

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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### FILER

#### VANGUARD CALIFORNIA TAX FREE FUND

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#### Mailing Address

100 VANGUARD BOULEVARD  
MALVERN PA 19355

#### Business Address

100 VANGUARD BOULEVARD  
VM #V34  
MALVERN PA 19355  
6106691000

VANGUARD(R) CALIFORNIA TAX-EXEMPT FUNDS

ANNUAL REPORT - NOVEMBER 30, 2000

INCLUDED WITHIN THIS REPORT:

VANGUARD CALIFORNIA TAX-EXEMPT MONEY MARKET FUND  
VANGUARD CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND  
VANGUARD CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND

[PHOTO OF SHIP]  
[THE VANGUARD GROUP LOGO]  
[MEMBERS OF THE VANGUARD GROUP(R) LOGO]

OUR REPORTS TO THE OWNERS

At Vanguard, we regard our investors not as mere customers but as owners of the enterprise. For that's exactly what a mutual fund shareholder is--part owner of an investment company.

In our reports to you on how the company is doing, we have tried to convey information without hyperbole and in the context of broad market trends and relevant benchmarks.

We've introduced several changes to this year's annual reports to make them even more useful. Among the changes:

\*\*Larger type and redesigned graphics to make the reports easier to read.

\*\*An at-a-glance summary of key points about fund performance and the financial markets.

\*\*A table--included for many funds--in which the investment adviser highlights significant changes in holdings.

We hope you'll find that these changes make the reports even more accessible and informative.

SUMMARY

- \* The Vanguard California Tax-Exempt Funds earned solid returns that topped those of their average competitors.
- \* Our Insured Long-Term and Insured Intermediate-Term Tax-Exempt Funds benefited from the market's preference for higher-quality bonds.
- \*\*During the 12 months ended November 30, most fixed income securities far outperformed stocks, many of which took a sound beating.

CONTENTS

- 1 Letter from the Chairman
- 7 Report from the Adviser
- 10 Fund Profiles
- 13 Glossary of Investment Terms
- 14 Performance Summaries
- 17 Financial Statements
- 47 Report of Independent Accountants

LETTER  
FROM THE CHAIRMAN

Dear Shareholder,

During the 12 months ended November 30, 2000, municipal bonds provided excellent returns, as a decline in long-term interest rates and a generally tighter supply of munis helped boost prices. In this environment, the returns of all three VANGUARD CALIFORNIA TAX-EXEMPT FUNDS outpaced those of their average competitors.

2000 TOTAL RETURNS FISCAL YEAR ENDED  
NOVEMBER 30

|  |       |
|--|-------|
| -----  |       |
| VANGUARD CALIFORNIA TAX-EXEMPT<br>MONEY MARKET FUND              | 3.4%  |
| (SEC 7-Day Annualized Yield: 3.80%)                              |       |
| Average California Tax-Exempt<br>Money Market Fund*              | 3.1   |
| -----  |       |
| VANGUARD CALIFORNIA INSURED<br>INTERMEDIATE-TERM TAX-EXEMPT FUND | 8.0%  |
| Average California Intermediate Municipal<br>Debt Fund*          | 6.9   |
| -----  |       |
| VANGUARD CALIFORNIA INSURED LONG-TERM<br>TAX-EXEMPT FUND         | 11.1% |
| Average California Insured Municipal Debt Fund*                  | 9.2   |
| -----  |       |
| Lehman Municipal Bond Index                                      | 8.2%  |
| -----  |       |

\*Derived from data provided by Lipper Inc.

The accompanying table presents each fund's 12-month return along with those of our average mutual fund peers. The returns of our Insured Long-Term and Insured Intermediate-Term Tax-Exempt Funds are also compared with the performance of the Lehman Brothers Municipal Bond Index, which is a broad measure of the muni market.

The total return (capital change plus reinvested dividends) of our Insured Intermediate-Term Tax-Exempt Fund is based on an increase in net asset value from \$10.50 per share on November 30, 1999, to \$10.82 per share on November 30, 2000, and is adjusted for dividends totaling \$0.498 per share paid from net investment income. The

MARKET BAROMETER AVERAGE ANNUAL TOTAL RETURNS  
PERIODS ENDED NOVEMBER 30, 2000

|  | ONE<br>YEAR | THREE<br>YEARS | FIVE<br>YEARS |
|--|-------------|----------------|---------------|
| -----  |             |                |               |
| BONDS  |             |                |               |
| Lehman Aggregate Bond Index (Entire market)              | 9.1%        | 6.1%           | 6.4%          |
| Lehman 10 Year Municipal Bond Index                      | 7.7         | 5.0            | 5.6           |
| Salomon Smith Barney 3-Month<br>U.S. Treasury Bill Index | 5.9         | 5.2            | 5.2           |
| -----  |             |                |               |
| STOCKS   |             |                |               |
| S&P 500 Index (Large-caps)                               | -4.2%       | 12.7%          | 18.7%         |
| Russell 2000 Index (Small-caps)                          | -0.6        | 2.4            | 9.1           |
| Wilshire 5000 Index (Entire market)                      | -5.8        | 10.8           | 16.7          |
| MSCI EAFE Index (International)                          | -9.5        | 8.7            | 7.5           |
| =====  |             |                |               |
| CPI  |             |                |               |
| Consumer Price Index                                     | 3.4%        | 2.5%           | 2.5%          |
| -----  |             |                |               |

return of our Insured Long-Term Tax-Exempt Fund is based on an increase in net asset value from \$10.81 per share on November 30, 1999, to \$11.40 per share on November 30, 2000, and is adjusted for dividends totaling \$0.576 per share paid from net investment income. The Money Market Fund's net asset value remained at \$1 per share, as was expected but not guaranteed. At the end of the fiscal year, the Insured Long-Term Fund's yield was 4.82%, down from 5.14% a year earlier; the Insured Intermediate-Term Fund's yield was 4.45%, down from 4.66%; and the Money Market Fund's yield was 3.80%, up from 3.25%.

For California residents, income earned by our funds is exempt from federal and California income taxes, but may be subject to local taxes and to the alternative minimum tax.

FINANCIAL MARKETS IN REVIEW

Overall, it was an extremely difficult and volatile period for the U.S. stock market. Most broad market indexes notched negative returns for the 12 months. Technology-related stocks slid, but many other segments also suffered--in part because the U.S. economy seemed to be losing some steam. In late November, the

tech-heavy Nasdaq Composite Index was off nearly 50% from the all-time high it reached on March 10. Despite the broad market's decline, there were pockets of excellent performance within the stock market. In fact, the slump in growth stocks that began in the spring coincided with a surge in value-oriented shares--the stocks of companies with below-average prices in relation to measures such as earnings and book value. And mid-capitalization stocks, particularly those with a value bent, notched excellent 12-month returns.

For bonds, it was an entirely different story. As you can see in the table on page 1, the returns of three major fixed income indexes surpassed those of many stock market measures in the past year. Long-term Treasury bonds performed particularly well. A decline in long-term interest rates boosted prices, as did the federal government's buyback of long-term Treasuries--a continuing effort aimed at paring the national debt. The Lehman Long Treasury Index returned an excellent 15.7% for the fiscal year. Returns of broader bond-market measures were not quite as strong, but were still solid in absolute terms.

Signs of decelerating growth--the product of the Federal Reserve Board's campaign to raise short-term interest rates to head off inflation-- were welcomed by some segments of the bond market. However, for lower-quality securities, an economic slowdown is undeniably bad news. Slower growth can lead to erosion in corporate profits, which, in turn, can damage a company's ability to repay its debt obligations. The Lehman High Yield Index returned -6.6% for the fiscal year, about 15 percentage points behind the return of the broad bond market.

-----  
Signs of decelerating growth were welcomed by some segments of the bond market.  
-----

#### MUNI AND TREASURY YIELDS MOVE CLOSER

Municipal bonds performed well during the fiscal year. The difference between the yield of the 30-year U.S. Treasury bond and the yield of an insured long-term, high-quality municipal bond narrowed during the period to an unusually slim 6 basis points (0.06 percentage point). The narrowing was the result of a 45-basis-point decline in the yield of muni bonds to 5.55% and a slightly steeper decline (68 basis points) in the yield of the 30-year Treasury to 5.61%. Such a tiny yield differential makes muni bonds extremely attractive, because the interest paid on municipal bonds is exempt from federal income taxes while that paid on Treasuries is taxable at a rate of up to 39.6%.

-----  
The difference between Treasury and muni yields narrowed during the fiscal year.  
-----

Short-term muni rates rose 40 basis points to 4.20%, while the yield of the 3-month U.S. Treasury bill climbed 90 basis points to 6.20%.

Muni bonds benefited from a decline in new issuance, which helped support prices. For more detailed information on the municipal bond market, see the Report from the Adviser beginning on page 7.

#### FISCAL 2000 PERFORMANCE OVERVIEW

Vanguard California Insured Long-Term Tax-Exempt Fund's fiscal 2000 return was excellent both on an absolute basis and relative to the average California municipal bond fund. Our 11.1% total return consisted of an income return of 5.6% and a price increase of 5.5%. The 8.0% return of our Insured Intermediate-Term Fund consisted of a 5.0% return from interest income and a 3.0% price increase. (The Performance Summaries on pages 15 and 16 present a historical breakdown of the funds' returns into their income and capital components.) There are two key distinctions between our funds and their competitors: quality and costs. During fiscal 2000, both of these distinctions worked in our favor.

#### QUALITY AND COST MATTER

Generally, our holdings have a higher average credit quality than those of our peers. When investors are focusing on high credit quality--for example, during periods of uncertainty about an economic slowdown or in the midst of stock market stress--our emphasis on quality results in relatively strong returns. However, our relative results can lag when lower-quality bonds outpace higher-quality securities.

While our high credit quality can in the short run be an advantage or a detriment, the cost difference between our fund and its peers is always an advantage to our shareholders. Our low cost also directly supports our quality mandate. Higher-quality bonds pay less interest than lower-quality bonds. However, our rock-bottom costs enable us to offer above-average

net yields nonetheless. This is because fund operating and administrative expenses are deducted from a fund's income; by forfeiting less of our income to expenses, we can offer both above-average yields and above-average quality.

-----  
 Our cost and credit-quality differences helped our relative performance.  
 -----

Our Money Market and Insured Intermediate-Term Tax-Exempt Funds have expense ratios (annual expenses as a percentage of average net assets) of 0.17%, and our Insured Long-Term Fund has an expense ratio of 0.18%. These compare with expenses of 0.60% for the average California tax-exempt money market fund, 0.74% for the average intermediate-term California tax-exempt fund, and 1.19% for the average long-term tax-exempt fund. Our cost advantage over our peers aids us each year in our pursuit of superior results and is especially powerful over longer periods. The combination of this cost advantage and the skillful management of Vanguard's Fixed Income Group has benefited our shareholders in the past, and we expect it to continue to do so in the future.

It's also important to note that our Insured Long-Term Fund's fiscal-year return exceeded that of the Lehman Municipal Bond Index, which includes municipal securities across the country. The index is a notoriously tough competitor because it does not incur the "real world" operating expenses and transaction costs that all mutual funds must bear.

The Tax-Exempt Money Market Fund provided a total return of 3.4%, outpacing the 3.1% return of its average peer. Here, too, cost was the key reason for our margin of outperformance.

#### THE MUNICIPAL BOND TAX ADVANTAGE

For California residents, the income earned by our funds is exempt from federal, state, and, in most cases, local income taxes. At current yields, that means that investors in the California Insured Long-Term Tax-Exempt Fund who are taxed at the highest marginal federal tax rate (39.6%) can earn about 65% more after-tax income than they could in a comparable long-term U.S. Treasury bond fund, and investors in intermediate-term municipal bonds can earn 45% more after-tax income than in a comparable Treasury fund. Our Money Market Fund also offers California residents an advantage over taxable investments with similar maturities. On November 30, the yield of MIG-1 notes was about 14% higher than the after-tax yield of 90-day U.S. Treasury bills. For California taxpayers subject to the highest tax rates, a yield of 5.6% on a tax-exempt long-term bond is the equivalent of a 9.3% taxable yield. For a tax-exempt short-term yield of 4.2%, the taxable equivalent is 7.0%.

These remarkable advantages are illustrated in the table at the top of the next page, which compares the annual net income earned on U.S. Treasury and tax-exempt securities as of November 30, 2000, assuming a \$100,000

4

investment. Our illustration assumes current yields of 5.6% for long-term Treasuries, 5.5% for intermediate-term Treasuries, 6.2% for U.S. Treasury bills, 5.6% for long-term municipals, 4.8% for intermediate-term municipals, and 4.2% for short-term municipals.

COMPARISON OF INCOME FROM A HYPOTHETICAL \$100,000 INVESTMENT BASED ON YIELDS AS OF NOVEMBER 30, 2000

|                             | SHORT-TERM | INTERMEDIATE-<br>TERM | LONG-TERM |
|-----------------------------|------------|-----------------------|-----------|
| Taxable gross income        | \$6,200    | \$5,500               | \$5,600   |
| Less taxes (39.6%)          | (2,500)    | (2,200)               | (2,200)   |
| Net after-tax income        | 3,700      | 3,300                 | 3,400     |
| Tax-exempt income           | \$ 4,200   | \$ 4,800              | \$ 5,600  |
| Tax-exempt income advantage | \$ 500     | \$ 1,500              | \$ 2,200  |
| Percentage advantage        | 14%        | 45%                   | 65%       |

The tax adjustment assumes a typical itemized tax return based on a federal tax rate of 39.6%. Income from U.S. Treasuries is not subject to state taxes; local

taxes are not considered. The illustration is not intended to represent future results.

We note that there is an important distinction between state-specific municipal bond funds and U.S. Treasury bonds. Treasury securities are backed by the full faith and credit of the U.S. government and therefore have unmatched credit quality. Also, municipal bond funds that confine their investments to a single state lack broad diversification; their returns can be influenced by purely local matters. However, private insurance on the bonds in our Long-Term and Intermediate-Term Tax-Exempt Funds reduces these credit risks. Though the insurance does not protect against fluctuations in the funds' value, it guarantees full payment of interest and principal for our bond holdings.

This insurance, however, is not generally available for short-term securities. Our investment adviser is responsible for carefully analyzing securities to preserve the principal value of the Tax-Exempt Money Market Fund. Money market mutual funds are not guaranteed by the Federal Deposit Insurance Corporation, which insures bank accounts and certificates of deposit.

LONG-TERM PERFORMANCE OVERVIEW

Though an annual review of any investment is a useful exercise, it's more important to examine performance over longer periods. The table at the top of the next page compares the longer-term performance of our funds with those of their average peer mutual funds. It also presents the current value of hypothetical \$10,000 investments. As you can see, the Vanguard California Tax-Exempt Funds have established excellent records versus their competitors.

IN SUMMARY

During the past five years, when big gains from stocks seemed routine, our reminders about the value of diversification, I fear, too often fell on deaf ears. But the financial markets have a way of reinforcing investment principles.

5

<TABLE>  
<CAPTION>  
TOTAL RETURNS

TEN YEARS ENDED  
NOVEMBER 30, 2000

| <S>                         | AVERAGE ANNUAL RETURN |                | FINAL VALUE OF A \$10,000 INITIAL INVESTMENT* |                |                    |
|-----------------------------|-----------------------|----------------|---|----------------|--------------------|
|                             | <C>                   | <C>            | <C>   | <C>            | <C>                |
|                             | VANGUARD FUND         | COMPETING FUND | VANGUARD FUND                                 | COMPETING FUND | VANGUARD ADVANTAGE |
| CALIFORNIA TAX-EXEMPT FUND  |                       |                |   |                |                    |
| Money Market                | 3.2%                  | 2.9%           | \$ 13,722                                     | \$ 13,252      | \$ 470             |
| Insured Intermediate-Term** | 6.1                   | 5.1            | 14,907  | 14,027         | 880                |
| Insured Long-Term           | 7.4                   | 6.5            | 20,334  | 18,739         | 1,595              |

\*Assuming reinvestment of all income dividends and capital gains distributions.

\*\*Annualized returns since fund's inception on March 4, 1994.

</TABLE>

We certainly take no pleasure in the stock market's decline over the past 12 months. Rather, we view the disappointing returns as an instructive, though painful, part of investing. For those who built their investment programs for the long haul--constructing a mix of a variety of stock funds, bond funds, and short-term investments--such a decline should have little long-term impact. The key to long-term investment success is to build a diversified portfolio, to realize that the road may get rough from time to time, and to stick with your plan no matter what the financial markets throw your way.

Sincerely,

/S/ JOHN J. BRENNAN  
[PHOTO OF JOHN J. BRENNAN]  
JOHN J. BRENNAN  
Chairman and Chief Executive Officer

December 13, 2000

6

Municipal bonds provided strong returns during the 12 months ended November 30, 2000, as rising prices augmented interest income. Prices were bolstered by declining long-term interest rates and by a reduction in the issuance of new municipal bonds.

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INVESTMENT PHILOSOPHY

The adviser believes that each fund, while operating within stated maturity and stringent quality targets, can achieve a high level of current income that is exempt from federal and California income taxes by investing in insured and high-quality uninsured securities issued by California state, county, and municipal governments.

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Our TAX-EXEMPT MONEY MARKET FUND earned a total return of 3.4% for the fiscal year, our INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND returned 8.0%, and our INSURED LONG-TERM TAX-EXEMPT FUND returned 11.1%. Each fund outpaced its average peer by a solid margin.

THE ECONOMIC ENVIRONMENT

The fiscal year began amid abundant signs that the U.S. economy continued to steam ahead. Economic growth surged, unemployment dipped below 4%, and inflation seemed well under control. But as the period progressed, concerns about overheating gave way to fears among stock investors that the nation's economy was getting too cool for comfort.

Real (inflation-adjusted) gross domestic product expanded at an annual rate of 2.2% during the third calendar quarter of 2000, compared with a rate of 8.3% during the fourth quarter of 1999, when our fiscal year began. The slowdown was largely a product of the Federal Reserve Board's monetary tightening campaign, which began in June 1999. During the fiscal year, the Fed hiked its target for short-term interest rates by a total of 1 percentage point--from 5.5% to 6.5%--in three separate moves. The latest boost came in May, when the Fed raised the target by 0.50 percentage point (50 basis points).

Several other factors weighed on the minds of investors during the fiscal year:

\*\*Oil prices nearly doubled. Per-barrel oil prices rose from \$18.61 to nearly \$34 and played a key role in curbing economic growth.

\*\*Inflation rose to an annual rate of 3.4%. However, the core inflation rate, which excludes food and energy prices, remained relatively docile, rising 2.6%.

\*\*Stock prices declined sharply. The slide that began in the spring dented consumer confidence and threatened to crimp Americans' spending, a big driver of economic growth.

7

\*\*Finally, the close presidential election and ensuing court battles added an element of uncertainty to the economic outlook during the final weeks of the fiscal year, leaving economists and traders speculating on the fate of the budget surplus and the implications of a divided Congress.

THE VALUE IN MUNIS

During the fiscal year, municipal bonds generally underperformed U.S. Treasury bonds. Treasury prices were buoyed by the signs of an economic slowdown, which eased some inflation fears; by the stock market's volatility, which sent some investors fleeing to safety; and by the federal government's buyback of long-term bonds, which decreased supply.

The yield of the 30-year Treasury bond, which moves in the opposite direction from its price, declined by about 70 basis points (0.70 percentage point) during the 12 months, ending November at 5.61%. The yield of a similar-maturity insured Aaa-rated muni bond decreased 45 basis points from a year earlier to end the period at 5.55%. That means that the insured municipal's tax-exempt yield was equal to 99% of the taxable yield of a 30-year Treasury. This was significantly above the longer-term average of about 89% and made munis very attractive relative to Treasuries.

At the short end of the bond spectrum, yields generally rose in response to

the Fed's rate hikes. Overall, short-term tax-exempt notes became more attractive relative to comparable Treasury securities. The yield of the 1-year U.S. Treasury bill rose 24 basis points to end the period at 5.92%, while the yield of the benchmark 1-year MIG-1 climbed 43 basis points to 4.30%. As a result, the ratio of the 1-year muni's yield to that of the 1-year Treasury bill rose from about 68% a year ago to about 73% at the end of November 2000.

#### BUDGET SURPLUSES = GOOD NEWS FOR MUNIS

The economy's impressive expansion over the past several years created a twofold benefit for muni bonds during fiscal 2000. First, strong economic growth resulted in surpluses in many state treasuries that allowed governments to finance projects without borrowing. Overall, from January through November, national muni issuance was off 16% from the same period a year earlier. Issuance in California dropped 14%. In addition, the credit quality of many state and local governments improved as a result of the healthier condition of their finances.

Generally, higher-quality bonds performed better during fiscal 2000 than lower-quality issues. Many investors shifted away from more speculative credits and toward higher-quality ones in response to signs of decelerating economic growth. Slower growth increases the likelihood of defaults on municipal bonds issued to finance projects. The spread, or difference, between the yield of a

8

Aaa-rated municipal bond and a BBB-rated issue widened from about 34 basis points when the period began to 67 basis points at its end.

We can offer higher quality while maintaining above-average tax-exempt income--an apparent investment paradox--because of our low costs. Higher-quality bonds offer lower yields than their lower-quality counterparts. However, because our expenses take a smaller bite from the interest income paid by our bonds, we can maintain a more conservatively managed portfolio without sacrificing yield.

#### LOOKING AHEAD

We begin the 2001 fiscal year as we do every year, with an unwavering commitment to providing prudently managed, low-cost portfolios. This desirable combination has served our investors well in the past, and we fully expect it to continue to do so in the future.

Ian A. MacKinnon, Managing Director  
Christopher M. Ryon, Principal  
Pamela Wisehaupt Tynan, Principal  
John M. Carbone, Principal  
Daniel S. Solender, Principal

December 13, 2000

9

#### FUND PROFILE for California Tax-Exempt Money Market Fund

As of November 30, 2000

This Profile provides a snapshot of the fund's characteristics. Key terms are defined on page 13.

#### FINANCIAL ATTRIBUTES

|                  |         |
|------------------|---------|
| Yield            | 3.8%    |
| Average Maturity | 44 days |
| Average Quality  | MIG-1   |
| Expense Ratio    | 0.17%   |

#### DISTRIBUTION BY CREDIT QUALITY (% OF PORTFOLIO)

|             |       |
|-------------|-------|
| MIG-1/SP-1+ | 57.3% |
| A-1/P-1     | 42.5  |
| AAA/AA      | 0.2   |

|       |        |
|-------|--------|
| A     | 0.0    |
| Total | 100.0% |

10

FUND PROFILE AS OF NOVEMBER 30, 2000  
FOR CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND

This Profile provides a snapshot of the fund's characteristics, compared where appropriate with an unmanaged index. Key terms are defined on page 13.

FINANCIAL ATTRIBUTES

|                   | FUND      | LEHMAN<br>INDEX* |
|-------------------|-----------|------------------|
| Number of Issues  | 407       | 39,476           |
| Yield             | 4.5%      | 5.1%             |
| Yield to Maturity | 4.5%      | --               |
| Average Coupon    | 5.3%      | 5.5%             |
| Average Maturity  | 7.3 years | 13.8 years       |
| Average Quality   | AAA       | AA+              |
| Average Duration  | 5.8 years | 7.3 years        |
| Expense Ratio     | 0.17%     | --               |
| Cash Investments  | 0.0%      | --               |

DISTRIBUTION BY  
CREDIT QUALITY  
(% OF PORTFOLIO)

|       |        |
|-------|--------|
| AAA   | 93.3%  |
| AA    | 6.7    |
| A     | 0.0    |
| BBB   | 0.0    |
| BB    | 0.0    |
| B     | 0.0    |
| Total | 100.0% |

VOLATILITY MEASURES

|           | FUND | LEHMAN<br>INDEX* |
|-----------|------|------------------|
| R-Squared | 0.93 | 1.00             |
| Beta      | 0.90 | 1.00             |

INVESTMENT FOCUS

[CHART]

AVERAGE MATURITY MEDIUM  
CREDIT QUALITY HIGH

DISTRIBUTION BY MATURITY  
(% OF PORTFOLIO)

|               |      |
|---------------|------|
| Under 1 Year  | 8.3% |
| 1-5 Years     | 15.8 |
| 5-10 Years    | 60.8 |
| 10-20 Years   | 15.0 |
| 20-30 Years   | 0.1  |
| Over 30 Years | 0.0  |

-----  
 Total 100.0%  
 -----

\*Lehman Municipal Bond Index.

[PICTURE OF COMPUTER]  
 Visit our website  
 www.vanguard.com  
 for regularly updated  
 fund information.

FUND PROFILE AS OF NOVEMBER 30, 2000  
 FOR CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND

This Profile provides a snapshot of the fund's characteristics, compared where appropriate with an unmanaged index. Key terms are defined on page 13.

