

MORGAN STANLEY INSURED MUNICIPAL INCOME TRUST
Form N-CSRS
July 09, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: **811-06590**

Morgan Stanley Insured Municipal Income Trust

(Exact name of registrant as specified in charter)

522 Fifth Avenue, New York, New York

10036

(Address of principal executive offices)

(Zip code)

Ronald E. Robison

522 Fifth Avenue, New York, New York 10036

(Name and address of agent for service)

Registrant's telephone number, including area code: **212-296-6990**

Date of fiscal year end: October 31, 2008

Date of reporting period: April 30, 2008

Item 1 - Report to Shareholders

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Insured Municipal Income Trust performed during the semiannual period. We will provide an overview of the market conditions, and discuss some of the factors that affected performance during the reporting period. In addition, this report includes the Trust's financial statements and a list of Trust investments.

Market forecasts provided in this report may not necessarily come to pass. There is no assurance that the Trust will achieve its investment objective. The Trust is subject to market risk, which is the possibility that market values of securities owned by the Trust will decline and, therefore, the value of the Trust's shares may be less than what you paid for them. Accordingly, you can lose money investing in this Trust. Income earned by certain securities in the

portfolio may be subject to the federal alternative minimum tax (AMT).

Fund Report For the six months ended April 30, 2008

Market Conditions

The six-month period under review was marked by disrupted credit markets, recession fears, deterioration of the housing market, and markdowns in the mortgage market as a result of forced selling. Although the fixed income market saw some improvements in the last month of the period, many of the same concerns and problems remained.

The Federal Reserve (the "Fed") stepped in several times during the period to minimize the liquidity crisis. Not only did the Federal Open Market Committee reduce the target federal funds rate several times, from 4.5 percent to 2.0 percent, but in an unprecedented move, the Fed granted primary Treasury dealers (mostly brokerage firms) access to its discount window and loosened its collateral requirements, extending loans of Treasury securities in exchange for lower quality, less liquid securities. Finally, in what was most decidedly the biggest headline event, the Fed arranged and supported JPMorgan Chase's purchase of Bear Stearns, which was viewed by many as necessary to avoid serious market repercussions had the firm failed.

The decline in short-term interest rates, coupled with the risk-averse environment during the period pushed Treasury yields lower, especially on the short end of the yield curve, causing the curve to steepen. The municipal yield curve steepened as well, with the yield differential between one-year and 30-year maturities reaching more than 300 basis points. Overall, municipal bonds underperformed their taxable counterparts as credit rating downgrades of various monoline bond insurers and the deterioration of the auction rate and variable rate markets posed additional challenges for the sector. After a record year for new municipal bond issuance in 2007, the amount of new issues coming to market in the first four months of 2008 declined.

Performance Analysis

For the six-month period ended April 30, 2008, the net asset value (NAV) of Morgan Stanley Insured Municipal Income Trust (IIM) decreased from \$15.32 to \$14.97 per share. Based on this change plus reinvestment of tax-free dividends totaling \$0.345 per share and a long-term capital gain distribution of \$0.017749 per share, the Trust's total NAV return was 0.35 percent. IIM's value on the New York Stock Exchange (NYSE) moved from \$13.81 to \$13.74 per share during the same period. Based on this change plus reinvestment of dividends and distributions, the Trust's total market return was 2.18 percent. IIM's NYSE market price was at an 8.22 percent discount to its NAV. During the fiscal period, the Trust purchased and retired 201,484 shares of common stock at a weighted average market discount of 10.41 percent. *Past performance is no guarantee of future results.*

Monthly dividends for the second quarter of 2008, declared in April were unchanged at \$0.0575 per share. The dividend reflects the current level of the Trust's net investment income. IIM's level of undistributed net investment income of \$0.056 per share on April 30, 2008 was unchanged from six months earlier.¹

Throughout the six-month period, the Trust maintained a lower interest rate sensitivity (as measured by duration*), which was implemented through the use of a U.S. Treasury futures hedge. This defensive positioning benefited performance as it helped to minimize the price declines that resulted from rising yields across the intermediate and long end of the municipal yield curve.

In terms of the Trust's sector positioning, an overweight in the hospital/life care and tobacco sectors detracted from relative performance as spread widening in those sectors hindered returns. Conversely, an overweight in the public utility sector, particularly water and sewer bonds, benefited performance. The flight to quality that took place during the period helped boost the performance of the more solid infrastructure sectors such as utilities and the Trust's holdings there enhanced returns.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases in the open market. This method helps support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of Auction Rate Preferred Shares (ARPS) outstanding, including their purchase in the open market or in privately negotiated transactions.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share market price will fluctuate and Trust shares, when sold, may be worth more or less than their original cost.

