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FILER

**VANGUARD MUNICIPAL BOND FUND INC**

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VANGUARD  
MUNICIPAL BOND FUND

ANNUAL REPORT 1993

A BRAVE NEW WORLD FOR INVESTING

With the clarity of hindsight, we can now see that the past two decades composed one of the great cycles in the history of the financial markets, as reflected in the chart below.

- - During the 1973-1982 decade, the nominal total returns (capital change plus income) of stocks and bonds averaged only about +6% per year; cash reserves averaged more than +8% annually. However, high inflation rates, averaging 8.7% annually, devastated these nominal results. Real returns (nominal returns less the inflation rate) for each of these three major asset classes were actually negative.
- - During the 1983-1992 decade, quite the opposite situation prevailed. Nominal returns for stocks and bonds were close to their highest levels in history and forged well into double-digit territory. To make a good investment environment even better, inflation was tame (averaging 3.8% annually), and real returns were solidly positive.

[EDGAR REFERENCE -- A TALE OF TWO DECADES CHART]

This sharp contrast provides us with perspective for the decade that will end in the year 2002. Some investors will fear a recurrence of the returns of the first decade, while others will hope for a recurrence of the second; most will likely anticipate something in between. Whatever the case, there are two essential elements involved in considering your investment program in the light of today's circumstances.

First, the yield of each investment class at the start of a decade has had an important relationship to its future return. Yields were low when 1973 began, high when 1983 began, and are again low today. In fact, current income yields are remarkably close to the levels of 20 years ago, as shown in the following table.

<TABLE>  
<CAPTION>

	Income Yields (January 1)		
	1973	1983	1993 (9/30)
<S>	<C>	<C>	<C>
STOCKS	2.7%	4.9%	2.7%
BONDS	5.8	10.7	5.6
RESERVES	3.8	10.5	3.1

</TABLE>

But there is a second important element to consider: inflation. It got progressively worse during most of the first decade, but got progressively better in the second.

<TABLE>  
<CAPTION>

	1973	1981	1993 (9/30)
<S>	<C>	<C>	<C>
INFLATION	3.4%	12.4%	2.7%

</TABLE>

Today's low yield levels suggest that more modest nominal returns are in prospect for the coming decade than in the 1980s; indeed, returns could gravitate

(Please turn to inside back cover)

THE VANGUARD MUNICIPAL BOND FUND SEEKS TO PROVIDE THE HIGHEST LEVEL OF INCOME

THAT IS EXEMPT FROM FEDERAL INCOME TAXES, AND THAT IS CONSISTENT WITH BOTH  
CONSERVATION OF CAPITAL AND THE INVESTMENT POLICIES OF EACH OF ITS PORTFOLIOS:  
MONEY MARKET - SHORT-TERM - LIMITED-TERM - INTERMEDIATE-TERM - INSURED LONG-TERM  
- - LONG-TERM - HIGH-YIELD.

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CHAIRMAN'S LETTER

Fellow Shareholder:

The cyclical decline in interest rates continued--and indeed accelerated--during the twelve months ended August 31, 1993, Vanguard Municipal Bond Fund's 16th fiscal year. Lower yields drove the prices of tax-exempt bonds higher, with our longer-term Portfolios benefiting more than our shorter-term Portfolios. As rates fell, interest income was reduced, with the most immediate impact felt in our Money Market and Short-Term Portfolios.

In this investment environment, each of the seven Vanguard Municipal Bond Portfolios provided solid returns on an absolute basis, and generally superior returns relative to those achieved by other comparable mutual funds. The table below presents each Portfolio's total return, divided into its two components: income return (reasonably predictable on a year-to-year basis) and capital return (usually volatile, and may be either positive or negative).

<TABLE>  
<CAPTION>

Portfolio	Investment Returns		
	Twelve Months Ended August 31, 1993		
	Income	Capital	Total
<S>	<C>	<C>	<C>
MONEY MARKET	+2.5%	--	+2.5%
SHORT-TERM	+4.0	+0.2%	+4.2
LIMITED-TERM	+4.7	+2.0	+6.7
INTERMEDIATE-TERM	+5.8%	+5.7%	+11.5%
INSURED LONG-TERM	+6.4	+6.7	+13.1
LONG-TERM	+6.4	+6.7	+13.1
HIGH-YIELD	+6.8	+6.3	+13.1

</TABLE>

A detailed table showing per share net asset values, income dividends and any capital gains distributions for the fiscal year, as well as current yields, is presented at the conclusion of this letter.

[PHOTO - SEE EDGAR APPENDIX]

#### THE YEAR IN REVIEW

Our 1993 fiscal year was the fifth consecutive year of favorable markets--and the third consecutive year of "double-digit" returns--for long-term bonds of all stripes. Lower yields drove up the prices of municipal, corporate, and U.S. Treasury bonds alike--although Treasuries registered the largest rate declines and hence the greatest price appreciation. While the decline in short-term rates was even steeper, the price impact on short-term bonds was greatly moderated given their maturities.

The consensus holds that the rate decline is based on two primary factors: (1) a sluggish economy that seems unable to provide the typical post-recession snapback, which has led to limited demand for credit; and (2) the prospect that inflation will remain subdued, leading to investor willingness to accept lower "nominal" yields.

In any event, as shown in the chart on the following page, the five-year period ended August 31, 1993, has witnessed a remarkably steady decline in long-term tax-exempt rates, with the yield on high-grade 20-year municipal bonds falling from 7.6% at the beginning of the period to 5.2% at the end. For short-term rates, the decline during the same period was more pronounced, with the yield on high-grade notes falling on balance from 5.7% to 2.5%.

(continued)

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[TAX-FREE YIELDS CHART - SEE EDGAR APPENDIX]

#### THE VANGUARD PORTFOLIOS IN FISCAL 1993

Since each Portfolio is carefully fashioned to parallel the maturity structure of the sector of the bond market in which it invests, our returns were quite similar to those of comparable unmanaged indexes. The charts on pages 9-12

illustrate each Portfolio's comparative results over the past decade or since inception. Indexes, of course, are theoretical constructs that, in effect, pretend that the costs of fund investing--transaction costs, expenses of fund administration, portfolio accounting, shareholder account maintenance, and so on--simply do not exist. In the real world, of course, such costs cannot be avoided.

Taking this cost factor into account, we believe that the returns of our Portfolios were satisfactory. Indeed, our returns, on balance, continue to remain well ahead of those of competitive mutual funds with roughly comparable maturity and quality standards. The following table compares the twelve-month total return of each Portfolio with its competitive norm.

<TABLE>  
<CAPTION>

Portfolio	Total Return		
	Twelve Months Ended August 31, 1993		
	Vanguard Fund	Average Comparable Fund	Difference
<S>	<C>	<C>	<C>
MONEY MARKET	+2.5%	+2.1%	+0.4%
SHORT-TERM	+4.2	+4.4*	-0.2
LIMITED-TERM	+6.7	+7.1*	-0.4
INTERMEDIATE-TERM	+11.5%	+10.3%	+1.2%
INSURED LONG-TERM	+13.1	+11.9	+1.2
LONG-TERM	+13.1	+12.2	+0.9
HIGH-YIELD	+13.1	+11.4	+1.7

</TABLE>

\*Adjusted for average maturity.

One major factor in our performance superiority is our exceptionally low costs. The expense ratios (operating expenses as a percent of average net assets) of our Portfolios remain far below those of our competitors, giving us an important "built-in" advantage. For example, the average long-term municipal bond fund has an annual expense ratio of 0.84%, compared to 0.20% for Vanguard's Long-Term Portfolio. Thus, going into each year, we begin with an expected advantage of around 0.60% (60 "basis points").

I should note that in rising markets some of our natural advantage is eroded by our decision to carry 8% of total net assets in cash reserves for each of our longer-term Portfolios. The reserves are designed to provide a "margin of safety," furnishing some liquidity to handle possible redemptions of fund shares when markets decline.

The other major factor in our superiority, of course, is our portfolio management strategies. First, we have tended to maintain slightly longer bond maturities than most of our competitors, which has a positive impact when interest rates fall and a negative impact when rates rise. Second, our emphasis on lower coupon bonds, while designed primarily to help maintain our dividends when rates decline, added to our gains. One management strategy, however, had a marginally negative effect on our performance. Our limited use of municipal bond futures to exploit valuation disparities among various market segments during fiscal 1993 has yet to bear fruit.

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I should note that these strategies apply primarily to our longer-term Portfolios. In our shorter-term Portfolios, it is largely cost that carries the day. For example, our Money Market Portfolio (designed, but not guaranteed, to maintain a stable net asset value of \$1.00 per share) provided a return of +2.5% during the fiscal year, compared to an average of +2.1% for other tax-exempt money market funds. This 40 basis point edge (nearly a 20% income advantage) is accounted for entirely by our cost advantage of 48 basis points over comparable competitors. In this lower interest-rate environment, 79 of 129 tax-exempt money market funds--nearly two of every three--now yield 1.99% or less. It is hard to imagine what attraction such funds could possibly hold for intelligent investors.

#### TAXABLE VS. TAX-EXEMPT YIELDS

As I noted earlier, the decline in yields on U.S. Treasury bonds has been significantly larger than that on tax-exempt bonds. What makes this juxtaposition so paradoxical is that it comes just as the maximum marginal federal tax bracket has been raised from 31% to 39.6%--the highest rate since 1986. This should mean that the "spread" between taxable and tax-exempt rates would widen; the fact is that it has narrowed. The result: tax-exempt income today provides a singular advantage to investors in high tax brackets. This table illustrates the difference on a net after-tax basis:

<TABLE>  
<CAPTION>

August 31, 1993

<S>	20-Year <C>	90-Day <C>
U.S. TREASURY BOND		
GROSS YIELD	5.7%	3.1%
TAX (39.6%)	-2.3	-1.2
NET YIELD	3.4%	1.9%
HIGH-GRADE MUNICIPAL BOND		
NET YIELD	5.3%	2.5%
MUNICIPAL BOND ADVANTAGE	+1.9%	+0.6%

</TABLE>

Admittedly, even the highest-quality insured municipal bond cannot quite match the creditworthiness of a U.S. Treasury bond, and long-term municipal bonds are usually callable after 10 years, a disadvantage not shared by Treasuries. So, the yield comparison has a moderate structural bias in favor of municipals. But the yield differential is hardly "moderate"--it is more like "day and night." Suffice it to say that the ability of top-tax-bracket investors to earn over 50% more after-tax income with only a marginal sacrifice in quality is unlikely to persist indefinitely. It is probably fair to say that relative values in tax-exempt bonds are as great as they have been for two decades.

#### LOOKING AHEAD

The aggregate assets of all national municipal bond mutual funds now total some \$200 billion, and the funds have become among the largest buyers and holders of tax-exempt securities. While, like all mutual funds, municipal bond funds promise "liquidity on demand" to shareholders, it must be clear that providing this liquidity depends on an orderly liquidation pattern by investors. With the exception of the industry's experience during 1987's sharp dip in bond prices, resulting from the upward spike in interest rates in April and May of that year, the industry's handling of redemptions has been flawless, and daily liquidity has been maintained without impacting the marketplace.

And yet, with rates having come down so far and so fast, there is always the risk of a sharp rebound. When that happens, investors who have purchased municipal bond funds for the long term should not be concerned. However, there appears to be an active body of short-term speculators who move their money from long-term to short-term bonds at the proverbial drop of a hat. You should know that at Vanguard we do our best to exclude these speculators: we rigorously limit the frequency of inter-fund exchanges, and do not accept business from known "market timers." As noted earlier, we also hold a mandatory 8% cash reserves position in each of our longer-term Portfolios to meet a possible rise in liquidations.

If you are an investor who likes to speculate on interest rate changes, I urge you to move your assets to one of our many competent competitors. If

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you are an investor who will respond with fright to any kind of reversal in the rise of bond prices during the past five years, I urge you to shorten your maturity profile. If you are a long-term investor--content that your needs for capital stability (with commensurate income volatility) in our shorter-term Portfolios and for income stability (with commensurate capital volatility) in our longer-term Portfolios are being met--I urge you, once again, to "stay the course."

Sincerely,

/s/ JOHN C. BOGLE

John C. Bogle  
Chairman of the Board

September 13, 1993

Note: Mutual fund data from Lipper Analytical Services, Inc.

#### A WORD ABOUT CAPITAL GAINS DISTRIBUTIONS

You may recall that, during the rising bond markets of each of the past three years, our longer-term Portfolios realized capital gains mostly in the range of \$.10 to \$.20 per share. These amounts must, under Federal tax regulations, be distributed to shareholders of our Portfolios as taxable capital gains.

I want to emphasize that it is not our objective to realize capital gains; rather, these gains are a by-product of a number of factors, including, most importantly: sharply rising municipal bond prices, bonds that are called or

refunded, and limited portfolio strategy shifts to capitalize on the relative valuations of different market sectors.

While we will not know the exact amount of gain distributions for 1993 until October 31, it will hardly surprise you to know that we have again realized gains. At the moment, the gains total about \$.20 per share for the Insured Long-Term, Long-Term, and High-Yield Portfolios. The numbers could rise a bit; they are unlikely to get smaller. Shareholders of record on December 30, 1993, will receive these distributions. Our telephone communications associates receive regular updates on the figures, and are happy to provide them to you at any time.

<TABLE>  
<CAPTION>

Portfolio	Average Maturity	Average Quality	Net Asset Value Per Share		Twelve-Month			SEC Current Annualized Yield*
			August 31, 1992	August 31, 1993	Income Dividends	Capital Gains Distributions	Total Return	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SHORTER-TERM								
MONEY MARKET . . . . .	80 Days	MIG 1	\$ 1.00	\$ 1.00	\$0.025	--	+2.5%	2.48%
SHORT-TERM . . . . .	471 Days	Aa1	15.64	15.63	0.609	\$0.043	+4.2%	3.15%
LIMITED-TERM . . . . .	3.1 Years	Aa	10.64	10.80	0.485	0.049	+6.7%	3.66%
LONGER-TERM								
INTERMEDIATE-TERM . . . . .	8.0 Years	Aa2	\$12.85	\$13.45	\$0.710	\$0.121	+11.5%	4.68%
INSURED LONG-TERM . . . . .	11.5 Years	Aaa	12.28	12.89	0.718	0.203	+13.1%	4.94%
LONG-TERM . . . . .	12.4 Years	Aa3	10.95	11.38	0.640	0.285	+13.1%	5.08%
HIGH-YIELD . . . . .	11.8 Years	A2	10.76	11.17	0.669	0.254	+13.1%	5.39%

</TABLE>

\* Yield for Money Market Portfolio is a 7-day yield. All other yields are 30-day yields.

AVERAGE ANNUAL TOTAL RETURN

Average Annual Total Returns--The current yields noted in the table in the Chairman's letter are calculated in accordance with SEC guidelines. The average annual total returns for the Portfolios (periods ended June 30, 1993) are as follows:

<TABLE>  
<CAPTION>

PORTFOLIO (INCEPTION DATE)	TOTAL RETURN			10-YEAR RETURN	
	1 YEAR	5 YEARS	10 YEARS	INCOME	CAPITAL
<S>	<C>	<C>	<C>	<C>	<C>
MONEY MARKET (6/10/80)	+ 2.55%	+ 4.73%	+ 4.89%	+4.89%	0.00%
SHORT-TERM (9/1/77)	+ 4.54	+ 5.99	+ 6.09	+5.64	+0.45
LIMITED-TERM (8/31/87)	+ 7.06	+ 7.37	+ 7.49*	+5.97*	+1.52*
INTERMEDIATE-TERM (9/1/77)	+11.75	+ 9.96	+10.09	+7.51	+2.58
INSURED LONG-TERM (9/30/84)	+12.82	+10.79	+11.36*	+7.72*	+3.64*
LONG-TERM (9/1/77)	+13.02	+11.14	+11.14	+8.09	+3.05
HIGH-YIELD (12/27/78)	+13.12	+11.40	+11.38	+8.37	+3.01

</TABLE>

These data represent past performance. The investment return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. An investment in the Money Market Portfolio is neither insured nor guaranteed by the U.S. Government, and there is no assurance that the Fund will be able to maintain a stable net asset value of \$1.00 per share.  
\*Performance figures since inception.

REPORT FROM THE INVESTMENT ADVISER

DEJA VU REDUX

The fiscal year ended August 31, 1993, provided bond investors with yet another episode of bountiful total returns. Shareholders in the six non-money market Portfolios of Vanguard Municipal Bond Fund enjoyed gradually escalating returns, fully consistent with their escalating average maturities. The Money Market Portfolio also produced returns fully consistent with its average maturity (about 80 days); however, by the Portfolio's very nature, it failed to

participate in the capital gains earned by its longer-dated brethren.

The increases in bond prices were a direct consequence of substantial across-the-board declines in interest rates. U.S. Treasury bonds were affected most dramatically, with the 30-year U.S. Treasury bond yield falling 1.3% (from 7.4% to 6.1%), resulting in a 15.6% increase in price (excluding income). Similarly, ten-year Treasury note yields dropped about 1.2% (from 6.6% to 5.4%).

The municipal bond market, taking its cue from Treasury bonds, rallied strongly, particularly among long-term, high-grade municipal bonds. Their yields dropped about 0.9%, from 6.1% to 5.2% at the fiscal year end. The resultant "high-single-digit" to "low-double-digit" total returns for your Portfolios are detailed in the Chairman's letter. Suffice it to say, it was a very good year in a very good decade for bonds. If that news sounds vaguely familiar, it should. We have been fortunate to be able to repeat it for the last two years.

Both taxable and tax-exempt bond markets are responding to an economic recovery that is progressing only about one-third as vigorously as in previous iterations. While this news is not particularly good for job-seekers and businesses, it's definitely good news for investors in long-term bonds. Their coupon payments have not been eroded by the kind of inflation typically spawned during energetic economic rebounds. Moreover, the prevailing economic torpor has motivated the Federal Reserve Bank policymakers to maintain accommodative monetary policy. Such easing has its greatest influence over yields in the "one-year and under" maturity region of the yield curve. Short-term municipal interest rates, responding to the easy money policies of the Federal Reserve, started the fiscal year at very low levels and proceeded to drop even lower. A one-year, high-grade note paid an investor 2.8% in August 1992, and a comparable note now will pay income of 2.4% over the next 12 months. Alternatively, a ten-year note will pay 4.6%, a 15-year bond 5.0%, and a 30-year bond 5.2%. Hence, the principal stability of short-term instruments comes at a fairly steep price. If you want to protect your capital with a high degree of confidence, you're going to have to sacrifice substantial annual income return.

The past fiscal year was also noteworthy for the record-breaking amount of new issuance of municipal bonds. The generalized descent in prices has made many previously issued notes and bonds economically refundable; that is, issuers can now borrow new money at "cheap" rates to eventually replace bonds they issued when interest rates were higher. Virtually all of the increase in municipal bond supply has consisted of these advance refundings, and that burgeoning supply goes a long way toward explaining why the municipal market has failed to keep pace with the rally in taxable bonds.

This unexpectedly extended period of excess supply has certainly had an impact on some of our activities. For most of our Portfolios, last spring we implemented to a small degree a strategy designed to exploit the growing relative "cheapness" of the municipal market compared to Treasury issues. That strategy has yet to bear fruit. Indeed, we underestimated the magnitude and persistence of the excess supply and have surrendered some of the extra returns garnered by our other strategic successes. One of the risks we take with a value-driven philosophy is that investing in a cheap issue or sector is no guarantee it won't get "cheaper" once we own it. Having said all that, we believe that in the long run our strategy is sound, that new issue supply will eventually stabilize at levels closer to

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historical norms, and that the municipal market's "extra cheapness" will be recovered. Consequently, we are staying the course.

#### FAMILIARITY SHOULD NOT BREED CONTEMPT

The protracted rally in bond prices over the last decade has been a wonderful boon to investors. Barring brief perturbations, it is easily the longest-lived bond bull market in more than 50 years. Most bond funds have earned double-digit annual rates of total return (including income) for so long that many investors have come to expect good returns as a matter of course. Such expectations are naive and dangerous. Interest rates could easily move higher, thereby producing price declines that could more than offset income returns. A few years ago, you could buy a 9% long-term municipal bond. With a 9% annual income stream, interest rates would have to drop only a little (about 0.1%) to raise prices enough to produce a double-digit return. Today, we are no longer in a 9% world, but in a 5% world (even less for short- and intermediate-term bonds). To replicate the returns of yesteryear, the markets and the economy will have to supply investors with continually improving good news on the inflation front.

If the good news is not forthcoming, or worse yet, if the markets actually sour (as opposed to soar), interest rates on long-term bonds would have to rise only about 0.5% to generate a zero total return for the year. That's a far cry from the recent past. We are not predicting such an event. We merely note that neither bull nor bear markets extend themselves indefinitely; the farther a good bond rally is extended, the more vulnerable it becomes to reduced prospective rates of return.

#### STRATEGY RECAP

Over the past several years we have pursued several strategies designed to provide shareholders with full participation in whatever risk/return segment their Portfolio selection dictated, while at the same time adding some extra return "at the margin." Usually such activities entail overweighting specific characteristics or sectors relative to the market. The following represent our principal overweights:

Emphasis on high quality

All of the Portfolios carry credit quality ratings somewhat higher than their competitors and their respective market segments. The differences in yield among bonds of varying credit quality are quite small right now. Hence, the incentives for lowering the average qualities of the Portfolios are quite small. Stated alternatively, our Portfolios carry demonstrably higher quality at only a small sacrifice in gross yield. Moreover, Vanguard's expense ratio advantage over competitors is so large that the yield sacrifice from our quality tilt is all but invisible when net yields are compared.

Emphasis on call protection

Most of the Portfolios contain appreciably more call-free bonds than the overall market. Perplexingly, even with a strong bull market, call-free bonds have not significantly outperformed their callable counterparts over the last year. Nevertheless, we anticipate being able to extract a lot more incremental return from this strategy over the next three fiscal years. Between now and 1996, vast quantities of callable bonds will be "retired." Their replacements already exist as advance refunding bonds. Hence, relative supply should shrink. Our strategy has the additional advantage of helping us assure shareholders an attractive, and more enduring, dividend.

Municipal/Treasury arbitrage

As noted earlier in our letter, we have adopted, at the margin, strategies to exploit the historical "cheapness" of municipal interest rates relative to the Treasury market. So far this year, the strategies have not been productive. They have reduced our generally positive comparisons versus competitors.

(continued)

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[ ] Emphasis on added price sensitivity

Over the last several years our Intermediate- and Long-Term Portfolios have tended to be more sensitive in net asset value per share to interest rate fluctuations than our competitors. In the bull market, this clearly has been advantageous, and it is arguably the main contributor to our historically good relative returns. In the spring of 1993, we shifted average maturities down somewhat. We believe such a move is prudent since the prospects for further significant increases in bond prices appear dimmer than they did a few years ago.

Collectively, the interplay of these strategies, along with our cost advantage, has engendered returns over the past year that we would characterize as "solid." More important, for the past decade, we would characterize our relative performance as "very good." As always, your Portfolios will be managed to provide good performance with a high degree of relative predictability.

Sincerely,

Ian A. MacKinnon, Senior Vice President  
Jerome J. Jacobs, Vice President  
David E. Hamlin, Assistant Vice President  
Christopher M. Ryon, Assistant Vice President  
Pamela E. Wisehaupt, Assistant Vice President

Vanguard Fixed Income Group

September 20, 1993

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CUMULATIVE PERFORMANCE

[MONEY MARKET CHART - SEE EDGAR APPENDIX]

[SHORT-TERM CHART - SEE EDGAR APPENDIX]

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[LIMITED-TERM CHART - SEE EDGAR APPENDIX]

[INTERMEDIATE-TERM CHART - SEE EDGAR APPENDIX]



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[INSURED LONG-TERM CHART - SEE EDGAR APPENDIX]

[LONG-TERM CHART - SEE EDGAR APPENDIX]

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[HIGH-YIELD CHART - SEE EDGAR APPENDIX]

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&lt;TABLE&gt;

<S> <C>  
 Vanguard Municipal Bond Fund  
 STATEMENT OF NET ASSETS FINANCIAL STATEMENTS

August 31, 1993

&lt;/TABLE&gt;

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Face Amount (000)	Market Value (000)+
MONEY MARKET PORTFOLIO		
-----		
MUNICIPAL MONEY MARKET INSTRUMENTS (99.2%)		
-----		
<S>	<C>	<C>
ALABAMA (1.9%)		
Alabama GO		
2.85%, 3/1/94	\$ 9,160	\$ 9,174
Alabama Special Care Facilities		
VRDO 2.5%, 9/1/93 (3)	4,300	4,300
Chatom PCR CP		
(National Rural Utilities)		
2.6%, 10/12/93	28,500	28,500
Macintosh IDR VRDO		
(Ciba-Geigy)		
2.5%, 9/1/93	23,700	23,700
		-----
STATE TOTAL		65,674
		-----
-----		
ALASKA (.1%)		
North Slope		
6.45%, 6/30/94 (1)	2,600	2,675
		-----
-----		
ARIZONA (1.5%)		
Arizona Health Facilities Auth.		
VRDO 2.65%, 1/1/94 (3)	18,200	18,200
Central Arizona Irrigation &		
Drainage Dist. GO		
10.5%, 1/1/94 (Prere.)	3,220	3,400
Salt River Project Agricultural		
Improvement & Power Dist.		
CP 2.6%, 9/14/93	6,200	6,200
TOB 2.65%, 1/4/94	26,370	26,370
		-----

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CALIFORNIA (19.0%)		
California PCR		
(Pacific Gas & Electric)		
CP 2.55%, 9/20/93	10,500	10,500
CP 2.25%, 10/4/93	9,500	9,500
(Southern California Edison)		
VRDO 2.4%, 9/1/93	600	600
California RAN		
3.5%, 6/28/94	133,300	133,920
California Health Facilities Auth. VRDO		
(Catholic Health Care West)		
2.05%, 9/1/93 (1)	7,300	7,300
2.35%, 9/1/93 (1)	12,800	12,800
California Higher Education Loan		
Auth. Student Loan Revenue		
2.55%, 5/1/94*	41,500	41,500
California Statewide Communities		
Development Auth.		
3.25%, 6/30/94	60,000	60,217
Chaffey Joint Union High School		
Dist. TRAN		
3.25%, 7/1/94	5,000	5,020
Contra Costa TRAN		
3.25%, 7/29/94	33,500	33,612
Contra Costa Transportation Auth.		
Sales Tax Revenue VRDO		
2.5%, 9/1/93 (3)	\$ 22,100	\$ 22,100
Desert Sands Unified School Dist.		
TRAN 3.25%, 7/6/94	5,000	5,018
Fontana Unified School Dist. TRAN		
3.25%, 7/1/94	4,000	4,015
Fresno County TRAN		
3.25%, 7/29/94	20,000	20,074
Kern County TRAN		
3.25%, 7/5/94	11,250	11,299
Los Angeles County TRAN		
CP 2.55%, 10/18/93	2,000	2,000
CP 2.65%, 10/18/93	25,000	25,000
3.0%, 6/30/94	21,000	21,089
Los Angeles County Unified School		
Dist. TRAN		
3.25%, 7/15/94	18,200	18,244
Mountain View-Los Altos Union High		
School Dist. TRAN		
3.25%, 7/6/94	5,000	5,021
Orange County School Dist. TRAN		
3.25%, 7/29/94	22,000	22,076
Sacramento County TRAN		
3.0%, 7/29/94	35,000	35,070
Saddleback Valley TRAN		
3.25%, 6/30/94	5,000	5,019
San Diego IDR		
(San Diego Electric & Gas)		
2.7%, 9/1/93*	25,645	25,645
San Diego County Regional		
Transportation Commission VRDO		
2.4%, 9/1/93 (3)	22,800	22,800
Santa Ana Unified School Dist. TRAN		
3.25%, 7/29/94	24,000	24,085
Santa Barbara County TRAN		
3.25%, 7/29/94	12,800	12,836
Santa Clara County TRAN		
3.25%, 7/29/94	25,000	25,110
Southern California Public Power		
Transmission Project Revenue		
TRAN 2.3%, 1/1/94 (2)	13,900	13,900

&lt;/TABLE&gt;

THE PORTFOLIO LISTINGS BEGIN ON THE FOLLOWING PAGES:

MONEY MARKET PORTFOLIO.....	1
SHORT-TERM PORTFOLIO.....	7
LIMITED-TERM PORTFOLIO.....	12
INTERMEDIATE-TERM PORTFOLIO.....	18
INSURED LONG-TERM PORTFOLIO.....	27
LONG-TERM PORTFOLIO.....	35
HIGH-YIELD PORTFOLIO.....	39