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 FINANCIAL ATTRIBUTES

|                   | FUND       | LEHMAN<br>INDEX* |
|-------------------|------------|------------------|
| Number of Issues  | 293        | 39,476           |
| Yield             | 4.8%       | 5.1%             |
| Yield to Maturity | 4.9%       | --               |
| Average Coupon    | 5.0%       | 5.5%             |
| Average Maturity  | 12.5 years | 13.8 years       |
| Average Quality   | AAA        | AA+              |
| Average Duration  | 8.4 years  | 7.3 years        |
| Expense Ratio     | 0.18%      | --               |
| Cash Investments  | 0.0%       | --               |

-----

-----  
 DISTRIBUTION BY  
 CREDIT QUALITY  
 (% OF PORTFOLIO)

|       |        |
|-------|--------|
| AAA   | 96.7%  |
| AA    | 3.3    |
| A     | 0.0    |
| BBB   | 0.0    |
| BB    | 0.0    |
| B     | 0.0    |
| Total | 100.0% |

-----

-----  
 VOLATILITY MEASURES

|           | FUND | LEHMAN<br>INDEX* |
|-----------|------|------------------|
| R-Squared | 0.97 | 1.00             |
| Beta      | 1.28 | 1.00             |

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-----  
 INVESTMENT FOCUS

[CHART]

AVERAGE MATURITY LONG  
 CREDIT QUALITY HIGH

-----

-----  
 DISTRIBUTION BY MATURITY  
 (% OF PORTFOLIO)

|               |        |
|---------------|--------|
| Under 1 Year  | 7.4%   |
| 1-5 Years     | 8.6    |
| 5-10 Years    | 34.6   |
| 10-20 Years   | 32.6   |
| 20-30 Years   | 14.9   |
| Over 30 Years | 1.9    |
| -----         |        |
| Total         | 100.0% |
| -----         |        |

[PICTURE OF COMPUTER]  
 Visit our website  
[www.vanguard.com](http://www.vanguard.com)  
 for regularly updated  
 fund information.

\*Lehman Municipal Bond Index.

GLOSSARY  
 OF INVESTMENT TERMS

AVERAGE COUPON. The average interest rate paid on the securities held by a fund. It is expressed as a percentage of face value.

AVERAGE DURATION. An estimate of how much a bond fund's share price will fluctuate in response to a change in interest rates. To see how the price could shift, multiply the fund's duration by the change in rates. If interest rates rise by one percentage point, the share price of a fund with an average duration of five years would decline by about 5%. If rates decrease by a percentage point, the fund's share price would rise by 5%.

AVERAGE MATURITY. The average length of time until bonds held by a fund reach maturity (or are called) and are repaid. In general, the longer the average maturity, the more a fund's share price will fluctuate in response to changes in market interest rates.

AVERAGE QUALITY. An indicator of credit risk, this figure is the average of the ratings assigned to a fund's securities holdings by credit-rating agencies. The agencies make their judgment after appraising an issuer's ability to meet its obligations. Quality is graded on a scale, with Aaa or AAA indicating the most creditworthy bond issuers and A-1 or MIG-1 indicating the most creditworthy issuers of money market securities

BETA. A measure of the magnitude of a fund's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a fund with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

CASH INVESTMENTS. The percentage of a fund's net assets invested in "cash equivalents"--highly liquid, short-term, interest-bearing securities. This figure does not include cash invested in futures contracts to simulate bond investment.

EXPENSE RATIO. The percentage of a fund's average net assets used to pay its annual administrative and advisory expenses. These expenses directly reduce returns to investors.

R-SQUARED. A measure of how much of a fund's past returns can be explained by the returns from the overall market (or its benchmark index). If a fund's total return were precisely synchronized with the overall market's return, its R-squared would be 1.00. If the fund's returns bore no relationship to the market's returns, its R-squared would be 0.

YIELD. A snapshot of a fund's interest income. The yield, expressed as a percentage of the fund's net asset value, is based on income earned over the past 30 days (7 days for money market funds) and is annualized, or projected forward for the coming year.

YIELD TO MATURITY. The rate of return an investor would receive if the securities held by a fund were held to their maturity dates.

PERFORMANCE SUMMARY  
 FOR CALIFORNIA TAX-EXEMPT MONEY MARKET FUND

All of the data on this page represent past performance, which cannot be used to predict future returns that may be achieved by the fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

<TABLE>  
<CAPTION>

-----  
TOTAL INVESTMENT RETURNS (%) NOVEMBER 30, 1990-NOVEMBER 30, 2000  
-----

| <S>            | <C>  | <C>              | <C>            | <C>  | <C>              |
|----------------|--|------------------|----------------|--|------------------|
|                | CALIFORNIA TAX-EXEMPT<br>MONEY MARKET FUND | AVERAGE<br>FUND* |                | CALIFORNIA TAX-EXEMPT<br>MONEY MARKET FUND | AVERAGE<br>FUND* |
| FISCAL<br>YEAR | TOTAL<br>RETURN                            | TOTAL<br>RETURN  | FISCAL<br>YEAR | TOTAL<br>RETURN                            | TOTAL<br>RETURN  |
| 1991           | 4.4%                                       | 4.2%             | 1996           | 3.3%                                       | 2.9%             |
| 1992           | 3.0  | 2.7              | 1997           | 3.4  | 3.0              |
| 1993           | 2.4  | 2.0              | 1998           | 3.1  | 2.8              |
| 1994           | 2.6  | 2.3              | 1999           | 2.8  | 2.4              |
| 1995           | 3.7  | 3.3              | 2000           | 3.4  | 3.1              |

-----  
\*Average California Tax-Exempt Money SEC 7-Day Annualized Yield (11/30/2000): 3.80%  
Market Fund; derived from data provided by  
Lipper Inc.  
See Financial Highlights table on page 42 for dividend information for the past  
five years.  
-----

</TABLE>

-----  
CUMULATIVE PERFORMANCE NOVEMBER 30, 1990-NOVEMBER 30, 2000  
-----

|        | CALIFORNIA<br>TAX-EXEMPT<br>MONEY MARKET<br>FUND | AVERAGE<br>CALIFORNIA<br>TAX-EXEMPT<br>MONEY MARKET<br>FUND* |
|--------|--|--|
| 199011 | 10000  | 10000  |
| 199102 | 10121  | 10114  |
| 199105 | 10234  | 10218  |
| 199108 | 10337  | 10312  |
| 199111 | 10444  | 10416  |
| 199202 | 10536  | 10498  |
| 199205 | 10618  | 10573  |
| 199208 | 10686  | 10633  |
| 199211 | 10755  | 10695  |
| 199302 | 10820  | 10753  |
| 199305 | 10884  | 10807  |
| 199308 | 10948  | 10858  |
| 199311 | 11013  | 10913  |
| 199402 | 11073  | 10968  |
| 199405 | 11139  | 11024  |
| 199408 | 11212  | 11084  |
| 199411 | 11299  | 11160  |
| 199502 | 11402  | 11253  |
| 199505 | 11512  | 11353  |
| 199508 | 11612  | 11438  |
| 199511 | 11716  | 11527  |
| 199602 | 11815  | 11618  |
| 199605 | 11911  | 11703  |
| 199608 | 12006  | 11780  |
| 199611 | 12105  | 11863  |
| 199702 | 12203  | 11951  |
| 199705 | 12307  | 12043  |
| 199708 | 12411  | 12128  |
| 199711 | 12518  | 12218  |
| 199802 | 12617  | 12308  |
| 199805 | 12723  | 12403  |
| 199808 | 12816  | 12480  |
| 199811 | 12906  | 12556  |
| 199902 | 12989  | 12631  |
| 199905 | 13081  | 12712  |
| 199908 | 13170  | 12788  |
| 199911 | 13266  | 12857  |
| 200002 | 13362  | 12949  |
| 200005 | 13480  | 13055  |
| 200008 | 13600  | 13160  |
| 200011 | 13722  | 13252  |

AVERAGE ANNUAL TOTAL RETURNS  
PERIODS ENDED NOVEMBER 30, 2000  
-----  
OF A \$10,000  
-----  
1 YEAR    5 YEARS    10 YEARS    INVESTMENT

|  |       |       |       |           |
|--|-------|-------|-------|-----------|
| California Tax-Exempt Money Market Fund          | 3.44% | 3.21% | 3.21% | \$ 13,722 |
| Average California Tax-Exempt Money Market Fund* | 3.07  | 2.83  | 2.86  | 13,252    |

\*Derived from data provided by Lipper Inc.

PERFORMANCE SUMMARY  
FOR CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND

All of the data on this page represent past performance, which cannot be used to predict future returns that may be achieved by the fund. Note, too, that both share price and return can fluctuate widely. An investor's shares, when redeemed, could be worth more or less than their original cost.

<TABLE>  
<CAPTION>

TOTAL INVESTMENT RETURNS (%) MARCH 4, 1994-NOVEMBER 30, 2000

| <S>  | <C> CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND |               |              |                      | <C>  | <C> CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND |                |               |              |                      |
|------|--|---------------|--------------|----------------------|------|--|----------------|---------------|--------------|----------------------|
|      | CAPITAL RETURN   | INCOME RETURN | TOTAL RETURN | LEHMAN* TOTAL RETURN |      | FISCAL YEAR  | CAPITAL RETURN | INCOME RETURN | TOTAL RETURN | LEHMAN* TOTAL RETURN |
| 1994 | -3.6%  | 3.4%          | -0.2%        | -1.1%                | 1998 | 2.7%   | 4.8%           | 7.5%          | 7.3%         |                      |
| 1995 | 8.3  | 5.6           | 13.9         | 15.2                 | 1999 | -4.1   | 4.4            | 0.3           | 0.5          |                      |
| 1996 | 1.3  | 5.1           | 6.4          | 5.2                  | 2000 | 3.0  | 5.0            | 8.0           | 6.6          |                      |
| 1997 | 1.0  | 4.9           | 5.9          | 6.0                  |      |  |                |               |              |                      |

\*Lehman 7 Year Municipal Bond Index.  
See Financial Highlights table on page 43 for dividend and capital gains information for the past five years.

</TABLE>

CUMULATIVE PERFORMANCE MARCH 4, 1994-NOVEMBER 30, 2000

|          | CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND | AVERAGE CALIFORNIA INTERMEDIATE MUNICIPAL FUND* | LEHMAN 7 YEAR MUNICIPAL BOND INDEX |
|----------|--|---|------------------------------------|
| 3/4/1994 | 10000  | 10000   | 10000                              |
| 199405   | 10142  | 10039   | 10182                              |
| 199408   | 10313  | 10189   | 10344                              |
| 199411   | 9981   | 9813  | 9830                               |
| 199502   | 10538  | 10349   | 10634                              |
| 199505   | 10895  | 10730   | 11113                              |
| 199508   | 11044  | 10879   | 11262                              |
| 199511   | 11367  | 11171   | 11688                              |
| 199602   | 11539  | 11295   | 11809                              |
| 199605   | 11436  | 11180   | 11622                              |
| 199608   | 11668  | 11352   | 11852                              |
| 199611   | 12095  | 11731   | 12376                              |
| 199702   | 12175  | 11779   | 12460                              |
| 199705   | 12314  | 11909   | 12583                              |
| 199708   | 12603  | 12180   | 12947                              |
| 199711   | 12810  | 12361   | 13263                              |
| 199802   | 13113  | 12639   | 13600                              |
| 199805   | 13216  | 12761   | 13764                              |
| 199808   | 13528  | 13007   | 14067                              |
| 199811   | 13766  | 13191   | 14292                              |
| 199902   | 13902  | 13291   | 14435                              |
| 199905   | 13865  | 13283   | 14407                              |
| 199908   | 13711  | 13096   | 14138                              |
| 199911   | 13803  | 13120   | 14139                              |
| 200002   | 13873  | 13144   | 14135                              |
| 200005   | 13999  | 13304   | 14142                              |
| 200008   | 14791  | 13954   | 14946                              |

AVERAGE ANNUAL TOTAL RETURNS  
PERIODS ENDED NOVEMBER 30, 2000 FINAL VALUE  
SINCE OF A \$10,000  
INCEPTION INVESTMENT

|  | 1 YEAR | 5 YEARS | INCEPTION | INVESTMENT |
|--|--------|---------|-----------|------------|
| California Insured Intermediate-Term Tax-Exempt Fund | 7.99%  | 5.57%   | 6.10%     | \$ 14,907  |
| Average California Intermediate Municipal Fund*      | 6.92   | 4.66    | 5.15      | 14,027     |
| Lehman 7 Year Municipal Bond Index                   | 6.55   | 5.09    | 5.78      | 14,610     |

\*Derived from data provided by Lipper Inc.

PERFORMANCE SUMMARY  
FOR CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND

All of the data on this page represent past performance, which cannot be used to predict future returns that may be achieved by the fund. Note, too, that both share price and return can fluctuate widely. An investor's shares, when redeemed, could be worth more or less than their original cost.

<TABLE>  
<CAPTION>

TOTAL INVESTMENT RETURNS (%) NOVEMBER 30, 1990-NOVEMBER 30, 2000

| <S>         | <C>  |               |              |              | <C>         | <C>  |               |              |              |
|-------------|--|---------------|--------------|--------------|-------------|--|---------------|--------------|--------------|
|             | CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND |               |              | LEHMAN*      |             | CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND |               |              | LEHMAN*      |
| FISCAL YEAR | CAPITAL RETURN                               | INCOME RETURN | TOTAL RETURN | TOTAL RETURN | FISCAL YEAR | CAPITAL RETURN                               | INCOME RETURN | TOTAL RETURN | TOTAL RETURN |
| 1991        | 2.1%   | 6.5%          | 8.6%         | 10.3%        | 1996        | 1.3%   | 5.6%          | 6.9%         | 5.9%         |
| 1992        | 4.4  | 6.4           | 10.8         | 10.0         | 1997        | 1.1  | 5.4           | 6.5          | 7.2          |
| 1993        | 5.7  | 5.8           | 11.5         | 11.1         | 1998        | 3.1  | 5.2           | 8.3          | 7.8          |
| 1994        | -11.0  | 5.1           | -5.9         | -5.2         | 1999        | -7.0   | 4.8           | -2.2         | -1.1         |
| 1995        | 13.6   | 6.5           | 20.1         | 18.9         | 2000        | 5.5  | 5.6           | 11.1         | 8.2          |

\*Lehman Municipal Bond Index.  
See Financial Highlights table on page 43 for dividend and capital gains information for the past five years.

</TABLE>

CUMULATIVE PERFORMANCE NOVEMBER 30, 1990-NOVEMBER 30, 2000

|        | CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND | AVERAGE CALIFORNIA INSURED MUNICIPAL FUND* | LEHMAN MUNICIPAL BOND INDEX |
|--------|--|--|-----------------------------|
| 199011 | 10000  | 10000                                      | 10000                       |
| 199102 | 10178  | 10208                                      | 10267                       |
| 199105 | 10390  | 10452                                      | 10500                       |
| 199108 | 10636  | 10670                                      | 10757                       |
| 199111 | 10861  | 10913                                      | 11003                       |
| 199202 | 11124  | 11164                                      | 11244                       |
| 199205 | 11401  | 11462                                      | 11467                       |
| 199208 | 11827  | 11870                                      | 11906                       |
| 199211 | 12035  | 12015                                      | 12099                       |
| 199302 | 12944  | 12910                                      | 12903                       |
| 199305 | 12944  | 12958                                      | 12881                       |
| 199308 | 13411  | 13478                                      | 13440                       |
| 199311 | 13422  | 13462                                      | 13515                       |
| 199402 | 13549  | 13554                                      | 13590                       |
| 199405 | 13185  | 13012                                      | 13320                       |
| 199408 | 13408  | 13141                                      | 13563                       |
| 199411 | 12634  | 12328                                      | 12935                       |
| 199502 | 13940  | 13581                                      | 13892                       |
| 199505 | 14488  | 14195                                      | 14543                       |

|        |       |       |       |       |
|--------|-------|-------|-------|-------|
| 199508 | 14504 | 14074 | 14865 | 14633 |
| 199511 | 15174 | 14840 | 15336 | 15187 |
| 199602 | 15360 | 15016 | 15521 | 15344 |
| 199605 | 15033 | 14646 | 15231 | 15099 |
| 199608 | 15408 | 14893 | 15524 | 15400 |
| 199611 | 16222 | 15628 | 16203 | 16080 |
| 199702 | 16222 | 15671 | 16348 | 16189 |
| 199705 | 16429 | 15857 | 16477 | 16349 |
| 199708 | 16882 | 16209 | 16961 | 16824 |
| 199711 | 17280 | 16625 | 17348 | 17233 |
| 199802 | 17738 | 17061 | 17816 | 17669 |
| 199805 | 17935 | 17267 | 18007 | 17883 |
| 199808 | 18382 | 17524 | 18418 | 18279 |
| 199811 | 18716 | 17843 | 18755 | 18570 |
| 199902 | 18925 | 17970 | 18929 | 18756 |
| 199905 | 18829 | 17903 | 18836 | 18718 |
| 199908 | 18351 | 17270 | 18542 | 18371 |
| 199911 | 18302 | 17160 | 18676 | 18371 |
| 200002 | 18444 | 17210 | 18648 | 18365 |
| 200005 | 18676 | 17453 | 18803 | 18557 |
| 200008 | 20045 | 18477 | 19885 | 19615 |
| 200011 | 20334 | 18739 | 20102 | 19874 |

|  | AVERAGE ANNUAL TOTAL RETURNS    |         |          | FINAL VALUE<br>OF A \$10,000<br>INVESTMENT |
|--|---------------------------------|---------|----------|--|
|  | PERIODS ENDED NOVEMBER 30, 2000 |         |          |  |
|  | 1 YEAR                          | 5 YEARS | 10 YEARS |  |

|   |        |       |       |           |
|---|--------|-------|-------|-----------|
| California Insured Long-Term<br>Tax-Exempt Fund | 11.11% | 6.03% | 7.36% | \$ 20,334 |
| Average California Insured<br>Municipal Fund*   | 9.20   | 4.78  | 6.48  | 18,739    |
| Lehman Municipal Bond Index                     | 8.18   | 5.53  | 7.11  | 19,874    |

\*Derived from data provided by Lipper Inc.

FINANCIAL STATEMENTS  
NOVEMBER 30, 2000

STATEMENT OF NET ASSETS

This Statement provides a detailed list of each fund's municipal bond holdings, including each security's market value on the last day of the reporting period and information on credit enhancements (insurance or letters of credit). Other assets are added to, and liabilities are subtracted from, the value of Total Municipal Bonds to calculate the fund's Net Assets. Finally, Net Assets are divided by the outstanding shares of the fund to arrive at its share price, or Net Asset Value (NAV) Per Share.

At the end of the Statement of Net Assets, you will find a table displaying the composition of the fund's net assets on both a dollar and per-share basis. Undistributed Net Investment Income is usually zero because the fund distributes its net income to shareholders as a dividend each day. Any realized gains must be distributed annually, so the bulk of net assets consists of Paid-in Capital (money invested by shareholders). The balance shown for Accumulated Net Realized Gains usually approximates the amount available to distribute to shareholders as taxable capital gains as of the statement date, but may differ because certain investments or transactions may be treated differently for financial statement and tax purposes. Any Accumulated Net Realized Losses, and any cumulative excess of distributions over net realized gains, will appear as negative balances. Unrealized Appreciation (Depreciation) is the difference between the value of the fund's investments and their cost, and reflects the gains (losses) that would be realized if the fund were to sell all of its investments at their statement-date values.

<TABLE>  
<CAPTION>

| <S>   | <C>    | <C>              | <C>                     | <C>                       |
|---|--------|------------------|-------------------------|---------------------------|
|   | COUPON | MATURITY<br>DATE | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| CALIFORNIA TAX-EXEMPT MONEY MARKET FUND   |        |                  |                         |                           |
| MUNICIPAL BONDS (99.7%)   |        |                  |                         |                           |
| Alameda-Contra Costa CA School Financing Auth. COP VRDO<br>(Capital Improvement Financing Pooled Project) | 3.90%  | 12/7/2000 (2)    | \$ 13,000               | \$ 13,000                 |

|   |       |            |     |         |         |
|---|-------|------------|-----|---------|---------|
| Alameda-Contra Costa CA School Financing Auth. COP VRDO<br>(Capital Improvement Financing Pooled Project) | 3.95% | 12/7/2000  | LOC | 11,565  | 11,565  |
| Anaheim CA Public Improvement Corp. Lease COP VRDO  | 3.75% | 12/6/2000  | (2) | 29,980  | 29,980  |
| California Communities Dev. Auth. COP VRDO<br>(Memorial Health Services)                                  | 3.90% | 12/6/2000  |     | 65,900  | 65,900  |
| California Community College Financing Auth. TRAN   | 5.00% | 6/29/2001  | (4) | 12,500  | 12,553  |
| California Dept. of Water Resources TOB VRDO<br>(Central Valley Project)                                  | 3.82% | 12/7/2000  | +   | 10,955  | 10,955  |
| California Educ. Fac. Auth. Rev. VRDO (Pepperdine Univ.)  | 3.90% | 12/7/2000  |     | 6,000   | 6,000   |
| California Educ. Fac. Auth. Rev. VRDO (Stanford Univ.)  | 3.75% | 12/6/2000  |     | 9,580   | 9,580   |
| California Educ. Fac. Auth. Rev. VRDO (Univ. of San Francisco)  | 3.80% | 12/6/2000  | LOC | 6,500   | 6,500   |
| California GO   | 5.50% | 12/1/2000  |     | 17,490  | 17,490  |
| California GO CP  | 3.60% | 12/12/2000 |     | 20,000  | 20,000  |
| California GO CP  | 3.65% | 12/12/2000 |     | 7,600   | 7,600   |
| California GO CP  | 3.70% | 12/1/2000  |     | 15,000  | 15,000  |
| California GO CP  | 3.70% | 12/7/2000  |     | 19,100  | 19,100  |
| California GO CP  | 3.75% | 12/11/2000 |     | 6,500   | 6,500   |
| California GO CP  | 3.95% | 2/21/2001  |     | 15,000  | 15,000  |
| California GO CP  | 4.00% | 2/15/2001  |     | 5,000   | 5,000   |
| California GO TOB VRDO  | 3.82% | 12/7/2000  | +   | 131,740 | 131,740 |
| California GO TOB VRDO  | 4.25% | 12/6/2000  | +   | 25,000  | 25,000  |
| California Health Fac. Finance Auth. Rev. VRDO<br>(Adventist Health System West Sutter Health)            | 3.85% | 12/7/2000  | LOC | 16,900  | 16,900  |

