

# Portfolio Manager Review and Annual Shareholder Report

November 30, 2018

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## Federated Premier Municipal Income Fund

*Fund Established 2002*

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### IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**



**J. Christopher  
Donahue**

*President*

Federated Premier  
Municipal Income Fund

## President's Message

Dear Valued Shareholder:

Enclosed is the Annual Shareholder Report and Portfolio Manager Review for Federated Premier Municipal Income Fund (NYSE: FMN), which has paid monthly tax-free dividends since February 2003. The Report and Portfolio Manager Review cover the reporting period from December 1, 2017, through November 30, 2018.

This closed-end municipal bond portfolio<sup>1,2</sup> is managed to provide you with income exempt from federal income tax, including the alternative minimum tax (AMT),<sup>3</sup> by investing in municipal securities from different sectors, states and issuers across the country. Additionally, FMN – which was designed as a valuable component of a tax-advantaged portfolio for income-oriented, long-term investors – is managed to pursue attractive returns through changing market cycles.

For performance information and commentary, please see the enclosed Portfolio Manager Review. Please feel free to visit our website, [FederatedInvestors.com](http://FederatedInvestors.com), for regular updates and commentary on economic and market developments from our investment strategists.

Sincerely,

A handwritten signature in black ink that reads "J. Christopher Donahue". The signature is written in a cursive, flowing style.

J. Christopher Donahue  
President  
January 15, 2019

**Past performance is no guarantee of future results. Fund performance changes over time and current performance may be lower or higher than what is stated. Current performance information is updated monthly at [FederatedInvestors.com](http://FederatedInvestors.com) and is also available by calling 1-800-341-7400.**

- 1 *The fund is a closed-end fund. Unlike open-end funds, closed-end funds are not continually offered. There is a one-time public offering, and, once issued, shares of closed-end funds are bought and sold in the open market. Consequently, shares of closed-end funds may trade at, above, or below their net asset values (NAVs). Shares of closed-end funds frequently trade below their NAVs.*
- 2 *The fund is subject to fees and expenses, including management fees and other expenses, such as legal and accounting fees. Total returns reflect these fees. In addition, the yields and dividends in this document are derived from income only.*
- 3 *Income may be subject to state and local taxes. The fund may invest a portion of its assets in high-yield, lower-rated securities that generally entail greater market, credit and liquidity risks than investment-grade securities.*



**Lee R. Cunningham II**  
*Vice President*  
Federated Investment  
Management Co.



**R.J. Gallo, CFA**  
*Senior Vice President*  
Federated Investment  
Management Co.

## Portfolio Manager Review (unaudited)

### **How would you describe the investment environment for municipal bonds during the fund's 12-month reporting period?**

U.S. Treasury yields<sup>1</sup> increased over the period as U.S. gross domestic product (GDP) growth accelerated, inflation moved higher and the Federal Reserve (the Fed) tightened monetary policy numerous times. Fed tightening pushed the federal funds target rate range up by 100 basis points during the 12-month reporting period. The 2-year, 10-year and 30-year Treasury yields increased 100, 58 and 46 basis points, respectively.

<sup>1</sup> *Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.*

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Municipal market yields also increased, but to a lesser degree, as gross municipal issuance declined in the wake of the 2017 tax reform while municipal demand remained relatively stable. The yields on 2-year, 10-year and 30-year AAA tax-exempt municipal securities as measured by Municipal Market Data (MMD)<sup>2</sup> increased 40, 36 and 43 basis points, respectively, over the period. The total return on the S&P Municipal Bond Index<sup>3</sup> was 1.16% for the period.

### **What were the key drivers of fund performance during the 12-month reporting period?**

FMN underperformed the S&P Municipal Bond Index. The use of structural leverage within the fund amplified the decline in the fund's net asset value (NAV) as municipal market yields increased. Although the fund's leveraged strategy accounted for most of the total return underperformance relative to the unleveraged index, the leveraged strategy continued to support the fund's monthly dividends as the cost of leverage remained below the yield on its bond portfolio.

**Duration<sup>4</sup> and yield-curve<sup>5</sup> positioning:** Duration contributed positively to FMN's relative performance as the fund maintained a shorter duration than the index and municipal yields increased. However, municipal yield-curve positioning partially offset the contribution from duration as the fund held overweight positions in long-term securities, which modestly underperformed.

- 2 *MMD is a market data provider that produces a daily generic yield curve of investment-grade municipal bonds based on a survey of municipal securities dealers and observed trades. The MMD AAA yield curve is a widely used reference for top credit quality municipal bonds in the marketplace.*
- 3 *S&P Municipal Bond Index ("Main Index") is a broad, comprehensive, market value-weighted index composed of approximately 55,000 bond issues that are exempt from U.S. federal income taxes or subject to the alternative minimum tax (AMT). Eligibility criteria for inclusion in the Main Index include, but are not limited to: the bond issuer must be a state (including the Commonwealth of Puerto Rico and U.S. territories) or local government, or a state or local government entity where interest on the bond is exempt from U.S. federal income taxes or subject to the AMT; the bond must be held by a mutual fund for which Standard & Poor's Securities Evaluations, Inc. provides prices; it must be denominated in U.S. dollars and have a minimum par amount of \$2 million; and the bond must have a minimum term to maturity and/or call date greater than or equal to one calendar month. The Main Index is rebalanced monthly. Indexes are unmanaged and investments cannot be made in an index.*
- 4 *Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.*
- 5 *The yield curve is a graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.*

**Credit quality:** Mid- and lower-quality bonds (those rated A, BBB and below investment-grade)<sup>6</sup> generally outperformed higher quality securities (those rated AA or AAA) during the period. FMN held higher weightings of mid- and low-quality bonds and lower weightings of higher quality bonds relative to the index, contributing to favorable relative performance.

**Sector:** The allocation of holdings across municipal credit sectors detracted from relative performance due to overweight holdings in Senior Care, Industrial Revenue and Higher Education revenue bonds, which underperformed.

**Security selection:** Security selection contributed modestly to positive relative performance as the fund's total return exceeded that which could be explained by the factors noted above.

**How did the fund perform during the reporting period and how did this performance compare to its peer group?**

FMN provided competitive performance at NAV relative to its peer group of leveraged long-term municipal closed-end funds. Additional performance data can be found at the end of this section<sup>7</sup> and also is updated monthly on FederatedInvestors.com.

**Performance at NAV**

For the Period Ended November 30, 2018:

(6-month returns cumulative, all others annualized)	Total Returns				Current Yield <sup>8</sup>
	6-Months	1-Year	5-Year	10-Year	
FMN	-0.93%	-0.28%	6.07%	9.28%	4.53%
Lipper General Municipal Debt Funds <sup>9</sup> (Leveraged)	-0.62%	0.20%	6.27%	8.82%	5.10%

6 High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and higher risk of default.

7 The fund offers Common Shares and Preferred Shares. The Pricing, Yield, Dividends, Fund History, Total Return and Premium/Discount of Market Price to Net Asset Value (NAV) information provided herein relates to Common Shares only. Unlike Preferred Shares, Common Shares are not rated.

8 Current yield is an annualized number, calculated by multiplying the fund's most recent monthly dividend per share by 12 and then dividing by the month-end NAV per share.

9 Lipper figures represent the average of the total returns reported by all funds designated by Lipper, Inc., as falling into the respective category and is not adjusted to reflect any sales charges.

## Performance at Market Price

For the Period Ended November 30, 2018:

(6-month returns cumulative, all others annualized)	Total Returns				Dividend Yield <sup>10</sup>
	6-Months	1-Year	5-Year	10-Year	
FMN	-5.13%	-7.44%	5.63%	9.64%	5.23%
Lipper General Municipal Debt Funds <sup>9</sup> (Leveraged)	-2.16%	-5.40%	6.53%	9.47%	5.63%

**Past performance is no guarantee of future results. Total return at market price includes the effects of trading at a discount or premium to NAV at the end of the period. Fund performance changes over time and current performance may be lower or higher than what is stated. Current performance information is updated monthly at FederatedInvestors.com and is also available by calling 1-800-341-7400.**

### Market Price and NAV

A closed-end fund's market price typically differs from its NAV. If a closed-end fund's shares trade at a price below their NAV, they are said to be trading at a discount. Conversely, if a closed-end fund's shares trade at a price above their NAV, they are said to be trading at a premium. Market forces in the trading of the shares of a fund determine the market price, while a fund's NAV is based on the total market value of the securities held in the fund's portfolio. The extent to which the share price and NAV diverge will affect the return for a fund's shareholders. Below is the Premium/Discount of Market Price to NAV for the fund and the median for its peers on the following dates:

Premium(+)/Discount(-)	11/30/2018	5/31/2018	11/30/2017
FMN	-13.3%	-9.3%	-6.2%
Lipper General Municipal Debt Funds Average <sup>9</sup> (Leveraged)	-11.2%	-8.9%	-4.6%

<sup>10</sup> Dividend Yield at Market Price is an annualized number, calculated by multiplying the fund's most recent monthly dividend per share by 12 and then dividing by the month-end market price per share.

## Preferred Shares and Fund Leverage

FMN maintained two sources of leverage, namely Variable Rate Municipal Term Preferred Shares (VMTPS) and the untendered balance of Auction Market Preferred Shares (AMPS).<sup>11</sup> Financing costs for each of these forms of leverage are variable rate and are linked to short-term money-market interest rates. The financing cost for VMTPS resets weekly at a fixed spread (as disclosed in the notes to the attached financial statements) above the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.<sup>12</sup> AMPS dividend rates reset weekly and are linked to the 30-day AA-rated financial commercial paper rate published by the Fed. The fund's cost of leverage increased over the period as the Fed raised short-term interest rates multiple times. This leverage structure continues to allow the fund to pursue its leveraged strategy, with financing costs lower than the income earned on its fixed-rate bond portfolio.

## Dividend Adjustments

Monthly common dividends for FMN were reduced in June 2018 to \$0.054 per share from \$0.061 per share. The monthly dividend remained unchanged over the rest of the period. Dividends reflect the level of fund income net of expenses and leverage financing costs. In addition, the fund maintains undistributed net investment income that may rise or fall depending upon whether distributions to common shareholders are less or greater than the fund's current net income after expenses and financing costs. At November 30, 2018, FMN's undistributed net investment income was \$0.004, down from \$0.018 at November 30, 2017.

- 11 *In November 2011, the fund announced a tender offer for all of its remaining outstanding AMPS at a price of 96% of the \$25,000 liquidation preference per share. The tender offer was closed on December 22, 2011, with 50.4% of AMPS then outstanding for FMN tendered and purchased.*
- 12 *The Securities Industry and Financial Markets Association Municipal Swap Index is a seven-day, high-grade market index produced by market data provider MMD and comprised of tax-exempt, variable-rate demand obligations (VRDOs) from MMD's database. It seeks to provide a short-term index that can reflect activity in the VRDO market. Indexes are unmanaged and investments cannot be made in an index.*



# Federated Premier Municipal Income Fund (FMN)

## PORTFOLIO OVERVIEW AS OF NOVEMBER 30, 2018 (UNAUDITED)

### Total Returns

(Inception 12/20/2002)	Market Price	NAV
6 Months (cumulative)	-5.13%	-0.93%
1 Year	-7.44%	-0.28%
5 Year	5.63%	6.07%
10 Year	9.64%	9.28%

### Portfolio Statistics

Market Price	\$12.40
NAV	\$14.31
Dividend Yield <sup>1</sup>	5.23%
Taxable Equivalent Dividend Yield <sup>2</sup>	8.29%
Premium/Discount to NAV	13.35% discount
Common Share Assets	\$164.5 million
Preferred Share Assets	\$114.8 million
Total Portfolio Assets	\$279.3 million
Weighted Average Effective Maturity	6.2 years
Weighted Average Modified Duration <sup>3</sup>	4.6 years
Total Number of Securities	238

### Top Six Sectors

Hospital	11.6%
Dedicated Tax	10.9%
Pre-refunded	10.6%
Education	9.0%
Senior Care	8.1%
Toll Road	6.1%

### Credit Quality<sup>4</sup>

AAA	5.6%
AA	25.0%
A	36.2%
BBB	17.0%
BB	1.9%
B & Below	1.6%
Not Rated	12.7%

### Tax-Free Dividends Per Share Since Inception

February 2003 - August 2005	\$0.08375/month
September 2005 - October 2006	\$0.073/month
November 2006 - February 2009	\$0.067/month
March 2009 - February 2010	\$0.09/month
March 2010 - May 2011	\$0.087/month
June 2011 - November 2012	\$0.083/month
December 2012 - August 2014	\$0.0755/month
September 2014 - May 2016	\$0.0735/month
June 2016 - November 2016	\$0.07/month
December 2016 - May 2018	\$0.061/month
June 2018 - November 2018	\$0.054/month

