
Form N-CSR  
January 05, 2018

**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: 811-10573**

**ALLIANCEBERNSTEIN NATIONAL MUNICIPAL INCOME FUND, INC.**  
**(Exact name of registrant as specified in charter)**

**1345 Avenue of the Americas, New York, New York 10105**  
**(Address of principal executive offices) (Zip code)**

**Joseph J. Mantineo**

**AllianceBernstein L.P.**

**1345 Avenue of the Americas**

**New York, New York 10105**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: (800) 221-5672**

**Date of fiscal year end: October 31, 2017**

**Date of reporting period: October 31, 2017**

**ITEM 1. REPORTS TO STOCKHOLDERS.**

**OCT**<sup>10.31.17</sup>

ANNUAL REPORT

**ALLIANCEBERNSTEIN**

**NATIONAL MUNICIPAL INCOME FUND**

**(NYSE: AFB)**

Investment Products Offered      Are Not FDIC Insured   May Lose Value   Are Not Bank Guaranteed

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AB's website at [www.abfunds.com](http://www.abfunds.com), or go to the Securities and Exchange Commission's (the Commission) website at [www.sec.gov](http://www.sec.gov), or call AB at (800) 227-4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC 0330.

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AB family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the Adviser of the funds.

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**FROM THE PRESIDENT**

Dear Shareholder,

We are pleased to provide this report for AllianceBernstein National Municipal Income Fund (the Fund ). Please review the discussion of Fund performance, the market conditions during the reporting period and the Fund's investment strategy.

As always, AB strives to keep clients ahead of what's next by:

+ Transforming uncommon insights into uncommon knowledge with a global research scope

+ Navigating markets with seasoned investment experience and sophisticated solutions

+ Providing thoughtful investment insights and actionable ideas

Whether you're an individual investor or a multi-billion-dollar institution, we put knowledge and experience to work for you.

AB's global research organization connects and collaborates across platforms and teams to deliver impactful insights and innovative products. Better insights lead to better opportunities anywhere in the world.

For additional information about AB's range of products and shareholder resources, please log on to [www.abfunds.com](http://www.abfunds.com).

Thank you for your investment in the AB Mutual Funds.

Sincerely,

Robert M. Keith

President and Chief Executive Officer, AB Mutual Funds

ANNUAL REPORT

December 27, 2017

This report provides management’s discussion of fund performance for AllianceBernstein National Municipal Income Fund for the annual reporting period ended October 31, 2017. The Fund is a closed-end fund and its shares are listed and traded on the New York Stock Exchange.

**The Fund seeks to provide high current income exempt from regular federal income tax by investing substantially all of its net assets in municipal securities that pay interest that is exempt from federal income tax.**

RETURNS AS OF OCTOBER 31, 2017 (unaudited)

	6 Months	12 Months
<b>ALLIANCEBERNSTEIN NATIONAL MUNICIPAL INCOME FUND (NAV)</b>	3.88%	1.93%
Bloomberg Barclays Municipal Bond Index	2.55%	2.19%

The Fund’s market price per share on October 31, 2017 was \$13.61. The Fund’s NAV price per share on October 31, 2017 was \$14.94. For additional Financial Highlights, please see pages 45-46.

INVESTMENT RESULTS

The table above shows the Fund’s performance compared to its benchmark, the Bloomberg Barclays Municipal Bond Index, for the six- and 12-month periods ended October 31, 2017.

The Fund underperformed the benchmark for the 12-month period, but outperformed for the six-month period. For the 12-month period, yield-curve positioning detracted from performance, relative to the benchmark. An underweight to state general obligation ( GO ) sector and an overweight to the airport/port industry sector contributed. Security selection within pre-refunded bonds and miscellaneous revenue sectors contributed, while selections in the health care and toll road/transit sectors detracted.

For the six-month period, yield-curve positioning contributed to performance. Security selection within the health care and state GO sectors contributed. An overweight to pre-refunded bonds detracted.