17

<TABLE>  
<CAPTION>

---

| <S>   | <C>    | <C>             | <C> | <C>               | <C>                 |
|---|--------|-----------------|-----|-------------------|---------------------|
|   | COUPON | MATURITY DATE   |     | FACE AMOUNT (000) | MARKET VALUE* (000) |
| CALIFORNIA TAX-EXEMPT MONEY MARKET FUND   |        |                 |     |                   |                     |
| California Health Fac. Finance Auth. Rev. VRDO<br>(Adventist Health System West Sutter Health)    | 3.95%  | 12/7/2000 LOC   |     | \$ 7,600          | \$ 7,600            |
| California Health Fac. Finance Auth. Rev. VRDO<br>(Catholic Healthcare West)                      | 3.60%  | 12/6/2000 (1)   |     | 7,300             | 7,300               |
| California Health Fac. Finance Auth. Rev. VRDO<br>(Memorial Health Services)                      | 3.90%  | 12/6/2000       |     | 29,800            | 29,800              |
| California Housing Finance Agency Home Mortgage Rev.  | 3.90%  | 10/1/2001       |     | 2,900             | 2,900               |
| California Housing Finance Agency Home Mortgage Rev.  | 4.25%  | 8/1/2001        |     | 20,000            | 20,000              |
| California Housing Finance Agency Home Mortgage Rev.  | 4.05%  | 6/1/2001        |     | 19,000            | 19,000              |
| California Housing Finance Agency Home Mortgage Rev.<br>TOB VRDO                                  | 3.89%  | 12/7/2000 +     |     | 9,515             | 9,515               |
| California Housing Finance Agency Home Mortgage Rev. VRDO   | 3.80%  | 12/6/2000 (4)   |     | 10,000            | 10,000              |
| California Housing Finance Agency Home Mortgage Rev. VRDO   | 3.80%  | 12/6/2000 (1)   |     | 15,500            | 15,500              |
| California Housing Finance Agency Home Mortgage Rev. VRDO   | 3.80%  | 12/6/2000       |     | 12,455            | 12,455              |
| California Housing Finance Agency Home Mortgage Rev. VRDO   | 3.85%  | 12/6/2000 (4)   |     | 3,400             | 3,400               |
| California Housing Finance Agency Home Mortgage Rev. VRDO   | 4.00%  | 12/6/2000 (4)   |     | 9,400             | 9,400               |
| California Infrastructure & Econ. Dev. Bank for<br>Independent System Operation Corp. VRDO        | 3.70%  | 12/6/2000 (1)   |     | 25,000            | 25,000              |
| California Infrastructure & Econ. Dev. Bank for<br>Independent System Operation Corp. VRDO        | 3.75%  | 12/6/2000 (1)   |     | 10,000            | 10,000              |
| California Infrastructure & Econ. Dev. Bank for<br>Independent System Operation Corp. VRDO        | 3.90%  | 12/6/2000 (1)   |     | 16,000            | 16,000              |
| California PCR Financing Auth. Solid Waste Disposal<br>Rev. VRDO (Shell Oil Co.-Martinez Project) | 4.10%  | 12/4/2000       |     | 46,500            | 46,500              |
| California PCR Financing Auth. VRDO (Exxon Mobil Project)   | 4.05%  | 12/4/2000       |     | 5,400             | 5,400               |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                               | 3.80%  | 12/6/2000 (1)   |     | 110,800           | 110,800             |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                               | 4.05%  | 12/4/2000 LOC   |     | 9,100             | 9,100               |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                               | 4.10%  | 12/4/2000 LOC   |     | 7,000             | 7,000               |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                               | 4.15%  | 12/4/2000 LOC   |     | 11,250            | 11,250              |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                               | 4.55%  | 12/4/2000 LOC   |     | 3,000             | 3,000               |
| California School Cash Reserve Program Auth. Rev.   | 5.25%  | 7/3/2001 (2)    |     | 40,000            | 40,223              |
| California School Fac. Financing Corp. COP VRDO   | 3.85%  | 12/6/2000 LOC   |     | 12,540            | 12,540              |
| California Statewide Community Dev. Auth. TRAN  | 5.25%  | 6/29/2001 (4)   |     | 23,250            | 23,377              |
| California Veterans GO  | 3.60%  | 6/1/2001        |     | 12,850            | 12,814              |
| California Water Resources TOB VRDO   | 3.75%  | 12/7/2000 (3) + |     | 11,000            | 11,000              |
| Chula Vista CA Ind. Rev. VRDO   | 4.00%  | 12/4/2000       |     | 5,000             | 5,000               |
| Clovis CA Unified School Dist. TRAN   | 5.00%  | 6/30/2001       |     | 30,500            | 30,636              |
| Conejo Valley CA Unified School Dist. TRAN  | 5.00%  | 6/29/2001       |     | 12,000            | 12,049              |
| Dublin San Ramon CA Services Dist. Sewer Rev. COP VRDO  | 3.90%  | 12/7/2000 (1)   |     | 12,500            | 12,500              |
| Fresno CA Sewer Rev. VRDO   | 3.60%  | 12/6/2000 (3)   |     | 20,400            | 20,400              |
| Fresno CA TRAN  | 5.00%  | 6/29/2001       |     | 20,000            | 20,081              |

|  |       |               |        |        |
|--|-------|---------------|--------|--------|
| Fresno County CA TRAN  | 5.00% | 7/2/2001      | 25,000 | 25,106 |
| Irvine CA Assessment Dist. Improvement Boards VRDO                       | 4.00% | 12/4/2000 LOC | 6,400  | 6,400  |
| Irvine CA Assessment Dist. Improvement Boards VRDO                       | 4.10% | 12/4/2000 LOC | 12,400 | 12,400 |
| Irvine CA Assessment Dist. Improvement Boards VRDO<br>(Northwest Irvine) | 4.10% | 12/4/2000 LOC | 5,055  | 5,055  |
| Irvine CA Assessment Dist. Improvement Boards VRDO<br>(Oak Creek)        | 4.10% | 12/4/2000 LOC | 1,400  | 1,400  |

18

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| <S>  | <C>    | <C>               | <C>               | <C>                 |
|--|--------|-------------------|-------------------|---------------------|
|  | COUPON | MATURITY DATE     | FACE AMOUNT (000) | MARKET VALUE* (000) |
| Irvine CA Assessment Dist. Improvement Boards VRDO<br>(Orange County-Irvine County)              | 3.75%  | 12/6/2000 LOC     | \$ 49,711         | \$ 49,711           |
| Irvine CA Ranch Water Dist. VRDO   | 3.80%  | 12/4/2000 LOC     | 2,700             | 2,700               |
| Kern County CA VRDO (Public Fac. Project)  | 3.60%  | 12/6/2000 LOC     | 29,800            | 29,800              |
| Long Beach CA Harbor Rev. TOB VRDO   | 3.89%  | 12/7/2000 (3)+    | 5,650             | 5,650               |
| Long Beach CA TRAN   | 4.50%  | 10/30/2001        | 23,500            | 23,666              |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev. CP                                     | 3.70%  | 12/21/2000 LOC    | 15,000            | 15,000              |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev. CP                                     | 3.70%  | 12/8/2000 LOC     | 38,000            | 38,000              |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev. CP                                     | 3.75%  | 12/8/2000 LOC     | 20,000            | 20,000              |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev. CP                                     | 4.00%  | 12/8/2000 LOC     | 10,200            | 10,200              |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev. VRDO                                   | 3.75%  | 12/7/2000         | 64,000            | 64,000              |
| Los Angeles CA GO TOB VRDO   | 4.20%  | 12/6/2000 +       | 80,000            | 80,000              |
| Los Angeles CA Unified School Dist. TOB VRDO   | 3.82%  | 12/7/2000 (3)+    | 30,845            | 30,845              |
| Los Angeles CA Waste Water System Rev. CP  | 3.85%  | 12/8/2000         | 20,000            | 20,000              |
| Los Angeles CA Waste Water System Rev. CP  | 3.85%  | 12/19/2000        | 16,000            | 16,000              |
| Los Angeles CA Waste Water System Rev. CP  | 3.85%  | 12/20/2000        | 16,375            | 16,375              |
| Los Angeles County CA Metro. Transp. Auth. CP  | 3.55%  | 12/14/2000 LOC    | 10,000            | 10,000              |
| Los Angeles County CA Metro. Transp. Auth. CP  | 3.65%  | 12/11/2000 LOC    | 14,408            | 14,408              |
| Los Angeles County CA Metro. Transp. Auth. CP  | 3.95%  | 12/11/2000 LOC    | 8,200             | 8,200               |
| Los Angeles County CA Metro. Transp. Auth. CP  | 4.00%  | 12/8/2000 LOC     | 7,797             | 7,797               |
| Los Angeles County CA Metro. Transp. Auth. CP  | 4.00%  | 2/21/2001 LOC     | 10,000            | 10,000              |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev. VRDO                                   | 3.70%  | 12/7/2000 (1)     | 18,160            | 18,160              |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev. VRDO                                   | 3.75%  | 12/6/2000 (3)     | 18,000            | 18,000              |
| Los Angeles County CA Pension Obligations VRDO   | 3.75%  | 12/6/2000 (2)     | 75,900            | 75,900              |
| Los Angeles County CA TRAN   | 5.00%  | 6/29/2001         | 108,625           | 109,139             |
| Metro. Water Dist. of Southern California Waterworks Rev. CP                                     | 3.70%  | 12/7/2000         | 17,400            | 17,400              |
| Metro. Water Dist. of Southern California Waterworks Rev. CP                                     | 3.70%  | 12/14/2000        | 5,000             | 5,000               |
| Metro. Water Dist. of Southern California Waterworks Rev. CP                                     | 4.00%  | 12/7/2000         | 8,900             | 8,900               |
| Metro. Water Dist. of Southern California Waterworks Rev. TOB VRDO                               | 3.75%  | 12/7/2000 +       | 5,000             | 5,000               |
| Metro. Water Dist. of Southern California Waterworks Rev. TOB VRDO                               | 3.82%  | 12/7/2000 +       | 5,995             | 5,995               |
| Metro. Water Dist. of Southern California Waterworks Rev. VRDO                                   | 3.75%  | 12/7/2000         | 36,700            | 36,698              |
| Metro. Water Dist. of Southern California Waterworks Rev. VRDO                                   | 4.10%  | 12/4/2000         | 4,400             | 4,400               |
| Mission Viejo CA Community Dev. Financing Auth. VRDO<br>(Mission Viejo Mall Improvement Project) | 3.75%  | 12/6/2000 LOC     | 31,100            | 31,100              |
| MSR California Public Power Agency VRDO (San Juan Project)                                       | 4.10%  | 12/4/2000 (1)     | 25,800            | 25,800              |
| Newport Beach CA Rev. VRDO (Hoag Memorial Hosp.)   | 3.70%  | 12/6/2000         | 44,900            | 44,900              |
| Oakland CA Joint Powers Financing Auth. Lease Rev. VRDO  | 3.80%  | 12/7/2000 (4)     | 24,100            | 24,100              |
| Orange County CA Irvine Coast Assessment Dist. VRDO  | 4.05%  | 12/4/2000 LOC     | 4,168             | 4,168               |
| Orange County CA Sanitation Dist. COP VRDO   | 4.10%  | 12/4/2000         | 10,000            | 10,000              |
| Orange County CA Sanitation Dist. VRDO   | 3.60%  | 12/7/2000 (2)     | 20,000            | 20,000              |
| Orange County CA Sanitation Dist. VRDO   | 4.10%  | 12/4/2000 (2) LOC | 8,400             | 8,400               |
| Otay CA Water Dist. COP VRDO (Capital Project)   | 3.75%  | 12/6/2000 LOC     | 8,500             | 8,500               |
| Rancho Mirage CA Joint Powers Financing Auth. COP VRDO<br>(Eisenhower Medical Center)            | 3.70%  | 12/6/2000 (1)     | 25,100            | 25,100              |
| Riverside County CA Public Fac. Project VRDO   | 3.50%  | 12/5/2000 LOC     | 12,300            | 12,300              |
| Riverside County CA Public Fac. Project VRDO   | 3.80%  | 12/5/2000 LOC     | 4,420             | 4,420               |

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19

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| <S> | <C> | <C> | <C> | <C> |
|-----|-----|-----|-----|-----|
|-----|-----|-----|-----|-----|

| CALIFORNIA TAX-EXEMPT MONEY MARKET FUND  | COUPON | MATURITY DATE     | FACE AMOUNT (000) | MARKET VALUE* (000) |
|--|--------|-------------------|-------------------|---------------------|
| Sacramento County CA VRDO<br>(Administration Center & Courthouse Project)                    | 3.90%  | 12/7/2000 LOC     | \$ 9,800          | \$ 9,800            |
| San Bernardino County CA COP VRDO<br>(County Center Refinancing Project)                     | 3.80%  | 12/6/2000 LOC     | 8,000             | 8,000               |
| San Diego CA TAN   | 4.50%  | 10/2/2001         | 24,000            | 24,148              |
| San Francisco Bay CA Area Rapid Transit Dist.<br>Sales Tax Rev. TOB VRDO                     | 3.82%  | 12/7/2000 (3)+    | 2,745             | 2,745               |
| San Francisco CA Airport CP  | 3.65%  | 12/14/2000 LOC    | 9,560             | 9,560               |
| San Francisco CA Airport CP  | 3.70%  | 12/1/2000 LOC     | 4,755             | 4,755               |
| San Francisco CA Airport CP  | 3.80%  | 12/11/2000 LOC    | 36,445            | 36,445              |
| San Francisco CA Airport CP  | 4.00%  | 3/15/2001 LOC     | 24,940            | 24,940              |
| San Francisco CA Airport CP  | 4.05%  | 3/8/2001 LOC      | 3,600             | 3,600               |
| San Francisco CA City & County Finance Corp. Lease PUT<br>(Moscone Center Expansion Project) | 3.75%  | 1/11/2001 (2)     | 28,900            | 28,890              |
| San Jose CA Redev. Agency Rev. VRDO<br>(Merged Area Redev. Project)                          | 3.95%  | 12/6/2000 LOC     | 14,900            | 14,900              |
| San Jose/Santa Clara CA Clean Water &<br>Sewer Finance Auth. VRDO                            | 3.75%  | 12/6/2000 (3)     | 3,700             | 3,700               |
| Sonoma County CA TRAN  | 4.50%  | 11/1/2001         | 4,920             | 4,957               |
| Southern California Public Power Auth. VRDO<br>(Southern Transmission Project)               | 3.70%  | 12/6/2000 (4)     | 51,665            | 51,665              |
| Southern California Public Power Auth. VRDO<br>(Southern Transmission Project)               | 3.75%  | 12/6/2000 (2) LOC | 42,800            | 42,800              |
| Southern California Public Power Auth. VRDO<br>(Southern Transmission Project)               | 3.60%  | 12/6/2000 (4)     | 13,000            | 13,000              |
| Torrance CA Little Co. of Mary Hosp. VRDO<br>(Torrance Memorial Medical Center)              | 3.95%  | 12/7/2000 LOC     | 3,000             | 3,000               |
| Tulare County CA TRAN  | 4.50%  | 11/14/2001        | 6,500             | 6,542               |
| Turlock CA Irrigation Dist. COP VRDO<br>(Transmission Project)                               | 3.75%  | 12/6/2000 LOC     | 6,725             | 6,725               |
| Univ. of California Regents CP   | 3.70%  | 12/21/2000        | 6,000             | 6,000               |
| Univ. of California Regents CP   | 3.80%  | 1/17/2001         | 7,400             | 7,400               |
| Univ. of California Regents CP   | 3.90%  | 3/9/2001          | 16,100            | 16,100              |
| Univ. of California Regents CP   | 3.95%  | 12/11/2000        | 25,000            | 25,000              |
| Univ. of California Regents CP   | 4.00%  | 12/7/2000         | 22,421            | 22,421              |
| Vallejo City CA Unified School Dist. VRDO  | 3.85%  | 12/7/2000 LOC     | 2,900             | 2,900               |
| Ventura CA CP  | 3.65%  | 12/11/2000 LOC    | 11,300            | 11,300              |
| Ventura County CA TRAN   | 5.00%  | 7/3/2001          | 38,000            | 38,172              |
| Wateruse Financial Auth. of California VRDO  | 3.90%  | 12/6/2000 (4)     | 77,850            | 77,850              |
| OUTSIDE CALIFORNIA:  |        |                   |                   |                     |
| Puerto Rico Aqueduct & Sewer Auth. TOB VRDO  | 3.82%  | 12/7/2000 +       | 15,555            | 15,555              |
| Puerto Rico Electric Power Auth. Rev. TOB VRDO   | 3.82%  | 12/7/2000 (4)+    | 5,015             | 5,015               |
| Puerto Rico Electric Power Auth. Rev. TOB VRDO   | 3.82%  | 12/7/2000 (4)+    | 9,850             | 9,850               |
| Puerto Rico GO   | 5.50%  | 7/1/2001 (2)      | 5,420             | 5,461               |
| Puerto Rico GO TOB VRDO  | 3.82%  | 12/7/2000 (1)+    | 27,905            | 27,905              |
| Puerto Rico Govt. Dev. Bank VRDO   | 3.85%  | 12/6/2000 (1)     | 810               | 810                 |
| Puerto Rico Highway & Transp. Auth. Rev. VRDO  | 3.60%  | 12/6/2000 (2)     | 6,700             | 6,700               |
| Puerto Rico Highway & Transp. Auth. Rev. TOB VRDO  | 3.82%  | 12/7/2000 (1)+    | 17,535            | 17,535              |
| Puerto Rico Highway & Transp. Auth. Rev. TOB VRDO  | 3.82%  | 12/7/2000 (2)+    | 17,005            | 17,005              |
| Puerto Rico Public Buildings Auth. Govt. Fac. Rev. TOB VRDO                                  | 3.82%  | 12/7/2000 (2)+    | 4,000             | 4,000               |
| Puerto Rico TOB VRDO   | 3.82%  | 12/7/2000 (1)+    | 8,810             | 8,810               |
| TOTAL MUNICIPAL BONDS<br>(Cost \$2,708,957)  |        |                   |                   | \$ 2,708,957        |

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| <TABLE><br><CAPTION>                | <C> | MARKET VALUE* (000) |
|-------------------------------------|-----|---------------------|
| <S>                                 |     |                     |
| OTHER ASSETS AND LIABILITIES (0.3%) |     |                     |
| Other Assets--Note B                | \$  | 63,889              |
| Liabilities                         |     | (54,500)            |
|                                     | \$  | 9,389               |
| NET ASSETS (100%)                   |     |                     |

NET ASSET VALUE PER SHARE \$1.00

\*See Note A in Notes to Financial Statements.

+Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At November 30, 2000, the aggregate value of these securities was \$424,120,000, representing 15.6% of net assets.

For key to abbreviations and other references, see page 38.

</TABLE>

AT NOVEMBER 30, 2000, NET ASSETS CONSISTED OF:

|                                     | AMOUNT<br>(000)     | PER<br>SHARE   |
|-------------------------------------|---------------------|----------------|
| Paid-in Capital                     | \$ 2,718,660        | \$ 1.00        |
| Undistributed Net Investment Income | --                  | --             |
| Accumulated Net Realized Losses     | (314)               | --             |
| Unrealized Appreciation             | --                  | --             |
| <b>NET ASSETS</b>                   | <b>\$ 2,718,346</b> | <b>\$ 1.00</b> |

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|--|--------|------------------|-------------------------|---------------------------|
|  | COUPON | MATURITY<br>DATE | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| MUNICIPAL BONDS (100.9%)   |        |                  |                         |                           |
| ISSUER INSURED (87.7%)   |        |                  |                         |                           |
| ABAG Finance Auth. For Non-Profit Corp. COP<br>(Children's Hosp. Medical Center) | 6.00%  | 12/1/2015 (2)    | \$ 9,180                | \$ 10,016                 |
| Alameda CA Corridor Transp. Auth. Rev.   | 5.125% | 10/1/2016 (2)    | 5,000                   | 5,051                     |
| Alameda CA Corridor Transp. Auth. Rev.   | 5.125% | 10/1/2017 (1)    | 6,565                   | 6,584                     |
| Alameda CA Corridor Transp. Auth. Rev.   | 5.125% | 10/1/2018 (1)    | 6,575                   | 6,555                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.25%  | 6/1/2008 (1)     | 1,965                   | 2,082                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.25%  | 6/1/2009 (1)     | 2,910                   | 3,084                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.25%  | 6/1/2011 (1)     | 1,615                   | 1,696                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.25%  | 6/1/2012 (1)     | 1,595                   | 1,664                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.25%  | 6/1/2013 (1)     | 1,785                   | 1,850                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.375% | 6/1/2014 (1)     | 1,880                   | 1,954                     |
| Alameda County CA COP (Medical Center Project)                                   | 5.375% | 6/1/2015 (1)     | 3,960                   | 4,095                     |
| Anaheim CA Convention Center Finance COP   | 0.00%  | 8/1/2004 (1)     | 3,120                   | 2,665                     |
| Anaheim CA Public Finance Auth. Rev.   | 6.00%  | 9/1/2008 (4)     | 2,000                   | 2,221                     |
| Antioch CA Public Financing Auth. Reassessment Rev.                              | 5.00%  | 9/2/2013 (2)     | 12,305                  | 12,470                    |
| Cabrillo CA Community College Dist. GO   | 0.00%  | 8/1/2011 (3)     | 2,465                   | 1,474                     |
| Cabrillo CA Community College Dist. GO   | 0.00%  | 8/1/2012 (3)     | 2,525                   | 1,421                     |
| Cabrillo CA Community College Dist. GO   | 0.00%  | 8/1/2013 (3)     | 2,590                   | 1,368                     |
| Cabrillo CA Community College Dist. GO   | 0.00%  | 8/1/2014 (3)     | 2,655                   | 1,314                     |
| California Community College Financing Auth. TRAN                                | 5.00%  | 8/3/2001 (4)     | 11,000                  | 11,079                    |
| California Educ. Fac. Auth. Rev.<br>(Loyola Marymount Univ.)                     | 0.00%  | 10/1/2005 (1)    | 3,100                   | 2,510                     |
| California GO  | 5.25%  | 9/1/2013 (1)     | 25,000                  | 25,965                    |
| California GO  | 5.75%  | 12/1/2009 (2)    | 13,265                  | 14,605                    |
| California GO  | 5.75%  | 2/1/2011 (3)     | 6,500                   | 7,157                     |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)         | 5.50%  | 7/1/2008 (1)     | 3,290                   | 3,534                     |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)         | 5.50%  | 7/1/2009 (1)     | 3,580                   | 3,850                     |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)         | 5.50%  | 7/1/2010 (1)     | 3,060                   | 3,276                     |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)         | 5.50%  | 7/1/2011 (1)     | 3,950                   | 4,200                     |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)         | 5.50%  | 7/1/2012 (1)     | 3,635                   | 3,841                     |

|  |        |               |        |        |
|--|--------|---------------|--------|--------|
| (Catholic Health Care West)  | 5.75%  | 7/1/2010 (1)  | 7,000  | 7,537  |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West) | 5.875% | 7/1/2009 (2)  | 5,000  | 5,378  |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West) | 7.00%  | 7/1/2005 (2)  | 3,410  | 3,798  |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West) | 7.00%  | 7/1/2006 (2)  | 3,395  | 3,848  |
| California Health Fac. Finance Auth. Rev.<br>(Children's Hosp.)          | 6.00%  | 7/1/2001 (1)  | 1,600  | 1,620  |
| California Health Fac. Finance Auth. Rev.<br>(Children's Hosp.)          | 6.00%  | 7/1/2002 (1)  | 1,280  | 1,319  |
| California Health Fac. Finance Auth. Rev.<br>(Children's Hosp.)          | 6.00%  | 7/1/2004 (1)  | 1,645  | 1,747  |
| California Health Fac. Finance Auth. Rev.<br>(Children's Hosp.)          | 6.00%  | 7/1/2006 (1)  | 1,000  | 1,086  |
| California Health Fac. Finance Auth. Rev.<br>(Kaiser Permanente)         | 5.25%  | 6/1/2009 (4)  | 6,290  | 6,652  |
| California Health Fac. Finance Auth. Rev.<br>(Kaiser Permanente)         | 5.25%  | 10/1/2009 (2) | 10,525 | 11,150 |
| California Health Fac. Finance Auth. Rev.<br>(Kaiser Permanente)         | 5.25%  | 6/1/2010 (4)  | 5,310  | 5,615  |
| California Health Fac. Finance Auth. Rev.<br>(Kaiser Permanente)         | 5.25%  | 6/1/2011 (4)  | 7,250  | 7,609  |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)       | 5.50%  | 7/1/2002 (1)  | 2,500  | 2,558  |