	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
University of California TOB 2.5%, 11/1/93 (1)	\$ 5,000	\$ 5,000
Ventura County Community College Dist. TRAN 3.25%, 6/30/94	8,000	8,019
Ventura County TRAN 3.0%, 8/1/94	13,500	13,522
Ventura Unified School Dist. TRAN 3.25%, 7/1/94	5,000	5,020
Yorba Linda TRAN 3.5%, 8/11/94	5,600	5,620
		-----
STATE TOTAL		672,551
		-----
-----		
COLORADO (.2%)		
Denver City & County Special Obligation (Franciscan Health Care -- St. Anthony's) 10.625%, 1/1/94 (Prere.)	5,550	5,805
		-----
-----		
CONNECTICUT (1.2%)		
Connecticut Economic Recovery VRDO 2.5%, 9/1/93	18,600	18,600
6.0%, 12/15/93	5,000	5,048
Connecticut GO 2.4%, 9/15/93	2,000	2,000
7.0%, 3/15/94	500	511
Connecticut Special Obligation VRDO 2.5%, 9/1/93	15,200	15,200
		-----
STATE TOTAL		41,359
		-----
-----		
DELAWARE (4.7%)		
Delaware Economic Development Auth. VRDO (Hospital Bill & Collection Service) 2.5%, 9/1/93	161,600	161,600
Delaware GO 4.25%, 3/1/94	4,000	4,034
		-----
STATE TOTAL		165,634
		-----
-----		
DISTRICT OF COLUMBIA (.7%)		
District of Columbia VRDO 2.4%, 9/1/93 (George Washington University)	8,000	8,000
2.75%, 9/1/93	18,100	18,100
		-----
STATE TOTAL		26,100
		-----
-----		
FLORIDA (6.0%)		
Florida Board of Education TOB 2.65%, 12/1/93	3,800	3,800
Florida Dept. of Transportation TOB 2.7%, 1/2/94 (3)	2,100	2,100
Florida Municipal Loan Council Pooled Revenue CP (Florida League Cities) 2.55%, 9/13/93	35,200	35,200
Gulf Breeze Local Government Loan Program VRDO 2.5%, 9/1/93 (3)	\$ 73,745	\$ 73,745
Lee County Hospital Revenue CP (Lee Memorial Hospital) 2.6%, 10/18/93	6,000	6,000
Orlando Utilities Commission Water & Electric Revenue VRDO 2.45%, 9/1/ 93	47,850	47,850
Orlando Waste Water System CP 2.6%, 9/14/93	5,400	5,400
Sunshine State Government Finance Committee CP		

2.7%, 9/20/93	5,200	5,200
2.5%, 10/15/93	34,400	34,400
STATE TOTAL		213,695

-----		
GEORGIA (.5%)		
Burke County PCR TOB (Oglethorpe Power)		
2.75%, 1/2/94 (1)	3,080	3,080
Georgia GO		
7.0%, 11/1/93	7,910	7,969
Private College & University Auth. CP (Emory University Project)		
2.4%, 9/23/93	5,150	5,150
STATE TOTAL		16,199

-----		
HAWAII (.3%)		
Hawaii GO TOB		
2.65%, 1/1/94	7,500	7,500
2.65%, 2/1/94	5,000	5,000
STATE TOTAL		12,500

-----		
IDAHO (.2%)		
Boise City RAN		
2.75%, 3/31/94	9,250	9,259

-----		
ILLINOIS (8.3%)		
Chicago GO CP		
2.65%, 9/21/93	20,000	20,000
2.45%, 10/14/93	5,000	5,000
Chicago GO VRDO		
2.55%, 9/1/93	53,000	53,000
Illinois Education Facilities Auth.		
9.5%, 1/1/94 (Prere.)	3,925	4,090
VRDO (DePaul University)		
2.7%, 9/1/93	18,900	18,900
Illinois Health Facilities Auth.		
VRDO		
2.5%, 9/1/93	6,000	6,000
(Franciscan Sisters)		
2.5%, 9/1/93	15,100	15,100
(Northwest Community Hospital)		
2.5%, 10/1/93	34,645	34,645
</TABLE>		

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	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
(University of Chicago Hospital)		
2.5%, 9/1/93	\$ 12,300	\$ 12,300
Illinois Health Facilities Auth. CP (Evanston Hospital)		
2.55%, 10/28/93	18,500	18,500
Illinois Housing Development Auth. VRDO (Center Apartments)		
2.55%, 9/1/93	39,000	39,000
Illinois State Certificates		
3.25%, 4/15/94	32,605	32,708
Illinois Toll Highway Auth. VRDO		
2.5%, 1/1/94 (1)	33,400	33,400
STATE TOTAL		292,643

-----		
INDIANA (.9%)		
Indiana Health Facilities Auth. VRDO (Daughters of Charity System)		
2.5%, 9/1/93	15,000	15,000
Mount Vernon PCR (Southern Indiana Gas & Electric)		
2.7%, 5/1/94*	11,235	11,242

Petersburg PCR CP (Indianapolis Power & Light) 2.65%, 9/24/93	6,000	6,000
STATE TOTAL		32,242
-----		
IOWA (1.7%)		
Iowa School Corp. Certificates		
4.1%, 12/30/93 (5)	11,170	11,219
4.2%, 2/1/94 (5)	47,200	47,427
STATE TOTAL		58,646
-----		
KENTUCKY (.3%)		
Ashland City PCR VRDO (Ashland Oil)		
2.2%, 9/1/93	5,000	5,000
Kentucky Turnpike Auth. 10.125%, 1/1/94 (Prere.)	5,450	5,747
STATE TOTAL		10,747
-----		
LOUISIANA (4.0%)		
Jefferson Sales Tax		
5.5%, 12/1/93 (3)	5,720	5,763
Louisiana GO TOB		
2.65%, 2/1/94 (1)	16,645	16,645
Louisiana Public Facilities Auth. Hospital Revenue CP (Lady of the Lake Medical Ctr.)		
2.6%, 9/10/93 (4)	10,100	10,100
2.4%, 9/14/93 (4)	23,400	23,400
2.7%, 9/15/93 (4)	7,700	7,700
2.75%, 9/15/93 (4)	8,800	8,800
2.6%, 10/8/93 (4)	7,800	7,800
2.6%, 10/12/93 (4)	22,460	22,460
Louisiana Recovery Dist. VRDO		
2.5%, 9/1/93 (1)	\$ 3,200	\$ 3,200
2.5%, 9/1/93 (3)	6,800	6,800
Orleans Levee Dist. VRDO		
3.95%, 9/1/93	30,225	30,225
STATE TOTAL		142,893
-----		
MARYLAND (.2%)		
Prince George County GO		
2.75%, 12/17/93	7,000	7,007
-----		
MASSACHUSETTS (1.2%)		
Massachusetts GO		
TOB 2.65%, 11/1/93 (1)	19,400	19,400
3.0%, 11/18/93	23,000	23,031
STATE TOTAL		42,431
-----		
MICHIGAN (2.2%)		
Michigan Hospital Finance Auth. (Daughters of Charity) VRDO		
2.5%, 9/1/93	23,500	23,500
Michigan State Housing Development Auth. VRDO		
2.55%, 9/1/93	42,000	42,000
Sisters of Charity Health Care Systems VRDO (St. Joseph Center Project)		
2.3%, 9/1/93 (1)	11,500	11,500
STATE TOTAL		77,000
-----		
MINNESOTA (1.3%)		
Minnesota GO TOB		
2.65%, 2/1/94	17,000	17,000
Northern Municipal Power Agency Electric System Revenue		
9.0%, 1/1/94 (2) (Prere.)	3,450	3,590
9.25%, 1/1/94 (Prere.)	2,925	3,047
Rochester Health Care Facility Revenue CP (Mayo Foundation Medical Center)		

2.5%, 9/13/93	4,000	4,000
St. Paul Independent School Dist. Certificates		
2.85%, 2/28/94	7,000	6,999
Southern Minnesota Municipal Power Agency		
10.0%, 1/1/94 (Prere.)	9,470	9,984
STATE TOTAL		44,620

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	Face Amount (000)	Market Value (000)+
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MISSISSIPPI (.1%)		
Jackson County PCR VRDO (Chevron)		
2.25%, 9/1/93	\$ 700	\$ 700
2.35%, 9/1/93	2,700	2,700
STATE TOTAL		3,400

MISSOURI (2.8%)		
Independence Water Utility Revenue CP		
2.7%, 9/15/93	3,000	3,000
2.75%, 9/15/93	16,300	16,300
2.7%, 9/24/93	5,000	5,000
Missouri Environmental Improvement Auth. PCR CP (Union Electric)		
2.5%, 9/21/93	1,500	1,500
2.5%, 9/23/93	5,000	5,000
Missouri Health & Education Finance Auth. VRDO (St. Anthony's Medical Center)		
2.4%, 9/1/93	25,200	25,200
Sisters of Mercy Health Care System VRDO 2.4%, 9/1/93	9,000	9,000
University of Missouri Capital Project Notes 3.25%, 6/30/94	34,000	34,087
STATE TOTAL		99,087

NEBRASKA (.2%)		
Lancaster County Sisters of Charity VRDO (St. Elizabeth Hospital)		
2.3%, 9/1/93 (1)	3,700	3,700
Omaha Public Power Dist.		
2.5%, 2/1/94	4,560	4,560
STATE TOTAL		8,260

NEVADA (2.6%)		
Clark County Airport VRDO		
2.4%, 1/1/94 (1)	83,500	83,500
Nevada GO TOB		
2.6%, 11/1/93	9,225	9,225
STATE TOTAL		92,725

NEW JERSEY (.6%)		
New Jersey GO TOB		
2.8%, 2/15/94*	22,600	22,600

NEW YORK (.6%)		
Nassau County BAN		
3.75%, 11/15/93	10,000	10,025
New York State Medical Care Facility		
10.25%, 2/15/94 (ETM)	9,000	9,529

STATE TOTAL		19,554
-----		
NORTH CAROLINA (3.2%)		
Charlotte Airport VRDO 2.4%, 1/1/94 (1)	\$ 38,800	\$ 38,800
North Carolina Eastern Municipal Power Agency CP 2.55%, 9/9/93	9,844	9,844
North Carolina Educational Facilities Auth. VRDO (Duke University) 2.4%, 9/1/93	3,000	3,000
North Carolina Municipal Power Agency 10.0%, 1/1/94 (Prere.)	7,000	7,377
North Carolina Public Power Agency TOB (Catawba Electric) 2.65%, 1/1/94 (2)	45,000	45,000
University of North Carolina CP (Chapel Hill) 2.5%, 9/1/93	9,050	9,050
STATE TOTAL		113,071
-----		
OHIO (1.3%)		
Montgomery County BAN 2.75%, 4/28/94	8,030	8,043
Ohio PCR CP (Duquesne Light) 2.45%, 9/29/93	10,000	10,000
Ohio Student Loan VRDO 2.55%, 10/1/93	24,950	24,950
University of Cincinnati COP 2.7%, 6/1/94 (1)	2,600	2,600
STATE TOTAL		45,593
-----		
OKLAHOMA (1.1%)		
Grand River Dam Auth. TOB 2.7%, 12/1/93 (4)	10,000	10,000
Oklahoma City Industrial & Cultural Facilities Trust VRDO (St. Anthony's Hospital) 2.4%, 9/1/93	14,400	14,400
Oklahoma Water Resource Revenue 2.4%, 10/1/93*	13,710	13,710
STATE TOTAL		38,110
-----		
OREGON (2.3%)		
Oregon Veterans Welfare Program VRDO 2.45%, 9/1/93	14,900	14,900
2.5%, 9/1/93	67,900	67,900
STATE TOTAL		82,800
-----		

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	Face Amount (000)	Market Value (000)+
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-----		
PENNSYLVANIA (2.4%)		
Delaware County Industrial Development Auth. VRDO (United Parcel Service) 2.5%, 9/1/93	\$ 7,600	\$ 7,600
Delaware County PCR CP (Philadelphia Electric) 2.6%, 10/14/93 (3)	23,100	23,100
Sayre Health Care Facility Auth. VRDO 2.45%, 9/1/93 (2)	54,545	54,545

STATE TOTAL		85,245
-----		
RHODE ISLAND (.6%)		
Rhode Island GO TAN		
3.25%, 6/30/94	21,000	21,093
-----		
SOUTH CAROLINA (.9%)		
Greenville Hospital System VRDO		
2.45%, 9/1/93	16,500	16,500
South Carolina GO		
8.1%, 9/1/93	2,000	2,000
South Carolina Housing Finance & Development Auth.		
3.2%, 12/1/93*	6,000	6,000
York County PCR CP (Duke Power)		
2.5%, 10/14/93	6,500	6,500
STATE TOTAL		31,000
-----		
TENNESSEE (2.2%)		
Knoxville GO		
10.25%, 5/1/94 (Prere.)	10,850	11,715
Metropolitan Government of Nashville and Davidson County Health & Education Facilities CP (Baptist Hospital)		
2.55%, 9/16/93	10,600	10,600
2.65%, 9/24/93	10,000	10,000
Metropolitan Government of Nashville and Davidson County Water & Sewer Revenue TOB		
2.75%, 1/1/94 (Prere.)	14,892	14,892
Shelby County Health Education & Housing Facilities (Methodist Health System)		
3.1%, 8/1/94* (1)	9,000	9,000
Tennessee BAN VRDO		
2.45%, 9/1/93	23,300	23,300
STATE TOTAL		79,507
-----		
TEXAS (14.4%)		
Abilene Health Facility Development Corp. VRDO (Hendrick Medical Center)		
2.7%, 9/1/93	10,650	10,650
Bexar County VRDO (Incarinate Word Health Service)		
2.7%, 9/1/93	\$ 63,100	\$ 63,100
Dallas Independent School Dist. TRAN		
3.375%, 8/15/94	25,950	26,064
Dallas Waterworks & Sewer TOB		
2.65%, 10/1/93	30,000	30,000
Gulf Coast Waste Disposal PCR VRDO (Amoco)		
2.4%, 9/1/93	9,500	9,500
Harris County Health Facility Development Corp. VRDO (Texas Children's Hospital)		
2.55%, 9/1/93	21,300	21,300
Harris County Toll Roads VRDO		
2.5%, 11/1/93	107,200	107,200
Hockley County PCR (Amoco)		
2.3%, 11/1/93*	4,500	4,500
2.75%, 3/1/94*	24,000	24,000
Houston City VRDO		
2.5%, 10/1/93	76,000	76,000
Lower Colorado River Auth.		
11.375%, 1/1/94 (Prere.)	12,540	13,273
North Central Texas Hospital Facility Development Corp. CP (Methodist Hospital -- Dallas)		
2.65%, 9/24/93	4,000	4,000
Plano Health Facility Development Corp. CP (Children's Presbyterian Health Care Center)		
2.55%, 10/14/93 (1)	20,600	20,600
Red River PCR VRDO (Southwest Public Service Co.)		



2.4%, 9/1/93	28,000	28,000
Richardson Independent School Dist. TRAN		
3.375%, 8/23/94	19,000	19,091
San Antonio Electric & Gas CP 2.6%, 10/18/93	15,000	15,000
8.0%, 2/1/94 (Prere.)	9,500	9,842
San Antonio Improvement & Refunding 9.0%, 12/15/93 (Prere.)	2,000	2,036
Southwest Higher Education Auth. VRDO (Southern Methodist University)		
2.35%, 9/1/93	2,400	2,400
Tarrant County Health Facility Development Corp. VRDO		
2.6%, 9/1/93	11,600	11,600

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	Face Amount (000)	Market Value (000) +
-----		
<S>	<C>	<C>
University of Texas Board of Regents TOB		
2.65%, 1/1/94	\$ 10,170	\$ 10,170
		-----
STATE TOTAL		508,326
		-----
-----		
UTAH (2.0%)		
Intermountain Power Agency CP 2.5%, 9/28/93	5,000	5,000
TOB 2.75%, 1/1/94 (Prere.)	16,341	16,341
10.75%, 1/1/94 (Prere.)	5,000	5,281
11.0%, 1/1/94 (Prere.)	34,910	36,904
11.375%, 1/1/94	8,330	8,816
		-----
STATE TOTAL		72,342
		-----
-----		
VERMONT (.6%)		
Vermont Education & Building Finance Agency (Middlebury College)		
3.05%, 11/1/93*	5,725	5,725
2.55%, 5/1/94*	3,500	3,500
Vermont GO RAN CP		
2.55%, 9/16/93	11,800	11,800
		-----
STATE TOTAL		21,025
		-----
-----		
VIRGINIA (1.2%)		
Fairfax County GO		
7.4%, 11/1/93	2,315	2,333
Fairfax County Industrial Development Auth. VRDO (Fairfax Hospital)		
2.5%, 9/1/93	8,100	8,100
Richmond GO		
3.0%, 1/15/94	4,980	4,987
3.0%, 5/15/94	1,120	1,124
Virginia Housing Development Auth.		
2.95%, 5/12/94*	25,000	25,000
		-----
STATE TOTAL		41,544
		-----
-----		
WASHINGTON (1.0%)		
Chelan County Development Corp. PCR VRDO (Alcoa)		
2.35%, 9/1/93	8,300	8,300
Port of Seattle GO VRDO		
2.5%, 9/1/93	3,200	3,200
Snohomish County Public Utility Dist.		
11.375%, 1/1/94 (Prere.)	8,150	8,625

11.5%, 1/1/94 (Prere.)	7,750	8,207
11.625%, 1/1/94 (Prere.)	7,945	8,417
STATE TOTAL		36,749
-----		
WEST VIRGINIA (.6%)		
Kanawah Building Commission VRDO (Charleston Medical Inc.)		
2.6%, 9/1/93	\$ 19,540	\$ 19,540
-----		
WISCONSIN (2.1%)		
Oak Creek City VRDO (Wisconsin Electric Power Co.)		
2.5%, 9/1/93	33,800	33,800
Wisconsin GO		
TOB 2.65%, 11/1/93	25,570	25,570
6.4%, 5/1/94	4,480	4,582
Wisconsin Operating Notes		
3.25%, 6/15/94	10,000	10,021
STATE TOTAL		73,973
-----		
TOTAL MUNICIPAL MONEY MARKET INSTRUMENTS (Cost \$3,509,394)		
		3,509,394
-----		
OTHER ASSETS AND LIABILITIES (.8%)		
-----		
Other Assets -- Note C		80,212
Liabilities		(51,777)
		28,435
-----		
NET ASSETS (100%)		
-----		
Applicable to 3,537,979,633 outstanding \$.001 par value shares (authorized 5,000,000,000 shares)		
		\$3,537,829
-----		
NET ASSET VALUE PER SHARE		\$1.00
=====		

</TABLE>

+See Note A to Financial Statements.

For explanations of abbreviations and other references, see page 43.

<TABLE>

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AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:

	Amount (000)	Per Share
	-----	----
<S>	<C>	<C>
Paid in Capital -- Note E	\$3,537,874	\$1.00
Undistributed Net Investment Income	--	--
Accumulated Net Realized Losses -- Note E	(45)	--
Unrealized Appreciation of Investments	--	--
NET ASSETS	\$3,537,829	\$1.00

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	Face Amount (000)	Market Value (000) +
	-----	-----
SHORT-TERM PORTFOLIO		
-----		
MUNICIPAL BONDS (102.2%)		
-----		
<S>	<C>	<C>
ALABAMA (1.1%)		
Alabama State Public School &		

College Auth. 3.7%, 11/1/94	\$ 4,700	\$ 4,742
Birmingham North Medical Clinic (Carraway Hospital) 9.0%, 10/1/95 (Prere.)	8,500	9,608
STATE TOTAL		14,350
-----		
ALASKA (.3%)		
Anchorage Electric Revenue 9.75%, 9/1/95 (Prere.)	3,700	4,220
-----		
ARIZONA (1.6%)		
City of Mesa Utility System 8.5%, 7/1/94 (3)	5,400	5,644
Mesa Unified School Dist. 7.55%, 7/1/94	10,555	10,942
Phoenix GO 6.5%, 7/1/95	5,000	5,273
STATE TOTAL		21,859
-----		
CALIFORNIA (15.4%)		
Alameda County Public Facilities Corp. COP 6.15%, 9/1/96*	5,000	5,194
Anaheim Public Improvement COP VRDO 2.3%, 2/1/94	6,000	6,000
California GO 11.0%, 9/1/94	5,350	5,770
California RAN 3.5%, 6/28/94	25,000	25,151
California Housing Finance Agency VRDO 2.35%, 9/1/93	6,415	6,415
California Revenue Anticipation Warrants 2.2%, 12/23/93	14,800	14,770
Clovis Unified School Dist. 4.2%, 8/1/95	5,800	5,907
Contra Costa Transportation Auth. Sales Tax Revenue VRDO 2.5%, 9/1/93 (3) 5.8%, 3/1/95	1,300 3,730	1,300 3,855
Irvine Assessment Dist. VRDO 2.4%, 9/1/93	100	100
Irvine Ranch Water Dist. VRDO 2.45%, 9/1/93	2,200	2,200
Kern County TRAN 3.25%, 7/5/94	20,000	20,065
Kern County VRDO 2.35%, 9/1/93	2,900	2,900
Los Angeles COP 5.1%, 12/1/94 5.5%, 12/1/96	\$ 5,315 3,400	\$ 5,435 3,547
Los Angeles County TRAN 3.0%, 6/30/94	25,000	25,046
Metropolitan Water Dist. of Southern California CP 2.4%, 9/16/93	8,000	8,000
Oakland Redevelopment Agency COP 9.25%, 8/1/95 (Prere.)	3,695	4,170
Riverside VRDO 2.3%, 9/1/93	17,900	17,900
Riverside County TRAN 3.0%, 6/30/94	16,900	16,924
Santa Clara VRDO (El Camino Hospital Dist.-Valley Medical) 2.25%, 9/1/93	17,700	17,700
Southern California Public Power Auth. (Palo Verde Project) 11.5%, 7/1/94 (Prere.)	6,345	6,985
STATE TOTAL		205,334
-----		
COLORADO (2.2%)		
Colorado Health Auth. (Sisters of Charity Health System) 5.7%, 5/15/95 (1)	2,300	2,385
Jefferson County School Dist. 8.5%, 12/15/95 (Prere.)	5,000	5,558
Municipal Subdist. of Northern		

Colorado		
9.0%, 12/1/95 (Prere.)	3,000	3,388
9.25%, 12/1/95 (Prere.)	2,420	2,746
Platte River Power Auth.		
2.6%, 6/1/94	14,745	14,708
		-----
STATE TOTAL		28,785
		-----

-----  
CONNECTICUT (2.3%)

Connecticut Clean Water Fund		
10.0%, 1/1/94	2,395	2,456
10.0%, 7/1/94	2,420	2,558
Connecticut Economic Recovery Notes		
GO		
5.4%, 6/15/95	5,455	5,632
Connecticut GO		
4.5%, 5/15/94	6,585	6,666
Connecticut Special Tax		
8.6%, 10/15/95 (Prere.)	3,075	3,457

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<CAPTION>

	Face Amount (000)	Market Value (000) +
	<C>	<C>
<S>		
Connecticut Transportation		
Infrastructure		
6.15%, 12/1/93	\$ 4,020	\$ 4,060
4.25%, 9/1/95	5,630	5,720
		-----
STATE TOTAL		30,549
		-----

-----  
DELAWARE (2.1%)

Delaware Economic Development Auth.		
VRDO		
(Hospital Bill & Collection		
Service)		
2.5%, 9/1/93	25,200	25,200
New Castle County GO		
7.5%, 10/15/94	2,500	2,627
		-----
STATE TOTAL		27,827
		-----

-----  
DISTRICT OF COLUMBIA (1.4%)

District of Columbia GO		
5.3%, 6/1/94 (1)	7,505	7,632
5.5%, 6/1/95 (3)	4,705	4,861
5.6%, 6/1/96 (3)	5,000	5,233
District of Columbia VRDO		
(George Washington University)		
2.75%, 9/1/93	1,100	1,100
		-----
STATE TOTAL		18,826
		-----

-----  
FLORIDA (7.8%)

Broward County COP		
5.4%, 7/1/94 (1)	5,000	5,099
Florida COP		
5.2%, 11/15/93	8,255	8,292
Hillsborough County Aviation Auth.		
(Tampa Airport)		
3.5%, 10/1/95 (3)	4,980	4,990
City of Homestead Special Insurance		
Assessment Revenue		
3.3%, 9/1/94 (1)	7,685	7,713
Jacksonville Electric Auth. Revenue		
7.5%, 10/1/95 (Prere.)	5,090	5,576
(St. John's River Project)		
9.25%, 10/1/93 (Prere.)	7,000	7,177
10.0%, 10/1/94 (Prere.)	3,000	3,286
10.25%, 10/1/95 (Prere.)	5,000	5,776
Orlando Utility Commission Water &		
Electric Revenue		
VRDO 2.45%, 9/1/93	10,500	10,500

10.5%, 10/1/94 (Prere.)	14,410	15,998
8.5%, 10/1/95 (Prere.)	13,980	15,665
4.4%, 10/1/96	3,255	3,329
Pinellas County Capital Improvement		
5.0%, 10/1/94	\$ 9,960	\$ 10,172
STATE TOTAL		103,573

-----		
GEORGIA (2.2%)		
Fulton County Building Auth.		
9.0%, 1/1/95 (Prere.)	3,925	4,290
Georgia GO		
7.7%, 7/1/94	7,070	7,351
7.7%, 4/1/95	4,000	4,267
7.0%, 11/1/95	4,725	5,095
Gwinnett County Water & Sewer Auth.		
8.75%, 8/1/96 (Prere.)	4,000	4,631
Metropolitan Atlanta Rapid Transit Auth.		
8.5%, 7/1/95 (Prere.)	3,000	3,327
STATE TOTAL		28,961

-----		
HAWAII (2.9%)		
Hawaii GO		
5.0%, 11/1/93	7,095	7,124
6.0%, 11/1/93	9,000	9,052
7.0%, 11/1/94	4,325	4,526
Honolulu City & County GO		
3.6%, 10/1/95	14,000	14,055
9.0%, 3/1/96	3,000	3,366
STATE TOTAL		38,123

-----		
ILLINOIS (2.3%)		
Chicago School Finance Auth. GO		
4.5%, 6/1/94 (3)	3,925	3,971
Illinois GO		
2.55%, 10/12/93	5,000	5,000
5.5%, 6/1/94	8,385	8,539
3.5%, 6/15/94	7,000	7,035
Illinois Metropolitan Fair & Exposition Auth.		
10.375%, 6/1/95 (Prere.)	5,000	5,729
Illinois Toll Highway Auth. VRDO		
2.5%, 1/1/94 (1)	500	500
STATE TOTAL		30,774

-----		
INDIANA (.9%)		
Indiana State University Student Fee Bonds		
9.4%, 8/1/95 (Prere.)	3,500	3,919
Indiana Toll Road Auth.		
9.0%, 7/1/95 (Prere.)	4,000	4,470
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	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
Indiana Transportation Finance Auth.		
3.0%, 6/1/94 (2)	\$ 3,000	\$ 3,007
STATE TOTAL		11,396

-----		
IOWA (1.1%)		
Iowa School Corp. Certificates		
4.2%, 2/1/94	15,000	15,092

-----		
KANSAS (.2%)		
Kansas City Utility System		
4.45%, 9/1/94 (2)	2,500	2,537
-----		
KENTUCKY (3.1%)		
Ashland City PCR VRDO		
(Ashland Oil)		
2.2%, 9/1/93	5,300	5,300
Kentucky Development		
Finance Auth.		
(St. Elizabeth's Hospital)		
6.0%, 11/1/93 (3)	2,000	2,011
Kentucky Property & Buildings		
3.7%, 9/1/94	8,370	8,419
4.0%, 9/1/95	6,420	6,493
Kentucky Turnpike Auth.		
10.125%, 1/1/94 (Prere.)	5,000	5,269
10.75%, 7/1/94 (Prere.)	7,000	7,657
9.2%, 7/1/95 (Prere.)	4,850	5,482
		-----
STATE TOTAL		40,631
-----		
LOUISIANA (1.1%)		
Jefferson Parish Sales Tax		
5.9%, 12/1/95 (3)	4,175	4,393
Louisiana Recovery Dist. Sales Tax		
5.5%, 7/1/97	10,000	10,401
		-----
STATE TOTAL		14,794
-----		
MAINE (.8%)		
Maine Municipal Bond Bank		
3.875%, 11/1/96	10,000	10,060
-----		
MARYLAND (1.1%)		
Maryland State Transportation Auth.		
9.0%, 7/1/95 (Prere.)	13,450	15,042
-----		
MASSACHUSETTS (3.2%)		
Massachusetts GO		
3.55%, 9/1/94	12,300	12,365
4.05%, 9/1/95	12,000	12,126
5.7%, 8/1/96	8,000	8,416
Massachusetts Water Resources Auth.		
BAN		
4.125%, 10/15/95	\$10,000	\$ 10,108
		-----
STATE TOTAL		43,015
-----		
MICHIGAN (1.2%)		
Michigan State Housing Development		
Auth.		
2.55%, 9/1/93	15,500	15,500
-----		
MINNESOTA (.5%)		
Southern Minnesota Municipal		
Power Agency		
4.7%, 1/1/97 (2)	6,640	6,800
-----		
MISSOURI (.3%)		
Missouri Board of Public Buildings		
5.0%, 12/1/93	4,470	4,496
Sisters of Mercy		
Health System VRDO		
2.4%, 9/1/93	200	200
		-----
STATE TOTAL		4,696
-----		
NEBRASKA (.2%)		
Nebraska Public Power Dist. Electric		
System Revenue		
4.8%, 1/1/96	2,000	2,046
-----		
NEVADA (.3%)		
Clark County School Dist.		