Leverage, achieved through the usage of variable rate instruments such as auction rate preferred shares, tender option bonds ( TOBs ) and variable rate municipal term preferred shares, detracted from the Fund’s total return over the 12-month period as yields increased, but still benefited the Fund’s income as the spread between the Fund’s borrowing and investment rates remained positive. Over the six-month period, leverage added to the Fund’s total return as long-term yields decreased.

The Fund utilized derivatives, including interest rate swaps for hedging purposes, which had no material impact on absolute performance, during either period.

## MARKET REVIEW AND INVESTMENT STRATEGY

The relatively strong returns in both equities and corporate bonds over both periods were consistent with a positive economic backdrop; major developed and emerging markets including China grew at a decent clip while inflation remained moderate. Municipal bond prices were supported by strong technicals, as supply remained low and an historic number of bonds matured or were called by issuers. Municipals delivered positive absolute returns over both periods. Demand for income, along with limited supply, helped mid-grade and high-yield municipals rally strongly.

The US Federal Reserve (the Fed) raised its target for the Federal Funds rate by 75 basis points over the past 12 months. On the horizon, major central banks across the globe are likely to normalize monetary policy, which suggests higher interest rates and the eventual end of nearly a decade of quantitative easing. And, in September, the Fed confirmed it would begin the multiyear process of reducing its \$4.2 trillion portfolio of Treasury and mortgage-backed bonds.

At the end of the reporting period, municipal investors were focused on the specter of tax reform and how it could potentially impact the after-tax relative attractiveness of municipal bonds. Ultimately, the final legislation included tax reductions for individuals, but the largest reductions in tax rates were those applicable to corporations. The relatively slight lowering of individual tax rates is not expected to significantly reduce the demand from individual investors for municipal bonds. Whether corporations, primarily insurance companies and banks, will reduce their demand for municipal bonds will be a function of the after-tax yield and the potential tax consequences of selling municipal bonds they currently hold, in order to purchase other bonds that offer more attractive after-tax yields. With the after-tax yield advantage for municipal bonds already low by historical standards, the Fund's Senior Investment Management Team (the Team) continues to position the Fund with an underweight to the longest maturity bonds; this potentially reduces the Fund's exposure to a rise in yields, which could result from reduced investor demand for certain municipal bonds.

The Fund may purchase municipal securities that are insured under policies issued by certain insurance companies. Historically, insured municipal securities typically received a higher credit rating, which meant that the issuer of the securities paid a lower interest rate. As a result of declines in the credit quality and associated downgrades of most fund insurers, insurance has less value than it did in the past. The market now values insured municipal securities primarily based on the credit quality of the issuer of the security with little value given to the insurance feature. In purchasing such insured securities, the Adviser evaluates the risk and return of municipal securities through its own research. If an insurance company's rating is downgraded or the company becomes insolvent, the prices of municipal securities insured by the insurance company may decline. As of October 31, 2017, the Fund's percentages of investments in municipal bonds that are insured and in insured municipal bonds that have been pre-refunded or escrowed to maturity were 4.95% and 1.02%, respectively.



Since February 2008, auctions of the auction rate preferred shares have had fewer buyers than sellers and, as a result, the auctions have failed. The failed auctions did not lower the credit quality of the auction rate preferred shares, but rather meant that a holder was unable to sell the auction rate preferred securities in the auctions, so that there was a loss of liquidity for the holders of the auction rate preferred shares. When an auction fails, the auction rate preferred shares pay interest on a formula-based maximum rate based on AA-commercial paper and short-term municipal bond rates. In the extremely low short-term interest rate environment of recent years, the interest rates resulting from such a formula have been much lower than the returns on the Fund's investments and the cost of alternative forms of leverage available to the Fund. However, to the extent that the cost of this leverage increases in the future and earnings from the Fund's investments do not increase, the Fund's net investment returns may decline.

In July 2015, the Fund announced a tender offer of up to 100% of its outstanding auction rate preferred shares at a price equal to 94% of the liquidation preference of \$25,000 per share. The result of accepting tendered shares in September 2015, and replacing the leverage associated with these shares with an alternative form of leverage, was to increase the Fund's net asset value (NAV), but at least in the near term to increase the cost of leverage. Over time, the Team believes diversifying sources of leverage will lead to lower borrowing costs.

