

# Portfolio Manager Review and Semi-Annual Shareholder Report

May 31, 2019

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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 Semi-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 6-month reporting period from December 1, 2018 through May 31, 2019.

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. Designed as a valuable component of a tax-advantaged portfolio for income-oriented, long-term investors, FMN also 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  
July 17, 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 Company



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

## Portfolio Manager Review

### **How would you describe the investment environment for municipal bonds during the Fund's 6-month reporting period?**

Municipal bond and U.S. Treasury yields<sup>1</sup> declined during the 6-month reporting period as global economic momentum faded, U.S.–China trade negotiations failed to reach an agreement and the Federal Reserve's ("Fed") monetary tightening likely concluded in December 2018 – with growing prospects for easier monetary policy in the future. The yield on 2-, 10- and 30-year Treasury securities declined 86, 86 and 72 basis points, respectively. Yields on 2-, 10- and 30-year AAA tax-exempt municipal bonds, as measured by Municipal Market Data (MMD),<sup>2</sup> declined 60, 86 and 90 basis points, respectively. Strong demand for municipal bonds from individual investors in the wake of the implementation of the 2017 tax bill resulted in heavy net inflows to open-end municipal bond funds, driving the larger decline in long-term municipal yields relative to Treasuries during the period.

- 1 *Bond prices are sensitive to a change in interest rates and a rise in interest rates can cause a decline in their prices.*
- 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.*

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## What were the key drivers of fund performance during the 6-month reporting period?

FMN's total return at net asset value (NAV) outperformed the S&P Municipal Bond Index<sup>3</sup> over the reporting period. FMN's return at NAV was 8.23%, exceeding the return on the index of 5.68%. The effect of fund leverage – which amplified the increase in fund NAV as market interest rates declined – accounted for much of the outperformance.

**Duration<sup>4</sup> and yield-curve<sup>5</sup> positioning:** Duration and yield-curve positioning detracted from relative performance to the index. The fund maintained a short duration relative to the index as municipal yields fell. Large exposure to bonds with shorter-calls, which have less responsiveness to falling long-term yields, and ample exposure in short-term securities diminished the fund's benefit from the flattening of the municipal yield curve.

**Credit quality:** Mid- and lower-quality bonds – those rated A, BBB and below-investment-grade<sup>6</sup> – outperformed higher-quality securities for the period. FMN held overweight allocations to mid- and low-quality securities and underweight allocations to high-quality (AAA- and AA-rated) securities, significantly contributing to favorable relative performance.

**Sector:** The allocation of holdings across municipal credit sectors had a modest negative effect on relative performance. Underweight exposure to Housing Revenue bonds and overweight exposure to Education Revenue bonds contributed positively to relative performance. In contrast, overweight exposure to the lowest-quality Tobacco Settlement and to Industrial Revenue bonds detracted from relative performance.

**Security selection:** Security selection contributed modestly to relative performance as gross returns compared to the index exceeded that which could be explained by duration, yield curve, credit quality or sector positioning.

- 3 *The 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 agency 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.*
- 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.*
- 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.*

## How did the fund perform during the 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 at FederatedInvestors.com.

### Performance at NAV

For the Period Ended May 31, 2019:

(6-month returns cumulative, all others annualized)	Total Returns				Current Yield <sup>8</sup>
	6 Months	1 Year	5 Year	10 Year	
FMN	8.23%	7.22%	5.43%	8.49%	4.28%
Lipper General Municipal Debt Funds <sup>9</sup> (Leveraged)	8.00%	7.33%	5.37%	7.86%	4.53%

### Performance at Market Price

For the Period Ended May 31, 2019:

(6-month returns cumulative, all others annualized)	Total Returns				Dividend Yield <sup>10</sup>
	6 Months	1 Year	5 Year	10 Year	
FMN	13.28%	7.47%	3.47%	6.67%	4.73%
Lipper General Municipal Debt Funds <sup>9</sup> (Leveraged)	12.62%	10.15%	5.62%	8.08%	4.81%

**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.**

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

8 Current yield at NAV is an annualized number, calculated by multiplying a 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 are not adjusted to reflect any sales charges.

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

## 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 at market price. Below is the premium/discount of Market Price to NAV for the fund and the median of its peers on the following dates:

Premium(+)/Discount(-)	5/31/2019	11/30/2018	5/31/2018
FMN	-9.5%	-13.3%	-9.3%
Lipper General Municipal Debt Funds <sup>9</sup> (Leveraged)-Median	-7.5%	-11.2%	-8.9%

## Dividend Adjustments

The monthly dividend to common shareholders of FMN held steady at \$0.054 per share during the period. Dividends reflect the level of fund income net of expenses and leverage financing costs. Leverage financing costs rose somewhat as the Fed raised short-term interest rates early in the period. In addition, a fund maintains undistributed net investment income that may rise or fall depending upon whether distributions to common shareholders are less or greater than its current net income after expenses and financing costs. At May 31, 2019, the undistributed net investment income as determined in accordance with U.S. generally accepted accounting principles was \$23,078 or \$0.002 per share, down from \$0.004 per share at November 30, 2018.

## Preferred Shares and Fund Leverage

FMN maintained two sources of leverage, namely Variable Rate Municipal Term Preferred Shares (VMTPS) and Auction Market Preferred Shares (AMPS). 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>11</sup> AMPS dividend rates reset weekly and are linked to the 30-day AA-rated financial commercial paper rate published by the Fed. 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.

<sup>11</sup> *The SIFMA Municipal Swap Index is a seven-day, high-grade market index produced by MMD and comprised of tax-exempt, variable-rate demand obligations (VRDO) 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 MAY 31, 2019

#### Total Returns

(Inception 12/20/2002)	Market Price	NAV
6 Months (cumulative)	13.28%	8.23%
1 Year	7.47%	7.22%
5 Year	3.47%	5.43%
10 Year	6.67%	8.49%

#### Portfolio Statistics

Market Price	\$13.71
NAV	\$15.15
Dividend Yield <sup>1</sup>	4.73%
Taxable Equivalent Dividend Yield <sup>2</sup>	7.51%
Premium/Discount to NAV	9.5% discount
Common Share Assets	\$174.1 million
Preferred Share Assets	\$114.8 million
Total Portfolio Assets	\$288.9 million
Weighted Average Effective Maturity	6.2 years
Weighted Average Effective Duration of Gross Assets <sup>3</sup>	6.0 years
Total Number of Securities	235

#### Top Six Sectors

Hospital	11.3%
Dedicated Tax	11.1%
Senior Care	8.6%
Refunded	8.2%
Tobacco	6.1%
Other Utility	6.1%

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

AAA	6.4%
AA	23.2%
A	33.6%
BBB	18.9%
BB	2.3%
B & Below	1.5%
Not Rated	14.1%

#### 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 – May 2019	\$0.054/month

- <sup>1</sup> Dividend Yield at Market Price is an annualized number, calculated by multiplying a fund's most recent monthly dividend per share by 12 and then dividing by the month-end market price per share.
- <sup>2</sup> 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 is used when calculating the taxable equivalent dividend yield. The federal maximum tax rate was 39.6% through year-end 2017, but was lowered to 37% starting in calendar 2018 following passage of the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017.
- <sup>3</sup> 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.
- <sup>4</sup> 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 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 a fund.

Performance and composition information is updated monthly on [FederatedInvestors.com](http://FederatedInvestors.com).

Past performance is no guarantee of future results. Investment return, price, yield and NAV will fluctuate.



