

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

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### FILER

#### PRUDENTIAL MUNICIPAL BOND FUND

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## A FULL RANGE OF SHAREHOLDER BENEFITS

Prudential Mutual Funds provides many useful services and benefits to help you effectively manage your account:

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Automatic Savings Accumulation Plan (ASAP). Make monthly or quarterly purchases for as little as \$50 through an automatic debit from your bank account or your Prudential Securities account (including a Command Account).

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## LETTER TO SHAREHOLDERS

October 31, 1993

Dear Shareholder:

During the last six months, federal income tax hikes and declining interest rates benefitted the municipal bond market and enhanced your Prudential Municipal Bond Fund's returns. Despite the unusually heavy issuance of new municipal bonds, the rise of tax-free investment demand helped balance the market.

As of October 31, 1993, for an investor in the 31% tax bracket, the average long-term municipal bond provided almost a third more income than the 30-year Treasury bond on an after tax basis. Moreover, at the end of this period, the after-tax yield advantage of long-term municipals over the 30-year Treasury bond was the highest it had been in the last three years, as measured by The Bond Buyer Revenue Bond Index.

### Heavy issuance absorbed

For the first nine months of 1993, total municipal bond issuance exceeded the entire new supply for all of 1992. We do not expect these levels to continue indefinitely since two-thirds of new municipals were issued to refinance or refund older, higher-coupon bonds at more advantageous rates. In fact, the

recent slight rise in long-term interest rates in October slowed the issuance of refunding bonds, and if rates stop declining or even begin to rise, we could see much less activity next year.

#### Refunded bonds sold

When municipal bonds in the three Series were refunded or refinanced, we sold some of these issues before their call date to help protect principal value. Since a bond's credit quality generally climbs when it is refunded, with many bonds even officially re-rated AAA, its price also rises. But bonds with a higher market value than call price must later decline in price as they approach their call date--regardless of how interest rates move. Thus, selling these premium-priced bonds after their initial price boost helped support the value of your Fund's shares.

Where possible, the Series sought bonds that were not subject to calls or had call provisions. Bonds with call protection gave us greater control over our portfolios and helped minimize the chance of higher yielding issues being redeemed, especially if they would be difficult to replace. The Series will strive to avoid callable paper, where possible, to maintain your tax-free income.

#### Call Provision

This gives the issuer of a municipal bond the added flexibility to call the issue for redemption before the bonds stated maturity date if interest rates fall significantly following issuance or if the dealer desires to eliminate restrictions over an outstanding security. A redemption can adversely affect a municipal bond funds' yield, however, since the municipals that are called are usually the highest yielding.

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#### HIGH YIELD SERIES

The High Yield Series seeks to maximize income by investing in higher yielding municipal bonds that have medium or lower credit ratings. Even so, on October 31, 1993, more than 60% of the portfolio was comprised of investment grade municipal bonds (those rated BBB or better). These higher quality bonds enhanced the liquidity of the Series and allowed us to take advantage of recent bond price increases that resulted from falling interest rates over the last six months.

As of October 31, 1993, the Funds net asset value was \$11.43 for Class A and B shares, both up from \$11.14 on April 30, 1993. Dividends of \$0.37 for Class A shares and \$0.35 for Class B shares were also paid during the period. The six-month total return was 6.02% for Class A shares and 5.81% for Class B shares. On October 31, 1993, total net assets were \$1.23 billion.

#### Investor demand grows

Investor demand for higher tax-free yields remains strong. Assets of the High Yield Series grew by \$150 million since April 30, 1993. We maintained our holdings of higher yielding below investment grade bonds (rated BB or below) at about 38% of the portfolio. The Series continued to concentrate purchases in bonds of established projects or refinancings.

Our purchases included issues that financed a multifamily low income housing project, a private university building new dormitories, several resource recovery, recycling and composting facilities, and retirement homes. These types of municipal bonds performed well this year due to their extra income and relatively stable value.

Generally, higher yielding, lower credit quality bonds are more sensitive to prevailing economic conditions and credit issues than to changes in interest rates. Thus, as the economy improves, we expect that the Series' high-yield bond holdings will provide high tax-free income, while helping to maintain

investment value.

#### INSURED SERIES

The Insured Series invests primarily in bonds rated AAA by S&P or Aaa by Moody's whose timely coupon and principal payments, but not market value, are guaranteed by a municipal bond insurance company (see Portfolio Q&A on page 7 for details). As of October 31, 1993, the Series' net asset value had increased to \$11.71 for Class A shares and \$11.72 for Class B shares, both up from \$11.44 on April 30, 1993. Dividends of \$0.30 for Class A shares and \$0.28 for Class B shares were paid during the period. The six-month total return was 6.02% for Class A shares and 5.90% for Class B shares. On October 31, 1993, total net assets were \$872 million, up from \$800 million on April 30, 1993.

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As in the past few years, we took advantage of supply and demand inefficiencies among bonds in "specialty" states. These states usually have high state income tax rates and other fundamentals that favor municipal bond investing. When these states experience unusually high supply, it temporarily weakens the market and allows us to purchase "cheap" bonds before the market returns to normal levels. The bonds are then sold when demand pushes prices back up.

We continued to review the financial condition of the bond insurers, since the value of our insured bonds depends on the insurers' guarantee. The Series monitored the volume of new bonds insured by each company and diversified the portfolio's holdings across several major well-capitalized insurers. We currently favor Municipal Bond Insurance Association (MBIA), American Municipal Bond Assurance Corp. (AMBAC), and Financial Guarantee Insurance Co. (FGIC) because of their strong management, conservative underwriting practices, and superior surveillance.

We minimized interest rate sensitivity

In the past six months as interest rates fell, the market value of the Series' bonds, and your net asset value, rose. Since interest rates may flatten or begin to rise, we have been favoring certain municipal bonds with higher-than-average coupons, which should help cushion the bonds against price changes.

#### MODIFIED TERM SERIES

The Modified Term Series seeks to balance higher yields and lower price volatility by investing in bonds with effective maturities ranging between five and 15 years. Bonds within this maturity range are usually less price sensitive to interest rate movements than longer term bonds. While the Series' net asset value will generally decline less than long-term funds in a rising rate environment, it will not return as much when rates fall.

As of October 31, 1993, the Series net asset value increased to \$11.37 for Class A shares and \$11.38 for Class B shares, up from \$11.08 and \$11.09 on April 30, 1993. Dividends of \$0.26 for Class A shares and \$0.24 for Class B shares were paid during the period. The six-month total return was 5.56% for Class A shares and 5.35% for Class B shares. A capital gains distribution of \$0.05 was also paid for both share classes. In addition, on October 31, 1993, total net assets were \$66 million.

#### Supply and Demand

By applying a similar strategy employed in the Insured Series, we took advantage of short-term supply and demand fluctuations among "specialty states." This worked well over the period with Glendale, Arizona general obligation bonds; a Maryland Solid Waste Authority issue; Cleveland, Ohio, Water District bonds; and Puerto Rico Housing Finance Authority bonds.

Discount coupon added

As interest rates fell and municipal bond prices rose, the Series purchased "discount" bonds. Since the market price of a discount bond is below its par or face value, it tends to appreciate faster than a higher-coupon bond of similar maturity when interest rates fall. Buying discount bonds diversified the Series' holdings, from the premium-priced bonds that make up the majority of the Series. The price appreciation of our discount municipal bonds also helped raise your net asset value.

#### MUNICIPAL MARKET OUTLOOK

Our outlook for municipal bonds remains positive as 1993 heads to a close. We see three major influences on tax-exempt bonds in the near term.

(1) Despite 1993's heavy supply, investor demand for tax-exempt bonds should keep pace in the long run. Specifically, demand from top tax bracket investors should absorb any increases in supply this year as well as in the future. On the supply side, steady or rising interest rates could slow the amount of refunding issues. Total new issuance may even decline next year.

(2) We expect moderate economic expansion and higher consumer spending to increase state and local tax and fee receipts. This rise in revenue should improve overall municipal bond credit quality and lead to possible bond credit rating upgrades. The low inflationary environment should also benefit municipals as real yields, or yields less inflation, will continue to be attractive to investors.

(3) Historically, municipal bonds perform well at year-end as demand grows in anticipation of the large January municipal bond coupon, call and maturity payments. Cash proceeds from these disbursements are often reinvested into the municipal market, further supporting municipal bond prices.

As always, it is a pleasure having you as a shareholder of the Prudential Municipal Bond Fund and taking the opportunity to report our activities to you.

Lawrence C. McQuade  
President

Pat Dolan  
Portfolio Manager,  
Insured Series

Liz Forsyth  
Portfolio Manager,  
High Yield Series

Marie Conti  
Portfolio Manager,  
Modified Series

#### PORTFOLIO Q&A

Elizabeth Forsyth, portfolio manager of the High Yield Series, Pat Dolan, portfolio manager of the Insured Series and Marie Conti, portfolio manager of the Modified Term Series answer commonly asked questions about the Prudential Municipal Bond Fund.

Q: What is "guaranteed" about the Insured Series?

Pat Dolan: For each insured bond we hold in the Series, we are guaranteed the timely payment of coupon and principal. Independent bond insurance companies guarantee payments. Since insured bonds carry the credit rating of the insurance companies backing them, currently AAA, all our insured bond holdings are also rated AAA. For example, the top insurer of municipal bonds by volume in 1993 is Municipal Bond Insurance Association. MBIA insured 36% of all

insured municipal bonds issued this year, through October 31, 1993.

What is not guaranteed about the Insured Series is the market value of our bonds and hence the value of your shares. Your share price fluctuates with changes in interest rate movements or economic and political developments. Because it has virtually no credit risk, an insured bond will react more to interest rates than a similar non-insured bond. Therefore, during the last two years as interest rates fell, our net asset value climbed.

Q: Can you compare a municipal and a corporate high yield bond?

Liz Forsyth: The most important difference is that the income of a municipal non-investment grade bond is free from federal and often state taxes. Beyond that, high yield municipal bonds are generally issued by a state or municipal government or agency to build or refinance projects that serve a public purpose. Many of the projects they fund have equity behind them as well as other security like first mortgage property liens and established reserve funds.

On the other hand, corporate high yield bonds, issued by private companies may be unsecured. They are generally issued in larger size deals than municipal bonds, and tend to be more liquid. Both types, however, have higher-than-investment grade yields to compensate for higher credit risk. Thus, extensive research is paramount in high yield bond investing.

(Picture)  
Elizabeth Forsyth

(Picture)  
Pat Dolan

(Picture)  
Marie Conti

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Q: How will rising interest rates affect my Series' NAV?

Marie Conti: As with all fixed income securities, the value of a municipal bond generally declines when interest rates rise. The longer the maturity of a bond or fund the more sensitive it is to interest rate changes and the more its price should change. One benefit of the Modified Term Series is that our municipal bond holdings fall into an intermediate maturity range. Today, these bonds have about two-thirds the price sensitivity of long-term bonds, but only slightly lower yields.

With a duration at 5.7 years on October 31, 1993, the Modified-Term Series is the least sensitive of the three Series to interest rate changes. With a duration of 5.7 years, the Series' share value will decline by approximately 5.7% if interest rates rise by one percentage point. Intermediate term investments have gained popularity recently as investors seek to shelter their principal value from the possibility of rising interest rates.