The Team continues to explore, and discuss with the Board of Directors, other liquidity and leverage options, including TOBs, which it has used in the past; this may result in additional auction rate preferred shares being redeemed in the future. The Fund is not required to redeem any auction rate preferred shares, and the Team expects to continue to rely on the auction rate preferred shares for a portion of the Fund's leverage exposure, at least until interest rates increase significantly from current levels or while they continue to offer diversification benefits.

#### **INVESTMENT POLICIES**

The Fund will normally invest at least 80%, and normally substantially all, of its net assets in municipal securities paying interest that is exempt from regular federal income tax. The Fund also normally will invest at least 75% of its assets in investment-grade municipal securities or unrated municipal securities considered to be of comparable quality. The Fund may invest up to 25% of its net assets in municipal bonds rated below investment-grade and unrated municipal bonds considered to be of comparable quality as determined by the Adviser. The Fund intends to invest primarily in municipal securities that pay interest that is not subject to the federal alternative minimum tax (AMT), but may invest without limit in municipal securities paying interest that is subject to the federal AMT. For more information regarding the Fund's risks, please see Disclosures and Risks on pages 5-8 and Note G Risks Involved in Investing in the Fund of the Notes to Financial Statements on pages 39-43.

## DISCLOSURES AND RISKS

### AllianceBernstein National Municipal Income Fund

#### Shareholder Information

Weekly comparative NAV and market price information about the Fund is published each Saturday in *Barron's* and in other newspapers in a table called "Closed-End Funds". Daily NAVs and market price information, and additional information regarding the Fund, is available at [www.abfunds.com](http://www.abfunds.com) and [www.nyse.com](http://www.nyse.com). For additional shareholder information regarding this Fund, please see pages 49-50.

#### Benchmark Disclosure

**The Bloomberg Barclays Municipal Bond Index is unmanaged and does not reflect fees and expenses associated with the active management of a mutual fund portfolio.** The Bloomberg Barclays Municipal Bond Index represents the performance of the long-term tax-exempt bond market consisting of investment-grade bonds. In addition, the Index does not reflect the use of leverage, whereas the Fund utilizes leverage. An investor cannot invest directly in an index, and its results are not indicative of the performance for any specific investment, including the Fund.

#### A Word About Risk

Among the risks of investing in the Fund are changes in the general level of interest rates or changes in bond credit quality ratings. Changes in interest rates have a greater effect on bonds with longer maturities than on those with shorter maturities. Please note, as interest rates rise, existing bond prices fall and can cause the value of your investment in the Fund to decline. While the Fund invests principally in bonds and other fixed-income securities, in order to achieve its investment objectives, the Fund may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments. At the discretion of the Fund's Adviser, the Fund may invest up to 25% of its net assets in municipal bonds that are rated below investment-grade (i.e., "junk bonds"). These securities involve greater volatility and risk than higher-quality fixed-income securities.

**Leverage Risks:** The Fund uses financial leverage for investment purposes, which involves leverage risk. The Fund's outstanding auction preferred shares and variable rate municipal fund term preferred shares (together "Preferred Shares") result in leverage. The Fund may also use other types of financial leverage, including TOBs, either in combination with, or in lieu of, the Preferred Shares. The Fund utilizes leverage to seek to enhance the yield and NAV attributable to its Common Stock. These objectives may not be achieved in all interest rate environments. Leverage creates certain risks for holders of Common Stock, including the likelihood of greater volatility of the NAV and market price of the Common Stock. If income from the securities purchased from the funds made available by

**DISCLOSURES AND RISKS** (continued)

leverage is not sufficient to cover the cost of leverage, the Fund's return will be less than if leverage had not been used. As a result, the amounts available for distribution to Common Stockholders as dividends and other distributions will be reduced. During periods of rising short-term interest rates, the interest paid on the Preferred Shares or the floaters issued in connection with the Fund's TOB transactions would increase. In addition, the interest paid on inverse floaters held by the Fund, whether issued in connection with the Fund's TOB transactions or purchased in a secondary market transaction, would decrease. Under such circumstances, the Fund's income and distributions to Common Stockholders may decline, which would adversely affect the Fund's yield and possibly the market value of its shares. If rising short-term rates coincide with a period of rising long-term rates, the value of the long-term municipal bonds purchased with the proceeds of leverage would decline, adversely affecting the net asset value attributable to the Fund's common stock and possibly the market value of the shares.