**Semi-Annual Shareholder Report**

*May 31, 2019*

Federated Premier  
Municipal Income Fund

*Fund Established 2002*

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# Portfolio of Investments Summary Table (unaudited)

At May 31, 2019, the Fund's sector composition<sup>1</sup> was as follows:

<b>Sector Composition</b>	<b>Percentage of Total Investments</b>
Hospital	11.3%
Dedicated Tax	11.1%
Senior Care	8.6%
Pre-refunded	8.2%
Other Utility	6.1%
Tobacco	6.1%
State Go	5.7%
Toll Road	5.6%
Higher Education	5.5%
Airport	4.9%
Other <sup>2</sup>	26.9%
<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 73.1% of the Fund's investments. Remaining sectors have been aggregated under the designation "Other."*

# Portfolio of Investments

May 31, 2019 (unaudited)

Principal Amount		Value
	MUNICIPAL BONDS—99.6%	
	<b>Alabama—1.1%</b>	
\$1,145,000	Alabama State Port Authority, Docks Facilities Revenue Bonds (Series 2010), (Original Issue Yield: 6.250%), (United States Treasury PRF 10/1/2020@100), 6.000%, 10/1/2040	\$ 1,214,032
415,000	Selma, AL IDB (International Paper Co.), Gulf Opportunity Zone Bonds (Series 2010A), 5.800%, 5/1/2034	429,716
1,000,000	Selma, AL IDB (International Paper Co.), Revenue Bonds (Series 2011A), 5.375%, 12/1/2035	1,082,780
330,000	<sup>1</sup> Tuscaloosa County, AL IDA (Hunt Refining Co.), Gulf Opportunity Zone Refunding Bonds (Series 2019A), 5.250%, 5/1/2044	362,581
	TOTAL	3,089,109
	<b>Arizona—2.1%</b>	
500,000	Arizona State Industrial Development Authority Education Revenue (Basis Schools, Inc. Obligated Group), Education Revenue Bonds (Series 2017F), (School District Credit Program GTD), 5.000%, 7/1/2052	562,820
335,000	<sup>1</sup> Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	361,448
2,000,000	Phoenix, AZ IDA (GreatHearts Academies), Education Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	2,173,220
1,690,000	Pima County, AZ IDA (Tucson Electric Power Co.), PCR Bonds (Series 2009A), 4.950%, 10/1/2020	1,759,357
290,000	Tempe, AZ IDA (Mirabella at ASU), Revenue Bonds (Series 2017A), 6.125%, 10/1/2052	323,678
640,000	<sup>1</sup> Verrado Community Facilities District No. 1, AZ, District GO Refunding Bonds (Series 2013A), 6.000%, 7/15/2027	689,338
	TOTAL	5,869,861
	<b>California—10.1%</b>	
1,115,000	Bay Area Toll Authority, CA, San Francisco Bay Area Subordinate Toll Bridge Revenue Bonds (Series 2010 S-2), (United States Treasury PRF 10/1/2020@100), 5.000%, 10/1/2024	1,170,360
1,000,000	California Educational Facilities Authority (Stanford University), Revenue Bonds, 5.250%, 4/1/2040	1,440,730
1,500,000	California Health Facilities Financing Authority (Dignity Health (Catholic Healthcare West)), Revenue Bonds (Series 2011A), 5.250%, 3/1/2027	1,593,195
3,000,000	California Health Facilities Financing Authority (Stanford Health Care), Revenue Refunding Bonds (Series 2017A), 4.000%, 11/15/2040	3,289,980
600,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	666,402

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>California—continued</b>	
\$ 250,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	\$ 275,173
1,000,000	<sup>1</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2035	1,128,600
1,000,000	California State, Various Purpose UT GO Bonds, 5.000%, 9/1/2030	1,077,730
1,000,000	<sup>1</sup> California Statewide Communities Development Authority (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/1/2034	1,096,520
375,000	<sup>1</sup> California Statewide Communities Development Authority (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.250%, 11/1/2044	410,355
1,110,000	Chula Vista, CA Municipal Finance Authority, Special Tax Revenue Refunding Bonds (Series 2013), 5.500%, 9/1/2028	1,276,622
1,000,000	Foothill/Eastern Transportation Corridor Agency, CA, Toll Road Refunding Revenue Bonds (Series 2013A), (Original Issue Yield: 6.050%), 5.750%, 1/15/2046	1,158,440
1,000,000	Foothill/Eastern Transportation Corridor Agency, CA, Toll Road Refunding Revenue Bonds (Series 2013B-1) TOBs, 5.500%, Mandatory Tender 1/15/2023	1,117,160
165,000	Irvine, CA (Irvine, CA Reassessment District No. 13-1), Limited Obligation Improvement Bonds, 5.000%, 9/2/2028	186,496
1,500,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009A), (Citigroup, Inc. GTD), 7.000%, 11/1/2034	2,241,345
1,385,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009A), (Original Issue Yield: 6.375%), (Citigroup, Inc. GTD), 6.125%, 11/1/2029	1,755,584
1,500,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009B), (Original Issue Yield: 6.700%), (Citigroup, Inc. GTD), 6.500%, 11/1/2039	2,250,915
575,000	San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds, 5.000%, 5/1/2021	595,257
425,000	San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds, (United States Treasury PRF 5/1/2020@100), 5.000%, 5/1/2021	439,305
2,000,000	San Jose, CA Airport, Airport Revenue Bonds (Series 2011A-2), (Original Issue Yield: 5.050%), 5.000%, 3/1/2031	2,117,840
1,740,000	University of California (The Regents of), Limited Project Revenue Bonds (Series 2012G), 5.000%, 5/15/2031	1,914,905
1,440,000	University of California (The Regents of), Limited Project Revenue Bonds (Series 2012G), (United States Treasury PRF 5/15/2022@100), 5.000%, 5/15/2031	1,596,658
	<b>TOTAL</b>	<b>28,799,572</b>

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Colorado—4.9%</b>	
\$ 820,000	Castle Oaks, CO Metropolitan District No. 3, LT GO Completion Bonds (Series 2016), (United States Treasury PRF 12/1/2020@103), 5.500%, 12/1/2045	\$ 891,750
1,500,000	Centerra Metropolitan District No. 1, CO, Special Revenue Refunding and Improvement Bonds (Series 2017), 5.000%, 12/1/2029	1,614,765
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	536,200
2,000,000	Colorado Health Facilities Authority (Catholic Health Initiatives), Revenue Bonds (Series 2011A), 5.250%, 2/1/2031	2,114,860
1,000,000	Colorado Health Facilities Authority (Covenant Retirement Communities, Inc.), Revenue Refunding Bonds (Series 2012A), 5.000%, 12/1/2027	1,094,220
1,250,000	Colorado Health Facilities Authority (Sisters of Charity of Leavenworth Health System), Revenue Bonds (Series 2013A), (Original Issue Yield: 5.120%), 5.000%, 1/1/2044	1,377,675
1,000,000	E-470 Public Highway Authority, CO, Revenue Bonds (Series 2010C), (Original Issue Yield: 5.400%), 5.375%, 9/1/2026	1,041,760
500,000	Leyden Rock Metropolitan District No. 10, CO, LT GO Refunding & Improvement Bonds (Series 2016A), 4.000%, 12/1/2025	507,550
2,480,000	Public Authority for Colorado Energy, Natural Gas Purchase Revenue Bonds (Series 2008), (Original Issue Yield: 6.630%), (Bank of America Corp. GTD), 6.250%, 11/15/2028	3,170,705
459,000	Tallyn's Reach Metropolitan District No. 3, CO, LT GO Refunding & Improvement Bonds (Series 2013), 5.000%, 12/1/2033	486,994
1,000,000	University of Colorado (The Regents of), University Enterprise Revenue Bonds (Series 2013A), (United States Treasury PRF 6/1/2023@100), 5.000%, 6/1/2037	1,138,450
	<b>TOTAL</b>	<b>13,974,929</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	2,099,296
	<b>Delaware—0.3%</b>	
715,000	Delaware Economic Development Authority (Delmarva Power and Light Co.), Gas Facilities Refunding Bonds, 5.400%, 2/1/2031	743,793
	<b>District of Columbia—0.7%</b>	
250,000	District of Columbia (KIPP DC), Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 6.000%, 7/1/2033	294,633
225,000	District of Columbia (KIPP DC), Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 6.000%, 7/1/2048	265,169
500,000	District of Columbia Revenue (Friendship Public Charter School, Inc.), Revenue Bonds (Series 2016A), 5.000%, 6/1/2041	558,215