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<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		LONG-TERM INVESTMENTS--	97.9%
		Alabama--	0.8%
		Cullman Med. Clinic	
		Brd. Rev.,	
		Regl. Med. Ctr.,	

Baa	\$ 5,000	6.50%, 2/15/23, Ser. 93A.....	\$ 5,150,650
		Ft. Payne, Ind. Dev. Brd. Rev., Gametime Expansion Proj.,	
NR	4,528	10.25%, 8/1/09.....	4,935,565
			-----
			10,086,215
			-----
		Alaska--0.2%	
		No. Slope Boro., Gen. Oblig.,	
Baa1	2,000	8.35%, 6/30/98, Ser. C.....	2,326,480
			-----
		Arizona--2.0%	
		Ft. Mojave Indian Tribe, Wtr. & Swr. Rev.,	
NR	3,000	10.25%, 9/1/19+.....	2,010,000
		Pima Cnty. Ind. Dev. Auth., Multifamily Mtge. Rev., Cntry. Club La Cholla Proj.,	
NR	10,000	10.50%, 7/1/20.....	10,000,000
		Salt River Proj. Agric. Impvt. & Pwr. Dist.,	
Aa	6,125	5.50%, 1/1/10, Ser. C.....	6,364,671
		Scottsdale Ind. Dev. Auth. Rev., 1st Mtge., Westminster Vlg. Inc. Proj.,	
NR	5,000	9.50%, 6/1/97.....	5,416,000
		Tempe Ind. Dev. Auth. Rev., Friendship Vlg. of Tempe,	
NR	1,400	8.75%, 9/1/16.....	1,466,332
			-----
			25,257,003
			-----
		Arkansas--0.3%	
		Independence Cnty. Poll. Ctrl. Rev., Ark. Pwr. & Lt. Co. Proj.,	
Baa2	3,000	6.25%, 1/1/21.....	3,125,970
			-----
		California--7.7%	
		Alameda Cmnty. Facs. Dist., Spec. Tax Rev. No. 1,	
NR	8,175	7.75%, 9/1/19.....	8,609,338
		California Hsg. Fin. Agcy. Rev.,	
Aa	\$ 1,995	8.15%, 8/1/19, Ser. G.....	\$ 2,156,116
		Delano, Cert. of Part., Regl. Med. Center,	
NR	6,955	9.25%, 1/1/22, Ser.	

		92A.....	7,494,013
		Fairfield Green Valley Rd. Impvt. Bd.,	
NR	2,700	7.375%, 9/2/18.....	2,783,241
		Folsom Spec. Tax Dist. No. 2,	
NR	3,130	7.70%, 12/1/19.....	3,284,904
		Fontana Cmnty. Spec. Tax Rev. Facs., Dist. No. 2,	
NR	3,500	8.50%, 9/1/17, Ser. B.....	3,944,990
		Long Beach Redev. Agcy. Hsg., Pacific Court Apts., Multifamily Hsg. Rev.,	
NR	3,805	6.80%, 9/1/13.....	3,739,516
NR	6,195	6.95%, 9/1/23.....	6,109,819
		Orange Cnty. Cmnty. Facs. Dist. Spec. Tax Rev., No. 87-4 Foothill Ranch,	
NR	7,500	7.375%, 8/15/18, Ser. A.....	7,927,875
		Richmond Redev. Agcy. Rev., Multifamily Bridge Affordable Hsg.,	
NR	10,000	7.50%, 9/1/23.....	10,014,700
		Sacramento Cnty. Spec. Tax Rev., Dist. No. 1, Elliot Ranch, Creek Ranch,	
NR	3,750	8.20%, 8/1/21.....	3,976,575
		Dist. No. 1, Laguna Creek Ranch,	
NR	4,500	8.25%, 12/1/20.....	4,984,920
		San Joaquin Hills Trans. Corridor Agcy., Toll Road Rev.,	
NR	12,900	Zero Coupon, 1/1/11...	3,242,286
NR	10,000	7.00%, 1/1/30.....	10,480,500
NR	5,000	5.00%, 1/1/33.....	4,120,300

</TABLE>

-8- See Notes to Financial Statements.

<TABLE>

<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		California (cont'd.) South San Francisco Redev. Agcy., Tax Alloc., Gateway Redev. Proj.,	
NR	\$ 2,375	7.60%, 9/1/18.....	\$ 2,602,216
		Southern California Home Fin. Auth., Sngl.	



		Fam. Mtge. Rev., G.N.M.A., 7.625%, 10/1/22, Ser. 89A.....	9,224,020
AAA*	8,450		----- 94,695,329 -----

Colorado--5.2%  
Colorado Hsg. Fin.  
Auth.,  
Sngl. Fam. Mtge.  
Rev.,

AA*	2,295	7.65%, 8/1/22, Ser. C3.....	2,470,843
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Baa1	7,500	8.875%, 11/15/12, Ser. A.....	9,055,125
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Baa1	10,625	7.25%, 11/15/23, Ser. B.....	11,595,488
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Baa1	5,000	8.75%, 11/15/23, Ser. A.....	5,961,350
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Baa1	6,000	7.25%, 11/15/25, Ser. A.....	6,592,140
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BBB*	1,450	Denver City & Cnty. Ind. Dev. Rev., Univ. of Denver, 7.50%, 3/1/11.....	1,651,043
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NR	11,610	Eagle Cnty. Hsg. Proj., Lake Creek Affordable Hsg. Corp., 8.00%, 12/1/23, Ser. A.....	11,721,108
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AAA*	4,000	Miguel Cnty., Mtn. Vlg. Met. Dist. Colo. San Miguel Co., 11.00%, 12/1/07##.....	5,325,240
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NR	3,200	8.10%, 12/1/11..... San Miguel Cnty. Hsg. Auth.,	3,585,952
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NR	1,100	Multi Hsg. Ref. Rev., 6.30%, 7/1/13.....	1,109,229
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NR	4,675	6.40%, 7/1/23.....	4,703,144
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			----- 63,770,662 -----
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District Of Columbia--2.1%  
Dist. of Columbia  
Rev.,  
America Geophysical,  
Ser. 1993,

BBB-*	1,350	5.75%, 9/1/13.....	1,334,151
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BBB-*	4,200	5.875%, 9/1/23..... Dist. of Columbia, Cert. of Part.	4,167,450
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BBB*	\$ 9,500	7.30%, 1/1/13.....	\$ 10,672,015
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NR	8,800	National Public Radio, 7.625%, 1/1/18.....	9,682,112
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			----- 25,855,728 -----
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Florida--6.0%  
Brevard Cnty. Tourist  
Dev.

Tax Rev., 4th  
 Central  
 Florida Marlins,  
 Spring Training  
 Fac.,

NR	1,000	6.375%, 3/1/03.....	1,102,500
NR	2,000	6.875%, 3/1/13.....	2,145,660
Broward Cnty. Res. Rec. Rev.,			
A	3,880	7.95%, 12/1/08.....	4,449,739
Broward Waste Energy, L.P. North,			
A	2,780	7.95%, 12/1/08.....	3,188,215
Escambia Cnty. Hlth. Facs. Auth. Rev., L.P. South, Azalea Trace, Ref.,			
NR	2,605	9.25%, 1/1/06.....	2,901,449
Baptist Hosp., Ref., 8.60%, 10/1/02, Ser. A.....			
BBB+*	4,385		5,089,099
Florida Hsg. Fin. Agcy., Palm Aire Proj., Multifamily Hsg. Rev.,			
NR	9,922	10.00%, 1/1/20++.....	5,952,954
Florida St. Cmnty. Svcs. Corp., Kissimmee Suburb Utils. Rev.,			
NR	1,000	8.625%, 10/1/03##.....	1,223,710
Walton Cnty. Utils. Rev.,			
NR	1,000	9.00%, 3/1/18##.....	1,225,220
Greater Orlando Aviation Auth. Rev., Orlando Florida Arpt. Facs.,			
A1	2,250	8.00%, 10/1/18.....	2,616,278
Hillsborough Cnty. Ind. Dev. Auth. Rev., Ind. Lvg. Ctr., Tampa Proj.,			
NR	5,460	11.00%, 3/1/19, Ser. 89++.....	4,477,200

</TABLE>

-9- See Notes to Financial Statements.

<TABLE>  
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	Principal Moody's Rating	Amount (000)	Description (a)	Value (Note 1)
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Florida (cont'd.)				
NR	\$	9,000	Osceola Cnty. Ind. Dev. Auth. Rev., 7.75%, 7/1/17.....	\$ 9,313,110
Palm Beach Cnty. Hsg. Auth., Hsg. Rev.,				
NR		4,695	7.75%, 3/1/23, Ser. A.....	4,875,851
Sarasota Hlth. Facs., Kobernick House				

NR	7,000	Meadow Park Proj., 10.00%, 7/1/22.....	7,542,500
		Seminole Cnty. Ind. Dev. Auth. Rev., Ind. Dev.	
NR	6,515	Fern Park, 9.25%, 4/1/12.....	7,100,112
		St. Petersburg Ind. Dev. Rev., Harbour View Hotel Proj.,	
NR	7,915	9.75%, 11/1/06+.....	2,334,925
		Tampa Rev., Florida Aquarium Proj.,	
NR	7,500	7.75%, 5/1/27.....	8,131,275
			-----
			73,669,797
			-----
		Georgia--1.4%	
		Atlanta Urban Res. Fin. Auth., Clark Atlanta Univ. Dorm. Proj.,	
NR	5,155	9.25%, 6/1/10##.....	6,646,342
		Effingham Cnty. Dev. Auth., Ft. Howard Corp.,	
B1	10,000	7.90%, 10/1/05.....	11,042,700
			-----
			17,689,042
			-----
		Hawaii--0.6%	
		Hawaii Cnty. Impvt. Dist. No. 17,	
NR	7,345	9.50%, 8/1/11.....	7,198,100
			-----
		Illinois--7.0%	
		Chicago O'Hare Int'l. Arpt., Spec. Fac. Rev., M.B.I.A.,	
Aaa	9,240	5.75%, 1/1/09, Ser. C.....	9,748,015
		Chicago O'Hare Int'l. Arpt., Spec. Fac. Rev., Amer. Airlines, Ser. A,	
Baa2	4,000	7.875%, 11/1/25.....	4,406,680
		Chicago O'Hare Int'l. Arpt., United Airlines, Ser. B,	
Baa1	\$ 6,000	8.45%, 5/1/07.....	\$ 6,729,360
Baa1	6,500	8.50%, 5/1/18.....	7,312,825
Baa1	2,890	8.85%, 5/1/18.....	3,376,474
Baa1	2,470	8.95%, 5/1/18.....	2,876,513
		Hennepin Ind. Dev. Rev., Exolon Esk. Co. Proj.,	
NR	8,000	8.875%, 1/1/18+.....	8,497,600
		Methchem Corp. Proj.,	
NR	4,420	10.25%, 1/1/05, Ser. 89+.....	1,105,000
		Illinois Dev. Fin. Auth. Rev., Multifamily Hsg. Town & Garden Apts.,	

BBB+*	9,460	7.20%, 9/1/08.....	10,032,141
		Illinois Hlth. Facs. Auth. Rev., Adventist Living Ctr.,	
NR	1,669	11.00%, 12/1/15+.....	300,475
		Beacon Hill Proj.,	
NR	7,500	9.00%, 8/15/19, Ser. A.....	8,307,750
		Friendship Vlg. Schaumburg Proj.,	
NR	2,900	9.00%, 12/1/08.....	3,211,634
		Westlake Cmnty. Hosp.,	
Baa1	7,000	7.875%, 1/1/13.....	7,802,900
		Illinois Hsg. Dev. Auth.,	
A1	4,500	6.125%, 7/1/25.....	4,618,440
		Kankakee Ind. Dev. Rev.,	
Ba3	2,500	7.85%, 9/1/15.....	2,801,725
		Kroger Co. Proj., Winnebago Cnty. Hsg. Fin.	
NR	4,641	8.125%, 1/1/11.....	5,098,164
			-----
			86,225,696
			-----
		Indiana--1.7%	
		Bluffton Econ. Dev. Rev.,	
Ba3	7,500	7.85%, 8/1/15.....	8,378,700
		Kroger Co. Proj., East Chicago Poll. Ctrl. Rev.,	
BB-*	4,000	6.80%, 6/1/13, Ser. 1993.....	4,119,320
		Inland Steel Co. Proj. No. 10,	

</TABLE>

-10- See Notes to Financial Statements.

