

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

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

Filing Date: **1999-07-27** | Period of Report: **1999-05-31**
SEC Accession No. **0000893220-99-000853**

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FILER

VANGUARD NEW YORK INSURED TAX FREE FUND

CIK: **788599** | Fiscal Year End: **1130**

Type: **N-30D** | Act: **40** | File No.: **811-04570** | Film No.: **99671197**

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VANGUARD NEW YORK
TAX-EXEMPT FUNDS

VANGUARD NEW YORK TAX-EXEMPT
MONEY MARKET FUND

VANGUARD NEW YORK INSURED LONG-TERM
TAX-EXEMPT FUND

[PHOTO]

SEMIANNUAL
REPORT

MAY 31, 1999

[THE VANGUARD GROUP LOGO]

AT VANGUARD, WE BELIEVE THAT TRADITION MATTERS

Our 9,000 crew members embrace the traditional values on which our success is built, including integrity, hard work, thrift, teamwork, and fair dealing on behalf of our clients.

Our report cover pays homage to three anniversaries, each of great significance to The Vanguard Group:

- The 200th anniversary of the Battle of the Nile, which commenced on August 1, 1798. HMS Vanguard, the victorious British flagship at the Nile, is our namesake. And its motto-"Leading the way"--serves as a guiding principle for our company.
- The 100th birthday, on July 23, 1998, of Walter L. Morgan, founder of Wellington Fund, the oldest member of what became The Vanguard Group. Mr. Morgan was friend and mentor to Vanguard founder John C. Bogle, and helped to shape the standards and business principles that Mr. Bogle laid down for Vanguard at its beginning nearly 25 years ago: a stress on balanced, diversified investments; insistence on fair dealing and candor with clients; and a focus on long-term investing. To our great regret, Mr. Morgan died on September 2, 1998.
- The 70th anniversary, on December 28, 1998, of the incorporation of Vanguard Wellington Fund. It is the nation's oldest balanced mutual fund, and one of only a handful of funds created in the 1920s that are still in operation.

Although Vanguard constantly tackles new challenges, adopts new technology, and develops new services, we treasure the traditions and values that set us apart in a crowded, competitive industry. And we salute our shareholders, whose support and trust we strive to earn each and every day.

[PHOTO]

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are from Lipper or Morningstar,
unless otherwise noted.

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DEAR SHAREHOLDER,

[PHOTO]
John J. Brennan
Chairman & CEO

[PHOTO]
John C. Bogle
Senior Chairman

During the first half of the Vanguard New York Tax-Exempt Funds' 1999 fiscal year, municipal bond prices dipped in the face of rising interest rates. These lower prices offset most of the interest income earned by tax-exempt securities during the six months ended May 31, 1999, and resulted in relatively modest total returns on municipal bonds for the period.

In this environment, our Insured Long-Term Tax-Exempt Fund earned a six-month total return (capital change plus reinvested dividends) of +0.6%, and our Tax-Exempt Money Market Fund earned +1.4%. The adjacent table presents the half-year returns for both funds, along with those of their average peers. As you can see, the returns of our funds outpaced those of similar mutual funds.

<TABLE>
<CAPTION>

| | TOTAL RETURNS SIX MONTHS ENDED MAY 31, 1999 |
|--|---|
| <S> | <C> |
| VANGUARD NEW YORK TAX-EXEMPT MONEY MARKET FUND (SEC 7-Day Annualized Yield: 3.03%) Average New York Tax-Exempt Money Market Fund | +1.4% +1.2 |
| VANGUARD NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND Average New York Tax-Exempt Bond Fund | +0.6% +0.2 |

</TABLE>

The total return of the Insured Long-Term Tax-Exempt Fund is based on a decrease in net asset value from \$11.30 per share on November 30, 1998, to \$11.01 per share on May 31, 1999, and is adjusted for dividends totaling \$0.273 per share paid from net investment income and a distribution of \$0.091 per share paid from net realized capital gains. The Tax-Exempt Money Market Fund's net asset value remained at \$1.00 per share, as is expected but not guaranteed. On May 31, the Insured Long-Term Fund's yield stood at 4.52%, and the Money Market Fund's yield was 3.03%.

For New York residents, income earned by our funds is exempt from federal and New York State income taxes, but may be subject to local taxes and the Alternative Minimum Tax.

THE PERIOD IN REVIEW

The U.S. economy steamed ahead during the half-year as consumers continued spending at a breakneck pace and the manufacturing sector showed signs of recovering from last fall's woes. Economic growth expanded at an annual rate of 4.3% during the first three months of 1999, while both unemployment and inflation remained low. The Wilshire 5000 Equity Index, which tracks the entire U.S. stock market, gained +13.2% for the six months.

While the strong growth pace was regarded enthusiastically by the stock market, it was hardly welcome news in the bond market, where investors feared that higher inflation would result from an overheated economy. These concerns drove interest rates higher and bond prices lower. The yield of the benchmark 30-year U.S. Treasury bond climbed from its starting point of 5.06% on November 30, 1998, to 5.83% on May 31--a significant increase of 77 basis points. At the shorter end of the bond spectrum, the yield of 3-month Treasury bills rose by 15

basis points to close the period at 4.63%.

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Though yields of municipal bonds also rose, the climb was not as steep as for Treasuries. Yields on high-grade long-term municipal bonds ended the half-year at 5.16%, up from 4.89% when the period began. Yields on top-grade (MIG-1) 3-month notes rose on balance to 3.15% from 2.95% six months earlier.

Municipal bonds continue to offer excellent value relative to U.S. Treasuries, although they are not quite as attractive as they were six months ago. On May 31, the yield of a high-grade, long-term municipal bond was equal to about 89% of the yield of the 30-year U.S. Treasury, whose interest is subject to federal income tax. This proportion has historically been about 84%. Early in the period, however, it was about 97%, largely because Treasury yields had been driven lower by heavy buying from investors who fled riskier securities.

PERFORMANCE OVERVIEW

Our Tax-Exempt Money Market Fund's six-month return of +1.4% topped the +1.2% return of the average New York tax-exempt money market fund. Our margin over our average peer can be explained by our much lower expenses.

The +0.6% total return achieved by the Insured Long-Term Tax-Exempt Fund consisted of a +2.4% income return and a price decline of -1.8%, which reflected the rise in interest rates. The fund's performance was slightly better than the +0.2% return of the average New York municipal bond fund but slightly behind the +0.8% return of the Lehman Municipal Bond Index. This national index, which exists outside the "real world" of operating expenses and transaction costs, is a tough standard for all state tax-exempt funds.

Of course, interest rate fluctuations--up and down--are to be expected. In our letter to you six months ago, we explained that declining interest rates gave a boost to bond prices, resulting in an excellent fiscal 1998 total return of +7.7% for the Insured Long-Term Fund. Over time, however, the effects of rate variations tend to be offsetting, leaving the rate of interest income as the chief source of long-term bond returns.

A six-month period is too short to provide a complete picture of a bond fund's return. This is because only half of the year's interest income is accounted for, while the price changes engendered by shifts in interest rates are fully reflected. Consequently, investors should consider a full year's interest income as part of a semiannual review. During the twelve months ended May 31, 1999, our Insured Long-Term Fund earned a total return of +4.5%, consisting of an income return of +5.0% and a negative capital return of -0.5%.

Our low costs play a critical role in our success. Our funds have annualized expense ratios (expenses as a percentage of average net assets) of about 0.20%, compared with 1.16% charged by the average long-term New York tax-exempt fund and 0.61% for the average New York tax-exempt money market fund. Costs matter because they are deducted from the income earned by the fund. Therefore, lower operating expenses mean that a higher percentage of the gross interest income is passed along to shareholders.