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>District of Columbia—continued</b>	
\$ 900,000	District of Columbia Tobacco Settlement Financing Corp., Asset Backed Revenue Bonds, (Original Issue Yield: 6.670%), 6.500%, 5/15/2033	\$ 1,002,663
	TOTAL	2,120,680
	<b>Florida—3.6%</b>	
1,000,000	Atlantic Beach, FL Health Care Facilities (Fleet Landing Project, FL), Revenue & Refunding Bonds (Series 2013A), 5.000%, 11/15/2028	1,107,100
800,000	<sup>1</sup> Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), (Original Issue Yield: 8.250%), 8.125%, 5/15/2044	796,160
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	2,231,180
900,000	Harbor Bay, FL Community Development District, Special Assessment Revenue Bonds, 6.750%, 5/1/2034	903,870
2,000,000	Miami-Dade County, FL Transit System, Sales Surtax Revenue Bonds (Series 2012), 5.000%, 7/1/2042	2,172,880
500,000	Midtown Miami, FL Community Development District, Special Assessment & Revenue Refunding Bonds (Series 2014A), 5.000%, 5/1/2029	528,280
165,000	Palm Beach County, FL Health Facilities Authority (Sinai Residences of Boca Raton), Revenue Bonds (Series 2014A), 7.250%, 6/1/2034	185,656
1,000,000	South Lake County, FL Hospital District (South Lake Hospital, Inc.), Revenue Bonds (Series 2009A), (Original Issue Yield: 6.050%), 6.000%, 4/1/2029	1,002,670
10,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 1), 6.650%, 5/1/2040	10,010
665,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-1), (Step Coupon 11/1/21@6.61%)/(Original Issue Yield: 6.930%), 0.000%, 5/1/2040	551,312
415,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-2), (Step Coupon 11/1/24@6.61%)/(Original Issue Yield: 6.752%), 0.000%, 5/1/2040	283,408
450,000	<sup>2,3</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2015-3), 6.610%, 5/1/2040	4
160,000	<sup>2,3</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 3), 6.650%, 5/1/2040	2
210,000	<sup>2,3,4</sup> Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 3), 6.375%, 5/1/2017	2
305,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series A-3), (Original Issue Yield: 6.610%), 6.610%, 5/1/2040	305,155

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Florida—continued</b>	
\$ 155,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series A-4), (Step Coupon 5/1/22@6.61%)/(Original Issue Yield: 6.610%), 0.000%, 5/1/2040	\$ 130,479
	TOTAL	10,208,168
	<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	1,070,660
1,000,000	Atlanta, GA Airport Passenger Facilities Charge Revenue, Subordinate Lien General Revenue Bonds (Series 2010B), 5.000%, 1/1/2020	1,020,650
1,000,000	Atlanta, GA Development Authority Senior Health Care Facilities (Georgia Proton Treatment Center), Revenue Bonds (Series 2017A-1), (Original Issue Yield: 7.100%), 6.750%, 1/1/2035	1,067,950
415,000	Atlanta, GA Development Authority Senior Health Care Facilities (Georgia Proton Treatment Center), Revenue Bonds (Series 2017A-1), (Original Issue Yield: 7.250%), 7.000%, 1/1/2040	444,498
1,500,000	Atlanta, GA Water & Wastewater, Revenue Bonds (Series 2009A), 6.000%, 11/1/2019	1,528,335
1,500,000	Atlanta, GA Water & Wastewater, Revenue Bonds (Series 2009A), (Original Issue Yield: 6.140%), (United States Treasury PRF 11/1/2019@100), 6.000%, 11/1/2024	1,527,900
1,250,000	Fulton County, GA Residential Care Facilities (Lenbrook Square Foundation, Inc.), Retirement Facility Refunding Revenue Bonds (Series 2016), 5.000%, 7/1/2031	1,380,338
	TOTAL	8,040,331
	<b>Hawaii—0.3%</b>	
750,000	Hawaii State Department of Budget & Finance (Hawaiian Electric Co., Inc.), Special Purpose Revenue Bonds (Series 2009), 6.500%, 7/1/2039	753,105
	<b>Idaho—0.7%</b>	
1,750,000	Idaho Health Facilities Authority (Terraces of Boise), Revenue Bonds (Series 2013A), (Original Issue Yield: 7.500%), 7.375%, 10/1/2029	1,933,435
	<b>Illinois—10.0%</b>	
250,000	Chicago, IL Board of Education, UT GO Dedicated Revenue Bonds (Series 2017H), 5.000%, 12/1/2036	274,933
1,015,000	Chicago, IL Board of Education, UT GO Dedicated Revenue Refunding Bonds (Series 2012A), 5.000%, 12/1/2042	1,057,803
3,000,000	Chicago, IL Midway Airport, Second Lien Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2035	3,357,390
2,000,000	Chicago, IL O'Hare International Airport, General Airport Senior Lien Revenue Refunding Bonds (Series 2018B), 5.000%, 1/1/2053	2,366,300
625,000	Chicago, IL O'Hare International Airport, General Airport Third Lien Revenue Bonds (Series 2011C), (United States Treasury PRF 1/1/2021@100), 6.500%, 1/1/2041	674,475



Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Illinois—continued</b>	
\$ 300,000	Chicago, IL Special Assessment (Lakeshore East Project), Improvement Bonds (Series 2002), (Original Issue Yield: 6.637%), 6.625%, 12/1/2022	\$ 300,642
1,000,000	Chicago, IL Special Assessment (Lakeshore East Project), Improvement Revenue Bonds, (Original Issue Yield: 6.769%), 6.750%, 12/1/2032	1,005,360
1,000,000	Chicago, IL Water Revenue, Second Lien Water Revenue Refunding Bonds (Series 2017-2), (Assured Guaranty Municipal Corp. INS), 5.000%, 11/1/2036	1,158,450
1,000,000	Chicago, IL, UT GO Refunding Bonds (Series 2019A), 5.000%, 1/1/2044	1,090,500
420,000	DuPage County, IL (Naperville Campus LLC), Special Tax Bonds (Series 2006), 5.625%, 3/1/2036	420,756
2,000,000	Illinois Finance Authority (Admiral at the Lake), Revenue Refunding Bonds (Series 2017), (Original Issue Yield: 5.500%), 5.250%, 5/15/2054	2,054,840
1,250,000	Illinois State Toll Highway Authority, Toll Highway Senior Refunding Revenue Bonds (Series 2010 A-1), 5.000%, 1/1/2031	1,272,613
3,000,000	Illinois State, UT GO Bonds (Series 2017D), 5.000%, 11/1/2026	3,436,650
1,000,000	Illinois State, UT GO Bonds (Series 2018A), 5.000%, 5/1/2042	1,101,810
1,000,000	Illinois State, UT GO Bonds (Series 2018A), 5.250%, 5/1/2022	1,086,640
295,000	Illinois State, UT GO Bonds (Series 2018B), 5.000%, 5/1/2028	341,737
1,000,000	Illinois State, UT GO Bonds (Series June 2013), (Original Issue Yield: 5.650%), 5.500%, 7/1/2038	1,087,140
2,255,000	Illinois State, UT GO Refunding Bonds (Series May 2012), 5.000%, 8/1/2025	2,413,977
755,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2010A), 5.500%, 6/15/2050	770,462
245,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2010A), (United States Treasury PRF 6/15/2020@100), 5.500%, 6/15/2050	255,008
1,600,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2017A), 5.000%, 6/15/2057	1,737,536
1,250,000	Sales Tax Securitization Corp., IL, Sales Tax Securitization Bonds (Series 2018A), 5.000%, 1/1/2048	1,396,250
	<b>TOTAL</b>	<b>28,661,272</b>
	<b>Indiana—3.0%</b>	
500,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), 5.250%, 1/1/2038	564,245
930,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 5.250%, 1/1/2030	1,070,532
250,000	Indiana Municipal Power Agency, Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2042	294,920