3.3%, 7/1/95 (2)	4,600	4,588
-----		
NEW JERSEY (2.8%)		
New Jersey Sports & Exposition Auth. VRDO 2.4%, 9/1/93 (1)	24,600	24,600
New Jersey Transportation Trust Fund 3.5%, 6/15/95	5,000	5,018
New Jersey Turnpike Auth. VRDO 2.3%, 1/1/94 (3)	400	400
4.8%, 1/1/96	7,000	7,165
		-----
STATE TOTAL		37,183
-----		

NEW YORK (7.0%)		
Municipal Assistance Corp. for New York City 4.25%, 1/15/94	15,175	15,269
Nassau County GO 6.0%, 11/15/93 (3)	5,000	4,999
Nassau County BAN 3.75%, 11/15/93	3,600	3,610
Nassau County RAN 3.2%, 10/26/93	9,000	9,011
</TABLE>		

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<TABLE>		
<CAPTION>		
	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
New York City GO 6.7%, 2/1/95	\$11,240	\$ 11,683
6.8%, 2/1/97	12,975	13,925
New York City Water BAN 2.75%, 4/15/94	15,200	15,202
New York State Dormitory Auth. (City University) 4.9%, 7/1/96	5,205	5,315
5.25%, 7/1/97	2,780	2,861
New York State GO 6.625%, 8/1/95	5,000	5,289
Triborough Bridge & Tunnel Auth. 5.5%, 1/1/97	5,000	5,259
		-----
STATE TOTAL		92,423
-----		

NORTH CAROLINA (1.3%)		
North Carolina Eastern Power Agency 10.0%, 1/1/95 (Prere.)	6,350	7,035
CP 2.5%, 9/27/93	3,000	3,000
North Carolina Municipal Power Agency (Catawba Electric) 4.5%, 1/1/96	2,000	2,033
Wake County PCR (Carolina Power & Light) 5.9%, 7/1/94*	5,000	5,012
		-----
STATE TOTAL		17,080
-----		

NORTH DAKOTA (1.0%)		
Oliver County PCR (Square Butte Electric) 3.735%, 9/1/93	13,245	13,261
-----		

OHIO (6.4%)		
Columbus Refunding Limited Tax 3.9%, 7/1/97	4,850	4,869
Cuyahoga County Hospital Improvement VRDO (St. Luke's Hospital) 2.55%, 9/1/93	4,600	4,600
Ohio Air Quality Development Auth. PCR CP (Cincinnati Gas & Electric)		

2.45%, 9/13/93	5,000	5,000
2.7%, 9/20/93	10,800	10,800
Ohio Public Facilities Commission		
5.3%, 12/1/93	10,000	10,068
5.3%, 12/1/95	6,000	6,229
5.3%, 12/1/96	5,000	5,213
(Lease Fee)		
4.1%, 12/1/95	9,830	9,975
Ohio Water Development Auth.		
4.4%, 12/1/95	\$ 5,000	\$ 5,104
4.6%, 6/1/96	6,800	6,960
University of Cincinnati BAN		
3.02%, 9/1/94	16,500	16,535
STATE TOTAL		85,353

OREGON (1.6%)		
Oregon GO		
10.0%, 9/1/93	7,500	7,500
Oregon Veterans Welfare Program VRDO		
2.5%, 9/1/93	13,300	13,300
STATE TOTAL		20,800

PENNSYLVANIA (2.7%)		
Northumberland County Commonwealth		
Lease Revenue		
5.75%, 10/15/95 (1)	3,480	3,650
Pennsylvania Turnpike Commission		
7.875%, 12/1/96 (Prere.)	7,640	8,758
Philadelphia School Dist. GO		
3.0%, 7/1/94 (2)	12,000	12,004
Philadelphia Water & Wastewater		
Revenue		
4.0%, 6/15/95	11,700	11,766
STATE TOTAL		36,178

RHODE ISLAND (.5%)		
Rhode Island Student Loan Auth.		
5.4%, 12/1/95	6,000	6,223

SOUTH CAROLINA (2.5%)		
Charleston Water & Sewer		
10.375%, 1/1/95 (Prere.)	5,000	5,602
Piedmont Municipal Power Agency		
10.5%, 1/1/95 (Prere.)	4,000	4,488
11.0%, 1/1/95 (Prere.)	10,620	11,983
7.75%, 1/1/96 (Prere.)	3,700	4,098
South Carolina Public Service Auth.		
(Santee Cooper)		
9.5%, 7/1/95 (Prere.)	6,500	7,382
STATE TOTAL		33,353

TENNESSEE (1.8%)		
Metropolitan Government of Nashville		
& Davidson County		
9.5%, 10/1/93 (ETM)	8,200	8,251
9.375%, 1/1/95 (Prere.)	8,580	9,420
8.75%, 1/1/96 (Prere.)	5,000	5,672
Tennessee GO BAN VRDO		
2.45%, 9/1/93	1,100	1,100
STATE TOTAL		24,443

</TABLE>

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<TABLE>  
<CAPTION>

Face	Market
Amount	Value
(000)	(000)+

<S> <C> <C>



TEXAS (11.5%)		
Austin Combined Utility System		
Revenue		
5.0%, 11/15/95 (2)	\$ 3,840	\$ 3,960
10.25%, 11/15/95 (Prere.)	6,985	8,122
Dallas-Fort Worth Regional Airport		
3.4%, 11/1/95 (1)	15,555	15,548
Dallas Waterworks & Sewer		
6.5%, 4/1/95	5,000	5,232
El Paso Health Facilities VRDO (Providence Memorial Hospital)		
2.5%, 9/1/93	5,000	5,000
Gulf Coast Waste Disposal Auth. PCR VRDO (Amoco Oil)		
2.4%, 9/1/93	5,000	5,000
Harris County Toll Road Revenue		
9.25%, 2/1/95 (Prere.)	16,130	17,914
9.875%, 2/1/95 (Prere.)	6,100	6,827
Houston GO		
7.5%, 3/1/95	3,185	3,385
Houston Water & Sewer System		
5.25%, 12/1/94 (3)	4,525	4,646
8.1%, 12/1/96 (Prere.)	10,000	11,532
Sam Rayburn Municipal Power Agency		
9.25%, 9/1/95 (Prere.)	37,000	41,843
San Antonio GO		
8.875%, 8/1/95 (Prere.)	2,500	2,752
Texas GO		
9.0%, 12/1/94	6,850	7,357
Texas Municipal Power Agency		
5.0%, 9/1/96	5,000	5,159
Texas Public Finance Auth. GO		
7.375%, 10/1/93	4,300	4,317
Texas University System		
3.5%, 10/1/93	4,400	4,404
		-----
STATE TOTAL		152,998
		-----

-----		
UTAH (2.8%)		
Intermountain Power Agency		
7.0%, 7/1/95 (Prere.)	5,000	5,319
9.0%, 7/1/95	6,000	6,571
9.2%, 7/1/95 (Prere.)	9,375	10,465
9.5%, 7/1/95 (Prere.)	5,000	5,631
9.625%, 7/1/95 (Prere.)	5,650	6,402
10.25%, 7/1/95 (Prere.)	2,500	2,849
		-----
STATE TOTAL		37,237
		-----

-----		
VIRGINIA (.4%)		
Virginia Public School Auth.		
3.25%, 1/1/95	5,000	4,998
		-----

-----		
WASHINGTON (1.4%)		
King County GO		
5.5%, 12/1/95	\$ 5,600	\$ 5,833
Washington GO		
8.5%, 3/1/94	2,985	3,062
8.1%, 9/1/95	5,000	5,436
3.35%, 10/1/95	2,000	2,003
Washington Motor Vehicle Fuel		
3.25%, 9/1/94	2,000	2,009
		-----
STATE TOTAL		18,343
		-----

-----		
WISCONSIN (2.9%)		
City of Milwaukee GO		
5.0%, 6/1/96	7,710	7,963
Milwaukee County GO		
6.0%, 12/1/93	2,425	2,445
Milwaukee School Improvement RAN		
3.5%, 8/25/94	28,000	28,172
		-----
STATE TOTAL		38,580
		-----

-----		
TOTAL MUNICIPAL BONDS		
(Cost \$1,346,489)		1,358,031
		-----

-----		
OTHER ASSETS AND LIABILITIES (-2.2%)		
-----		
Other Assets -- Note C		25,785

Liabilities	(54,911)
	(29,126)

NET ASSETS (100%)

Applicable to 85,016,696 outstanding \$.001 par value shares (authorized 250,000,000 shares)	\$1,328,905
NET ASSET VALUE PER SHARE	\$15.63

</TABLE>  
+See Note A to Financial Statements.

For explanations of abbreviations and other references, see page 43.

<TABLE>  
<CAPTION>

AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:

	Amount (000)	Per Share
Paid in Capital -- Note E	\$1,315,583	\$15.47
Undistributed Net Investment Income	--	--
Accumulated Net Realized Gains -- Note A	1,780	.02
Unrealized Appreciation of Investments	11,542	.14
NET ASSETS	\$1,328,905	\$15.63

</TABLE>

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<TABLE>  
<CAPTION>

LIMITED-TERM PORTFOLIO	Face Amount (000)	Market Value (000)+
MUNICIPAL BONDS (100.2%)		
ALABAMA (.2%)		
Alabama GO 5.35%, 9/1/96	\$ 3,480	\$ 3,642
ALASKA (.3%)		
North Slope Borough GO 0.0%, 6/30/95 (1) 0.0%, 6/30/97 (1)	5,000 1,000	4,657 850
STATE TOTAL		5,507
ARIZONA (1.9%)		
City of Mesa Utility System 6.1%, 7/1/96 (3)	4,000	4,257
Deer Valley School Dist. 7.85%, 7/1/94 (3)	3,000	3,119
Maricopa County GO 6.0%, 7/1/97 (2)	10,000	10,696
Phoenix GO 8.1%, 7/1/94 (Prere.) 5.2%, 7/1/96	3,900 6,830	4,144 7,123
Salt River Project Agricultural Improvement & Power Dist. 5.8%, 1/1/96	2,000	2,092
STATE TOTAL		31,431
CALIFORNIA (6.2%)		
Alameda County Public Facilities Corp. COP 6.15%, 9/1/96*	10,000	10,389

California GO		
8.9%, 3/1/97	3,000	3,461
California RAN		
3.5%, 6/28/94	3,200	3,219
California Health Facilities		
Finance Auth.		
(Catholic Health Care West) VRDO		
2.35%, 9/1/93	9,000	9,000
Clovis Unified School Dist.		
4.5%, 8/1/96	11,250	11,572
Contra Costa Transportation		
Auth. Sales Tax Revenue		
VRDO 2.5%, 9/1/93 (3)	300	300
6.0%, 3/1/96	4,165	4,389
6.0%, 3/1/97	2,580	2,749
Los Angeles City COP		
5.25%, 12/1/95	7,775	8,021
6.0%, 5/1/96	3,000	3,117
5.5%, 12/1/96	5,000	5,217
Los Angeles County TRAN		
3.0%, 6/30/94	20,000	20,037
Orange County VRDO		
2.6%, 9/1/93	\$ 7,200	\$ 7,200
Riverside County VRDO		
2.3%, 9/1/93	7,000	7,000
Sacramento County Administration		
Center & Courthouse VRDO		
2.35%, 9/1/93	1,500	1,500
San Bernardino County Transportation		
Auth.		
3.75%, 3/1/97	4,280	4,262
		-----
STATE TOTAL		101,433
		-----
-----		
COLORADO (1.8%)		
Colorado Health Auth.		
(Rocky Mountain Hospital)		
5.5%, 2/1/96	4,000	4,016
(Sisters of Charity Health System)		
5.75%, 5/15/96 (1)	2,400	2,526
Colorado Springs Utilities		
10.5%, 11/15/97 (Prere.)	3,000	3,758
Colorado State General Fund TRAN		
3.25%, 6/27/94	6,600	6,617
Municipal Subdist. of		
Northern Colorado		
9.25%, 12/1/95 (Prere.)	6,025	6,838
Platte River Power Auth.		
3.5%, 6/1/95	4,990	4,995
		-----
STATE TOTAL		28,750
		-----
-----		
CONNECTICUT (2.9%)		
Connecticut GO		
5.65%, 11/15/98	3,715	3,988
Connecticut Economic Recovery Notes		
5.25%, 6/15/94	5,440	5,544
Connecticut Special Assessment		
Unemployment Compensation		
4.0%, 5/15/96	10,175	10,247
4.0%, 11/15/96	20,295	20,464
Connecticut Special Tax Obligation		
4.8%, 9/1/97	6,350	6,550
		-----
STATE TOTAL		46,793
		-----
-----		
DISTRICT OF COLUMBIA (.5%)		
District of Columbia GO		
9.25%, 6/1/95 (Prere.)	4,000	4,469
6.0%, 6/1/97 (1)	3,250	3,462
		-----
STATE TOTAL		7,931
		-----
-----		
FLORIDA (7.6%)		
Dade County Aviation Revenue		
4.3%, 10/1/96	2,500	2,541

</TABLE>

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	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
Dade County School Dist. 6.8%, 7/1/96	\$ 3,150	\$ 3,396
Dade County Solid Waste System 8.8%, 10/1/94	3,000	3,172
Florida COP 5.75%, 5/15/95	2,500	2,557
Florida Board of Education GO 8.4%, 6/1/95 (Prere.)	17,000	18,754
Florida Dept. of General Services 6.1%, 7/1/97 (2)	6,900	7,425
Florida Dept. of Transportation TOB 2.7%, 1/2/94 (3)	2,200	2,200
Florida Municipal Power Agency 3.9%, 10/1/95 (3)	1,595	1,614
4.2%, 10/1/96 (3)	2,055	2,091
4.4%, 10/1/97 (3)	2,230	2,273
Florida School Board Association 6.5%, 7/1/94 (2)	7,000	7,222
Hillsborough County Aviation Auth. (Tampa Airport) 3.9%, 10/1/96 (3)	7,155	7,210
City of Homestead Special Insurance Assessment Revenue 4.2%, 9/1/96 (1)	6,190	6,277
4.4%, 3/1/97 (1)	7,200	7,298
Jacksonville Electric Auth. Revenue 7.5%, 10/1/95 (Prere.)	15,500	16,980
6.6%, 10/1/96	4,600	4,984
(St. John's River Project) 9.25%, 10/1/93 (Prere.)	500	513
Orlando Utility Commission Water & Electric Revenue CP 2.2%, 9/8/93	5,205	5,205
4.0%, 10/1/95	4,750	4,814
Port Everglade Port Facilities Revenue 7.0%, 9/1/97 (4)	2,600	2,881
City of Sunrise Public Service 8.0%, 10/1/97 (2)	4,555	4,942
Tampa Utilities 8.0%, 10/1/97 (Prere.)	7,700	9,022
STATE TOTAL		123,371

-----		
GEORGIA (2.5%)		
Georgia GO		
7.0%, 11/1/94	8,470	8,881
7.4%, 8/1/97	4,265	4,820
7.0%, 11/1/97	5,000	5,613
Gwinnett County Water & Sewer Auth. 8.75%, 8/1/96 (Prere.)	14,250	16,499
Monroe County Development Auth. (Oglethorpe Power) 5.1%, 1/1/97	\$ 3,880	\$ 4,004
STATE TOTAL		39,817

-----		
HAWAII (3.0%)		
Hawaii GO		
3.85%, 2/1/96	16,500	16,617
4.6%, 1/1/97	5,500	5,629
6.1%, 11/1/97	5,345	5,620
4.5%, 1/1/98	5,000	5,076
5.5%, 10/1/98	3,650	3,874
Hawaii Airport System Revenue 4.5%, 7/1/95 (1)	1,690	1,722
4.85%, 7/1/96 (1)	1,765	1,820
5.1%, 7/1/97 (1)	1,855	1,931
Honolulu City & County GO 4.6%, 10/1/99	6,500	6,610
STATE TOTAL		48,899

-----		
ILLINOIS (5.5%)		
Chicago Park Dist. GO		

9.7%, 1/1/96	3,000	3,370
Chicago School Finance Auth.		
5.2%, 6/1/96 (3)	3,450	3,577
4.5%, 6/1/99 (3)	10,000	10,126
Chicago Waste Water Transmission		
3.85%, 1/1/96 (3)	5,000	5,015
Chicago Water Capital Improvement		
4.7%, 12/1/99	7,710	7,877
4.9%, 12/1/01	9,290	9,595
Chicago Water Revenue		
4.7%, 11/1/97 (2)	3,250	3,335
Cook County GO		
7.9%, 11/1/93	3,425	3,458
4.75%, 11/15/97 (3)	5,000	5,142
5.0%, 11/15/98 (3)	5,220	5,384
Illinois Sales Tax Revenue		
6.9%, 6/15/97	2,000	2,208
7.6%, 6/15/97 (Prere.)	3,200	3,670
7.7%, 6/15/97 (Prere.)	3,200	3,681
7.8%, 6/15/97 (Prere.)	3,200	3,693
Illinois State Certificates		
3.5%, 6/15/94	10,000	10,051
Metropolitan Water Recovery Dist. of Chicago		
7.25%, 1/1/96	5,200	5,625
6.8%, 1/1/97	3,400	3,701
STATE TOTAL		89,508

</TABLE>

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<TABLE>

<CAPTION>

	Face Amount (000)	Market Value (000)+
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INDIANA (.13%)		
City of Rockport PCR (Indiana & Michigan Electric Co.)		
6.75%, 8/1/95*	\$11,500	\$ 11,867
Indiana Toll Finance Auth.		
9.0%, 7/1/95 (Prere.)	8,210	9,174
STATE TOTAL		21,041
KANSAS (.2%)		
Kansas City Utility System		
5.8%, 3/1/96 (2)	3,155	3,323
KENTUCKY (.9%)		
Kentucky Development Finance Auth. Hospital Revenue (St. Elizabeth's Hospital)		
6.1%, 11/1/96 (3)	3,105	3,327
Kentucky Turnpike Auth.		
9.2%, 7/1/95 (Prere.)	7,050	7,969
4.3%, 7/1/97 (2)	3,150	3,197
STATE TOTAL		14,493
LOUISIANA (.7%)		
Louisiana GO		
9.3%, 5/1/95 (Prere.)	3,000	3,347
Louisiana Recovery Dist. Sales Tax		
7.625%, 7/1/96	2,250	2,434
5.5%, 7/1/97	6,000	6,241
STATE TOTAL		12,022
MAINE (.6%)		
Maine Municipal Bond Bank		
4.125%, 11/1/97	10,000	10,070

MARYLAND (.2%)		
Washington Suburban Sanitation Dist.		
7.1%, 12/1/97 (Prere.)	2,405	2,743
-----		
MASSACHUSETTS (4.9%)		
Massachusetts GO		
7.25%, 6/1/96	10,850	11,870
4.4%, 9/1/96	7,300	7,442
5.8%, 8/1/97	7,000	7,429
7.0%, 7/1/98	10,000	11,065
6.0%, 8/1/98	3,000	3,211
5.1%, 9/1/99	7,000	7,248
Massachusetts Health & Higher Education Facilities Auth. (Milton Medical Center)		
11.0%, 7/1/94 (Prere.)	5,000	5,431
Massachusetts Water Resources Auth.		
4.125%, 10/15/95	14,000	14,151
5.8%, 7/15/97	7,145	7,570
Massachusetts Wholesale Electric Power Supply System		
13.0%, 1/1/95 (Prere.)	\$ 2,945	\$ 3,399
STATE TOTAL		78,816
-----		
MINNESOTA (1.4%)		
Minnesota GO		
4.5%, 8/1/96	2,500	2,566
4.8%, 8/1/98	6,020	6,208
Southern Minnesota Municipal Power Agency		
9.5%, 1/1/96 (Prere.)	11,725	13,492
STATE TOTAL		22,266
-----		
MISSOURI (.7%)		
Missouri Higher Education Loan Auth.		
5.15%, 2/15/98	11,365	11,823
-----		
NEBRASKA (.8%)		
Nebraska Public Power Dist.		
4.3%, 1/1/96	5,000	5,063
3.9%, 1/1/97	4,890	4,881
Omaha Public Power Dist.		
4.35%, 2/1/98	2,400	2,422
STATE TOTAL		12,366
-----		
NEVADA (.5%)		
Nevada GO		
9.7%, 5/1/97	6,275	7,464
-----		
NEW JERSEY (5.4%)		
Camden County GO		
4.65%, 6/1/97 (1)	3,565	3,674
New Jersey Economic Development Auth. (Union Camp)		
9.125%, 12/1/93	1,320	1,340
New Jersey GO		
5.8%, 8/1/95	6,000	6,278
New Jersey Highway Auth.		
10.0%, 1/1/95 (Prere.)	4,150	4,596
New Jersey Transportation Trust Fund		
3.8%, 6/15/96	17,695	17,797
4.1%, 6/15/97	15,000	15,125
4.4%, 6/15/99	10,000	10,065
New Jersey Turnpike Auth.		
5.2%, 1/1/98	15,000	15,558
6.0%, 1/1/98	8,000	8,548

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	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
Rutgers State University 8.125%, 5/1/97 (Prere.)	\$ 4,750	\$ 5,533
STATE TOTAL		88,514
-----		
NEW YORK (5.0%)		
Erie County		
10.0%, 2/1/96 (3)	4,530	5,168
10.0%, 2/1/97 (3)	4,325	5,128
Municipal Assistance Corp. for New York City		
4.25%, 1/15/94	8,000	8,050
9.0%, 7/1/95 (Prere.)	6,000	6,723
6.8%, 7/1/96	6,000	6,509
New York City GO		
5.5%, 8/1/98	15,000	15,572
New York State GO		
6.625%, 8/1/94	4,805	4,974
New York State Dormitory Auth. (City University)		
5.5%, 7/1/98	6,300	6,505
New York State Housing Finance Agency		
8.875%, 11/1/95 (Prere.)	12,500	14,180
New York State Local Government Assistance Corp.		
4.1%, 4/1/95	2,400	2,423
4.5%, 4/1/96	2,000	2,037
Suffolk County Public Improvement		
8.5%, 7/15/94 (3)	4,000	4,201
STATE TOTAL		81,470
-----		
NORTH CAROLINA (.7%)		
North Carolina Eastern Power Agency		
10.1%, 1/1/95 (Prere.)	6,500	7,260
North Carolina Municipal Power Agency (Catawba Electric)		
5.1%, 1/1/98	3,980	4,095
STATE TOTAL		11,355
-----		
OHIO (4.4%)		
Cleveland Water Works		
7.75%, 1/1/97 (Prere.)	5,000	5,707
Columbus Library Revenue		
4.6%, 10/1/96	2,500	2,577
Columbus Sewer Improvement		
9.0%, 9/15/96	5,065	5,816
Ohio Building Auth.		
9.75%, 3/1/95 (Prere.)	5,000	5,613
7.0%, 9/1/00	4,000	4,450
Ohio Higher Education Facilities		
5.875%, 12/1/96	6,650	7,074
Ohio Public Facilities Commission		
5.3%, 12/1/93	\$ 8,385	\$ 8,442
4.4%, 12/1/96	7,000	7,146
6.5%, 12/1/97	2,950	3,219
Ohio Water Development Auth.		
4.6%, 12/1/96	5,000	5,138
4.9%, 6/1/97	4,085	4,219
4.9%, 12/1/97	3,455	3,582
4.95%, 6/1/98 (1) (Mead Corp.) VRDO	4,000	4,117
2.5%, 9/1/93 (Timpkin Co.) VRDO	2,800	2,800
2.35%, 9/1/93	1,900	1,900
STATE TOTAL		71,800
-----		
OKLAHOMA (2.1%)		
Grand River Dam Auth.		
6.3%, 6/1/97	3,450	3,728
4.9%, 6/1/98	27,500	28,129

Oklahoma City GO		
10.0%, 8/1/96	2,465	2,882
		-----
STATE TOTAL		34,739
		-----

-----		
PENNSYLVANIA (6.2%)		
Erie County Prison Auth.		
5.65%, 11/1/95 (1)	3,125	3,274
Northumberland County Auth.		
Commonwealth Lease Revenue		
6.0%, 10/15/96 (1)	4,960	5,304
Pennsylvania COP		
4.75%, 7/1/96 (2)	10,000	10,266
Pennsylvania Housing Finance Agency		
6.6%, 7/1/96	3,230	3,372
Pennsylvania GO		
6.0%, 9/15/96	4,550	4,849
6.0%, 11/1/96 (1)	5,000	5,345
8.3%, 4/15/97	3,800	4,193
5.0%, 7/1/97	3,930	4,078
6.0%, 9/15/97	5,885	6,336
5.4%, 11/15/97	4,000	4,226
5.4%, 7/1/00	4,000	4,234
Pennsylvania Industrial Development Auth.		
6.0%, 7/1/94	5,000	5,101
Pennsylvania Intergovernmental Cooperation Auth.		
5.2%, 6/15/96 (3)	5,650	5,862
5.4%, 6/15/97 (3)	4,000	4,205
Philadelphia School Dist. GO		
4.7%, 7/1/99 (1)	14,000	14,242
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	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
Philadelphia Water & Wastewater Revenue		
4.25%, 6/15/96	\$15,000	\$ 15,117
		-----
STATE TOTAL		100,004
		-----

-----		
PUERTO RICO (.8%)		
Puerto Rico Government Development Bank VRDO		
2.15%, 9/1/93	100	100
Puerto Rico Telephone Auth.		
4.8%, 1/1/01	13,000	13,063
		-----
STATE TOTAL		13,163
		-----

-----		
RHODE ISLAND (1.2%)		
Rhode Island GO		
6.0%, 5/15/97	9,215	9,863
Rhode Island Student Loan Auth.		
5.4%, 12/1/95	10,000	10,372
		-----
STATE TOTAL		20,235
		-----

-----		
SOUTH CAROLINA (2.7%)		
Charleston Water Works & Sewer		
7.5%, 1/1/96 (Prere.)	12,700	14,053
Piedmont Municipal Power Agency		
10.875%, 1/1/95 (Prere.)	8,735	9,842
9.7%, 1/1/96 (Prere.)	7,875	9,169
4.9%, 1/1/97	3,350	3,430
South Carolina Public Service Auth.		
9.2%, 7/1/95 (Prere.)	6,100	6,895
		-----
State Total		43,389
		-----



TENNESSEE (.4%)		
Metropolitan Government of Nashville & Davidson County		
10.5%, 12/1/97 (Prere.)	5,750	7,217
-----		
TEXAS (17.8%)		
Anderson County		
(Coffield Prison Farm Project)		
8.0%, 3/15/97 (2)	4,135	4,665
Austin Combined Utility System		
6.8%, 11/15/95	3,000	3,203
10.25%, 11/15/95 (Prere.)	12,805	14,890
4.0%, 11/15/96	7,820	7,890
11.0%, 11/15/96	3,830	4,648
9.75%, 5/15/97(1)	4,000	4,772
14.25%, 5/15/97 (Prere.)	7,090	9,580
Corpus Christi Utility System		
6.2%, 7/15/96 (3)	2,965	3,159
6.3%, 7/15/97 (3)	2,460	2,659
Dallas-Fort Worth		
Regional Airport		
3.75%, 11/1/96 (1)	\$ 4,000	\$ 4,009
4.0%, 11/1/97 (1)	9,000	9,023
4.3%, 11/1/98 (1)	9,375	9,405
Dallas Waterworks & Sewer System		
6.75%, 4/1/96	11,250	12,087
6.9%, 4/1/97	2,000	2,195
5.9%, 10/1/97	7,265	7,800
Fort Worth Water & Sewer		
5.2%, 2/15/96	3,000	3,098
5.4%, 2/15/97	4,000	4,171
Harris County Flood Control Dist. GO		
5.6%, 10/1/97	5,000	5,302
Harris County Road Refunding GO		
8.6%, 10/1/95	2,000	2,200
5.5%, 10/1/96	23,690	24,900
5.6%, 10/1/97	10,000	10,605
Houston GO		
3.4%, 3/1/95	5,000	4,998
3.9%, 3/1/96	2,415	2,429
Houston Public Improvement		
5.25%, 3/1/98	5,000	5,211
Houston Water and Sewer System		
4.65%, 12/1/96	11,315	11,554
5.5%, 12/1/96 (2)	15,540	16,339
4.9%, 12/1/97	5,000	5,129
5.7%, 12/1/97 (2)	7,000	7,455
San Antonio GO		
8.875%, 8/1/95 (Prere.)	4,000	4,403
San Antonio Electric & Gas Revenue		
6.75%, 2/1/97	2,000	2,172
Texas A&M University Revenue		
6.9%, 8/15/97	5,425	6,005
Texas Municipal Power Agency		
5.0%, 9/1/96	8,585	8,857
14.25%, 3/1/97 (Prere.)	3,000	4,000
14.625%, 3/1/97 (Prere.)	5,115	6,882
6.4%, 9/1/98	3,000	3,282
Texas Public Finance Auth.		
9.0%, 10/1/95	4,675	5,188
6.2%, 2/1/96 (1)	6,000	6,333
Texas GO		
7.375%, 10/1/94	4,150	4,346
6.75%, 8/1/95 (ETM)	7,895	8,386
7.5%, 10/1/96	5,300	5,883
4.625%, 10/1/97	2,700	2,784
7.5%, 10/1/97	3,300	3,738
7.5%, 10/1/98	11,700	13,444
STATE TOTAL		289,079
-----		

</TABLE>

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Face Amount (000)	Market Value (000)+
-------------------------	---------------------------