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Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Indiana (cont'd.) Wabash Econ. Dev. Rev. Bonds, Connell L.P.,	
NR	\$ 7,250	8.50%, 11/24/17.....	\$ 8,047,500
			-----
			20,545,520
			-----
		Iowa--1.2%	
		Iowa Fin. Auth. Hosp. Facs. Rev., Trinity Regl. Hosp. Proj.,	
BBB+*	4,000	7.00%, 7/1/22.....	4,337,520
		Iowa Fin. Auth., Hlth. Care Facs. Rev., Mercy Hlth. Initiatives,	
NR	10,000	9.95%, 7/1/19.....	10,596,700
			-----

		Kentucky--0.3%	
		Trimble Cnty. Poll.	
		Ctrl. Rev.,	
		Louisville Gas & Elec.	
		Co.,	
Aa2	3,130	7.625%, 11/1/20.....	3,640,816
			-----
		Louisiana--4.7%	
		Hodge Util. Rev.,	
		IDB Stone Container	
		Corp.,	
NR	10,000	9.00%, 3/1/10.....	9,723,600
		New Orleans Home Mtge.	
		Auth. Rev., Sngl.	
		Fam. Mtge.,	
		G.N.M.A.,	
Aaa	1,670	8.60%, 12/1/19, Ser.	
		A.....	1,798,790
		Port of New Orleans	
		Ind. Dev. Rev.,	
		Continental Grain Co.	
		Proj.,	
BB-*	5,000	7.50%, 7/1/13.....	5,311,350
		St. Charles Parish, Poll. Ctrl. Rev.,	
		Louisiana Pwr. & Lt. Co.,	
Baa3	10,000	8.25%, 6/1/14.....	11,795,100
Baa3	10,000	8.00%, 12/1/14,	
		Ser. 1989.....	11,721,600
		West Feliciana Parish	
		Poll.	
		Ctrl. Rev., Gulf St.	
		Util. Co. Proj.,	
BBB-*	3,000	7.70%, 12/1/14.....	3,457,380
BBB-*	7,000	7.50%, 5/1/15, Ser.	
		A.....	8,001,000
NR	5,250	9.00%, 5/1/15.....	6,373,920
			-----
			58,182,740
			-----
		Maine--0.5%	
		Maine Hlth. & Higher	
		Edl. Facs. Auth.,	
		Sebasticook Valley	
		Hosp.,	
Aaa	\$ 4,550	10.10%, 7/1/21##.....	\$ 6,270,310
			-----
		Maryland--3.0%	
		Anne Arundel Cnty.	
		First	
		Mtge. Rev., Pleasant	
		Living Conv.,	
NR	3,565	8.50%, 7/1/13.....	3,922,070
		Anne Arundel Cnty.	
		Rev.,	
		Annapolis Life Care	
		Inc., Ginger Cove,	
NR	1,250	6.00%, 1/1/18.....	1,238,850
		Maryland Hlth. &	
		Higher Edl. Facs.	
		Auth. Rev.,	
		Doctors Cmnty. Hosp.,	
BBB-*	3,900	8.75%, 7/1/22##.....	4,940,052
		Maryland St. Hlth. &	
		Higher	
		Edl. Facs., Univ. of	
		Md. Med. Ctr.,	
Aaa	7,850	5.00%, 7/1/20,	

		F.G.I.C.....	7,504,365
		Northeast Maryland	
		Waste	
		Disp. Auth.,	
		Baltimore	
		City Sludge	
		Compositing Fac.,	
NR	4,790	7.25%, 7/1/07.....	4,806,957
		Montgomery Cnty. Solid	
		Waste Rev.,	
A	10,900	6.30%, 7/1/16.....	11,394,097
		Sludge Compositing	
		Fac.,	
NR	3,500	8.50%, 7/1/07.....	3,619,665
			-----
			37,426,056
			-----
		Massachusetts--7.0%	
		Mass. Gen. Oblig.,	
A	8,500	7.875%, 6/1/97, Ser.	
		A.....	9,305,375
		Mass. Mun. Wholesale	
		Elec.	
		Co. Pwr., Supply	
		Sys. Rev.,	
Aaa	6,910	8.75%, 7/1/18, Ser.	
		A##.....	8,176,050
		Mass. St. Cons. Ln.,	
Aaa	5,000	7.625%, 6/1/08, Ser.	
		A##.....	6,080,850

</TABLE>

-11- See Notes to Financial Statements.

<TABLE>  
<CAPTION>

	Principal		Value
Moody's	Amount	Description (a)	(Note 1)
Rating	(000)		
<S>	<C>	<C>	<C>
		Massachusetts (cont'd.)	
		Mass. St. Hlth. & Edl.	
		Facs.	
		Auth. Rev.,	
		Cardinal Cushing	
		Gen. Hosp.,	
NR	\$ 7,500	8.875%, 7/1/18.....	\$ 8,070,000
		Cooley Dickinson	
		Hosp.,	
NR	7,200	7.125%, 11/15/18.....	7,718,472
		St. Josephs Hosp.,	
NR	5,840	9.50%, 10/1/20, Ser.	
		C##.....	7,531,790
		Valley Regl. Hlth.	
		Sys.,	
Baa	3,950	8.00%, 7/1/18, Ser.	
		B.....	4,509,399
		Mass. St. Hsg. Fin.	
		Agcy. Rev.,	
		Residential,	
BBB+*	2,000	8.10%, 8/1/23, Ser.	
		B.....	2,117,380
		Mass. St. Ind. Fin.	
		Agcy. & Hlth. Care	
		Fac. Rev.,	
		Hampden Nursing Home	
		Proj. A,	
NR	3,855	9.75%, 10/1/17.....	4,180,285

		Mass. St. Ind. Fin.	
		Agcy. Rev.,	
		Berkshire Retirement	
		Facs.,	
NR	2,000	9.875%, 7/1/18.....	2,239,840
		Continental Res.,	
NR	3,850	9.50%, 2/1/00, Ser.	
		A.....	4,099,519
		Merrimack College,	
BBB-*	3,235	7.125%, 7/1/12.....	3,542,066
		Mass. St. Wtr. Res.	
		Auth.,	
Aaa	10,000	7.625%, 4/1/14, Ser.	
		A#.....	12,037,800
		Randolph Hsg. Auth.,	
		Multifamily Hsg.,	
		Liberty	
		Place Proj.,	
NR	6,075	9.00%, 12/1/21, Ser.	
		A.....	6,643,256
			-----
			86,252,082
			-----
		Michigan--4.0%	
		Gratiot Cnty. Econ.	
		Dev.	
		Corp. Ltd., Oblig.	
		Econ.	
		Dev. Rev., Danley	
		Die Proj. Connell	
		L.P.,	
NR	3,200	7.625%, 4/1/07.....	3,396,608
		Greater Detroit Res.	
		Rec. Auth. Rev.,	
BBB-*	6,490	9.25%, 12/13/08, Ser.	
		C.....	7,202,927
BBB-*	8,500	9.25%, 12/13/08, Ser.	
		H.....	9,433,725
		Holland Sch. Dist.,	
		Sch. Dist. Cap.	
		Apprec.,	
Aaa	\$ 2,950	Zero Coupon, 5/1/17,	
		A.M.B.A.C.....	\$ 790,777
		Lowell Area Sch.,	
Aaa	5,000	Zero Coupon, 5/1/14,	
		F.G.I.C.....	1,591,900
		Meridian Econ. Dev.	
		Corp.	
		Rev., Burcham Hills	
		Retirement Ctr.,	
NR	2,910	9.625%, 7/1/19, Ser.	
		A.....	3,291,006
		Michigan St. Hosp.	
		Fin.	
		Auth. Rev., Saratoga	
		Cmnty. Hosp.,	
NR	7,300	8.75%, 6/1/10, Ser.	
		A.....	7,904,367
		Monroe Cnty. Poll.	
		Ctrl. Rev.,	
		Detroit Edison Co.,	
Baa1	8,000	7.75%, 12/1/19, Ser.	
		A.....	9,232,960
		Wayne Cnty. Bldg.	
		Auth.,	
Baa	3,500	8.00%, 3/1/17, Ser.	
		A.....	4,112,885
		West Ottawa Pub. Sch.	
		Dist.,	

		F.G.I.C.,	
Aaa	4,825	Zero Coupon, 5/1/15...	1,449,768
Aaa	4,975	Zero Coupon, 5/1/19...	1,189,324
			-----
			49,596,247
			-----
		Minnesota--0.7%	
		Duluth Econ. Dev.	
		Auth.,	
		Benedictine Hlth.,	
		St. Mary's	
		Med. Ctr.,	
Baa	3,000	8.375%, 2/15/20##.....	3,702,180
		Minneapolis St. Paul	
		Hsg.	
		Fin. Brd.,	
		Multifamily	
		Rev., Riverside	
		Plz.,	
AAA*	4,000	8.25%, 12/20/30,	
		G.N.M.A.....	4,364,440
			-----
			8,066,620
			-----
		Mississippi--2.1%	
		Claiborne Cnty., Poll.	
		Ctrl.	
		Rev., Middle So.	
		Energy Sys.,	
NR	10,350	9.50%, 12/1/13, Ser.	
		A.....	12,656,291
NR	6,100	9.875%, 12/1/14, Ser.	
		C.....	7,582,849

</TABLE>

-12- See Notes to Financial Statements.

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Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Mississippi (cont'd.)	
		Mississippi Hosp.	
		Equip. & Facs. Auth.	
		Rev.,	
		Methodist Hosp. &	
		Rehab. Ctr.,	
NR	\$ 5,000	9.375%, 5/1/12, Ser.	
		1##.....	\$ 6,221,050
			-----
			26,460,190
			-----
		Missouri--0.6%	
		St. Louis Cnty. Ind.	
		Dev.	
		Auth. Rev., Conv. &	
		Sports Complex,	
NR	4,250	7.90%, 8/15/21, Ser.	
		C.....	4,814,060
NR	2,510	10.25%, 7/1/08.....	
		Soemm Proj.,	2,790,970
			-----
			7,605,030
			-----
		Montana--0.7%	



		Montana Brd. Inv. Res. Rec. Rev., Yellowstone Energy L.P. Proj., 7.00%, 12/31/19.....	8,270,560
NR	8,000		-----
		Nebraska--0.4% Nebraska Invest. Fin. Auth., G.N.M.A., Sngl. Fam. Mtge. Rev., 8.125%, 8/15/38, Ser. I, M.B.I.A.....	4,503,427
Aaa	4,230		-----
		Nevada--0.6% Clark Cnty., Ind. Dev. Rev. Southwest Gas Corp., 7.50%, 9/1/32, Ser. B.....	7,271,095
Ba1	6,500		-----
		New Hampshire--2.9% New Hampshire Higher Edl. & Hlth. Facs. Auth., Antioch College, 7.875%, 12/1/22.....	5,954,538
NR	5,530		
		Havenwood/Heritage Heights, 9.75%, 12/1/19.....	8,846,327
NR	7,905		
		New Hampshire St. Ind. Dev. Auth., Poll. Ctrl. Rev., 8.00%, 12/1/14, Ser. A.....	4,809,296
Baa3	4,125		
		7.50%, 5/1/21, Proj. B.....	3,124,825
Baa3	2,750		
		New Hampshire St. Ind. Dev. Auth., 7.65%, 5/1/21, Proj. A.....	\$ 13,617,720
Baa3	\$12,000		-----
			36,352,706
			-----
		New Jersey--2.0% Camden Cnty. Poll. Ctrl. Fin. Auth., Solid Waste Res. Rec. Rev., 7.50%, 12/1/09, Ser. B.....	2,738,000
Baa1	2,500		
		Howell Twnshp. Mun. Utils. Auth. Rev., 8.60%, 1/1/14, 2nd Ser.....	2,122,418
NR	1,750		
		Hudson Cnty. Impvt. Auth., Auth. Solid Waste Sys., 7.10%, 1/1/20.....	10,957,000
BBB-*	10,000		
		Mercer Cnty. Impvt. Auth., Solid Waste Rev., Zero Coupon, 4/1/14, Ser. A.....	2,101,600
Baa1	8,000		
		New Jersey Econ. Dist. Heating & Cooling, Trigen Trenton	

BBB*	1,820	Proj., 6.20%, 12/1/10..... New Jersey St. Hlth. Care Facs. Fin. Auth. Rev., Columbus Hosp.,	1,905,085
Ba1	4,400	7.50%, 7/1/21, Ser. A.....	4,561,436
			-----
			24,385,539
			-----
Ba2	7,500	New Mexico--0.6% Farmington New Mexico Poll. Ctrl. Rev., San Juan Proj., 6.40%, 8/15/23, Ser. A.....	7,667,325
			-----
Aaa	8,340	New York--6.2% Met. Trans. Auth. Facs. Rev., F.G.I.C., Zero Coupon, 7/1/13, Ser. N.....	2,968,373
		Nassau Cnty. Ind. Dev. Agcy. Rev., S&S Incinerator Jt. Venture Proj.,	
NR	8,000	9.00%, 1/1/07..... New York City Ind. Dev. Agcy.,	7,920,000
Baa2	3,320	Amer. Airlines Inc., 8.00%, 7/1/20..... Mesorah Publications Ltd.,	3,685,134
NR	1,977	10.25%, 3/1/19.....	2,229,898

</TABLE>

-13- See Notes to Financial Statements.