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Indiana—continued</b>	
\$1,500,000	Indiana State Finance Authority Wastewater Utilities (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2011A), 5.250%, 10/1/2031	\$ 1,618,605
2,000,000	Indiana State Finance Authority Wastewater Utilities (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2014A), 5.000%, 10/1/2032	2,303,900
2,500,000	Whiting, IN Environmental Facilities (BP PLC), Revenue Bonds (Series 2009), 5.250%, 1/1/2021	2,631,300
	TOTAL	8,483,502
	<b>Iowa—0.5%</b>	
400,000	Iowa Finance Authority (Iowa Fertilizer Co. LLC), Midwestern Disaster Area Revenue Bonds (Series 2019), 3.125%, 12/1/2022	404,628
565,000	Xenia Rural Water District, Water Revenue Refunding Capital Loan Notes (Series 2016), 5.000%, 12/1/2024	644,377
300,000	Xenia Rural Water District, Water Revenue Refunding Capital Loan Notes (Series 2016), 5.000%, 12/1/2036	339,567
	TOTAL	1,388,572
	<b>Kansas—0.8%</b>	
2,000,000	Wyandotte County, KS Unified Government Utility System, Improvement & Refunding Revenue Bonds (Series 2014-A), 5.000%, 9/1/2044	2,239,760
	<b>Kentucky—0.8%</b>	
1,000,000	Kentucky Economic Development Finance Authority (Miralea), Revenue Bonds (Series 2016A), 5.000%, 5/15/2031	1,080,250
1,000,000	Kentucky Public Transportation Infrastructure Authority, First Tier Toll Revenue Bonds (Series 2013), (Original Issue Yield: 5.950%), 5.750%, 7/1/2049	1,097,070
	TOTAL	2,177,320
	<b>Louisiana—0.9%</b>	
1,000,000	Louisiana State Citizens Property Insurance Corp., Refunding Revenue Bonds (Series 2012), (United States Treasury PRF 6/1/2022@100), 5.000%, 6/1/2024	1,103,260
1,500,000	St. Charles Parish, LA Gulf Opportunity Zone (Valero Energy Corp.), Revenue Bonds (Series 2010) TOBs, 4.000%, Mandatory Tender 6/1/2022	1,583,115
	TOTAL	2,686,375
	<b>Maine—0.5%</b>	
665,000	Maine Health & Higher Educational Facilities Authority (MaineGeneral Medical Center), Revenue Bonds (Series 2011), 7.500%, 7/1/2032	736,248
600,000	Maine Health & Higher Educational Facilities Authority (MaineGeneral Medical Center), Revenue Bonds (Series 2011), (Original Issue Yield: 7.000%), 6.750%, 7/1/2041	649,278
	TOTAL	1,385,526

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Maryland—0.6%</b>	
\$ 320,000	Baltimore, MD Special Obligation (East Baltimore Research Park), Special Obligation Revenue Refunding Bonds (Series 2017A), 5.000%, 9/1/2038	\$ 346,701
200,000	Maryland State Economic Development Corp. (Ports America Chesapeake, Inc.), Revenue Bonds (Series A), (Original Issue Yield: 5.250%), (United States Treasury COL), 5.125%, 6/1/2020	205,826
690,000	Maryland State Economic Development Corp. (Ports America Chesapeake, Inc.), Revenue Bonds (Series B), (Original Issue Yield: 5.875%), (United States Treasury PRF 6/1/2020@100), 5.750%, 6/1/2035	719,173
400,000	Westminster, MD (Lutheran Village at Miller's Grant, Inc.), Revenue Bonds (Series 2014A), 6.000%, 7/1/2034	430,128
	TOTAL	1,701,828
	<b>Massachusetts—2.1%</b>	
2,000,000	Massachusetts Department of Transportation, Metropolitan Highway System Revenue Bonds (Series 2010B), 5.000%, 1/1/2024	2,040,480
2,000,000	Massachusetts Development Finance Agency (Harvard University), Revenue Refunding Bonds (Series 2016A), 5.000%, 7/15/2040	2,778,040
1,030,000	Massachusetts HEFA (Northeastern University), Revenue Bonds (Series 2010A), 5.000%, 10/1/2023	1,075,948
	TOTAL	5,894,468
	<b>Michigan—3.9%</b>	
500,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority Sewage Disposal System), Local Government Loan Program Revenue Bonds (Series 2015C-1), 5.000%, 7/1/2035	573,755
750,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority Sewage Disposal System), Senior Lien Revenue Bonds (Series 2014 C-3), (Assured Guaranty Municipal Corp. INS), 5.000%, 7/1/2032	858,495
600,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority Water Supply System), Senior Lien Revenue Bonds (Series 2014 D-1), (Assured Guaranty Municipal Corp. INS), 5.000%, 7/1/2037	675,138
1,750,000	Michigan State Finance Authority Revenue (Public Lighting Authority), Local Government Loan Program Revenue Bonds (Series 2014B), 5.000%, 7/1/2039	1,914,115
300,000	Michigan State Hospital Finance Authority (Henry Ford Health System, MI), Hospital Revenue Refunding Bonds (Series 2016), 5.000%, 11/15/2041	346,446
1,000,000	Michigan State Hospital Finance Authority (Henry Ford Health System, MI), Refunding Revenue Bonds, (Original Issue Yield: 6.000%), (United States Treasury PRF 11/15/2019@100), 5.750%, 11/15/2039	1,019,040
3,705,000	Royal Oak, MI Hospital Finance Authority (Beaumont Health Credit Group), Refunding Revenue Bonds (Series 2014D), 5.000%, 9/1/2033	4,143,264

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Michigan—continued</b>	
\$1,490,000	Wayne County, MI Airport Authority, Revenue Bonds (Series 2012A), 5.000%, 12/1/2037	\$ 1,639,507
	TOTAL	11,169,760
	<b>Minnesota—0.2%</b>	
400,000	Western Minnesota Municipal Power Agency, MN, Power Supply Revenue Bonds (Series 2014A), 5.000%, 1/1/2040	450,348
	<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	341,076
	<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	804,960
550,000	<sup>1</sup> Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), (Original Issue Yield: 5.079%), 5.000%, 2/1/2050	580,800
	TOTAL	1,385,760
	<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	372,173
	<b>Nebraska—2.0%</b>	
2,000,000	Central Plains Energy Project, NE, Gas Project Revenue Bonds (Project No. 3) (Series 2012), (Original Issue Yield: 5.050%), (Goldman Sachs Group, Inc. GTD), 5.000%, 9/1/2042	2,169,000
2,000,000	Central Plains Energy Project, NE, Gas Project Revenue Bonds (Project No. 3) (Series 2017A), (Goldman Sachs Group, Inc. GTD), 5.000%, 9/1/2042	2,608,640
1,000,000	Nebraska Public Power District, General Revenue Bonds (Series 2014A), 5.000%, 1/1/2039	1,073,150
	TOTAL	5,850,790
	<b>New Hampshire—0.2%</b>	
500,000	<sup>1</sup> New Hampshire Health and Education Facilities Authority (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	539,170
	<b>New Jersey—5.3%</b>	
2,500,000	New Jersey EDA (New Jersey State), School Facilities Construction Bonds (Series 2014UU), 5.000%, 6/15/2034	2,734,325
1,500,000	New Jersey EDA (New Jersey State), School Facilities Construction Refunding Bonds (Series 2014PP), 5.000%, 6/15/2031	1,650,855
600,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2011A), 6.000%, 6/15/2035	643,470