- Dividend Yield on market share price is an annualized number, calculated by multiplying the fund's most recent monthly dividend per share by 12 and then dividing by the month-end market price per share.*
  - Taxable Equivalent Dividend Yield - In calculating this yield, the dividend yield is divided by 1 minus the applicable tax rate. The maximum federal tax rate (37%) is used when calculating the taxable equivalent dividend yield. Federal tax rates are based on 2018 rates as stated in the Tax Cuts and Jobs Act of 2018.*
  - Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.*
  - The ratings agencies that provided the ratings are Standard & Poor's, Moody's Investors Service and Fitch Ratings. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.*
- Performance and composition information is updated monthly on FederatedInvestors.com. Past performance is no guarantee of future results. Investment return, price, yield and NAV will fluctuate.*



**Annual Shareholder Report**

*November 30, 2018*

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**Federated Premier Municipal Income Fund**

*Fund Established 2002*

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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# Portfolio of Investments Summary Table (unaudited)

At November 30, 2018, the Fund's sector composition<sup>1</sup> was as follows:

<b>Sector Composition</b>	<b>Percentage of Total Investments</b>
Hospital	11.6%
Dedicated Tax	10.9%
Pre-refunded	10.6%
Education	9.0%
Senior Care	8.1%
Toll Road	6.1%
Other Utility	5.9%
Industrial Development Bond/Pollution Control Revenue	4.9%
Water And Sewer	4.8%
Airport	4.8%
Other <sup>2</sup>	23.3%
<b>TOTAL</b>	<b>100.0%</b>

- 1 Sector classifications, and the assignment of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying borrower, as determined by the Fund's Adviser. For securities that have been enhanced by a third-party guarantor, such as bond insurers and banks, sector classifications are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser. Pre-refunded securities are those whose debt service is paid from escrowed assets, usually U.S. government securities.*
- 2 For purposes of this table, sector classifications constitute 76.7% of the Fund's investments. Remaining sectors have been aggregated under the designation "Other."*

# Portfolio of Investments

November 30, 2018

Principal Amount		Value
	MUNICIPAL BONDS—98.0%	
	<b>Alabama—1.7%</b>	
\$1,145,000	Alabama State Port Authority, Docks Facilities Revenue Bonds (Series 2010), 6.000% (United States Treasury PRF 10/1/2020@100)/(Original Issue Yield: 6.25%), 10/1/2040	\$ 1,227,921
2,000,000	Black Belt Energy Gas District, AL, Gas Supply Revenue Bonds (Series 2016A), 4.000% TOBs, (Royal Bank of Canada GTD), Mandatory Tender 6/1/2021	2,060,920
415,000	Selma, AL IDB (International Paper Co.), Gulf Opportunity Zone Bonds (Series 2010A), 5.800%, 5/1/2034	434,534
1,000,000	Selma, AL IDB (International Paper Co.), Revenue Bonds (Series 2011A), 5.375%, 12/1/2035	1,077,580
	TOTAL	4,800,955
	<b>Arizona—2.0%</b>	
500,000	Arizona State IDA Education Revenue, (Basis Schools, Inc. Obligated Group), Education Revenue Bonds (Series 2017F), 5.000%, (School District Credit Program LOC), 7/1/2052	538,755
335,000	<sup>1</sup> Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	341,760
2,000,000	Phoenix, AZ IDA (Great Heart Academies), Education Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	2,071,680
1,690,000	Pima County, AZ IDA (Tucson Electric Power Co.), PCRBs (Series 2009A), 4.950%, 10/1/2020	1,768,619
290,000	Tempe, AZ IDA, (Mirabella at ASU), Revenue Bonds (Series 2017A), 6.125%, 10/1/2052	309,189
640,000	<sup>1</sup> Verrado Community Facilities District No. 1, AZ, District GO Refunding Bonds (Series 2013A), 6.000%, 7/15/2027	679,015
	TOTAL	5,709,018
	<b>California—10.4%</b>	
1,115,000	Bay Area Toll Authority, CA San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds (Series 2010 S-2), 5.000%, (United States Treasury PRF 10/1/2020@100), 10/1/2024	1,181,030
1,000,000	California Educational Facilities Authority (Stanford University), Revenue Bonds, 5.250%, 4/1/2040	1,277,400
1,500,000	California Health Facilities Financing Authority (Dignity Health (Catholic Healthcare West)), Revenue Bonds (Series 2011A), 5.250%, 3/1/2027	1,598,805
1,250,000	California Health Facilities Financing Authority (Scripps Health), Revenue Bonds (Series 2012A), 5.000%, 11/15/2032	1,352,013
3,000,000	California Health Facilities Financing Authority (Stanford Health Care), Revenue Refunding Bonds (Series 2017A), 4.000%, 11/15/2040	3,030,090

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>California—continued</b>	
\$ 600,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	\$ 636,780
250,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	262,903
1,000,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2035	1,068,010
1,000,000	California State, Various Purpose UT GO Bonds, 5.000%, 9/1/2030	1,073,220
1,000,000	<sup>1</sup> California Statewide CDA (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/1/2034	1,029,830
375,000	<sup>1</sup> California Statewide CDA (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.250%, 11/1/2044	388,451
1,110,000	Chula Vista, CA Municipal Finance Authority, Special Tax Revenue Refunding Bonds (Series 2013), 5.500%, 9/1/2028	1,244,787
1,000,000	Foothill/Eastern Transportation Corridor Agency, CA, Toll Road Revenue Refunding Bonds (Series 2013A), 5.750% (Original Issue Yield: 6.05%), 1/15/2046	1,114,380
1,000,000	Foothill/Eastern Transportation Corridor Agency, CA, Toll Road Revenue Refunding Bonds (Series 2013B-1), 5.500% TOBs, Mandatory Tender 7/15/2022	1,101,930
165,000	Irvine, CA (Irvine, CA Reassessment District No. 13-1), LO Improvement Bonds, 5.000%, 9/2/2028	180,096
1,385,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009A), 6.125% (Citigroup, Inc. GTD), 11/1/2029	1,703,522
1,500,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009A), 7.000% (Citigroup, Inc. GTD), 11/1/2034	2,089,185
425,000	San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds, 5.000%, (United States Treasury PRF 5/1/2020@100), 5/1/2021	443,942
575,000	San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds, 5.000%, 5/1/2021	601,709
2,000,000	San Francisco, CA City & County Airport Commission, Second Series Revenue Bonds (Series 2009E), 5.500%, 5/1/2025	2,032,700
2,000,000	San Jose, CA Airport, Airport Revenue Bonds (Series 2011A-2), 5.000% (Original Issue Yield: 5.05%), 3/1/2031	2,119,060
1,440,000	University of California (The Regents of), Limited Project Revenue Bonds (Series 2012G), 5.000%, (United States Treasury PRF 5/15/2022@100), 5/15/2031	1,590,797
1,740,000	University of California (The Regents of), Limited Project Revenue Bonds (Series 2012G), 5.000%, 5/15/2031	1,894,129
	TOTAL	29,014,769
	<b>Colorado—4.9%</b>	
820,000	Castle Oaks, CO Metropolitan District No. 3, LT GO Completion Bonds (Series 2016), 5.500% (United States Treasury PRF 12/1/2020@103), 12/1/2045	897,531

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Colorado—continued</b>	
\$1,500,000	Centerra Metropolitan District No. 1, CO, Special Revenue Refunding and Improvement Bonds (Series 2017), 5.000%, 12/1/2029	\$ 1,576,680
500,000	<sup>1</sup> Colorado Educational & Cultural Facilities Authority (University Lab School), Charter School Refunding & Improvement Revenue Bonds (Series 2015), 5.000%, 12/15/2035	516,745
2,000,000	Colorado Health Facilities Authority (Catholic Health Initiatives), Revenue Bonds (Series 2011A), 5.250%, 2/1/2031	2,095,080
1,000,000	Colorado Health Facilities Authority (Covenant Retirement Communities, Inc.), Revenue Refunding Bonds (Series 2012A), 5.000%, 12/1/2027	1,070,430
1,250,000	Colorado Health Facilities Authority, Revenue Bonds (Series 2013A), 5.000% (Sisters of Charity of Leavenworth Health System), 1/1/2044	1,339,012
1,000,000	E-470 Public Highway Authority, CO, Revenue Bonds (Series 2010C), 5.375%, (Original Issue Yield: 5.40%) 9/1/2026	1,048,830
500,000	Leyden Rock Metropolitan District No. 10, CO, LT GO Refunding & Improvement Bonds (Series 2016A), 4.000%, 12/1/2025	495,190
2,480,000	Public Authority for Colorado Energy, Natural Gas Purchase Revenue Bonds (Series 2008), 6.250% (Bank of America Corp. GTD)/(Original Issue Yield: 6.63%), 11/15/2028	3,051,119
459,000	Tallyn's Reach Metropolitan District No. 3, CO, LT GO Refunding & Improvement Bonds (Series 2013), 5.000%, 12/1/2033	476,635
1,000,000	University of Colorado, Tax-Exempt University Enterprise Revenue Bonds (Series 2013A), 5.000% (United States Treasury PRF 6/1/2023@100), 6/1/2037	1,120,040
	<b>TOTAL</b>	<b>13,687,292</b>
	<b>Connecticut—0.7%</b>	
1,755,000	Connecticut State Special Transportation Fund, Special Tax Obligation Bonds Transportation Infrastructure Purpose (Series 2018B), 5.000%, 10/1/2037	1,937,731
	<b>Delaware—0.3%</b>	
715,000	Delaware EDA (Delmarva Power and Light Co.), Gas Facilities Refunding Bonds, 5.400%, 2/1/2031	747,061
	<b>District of Columbia—0.8%</b>	
250,000	District of Columbia (KIPP DC), Revenue Bonds (Series 2013A), 6.000% (United States Treasury PRF 7/1/2023@100), 7/1/2033	291,127
225,000	District of Columbia (KIPP DC), Revenue Bonds (Series 2013A), 6.000% (United States Treasury PRF 7/1/2023@100), 7/1/2048	262,015
500,000	District of Columbia Revenue, (Friendship Public Charter School, Inc.), Revenue Bonds (Series 2016A), 5.000%, 6/1/2041	529,765
1,095,000	District of Columbia Tobacco Settlement Financing Corp., Asset Backed Revenue Bonds, 6.500% (Original Issue Yield: 6.67%), 5/15/2033	1,169,252
	<b>TOTAL</b>	<b>2,252,159</b>

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Florida—4.8%</b>	
\$1,000,000	Atlantic Beach, FL Health Care Facilities (Fleet Landing Project, FL), Revenue & Refunding Bonds (Series 2013A), 5.000%, 11/15/2028	\$ 1,061,050
800,000	<sup>1</sup> Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), 8.125% (Original Issue Yield: 8.25%), 5/15/2044	768,832
2,000,000	Florida State Department of Transportation (Florida State), Florida Right-of-Way Acquisition and Bridge Construction Bonds (Series 2018B), 4.000%, 7/1/2039	2,064,700
935,000	Harbor Bay, FL Community Development District, Special Assessment Revenue Bonds, 6.750%, 5/1/2034	938,590
2,300,000	Jacksonville, FL Sales Tax, Revenue Refunding Bonds (Series 2012), 5.000%, 10/1/2027	2,508,771
1,000,000	Jacksonville, FL Sales Tax, Revenue Refunding Bonds (Series 2012), 5.000%, 10/1/2030	1,086,200
2,000,000	Miami-Dade County, FL Transit System, Sales Surtax Revenue Bonds (Series 2012), 5.000%, 7/1/2042	2,143,040
500,000	Midtown Miami, FL Community Development District, Special Assessment & Revenue Refunding Bonds (Series 2014A), 5.000%, 5/1/2029	520,005
165,000	Palm Beach County, FL Health Facilities Authority (Sinai Residences of Boca Raton), Revenue Bonds (Series 2014A), 7.250%, 6/1/2034	184,556
1,000,000	South Lake County, FL Hospital District (South Lake Hospital, Inc.), Revenue Bonds (Series 2009A), 6.000% (Original Issue Yield: 6.05%), 4/1/2029	1,010,100
10,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 1), 6.650%, 5/1/2040	9,414
665,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-1), 0.000% (Step Coupon 11/1/2021@6.61%)/(Original Issue Yield: 6.93%), 5/1/2040	529,632
415,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-2), 0.000% (Step Coupon 11/1/2024@6.61%)/(Original Issue Yield: 6.752%), 5/1/2040	271,937
450,000	<sup>2,3</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-3), 6.610%, 5/1/2040	4
210,000	<sup>2,3,4</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 3), 6.375%, 5/1/2017	2
160,000	<sup>2,3</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 3), 6.650%, 5/1/2040	2
305,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series A-3), 0.000% (Step Coupon 5/1/2019@6.61%), 5/1/2040	297,860
155,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series A-4), 0.000% (Step Coupon 5/1/2022@6.61%), 5/1/2040	126,212
	<b>TOTAL</b>	<b>13,520,907</b>



Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Georgia—2.8%</b>	
\$1,000,000	Atlanta, GA Airport General Revenue, Airport General Revenue Refunding Bonds (Series 2010C), 6.000%, 1/1/2030	\$ 1,079,270
1,000,000	Atlanta, GA Airport Passenger Facilities Charge Revenue, Subordinate Lien General Revenue Bonds (Series 2010B), 5.000%, 1/1/2020	1,032,060
1,000,000	Atlanta, GA Development Authority Senior Health Care Facilities (Georgia Proton Treatment Center), Revenue Bonds (Series 2017A-1), 6.750% (Original Issue Yield: 7.10%), 1/1/2035	953,190
415,000	Atlanta, GA Development Authority Senior Health Care Facilities (Georgia Proton Treatment Center), Revenue Bonds (Series 2017A-1), 7.000% (Original Issue Yield: 7.25%), 1/1/2040	399,446
1,500,000	Atlanta, GA Water & Wastewater, Revenue Bonds (Series 2009A), 6.000%, 11/1/2019	1,555,650
1,500,000	Atlanta, GA Water & Wastewater, Revenue Bonds (Series 2009A), 6.000% (United States Treasury PRF 11/1/2019@100)/(Original Issue Yield: 6.14%), 11/1/2024	1,555,785
1,250,000	Fulton County, GA Residential Care Facilities (Lenbrook Square Foundation, Inc.), Retirement Facility Revenue Refunding Bonds (Series 2016), 5.000%, 7/1/2031	1,316,762
	<b>TOTAL</b>	<b>7,892,163</b>
	<b>Hawaii—0.3%</b>	
750,000	Hawaii State Department of Budget & Finance, Special Purpose Revenue Bonds (Series 2009), 6.500% (Hawaiian Electric Co., Inc.), 7/1/2039	767,175
	<b>Idaho—0.7%</b>	
1,750,000	Idaho Health Facilities Authority, Revenue Bonds (Series 2013A), 7.375% (Terraces of Boise)/(Original Issue Yield: 7.50%), 10/1/2029	1,888,880
	<b>Illinois—8.4%</b>	
250,000	Chicago, IL Board of Education, UT GO Dedicated Revenue Bonds (Series 2017H), 5.000%, 12/1/2036	252,343
1,015,000	Chicago, IL Board of Education, UT GO Dedicated Revenue Refunding Bonds (Series 2012A), 5.000%, 12/1/2042	1,001,034
3,000,000	Chicago, IL Midway Airport, Second Lien Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2035	3,255,720
625,000	Chicago, IL O'Hare International Airport, General Airport Third Lien Revenue Bonds (Series 2011C), 6.500% (United States Treasury PRF 1/1/2021@100), 1/1/2041	682,006
300,000	Chicago, IL Special Assessment (Lakeshore East Project), Improvement Bonds (Series 2002), 6.625%, (Original Issue Yield: 6.637%), 12/1/2022	300,522
1,000,000	Chicago, IL Special Assessment (Lakeshore East Project), Improvement Revenue Bonds, 6.750% (Original Issue Yield: 6.769%), 12/1/2032	1,004,890
1,000,000	Chicago, IL Water Revenue, Second Lien Water Revenue Refunding Bonds (Series 2017-2), 5.000% (AGM INS), 11/1/2036	1,090,480

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Illinois—continued</b>	
\$ 420,000	DuPage County, IL (Naperville Campus LLC), Special Tax Bonds (Series 2006), 5.625%, 3/1/2036	\$ 420,126
2,000,000	Illinois Finance Authority, (Admiral at the Lake), Revenue Refunding Bonds (Series 2017), 5.250% (Original Issue Yield: 5.50%), 5/15/2054	1,852,160
1,500,000	Illinois State Toll Highway Authority, Toll Highway Senior Revenue Bonds (Series 2013A), 5.000%, 1/1/2030	1,631,460
1,250,000	Illinois State Toll Highway Authority, Toll Highway Senior Revenue Refunding Bonds (Series 2010 A-1), 5.000%, 1/1/2031	1,285,425
3,000,000	Illinois State, UT GO Bonds (Series 2017D), 5.000%, 11/1/2026	3,184,860
1,000,000	Illinois State, UT GO Bonds (Series 2018A), 5.250%, 5/1/2022	1,050,150
295,000	Illinois State, UT GO Bonds (Series 2018B), 5.000%, 5/1/2028	311,532
1,000,000	Illinois State, UT GO Bonds (Series June 2013), 5.500% (Original Issue Yield: 5.65%), 7/1/2038	1,049,740
2,255,000	Illinois State, UT GO Refunding Bonds (Series May 2012), 5.000%, 8/1/2025	2,335,571
245,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2010A), 5.500%, (United States Treasury PRF 6/15/2020@100), 6/15/2050	257,747
755,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2010A), 5.500%, 6/15/2050	761,032
1,600,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2017A), 5.000%, 6/15/2057	1,645,648
	<b>TOTAL</b>	<b>23,372,446</b>
	<b>Indiana—3.0%</b>	
930,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), 5.250%, (United States Treasury PRF 7/1/2023@100), 1/1/2030	1,054,964
500,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), 5.250%, 1/1/2038	552,925
250,000	Indiana Municipal Power Agency, Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2042	277,793
1,500,000	Indiana State Finance Authority Wastewater Utilities (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2011A), 5.250%, 10/1/2031	1,619,130
2,000,000	Indiana State Finance Authority Wastewater Utilities (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2014A), 5.000%, 10/1/2032	2,227,720
2,500,000	Whiting, IN Environmental Facilities (BP PLC), Revenue Bonds (Series 2009), 5.250%, 1/1/2021	2,648,550
	<b>TOTAL</b>	<b>8,381,082</b>
	<b>Iowa—0.9%</b>	
1,500,000	Iowa Finance Authority (Iowa Fertilizer Co. LLC), Midwestern Disaster Area Revenue Bonds (Series 2013), 5.500%, 12/1/2022	1,501,650

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Iowa—continued</b>	
\$ 565,000	Xenia Rural Water District, Water Revenue Refunding Capital Loan Notes (Series 2016), 5.000%, 12/1/2024	\$ 622,314
300,000	Xenia Rural Water District, Water Revenue Refunding Capital Loan Notes (Series 2016), 5.000%, 12/1/2036	320,559
	TOTAL	2,444,523
	<b>Kansas—0.8%</b>	
2,000,000	Wyandotte County, KS Unified Government Utility System, Improvement & Revenue Refunding Bonds (Series 2014A), 5.000%, 9/1/2044	2,174,680
	<b>Kentucky—0.7%</b>	
1,000,000	Kentucky EDFA (Miralea), Revenue Bonds (Series 2016A), 5.000%, 5/15/2031	1,040,950
1,000,000	Kentucky Public Transportation Infrastructure Authority, First Tier Toll Revenue Bonds (Series 2013), 5.750% (Original Issue Yield: 5.95%), 7/1/2049	1,070,310
	TOTAL	2,111,260
	<b>Louisiana—1.6%</b>	
1,870,000	Louisiana Local Government Environmental Facilities CDA (Westlake Chemical Corp.), Revenue Refunding Bonds (Series 2017), 3.500%, 11/1/2032	1,780,558
1,000,000	Louisiana State Citizens Property Insurance Corp., Revenue Refunding Bonds (Series 2012), 5.000%, (United States Treasury PRF 6/1/2022@100), 6/1/2024	1,096,790
1,500,000	St. Charles Parish, LA Gulf Opportunity Zone (Valero Energy Corp.), Revenue Bonds (Series 2010), 4.000% TOBs, Mandatory Tender 6/1/2022	1,560,495
	TOTAL	4,437,843
	<b>Maine—0.5%</b>	
665,000	Maine Health & Higher Educational Facilities Authority (Maine General Medical Center), Revenue Bonds (Series 2011), 7.500%, 7/1/2032	727,849
600,000	Maine Health & Higher Educational Facilities Authority (Maine General Medical Center), Revenue Bonds (Series 2011), 6.750% (Original Issue Yield: 7.00%), 7/1/2041	637,506
	TOTAL	1,365,355
	<b>Maryland—0.7%</b>	
320,000	Baltimore, MD SO (East Baltimore Research Park), Revenue Refunding Bonds (Series 2017A), 5.000%, 9/1/2038	332,845
690,000	Maryland State EDC (Ports America Chesapeake, Inc.), Revenue Bonds (Series B), 5.750% (United States Treasury PRF 6/1/2020@100)/(Original Issue Yield: 5.875%), 6/1/2035	728,571
400,000	Maryland State EDC (Ports America Chesapeake, Inc.), Revenue Bonds (Series A), 5.125% (United States Treasury COL), (Original Issue Yield: 5.25%), 6/1/2020	414,384

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Maryland—continued</b>	
\$ 400,000	Westminster, MD (Lutheran Village at Miller's Grant, Inc.), Revenue Bonds (Series 2014A), 6.000%, 7/1/2034	\$ 419,432
	TOTAL	1,895,232
	<b>Massachusetts—2.0%</b>	
2,000,000	Massachusetts Department of Transportation, Metropolitan Highway System Revenue Bonds (Series 2010B), 5.000%, 1/1/2024	2,063,040
2,000,000	Massachusetts Development Finance Agency (Harvard University), Revenue Refunding Bonds (Series 2016A), 5.000%, 7/15/2040	2,481,060
1,030,000	Massachusetts HEFA (Northeastern University), Revenue Bonds (Series 2010A), 5.000%, 10/1/2023	1,085,043
	TOTAL	5,629,143
	<b>Michigan—4.5%</b>	
500,000	Michigan Finance Authority Local Government Loan Program (Great Lakes, MI Sewage Disposal System), Revenue Refunding Second Lien Local Project Bonds (Series 2015C-1), 5.000%, 7/1/2035	541,825
750,000	Michigan State Finance Authority Revenue (Great Lakes, MI Sewage Disposal System), Senior Lien Revenue Bonds (Series 2014 C-3), 5.000%, (AGM INS), 7/1/2032	825,608
600,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority), Senior Lien Revenue Bonds (Series 2014 D-1), 5.000% (AGM INS), 7/1/2037	652,302
1,500,000	Michigan State Finance Authority Revenue (Public Lighting Authority), Local Government Loan Program Revenue Bonds (Series 2014B), 5.000%, 7/1/2029	1,623,180
1,750,000	Michigan State Finance Authority Revenue (Public Lighting Authority), Local Government Loan Program Revenue Bonds (Series 2014B), 5.000%, 7/1/2039	1,860,757
300,000	Michigan State Hospital Finance Authority (Henry Ford Health System, MI), Hospital Revenue Refunding Bonds (Series 2016), 5.000%, 11/15/2041	321,234
1,000,000	Michigan State Hospital Finance Authority (Henry Ford Health System, MI), Revenue Refunding Bonds, 5.750% (United States Treasury PRF 11/15/2019@100)/(Original Issue Yield: 6.00%), 11/15/2039	1,035,480
3,705,000	Royal Oak, MI Hospital Finance Authority (Beaumont Health Credit Group), Revenue Refunding Bonds (Series 2014D), 5.000%, 9/1/2033	4,020,740
1,490,000	Wayne County, MI Airport Authority, Revenue Bonds (Series 2012A), 5.000%, 12/1/2037	1,617,842
	TOTAL	12,498,968
	<b>Minnesota—0.2%</b>	
400,000	Western Minnesota Municipal Power Agency, MN, Power Supply Revenue Bonds (Series 2014A), 5.000%, 1/1/2040	436,252
	<b>Mississippi—0.1%</b>	
315,000	Warren County, MS Gulf Opportunity Zone (International Paper Co.), Gulf Opportunity Zone Bonds (Series 2011A), 5.375%, 12/1/2035	339,438

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Missouri—0.5%</b>	
\$ 750,000	<sup>1</sup> Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), 5.000%, 2/1/2040	\$ 759,600
550,000	<sup>1</sup> Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), 5.000% (Original Issue Yield: 5.079%), 2/1/2050	545,644
	TOTAL	1,305,244
	<b>Montana—0.1%</b>	
350,000	Kalispell, MT Housing and Healthcare Facilities (Immanuel Lutheran Corp.), Revenue Bonds (Series 2017A), 5.250%, 5/15/2047	355,478
	<b>Nebraska—2.0%</b>	
2,000,000	Central Plains Energy Project, NE, Gas Project Revenue Bonds (Project No. 3) (Series 2012), 5.000% (Goldman Sachs Group, Inc. GTD)/(Original Issue Yield: 5.05%), 9/1/2042	2,150,760
2,000,000	Central Plains Energy Project, NE, Gas Project Revenue Bonds (Project No. 3) (Series 2017C), 5.000% (Goldman Sachs Group, Inc. GTD), 9/1/2042	2,272,580
1,000,000	Nebraska Public Power District, General Revenue Bonds (Series 2014A), 5.000%, 1/1/2039	1,062,640
	TOTAL	5,485,980
	<b>New Hampshire—0.2%</b>	
500,000	<sup>1</sup> New Hampshire HEFA (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	519,380
	<b>New Jersey—4.6%</b>	
2,500,000	New Jersey EDA (New Jersey State), School Facilities Construction Bonds (Series 2014UU), 5.000%, 6/15/2034	2,617,825
1,500,000	New Jersey EDA (New Jersey State), School Facilities Construction Refunding Bonds (Series 2014PP), 5.000%, 6/15/2031	1,586,265
1,500,000	New Jersey EDA (NJ Dedicated Cigarette Excise Tax), Cigarette Tax Revenue Refunding Bonds (Series 2012), 5.000%, 6/15/2020	1,555,950
600,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2011A), 6.000%, 6/15/2035	645,072
1,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2018A), 5.000%, 12/15/2034	1,067,050
1,500,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2013A), 5.000% (United States Treasury PRF 7/1/2022@100), 1/1/2032	1,651,770
2,600,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2018A), 5.000%, 6/1/2036	2,805,790