<S>	<C>	<C>
UTAH (2.2%)		
Intermountain Power Agency		
4.6%, 7/1/95	\$ 5,000	\$ 5,097
8.75%, 7/1/95 (Prere.)	3,885	4,324
8.875%, 7/1/95 (Prere.)	10,000	11,105
3.9%, 7/1/96	7,000	7,043
Utah GO		
4.9%, 7/1/97	7,300	7,591
STATE TOTAL		35,160
-----		
VERMONT (.6%)		
Vermont GO CP		
2.2%, 10/4/93	9,000	8,986
-----		
VIRGINIA (1.4%)		
Southeast Public Service Auth.		
10.5%, 7/1/95 (Prere.)	12,890	14,754
Virginia Public School Auth.		
4.0%, 1/1/97	2,500	2,512
4.25%, 1/1/98	5,250	5,277
STATE TOTAL		22,543
-----		
WASHINGTON (1.6%)		
King County GO		
5.5%, 12/1/96	6,000	6,301
Washington GO		
4.5%, 9/1/95	8,000	8,180
3.8%, 10/1/96	6,000	6,038
5.3%, 9/1/99	5,000	5,262
STATE TOTAL		25,781
-----		
WEST VIRGINIA (.1%)		
Cabell Board of Education		
8.0%, 5/1/97 (1)	2,120	2,394
-----		
WISCONSIN (3.0%)		
Wisconsin GO		
7.0%, 8/1/95	\$ 10,130	\$ 10,803
7.2%, 5/1/98 (Prere.)	4,000	4,543
4.125%, 11/1/98	33,625	33,771
STATE TOTAL		49,117
-----		
TOTAL MUNICIPAL BONDS		
(Cost \$1,590,955)		1,628,455
-----		
OTHER ASSETS AND LIABILITIES (-.2%)		
Other Assets -- Note C		
		40,602
Liabilities		
		(44,018)
		(3,416)
-----		
NET ASSETS (100%)		
Applicable to 150,444,204 outstanding		
\$.001 par value shares		
(authorized 250,000,000 shares)		\$1,625,039
-----		
NET ASSET VALUE PER SHARE		\$10.80
-----		
</TABLE>		
+See Note A to Financial Statements.		
For explanations of abbreviations and other references, see page 43.		
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-----		
AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:		
-----		
	Amount	Per
	(000)	Share
	-----	----
<S>	<C>	<C>

Paid in Capital	\$1,584,914	\$10.53
Undistributed Net Investment Income	--	--
Accumulated Net Realized Gains	2,625	.02
Unrealized Appreciation of Investments	37,500	.25
-----		
NET ASSETS	\$1,625,039	\$10.80
-----		

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	Face Amount (000)	Market Value (000)+
-----		
INTERMEDIATE-TERM PORTFOLIO		
-----		
MUNICIPAL BONDS (99.2%)		
-----		
<S>	<C>	<C>
-----		
ALABAMA (.1%)		
Macintosh IDR		
VRDO (Ciba-Geigy)		
2.5%, 9/1/93	\$ 1,300	\$ 1,300
University of Southern		
Alabama Hospital		
7.0%, 5/15/04 (2)	3,250	3,690
		-----
STATE TOTAL		4,990
		-----
-----		
ALASKA (.5%)		
Alaska State Housing Finance Corp.		
9.9%, 12/1/97	60	62
Anchorage Electric Revenue		
8.0%, 12/1/11 (1)	5,395	7,153
North Slope Borough GO		
0.00%, 6/30/96 (1)	4,500	4,012
7.125%, 7/1/98 (1)	7,710	8,580
7.15%, 7/1/99 (1)	5,670	6,399
		-----
STATE TOTAL		26,206
		-----
-----		
ARIZONA (2.3%)		
Arizona Transportation Board		
8.75%, 7/1/03	10,000	12,884
6.35%, 7/1/05	10,660	11,669
6.45%, 7/1/06	2,250	2,464
6.6%, 7/1/08	8,250	9,006
Maricopa County PCR CP		
(Southern California Edison)		
2.6%, 9/14/93	8,330	8,330
Maricopa County		
(Samaritan Health Service)		
7.15%, 12/1/04 (1)	9,900	11,865
7.15%, 12/1/05 (1)	6,080	7,297
Maricopa County Unified School Dist.		
5.2%, 7/1/06	9,380	9,562
Phoenix Highway Revenue		
9.25%, 7/1/07	4,000	5,525
Salt River Project Agricultural		
Improvement & Power Dist.		
6.0%, 1/1/07	3,515	3,814
Tucson Unified School Dist.		
7.5%, 7/1/06 (3)	8,840	10,914
7.5%, 7/1/07 (3)	9,125	11,330
7.5%, 7/1/08 (3)	8,060	10,065
		-----
STATE TOTAL		114,725
		-----
-----		
CALIFORNIA (7.8%)		
California Public Works Board		
6.1%, 12/1/05 (2)	6,515	7,117
6.2%, 12/1/06 (2)	3,320	3,683
California RAN		
3.5%, 6/28/94	\$ 4,500	\$ 4,527
Clovis Unified School Dist.		
0.00%, 8/1/00	7,000	4,971
0.00%, 8/1/01	11,180	7,499

Irvine VRDO		
2.4%, 9/1/93	300	300
Long Beach Financing Auth.		
6.0%, 11/1/07 (2)	3,070	3,362
Long Beach Harbor		
7.1%, 5/15/99	2,900	3,299
7.15%, 5/15/00	10,000	11,531
7.2%, 5/15/01	2,000	2,330
Los Angeles COP		
7.5%, 6/1/98 (Prere.)	3,950	4,602
7.6%, 6/1/98 (Prere.)	3,995	4,672
Los Angeles County TRAN		
TOB 2.49%, 6/30/94	51,228	51,228
3.0%, 6/30/94	5,000	5,009
Los Angeles County Transportation		
Commission Sales Tax		
2.3%, 1/1/94 VRDO	9,100	9,100
6.5%, 7/1/01 (Prere.)	6,700	7,704
6.7%, 7/1/01 (Prere.)	5,500	6,400
6.5%, 7/1/10	51,070	58,889
Los Angeles County Sanitation Dist.		
Finance Auth.		
5.0%, 10/1/02	3,460	3,549
5.1%, 10/1/04	8,100	8,279
Metropolitan Water Dist. of		
Southern California		
7.75%, 7/1/01 (Prere.)	18,085	22,317
Northern California Power Agency		
(Geothermal Project)		
6.75%, 7/1/01	19,530	20,718
(Hydroelectric Project)		
6.1%, 7/1/05 (1)	5,575	6,112
6.2%, 7/1/06 (1)	5,940	6,603
6.25%, 7/1/07 (1)	6,685	7,476
Oakland Redevelopment Agency		
5.75%, 2/1/04 (2)	1,535	1,645
5.9%, 2/1/05 (2)	4,870	5,269
6.0%, 2/1/07 (2)	3,360	3,668
Orange County Apartment Development		
Revenue CP		
3.2%, 10/12/93	9,000	9,000
Poway Redevelopment Agency (Paguay		
Project)		
7.125%, 12/15/04 (3)	4,840	5,811
Riverside County VRDO		
2.3%, 9/1/93	9,800	9,800

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	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
Sacramento Municipal Utility Dist.		
Electric Revenue		
6.6%, 2/1/97	\$ 4,000	\$ 4,308
8.3%, 11/15/97	5,000	5,155
San Bernardino COP		
6.75%, 8/1/10	11,385	12,482
San Diego County Regional		
Transportation Auth. Sales Tax		
7.0%, 4/1/01 (Prere.)	3,220	3,796
7.0%, 4/1/06	1,780	2,010
San Diego County Water Revenue COP		
5.4%, 5/1/03	5,000	5,225
5.5%, 5/1/04	5,000	5,251
5.5%, 5/1/05	4,245	4,442
Southern California Public		
Power Auth.		
6.75%, 7/1/99	6,190	6,837
Southern California Rapid		
Transit Dist.		
5.7%, 9/1/04 (2)	14,040	15,036
Ventura County TRAN		
3.0%, 8/1/94	15,000	15,017
STATE TOTAL		386,029

COLORADO (1.0%)		
Colorado Health Auth.		
(Sisters of Charity Health System)		
8.5%, 5/15/04 (1)	17,500	22,886
Denver City & County School Dist.		
6.95%, 12/15/00 (3)	9,250	10,570
Garfield County PCR (Unocal)		
7.25%, 11/1/97	13,500	13,796
		-----
STATE TOTAL		47,252
		-----

CONNECTICUT (3.3%)		
Connecticut GO		
5.3%, 11/15/06	10,875	11,280
5.4%, 11/15/07	24,010	24,922
Connecticut Resource Recovery Auth.		
(Bridgeport Resco)		
8.4%, 1/1/99	4,950	5,506
Connecticut Special Tax Obligation		
7.75%, 6/1/00	11,300	13,294
5.125%, 9/1/05	11,575	11,777
5.9%, 9/1/05	14,095	15,256
5.25%, 9/1/06	42,550	43,424
6.0%, 9/1/06	15,700	17,078
7.125%, 6/1/01 (Prere.)	5,365	6,346
7.125%, 6/1/10	12,000	14,667
		-----
STATE TOTAL		163,550
		-----

DELAWARE (1.9%)		
Delaware Economic Development Auth.		
VRDO		
(Hospital Bill & Collection Service)		
2.5%, 9/1/93	\$63,800	\$ 63,800
Delaware Transportation Auth.		
10.3%, 7/1/95 (Prere.)	2,975	3,392
7.3%, 7/1/00 (Prere.)	5,000	5,935
5.625%, 7/1/06 (1)	11,420	12,010
5.8%, 7/1/08	7,545	7,858
		-----
STATE TOTAL		92,995
		-----

DISTRICT OF COLUMBIA (1.7%)		
District of Columbia GO		
5.3%, 6/1/94 (3)	18,455	18,767
7.5%, 6/1/99 (2) (Prere.)	17,875	21,150
7.75%, 6/1/02 (6)	5,000	5,734
8.0%, 6/1/05 (Prere.)	18,420	20,778
6.3%, 6/1/08 (1)	15,000	16,280
		-----
STATE TOTAL		82,709
		-----

FLORIDA (4.3%)		
Broward County School Dist. GO		
5.3%, 2/15/04	3,295	3,424
5.4%, 2/15/05	9,000	9,382
5.5%, 2/15/06	10,080	10,515
Dade County Solid Waste System		
7.0%, 10/1/01	6,240	6,699
Florida Board of Education TOB		
2.65%, 12/1/93	17,000	17,000
Florida Dept. of General Services		
6.25%, 7/1/06	5,600	6,131
Florida Municipal Power Agency		
5.5%, 10/1/06 (3)	6,055	6,347
Florida School Board Association		
6.9%, 7/1/99 (2)	6,950	7,692
7.0%, 7/1/00 (2)	13,820	15,589
Hillsborough County School Dist. GO		
7.1%, 8/15/03	23,665	27,389
City of Homestead Special Insurance Assessment Revenue		
4.6%, 3/1/98 (1)	11,380	11,546
4.75%, 3/1/99 (1)	5,000	5,087
4.9%, 3/1/00 (1)	8,000	8,160
5.125%, 3/1/02 (1)	14,000	14,363
5.125%, 9/1/02 (1)	5,910	6,062
Orlando Utilities Commission Water & Electric Revenue		
2.45%, 9/1/93 VRDO	2,400	2,400
5.7%, 10/1/04	5,000	5,339

5.75%, 10/1/05	10,250	10,960
5.8%, 10/1/06	5,940	6,351

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	Face Amount (000)	Market Value (000)+
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5.8%, 10/1/07	\$12,000	\$ 12,898
5.9%, 10/1/08	17,000	18,362
Port Everglades Port Facilities Revenue		
6.9%, 9/1/98 (3)	2,000	2,241
STATE TOTAL		213,937

-----		
GEORGIA (3.8%)		
Fulton County Hospital Auth. CP (St. Joseph's Hospital)		
2.55%, 10/12/93	13,000	13,001
Fulton County School Dist.		
6.375%, 5/1/10	15,000	16,893
Georgia GO		
7.4%, 8/1/96	7,930	8,771
4.375%, 7/1/00	20,000	20,276
7.0%, 11/1/05	15,670	18,898
7.0%, 11/1/06	16,780	20,351
6.3%, 3/1/07	15,000	16,977
7.4%, 8/1/07	11,200	13,744
7.0%, 11/1/07	17,960	21,882
Monroe County Development Auth. (Oglethorpe Power Corp.)		
6.65%, 1/1/08	9,220	10,458
Municipal Electric Power Auth. of Georgia		
8.0%, 1/1/02	9,505	11,008
8.1%, 1/1/03	2,320	2,675
6.3%, 1/1/05	12,775	14,081
STATE TOTAL		189,015

-----		
HAWAII (3.5%)		
Hawaii GO		
TOB 2.65%, 10/1/93	25,000	25,000
5.0%, 2/1/04	10,000	10,269
5.0%, 2/1/05	11,650	11,894
5.125%, 2/1/06	11,605	11,882
6.3%, 3/1/06	5,555	6,144
6.4%, 3/1/07	5,555	6,207
6.4%, 3/1/08	5,555	6,228
Hawaii Airport System Revenue		
5.85%, 7/1/02 (1)	7,830	8,504
5.95%, 7/1/03 (1)	2,590	2,823
6.05%, 7/1/04 (1)	3,145	3,454
6.15%, 7/1/05 (1)	10,735	11,851
Honolulu City & County GO		
5.75%, 1/1/06	8,825	9,378
6.0%, 1/1/08	5,000	5,379
6.0%, 1/1/09	8,815	9,553
8.0%, 10/1/09	\$30,560	\$ 40,486
6.3%, 3/1/10	4,830	5,203
STATE TOTAL		174,255

-----		
ILLINOIS (5.8%)		
Chicago Metropolitan Sanitation Dist.		
8.75%, 1/1/00 (Prere.)	2,980	3,697
Chicago Public Building Commission Revenue		
9.0%, 1/1/96	1,150	1,270
7.5%, 1/1/02 (1)	2,500	2,894
7.6%, 1/1/03 (1)	2,500	2,900
7.75%, 1/1/06 (3)	5,000	5,960
7.7%, 1/1/08 (1)	4,000	4,569

Chicago School Finance Auth.		
6.0%, 6/1/01 (3)	8,305	8,971
4.9%, 6/1/02 (3)	10,000	10,213
6.1%, 6/1/02 (3)	11,945	12,972
5.0%, 6/1/03 (3)	25,190	25,734
5.1%, 6/1/04 (3)	26,155	26,806
Chicago Water Reclamation Dist.		
5.9%, 12/1/06	4,450	4,807
5.95%, 12/1/07	7,200	7,783
5.5%, 12/1/08	5,300	5,460
6.0%, 12/1/08	9,900	10,693
6.05%, 12/1/09	3,000	3,253
Cook County GO		
4.375%, 11/15/99 (1)	6,565	6,577
4.6%, 11/15/00 (1)	5,360	5,402
4.7%, 11/15/01 (1)	5,090	5,128
6.6%, 11/1/03 (2)	4,785	5,374
5.75%, 11/15/03	5,000	5,346
5.8%, 11/15/04	10,000	10,653
6.75%, 11/1/05 (2)	3,000	3,478
Illinois Health Facility Auth. (Lutheran General Health Systems)		
7.25%, 4/1/99 (Prere.)	1,945	2,237
7.25%, 4/1/00	10,490	11,583
Illinois Regional Transportation Auth.		
9.0%, 6/1/05 (2)	5,220	7,069
9.0%, 6/1/08 (2)	6,840	9,554
9.0%, 6/1/09 (2)	4,255	5,990
Illinois Sales Tax Revenue		
5.75%, 6/15/06	5,000	5,341
6.5%, 6/15/13	5,000	5,743
Metropolitan Pier & Exposition Auth.		
7.25%, 6/15/05	15,000	17,611
6.5%, 6/1/06	11,885	13,124
6.75%, 6/1/10	25,000	28,868
		-----
STATE TOTAL		287,060
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	Face Amount (000)	Market Value (000)+
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<S>	<C>	<C>
INDIANA (1.3%)		
East Chicago School Building Corp. 11.75%, 2/1/99 (Prere.)	\$ 5,000	\$ 6,667
Indiana Municipal Power Agency 5.875%, 1/1/10 (1)	4,500	4,790
Indiana State Office Building 6.65%, 7/1/01	4,500	5,016
6.7%, 7/1/02	5,290	5,880
Indiana University Student Fee Bonds		
6.8%, 8/1/04	25,000	27,599
7.0%, 8/1/06	5,845	6,441
Marion County Hospital Auth. (Daughters of Charity)		
9.75%, 11/1/00	4,800	5,436
		-----
STATE TOTAL		61,829
		-----
IOWA (.4%)		
Iowa School Corp. Certificates 4.2%, 2/1/94	20,000	20,123
		-----
KENTUCKY (2.0%)		
Kentucky Development Finance Auth. (St. Elizabeth Medical Center)		
6.625%, 11/1/04 (3)	20,025	22,327
(Sisters of Charity)		
6.6%, 11/1/06	5,000	5,537
Kentucky Higher Education Auth. 9.75%, 6/1/94	2,140	2,247

Kentucky Property & Buildings Revenue		
5.5%, 9/1/03	8,000	8,350
5.6%, 9/1/04	3,000	3,143
5.7%, 9/1/05	7,350	7,718
6.875%, 8/1/06	10,400	11,577
Kentucky Turnpike Auth.		
5.2%, 7/1/03 (2)	8,750	9,077
5.5%, 7/1/08 (2)	8,850	9,191
Kentucky Turnpike Auth. Resource Recovery Road Revenue		
13.125%, 1/1/94 (Prere.)	75	79
13.125%, 7/1/97 (Prere.)	820	1,085
13.125%, 1/1/98 (Prere.)	30	41
8.0%, 7/1/03	14,750	16,954
STATE TOTAL		97,326

-----  
LOUISIANA (2.4%)

Jefferson Parish Sales Tax		
6.75%, 12/1/06 (3)	11,000	12,551
Louisiana Gas & Fuel Tax Revenue		
7.2%, 11/15/99	9,500	10,656
7.25%, 11/15/00	5,250	5,944
7.25%, 11/15/04	11,000	12,697
Louisiana GO		
8.75%, 9/1/00 (4)	\$ 8,830	\$ 10,773
8.75%, 9/1/01 (4)	9,445	11,751
6.3%, 5/1/04 (1)	4,750	5,238
5.3%, 8/1/04 (1)	14,140	14,710
5.5%, 8/1/06 (1)	4,030	4,185
Louisiana Public Facilities Auth. (Unemployment Compensation Funding)		
7.40%, 9/1/97	10,000	10,409
7.6%, 9/1/98	5,000	5,191
Louisiana Recovery Dist. Sales Tax		
7.375%, 7/1/96 (2)	4,000	4,316
New Orleans Public Improvement		
7.7%, 10/1/99 (6)	2,395	2,775
7.75%, 10/1/00 (6)	5,510	6,397
STATE TOTAL		117,593

-----  
MAINE (.3%)

Maine Municipal Bond Bank		
4.9%, 11/1/02	13,000	13,152

-----  
MARYLAND

Maryland Department of Transportation Revenue		
9.0%, 12/1/98	1,000	1,035

-----  
MASSACHUSETTS (6.2%)

Boston Water & Sewer Commission		
5.75%, 11/1/13	6,325	6,699
Massachusetts GO		
6.9%, 6/1/00 (2)	2,500	2,845
7.0%, 6/1/02 (2)	5,000	5,639
6.5%, 5/1/04 (3)	4,000	4,243
5.1%, 2/1/05	25,000	25,171
6.5%, 8/1/05	3,840	4,386
6.5%, 8/1/08	9,400	10,501
Massachusetts Bay Transit Auth.		
7.25%, 3/1/03 (3)	16,000	18,572
5.3%, 3/1/04	32,380	33,219
Massachusetts Industrial Finance Agency (Refusetech Inc. Project)		
6.15%, 7/1/02	5,040	5,299
6.3%, 7/1/05	12,000	12,708
Massachusetts Industrial Finance Auth. Revenue (BioMed Research Corp.)		
7.1%, 8/1/99	25,395	28,357
Massachusetts Turnpike Auth.		
4.7%, 1/1/03	5,000	4,940
4.75%, 1/1/04	2,500	2,464

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	Face Amount (000)	Market Value (000)+
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Massachusetts Water Resources Auth.		
5.25%, 3/1/07	\$ 5,000	\$ 5,009
5.5%, 11/1/07	32,860	33,573
5.25%, 3/1/09	7,175	7,100
6.5%, 7/15/10	30,220	34,338
5.25%, 3/1/13	20,000	19,267
6.5%, 7/15/19	37,515	42,999

STATE TOTAL 307,329

MICHIGAN (2.1%)

Michigan Municipal Bond Auth.		
0.0%, 12/1/99 (3)	6,000	4,496
0.0%, 12/1/00 (3)	5,590	3,958
0.0%, 12/1/01 (3)	9,630	6,428
Michigan Public Power Agency		
5.3%, 1/1/05	13,075	13,479
5.375%, 1/1/06	13,790	14,196
5.5%, 1/1/07	14,545	15,015
5.5%, 1/1/08	9,360	9,589

Michigan State Building Auth. (University of Michigan Adult General Hospital)		
6.5%, 10/1/03 (2)	3,000	3,347
Michigan State Housing Development Auth. VRDO		
2.55%, 9/1/93	32,500	32,500

STATE TOTAL 103,008

MINNESOTA (.5%)

Minnesota GO		
4.7%, 8/1/97	16,315	16,844
4.9%, 8/1/98	3,810	3,946
Regents of University of Minnesota CP		
2.4%, 9/16/93	6,100	6,100

STATE TOTAL 26,890

MISSISSIPPI (.4%)

Mississippi GO		
5.7%, 11/15/06	4,000	4,260
5.8%, 11/15/07	4,000	4,276
5.9%, 11/15/08	9,000	9,665

STATE TOTAL 18,201

MISSOURI (1.2%)

Missouri Housing Development Commission		
9.8%, 8/1/97	785	818
New Madrid Electric Revenue		
5.75%, 6/1/03	37,190	37,319
St. Louis County Rockwood School Dist. GO		
8.5%, 2/1/01	\$ 8,000	\$ 9,907
8.5%, 2/1/02	7,250	9,106

STATE TOTAL 57,150

NEBRASKA (.6%)

Consumers Public Power Dist. Electric Revenue		
5.1%, 1/1/03	17,760	17,852
Nebraska Public Power Dist.		
5.6%, 7/1/03	13,175	13,918

STATE TOTAL 31,770

NEVADA (2.3%)

Clark County GO

4.8%, 7/1/00 (1)	6,305	6,433
4.8%, 7/1/01 (1)	7,440	7,551
7.5%, 6/1/06 (2)	3,575	4,398
7.5%, 6/1/07 (2)	9,550	11,815
8.0%, 6/1/08 (2)	9,875	12,788
7.5%, 6/1/09 (2)	6,825	8,540
Clark County School Dist. GO		
7.4%, 3/1/00	10,000	11,281
9.75%, 6/1/01 (1)	11,100	14,679
5.375%, 5/1/06 (3)	3,740	3,829
5.375%, 5/1/07 (3)	9,195	9,382
5.375%, 5/1/08 (3)	9,170	9,324
Nevada GO		
6.0%, 5/1/05	10,450	11,214
Reno Hospital Revenue (St. Mary's Hospital)		
9.4%, 7/1/99 (1) (ETM)	2,505	2,812
		-----
STATE TOTAL		114,046
		-----

NEW JERSEY (4.5%)		
0.0%, 9/1/99 (3)	12,545	9,605
0.0%, 9/1/00 (3)	18,500	13,447
0.0%, 9/1/02 (3)	18,545	12,069
0.0%, 9/1/03 (3)	18,545	11,373
New Jersey Sports & Exposition Auth.		
6.5%, 3/1/06	4,725	5,197
6.5%, 3/1/07	3,500	3,827
New Jersey Transportation Trust Fund		
3.5%, 6/15/95	12,000	12,043
New Jersey Turnpike Auth.		
5.9%, 1/1/03	4,700	5,056
5.9%, 1/1/04	19,030	20,334
6.0%, 1/1/05	22,220	24,363
4.75%, 1/1/06 (ETM)	40,695	40,768
6.5%, 1/1/09	50,000	56,977

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	Face Amount (000)	Market Value (000)+
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Rutgers State University GO		
6.4%, 5/1/13	\$ 4,675	\$ 5,367
		-----
STATE TOTAL		220,426
		-----

NEW YORK (8.5%)		
Metropolitan Transportation Auth.		
5.4%, 7/1/03	16,040	16,098
6.1%, 7/1/03 (3)	4,300	4,734
6.25%, 7/1/04 (3)	5,000	5,548
5.625%, 7/1/05	11,485	11,725
5.75%, 7/1/06	12,320	12,719
6.1%, 7/1/07 (1)	3,625	4,019
6.1%, 7/1/08 (1)	7,200	7,974
Municipal Assistance Corp. for New York City		
4.25%, 1/15/94	23,335	23,480
New York City GO		
8.0%, 8/1/99	5,175	5,990
7.0%, 8/15/99 (3)	15,000	17,029
7.0%, 8/1/00	5,650	6,223
8.0%, 11/1/00 (2)	4,420	5,125
6.25%, 8/1/03	14,000	15,206
6.375%, 8/1/04	20,000	21,499
8.125%, 11/1/04 (3)	11,155	13,022
7.0%, 2/1/05	5,000	5,551
New York City Finance Auth. Water and Sewer Revenue		
6.0%, 6/15/10	4,000	4,212
New York City Water BAN		
2.75%, 4/15/94	23,550	23,554
New York City RAN		
3.5%, 4/15/94	15,000	15,072

New York State Dormitory Auth.		
(City University)		
7.0%, 7/1/01	10,000	11,556
6.25%, 7/1/03	4,250	4,547
6.35%, 7/1/04	2,500	2,704
6.45%, 7/1/05	1,500	1,641
(New York University)		
6.375%, 7/1/07 (3)	27,000	29,397
(State University)		
7.1%, 5/15/00	6,050	6,764
7.0%, 5/15/01	18,285	20,191
7.25%, 5/15/04	2,000	2,363
Onondaga County PCR		
(Anheuser Busch)		
6.625%, 8/1/06	10,000	11,328
Suffolk County Water Auth.		
6.8%, 8/17/10	10,660	12,405
Triborough Bridge & Tunnel Auth.		
0.0%, 1/1/03	19,185	11,531
5.8%, 1/1/06	6,000	6,455
6.6%, 1/1/10	\$59,325	\$ 68,599
6.0%, 1/1/12	12,000	13,065
STATE TOTAL		421,326

NORTH CAROLINA (1.6%)		
North Carolina Eastern Municipal		
Power Agency		
10.625%, 1/1/95 (Prere.)	9,600	10,786
9.4%, 1/1/97 (Prere.)	2,000	2,213
9.6%, 1/1/98 (Prere.)	3,025	3,355
North Carolina Educational		
Facilities Auth. VRDO		
(Duke University)		
2.4%, 9/1/93	4,100	4,100
North Carolina Municipal Power		
Agency (Catawba Electric)		
7.0%, 1/1/00 (Prere.)	6,040	6,966
6.0%, 1/1/04	7,000	7,501
6.0%, 1/1/05	28,750	30,800
7.25%, 1/1/07	10,410	12,376
STATE TOTAL		78,097

OHIO (2.4%)		
Cleveland GO		
5.2%, 9/1/06 (2)	7,000	7,160
Cleveland School Dist.		
8.125%, 12/1/98 (ETM)	3,590	4,093
9.0%, 12/1/98 (Prere.)	4,000	4,990
Cleveland Water Works		
6.25%, 1/1/05 (2)	4,455	4,883
Cuyahoga County Hospital Improvement		
VRDO		
(St. Luke's Hospital)		
2.55%, 9/1/93	7,000	7,000
Ohio Air Quality Development Auth.		
VRDO (Mead Corp.)		
2.5%, 9/1/93	3,900	3,900
Ohio Building Auth.		
(State Correctional Facilities)		
7.2%, 8/1/00	10,000	11,548
7.25%, 8/1/01	7,500	8,621
7.3%, 8/1/02	10,000	11,442
6.5%, 10/1/02	3,790	4,224
7.35%, 8/1/03	4,945	5,723
5.7%, 10/1/03	3,305	3,500
6.5%, 10/1/03	5,500	6,101
5.7%, 10/1/04	2,725	2,883
6.5%, 10/1/04	2,500	2,761
5.8%, 10/1/06	4,360	4,623
5.9%, 10/1/07	2,500	2,655
(State Data Center)		
5.7%, 10/1/04	2,895	3,063
5.75%, 10/1/05	3,070	3,251