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New Jersey—continued</b>	
\$1,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2018A), 5.000%, 12/15/2034	\$ 1,161,760
1,500,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2022@100), 5.000%, 1/1/2032	1,661,475
2,600,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2018A), 5.000%, 6/1/2036	3,024,970
1,000,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2018A), 5.000%, 6/1/2046	1,118,130
3,000,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Subordinate Refunding Bonds (Series 2018B), 5.000%, 6/1/2046	3,203,670
	<b>TOTAL</b>	<b>15,198,655</b>
	<b>New Mexico—0.3%</b>	
650,000	New Mexico State Hospital Equipment Loan Council (Presbyterian Healthcare Services), Hospital System Revenue Bonds (Series 2017A), 5.000%, 8/1/2046	759,473
	<b>New York—7.9%</b>	
1,000,000	Brooklyn Arena Local Development Corporation, NY, PILOT Revenue Bonds (Series 2009), (Original Issue Yield: 6.476%), (United States Treasury PRF 1/15/2020@100), 6.375%, 7/15/2043	1,031,290
1,000,000	Erie County, NY IDA (Buffalo, NY City School District), School Facility Refunding Revenue Bonds (Series 2011B), 5.000%, 5/1/2020	1,034,770
1,000,000	Erie County, NY IDA (Buffalo, NY City School District), School Facility Revenue Bonds (Series 2011A), 5.250%, 5/1/2027	1,069,920
570,000	Hudson Yards Infrastructure Corp. NY, Hudson Yards Senior Revenue Bonds (Series 2012A), (United States Treasury PRF 2/15/2021@100), 5.750%, 2/15/2047	612,328
430,000	Hudson Yards Infrastructure Corp. NY, Hudson Yards Senior Revenue Bonds (Series 2012A), 5.750%, 2/15/2047	459,029
900,000	New York City, NY Transitional Finance Authority, Future Tax Secured Subordinate Revenue Bonds (Series 2014A-1), 5.000%, 8/1/2036	1,034,847
2,000,000	New York City, NY, UT GO Bonds (Fiscal 2014 Subseries D-1), 5.000%, 8/1/2030	2,263,000
250,000	New York City, NY, UT GO Bonds (Series 2014G), 5.000%, 8/1/2030	286,555
1,000,000	<sup>1</sup> New York Liberty Development Corporation (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	1,092,440
1,000,000	New York Liberty Development Corporation (4 World Trade Center), Liberty Revenue Bonds (Series 2011), 5.000%, 11/15/2031	1,082,530
2,000,000	New York Liberty Development Corporation (4 World Trade Center), Liberty Revenue Bonds (Series 2011), 5.750%, 11/15/2051	2,197,180

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New York—continued</b>	
\$2,000,000	New York Liberty Development Corporation (7 World Trade Center LLC), Revenue Refunding Bonds (Series 2012 Class 1), 5.000%, 9/15/2028	\$ 2,192,860
1,030,000	New York Liberty Development Corporation (7 World Trade Center LLC), Revenue Refunding Bonds (Series 2012 Class 2), 5.000%, 9/15/2043	1,113,039
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	1,803,285
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	2,432,160
1,750,000	New York State Dormitory Authority (New York University), Revenue Bonds (Series 2019A), 5.000%, 7/1/2049	2,144,433
750,000	New York State Thruway Authority (New York State Thruway Authority—General Revenue), General Revenue Bonds (Series 2012I), 5.000%, 1/1/2037	808,275
	<b>TOTAL</b>	<b>22,657,941</b>
	<b>North Carolina—1.0%</b>	
2,385,000	Charlotte-Mecklenburg Hospital Authority, NC (Atrium Health (previously Carolinas HealthCare) System), Health Care Revenue & Refunding Revenue Bonds (Series 2012A), 5.000%, 1/15/2043	2,556,434
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	397,605
	<b>TOTAL</b>	<b>2,954,039</b>
	<b>Ohio—5.8%</b>	
500,000	American Municipal Power-Ohio, Inc. (American Municipal Power, Prairie State Energy Campus Project), Refunding Revenue Bonds (Series 2015A), 5.000%, 2/15/2042	557,490
1,500,000	American Municipal Power-Ohio, Inc. (American Municipal Power, Prairie State Energy Campus Project), Refunding Revenue Bonds (Series 2015A), 5.250%, 2/15/2033	1,629,525
1,100,000	Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Bonds (Series 2007A-2), (Original Issue Yield: 6.070%), 5.875%, 6/1/2047	1,057,298
2,500,000	Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Bonds (Series A-2), 6.500%, 6/1/2047	2,499,950
2,135,000	Franklin County, OH Hospital Facility Authority (Nationwide Children's Hospital), Hospital Improvement Revenue Bonds (Series 2009), 5.000%, 11/1/2019	2,166,513
1,310,000	Hamilton County, OH (Life Enriching Communities), Healthcare Improvement and Refunding Revenue Bonds (Series 2017A), 5.000%, 1/1/2047	1,440,646

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Ohio—continued</b>	
\$ 945,000	Lucas County, OH (ProMedica Healthcare Obligated Group), Revenue Bonds (Series 2011A), (Original Issue Yield: 6.220%), (United States Treasury PRF 11/15/2021@100), 6.000%, 11/15/2041	\$ 1,046,795
1,440,000	Muskingum County, OH (Genesis Healthcare Corp.), Hospital Facilities Revenue Bonds (Series 2013), 5.000%, 2/15/2027	1,551,312
1,500,000	Ohio State Turnpike & Infrastructure Commission, Turnpike Junior Lien Revenue Bonds (Series 2013A-1), 5.250%, 2/15/2029	1,686,345
800,000	Ohio State Turnpike & Infrastructure Commission, Turnpike Junior Lien Revenue Bonds (Series 2013A-1), 5.250%, 2/15/2030	897,856
1,000,000	University of Cincinnati, OH, General Receipts Bonds (Series 2013C), 5.000%, 6/1/2033	1,126,230
750,000	University of Cincinnati, OH, General Receipts Bonds (Series 2013C), 5.000%, 6/1/2039	837,495
	TOTAL	16,497,455
	<b>Oklahoma—0.5%</b>	
325,000	Oklahoma Development Finance Authority (OU Medicine), Hospital Revenue Bonds (Series 2018B), 5.500%, 8/15/2052	381,826
1,000,000	Oklahoma Development Finance Authority (OU Medicine), Hospital Revenue Bonds (Series 2018B), 5.500%, 8/15/2057	1,167,930
	TOTAL	1,549,756
	<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	304,772
	<b>Pennsylvania—4.0%</b>	
2,000,000	Allentown, PA Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (Series 2012A), 5.000%, 5/1/2026	2,138,440
1,000,000	Allentown, PA Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (Series 2012A), 5.000%, 5/1/2042	1,045,040
1,000,000	Commonwealth Financing Authority of PA (Commonwealth of Pennsylvania), Tobacco Master Settlement Payment Revenue Bonds (Series 2018), 5.000%, 6/1/2034	1,197,730
1,265,000	Cumberland County, PA Municipal Authority (Asbury Pennsylvania Obligated Group), Refunding Revenue Bonds (Series 2012), 5.250%, 1/1/2032	1,318,067
1,255,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2023	1,363,821
450,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2038	489,037
1,000,000	Delaware County, PA Authority (Villanova University), Revenue Bonds (Series 2015), 5.000%, 8/1/2040	1,150,710
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2015B), 5.000%, 12/1/2045	1,146,710