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22

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| <S>   | <C>    | <C>                    | <C>                     | <C>                       |
|---|--------|------------------------|-------------------------|---------------------------|
|   | COUPON | MATURITY<br>DATE       | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)                        | 5.50%  | 7/1/2003 (1)           | \$ 3,010                | \$ 3,117                  |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)                        | 5.50%  | 7/1/2004 (1)           | 2,000                   | 2,092                     |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)                        | 5.50%  | 7/1/2010 (1)           | 3,570                   | 3,822                     |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)                        | 5.75%  | 7/1/2005 (1)           | 3,335                   | 3,550                     |
| California Health Fac. Finance Auth. Rev.<br>(Pomona Valley Hosp.)                        | 5.75%  | 7/1/2006 (1)           | 3,415                   | 3,669                     |
| California Health Fac. Finance Auth. Rev.<br>(Presbyterian Hosp.)                         | 5.25%  | 5/1/2001 (1)           | 1,500                   | 1,509                     |
| California Health Fac. Finance Auth. Rev.<br>(Presbyterian Hosp.)                         | 5.25%  | 5/1/2002 (1)           | 1,000                   | 1,017                     |
| California Health Fac. Finance Auth. Rev.<br>(Presbyterian Hosp.)                         | 5.25%  | 5/1/2003 (1)           | 1,000                   | 1,028                     |
| California Health Fac. Finance Auth. Rev.<br>(Presbyterian Hosp.)                         | 5.50%  | 5/1/2004 (1)           | 1,855                   | 1,936                     |
| California Health Fac. Finance Auth. Rev.<br>(Presbyterian Hosp.)                         | 5.50%  | 5/1/2005 (1)           | 1,500                   | 1,578                     |
| California Health Fac. Finance Auth. Rev.<br>(Scripps Memorial Hosp.)                     | 6.25%  | 10/1/2013 (1)          | 3,000                   | 3,105                     |
| California Health Fac. Finance Auth. Rev.<br>(Sisters of Providence)                      | 6.00%  | 10/1/2009 (2)          | 4,490                   | 5,001                     |
| California Health Fac. Finance Auth. Rev.<br>(Summit Medical Center)                      | 5.25%  | 5/1/2009 (4)           | 3,500                   | 3,680                     |
| California Health Fac. Finance Auth. Rev.<br>(Summit Medical Center)                      | 5.25%  | 5/1/2011 (4)           | 1,700                   | 1,769                     |
| California Health Fac. Finance Auth. Rev.<br>(Sutter Health)                              | 5.50%  | 8/15/2012 (4)          | 8,410                   | 8,892                     |
| California Health Fac. Finance Auth. Rev.<br>(UCSF Stanford Health Care)                  | 5.00%  | 11/15/2010 (2)         | 1,000                   | 1,040                     |
| California Housing Finance Agency Home Mortgage Rev.                                      | 0.00%  | 8/1/2027 (1)           | 9,835                   | 2,284                     |
| California Infrastructure & Econ. Dev. Bank for<br>Independent System Operation Corp.VRDO | 3.75%  | 12/6/2000 (1)          | 1,000                   | 1,000                     |
| California Infrastructure & Econ. Dev. Bank Rev.<br>(Asian Art Museum)                    | 5.50%  | 6/1/2012 (1)           | 1,300                   | 1,388                     |
| California Infrastructure & Econ. Dev. Bank Rev.<br>(Asian Art Museum)                    | 5.50%  | 6/1/2013 (1)           | 2,565                   | 2,721                     |
| California Infrastructure & Econ. Dev. Bank Rev.<br>(Asian Art Museum)                    | 5.50%  | 6/1/2014 (1)           | 2,935                   | 3,095                     |
| California Infrastructure & Econ. Dev. Bank Rev.<br>(Asian Art Museum)                    | 5.50%  | 6/1/2015 (1)           | 2,245                   | 2,355                     |
| California Public Works Board (Dept. of Corrections)                                      | 5.50%  | 1/1/2010 (2)           | 10,000                  | 10,619                    |
| California Public Works Board (Dept. of Corrections)                                      | 5.50%  | 1/1/2014 (2)           | 5,975                   | 6,213                     |
| California Public Works Board (Dept. of Corrections)                                      | 6.40%  | 11/1/2004 (1) (Prere.) | 5,000                   | 5,507                     |

|  |        |                        |       |       |
|--|--------|------------------------|-------|-------|
| California Public Works Board (Dept. of Corrections)                               | 6.60%  | 12/1/2002 (2) (Prere.) | 3,500 | 3,741 |
| California Public Works Board (Univ. of California)                                | 5.50%  | 9/1/2008 (2)           | 5,185 | 5,591 |
| California Public Works Board (Univ. of California)                                | 5.50%  | 9/1/2009 (2)           | 4,015 | 4,333 |
| California Public Works Board (Univ. of California)                                | 6.25%  | 12/1/2002 (2) (Prere.) | 1,000 | 1,062 |
| California Public Works Board Lease Rev.<br>(California State Univ.)               | 5.375% | 10/1/2016 (1)          | 4,750 | 4,869 |
| California Public Works Board Lease Rev. (Secretary of State)                      | 6.50%  | 12/1/2008 (2)          | 5,000 | 5,731 |
| California Statewide Community Dev. Auth. COP<br>(Children's Hosp. of Los Angeles) | 6.00%  | 6/1/2009 (1)           | 3,615 | 4,013 |
| California Statewide Community Dev. Auth. Rev.<br>(Los Angeles Orthopedic Hosp.)   | 5.125% | 6/1/2013 (2)           | 1,530 | 1,556 |
| California Statewide Community Dev. Auth. Rev.<br>(Los Angeles Orthopedic Hosp.)   | 5.25%  | 6/1/2014 (2)           | 1,610 | 1,642 |
| California Statewide Community Dev. Auth. Rev.<br>(Sherman Oaks)                   | 5.50%  | 8/1/2015 (2)           | 3,685 | 3,894 |
| Calleguas-Las Virgines CA Muni. Water Dist. Rev.                                   | 5.125% | 7/1/2014 (3)           | 1,440 | 1,454 |
| Capistrano CA Unified Public Schools Rev.  | 6.00%  | 9/1/2004 (2)           | 2,160 | 2,301 |
| Capistrano CA Unified Public Schools Rev.  | 6.00%  | 9/1/2005 (2)           | 2,395 | 2,581 |
| Central Coast CA Water Auth. Rev.  | 6.05%  | 10/1/2002 (2) (Prere.) | 1,800 | 1,898 |
| Chino CA Basin Finance Auth. Muni. Water Dist. Rev.                                | 6.50%  | 8/1/2010 (2)           | 3,095 | 3,589 |

</TABLE>

23

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|--|--------|------------------|-------------------------|---------------------------|
| CALIFORNIA INSURED<br>INTERMEDIATE-TERM TAX-EXEMPT FUND                        | Coupon | Maturity<br>Date | Face<br>Amount<br>(000) | Market<br>Value*<br>(000) |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2004 (3)     | \$ 5,000                | \$ 4,279                  |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2005 (3)     | 16,000                  | 13,069                    |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2006 (3)     | 17,000                  | 13,253                    |
| Contra Costa CA (Merrithew Memorial Hosp.)                                     | 5.25%  | 11/1/2001 (1)    | 3,000                   | 3,038                     |
| Contra Costa CA (Merrithew Memorial Hosp.)                                     | 5.25%  | 11/1/2003 (1)    | 3,230                   | 3,336                     |
| Contra Costa CA (Merrithew Memorial Hosp.)                                     | 6.00%  | 11/1/2006 (1)    | 2,000                   | 2,180                     |
| Contra Costa CA (Merrithew Memorial Hosp.)                                     | 6.00%  | 11/1/2007 (1)    | 2,000                   | 2,202                     |
| Corona CA Community Fac. Dist.   | 4.35%  | 9/1/2001 (1)     | 1,755                   | 1,762                     |
| Corona CA Redev. Project   | 7.50%  | 9/1/2004 (3)     | 970                     | 1,083                     |
| Corona CA Redev. Project   | 7.50%  | 9/1/2005 (3)     | 1,040                   | 1,176                     |
| Culver City Redev. Financing Auth.   | 5.375% | 11/1/2016 (4)    | 3,260                   | 3,365                     |
| East Bay CA Muni. Util. Dist. Waste Water Rev.                                 | 5.00%  | 6/1/2014 (3)     | 3,850                   | 3,886                     |
| East Bay CA Muni. Util. Dist. Waste Water Rev.                                 | 5.20%  | 6/1/2008 (1) +   | 15,000                  | 15,342                    |
| East Whittier CA City School Dist. GO  | 5.75%  | 8/1/2017 (3)     | 1,670                   | 1,822                     |
| El Dorado County CA Public Agency Finance Auth. Rev                            | 5.60%  | 2/15/2012 (3)    | 3,900                   | 4,129                     |
| El Dorado County CA Public Agency Finance Auth. Rev.                           | 5.50%  | 2/15/2021 (3)    | 2,420                   | 2,454                     |
| Elsinore Valley CA Muni. Water Dist. COP                                       | 5.90%  | 7/1/2006 (3)     | 1,685                   | 1,818                     |
| Elsinore Valley CA Muni. Water Dist. COP                                       | 6.00%  | 7/1/2012 (3)     | 1,000                   | 1,128                     |
| Foothill/Eastern Corridor Agency CA Toll Road Rev.                             | 5.25%  | 1/15/2013 (1)    | 5,000                   | 5,209                     |
| Foothill/Eastern Corridor Agency CA Toll Road Rev.                             | 5.375% | 1/15/2015 (1)    | 5,000                   | 5,197                     |
| Fresno CA Airport Rev.   | 6.00%  | 7/1/2013 (4)     | 2,975                   | 3,237                     |
| Fresno CA Airport Rev.   | 6.00%  | 7/1/2015 (4)     | 2,290                   | 2,467                     |
| Fresno CA COP (City Hall Project)  | 6.375% | 8/1/2010 (2)     | 10,500                  | 10,753                    |
| Fresno CA Sewer Rev. VRDO  | 3.60%  | 12/6/2000 (3)    | 7,350                   | 7,350                     |
| Glendale CA School Dist. GO  | 5.75%  | 9/1/2017 (3)     | 3,790                   | 3,984                     |
| Imperial Irrigation Dist. California COP<br>(Electric System Project)          | 5.20%  | 11/1/2009 (2)    | 7,900                   | 8,362                     |
| Intermodal Container Transfer Fac.<br>Joint Powers Auth. CA Rev.               | 5.00%  | 11/1/2010 (2)    | 1,470                   | 1,534                     |
| Intermodal Container Transfer Fac.<br>Joint Powers Auth. CA Rev.               | 5.00%  | 11/1/2011 (2)    | 1,665                   | 1,735                     |
| Intermodal Container Transfer Fac.<br>Joint Powers Auth. CA Rev.               | 5.125% | 11/1/2012 (2)    | 2,540                   | 2,664                     |
| Intermodal Container Transfer Fac.<br>Joint Powers Auth. CA Rev.               | 5.125% | 11/1/2013 (2)    | 1,870                   | 1,952                     |
| La Quinta CA Redev. Agency (Tax Allocation Project)                            | 7.30%  | 9/1/2007 (1)     | 1,240                   | 1,449                     |
| La Quinta CA Redev. Agency (Tax Allocation Project)                            | 8.00%  | 9/1/2003 (1)     | 1,325                   | 1,457                     |
| Long Beach CA Finance Auth. Lease Rev.<br>(Rainbow Harbor Refinancing Project) | 5.25%  | 5/1/2014 (2)     | 2,035                   | 2,101                     |
| Long Beach CA Financing Auth. Rev.   | 6.00%  | 11/1/2007 (2)    | 3,070                   | 3,389                     |
| Long Beach CA Financing Auth. Rev.   | 6.00%  | 11/1/2009 (2)    | 3,735                   | 4,178                     |
| Long Beach CA Financing Auth. Rev.   | 6.00%  | 11/1/2010 (2)    | 3,860                   | 4,329                     |
| Long Beach CA Harbor Dept. Rev.  | 6.00%  | 5/15/2009 (3)    | 2,770                   | 3,027                     |
| Long Beach CA Harbor Dept. Rev.  | 6.00%  | 5/15/2010 (3)    | 3,200                   | 3,507                     |
| Long Beach CA Harbor Dept. Rev.  | 6.00%  | 5/15/2012 (3)    | 4,000                   | 4,412                     |
| Long Beach CA Harbor Dept. Rev.  | 6.00%  | 5/15/2013 (3)    | 6,700                   | 7,381                     |
| Long Beach CA Harbor Dept. Rev.  | 6.00%  | 5/15/2014 (3)    | 7,405                   | 8,147                     |
| Long Beach CA Harbor Dept. Rev.  | 8.00%  | 5/15/2004 (1)    | 3,305                   | 3,684                     |
| Los Angeles CA Dept. of Water & Power Waterworks Rev.                          | 5.00%  | 10/15/2015 (1)   | 10,000                  | 10,049                    |
| Los Angeles CA Dept. of Water & Power Waterworks Rev.                          | 5.125% | 10/15/2013 (1)   | 3,500                   | 3,589                     |

|  |        |                       |        |        |
|--|--------|-----------------------|--------|--------|
| Los Angeles CA Dev. Auth. COP (Children's Hosp.) | 6.00%  | 6/1/2011 (1)          | 2,365  | 2,643  |
| Los Angeles CA Schools COP                       | 0.00%  | 8/1/2011 (2)          | 1,945  | 1,160  |
| Los Angeles CA Schools COP                       | 0.00%  | 8/1/2013 (2)          | 2,010  | 1,059  |
| Los Angeles CA Transp. Comm. Sales Tax Rev.      | 6.25%  | 7/1/2002 (1) (Prere.) | 1,500  | 1,580  |
| Los Angeles CA Unified School Dist. COP          | 5.50%  | 10/1/2006 (1)         | 5,005  | 5,341  |
| Los Angeles CA Unified School Dist. COP          | 5.50%  | 10/1/2007 (1)         | 15,095 | 16,213 |
| Los Angeles CA Unified School Dist. GO           | 5.25%  | 7/1/2011 (1)          | 5,175  | 5,454  |
| Los Angeles CA Unified School Dist. GO           | 5.375% | 7/1/2014 (3)          | 7,000  | 7,288  |
| Los Angeles CA Unified School Dist. GO           | 5.375% | 7/1/2015 (3)          | 3,000  | 3,108  |

24

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|---|--------|-----------------------|-------------------|---------------------|
|   | COUPON | MATURITY DATE         | FACE AMOUNT (000) | MARKET VALUE* (000) |
| Los Angeles CA Unified School Dist. GO                              | 5.375% | 7/1/2016 (3)          | \$ 4,000          | \$ 4,116            |
| Los Angeles CA Unified School Dist. GO                              | 5.50%  | 7/1/2011 (3)          | 9,160             | 9,830               |
| Los Angeles CA Unified School Dist. GO                              | 5.50%  | 7/1/2012 (3)          | 10,140            | 10,808              |
| Los Angeles CA Unified School Dist. GO                              | 5.625% | 7/1/2014 (1)          | 5,000             | 5,318               |
| Los Angeles CA Unified School Dist. GO                              | 5.625% | 7/1/2015 (1)          | 5,000             | 5,290               |
| Los Angeles CA Unified School Dist. GO                              | 5.625% | 7/1/2016 (1)          | 6,615             | 6,952               |
| Los Angeles CA Wastewater System Rev.                               | 5.375% | 6/1/2013 (1)          | 5,000             | 5,331               |
| Los Angeles CA Wastewater System Rev.                               | 5.75%  | 6/1/2011 (1)          | 7,960             | 8,320               |
| Los Angeles CA Wastewater System Rev.                               | 6.50%  | 6/1/2004 (1) (Prere.) | 1,695             | 1,859               |
| Los Angeles CA Wastewater System Rev.                               | 8.70%  | 11/1/2002 (3)         | 2,535             | 2,751               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 4.75%  | 7/1/2013 (2)          | 4,770             | 4,761               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.00%  | 7/1/2013 (4)          | 5,000             | 5,103               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.25%  | 7/1/2010 (4)          | 7,070             | 7,507               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.25%  | 7/1/2012 (1)          | 2,775             | 2,877               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.25%  | 7/1/2014 (1)          | 7,000             | 7,176               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.40%  | 7/1/2009 (2)          | 1,725             | 1,823               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.50%  | 7/1/2017 (2)          | 1,500             | 1,536               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 5.75%  | 7/1/2008 (4)          | 2,445             | 2,674               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 6.00%  | 7/1/2006 (4)          | 1,630             | 1,774               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 6.00%  | 7/1/2011 (2)          | 1,745             | 1,965               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 9.00%  | 7/1/2005 (1)          | 4,015             | 4,800               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 9.00%  | 7/1/2006 (1)          | 4,380             | 5,390               |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.           | 9.00%  | 7/1/2007 (1)          | 4,770             | 6,025               |
| Los Angeles County CA Public Works Finance Auth. Rev.               | 5.125% | 9/1/2008 (1)          | 3,555             | 3,739               |
| Los Angeles County CA Schools Regionalized Business Services COP    | 0.00%  | 8/1/2009 (2)          | 1,890             | 1,262               |
| Modesto CA Irrigation Dist. Finance Auth. Rev.                      | 5.125% | 9/1/2015 (2)          | 4,365             | 4,437               |
| Mojave CA Water Agency COP  | 5.45%  | 9/1/2015 (1)          | 6,150             | 6,383               |
| Mountain View CA Capital Improvement Finance Auth. Rev.             | 6.25%  | 8/1/2012 (1)          | 5,000             | 5,162               |
| MSR California Public Power Agency Rev. (San Juan Project)          | 5.375% | 7/1/2013 (1)          | 2,500             | 2,601               |
| MSR California Public Power Agency Rev. (San Juan Project)          | 5.50%  | 7/1/2001 (1)          | 6,500             | 6,564               |
| MSR California Public Power Agency Rev. (San Juan Project)          | 5.85%  | 7/1/2006 (2)          | 1,500             | 1,586               |
| North City West CA School Fac. Financing Auth.                      | 5.75%  | 9/1/2015 (4)          | 2,000             | 2,112               |
| North City West CA School Fac. Financing Auth.                      | 6.00%  | 9/1/2005 (4)          | 1,510             | 1,627               |
| North City West CA School Fac. Financing Auth.                      | 6.00%  | 9/1/2006 (4)          | 1,600             | 1,743               |
| North City West CA School Fac. Financing Auth.                      | 6.00%  | 9/1/2007 (4)          | 1,695             | 1,865               |
| Northern California Power Agency Capital Fac. Rev.                  | 5.25%  | 8/1/2015 (2)          | 2,000             | 2,054               |
| Northern California Power Agency Capital Fac. Rev.                  | 5.25%  | 8/1/2016 (2)          | 3,000             | 3,059               |
| Northern California Power Agency Project                            | 4.25%  | 8/15/2001 (2)         | 2,445             | 2,453               |
| Northern California Transmission Rev. (Oregon Transmission Project) | 7.00%  | 5/1/2013 (1)          | 5,500             | 6,632               |
| Oakland CA Redev. Agency (Central Dist. Project)                    | 6.00%  | 2/1/2006 (2)          | 5,125             | 5,547               |

|  |        |               |       |        |
|--|--------|---------------|-------|--------|
| Oakland CA Redev. Agency (Central Dist. Project)       | 6.00%  | 2/1/2007 (2)  | 2,260 | 2,473  |
| Oakland CA Redev. Agency (Central Dist. Project)       | 6.00%  | 2/1/2008 (2)  | 5,585 | 6,169  |
| Orange County CA Airport Rev.                          | 5.375% | 7/1/2009 (1)  | 1,950 | 2,049  |
| Orange County CA Airport Rev.                          | 5.50%  | 7/1/2004 (1)  | 3,555 | 3,693  |
| Orange County CA Airport Rev.                          | 5.50%  | 7/1/2011 (1)  | 3,580 | 3,749  |
| Orange County CA Airport Rev.                          | 6.00%  | 7/1/2001 (1)  | 7,245 | 7,326  |
| Orange County CA Airport Rev.                          | 6.00%  | 7/1/2005 (1)  | 4,020 | 4,281  |
| Orange County CA Airport Rev.                          | 6.00%  | 7/1/2006 (1)  | 9,565 | 10,281 |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev. | 5.25%  | 2/15/2005 (1) | 4,380 | 4,566  |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev. | 5.50%  | 2/15/2010 (1) | 4,500 | 4,846  |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev. | 5.70%  | 2/15/2011 (2) | 4,000 | 4,389  |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev. | 5.80%  | 2/15/2005 (3) | 6,000 | 6,381  |

25

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| CALIFORNIA INSURED<br>INTERMEDIATE-TERM TAX-EXEMPT FUND                             | COUPON | MATURITY<br>DATE      | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev.                              | 5.90%  | 2/15/2006 (3)         | \$ 8,000                | \$ 8,632                  |
| Orange County CA Local Transp.<br>Auth. Sales Tax Rev.                              | 9.50%  | 2/15/2003 (3)         | 5,765                   | 6,415                     |
| Orange County CA Rev.   | 6.00%  | 6/1/2008 (1)          | 4,500                   | 4,980                     |
| Orange County CA Rev.   | 6.00%  | 7/1/2008 (1)          | 6,635                   | 7,354                     |
| Orange County CA Rev.   | 6.00%  | 6/1/2010 (1)          | 2,800                   | 3,126                     |
| Orange County CA Sanitation Dist. COP   | 6.00%  | 8/1/2001 (3) (Prere.) | 1,500                   | 1,552                     |
| Orange County CA Sanitation Dist. COP   | 6.40%  | 8/1/2007 (3)          | 1,415                   | 1,467                     |
| Palomar Pomerado Health System CA Rev.  | 5.375% | 11/1/2010 (1)         | 2,670                   | 2,848                     |
| Palomar Pomerado Health System CA Rev.  | 5.375% | 11/1/2012 (1)         | 7,080                   | 7,440                     |
| Pittsburg CA Redev. Agency Rev.   | 5.50%  | 8/1/2007 (3)          | 5,750                   | 5,971                     |
| Port of Oakland CA Rev.   | 5.50%  | 11/1/2008 (3)         | 2,500                   | 2,653                     |
| Port of Oakland CA Rev.   | 5.50%  | 11/1/2011 (1)         | 5,850                   | 6,144                     |
| Rancho CA Water Dist. Finance Auth. Rev.  | 5.875% | 11/1/2010 (3)         | 3,000                   | 3,230                     |
| Rancho CA Water Dist. Finance Auth. Rev.  | 6.25%  | 8/1/2012 (3)          | 1,950                   | 2,014                     |
| Rancho CA Water Dist. Finance Auth. Rev.  | 6.50%  | 11/1/2001 (3)         | 1,590                   | 1,628                     |
| Riverside CA Electric Rev.  | 5.375% | 10/1/2009 (2)         | 4,115                   | 4,412                     |
| Riverside CA Electric Rev.  | 5.375% | 10/1/2013 (2)         | 5,895                   | 6,178                     |
| Roseville CA Water Util. COP  | 5.20%  | 12/1/2015 (3)         | 5,000                   | 5,099                     |
| Sacramento CA Cogeneration Project Rev.   | 5.25%  | 7/1/2011 (1)          | 4,730                   | 4,971                     |
| Sacramento CA Cogeneration Project Rev.   | 5.25%  | 7/1/2015 (1)          | 5,755                   | 5,903                     |
| Sacramento CA Electric Rev.   | 5.125% | 7/1/2015 (1)          | 8,270                   | 8,393                     |
| Sacramento CA Muni. Util. Dist. Rev.  | 5.75%  | 1/1/2010 (1)          | 5,000                   | 5,267                     |
| Sacramento CA Muni. Util. Dist. Rev.  | 6.20%  | 8/15/2005 (1)         | 2,000                   | 2,101                     |
| Sacramento CA Muni. Util. Dist. Rev.  | 6.25%  | 8/15/2007 (1)         | 8,000                   | 8,411                     |
| Sacramento CA Redev. Agency Rev.<br>(Merged Downtown Project)                       | 5.25%  | 11/1/2010 (4)         | 3,895                   | 4,136                     |
| Sacramento County CA Public Fac. Finance Corp. COP<br>(Main Detention Fac. Project) | 5.50%  | 6/1/2010 (1)          | 5,500                   | 5,935                     |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 4.40%  | 8/1/2001 (1)          | 9,500                   | 9,537                     |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 4.50%  | 8/1/2002 (1)          | 7,000                   | 7,058                     |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 5.00%  | 8/1/2003 (1)          | 1,300                   | 1,331                     |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 5.50%  | 8/1/2006 (1)          | 8,500                   | 9,034                     |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 5.50%  | 8/1/2007 (1)          | 6,000                   | 6,417                     |
| San Diego CA Financing Auth. Lease Rev.<br>(Convention Center Expansion)            | 5.25%  | 4/1/2012 (2)          | 3,000                   | 3,136                     |
| San Diego CA Financing Auth. Lease Rev.<br>(Convention Center Expansion)            | 5.25%  | 4/1/2014 (2)          | 5,680                   | 5,860                     |
| San Diego CA Public Fac. Financing Auth. Sewer Rev.                                 | 5.00%  | 5/15/2016 (3)         | 2,000                   | 2,000                     |
| San Diego CA Unified School Dist. COP   | 5.375% | 7/1/2002 (1)          | 10,835                  | 11,068                    |
| San Diego CA Unified School Dist. COP   | 5.375% | 7/1/2003 (1)          | 10,435                  | 10,784                    |
| San Diego CA Unified School Dist. GO  | 0.00%  | 7/1/2009 (3)          | 6,270                   | 4,197                     |
| San Diego CA Unified School Dist. GO  | 0.00%  | 7/1/2014 (3)          | 3,400                   | 1,682                     |
| San Diego CA Water Util. Rev.   | 5.25%  | 8/1/2009 (3)          | 2,000                   | 2,124                     |
| San Diego CA Water Util. Rev.   | 5.375% | 8/1/2010 (3)          | 6,000                   | 6,400                     |
| San Diego CA Water Util. Rev.   | 5.375% | 8/1/2012 (3)          | 2,000                   | 2,107                     |
| San Diego CA Water Util. Rev.   | 5.375% | 8/1/2014 (3)          | 3,000                   | 3,124                     |
| San Diego CA Water Util. Rev.   | 5.375% | 8/1/2015 (3)          | 2,085                   | 2,160                     |

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|--|-------|--------------|-------|-------|
| San Diego County CA COP                    | 5.25% | 5/1/2011 (2) | 3,395 | 3,578 |
| San Diego County CA Regional Transp. Comm. | 6.00% | 4/1/2004 (2) | 3,000 | 3,178 |