Also instrumental in our long-term success is the skillful management of Vanguard Fixed Income Group, which selects the securities for our funds. Our Insured Long-Term Fund invests predominantly in bonds that carry private insurance guaranteeing the payment of principal and interest in the event that a bond issuer defaults on its debt obligations. Though these securities offer slightly lower gross yields than noninsured bonds, our low costs historically have made up the difference--and then some. This cost advantage has allowed our fund to provide net returns that are fully competitive with those of uninsured--and thus, lower-quality--municipal bond portfolios.

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IN SUMMARY

The swift rise in interest rates over the past several months is not an aberration but rather a normal, if unpleasant, part of the cyclicity of the financial markets. The variable nature of both bond and stock markets is the reason we continuously counsel shareholders to hold balanced portfolios suitable

to their goals, time horizon for investing, and tolerance for risk. Building such a program and then sticking with it through good times and bad is a prudent, and ultimately rewarding, method of confronting the ever-present volatility of the financial markets.

We look forward to reporting to you on the full 1999 fiscal year six months hence.

/s/ JOHN C. BOGLE

/s/ JOHN J. BRENNAN

John C. Bogle
Senior Chairman

John J. Brennan
Chairman and
Chief Executive Officer

June 14, 1999

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THE MARKETS IN PERSPECTIVE
SIX MONTHS ENDED MAY 31, 1999

[PHOTO]

Sentiment shifted on the world's financial markets during the six months ended May 31, 1999. The period began amid lingering anxiety over the state of the world economy. Japan was in recession, economic growth was only sluggish in Europe, and many developing nations were crisis-ridden. The United States was just about the sole bright spot.

However, as the period progressed and reports showed rapid growth in U.S. business activity, there was an evident reduction in anxiety. Midway through the period, leadership in the U.S. stock market shifted away from a relatively narrow group of large growth stocks regarded as relatively recession-proof and toward cyclical stocks that had been depressed by fears of recession and by falling demand from overseas markets. As confidence in global economic growth grew, interest rates rose and bond prices declined in the United States due to expectations that the Federal Reserve Board would raise interest rates to ward off a potential surge in inflation. Internationally, however, a growing conviction that the worst was over led to solid gains for stock markets in Japan and several emerging markets.

U.S. STOCK MARKETS

Stock prices climbed during the half-year, reflecting the healthy domestic economy and investors' confidence in future growth of corporate profits. The overall market, as measured by the Wilshire 5000 Index, rose 13.2% during the period, while the S&P 500 Index, a barometer for large-capitalization stocks, gained 12.6%.

<TABLE>
<CAPTION>

| | TOTAL RETURNS | | |
|--|----------------------------|--------|----------|
| | PERIODS ENDED MAY 31, 1999 | | |
| | 6 MONTHS | 1 YEAR | 5 YEARS* |
| <S> | <C> | <C> | <C> |
| STOCKS | | | |
| S&P 500 Index | 12.6% | 21.0% | 25.9% |
| Russell 2000 Index | 11.0 | -2.7 | 13.6 |
| Wilshire 5000 Index | 13.2 | 17.7 | 23.8 |
| MSCI EAFE Index | 4.2 | 4.7 | 8.0 |
| BONDS | | | |
| Lehman Aggregate Bond Index | -0.8% | 4.4% | 7.8% |
| Lehman 10 Year Municipal Bond Index | 0.4 | 4.6 | 7.2 |
| Salomon Smith Barney 3-Month U.S. Treasury Bill Index | 2.2 | 4.8 | 5.2 |
| OTHER | | | |
| Consumer Price Index | 1.3% | 2.1% | 2.4% |

</TABLE>

*Annualized.

During the early part of the semiannual period, stock investors favored large-cap growth stocks--a group perceived as less subject to harm during an economic downturn. In the United States, the Federal Reserve had already cut short-term rates by a total of 0.75 percentage point in the autumn. Foreign central banks continued cutting rates into the new year to combat sluggish economic conditions in Europe, Asia, and Latin America. Late in the semiannual period, U.S. investors were rewarded for their earlier optimism with a series of surprisingly strong gains in corporate earnings--a record percentage of companies in the S&P 500 reported earnings that beat analysts' estimates.

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Throughout the period, U.S. consumers provided support for the global economy: Spending by consumers continued to set records, and American households on average spent nearly every dollar of income they earned. The upbeat mood stemmed from a bright employment picture (unemployment hovered near 30-year lows) and rising incomes.

Improved prospects for global economic growth propelled several formerly lackluster areas of the stock market, particularly commodity-related companies and "cyclical" companies such as machinery, chemical, and paper manufacturers. Higher oil prices, boosted by firmer demand and by agreement among oil-producing nations to limit production, revived the "other energy" and integrated-oils sectors, which gained about 36% and 16%, respectively. Technology stocks, up 26% for the six months, were the market's leaders, but most of the sector's gains came during the first three months of the period. Consumer-staples companies, beset by tough price competition and hurt by the stronger U.S. dollar in Europe, were the worst-performing group in the half-year, down about 7%.

U.S. BOND MARKETS

For bond investors, the powerful economic expansion evident during the half-year was too much of a good thing. Although the inflation rate did not get out of hand--consumer prices rose 1.3% during the six months and were up 2.1% for the twelve months ended May 31--investors were worried that low unemployment (4.2% of the labor force in May) would trigger an acceleration in wages and push up prices.

Yields on U.S. Treasury bonds, which had fallen during the summer and early fall of 1998 as investors flocked to what they regarded as a haven from instability in other markets, rose by three-quarters of a percentage point or more. The yield of the 30-year Treasury bond rose 77 basis points, to 5.83% on May 31 from 5.06% on November 30, 1998. The yield of the 10-year Treasury rose 91 basis points, to 5.62% from 4.71%. Short-term rates didn't rise as far: Yields on 3-month T-bills were up on balance by only 15 basis points, to 4.63% on May 31. Bond prices, which move in the opposite direction from interest rates, fell. The Lehman Aggregate Bond Index, a benchmark for investment-grade taxable bonds, declined 0.8% on a total-return basis, as bond prices declined an average of 3.8%, outweighing the 3.0% in interest income for the period.

Municipal bonds suffered only modest price declines and outperformed Treasury securities during the period--a switch from the previous six months, when Treasuries were the strongest segment of the bond market.

INTERNATIONAL STOCK MARKETS

Most overseas stock markets generated positive returns during the six months, despite lingering economic weakness in Asia and sluggish growth in most of Europe's developed economies. However, the strong rise in the value of the U.S. dollar against European currencies negated most of the advances in that region for U.S. investors. Emerging markets generally rebounded strongly, having suffered steep losses in 1997 and 1998.

Overall, the developed markets outside the United States gained 4.2% in U.S.-dollar terms, as measured by the Morgan Stanley Capital International Europe, Australasia, Far East (EAFE) Index. The biggest increases were in the Pacific region and in emerging markets, where investors saw hopeful signs of economic recovery. The MSCI Pacific Index rose 14.2% in U.S.-dollar terms, despite a continuing recession in Japan. The MSCI Select Emerging Markets Free Index climbed 19.0%. European stocks were up a scant 0.3% in dollar terms, as gains of about 8% in local currencies were diminished by the dollar's rise against the euro--a common currency adopted by 11 nations--and other regional currencies.

REPORT FROM THE ADVISER

During the fiscal half-year ended May 31, 1999, interest rates rose as investors became worried that the strong growth of the U.S. economy might lead to an acceleration in the inflation rate. As the period progressed, the U.S. economy's growth rate slowed, but remained strong.

On the inflation front, investors' fears seemed misplaced until May, when the Consumer Price Index came in above expectations. Soon after, the Federal Reserve Board announced that it had adopted a bias toward a tighter monetary policy, meaning that it was more likely to raise interest rates in the coming months than to lower them. A decision to raise short-term interest rates would, if taken, be aimed at slowing growth and heading off increases in inflation. The Fed's announcement marked the first time the agency had told the public immediately about its adoption of a policy bias, rather than releasing the information at a later date. As we reached the midpoint of our fiscal year, interest rates were hovering around their highest levels of the period, and market participants were waiting to see whether inflation and growth statistics would prompt the Fed to act on its tightening bias.