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$1,000,000	Pennsylvania State Turnpike Commission, Turnpike Subordinate Revenue Bonds (Series 2009D), (United States Treasury PRF 12/1/2019@100), 5.500%, 12/1/2041	\$ 1,019,970
555,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Temple University Health System Obligated Group), Hospital Revenue Bonds (Series 2012A), (Original Issue Yield: 5.875%), 5.625%, 7/1/2042	599,805
	TOTAL	11,469,330
	<b>Puerto Rico—1.0%</b>	
2,850,000	Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A), (Original Issue Yield: 5.154%), 5.000%, 7/1/2058	2,833,043
	<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	3,145,380
	<b>South Carolina—1.6%</b>	
2,000,000	Piedmont Municipal Power Agency, SC, Electric Refunding Revenue Bonds (Series 2010A-3), 5.000%, 1/1/2024	2,097,480
2,250,000	South Carolina Jobs-EDA (Prisma Health Obligated Group), Hospital Revenue Bonds (Series 2018A), 5.000%, 5/1/2048	2,604,892
	TOTAL	4,702,372
	<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	1,657,350
	<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	623,352
1,750,000	Johnson City, TN Health & Education Facilities Board (Mountain States Health Alliance), Hospital Revenue Bonds (Series 2010), (Original Issue Yield: 6.070%), (United States Treasury PRF 7/1/2020@100), 6.000%, 7/1/2038	1,833,842
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	2,142,380
1,500,000	Tennessee Energy Acquisition Corp., Gas Revenue Bonds (Series 2006A), (Goldman Sachs Group, Inc. GTD), 5.250%, 9/1/2021	1,600,785
	TOTAL	6,200,359
	<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	2,967,413
1,050,000	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds (Series 2011), (Original Issue Yield: 6.300%), (United States Treasury PRF 1/1/2021@100), 6.250%, 1/1/2046	1,126,650



Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Texas—continued</b>	
\$ 270,000	Clifton Higher Education Finance Corporation, TX (Idea Public Schools ), 6.000%, 8/15/2033	\$ 308,739
1,000,000	Clifton Higher Education Finance Corporation, TX (Idea Public Schools ), Education Revenue Bonds (Series 2012), 5.000%, 8/15/2032	1,071,110
2,240,000	Dallas, TX Area Rapid Transit, Senior Lien Sales Tax Revenue Refunding Bonds (Series 2016B), 4.000%, 12/1/2036	2,463,485
1,500,000	Dallas-Fort Worth, TX International Airport, Joint Revenue Improvement Bonds (Series 2013B), 5.000%, 11/1/2030	1,651,260
1,000,000	Decatur, TX Hospital Authority (Wise Regional Health System), Hospital Revenue Bonds (Series 2014A), (Original Issue Yield: 5.050%), 5.000%, 9/1/2034	1,099,900
750,000	Decatur, TX Hospital Authority (Wise Regional Health System), Hospital Revenue Bonds (Series 2014A), (Original Issue Yield: 5.300%), 5.250%, 9/1/2044	818,625
835,000	Grand Parkway Transportation Corp., TX, Subordinate Tier Toll Revenue Bonds (Series 2013B TELA Supported), 5.250%, 10/1/2051	936,828
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	1,089,700
200,000	Houston, TX Higher Education Finance Corp. (Cosmos Foundation, Inc.), Education Revenue Bonds (Series 2011A), (United States Treasury PRF 5/15/2021@100), 6.875%, 5/15/2041	219,900
500,000	Houston, TX Higher Education Finance Corp. (Cosmos Foundation, Inc.), Education Revenue Bonds (Series 2012A), 5.000%, 2/15/2032	527,405
1,525,000	Houston, TX Higher Education Finance Corp. (Harmony Public Schools), Education Revenue & Refunding Bonds (Series 2014A), (Texas Permanent School Fund Guarantee Program GTD), 5.000%, 2/15/2033	1,709,891
175,000	New Hope Cultural Education Facilities Finance Corporation (MRC Crestview), Retirement Facility Revenue Bonds (Series 2016), 5.000%, 11/15/2036	188,363
685,000	North Texas Tollway Authority, First Tier Revenue Refunding Bonds (Series 2015B), 5.000%, 1/1/2045	773,406
835,000	North Texas Tollway Authority, System First Tier Revenue Refunding Bonds (Series 2011B), (Original Issue Yield: 5.120%), 5.000%, 1/1/2038	874,913
1,500,000	North Texas Tollway Authority, System Second Tier Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2031	1,696,905
415,000	Red River, TX HFDC (MRC The Crossings), Retirement Facility Revenue Bonds (Series 2014A), (Original Issue Yield: 7.550%), 7.500%, 11/15/2034	481,271
2,000,000	Spring, TX Independent School District, Unlimited Tax School Building Bonds (Series 2019), (Texas Permanent School Fund Guarantee Program GTD), 4.000%, 8/15/2043	2,209,960

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Texas—continued</b>	
\$1,000,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Air Force Village), Retirement Facility Revenue Bonds (Series 2009), (Original Issue Yield: 6.500%), (United States Treasury PRF 11/15/2019@100), 6.375%, 11/15/2044	\$ 1,021,590
400,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Buckingham Senior Living Community), Retirement Facility Revenue Bonds (Series 2015A Fixed Rate Bonds), 5.500%, 11/15/2045	280,000
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	1,514,370
1,395,000	Texas Municipal Gas Acquisition & Supply Corp. I, Gas Supply Revenue Bonds (Series 2008D), (Original Issue Yield: 6.650%), (Bank of America Corp. GTD), 6.250%, 12/15/2026	1,634,968
235,000	Texas State Transportation Commission (State Highway 249 System), First Tier Toll Revenue Bonds (Series 2019A), 5.000%, 8/1/2057	270,718
315,000	Travis County, TX Health Facilities Development Corp. (Longhorn Village), First Mortgage Revenue Refunding Bonds (Series 2012A), (Original Issue Yield: 7.150%), (United States Treasury PRF 1/1/2021@100), 7.000%, 1/1/2032	341,397
3,000,000	University of Texas System (The Board of Regents of), Revenue Financing System Bonds (Series 2017B), 4.000%, 8/15/2044	3,293,880
	TOTAL	30,572,647
	<b>Washington—2.9%</b>	
460,000	Tobacco Settlement Authority, WA, Tobacco Settlement Revenue Refunding Bonds (Series 2013), 5.250%, 6/1/2031	473,593
2,615,000	Washington State Convention Center Public Facilities District, Revenue Bonds (Series 2018), 5.000%, 7/1/2058	3,020,952
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	745,234
500,000	<sup>1</sup> Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	555,620
1,000,000	<sup>1</sup> Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2051	1,079,120
2,000,000	Washington State, UT GO Motor Vehicle Fuel Tax Bonds (Series 2019B), 5.000%, 6/1/2039	2,423,460
	TOTAL	8,297,979
	<b>Wisconsin—1.1%</b>	
725,000	<sup>1</sup> Public Finance Authority, WI Revenue (Maryland Proton Treatment Center), Senior Revenue Bonds (Series 2018A-1), (Original Issue Yield: 6.470%), 6.375%, 1/1/2048	774,228