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New Jersey—continued</b>	
\$1,000,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Subordinate Refunding Bonds (Series 2018B), 5.000%, 6/1/2046	\$ 1,001,270
	TOTAL	12,930,992
	<b>New Mexico—0.2%</b>	
650,000	New Mexico State Hospital Equipment Loan Council (Presbyterian Healthcare Services), Hospital System Revenue Bonds (Series 2017A), 5.000%, 8/1/2046	712,660
	<b>New York—7.2%</b>	
1,000,000	Brooklyn Arena Local Development Corporation, NY, PILOT Revenue Bonds (Series 2009), 6.375% (United States Treasury PRF 1/15/2020@100)/(Original Issue Yield: 6.476%), 7/15/2043	1,050,320
1,000,000	Erie County, NY IDA (Buffalo, NY City School District), School Facility Revenue Bonds (Series 2011A), 5.250%, 5/1/2027	1,073,090
1,000,000	Erie County, NY IDA (Buffalo, NY City School District), School Facility Revenue Refunding Bonds (Series 2011B), 5.000%, 5/1/2020	1,043,720
570,000	Hudson Yards Infrastructure Corp. NY, Hudson Yards Senior Revenue Bonds (Series 2012A), 5.750% (United States Treasury PRF 2/15/2021@100), 2/15/2047	616,478
430,000	Hudson Yards Infrastructure Corp. NY, Hudson Yards Senior Revenue Bonds (Series 2012A), 5.750%, 2/15/2047	460,349
900,000	New York City, NY TFA, Future Tax Secured Subordinate Revenue Bonds (Series 2014A-1), 5.000%, 8/1/2036	995,958
2,000,000	New York City, NY, UT GO Bonds (Fiscal 2014 Subseries D-1), 5.000%, 8/1/2030	2,213,880
250,000	New York City, NY, UT GO Bonds (Series 2014G), 5.000%, 8/1/2030	278,525
1,000,000	New York Liberty Development Corp. (4 World Trade Center), Liberty Revenue Bonds (Series 2011), 5.000%, 11/15/2031	1,066,190
2,000,000	New York Liberty Development Corp. (7 World Trade Center LLC), Revenue Refunding Bonds (Series 2012 Class 1), 5.000%, 9/15/2028	2,174,260
1,000,000	<sup>1</sup> New York Liberty Development Corp. (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	1,020,580
1,030,000	New York Liberty Development Corp. (7 World Trade Center LLC) Revenue Refunding Bonds (Series 2012 Class 2), 5.000%, 9/15/2043	1,097,846
2,000,000	New York Liberty Development Corp. (4 World Trade Center), Liberty Revenue Bonds (Series 2011), 5.750%, 11/15/2051	2,184,140
1,650,000	New York State Dormitory Authority (New York State Personal Income Tax Revenue Bond Fund), Revenue Refunding Bonds (Series 2017B), 4.000%, 2/15/2046	1,666,846
2,000,000	New York State Dormitory Authority (New York State Sales Tax Revenue Bond Fund), Revenue Bonds (Series 2018C), 5.000%, 3/15/2038	2,266,380

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New York—continued</b>	
\$ 750,000	New York State Thruway Authority (New York State Thruway Authority—General Revenue ), General Revenue Bonds (Series 2012), 5.000%, 1/1/2037	\$ 793,508
	TOTAL	20,002,070
	<b>North Carolina—1.0%</b>	
2,385,000	Charlotte-Mecklenburg Hospital Authority, NC (Carolinas HealthCare System), Health Care Revenue & Revenue Refunding Bonds (Series 2012A), 5.000%, 1/15/2043	2,553,643
375,000	North Carolina Medical Care Commission (Pennybyrn at Maryfield), Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2015), 5.000%, 10/1/2035	386,235
	TOTAL	2,939,878
	<b>Ohio—5.6%</b>	
500,000	American Municipal Power-Ohio, Inc. (American Municipal Power, Prairie State Energy Campus Project), Revenue Refunding Bonds (Series 2015A), 5.000%, 2/15/2042	540,515
1,500,000	American Municipal Power-Ohio, Inc. (American Municipal Power, Prairie State Energy Campus Project), Revenue Refunding Bonds (Series 2015A), 5.250%, 2/15/2033	1,620,660
2,500,000	Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Bonds (Series A-2), 6.500%, 6/1/2047	2,471,850
2,135,000	Franklin County, OH Hospital Facility Authority (Nationwide Children's Hospital), Hospital Improvement Revenue Bonds (Series 2009), 5.000%, 11/1/2019	2,194,673
1,310,000	Hamilton County, OH (Life Enriching Communities), Healthcare Improvement and Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2047	1,330,829
945,000	Lucas County, OH (ProMedica Healthcare Obligated Group), Revenue Bonds (Series 2011A), 6.000% (United States Treasury PRF 11/15/2021@100)/(Original Issue Yield: 6.22%), 11/15/2041	1,048,638
1,440,000	Muskingum County, OH, (Genesis Healthcare Corp.) Hospital Facilities Revenue Bonds (Series 2013), 5.000%, 2/15/2027	1,502,410
1,500,000	Ohio State Turnpike & Infrastructure Commission, Turnpike Junior Lien Revenue Bonds (Series 2013A-1), 5.250%, 2/15/2029	1,658,925
800,000	Ohio State Turnpike & Infrastructure Commission, Turnpike Junior Lien Revenue Bonds (Series 2013A-1), 5.250%, 2/15/2030	883,416
450,000	Ohio State University, Revenue Bonds (Series 2008A), 5.000%, 12/1/2018	450,000
1,000,000	University of Cincinnati, OH, General Receipts Bonds (Series 2013C), 5.000%, 6/1/2033	1,104,270
750,000	University of Cincinnati, OH, General Receipts Bonds (Series 2013C), 5.000%, 6/1/2039	823,065
	TOTAL	15,629,251

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Oklahoma—0.1%</b>	
\$ 325,000	Oklahoma Development Finance Authority (OU Medicine), Hospital Revenue Bonds (Series 2018B), 5.500%, 8/15/2052	\$ 351,657
	<b>Oregon—0.1%</b>	
275,000	Yamhill County, OR Hospital Authority (Friendsview Retirement Community), Revenue Refunding Bonds (Series 2016A), 5.000%, 11/15/2036	286,520
	<b>Pennsylvania—4.6%</b>	
2,000,000	Allentown, PA Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (Series 2012A), 5.000%, 5/1/2026	2,114,660
1,000,000	Allentown, PA Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (Series 2012A), 5.000%, 5/1/2042	1,024,160
1,000,000	Commonwealth Financing Authority of PA (Commonwealth of Pennsylvania), Tobacco Master Settlement Payment Revenue Bonds (Series 2018), 5.000%, 6/1/2034	1,106,630
1,265,000	Cumberland County, PA Municipal Authority (Asbury Pennsylvania Obligated Group), Revenue Refunding Bonds (Series 2012), 5.250%, 1/1/2032	1,290,819
1,255,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2023	1,348,083
450,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2038	471,326
1,000,000	Delaware County, PA Authority (Villanova University), Revenue Bonds (Series 2015), 5.000%, 8/1/2040	1,111,600
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2015B), 5.000%, 12/1/2045	1,074,980
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Subordinate Revenue Bonds (Series 2009D), 5.500% (United States Treasury PRF 12/1/2019@100), 12/1/2041	1,035,100
555,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Temple University Health System Obligated Group), Hospital Revenue Bonds (Series 2012A), 5.625% (Original Issue Yield: 5.875%), 7/1/2042	585,814
1,630,000	Philadelphia, PA Water & Wastewater System, Water & Wastewater Revenue Bonds (Series 2009A), 5.000% (United States Treasury PRF 1/1/2019@100)/(Original Issue Yield: 5.13%), 1/1/2027	1,633,993
	<b>TOTAL</b>	<b>12,797,165</b>
	<b>Rhode Island—1.1%</b>	
3,000,000	Tobacco Settlement Financing Corp., RI, Tobacco Settlement Asset-Backed Bonds (Series 2015B), 5.000%, 6/1/2050	2,988,750
	<b>South Carolina—1.6%</b>	
2,000,000	Piedmont Municipal Power Agency, SC, Electric Revenue Refunding Bonds (Series 2010A-3), 5.000%, 1/1/2024	2,100,040
2,250,000	South Carolina Jobs-EDA (Prisma Health Obligated Group), Hospital Revenue Bonds (Series 2018A), 5.000%, 5/1/2048	2,395,912
	<b>TOTAL</b>	<b>4,495,952</b>



Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>South Dakota—0.6%</b>	
\$1,500,000	Educational Enhancement Funding Corp., SD, Tobacco Settlement Revenue Bonds (Series 2013B), 5.000%, 6/1/2027	\$ 1,597,905
	<b>Tennessee—2.2%</b>	
600,000	Blount County, TN Health and Educational Facilities Board (Asbury, Inc.), Revenue Refunding and Improvement Bonds (Series 2016A), 5.000%, 1/1/2047	606,330
1,750,000	Johnson City, TN Health & Education Facilities Board (Mountain States Health Alliance), Hospital Revenue Bonds (Series 2010), 6.000% (United States Treasury PRF 7/1/2020@100) /(Original Issue Yield: 6.07%), 7/1/2038	1,856,837
2,000,000	Rutherford County, TN Health and Educational Facilities Board (Ascension Health Alliance Senior Credit Group), Revenue Bonds (Series 2012C), 5.000%, 11/15/2047	2,126,060
1,500,000	Tennessee Energy Acquisition Corp., Gas Revenue Bonds (Series 2006A), 5.250%, (Goldman Sachs Group, Inc. GTD), 9/1/2021	1,607,310
	<b>TOTAL</b>	<b>6,196,537</b>
	<b>Texas—10.7%</b>	
2,640,000	Arlington, TX Higher Education Finance Corp. (Uplift Education) Revenue Bonds (Series 2016A), 5.000%, 12/1/2036	2,793,067
1,050,000	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds (Series 2011), 6.250% (United States Treasury PRF 1/1/2021@100)/ (Original Issue Yield: 6.30%), 1/1/2046	1,136,215
270,000	Clifton Higher Education Finance Corp., TX (Idea Public Schools), 6.000%, 8/15/2033	299,606
1,000,000	Clifton Higher Education Finance Corporation, TX (Idea Public Schools ), Education Revenue Bonds (Series 2012), 5.000%, 8/15/2032	1,049,420
2,240,000	Dallas, TX Area Rapid Transit, Senior Lien Sales Tax Revenue Refunding Bonds (Series 2016B), 4.000%, 12/1/2036	2,308,522
1,500,000	Dallas-Fort Worth, TX International Airport, Joint Revenue Improvement Bonds (Series 2013B), 5.000%, 11/1/2030	1,624,125
1,000,000	Decatur, TX Hospital Authority (Wise Regional Health System), Hospital Revenue Bonds (Series 2014A), 5.000%, (Original Issue Yield: 5.05%), 9/1/2034	1,057,590
750,000	Decatur, TX Hospital Authority, Hospital Revenue Bonds (Series 2014A), 5.250% (Wise Regional Health System)/(Original Issue Yield: 5.30%), 9/1/2044	788,670
835,000	Grand Parkway Transportation Corp., TX, Subordinate Tier Toll Revenue Bonds (Series 2013B TELA Supported), 5.250%, 10/1/2051	911,770
2,000,000	Harris County, TX Cultural Education Facilities Finance Corp. (St. Luke's Health System), Revenue Refunding Bonds (Series 2009), 5.625% (United States Treasury PRF 2/15/2019@100), 2/15/2025	2,014,960
1,000,000	Harris County, TX Education Facilities Finance Corp. (Brazos Presbyterian Homes, Inc.), First Mortgage Revenue Bonds (Series 2016), 5.000%, 1/1/2048	1,010,550