There is no guarantee that any sectors mentioned will continue to perform as discussed herein or that securities in such sectors will be held by the Trust in the future.

*1 Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT). * A measure of the sensitivity of a bond's price to changes in interest rates, expressed in years. Each year of duration represents an expected 1 percent change in the price of a bond for every 1 percent change in interest rates. The longer a bond's duration, the greater the effect of interest-rate movements on its price. Typically, trusts with shorter durations perform better in rising-interest-rate environments, while trusts with longer durations perform better when rates decline. Duration calculations are adjusted for leverage.*

TOP FIVE SECTORS

as of 04/30/08 Public Power 18.6 % Other Revenue 12.6 Transportation 11.3 Refunded 10.0 General Obligation 8.9

LONG-TERM CREDIT ENHANCEMENTS

as of 04/30/08 MBIA 32.4 % FSA 21.4 FGIC 21.2 AMBAC 17.3 AGC 4.1 XLCA 3.1 PSF 0.5

SUMMARY OF INVESTMENTS BY STATE

CLASSIFICATION as of 04/30/08 California 33.4 % Texas 26.3 New York 17.6 Washington 11.7 Florida 7.9 Illinois 6.6 Pennsylvania 6.0 South Carolina 5.1 District of Columbia 4.1 Georgia 4.0 Rhode Island 3.6 North Carolina 3.0 Colorado 2.3 Virginia 2.1 Nevada 2.0

SUMMARY OF INVESTMENTS BY STATE

CLASSIFICATION as of 04/30/08 (continued) Michigan 1.9 % New Jersey 1.7 Utah 1.7 Hawaii 1.6 Nebraska 1.6 Indiana 1.4 Arizona 1.4 Louisiana 1.3 Massachusetts 1.1 Oregon 1.0 West Virginia 1.0 Idaho 0.9 Missouri 0.8 Montana 0.6 Ohio 0.5 Connecticut 0.5 New Hampshire 0.4 Total Long-Term Investments† 155.1 Short-Term Investment 4.7 Liability for Floating Rate Note Obligations (8.9) Liabilities in Excess of Other Assets (0.9) Preferred Shares of Beneficial Interest (50.0) Net Assets Applicable to Common Shareholders 100.0 %

† Does not include open long/short futures contracts with an underlying face amount of \$107,345,066 with net unrealized appreciation of \$215,304 and interest rate swap contracts with net unrealized depreciation of \$115,400.

Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors shown above. Top five sectors are as a percentage of total investments. Long-term credit enhancements are as a percentage of long-term investments. Summary of investments by state classification are as a percentage of net assets applicable to common shareholders. Securities are classified by sectors that represent broad groupings of related industries. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

For More Information About Portfolio Holdings

Each Morgan Stanley trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters. The semiannual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the semiannual and annual reports to trust shareholders and makes these reports available on its public web site, www.morganstanley.com. Each Morgan Stanley trust also files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Morgan Stanley public web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's web site, <http://www.sec.gov>. You may also review and copy them at the SEC's public reference room in Washington, DC. Information on the operation of the SEC's public reference room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov) or by writing the public reference section of the SEC, Washington, DC 20549-0102.

Morgan Stanley Insured Municipal Income Trust

Portfolio of Investments April 30, 2008 (unaudited)