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	Face Amount (000)	Market Value (000)+
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Ohio Higher Education Facilities 5.9%, 12/1/05	\$ 8,175	\$ 8,745
Ohio Public Facilities Commission 5.5%, 12/1/06	5,465	5,630
Ohio Water Quality Development Auth. VRDO (Mead Corp.) 2.5%, 9/1/93	1,500	1,500
STATE TOTAL		118,296
-----		
OKLAHOMA (2.2%)		
Grand River Dam Auth. Electric Revenue		
8.0%, 6/1/02	21,000	25,352
5.7%, 6/1/05	20,000	21,231
5.75%, 6/1/06	19,350	20,350
5.875%, 6/1/07	14,500	15,540
Oklahoma City GO 10.0%, 8/1/94	7,405	7,868
Oklahoma Industries Auth. (St. Anthony's Hospital) 7.5%, 10/1/03 (1)	5,470	6,004
Tulsa Metropolitan Utilities Auth. Water & Sewer Revenue 7.0%, 2/1/03	8,465	9,982
STATE TOTAL		106,327
-----		
OREGON (.1%)		
Oregon Veterans Welfare Program VRDO 2.5%, 9/1/93	6,600	6,600
-----		
PENNSYLVANIA (6.5%)		
Allegheny County GO 7.45%, 2/15/98	2,000	2,231
7.6%, 11/1/98	2,000	2,326
Erie County Prison Auth. Commonwealth Lease Revenue 6.75%, 11/1/01 (1) (Prere.)	5,295	6,066
Northumberland County Commonwealth Lease Revenue 6.7%, 10/15/01 (1) (Prere.)	7,005	8,059
7.75%, 10/15/01 (1) (Prere.)	6,000	7,332
Pennsylvania COP 4.8%, 7/1/01 (2)	20,000	20,233
4.9%, 7/1/02 (2)	13,665	13,820
5.0%, 7/1/03 (2)	6,555	6,631
Pennsylvania GO 6.2%, 11/15/04	12,480	13,663
5.0%, 4/15/05	24,290	24,523
6.5%, 11/1/06	4,260	4,687
5.0%, 4/15/07	7,950	7,903
6.5%, 11/1/07	14,900	16,311
5.0%, 4/15/08	\$14,250	\$ 14,031
7.1%, 11/1/08	6,700	7,558
Pennsylvania Higher Educational Facilities Auth. 9.0%, 6/15/94 (2)	2,395	2,506
Pennsylvania Industrial Development Auth. 6.5%, 7/1/98	9,850	10,503
6.6%, 1/1/99	5,065	5,435
6.6%, 7/1/99	10,355	11,173
6.7%, 1/1/00	7,420	8,047
6.7%, 7/1/00	9,080	9,898
6.8%, 1/1/01	5,000	5,479
6.8%, 7/1/01	5,480	6,034
Pennsylvania Intergovernmental Cooperation Auth. 5.75%, 6/15/99 (3)	17,000	18,259
4.7%, 6/15/01 (3)	3,410	3,456
4.8%, 6/15/02 (3)	6,275	6,364
Pennsylvania Public School Building Auth. 10.375%, 11/1/94 (Prere.)	1,320	1,374
Philadelphia GO 4.6%, 5/15/99 (3)	4,345	4,393

Philadelphia School Dist.		
6.7%, 7/1/99 (2)	9,000	9,966
0.0%, 7/1/00 (2)	15,500	11,276
5.2%, 7/1/03 (2)	7,500	7,709
Philadelphia Water & Wastewater Revenue		
4.75%, 6/15/98	11,540	11,657
Philadelphia Water & Sewer Revenue		
8.9%, 10/1/00 (Prere.)	10,000	11,251
6.875%, 10/1/06 (1)	15,455	17,395
Schuylkill Redevelopment Auth.		
6.95%, 6/1/01 (3) (Prere.)	3,995	4,694
STATE TOTAL		322,243
-----		
PUERTO RICO (.2%)		
Puerto Rico Telephone Auth.		
5.4%, 1/1/08	9,550	9,752
-----		
RHODE ISLAND (.6%)		
Rhode Island Depositors Economic Protection Corp.		
6.55%, 8/1/10 (1)	26,850	30,665
-----		
SOUTH CAROLINA (.3%)		
Charleston Water Works & Sewer		
9.625%, 1/1/96 (Prere.)	4,000	4,614
Piedmont Municipal Power Agency		
10.875%, 1/1/95 (Prere.)	3,900	4,394
5.4%, 1/1/07 (1)	3,200	3,284

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	Face Amount (000)	Market Value (000)+
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South Carolina GO		
6.5%, 2/1/96	\$ 3,000	\$ 3,209
Sumter County (Tuomey Hospital)		
9.375%, 10/1/94	1,500	1,617
STATE TOTAL		17,118
-----		
SOUTH DAKOTA (.1%)		
South Dakota Health & Education Auth. Revenue		
7.5%, 7/1/04 (1)	5,845	6,865
-----		
TENNESSEE		
Tennessee GO VRDO		
2.45%, 9/1/93	800	800
-----		
TEXAS (9.8%)		
Anderson County Revenue (Coffield Prison Farm Project)		
5.5%, 3/15/04 (2)	5,715	5,934
5.5%, 3/15/05 (2)	5,590	5,774
5.5%, 3/15/06 (2)	6,985	7,178
Austin Combined Utility System		
5.125%, 11/15/02	9,500	9,734
5.20%, 11/15/03	3,360	3,434
7.25%, 11/15/03	6,000	6,856
5.30%, 5/15/04	5,770	5,912
5.30%, 11/15/04	5,735	5,881
6.0%, 11/15/04 (1)	10,000	10,958
6.0%, 11/15/05 (1)	10,000	10,894
5.8%, 11/15/06	5,255	5,553
6.0%, 11/15/06 (1)	23,265	25,257
Bell County Health Facilities Development Corp. (Scott & White Hospital)		
7.625%, 9/1/03	8,340	9,334

Corpus Christi GO		
7.5%, 11/1/97 (2) (Prere.)	1,865	2,066
7.5%, 11/1/98 (2)	1,155	1,313
Dallas-Fort Worth Regional Airport		
8.75%, 11/1/03	4,890	5,701
Dallas Waterworks & Sewer System		
4.7%, 4/1/02	8,000	8,056
Houston GO		
7.3%, 3/1/98 (3) (Prere.)	3,000	3,408
5.0%, 3/1/04	6,265	6,341
5.0%, 3/1/05	10,000	10,053
5.1%, 3/1/06	12,200	12,282
7.0%, 3/1/08	37,405	44,328
Houston Housing Finance Corp. TOB		
2.8%, 12/1/93	5,000	5,000
Houston Water & Sewer System Revenue		
7.0%, 12/1/01 (2)	3,220	3,719
7.0%, 12/1/02 (2)	\$ 4,125	\$ 4,783
7.6%, 12/1/02 (6)	4,010	4,484
7.0%, 12/1/03 (2)	8,120	9,416
5.8%, 12/1/04 (1)	8,160	8,738
San Antonio Electric & Gas		
10.75%, 2/1/95 (Prere.)	5,000	5,607
5.5%, 2/1/04	19,545	20,345
5.8%, 2/1/06	8,000	8,487
San Antonio Water Revenue		
6.3%, 5/15/04 (3)	3,955	4,395
6.4%, 5/15/05 (3)	5,250	5,831
Texas GO		
TOB 2.6%, 10/1/93 (Prere.)	9,350	9,350
6.0%, 10/1/06	6,000	6,523
8.0%, 10/1/07	50,000	65,331
Texas Municipal Power Agency		
6.0%, 9/1/02 (1) (Prere.)	9,270	10,290
6.1%, 9/1/07 (1)	12,500	13,687
6.1%, 9/1/08 (1)	27,840	30,336
6.1%, 9/1/09 (1)	5,000	5,462
Texas Public Finance Auth.		
Building Revenue		
6.6%, 2/1/00 (1)	5,000	5,565
6.75%, 2/1/02 (1)	5,000	5,599
6.8%, 2/1/03 (1)	5,000	5,562
Texas Water Resource Finance Auth.		
7.5%, 8/15/01	3,995	4,519
University of Texas Revenue		
7.0%, 8/15/07	20,750	23,638
University of Texas Permanent University Fund		
5.9%, 7/1/02	5,000	5,444
6.4%, 7/1/02	5,000	5,608
STATE TOTAL		483,966

-----  
UTAH (.8%)

Intermountain Power Agency		
4.7%, 7/1/02	16,400	16,446
4.8%, 7/1/03	10,000	10,007
5.375%, 7/1/07	7,000	7,144
Utah GO		
6.0%, 7/1/96	5,000	5,326
STATE TOTAL		38,923

-----  
VIRGINIA (.2%)

Southeast Public Service Auth.		
10.5%, 7/1/95 (Prere.)	8,000	9,157

-----  
WASHINGTON (3.1%)

King County GO		
6.0%, 12/1/04	5,000	5,429
6.1%, 12/1/05	5,000	5,431

</TABLE>

	(000)	(000)+
<S>	<C>	<C>
Seattle Water System		
4.9%, 12/1/02	\$ 5,890	\$ 6,021
5.0%, 12/1/03	2,000	2,045
5.1%, 12/1/04	4,000	4,103
5.2%, 12/1/05	2,320	2,384
Snohomish County Utility Dist. #1		
Electric Revenue		
10.0%, 1/1/94 (ETM)	1,065	1,091
Washington GO		
7.2%, 9/1/98 (Prere.)	2,365	2,693
4.3%, 10/1/98	13,720	13,819
7.1%, 9/1/99	7,500	8,447
5.6%, 9/1/04	5,000	5,299
6.1%, 6/1/06	9,495	10,386
6.125%, 6/1/07	10,110	11,051
5.75%, 9/1/07	19,950	21,154
6.2%, 6/1/08	10,765	11,793
5.75%, 9/1/08	4,000	4,219
6.25%, 6/1/09	11,465	12,643
6.25%, 6/1/10	7,450	8,211
6.25%, 2/1/11	6,680	7,387
Washington State		
Health Care Auth.		
(Empire Health Spokane)		
8.0%, 7/1/97 (1) (Prere.)	9,200	10,805
STATE TOTAL		154,411

WISCONSIN (2.6%)		
Wisconsin GO		
4.25%, 11/1/99	14,000	14,067
9.15%, 1/1/00	2,435	2,615
5.5%, 11/1/05	12,325	12,984
6.2%, 5/1/06	20,990	23,289
5.6%, 11/1/06	10,000	10,603
6.25%, 5/1/07	22,970	25,545
5.7%, 11/1/07	13,000	13,901
6.25%, 5/1/08	24,365	27,018
STATE TOTAL		130,022

TOTAL MUNICIPAL BONDS		
(Cost \$4,529,676)		4,907,169

OTHER ASSETS AND LIABILITIES (.8%)		
Other Assets -- Note C		\$ 96,844
Liabilities		(58,636)
		38,208

NET ASSETS (100%)		
Applicable to 367,770,795 outstanding		
\$ .001 par value shares		
(authorized 400,000,000 shares)		\$4,945,377
NET ASSET VALUE PER SHARE		\$13.45

</TABLE>  
+See Note A to Financial Statements.

For explanations of abbreviations and other references, see page 43.

<TABLE>  
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AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:

	Amount (000)	Per Share
<S>	<C>	<C>
Paid in Capital -- Note E	\$4,585,173	\$12.47
Undistributed Net Investment Income	--	--
Accumulated Net Realized Gains -- Note A	3,872	.01
Unrealized Appreciation of Investments	356,332	.97
NET ASSETS	\$4,945,377	\$13.45

</TABLE>

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<TABLE>

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	Face Amount (000)	Market Value (000)+
INSURED LONG-TERM PORTFOLIO		
-----		
MUNICIPAL BONDS (99.9%)		
-----		
<S>	<C>	<C>
ALABAMA (1.5%)		
Alabama Housing Finance Auth. 9.0%, 4/1/12 (1)	\$ 1,875	\$ 1,961
Birmingham Medical Center (Special Care Medical Center) 7.25%, 7/1/15 (1)	6,715	7,471
Houston County Health Care (S.E. Alabama Medical Center) 7.25%, 10/1/19 (1) (Prere.)	8,000	9,422
Medical Clinic Board of Bessemer (Bessemer-Carraway Hospital) 7.25%, 4/1/15 (1)	5,000	5,734
Tuscaloosa City GO 6.75%, 7/1/20 (2)	1,900	2,102
Wilsonville PCR (S.E. Electric Generating) 6.75%, 2/1/15 (1)	5,900	6,541
STATE TOTAL		33,231
-----		
ALASKA (1.3%)		
Anchorage Electric Revenue 8.0%, 12/1/09 (1)	2,565	3,371
8.0%, 12/1/10 (1)	2,960	3,908
Municipality of Anchorage GO 7.625%, 8/1/96 (3) (Prere.)	3,000	3,381
7.2%, 6/1/17 (2)	11,000	12,532
North Slope Borough GO 9.85%, 6/30/97 (2) (ETM)	3,000	3,630
10.0%, 6/30/04 (2) (ETM)	850	1,196
STATE TOTAL		28,018
-----		
ARIZONA (.7%)		
Maricopa County (Samaritan Health Service) 7.0%, 12/1/16 (1)	8,650	10,502
Salt River Agricultural Improvement & Power Dist. 6.0%, 1/1/09	4,750	5,163
STATE TOTAL		15,665
-----		
ARKANSAS (.4%)		
North Little Rock Electric System 6.5%, 7/1/10 (1)	3,500	4,031
6.5%, 7/1/15 (1)	4,500	5,232
STATE TOTAL		9,263
-----		
CALIFORNIA (15.1%)		
Brea Public Finance Auth. 5.5%, 8/1/17 (1)	10,000	10,017
California Health Facilities Finance Auth. (Adventist Health System) 6.75%, 3/1/11 (1) (Daughters of Charity Health System) VRDO	\$12,000	\$ 13,417
2.4%, 9/1/93	1,400	1,400
California Housing Finance Agency 8.625%, 8/1/15 (1)	5,545	5,941
Contra Costa Transportation Auth. Sales Tax Revenue VRDO		



2.5%, 9/1/93 (3)	200	200
Culver City Redevelopment Auth.		
7.1%, 11/1/10 (2)	5,000	5,763
Fresno COP (City Hall Project)		
6.375%, 8/1/10 (2)	10,500	11,404
Glendale Redevelopment Agency Tax Allocation Bonds		
7.1%, 12/1/98 (2) (Prere.)	15,000	17,430
Irvine Ranch Water Dist. VRDO		
2.45%, 9/1/93	200	200
Long Beach Finance Auth.		
6.0%, 11/1/09 (2)	3,735	4,091
Los Angeles County Metropolitan Transportation Auth.		
5.0%, 7/1/21 (3)	12,000	11,312
Los Angeles County TRAN		
3.0%, 6/30/94	40,000	40,074
Modesto Irrigation Dist. Finance Auth. (Woodland Project)		
6.5%, 10/1/22 (2)	20,225	23,769
Modesto Santa Clara Redding Public Power Agency		
6.125%, 7/1/13 (2)	7,000	7,776
6.75%, 7/1/20 (1)	13,000	15,660
Northern California Power Agency (Hydroelectric Project)		
5.5%, 7/1/23 (1)	23,200	23,230
(Combustion Turbine Project)		
6.0%, 8/15/10 (1)	3,500	3,653
Oakland Redevelopment Agency (Central District Project)		
6.0%, 2/1/08 (2)	5,585	6,093
5.5%, 2/1/14 (2)	6,300	6,479
Orange County VRDO		
2.6%, 9/1/93	4,000	4,000
Orange County Sanitation Dist. COP VRDO 2.4%, 9/1/93	900	900
Orange County Water Dist. COP		
2.4%, 9/1/93	800	800

</TABLE>

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<TABLE>

<CAPTION>

	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
Palmdale Single Family Mortgage Revenue		
9.875%, 4/1/08 (3)	\$ 79	\$ 83
Pasadena Electric Works Revenue		
5.375%, 8/1/12	9,000	9,092
Pittsburg Redevelopment Agency		
5.5%, 8/1/07 (3)	3,000	3,097
5.5%, 8/1/15 (3)	5,000	5,008
Riverside County VRDO		
2.3%, 9/1/93	400	400
Riverside County Transportation Commission		
5.75%, 6/1/07 (2)	3,495	3,735
5.75%, 6/1/08 (2)	1,750	1,867
Sacramento Municipal Utility Dist.		
5.75%, 8/15/13 (1)	12,360	12,655
6.75%, 9/1/19 (1)	17,000	19,207
San Jose Merged Area Redevelopment Project Revenue		
7.5%, 8/1/04 (3)	1,440	1,617
7.5%, 8/1/09 (1)	2,700	3,020
Santa Clara Redevelopment Agency		
7.0%, 7/1/10 (2)	3,000	3,623
Santa Rosa Waste Water Recovery		
6.0%, 9/1/15 (3)	5,000	5,513
South County Waste Water Auth.		
5.5%, 8/1/22 (3)	15,000	15,043
Southern California Public Power Auth.		
5.0%, 7/1/15 (2)	2,605	2,472
Southern California Rapid Transit Dist.		

5.75%, 9/1/05 (2)	9,250	9,922
5.8%, 9/1/06 (2)	6,975	7,497
5.9%, 9/1/07 (2)	3,155	3,422
Transmission Agency of Northern California		
5.25%, 5/1/08 (1)	4,000	4,065
Ukiah Electric Revenue		
6.25%, 6/1/18 (1)	6,330	7,134
STATE TOTAL		332,081
-----		
COLORADO (1.0%)		
Colorado Health Auth.		
(Boulder Community Hospital)		
7.3%, 10/1/14 (1)	5,000	5,721
(Sisters of Charity Health System)		
6.0%, 5/15/13 (1)	12,500	13,188
Denver County Health Facilities		
(St. Anthony's Hospital)		
7.7%, 5/1/07 (1)	2,800	3,235
STATE TOTAL		22,144
-----		
CONNECTICUT (.6%)		
Connecticut Economic Recovery GO		
5.25%, 6/15/94	\$11,720	\$ 11,944
South Central Connecticut Regional Water Auth.		
5.75%, 8/1/12 (3)	2,000	2,095
STATE TOTAL		14,039
-----		
DELAWARE (1.6%)		
Delaware Economic Development Auth.		
(Delmarva Power and Light)		
7.3%, 9/1/15 (3)	4,000	4,670
VRDO (Hospital Bill & Collection Service) 2.5%, 9/1/93		
	12,200	12,200
Delaware Health Facilities Auth.		
(Delaware Medical Center)		
7.0%, 10/1/15 (1)	6,000	6,844
Dover Electric Revenue		
6.1%, 7/1/11 (3)	2,000	2,169
5.75%, 7/1/15 (3)	5,225	5,400
Wilmington GO		
6.25%, 4/1/12 (3)	3,050	3,320
STATE TOTAL		34,603
-----		
DISTRICT OF COLUMBIA (.2%)		
District of Columbia VRDO		
2.4%, 9/1/93	1,900	1,900
District of Columbia Housing Finance Agency		
10.25%, 11/1/09 (3)	1,455	1,513
State Total		3,413
-----		
FLORIDA (8.4%)		
Coral Springs Improvement Dist. GO		
6.0%, 6/1/10 (1)	3,000	3,292
Davie Water & Sewer Revenue		
6.375%, 10/1/12 (2)	2,620	3,000
Daytona Beach Water & Sewer Revenue		
5.75%, 11/15/10 (2)	2,790	2,921
Florida Housing Finance Agency		
9.125%, 12/15/16 (3)	1,000	1,060
Florida Municipal Power Agency		
(St. Lucie Project)		
5.5%, 10/1/12 (3)	4,070	4,117
(Stanton Project)		
5.0%, 10/1/19 (1)	8,100	7,692
Hillsborough County Industrial Development Auth. PCR VRDO		
(Tampa Electric Co.)		
2.3%, 9/1/93	100	100

</TABLE>

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<TABLE>  
<CAPTION>

	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
City of Homestead 5.25%, 3/1/03	\$ 2,000	\$ 2,062
Indian River County Water & Sewer 5.25%, 9/1/18 (3)	3,200	3,145
City of Jacksonville Guaranteed Entitlement Revenue 5.5%, 10/1/12 (2)	4,900	4,973
Lee County Gas Tax 5.5%, 10/1/09 (1)	2,000	2,030
Orange County Tourist Development 6.25%, 10/1/13 (2)	8,000	8,745
Orange and Orlando County Expressway 8.25%, 7/1/13 (3)	9,695	13,371
8.25%, 7/1/15 (3)	8,360	11,623
8.25%, 7/1/16 (3)	12,295	17,209
Orlando Utilities Commission 2.45%, 9/1/93 VRDO	1,400	1,400
5.0%, 10/1/23	15,000	14,112
Palm Beach Criminal Justice 5.375%, 6/1/06 (3)	3,925	4,058
7.2%, 6/1/14 (3)	16,300	20,358
7.2%, 6/1/15 (3)	4,000	5,022
Palm Beach Solid Waste Auth. 7.4%, 12/1/05 (6)	750	850
St. Lucie County Utilities System 6.0%, 10/1/20 (3)	2,350	2,589
Seacoast Utility Auth. 5.5%, 3/1/13 (3)	4,000	4,041
5.0%, 3/1/19 (3)	9,450	8,980
5.5%, 3/1/19 (3)	2,000	2,064
Tampa Utilities Revenue 6.75%, 10/1/10 (2)	9,330	11,041
6.75%, 10/1/11 (2)	9,965	11,859
6.75%, 10/1/12 (2)	10,635	12,657
STATE TOTAL		184,371
GEORGIA (1.1%)		
DeKalb County Housing Auth. 10.125%, 1/1/05 (1)	265	278
Georgia GO TOB 2.55%, 1/1/94	10,000	10,000
Georgia Municipal Electric Auth. 10.5%, 1/1/95 (Prere.)	3,000	3,337
Henry County School Dist. GO 6.45%, 8/1/11 (1)	4,000	4,608
Private Colleges & Universities Auth. (Mercer University) 6.5%, 11/1/15 (1)	5,000	5,820
STATE TOTAL		24,043
HAWAII (1.9%)		
Hawaii Airport System Revenue 6.35%, 7/1/07 (1)	\$ 8,000	\$ 9,009
Hawaii GO 5.5%, 5/1/08 (3)	2,000	2,096
5.55%, 5/1/09 (3)	1,000	1,050
5.55%, 5/1/10 (3)	2,500	2,631
Honolulu City & County GO 8.0%, 10/1/10	19,000	25,284
University of Hawaii 5.65%, 10/1/12 (2)	1,000	1,043
STATE TOTAL		41,113
ILLINOIS (4.9%)		
Chicago Board of Education GO 6.25%, 1/1/11 (1)	7,000	7,781
Chicago Public Building Commission 7.0%, 1/1/20 (1) (ETM)	21,500	26,619
Chicago Waste Water Transmission		

6.5%, 1/1/08 (3)	11,315	12,750
Cook County GO		
7.25%, 11/1/07 (1)	6,000	7,222
Cook County Single Family Mortgage		
9.3%, 12/1/05 (1)	420	450
Illinois Development Finance Auth. PCR (Illinois Power Co.)		
7.4%, 12/1/24 (1)	14,000	15,402
Illinois Regional Transit Auth. Cook, Du Page and Kane Counties		
7.2%, 11/1/20 (2)	23,000	28,958
Southern Illinois University		
10.25%, 4/1/95 (Prere.)	3,000	3,377
Will County Community Unit School Dist. (Romeoville)		
7.1%, 12/1/09 (2)	1,750	2,127
7.1%, 12/1/10 (2)	1,615	1,968
STATE TOTAL		106,654

INDIANA (1.3%)		
Indiana Municipal Bond Bank		
9.75%, 8/1/09 (2) (ETM)	5,500	6,259
Indiana Municipal Power Agency		
6.125%, 1/1/13 (1)	13,250	14,578
Marion County Hospital Auth. (Community Hospital)		
9.0%, 5/1/08 (1)	1,500	1,659
Merrillville School Building Corp.		
6.65%, 7/1/06 (1)	5,500	6,223
STATE TOTAL		28,719

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<TABLE>  
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	Face Amount (000)	Market Value (000)+
<S>		
<C>		
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IOWA (.9%)		
Davenport Single Family Mortgage		
9.0%, 6/1/17 (3)	\$ 500	\$ 530
Iowa School Corp. Certificates		
4.2%, 2/1/94 (5)	20,000	20,123
STATE TOTAL		20,653

KANSAS (.1%)		
Kansas Highway Refunding Revenue		
9.0%, 7/1/97 (1) (ETM)	1,200	1,416

KENTUCKY (1.5%)		
Ashland City PCR VRDO (Ashland Oil)		
2.2%, 9/1/93	300	300
Combined Counties of Kentucky Residential Mortgage		
9.375%, 12/1/16 (3)	1,355	1,454
Kentucky Development Finance Auth. Hospital Facilities (St. Elizabeth's Medical Center)		
6.0%, 11/1/10 (3)	23,885	25,012
Kentucky Housing Corp.		
8.875%, 7/1/19 (6)	1,465	1,593
Kentucky Turnpike Economic Development		
5.5%, 7/1/09 (2)	3,630	3,750
STATE TOTAL		32,109

LOUISIANA (2.0%)		
Jefferson Parish Sales Tax Revenue		

6.75%, 12/1/06 (3)	8,500	9,698
New Orleans GO		
0.0%, 9/1/10 (2)	8,500	3,346
0.0%, 9/1/11 (2)	10,475	3,889
0.0%, 9/1/13 (2)	9,000	2,965
6.0%, 9/1/21 (2)	22,250	23,137
STATE TOTAL		43,035
-----		
MAINE (.4%)		
Maine Health & Higher Education Facilities Auth. (Eastern Maine Medical Center)		
6.375%, 10/1/21 (3)	8,000	8,616
-----		
MARYLAND (.7%)		
Maryland Health & Education Facilities Auth. (University of Maryland Medical System)		
7.0%, 7/1/22 (3)	12,025	15,112
-----		
MASSACHUSETTS (7.7%)		
Boston GO 6.5%, 7/1/12 (2)	4,750	5,275
Boston Water & Sewer Commission		
7.25%, 11/1/06 (6)	\$ 2,500	\$ 2,820
6.0%, 11/1/08 (6)	5,030	5,249
5.25%, 11/1/11 (3)	5,000	5,000
Massachusetts GO		
TOB 2.65%, 11/1/93 (1)	700	700
7.0%, 7/1/09 (3)	32,250	38,750
6.0%, 8/1/09 (3)	3,125	3,411
6.0%, 8/1/10 (2)	3,255	3,557
Massachusetts Health and Education Facilities		
(Boston College)		
6.75%, 7/1/11 (3)	6,595	7,374
(Cape Cod Health System)		
5.25%, 11/15/21 (7)	2,500	2,442
(Falmouth Hospital)		
5.5%, 7/1/08 (1)	1,425	1,472
(Lahey Clinic)		
7.85%, 7/1/03 (1)	3,360	4,073
5.25%, 7/1/10 (1)	14,120	13,964
(Massachusetts General Hospital)		
6.25%, 7/1/12 (2)	19,650	21,930
(University Hospital)		
10.625%, 7/1/94 (Prere.)	3,000	3,249
Massachusetts Housing Finance Agency		
5.55%, 10/1/05 (2)	5,230	5,379
5.95%, 10/1/08 (2)	27,485	28,557
8.875%, 7/1/18 (1)	8,000	8,694
Massachusetts Municipal Wholesale Electric Power		
13.625%, 1/1/95 (Prere.)	3,595	4,189
5.1%, 7/1/07 (2)	4,000	3,972
STATE TOTAL		170,057
-----		
MICHIGAN (3.6%)		
Detroit Sewer System Revenue		
5.45%, 7/1/07 (3)	6,850	7,045
5.55%, 7/1/08 (3)	7,100	7,355
Michigan Strategic Fund (Detroit Edison)		
7.0%, 7/15/08 (1)	18,375	21,875
Monroe County Economic Development Corp.		
(Detroit Edison)		
6.95%, 9/1/22 (3)	25,000	30,752
St. Clair Economic Development Corp. PCR (Detroit Edison)		
6.4%, 8/1/24 (2)	8,000	8,955
Troy School Dist.		
6.25%, 5/1/10 (2)	2,100	2,251
STATE TOTAL		78,233
-----		

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	Face Amount (000)	Market Value (000)+
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-----		
MINNESOTA (.6%)		
Dakota County Housing & Redevelopment Auth. 9.375%, 5/1/18 (3)	\$ 100	\$ 111
Southern Minnesota Municipal Power Agency 11.0%, 1/1/95 (Prere.)	2,000	2,257
5.5%, 1/1/15 (2)	10,000	10,159
Western Minnesota Municipal Power Agency 9.75%, 1/1/16 (1) (ETM)	845	1,331
STATE TOTAL		13,858
-----		
MISSISSIPPI (.5%)		
Jackson Water & Sewer System 5.2%, 9/1/07 (1)	2,000	2,005
5.4%, 9/1/09 (1)	4,000	4,078
4.5%, 9/1/10 (1)	1,500	1,389
Mississippi GO 5.9%, 11/15/09	4,000	4,317
STATE TOTAL		11,789
-----		
MISSOURI (.5%)		
Greene County Single Family Mortgage Revenue 9.375%, 12/1/06 (2)	340	363
Missouri Health & Education Facilities Auth. (Cox Medical Center) 5.25%, 6/1/15 (1)	10,000	9,884
St. Louis County Single Family Mortgage Revenue 9.25%, 10/1/16 (2)	1,520	1,684
STATE TOTAL		11,931
-----		
MONTANA (.1%)		
Forsyth PCR (Montana Power Co.) 6.125%, 5/1/23 (2)	1,500	1,594
-----		
NEBRASKA (.1%)		
Nebraska Investment Finance Auth. 9.1%, 11/15/06 (3)	2,918	3,093
-----		
NEVADA (1.8%)		
Clark County GO 6.5%, 6/1/17 (2)	5,000	5,775
Clark County School Dist. GO 7.0%, 6/1/11 (1)	20,750	25,179
Reno Hospital Revenue (St. Marys Hospital) 9.875%, 7/1/12 (1)	3,000	3,393
Washoe County GO 7.125%, 7/15/96 (3) (Prere.)	\$ 4,900	\$ 5,448
STATE TOTAL		39,795
-----		
NEW HAMPSHIRE (.3%)		
New Hampshire Higher Education and Health Facilities Auth. (University System of New Hampshire) 7.625%, 7/1/99 (1) (Prere.)	5,000	5,962
-----		
NEW JERSEY (4.6%)		
Atlantic County COP		