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Texas—continued</b>	
\$ 200,000	Houston, TX Higher Education Finance Corp. (Cosmos Foundation, Inc.), Education Revenue Bonds (Series 2011A), 6.875% (United States Treasury PRF 5/15/2021@100), 5/15/2041	\$ 221,852
500,000	Houston, TX Higher Education Finance Corp. (Cosmos Foundation, Inc.), Education Revenue Bonds (Series 2012A), 5.000%, 2/15/2032	519,710
1,525,000	Houston, TX Higher Education Finance Corp. (Harmony Public Schools) Education Revenue & Refunding Bonds (Series 2014A), 5.000%, (PSFG GTD) 2/15/2033	1,661,579
175,000	New Hope Cultural Education Facilities Finance Corporation (MRC Crestview), Retirement Facility Revenue Bonds (Series 2016), 5.000%, 11/15/2036	180,670
685,000	North Texas Tollway Authority, First Tier Revenue Refunding Bonds (Series 2015B), 5.000%, 1/1/2045	740,663
835,000	North Texas Tollway Authority, System First Tier Revenue Refunding Bonds (Series 2011B), 5.000% (Original Issue Yield: 5.12%), 1/1/2038	874,412
1,500,000	North Texas Tollway Authority, System Second Tier Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2031	1,647,780
415,000	Red River, TX HFDC (MRC The Crossings), Retirement Facility Revenue Bonds (Series 2014A), 7.500%, (Original Issue Yield: 7.55%), 11/15/2034	462,156
1,000,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Air Force Village), Retirement Facility Revenue Bonds (Series 2009), 6.375% (United States Treasury PRF 11/15/2019@100)/(Original Issue Yield: 6.50%), 11/15/2044	1,041,120
1,500,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Buckner Senior Living-Ventana Project), Tax-Exempt Mandatory Paydown Securities 80 (Series 2017B-1), 5.625%, 11/15/2024	1,516,965
400,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Buckingham Senior Living Community), Retirement Facilities Revenue Bonds (Series 2015A Fixed Rate Bonds), 5.500%, 11/15/2045	316,000
1,500,000	Texas Municipal Gas Acquisition & Supply Corp. I, Gas Supply Revenue Bonds (Series 2008D), 6.250%, (Bank of America Corp. GTD), 12/15/2026	1,724,340
700,000	Texas State Department of Housing & Community Affairs, Residential Mortgage Revenue Bonds (Series 2009A), 5.300% (GNMA COL), 7/1/2034	700,798
315,000	Travis County, TX Health Facilities Development Corp. (Longhorn Village), First Mortgage Revenue Refunding Bonds (Series 2012A), 7.000% (United States Treasury PRF 1/1/2021@100), 1/1/2032	345,634
3,000,000	University of Texas System (The Board of Regents of), Revenue Financing System Bonds (Series 2017B), 4.000%, 8/15/2044	3,035,700
	<b>TOTAL</b>	<b>29,983,874</b>
	<b>Washington—1.4%</b>	
460,000	Tobacco Settlement Authority, WA, Tobacco Settlement Revenue Refunding Bonds (Series 2013), 5.250%, 6/1/2031	475,534

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Washington—continued</b>	
\$ 675,000	<sup>1</sup> Washington State Housing Finance Commission (Heron’s Key Senior Living), Nonprofit Housing Revenue Bonds (Series 2015A), 6.000%, 7/1/2025	\$ 717,059
500,000	<sup>1</sup> Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	530,300
2,000,000	Washington State, UT GO Motor Vehicle Fuel Tax Bonds (Series 2019B), 5.000%, 6/1/2039	2,274,280
	TOTAL	3,997,173
	<b>Wisconsin—1.4%</b>	
725,000	<sup>1</sup> Public Finance Authority, WI Revenue (Maryland Proton Treatment Center), Senior Revenue Bonds (Series 2018A-1), 6.375% (Original Issue Yield: 6.47%), 1/1/2048	735,527
1,050,000	Wisconsin Health & Educational Facilities Authority (Hospital Sisters Services, Inc.), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/15/2029	1,162,749
2,000,000	Wisconsin State General Fund Appropriation (Wisconsin State), Revenue Bonds (Series 2009A), 6.000% (United States Treasury PRF 5/1/2019@100)/(Original Issue Yield: 6.10%), 5/1/2036	2,034,220
	TOTAL	3,932,496
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$266,972,043)	273,813,294
	<sup>5</sup> SHORT-TERM MUNICIPALS—2.0%	
	<b>New York—1.7%</b>	
800,000	New York City, NY Municipal Water Finance Authority, (Series A-1) Daily VRDNs (Mizuho Bank Ltd. LOC), 1.750%, 12/3/2018	800,000
2,800,000	New York City, NY Municipal Water Finance Authority, Second General Resolution (Fiscal 2009 Series BB-1) Daily VRDNs (Landesbank Hessen-Thuringen LIQ), 1.750%, 12/3/2018	2,800,000
500,000	New York City, NY Municipal Water Finance Authority, Second General Resolution (Fiscal 2011 Series FF-2) Daily VRDNs, (Landesbank Hessen-Thuringen LIQ), 1.770%, 12/3/2018	500,000
300,000	New York City, NY TFA, (Fiscal 2019 Subseries B-4) Daily VRDNs (JPMorgan Chase Bank, N.A. LIQ), 1.760%, 12/3/2018	300,000
300,000	New York State HFA, (2013 Series A) Daily VRDNs (160 Madison Avenue), (Landesbank Hessen-Thuringen LOC), 1.770%, 12/3/2018	300,000
	TOTAL	4,700,000
	<b>Ohio—0.2%</b>	
600,000	Allen County, OH, (Series 2010C) Daily VRDNs (Mercy Health), (MUFG Union Bank, N.A. LOC), 1.710%, 12/3/2018	600,000

Principal Amount	Value
	<sup>5</sup> SHORT-TERM MUNICIPALS—continued
	<b>Texas—0.1%</b>
\$ 300,000	Harris County, TX Education Facilities Finance Corp. (Series 2008C-1), Daily VRDNs (Methodist Hospital, Harris County, TX), 1.790%, 12/3/2018
	\$ 300,000
	TOTAL SHORT-TERM MUNICIPALS (IDENTIFIED COST \$5,600,000)
	5,600,000
	TOTAL INVESTMENT IN SECURITIES—100.0% (IDENTIFIED COST \$272,572,043) <sup>6</sup>
	279,413,294
	OTHER ASSETS AND LIABILITIES—NET <sup>7</sup>
	(131,711)
	LIQUIDATION VALUE OF VARIABLE RATE MUNICIPAL TERM PREFERRED SHARES
	(81,700,000)
	LIQUIDATION VALUE OF AUCTION MARKET PREFERRED SHARES
	(33,050,000)
	TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS
	\$164,531,583

At November 30, 2018, the Fund holds no securities that are subject to the federal alternative minimum tax (AMT) (unaudited).

- 1 Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or availing of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At November 30, 2018, these restricted securities amounted to \$10,520,416, which represented 6.4% of total net assets.
- 2 Security in default.
- 3 Non-income-producing security.
- 4 Principal amount and interest were not paid upon final maturity.
- 5 Current rate and current maturity or next reset date shown for floating rate notes and variable rate notes/demand instruments. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- 6 The cost of investments for federal tax purposes amounts to \$272,165,375.
- 7 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total market value at November 30, 2018.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

As of November 30, 2018, all investments of the Fund utilized Level 2 inputs in valuing the Fund's assets carried at fair value.

The following acronyms are used throughout this portfolio:

AGM —Assured Guaranty Municipal Corp.  
CDA —Community Development Authority  
COL —Collateralized  
EDA —Economic Development Authority  
EDC —Economic Development Corporation  
EDFA —Economic Development Finance Authority  
GNMA —Government National Mortgage Association  
GO —General Obligation  
GTD —Guaranteed  
HEFA —Health and Education Facilities Authority  
HFA —Housing Finance Authority  
HFDC —Health Facility Development Corporation  
IDA —Industrial Development Authority  
IDB —Industrial Development Bond  
INS —Insured  
LIQ —Liquidity Agreement  
LO —Limited Obligation  
LOC —Letter of Credit  
LT —Limited Tax  
PCRBs —Pollution Control Revenue Bonds  
PILOT —Payment in Lieu of Taxes  
PRF —Pre-refunded  
PSFG —Public School Fund Guarantee  
SO —Special Obligation  
TELA —Toll Equity Loan Agreement  
TFA —Transitional Finance Authority  
TOBs —Tender Option Bonds  
UT —Unlimited Tax  
VRDNs —Variable Rate Demand Notes

# Financial Highlights

(For a Common Share Outstanding Throughout Each Period)

Year Ended November 30,	2018	2017	2016	2015	2014
<b>Net Asset Value, Beginning of Period</b>	<b>\$15.04</b>	<b>\$14.55</b>	<b>\$15.26</b>	<b>\$15.37</b>	<b>\$13.95</b>
<b>Income From Investment Operations:</b>					
Net investment income	0.74	0.79 <sup>1</sup>	0.81 <sup>1</sup>	0.87 <sup>1</sup>	0.89 <sup>1</sup>
Net realized and unrealized gain (loss)	(0.73)	0.43	(0.66)	(0.10)	1.43
Distributions to auction market preferred shareholders from net investment income <sup>2</sup>	(0.05)	(0.00) <sup>3</sup>	(0.00) <sup>3</sup>	(0.00) <sup>3</sup>	(0.00) <sup>3</sup>
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>(0.04)</b>	<b>1.22</b>	<b>0.15</b>	<b>0.77</b>	<b>2.32</b>
<b>Less Distributions to Common Shareholders:</b>					
Distributions from net investment income	(0.69)	(0.73)	(0.86)	(0.88)	(0.90)
<b>Net Asset Value, End of Period</b>	<b>\$14.31</b>	<b>\$15.04</b>	<b>\$14.55</b>	<b>\$15.26</b>	<b>\$15.37</b>
<b>Market Price, End of Period</b>	<b>\$12.40</b>	<b>\$14.11</b>	<b>\$14.07</b>	<b>\$14.85</b>	<b>\$14.47</b>
<b>Total Return at Net Asset Value<sup>4</sup></b>	<b>(0.28)%</b>	<b>8.54%</b>	<b>0.73%</b>	<b>5.17%</b>	<b>17.09%</b>
<b>Total Return at Market Price<sup>5</sup></b>	<b>(7.44)%</b>	<b>5.51%</b>	<b>0.17%</b>	<b>8.98%</b>	<b>23.38%</b>

## Ratios to Average Net Assets:

Net expenses	2.54%	1.91%	1.59%	1.44%	1.43%
Net expenses excluding all interest and trust expenses <sup>6</sup>	0.99% <sup>7</sup>	0.99%	0.99%	0.99%	0.99%
Net investment income <sup>8</sup>	5.06%	5.27%	5.45%	5.71%	6.02%
Expense waiver/reimbursement <sup>9</sup>	0.25%	0.30%	0.29%	0.31%	0.36%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$164,532	\$172,968	\$90,046	\$94,408	\$95,072
Portfolio turnover	30%	12%	11%	15%	19%

## Asset Coverage Requirements for Investment Company Act of 1940—Preferred Shares

	Total Amount Outstanding	Asset Coverage Per Share	Minimum Required Asset Coverage Per Share	Involuntary Liquidating Preference Per Share	Average Market Value Per Share <sup>10</sup>
11/30/2018	\$114,750,000	\$60,846	\$50,078	\$25,039	\$25,000
11/30/2017	\$114,750,000	\$62,691	\$50,025	\$25,012	\$25,000
11/30/2016	\$ 53,675,000	\$66,940	\$50,043	\$25,022	\$25,000
11/30/2015	\$ 53,675,000	\$68,972	\$50,028	\$25,014	\$25,000
11/30/2014	\$ 53,675,000	\$69,281	\$50,029	\$25,014	\$25,000

- 1 *Per share numbers have been calculated using the average shares method.*
- 2 *The amounts shown are based on Common Share equivalents.*
- 3 *Represents less than \$0.01.*
- 4 *Total Return at Net Asset Value is the combination of changes in the Common Share net asset value, reinvested dividend income and reinvested capital gains distributions at net asset value, if any, and does not reflect the sales charge, if applicable.*
- 5 *Total Return at Market Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of the reinvestment.*
- 6 *Ratios do not reflect the effect of interest expense on variable rate municipal term preferred shares, dividend payments to preferred shareholders and any associated commission costs, or interest and trust expenses on tender option bond trusts.*
- 7 *The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 0.99% for the year ended November 30, 2018 after taking into account this expense reduction.*
- 8 *Ratios reflect reductions for dividend payments to preferred shareholders.*
- 9 *This expense decrease is reflected in both the net expense and net investment income ratios shown above.*
- 10 *Represents initial public offering price.*

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

November 30, 2018

## Assets:

Investment in securities, at value (identified cost \$272,572,043)	\$279,413,294
Cash	127,453
Income receivable	3,883,301
Receivable for investments sold	155,110
<b>TOTAL ASSETS</b>	<b>283,579,158</b>