**Tax Risk:** There is no guarantee that the income on the Fund's municipal securities will be exempt from regular federal income and state income taxes. Unfavorable legislation, adverse interpretations by federal or state authorities, litigation or noncompliant conduct by the issuer of a municipal security could affect the tax-exempt status of municipal securities. If the Internal Revenue Service or a state authority determines that an issuer of a municipal security has not complied with applicable requirements, interest from the security could become subject to regular federal income tax and/or state personal income tax, possibly retroactively to the date the security was issued, the value of the security could decline significantly, and a portion of the distributions to Fund shareholders could be recharacterized as taxable. Recent federal legislation included reductions in tax rates for individuals, with relatively larger reductions in tax rates for corporations. These tax rate reductions may reduce the demand for municipal bonds which could reduce the value of municipal bonds held by the Fund.

**Market Risk:** The value of the Fund's assets will fluctuate as the bond market fluctuates. The value of the Fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

**Municipal Market Risk:** This is the risk that special factors may adversely affect the value of the municipal securities and have a significant effect on the yield of value of the Fund's investments in municipal securities. These factors include economic conditions, political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities. To the extent that the Fund invests more of its assets in a particular state's municipal securities, the Fund may be vulnerable to events adversely affecting that state, including economic,

**DISCLOSURES AND RISKS** (continued)

political and regulatory occurrences, court decisions, terrorism and catastrophic natural disasters, such as hurricanes or earthquakes. The Fund's investment in certain municipal securities with principal and interest payments that are made from the revenues of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant effect on the project's ability to make payments of principal and interest on these securities.

**Credit Risk:** An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

**Interest Rate Risk:** Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

**Inflation Risk:** This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Fund's assets can decline as can the value of the Fund's distributions. This risk is significantly greater for fixed-income securities with longer maturities.

**Derivatives Risk:** Investments in derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and may be subject to counterparty risk to a greater degree than more traditional investments.

**Liquidity Risk:** Liquidity risk occurs when certain investments become difficult to purchase or sell. Difficulty in selling less liquid securities may result in sales at disadvantageous prices affecting the value of your investment in the Fund. Causes of liquidity risk may include low trading volumes and large positions. Municipal securities may have more liquidity risk than other fixed-income securities because they trade less frequently and the market for municipal securities is generally smaller than many other markets.

**DISCLOSURES AND RISKS** (continued)

**Duration Risk:** Duration is a measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

**Management Risk:** The Fund is subject to management risk because it is an actively managed investment fund. The Adviser will apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that its techniques will produce the intended results.

These risks are fully discussed in the Fund's prospectus. As with all investments, you may lose money by investing in the Fund.

**An Important Note About Historical Performance**

**The performance shown in this report represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. All fees and expenses related to the operation of the Fund have been deducted. Performance assumes reinvestment of distributions and does not account for taxes.**

## PORTFOLIO SUMMARY

October 31, 2017 (unaudited)