		PRINCIPAL		AMOUNT IN		THOUSANDS		COUPON		RATE		MATURITY	
		DATE	VALUE	Tax-Exempt Municipal Bonds (155.1%)									
<i>Arizona (1.4%)</i>			\$ 1,595	Arizona Certificates of Participation, Ser 2008 A (FSA Insd)								5.00	%
09/01/26	\$ 1,657,731	2,500		University of Arizona, 2003 Ser B COPs (AMBAC Insd)								5.00	06/01/23
	2,568,750		4,226,481	<i>California (33.4%)</i>								1,475	Alameda County Joint Powers
		5.00		12/01/24	1,554,178	1,160	Alvord Unified School District, 2007						
				Election Ser 2007 A									
	(FSA Insd) WI	5.00	08/01/27	1,214,914	20,000	Anaheim Public Financing Authority, California,							
				Anaheim Electric									
Ser 2007-A (MBIA Insd)(a)	4.50	10/01/37	18,941,700	8,000	California, Ser 2007 (MBIA Insd)					4.25			
	08/01/33	7,326,640	3,000	California, Economic Recovery Ser 2004 (MBIA Insd)								5.00	07/01/15
	3,237,240	3,050	California Department of Water Resources Power Supply, Ser 2008 H (FSA Insd)								5.00		
05/01/22	3,260,480	10,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges										
				5.00	01/01/28	10,681,300	5,000	California					
				5.00	01/01/28	5,340,650	6,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit 1st Lien Ser 2003 A (FGIC					
				5.00	06/01/38	5,747,880	9,000	Insd) (ETM) Golden State Tobacco Securitization Corporation,					
				6.00	05/15/18	9,934,650	3,000	California, Enhanced Asset Backed Ser 2005 A (FGIC Insd) Long					
				5.00	09/01/24	3,101,760	5,000	Beach, Harbor Refg Ser 1998 A (AMT) (FGIC Insd) Los Angeles,					
				5.00	07/01/24	5,165,700	4,000	California, Ser 2004 A (MBIA Insd) Los Angeles Department of Water					
				5.00	07/01/24	5,165,700	4,000	& Power, California, Water 2004 Ser C (MBIA Insd) Oxnard Financing					
								Authority, Water & Power, Water 2004 Ser C					
	(XLCA Insd)	5.00	06/01/28	4,004,000	3,000	Sacramento County Sanitation District Financing							
				5.00	12/01/36	3,053,790	5,000	Authority, California, Sacramento Regional Ser 2006 (FGIC Insd) San					
								Diego County Water Authority, California, Ser 2002 A COPs					
(MBIA Insd)	5.00	05/01/27	5,113,100	5,000	San Diego County Water Authority, California, Ser 2004 A								
COPs (FSA Insd)	5.00	05/01/29	5,118,600	3,000	San Francisco City & County, City Buildings Ser 2007								
					A COPs								
(FGIC Insd)	4.50	09/01/37	2,735,910	2,000	University of California, Ser 2003 B (AMBAC Insd)								
				05/15/22	2,076,580			5.00					

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Portfolio of Investments April 30, 2008 (unaudited) continued

		PRINCIPAL		AMOUNT IN		THOUSANDS		COUPON		RATE		MATURITY	
DATE	VALUE \$												
3,006,994	2,880	3,120	University of California, Ser 2007-J (FSA Insd) (a)	4.50	%	05/15/31	\$						
	103,391,752		University of California, Ser 2007-J (FSA Insd) (a)	4.50		05/15/35	2,775,686						
(XLCA Insd)	5.25	10/01/40	3,883,440	630	4,000	Arkansas River Power Authority, Colorado, Power Ser 2006							
	4.75	09/01/25	627,014	3,000		Colorado Health Facilities Authority, Ser 2006 (FSA Insd)							
(XLCA Insd)	5.00	12/01/30	2,770,740			Denver Convention Center Hotel Authority, Refg Ser 2006							
	1,525					Connecticut (0.5%)	7,281,194						
Insd)	5.00	07/01/25	1,574,013			Connecticut Health & Educational Facilities Authority, Quinnipiac University Issue Ser 2007 K-2 (MBIA							
Columbia, Refg Ser 1993 (FSA Insd)	5.00	02/01/31	6,266,760	2,000		District of Columbia (4.1%)	6,000						
2006 B-1 (FGIC Insd)	5.00	02/01/31	1,888,260	3,000		District of Columbia Ballpark, Ser							
the Advancement of Science Ser 1997 (AMBAC Insd)	5.125	01/01/27	3,024,360	1,350		District of Columbia, American Association for							
Ser 2008A (AGC Insd)	5.00	10/01/28	1,388,624			District of Columbia Water & Sewer Authority, Refg Sub-Lien							
	1,550					Florida (7.9%)	12,568,004						
15,000						Florida Mid-Bay Bridge Authority, Refg Ser 2008 (AGC Insd)	5.00						
Orange County School Board, Ser 2001 A COPs (AMBAC Insd)	5.25	08/01/14	3,192,900	5,000		Tampa							
Bay Water Authority, Ser 2001 A (FGIC Insd)	5.00	10/01/28	5,049,850			Bay Water Authority, Ser 2001 A (FGIC Insd)							
Georgia (4.0%)	5,000					Atlanta, Airport Ser 2004 C (FSA Insd)	5.00						
Atlanta, Water & Wastewater, Ser 2004 (FSA Insd)	5.00	11/01/23	5,176,650	2,000		Atlanta, Water & Wastewater, Ser 2004 (FSA Insd)							
Sewer Ser 2004 (FSA Insd)	5.25	10/01/39	2,064,080			Hawaii (1.6%)	12,319,930						
	5,000					Hawaii Department of Budget & Finance, Hawaiian Electric Co							
Ser 1999 C (AMT) (AMBAC Insd)	6.20	11/01/29	5,089,900			Ser 1999 C (AMT) (AMBAC Insd)							