<TABLE>  
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Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		New York (cont'd.) New York City, Gen. Oblig.,	
Baa1	\$ 2,000	8.00%, 6/1/99, Ser. B.....	\$ 2,345,740
Baa1	2,000	7.50%, 2/1/03, Ser. B.....	2,383,160
Baa1	4,000	8.00%, 8/1/03, Ser. D.....	4,859,160
Baa1	6,000	7.50%, 2/1/04, Ser. B.....	7,019,280
Baa1	1,500	8.00%, 8/1/04, Ser. D.....	1,812,390
Baa1	5,000	8.20%, 11/15/04, Ser. F.....	6,137,000
		New York Hosp. Rev., Newark Wayne Cmnty. Hosp., Inc.,	
NR	5,450	7.60%, 9/1/15, Ser.	

		A.....	5,718,413
		New York St. Dorm.	
		Auth. Rev.,	
		City Univ.,	
Baa1	7,000	5.75%, 7/1/13, Ser.	
		A.....	7,199,500
		New York St. Energy	
		Resh. & Dev. Auth.,	
		Brooklyn Union Gas	
		Co., M.B.I.A.,	
Aaa	2,000	8.049%, 7/8/26, Ser.	
		D@.....	2,092,500
		L.I.L.C.O.,	
Baa3	5,000	7.15%, 2/1/22, Ser.	
		B.....	5,549,900
		New York St. Env. Fac.	
		Corp.,	
		Occidental Pet. Corp.	
		Proj.,	
BBB*	2,375	5.70%, 9/1/28.....	2,371,176
		New York St. Mtge.	
		Agcy. Rev.,	
		Homeowner Mtge.,	
Aa	3,990	8.125%, 4/1/20, Ser.	
		GG.....	4,319,375
		New York St. Pwr.	
		Auth. Rev., & Gen.	
		Pur.,	
Aa	3,750	5.00%, 1/1/14, Ser.	
		C.....	3,642,938
		Port Auth. of New York &	
		New Jersey Spec. Oblig.,	
		U.S. Air, LaGuardia Airport,	
NR	4,000	9.125%, 12/1/15.....	4,724,760
			-----
			76,978,697
			-----
		Ohio--0.9%	
		Montgomery Cnty. Hlth.	
		Care Facs. Rev.,	
		Friendship	
		Vlg. Dayton Proj. B,	
NR	4,500	9.25%, 2/1/16.....	5,169,960
		Ohio Hsg. Fin. Agcy.,	
		Sngl. Fam. Mtge.	
		Rev., G.N.M.A.,	
AAA*	1,880	8.25%, 12/15/19, Ser.	
		B.....	1,906,195
		Ohio St. Wtr. Dev.	
		Auth., Poll.,	
		Ctrl. Facs. Rev., Ohio	
		Edison,	
Baa3	\$ 3,500	7.625%, 7/1/23.....	\$ 3,927,630
			-----
			11,003,785
			-----
		Oklahoma--1.1%	
		Tulsa Mun. Arpt. Trust	
		Rev.,	
		Amer. Airlines,	
		Inc.,	
Baa2	13,000	7.375%, 12/1/20.....	13,978,770
			-----
		Pennsylvania--7.2%	
		Allegheny Cnty. Hosp.	
		Dev. Auth. Rev.,	
		West Penn.	
		Hosp. Hlth. Ctr.	
		Proj.,	

NR	2,800	8.50%, 1/1/20..... Beaver Cnty. Ind. Dev. Auth., Poll. Ctrl. Rev., Ohio Edison Proj.,	3,232,040
Baa3	8,000	7.75%, 9/1/24, Ser. A.....	9,073,360
		Berks Cnty. Ind. Dev. Auth. Rev., Lutheran Home Proj.,	
NR	3,500	6.875%, 1/1/23, Ser. A.....	3,638,145
		Berks Cnty. Mun. Auth. Rev., Adventist Living Ctrs. Proj.,	
NR	279	11.00%, 12/1/15++..... Alvernia College Proj.,	50,275
NR	5,240	7.75%, 11/15/16..... Bucks Cnty. Ind. Dev. Auth. Rev., Mill Run Care,	5,788,733
NR	4,000	10.00%, 7/1/19..... Chartiers Valley Ind. & Coml. Dev. Auth. Rev., Friendship Village/ South Hills,	3,160,000
NR	3,750	9.50%, 8/15/18..... Doylestown Hosp. Auth. Rev., Pine Run,	4,277,588
NR	1,180	7.20%, 7/1/23, Ser. A.....	1,252,641
		Lancaster Cnty. Solid Waste Mgmt., Res. Rec. Auth. Sys. Rev.,	
A*	5,965	8.50%, 12/15/10, Ser. A.....	6,691,358

</TABLE>

-14- See Notes to Financial Statements.

<TABLE>

<CAPTION>

	Principal Moody's Rating	Amount (000)	Description (a)	Value (Note 1)
<S>	<C>		<C>	<C>
			Pennsylvania (cont'd.) Montgomery Cnty. Redev. Auth., Multifamily Hsg., KBF Assoc. L.P.,	
NR		\$10,000	6.50%, 7/1/25, Ser. A.....	\$ 10,388,600
			Northumberland Cnty. Ind. Dev. Auth. Rev., Roaring Creek Wtr.,	
NR		6,000	6.375%, 10/15/23..... Penn. Hsg. Fin. Agcy., Sngl. Fam. Mtge. Rev.,	5,956,080
Aa		3,460	8.15%, 10/1/21, Ser.	

		27.....	3,915,855
Aa	1,050	9.378%, 4/1/25, Ser.	
		27@.....	1,120,875
		Penn. St. Hgr. Edl.	
		Facs. Auth. Rev.,	
		Med. Coll.	
		of Pennsylvania,	
Baa1	5,200	8.375%, 3/1/11, Ser.	
		A.....	5,937,672
		Philadelphia Gas Wks.	
		Rev.,	
Aaa	4,800	7.70%, 6/15/21, Ser.	
		13##.....	5,888,976
		Philadelphia Hosp. &	
		Hgr. Edl. Facs.	
		Auth. Rev.,	
		Temple Univ. Hosp.,	
Baa1	5,250	6.625%, 11/15/23, Ser.	
		A.....	5,602,695
		Philadelphia Mun.	
		Auth. Rev.,	
Ba	2,470	6.40%, 11/15/16, Ser.	
		93B.....	2,543,063
		Shenango Valley Hosp.	
		Auth.	
		Rev., Osteopathic	
		Hosp.	
		Med. Ctr.,	
BBB+*	4,900	7.875%, 4/1/10.....	5,429,004
		Wilkes Barre Gen. Mun.	
		Auth. Coll. Rev.,	
		Misericordia Coll.,	
NR	2,760	7.75%, 12/1/12, Ser.	
		B.....	2,998,768
NR	1,245	7.75%, 12/1/12, Ser.	
		A.....	1,352,705
			-----
			88,298,433
			-----
		Puerto Rico--2.6%	
		Puerto Rico Aqueduct &	
		Swr. Auth. Rev.,	
Baa	3,500	7.875%, 7/1/17, Ser.	
		A.....	4,055,940
		Puerto Rico Hwy. &	
		Trans. Auth., Hwy.	
		Rev.,	
Baa1	14,000	5.50%, 7/1/15, Ser.	
		W.....	14,221,200
		Puerto Rico Tel. Auth.	
		Rev.,	
		M.B.I.A., Ser. I,	
Aaa	\$ 6,500	7.55%, 1/25/07@.....	\$ 6,914,375
Aaa	6,150	8.03%, 1/16/15@.....	6,511,313
			-----
			31,702,828
			-----
		Rhode Island--1.1%	
		Rhode Island	
		Depositors Econ.	
		Protn. Corp.,	
		Sub. Gen. Oblig.,	
NR	7,000	10.00%, 7/1/07, Ser.	
		B.....	7,665,000
		Rhode Island Hsg. &	
		Mtge. Fin. Corp.,	
		Homeownership	
		Opportunity,	
A1	6,000	8.20%, 10/1/17, Ser.	

		1A.....	6,445,380
			-----
			14,110,380
			-----
		South Carolina--1.9%	
		Charleston Cnty. Hosp.	
		Facs. Rev., Baker	
		Hosp.,	
AAA*	3,100	9.25%, 10/1/11##.....	3,657,690
		Lee Cnty. Ind. Dev.	
		Rev.,	
		Mid American Waste	
		System,	
NR	5,450	7.00%, 9/15/13.....	5,537,200
		So. Carolina St. Hsg.	
		Fin. & Dev. Auth.,	
		Homeownership Mtge.,	
Aa	4,345	7.75%, 7/1/22, Ser.	
		C.....	4,654,799
		So. Carolina St. Pub.	
		Svc. Auth. Rev.,	
A1	10,000	5.125%, 1/1/32, Ser.	
		C.....	9,373,100
			-----
			23,222,789
			-----
		South Dakota--0.5%	
		So. Dakota Econ. Dev.	
		Fin. Auth., Cons.	
		Beef	
		Inds. Proj.,	
NR	5,210	10.25%, 1/1/19.....	4,897,400
		Lomar Dev. Co. Proj.,	
NR	1,300	10.25%, 8/1/08.....	1,396,083
			-----
			6,293,483
			-----

</TABLE>

-15- See Notes to Financial Statements.

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	Principal		Value
Moody's	Amount	Description (a)	(Note 1)
Rating	(000)		
<S>	<C>	<C>	<C>
		Tennessee--1.3%	
		Knox Cnty. Hlth., Edl.	
		& Hsg. Facs. Rev.,	
		Baptist	
		Hlth. Hosp.,	
NR	\$ 8,000	8.50%, 4/15/04.....	\$ 8,857,840
		Memphis Shelby Cnty.	
		Arpt. Auth., Spec.	
		Facs. & Proj. Rev.,	
		Federal Express,	
Baa3	7,000	6.20%, 7/1/14.....	7,216,370
			-----
			16,074,210
			-----
		Texas--2.3%	
		Beaumont Hsg. Fin.	
		Corp.,	
		Sngl. Fam. Mtge.	
		Rev.,	
A	2,695	9.20%, 3/1/12.....	2,985,710

		Bell Cnty. Hlth. Facs. Dev. Corp., Adventist Living Tech., Inc., 10.50%, 6/15/18, Ser. A.....	5,664,650
NR	5,540	Port Corpus Christi Ind. Dev. Corp., Valero Refining & Mfg. Co., 10.25%, 6/1/17, Ser. A.....	1,567,826
Baa3	1,300	San Antonio Elec. & Gas Rev., F.G.I.C., 5.00%, 2/1/17.....	8,073,555
Aa1	8,500	Southwest Travis Cnty., Road Dist. No. 1, Zero Coupon, 9/1/19...	4,600,147
NR	80,380	Tarrant Cnty. Hlth. Facs. Dev. Corp., 3927 Fndtn. Proj., 10.25%, 9/1/19.....	5,511,800
NR	5,000		----- 28,403,688 -----
		U. S. Virgin Islands--0.6% Virgin Islands Terr., Hugo Ins. Claims Fund Proj., 7.75%, 10/1/06, Ser. 91.....	2,678,940
NR	2,305	Virgin Islands Wtr. & Pwr. Auth., Wtr. Sys. Rev., 8.50%, 1/1/10, Ser. A.....	5,440,464
NR	4,800		----- 8,119,404 -----
		Utah--1.1% Intermountain Pwr. Agcy., Pwr. Sup. Rev., 7.874%, 7/1/21, Ser. A@.....	\$ 4,595,625
Aa	\$ 4,500	A@.....	\$ 4,595,625
Aa	10,000	5.00%, 7/1/23, Ser. A.....	9,481,500
			----- 14,077,125 -----
		Virginia--0.7% Roanoke Cnty. Wtr. Sys. Rev., F.G.I.C., 5.00%, 7/1/26, Ser. B.....	4,311,180
Aaa	4,500	Roanoke Ind. Dev. Auth. Hosp. Rev., M.B.I.A., 5.00%, 7/1/24, Ser. A.....	4,486,996
Aaa	4,700		----- 8,798,176 -----
		Washington--2.0% Washington St. Pub. Pwr. Sup. Sys. Rev., Nuclear Proj. No. 1, 7.25%, 7/1/09, Ser.	
Aa	5,000		

		B.....	6,056,650
Aa	10,000	Nuclear Proj. No. 3, Zero Coupon, 7/1/16, Ser. C.....	2,705,500
Aa	5,000	7.125%, 7/1/16, Ser. B##.....	6,127,050
Aa	5,000	Zero Coupon, 7/1/17, Ser C.....	1,274,000
		Washington St. Pub. Pwr. Supply, Nuclear Proj. No. 3, 7.25%, 7/1/15, Ser. B##.....	8,776,650
			-----
			24,939,850
			-----
		West Virginia--2.1% Kanawha Cnty. Bldg. Comm. Rev., St. Francis Hosp., 12.00%, 1/1/14.....	5,132,931
B+*	4,915	So. Charleston Ind. Dev. Rev., Union Carbide Chem. & Plastics Co., 8.00%, 8/1/20.....	2,822,474
Baa2	2,450	Weirton Poll. Ctrl. Rev., Weirton Steel Proj., 8.625%, 11/1/14.....	4,332,440

</TABLE>

-16- See Notes to Financial Statements.