## PORTFOLIO STATISTICS

Net Assets (\$mil): \$429.4

All data are as of October 31, 2017. The Fund's quality rating breakdown is expressed as a percentage of the Fund's total investments in municipal securities and may vary over time. The Fund also enters into derivative transactions, which may be used for hedging or investment purposes (see Portfolio of Investments section of the report for additional details). The quality ratings are determined by using the Standard & Poor's Global Ratings (S&P), Moody's Investors Services, Inc. (Moody's) and Fitch Ratings, Ltd. (Fitch). The Fund considers the credit ratings issued by S&P, Moody's and Fitch and uses the highest rating issued by the agencies. These ratings are a measure of the quality and safety of a bond or portfolio, based on the issuer's financial condition. AAA is the highest (best) and D is the lowest (worst). If applicable, the Pre-refunded category includes bonds which are secured by U.S. Government securities and therefore are deemed high-quality investment-grade by the Adviser. If applicable, Not Applicable (N/A) includes non-creditworthy investments, such as equities, currency contracts, futures and options. If applicable, the Not Rated category includes bonds that are not rated by a nationally recognized statistical rating organization. The Adviser evaluates the creditworthiness of non-rated securities based on a number of factors including, but not limited to, cash flows, enterprise value and economic environment.

## PORTFOLIO OF INVESTMENTS

October 31, 2017

	Principal Amount (000)	U.S. \$ Value
<b>MUNICIPAL OBLIGATIONS</b> 159.8%		
<b>Long-Term Municipal Bonds</b> 159.8%		
<b>Alabama</b> 1.8%		
Alabama Public School & College Authority Series 2009A 5.00%, 5/01/29 (Pre-refunded/ETM)	\$ 3,000	\$ 3,171,870
State of Alabama Docks Department AGM Series 2017A 5.00%, 10/01/34	2,000	2,292,720
AGM Series 2017C 5.00%, 10/01/36	2,000	2,290,900
		7,755,490
<b>Arizona</b> 1.1%		
Salt Verde Financial Corp. (Citigroup, Inc.) Series 2007 5.25%, 12/01/22-12/01/23	4,150	4,819,628
<b>Arkansas</b> 0.5%		
Pulaski County Public Facilities Board (Baptist Health) Series 2014 5.00%, 12/01/42	2,000	2,213,440
<b>California</b> 23.4%		
Anaheim Public Financing Authority (City of Anaheim CA Lease) Series 2014A 5.00%, 5/01/32-5/01/39	5,500	6,395,955
Bay Area Toll Authority Series 2013S 5.00%, 4/01/32 (Pre-refunded/ETM)	5,720	6,776,827
California Econ Recovery Series 2009A 5.25%, 7/01/21 (Pre-refunded/ETM)	4,860	5,198,256
California Pollution Control Financing Authority (Poseidon Resources Channelside LP) Series 2012 5.00%, 7/01/37 <sup>(a)</sup>	3,075	3,326,750
City of Los Angeles Department of Airports (Los Angeles Intl Airport) Series 2009A 5.25%, 5/15/29	5,700	6,057,504
County of San Bernardino CA COP Series 2009A 5.25%, 8/01/26	1,455	1,553,038





## PORTFOLIO OF INVESTMENTS (continued)

	Principal Amount (000)	U.S. \$ Value
Los Angeles Community College District/CA Series 2008F-1 5.00%, 8/01/28 (Pre-refunded/ETM)	\$ 5,800	\$ 5,972,608
Los Angeles County Metropolitan Transportation Authority (Los Angeles County Metropolitan Transportation Authority Sales Tax) Series 2013B 5.00%, 7/01/34	1,770	2,058,103
Los Angeles Department of Water & Power Series 2013A 5.00%, 7/01/30 (Pre-refunded/ETM) <sup>(b)</sup>	90	105,546
Los Angeles Department of Water & Power PWR Series 2013A 5.00%, 7/01/30	6,165	7,156,640
Series 2013B 5.00%, 7/01/30	10,000	11,756,800
Los Angeles Department of Water & Power WTR Series 2013B 5.00%, 7/01/32	3,840	4,496,525
San Bernardino County Transportation Authority Series 2015-2 5.00%, 3/01/32-3/01/34 <sup>(c)</sup>	11,340	13,261,378
State of California Series 2013 5.00%, 11/01/30	5,800	6,832,574
University of California Series 2012G 5.00%, 5/15/31	7,000	8,040,620
Series 2013A 5.00%, 5/15/30-5/15/32	9,855	11,514,132
		100,503,256
<b>Colorado 1.8%</b>		
City & County of Denver Co. Airport System Revenue (Denver Intl Airport) Series 2013B 5.25%, 11/15/31	6,680	7,768,239
<b>Connecticut 9.4%</b>		
State of Connecticut Series 2013C 5.00%, 7/15/27	7,165	8,082,836