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Wisconsin—continued</b>	
\$1,050,000	Wisconsin Health & Educational Facilities Authority (Hospital Sisters Services, Inc.), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/15/2029	\$ 1,206,093
1,000,000	Wisconsin State, UT GO Bonds (Series 2018A), 4.000%, 5/1/2034	1,113,180
	TOTAL	3,093,501
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$268,161,559)	284,254,031
	<sup>5</sup> SHORT-TERM MUNICIPALS—0.4%	
	<b>Alabama—0.3%</b>	
1,025,000	Wilsonville, AL IDB (Alabama Power Co.), (Series D) (Gaston Plant) Daily VRDNs, 2.250%, 6/3/2019	1,025,000
	<b>Iowa—0.1%</b>	
200,000	Iowa Finance Authority—Health Facilities (UnityPoint Health), (Series 2013B-2) Daily VRDNs, (MUFG Union Bank, N.A. LOC), 2.430%, 6/3/2019	200,000
	TOTAL SHORT-TERM MUNICIPALS (IDENTIFIED COST \$1,225,000)	1,225,000
	TOTAL INVESTMENT IN SECURITIES—100.0% (IDENTIFIED COST \$269,386,559) <sup>6</sup>	285,479,031
	OTHER ASSETS AND LIABILITIES— NET <sup>7</sup>	3,400,171
	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	\$174,129,202

At May 31, 2019, the Fund holds no securities that are subject to the federal alternative minimum tax (AMT).

- 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 May 31, 2019, these restricted securities amounted to \$12,494,349, which represented 7.2% 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 \$268,852,463.*
- 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 May 31, 2019.

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 May 31, 2019, 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:

COL	—Collateralized
EDA	—Economic Development Authority
GO	—General Obligation
GTD	—Guaranteed
HEFA	—Health and Education Facilities Authority
HFDC	—Health Facility Development Corporation
IDA	—Industrial Development Authority
IDB	—Industrial Development Bond
INS	—Insured
LOC	—Letter of Credit
LT	—Limited Tax
PCR	—Pollution Control Revenue
PILOT	—Payment in Lieu of Taxes
PRF	—Pre-refunded
TELA	—Toll Equity Loan Agreement
TOBs	—Tender Option Bonds
UT	—Unlimited Tax
VRDNs	—Variable Rate Demand Notes

See Notes which are an integral part of the Financial Statements

# Financial Highlights

(For a Common Share Outstanding Throughout Each Period)

	<b>Six Months Ended (unaudited) 5/31/2019</b>	<b>Year Ended November 30,</b>				
		<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net Asset Value, Beginning of Period</b>	<b>\$14.31</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	0.36	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)	0.84	(0.73)	0.43	(0.66)	(0.10)	1.43
Distributions to auction market preferred shareholders from net investment income <sup>2</sup>	(0.04)	(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>1.16</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	(0.32)	(0.69)	(0.73)	(0.86)	(0.88)	(0.90)
<b>Net Asset Value, End of Period</b>	<b>\$15.15</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>\$13.71</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>8.23%</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>13.28%</b>	<b>(7.44)%</b>	<b>5.51%</b>	<b>0.17%</b>	<b>8.98%</b>	<b>23.38%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses	2.79% <sup>6</sup>	2.54%	1.91%	1.59%	1.44%	1.43%
Net expenses excluding all interest and trust expenses <sup>7</sup>	0.99% <sup>6,8</sup>	0.99% <sup>8</sup>	0.99%	0.99%	0.99%	0.99%
Net investment income <sup>9</sup>	4.92% <sup>6</sup>	5.06%	5.27%	5.45%	5.71%	6.02%
Expense waiver/reimbursement <sup>10</sup>	0.25% <sup>6</sup>	0.25%	0.30%	0.29%	0.31%	0.36%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$174,129	\$164,532	\$172,968	\$90,046	\$94,408	\$95,072
Portfolio turnover	9%	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>11</sup>
05/31/2019	\$114,750,000	\$62,937	\$50,080	\$25,040	\$25,000
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. Total returns for periods of less than one year are not annualized.*
- 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. Total returns for periods of less than one year are not annualized.*
- 6 *Computed on an annualized basis.*
- 7 *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.*
- 8 *The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 0.99% for the six months ended May 31, 2019 and the year ended November 30, 2018 after taking into account these expense reductions.*
- 9 *Ratios reflect reductions for dividend payments to preferred shareholders.*
- 10 *This expense decrease is reflected in both the net expense and net investment income ratios shown above.*
- 11 *Represents initial public offering price.*

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

May 31, 2019 (unaudited)

## Assets:

Investment in securities, at value (identified cost \$269,386,559)	\$285,479,031
Cash	8,390
Income receivable	4,056,805
Receivable for investments sold	1,498,750
<b>TOTAL ASSETS</b>	<b>291,042,976</b>

## Liabilities:

Payable for investments purchased	\$1,265,132
Income distribution payable - Common Shares	620,826
Interest payable - VMTPS	180,859
Payable for investment adviser fee (Note 4)	3,252
Income distribution payable - AMPS	2,505
Accrued expenses (Note 4)	91,200
<b>TOTAL ACCRUED LIABILITIES</b>	<b>2,163,774</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>83,863,774</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	\$174,129,202

## Net Assets Applicable to Common Shares Consists of:

Paid-in capital	\$158,987,927
Total distributable earnings	15,141,275
<b>TOTAL NET ASSETS APPLICABLE TO COMMON SHARES</b>	<b>\$174,129,202</b>

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

\$174,129,202 ÷ 11,496,776 shares outstanding, (\$0.01 par value, unlimited shares authorized)	\$15.15
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See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended May 31, 2019 (unaudited)

## Investment Income:

Interest	\$ 6,048,356
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## Expenses:

Investment adviser fee (Note 4)	\$ 776,898
Administrative fee (Note 4)	66,963
Custodian fees	3,755
Transfer agent fees	24,785
Directors'/Trustees' fees (Note 4)	4,312
Auditing fees	20,329
Legal fees	6,200
Portfolio accounting fees	56,790
Printing and postage	18,154
Auction agent fees	4,738
Trailer commission fees (Note 6)	8,354
Interest expense - VMTPS (Note 6)	1,066,756
Miscellaneous (Note 4)	61,789
<b>TOTAL EXPENSES</b>	<b>2,119,823</b>

## Waiver and Reduction:

Waiver of investment adviser fee (Note 4)	\$(208,634)
Reduction of custodian fees (Note 5)	(147)
<b>TOTAL WAIVER AND REDUCTION</b>	<b>(208,781)</b>

Net expenses	1,911,042
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Net investment income	4,137,314
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## Realized and Unrealized Gain (Loss) on Investments:

Net realized gain on investments	370,444
Net change in unrealized appreciation of investments	9,251,221
Net realized and unrealized gain (loss) on Investments	9,621,665
Income distributions declared to AMPS	(436,405)
Change in net assets resulting from operations applicable to Common Shares	\$13,322,574

See Notes which are an integral part of the Financial Statements



# Statement of Changes in Net Assets

	<b>Six Months Ended (unaudited) 5/31/2019</b>	<b>Year Ended 11/30/2018</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 4,137,314	\$ 8,561,369
Net realized gain	370,444	476,541
Net change in unrealized appreciation/depreciation	9,251,221	(8,880,965)
Distributions from net investment income - AMPS	(436,405)	(660,559)
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>13,322,574</b>	<b>(503,614)</b>
<b>Distributions to Common Shareholders:</b>		
Distributions from net investment income-Common Shares	(3,724,955)	(7,932,775)
Change in net assets	9,597,619	(8,436,389)
<b>Net Assets:</b>		
Beginning of period	164,531,583	172,967,972
End of period	\$174,129,202	\$164,531,583