<TABLE>  
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Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		West Virginia (cont'd.) West Virginia St. Hsg. Dev. Auth., Fund Hsg. Fin., 7.95%, 5/1/17, Ser. A.....	\$ 10,479,060
Aa1	\$ 9,440		
		West Virginia St. Pkwys. Econ. Dev. & Tourism Auth., 8.839%, 5/16/19, F.G.I.C.@.....	3,497,802
Aaa	3,250		-----
			26,264,707
			-----
		Total long-term investments (cost \$1,126,005,601).....	1,209,596,830
			-----
		SHORT-TERM INVESTMENTS--0.4%	
		New York--0.1%	
		Babylon Ind. Dev. Agcy., Waste Facs. Rev., F.R.D.D., 3.25%, 11/1/93, Ser. 90.....	1,300,000
VMIG1	1,300		



		North Carolina--0.3%	
		Cleveland Cnty., Ind.	
		Facs. Auth. Rev.,	
		Metals	
		America Proj.,	
		F.R.W.D.,	
P1	4,165	3.25%, 11/3/93,	
		Ser.90.....	4,165,000
			-----
		Total short-term	
		investments	
		(cost \$5,465,000)...	5,465,000
			-----
		Total Investments; Note 4--98.3%	
		(cost	
		\$1,131,470,601).....	1,215,061,830
		Other assets in excess	
		of	
		liabilities--1.7%...	20,639,977
			-----
		Net Assets--100%.....	\$1,235,701,807
			-----
			-----

</TABLE>

(a) The following abbreviations are used in portfolio descriptions:

- A.M.B.A.C.--American Municipal Bond Assurance Corporation
- F.G.I.C.--Financial Guaranty Insurance Company
- F.R.D.D.--Floating Rate (Daily) Demand Note\*\*
- F.R.W.D.--Floating Rate (Weekly) Demand Note\*\*
- G.N.M.A.--Government National Mortgage Association
- M.B.I.A.--Municipal Bond Insurance Association

## Prerefunded issues are secured by escrowed cash and direct U.S. guaranteed obligations.

++ Issuer in default; non-income producing security.

@ Inverse floating rate bond.

\* Standard & Poor's Rating.

\*\* For purposes of amortized cost valuation, the maturity date of Floating Rate Demand Notes is considered to be the later of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted.

NR--Not Rated by Moody's or Standard & Poor's.

The Fund's current Prospectus contains a description of Moody's and Standard & Poor's ratings.

-17- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND  
HIGH YIELD SERIES  
Statement of Assets and Liabilities  
(Unaudited)

<TABLE>	
<CAPTION>	
Assets	October 31, 1993
	-----
<S>	<C>
Investments, at value (cost \$1,131,470,601).....	\$1,215,061,830
Cash.....	112,375
Accrued interest receivable.....	26,740,903
Receivable for investments sold.....	18,464,279

Receivable for Fund shares sold.....	7,618,035
Deferred expenses and other assets.....	16,358
	-----
Total assets	1,268,013,780
	-----
Liabilities	
Payable for investments purchased.....	26,602,715
Payable for Fund shares reacquired.....	2,248,944
Dividends payable.....	2,130,602
Due to Manager.....	521,055
Due to Distributors.....	502,412
Accrued expenses.....	306,245
	-----
Total liabilities.....	32,311,973
	-----
Net Assets.....	\$1,235,701,807
	-----
Net assets were comprised of:	
Shares of beneficial interest, at par.....	\$ 1,080,944
Paid-in capital in excess of par.....	1,152,401,018
	-----
	1,153,481,962
Accumulated net realized loss.....	(1,371,384)
Net unrealized appreciation.....	83,591,229
	-----
Net assets, October 31, 1993.....	\$1,235,701,807
	-----
Class A:	
Net asset value and redemption price per share	
(\$56,603,299 / 4,952,714 shares of beneficial interest issued and outstanding).....	\$11.43
Maximum sales charge (4.5% of offering price).....	.54
	-----
Maximum offering price to public.....	\$11.97
	-----
Class B:	
Net asset value, offering price and redemption price per share	
(\$1,179,098,508 / 103,141,695 shares of beneficial interest issued and	
outstanding).....	\$11.43
	-----
	-----

</TABLE>

See Notes to Financial Statements.

-18-

PRUDENTIAL MUNICIPAL BOND FUND  
HIGH YIELD SERIES  
Statement of Operations  
(Unaudited)

<TABLE>

<CAPTION>

Net Investment Income

Six Months  
Ended  
October 31,  
1993  
-----

Income

<S>

Interest and discount earned.....

<C>

\$41,932,119  
-----

Expenses

Management fee.....	2,912,734
Distribution fee--Class A.....	25,029
Distribution fee--Class B.....	2,787,588
Transfer agent's fees and expenses.....	245,000
Custodian's fees and expenses.....	140,000
Registration fees.....	60,000
Reports to shareholders.....	40,000
Insurance expense.....	15,000
Legal fees.....	12,500
Audit fee.....	8,500
Trustees' fees.....	8,250
Miscellaneous.....	8,591
	-----
Total expenses.....	6,263,192
	-----
Net investment income.....	35,668,927
	-----
Realized and Unrealized Gain (loss) on Investments	
Net realized loss on:	
Investment transactions.....	(1,978,264)
Net change in unrealized appreciation of:	
Investments.....	31,861,264
	-----
Net gain on investments.....	29,883,000
	-----
Net Increase in Net Assets Resulting from Operations.....	\$65,551,927
	-----
	-----

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND  
HIGH YIELD SERIES  
Statement of Changes in Net Assets (Unaudited)

<TABLE>  
<CAPTION>

	Six Months Ended October 31, 1993	Year Ended April 30, 1993
	-----	-----
Increase (Decrease) in Net Assets		
<S>	<C>	<C>
Operations		
Net investment income.....	\$ 35,668,927	\$ 61,700,645
Net realized gain (loss) on investment transactions.....	(1,978,264)	3,440,013
Net change in unrealized appreciation of investments.....	31,861,264	34,000,369
	-----	-----
Net increase in net assets resulting from operations....	65,551,927	99,141,027
	-----	-----
Dividends to shareholders from net investment income (Note 1)		
Class A.....	(1,628,520)	(2,230,916)
Class B.....	(34,040,407)	(59,469,729)
	-----	-----

	(35,668,927)	(61,700,645)
Fund share transactions (Note 5)		
Net proceeds from shares issued.....	195,197,438	307,450,090
Net asset value of shares issued to shareholders in reinvestment of dividends.....	15,763,020	26,753,882
Cost of shares reacquired.....	(77,151,141)	(128,197,926)
Increase in net assets from Fund share transactions.....	133,809,317	206,006,046
Total increase.....	163,692,317	243,446,428
Net Assets		
Beginning of period....	1,072,009,490	828,563,062
End of period.....	\$1,235,701,807	\$1,072,009,490

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

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<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		LONG-TERM INVESTMENTS--96.1%	
		Alabama--1.1%	
Aaa	\$ 2,000	Huntsville Solid Waste Disp. Auth., 7.00%, 10/1/08, F.G.I.C.....	\$ 2,281,520
Aaa	4,840	Mobile Wtr. & Swr. Rev., 5.00%, 1/1/13, A.M.B.A.C.....	4,671,762
Aaa	2,500	Univ. Alabama Rev., Hosp. Birmingham, 5.00%, 10/1/14, M.B.I.A.....	2,396,575
			----- 9,349,857 -----
		Alaska--0.9%	
Aaa	2,000	Alaska St. Energy Auth. Pwr. Rev., Bradley Lake Hydro, A.M.B.A.C., 7.25%, 7/1/16, 1st Ser.....	2,298,200
Aaa	5,000	Anchorage Hosp. Rev., Sisters of Province, 7.125%, 10/1/05, A.M.B.A.C.....	5,841,650
			----- 8,139,850 -----
		Arizona--2.7%	
		Chandler, Gen. Oblig.,	

Aaa	2,000	4.375%, 7/1/13, F.G.I.C.....	1,789,020
		Maricopa Cnty. Ind. Dev. Auth. Rev., Hosp. Fac., John C. Lincoln Hosp., F.S.A.,	
Aaa	2,740	7.00%, 12/1/00.....	3,211,664
Aaa	2,250	7.50%, 12/1/13.....	2,673,495
		Pima Cnty. Ind. Dev. Auth. Rev., Tucson Elec. Pwr. Co.,	
Aaa	14,000	7.25%, 7/15/10, F.S.A.....	16,142,000
			-----
			23,816,179
			-----
		California--4.3%	
		Contra Costa Wtr. Dist., Wtr. Rev., A.M.B.A.C.,	
Aaa	1,455	6.25%, 10/1/12, Ser. E.....	1,635,624
		Corona, Cert. of Part., Vista Hosp.,	
Aaa	6,000	10.00%, 11/1/20, Ser. B.....	8,563,380
		Los Angeles Cnty. Metro. Trans. Auth., Sales Tax Rev., F.G.I.C.,	
Aaa	\$ 5,000	5.00%, 7/1/21, Ser. A... \$	4,731,150
		Los Angeles Cnty. Trans. Comm., Sales Tax Rev.,	
Aaa	6,750	6.25%, 7/1/13, M.B.I.A.....	7,335,562
		Sacramento Mun. Util. Dist., Elec. Rev., M.B.I.A.,	
Aaa	5,000	6.375%, 8/15/22, Ser. B.....	5,469,950
		San Diego Cnty. Wtr. Auth. Wtr. Rev., Cert. of Part.,	
Aaa	5,800	8.12196%, 4/26/06, F.G.I.C. @.....	6,568,500
		Southern California Pub. Pwr. Auth., Pwr. Proj. Rev., M.B.I.A.,	
Aaa	3,200	5.00%, 1/1/20, Ser. A... \$	3,030,016
			-----
			37,334,182
			-----
		Colorado--0.6%	
		Denver City & Cnty., Cert. of Part., Cap. Leasing Corp.,	
Aaa	2,900	8.00%, 5/15/07, B.I.G.#.....	3,332,158
		Jefferson Cnty. Sngl. Fam. Mtge. Rev., M.B.I.A.,	
Aaa	1,650	8.875%, 10/1/13, Ser. A.....	1,834,915
			-----
			5,167,073
			-----
		Delaware--0.7%	
		Delaware Econ. Dev. Auth. Rev., Delmarva Pwr. & Lt., M.B.I.A.,	
Aaa	5,000	7.60%, 3/1/20, Ser. A... \$	5,852,200