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|---|--------|-----------------------|-------------------|---------------------|
|   | COUPON | MATURITY DATE         | FACE AMOUNT (000) | MARKET VALUE* (000) |
| San Diego County CA Regional Transp. Comm.                              | 6.25%  | 4/1/2002 (3)          | \$ 5,000          | \$ 5,148            |
| San Francisco CA Bay Area Rapid Transit Rev.                            | 5.55%  | 7/1/2009 (3)          | 4,920             | 5,189               |
| San Francisco CA City & County Airport Rev.                             | 5.25%  | 5/1/2010 (1)          | 3,110             | 3,234               |
| San Francisco CA City & County Airport Rev.                             | 5.25%  | 5/1/2011 (3)          | 4,150             | 4,295               |
| San Francisco CA City & County Airport Rev.                             | 5.25%  | 5/1/2012 (3)          | 4,380             | 4,497               |
| San Francisco CA City & County Airport Rev.                             | 5.25%  | 5/1/2012 (4)          | 2,250             | 2,348               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2009 (1)          | 2,945             | 3,118               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2009 (4)          | 3,000             | 3,176               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2009 (4)          | 5,025             | 5,354               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2010 (3)          | 2,880             | 3,045               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2010 (4)          | 5,300             | 5,628               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2011 (3)          | 3,080             | 3,239               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2011 (4)          | 2,135             | 2,275               |
| San Francisco CA City & County Airport Rev.                             | 5.50%  | 5/1/2014 (4)          | 4,065             | 4,191               |
| San Francisco CA City & County Airport Rev.                             | 6.00%  | 5/1/2007 (1)          | 2,645             | 2,861               |
| San Francisco CA City & County Airport Rev.                             | 6.20%  | 5/1/2002 (2) (Prere.) | 645               | 677                 |
| San Francisco CA City & County Airport Rev.                             | 6.20%  | 5/1/2007 (2)          | 970               | 1,014               |
| San Francisco CA City & County Airport Rev.                             | 6.25%  | 5/1/2008 (1)          | 2,190             | 2,419               |
| San Francisco CA City & County Airport Rev.                             | 6.30%  | 5/1/2002 (2) (Prere.) | 435               | 457                 |
| San Francisco CA City & County Airport Rev.                             | 6.30%  | 5/1/2011 (2)          | 650               | 680                 |
| San Francisco CA City & County Airport Rev.                             | 6.40%  | 5/1/2003 (1) (Prere.) | 470               | 504                 |
| San Francisco CA City & County Airport Rev.                             | 6.40%  | 5/1/2005 (1)          | 2,330             | 2,490               |
| San Francisco CA City & County Airport Rev.                             | 6.50%  | 5/1/2002 (2) (Prere.) | 865               | 911                 |
| San Francisco CA City & County Airport Rev.                             | 6.50%  | 5/1/2013 (2)          | 1,295             | 1,358               |
| San Francisco CA City & County Airport Rev.                             | 6.60%  | 5/1/2003 (1) (Prere.) | 170               | 183                 |
| San Francisco CA City & County Airport Rev.                             | 6.60%  | 5/1/2007 (1)          | 830               | 888                 |
| San Francisco CA City & County COP<br>(San Bruno Jail)                  | 5.25%  | 10/1/2013 (2)         | 1,490             | 1,548               |
| San Francisco CA City & County COP<br>(San Bruno Jail)                  | 5.25%  | 10/1/2014 (2)         | 2,860             | 2,953               |
| San Francisco CA City & County COP<br>(San Bruno Jail)                  | 5.25%  | 10/1/2015 (2)         | 2,665             | 2,737               |
| San Francisco CA City & County Sewer Rev.                               | 6.00%  | 10/1/2011 (2)         | 2,000             | 2,093               |
| San Joaquin Hills CA Transp.<br>Corridor Agency Toll Road Rev.          | 0.00%  | 1/15/2003 (1)         | 6,000             | 5,485               |
| San Joaquin Hills CA Transp.<br>Corridor Agency Toll Road Rev.          | 0.00%  | 1/15/2006 (1)         | 14,745            | 11,744              |
| San Joaquin Hills CA Transp.<br>Corridor Agency Toll Road Rev.          | 0.00%  | 1/15/2011 (1)         | 7,140             | 4,374               |
| San Joaquin Hills CA Transp.<br>Corridor Agency Toll Road Rev.          | 0.00%  | 1/15/2014 (1)         | 5,500             | 2,793               |
| San Jose CA Redev. Agency<br>(Merged Area Redev. Project)               | 5.375% | 8/1/2001 (1)          | 2,165             | 2,188               |
| San Jose CA Redev. Agency<br>(Merged Area Redev. Project)               | 5.375% | 8/1/2002 (1)          | 2,270             | 2,322               |
| San Juan CA Unified School Dist. GO                                     | 5.50%  | 8/1/2012 (3)          | 1,930             | 2,067               |
| San Juan CA Unified School Dist. GO                                     | 5.50%  | 8/1/2013 (3)          | 1,950             | 2,075               |
| San Juan CA Unified School Dist. GO                                     | 5.60%  | 8/1/2014 (3)          | 2,685             | 2,863               |
| San Juan CA Unified School Dist. GO                                     | 5.60%  | 8/1/2015 (3)          | 2,745             | 2,912               |
| San Mateo CA Transp. Dist. Sales Tax Rev.                               | 5.00%  | 6/1/2013 (1)          | 1,930             | 1,990               |
| San Mateo CA Transp. Dist. Sales Tax Rev.                               | 5.25%  | 6/1/2013 (4)          | 1,865             | 1,941               |
| San Mateo CA Transp. Dist. Sales Tax Rev.                               | 5.25%  | 6/1/2014 (4)          | 4,275             | 4,422               |
| San Ramon Valley CA Unified School Dist. GO                             | 0.00%  | 7/1/2006 (3)          | 3,750             | 2,929               |
| San Ramon Valley CA Unified School Dist. GO                             | 0.00%  | 7/1/2007 (3)          | 4,950             | 3,685               |
| San Ramon Valley CA Unified School Dist. GO                             | 0.00%  | 7/1/2008 (3)          | 6,050             | 4,288               |
| Santa Anna CA Finance Auth. Rev.  | 5.375% | 9/1/2009 (1)          | 3,040             | 3,258               |
| Santa Anna CA Finance Auth. Rev.  | 5.375% | 9/1/2010 (1)          | 1,600             | 1,716               |
| Santa Barbara CA Redev. Agency<br>(Tax Allocation Central City Project) | 5.50%  | 3/1/2001 (2)          | 2,215             | 2,224               |
| Santa Clara County CA Financing Auth. Lease Rev.                        | 5.50%  | 5/15/2011 (2)         | 4,535             | 4,890               |
| Santa Clara County CA Financing Auth. Lease Rev.                        | 5.50%  | 5/15/2012 (2)         | 4,785             | 5,123               |
| Santa Clara County CA Financing Auth. Lease Rev.                        | 7.75%  | 11/15/2010 (2)        | 4,500             | 5,673               |
| Santa Margarita/Dana Point CA Auth. Rev.                                | 5.50%  | 8/1/2008 (2)          | 3,345             | 3,605               |

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|---|--------|------------------------|-------------------------|---------------------------|
| CALIFORNIA INSURED<br>INTERMEDIATE-TERM TAX-EXEMPT FUND   | COUPON | MATURITY<br>DATE       | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| Santa Margarita/Dana Point CA Auth. Rev.                  | 5.50%  | 8/1/2009 (2)           | \$ 3,860                | \$ 4,163                  |
| Santa Margarita/Dana Point CA Auth. Rev.                  | 5.50%  | 8/1/2010 (2)           | 2,245                   | 2,411                     |
| Santa Margarita/Dana Point CA Auth. Rev.                  | 7.25%  | 8/1/2006 (1)           | 3,315                   | 3,813                     |
| Santa Margarita/Dana Point CA Auth. Rev.                  | 7.25%  | 8/1/2010 (1)           | 2,180                   | 2,655                     |
| Santa Margarita/Dana Point CA Auth. Rev.                  | 7.25%  | 8/1/2011 (1)           | 1,640                   | 2,017                     |
| Santa Monica CA Malibu Unified School Dist. GO            | 5.25%  | 8/1/2011 (3)           | 3,695                   | 3,924                     |
| Santa Rosa CA Waste Water Service Fac. Dist. Rev.         | 6.20%  | 7/2/2009 (2)           | 2,450                   | 2,557                     |
| South Orange County CA Public Finance Auth. Rev.          | 5.25%  | 8/15/2013 (2)          | 2,290                   | 2,371                     |
| South Orange County CA Public Finance Auth. Rev.          | 5.375% | 8/15/2012 (4)          | 5,605                   | 5,910                     |
| South Orange County CA Public Finance Auth. Rev.          | 5.375% | 8/15/2013 (4) (Prere.) | 5,910                   | 6,189                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2005 (1)           | 3,440                   | 3,849                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2007 (1)           | 1,000                   | 1,157                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2008 (1)           | 5,610                   | 6,579                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2009 (1)           | 5,000                   | 5,920                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2010 (1)           | 3,300                   | 3,954                     |
| South Orange County CA Public Finance Auth. Rev.          | 7.00%  | 9/1/2011 (1)           | 3,490                   | 4,224                     |
| South Orange County CA Public Finance Auth. Rev.          | 9.50%  | 8/15/2004 (1)          | 4,395                   | 5,188                     |
| South Placer CA Wastewater Auth. Rev.                     | 5.50%  | 11/1/2011 (3)+         | 660                     | 713                       |
| South Placer CA Wastewater Auth. Rev.                     | 5.50%  | 11/1/2012 (3)+         | 1,640                   | 1,760                     |
| South Placer CA Wastewater Auth. Rev.                     | 5.50%  | 11/1/2013 (3)+         | 2,190                   | 2,332                     |
| South Placer CA Wastewater Auth. Rev.                     | 5.50%  | 11/1/2014 (3)+         | 1,000                   | 1,058                     |
| Southern California Rapid Transit Dist. Rev.              | 5.80%  | 9/1/2006 (2)           | 3,000                   | 3,244                     |
| Southern California Rapid Transit Dist. Rev.              | 5.90%  | 9/1/2007 (2)           | 3,155                   | 3,459                     |
| Southern California Rapid Transit Dist. Rev.              | 6.00%  | 9/1/2008 (2)           | 2,650                   | 2,777                     |
| Sweetwater CA Water Rev.                                  | 7.00%  | 4/1/2010 (2)           | 1,830                   | 1,846                     |
| Tri-City CA Hosp. Dist. Rev.                              | 5.50%  | 2/15/2008 (1)          | 3,805                   | 4,069                     |
| Tri-City CA Hosp. Dist. Rev.                              | 5.50%  | 2/15/2009 (1)          | 2,665                   | 2,839                     |
| Tri-City CA Hosp. Dist. Rev.                              | 5.625% | 2/15/2011 (1)          | 2,970                   | 3,155                     |
| Tri-City CA Hosp. Dist. Rev.                              | 5.625% | 2/15/2012 (1)          | 1,880                   | 1,987                     |
| Tulare County CA COP                                      | 5.00%  | 8/15/2014 (1)          | 5,065                   | 5,186                     |
| Tulare County CA COP                                      | 5.00%  | 8/15/2015 (1)          | 6,460                   | 6,574                     |
| Tulare County CA COP                                      | 5.70%  | 11/15/2003 (1)         | 1,000                   | 1,047                     |
| Tulare County CA COP                                      | 5.80%  | 11/15/2004 (1)         | 1,000                   | 1,062                     |
| Turlock CA Irrigation Dist. Rev.                          | 5.00%  | 1/1/2015 (1)           | 2,555                   | 2,572                     |
| Tustin CA Unified School Dist. Special Tax                | 5.00%  | 9/1/2011 (4)           | 2,070                   | 2,133                     |
| Tustin CA Unified School Dist. Special Tax                | 5.00%  | 9/1/2013 (4)           | 2,540                   | 2,581                     |
| Tustin CA Unified School Dist. Special Tax                | 5.00%  | 9/1/2015 (4)           | 3,080                   | 3,095                     |
| Univ. of California Rev. (Medical Center)                 | 5.625% | 7/1/2010 (2)           | 6,660                   | 7,078                     |
| Univ. of California Rev. (Multiple Purpose Project)       | 10.00% | 9/1/2002 (2)           | 1,000                   | 1,100                     |
| Univ. of California Rev. (Multiple Purpose Project)       | 10.00% | 9/1/2002 (1)           | 2,950                   | 3,244                     |
| Univ. of California Rev. (Multiple Purpose Project)       | 10.00% | 9/1/2003 (2)           | 2,000                   | 2,303                     |
| Univ. of California Rev. (Multiple Purpose Project)       | 12.00% | 9/1/2003 (2)           | 2,000                   | 2,398                     |
| University of California Rev. (San Diego Medical Center)  | 5.125% | 12/1/2015 (4)          | 8,805                   | 8,959                     |
| Wateruse Financial Auth. of California VRDO               | 3.90%  | 12/6/2000 (3)          | 1,400                   | 1,400                     |
| Whittier CA Insured Health Fac. Rev. (Presbyterian Hosp.) | 6.00%  | 6/1/2003 (1)           | 3,380                   | 3,535                     |
| Whittier CA Insured Health Fac. Rev. (Presbyterian Hosp.) | 6.00%  | 6/1/2004 (1)           | 3,580                   | 3,796                     |
| Whittier CA Insured Health Fac. Rev. (Presbyterian Hosp.) | 6.00%  | 6/1/2005 (1)           | 3,675                   | 3,942                     |

OUTSIDE CALIFORNIA:

|  |       |               |       |       |
|--|-------|---------------|-------|-------|
| Guam Govt. Ltd. Obligation Infrastructure Improvement Rev. | 5.00% | 11/1/2001 (2) | 2,410 | 2,428 |
| Guam Govt. Ltd. Obligation Infrastructure Improvement Rev. | 5.25% | 11/1/2003 (2) | 1,635 | 1,680 |
| Puerto Rico Aqueduct & Sewer Auth. Rev.                    | 6.00% | 7/1/2009 (1)  | 5,250 | 5,829 |
| Puerto Rico Electric Power Auth. Rev.                      | 5.50% | 7/1/2011 (4)  | 3,600 | 3,872 |
| Puerto Rico Electric Power Auth. Rev.                      | 5.75% | 7/1/2012 (4)  | 3,700 | 4,036 |

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|---------------------------------------|--------|------------------|-------------------------|---------------------------|
|                                       | COUPON | MATURITY<br>DATE | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| Puerto Rico Electric Power Auth. Rev. | 5.75%  | 7/1/2013 (4)     | \$ 4,000                | \$ 4,337                  |

|   |        |               |        |        |
|---|--------|---------------|--------|--------|
| Puerto Rico Electric Power Auth. Rev.                                   | 5.75%  | 7/1/2015 (4)  | 2,700  | 2,897  |
| Puerto Rico Electric Power Auth. Rev.                                   | 6.00%  | 7/1/2012 (1)  | 6,680  | 7,449  |
| Puerto Rico Electric Power Auth. Rev.                                   | 6.25%  | 7/1/2010 (1)  | 1,850  | 2,103  |
| Puerto Rico Electric Power Auth. Rev.                                   | 6.50%  | 7/1/2005 (1)  | 20,525 | 22,385 |
| Puerto Rico GO  | 5.75%  | 7/1/2008 (1)  | 4,905  | 5,335  |
| Puerto Rico GO  | 6.50%  | 7/1/2011 (1)  | 2,500  | 2,885  |
| Puerto Rico GO  | 6.50%  | 7/1/2014 (1)  | 7,260  | 8,449  |
| Puerto Rico Govt. Dev. Bank VRDO  | 3.85%  | 12/6/2000 (1) | 6,600  | 6,600  |
| Puerto Rico Highway and Transp. Auth. Transp. Rev.                      | 5.625% | 7/1/2015 (1)  | 5,445  | 5,777  |
| Puerto Rico Highway and Transp. Auth. Transp. Rev.                      | 6.00%  | 7/1/2012 (1)  | 7,470  | 8,303  |
| Puerto Rico Highway and Transp. Auth. VRDO                              | 3.60%  | 12/6/2000 (2) | 300    | 300    |
| Puerto Rico Muni. Finance Agency GO                                     | 5.50%  | 8/1/2007 (4)  | 8,000  | 8,532  |
| Puerto Rico Muni. Finance Agency GO                                     | 5.625% | 8/1/2010 (4)  | 17,275 | 18,800 |
| Puerto Rico Muni. Finance Agency GO                                     | 5.75%  | 8/1/2011 (4)  | 1,500  | 1,634  |
| Puerto Rico Public Buildings Auth. Rev.<br>(Public Educ. & Health Fac.) | 5.75%  | 7/1/2010 (2)  | 7,000  | 7,686  |
| Puerto Rico Public Improvement GO                                       | 5.75%  | 7/1/2008 (1)  | 6,985  | 7,583  |
| Univ. of Puerto Rico Rev.   | 5.75%  | 6/1/2012 (1)  | 2,000  | 2,167  |
| Univ. of Puerto Rico Rev.   | 5.75%  | 6/1/2016 (1)  | 1,000  | 1,062  |

-----  
\$ 1,493,432  
-----

|  |        |               |        |        |
|--|--------|---------------|--------|--------|
| SECONDARY MARKET INSURED (4.3%)                                      |        |               |        |        |
| California GO  | 5.40%  | 12/1/2014 (1) | 3,130  | 3,197  |
| California GO  | 6.50%  | 9/1/2006 (2)  | 3,000  | 3,348  |
| California Public Works Board Lease Rev.<br>(California State Univ.) | 5.30%  | 10/1/2015 (2) | 6,655  | 6,844  |
| California Public Works Board Lease Rev.<br>(Dept. of Corrections)   | 5.375% | 11/1/2014 (1) | 4,400  | 4,550  |
| East Bay CA Muni. Util. Dist. Rev.                                   | 5.00%  | 4/1/2015 (3)  | 8,000  | 8,008  |
| Long Beach CA Harbor Rev.  | 8.50%  | 5/15/2003 (1) | 6,235  | 6,833  |
| Los Angeles CA Convention & Exhibition Center Auth. Rev.             | 6.00%  | 8/15/2010 (1) | 8,975  | 10,046 |
| Los Angeles CA Public Works Financing Auth. Rev.                     | 5.00%  | 10/1/2016 (1) | 10,000 | 9,999  |
| Sacramento CA Cogeneration Auth. Rev.                                | 5.25%  | 7/1/2014 (1)  | 5,500  | 5,671  |
| Sacramento CA Financing Auth. Lease Rev.                             | 5.00%  | 11/1/2014 (1) | 4,170  | 4,237  |

OUTSIDE CALIFORNIA:

|  |       |              |       |       |
|--|-------|--------------|-------|-------|
| Puerto Rico GO                                   | 5.00% | 7/1/2005 (1) | 5,630 | 5,802 |
| Puerto Rico Highway & Transp. Auth. Highway Rev. | 5.50% | 7/1/2013 (1) | 2,250 | 2,400 |
| Puerto Rico Public Improvement GO                | 5.50% | 7/1/2009 (1) | 2,500 | 2,687 |

-----  
\$ 73,622  
-----

|  |        |               |        |        |
|--|--------|---------------|--------|--------|
| NONINSURED (8.9%)  |        |               |        |        |
| California Dept. of Water Resources<br>(Central Valley Project)            | 5.125% | 12/1/2013     | 2,000  | 2,054  |
| California Dept. of Water Resources<br>(Central Valley Project)            | 5.125% | 12/1/2015     | 1,410  | 1,432  |
| California Dept. of Water Resources<br>(Central Valley Project)            | 5.125% | 12/1/2016     | 1,000  | 1,009  |
| California Educ. Fac. Auth. Rev.<br>(Univ. of Southern California Project) | 5.60%  | 10/1/2009     | 2,680  | 2,911  |
| California GO  | 5.25%  | 6/1/2015      | 7,000  | 7,135  |
| California GO  | 5.40%  | 12/1/2014     | 5,000  | 5,104  |
| California GO  | 5.50%  | 3/1/2015      | 4,000  | 4,185  |
| California GO  | 6.00%  | 2/1/2008      | 6,000  | 6,612  |
| California GO  | 6.50%  | 2/1/2007      | 2,000  | 2,237  |
| California GO  | 6.60%  | 2/1/2009      | 11,000 | 12,617 |
| California Housing Finance Agency Rev.<br>(Home Mortgage)                  | 5.85%  | 8/1/2016      | 3,950  | 4,127  |
| California Housing Finance Agency Rev. VRDO<br>(Home Mortgage)             | 3.80%  | 12/6/2000     | 2,900  | 2,900  |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)        | 4.10%  | 12/4/2000 LOC | 900    | 900    |

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| CALIFORNIA INSURED  |        | MATURITY      | AMOUNT   | VALUE*   |     |
| INTERMEDIATE-TERM TAX-EXEMPT FUND                                   | COUPON | DATE          | (000)    | (000)    |     |
| -----   |        |               |          |          |     |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.) | 4.15%  | 12/4/2000 LOC | \$ 2,400 | \$ 2,400 |     |
| Foothills-De Anza CA Community College Dist.                        | 6.00%  | 8/1/2011      | 1,330    | 1,489    |     |
| Foothills-De Anza CA Community College Dist.                        | 6.00%  | 8/1/2012      | 1,150    | 1,281    |     |

|   |        |               |        |        |
|---|--------|---------------|--------|--------|
| Foothills-De Anza CA Community College Dist.                      | 6.00%  | 8/1/2013      | 1,235  | 1,367  |
| Irvine CA Assessment Dist. Improvement Boards VRDO<br>(Oak Creek) | 4.00%  | 12/4/2000     | 2,000  | 2,000  |
| Irvine CA Assessment Dist. Improvement Boards VRDO<br>(Oak Creek) | 4.10%  | 12/4/2000 LOC | 970    | 970    |
| Irvine CA Ranch Water Dist. VRDO                                  | 3.80%  | 12/4/2000LOC  | 2,400  | 2,400  |
| Irvine CA Ranch Water Dist. VRDO                                  | 4.10%  | 12/4/2000     | 800    | 800    |
| Long Beach CA Harbor Rev.   | 5.50%  | 5/15/2007     | 7,670  | 8,091  |
| Long Beach CA Harbor Rev.   | 5.50%  | 5/15/2008     | 8,095  | 8,571  |
| Long Beach CA Harbor Rev.   | 5.50%  | 5/15/2009     | 8,540  | 9,043  |
| Long Beach CA Harbor Rev.   | 5.75%  | 5/15/2012     | 10,050 | 10,762 |
| Los Angeles CA Harbor Rev.  | 5.25%  | 11/1/2008     | 4,195  | 4,376  |
| Los Angeles CA Harbor Rev.  | 5.50%  | 8/1/2007      | 3,000  | 3,169  |
| Los Angeles CA Harbor Rev.  | 5.875% | 8/1/2010      | 6,000  | 6,387  |
| Los Angeles CA Harbor Rev.  | 5.90%  | 8/1/2011      | 7,385  | 7,841  |
| Los Angeles CA Public Works Financing Auth. Lease Rev.            | 5.25%  | 9/1/2005      | 1,000  | 1,020  |
| Metro. Water Dist. Southern California Waterworks Rev.            | 4.00%  | 12/4/2000     | 10,000 | 10,000 |
| Sacramento County CA Sanitation Dist. Financing Auth. Rev.        | 6.00%  | 12/1/2013     | 2,500  | 2,785  |
| Sacramento County CA Sanitation Dist. Financing Auth. Rev.        | 6.00%  | 12/1/2015     | 2,500  | 2,758  |
| San Diego CA Unified School Dist. COP                             | 5.25%  | 7/1/2001      | 11,265 | 11,359 |

\$ 152,092

-----  
TOTAL MUNICIPAL BONDS  
(Cost \$1,680,859) \$ 1,719,146  
-----

OTHER ASSETS AND LIABILITIES (-0.9%)  
-----  
Other Assets--Note B \$ 29,767  
Liabilities (45,366)  
-----  
\$ (15,599)  
-----

NET ASSETS (100%)  
-----  
Applicable to 157,392,253 outstanding \$.001 par value shares of beneficial interest  
(unlimited authorization) \$ 1,703,547  
=====

NET ASSET VALUE PER SHARE \$ 10.82  
=====

\*See Note A in Notes to Financial Statements.  
+Securities purchased on a when-issued or delayed delivery basis for which the  
fund has not taken delivery as of November 30, 2000.  
For key to abbreviations and other references, see page 38.  
</TABLE>

-----  
AT NOVEMBER 30, 2000, NET ASSETS CONSISTED OF:

|   | AMOUNT<br>(000) | PER<br>SHARE |
|---|-----------------|--------------|
| Paid-in Capital                         | \$ 1,670,151    | \$ 10.61     |
| Undistributed Net Investment Income     | --              | --           |
| Accumulated Net Realized Losses--Note E | (4,891)         | (.03)        |
| Unrealized Appreciation--Note F         | 38,287          | .24          |
| NET ASSETS                              | \$ 1,703,547    | \$ 10.82     |