Municipal bonds outperformed U.S. Treasury bonds with equivalent maturities during the half-year. The benchmark 30-year U.S. Treasury bond's yield increased by 77 basis points, from 5.06% on November 30, 1998, to 5.83% on May 31, 1999. The yield of a 30-year AAA-rated general obligation municipal bond increased 27 basis points, from 4.89% to 5.16%, over the same period. The municipal bond market's strong relative performance can be explained by two factors. First, municipal bond yields at the start of the 1999 fiscal year were very attractive compared with Treasury yields. The global forces that had compelled investors to seek the safety of Treasuries during summer 1998 did not carry over to the municipal market, which consequently underperformed Treasuries last fiscal year. This set the stage for municipals' superior performance in the ensuing six months. Second, there was a 24% decline in the issuance of municipal bonds during the first five months of calendar year 1999 compared with the same period a year earlier.

THE INSURED LONG-TERM TAX-EXEMPT FUND

The supply of newly issued municipals varied widely by state. In New York, new bond issuance declined by a remarkable 55% compared with 1998. The supply of new bonds declined for two reasons, both related to higher interest rates. First, as rates rose, many issuers were no longer able to refinance older, higher-coupon bonds by issuing new bonds at lower rates. Second, higher interest rates made borrowing less attractive to bond issuers.

All in all, municipal bonds had a strong quarter compared with other types of bonds. Even so, high-quality, long-term municipals continue to be attractive investments, with yields as of May 31, 1999, equivalent to a relatively high 89% of the yield on long-term U.S. Treasury bonds. Given that interest

on municipal bonds is generally exempt from federal income tax, while interest on Treasuries and corporate bonds is not, municipals provide a better after-tax yield than any taxable bond of similar credit quality.

Going forward, new municipal bond issuance is expected to remain low through year-end. Also, as the outlook for growth and inflation becomes clearer, the Fed should give more direction to the market. At the least, this should reduce uncertainty and bring some comfort to the bond markets.

The Vanguard New York Tax-Exempt Funds' low operating costs and high credit quality should stand our shareholders in good stead during this year's turbulent bond markets.

THE TAX-EXEMPT MONEY MARKET FUND

The economy's strength and the resulting threat of inflation were foremost in investors' minds throughout the first half of the fiscal year. Consequently, the yield on 1-year U.S. Treasury bills increased 47 basis points to finish the

half-year at 4.97%. Municipal securities with similar maturities experienced a 19-basis-point increase in yields, to 3.18% as of May 31, 1999. We believe the strength of the U.S. economy is tempered by continued economic uncertainty abroad, so our fund remains in a neutral position in terms of its average maturity. In addition to fundamental economic forces, cash flows had a significant impact on short-term municipal securities.

During the second quarter of the period, the annual onset of redemptions by shareholders paying income tax liabilities contributed to the increase in yields on short-term tax-exempt securities. In all, holders of state-specific money market portfolios redeemed a net total of some \$2.6 billion, or 4.4% of assets, during the tax season, according to IBC Financial Data. As mutual funds sold securities to meet these redemptions, the temporary oversupply of short-term securities, coupled with a general rise in short-term interest rates during late April and May, caused rates to rise significantly. Your management used this opportunity to position the fund to benefit from the recent economic trends, to further diversify its holdings, and to enhance its overall credit quality.

Ian A. MacKinnon, Managing Director
 Pamela Wisehaupt Tynan, Principal
 Reid O. Smith, Principal
 John M. Carbone, Principal
 Danine A. Mueller, Principal
 Christopher M. Ryon, Principal
 Kathryn Allen, Principal
 Vanguard Fixed Income Group

June 11, 1999

INVESTMENT PHILOSOPHY

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

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FUND PROFILE

NEW YORK TAX-EXEMPT MONEY MARKET FUND

This Profile provides a snapshot of the fund's characteristics as of May 31, 1999. Key elements of this Profile are defined on page 9.

<TABLE>
 <CAPTION>
 FINANCIAL ATTRIBUTES

| <S> | <C> |
|------------------|---------|
| Yield | 3.0% |
| Average Maturity | 43 days |
| Average Quality | MIG-1 |
| Expense Ratio | 0.17%* |

*Annualized.

<TABLE>
 <CAPTION>
 DISTRIBUTION BY CREDIT QUALITY (% OF PORTFOLIO)

| <S> | <C> |
|-------------|--------|
| MIG-1/SP-1+ | 69.5% |
| A-1/P-1 | 30.5 |
| AAA/AA | 0.0 |
| A | 0.0 |
| Total | 100.0% |

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

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

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

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

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

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

DISTRIBUTION BY CREDIT QUALITY. This breakdown of a fund's securities by credit rating can help in gauging the risk that returns could be affected by defaults or other credit problems.

DISTRIBUTION BY MATURITY. An indicator of interest-rate risk. In general, the higher the concentration of longer-maturity issues, the more a fund's share price will fluctuate in response to changes in interest rates.

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

INVESTMENT FOCUS. This grid indicates the focus of a fund in terms of two attributes: average maturity (short, medium, or long) and average credit quality (high, medium, or low).

NUMBER OF ISSUES. An indicator of diversification. The more separate issues a fund holds, the less susceptible it is to a price decline stemming from the problems of a particular issue.

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

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

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

FUND PROFILE
NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND

This Profile provides a snapshot of the fund's characteristics as of May 31, 1999, compared where appropriate to an unmanaged index. Key elements of this

<TABLE>
<CAPTION>
FINANCIAL ATTRIBUTES

| | NEW YORK INSURED LONG-TERM | LEHMAN INDEX* |
|-------------------|-------------------------------|------------------|
| <S> | <C> | <C> |
| Number of Issues | 252 | 49,905 |
| Yield | 4.5% | -- |
| Yield to Maturity | 4.7% | -- |
| Average Coupon | 5.3% | 5.5% |
| Average Maturity | 11.3 years | 13.2 years |
| Average Quality | AAA | AA+ |
| Average Duration | 7.4 years | 7.2 years |
| Expense Ratio | 0.21%** | -- |
| Cash Reserves | 1.5% | -- |

*Lehman Municipal Bond Index.
**Annualized.

INVESTMENT FOCUS

[GRAPHIC]

<TABLE>
<CAPTION>
VOLATILITY MEASURES

| | NEW YORK INSURED LONG-TERM | LEHMAN INDEX* |
|-----------|-------------------------------|------------------|
| <S> | <C> | <C> |
| R-Squared | 0.98 | 1.00 |
| Beta | 1.11 | 1.00 |

*Lehman Municipal Bond Index.

<TABLE>
<CAPTION>
DISTRIBUTION BY CREDIT QUALITY (% OF PORTFOLIO)

| <S> | <C> |
|-------|--------|
| AAA | 99.8% |
| AA | 0.2 |
| A | 0.0 |
| BBB | 0.0 |
| BB | 0.0 |
| B | 0.0 |
| Total | 100.0% |

<TABLE>
<CAPTION>
DISTRIBUTION BY MATURITY (% OF PORTFOLIO)

| <S> | <C> |
|---------------|--------|
| Under 1 Year | 9.6% |
| 1-5 Years | 16.1 |
| 5-10 Years | 24.0 |
| 10-20 Years | 27.6 |
| 20-30 Years | 22.0 |
| Over 30 Years | 0.7 |
| Total | 100.0% |

PERFORMANCE SUMMARIES

All of the data on this page represent past performance, which cannot be used to predict future returns that may be achieved by the funds. Note, too, that income returns can fluctuate widely, as can the share price of the New York Insured Long-Term Tax-Exempt Fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

<TABLE>

<CAPTION>

NEW YORK TAX-EXEMPT MONEY MARKET FUND

TOTAL INVESTMENT RETURNS: SEPTEMBER 3, 1997-MAY 31, 1999

| FISCAL YEAR | NEW YORK TAX-EXEMPT MONEY MARKET FUND | | | AVERAGE FUND* |
|-------------|---------------------------------------|---------------|--------------|---------------|
| | CAPITAL RETURN | INCOME RETURN | TOTAL RETURN | TOTAL RETURN |
| <S> | <C> | <C> | <C> | <C> |
| 1997 | 0.0% | 0.8% | 0.8% | 0.8% |
| 1998 | 0.0 | 3.3 | 3.3 | 2.9 |
| 1999** | 0.0 | 1.4 | 1.4 | 1.2 |

</TABLE>

*Average New York Tax-Exempt Money Market Fund.