7.4%, 3/1/12 (3)	4,335	5,544
Hoboken-Union City-Weehawken Sewage Auth.		
6.25%, 8/1/14 (1)	10,185	11,737
6.25%, 8/1/15 (1)	10,820	12,497
Monmouth County Improvement Auth. VRDO		
2.4%, 9/1/93	3,300	3,300
New Brunswick Housing & Urban Development		
5.75%, 7/1/24 (1)	5,000	5,251
New Jersey Sports & Exposition Auth.		
6.5%, 3/1/13 (1)	18,795	22,099
New Jersey Turnpike Auth.		
6.5%, 1/1/13 (1)	30,000	35,081
6.5%, 1/1/16 (1)	5,000	5,860
STATE TOTAL		101,369

NEW MEXICO (.4%)		
Albuquerque Hospital System (Presbyterian Health)		
6.375%, 8/1/07 (1)	4,000	4,443
Farmington Utility Systems Revenue		
5.75%, 5/15/13 (3)	3,000	3,104
New Mexico Mortgage Finance Agency		
9.0%, 7/1/12 (3)	210	224
STATE TOTAL		7,771

NEW YORK (1.0%)		
New York City GO		
6.625%, 8/1/15 (2)	5,000	5,596
New York City Municipal Water Auth.		
7.0%, 6/15/09 (2)	3,750	4,322
Triborough Bridge & Tunnel Auth.		
6.0%, 1/1/14	4,500	4,713
6.0%, 1/1/15 (2)	1,275	1,362
5.0%, 1/1/17	6,000	5,745
STATE TOTAL		21,738

</TABLE>

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	Face Amount (000)	Market Value (000)+
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<C>		
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NORTH CAROLINA (.7%)		
Charlotte Convention Center		
5.25%, 12/1/20 (2)	\$ 4,250	\$ 4,147
Concord Utility System Revenue		
6.0%, 12/1/10 (1)	500	538
North Carolina Municipal Power Agency (Catawba Electric)		
6.0%, 1/1/10 (1)	4,000	4,340
7.625%, 1/1/14 (2)	5,545	6,328
STATE TOTAL		15,353

NORTH DAKOTA (.5%)		
Bismark Medical Center		
7.5%, 5/1/13 (6)	10,000	11,624

OHIO (4.5%)		
Akron Bath Copley Joint Township Hospital Dist. (Akron General)		
6.0%, 1/1/22 (2)	3,100	3,244
Clermont County Mercy Health System		
5.6%, 9/1/07 (2)	4,340	4,497
Cleveland Airport System Revenue		

0.0%, 1/1/05 (1)	3,975	2,207
0.0%, 1/1/06 (1)	3,475	1,814
7.25%, 1/1/20 (1)	50	57
Cleveland City GO		
5.3%, 9/1/07 (2)	3,500	3,591
7.0%, 10/1/01 (1) (Prere.)	8,430	9,939
Cleveland Water Works Revenue		
6.25%, 1/1/15 (2)	2,500	2,712
5.5%, 1/1/21 (1)	1,000	1,033
Columbus City School Dist. GO		
7.0%, 12/1/00 (3) (Prere.)	1,500	1,762
Franklin Convention Center Revenue		
7.0%, 12/1/00 (1) (Prere.)	3,025	3,569
0.0%, 12/1/06 (1)	4,355	2,200
Franklin Hospital Facility Auth. (Riverside Hospital)		
7.25%, 5/15/20 (1)	2,050	2,375
Hamilton County (Childrens Hospital)		
5.2%, 5/15/09 (1)	2,500	2,500
Hamilton County Sewer System		
5.4%, 12/1/08 (3)	5,700	5,898
Lucas County GO		
6.95%, 12/1/11 (1)	900	1,031
Northeast Ohio Regional Sewer Dist.		
6.5%, 11/15/16 (2)	5,750	6,334
Ohio Air Quality PCR (Ohio Edison)		
7.45%, 3/1/16 (3)	9,500	11,078
7.1%, 6/1/18 (3)	6,500	7,480
Ohio Building Auth. (Transportation Facilities)		
7.0%, 9/1/07 (1)	\$ 1,420	\$ 1,630
Ohio GO		
7.625%, 8/1/09	4,345	5,471
Ohio Higher Education Facilities Auth. (Case Western Reserve)		
6.5%, 10/1/20	500	587
(University of Dayton)		
6.6%, 12/1/17 (3)	1,200	1,351
Ohio Public Facilities Commission		
8.1%, 11/1/93	3,000	3,030
Ohio Water Development Auth.		
7.0%, 12/1/09 (2) (ETM)	1,500	1,775
Olentangy School Dist. GO		
6.35%, 12/1/17 (1)	500	545
Reynoldsburg School District GO		
6.55%, 12/1/17 (3)	2,000	2,257
Summit Limited Tax GO		
6.9%, 8/1/12 (2)	2,750	3,133
Trumbull County Hospital Improvement (Trumbull Memorial Hospital)		
6.25%, 11/15/12 (3)	2,500	2,701
University of Toledo		
5.75%, 12/1/12 (3)	1,000	1,041
Wilmington School Dist. GO		
6.3%, 12/1/14 (3)	1,500	1,633
STATE TOTAL		98,475

-----  
OKLAHOMA (.3%)

Grand River Dam Auth.		
5.75%, 6/1/06 (4)	5,800	6,139
Oklahoma Housing Finance Agency		
10.25%, 7/1/01 (2)	420	436
10.4%, 9/1/08 (1)	220	228
STATE TOTAL		6,803

-----  
PENNSYLVANIA (8.0%)

Allegheny County Hospital Auth. (Presbyterian Hospital)		
7.125%, 7/1/19 (1)	12,500	14,303
Allegheny County Sanitary Auth.		
5.5%, 12/1/16 (3)	10,000	10,032
Armstrong County Hospital Auth.		
6.25%, 6/1/13 (2)	18,400	19,863
Delaware River Joint Toll Bridge Commission		
6.0%, 7/1/18 (3)	10,500	11,111
Lehigh County General Purpose Auth.		
6.5%, 7/1/10 (1)	6,655	7,401

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	Face Amount (000)	Market Value (000)+
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-----		
Pennsylvania Convention Center Auth.		
6.7%, 9/1/16 (3)	\$ 9,970	\$ 11,813
6.0%, 9/1/19 (3)	10,000	10,952
Pennsylvania Turnpike Commission		
6.0%, 6/1/15 (1)	1,000	1,066
5.5%, 12/1/17 (3)	10,470	10,483
5.5%, 12/1/19 (3)	25,000	25,030
Philadelphia Gas Works		
6.0%, 5/15/12 (2)	3,000	3,160
Philadelphia Water & Wastewater Revenue		
7.0%, 6/15/10 (3)	15,000	17,903
7.0%, 6/15/11 (3)	16,500	19,725
Pittsburgh Water & Sewer System Revenue		
7.25%, 9/1/14 (3) (ETM)	5,000	6,153
6.0%, 9/1/16 (3)	6,000	6,291
		-----
STATE TOTAL		175,286
		-----
-----		
PUERTO RICO (.1%)		
Puerto Rico Public Building Auth.		
0.0%, 7/1/01 (3)	4,150	2,880
		-----
-----		
RHODE ISLAND (.6%)		
Rhode Island Building Auth.		
6.0%, 2/1/01 (2) (Prere.)	3,445	3,772
6.0%, 2/1/11 (2)	3,805	3,960
Rhode Island Convention Auth.		
5.25%, 5/15/15 (1)	3,000	2,920
Rhode Island Depositors Economic Project		
5.8%, 8/1/11 (1)	1,250	1,320
5.8%, 8/1/12 (1)	2,000	2,116
		-----
STATE TOTAL		14,088
		-----
-----		
SOUTH CAROLINA (3.9%)		
Anderson County (Anderson Memorial Hospital)		
7.5%, 2/1/18 (1)	8,000	9,093
Greenville Hospital Facility Revenue		
7.8%, 5/1/98 (3) (Prere.)	3,000	3,540
North Charleston Sewer Dist.		
6.375%, 7/1/12 (1)	2,750	3,149
Piedmont Municipal Power Agency		
5.0%, 1/1/18 (3)	23,500	22,294
6.75%, 1/1/19 (3)	10,600	12,695
6.75%, 1/1/20 (3)	23,515	28,285
5.0%, 1/1/22 (3)	8,000	7,538
		-----
State Total		86,594
		-----
-----		
SOUTH DAKOTA (1.0%)		
Heartland Consumer Power Dist.		
7.625%, 1/1/16 (1)	7,000	7,874
South Dakota Health & Educational Facilities Auth. (McKenna Hospital)		
7.625%, 7/1/14 (1)	\$11,500	\$ 13,399
		-----
STATE TOTAL		21,273
		-----
-----		
TENNESSEE (.9%)		
Bristol Health & Education Facilities Auth. (Bristol Memorial Hospital)		
6.75%, 9/1/10 (3)	11,700	13,439

Knox County Health, Education & Housing Facility (Fort Sanders Hospital) 8.0%, 1/1/08 (1)	3,000	3,462
Tennessee Housing Development Agency 7.125%, 7/1/17 (1)	3,000	3,210
STATE TOTAL		20,111

TEXAS (8.9%)		
Austin Combined Utilities System Revenue 5.75%, 11/15/16 (2)	36,000	36,823
Colorado River Municipal Water Dist. 6.0%, 1/1/01 (2) (Prere.)	13,955	15,195
Corpus Christi Utilities System Revenue 7.0%, 7/15/10 (3)	7,500	8,597
Denton County Housing Finance Corp. 10.0%, 9/1/05 (1)	395	421
Houston Public Improvement 7.0%, 3/1/08	16,000	18,961
Houston Water Conveyance System 6.125%, 12/15/09 (2)	2,000	2,199
6.8%, 12/15/10 (2)	5,490	6,469
6.8%, 12/15/11 (2)	5,455	6,434
6.25%, 12/15/12 (2)	4,340	4,828
7.5%, 12/15/12 (2)	1,000	1,262
7.5%, 12/15/13 (2)	1,100	1,386
Houston Water & Sewer Revenue 7.0%, 12/1/20 (1)	12,280	14,123
Lower Colorado River Auth. 5.625%, 1/1/17 (4)	24,585	24,939
San Antonio Electric & Gas System 0.0%, 2/1/06 (3)	18,000	9,221
0.0%, 2/1/07 (3)	15,000	7,196
San Antonio Sewer Revenue 8.0%, 5/1/95 (Prere.)	4,000	4,380
San Antonio Water System 5.5%, 5/15/18 (1)	7,000	7,014

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<TABLE>  
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	Face Amount (000)	Market Value (000)+
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Southeast Texas Housing Finance Corp. 9.2%, 12/1/10 (3)	\$ 540	\$ 580
Texas Municipal Power Agency 6.1%, 9/1/09 (1)	18,000	19,663
Texas Turnpike North Dallas Tollway 7.125%, 1/1/15 (2)	5,000	5,715
STATE TOTAL		195,406

VIRGINIA (.5%)		
Chesapeake Hospital Auth. (Chesapeake General Hospital) 5.3%, 7/1/08 (1)	2,250	2,288
5.5%, 7/1/12 (1)	2,000	2,031
Henry County Public Service Auth. 6.25%, 11/15/19 (3)	1,500	1,616
Prince William County Service Auth. 6.0%, 7/1/29 (3)	4,500	4,699
STATE TOTAL		10,634

WASHINGTON (1.3%)		
Snohomish County Mukilteo School Dist. 5.6%, 12/1/08 (3)	6,960	7,235

5.65%, 12/1/09 (3)	9,160	9,566
5.65%, 12/1/10 (3)	3,950	4,137
5.7%, 12/1/11 (3)	5,000	5,274
Washington Health Care Facilities Auth. (General Hospital of Everett)		
9.0%, 1/1/11 (3)	1,700	1,896
STATE TOTAL		28,108

WEST VIRGINIA (1.4%)		
Berkeley Brooke Fayette Counties Single Family Mortgage		
9.1%, 8/1/11 (3)	975	1,012
West Virginia Parkways Economic Development Auth.		
7.125%, 7/1/99 (3) (Prere.)	9,000	10,465
West Virginia State Building Commission		
7.0%, 7/1/11 (1)	7,325	8,778
7.0%, 7/1/12 (1)	7,840	9,383
STATE TOTAL		29,638

WISCONSIN (.5%)		
Wisconsin Health Facilities Auth. (Columbia Hospital)		
9.5%, 6/1/95 (6) (Prere.)	\$ 2,000	\$ 2,243
(St. Luke's Medical Center)		
7.1%, 8/15/11 (1)	4,000	4,532
7.4%, 8/15/19 (1)	3,000	3,428
STATE TOTAL		10,203

TOTAL MUNICIPAL BONDS		
(Cost \$1,949,983)		2,191,964

OTHER ASSETS AND LIABILITIES (.1%)		
Other Assets -- Note C		
		46,863
Liabilities		
		(44,580)
		2,283

NET ASSETS (100%)		
Applicable to 170,232,741 outstanding \$.001 par value shares (authorized 250,000,000 shares)		
		\$2,194,247
NET ASSET VALUE PER SHARE		\$12.89

</TABLE>  
+See Note A to Financial Statements.

For explanations of abbreviations and other references, see page 43.

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AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:		
	Amount	Per
	(000)	Share
<S>	<C>	<C>
Paid in Capital -- Note E	\$1,954,290	\$11.48
Undistributed Net Investment Income	--	--
Accumulated Net Realized Gains -- Note A	9,709	.06
Unrealized Appreciation of Investments	230,248	1.35
NET ASSETS	\$2,194,247	\$12.89

LONG-TERM PORTFOLIO	Face Amount (000)	Market Value (000)+
-----		
MUNICIPAL BONDS (99.1%)		
-----		
<S>	<C>	<C>
ARIZONA (2.5%)		
Board of Regents (University of Arizona)		
5.9%, 6/1/07	\$ 2,500	\$ 2,708
5.9%, 6/1/08	4,490	4,796
6.0%, 6/1/09	4,770	5,269
6.0%, 6/1/10	5,075	5,615
6.0%, 6/1/11	5,400	5,976
Salt River Project Agricultural Improvement & Power Dist.		
9.75%, 1/1/95 (Prere.)	3,790	4,180
STATE TOTAL		28,544
-----		
CALIFORNIA (5.3%)		
California GO		
6.25%, 9/1/12	5,000	5,420
Contra Costa County Home Mortgage Revenue		
9.25%, 11/1/10 (3)	110	119
Los Angeles County COP		
6.5%, 3/1/10	21,815	23,204
Los Angeles County TRAN		
3.0%, 6/30/94	5,000	5,009
Los Angeles County Transportation Commission VRDO		
2.3%, 1/1/94	3,200	3,200
Orange County Sanitation Dist. VRDO		
2.4%, 9/1/93	1,300	1,300
San Bernardino COP		
6.875%, 8/1/24	18,000	21,475
Southern California Public Power Auth. VRDO (Transmission Project)		
2.3%, 1/1/94	200	200
STATE TOTAL		59,927
-----		
CONNECTICUT (.3%)		
Connecticut Economic Recovery Notes		
5.25%, 12/15/94	3,090	3,188
-----		
DELAWARE (.3%)		
Delaware Economic Development Auth. IDR (Cargill)		
10.35%, 12/1/99	1,350	1,510
(Hospital Bill & Collection Service) VRDO		
2.5%, 9/1/93	1,600	1,600
STATE TOTAL		3,110
-----		
DISTRICT OF COLUMBIA (1.9%)		
District of Columbia GO		
7.75%, 6/1/96 (Prere.)	\$11,970	\$ 13,430
6.75%, 6/1/05 (2)	7,540	8,432
STATE TOTAL		21,862
-----		
FLORIDA (2.5%)		
Gainesville Utilities System Revenue		
10.25%, 10/1/93 (Prere.)	1,250	1,288
Gulf Breeze Local Government Loan Program VRDO		
2.5%, 9/1/93 (3)	1,100	1,100
Orlando Utilities Commission		
6.75%, 10/1/17	22,000	25,842
STATE TOTAL		28,230
-----		
GEORGIA (11.4%)		
College Park (Civic Center) GO		

7.0%, 9/1/10	11,500	13,644
Fulton County School Dist. GO		
6.375%, 5/1/11	8,490	9,538
6.375%, 5/1/12	8,420	9,473
Gwinnett County School Dist. GO		
6.4%, 2/1/06	10,450	11,874
6.4%, 2/1/07	11,345	12,848
6.4%, 2/1/08	12,310	14,010
Metropolitan Atlanta Rapid Transit Auth.		
6.25%, 7/1/18	12,170	13,539
6.25%, 7/1/20 (2)	23,275	26,239
Municipal Electric Auth. of Georgia		
6.5%, 1/1/12	14,130	15,905
6.6%, 1/1/18	1,000	1,154
STATE TOTAL		128,224

-----		
HAWAII (1.1%)		
Hawaii GO		
6.4%, 3/1/09	5,555	6,284
6.4%, 3/1/10	5,555	6,287
STATE TOTAL		12,571

-----		
ILLINOIS (5.2%)		
Chicago Metropolitan Water Capital Improvement		
7.0%, 1/1/11	20,000	23,949
Chicago Public Building Commission		
7.0%, 1/1/20 (1) (ETM)	6,000	7,429
Illinois Development Finance Auth. PCR (Illinois Power Co.)		
7.4%, 12/1/24 (1)	8,150	8,966
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	Face Amount (000)	Market Value (000)+
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Illinois Educational Facility Auth. (University of Chicago)		
9.50%, 1/1/94 (Prere.)	\$ 1,075	\$ 1,120
Illinois Housing Development Auth. VRDO (Center Apartments)		
2.55%, 9/1/93	800	800
Illinois Toll Highway Auth.		
6.375%, 1/1/15	8,750	9,427
Metropolitan Pier & Exposition Auth.		
6.75%, 6/1/10 (1)	6,000	7,023
STATE TOTAL		58,714

-----		
INDIANA (1.1%)		
Indiana Health Facilities Finance Auth. (Ancilla System, Inc.)		
5.75%, 7/1/15(1)	4,470	4,534
Indiana State Office Building Commission		
6.9%, 7/1/11	6,875	7,959
STATE TOTAL		12,493

-----		
IOWA (.7%)		
Iowa School Corp. Certificates		
4.2%, 2/1/94 (5)	7,800	7,848

-----		
KENTUCKY (.1%)		
Jefferson County Capital Project Corp.		
9.375%, 8/15/95 (Prere.)	1,000	1,138

-----		
LOUISIANA (2.8%)		
De Soto Parish PCR (Southwestern Electric Power) 7.6%, 1/1/19	24,300	29,230
Jefferson Parish Single Family Mortgage Revenue 9.375%, 11/1/07 (3)	2,725	2,875
STATE TOTAL		32,105
-----		
MASSACHUSETTS (7.2%)		
Massachusetts GO 5.25%, 2/15/08	10,575	10,543
6.5%, 8/1/11	5,460	5,973
5.75%, 5/1/12	7,500	7,772
Massachusetts Housing Finance Agency 6.125%, 11/15/08	3,500	3,644
9.125%, 12/1/20	4,390	4,775
6.375%, 4/1/21	7,000	7,348
Massachusetts Water Resources Auth. 6.5%, 7/15/19	\$32,000	\$ 36,677
5.5%, 7/15/22	5,000	4,893
STATE TOTAL		81,625
-----		
MICHIGAN (2.5%)		
Michigan Hospital Finance Auth. (Detroit Medical Center) 6.25%, 8/15/13	5,000	5,285
6.5%, 8/15/18	5,000	5,375
Michigan Public Power Agency 5.5%, 1/1/13	17,345	17,431
STATE TOTAL		28,091
-----		
MINNESOTA (.8%)		
Southern Minnesota Municipal Power Agency 5.0%, 1/1/17	10,000	9,422
-----		
MONTANA (1.1%)		
Forsythe PCR (Montana Power Co.) 6.125%, 5/1/23	12,000	12,295
-----		
NEW JERSEY (5.4%)		
Monmouth County Improvement Auth. VRDO 2.4%, 9/1/93	1,300	1,300
New Jersey Health Care Facilities Auth. (Atlantic City Medical Center) 6.8%, 7/1/05	4,500	4,964
New Jersey Sports & Exposition Auth. 6.5%, 3/1/13	10,000	11,527
New Jersey Turnpike Auth. VRDO 2.3%, 1/1/94	1,900	1,900
6.5%, 1/1/16	36,195	41,631
STATE TOTAL		61,322
-----		
NEW YORK (9.0%)		
New York City GO 6.1%, 8/1/02	15,000	15,880
6.375%, 8/1/04	5,000	5,375
7.1%, 2/1/09 (1)	5,000	5,805
7.1%, 2/1/10 (1)	7,500	8,715
New York State Dormitory Auth. (State University) 7.5%, 5/15/11	18,900	23,238
New York State Local Government Assistance Corp. 7.0%, 4/1/01 (Prere.)	5,000	5,902
7.0%, 4/1/16	22,420	25,391

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	Face Amount (000)	Market Value (000)+
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Triborough Bridge & Tunnel Auth. General Purpose Revenue 6.125%, 1/1/21	\$10,000	\$ 11,136
STATE TOTAL		101,442
-----		
NORTH CAROLINA (1.8%)		
North Carolina Eastern Municipal Power Agency 7.5%, 1/1/10 (ETM)	4,935	6,206
7.5%, 1/1/10	4,580	5,542
6.5%, 1/1/18 (ETM)	4,625	5,449
6.5%, 1/1/18	2,375	2,640
STATE TOTAL		19,837
-----		
OHIO (.7%)		
Cuyahoga County Hospital Improvement VRDO (St. Luke's Hospital) 2.55%, 9/1/93	2,600	2,600
Cuyahoga County Limited Tax GO 2.2%, 10/1/93	4,900	4,896
STATE TOTAL		7,496
-----		
OKLAHOMA (.7%)		
Tulsa Industrial Auth. (Tulsa Regional Medical Center) 7.625%, 6/1/17	6,995	7,844
-----		
OREGON (1.1%)		
Oregon Veterans Welfare Program VRDO 2.5%, 9/1/93	12,800	12,800
-----		
PENNSYLVANIA (10.8%)		
Harristown Development Corp. 6.3%, 2/1/16 (ETM)	11,520	11,870
Pennsylvania COP 5.4%, 7/1/08 (2)	15,000	15,341
Pennsylvania GO 6.375%, 9/15/12	13,500	14,567
Pennsylvania Higher Education Facilities Auth. (Carnegie Mellon) VRDO 2.5%, 9/1/93	200	200
(Drexel University) 7.7%, 11/1/95 (1) (Prere.)	3,340	3,701
7.7%, 5/1/12 (1)	2,660	2,939
Pennsylvania Housing Finance Agency 7.5%, 7/1/06	3,890	4,327
Pennsylvania Intergovernmental Cooperation Auth. 6.625%, 6/15/02 (Prere.)	15,140	17,182
Pennsylvania Turnpike Commission 5.5%, 12/1/17	\$31,800	\$ 31,859
Philadelphia Water & Wastewater 7.0%, 6/15/11 (3)	16,600	19,844
Radnor Township School Auth. 9.875%, 9/15/00 (ETM)	650	768
STATE TOTAL		122,598
-----		
PUERTO RICO (.2%)		
Puerto Rico Telephone Auth. 5.5%, 1/1/13	1,000	1,021
5.5%, 1/1/22	1,460	1,480
STATE TOTAL		2,501

SOUTH CAROLINA (3.6%)		
Piedmont Municipal Power Agency		
10.25%, 1/1/95 (Prere.)	5,000	5,594
6.15%, 1/1/07	4,040	4,446
6.2%, 1/1/08	3,000	3,316
6.25%, 1/1/09	3,000	3,330
6.5%, 1/1/15 (3)	14,245	16,492
South Carolina Public Service Auth.		
5.5%, 7/1/21 (1)	7,950	7,938
STATE TOTAL		41,116

TEXAS (7.2%)		
Houston Public Improvement		
7.0%, 3/1/08	15,000	17,776
San Antonio Electric & Gas Revenue		
5.0%, 2/1/17	8,000	7,527
Texas City IDR (Arco)		
7.375%, 10/1/20	17,000	21,152
Texas GO		
5.5%, 4/1/20	15,000	14,916
Texas Water Development Board		
6.5%, 7/15/10	17,425	20,076
STATE TOTAL		81,447

WASHINGTON (6.2%)		
Snohomish County Public Utility Dist.		
5.5%, 1/1/20 (3)	19,210	19,076
Washington Dept. of Ecology COP		
5.0%, 4/1/16	27,820	26,411
Washington GO		
6.375%, 2/1/14	15,000	16,169
6.75%, 2/1/15	3,450	4,071
5.5%, 5/1/18	4,000	4,016
STATE TOTAL		69,743

</TABLE>

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<TABLE>  
<CAPTION>

	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
WEST VIRGINIA (1.0%)		
West Virginia State		
Building Commission		
7.0%, 7/1/14 (1)	\$ 8,975	\$ 10,782

WISCONSIN (4.1%)		
Wisconsin Clean Water Revenue		
6.875%, 6/1/11	20,500	24,367
Wisconsin GO 6.25%, 5/1/09	19,555	22,027
STATE TOTAL		46,394

WYOMING (.5%)		
Wyoming Community Development		
Auth. Mortgage Revenue		
6.0%, 6/1/23	6,000	6,090

TOTAL MUNICIPAL BONDS		1,120,799
(Cost \$1,000,357)		

OTHER ASSETS AND LIABILITIES (.9%)		
Other Assets -- Note C		22,382
Liabilities		(12,604)
		9,778



NET ASSETS (100%)	
Applicable to 99,367,967 outstanding \$.001 par value shares (authorized 250,000,000 shares)	\$1,130,577
NET ASSET VALUE PER SHARE	\$11.38

</TABLE>  
+See Note A to Financial Statements.  
For explanations of abbreviations and other references, see page 43.