See Notes which are an integral part of the Financial Statements

# Statement of Cash Flows

Six Months Ended May 31, 2019 (unaudited)

## Operating Activities:

Change in net assets resulting from operations	\$ 13,322,574
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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	(27,299,170)
Proceeds from sale of investment securities	25,814,325
Net sales of short-term investment securities	4,375,000
Increase in income receivable	(173,504)
Increase in receivable for investments sold	(1,343,640)
Decrease in payable for investments purchased	(2,114,325)
Increase in interest payable—VMTPS	3,044
Increase in payable for investment adviser fee	635
Decrease in payable for administrative fee	(360)
Decrease in accrued expenses	(23,034)
Net amortization of premium	665,773
Net realized gain on investments	(370,444)
Net change in unrealized depreciation of investments	(9,251,221)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,605,653

## Financing Activities:

Income distributions to participants	(3,724,716)
NET CASH USED IN FINANCING ACTIVITIES	(3,724,716)
Net decrease in cash	(119,063)

## Cash:

Beginning of period	127,453
End of period	\$ 8,390

## Supplemental disclosure of cash flow information:

Cash paid for interest expense during the six months ended May 31, 2019, was \$1,063,712.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

May 31, 2019 (unaudited)

## 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.

## 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 net asset value (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 \$208,781 is disclosed in Note 4 and Note 5.

### **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 six months ended May 31, 2019, 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 Statements of Operations. As of May 31, 2019, 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 maintains 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 May 31, 2019, the Fund had no outstanding futures contracts.

## 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 May 31, 2019, is as follows:

Security	Acquisition Date	Acquisition Cost	Market Value
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	6/13/2014	\$603,336	\$666,402
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	7/10/2014	\$251,384	\$275,173

<b>Security</b>	<b>Acquisition Date</b>	<b>Acquisition Cost</b>	<b>Market Value</b>
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2035	8/27/2015	\$1,039,788	\$1,128,600
California Statewide Communities Development Authority (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/1/2034	11/13/2014	\$1,002,332	\$1,096,520
California Statewide Communities Development Authority (899 Charleston LLC), Revenue Refunding Bonds (Series 2014A), 5.250%, 11/1/2044	11/13/2014	\$ 375,867	\$ 410,355
Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), (Original Issue Yield: 8.250%), 8.125%, 5/15/2044	8/11/2017	\$ 870,053	\$ 796,160
Colorado Educational & Cultural Facilities Authority (University Lab School), Charter School Refunding & Improvement Revenue Bonds (Series 2015), 5.000%, 12/15/2035	3/13/2015	\$ 505,528	\$ 536,200
Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), 5.000%, 2/1/2040	1/10/2018	\$ 752,672	\$ 804,960
Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), (Original Issue Yield: 5.079%), 5.000%, 2/1/2050	5/15/2018	\$ 565,540	\$ 580,800
Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	10/6/2016	\$ 352,932	\$ 361,448
New Hampshire Health and Education Facilities Authority (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	6/8/2017	\$ 500,000	\$ 539,170
New York Liberty Development Corporation (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	10/29/2014	\$1,000,000	\$1,092,440
Public Finance Authority, WI Revenue (Maryland Proton Treatment Center), Senior Revenue Bonds (Series 2018A-1), (Original Issue Yield: 6.470%), 6.375%, 1/1/2048	8/16/2018	\$ 721,449	\$ 774,228
Tuscaloosa County, AL IDA (Hunt Refining Co.), Gulf Opportunity Zone Refunding Bonds (Series 2019A), 5.250%, 5/1/2044	4/17/2019	\$ 330,000	\$ 362,581
Verrado Community Facilities District No. 1, AZ, District GO Refunding Bonds (Series 2013A), 6.000%, 7/15/2027	7/3/2013	\$ 652,836	\$ 689,338

<b>Security</b>	<b>Acquisition Date</b>	<b>Acquisition Cost</b>	<b>Market Value</b>
Washington State Housing Finance Commission (Heron's Key Senior Living), Nonprofit Housing Revenue Bonds (Series 2015A), 6.000%, 7/1/2025	7/22/2015	\$ 678,377	\$ 745,234
Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	12/14/2016	\$ 503,126	\$ 555,620
Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2051	2/13/2019	\$1,034,803	\$1,079,120

### 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. FEDERAL TAX INFORMATION

At May 31, 2019, the cost of investments for federal tax purposes was \$268,852,463. The net unrealized appreciation of investments for federal tax purposes was \$16,626,568. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$16,847,153 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$220,585.

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

## 4. 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 six months ended May 31, 2019, the Adviser voluntarily waived \$208,634 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 six months ended May 31, 2019, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

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 FAS) 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 six months ended May 31, 2019, 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 \$11,925,000 and \$15,200,000, 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.

## **5. 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 six months ended May 31, 2019, the Fund's expenses were reduced by \$147 under these arrangements.

## **6. PREFERRED SHARES**

### **Auction Market Preferred Shares**

As of May 31, 2019, 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 for the Fund at May 31, 2019, was 2.679%. 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 six months ended May 31, 2019, amounted to \$8,354.

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

As of May 31, 2019, the Fund had outstanding 3,268 VMTPS.

The Fund's VMTPS are a floating-rate form of preferred shares with an amended mandatory term redemption date of December 19, 2019, 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 six months ended May 31, 2019, were \$81,700,000 and 2.62%, respectively. Dividends paid to VMTPS are treated as interest expense and recorded as incurred. For the six months ended May 31, 2019, interest expense on VMTPS amounted to \$1,066,756.

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 May 31, 2019, there were no such restrictions on the Fund.

## **7. INVESTMENT TRANSACTIONS**

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended May 31, 2019, were as follows:

Purchases	\$27,299,170
Sales	\$25,814,253

## **8. SUBSEQUENT EVENT**

On July 15, 2019, the Trustees extended the VMTPS' mandatory term redemption date to March 19, 2020.

# Evaluation and Approval of Advisory Contract – May 2019

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

At its meetings in May 2019, 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.

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the CCO) furnished to the Board in advance of its May 2019 meetings an independent written evaluation presenting on the topics discussed below. 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. 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. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer”, prior to the elimination of the Senior Officer position in December 2017.

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 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 Investment Management Company (the "Adviser") and its affiliates (collectively, "Federated") on matters relating to the funds advised by Federated (each, a "Federated Fund"). 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 rate 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 separate accounts and third-party unaffiliated mutual funds for which Federated serves 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 risks 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, financial resources, 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 investment research and company engagement capabilities of the Adviser and its affiliates. The Board also 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 program 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 there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Peer Group. The Board received and considered information regarding each Fund's discount to net asset value per share, including comparative data for the Peer Group.

For the periods covered by the CCO Fee Evaluation Report, the Fund's performance for the three-year period was above the median of the relevant Peer Group, and the Fund's performance fell below the median of the relevant Peer Group for the one-year and five-year periods. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

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

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 in the prior year's CCO Fee Evaluation Report.

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 Fund might benefit from "economies of scale". The Board noted that, as 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) has 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 do 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 the 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.

## 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

For each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [www.sec.gov](http://www.sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [www.FederatedInvestors.com](http://www.FederatedInvestors.com).

## 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](http://www.FederatedInvestors.com).

*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.

**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).

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# Federated<sup>®</sup>

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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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