**Six months ended May 31, 1999.

See Financial Highlights table on page 23 for dividend information since the fund's inception.

SEC 7-Day Annualized Yield (5/31/1999): 3.03%

<TABLE>

<CAPTION>

NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND

TOTAL INVESTMENT RETURNS: APRIL 7, 1986-MAY 31, 1999

| FISCAL YEAR | NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | | | LEHMAN* |
|-------------|--|---------------|--------------|--------------|
| | CAPITAL RETURN | INCOME RETURN | TOTAL RETURN | TOTAL RETURN |
| <S> | <C> | <C> | <C> | <C> |
| 1986 | 0.8% | 4.3% | 5.1% | 5.0% |
| 1987 | -12.0 | 6.2 | -5.8 | -0.2 |
| 1988 | 4.4 | 7.2 | 11.6 | 10.6 |
| 1989 | 5.1 | 7.2 | 12.3 | 11.0 |
| 1990 | -0.7 | 6.7 | 6.0 | 7.7 |
| 1991 | 3.9 | 7.0 | 10.9 | 10.3 |
| 1992 | 4.1 | 6.5 | 10.6 | 10.0 |
| 1993 | 6.4 | 6.0 | 12.4 | 11.1 |
| 1994 | -11.5 | 5.1 | -6.4 | -5.2 |
| 1995 | 13.5 | 6.4 | 19.9 | 18.9 |
| 1996 | 0.4 | 5.4 | 5.8 | 5.9 |
| 1997 | 0.9 | 5.5 | 6.4 | 7.2 |
| 1998 | 2.4 | 5.3 | 7.7 | 7.8 |
| 1999** | -1.8 | 2.4 | 0.6 | 0.8 |

</TABLE>

*Lehman Municipal Bond Index.

**Six months ended May 31, 1999.

See Financial Highlights table on page 24 for dividend and capital gains information for the past five years.

<TABLE>

<CAPTION>

AVERAGE ANNUAL TOTAL RETURNS: PERIODS ENDED MARCH 31, 1999*

| | INCEPTION DATE | 1 YEAR | 5 YEARS | 10 YEARS | | |
|--|----------------|--------|---------|----------|---------|---------|
| | | | | CAPITAL | INCOME | TOTAL |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| New York Tax-Exempt Money Market Fund | 9/3/1997 | 3.13% | -- | 0.00%** | 3.22%** | 3.22%** |
| New York Insured Long-Term Tax-Exempt Fund | 4/7/1986 | 6.22% | 7.43% | 2.18% | 6.02% | 8.20% |

</TABLE>

*SEC rules require that we provide this average annual total return information through the latest calendar quarter.

**Since inception.

[PHOTO]

FINANCIAL STATEMENTS
MAY 31, 1999 (UNAUDITED)

STATEMENT OF NET ASSETS

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

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

<TABLE>
<CAPTION>

| | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|--|--------|--------------------|-------------------|---------------------|
| NEW YORK TAX-EXEMPT MONEY MARKET FUND | | | | |
| MUNICIPAL BONDS (98.9%) | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Babylon NY IDA Resource Recovery Bonds (Ogden Martin Project) VRDO | 3.00% | 6/2/1999 (4) | \$20,000 | \$ 20,000 |
| Connetquot Central School Dist. of Islip Suffolk County NY TAN | 3.75% | 6/29/1999 | 12,300 | 12,304 |
| East Hampton NY Union Free School Dist. TAN | 3.90% | 6/29/1999 | 6,000 | 6,002 |
| Erie County NY RAN | 4.00% | 10/13/1999 | 4,000 | 4,014 |
| Erie County NY Water Auth. Rev. VRDO | 3.00% | 6/2/1999 (2) | 11,400 | 11,400 |
| Half Hollow Hills NY Central School Dist. of Huntington & Babylon-Suffolk County TAN | 3.90% | 6/25/1999 | 2,500 | 2,500 |
| Jericho NY Union Free School Dist. TAN | 3.90% | 6/29/1999 | 2,000 | 2,000 |
| Long Island NY Power Auth. Electric System Rev. CP | 3.10% | 6/18/1999 LOC | 7,000 | 7,000 |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.05% | 6/2/1999 LOC | 12,800 | 12,800 |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.25% | 6/2/1999 LOC | 6,100 | 6,100 |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.30% | 6/2/1999 (1) | 5,700 | 5,700 |
| Muni. Assistance Corp. for New York City NY GO | 5.00% | 7/1/1999 | 12,000 | 12,016 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.00% | 1/1/2000 (2) | 2,000 | 2,023 |
| New York City NY Cultural Resources VRDO (Carnegie Hall Project) | 3.20% | 6/2/1999 LOC | 15,325 | 15,325 |
| New York City NY Cultural Resources VRDO (Solomon R. Guggenheim Foundation) | 3.30% | 6/2/1999 LOC | 12,925 | 12,925 |
| New York City NY GO | 7.25% | 3/15/2000 (Prere.) | 3,155 | 3,299 |
| New York City NY GO VRDO | 3.15% | 6/2/1999 LOC | 12,000 | 12,000 |
| New York City NY GO VRDO | 3.20% | 6/2/1999 LOC | 13,200 | 13,200 |
| New York City NY GO VRDO | 3.25% | 6/2/1999 LOC | 3,100 | 3,100 |
| New York City NY GO VRDO | 3.30% | 6/2/1999 LOC | 2,800 | 2,800 |
| New York City NY GO VRDO | 3.30% | 6/2/1999 (1) | 15,027 | 15,027 |
| New York City NY Health & Hosp. Corp. Rev. VRDO (Health System) | 3.05% | 6/2/1999 LOC | 22,985 | 22,985 |
| New York City NY IDA Dev. VRDO (National Audubon Society) | 3.30% | 6/2/1999 LOC | 13,600 | 13,600 |
| New York City NY Muni. Water Finance Auth. CP | 3.25% | 8/19/1999 LOC | 8,400 | 8,400 |
| New York City NY Muni. Water Finance Auth. CP | 3.30% | 6/9/1999 LOC | 5,000 | 5,000 |