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|--|--------|------------------|-------------------------|---------------------------|
|  | COUPON | MATURITY<br>DATE | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND |        |                  |                         |                           |
| -----  |        |                  |                         |                           |
| MUNICIPAL BONDS (100.1%)                     |        |                  |                         |                           |
| -----  |        |                  |                         |                           |
| ISSUER INSURED (88.0%)                       |        |                  |                         |                           |
| ABAG Finance Auth. For Non-Profit Corp. COP  |        |                  |                         |                           |

|  |        |                        |    |        |    |        |
|--|--------|------------------------|----|--------|----|--------|
| (Children's Hosp. Medical Center)  | 6.00%  | 12/1/2029 (2)          | \$ | 3,000  | \$ | 3,181  |
| Alameda CA Corridor Transp. Auth. Rev.   | 5.125% | 10/1/2016 (2)          |    | 2,165  |    | 2,187  |
| Anaheim CA Convention Center Finance COP   | 0.00%  | 8/1/2005 (1)           |    | 1,250  |    | 1,019  |
| Anaheim CA Convention Center Finance COP   | 0.00%  | 8/1/2006 (1)           |    | 3,125  |    | 2,429  |
| Anaheim CA Convention Center Finance COP   | 5.50%  | 8/1/2014 (1)           |    | 5,750  |    | 5,878  |
| Barstow CA Redev. Agency   | 6.25%  | 9/1/2022 (1)           |    | 2,225  |    | 2,353  |
| California Community College Financing Auth. TRAN  | 5.00%  | 8/3/2001 (4)           |    | 11,095 |    | 11,175 |
| California Dept. of Veteran Affairs Rev.   | 5.45%  | 12/1/2019 (2)          |    | 17,590 |    | 17,565 |
| California Dept. of Water Resources Rev.<br>(Central Valley Project)                       | 5.375% | 12/1/2027 (1)          |    | 4,890  |    | 4,895  |
| California Educ. Fac. Auth. Rev.<br>(Occidental College)                                   | 5.70%  | 10/1/2027 (1)          |    | 11,565 |    | 11,894 |
| California Educ. Fac. Auth. Rev.<br>(Point Loma Nazarene Univ.)                            | 5.00%  | 10/1/2021 (1)          |    | 11,000 |    | 10,626 |
| California Educ. Fac. Auth. Rev.<br>(Santa Clara Univ.)                                    | 5.25%  | 9/1/2015 (2)           |    | 1,325  |    | 1,386  |
| California Educ. Fac. Auth. Rev.<br>(Santa Clara Univ.)                                    | 5.25%  | 9/1/2016 (2)           |    | 1,000  |    | 1,039  |
| California Educ. Fac. Auth. Rev.<br>(Santa Clara Univ.)                                    | 5.25%  | 9/1/2017 (2)           |    | 1,000  |    | 1,033  |
| California GO  | 5.25%  | 10/1/2014 (3)          |    | 15,610 |    | 16,032 |
| California GO  | 5.40%  | 12/1/2016 (4)          |    | 1,000  |    | 1,010  |
| California GO  | 6.00%  | 8/1/2019 (3)           |    | 210    |    | 221    |
| California GO  | 7.00%  | 11/1/2004 (3) (Prere.) |    | 1,935  |    | 2,172  |
| California GO  | 7.00%  | 11/1/2013 (3)          |    | 65     |    | 72     |
| California Health Fac. Finance Auth. Rev.<br>(Adventist Health System)                     | 6.75%  | 3/1/2011 (1)           |    | 5,000  |    | 5,130  |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)                   | 5.75%  | 7/1/2015 (2)           |    | 4,080  |    | 4,273  |
| California Health Fac. Finance Auth. Rev.<br>(Catholic Health Care West)                   | 6.00%  | 7/1/2017 (1)           |    | 27,900 |    | 29,893 |
| California Health Fac. Finance Auth. Rev. (Kaiser Permanente)                              | 5.25%  | 10/1/2010 (2)          |    | 9,785  |    | 10,334 |
| California Health Fac. Finance Auth. Rev.<br>(Little Company of Mary)                      | 4.50%  | 10/1/2028 (2)          |    | 5,000  |    | 4,260  |
| California Health Fac. Finance Auth. Rev.<br>(Little Company of Mary)                      | 5.00%  | 10/1/2020 (2)          |    | 7,960  |    | 7,687  |
| California Health Fac. Finance Auth. Rev.<br>(San Diego Hosp.)                             | 6.20%  | 8/1/2020 (1)           |    | 3,820  |    | 3,996  |
| California Health Fac. Finance Auth. Rev.<br>(Scripps Health)                              | 5.00%  | 10/1/2018 (1)          |    | 5,000  |    | 4,884  |
| California Health Fac. Finance Auth. Rev.<br>(Scripps Health)                              | 5.00%  | 10/1/2022 (1)          |    | 5,760  |    | 5,509  |
| California Housing Finance Agency Rev.<br>(Home Mortgage)                                  | 0.00%  | 2/1/2018 (2)           |    | 8,825  |    | 3,117  |
| California Housing Finance Agency Rev.<br>(Home Mortgage)                                  | 0.00%  | 8/1/2020 (4) +         |    | 46,370 |    | 14,182 |
| California Housing Finance Agency Rev.<br>(Multifamily Housing)                            | 6.05%  | 8/1/2027 (2)           |    | 5,000  |    | 5,129  |
| California Infrastructure & Econ. Dev. Bank for<br>Independent System Operation Corp. VRDO | 3.75%  | 12/6/2000 (1)          |    | 9,100  |    | 9,100  |
| California Infrastructure & Econ. Dev. Bank Rev.<br>(Asian Art Museum)                     | 5.25%  | 6/1/2026 (1)           |    | 6,245  |    | 6,125  |
| California PCR Financing Auth. Rev.<br>(Southern California Edison)                        | 5.55%  | 9/1/2031 (1)           |    | 2,250  |    | 2,262  |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)                        | 3.80%  | 12/6/2000 (1) LOC      |    | 2,100  |    | 2,100  |
| California Polytechnical Univ. Rev.  | 5.625% | 7/1/2026 (3)           |    | 3,000  |    | 3,073  |
| California Polytechnical Univ. Rev.  | 5.625% | 7/1/2030 (3)           |    | 5,260  |    | 5,380  |
| California Public Works Board Lease Rev.<br>(Dept. of Corrections)                         | 5.50%  | 12/1/2012 (1)          |    | 2,000  |    | 2,074  |
| California Public Works Board Lease Rev.<br>(Dept. of Corrections)                         | 5.50%  | 1/1/2017 (2)           |    | 22,285 |    | 22,848 |
| California Public Works Board Lease Rev.<br>(Dept. of Corrections)                         | 5.625% | 11/1/2016 (1)          |    | 9,200  |    | 9,602  |
| California Public Works Board Lease Rev.<br>(Dept. of Health Services)                     | 5.75%  | 11/1/2024 (1)          |    | 7,885  |    | 8,209  |

31

| <S>  | <C>    | <C>              | <C> | <C>                     | <C>                       |
|--|--------|------------------|-----|-------------------------|---------------------------|
|  | COUPON | MATURITY<br>DATE |     | FACE<br>AMOUNT<br>(000) | MARKET<br>VALUE*<br>(000) |
| CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND                                     |        |                  |     |                         |                           |
| California Public Works Board Rev. (Univ. of California)                         | 5.375% | 10/1/2017 (2)    | \$  | 10,250                  | \$ 10,443                 |
| California State Univ. & Colleges Housing System Rev.                            | 5.625% | 11/1/2024 (3)    |     | 6,920                   | 7,087                     |
| California Statewide Community Dev. Auth. Rev.<br>(Los Angeles Orthopedic Hosp.) | 5.75%  | 6/1/2030 (2)     |     | 8,000                   | 8,233                     |

|  |        |                       |        |        |
|--|--------|-----------------------|--------|--------|
| Calleguas-Las Virgenes CA Municipal Water Dist. Rev.                                       | 5.125% | 7/1/2021 (3)          | 6,000  | 5,869  |
| Calleguas-Las Virgenes CA Public Finance Auth. Rev.  | 5.00%  | 11/1/2017 (4)         | 3,435  | 3,400  |
| Capistrano CA Unified Public Schools   | 5.70%  | 9/1/2016 (2)          | 10,000 | 10,472 |
| Central Coast CA Water Auth. Rev.  | 5.00%  | 10/1/2016 (2)         | 6,850  | 6,850  |
| Central Coast CA Water Auth. Rev.  | 5.00%  | 10/1/2022 (2)         | 8,920  | 8,576  |
| Chino Basin CA Regional Financing Auth. Rev.<br>(Inland Empire Util. Agency Sewer Project) | 5.75%  | 11/1/2019 (1)         | 3,325  | 3,484  |
| Chino Basin CA Regional Financing Auth. Rev.<br>(Inland Empire Util. Agency Sewer Project) | 5.75%  | 11/1/2022 (1)         | 1,000  | 1,041  |
| Chino Basin CA Regional Financing Auth. Rev.<br>(Muni. Water Dist. Sewer System Project)   | 6.00%  | 8/1/2016 (2)          | 5,500  | 5,800  |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2007 (3)          | 15,000 | 11,148 |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2008 (3)          | 14,265 | 10,095 |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2009 (3)          | 19,725 | 13,231 |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2010 (3)          | 21,485 | 13,659 |
| Clovis CA Unified School Dist. GO  | 0.00%  | 8/1/2011 (3)          | 1,625  | 975    |
| Contra Costa CA COP  | 5.50%  | 6/1/2012 (2)          | 6,850  | 7,034  |
| Contra Costa CA Water Dist. Rev.   | 5.50%  | 10/1/2019 (1)         | 3,000  | 3,052  |
| Culver City CA Wastewater Fac. Rev.  | 5.70%  | 9/1/2029 (3)          | 5,000  | 5,160  |
| East Bay CA Muni. Util. Dist. Water System Rev.  | 4.75%  | 6/1/2028 (1)          | 7,195  | 6,453  |
| East Bay CA Muni. Util. Dist. Water System Rev.  | 6.50%  | 6/1/2004 (2) (Prere.) | 2,000  | 2,193  |
| Eastern California Muni. Water. Dist. Water & Sewer Rev.                                   | 6.75%  | 7/1/2012 (3)          | 8,500  | 10,152 |
| El Dorado County CA Public Agency Finance Auth. Rev.                                       | 5.50%  | 2/15/2016 (3)         | 9,000  | 9,263  |
| Elsinore Valley CA Muni. Water Dist. COP   | 6.00%  | 7/1/2012 (3)          | 2,210  | 2,494  |
| Escondido CA Union High School Dist. GO  | 0.00%  | 11/1/2020 (1)         | 3,000  | 997    |
| Evergreen CA School Dist. GO   | 5.625% | 9/1/2024 (3)          | 6,300  | 6,428  |
| Foothill/Eastern Corridor Agency CA Toll Road Rev.   | 5.125% | 1/15/2019 (1)         | 5,200  | 5,148  |
| Fresno CA Airport Rev.   | 5.50%  | 7/1/2030 (4)          | 1,500  | 1,516  |
| Fresno CA Sewer Rev. VRDO  | 3.60%  | 12/6/2000 (3)         | 7,350  | 7,350  |
| Fullerton CA Univ. Rev.  | 5.70%  | 7/1/2020 (1)          | 2,165  | 2,254  |
| Glendale CA Hosp. Rev. (Adventist Health System)   | 6.00%  | 3/1/2014 (1)          | 3,000  | 3,071  |
| Helix CA Water Dist. COP   | 5.00%  | 4/1/2019 (4)          | 4,250  | 4,140  |
| Kern CA High School Dist. GO   | 6.25%  | 8/1/2011 (1)          | 1,065  | 1,232  |
| Kern CA High School Dist. GO   | 6.40%  | 8/1/2014 (1)          | 1,490  | 1,742  |
| Kern CA High School Dist. GO   | 6.40%  | 8/1/2015 (1)          | 1,645  | 1,919  |
| Kern CA High School Dist. GO   | 6.40%  | 8/1/2016 (1)          | 1,815  | 2,113  |
| King County CA Joint Unified High School Dist. GO  | 5.00%  | 8/1/2020 (1)          | 2,695  | 2,616  |
| La Quinta CA Redev. Agency (Tax Allocation Project)  | 7.30%  | 9/1/2010 (1)          | 1,145  | 1,398  |
| Laguna Salada CA Unified School Dist. GO   | 0.00%  | 8/1/2024 (3)          | 1,625  | 431    |
| Laguna Salada CA Unified School Dist. GO   | 0.00%  | 8/1/2025 (3)          | 1,880  | 470    |
| Laguna Salada CA Unified School Dist. GO   | 0.00%  | 8/1/2027 (3)          | 4,035  | 895    |
| Laguna Salada CA Unified School Dist. GO   | 0.00%  | 8/1/2030 (3)          | 4,095  | 764    |
| Long Beach CA Finance Auth. Lease Rev.   | 6.00%  | 11/1/2017 (2)         | 2,000  | 2,234  |
| Long Beach CA Finance Auth. Lease Rev.<br>(Rainbow Harbor Refinancing Project)             | 5.125% | 5/1/2020 (2)          | 2,750  | 2,708  |
| Long Beach CA Finance Auth. Lease Rev.<br>(Temple & Willow Fac.)                           | 5.50%  | 10/1/2018 (1)         | 5,030  | 5,180  |
| Los Angeles CA Dept. of Water & Power Rev.   | 5.00%  | 10/15/2017 (1)        | 7,600  | 7,506  |
| Los Angeles CA Dept. of Water & Power Rev.   | 5.00%  | 10/15/2018 (1)        | 11,600 | 11,371 |

32

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|  | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |     |
| Los Angeles CA Unified School Dist. GO   | 5.00%  | 7/1/2021 (3)  | \$ 14,780         | \$ 14,282           |     |
| Los Angeles CA Unified School Dist. GO   | 5.375% | 7/1/2025 (3)  | 14,000            | 14,036              |     |
| Los Angeles CA Wastewater System Rev.  | 4.00%  | 6/1/2014 (1)  | 5,465             | 4,883               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.00%  | 7/1/2017 (3)  | 4,450             | 4,405               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.00%  | 7/1/2019 (4)  | 2,350             | 2,294               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2011 (4)  | 9,570             | 10,106              |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2016 (1)  | 7,500             | 7,612               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2017 (1)  | 7,700             | 7,772               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2018 (1)  | 5,000             | 5,028               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2019 (1)  | 6,530             | 6,546               |     |
| Los Angeles County CA Metro. Transp. Auth. Sales Tax Rev.  | 5.25%  | 7/1/2027 (1)  | 8,210             | 8,088               |     |
| Los Angeles County CA Public Works Financing Auth. Lease Rev.                                    | 5.50%  | 10/1/2018 (4) | 2,700             | 2,848               |     |
| Los Angeles County CA Public Works Financing Auth. Lease Rev.<br>(Multiple Capital Fac. Project) | 5.125% | 6/1/2017 (2)  | 6,865             | 6,861               |     |
| Los Angeles County CA Public Works Financing Auth. Lease Rev.<br>(Multiple Capital Fac. Project) | 5.125% | 12/1/2029 (2) | 16,000            | 15,518              |     |
| Los Angeles County CA Public Works Financing Auth. Lease Rev.<br>(Multiple Capital Fac. Project) | 5.25%  | 5/1/2022 (2)  | 4,700             | 4,670               |     |
| Los Angeles County CA Schools<br>Regionalized Business Services COP                              | 0.00%  | 8/1/2020 (2)  | 2,095             | 704                 |     |

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| Metro. Water Dist. of Southern California Rev.                                    | 5.00%  | 7/1/2030 (1)          | 9,000  | 8,509  |
| Metro. Water Dist. of Southern California Rev.                                    | 5.50%  | 7/1/2025 (1)          | 21,225 | 21,375 |
| Modesto CA Irrigation Dist. Finance Auth. Rev.<br>(Domestic Water Project)        | 5.75%  | 9/1/2005 (2) (Prere.) | 3,750  | 4,080  |
| Modesto CA Irrigation Dist. Finance Auth. Rev.<br>(Woodland Project)              | 6.50%  | 10/1/2011 (2)         | 8,125  | 9,148  |
| Modesto CA Irrigation Dist. Finance Auth. Rev.<br>(Woodland Project)              | 6.50%  | 10/1/2022 (2)         | 9,750  | 11,169 |
| MSR California Public Power Agency Rev. (San Juan Project)                        | 6.125% | 7/1/2013 (2)          | 8,000  | 9,123  |
| MSR California Public Power Agency Rev. (San Juan Project)                        | 6.75%  | 7/1/2020 (1)          | 38,785 | 45,929 |
| MSR California Public Power Agency VRDO (San Juan Project)                        | 4.10%  | 12/4/2000 (1)         | 3,200  | 3,200  |
| Natomas CA Unified School Dist. GO  | 5.20%  | 9/1/2019 (3)          | 5,000  | 5,002  |
| North City West CA School Fac. Finance Auth.                                      | 6.00%  | 9/1/2019 (4)          | 2,000  | 2,156  |
| Northern California Power Agency Rev.<br>(Hydro Electric Project)                 | 6.30%  | 7/1/2018 (1)          | 10,000 | 11,496 |
| Northern California Power Agency Rev.<br>(Hydro Electric Project)                 | 7.50%  | 7/1/2021 (2) (Prere.) | 1,810  | 2,280  |
| Oakland CA Redev. Agency (Central Dist. Project)                                  | 5.50%  | 2/1/2014 (2)          | 5,500  | 5,906  |
| Palomar Pomerado Health System CA Rev.  | 5.375% | 11/1/2011 (1)         | 3,865  | 4,092  |
| Palomar Pomerado Health System CA Rev.  | 5.375% | 11/1/2013 (1)         | 6,730  | 7,025  |
| Pasadena CA Unified School Dist.  | 5.00%  | 7/1/2020 (3)          | 4,000  | 3,883  |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 0.00%  | 8/1/2019 (2)          | 1,150  | 406    |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 0.00%  | 8/1/2021 (2)          | 2,575  | 804    |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 0.00%  | 8/1/2022 (2)          | 3,755  | 1,102  |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 0.00%  | 8/1/2023 (2)          | 8,750  | 2,420  |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 0.00%  | 8/1/2024 (2)          | 1,000  | 261    |
| Pittsburg CA Redev. Agency Tax Allocation<br>(Los Medanos Community Dev. Project) | 5.70%  | 8/1/2032 (4)          | 7,000  | 7,274  |
| Pomona CA Unified School Dist. GO   | 5.60%  | 8/1/2014 (1)          | 1,585  | 1,728  |
| Pomona CA Unified School Dist. GO   | 5.60%  | 8/1/2015 (1)          | 2,000  | 2,167  |

33

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|   | COUPON | MATURITY DATE         | FACE AMOUNT (000) | MARKET VALUE* (000) |
| CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND  |        |                       |                   |                     |
| Pomona CA Unified School Dist. GO   | 5.60%  | 8/1/2016 (1)          | \$ 1,000          | \$ 1,078            |
| Pomona CA Unified School Dist. GO   | 7.50%  | 8/1/2017 (1)          | 2,540             | 3,269               |
| Port of Oakland CA Rev.   | 5.40%  | 11/1/2017 (1)         | 16,705            | 17,084              |
| Port of Oakland CA Rev.   | 5.50%  | 11/1/2017 (1)         | 4,350             | 4,420               |
| Port of Oakland CA Rev.   | 5.60%  | 11/1/2019 (1)         | 22,280            | 22,970              |
| Rancho CA Water Dist. Finance Auth. Rev.  | 5.875% | 11/1/2010 (3)         | 3,585             | 3,859               |
| Rancho CA Water Dist. Finance Auth. Rev.  | 6.25%  | 8/1/2012 (3)          | 3,000             | 3,098               |
| Rancho Cucamonga CA Redevelopment Agency<br>(Rancho Redevelopment)                  | 5.10%  | 9/1/2014 (4)          | 3,040             | 3,098               |
| Riverside County CA Asset Leasing Corp. Rev.<br>(Riverside County Hosp.)            | 0.00%  | 6/1/2013 (1)          | 5,000             | 2,648               |
| Riverside County CA Asset Leasing Corp. Rev.<br>(Riverside County Hosp.)            | 0.00%  | 6/1/2014 (1)          | 2,000             | 992                 |
| Riverside County CA Asset Leasing Corp. Rev.<br>(Riverside County Hosp.)            | 0.00%  | 6/1/2015 (1)          | 2,000             | 933                 |
| Riverside County CA Asset Leasing Corp. Rev.<br>(Riverside County Hosp.)            | 5.00%  | 6/1/2019 (1)          | 13,950            | 13,540              |
| Sacramento CA Finance Auth. Rev.  | 5.25%  | 5/1/2019 (2)          | 21,950            | 22,016              |
| Sacramento CA Finance Auth. Rev.  | 5.375% | 11/1/2014 (2)         | 9,000             | 9,568               |
| Sacramento CA Finance Auth. Rev.  | 5.40%  | 11/1/2020 (2)         | 6,785             | 7,012               |
| Sacramento CA Muni. Util. Dist. Rev.  | 6.25%  | 8/15/2010 (1)         | 33,800            | 38,437              |
| Sacramento CA Muni. Util. Dist. Rev.  | 6.30%  | 8/15/2018 (1)         | 14,000            | 14,645              |
| Sacramento CA Cogeneration Project Rev.   | 5.00%  | 7/1/2017 (1)          | 4,760             | 4,707               |
| Sacramento County CA Public Fac. Finance Corp. COP<br>(Main Detention Fac. Project) | 5.50%  | 6/1/2010 (1)          | 5,760             | 6,215               |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 5.50%  | 8/1/2005 (1) (Prere.) | 12,790            | 13,749              |
| San Bernardino County CA COP<br>(Medical Center Financing Project)                  | 6.50%  | 8/1/2017 (1)          | 17,915            | 21,063              |
| San Diego CA Public Fac. Finance Auth. Sewer Rev.                                   | 5.25%  | 5/15/2027 (3)         | 12,625            | 12,457              |
| San Diego CA Unified School Dist. GO  | 0.00%  | 7/1/2015 (3)          | 5,370             | 2,497               |
| San Diego CA Unified School Dist. GO  | 0.00%  | 7/1/2016 (3)          | 4,565             | 1,987               |
| San Diego CA Unified School Dist. GO  | 0.00%  | 7/1/2018 (3)          | 4,500             | 1,712               |
| San Diego CA Water Auth. COP  | 5.25%  | 5/1/2015 (3)          | 14,290            | 14,611              |

|  |       |                       |        |        |
|--|-------|-----------------------|--------|--------|
| San Diego CA Water Util. Rev.                                  | 5.00% | 8/1/2021 (3)          | 4,975  | 4,807  |
| San Francisco CA Bay Area Rapid Transit Rev.                   | 6.75% | 7/1/2010 (2)          | 6,370  | 7,503  |
| San Francisco CA Bay Area Rapid Transit Rev.                   | 6.75% | 7/1/2011 (2)          | 7,455  | 8,862  |
| San Francisco CA Building Auth. Rev.<br>(Civic Center Complex) | 5.25% | 12/1/2016 (2)         | 22,575 | 22,958 |
| San Francisco CA Building Auth. Rev.<br>(Civic Center Complex) | 5.25% | 12/1/2021 (2)         | 4,000  | 3,990  |
| San Francisco CA City & County Airport Rev.                    | 5.00% | 5/1/2023 (3)          | 8,500  | 7,987  |
| San Francisco CA City & County Airport Rev.                    | 5.00% | 5/1/2030 (3)          | 8,500  | 7,860  |
| San Francisco CA City & County Airport Rev.                    | 5.25% | 1/1/2022 (2)          | 1,290  | 1,258  |
| San Francisco CA City & County Airport Rev.                    | 6.00% | 5/1/2003 (1) (Prere.) | 740    | 787    |
| San Francisco CA City & County Airport Rev.                    | 6.00% | 5/1/2010 (1)          | 1,640  | 1,726  |
| San Francisco CA City & County Airport Rev.                    | 6.00% | 5/1/2011 (1)          | 1,720  | 1,811  |
| San Francisco CA City & County Airport Rev.                    | 6.00% | 5/1/2020 (1)          | 5,325  | 5,563  |
| San Francisco CA City & County Airport Rev.                    | 6.20% | 5/1/2002 (2) (Prere.) | 2,410  | 2,529  |
| San Francisco CA City & County Airport Rev.                    | 6.20% | 5/1/2006 (2)          | 2,995  | 3,131  |
| San Francisco CA City & County Airport Rev.                    | 6.20% | 5/1/2008 (2)          | 595    | 622    |
| San Francisco CA City & County Airport Rev.                    | 6.30% | 5/1/2002 (2) (Prere.) | 2,005  | 2,107  |
| San Francisco CA City & County Airport Rev.                    | 6.30% | 5/1/2011 (2)          | 2,995  | 3,131  |
| San Francisco CA City & County Airport Rev.                    | 6.50% | 5/1/2003 (1) (Prere.) | 545    | 586    |
| San Francisco CA City & County Airport Rev.                    | 6.50% | 5/1/2006 (1)          | 2,735  | 2,924  |
| San Francisco CA City & County Airport Rev.                    | 6.60% | 5/1/2003 (1) (Prere.) | 410    | 442    |