## PORTFOLIO OF INVESTMENTS (continued)

	Principal Amount (000)	U.S. \$ Value
Series 2013E 5.00%, 8/15/29	\$ 4,800	\$ 5,376,624
Series 2015F 5.00%, 11/15/32	5,000	5,671,150
State of Connecticut Special Tax Revenue Series 2011A 5.00%, 12/01/28	5,000	5,601,550
Series 2012 5.00%, 1/01/29	13,855	15,494,324
		40,226,484
<b>District of Columbia 1.6%</b>		
District of Columbia Series 2013A 5.00%, 6/01/29	5,000	5,831,350
Metropolitan Washington Airports Authority Series 2016A 5.00%, 10/01/35	1,000	1,158,780
		6,990,130
<b>Florida 9.6%</b>		
Alachua County Health Facilities Authority (Shands Teaching Hospital and Clinics Obligated Group) Series 2014A 5.00%, 12/01/44	4,560	5,010,300
Brevard County Health Facilities Authority (Health First, Inc. Obligated Group) Series 2014 5.00%, 4/01/33	1,000	1,115,490
City of Orlando FL Series 2014A 5.00%, 11/01/44 (Pre-refunded/ETM)	7,720	9,307,155
5.25%, 11/01/33 (Pre-refunded/ETM)	5,620	6,861,683
County of Miami-Dade FL Aviation Revenue Series 2014A 5.00%, 10/01/33	1,000	1,136,720
Florida Ports Financing Commission Series 2011A 5.00%, 10/01/25-10/01/27	4,205	4,744,623
Halifax Hospital Medical Center (Halifax Hospital Medical Center Obligated Group) Series 2015 5.00%, 6/01/35	2,655	2,959,236

## PORTFOLIO OF INVESTMENTS (continued)

	Principal Amount (000)	U.S. \$ Value
Miami Beach Health Facilities Authority (Mount Sinai Medical Center of Florida, Inc.) Series 2014 5.00%, 11/15/39	\$ 9,250	\$ 10,000,730
		41,135,937
<b>Georgia 1.3%</b>		
City of Atlanta Department of Aviation (Hartsfield Jackson Atlanta Intl Airport) Series 2014B 5.00%, 1/01/31-1/01/32	4,675	5,390,866
<b>Hawaii 2.8%</b>		
State of Hawaii Series 2015E 4.00%, 10/01/34-10/01/35	3,500	3,775,230
State of Hawaii Airports System Revenue Series 2010A 5.00%, 7/01/34	5,000	5,464,850
Series 2015A 5.00%, 7/01/45	2,500	2,812,625
		12,052,705
<b>Illinois 11.0%</b>		
Chicago O Hare International Airport Series 2016B 5.00%, 1/01/41	8,000	9,107,120
Series 2016C 5.00%, 1/01/38	2,350	2,684,334
Illinois Finance Authority (Illinois Institute of Technology) Series 2006A 5.00%, 4/01/31	1,250	1,251,938
Illinois Finance Authority (OSF Healthcare System Obligated Group) Series 2015A 5.00%, 11/15/45	4,500	4,913,730
Illinois State Toll Highway Authority Series 2015B 5.00%, 1/01/33-1/01/40	8,800	10,076,944
State of Illinois Series 2012 5.00%, 3/01/31	1,000	1,038,940
Series 2014 5.00%, 4/01/30-2/01/39	12,070	12,738,536
Series 2017D 5.00%, 11/01/28 <sup>(d)</sup>	5,000	5,459,700
		47,271,242



**PORTFOLIO OF INVESTMENTS** (continued)

**Principal  
Amount  
(000)**

**U.S. \$ Value  
&n**