<TABLE>
<CAPTION>

| | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|--|--------|--------------------|-------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. VRDO | 3.30% | 6/2/1999 (3) | \$23,185 | \$ 23,185 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. VRDO | 3.50% | 6/2/1999 (3) | 300 | 300 |
| New York City NY TOB VRDO | 3.34% | 6/3/1999 (3) + | 2,275 | 2,275 |
| New York City NY Transitional Finance Auth. Future Tax Rev. PUT | 2.90% | 11/1/1999 LOC | 7,500 | 7,500 |
| New York City NY Transitional Finance Auth. Future Tax Rev. VRDO | 3.25% | 6/2/1999 LOC | 11,900 | 11,900 |
| New York City NY Transitional Finance Auth. Future Tax Rev. VRDO | 3.30% | 6/2/1999 | 1,500 | 1,500 |
| New York Metro. Transp. Auth. Fac. CP | 3.10% | 6/11/1999 LOC | 6,000 | 6,000 |
| New York Metro. Transp. Auth. Fac. CP | 3.15% | 7/7/1999 LOC | 8,700 | 8,700 |
| New York Metro. Transp. Auth. Fac. CP | 3.15% | 8/9/1999 LOC | 5,000 | 5,000 |
| New York Metro. Transp. Auth. Fac. CP | 3.15% | 8/12/1999 LOC | 12,000 | 12,000 |
| New York Metro. Transp. Auth. Fac. TOB VRDO | 3.32% | 6/3/1999 (4) + | 20,115 | 20,115 |
| New York State Dormitory Auth. (State Univ.) | 6.50% | 5/15/2000 (Prere.) | 5,000 | 5,155 |
| New York State Dormitory Auth. CP (Sloan-Kettering Cancer Center) | 3.35% | 6/10/1999 LOC | 5,000 | 5,000 |
| New York State Dormitory Auth. CP (Sloan-Kettering Cancer Center) | 3.50% | 6/8/1999 LOC | 15,000 | 15,000 |
| New York State Dormitory Auth. CP (Sloan Kettering Cancer Center) | 3.60% | 6/9/1999 LOC | 8,000 | 8,000 |
| New York State Dormitory Auth. CP (Sloan Kettering Cancer Center) | 3.60% | 6/10/1999 LOC | 4,400 | 4,400 |
| New York State Dormitory Auth. Rev. TOB VRDO (City Univ. of New York) | 3.32% | 6/3/1999 (1) + | 4,000 | 4,000 |
| New York State Dormitory Auth. Rev. VRDO (Cornell Univ.) | 3.35% | 6/2/1999 LOC | 12,200 | 12,200 |
| New York State Dormitory Auth. Rev. VRDO (Foundling Charities Corp.) | 3.15% | 6/2/1999 LOC | 13,120 | 13,120 |
| New York State Dormitory Auth. Rev. VRDO (Rockefeller Univ.) | 3.05% | 6/2/1999 | 29,100 | 29,100 |
| New York State Energy Research & Dev. Auth. PCR VRDO (New York State Electric & Gas) | 3.15% | 6/2/1999 LOC | 10,745 | 10,745 |
| New York State Environmental Fac. Corp. (Clean Drinking Water) | 3.50% | 10/15/1999 | 2,225 | 2,231 |
| New York State Environmental Fac. Corp. Sewage & Solid Waste Disposal Rev. CP (General Electric Co. Project) | 3.35% | 6/7/1999 | 5,000 | 5,000 |
| New York State Environmental Fac. Corp. Sewage & Solid Waste Disposal Rev. CP (General Electric Co. Project) | 3.35% | 6/10/1999 | 5,000 | 5,000 |
| New York State Environmental Fac. Corp. Solid Waste Disposal Rev. CP (General Electric Co. Project) | 3.65% | 6/10/1999 | 9,800 | 9,800 |
| New York State Environmental Fac. Corp. TOB VRDO (New York City Muni. Water Financial Auth. Project) | 3.32% | 6/3/1999 (1) + | 5,000 | 5,000 |
| New York State Environmental Quality GO PUT | 3.00% | 12/8/1999 LOC | 8,000 | 8,000 |
| New York State Local Govt. Assistance Corp. TOB VRDO | 3.32% | 6/3/1999 (2) + | 2,000 | 2,000 |
| New York State Local Govt. Assistance Corp. VRDO | 3.00% | 6/2/1999 LOC | 46,300 | 46,300 |
| New York State Power Auth. CP | 3.15% | 6/10/1999 LOC | 4,000 | 4,000 |
| New York State Power Auth. CP | 3.35% | 6/3/1999 LOC | 10,000 | 10,000 |
| New York State Power Auth. CP | 3.35% | 6/16/1999 LOC | 5,000 | 5,000 |
| Niagara Falls NY Bridge Comm. TOB VRDO | 3.32% | 6/3/1999 (3) + | 2,680 | 2,680 |
| Onondaga County NY BAN | 3.50% | 5/20/2000 | 7,587 | 7,613 |
| Oyster Bay New York BAN | 3.50% | 4/28/2000 | 14,712 | 14,760 |
| Port Auth. of New York & New Jersey CP | 3.10% | 6/14/1999 LOC | 3,000 | 3,000 |
| Port Auth. of New York & New Jersey CP | 4.00% | 10/1/1999 | 5,000 | 5,018 |
| Port Washington Union Free School Dist. Nassau County NY TAN | 3.90% | 6/24/1999 | 5,000 | 5,001 |
| Putnam County NY GO TAN | 3.30% | 8/31/1999 | 7,000 | 7,004 |
| Roslyn NY Union Free School Dist. TAN | 3.90% | 6/29/1999 | 3,000 | 3,001 |
| St. Lawrence County NY IDA VRDO (Pollution Control) | 3.35% | 6/2/1999 | 2,140 | 2,140 |
| Suffolk County NY TAN | 3.50% | 8/12/1999 LOC | 5,000 | 5,005 |
| Syosset NY Central School Dist. TAN | 3.90% | 6/28/1999 | 13,500 | 13,503 |
| Triborough Bridge & Tunnel Auth. NY | 7.375% | 1/1/2000 (Prere.) | 8,280 | 8,607 |
| Westchester County NY GO | 4.625% | 11/15/1999 | 9,475 | 9,552 |
| Westchester County NY Health Care Corp. CP | 2.95% | 7/23/1999 LOC | 10,000 | 10,000 |
| OUTSIDE NEW YORK: | | | | |
| Puerto Rico Govt. Dev. Bank VRDO | 3.00% | 6/2/1999 (1) LOC | 2,700 | 2,700 |
| Puerto Rico Highway & Transp. Auth. VRDO | 3.00% | 6/2/1999 LOC | 1,000 | 1,000 |
| TOTAL MUNICIPAL BONDS (COST \$639,630) | | | | 639,630 |

</TABLE>

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| | MARKET VALUE* (000) |
|---|---------------------------|
| NEW YORK TAX-EXEMPT MONEY MARKET FUND | |
| <S> | |
| OTHER ASSETS AND LIABILITIES (1.1%) | |
| Other Assets--Note B | \$ 13,216 |
| Liabilities | (6,407) |
| | 6,809 |
| NET ASSETS (100%) | |
| Applicable to 646,434,539 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | |
| | \$646,439 |
| NET ASSET VALUE PER SHARE | |
| | \$1.00 |

</TABLE>

*See Note A in Notes to Financial Statements.

+Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At May 31, 1999, the aggregate value of these securities was \$36,070,000, representing 5.6% of net assets.

For key to abbreviations and other references, see page 20.

<TABLE>
<CAPTION>

AT MAY 31, 1999, NET ASSETS CONSISTED OF:

| | AMOUNT (000) | PER SHARE |
|-------------------------------------|-----------------|--------------|
| <S> | | |
| Paid in Capital | \$646,434 | \$1.00 |
| Undistributed Net Investment Income | -- | -- |
| Accumulated Net Realized Gains | 5 | -- |
| Unrealized Appreciation | -- | -- |
| NET ASSETS | \$646,439 | \$1.00 |