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Portfolio of Investments April 30, 2008 (unaudited) continued

		PRINCIPAL		AMOUNT IN		THOUSANDS		COUPON	
		RATE		Maturity					
DATE	VALUE	<i>Idaho (0.9%)</i>		\$ 2,500	Idaho Housing & Finance Association, Federal Highway Trust,				
Ser 2008 A (AGC Insd)	5.25 %	07/15/24	\$ 2,660,375	<i>Illinois (6.6%)</i>		480	Chicago Transit Authority, Capital Grant Receipts Federal Transit Administration Section 5309 Ser 2008 (AGC Insd)		
06/01/25	510,110	1,210	Chicago Transit Authority, Capital Grant Receipts Federal Transit Administration Section 5309 Ser 2008 (AGC Insd)		5.25	06/01/26	1,283,278	5,000	Chicago, O'Hare Int'l Airport, Third Lien Ser 2005 A (MBIA Insd)
	5.25	01/01/25	5,107,200	1,175	DeKalb County Community Unit School District #428, Ser 2008				
(FSA Insd)	5.00	01/01/27	1,215,914	2,000	Illinois Finance Authority, Swedish American Hospital Ser A (FSA Insd)				
	5.00	11/15/31	1,986,280	6,575	Kendall, Kane & Will Counties, Community Unit School District #308 Capital Appreciation Ser 2008 (FSA Insd) WI				
	0.00	02/01/27	2,547,747	3,000	Metropolitan Pier & Exposition Authority, McCormick Place Refg Ser 2002 B (MBIA Insd)				
	0.00 (b)	06/15/18	2,643,990	5,000	Metropolitan Pier & Exposition Authority, McCormick Place				
Ser 2002 A (MBIA Insd)	5.25	06/15/42	5,114,750	20,409,269	<i>Indiana (1.4%)</i>				
	2,000	Indiana Health Facilities Financing Authority, Community Health							
Ser 2005 A (AMBAC Insd)	5.00	05/01/35	2,000,000	2,400	Marion County Convention & Recreational Facilities Authority, Refg Ser 2003 A (AMBAC Insd)				
	5.00	06/01/19	2,498,736	4,498,736	<i>Louisiana (1.3%)</i>				
	4,000	Lafayette, Utilities Ser 2004 (MBIA Insd)							
	5.25	11/01/25	4,169,800	<i>Massachusetts (1.1%)</i>					
	3,275	Massachusetts Municipal Wholesale Electric Company, 1993 Ser A (AMBAC Insd)							
(ETM)	5.00	07/01/10	3,373,643	2,390	<i>Michigan (1.9%)</i>				
	5.00	07/01/28	2,443,321	1,125	Ferris State University of Michigan, Refg Ser 2008 (FSA Insd)				
	4.50	10/01/23	1,138,039	425	Ferris State University of Michigan, Refg Ser 2008 (FSA Insd)				
10/01/24	427,095	760	Wayne State University of Michigan, Refg Ser 2008 (FSA Insd)		5.00	11/15/25	797,460	960	Wayne State University of Michigan, Refg Ser 2008 (FSA Insd)
	5.00	11/15/29	993,398	5,799,313					

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Portfolio of Investments April 30, 2008 (unaudited) continued