34

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|  | COUPON | MATURITY DATE         | FACE AMOUNT (000) | MARKET VALUE* (000) |
| San Francisco CA City & County Airport Rev.                                  | 6.60%  | 5/1/2007 (1)          | \$ 2,080          | \$ 2,226            |
| San Francisco CA City & County Airport Rev.                                  | 6.625% | 5/1/2003 (1) (Prere.) | 620               | 668                 |
| San Francisco CA City & County Airport Rev.                                  | 6.625% | 5/1/2008 (1)          | 3,100             | 3,320               |
| San Francisco CA City & County Airport Rev.                                  | 6.70%  | 5/1/2003 (1) (Prere.) | 665               | 718                 |
| San Francisco CA City & County Airport Rev.                                  | 6.70%  | 5/1/2009 (1)          | 3,305             | 3,545               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 0.00%  | 1/15/2021 (1)         | 12,385            | 4,036               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 0.00%  | 1/15/2024 (1)         | 15,000            | 4,089               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 0.00%  | 1/15/2025 (1)         | 18,250            | 4,692               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 0.00%  | 1/15/2030 (1)         | 7,000             | 1,343               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 0.00%  | 1/15/2031 (1)         | 11,950            | 2,466               |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 5.25%  | 1/15/2030 (1)         | 25,500            | 24,940              |
| San Joaquin Hills CA Transp. Corridor Agency Toll Road Rev.                  | 5.375% | 1/15/2029 (1)         | 5,790             | 5,769               |
| San Jose CA Redev. Agency Tax Allocation                                     | 5.00%  | 8/1/2020 (1)          | 3,500             | 3,393               |
| San Jose CA Redev. Agency Tax Allocation                                     | 6.00%  | 8/1/2011 (1)          | 8,845             | 9,967               |
| San Luis Obispo County CA Financing Auth.<br>(Lopez Dam Improvement Project) | 5.25%  | 8/1/2019 (1)          | 1,040             | 1,045               |
| San Luis Obispo County CA Financing Auth.<br>(Lopez Dam Improvement Project) | 5.25%  | 8/1/2020 (1)          | 1,095             | 1,096               |
| San Luis Obispo County CA Financing Auth.<br>(Lopez Dam Improvement Project) | 5.375% | 8/1/2030 (1)          | 3,200             | 3,201               |
| San Mateo County CA Finance Auth. Rev.                                       | 6.50%  | 7/1/2013 (1)          | 14,560            | 16,954              |
| San Mateo County CA Transp. Dist. Sales Tax Rev.                             | 5.25%  | 6/1/2015 (4)          | 4,525             | 4,654               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2009 (3)          | 4,895             | 3,288               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2010 (3)          | 7,050             | 4,487               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2011 (3)          | 7,355             | 4,415               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2012 (3)          | 6,645             | 3,754               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2013 (3)          | 7,430             | 3,942               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2014 (3)          | 8,290             | 4,122               |
| San Ramon Valley Unified School Dist. GO                                     | 0.00%  | 7/1/2015 (3)          | 5,605             | 2,621               |
| Santa Ana CA Finance Auth. Rev.  | 6.25%  | 7/1/2016 (1)          | 5,345             | 6,144               |
| Santa Ana CA Finance Auth. Rev.  | 6.25%  | 7/1/2017 (1)          | 2,000             | 2,294               |
| Santa Clara CA Redev. Agency (Bayshore North Project)                        | 7.00%  | 7/1/2010 (2)          | 7,000             | 8,243               |
| Santa Clara County CA Finance Auth. Rev.                                     | 5.00%  | 11/15/2017 (2)        | 5,500             | 5,444               |
| Santa Clara County CA Finance Auth. Rev.<br>(Multiple Fac. Project)          | 5.50%  | 5/15/2013 (2)         | 5,050             | 5,368               |
| Santa Clara County CA Finance Auth. Rev.<br>(Multiple Fac. Project)          | 5.50%  | 5/15/2014 (2)         | 5,325             | 5,624               |
| Santa Clara County CA Finance Auth. Rev.<br>(Multiple Fac. Project)          | 5.50%  | 5/15/2015 (2)         | 5,620             | 5,903               |
| Santa Fe Springs CA Redev. Agency  | 6.00%  | 9/1/2014 (1)          | 5,350             | 5,598               |
| Santa Rosa CA Wastewater Rev.  | 6.00%  | 7/2/2015 (2)          | 7,000             | 7,882               |
| Santa Rosa CA Wastewater Rev.  | 6.00%  | 9/1/2015 (3)          | 5,580             | 6,288               |
| Santa Rosa CA Wastewater Rev.  | 6.25%  | 9/1/2002 (3) (Prere.) | 7,075             | 7,445               |
| South Coast CA Air Quality Management Dist. Rev.                             | 5.50%  | 8/1/2014 (1)          | 8,000             | 8,178               |
| South Coast CA Air Quality Management Dist. Rev.                             | 6.00%  | 8/1/2011 (2)          | 3,200             | 3,606               |
| South County CA Regional Wastewater Auth. Rev.                               | 5.50%  | 8/1/2022 (3)          | 8,625             | 8,837               |
| South Orange County CA Public Finance Auth. Rev.                             | 5.25%  | 8/15/2018 (4)         | 11,100            | 11,175              |
| South Orange County CA Public Finance Auth. Rev.                             | 7.00%  | 9/1/2011 (1)          | 3,000             | 3,631               |

|  |       |                   |        |        |
|--|-------|-------------------|--------|--------|
| South Orange County CA Public Finance Auth. Rev.<br>Southern California Public Power Auth. VRDO<br>(Southern Transmission Project) | 9.50% | 8/15/2004 (1)     | 3,000  | 3,542  |
| Southern California Public Power Auth.<br>(Southern Transmission Project)  | 3.75% | 12/6/2000 (2) LOC | 19,105 | 19,105 |
| Three Valley CA Muni. Water Dist. COP  | 5.25% | 7/1/2021 (1)      | 3,000  | 3,052  |
| Ukiah CA Electric Rev.   | 5.25% | 11/1/2010 (3)     | 4,220  | 4,364  |
| Ukiah CA Electric Rev.   | 6.00% | 6/1/2008 (1)      | 4,565  | 5,061  |
| Ukiah CA Electric Rev.   | 6.25% | 6/1/2018 (1)      | 6,000  | 6,860  |
| Union Elementary School Dist. GO   | 0.00% | 9/1/2015 (3)      | 3,860  | 1,789  |

35

<TABLE>  
<CAPTION>

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<S>

|  | <C>    | <C>                   | <C>               | <C>                 |
|--|--------|-----------------------|-------------------|---------------------|
|  | COUPON | MATURITY DATE         | FACE AMOUNT (000) | MARKET VALUE* (000) |
| CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND   |        |                       |                   |                     |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2016 (3)          | \$ 1,500          | \$ 651              |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2017 (3)          | 2,295             | 929                 |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2018 (3)          | 1,630             | 619                 |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2019 (3)          | 1,750             | 623                 |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2020 (3)          | 2,300             | 771                 |
| Union Elementary School Dist. GO   | 0.00%  | 9/1/2021 (3)          | 2,000             | 631                 |
| Univ. of California Rev. (Medical Center)  | 5.125% | 12/1/2018 (4)         | 3,695             | 3,663               |
| Univ. of California Rev. (Medical Center)  | 5.125% | 12/1/2019 (4)         | 3,000             | 2,955               |
| Univ. of California Rev. (Medical Center)  | 5.75%  | 7/1/2012 (2)          | 10,395            | 11,021              |
| Univ. of California Rev. (Medical Center)  | 5.75%  | 7/1/2014 (2)          | 12,160            | 12,795              |
| Vallejo CA Sanitation & Flood Control COP  | 5.00%  | 7/1/2019 (3)          | 5,000             | 4,934               |
| Walnut CA Public Finance Auth. Tax Allocation Rev.   | 6.00%  | 9/1/2002 (1) (Prere.) | 1,940             | 2,042               |
| Walnut CA Public Finance Auth. Tax Allocation Rev.   | 6.00%  | 9/1/2015 (1)          | 3,060             | 3,202               |
| Walnut Valley CA Unified School Dist. GO   | 6.00%  | 8/1/2012 (2)          | 1,790             | 2,033               |
| Walnut Valley CA Unified School Dist. GO   | 6.00%  | 8/1/2013 (2)          | 1,980             | 2,244               |
| Walnut Valley CA Unified School Dist. GO   | 6.00%  | 8/1/2014 (2)          | 2,205             | 2,492               |
| Walnut Valley CA Unified School Dist. GO   | 6.00%  | 8/1/2015 (2)          | 2,470             | 2,779               |
| Walnut Valley CA Unified School Dist. GO   | 6.00%  | 8/1/2016 (2)          | 2,690             | 3,023               |
| Walnut Valley CA Unified School Dist. GO   | 6.20%  | 8/1/2009 (2)          | 1,270             | 1,446               |
| Wateruse Financial Auth. of California VRDO  | 3.90%  | 12/6/2000 (3)         | 5,100             | 5,100               |
| West Sacramento CA Finance Auth. Rev.<br>(Water System Improvement Project)                    | 5.25%  | 8/1/2008 (3)          | 2,160             | 2,227               |
| West Sacramento CA Tax Allocation (Redev. Project)   | 6.25%  | 9/1/2001 (1) (Prere.) | 8,250             | 8,564               |
| Whittier CA Insured Health Fac. Rev. (Presbyterian Hosp.)                                      | 6.25%  | 6/1/2007 (1)          | 4,260             | 4,727               |
| Whittier CA Insured Health Fac. Rev. (Presbyterian Hosp.)                                      | 6.25%  | 6/1/2008 (1)          | 3,530             | 3,955               |
| Wiseburn CA School Dist. GO  | 5.25%  | 8/1/2022 (3)          | 7,615             | 7,566               |
| Yuba City CA Unified School Dist. GO   | 0.00%  | 9/1/2015 (3)          | 1,870             | 867                 |
| Yuba City CA Unified School Dist. GO   | 0.00%  | 9/1/2017 (3)          | 2,060             | 834                 |
| Yuba City CA Unified School Dist. GO   | 0.00%  | 9/1/2019 (3)          | 2,270             | 809                 |
| OUTSIDE CALIFORNIA:  |        |                       |                   |                     |
| Puerto Rico Electric Power Auth. Rev.  | 5.25%  | 7/1/2029 (4)          | 9,725             | 9,555               |
| Puerto Rico Govt. Dev. Bank VRDO   | 3.85%  | 12/6/2000 (1)         | 9,900             | 9,900               |
| Puerto Rico Highway & Transp. Auth. VRDO   | 3.60%  | 12/6/2000 (2)         | 600               | 600                 |
| University of Puerto Rico Rev.   | 5.375% | 6/1/2030 (1)          | 14,795            | 14,697              |
|  |        |                       |                   | -----               |
|  |        |                       |                   | \$ 1,527,556        |
|  |        |                       |                   | -----               |
| SECONDARY MARKET INSURED (6.1%)  |        |                       |                   |                     |
| California Dept. of Water Resources Rev.<br>(Central Valley Project)                           | 4.75%  | 12/1/2025 (1)         | 8,500             | 7,661               |
| California GO  | 6.25%  | 9/1/2012 (3)          | 9,000             | 10,371              |
| California Public Works Board Lease Rev.<br>(Dept. of Corrections)                             | 6.50%  | 9/1/2017 (2)          | 30,000            | 35,175              |
| Foothill/Eastern Corridor Agency CA Toll Road Rev.   | 5.75%  | 1/15/2040 (1)         | 12,000            | 12,397              |
| Los Angeles County CA Public Works Financing Auth. Rev.  | 5.00%  | 10/1/2016 (1)         | 8,540             | 8,539               |
| OUTSIDE CALIFORNIA:  |        |                       |                   |                     |
| Puerto Rico Aqueduct & Sewer Auth. Rev.  | 5.00%  | 7/1/2019 (1)          | 7,830             | 7,635               |
| Puerto Rico Highway & Transp. Auth. Rev.   | 4.75%  | 7/1/2038 (1)          | 26,250            | 23,362              |
|  |        |                       |                   | -----               |
|  |        |                       |                   | \$ 105,140          |
|  |        |                       |                   | -----               |
| NONINSURED (6.0%)  |        |                       |                   |                     |
| California Dept. of Water (Central Valley Project)   | 6.40%  | 6/1/2002 (Prere.)     | 19,400            | 20,358              |
| California Educ. Fac. Auth. Rev.<br>(Univ. of Southern California Project)                     | 5.80%  | 10/1/2015             | 6,550             | 6,812               |
| California GO  | 5.50%  | 6/1/2022              | 5,000             | 5,081               |
| California Health Fac. Finance Auth. Rev. VRDO<br>(Adventist Health System West Sutter Health) | 3.95%  | 12/7/2000 LOC         | 200               | 200                 |
| California Housing Finance Agency Rev. (Multifamily Housing)                                   | 5.375% | 8/1/2028              | 1,890             | 1,782               |

</TABLE>

| <S>   | <C>             | <C>              | <C>                     | <C> | MARKET          |
|---|-----------------|------------------|-------------------------|-----|-----------------|
|   | COUPON          | MATURITY<br>DATE | FACE<br>AMOUNT<br>(000) |     | VALUE*<br>(000) |
| California Housing Finance Agency Rev. VRDO<br>(Home Mortgage)  | 3.80%           | 12/6/2000        | \$ 1,400                | \$  | 1,400           |
| California PCR Financing Auth. Rev. VRDO<br>(Shell Oil Co.-Martinez)  | 4.10%           | 12/4/2000        | 1,910                   |     | 1,910           |
| California PCR Financing Auth. VRDO (Exxon Project)   | 4.05%           | 12/4/2000        | 4,200                   |     | 4,200           |
| California PCR Financing Auth. VRDO<br>(Pacific Gas & Electric Co.)   | 4.15%           | 12/4/2000 LOC    | 6,600                   |     | 6,600           |
| East Bay CA Muni. Util. Dist. Water System Rev.   | 5.25%           | 6/1/2018         | 4,000                   |     | 4,033           |
| East Bay CA Muni. Util. Dist. Water System Rev.   | 5.25%           | 6/1/2019         | 4,445                   |     | 4,465           |
| Irvine CA Assessment Dist. Improvement Boards VRDO  | 4.00%           | 12/4/2000        | 1,400                   |     | 1,400           |
| Irvine CA Assessment Dist. Improvement Boards VRDO  | 4.10%           | 12/4/2000        | 3,100                   |     | 3,100           |
| Irvine CA Ranch Water Dist. VRDO  | 3.80%           | 12/4/2000 LOC    | 1,300                   |     | 1,300           |
| Los Angeles CA Dept. of Water & Power Electric Plant Rev.   | 6.50%           | 4/1/2010         | 3,950                   |     | 4,144           |
| Los Angeles County CA Public Works Rev.   | 5.50%           | 10/1/2012        | 6,750                   |     | 7,132           |
| Los Angeles County CA Schools<br>Regionalized Business Services COP   | 0.00%           | 8/1/2014         | 1,000                   |     | 494             |
| Metro. Water Dist. of Southern California Waterworks Rev.   | 5.00%           | 7/1/2026         | 7,000                   |     | 6,660           |
| Metro. Water Dist. of Southern California Waterworks Rev.   | 5.00%           | 7/1/2027         | 2,280                   |     | 2,163           |
| Metro. Water Dist. of Southern California Waterworks Rev.   | 5.00%           | 7/1/2037         | 7,525                   |     | 7,028           |
| Metro. Water Dist. of Southern California Waterworks Rev.   | 8.00%           | 7/1/2008         | 2,000                   |     | 2,469           |
| Orange County CA Sanitation Dist. COP VRDO  | 4.10%           | 12/4/2000 LOC    | 5,200                   |     | 5,200           |
| Riverside County CA Public Fac. Project VRDO  | 3.80%           | 12/5/2000 LOC    | 1,200                   |     | 1,200           |
| San Diego Water Auth. Rev. COP  | 5.00%           | 5/1/2017         | 2,300                   |     | 2,267           |
| Univ. of California Rev. (Multiple Purpose Project)   | 5.00%           | 9/1/2023         | 3,000                   |     | 2,870           |
|   |                 |                  |                         |     | \$ 104,268      |
| TOTAL MUNICIPAL BONDS<br>(Cost \$1,653,545)   |                 |                  |                         |     | \$ 1,736,964    |
| OTHER ASSETS AND LIABILITIES (-0.1%)  |                 |                  |                         |     |                 |
| Other Assets--Note B  |                 |                  |                         | \$  | 38,635          |
| Liabilities   |                 |                  |                         |     | (40,248)        |
|   |                 |                  |                         | \$  | (1,613)         |
| NET ASSETS (100%)   |                 |                  |                         |     |                 |
| Applicable to 152,282,422 outstanding \$.001 par value shares of beneficial interest<br>(unlimited authorization)                 |                 |                  |                         | \$  | 1,735,351       |
| NET ASSET VALUE PER SHARE   |                 |                  |                         |     | \$ 11.40        |
| *See Note A in Notes to Financial Statements.   |                 |                  |                         |     |                 |
| +Security purchased on a when-issued or delayed delivery basis for which the fund has not taken delivery as of November 30, 2000. |                 |                  |                         |     |                 |
| For key to abbreviations and other references, see page 38.   |                 |                  |                         |     |                 |
| </TABLE>  |                 |                  |                         |     |                 |
| AT NOVEMBER 30, 2000, NET ASSETS CONSISTED OF:  |                 |                  |                         |     |                 |
|   | AMOUNT<br>(000) | PER<br>Share     |                         |     |                 |
| Paid-in Capital   | \$ 1,661,426    | \$ 10.91         |                         |     |                 |
| Undistributed Net Investment Income   | --              | --               |                         |     |                 |
| Accumulated Net Realized Losses--Note E   | (9,494)         | (.06)            |                         |     |                 |
| Unrealized Appreciation--Note F   | 83,419          | .55              |                         |     |                 |
| NET ASSETS  | \$ 1,735,351    | \$ 11.40         |                         |     |                 |

KEY TO ABBREVIATIONS

BAN--Bond Anticipation Note.  
 COP--Certificate of Participation.  
 CP--Commercial Paper.  
 GO--General Obligation Bond.  
 PCR--Pollution Control Revenue Bond.  
 PUT--Put Option Obligation.  
 TAN--Tax Anticipation Note.  
 TOB--Tender Option Bond.  
 TRAN--Tax Revenue Anticipation Note.  
 VRDO--Variable Rate Demand Obligation.  
 (ETM)--Escrowed to Maturity.  
 (Prere.)--Prerefunded.

Scheduled principal and interest payments are guaranteed by:

- (1) MBIA (Municipal Bond Insurance Association).
- (2) AMBAC (Ambac Assurance Corporation).
- (3) FGIC (Financial Guaranty Insurance Company).
- (4) FSA (Financial Security Assurance).

The insurance does not guarantee the market value of the municipal bonds.

LOC--Scheduled principal and interest payments are guaranteed by bank letter of credit.

STATEMENT OF OPERATIONS

This Statement shows interest earned by each fund during the reporting period, and details the operating expenses charged to the fund. These expenses directly reduce the amount of investment income available to pay to shareholders as tax-exempt income dividends. This Statement also shows any Net Gain (Loss) realized on the sale of investments, and the increase or decrease in the Unrealized Appreciation (Depreciation) on investments during the period. If a fund invested in futures contracts during the period, the results of these investments are shown separately.

<TABLE>  
 <CAPTION>

| <S>                              | <C>  |  | <C>  |  |
|----------------------------------|--|--|--|--|
|                                  | CALIFORNIA<br>TAX-EXEMPT<br>MONEY MARKET<br>FUND | CALIFORNIA<br>INSURED<br>INTERMEDIATE-TERM<br>TAX-EXEMPT<br>FUND | CALIFORNIA<br>INSURED<br>LONG-TERM<br>TAX-EXEMPT<br>FUND | CALIFORNIA<br>INSURED<br>LONG-TERM<br>TAX-EXEMPT<br>FUND |
| YEAR ENDED NOVEMBER 30, 2000     |  |  |  |  |
|                                  | (000)  | (000)  | (000)  | (000)  |
| <b>INVESTMENT INCOME</b>         |  |  |  |  |
| INCOME                           |  |  |  |  |
| Interest                         | \$ 89,783  | \$ 70,286  | \$ 84,531  |  |
| Total Income                     | 89,783   | 70,286   | 84,531   |  |
| <b>EXPENSES</b>                  |  |  |  |  |
| The Vanguard Group--Note B       |  |  |  |  |
| Investment Advisory Services     | 280  | 159  | 176  |  |
| Management and Administrative    | 3,513  | 2,068  | 2,426  |  |
| Marketing and Distribution       | 424  | 239  | 208  |  |
| Custodian Fees                   | 29   | 17   | 17   |  |
| Auditing Fees                    | 9  | 9  | 9  |  |
| Shareholders' Reports            | 27   | 15   | 22   |  |
| Trustees' Fees and Expenses      | 3  | 2  | 2  |  |
| Total Expenses                   | 4,285  | 2,509  | 2,860  |  |
| Expenses Paid Indirectly--Note C | (29)   | (33)   | (29)   |  |

|  |           |            |            |
|--|-----------|------------|------------|
| Net Expenses   | 4,256     | 2,476      | 2,831      |
| NET INVESTMENT INCOME  | 85,527    | 67,810     | 81,700     |
| REALIZED NET GAIN (LOSS)   |           |            |            |
| Investment Securities Sold   | (241)     | (3,810)    | (6,080)    |
| Futures Contracts  | --        | --         | 3,199      |
| REALIZED NET LOSS  | (241)     | (3,810)    | (2,881)    |
| CHANGE IN UNREALIZED APPRECIATION<br>(DEPRECIATION) OF INVESTMENT SECURITIES | --        | 49,267     | 85,769     |
| NET INCREASE IN NET ASSETS RESULTING<br>FROM OPERATIONS                      | \$ 85,286 | \$ 113,267 | \$ 164,588 |

</TABLE>

39

STATEMENT OF CHANGES IN NET ASSETS

This Statement shows how each fund's total net assets changed during the two most recent reporting periods. The Operations section summarizes information detailed in the Statement of Operations. Because the fund distributes its income to shareholders each day, the amounts of Distributions--Net Investment Income generally equal the net income earned as shown under the Operations section. The amounts of Distributions--Realized Capital Gain may not match the capital gains shown in the Operations section, because distributions are determined on a tax basis and may be made in a period different from the one in which the gains were realized on the financial statements. The Capital Share Transactions section shows the amount shareholders invested in the fund, either by purchasing shares or by reinvesting distributions, and the amounts redeemed. The corresponding numbers of Shares Issued and Redeemed are shown at the end of the Statement.