</TABLE>

<TABLE>
<CAPTION>

| | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|---|--------|------------------|-------------------------|---------------------------|
| NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | | | | |
| MUNICIPAL BONDS (98.5%) | | | | |
| <S> | | | | |
| ISSUER INSURED (84.4%) | | | | |
| Albany County NY GO | 5.00% | 10/1/2005 (3) | \$ 2,000 | \$ 2,090 |
| Albany County NY GO | 5.00% | 10/1/2012 (3) | 4,400 | 4,494 |
| Albany County NY GO | 7.00% | 1/15/2005 (2) | 1,250 | 1,304 |
| Albany NY Muni. Water Finance Auth. | 7.50% | 12/1/2017 (1) | 2,080 | 2,129 |
| Battery Park City NY Auth. | 5.50% | 11/1/2026 (2) | 11,750 | 12,142 |
| Broome County NY Public Safety Fac. Project | 5.25% | 4/1/2015 (1) | 3,000 | 3,013 |

| | | | | |
|--|--------|-----------------------|--------|--------|
| Buffalo & Erie County NY Toll Bridge Auth. | 6.00% | 1/1/2015 (1) | 4,500 | 4,822 |
| Buffalo NY GO | 5.125% | 2/1/2012 (2) | 1,870 | 1,907 |
| Buffalo NY GO | 5.125% | 2/1/2013 (2) | 2,945 | 2,988 |
| Buffalo NY General Improvement | 6.75% | 3/1/2001 (1) (Prere.) | 3,380 | 3,620 |
| Buffalo NY Muni. Water Finance Auth. | 5.75% | 7/1/2003 (4) (Prere.) | 8,500 | 9,217 |
| Buffalo NY Sewer Auth. System Rev. | 5.00% | 7/1/2012 (3) | 5,675 | 5,689 |
| Buffalo NY Sewer Auth. System Rev. | 5.25% | 7/1/2008 (3) | 3,500 | 3,597 |
| Duchess County NY Resource Recovery Solid Waste System | 7.50% | 1/1/2000 (3) (Prere.) | 2,000 | 2,089 |
| Erie County NY GO | 6.10% | 1/15/2006 (3) | 1,865 | 2,052 |
| Erie County NY GO | 6.125% | 1/15/2007 (3) | 1,660 | 1,839 |
| Erie County NY Water Auth. Rev. | 0.00% | 12/1/2005 (2) | 3,000 | 2,266 |
| Erie County NY Water Auth. Rev. | 0.00% | 12/1/2006 (2) | 6,915 | 4,966 |
| Erie County NY Water Auth. Rev. | 6.00% | 12/1/2008 (2) | 1,600 | 1,749 |
| Hempstead NY GO | 5.50% | 8/1/2011 (3) | 2,450 | 2,571 |
| Hempstead NY GO | 5.625% | 2/1/2012 (3) | 1,490 | 1,579 |
| Hempstead NY GO | 5.625% | 2/1/2013 (3) | 1,170 | 1,238 |
| Huntington NY GO | 5.50% | 4/1/2013 (3) | 3,400 | 3,548 |
| Huntington NY GO | 6.70% | 2/1/2011 (3) | 310 | 364 |
| Long Island NY Power Auth. Electric System Rev. | 5.00% | 12/1/2018 (4) | 6,000 | 5,825 |
| Long Island NY Power Auth. Electric System Rev. | 5.125% | 12/1/2022 (4) | 66,675 | 65,292 |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.30% | 6/2/1999 (1) LOC | 700 | 700 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.00% | 7/1/2014 (2) | 7,770 | 7,745 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.00% | 7/1/2015 (2) | 5,500 | 5,458 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.00% | 7/1/2017 (2) | 5,000 | 4,906 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.125% | 7/1/2013 (3) | 3,000 | 3,037 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.30% | 7/1/2022 (3) | 17,475 | 17,583 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.50% | 7/1/2017 (2) | 11,585 | 11,937 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.625% | 7/1/2015 (4) | 5,000 | 5,203 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 5.70% | 7/1/2017 (1) | 7,000 | 7,380 |
| Metro. Transit Auth. of New York (Commuter Fac. Rev.) | 6.25% | 7/1/2002 (1) (Prere.) | 3,000 | 3,264 |
| Metro. Transit Auth. of New York (Dedicated Petroleum Tax) | 5.25% | 4/1/2021 (1) | 7,900 | 7,900 |
| Metro. Transit Auth. of New York (Dedicated Petroleum Tax) | 5.25% | 4/1/2026 (1) | 40,560 | 40,384 |
| Metro. Transit Auth. of New York (Dedicated Petroleum Tax) | 6.00% | 4/1/2020 (1) | 25,000 | 27,865 |
| Metro. Transit Auth. of New York (Transp. Fac. Rev.) | 5.25% | 7/1/2017 (3) | 6,300 | 6,339 |
| Metro. Transit Auth. of New York (Transp. Fac. Rev.) | 5.70% | 7/1/2017 (1) | 5,500 | 5,798 |
| Metro. Transit Auth. of New York (Transp. Fac. Rev.) | 6.00% | 7/1/2011 (2) | 2,000 | 2,050 |
| Metro. Transit Auth. of New York (Transp. Fac. Rev.) | 7.00% | 7/1/2009 (2) | 19,050 | 22,454 |
| Monroe Woodbury NY Central School Dist. | 5.625% | 5/15/2010 (1) | 1,000 | 1,069 |
| Monroe Woodbury NY Central School Dist. | 5.625% | 5/15/2011 (1) | 1,000 | 1,065 |
| Monroe Woodbury NY Central School Dist. | 5.625% | 5/15/2012 (1) | 1,000 | 1,061 |
| Monroe Woodbury NY Central School Dist. | 5.625% | 5/15/2013 (1) | 1,425 | 1,510 |
| Monroe Woodbury NY Central School Dist. | 5.625% | 5/15/2014 (1) | 1,000 | 1,055 |
| Montgomery, Ostego, Scholoharie Counties NY Solid Waste | 5.25% | 1/1/2014 (1) | 1,640 | 1,651 |
| Mount Sinai NY Union Free School Dist. | 6.20% | 2/15/2014 (2) | 1,050 | 1,199 |
| Nassau County NY Combined Sewer Dist. GO | 4.80% | 10/1/2005 (3) | 1,760 | 1,815 |
| Nassau County NY Combined Sewer Dist. GO | 5.00% | 10/1/2007 (3) | 1,715 | 1,781 |
| Nassau County NY Combined Sewer Dist. GO | 5.00% | 5/1/2009 (3) | 3,210 | 3,309 |
| Nassau County NY Combined Sewer Dist. GO | 5.00% | 5/1/2010 (3) | 2,875 | 2,941 |
| Nassau County NY Combined Sewer Dist. GO | 5.00% | 5/1/2011 (3) | 1,770 | 1,802 |
| Nassau County NY Combined Sewer Dist. GO | 5.00% | 5/1/2012 (3) | 1,760 | 1,787 |
| Nassau County NY Combined Sewer Dist. GO | 5.35% | 7/1/2008 (1) | 4,730 | 5,016 |
| Nassau County NY Combined Sewer Dist. GO | 5.35% | 1/15/2009 (1) | 3,505 | 3,705 |
| Nassau County NY Combined Sewer Dist. GO | 5.35% | 7/1/2009 (1) | 4,635 | 4,909 |
| Nassau County NY Combined Sewer Dist. GO | 5.875% | 8/1/2012 (3) | 825 | 887 |

</TABLE>

<TABLE>
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| NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|--|--------|---------------|-------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| Nassau County NY Combined Sewer Dist. GO | 6.20% | 5/15/2007 (1) | \$ 840 | \$ 905 |
| Nassau County NY Combined Sewer Dist. GO | 6.20% | 5/15/2008 (1) | 835 | 900 |
| Nassau County NY Combined Sewer Dist. GO | 6.25% | 5/15/2009 (1) | 825 | 890 |
| Nassau County NY Combined Sewer Dist. GO | 6.25% | 5/15/2010 (1) | 820 | 882 |
| Nassau County NY GO | 5.125% | 3/1/2013 (2) | 5,860 | 5,938 |
| Nassau County NY GO | 5.125% | 3/1/2014 (2) | 5,900 | 5,946 |
| Nassau County NY GO | 5.50% | 7/15/2007 (1) | 1,270 | 1,336 |
| Nassau County NY GO | 5.50% | 7/15/2008 (1) | 1,300 | 1,370 |
| Nassau County NY GO | 5.50% | 7/15/2009 (1) | 1,325 | 1,393 |
| Nassau County NY GO | 5.50% | 7/15/2010 (1) | 1,345 | 1,410 |