District Of Columbia--1.8%			
Dist. of Columbia, Gen.			
Oblig.,			
Aaa	5,550	7.40%, 6/1/05, Ser. B,	
		F.S.A.#.....	6,629,308
Aaa	2,500	6.75%, 6/1/08, Ser. A,	
		M.B.I.A.....	2,776,050
Aaa	5,000	8.00%, 6/1/08, Ser. C,	
		A.M.B.A.C.....	5,927,900
			-----
			15,333,258
			-----

</TABLE>

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<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
Florida--5.7%			
Altamonte Springs Hlth.,			
M.B.I.A.,			
Aaa	\$ 1,500	5.00%, 11/15/14, Ser.	
		A.....	\$ 1,434,120
Florida St. Dept. of			
Trans.,			
Tpke. Auth. Rev.,			
F.G.I.C., Ser. A,			
Aaa	6,000	5.00%, 7/1/13.....	5,824,020
Aaa	4,000	5.00%, 7/1/15.....	3,856,080
Aaa	6,950	5.00%, 7/1/19.....	6,668,177
Gulf Breeze Local Gov't.			
Loan Proj., F.G.I.C.,			
Aaa	1,500	8.00%, 12/1/15, Ser.	
		85B.....	1,761,855
Hillsborough Cnty. Hosp. Auth. Rev.,			
Tampa Gen. Hosp. Proj.,			
Aaa	8,000	6.375%, 10/1/13,	
		F.S.A.....	8,856,080
Orange Cnty. Solid Waste			
Fac. Rev., F.G.I.C.,			
Aaa	3,000	6.25%, 10/1/12.....	3,277,320
Orlando & Orange Cnty.			
Expwy. Auth. Rev.,			
F.G.I.C.,			
Aaa	5,000	6.50%, 7/1/10.....	5,797,750
Aaa	2,550	6.50%, 7/1/11.....	2,949,279
St. Petersburg Excise			
Tax,			
Aaa	3,800	5.00%, 10/1/16,	
		F.G.I.C.....	3,678,970
Univ. Cmnty. Hosp. Inc.,			
Hosp. Rev.,			
Aaa	5,000	7.375%, 9/1/07,	
		F.S.A.....	5,885,800
			-----
			49,989,451
			-----
Georgia--0.4%			
De Kalb Cnty. Hsg.			
Auth.,			
Sngl. Fam. Mtge. Rev.,			
AAA*	3,075	7.70%, 2/1/24,	

		G.N.M.A.....	3,349,567
			-----
		Guam--0.4%	
		Guam Gov't. Ltd. Oblig. Hwy. Rev.,	
Aaa	3,000	6.30%, 5/1/12,	
		C.G.I.C.....	3,274,170
			-----
		Hawaii--2.2%	
		Hawaii Arpts. Sys. Rev.,	
		F.G.I.C., 2nd Ser. 90,	
Aaa	\$ 7,750	7.50%, 7/1/20.....	\$ 9,008,910
		Hawaii St. Dept. Budget	
		& Fin.	
		Elec. & Pub. Pwr.	
Aaa	10,000	5.45%, 11/1/23,	
		M.B.I.A.....	9,850,000
			-----
			18,858,910
			-----
		Illinois--6.4%	
		Chicago Motor Fuel Tax	
		Rev.,	
Aaa	6,700	7.05%, 1/1/07,	
		A.M.B.A.C.#.....	7,834,176
		Chicago O'Hare Int'l.	
		Arpt.,	
		Spec. Fac. Rev.,	
Aaa	8,750	M.B.I.A.,	
		5.75%, 1/1/09, Ser. C...	9,231,075
		Chicago Pub. Bldg.	
		Comm.,	
Aaa	7,250	Chicago Brd. of Ed.,	
		7.75%, 1/1/06,	
		F.G.I.C.#.....	8,622,715
		Chicago Residential	
		Mtge. Rev., M.B.I.A.,	
Aaa	9,000	Zero Coupon, 10/1/09,	
		Ser. B.....	3,146,400
		Chicago Water Rev.,	
Aaa	3,475	6.50%, 11/1/15,	
		F.G.I.C.....	4,017,899
		City of Chicago,	
Aaa	7,890	5.00%, 1/1/09,	
		A.M.B.A.C.....	7,786,168
		Cook Cnty., Gen. Oblig.,	
Aaa	2,600	6.25%, 11/1/21,	
		A.M.B.A.C.....	2,791,984
		Met. Pier & Exposition	
		Auth.,	
		Ded. St. Tax Rev.,	
		F.G.I.C.,	
Aaa	9,000	Zero Coupon, 6/15/10,	
		Ser. A.....	3,621,150
		Onterie Ctr. Hsg. Fin.	
		Corp. Mtge. Rev.,	
		M.B.I.A.,	
Aaa	1,575	7.00%, 7/1/12.....	1,716,892
Aaa	6,400	7.05%, 7/1/27.....	7,016,448
			-----
			55,784,907
			-----
		Indiana--2.6%	
		Indianapolis Arpt. Auth.	
		Rev.,	
Aaa	2,450	9.00%, 7/1/15,	
		M.B.I.A.....	2,805,054

</TABLE>

<TABLE>  
<CAPTION>

Moody's Rating <S>	Principal Amount (000) <C>	Description (a) <C>	Value (Note 1) <C>
		Indiana (cont'd.)	
		Lake Cent. Multi Dist. Sch. Bldg., First Mtge.,	
Aaa	\$ 3,000	6.50%, 1/15/14, M.B.I.A.....	\$ 3,292,980
		Marion Cnty. Hosp. Auth. Facs. Rev.,	
Aaa	8,500	8.625%, 10/1/12, A.M.B.A.C.....	10,410,885
		Rockport Poll. Ctrl. Rev.,	
		Ind. & Mich. Elec. Co., B.I.G.,	
Aaa	6,000	9.25%, 8/1/14, Ser. A...	6,662,760
			-----
			23,171,679
			-----
		Kansas--0.4%	
		Sedgwick Cnty. Mtge. Loan Rev., A.M.B.A.C.,	
Aaa	3,035	7.80%, 6/1/22, Ser. B...	3,250,424
			-----
		Kentucky--0.6%	
		Kentucky Hsg. Corp. Rev., F.H.A.,	
Aaa	2,880	7.45%, 1/1/23, Ser. D...	3,142,137
		Louisville & Jefferson Cnty. Regl. Arpt. Auth., M.B.I.A.,	
Aaa	2,000	8.375%, 7/1/07, Ser A...	2,317,220
			-----
			5,459,357
			-----
		Louisiana--0.6%	
		Jefferson Parish Sales Tax Dist., F.G.I.C.,	
Aaa	5,000	6.75%, 12/1/06, Ser. A.....	5,707,250
			-----
		Maryland--2.0%	
		Baltimore Cert. of Part., Pension Funding, M.B.I.A.,	
Aaa	2,000	7.25%, 4/1/16, Ser. A#.....	2,370,780
		Maryland St. Hlth. & Higher Edl. Facs., Auth. Rev., F.G.I.C.,	
Aaa	4,000	5.00%, 7/1/19.....	3,826,920
Aaa	7,000	5.00%, 7/1/23.....	6,677,020
		Univ. of Md. Med. Ctr.,	
Aaa	\$ 5,000	5.00%, 7/1/20, F.G.I.C.....	\$ 4,779,850
			-----
			17,654,570
			-----
		Massachusetts--3.0%	
		Boston Wtr. & Swr. Auth., F.G.I.C.,	



Aaa	3,500	7.10%, 11/1/19, Ser. A#.....	4,104,695
		Mass. Bay Trans. Auth., Gen. Trans., M.B.I.A.,	
Aaa	5,000	5.50%, 3/1/09, Ser. A... Mass. Hsg. Fin. Agcy., Hsg. Rev., B.I.G.,	5,205,200
Aaa	3,550	7.75%, 12/1/19, Ser. A.....	3,815,114
		Mass. St. Hlth. & Edl. Facs. Auth. Rev., Fallon Hlthcare, C.G.I.C.,	
Aaa	3,000	6.875%, 6/1/11, Ser. A.....	3,402,960
		Lahey Clinic Med. Ctr., M.B.I.A.,	
Aaa	6,685	7.60%, 7/1/08, Ser. A... Mass. Gen. Hosp, A.M.B.A.C.,	7,818,174
Aaa	1,500	6.25%, 7/1/12, Ser. F... -----	1,688,550
			26,034,693
			-----
		Michigan--5.1% Chippewa Valley Sch. Dist.,	
Aaa	6,670	5.00%, 5/1/21, F.G.I.C.....	6,381,856
		Holland Sch. Dist., Zero Coupon, 5/1/12, A.M.B.A.C.....	1,465,320
Aaa	4,000	Huron Valley Sch. Dist., F.G.I.C.,	
Aaa	5,600	Zero Coupon, 5/1/17.....	1,501,136
Aaa	6,370	Zero Coupon, 5/1/18.....	1,610,718
Aaa	5,845	Zero Coupon, 5/1/19..... Michigan St. Bldg. Auth. Rev., A.M.B.A.C.,	1,397,306
Aaa	8,735	6.00%, 10/1/09, Ser. II.....	9,143,186

</TABLE>

-22- See Notes to Financial Statements.

<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Michigan (cont'd.) Michigan St. Hosp. Fin. Auth. Rev., Oakwood Hosp.,	
Aaa	\$ 2,350	7.50%, 6/1/15, M.B.I.A.....	\$ 2,766,937
		Michigan St. Hsg. Dev. Auth., F.G.I.C.,	
Aaa	1,500	7.70%, 7/1/18, Ser. A... Monroe Cnty. Poll. Ctrl. Rev.,	1,615,605
		Detroit Edison Co. Proj., A.M.B.A.C.,	
Aaa	3,250	7.30%, 9/1/19, Ser. I... Detroit Edison Co. Proj. 1,	3,764,053
Aaa	8,000	7.65%, 9/1/20,	

		F.G.I.C.....	9,436,240
		Romulus Michigan Cmnty.	
		Sch. Dist., F.G.I.C.,	
Aaa	2,570	Zero Coupon, 5/1/19.....	614,384
Aaa	2,245	Zero Coupon, 5/1/20.....	507,415
		Saginaw Hosp. Fin. Auth.	
		Hosp. Rev.,	
		St. Luke's Hosp.,	
		M.B.I.A.,	
Aaa	4,000	6.50%, 7/1/11, Ser. C...	4,441,040
			-----
			44,645,196
			-----
		Minnesota--0.3%	
		St. Louis Park Hlth.	
		Care,	
		A.M.B.A.C.,	
Aaa	2,500	5.20%, 7/1/16, Ser. C...	2,489,875
			-----
		Mississippi--0.9%	
		Harrison Cnty.	
		Wastewater Mgmt. Dist.	
		Rev.,	
Aaa	2,400	6.50%, 2/1/06,	
		F.G.I.C.....	2,669,592
		Mississippi Hosp. Equip.	
		& Facs. Auth. Rev.,	
		Baptist Med. Ctr.,	
Aaa	2,000	7.40%, 5/1/07,	
		M.B.I.A.....	2,332,980
		Mississippi Hsg. Fin. Corp.,	
		Sngl. Fam. Mtge. Rev., F.G.I.C.,	
Aaa	3,035	7.80%, 10/15/16, Ser.	
		A.....	3,214,308
			-----
			8,216,880
			-----
		Missouri--3.4%	
		Cape Girardeau Cnty.	
		Ind.	
		Dev. Auth., M.B.I.A.,	
		Hlth. Care Facs. Rev.,	
Aaa	\$ 2,500	5.25%, 6/1/16.....	\$ 2,513,050
		Missouri St. Hlth. &	
		Edl. Facs. Auth. Rev.,	
		M.B.I.A.,	
		Midwest Hlth. Ctr.,	
Aaa	5,250	6.25%, 2/15/22, Ser.	
		B.....	5,693,100
		SSM Healthcare,	
		6.25%, 6/1/16, Ser.	
Aaa	4,250	AA.....	4,616,605
		St. Lukes Hlth. Sys.,	
Aaa	6,975	5.10%, 11/15/13.....	6,803,694
		Sikeston Elec. Rev.,	
		M.B.I.A.,	
Aaa	9,850	6.25%, 6/1/22, Ser.	
		92.....	10,625,293
			-----
			30,251,742
			-----
		Montana--1.3%	
		Forsyth Poll. Ctrl.	
		Rev.,	
		Puget Sound Pwr. & Lt.	
		Co., A.M.B.A.C.,	
Aaa	2,000	7.05%, 8/1/21, Ser. A...	2,293,600
		Washington Wtr. Pwr.	
		Proj.,	

Aaa	8,000	7.125%, 12/1/13, M.B.I.A.....	9,229,520
			-----
			11,523,120
			-----
		Nebraska--1.0%	
		Nebraska Invest. Fin. Auth., G.N.M.A., Sngl. Fam. Mtge. Rev.,	
Aaa	1,980	8.00%, 7/15/17, Ser. B, F.G.I.C.....	2,139,093
Aaa	6,115	8.125%, 8/15/38, Ser. I, M.B.I.A.....	6,510,274
			-----
			8,649,367
			-----
		Nevada--0.6%	
		Clark Cnty. Arpt. Auth., Visitors Bldg.,	
Aaa	4,230	6.90%, 6/1/07, F.G.I.C.#.....	4,917,629
			-----

</TABLE>

-23- See Notes to Financial Statements.