<TABLE>  
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AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:

	Amount (000)	Per Share
<S>	<C>	<C>
Paid in Capital -- Note E	\$1,018,082	\$10.25
Undistributed Net Investment Income	--	--
Accumulated Net Realized Losses -- Note A	(970)	(.01)
Unrealized Appreciation of Investments	113,465	1.14
NET ASSETS	\$1,130,577	\$11.38

</TABLE>

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	Face Amount (000)	Market Value (000) +
HIGH-YIELD PORTFOLIO		
MUNICIPAL BONDS (99.1%)		
<S>	<C>	<C>
ARIZONA (2.4%)		
Board of Regents (University of Arizona) 6.2%, 6/1/16	\$28,660	\$ 32,537
Pima County Industrial Development Auth. (La Cholla Project) 10.0%, 7/1/20 10.5%, 7/1/20	1,650 5,000	1,634 5,050
Salt River Project Agricultural Improvement & Power Dist. 5.0%, 1/1/25	7,000	6,509
STATE TOTAL		45,730
ARKANSAS (.4%)		
North Little Rock Electric System 6.5%, 7/1/15 (1)	7,450	8,662
CALIFORNIA (7.7%)		
Irvine Ranch Water Dist. VRDO 2.4%, 9/1/93	1,200	1,200
Los Angeles County Metropolitan Transportation Auth. 5.625%, 7/1/18 (3) 5.75%, 7/1/18	25,000 5,000	25,397 5,091
Los Angeles County Unified School Dist. TRAN 3.25%, 7/15/94	4,900	4,914
Los Angeles County Wastewater System 5.7%, 6/1/20 (1)	18,130	18,549
Metropolitan Water Dist. of Southern California 6.625%, 7/1/12	5,000	5,513
Orange County Apartment Development		

CP			
3.2%, 10/12/93	19,680		19,680
Orange County VRDO (Irvine Co.)			
2.6%, 9/1/93	7,300		7,300
Riverside County VRDO			
2.3%, 9/1/93	1,800		1,800
San Bernardino COP			
6.875%, 8/1/24	25,220		30,088
Southern California Public Power Auth.			
6.0%, 7/1/18	10,000		10,173
5.5%, 7/1/20	19,250		18,878
STATE TOTAL			148,583
-----			
COLORADO (1.2%)			
Colorado Health Facilities Auth. (Rocky Mountain Hospital)			
6.625%, 2/1/13	\$ 5,000	\$	5,118
6.625%, 2/1/22	5,000		5,098
(St. Luke's Healthcare)			
8.5%, 2/15/21	10,950		12,666
STATE TOTAL			22,882
-----			
CONNECTICUT (.6%)			
Connecticut Development Auth. (AHF/Hartford Project)			
10.0%, 1/1/22	11,500		12,476
-----			
DELAWARE (.2%)			
Delaware Economic Development Auth. VRDO (Hospital Bill & Collection Service)			
2.5%, 9/1/93	4,500		4,500
-----			
DISTRICT OF COLUMBIA (.2%)			
District of Columbia VRDO			
2.4%, 9/1/93	1,000		1,000
District of Columbia Hospital Revenue (Washington Hospital)			
8.75%, 1/1/01 (Prere.)	1,500		1,887
STATE TOTAL			2,887
-----			
FLORIDA (4.2%)			
Cape Coral Health Facilities Auth. (Cape Coral Medical Center)			
7.5%, 11/15/21	22,500		25,402
Gulf Breeze Local Government Loan Program VRDO			
2.5%, 9/1/93 (3)	1,700		1,700
Orlando Utilities Commission			
6.75%, 10/1/17	6,200		7,283
Palm Beach Health Facilities (Good Samaritan Hospital)			
6.3%, 10/1/22	10,000		10,509
Port Everglades Port Facilities Revenue			
5.0%, 9/1/16	23,000		21,368
Seminole County Water & Sewer Revenue			
6.0%, 10/1/19 (1)	8,500		9,348
Tarpon Springs Health Facility Auth. (Tarpon Springs Hospital)			
8.75%, 5/1/12	4,000		4,551
STATE TOTAL			80,161
-----			

</TABLE>

	Face Amount (000)	Market Value (000)+
-----		
<S>	<C>	<C>
GEORGIA (3.7%)		
Cartersville Water & Wastewater Facilities (Anheuser-Busch) 7.4%, 11/1/10	\$ 5,000	\$ 6,103
Fulton County School Dist. GO 6.375%, 5/1/13	8,345	9,377
6.375%, 5/1/14	7,270	8,175
6.375%, 5/1/15	7,200	8,099
6.375%, 5/1/16	7,125	8,016
Georgia Housing & Finance Auth. VRDO 2.75%, 9/1/93	9,700	9,700
Municipal Electric Auth. of Georgia 6.6%, 1/1/18	5,000	5,777
Savannah Hospital Auth. (Candler Hospital) 7.0%, 1/1/23	15,250	16,129
		-----
STATE TOTAL		71,376
		-----
ILLINOIS (2.7%)		
Chicago Public Building Commission 7.0%, 1/1/15 (1) (ETM)	9,000	10,902
7.0%, 1/1/20 (1) (ETM)	10,000	12,381
Illinois Development Finance Auth. PCR (Illinois Power Co.) 7.4%, 12/1/24 (1)	10,000	11,001
Illinois Development Finance Auth. (Regency Park Project) 10.25%, 4/15/19	6,500	3,900
10.625%, 4/15/20	6,000	3,600
Illinois Health Facilities Auth. Certificate of Beneficial Interest (Adventist Living Centers)**	770	139
Illinois Health Facilities Auth. (United Medical Center) 8.125%, 7/1/06	3,235	3,757
8.375%, 7/1/12	3,250	3,864
Loves Park First Mortgage (Hoosier Care) 9.75%, 8/1/19	1,570	1,637
		-----
STATE TOTAL		51,181
		-----
INDIANA (3.7%)		
Indiana Health Facilities Finance Auth. (Ancilla System Inc.) 7.375%, 7/1/23	11,400	13,262
Indiana State Office Building Commission 6.9%, 7/1/11	25,660	29,706
Indianapolis Local Public Improvement Bond Bank 6.75%, 2/1/14	21,500	25,033
6.75%, 2/1/20	\$ 2,500	\$ 2,736
		-----
STATE TOTAL		70,737
		-----
IOWA (1.0%)		
Iowa School Corp. Certificates 4.2%, 2/1/94 (5)	20,000	20,123
		-----
KENTUCKY (1.8%)		
Kentucky Property & Buildings Commission 5.8%, 9/1/06	3,500	3,680
5.9%, 9/1/07	3,500	3,688
5.75%, 10/1/11	26,000	26,691
		-----
STATE TOTAL		34,059
		-----
LOUISIANA (.7%)		
West Feliciana Parish PCR (Gulf States Utilities) 10.625%, 5/1/14	3,740	4,189
12.0%, 5/1/14	4,500	5,077

9.0%, 5/1/15	4,000	4,851
STATE TOTAL		14,117

MASSACHUSETTS (8.3%)		
Massachusetts GO		
525%, 2/15/08	25,000	24,924
6.0%, 6/1/11	14,750	15,341
Massachusetts Housing Finance Agency		
6.3%, 10/1/13	8,750	9,190
6.25%, 11/15/14	12,395	12,911
6.375%, 4/1/21	12,000	12,596
Massachusetts Industrial Finance Agency (New England Memorial Hospital)		
8.875%, 7/1/98 (Prere.) (Refusetech Inc. Project)	5,530	6,767
6.3%, 7/1/05	12,500	13,237
Massachusetts Water Resources Auth.		
6.5%, 7/15/19	43,700	50,088
5.5%, 7/15/22	14,170	13,868
STATE TOTAL		158,922

MICHIGAN (1.5%)		
Michigan Public Power Agency		
5.5%, 1/1/13	29,250	29,394

MINNESOTA (.3%)		
Washington County Housing & Redevelopment Auth. (Woodland Park Project)		
0.0%, 5/1/20	35,070	1,817

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	Face Amount (000)	Market Value (000)+
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9.75%, 5/1/20	\$ 5,000	\$ 4,750
STATE TOTAL		6,567

MISSISSIPPI (1.8%)		
Clayborne County PCR (Middle South Energy)		
9.875%, 12/1/14	21,000	26,070
12.5%, 6/15/15	2,000	2,341
9.5%, 4/1/16	5,000	5,720
STATE TOTAL		34,131

MONTANA (.8%)		
Forsyth PCR (Montana Power Co.)		
6.125%, 5/1/23	15,000	15,369

NEVADA (.6%)		
Humboldt County PCR (Idaho Power Co.)		
8.3%, 12/1/14	9,100	11,126

NEW HAMPSHIRE (.3%)		
New Hampshire Health & Higher Education (Catholic Medical Center)		
6.0%, 7/1/17	6,580	6,579

NEW JERSEY (5.2%)		
New Jersey Sports & Exposition Auth.		

6.5%, 3/1/13	15,000	17,291
3.5%, 6/15/95	20,000	20,072
New Jersey Turnpike Auth.		
VRDO 2.3%, 1/1/94 (3)	900	900
6.5%, 1/1/16	54,340	62,501
STATE TOTAL		100,764
-----		
NEW MEXICO (.9%)		
Chaves County Hospital Revenue (Eastern Medical Center)		
7.25%, 12/1/22	15,980	17,553
-----		
NEW YORK (9.0%)		
Glencove Industrial Development Auth. (Regency at Glencove Project)		
9.5%, 7/1/12	10,000	10,679
Metropolitan Transit Auth.		
7.375%, 7/1/08	22,870	27,203
Nassau County GO TOB		
2.5%, 12/1/93 (1)	3,500	3,500
New York City GO		
6.375%, 8/1/05	\$18,500	\$ 19,614
6.375%, 8/1/06	4,000	4,226
New York City Municipal Water Auth.		
6.0%, 6/15/09	10,000	10,576
New York City RAN		
3.5%, 4/15/94	5,600	5,627
New York State Dormitory Auth. (City University)		
6.375%, 7/1/08	3,150	3,391
7.5%, 7/1/10	5,500	6,738
(State University)		
7.5%, 5/15/13	10,250	12,768
New York State Local Government Assistance Corp.		
7.375%, 4/1/01 (Prere.)	4,000	4,817
7.0%, 4/1/10	8,550	9,683
6.875%, 4/1/19	23,215	26,368
Triborough Bridge & Tunnel Auth. (General Purpose Revenue)		
6.2%, 1/1/07 (3)	9,000	9,766
5.0%, 1/1/17	3,000	2,872
(Convention Center Project)		
7.25%, 1/1/10	13,500	15,959
STATE TOTAL		173,787
-----		
NORTH CAROLINA (2.8%)		
Charlotte-Mecklenburg Hospital Auth.		
5.75%, 1/1/12	3,500	3,596
Eastern Band of Cherokee Indians of North Carolina Revenue (Carolina Mirror Co.)		
10.25%, 9/1/09	2,845	2,639
Haywood County PCR (Champion International)		
3.84%, 12/1/06*	7,600	7,600
North Carolina Eastern Municipal Power Agency		
5.0%, 1/1/17 (ETM)	6,500	6,351
6.5%, 1/1/18	3,335	3,707
6.5%, 1/1/18 (ETM)	6,665	7,853
5.0%, 1/1/20 (ETM)	10,385	10,112
North Carolina Medical Care Hospital Revenue (Duke University Hospital) VRDO		
2.4%, 9/1/93	2,200	2,200
North Carolina Municipal Power Agency (Catawba Electric)		
5.75%, 1/1/15	10,025	10,154
STATE TOTAL		54,212
-----		

</TABLE>

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	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
-----		
OHIO (.6%)		
Columbus Sewer System VRDO 2.5%, 9/2/93	\$ 1,100	\$ 1,100
Erie County IDR (Scott Paper) 8.1%, 12/15/09	1,000	1,023
Lucas County Hospital Facility (Flower Memorial Hospital) 8.125%, 12/1/11	8,900	10,371
		-----
STATE TOTAL		12,494
		-----
-----		
OREGON (.1%)		
Oregon Veterans Welfare Program VRDO 2.5%, 9/1/93	2,300	2,300
		-----
-----		
PENNSYLVANIA (13.7%)		
Beaver County Industrial Development Auth. PCR (Toledo Edison) 12.25%, 9/15/15	2,000	2,348
Emmaus General Auth. Local Government VRDO 2.5%, 9/1/93	4,700	4,700
Harristown Development Corp. 6.3%, 2/1/16 (ETM)	24,225	24,962
Langhorne Higher Education & Health Auth. (Lower Bucks Hospital) 7.3%, 7/1/12	4,500	5,002
	2,500	2,787
Montgomery County Higher Education & Health Auth. (Brittney Point Project) 8.5%, 1/1/22	5,000	5,469
Montgomery County Industrial Development Auth. IDR (Hechingers) 10.5%, 3/1/03	500	522
Pennsylvania COP 5.4%, 7/1/09 (2)	25,000	25,325
Pennsylvania Housing Finance Agency 7.6%, 7/1/13	10,000	11,265
Pennsylvania Turnpike Commission 5.5%, 12/1/17	46,935	47,022
Philadelphia Gas Works Revenue 7.7%, 6/15/01 (Prere.)	2,745	3,361
	1,255	1,428
	26,715	28,202
Philadelphia Hospital & Higher Education Facilities (Childrens Seashore Hospital) 7.0%, 8/15/12	3,540	3,860
	\$ 1,000	\$ 1,090
	500	545
(Graduate Hospital) 7.25%, 7/1/10	15,000	16,426
Philadelphia Municipal Auth. 8.625%, 11/15/01 (Prere.)	10,400	13,236
	1,600	1,736
Philadelphia Water & Sewer Revenue 9.1%, 10/1/95 (Prere.)	6,250	7,057
	9,650	10,975
Philadelphia Water & Wastewater Revenue 7.0%, 6/15/10 (3)	20,000	23,871
	4,900	5,858
Scranton -- Lackawanna Health & Welfare (Moses Taylor Hospital) 8.5%, 7/1/20	14,375	16,501
		-----
STATE TOTAL		263,548
		-----

PUERTO RICO (1.0%)		
Puerto Rico Electric Power Auth.		
5.0%, 7/1/12	10,535	10,052
Puerto Rico Telephone Auth.		
5.4%, 1/1/08	9,550	9,752
		-----
STATE TOTAL		19,804
		-----

SOUTH CAROLINA (5.2%)		
Charleston Water & Sewer Auth.		
5.0%, 1/1/16	13,800	13,226
Piedmont Municipal Power Agency Revenue		
9.375%, 1/1/95 (Prere.)	2,675	2,963
9.5%, 1/1/95 (Prere.)	5,995	6,649
6.25%, 1/1/21 (3)	6,640	7,493
6.0%, 1/1/24	5,000	5,040
5.0%, 1/1/25	7,000	6,548
South Carolina Public Service Auth.		
5.5%, 7/1/21 (1)	58,000	57,913
		-----
STATE TOTAL		99,832
		-----

TEXAS (12.5%)		
Austin Combined Utility System		
6.0%, 11/15/13	14,505	15,603
Austin Water, Sewer & Electric Revenue		
14.0%, 11/15/01	200	316
Brazos River Auth. PCR (Texas Utilities)		
9.875%, 10/1/17 (3)	25,000	30,482
Harris County Hospital Dist.		
7.4%, 2/15/10 (2)	17,500	21,633

</TABLE>

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<TABLE>  
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	Face Amount (000)	Market Value (000)+
<S>	<C>	<C>
Houston Public Improvement		
7.0%, 3/1/08	\$22,000	\$ 26,072
Houston Water & Sewer System		
6.375%, 12/1/14	14,000	15,151
5.0%, 12/1/18	30,500	28,547
San Antonio Electric & Gas Revenue		
5.0%, 2/1/16	12,000	11,425
San Antonio Water Revenue		
6.4%, 5/15/07 (3)	5,000	5,546
Texas GO 5.5%, 4/1/20	34,050	33,859
Texas Turnpike Auth.		
6.0%, 1/1/20	36,195	36,728
University of Texas		
6.5%, 7/1/11	14,285	15,657
		-----
STATE TOTAL		241,019
		-----

UTAH (.6%)		
Intermountain Power Agency		
5.0%, 7/1/16	7,500	7,052
5.0%, 7/1/21	4,450	4,117
		-----
STATE TOTAL		11,169
		-----

VIRGINIA (.6%)		
Alexandria Redevelopment & Housing Auth.		
(Portals West Project)		
9.5%, 7/15/20	4,740	3,318
Chesterfield County Mortgage Revenue (Brandesmill Woods Project)		
10.25%, 7/1/15	8,000	8,382
		-----
STATE TOTAL		11,700
		-----

-----		
WASHINGTON (1.8%)		
Snohomish County Public Utility Dist.		
5.5%, 1/1/20 (3)	36,000	35,749
-----		
WEST VIRGINIA (.5%)		
West Virginia State Building Commission		
7.0%, 7/1/13 (1)	8,390	10,034
-----		
WISCONSIN (.5%)		
Wisconsin GO 6.25%, 5/1/10	9,460	10,524
-----		
TOTAL MUNICIPAL BONDS		
(Cost \$1,734,421)		1,914,051
-----		
OTHER ASSETS AND LIABILITIES (.9%)		
-----		
Other Assets -- Note C	\$	32,311
Liabilities		(15,602)
		16,709
-----		
NET ASSETS (100%)		
-----		
Applicable to 172,879,603 outstanding		
\$ .001 par value shares		
(authorized 250,000,000 shares)	\$1,930,760	
-----		
NET ASSET VALUE PER SHARE		\$11.17
-----		

</TABLE>  
+See Note A to Financial Statements.

<TABLE>  
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-----  
AT AUGUST 31, 1993, NET ASSETS CONSISTED OF:

	Amount (000)	Per Share
	-----	----
<S>	<C>	<C>
Paid in Capital -- Note E	\$1,748,612	\$10.11
Undistributed Net Investment Income	--	--
Accumulated Net Realized Gains --		
Note A	13,313	.08
Unrealized Appreciation of		
Investments	168,835	.98
-----		
NET ASSETS	\$1,930,760	\$11.17
=====		

</TABLE>

BAN = Bond Anticipation Note  
COP = Certificate of Participation  
CP = Commercial Paper  
GO = General Obligation  
IDR = Industrial Development Revenue  
PCR = Pollution Control Revenue  
RAN = Revenue Anticipation Note  
TAN = Tax Anticipation Note  
TOB = Tender Option Bond  
TRAN = Tax Revenue Anticipation Note  
VRDO = Variable Rate Demand Obligation  
(ETM) = Escrowed to Maturity  
(Prere.) = Prerefunded  
(1) MBIA (Municipal Bond Insurance Association)  
(2) AMBAC (AMBAC Indemnity Corporation)  
(3) FGIC (Financial Guaranty Insurance Company)  
(4) FSA (Financial Security Assurance)  
(5) CGI (Capital Guaranty Insurance)  
(6) BIGI (Bond Investors Guaranty Insurance)  
(7) Connie Lee Inc.  
\*Put Option Obligations  
\*\*Non-Income Producing Security



## REPORT OF INDEPENDENT ACCOUNTANTS

-----  
 TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
 VANGUARD MUNICIPAL BOND FUND

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 appearing in the Vanguard Municipal Bond Fund 1993 Annual Report present fairly, in all material respects, the financial position of the Money Market, Short-Term, Intermediate-Term, Limited-Term, Long-Term, High-Yield and Insured Long-Term Portfolios (constituting the Vanguard Municipal Bond Fund, hereafter referred to as "the Fund") at August 31, 1993, the results of each of their operations, the changes in each of their net assets and the financial highlights for each of the respective periods presented, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's 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 generally accepted auditing standards 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 August 31, 1993 by correspondence with the custodian and brokers and the application of alternative auditing procedures where confirmations from brokers were not received, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE

Thirty South Seventeenth Street  
 Philadelphia, PA 19103  
 September 27, 1993

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## STATEMENT OF OPERATIONS

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 <TABLE>  
 <CAPTION>

	MONEY MARKET PORTFOLIO	SHORT-TERM PORTFOLIO	LIMITED-TERM PORTFOLIO
	Year Ended August 31, 1993 (000)		
<S>	<C>	<C>	<C>
INVESTMENT INCOME			
INCOME			
Interest.....	\$88,617	\$47,591	\$58,003
Total Income.....	88,617	47,591	58,003
EXPENSES			
The Vanguard Group -- Note B			
Investment Advisory Services.....	310	107	106
Management and Administration.....	4,655	1,662	1,814
Marketing and Distribution.....	1,203	387	346
Taxes (other than income taxes) -- Note A.....	276	99	98
Auditing Fees.....	10	8	8
Shareholders' Reports.....	83	35	44
Annual Meeting and Proxy Costs.....	17	7	8
Directors' Fees and Expenses.....	11	4	4
Total Expenses.....	6,565	2,309	2,428
Net Investment Income.....	82,052	45,282	55,575
REALIZED NET GAIN (LOSS) -- Note C			
Investment Securities Sold.....	(46)	2,134	3,002
Futures Contracts.....	--	--	802
Realized Net Gain (Loss).....	(46)	2,134	3,804
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) -- Notes C and D			
Investment Securities.....	--	444	20,118

Futures Contracts.....	--	--	--
Change in Unrealized Appreciation (Depreciation).....	--	444	20,118
Net Increase in Net Assets Resulting from Operations.....	\$82,006	\$47,860	\$79,497

</TABLE>

The Statements of Net Assets, integral parts of the financial statements for each of the Vanguard Municipal Bond Fund Portfolios, and the Report of Independent Accountants are included as an insert to this Report.

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STATEMENT OF OPERATIONS (continued)

<TABLE>

<CAPTION>

	INTERMEDIATE- TERM PORTFOLIO	INSURED LONG-TERM PORTFOLIO	LONG-TERM PORTFOLIO	HIGH-YIELD PORTFOLIO
Year Ended August 31, 1993 (000)				
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
INCOME				
Interest.....	\$220,884	\$122,658	\$ 62,566	\$108,246
Total Income.....	220,884	122,658	62,566	108,246
EXPENSES				
The Vanguard Group -- Note B				
Investment Advisory Services.....	346	192	97	156
Management and Administration.....	5,898	3,106	1,587	2,578
Marketing and Distribution.....	1,009	517	243	413
Taxes (other than income taxes) -- Note A.....	321	166	88	141
Auditing Fees.....	12	9	8	9
Shareholders' Reports.....	136	65	32	62
Annual Meeting and Proxy Costs.....	26	13	7	12
Directors' Fees and Expenses.....	13	7	3	6
Total Expenses.....	7,761	4,075	2,065	3,377
Net Investment Income.....	213,123	118,583	60,501	104,869
REALIZED NET GAIN (LOSS) -- Note C				
Investment Securities Sold.....	31,302	39,833	22,468	36,810
Futures Contracts.....	(17,841)	(15,760)	(11,164)	(13,326)
Realized Net Gain (Loss).....	13,461	24,073	11,304	23,484
CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) -- Notes C and D				
Investment Securities.....	227,451	126,437	66,394	96,637
Futures Contracts.....	(21,687)	(14,080)	(8,665)	(12,348)
Change in Unrealized Appreciation (Depreciation).....	205,764	112,357	57,729	84,289
Net Increase in Net Assets Resulting from Operations.....	\$432,348	\$255,013	\$129,534	\$212,642

</TABLE>

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STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

MONEY MARKET  
PORTFOLIO

	YEAR ENDED AUGUST 31, 1993 (000)	Year Ended August 31, 1992 (000)
<S>	<C>	<C>
INCREASE IN NET ASSETS		
OPERATIONS		
Net Investment Income.....	\$ 82,052	\$ 102,809
Realized Net Gain (Loss).....	(46)	12
Change in Unrealized Appreciation (Depreciation).....	--	--
Net Increase in Net Assets Resulting from Operations.....	82,006	102,821
DISTRIBUTIONS (1)		
Net Investment Income.....	(82,052)	(102,809)
Realized Net Gain.....	--	--
Total Distributions.....	(82,052)	(102,809)
CAPITAL SHARE TRANSACTIONS (2)		
Issued -- Regular.....	3,675,705	3,022,093
-- In Lieu of Cash Distributions.....	74,650	94,107
-- Exchange.....	1,295,556	947,029
Redeemed -- Regular.....	(3,305,334)	(2,667,600)
-- Exchange.....	(1,367,784)	(939,169)
Net Increase from Capital Share Transactions.....	372,793	456,460
Total Increase.....	372,747	456,472
NET ASSETS		
Beginning of Year.....	3,165,082	2,708,610
End of Year.....	\$3,537,829	\$3,165,082
=====		
(1) Distributions Per Share		
Net Investment Income.....	2.5 cents	3.5 cents
Realized Net Gain.....	--	--
(2) Shares Issued and Redeemed		
Issued.....	4,971,261	3,969,122
Issued in Lieu of Cash Distributions.....	74,650	94,107
Redeemed.....	(4,673,118)	(3,606,769)
	372,793	456,460
=====		

</TABLE>

<TABLE>

<CAPTION>

	YEAR ENDED AUGUST 31, 1993 (000)	SHORT-TERM PORTFOLIO Year Ended August 31, 1992 (000)
<S>	<C>	<C>
INCREASE IN NET ASSETS		
OPERATIONS		
Net Investment Income.....	\$ 45,282	\$ 41,985
Realized Net Gain (Loss).....	2,134	3,496
Change in Unrealized Appreciation (Depreciation).....	444	5,427
Net Increase in Net Assets Resulting from Operations.....	47,860	50,908
DISTRIBUTIONS (1)		
Net Investment Income.....	(45,282)	(41,985)
Realized Net Gain.....	(3,073)	(3,372)
Total Distributions.....	(48,355)	(45,357)
CAPITAL SHARE TRANSACTIONS (2)		
Issued -- Regular.....	717,818	500,464
-- In Lieu of Cash Distributions.....	39,773	38,246
-- Exchange.....	285,873	219,527
Redeemed -- Regular.....	(460,866)	(329,059)

-- Exchange.....	(314,312)	(214,277)
Net Increase from Capital Share Transactions.....	268,286	214,901
Total Increase.....	267,791	220,452
NET ASSETS		
Beginning of Year.....	1,061,114	840,662
End of Year.....	\$1,328,905	\$1,061,114
=====		
(1) Distributions Per Share		
Net Investment Income.....	60.9cent	72.0cent
Realized Net Gain.....	4.3cent	6.1cent
(2) Shares Issued and Redeemed		
Issued.....	64,169	46,139
Issued in Lieu of Cash Distributions.....	2,543	2,454
Redeemed.....	(49,559)	(34,845)
	17,153	13,748
=====		

</TABLE>

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STATEMENT OF CHANGES IN NET ASSETS (continued)

<TABLE>  
<CAPTION>

	LIMITED-TERM PORTFOLIO	
	YEAR ENDED AUGUST 31, 1993 (000)	Year Ended August 31, 1992 (000)
<S>	<C>	<C>
INCREASE IN NET ASSETS		
OPERATIONS		
Net Investment Income.....	\$ 55,575	\$ 32,017
Realized Net Gain (Loss).....	3,804	3,877
Change in Unrealized Appreciation (Depreciation).....	20,118	11,074
Net Increase in Net Assets Resulting from Operations.....	79,497	46,968
DISTRIBUTIONS (1)		
Net Investment Income.....	(55,575)	(32,017)
Realized Net Gain.....	(4,543)	(2,981)
Total Distributions.....	(60,118)	(34,998)
CAPITAL SHARE TRANSACTIONS (2)		
Issued -- Regular.....	778,572	427,133
-- In Lieu of Cash Distributions.....	48,253	27,957
-- Exchange.....	513,897	313,016
Redeemed -- Regular.....	(289,711)	(130,646)
-- Exchange.....	(318,003)	(196,998)
Net Increase from Capital Share Transactions.....	733,008	440,462
Total Increase.....	752,387	452,432
NET ASSETS		
Beginning of Year.....	872,652	420,220
End of Year.....	\$1,625,039	\$872,652
=====		
(1) Distributions Per Share		
Net Investment Income.....	48.5cent	54.1cent
Realized Net Gain.....	4.9cent	6.1cent
(2) Shares Issued and Redeemed		
Issued.....	120,587	70,170
Issued in Lieu of Cash Distributions.....	4,504	2,655

Redeemed.....	(56,687)	(31,068)
	68,404	41,757

</TABLE>

<TABLE>  
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	INTERMEDIATE- TERM PORTFOLIO	
	YEAR ENDED AUGUST 31, 1993 (000)	Year Ended August 31, 1992 (000)
<S>	<C>	<C>
INCREASE IN NET ASSETS OPERATIONS		
Net Investment Income.....	\$ 213,123	\$ 150,726
Realized Net Gain (Loss).....	13,461	21,833
Change in Unrealized Appreciation (Depreciation).....	205,764	81,350
Net Increase in Net Assets Resulting from Operations.....	432,348	253,909
DISTRIBUTIONS (1)		
Net Investment Income.....	(213,123)	(150,726)
Realized Net Gain.....	(30,946)	(13,965)
Total Distributions.....	(244,069)	(164,691)
CAPITAL SHARE TRANSACTIONS (2)		
Issued -- Regular.....	1,602,893	1,050,642
-- In Lieu of Cash Distributions.....	191,081	127,470
-- Exchange.....	951,810	556,676
Redeemed -- Regular.....	(529,240)	(325,101)
-- Exchange.....	(561,729)	(402,179)
Net Increase from Capital Share Transactions.....	1,654,815	1,007,508
Total Increase.....	1,843,094	1,096,726
NET ASSETS		
Beginning of Year.....	3,102,283	2,005,557
End of Year.....	\$4,945,377	\$3,102,283
(1) Distributions Per Share		
Net Investment Income.....	71.0cent	74.7cent
Realized Net Gain.....	12.1cent	7.6cent
(2) Shares Issued and Redeemed		
Issued.....	195,262	127,394
Issued in Lieu of Cash Distributions.....	14,645	10,118
Redeemed.....	(83,536)	(57,742)
	126,371	79,770

</TABLE>

<TABLE>  
<CAPTION>

	INSURED LONG-TERM PORTFOLIO		LONG-TERM PORTFOLIO	
	YEAR ENDED AUGUST 31, 1993	Year Ended August 31, 1992	YEAR ENDED AUGUST 31, 1993	Year Ended August 31, 1992

	(000)	(000)	(000)	(000)
<S>	<C>	<C>	<C>	<C>
INCREASE IN NET ASSETS				
OPERATIONS				
Net Investment Income.....	\$ 118,583	\$ 110,852	\$ 60,501	\$ 57,912
Realized Net Gain (Loss).....	24,073	20,122	11,304	14,717
Change in Unrealized Appreciation (Depreciation).....	112,357	68,693	57,729	31,847
Net Increase in Net Assets Resulting from Operations.....	255,013	199,667	129,534	104,476
DISTRIBUTIONS (1)				
Net Investment Income.....	(118,583)	(110,852)	(60,501)	(57,912)
Realized Net Gain.....	(32,418)	(10,511)	(25,424)	(15,160)
Total Distributions.....	(151,001)	(121,363)	(85,925)	(73,072)
CAPITAL SHARE TRANSACTIONS (2)				
Issued -- Regular.....	385,337	475,450	203,654	193,932
-- In Lieu of Cash Distributions.....	106,732	84,596	64,397	54,707
-- Exchange.....	202,107	179,402	192,302	128,616
Redeemed -- Regular.....	(224,040)	(170,696)	(117,709)	(92,997)
-- Exchange.....	(327,085)	(251,118)	(217,918)	(151,383)
Net Increase from Capital Share Transactions.....	143,051	317,634	124,726	132,875
Total Increase.....	247,063	395,938	168,335	164,279
NET ASSETS				
Beginning of Year.....	1,947,184	1,551,246	962,242	797,963
End of Year.....	\$2,194,247	\$1,947,184	\$1,130,577	\$ 962,242
=====				
(1) Distributions Per Share				
Net Investment Income.....	71.8cent	76.8cent	64.0cent	71.1cent
Realized Net Gain.....	20.3cent	7.6cent	28.5cent	19.1cent
(2) Shares Issued and Redeemed				
Issued.....	47,371	54,613	36,086	30,124
Issued in Lieu of Cash Distributions.....	8,660	7,062	5,925	5,136
Redeemed.....	(44,426)	(35,132)	(30,510)	(22,816)
	11,605	26,543	11,501	12,444
=====				

</TABLE>

<TABLE>  
<CAPTION>

	HIGH-YIELD PORTFOLIO	
	YEAR ENDED AUGUST 31, 1993 (000)	Year Ended August 31, 1992 (000)
<S>	<C>	<C>
INCREASE IN NET ASSETS		
OPERATIONS		
Net Investment Income.....	\$ 104,869	\$ 93,309
Realized Net Gain (Loss).....	23,484	29,237
Change in Unrealized Appreciation (Depreciation).....	84,289	41,310
Net Increase in Net Assets Resulting from Operations.....	212,642	163,856
DISTRIBUTIONS (1)		
Net Investment Income.....	(104,869)	(93,309)
Realized Net Gain.....	(36,892)	(12,999)
Total Distributions.....	(141,761)	(106,308)
CAPITAL SHARE TRANSACTIONS (2)		
Issued -- Regular.....	446,238	356,667
-- In Lieu of Cash Distributions.....	106,880	78,146
-- Exchange.....	363,804	236,864
Redeemed -- Regular.....	(213,810)	(178,123)
-- Exchange.....	(348,358)	(260,926)