<TABLE>  
<CAPTION>

| <S>  | <C>   |               | <C>  |               |
|--|---|---------------|--|---------------|
|  | CALIFORNIA<br>TAX-EXEMPT<br>MONEY MARKET FUND |               | CALIFORNIA INSURED<br>INTERMEDIATE-TERM<br>TAX-EXEMPT FUND |               |
|  | YEAR ENDED NOVEMBER 30,                       |               |  |               |
|  | 2000<br>(000)                                 | 1999<br>(000) | 2000<br>(000)  | 1999<br>(000) |
| INCREASE (DECREASE) IN NET ASSETS                                  |   |               |  |               |
| OPERATIONS   |   |               |  |               |
| Net Investment Income  | \$ 85,527                                     | \$ 58,471     | \$ 67,810  | \$ 53,476     |
| Realized Net Gain (Loss)   | (241)   | (11)          | (3,810)  | 1,420         |
| Change in Unrealized Appreciation (Depreciation)                   | --  | --            | 49,267   | (52,887)      |
| Net Increase (Decrease) in Net Assets<br>Resulting from Operations | 85,286  | 58,460        | 113,267  | 2,009         |
| DISTRIBUTIONS  |   |               |  |               |
| Net Investment Income  | (85,527)                                      | (58,471)      | (67,810)   | (53,476)      |
| Realized Capital Gain  | --  | --            | --   | --            |
| Total Distributions  | (85,527)                                      | (58,471)      | (67,810)   | (53,476)      |
| CAPITAL SHARE TRANSACTIONS <sup>1</sup>                            |   |               |  |               |
| Issued   | 3,092,782                                     | 2,484,987     | 731,050  | 719,578       |
| Issued in Lieu of Cash Distributions                               | 80,094  | 54,288        | 52,914   | 42,416        |
| Redeemed   | (2,740,540)                                   | (2,223,239)   | (461,645)  | (380,849)     |
| Net Increase from Capital Share Transactions                       | 432,336                                       | 316,036       | 322,319  | 381,145       |
| Total Increase   | 432,095                                       | 316,025       | 367,776  | 329,678       |
| NET ASSETS   |   |               |  |               |
| Beginning of Year  | 2,286,251                                     | 1,970,226     | 1,335,771  | 1,006,093     |
| End of Year  | \$ 2,718,346                                  | \$ 2,286,251  | \$ 1,703,547   | \$ 1,335,771  |
| =====  |   |               |  |               |
| <sup>1</sup> Shares Issued (Redeemed)                              |   |               |  |               |
| Issued   | 3,092,782                                     | 2,484,987     | 69,076   | 66,941        |

|                                      |             |             |           |           |
|--------------------------------------|-------------|-------------|-----------|-----------|
| Issued in Lieu of Cash Distributions | 80,094      | 54,288      | 4,988     | 3,963     |
| Redeemed                             | (2,740,540) | (2,223,239) | (43,914)  | (35,553)  |
| Net Increase in Shares Outstanding   | \$ 432,336  | \$ 316,036  | \$ 30,150 | \$ 35,351 |

</TABLE>

40

| CALIFORNIA<br>INSURED LONG-TERM<br>TAX-EXEMPT FUND                 |               |               |
|--|---------------|---------------|
| YEAR ENDED NOVEMBER 30,  |               |               |
|  | 2000<br>(000) | 1999<br>(000) |
| INCREASE (DECREASE) IN NET ASSETS                                  |               |               |
| OPERATIONS   |               |               |
| Net Investment Income  | \$ 81,700     | \$ 77,753     |
| Realized Net Gain (Loss)   | (2,881)       | 492           |
| Change in Unrealized Appreciation (Depreciation)                   | 85,769        | (115,238)     |
| Net Increase (Decrease) in Net Assets<br>Resulting from Operations | 164,588       | (36,993)      |
| DISTRIBUTIONS  |               |               |
| Net Investment Income  | (81,700)      | (77,753)      |
| Realized Capital Gain  | --            | (14,021)      |
| Total Distributions  | (81,700)      | (91,774)      |
| CAPITAL SHARE TRANSACTIONS <sup>1</sup>                            |               |               |
| Issued   | 385,919       | 458,784       |
| Issued in Lieu of Cash Distributions                               | 54,937        | 64,040        |
| Redeemed   | (333,740)     | (337,266)     |
| Net Increase from Capital Share Transactions                       | 107,116       | 185,558       |
| Total Increase   | \$ 190,004    | \$ 56,791     |
| NET ASSETS   |               |               |
| Beginning of Year  | \$ 1,545,347  | \$ 1,488,556  |
| End of Year  | \$ 1,735,351  | \$ 1,545,347  |
| 1Shares Issued (Redeemed)  |               |               |
| Issued   | 35,031        | 40,428        |
| Issued in Lieu of Cash Distributions                               | 4,986         | 5,667         |
| Redeemed   | (30,717)      | (30,015)      |
| Net Increase in Shares Outstanding                                 | 9,300         | 16,080        |

41

FINANCIAL HIGHLIGHTS

This table summarizes each fund's investment results and distributions to shareholders on a per-share basis. It also presents the fund's Total Return and shows net investment income and expenses as percentages of average net assets. These data will help you assess: the variability of the fund's net income and total returns from year to year; the relative contributions of net income and capital gains to the fund's total return; how much it costs to operate the fund; and the extent to which the fund tends to distribute capital gains. The table also shows the Portfolio Turnover Rate, a measure of trading activity. A turnover rate of 100% means that the average security is held in the fund for one year. Money market funds are not required to report a Portfolio Turnover Rate.

<TABLE>  
<CAPTION>

<S> <C> <C> <C> <C> <C>

CALIFORNIA TAX-EXEMPT MONEY MARKET FUND  
YEAR ENDED NOVEMBER 30,

| FOR A SHARE OUTSTANDING THROUGHOUT EACH YEAR           | 2000     | 1999     | 1998     | 1997     | 1996     |
|--|----------|----------|----------|----------|----------|
| NET ASSET VALUE, BEGINNING OF YEAR                     | \$ 1.00  | \$ 1.00  | \$ 1.00  | \$ 1.00  | \$ 1.00  |
| INVESTMENT OPERATIONS                                  |          |          |          |          |          |
| Net Investment Income                                  | .034     | .027     | .031     | .034     | .033     |
| Net Realized and Unrealized Gain (Loss) on Investments | --       | --       | --       | --       | --       |
| Total from Investment Operations                       | .034     | .027     | .031     | .034     | .033     |
| DISTRIBUTIONS  |          |          |          |          |          |
| Dividends from Net Investment Income                   | (.034)   | (.027)   | (.031)   | (.034)   | (.033)   |
| Distributions from Realized Capital Gains              | --       | --       | --       | --       | --       |
| Total Distributions                                    | (.034)   | (.027)   | (.031)   | (.034)   | (.033)   |
| NET ASSET VALUE, END OF YEAR                           | \$ 1.00  | \$ 1.00  | \$ 1.00  | \$ 1.00  | \$ 1.00  |
| TOTAL RETURN   | 3.44%    | 2.79%    | 3.10%    | 3.41%    | 3.32%    |
| RATIOS/SUPPLEMENTAL DATA                               |          |          |          |          |          |
| Net Assets, End of Year (Millions)                     | \$ 2,718 | \$ 2,286 | \$ 1,970 | \$ 1,800 | \$ 1,443 |
| Ratio of Total Expenses to Average Net Assets          | 0.17%    | 0.20%    | 0.20%    | 0.18%    | 0.19%    |
| Ratio of Net Investment Income to Average Net Assets   | 3.38%    | 2.75%    | 3.05%    | 3.35%    | 3.27%    |

</TABLE>

42

<TABLE>  
<CAPTION>

| <S>  | <C>   | <C>      | <C>      | <C>      | <C>      |
|--|---|----------|----------|----------|----------|
|  | CALIFORNIA INSURED INTERMEDIATE-TERM TAX-EXEMPT FUND<br>YEAR ENDED NOVEMBER 30, |          |          |          |          |
| FOR A SHARE OUTSTANDING THROUGHOUT EACH YEAR           | 2000  | 1999     | 1998     | 1997     | 1996     |
| NET ASSET VALUE, BEGINNING OF YEAR                     | \$ 10.50  | \$ 10.95 | \$ 10.66 | \$ 10.58 | \$ 10.44 |
| INVESTMENT OPERATIONS                                  |   |          |          |          |          |
| Net Investment Income                                  | .498  | .480     | .489     | .505     | .508     |
| Net Realized and Unrealized Gain (Loss) on Investments | .320  | (.450)   | .290     | .102     | .140     |
| Total from Investment Operations                       | .818  | .030     | .779     | .607     | .648     |
| DISTRIBUTIONS  |   |          |          |          |          |
| Dividends from Net Investment Income                   | (.498)  | (.480)   | (.489)   | (.505)   | (.508)   |
| Distributions from Realized Capital Gains              | --  | --       | --       | (.022)   | --       |
| Total Distributions                                    | (.498)  | (.480)   | (.489)   | (.527)   | (.508)   |
| NET ASSET VALUE, END OF YEAR                           | \$ 10.82  | \$ 10.50 | \$ 10.95 | \$ 10.66 | \$ 10.58 |
| TOTAL RETURN   | 7.99%   | 0.27%    | 7.47%    | 5.91%    | 6.41%    |
| RATIOS/SUPPLEMENTAL DATA                               |   |          |          |          |          |
| Net Assets, End of Year (Millions)                     | \$ 1,704  | \$ 1,336 | \$ 1,006 | \$ 596   | \$ 343   |
| Ratio of Total Expenses to Average Net Assets          | 0.17%   | 0.17%    | 0.19%    | 0.18%    | 0.19%    |
| Ratio of Net Investment Income to Average Net Assets   | 4.70%   | 4.48%    | 4.52%    | 4.78%    | 4.90%    |
| Portfolio Turnover Rate                                | 14%   | 9%       | 2%       | 10%      | 21%      |

CALIFORNIA INSURED LONG-TERM TAX-EXEMPT FUND  
YEAR ENDED NOVEMBER 30,

| FOR A SHARE OUTSTANDING THROUGHOUT EACH YEAR | 2000     | 1999     | 1998     | 1997     | 1996     |
|--|----------|----------|----------|----------|----------|
| NET ASSET VALUE, BEGINNING OF YEAR           | \$ 10.81 | \$ 11.73 | \$ 11.45 | \$ 11.42 | \$ 11.27 |

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| INVESTMENT OPERATIONS                                  |          |          |          |          |          |
| Net Investment Income                                  | .576     | .563     | .577     | .592     | .598     |
| Net Realized and Unrealized Gain (Loss) on Investments | .590     | (.810)   | .349     | .121     | .150     |
| Total from Investment Operations                       | 1.166    | (.247)   | .926     | .713     | .748     |
| DISTRIBUTIONS  |          |          |          |          |          |
| Dividends from Net Investment Income                   | (.576)   | (.563)   | (.577)   | (.592)   | (.598)   |
| Distributions from Realized Capital Gains              | --       | (.110)   | (.069)   | (.091)   | --       |
| Total Distributions                                    | (.576)   | (.673)   | (.646)   | (.683)   | (.598)   |
| NET ASSET VALUE, END OF YEAR                           | \$ 11.40 | \$ 10.81 | \$ 11.73 | \$ 11.45 | \$ 11.42 |
| TOTAL RETURN   | 11.11%   | -2.22%   | 8.31%    | 6.52%    | 6.91%    |
| RATIOS/SUPPLEMENTAL DATA                               |          |          |          |          |          |
| Net Assets, End of Year (Millions)                     | \$ 1,735 | \$ 1,545 | \$ 1,489 | \$ 1,207 | \$ 1,066 |
| Ratio of Total Expenses to Average Net Assets          | 0.18%    | 0.18%    | 0.19%    | 0.16%    | 0.19%    |
| Ratio of Net Investment Income to Average Net Assets   | 5.23%    | 4.98%    | 4.98%    | 5.26%    | 5.38%    |
| Portfolio Turnover Rate                                | 27%      | 11%      | 15%      | 21%      | 23%      |

</TABLE>

NOTES TO FINANCIAL STATEMENTS

Vanguard California Tax-Exempt Funds comprise the California Tax-Exempt Money Market Fund, California Insured Intermediate-Term Tax-Exempt Fund, and California Insured Long-Term Tax-Exempt Fund, each of which is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. Each fund invests in debt instruments of municipal issuers whose ability to meet their obligations may be affected by economic and political developments in the state of California.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The funds consistently follow such policies in preparing their financial statements.

1. SECURITY VALUATION: Tax-Exempt Money Market Fund: Investment securities are valued at amortized cost, which approximates market value. Other funds: Bonds, and temporary cash investments acquired over 60 days to maturity, are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Other temporary cash investments are valued at amortized cost, which approximates market value. Securities for which market quotations are not readily available are valued by methods deemed by the board of trustees to represent fair value.

2. FEDERAL INCOME TAXES: Each fund intends to continue to qualify as a regulated investment company and distribute all of its income. Accordingly, no provision for federal income taxes is required in the financial statements.

3. FUTURES CONTRACTS: The Insured Intermediate-Term and Insured Long-Term Tax-Exempt Funds may use Municipal Bond Index, U.S. Treasury Bond, and U.S. Treasury Note futures contracts, with the objectives of enhancing returns, managing interest-rate risk, maintaining liquidity, diversifying credit risk, and minimizing transaction costs. The funds may purchase or sell futures contracts instead of bonds to take advantage of pricing differentials between the futures contracts and the underlying bonds. The funds may also seek to take advantage of price differences among bond market sectors by simultaneously buying futures (or bonds) of one market sector and selling futures (or bonds) of another sector. Futures contracts may also be used to simulate a fully invested position in the underlying bonds while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds held by the funds and the prices of futures contracts, and the possibility of an illiquid market.

Futures contracts are valued based upon their quoted daily settlement prices. The aggregate principal amounts of the contracts are not recorded in the financial statements. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

4. DISTRIBUTIONS: Distributions from net investment income are declared daily and paid on the first business day of the following month. Annual

distributions from realized capital gains, if any, are recorded on the ex-dividend date.

5. OTHER: Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold. Premiums and original issue discounts are amortized and accreted, respectively, to interest income over the lives of the respective securities.

B. The Vanguard Group furnishes at cost investment advisory, corporate management, administrative, marketing, and distribution services. The costs of such services are allocated to each fund under methods approved by the board of trustees. Each fund has committed to provide up to

44

0.40% of its net assets in capital contributions to Vanguard. At November 30, 2000, the funds had contributed capital to Vanguard (included in Other Assets) of:

<TABLE>  
<CAPTION>

| <S>                        | <C><br>CAPITAL CONTRIBUTED<br>TO VANGUARD<br>(000) | <C><br>PERCENTAGE<br>OF FUND<br>NET ASSETS | <C><br>PERCENTAGE<br>OF VANGUARD'S<br>CAPITALIZATION |
|----------------------------|--|--|--|
| CALIFORNIA TAX-EXEMPT FUND |  |  |  |
| Money Market               | \$ 499   | 0.02%                                      | 0.5%   |
| Insured Intermediate-Term  | 312  | 0.02                                       | 0.3  |
| Insured Long-Term          | 317  | 0.02                                       | 0.3  |

</TABLE>

The funds' trustees and officers are also directors and officers of Vanguard.

C. The funds' investment adviser may direct new issue purchases, subject to obtaining the best price and execution, to underwriters who have agreed to rebate or credit to the funds part of the underwriting fees generated. Such rebates or credits are used solely to reduce the funds' management and administrative expenses. The funds' custodian bank has also agreed to reduce its fees when the funds maintain cash on deposit in their non-interest-bearing custody accounts. For the year ended November 30, 2000, these arrangements reduced expenses by:

|                            | EXPENSE<br>REDUCTION<br>(000)    |                   |
|----------------------------|----------------------------------|-------------------|
| CALIFORNIA TAX-EXEMPT FUND | MANAGEMENT AND<br>ADMINISTRATIVE | CUSTODIAN<br>FEES |
| Money Market               | --                               | \$ 29             |
| Insured Intermediate-Term  | \$ 21                            | 12                |
| Insured Long-Term          | 15                               | 14                |

D. During the year ended November 30, 2000, purchases and sales of investment securities other than temporary cash investments were:

|                            | (000)      |            |
|----------------------------|------------|------------|
| CALIFORNIA TAX-EXEMPT FUND | PURCHASES  | SALES      |
| Insured Intermediate-Term  | \$ 518,639 | \$ 200,122 |
| Insured Long-Term          | 463,561    | 401,620    |

E. Capital gains distributions are determined on a tax basis and may differ from realized capital gains for financial reporting purposes due to differences in the timing of realization of gains. The Insured Intermediate-Term Tax-Exempt Fund and the Insured Long-Term Tax-Exempt Fund had realized losses totaling \$615,000 and \$4,149,000, respectively, through November 30, 2000, which are deferred for tax purposes and reduce the amount of unrealized appreciation on investment securities for tax purposes (see Note F). For federal income tax purposes at November 30, 2000, the funds had the following capital losses available to offset future capital gains:

CAPITAL LOSS

| CALIFORNIA TAX-EXEMPT FUND | AMOUNT<br>(000) | EXPIRATION<br>FISCAL YEAR(S)<br>ENDING |
|----------------------------|-----------------|--|
|                            |                 | NOVEMBER 30                            |
| Insured Intermediate-Term  | \$ (4,276)      | 2007-2008                              |
| Insured Long-Term          | (5,346)         | 2007-2008                              |

45

F. At November 30, 2000, net unrealized appreciation of investment securities for federal income tax purposes was:

<TABLE>  
<CAPTION>

| <S>                        | <C>                       | <C>                       |                                | <C> |
|----------------------------|---------------------------|---------------------------|--------------------------------|-----|
|                            |                           | (000)                     |                                |     |
| CALIFORNIA TAX-EXEMPT FUND | APPRECIATED<br>SECURITIES | DEPRECIATED<br>SECURITIES | NET UNREALIZED<br>APPRECIATION |     |
| Insured Intermediate-Term* | \$ 40,166                 | \$ (2,494)                | \$ 37,672                      |     |
| Insured Long-Term*         | 84,758                    | (5,488)                   | 79,270                         |     |

</TABLE>

\*See Note E.

G. In November 2000, the American Institute of Certified Public Accountants issued new accounting guidelines for investment companies which will require the Insured Long-Term Tax-Exempt and Insured Intermediate-Term Tax Exempt Funds to change their accounting policies to begin to accrete market discounts on municipal bonds effective for the fiscal year ending November 30, 2002. This accounting change will not affect the funds' net asset value, total return, or distributions to shareholders, but may result in certain amounts being reclassified from realized and unrealized gain to interest income for financial statement purposes. Management believes this change will have no material effect on the financial statements.

46

REPORT  
OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Trustees of Vanguard California Tax-Exempt Funds

In our opinion, the accompanying statements of net assets and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Vanguard California Tax-Exempt Money Market Fund, Vanguard California Insured Intermediate-Term Tax-Exempt Fund and Vanguard California Insured Long-Term Tax-Exempt Fund (constituting Vanguard California Tax-Exempt Funds, hereafter referred to as the "Funds") at November 30, 2000, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2000, by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania

January 2, 2001

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SPECIAL 2000 TAX INFORMATION (UNAUDITED) FOR  
VANGUARD CALIFORNIA TAX-EXEMPT FUNDS

This information for the fiscal year ended November 30, 2000, is included pursuant to provisions of the Internal Revenue Code.

Each fund designates 100% of its income dividends as exempt-interest dividends.

47

THE VANGUARD(R)  
FAMILY OF FUNDS

STOCK FUNDS

500 Index Fund  
Calvert Social Index(TM) Fund  
Capital Opportunity Fund  
Convertible Securities Fund  
Developed Markets Index Fund  
Emerging Markets Stock Index Fund  
Energy Fund  
Equity Income Fund  
European Stock Index Fund  
Explorer(TM) Fund  
Extended Market Index Fund  
Global Equity Fund  
Gold and Precious Metals Fund  
Growth and Income Fund  
Growth Equity Fund  
Growth Index Fund  
Health Care Fund  
Institutional Developed Markets Index Fund  
Institutional Index Fund  
International Growth Fund  
International Value Fund  
Mid-Cap Index Fund  
Morgan(TM) Growth Fund  
Pacific Stock Index Fund  
PRIMECAP Fund  
REIT Index Fund  
Selected Value Fund  
Small-Cap Growth Index Fund  
Small-Cap Index Fund  
Small-Cap Value Index Fund  
Strategic Equity Fund  
Tax-Managed Capital Appreciation Fund  
Tax-Managed Growth and Income Fund  
Tax-Managed International Fund  
Tax-Managed Small-Cap Fund  
Total International Stock Index Fund  
Total Stock Market Index Fund  
U.S. Growth Fund  
U.S. Value Fund  
Utilities Income Fund  
Value Index Fund  
Windsor(TM) Fund  
Windsor(TM) II Fund

BALANCED FUNDS

Asset Allocation Fund  
Balanced Index Fund  
Global Asset Allocation Fund  
LifeStrategy(R) Conservative Growth Fund  
LifeStrategy(R) Growth Fund  
LifeStrategy(R) Income Fund  
LifeStrategy(R) Moderate Growth Fund  
STAR(TM) Fund  
Tax-Managed Balanced Fund  
Wellesley(R) Income Fund  
Wellington(TM) Fund

BOND FUNDS

Admiral(TM) Intermediate-Term Treasury Fund  
Admiral(TM) Long-Term Treasury Fund  
Admiral(TM) Short-Term Treasury Fund  
GNMA Fund  
High-Yield Corporate Fund  
High-Yield Tax-Exempt Fund  
Inflation-Protected Securities Fund  
Insured Long-Term Tax-Exempt Fund  
Intermediate-Term Bond Index Fund  
Intermediate-Term Corporate Fund  
Intermediate-Term Tax-Exempt Fund  
Intermediate-Term Treasury Fund  
Limited-Term Tax-Exempt Fund  
Long-Term Bond Index Fund  
Long-Term Corporate Fund  
Long-Term Tax-Exempt Fund  
Long-Term Treasury Fund  
Preferred Stock Fund  
Short-Term Bond Index Fund  
Short-Term Corporate Fund  
Short-Term Federal Fund  
Short-Term Tax-Exempt Fund  
Short-Term Treasury Fund  
State Tax-Exempt Bond Funds  
(California, Florida,  
Massachusetts, New Jersey,  
New York, Ohio, Pennsylvania)  
Total Bond Market Index Fund

#### MONEY MARKET FUNDS

Admiral(TM) Treasury Money Market Fund  
Federal Money Market Fund  
Prime Money Market Fund  
State Tax-Exempt Money Market  
Funds (California, New Jersey,  
New York, Ohio, Pennsylvania)  
Tax-Exempt Money Market Fund  
Treasury Money Market Fund

#### VARIABLE ANNUITY PLAN

Balanced Portfolio  
Diversified Value Portfolio  
Equity Income Portfolio  
Equity Index Portfolio  
Growth Portfolio  
High-Grade Bond Portfolio  
High Yield Bond Portfolio  
International Portfolio  
Mid-Cap Index Portfolio  
Money Market Portfolio  
REIT Index Portfolio  
Short-Term Corporate Portfolio  
Small Company Growth Portfolio

For information about Vanguard funds and our variable annuity plan, including charges and expenses, obtain a prospectus from The Vanguard Group, P.O. Box 2600, Valley Forge, PA 19482-2600. Read it carefully before you invest or send money.

#### THE PEOPLE

Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are part owner of the fund. Your fund trustees also serve on the board of directors of The Vanguard Group, which is owned by the funds and exists solely to provide services to them on an at-cost basis.

The majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. They bring distinguished backgrounds in business, academia, and public service to their task of working with Vanguard officers to establish the policies and oversee the activities of the funds.

Among board members' responsibilities are selecting investment advisers for the funds; monitoring fund operations, performance, and costs; reviewing contracts; nominating and selecting new trustees/ directors; and electing Vanguard officers.

The list below provides a brief description of each trustee's professional affiliations. The year in which the trustee joined the Vanguard board is noted in parentheses.

-----  
TRUSTEES

JOHN J. BRENNAN (1987) Chairman of the Board, Chief Executive Officer, and Director/Trustee of The Vanguard Group, Inc., and of each of the investment companies in The Vanguard Group.

JOANN HEFFERNAN HEISEN (1998) Vice President, Chief Information Officer, and a member of the Executive Committee of Johnson & Johnson; Director of Johnson & Johnson\*Merck Consumer Pharmaceuticals Co., The Medical Center at Princeton, and Women's Research and Education Institute.

BURTON G. MALKIEL (1977) Chemical Bank Chairman's Professor of Economics, Princeton University; Director of Prudential Insurance Co. of America, Banco Bilbao Argentaria, Gestion, BKF Capital, The Jeffrey Co., NeuVis, Inc., and Select Sector SPDR Trust.

ALFRED M. RANKIN, JR. (1993) Chairman, President, Chief Executive Officer, and Director of NACCO Industries, Inc.; Director of The BFGoodrich Co.

JAMES O. WELCH, JR. (1971) Retired Chairman of Nabisco Brands, Inc. (Food Products); retired Vice Chairman and Director of RJR Nabisco (Food and Tobacco Products); Director of TECO Energy, Inc., and Kmart Corp.

J. LAWRENCE WILSON (1985) Retired Chairman and Chief Executive Officer of Rohm & Haas Co.; Director of AmeriSource Health Corporation, Cummins Engine Co., and The Mead Corp.; Trustee of Vanderbilt University.

-----  
OTHER FUND OFFICERS

RAYMOND J. KLAPINSKY, Secretary; Managing Director and Secretary of The Vanguard Group, Inc.; Secretary of each of the investment companies in The Vanguard Group.

THOMAS J. HIGGINS, Treasurer; Principal of The Vanguard Group, Inc.; Treasurer of each of the investment companies in The Vanguard Group.

-----  
VANGUARD MANAGING DIRECTORS

R. GREGORY BARTON, Legal Department.  
ROBERT A. DISTEFANO, Information Technology.  
JAMES H. GATELY, Direct Investor Services.  
KATHLEEN C. GUBANICH, Human Resources.  
IAN A. MACKINNON, Fixed Income Group.  
F. WILLIAM MCNABB, III, Institutional Investor Group.  
MICHAEL S. MILLER, Planning and Development.  
RALPH K. PACKARD, Chief Financial Officer.  
GEORGE U. SAUTER, Quantitative Equity Group.

-----  
JOHN C. BOGLE  
Founder; Chairman and Chief Executive, 1974-1996

[SHIP GRAPHIC]  
[THE VANGUARD GROUP LOGO]

Post Office Box 2600  
Valley Forge, Pennsylvania, 19482-2600

ABOUT OUR COVER

Our cover art evokes both Vanguard's rich past and the course we've set for the future--our determination to provide superior investment performance and top-notch service. The image is based on two works: a painting titled The First Journey of 'Victory,' by the English artist W.L. Wyllie (1851-1931), and a sculpture of a compass rose on Vanguard's campus near Valley Forge, Pennsylvania.

All comparative mutual fund data are from Lipper Inc. or Morningstar, Inc., unless otherwise noted.

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1-800-662-7447

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INSTITUTIONAL INVESTOR SERVICES  
1-800-523-1036

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