<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		New Jersey--7.3%	
		Essex Cnty. Impvt. Auth.,	
Aaa	\$ 3,500	5.50%, 12/1/20, A.M.B.A.C.....	\$ 3,599,505
		Garfield Brd. of Ed., Cert. of Part., Wtr. Impvt. Dist. No. 31,	
Aaa	3,150	7.65%, 6/1/08, B.I.G....	3,632,769
		Jersey City Swr. Auth., A.M.B.A.C.,	
Aaa	2,585	6.00%, 1/1/10.....	2,866,145
Aaa	4,255	6.25%, 1/1/14.....	4,860,827
		Lacey Mun. Utils. Auth., Wtr. Rev.,	
Aaa	2,325	6.00%, 12/1/19, B.I.G.#.....	2,601,117
		New Jersey Hlth. Care Facs. Fin. Auth. Rev., Burdett Tonin New Hosp., F.G.I.C., Ser. D,	
Aaa	1,200	6.50%, 7/1/12.....	1,341,312
		Hackensack Med. Ctr., F.G.I.C.,	
Aaa	2,000	6.625%, 7/1/11.....	2,252,760
Aaa	5,000	6.625%, 7/1/17.....	5,645,600
		Irvington Gen. Hosp.,	
Aaa	2,500	9.625%, 8/1/25, M.B.I.A.....	2,791,925
		St. Peters Med. Ctr., M.B.I.A.,	
Aaa	10,000	5.00%, 7/1/16, Ser. E...	9,760,600
Aaa	4,430	5.00%, 7/1/21, Ser. F... Underwood Mem. Hosp., A.M.B.A.C.,	4,287,753

Aaa	2,500	5.70%, 7/1/23, Ser. B... New Jersey St. Hsg. & Mtge. Fin. Agcy. Rev., M.B.I.A.,	2,605,900
Aaa	3,840	7.90%, 10/1/22, Ser. B.....	4,134,221
Aaa	5,000	6.50%, 10/1/16, F.S.A.....	5,662,950
Aaa	7,250	6.00%, 7/1/21.....	7,877,995
			-----
			63,921,379
			-----
		New Mexico--0.7% Socorro Hosp. Sys. Rev., Cmnty. Hlth. Svcs., M.B.I.A.,	
Aaa	\$ 5,315	9.25%, 8/1/12, Ser. A...	\$ 5,902,095
			-----
		New York--2.9% Erie Cnty. Wtr. Auth. Rev., A.M.B.A.C.,	
Aaa	2,785	Zero Coupon, 12/1/07....	1,367,992
Aaa	6,925	Zero Coupon, 12/1/17....	1,231,334
		Met. Trans. Auth. Facs. Rev., F.G.I.C.,	
Aaa	1,500	6.375%, 7/1/10, Ser. J.....	1,648,620
Aaa	2,000	Zero Coupon, 7/1/12, Ser. N.....	750,220
Aaa	9,000	Zero Coupon, 7/1/13, Ser. N.....	3,203,280
Aaa	3,910	Zero Coupon, 7/1/14, Ser. N.....	1,320,485
		New York St. Energy Res. & Dev. Auth., Poll. Ctrl. Rev.,	
Aaa	4,000	7.375%, 10/1/14, F.G.I.C.....	4,700,360
		New York St. Hsg. Fin. Agcy. Rev., Multifamily Hsg., Ser. A,	
Aaa	2,975	7.45%, 11/1/28, A.M.B.A.C.....	3,325,931
Aaa	7,155	New York St. Pwr. Auth., M.B.I.A., 7.875%, 1/1/13, Ser. V.....	8,248,069
			-----
			25,796,291
			-----
		North Carolina--2.5% No. Carolina Mun. Pwr. Agcy. Elec. Rev., Ser. A, No. 1 Catawba, M.B.I.A.,	
Aaa	7,500	6.00%, 1/1/11.....	8,211,225
Aaa	3,500	5.00%, 1/1/18.....	3,348,345
Aaa	10,000	5.75%, 1/1/20.....	10,278,700
			-----
			21,838,270
			-----
		Ohio--2.7% Cleveland Arpt. Sys. Rev., M.B.I.A.,	

Aaa	1,500	7.40%, 1/1/20, Ser.	
		90A.....	1,722,000

</TABLE>

-24- See Notes to Financial Statements.

<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Ohio (cont'd.) Cleveland Waterworks Rev.,	
Aaa	\$ 2,500	6.25%, 1/1/15..... Franklin Cnty. Hosp. Rev., Holy Cross Hlth., A.M.B.A.C.,	\$ 2,709,125
Aaa	2,000	7.65%, 6/1/10, Ser. B... Hamilton Cnty. Wtr. Sys. Rev.,	2,356,660
Aaa	7,500	5.00%, 12/1/14, F.G.I.C.....	7,280,700
		Hamilton Elec. Rev., F.G.I.C., Ser. A,	
Aaa	5,085	6.00%, 10/15/12.....	5,465,511
Aaa	2,750	6.00%, 10/15/23.....	2,955,782
		Montgomery Cnty. Hlth. Facs. Rev., Sisters of Charity Hlth. Care,	
Aaa	1,500	6.25%, 5/15/14, A.M.B.A.C.....	1,647,870
			-----
			24,137,648
			-----
		Oklahoma--1.8% Oklahoma St. Tpke. Auth. Rev., M.B.I.A.,	
Aaa	14,250	6.25%, 1/1/22, Ser. C...	15,486,187
			-----
		Pennsylvania--4.4% Allegheny Cnty. Arpt. Rev., Pittsburgh Int'l. Arpt., M.B.I.A.,	
Aaa	4,800	8.25%, 1/1/16, Ser. C... North UMBERLAND Cnty. Lease Auth. Rev., M.B.I.A.,	5,555,424
		Correctional Facs.,	
Aaa	7,500	Zero Coupon, 10/15/10... Philadelphia Arpt. Sys. Rev.,	3,098,625
Aaa	6,750	9.00%, 6/15/15, A.M.B.A.C.....	7,489,665
		Philadelphia Mun. Auth. Rev., Criminal Justice Ctr., M.B.I.A.,	
Aaa	3,000	6.90%, 11/15/03, Ser. A.....	3,507,750
		Philadelphia Sch. Dist., M.B.I.A.,	
Aaa	2,000	7.00%, 7/1/05, Ser. B#.....	2,328,420
		Philadelphia Wtr. & Waste Auth. Rev., M.B.I.A.,	

Aaa	\$ 5,005	5.00%, 6/15/18.....	\$ 4,766,412
Aaa	2,200	5.00%, 6/15/19.....	2,093,102
		Pittsburgh Gen. Oblig., F.G.I.C.,	
Aaa	5,000	7.00%, 3/1/06, Ser. B...	5,545,400
		Schuylkill Cnty. Redev. Auth. Rev., F.G.I.C.,	
Aaa	3,500	7.00%, 6/1/07, Ser. A#.....	4,144,350
			-----
			38,529,148
			-----
		Puerto Rico--1.0%	
		Puerto Rico Tel. Auth. Rev., M.B.I.A., Ser. I@,	
Aaa	4,100	7.55%, 1/25/07.....	4,361,375
Aaa	3,800	8.03%, 1/16/15.....	4,023,250
			-----
			8,384,625
			-----
		Rhode Island--2.6%	
		Conv. Ctr. Auth. Rev., M.B.I.A., Ser. B,	
Aaa	12,000	5.25%, 5/15/15.....	11,809,440
Aaa	3,750	5.00%, 5/15/20.....	3,534,563
		Rhode Island Hsg. & Mtge. Fin. Corp., M.B.I.A.,	
Aaa	6,500	7.875%, 10/1/22.....	7,075,770
			-----
			22,419,773
			-----
		South Carolina--0.8%	
		Berkeley Cnty. Wtr. & Swr. Rev.,	
Aaa	2,500	6.50%, 6/1/06, M.B.I.A.....	2,788,875
		Charleston Waterworks & Swr. Rev.,	
Aaa	5,000	5.00%, 1/1/22, M.B.I.A.....	4,767,350
			-----
			7,556,225
			-----
		Tennessee--2.1%	
		Anderson Cnty. Hlth. & Ed. Facs., Methodist Med. Ctr.,	
Aaa	2,250	8.125%, 7/1/08, B.I.G.#.....	2,642,400

</TABLE>

-25- See Notes to Financial Statements.

<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Tennessee (cont'd.)	
		Clarksville Wtr. Swr. & Gas Rev.,	
Aaa	\$ 1,500	6.25%, 2/1/18, M.B.I.A.....	\$ 1,627,290
		Knox Cnty. Hlth Edl. Hosp. Facs. Rev.,	
Aaa	5,090	5.75%, 1/1/14,	

		M.B.I.A.....	5,390,819
		Tennessee Hsg. Dev.	
		Agcy.,	
Aaa	7,950	7.65%, 7/1/20, B.I.G....	8,674,086
			-----
			18,334,595
			-----
		Texas--9.5%	
		Austin Util. Sys. Rev.,	
Aaa	3,250	7.25%, 11/15/03, Ser. B,	
		F.G.I.C.....	3,712,443
Aaa	5,750	Zero Coupon, 11/15/09,	
		Ser. B, A.M.B.A.C.....	2,434,148
Aaa	5,000	6.50%, 5/15/11, Ser. A,	
		A.M.B.A.C.....	5,488,950
Aaa	5,000	8.00%, 11/15/16, Ser. A,	
		B.I.G.#.....	6,123,500
		Brazos River Auth. Rev.,	
		Houston Lt. & Pwr.,	
Aaa	5,000	6.70%, 3/1/17, Ser. A,	
		A.M.B.A.C.....	5,599,600
Aaa	1,000	7.20%, 12/1/18, Ser. B,	
		F.G.I.C.....	1,155,910
		Colorado River Mun. Wtr. Dist. Rev.,	
Aaa	6,750	5.15%, 1/1/21,	
		A.M.B.A.C.....	6,533,730
		Corpus Christi Hsg. Fin.	
		Corp.,	
		Sngl. Fam. Mtge.,	
		M.B.I.A.,	
Aaa	2,880	7.70%, 7/1/11, Ser. A...	3,160,829
		Harris Cnty. Toll Rd.,	
		F.G.I.C.,	
Aaa	5,000	8.00%, 8/15/07, Ser.	
		A.....	5,943,150
		Houston Arpt. Sys. Rev.,	
Aaa	3,900	7.20%, 7/1/13.....	4,875,546
		Houston Wtr. & Swr. Sys.	
		Rev.,	
Aaa	\$ 1,000	6.375%, 12/1/17, Ser. C,	
		A.M.B.A.C.....	\$ 1,092,030
Aaa	5,000	6.375%, 12/1/22, Ser. A,	
		M.B.I.A.....	5,512,500
		Matagorda Cnty.	
		Navigation Poll,	
		Ctrl. Rev. Dist. No.	
		1,	
Aaa	2,300	7.50%, 12/15/14,	
		A.M.B.A.C.....	2,712,965
		Mun. Pwr. Agcy. Rev.,	
Aaa	3,960	6.75%, 9/1/12,	
		A.M.B.A.C.....	4,455,634
		Northwest Indpt. Sch.	
		Dist.,	
Aaa	4,890	Zero Coupon, 8/15/12,	
		A.M.B.A.C.....	1,744,507
		Tarrant Cnty. Wtr. Ctrl.	
		& Imp.,	
Aaa	8,470	4.75%, 3/1/13,	
		A.M.B.A.C.....	7,958,751
		Texas St. Pub. Fin.	
		Auth. Bldg. Rev.,	
		M.B.I.A.,	
Aaa	6,900	Zero Coupon, 2/1/14.....	2,249,745
		Travis Cnty., M.B.I.A.,	
Aaa	6,000	5.80%, 3/1/09, Ser. A...	6,290,340
		Willis Indpt. Sch.	
		Dist.,	
Aaa	3,650	6.50%, 2/15/16.....	3,960,980