DATE	VALUE		PRINCIPAL AMOUNT IN THOUSANDS	COUPON RATE	MATURITY			
Ser 2006 (MBIA Insd)	5.00 %	Missouri (0.8%)	\$ 2,500		01/01/26	Missouri Joint Municipal Electric Utility Commission Plum Point		
			\$ 2,512,475			Montana (0.6%)	2,000	Montana Facility Finance Authority, Bebenefits Health Care
Ser 2007 (AGC Insd)	5.00		2,020,900		01/01/37	Nebraska (1.6%)	5,000	Nebraska Public Power District, 2003 Ser A (AMBAC Insd)
	5.00		5,013,200		01/01/35	Nevada (2.0%)	5,080	Las Vegas Water District, Impr & Refg Ser 2003 a (FGIC Insd)
	5.25		5,353,253		06/01/19		975	Nevada Department of Business & Industry, Las Vegas Monorail 1st Tier Ser 2000 (AMBAC Insd)
	5.375		779,025		01/01/40			New Hampshire Health & Education Facilities Authority,
	6,132,278					New Hampshire (0.4%)	1,300	University of New Hampshire Ser 2001 (AMBAC Insd)
	5.125		1,312,038		07/01/33			New Jersey (1.7%)
	4,000							New Jersey Transportation Trust Fund Authority, Ser 2005 C (FGIC Insd)
	5.25		4,272,640		06/15/20		1,000	University of Medicine & Dentistry, Ser 2004 COPs (MBIA Insd)
	5.00		1,002,560		06/15/29		5,275,200	New York (17.6%)
	4.50		14,926,560		02/15/47		3,000	Hudson Yards Infrastructure Corporation, 2007 Ser A (MBIA Insd)
	5.00		3,068,850		09/01/28		4,000	Long Island Power Authority, Refg Ser 2003 C (FSA Insd)
	5.00		4,052,920		12/01/26		3,000	Long Island Power Authority, Ser 2006 A (XLCA Insd)
	5.25		3,188,850		11/15/24		10,000	Metropolitan Transportation Authority, Dedicated Tax Fund Refg
	5.00		10,072,400		11/15/25		2,000	Metropolitan Transportation Authority, Transportation Refg
	5.00		2,015,260		01/01/31		2,500	New York City Industrial Development Agency, Queens Baseball Stadium Ser 2006 (AMBAC Insd)
	5.00		2,385,300		03/01/46		1,735	New York City Industrial Development Agency, Yankee Stadium
	5.25		1,823,433		08/01/21		2,500	New York City Transitional Finance Authority, 2000 Ser C
	5.25		2,625,925		08/01/22		10,000	New York State Transitional Finance Authority, 2000 Ser C
	5.25		10,518,500		11/15/22		54,677,998	Triborough Bridge & Tunnel Authority, Refg 2002 E (MBIA Insd)

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Portfolio of Investments April 30, 2008 (unaudited) continued

		PRINCIPAL		AMOUNT IN		THOUSANDS		COUPON		RATE		MATURITY				
DATE	VALUE	<i>North Carolina (3.0%)</i>		\$ 6,000	North Carolina Municipal Power Agency #1,											
					Catawba Ser 2003											
(MBIA Insd)	5.25 %	01/01/19	\$ 6,286,260	3,000	University of North Carolina at Wilmington, Student											
					Housing											
Ser 2005 COPs (FGIC Insd)	5.00	06/01/36	2,977,470		9,263,730	<i>Ohio (0.5%)</i>										
	2,545	Cleveland Ohio Public Power System, Ser 2008 B-2 (MBIA Insd)		0.00	11/15/26	991,354										
1,720		Cleveland Ohio Public Power System, Ser 2008 B-2 (MBIA Insd)		0.00	11/15/28	593,211										
	1,584,565	<i>Oregon (1.0%)</i>		3,000	Oregon Department of Administrative Services, COPs											
Ser 2005 B (FGIC Insd)	5.00	11/01/24	3,044,970		<i>Pennsylvania (6.0%)</i>		5,000									
	5.625	08/15/18	5,412,450	2,000	Allegheny County Hospital Development Authority, Pittsburgh Mercy Health Ser 1996 (AMBAC Insd) (ETM)											
Ser A 2005 (AMT) (FGIC Insd)	5.00	11/01/37	1,838,500	4,110	Delaware County Industrial Development Authority, Aqua Inc											
Insd(a)	5.00	01/01/13 (d)	4,444,081	1,450	Pennsylvania, First Ser 2003 (MBIA											
(AGC Insd)	5.00	06/01/25	1,523,819	5,000	Pennsylvania Turnpike Commission, Ser 2008 Subser A-1											
	5.25	12/15/14	5,473,900		18,692,750	<i>Rhode Island (3.6%)</i>		10,000		Rhode Island						
					Depositors Economic Protection Corporation,											
Refg 1992 Ser B (MBIA Insd) (ETM)	6.00	08/01/17	11,046,900		<i>South Carolina (5.1%)</i>											
1,500		Medical University Hospital Authority, FHA Insured Mtge			Ser 2004 A (MBIA Insd)		5.25									
		02/15/25	1,548,495	10,000	South Carolina Public Service Authority, Santee Cooper											
Ser 2003 A (AMBAC Insd)	5.00	01/01/27	10,213,800	4,000	South Carolina Public Service Authority,											
Santee Cooper 2006 Ser A (MBIA Insd)	5.00	01/01/36	4,081,440		15,843,735	<i>Texas</i>										
(26.3%)		3,020	Amarillo Health Facilities Corporation, Baptist St Anthony's Hospital Ser 1998 (FSA													
Insd)	5.50	01/01/16	3,348,032	5,075	Amarillo Health Facilities Corporation, Baptist St Anthony's											
					5.50	01/01/17	5,631,677									