Net Increase from Capital Share Transactions.....	354,754	232,628
Total Increase.....	425,635	290,176
NET ASSETS		
Beginning of Year.....	1,505,125	1,214,949
End of Year.....	\$1,930,760	\$1,505,125
(1) Distributions Per Share		
Net Investment Income.....	66.9cent	72.3cent
Realized Net Gain.....	25.4cent	10.6cent
(2) Shares Issued and Redeemed		
Issued.....	75,005	56,503
Issued in Lieu of Cash Distributions.....	9,977	7,449
Redeemed.....	(52,029)	(41,725)
	32,953	22,227

</TABLE>

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FINANCIAL HIGHLIGHTS

<TABLE>  
<CAPTION>

For a Share Outstanding Throughout Each Year	MONEY MARKET PORTFOLIO			
	Year Ended August 31,			
	1993	1992	1991	1990
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS				
Net Investment Income.....	.025	.035	.050	.057
Net Realized and Unrealized Gain (Loss) on Investments.....	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.025	.035	.050	.057
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.025)	(.035)	(.050)	(.057)
Distributions from Realized Net Gain.....	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.025)	(.035)	(.050)	(.057)
NET ASSET VALUE, END OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	+2.51%	+3.54%	+5.08%	+5.90%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Year (Millions).....	\$3,538	\$3,165	\$2,709	\$2,488
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	2.48%	3.45%	4.94%	5.72%
Portfolio Turnover Rate.....	N/A	N/A	N/A	N/A

</TABLE>

<TABLE>  
<CAPTION>

For a Share Outstanding Throughout Each Year	MONEY MARKET PORTFOLIO
	Year Ended August 31,
	1989
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00
INVESTMENT OPERATIONS	
Net Investment Income.....	.060
Net Realized and Unrealized Gain (Loss) on Investments.....	--
TOTAL FROM INVESTMENT OPERATIONS.....	.060
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.060)

Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.060)
NET ASSET VALUE, END OF YEAR.....	\$1.00
TOTAL RETURN.....	+6.18%
RATIOS/SUPPLEMENTAL DATA	
Net Assets, End of Year (Millions).....	\$2,109
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	5.99%
Portfolio Turnover Rate.....	N/A

</TABLE>

<TABLE>  
<CAPTION>

For a Share Outstanding Throughout Each Year	SHORT-TERM PORTFOLIO			
	Year Ended August 31,			
	1993	1992	1991	1990
NET ASSET VALUE, BEGINNING OF YEAR.....	\$15.64	\$15.53	\$15.35	\$15.30
INVESTMENT OPERATIONS				
Net Investment Income.....	.609	.720	.861	.906
Net Realized and Unrealized Gain (Loss) on Investments.....	.033	.171	.180	.050
TOTAL FROM INVESTMENT OPERATIONS.....	.642	.891	1.041	.956
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.609)	(.720)	(.861)	(.906)
Distributions from Realized Net Gain.....	(.043)	(.061)	--	--
TOTAL DISTRIBUTIONS.....	(.652)	(.781)	(.861)	(.906)
NET ASSET VALUE, END OF YEAR.....	\$15.63	\$15.64	\$15.53	\$15.35
TOTAL RETURN.....	+4.18%	+5.87%	+6.96%	+6.42%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Year (Millions).....	\$1,329	\$1,061	\$841	\$751
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	3.88%	4.58%	5.55%	5.90%
Portfolio Turnover Rate.....	46%	60%	104%	78%

</TABLE>

<TABLE>  
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For a Share Outstanding Throughout Each Year	SHORT-TERM PORTFOLIO
	Year Ended August 31,
	1989
NET ASSET VALUE, BEGINNING OF YEAR.....	\$15.21
INVESTMENT OPERATIONS	
Net Investment Income.....	.880
Net Realized and Unrealized Gain (Loss) on Investments....	.090
TOTAL FROM INVESTMENT OPERATIONS.....	.970
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.880)
Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.880)
NET ASSET VALUE, END OF YEAR.....	\$15.30
TOTAL RETURN.....	+6.56%
RATIOS/SUPPLEMENTAL DATA	



Net Assets, End of Year (Millions).....	\$700
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	5.77%
Portfolio Turnover Rate.....	54%

</TABLE>

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<TABLE>  
<CAPTION>

LIMITED-TERM PORTFOLIO

For a Share Outstanding Throughout Each Year	Year Ended August 31,			
	1993	1992	1991	1990
<S>		<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$10.64	\$10.43	\$10.17	\$10.14
INVESTMENT OPERATIONS				
Net Investment Income.....	.485	.541	.614	.643
Net Realized and Unrealized Gain (Loss) on Investments...	.209	.271	.265	.041
TOTAL FROM INVESTMENT OPERATIONS.....	.694	.812	.879	.684
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.485)	(.541)	(.614)	(.643)
Distributions from Realized Net Gain.....	(.049)	(.061)	(.005)	(.011)
TOTAL DISTRIBUTIONS.....	(.534)	(.602)	(.619)	(.654)
NET ASSET VALUE, END OF YEAR.....	\$10.80	\$10.64	\$10.43	\$10.17
TOTAL RETURN.....	+6.68%	+8.01%	+8.88%	+6.93%

RATIOS/SUPPLEMENTAL DATA

Net Assets, End of Year (Millions).....	\$1,625	\$873	\$420	\$245
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	4.50%	5.08%	5.91%	6.31%
Portfolio Turnover Rate.....	20%	37%	57%	55%

</TABLE>

<TABLE>  
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LIMITED-TERM PORTFOLIO

Year Ended August 31,

For a Share Outstanding Throughout Each Year	1989
<S>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$10.10
INVESTMENT OPERATIONS	
Net Investment Income.....	.638
Net Realized and Unrealized Gain (Loss) on Investments...	.046
TOTAL FROM INVESTMENT OPERATIONS.....	.684
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.638)
Distributions from Realized Net Gain.....	(.006)
TOTAL DISTRIBUTIONS.....	(.644)
NET ASSET VALUE, END OF YEAR.....	\$10.14
TOTAL RETURN.....	+6.98%

RATIOS/SUPPLEMENTAL DATA

Net Assets, End of Year (Millions).....	\$166
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	6.33%
Portfolio Turnover Rate.....	88%

</TABLE>

<TABLE>  
<CAPTION>

INTERMEDIATE-TERM PORTFOLIO

For a Share Outstanding Throughout Each Year	Year Ended August 31,			
	1993	1992	1991	1990
<S>		<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$12.85	\$12.41	\$11.90	\$12.08
INVESTMENT OPERATIONS				
Net Investment Income.....	.710	.747	.791	.822
Net Realized and Unrealized Gain (Loss) on Investments...	.721	.516	.605	(.114)
TOTAL FROM INVESTMENT OPERATIONS.....	1.431	1.263	1.396	.708
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.710)	(.747)	(.791)	(.822)
Distributions from Realized Net Gain.....	(.121)	(.076)	(.095)	(.066)
TOTAL DISTRIBUTIONS.....	(.831)	(.823)	(.886)	(.888)
NET ASSET VALUE, END OF YEAR.....	\$13.45	\$12.85	\$12.41	\$11.90
TOTAL RETURN.....	+11.54%	+10.52%	+12.15%	+6.05%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Year (Millions).....	\$4,945	\$3,102	\$2,006	\$1,259
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	5.41%	5.91%	6.49%	6.83%
Portfolio Turnover Rate.....	15%	32%	27%	54%

</TABLE>

<TABLE>  
<CAPTION>

INTERMEDIATE-TERM PORTFOLIO

For a Share Outstanding Throughout Each Year	1989
	<S>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$11.71
INVESTMENT OPERATIONS	
Net Investment Income.....	.839
Net Realized and Unrealized Gain (Loss) on Investments...	.370
TOTAL FROM INVESTMENT OPERATIONS.....	1.209
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.839)
Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.839)
NET ASSET VALUE, END OF YEAR.....	\$12.08
TOTAL RETURN.....	+10.63%
RATIOS/SUPPLEMENTAL DATA	
Net Assets, End of Year (Millions).....	\$1,005
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	7.03%
Portfolio Turnover Rate.....	56%

</TABLE>

<TABLE>  
<CAPTION>

INSURED LONG-TERM PORTFOLIO

Year Ended August 31,

For a Share Outstanding Throughout Each Year	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$12.28	\$11.74	\$11.25	\$11.67
INVESTMENT OPERATIONS				
Net Investment Income.....	.718	.768	.775	.805
Net Realized and Unrealized Gain (Loss) on Investments...	.813	.616	.615	(.267)
TOTAL FROM INVESTMENT OPERATIONS.....	1.531	1.384	1.390	.538
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.718)	(.768)	(.775)	(.805)
Distributions from Realized Net Gain.....	(.203)	(.076)	(.125)	(.153)
TOTAL DISTRIBUTIONS.....	(.921)	(.844)	(.900)	(.958)
NET ASSET VALUE, END OF YEAR.....	\$12.89	\$12.28	\$11.74	\$11.25
TOTAL RETURN.....	+13.06%	+12.22%	+12.79%	+4.74%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Year (Millions).....	\$2,194	\$1,947	\$1,551	\$1,122
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	5.77%	6.34%	6.77%	6.99%
Portfolio Turnover Rate.....	30%	42%	33%	47%

</TABLE>

<TABLE>  
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INSURED LONG-TERM PORTFOLIO

Year Ended August 31,

For a Share Outstanding Throughout Each Year	1989
<S>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$11.14
INVESTMENT OPERATIONS	
Net Investment Income.....	.833
Net Realized and Unrealized Gain (Loss) on Investments...	.530
TOTAL FROM INVESTMENT OPERATIONS.....	1.363
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.833)
Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.833)
NET ASSET VALUE, END OF YEAR.....	\$11.67
TOTAL RETURN.....	+12.57%
RATIOS/SUPPLEMENTAL DATA	
Net Assets, End of Year (Millions).....	\$934
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	7.24%
Portfolio Turnover Rate.....	36%

</TABLE>

<TABLE>  
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LONG-TERM PORTFOLIO

Year Ended August 31,

For a Share Outstanding Throughout Each Year	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$10.95	\$10.58	\$10.13	\$10.53
INVESTMENT OPERATIONS				
Net Investment Income.....	.640	.711	.722	.732
Net Realized and Unrealized Gain (Loss) on Investments...	.715	.561	.626	(.233)
TOTAL FROM INVESTMENT OPERATIONS.....	1.355	1.272	1.348	.499

DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.640)	(.711)	(.722)	(.732)
Distributions from Realized Net Gain.....	(.285)	(.191)	(.176)	(.167)
TOTAL DISTRIBUTIONS.....	(.925)	(.902)	(.898)	(.899)
-----				
NET ASSET VALUE, END OF YEAR.....	\$11.38	\$10.95	\$10.58	\$10.13
=====				
TOTAL RETURN.....	+13.09%	+12.60%	+13.86%	+4.88%
-----				
RATIOS/SUPPLEMENTAL DATA				
-----				
Net Assets, End of Year (Millions).....	\$1,131	\$962	\$798	\$683
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	5.81%	6.52%	7.09%	7.04%
Portfolio Turnover Rate.....	36%	63%	62%	110%
-----				

</TABLE>

<TABLE>  
<CAPTION>

LONG-TERM PORTFOLIO	
Year Ended August 31,	
<S>	<C>
For a Share Outstanding Throughout Each Year	1989
-----	
NET ASSET VALUE, BEGINNING OF YEAR.....	\$10.04
-----	
INVESTMENT OPERATIONS	
Net Investment Income.....	.760
Net Realized and Unrealized Gain (Loss) on Investments...	.490
TOTAL FROM INVESTMENT OPERATIONS.....	1.250
-----	
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.760)
Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.760)
-----	
NET ASSET VALUE, END OF YEAR.....	\$10.53
=====	
TOTAL RETURN.....	+12.79%
-----	
RATIOS/SUPPLEMENTAL DATA	
-----	
Net Assets, End of Year (Millions).....	\$626
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	7.33%
Portfolio Turnover Rate.....	99%
-----	

</TABLE>

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<TABLE>  
<CAPTION>

HIGH-YIELD PORTFOLIO				
Year Ended August 31,				
For a Share Outstanding Throughout Each Year	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$10.76	\$10.32	\$ 9.90	\$10.27
-----				
INVESTMENT OPERATIONS				
Net Investment Income.....	.669	.723	.732	.739
Net Realized and Unrealized Gain (Loss) on Investments...	.664	.546	.560	(.259)
TOTAL FROM INVESTMENT OPERATIONS.....	1.333	1.269	1.292	.480
-----				
DISTRIBUTIONS				
Dividends from Net Investment Income.....	(.669)	(.723)	(.732)	(.739)
Distributions from Realized Net Gain.....	(.254)	(.106)	(.140)	(.111)
TOTAL DISTRIBUTIONS.....	(.923)	(.829)	(.872)	(.850)
-----				

NET ASSET VALUE, END OF YEAR.....	\$11.17	\$10.76	\$10.32	\$ 9.90
TOTAL RETURN.....	+13.08%	+12.81%	+13.66%	+4.82%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Year (Millions).....	\$1,931	\$1,505	\$1,215	\$962
Ratio of Expenses to Average Net Assets.....	.20%	.23%	.25%	.25%
Ratio of Net Investment Income to Average Net Assets.....	6.15%	6.83%	7.34%	7.30%
Portfolio Turnover Rate.....	34%	64%	58%	82%

</TABLE>

<TABLE>  
<CAPTION>

HIGH-YIELD PORTFOLIO	
Year Ended August 31,	
1989	
For a Share Outstanding Throughout Each Year	1989
<S>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$ 9.73
INVESTMENT OPERATIONS	
Net Investment Income.....	.752
Net Realized and Unrealized Gain (Loss) on Investments...	.540
TOTAL FROM INVESTMENT OPERATIONS.....	1.292
DISTRIBUTIONS	
Dividends from Net Investment Income.....	(.752)
Distributions from Realized Net Gain.....	--
TOTAL DISTRIBUTIONS.....	(.752)
NET ASSET VALUE, END OF YEAR.....	\$10.27
TOTAL RETURN.....	+13.64%
RATIOS/SUPPLEMENTAL DATA	
Net Assets, End of Year (Millions).....	\$865
Ratio of Expenses to Average Net Assets.....	.27%
Ratio of Net Investment Income to Average Net Assets.....	7.43%
Portfolio Turnover Rate.....	80%

</TABLE>

NOTES TO FINANCIAL STATEMENTS

Vanguard Municipal Bond Fund is registered under the Investment Company Act of 1940 as a diversified open-end investment company and consists of the Money Market, Short-Term, Limited-Term, Intermediate-Term, Insured Long-Term, Long-Term and High-Yield Portfolios. Each Portfolio invests in debt instruments of municipal issuers; although each Portfolio maintains a diversified schedule of investments, the issuers' abilities to meet their obligations may be affected by economic and political developments in a specific state or region

A. The following significant accounting policies are in conformity with generally accepted accounting principles for investment companies. Such policies are consistently followed by the Fund in the preparation of financial statements.

1. SECURITY VALUATION: Money Market Portfolio: investment securities are stated at amortized cost which approximates market value. Other Portfolios: municipal bonds are valued utilizing primarily the latest bid prices or, if bid prices are not available, on the basis of valuations based on a matrix system (which considers such factors as security prices, yields, maturities and ratings), both as furnished by an independent pricing service.
2. FEDERAL INCOME TAXES: Each Portfolio of the 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: Each Portfolio of the Fund, except the Money Market Portfolio, may utilize futures contracts to a limited extend. The primary risks associated with the use of futures contracts

are imperfect correlation between the change in market value of the bonds held by a Portfolio and the prices of futures contracts, and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Fluctuations in the value of futures contracts are recorded as unrealized appreciation (depreciation) until terminated at which time realized gains (losses) are recognized.

Unrealized appreciation (depreciation) related to open futures contracts is required to be treated as realized gain (loss) for Federal income tax purposes.

4. Distributions: Distributions from net investment income are declared on a daily basis payable on the first business day of the following month. Annual distributions from realized gains, if any, are recorded on the ex-dividend date. 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.
5. Other: Security transactions are accounted for on the date the securities are purchased or sold. Costs used in determining realized gains and losses on sales of investment securities are those of 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, Inc. furnishes at cost investment advisory, corporate management, administrative, marketing and distribution services. The costs of such services are allocated to the Fund under methods approved by the Board of Directors. The Fund has contributed capital aggregating \$2,820,000 to Vanguard (included in Other Assets), representing 14.1% of Vanguard's capitalization. The Fund's officers and directors are also officers and directors of Vanguard.

C. During the year ended August 31, 1993, purchases and sales of investment securities other than temporary cash investments were:

<TABLE>  
<CAPTION>

(000)		
Portfolio	Purchases	Sales
<S>	<C>	<C>
SHORT-TERM	\$ 599,136	\$412,134
LIMITED-TERM	977,913	230,248
INTERMEDIATE-TERM	2,008,948	554,750
INSURED LONG-TERM	732,075	566,729
LONG-TERM	433,277	349,815
HIGH-YIELD	884,224	542,617

</TABLE>

At August 31, 1993, unrealized appreciation of investment securities for financial reporting and Federal income tax purposes was:

<TABLE>  
<CAPTION>

(000)			
Portfolio	Appreciated Securities	Depreciated Securities	Net Unrealized Appreciation
<S>	<C>	<C>	<C>
SHORT-TERM	\$ 11,717	\$ (175)	\$ 11,542
LIMITED-TERM	37,519	(19)	37,500
INTERMEDIATE-TERM	377,608	(155)	377,493
INSURED LONG-TERM	241,988	(7)	241,981
LONG-TERM	120,445	(3)	120,442
HIGH-YIELD	185,354	(5,724)	179,630

</TABLE>

D. At August 31, 1993, the aggregate settlement value of open U.S. Treasury Bond, U.S. Treasury Note, and long-term Municipal Bond Index futures contracts expiring through December 1993, the

related unrealized depreciation, and the market value of securities deposited as initial margin for those contracts were:

<TABLE>  
<CAPTION>

(000)			
Portfolio	Aggregate Settlement Value	Unrealized Depreciation	Market Value of Securities Deposited as Initial Margin
<S>	<C>	<C>	<C>
INTERMEDIATE-TERM	\$569,059	\$(21,161)	\$7,407
INSURED LONG-TERM	280,416	(11,733)	4,199
LONG-TERM	196,955	(6,977)	3,171
HIGH-YIELD	305,773	(10,795)	4,040

</TABLE>

E. Effective in 1993, generally accepted accounting principles require that differences between undistributed net investment income or accumulated net realized gains/losses for financial reporting and tax purposes, if permanent, be reclassified to/from paid in capital. In connection with the adoption of this accounting method, the following prior years' permanent book/tax differences in accumulated net realized gains/losses have been reclassified:

<TABLE>  
<CAPTION>

Portfolio	Increase (Decrease) Paid in Capital (000)
<S>	<C>
MONEY-MARKET	\$ (93)
SHORT-TERM	1,542
INTERMEDIATE-TERM	(159)
INSURED LONG-YIELD	49
LONG-TERM	(1,130)
HIGH-YIELD	(51)

</TABLE>

These reclassifications have no effect on net assets or net asset values per share.

DIRECTORS AND OFFICERS

JOHN C. BOGLE, Chairman and Chief Executive Officer  
Chairman and Director of The Vanguard Group, Inc.,  
and of each of the investment companies in The  
Vanguard Group.

JOHN J. BRENNAN, President  
President and Director of The Vanguard Group, Inc., and of each of the  
investment companies in The Vanguard Group.

ROBERT E. CAWTHORN, Chairman and Chief Executive Officer of Rhone-Poulenc Rorer  
Inc.; Director of Sun Company, Inc. and Immune Response Corporation; Trustee of  
the Universal Health Realty Income Trust.

BARBARA BARNES HAUPTFUHRER, Director of The Great Atlantic and Pacific Tea  
Company, Alco Standard Corp., Raytheon Company, Knight-Ridder, Inc., and  
Massachusetts Mutual Life Insurance Co.

BURTON G. MALKIEL, Chemical Bank Chairman s Professor of Economics, Princeton  
University; Director of Prudential Insurance Co. of America, Amdahl  
Corporation, Baker Fentress & Co., and The Southern New England Telephone  
Company.

ALFRED M. RANKIN, JR., President and Chief Executive Officer of NACCO  
Industries, Inc.; Director of NACCO Industries, The BFGoodrich Company, and The  
Standard Products Company.

JOHN C. SAWHILL, President and Chief Executive Officer of The Nature  
Conservancy; formerly, Director and Senior Partner of McKinsey & Co. and  
President of New York University; Director of Pacific Gas and Electric Company

and NACCO Industries.

JAMES O. WELCH, JR., Retired Chairman of Nabisco Brands, Inc.; retired Vice Chairman and Director of RJR Nabisco; Director of TECO Energy, Inc.

J. LAWRENCE WILSON, Chairman and Director of Rohm & Haas Company; Director of Cummins Engine Company and Vanderbilt University; Trustee of the Culver Educational Foundation.

#### OTHER FUND OFFICERS

RICHARD F. HYLAND, Treasurer; Treasurer of The Vanguard Group, Inc., and of each of the investment companies in the Vanguard Group.

RAYMOND J. KLAPINSKY, Secretary; Senior Vice President and Secretary of the Vanguard Group, Inc.; Secretary of each of the investment companies in the Vanguard Group.

KAREN E. WEST, Controller; Vice President of The Vanguard Group, Inc.; Controller of each of the investment companies in The Vanguard Group.

#### OTHER VANGUARD GROUP OFFICERS

JEREMY G. DUFFIELD  
Senior Vice President  
Planning & Development

JAMES H. GATELY  
Senior Vice President  
Institutional

IAN A. MACKINNON  
Senior Vice President  
Fixed Income Group

VINCENT S. MCCORMACK  
Senior Vice President  
Operations

RALPH K. PACKARD  
Senior Vice President  
Chief Financial Officer

(Continued from inside front cover)

toward those of the 1970s. However, the current level of inflation suggests that future real returns may prove to be satisfactory. Looking forward, the main risks to the investor are two: (1) that yields on financial assets will rise sharply, reducing the prices of stocks and bonds alike; and (2) that inflation, presently at moderate levels, will accelerate.

#### SOME COURSES OF ACTION

What, if any, present action should be taken by investors to deal with these two major risks? Should your allocation of assets among stock funds, bond funds, and money market funds be adjusted? Here are some reasonable courses of action to consider:

- - For long-term investors who have built a substantial balanced portfolio of stock, bond, and money market funds, stay the course. Even if withdrawing from the stock market proves to be justified, the next decision--when to return--will one day be required. "Being right twice" is no mean challenge.
- - For long-term investors gradually accumulating assets for, say, retirement, stay your present course. Continue to invest regularly. By doing so, you buy more shares of a mutual fund when its price falls, and fewer shares when its price rises, virtually assuring a reasonable average cost.
- - For risk-averse investors who are highly confident that stock prices are "too high," make only marginal--not "all or nothing"--changes in your portfolio balance. Given the perils of predicting the future, any changes should be limited to, say, 15 percentage points. That is, if your normal portfolio allocation is 60% in stock funds, it might be reduced to 45%; if 85%, to 70%.
- - For investors who simply must have more income, never lose sight of the added principal risk involved in shifting from money market funds to bond funds. Long-term bond funds provide a generous and durable income stream, but their prices are highly volatile. Short-term and intermediate-term bond funds offer a "middle way" of increasing income with more modest risk to principal.
- - For investors who are tempted to find an "easy way" to higher returns, never forget that risk and reward go hand in hand. Precipitously replacing certificates of deposit with broad-based common stock funds



verges on the irrational. Funds investing in other securities markets--emerging nations, international stocks and bonds, and small U.S. companies--carry their own special risks. Generally, limit such alternative investments to, say, 20% of your total portfolio.

For all investors, be prepared for sharp interim swings in stock and bond prices. The central tenet of investing is "prices fluctuate," and sensible long-term investors simply must take such fluctuations in their stride. Successful investing is as much a function of your own discipline and equanimity as it is of the returns available in the securities markets.

#### THREE ESSENTIAL PRINCIPLES

As we confront the brave new world of investing that may well lie ahead in the coming decade--and it is important to think in decade-length terms--we would underscore three caveats:

1. Have "rational expectations" for future returns. At prices prevailing today, it seems highly unlikely that the returns enjoyed by investors in the past decade will be repeated in the coming decade.
2. Maintain a balanced portfolio consisting of stock, bond, and money market funds. Each asset class has its own risk and reward characteristics. By allocating your resources among the three asset classes according to your own requirements, you can build a portfolio providing appropriate elements of capital appreciation, capital conservation, and current income.
3. In balancing risk against reward, be sure to consider cost. Many mutual funds carry hefty sales charges or high expense ratios, or both. Other factors held equal, expenses reduce returns, dollar for dollar. Put another way, high-cost funds must select investments with higher prospective gross returns--which entail higher risks--to match the net returns earned by low-cost funds.

This brief Annual Report essay can provide only an elementary look at the challenges investors face today. History can give us perspective, but it cannot give us performance. Famed British economist Lord Keynes had it right when he said, "the inevitable never happens. It is the unexpected always."

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#### THE VANGUARD FAMILY OF FUNDS

##### AGGRESSIVE GROWTH FUNDS

Vanguard Explorer Fund  
Vanguard Small Capitalization Stock Fund  
Vanguard Specialized Portfolios

##### GROWTH FUNDS

Vanguard International Equity Index Fund  
Vanguard International Growth Portfolio  
Vanguard/Morgan Growth Fund  
Vanguard/PRIMECAP Fund  
Vanguard U.S. Growth Portfolio

##### GROWTH AND INCOME FUNDS

Vanguard Convertible Securities Fund  
Vanguard Equity Income Fund  
Vanguard Index Trust  
Vanguard Quantitative Portfolios  
Vanguard/Trustees Equity Fund  
Vanguard/Windsor Fund  
Vanguard/Windsor II

##### BALANCED FUNDS

Vanguard Asset Allocation Fund  
Vanguard Balanced Index Fund  
Vanguard STAR Fund  
Vanguard/Wellington Fund

##### INCOME FUNDS

Vanguard Admiral Funds  
Vanguard Bond Index Fund  
Vanguard Fixed Income Securities Fund  
Vanguard Preferred Stock Fund  
Vanguard/Wellesley Income Fund

##### TAX-FREE INCOME FUNDS

Vanguard Municipal Bond Fund  
Vanguard State Tax-Free Funds  
(CA, FL, NJ, NY, OH, PA)

##### MONEY MARKET FUND

Vanguard Money Market Reserves

[VANGUARD LOGO]

Vanguard Financial Center \* Valley Forge, Pennsylvania 19482

New Account Information 1-(800) 662-7447

This Report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus. All Funds in the Vanguard Family are offered by prospectus only.

Q950-08/93

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EDGAR Appendix

This appendix describes components of the printed version of this report that do not translate into a format acceptable to the EDGAR system.

The cover of the printed version of this report features the flags of The United States of America and Vanguard flying from a halyard.

A bar chart called "A Tale of Two Decades" appears on the inside front cover. This chart illustrates Average Annual Total Return, in nominal and real terms, of Stocks, Bonds and Reserves (U.S. Treasury bills) for the two decades since 1973.

A running head featuring the Vanguard flag logo appears at the top of pages one through 24 and pages one through 24 of the Statement of Net Assets.

A photograph of John C. Bogle appears at the upper-right of page one.

A line chart representing Short-Term versus Long-Term return rates for 20-year Prime Municipal Bonds against 90-day MIG 1 Notes appears in the upper left-hand corner of page 2.

Line charts illustrating cumulative performance of the Vanguard Money Market Portfolio and the Vanguard Short-Term Portfolio compared to (i) the VMBF money market and (ii) the Average Short-Term Municipal Fund for the Fiscal Years 1984 through 1993 appear on page 9.

Line charts illustrating cumulative performance of the Vanguard Limited-Term Portfolio compared to (i) the VMBF-Limited-Term, (ii) Average Short-Term Municipal Fund and (iii) Lehman Municipal Bond Fund for the fiscal years 1988 through 1993 appear on page 10.

Line charts illustrating cumulative performance of the Vanguard Intermediate-Term Portfolio compared to (i) the VMBF-Limited-Term, (ii) Average Short-Term Municipal Fund and (iii) Lehman Municipal Bond Fund for the fiscal years 1984 through 1993 appear on page 10.

Line charts illustrating cumulative performance of the Vanguard Insured Long-Term Portfolio compared to (i) the VMBF-Insured Long-Term, (ii) the Average Insured Long-Term Municipal Fund and (iii) Lehman Municipal Bond Fund for the fiscal years 1985 through 1993 appear on page 11.

Line charts illustrating cumulative performance of the Vanguard Long-Term Portfolio compared to (i) the VMBF-Long-Term (ii) Average General Municipal Fund and (iii) Lehman Municipal Bond Fund for the fiscal years 1984 through 1993 appear on page 11.

Line charts illustrating cumulative performance of the Vanguard High-Yield Portfolio compared to (i) the VMBF-High-Yield Fund, (ii) the Average High-Yield Municipal Fund and (iii) the Lehman Municipal Bond Fund for the fiscal years 1984 through 1993 appear on page 12.