## Liabilities:

Payable for investments purchased	\$3,379,457
Income distribution payable—Common Shares	620,826
Interest payable—VMTPS	177,815
Income distribution payable—AMPS	2,266
Payable for investment adviser fee (Note 5)	2,617
Payable for administrative fee (Note 5)	360
Accrued expenses (Note 5)	114,234
<b>TOTAL ACCRUED LIABILITIES</b>	<b>4,297,575</b>

## Other Liabilities:

Variable Rate Municipal Term Preferred Shares (VMTPS) (3,268 shares authorized and issued at \$25,000 per share)	81,700,000
<b>TOTAL LIABILITIES</b>	<b>85,997,575</b>

Auction Market Preferred Shares (AMPS) (1,322 shares authorized and issued at \$25,000 per share)	33,050,000
Net assets applicable to Common Shares	\$164,531,583

## Net Assets Applicable to Common Shares Consists of:

Paid-in capital	\$158,987,927
Total distributable earnings	5,543,656
<b>TOTAL NET ASSETS APPLICABLE TO COMMON SHARES</b>	<b>\$164,531,583</b>

## Net Asset Value, Offering Price and Redemption Proceeds Per Share:

\$164,531,583 ÷ 11,496,776 shares outstanding, (\$0.01 par value, unlimited shares authorized)	\$14.31
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See Notes which are an integral part of the Financial Statements



# Statement of Operations

Year Ended November 30, 2018

## Investment Income:

Interest	\$12,201,495
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## Expenses:

Investment adviser fee (Note 5)	\$1,559,859
Administrative fee (Note 5)	135,674
Custodian fees	8,771
Transfer agent fees	50,385
Directors'/Trustees' fees (Note 5)	8,949
Auditing fees	45,600
Legal fees	12,329
Portfolio accounting fees	111,658
Printing and postage	40,913
Auction agent fees	9,501
Trailer commission fees (Note 7)	16,868
Interest expense—VMTPS (Note 7)	1,939,245
Miscellaneous (Note 5)	125,445
<b>TOTAL EXPENSES</b>	<b>4,065,197</b>

## Waiver and Reduction:

Waiver of investment adviser fee (Note 5)	\$(424,638)
Reduction of custodian fees (Note 6)	(433)
<b>TOTAL WAIVER AND REDUCTION</b>	<b>(425,071)</b>

Net expenses	3,640,126
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Net investment income	8,561,369
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## Realized and Unrealized Gain (Loss) on Investments:

Net realized gain on investments	527,387
Net realized loss on futures contracts	(50,846)
Net change in unrealized appreciation of investments	(8,880,965)
Net realized and unrealized loss on investments	(8,404,424)
Income distributions declared to AMPS	(660,559)
Change in net assets resulting from operations applicable to Common Shares	\$ (503,614)

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

Year Ended November 30	2018	2017
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 8,561,369	\$ 5,015,556
Net realized gain (loss)	476,541	(131,619)
Net change in unrealized appreciation/depreciation	(8,880,965)	2,212,011
Distributions from net investment income—AMPS	(660,559)	(201,430)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	(503,614)	6,894,518
<b>Distributions to Common Shareholders (Note 2):</b>		
Distributions to Common shareholders	(7,932,775)	(4,530,991)
<b>Share Transactions Applicable to Common Shares:</b>		
Proceeds from shares issued in connection with the tax-free transfer of assets from Federated Premier Intermediate Municipal Income Fund	—	80,558,473
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	—	80,558,473
Change in net assets	(8,436,389)	82,922,000
<b>Net Assets:</b>		
Beginning of period	172,967,972	90,045,972
End of period	\$164,531,583	\$172,967,972

See Notes which are an integral part of the Financial Statements

# Statement of Cash Flows

November 30, 2018

## Operating Activities:

Change in net assets resulting from operations	\$ (503,614)
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## Adjustments to Reconcile Change in Net Assets Resulting From Operations to Net Cash Provided By Operating Activities:

Purchase of investment securities	(83,015,384)
Proceeds from sale of investment securities	82,686,944
Net purchases of short-term investment securities	(4,200,000)
Decrease in income receivable	164,043
Increase in receivable for investments sold	(43,889)
Increase in payable for investments purchased	2,880,754
Increase in interest payable—VMTPS	129,668
Decrease in payable for investment adviser fee	(460)
Decrease in payable for administrative fee	(19)
Increase in accrued expenses	20,526
Net amortization of premium	1,358,411
Net derivative activity on futures contracts	(50,846)
Net realized gain on investments	(476,541)
Net change in unrealized appreciation of investments	8,880,965
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,830,558

## Financing Activities:

Income distributions to participants	(7,731,297)
NET CASH USED IN FINANCING ACTIVITIES	(7,731,297)

Net increase in cash	99,261
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## Cash:

Beginning of period	28,192
End of period	\$ 127,453

## Supplemental disclosure of cash flow information:

Cash paid for interest expense during the year ended November 30, 2018, was \$1,809,577.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

November 30, 2018

## 1. ORGANIZATION

Federated Premier Municipal Income Fund (the "Fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, closed-end management investment company. The investment objective of the Fund is to provide current income exempt from federal income tax, including the federal AMT.

On November 17, 2017, the Fund acquired all of the net assets of Federated Premier Intermediate Municipal Income Fund (FPT), a closed-end investment company, in a tax-free reorganization, in exchange for Common Shares of the Fund, pursuant to a plan of reorganization approved by the FPT shareholders. The purpose of the transaction was to combine two portfolios with comparable investment objectives and strategies. For financial reporting purposes, assets received and Common Shares issued by the Fund were recorded at fair value; however, the cost basis of the investments received from FPT was carried forward to align ongoing reporting of the Fund's realized gains and losses with amounts distributable to shareholders for tax purposes.

For every one share of FPT Common Shares exchanged, a shareholder of FPT received 0.95 Common Shares of the Fund.

In addition, in relation to the preferred share leverage maintained by FPT and the Fund, for every one share of FPT's VMTPS and AMPS exchanged, a shareholder received one share of the Fund's VMTPS and AMPS, respectively. The Fund received net assets from FPT as the result of the tax-free reorganization as follows:

<b>Common Shares of the Fund Issued</b>	<b>FPT Net Assets Received</b>	<b>Unrealized Appreciation</b>	<b>Net Assets of the Fund Immediately Prior to Combination</b>	<b>Net Assets of the Fund Immediately After Combination</b>
5,306,897	\$80,558,473	\$7,907,934	\$93,945,238	\$174,503,711

Assuming the acquisition had been completed on December 1, 2016, the beginning of the annual reporting period of the Fund, the Fund's pro forma results of operations for the year ended November 30, 2017, are as follows:

Net investment income*	\$ 8,015,428
Net realized and unrealized gain on investments	\$ 6,718,993
Net increase in net assets resulting from operations	\$14,734,421

\* Net investment income reflects no change in pro forma net expenses.

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amount of earnings of FPT that has been included in the Fund's Statement of Changes in Net Assets for the year ended November 30, 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

## Investment Valuation

In calculating its NAV, the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share.

## Fair Valuation Procedures

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value of securities and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer

both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a “mid” evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Distributions to common shareholders, if any, are recorded on the ex-dividend date and are declared and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. The detail of the total fund expense waiver and reduction of \$425,071 is disclosed in Note 5 and Note 6.

All distributions as indicated on the Statement of Changes in Net Assets for the year ended November 30, 2017 were from net investment income. Undistributed net investment income at November 30, 2017 was \$249,488.

### **Federal Taxes**

It is the Fund’s policy to comply with the Subchapter M provision of the Internal Revenue Code (the “Code”) and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended November 30, 2018, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of November 30, 2018, tax years 2015 through 2018 remain subject to examination by the Fund’s major tax jurisdictions, which include the United States of America and the state of Delaware.

### **When-Issued and Delayed-Delivery Transactions**

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

### **Futures Contracts**

The Fund purchases and sells financial futures contracts to manage duration and yield curve risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit in a segregated account, either U.S. government securities or a specified amount of Restricted cash, which is shown in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a “variation margin” account. Daily, the Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange-traded and the exchange’s clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

At November 30, 2018, the Fund had no outstanding futures contracts.

The average notional value of long futures contracts held by the Fund throughout the period was \$769,231. This is based on amounts held as of each month end throughout the fiscal period.

### Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Trustees.

Additional information on restricted securities held at November 30, 2018, is as follows:

Security	Acquisition Date	Cost	Market Value
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	6/13/2014	\$ 603,623	\$ 636,780
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	7/10/2014	\$ 251,502	\$ 262,903
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2035	8/27/2015	\$1,042,635	\$1,068,010
California Statewide CDA (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/1/2034	11/13/2014	\$1,002,518	\$1,029,830
California Statewide CDA (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.250%, 11/1/2044	11/13/2014	\$ 375,936	\$ 388,451
Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), 8.125% (Original Issue Yield: 8.25%), 5/15/2044	8/11/2017	\$ 876,064	\$ 768,832
Colorado Educational & Cultural Facilities Authority (University Lab School), Charter School Refunding & Improvement Revenue Bonds (Series 2015), 5.000%, 12/15/2035	3/13/2015	\$ 505,885	\$ 516,745
Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), 5.000%, 2/1/2040	1/10/2018	\$ 752,794	\$ 759,600

<b>Security</b>	<b>Acquisition Date</b>	<b>Cost</b>	<b>Market Value</b>
Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), 5.000% (Original Issue Yield: 5.079%), 2/1/2050	5/15/2018	\$ 566,264	\$ 545,644
Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	10/6/2016	\$ 354,016	\$ 341,760
New Hampshire HEFA (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	6/8/2017	\$ 500,000	\$ 519,380
New York Liberty Development Corp., (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	10/29/2014	\$1,000,000	\$1,020,580
Public Finance Authority, WI Revenue (Maryland Proton Treatment Center), Senior Revenue Bonds (Series 2018A-1), 6.375% (Original Issue Yield: 6.47%), 1/1/2048	8/16/2018	\$ 721,515	\$ 735,527
Verrado Community Facilities District No. 1, AZ, District GO Refunding Bonds (Series 2013A), 6.000%, 7/15/2027	7/3/2013	\$ 654,210	\$ 679,015
Washington State Housing Finance Commission (Heron's Key Senior Living), Nonprofit Housing Revenue Bonds (Series 2015A), 6.000%, 7/1/2025	7/22/2015	\$ 678,605	\$ 717,059
Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	12/14/2016	\$ 503,295	\$ 530,300

## Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimated. The Fund applies investment company accounting and reporting guidance.

## 3. COMMON SHARES

The following table summarizes share activity:

<b>Year Ended November 30</b>	<b>2018</b>	<b>2017</b>
Shares issued in connection with the tax-free transfer of assets from Federated Premier Intermediate Municipal Income Fund	—	5,306,897
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	—	5,306,897



#### 4. FEDERAL TAX INFORMATION

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences are due to differing treatments for discount accretion/premium amortization on debt securities and expiration of capital loss carryforwards.

For the year ended November 30, 2018, permanent differences identified and reclassified among the components of net assets were as follows:

	Increase (Decrease)
<b>Paid-In Capital</b>	<b>Total Distributable Earnings (Loss)</b>
\$(84,608)	\$84,608

Net investment income (loss), net realized gains (losses) and net assets were not affected by the reclassification.

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended November 30, 2018 and 2017, was as follows:

	2018	2017
Tax-exempt income	\$10,532,579	\$5,395,773

As of November 30, 2018, the components of distributable earnings on a tax-basis were as follows:

Undistributed tax-exempt income	\$ 47,124
Net unrealized appreciation	\$ 7,247,919
Capital loss carryforward	\$(1,751,387)

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for defaulted securities and discount accretion/premium amortization on debt securities.

At November 30, 2018, the cost of investments for federal tax purposes was \$272,165,375. The net unrealized appreciation of investments for federal tax purposes was \$7,247,919. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$9,321,325 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$2,073,406.

At November 30, 2018, the Fund had capital loss carryforwards of \$1,751,387, which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, a net capital loss incurred in taxable years beginning on or before December 22, 2010, is characterized as short-term and may be carried forward for a maximum of eight tax years ("Carryforward Limit"), whereas a net capital loss incurred in taxable years beginning after December 22, 2010, retains its character as either short-term or long-term, does not expire and is required to be utilized prior to the losses which have a Carryforward Limit.

The following schedule summarizes the Fund's capital loss carryforwards and expiration years:

<b>Expiration Year</b>	<b>Short-Term</b>	<b>Long-Term</b>	<b>Total</b>
No expiration	\$974,192	\$255,047	\$1,229,239
2019	\$522,148	NA	\$ 522,148

Capital loss carryforwards of \$84,608 expired during the year ended November 30, 2018.