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Portfolio of Investments April 30, 2008 (unaudited) continued

		PRINCIPAL		AMOUNT IN		THOUSANDS		COUPON		RATE		MATURITY	
DATE	VALUE	\$ 9,000	Dallas-Fort Worth International Airport, Ser 2003 A (AMT) (FSA Insd)	5.375	%								
11/01/22	\$ 9,151,920	1,000	Friendswood Independent School District, Ser 2008 (PSF Insd) WI	5.00									
02/15/27	1,037,570	2,160	Harris County Health Facilities Development Corp, Thermal Utility Ser 2008 (AGC Insd)	5.25		11/15/24	2,278,044	15,000	Houston, Combined Utility First Lien Refg 2004 Ser A (FGIC Insd)	5.25		05/15/23	15,350,100
			Houston, Public Impr & Refg Ser 2001 B (FSA Insd)	5.50		03/01/17	4,259,880	1,175	Houston Community College System, Sr Lien Student Fee				
			Ser 2008 (FSA Insd) WI	5.00		04/15/25	1,227,476	330	Houston Community College System, Sr Lien Student Fee				
			Ser 2008 (FSA Insd) WI	5.00		04/15/26	343,659	3,975	Houston Hotel Occupancy, Capital Appreciation				
			Ser 2001 B (FSA Insd)	0.00		09/01/26	1,496,309	1,550	Humble Independent School District, Unlimited Tax School Building Ser 2008A (AGC Insd)	5.00		02/15/25	1,614,465
			Authority, First Tier Capital Appreciation Refg Ser 2008D (AGC Insd)	0.00		01/01/28	2,998,822	8,575	North Texas Tollway				
			Lower Colorado River Authority, Refg Ser 1999 A (MBIA Insd)	5.00		05/15/31	8,646,944	9,975	Lower Colorado River Authority, Refg Ser 1999 A (FSA Insd)	5.875		05/15/16	10,393,551
			Colorado River Authority, Refg Ser 2001 A (FSA Insd)	5.00		05/15/26	5,073,050	3,000	San Antonio, Water & Refg Ser 2002 A (FSA Insd)	5.00		05/15/32	3,036,030
			Texas Ser 2002 A (AMBAC Insd)	5.50		08/15/39	4,103,680	1,510	Victoria Independent School District, Unlimited Tax School Building Ser 2008 (PSF Insd) WI	5.00		02/15/24	1,576,455
			81,567,664						Utah (1.7%)	5,000			
			Intermountain Power Agency, Utah, 2003 Ser A (FSA Insd)	5.00					Virginia (2.1%)	3,000			
			07/01/21	5,211,450					Alexandria Industrial Development Authority, Institute for Defense Analysis Ser 2000 A (AMBAC Insd)	5.90		10/01/10 (d)	3,269,550
			Metropolitan Authority, Refg Ser 2002 (FGIC Insd)	5.25		07/15/22	3,277,050	6,546,600	Richmond				
			Washington (11.7%)						Cowlitz County, Public Utility District # 1, Production Ser 2006 (MBIA Insd)	5.00		09/01/31	6,073,020
			5,049,700						King County, Sewer Refg 2001 (FGIC Insd)	5.00			
			8,094,120						Port of Seattle, Passenger Facility Ser 1998 A (MBIA Insd) (a)	5.00		12/01/23	8,094,120
			5,000						Port of Seattle, Ser 2001 B (AMT) (MBIA Insd)	5.625		02/01/24	5,039,950
									Seattle, Water Refg 2003 (MBIA Insd)	5.00		09/01/20	3,007,045

See Notes to Financial Statements