| | | | | |
|--|--------|------------------------|--------|--------|
| Nassau County NY GO | 5.50% | 7/15/2011 (1) | 1,370 | 1,433 |
| Nassau County NY GO | 5.70% | 8/1/2011 (3) | 2,000 | 2,168 |
| Nassau County NY GO | 5.75% | 2/1/2011 (1) | 1,100 | 1,174 |
| New York City NY Cultural Resources (American Museum of Natural History) | 5.60% | 4/1/2018 (1) | 2,635 | 2,740 |
| New York City NY Cultural Resources (American Museum of Natural History) | 5.65% | 4/1/2022 (1) | 5,000 | 5,232 |
| New York City NY Cultural Resources (American Museum of Natural History) | 5.70% | 4/1/2016 (1) | 12,730 | 13,440 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.40% | 1/1/2006 (2) | 720 | 757 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.40% | 1/1/2006 (2) (ETM) | 85 | 90 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.40% | 1/1/2012 (2) | 3,400 | 3,563 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.50% | 1/1/2007 (2) | 805 | 846 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.50% | 1/1/2007 (2) (ETM) | 35 | 37 |
| New York City NY Cultural Resources (Museum of Modern Art) | 5.50% | 1/1/2016 (2) | 2,000 | 2,069 |
| New York City NY GO | 5.75% | 8/1/2002 (3) (Prere.) | 1,325 | 1,417 |
| New York City NY GO | 5.75% | 8/1/2009 (3) | 2,925 | 3,102 |
| New York City NY GO | 6.625% | 8/1/2002 (1) (Prere.) | 520 | 570 |
| New York City NY GO | 6.625% | 8/1/2013 (1) | 155 | 168 |
| New York City NY GO | 6.95% | 8/15/2004 (1) (Prere.) | 1,460 | 1,667 |
| New York City NY GO | 7.10% | 2/1/2009 (1) | 600 | 655 |
| New York City NY GO VRDO | 3.30% | 6/2/1999 (1) LOC | 7,650 | 7,650 |
| New York City NY Health & Hosp. Corp. | 5.625% | 2/15/2013 (2) | 23,400 | 24,604 |
| New York City NY IDA Civic Fac. Rev. (USTA Project) | 6.375% | 11/15/2014 (4) | 2,000 | 2,211 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.00% | 6/15/2021 (3) | 5,395 | 5,213 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.125% | 6/15/2022 (2) | 11,000 | 10,760 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.35% | 6/15/2013 (1) | 5,300 | 5,437 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.875% | 6/15/2012 (2) | 20,000 | 22,025 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.875% | 6/15/2013 (2) | 20,000 | 22,070 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. VRDO | 3.30% | 6/2/1999 (3) | 35,840 | 35,840 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. VRDO | 3.50% | 6/2/1999 (3) | 10,100 | 10,100 |
| New York City NY Transit Finance Auth. Rev. | 5.00% | 11/1/2008 (3) | 8,000 | 8,292 |
| New York State Dormitory Auth. (Barnard College) | 5.25% | 7/1/2026 (2) | 4,370 | 4,351 |
| New York State Dormitory Auth. (City Univ. of New York) | 6.25% | 7/1/2019 (1) | 4,485 | 4,930 |
| New York State Dormitory Auth. (City Univ. of New York) | 7.00% | 7/1/2000 (3) (Prere.) | 6,140 | 6,501 |
| New York State Dormitory Auth. (City Univ. of New York) | 7.00% | 7/1/2014 (3) | 14,560 | 15,350 |
| New York State Dormitory Auth. (Colgate Univ.) | 6.50% | 7/1/2001 (1) (Prere.) | 1,350 | 1,451 |
| New York State Dormitory Auth. (Columbia Presbyterian Hosp.) | 5.50% | 2/15/2007 (2) | 3,500 | 3,709 |
| New York State Dormitory Auth. (FHA Hosp. & Nursing Home) | 5.00% | 2/15/2025 (2) | 3,410 | 3,262 |
| New York State Dormitory Auth. (FHA Hosp. & Presbyterian) | 5.50% | 2/1/2010 (2) | 6,330 | 6,707 |
| New York State Dormitory Auth. (Fordham Univ.) | 5.00% | 7/1/2028 (1) | 11,125 | 10,632 |
| New York State Dormitory Auth. (Fordham Univ.) | 5.50% | 7/1/2023 (3) | 10,150 | 10,389 |
| New York State Dormitory Auth. (Fordham Univ.) | 5.75% | 7/1/2015 (3) | 1,500 | 1,576 |
| New York State Dormitory Auth. (Fordham Univ.) | 7.20% | 7/1/2015 (2) | 710 | 750 |

</TABLE>

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<TABLE>
<CAPTION>

| | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|---|--------|---------------|-------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| New York State Dormitory Auth. (Hamilton College) | 5.00% | 7/1/2028 (1) | \$17,880 | \$ 17,088 |
| New York State Dormitory Auth. (Iona College) | 5.25% | 7/1/2008 (1) | 1,000 | 1,050 |
| New York State Dormitory Auth. (Iona College) | 5.35% | 7/1/2009 (1) | 1,000 | 1,052 |
| New York State Dormitory Auth. (Jewish Medical Center) | 5.00% | 7/1/2018 (1) | 10,000 | 9,712 |
| New York State Dormitory Auth. (Mental Health Services) | 5.00% | 2/15/2023 (1) | 5,000 | 4,812 |
| New York State Dormitory Auth. (Montefiore Medical Center) | 5.25% | 2/1/2015 (2) | 42,750 | 43,102 |
| New York State Dormitory Auth. (Mt. Sinai School of Medicine) | 6.75% | 7/1/2015 (1) | 7,245 | 7,779 |
| New York State Dormitory Auth. (New School for Social Research) | 5.625% | 7/1/2016 (1) | 2,260 | 2,373 |
| New York State Dormitory Auth. (New School Univ.) | 5.00% | 7/1/2029 (1) | 10,955 | 10,463 |
| New York State Dormitory Auth. (New York Medical College) | 5.00% | 7/1/2021 (1) | 21,980 | 21,210 |
| New York State Dormitory Auth. (New York Univ.) | 6.00% | 7/1/2015 (3) | 32,165 | 34,058 |
| New York State Dormitory Auth. (North Shore Univ. Hosp.) | 5.20% | 11/1/2017 (1) | 30,170 | 29,992 |
| New York State Dormitory Auth. (Pace) | 5.625% | 7/1/2017 (1) | 11,185 | 11,697 |