		Wtr. Res. Fin. Auth. Rev.,	
Aaa	2,000	7.50%, 8/15/13, A.M.B.A.C.....	2,207,460
			-----
			83,212,718
			-----
		Utah--1.0%	
		Intermountain Pwr. Agcy. Pwr. Supply Rev., M.B.I.A.,	
Aaa	9,250	5.00%, 7/1/12, Ser. A...	8,922,735
			-----
		Virginia--1.8%	
		Loudoun Cnty. Sanitation Auth. Wtr. & Swr. Rev.,	
Aaa	8,020	6.25%, 1/1/16, F.G.I.C.....	8,758,401
		Roanoke Ind. Dev. Auth. Hosp. Rev., M.B.I.A.,	
Aaa	4,000	5.00%, 7/1/24, Ser. A...	3,818,720

</TABLE>

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<TABLE>  
<CAPTION>

Moody's Rating	Principal Amount (000)	Description (a)	Value (Note 1)
<S>	<C>	<C>	<C>
		Virginia (cont'd.)	
		Southeastern Pub. Svc. Auth. Rev., Regl. Waste Sys.,	
Aaa	\$ 3,000	7.00%, 7/1/13, B.I.G....	\$ 3,475,470
			-----
			16,052,591
			-----
		Washington--4.8%	
		Seattle Met. Mun. Swr. Rev., M.B.I.A.,	
Aaa	10,000	6.30%, 1/1/33, Ser. W...	10,807,800
		Tacoma Elec. Sys. Rev.,	
Aaa	2,000	8.00%, 1/1/11, A.M.B.A.C.#.....	2,351,900
		Washington Hlth. Care Facs. Auth., Fred Hutchinson Cancer Ctr.,	
Aaa	2,500	7.30%, 1/1/12.....	2,863,225
		Tacoma Multicare Med. Ctr.,	
Aaa	5,000	7.875%, 8/15/11, F.G.I.C.....	5,798,750
		Washington St. Pub. Pwr. Supply Sys. Nuclear, Proj. No. 1,	
Aaa	5,000	7.00%, 7/1/04, Ser. A, B.I.G.....	5,678,250
Aaa	6,500	6.25%, 7/1/17, M.B.I.A.....	7,008,820
		Proj. No. 2,	
Aaa	3,000	7.25%, 7/1/03, Ser. B, F.G.I.C.....	3,483,300
Aaa	5,210	Zero Coupon, 7/1/11, Ser. A, M.B.I.A.....	1,949,634
		Proj. No. 3, F.G.I.C.,	



Aaa	2,000	7.00%, 7/1/05, Ser. B...	2,291,300
			-----
			42,232,979
			-----
		Wisconsin--1.2%	
		Wisconsin Pub. Pwr. Inc.	
		Sys. Rev., A.M.B.A.C.,	
Aaa	5,000	7.50%, 7/1/10, Ser.	
		A#.....	6,033,300
		Wisconsin St. Hlth. &	
		Edl. Facs. Auth. Rev.,	
		Meritor Hosp., F.G.I.C.,	
Aaa	\$ 4,450	6.30%, 12/1/09, Ser.	
		A.....	\$ 4,838,752
			-----
			10,872,052
			-----
		Total Investments--96.1%	
		(cost \$776,302,324; Note	
		4).....	841,820,697
		Other assets in excess	
		of	
		liabilities--3.9%.....	33,827,305
			-----
		Net Assets--100%.....	\$875,648,002
			-----
			-----

</TABLE>

(a) The following abbreviations are used in portfolio descriptions:

- A.M.B.A.C.--American Municipal Bond Assurance Corporation
- B.I.G.--Bond Investors Guaranty Insurance Company
- C.G.I.C.--Capital Guaranty Insurance Corporation
- F.G.I.C.--Financial Guaranty Insurance Company
- F.H.A.--Federal Housing Administration
- F.S.A.--Financial Security Assurance
- G.N.M.A.--Government National Mortgage Association
- M.B.I.A.--Municipal Bond Insurance Association
- T.R.A.N.--Tax Revenue Anticipation Note

# Prerefunded issues are secured by escrowed cash and direct U.S. guaranteed obligations.

\* Standard & Poor's rating.

@ Inverse floating rate bond.

NR--Not rated by Moody's or Standard & Poor's.

The Fund's current Prospectus contains a description of Moody's and Standard & Poor's ratings.

-27- See Notes to Financial Statements.

PRUDENTIAL MUNICIPAL BOND FUND  
INSURED SERIES  
Statement of Assets and Liabilities  
(Unaudited)

<TABLE>

<CAPTION>

Assets

October 31, 1993

<S>

<C>

Investments, at value (cost \$776,302,324).....	\$841,820,697
Receivable for investments sold.....	64,490,519
Accrued interest receivable.....	13,783,478
Receivable for Fund shares sold.....	5,499,173

Deferred expenses and other assets.....	13,728
<hr/>	
Total assets.....	925,607,595
<hr/>	
Liabilities	
Bank overdraft.....	5,040,501
Payable for investments purchased.....	41,234,961
Payable for Fund shares reacquired.....	1,686,432
Dividends payable.....	1,213,697
Due to Manager.....	377,664
Due to Distributors.....	357,077
Accrued expenses.....	49,261
<hr/>	
Total liabilities.....	49,959,593
<hr/>	
Net Assets.....	\$875,648,002
<hr/>	
Net assets were comprised of:	
Shares of beneficial interest, at par.....	\$ 747,164
Paid-in capital in excess of par.....	795,622,101
<hr/>	
Accumulated net realized capital gains.....	796,369,265
Net unrealized appreciation.....	13,760,364
	65,518,373
<hr/>	
Net assets, October 31, 1993.....	\$875,648,002
<hr/>	
Class A:	
Net asset value and redemption price per share	
(\$33,489,395 / 2,859,228 shares of beneficial interest issued and outstanding).....	\$11.71
Maximum sales charge (4.5% of offering price).....	.55
<hr/>	
Maximum offering price to public.....	\$12.26
<hr/>	
Class B:	
Net asset value, offering price and redemption price per share	
(\$842,158,607 / 71,857,185 shares of beneficial interest issued and outstanding)....	\$11.72
<hr/>	

</TABLE>

See Notes to Financial Statements.

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PRUDENTIAL MUNICIPAL BOND FUND  
INSURED SERIES  
Statement of Operations  
(Unaudited)

<TABLE>  
<CAPTION>

	Six Months Ended October 31, 1993
Net Investment Income	-----
<S>	<C>
Income	
Interest and discount earned.....	\$24,770,212
<hr/>	
Expenses	
Management fee.....	2,116,060
Distribution fee--Class A.....	15,955

Distribution fee--Class B.....	2,036,246
Transfer agent's fees and expenses.....	233,000
Custodian's fees and expenses.....	92,000
Registration fees.....	43,000
Reports to shareholders.....	28,000
Legal fees.....	10,000
Insurance expense.....	10,000
Trustees' fees.....	8,500
Audit fee.....	7,500
Miscellaneous.....	7,923
	-----
Total expenses.....	4,608,184
	-----
Net investment income.....	20,162,028
	-----
Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on:	
Investment transactions.....	14,874,415
Financial futures contracts.....	(1,037,745)
	-----
	13,836,670
	-----
Net change in unrealized appreciation of:	
Investments.....	13,915,507
	-----
Net gain on investments.....	27,752,177
	-----
Net Increase in Net Assets Resulting from Operations.....	\$47,914,205
	-----
	-----

</TABLE>

PRUDENTIAL MUNICIPAL BOND FUND  
INSURED SERIES  
Statement of Changes in Net Assets  
(Unaudited)

<TABLE>  
<CAPTION>

Increase (Decrease) in Net Assets	Six Months Ended	Year Ended
	October 31, 1993	April 30, 1993
	-----	-----
<S>	<C>	<C>
Operations		
Net investment income....	\$ 20,162,028	\$ 37,048,952
Net realized gain on investment transactions.....	13,836,670	19,006,974
Net change in unrealized appreciation of investments.....	13,915,507	27,731,724
	-----	-----
Net increase in net assets resulting from operations.....	47,914,205	83,787,650
	-----	-----
Dividends and distributions (Note 1)		
Dividends to shareholders from net investment income		
Class A.....	(821,290)	(1,342,046)

Class B.....	(19,340,738)	(35,706,906)
	-----	-----
	(20,162,028)	(37,048,952)
	-----	-----
Distributions to shareholders from net realized gains		
Class A.....	(299,420)	(571,552)
Class B.....	(7,689,337)	(16,807,084)
	-----	-----
	(7,988,757)	(17,378,636)
	-----	-----
Fund share transactions (Note 5)		
Net proceeds from shares issued.....	119,817,788	228,787,332
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions.....	16,062,965	30,164,592
Cost of shares reacquired.....	(80,154,097)	(145,782,073)
	-----	-----
Increase in net assets from Fund share transactions.....	55,726,656	113,169,851
	-----	-----
Total increase.....	75,490,076	142,529,913
	-----	-----
Net Assets		
Beginning of period.....	800,157,926	657,628,013
	-----	-----
End of period.....	\$ 875,648,002	\$ 800,157,926
	-----	-----
	-----	-----

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

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## I. Prudential Municipal Bond Fund

Chart entitled Prudential Mutual Funds: Risk/Reward Spectrum.

The chart shows a graphic representation of the spectrum of risks of various categories of Prudential Mutual Funds including stock funds, tax-exempt bond funds, taxable bond funds and global taxable bond funds. The chart rates the risk of individual Prudential Mutual Funds relative to other Prudential Mutual Funds in each category.

Under the category of stock funds, the chart lists from low risk to high risk the following funds (beginning at the low end of the spectrum):

- FlexiFund (The Conservatively Managed Portfolio)
- IncomeVertible Fund
- FlexiFund (The Strategy Portfolio)
- Equity Income Fund
- Utility Fund
- Global Utility Fund
- Equity Fund
- Growth Fund

Global Fund  
Nicholas-Applegate Growth Equity Fund  
Growth Opportunity Fund  
Multi-Sector Fund  
Global Natural Resources Fund  
Global Genesis Fund  
Pacific Growth Fund

Under the category of tax-exempt bond funds, the chart lists from low risk to high risk the following funds (beginning at the low end of the spectrum):

Municipal Bond Fund (Modified Term Series)  
Municipal Bond Fund (Insured Series)  
National Municipals Fund  
Municipal Series Fund (State Series Fund)  
California Municipal Fund (California Income Series)  
Municipal Bond Fund (High Yield Series)

Under the category of taxable bond funds, the chart lists from low risk to high risk the following funds (beginning at the low end of the spectrum):

Adjustable Rate Securities Fund  
The BlackRock Government Income Fund  
Structured Maturity Fund (Income Portfolio)  
Government Securities Trust (Intermediate Term Series)  
GNMA Fund  
Government Plus Fund  
U.S. Government Fund  
High Yield Fund

Under the category of global taxable bond funds, the chart lists from low risk to high risk the following funds (beginning at the low end of the spectrum):

Short-Term Global Income Fund (Global Assets Portfolio)  
Short-Term Global Income Fund (Short-Term Global Income Portfolio)  
Intermediate Global Income Fund