## **5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES**

### **Investment Adviser Fee**

The investment management agreement between the Fund and the Adviser provides for an annual management fee, payable daily, at the annual rate of 0.55% of the Fund's managed assets.

Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For year ended November 30, 2018, the Adviser voluntarily waived \$424,638 of its fee.

### **Administrative Fee**

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

<b>Administrative Fee</b>	<b>Average Daily Net Assets of the Investment Complex</b>
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended November 30, 2018, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

Prior to September 1, 2017, the breakpoints of the Administrative Fee paid to FAS, described above, were:

<b>Administrative Fee</b>	<b>Average Daily Net Assets of the Investment Complex</b>
0.150%	on the first \$5 billion
0.125%	on the next \$5 billion
0.100%	on the next \$10 billion
0.075%	on assets in excess of \$20 billion

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

### **Expense Limitation**

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. The total annual fund operating expenses (as shown in the financial highlights, excluding any interest and trust expenses on inverse floater trusts, interest expense on

variable rate municipal term preferred shares (VMTPS) and commission costs on preferred shareholder dividend payments) paid by the Fund will not exceed 0.99%. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements, no assurance can be given that future total annual operating expenses will not be more or less than 0.99%.

### **Interfund Transactions**

During the year ended November 30, 2018, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and amounted to \$49,210,000 and \$38,360,000, respectively.

### **Directors'/Trustees' and Miscellaneous Fees**

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statements of Assets and Liabilities and Statements of Operations, respectively.

## **6. EXPENSE REDUCTION**

Through arrangements with the Fund's custodian, net credits realized as a result of uninvested cash balances were used to reduce custody expenses. For year ended November 30, 2018, the Fund's expenses were reduced by \$433 under these arrangements.

## **7. PREFERRED SHARES**

### **Auction Market Preferred Shares**

As a result of the reorganization of FPT into the Fund on November 17, 2017, the Fund acquired an additional 596 AMPS at \$25,000 per share, or \$14,900,000. As of November 30, 2018, the Fund had outstanding 1,322 AMPS. The AMPS are redeemable at the option of the Fund at the redemption price of \$25,000 per share plus an amount equal to accumulated, but unpaid dividends thereon through the redemption date.

Distributions to AMPS are recorded daily and paid weekly at a rate set through auction procedures or under the Fund's Statement of Preferences. Consistent with the patterns in the broader auction-rate securities market, the Fund's AMPS auctions continue to be unsuccessful in clearing due to an imbalance of sell orders over bids to buy the AMPS. As a result, the dividend rate of the AMPS remains at the maximum applicable rate. The dividend rate paid to AMPS by the Fund at November 30, 2018, was 2.558%. While repeated unsuccessful auctions have affected the liquidity for the AMPS, they do not constitute a default or alter the credit quality. The auction agent, currently Deutsche Bank Trust Company Americas, will pay each Broker-Dealer trailer commissions after each auction, from funds provided by the Fund. The trailer commissions paid by the Fund for the year ended November 30, 2018, amounted to \$16,868.

### **Variable Rate Municipal Term Preferred Shares**

As a result of the reorganization of FPT into the Fund on November 17, 2017, the Fund acquired an additional 1,847 VMTPS at \$25,000 per share, or \$46,175,000. As of November 30, 2018, the Fund had outstanding 3,268 VMTPS.

The Fund's VMTPS are a floating-rate form of preferred shares with a mandatory term redemption date of December 19, 2019, as extended, and dividends (which are treated as interest payments for financial reporting purposes) that reset weekly to a fixed spread of 1.00% against the Securities Industry and Financial Markets Association Municipal Swap Index.

In the Fund's Statement of Assets and Liabilities, the aggregate liquidation value of the VMTPS is shown as a liability since the shares have a stated mandatory redemption date. VMTPS represent preferred shares and rank on parity with the AMPS. VMTPS are senior in priority to the Fund's outstanding common shares as to payment of dividends. The average liquidation value outstanding and average annualized dividend rate of VMTPS for the Fund during the year ended November 30, 2018, were \$81,700,000 and 2.37%, respectively. Dividends paid to VMTPS are treated as interest expense and recorded as incurred. For the year ended November 30, 2018, interest expense on VMTPS amounted to \$1,939,245.

Whenever preferred shares (including AMPS and VMTPS) are outstanding, common shareholders will not be entitled to receive any distributions from the Fund unless all accrued dividends on the preferred shares have been paid, the Fund satisfies the 200% asset coverage requirement after giving effect to the distribution, and certain other requirements imposed by any nationally recognized statistical ratings organizations rating the preferred shares have been met. At November 30, 2018, there were no such restrictions on the Fund.

## **8. INVESTMENT TRANSACTIONS**

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended November 30, 2018, were as follows:

Purchases	\$83,015,384
Sales	\$82,686,959

## **9. FEDERAL TAX INFORMATION (UNAUDITED)**

For the fiscal year ended November 30, 2018, 100% of distributions from net investment income is exempt from federal income tax.

# Report of Independent Registered Public Accounting Firm

## **TO THE BOARD OF TRUSTEES AND SHAREHOLDERS OF FEDERATED PREMIER MUNICIPAL INCOME FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Federated Premier Municipal Income Fund (the “Fund”) including the portfolio of investments, as of November 30, 2018, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at November 30, 2018, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst + Young LLP*

We have served as the auditor of one or more Federated investment companies since 1979.

Boston, Massachusetts  
January 23, 2019

# Last Meeting of Shareholders (unaudited)

## FEDERATED PREMIER MUNICIPAL INCOME FUND

An Annual Meeting of Fund shareholders (Common Shares and Preferred Shares) was held on September 14, 2018. On June 29, 2018, the record date for shareholders voting at the meeting, there were 11,501,366 total outstanding shares. The following item was considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

### ELECTION OF THREE CLASS III TRUSTEES - COMMON SHARES AND PREFERRED SHARES:

1. Charles F. Mansfield, Jr.

<b>For</b>	<b>Withheld Authority to Vote</b>
10,518,515	250,864

2. John B. Fisher

<b>For</b>	<b>Withheld Authority to Vote</b>
10,563,022	206,357

3. G. Thomas Hough

<b>For</b>	<b>Withheld Authority to Vote</b>
10,548,074	221,305

An Annual Meeting of Fund shareholders (Preferred Shares) was held on September 14, 2018. On June 29, 2018, the record date for shareholders voting at the meeting, there were 4,590 total outstanding shares. The following item was considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

### ELECTION OF TWO TRUSTEES - PREFERRED SHARES ONLY:

1. John T. Collins

<b>For</b>	<b>Withheld Authority to Vote</b>
3,407	0

2. John S. Walsh

<b>For</b>	<b>Withheld Authority to Vote</b>
3,406	0

The following Trustees of the Fund continued their terms as Trustees of the Fund: J. Christopher Donahue, Maureen Lally-Green, Thomas M. O’Neill and P. Jerome Richey.



## In Memoriam

With profound sadness, Federated announces the passing of Richard B. (“Dick”) Fisher. He will be greatly missed.

### **RICHARD B. FISHER**

(Former Officer of the Federated Funds, Chairman of Federated Securities Corp., and Vice Chairman of Federated Investors, Inc.)

Dick Fisher, along with John F. (“Jack”) Donahue and Thomas J. Donnelly, Esq., co-founded Federated in 1955 and served as a leader, particularly for Federated’s sales division, and an officer of the Federated Funds. Mr. Fisher was a family man of deep faith, with exemplary character, prodigious generosity, immeasurable devotion, undeniable charm and a good sense of humor. He served his religion, family, community, and the Federated Funds and Federated, as well as their shareholders, officers and employees, with distinction. His integrity, intelligence, and keen sense of duty to shareholders, coupled with his faith and devotion to family, allowed him to become the consummate gentleman and salesman par excellence who will be greatly missed. Among his many achievements, Mr. Fisher led the sales strategy and execution for Federated’s Fund for U.S. Government Securities, the first fund to invest exclusively in government bonds, and spearheaded the campaign for sales of Federated’s Government Income Securities Fund, the first of what would become Federated’s Fortress family of funds. Federated expresses deep gratitude to Mr. Fisher for his inspiring leadership, distinguished service and contributions as a husband, father, co-founder, officer, colleague and friend.

## Board of Trustees and Fund Officers

The Board is responsible for managing the Funds' business affairs and for exercising all the Funds' powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Funds. Where required, the tables separately list Trustees who are "interested persons" of the Funds (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2018, the Federated Fund Family consisted of 40 investment companies (comprising 102 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Fund Family.

### INTERESTED TRUSTEES BACKGROUND

Name Birth Date Positions Held with Funds Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)	Year of Term Expiration
<b>J. Christopher Donahue*+</b> Birth Date: April 11, 1949 PRESIDENT AND TRUSTEE Began serving: December 2002	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of the Funds in the Federated Fund Family; President, Chief Executive Officer and Director, Federated Investors, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.</p> <p><b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd.; Chairman, Passport Research, Ltd.</p>	2020

Name		Year of Term Expiration
Birth Date		
Positions Held with Funds	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)	
Date Service Began		
<b>John B. Fisher*</b>		2021
Birth Date: May 16, 1956	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of certain of the Funds in the Federated Fund Family; Vice President, Federated Investors, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Fund Complex and Director, Federated Investors Trust Company.	
TRUSTEE		
Began serving: May 2016	<b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Investors, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.	

\* *Reasons for “interested” status: J. Christopher Donahue and John B. Fisher are “interested” due to their beneficial ownership of shares of Federated Investors, Inc. and due to positions they hold with Federated and its subsidiaries.*

## INDEPENDENT TRUSTEES BACKGROUND

Name		Year of Term Expiration
Birth Date		
Address	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications	
Positions Held with Funds		
Date Service Began		
<b>John T. Collins+***++</b>		2019
Birth Date: January 24, 1947	<b>Principal Occupations:</b> Director or Trustee of the Federated Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).	
TRUSTEE		
Began serving: January 2014	<b>Other Directorships Held:</b> Director, Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).	
	<b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).	

Name	Birth Date	Address	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications	Year of Term Expiration
<b>G. Thomas Hough**++</b> Birth Date: February 28, 1955 TRUSTEE Began serving: January 2016	<b>Principal Occupations:</b> Director or Trustee of the Federated Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).	2021	<b>Other Directorships Held:</b> Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.; Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverly Furniture Companies, Inc.	<b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst & Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama and is on the Business School Board of Visitors for Wake Forest University. Mr. Hough previously served as an Executive Committee member of the United States Golf Association.
<b>Maureen Lally-Green**++</b> Birth Date: July 5, 1949 TRUSTEE Began serving: August 2009	<b>Principal Occupations:</b> Director or Trustee of the Federated Fund Family; Dean of the Duquesne University School of Law; Professor and Adjunct Professor of Law, Duquesne University School of Law; formerly, Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.	2019	<b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).	<b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career and currently serves as the Dean of the School of Law of Duquesne University. Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); and Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.

Name	Birth Date	Address Positions Held with Funds Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications	Year of Term Expiration
<b>Charles F. Mansfield, Jr.++</b>	Birth Date: April 10, 1945	TRUSTEE Began serving: December 2002	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Fund Family; Management Consultant and Author.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p>	2021
<b>Thomas M. O'Neill++**</b>	Birth Date: June 14, 1951	TRUSTEE Began serving: August 2006	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>	2019
<b>P. Jerome Richey++</b>	Birth Date: February 23, 1949	TRUSTEE Began serving: January 2014	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p>	2020

<b>Name</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>	<b>Year of Term Expiration</b>
<b>John S. Walsh+ ++</b> Birth Date: November 28, 1957 TRUSTEE Began serving: December 2002	<b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.  <b>Other Directorships Held:</b> None.  <b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).	2019

+ Member of Executive Committee

\*\* Member of Audit Committee

++ Member of Nominating Committee

## OFFICERS

<b>Name</b>	<b>Principal Occupation(s) for Past Five Years and Previous Position(s)</b>
<b>Lori A. Hensler</b> Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<b>Principal Occupations:</b> Principal Financial Officer and Treasurer of the Federated Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp. and Edgewood Services, Inc.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.  <b>Previous Positions:</b> Controller of Federated Investors, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

Name	Birth Date	Positions Held with Funds Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
<b>Peter J. Germain</b>	Birth Date: September 3, 1959	CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p><b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Investors, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated in 1984 and is a member of the Pennsylvania Bar Association.</p> <p><b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Investors, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Investors, Inc.</p>
<b>Stephen Van Meter</b>	Birth Date: June 5, 1975	CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p><b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Fund Family; Vice President and Chief Compliance Officer of Federated Investors, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.</p> <p><b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Investors, Inc. Prior to joining Federated, Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.</p>
<b>Robert J. Ostrowski</b>	Birth Date: April 26, 1963	SENIOR VICE PRESIDENT AND CHIEF INVESTMENT OFFICER Officer since: February 2010	<p><b>Principal Occupations:</b> Robert J. Ostrowski joined Federated in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated's taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.</p>

# Evaluation and Approval of Advisory Contract – May 2018

## **FEDERATED PREMIER MUNICIPAL INCOME FUND (THE “FUND”)**

At its meetings in May 2018, the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the Fund’s investment advisory contract for an additional one-year term. The Board’s decision regarding the contract reflects the exercise of its business judgment after considering all of the information received on whether to continue the existing arrangements.

The Board had previously appointed a Senior Officer, whose duties included specified responsibilities relating to the process by which advisory fees are to be charged to a fund advised by Federated Investment Management Company (the “Adviser”) or its affiliates (collectively, “Federated”) (each, a “Federated fund”). The Senior Officer’s responsibilities included preparing and furnishing to the Board an annual independent written evaluation that covered topics discussed below. In December 2017, the Senior Officer position was eliminated. Notwithstanding the elimination of the Senior Officer position, at the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the CCO) furnished to the Board in advance of its May 2018 meetings an independent written evaluation covering substantially the same topics that had been covered in the Senior Officer’s written evaluation in prior years. The Board considered the CCO’s independent written evaluation (“the CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in deciding to approve the continuation of the investment advisory contract. Consistent with the former Senior Officer position, the CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in making its decision. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser’s cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize “economies of scale” as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any “fall-out” financial benefits that accrue to an adviser because of its relationship with a fund (including



research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the Adviser or its affiliates for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission (SEC) disclosure requirements regarding the basis for the Board's approval of the Fund's investment advisory contract generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Fund's investment advisory contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated on matters relating to the Federated funds. The Independent Trustees were assisted in their deliberations by independent legal counsel.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board received detailed information about the Fund and the Federated organization throughout the year, and in connection with its May meetings at which the Board's formal approval of the advisory and subadvisory contracts occurred. In this regard, Federated provided much of this information at each regular meeting of the Board, and furnished additional information specifically in connection with the May meetings. In the months preceding the May meetings, the Board requested and reviewed written materials prepared by Federated in response to requests on behalf of the Independent Trustees encompassing a wide variety of topics. At the May meetings, in addition to meeting in separate sessions of the Independent Trustees without management present, senior management of the Adviser also met with the Independent Trustees and their counsel to discuss the materials presented and such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the advisory and subadvisory contracts. Between regularly scheduled meetings, the Board also received information on particular matters as the need arose.

The Board's consideration of the investment advisory contract included review of the CCO Fee Evaluation Report, accompanying data and additional information covering the following matters among others: the Adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, as well as in terms relative to its particular investment program and certain competitor or "peer group" funds and/or other benchmarks, as appropriate), and comments on the

reasons for performance; the Fund's investment objectives; the Fund's expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to similar and/or competing funds), with due regard for contractual or voluntary expense limitations; the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring the Fund; the continuing state of competition in the fund industry and market practices; the range of comparable fees for similar funds in the fund industry; the Fund's relationship to the Federated funds which include a comprehensive array of funds with different investment objectives, policies and strategies; compliance and audit reports concerning the Federated funds and the Federated companies that service them (including communications from regulatory agencies), as well as Federated's responses to any issues raised therein; and relevant developments in the fund industry and how the Federated funds and/or Federated are responding to them. The Board's evaluation process is evolutionary. The criteria considered and the emphasis placed on relevant criteria change in recognition of changing circumstances in the fund marketplace.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated using data supplied by independent fund ranking organizations (the "Peer Group"). The Board received a description of the composition and methodology used to select the Peer Group. The Board focused on comparisons with other similar funds more heavily than non-fund products or services because it is believed that they are more relevant. For example, other closed-end funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles. Also, they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the relevant Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

For comparison, the CCO reviewed the fees charged by Federated for providing advisory services to products other than the Federated funds (e.g., institutional and separate accounts and third-party unaffiliated mutual funds for which Federated services as sub-adviser) (referenced to as "Comparable Funds/Accounts"). With respect to Comparable Funds/Accounts other than third-party mutual funds, the CCO concluded that they are inherently different products. Those differences include, but are not limited to, different types of targeted investors; different applicable laws and regulations; different legal structures; different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; and the time spent by portfolio managers and their teams, as well as personnel in the Funds Financial Services, Legal, Compliance and Risk Management departments, in reviewing securities pricing, addressing different administrative responsibilities, addressing different degrees of risk associated with management and a variety of different costs. The CCO also reviewed the differences in the nature of the services required for Federated to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, and that Federated generally performs significant additional services and assumes substantially greater risk in managing the Fund and other Federated funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The CCO did not consider the fees for providing advisory services to Comparable Funds/Accounts to be determinative in judging the appropriateness of the Federated funds' advisory fees.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Fund's investment advisory contract.

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience, track record, overall reputation and willingness to invest in personnel and infrastructure that benefit the Fund. In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources provided to the Fund by the Adviser, including the Adviser's commitment to respond to rulemaking initiatives of the SEC. The Fund's ability to deliver

competitive performance when compared to its Peer Group was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this plan was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management services warrant the continuation of the investment advisory contract.

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board considered detailed investment reports on the Fund's performance that were provided to the Board throughout the year and in connection with the May meetings. The CCO also reviewed information regarding the performance of other funds in the Peer Group, noting the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases individual funds may exhibit significant and unique differences in their objectives and management techniques when compared to other funds within a Peer Group. The Board received and considered information regarding the Fund's discount to net asset value per share ("NAV"), including comparative data for appropriate peer fund groups.

For the one-year, three-year and five-year periods covered by the CCO Fee Evaluation Report, the Fund's performance was above the median of the relevant Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Fund's investment advisory contracts.

The Board also received financial information about Federated, including information regarding the compensation and ancillary (or "fall-out") benefits Federated derived from its relationships with the Federated funds. This information covered not only the fees under the investment advisory contracts, but also fees received by Federated's subsidiaries for providing other services to the Federated funds under separate contracts (e.g., for serving as the Federated funds' administrator and distributor). In this regard, the Board considered that certain Federated subsidiaries provide distribution and shareholder services to the Federated funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The information also detailed any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated fund trades. In addition, the Board considered the fact that, in order for a Federated fund to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated fund investors and/or indicated to the Board their intention to do so in the future. Moreover,

the Board receives regular reporting as to the institution, adjustment or elimination of these voluntary waivers. The Board considered Federated's previous reductions in contractual management fees to certain Federated funds in response to the CCO's recommendations.

Federated furnished information, requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO. The CCO noted that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, since a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated fund and may produce unintended consequences. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board.

The Board and the CCO also reviewed information compiled by Federated comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. In this regard, the CCO concluded that Federated's profit margins did not appear to be excessive. The CCO also noted that Federated appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Fund.

The Board also considered whether the Funds might benefit from "economies of scale". The Board noted that, a "closed-end fund," the Fund has made an offering of a fixed number of common shares and (other than the issuance of preferred shares contemplated at the time of the Fund's initial public offering) have not made and do not expect to make additional offerings to raise more assets. As a result, the Fund is unlikely to grow materially in size. The Board noted that as a consequence, there does not appear to be any meaningful "economies of scale" to be realized from internal growth. Accordingly, the Board concluded that this was not a particularly relevant consideration in its overall evaluation.

The CCO stated that his observations and information accompanying the CCO Fee Evaluation Report supported a finding by the Board that the management fee for the Fund was reasonable. Under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Fund's investment advisory contract. The CCO also recognized that the Board's evaluation of the Federated funds' advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated funds.

In its decision to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the investment advisory contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the investment advisory contract was appropriate.

The Board based its decision to approve the investment advisory contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were relevant, the Board's decision to approve the continuation of the contracts reflects its view that Federated's performance and actions provided a satisfactory basis to support the decision to continue the existing arrangement.

## Dividend Reinvestment Plan

The following description of the Fund's Dividend Reinvestment Plan (the "Plan") is furnished to you annually as required by federal securities laws.

Unless the registered owner of the Fund's common shares elects to receive cash by contacting Computershare Trust Co., N.A. (the "Plan Administrator"), all dividends declared on common shares of the Fund will be automatically reinvested by the Plan Administrator, as agent for shareholders in the Plan, in additional common shares of the Fund. Common shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash. You may elect not to participate in the Plan and to receive all dividends in cash by contacting the Plan Administrator at the address set forth below if your Shares are registered in your name, or by contacting your bank, broker, or other nominee if your Shares are held in street or other nominee name. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice to the Plan Administrator. Such notice will be effective for a dividend if received and processed by the Plan Administrator prior to the dividend record date; otherwise the notice will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may reinvest that cash in additional common shares of the Fund for you. If you wish for all dividends declared on your common shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each common shareholder under the Plan in the same name in which the shareholder's common shares are registered. Whenever the Fund declares a dividend or other distribution payable in cash (together, a "dividend"), non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either: (1) through receipt from the Fund of additional authorized but unissued common shares ("newly issued common shares"); or (2) by purchase of outstanding common shares on the open market ("open-market purchases") on the New York Stock Exchange or elsewhere. If, on the payment date for a dividend, the closing market price plus estimated brokerage commissions per common share is equal to or greater than the net asset value (NAV) per common share, the Plan Administrator will invest the dividend amount on behalf of the participants in newly issued common shares. The number of newly issued common shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV per common share on the payment date; provided that, if the NAV is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the dividend will be divided by 95% of the closing market price per common share on the payment date. If, on the payment date for any dividend,

the NAV per common share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the dividend amount in common shares acquired on behalf of the participants in open-market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Administrator will have until the last business day before the next date on which the common shares trade on an “ex-dividend” basis or 30 days after the payment date for such dividend, whichever is sooner (the “last purchase date”), to invest the dividend amount in common shares acquired in open-market purchases. It is contemplated that the Fund will pay monthly income dividends. Therefore, the period during which open-market purchases can be made will exist only from the payment date of each dividend through the day before the next “ex-dividend” date, which will be approximately ten days. If, before the Plan Administrator has completed its open-market purchases, the market price per common share exceeds the NAV per common share, the average per share purchase price paid by the Plan Administrator may exceed the NAV of the common shares, resulting in the acquisition of fewer common shares than if the dividend had been paid in newly issued common shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Administrator is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making open-market purchases and may invest the uninvested portion of the dividend amount in newly issued common shares at the NAV per common share at the close of business on the last purchase date; provided that, if the NAV is less than or equal to 95% of the then current market price per common share, the dollar amount of the dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders’ accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of record shareholders such as banks, brokers, or nominees which hold common shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of common shares certified from time to time by the record holder as held for the account of beneficial owners who participate in the Plan.



There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with open-market purchases. The automatic reinvestment of dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Participants that request a sale of shares through the Plan Administrator are subject to a \$15.00 sales fee and a \$0.12 per share sold brokerage commission.

The Fund reserves the right to amend or terminate its Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend its Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, Computershare Trust Company, N.A., P.O. Box 43011, Providence, RI 02940-3011 or by telephone at (800) 730-6001.

The address of the principal office of the Fund is 4000 Ericsson Drive, Warrendale, PA 15086-7561.

The Fund's transfer agent is Computershare Trust Company, N.A., 250 Royall Street, Canton, MA 02021.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [www.FederatedInvestors.com/FundInformation](http://www.FederatedInvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## Quarterly Portfolio Schedule

The Fund files with the SEC a complete schedule of its portfolio holdings, as of the close of the first and third quarters of its fiscal year, on "Form N-Q." These filings are available on the SEC's website at [www.sec.gov](http://www.sec.gov). You may also access this information via the link to the Fund and share class name at [www.FederatedInvestors.com/FundInformation](http://www.FederatedInvestors.com/FundInformation).

## Source of Distributions – Notice

Under the federal securities laws, the Fund is required to provide a notice to shareholders regarding the source of distributions made by the Fund if such distributions are from sources other than ordinary investment income. In addition, important information regarding the Fund's distributions, if applicable, is available via the link to the Fund and share class name at [www.FederatedInvestors.com/FundInformation](http://www.FederatedInvestors.com/FundInformation).

## Certification Disclosure

The Fund's reports on Form N-CSR and Form N-Q filed with the SEC during the past fiscal year, including the annual report for the year ended November 30, 2017, have contained the certifications of the Fund's Chief Executive Officer and Chief Financial Officer regarding the quality of the Fund's public disclosure required by Section 302 of the Sarbanes-Oxley Act.

### **IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-730-6001 or email [CEinfo@federatedinvestors.com](mailto:CEinfo@federatedinvestors.com).

# Notes

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*Closed-end funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in closed-end funds involves investment risk, including the possible loss of principal.*

This Overview and Report is for shareholder information. This is not a Prospectus intended for use in the sale of Fund Shares. Statements and other information contained in this Overview and Report are as dated and subject to change.



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Contact us at **FederatedInvestors.com**  
or call 1-800-341-7400.

*CUSIP 31423P108*

*CUSIP 31423P207*

*CUSIP 31423P405*

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