| | | | | |
|---|--------|------------------------|--------|--------|
| New York State Dormitory Auth. (Rensselaer Polytech. Institute) | 6.50% | 7/1/2006 (3) | 3,000 | 3,212 |
| New York State Dormitory Auth. (Rochester Institute of Technology) | 5.25% | 7/1/2022 (1) | 3,000 | 3,000 |
| New York State Dormitory Auth. (Rochester Institute of Technology) | 5.30% | 7/1/2017 (1) | 6,275 | 6,345 |
| New York State Dormitory Auth. (School Districts Program) | 6.00% | 7/1/2015 (3) | 2,675 | 2,752 |
| New York State Dormitory Auth. (Siena College) | 6.00% | 7/1/2011 (1) | 1,500 | 1,607 |
| New York State Dormitory Auth. (Sloan Kettering Cancer Center) | 5.75% | 7/1/2019 (1) | 9,700 | 10,448 |
| New York State Dormitory Auth. (Sloan Kettering Cancer Center) | 5.75% | 7/1/2020 (1) | 7,500 | 8,125 |
| New York State Dormitory Auth. (St. John's Univ.) | 5.25% | 7/1/2020 (1) | 15,170 | 15,207 |
| New York State Dormitory Auth. (St. John's Univ.) | 5.25% | 7/1/2025 (1) | 10,950 | 10,903 |
| New York State Dormitory Auth. (St. John's Univ.) | 5.60% | 7/1/2016 (1) | 7,000 | 7,303 |
| New York State Dormitory Auth. (St. John's Univ.) | 5.70% | 7/1/2026 (1) | 9,230 | 9,705 |
| New York State Dormitory Auth. (St. Joseph's Hosp.) | 5.25% | 7/1/2018 (1) | 6,700 | 6,668 |
| New York State Dormitory Auth. (St. Vincent Hosp. Medical Center) | 5.80% | 8/1/2025 (2) | 4,250 | 4,421 |
| New York State Dormitory Auth. (State Univ.) | 5.75% | 7/1/2008 (2) | 3,335 | 3,641 |
| New York State Dormitory Auth. (State Univ.) | 6.00% | 5/15/2000 (2) (Prere.) | 1,825 | 1,872 |
| New York State Dormitory Auth. (State Univ.) | 6.00% | 7/1/2009 (2) | 1,590 | 1,767 |
| New York State Dormitory Auth. (Union College) | 5.75% | 7/1/2010 (3) | 1,800 | 1,915 |
| New York State Dormitory Auth. (Univ. of Rochester) | 5.00% | 7/1/2017 (1) | 2,000 | 1,965 |
| New York State Dormitory Auth. (Univ. of Rochester) | 5.00% | 7/1/2023 (1) | 6,820 | 6,561 |
| New York State Dormitory Auth. (Upstate Community Colleges) | 5.00% | 7/1/2014 (2) | 2,670 | 2,664 |
| New York State Dormitory Auth. (Upstate Community Colleges) | 5.00% | 7/1/2015 (2) | 3,000 | 2,980 |
| New York State Dormitory Auth. (Upstate Community Colleges) | 5.00% | 7/1/2016 (2) | 1,250 | 1,234 |
| New York State Dormitory Auth. (Upstate Community Colleges) | 5.25% | 7/1/2012 (2) | 6,170 | 6,376 |
| New York State Dormitory Auth. (Vassar Brothers Hosp.) | 5.25% | 7/1/2017 (4) | 8,025 | 8,006 |
| New York State Dormitory Auth. (Vassar Brothers Hosp.) | 5.375% | 7/1/2025 (4) | 7,000 | 7,081 |
| New York State Energy Research & Dev. Auth. PCR (Niagara Mohawk) | 5.15% | 11/1/2025 (2) | 5,000 | 4,894 |
| New York State Energy Research & Dev. Auth. PCR (Niagara Mohawk) | 6.625% | 10/1/2013 (3) | 10,000 | 10,742 |
| New York State Environmental Fac. Water PCR | 5.50% | 6/15/2009 (1) | 10,000 | 10,667 |
| New York State Local Govt. Assistance Corp. Rev. | 4.875% | 4/1/2020 (1) | 9,800 | 9,313 |
| New York State Local Govt. Assistance Corp. Rev. | 5.00% | 4/1/2014 (3) | 13,370 | 13,341 |
| New York State Local Govt. Assistance Corp. Rev. | 5.00% | 4/1/2021 (1) | 24,825 | 24,022 |
| New York State Local Govt. Assistance Corp. Rev. | 5.25% | 4/1/2015 (2) | 8,000 | 8,116 |
| New York State Local Govt. Assistance Corp. Rev. | 5.375% | 4/1/2019 (1) | 3,000 | 3,047 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 5.50% | 8/15/2021 (3) + | 8,000 | 8,084 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 6.00% | 8/15/2015 (1) | 15,000 | 16,283 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 6.375% | 2/15/2002 (3) (Prere.) | 6,000 | 6,493 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 6.375% | 8/15/2010 (3) | 100 | 108 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 7.40% | 8/15/2007 (1) | 460 | 471 |
| New York State Medical Care Fac. Finance Agency (Sisters of Charity-Buffalo) | 6.625% | 11/1/2018 (2) | 5,500 | 5,912 |
| New York State Thruway Auth. Rev. | 5.00% | 1/1/2020 (1) | 5,055 | 4,897 |

</TABLE>

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<TABLE>
<CAPTION>

| NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|---|--------|-----------------------|-------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.25% | 4/1/2015 (2) | \$10,000 | \$ 10,137 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.30% | 4/1/2010 (1) | 3,775 | 3,919 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.50% | 4/1/2015 (1) | 12,480 | 12,872 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.80% | 4/1/2010 (2) | 14,215 | 15,519 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.80% | 4/1/2011 (2) | 8,635 | 9,427 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 6.00% | 4/1/2004 (3) (Prere.) | 5,000 | 5,502 |
| New York State Thruway Auth. Rev. (Service Contract) | 5.75% | 4/1/2004 (1) (Prere.) | 4,000 | 4,358 |
| New York State Urban Dev. Corp. | 5.375% | 1/1/2012 (1) | 21,375 | 22,023 |
| New York State Urban Dev. Corp. | 5.50% | 4/1/2016 (1) | 13,350 | 13,735 |
| New York State Urban Dev. Corp. Correctional Fac. Rev. | 5.00% | 1/1/2017 (2) | 6,670 | 6,540 |
| Niagara Falls NY Bridge Comm. | 5.25% | 10/1/2015 (3) | 5,000 | 5,189 |
| Niagara Falls NY Bridge Comm. | 6.25% | 10/1/2020 (3) | 8,685 | 9,974 |
| Niagara Falls NY Bridge Comm. | 6.25% | 10/1/2021 (3) | 9,230 | 10,621 |
| North Hempstead NY GO | 6.30% | 4/1/2008 (3) | 2,055 | 2,322 |
| North Hempstead NY GO | 6.40% | 4/1/2010 (3) | 1,500 | 1,720 |
| North Hempstead NY GO | 6.40% | 4/1/2011 (3) | 2,075 | 2,384 |

| | | | | |
|---|--------|-----------------------|--------|-----------|
| North Hempstead NY Solid Waste Auth. | 5.00% | 2/1/2012 (1) | 3,370 | 3,391 |
| Smithtown NY GO | 5.25% | 4/1/2006 (1) | 1,000 | 1,049 |
| Smithtown NY GO | 5.45% | 4/1/2008 (1) | 400 | 419 |
| Suffolk County NY GO | 5.00% | 4/1/2006 (1) | 2,255 | 2,319 |
| Suffolk County NY GO | 5.00% | 7/15/2006 (3) | 1,000 | 1,030 |
| Suffolk County NY GO | 5.10% | 7/15/2007 (3) | 1,280 | 1,318 |
| Suffolk County NY GO | 5.20% | 7/15/2008 (3) | 1,100 | 1,133 |
| Suffolk County NY Water Auth. | 5.25% | 6/1/2010 (2) (ETM) | 3,790 | 4,025 |
| Suffolk County NY Water Auth. | 5.25% | 6/1/2011 (2) (ETM) | 2,380 | 2,515 |
| Suffolk County NY Water Auth. | 5.25% | 6/1/2012 (2) (ETM) | 4,290 | 4,518 |
| Suffolk County NY Water Auth. | 5.25% | 6/1/2017 (2) | 1,695 | 1,749 |
| Suffolk County NY Water Auth. | 5.75% | 6/1/2002 (2) (Prere.) | 1,100 | 1,179 |
| Suffolk County NY Water Auth. | 5.75% | 6/1/2013 (2) | 7,340 | 7,784 |
| Triborough Bridge & Tunnel Auth. Rev. NY | 5.00% | 1/1/2016 (4) | 9,000 | 8,860 |
| Triborough Bridge & Tunnel Auth. Rev. NY | 5.125% | 1/1/2015 (1) | 6,500 | 6,526 |
| Triborough Bridge & Tunnel Auth. Rev. NY | 5.50% | 1/1/2017 (2) | 3,745 | 3,781 |
| Yonkers NY School Dist. GO | 5.60% | 8/1/2009 (3) | 535 | 572 |
| Yonkers NY School Dist. GO | 5.70% | 8/1/2010 (3) | 545 | 583 |
| OUTSIDE NEW YORK: | | | | |
| Puerto Rico Electric Power Auth. Rev. | 5.25% | 7/1/2015 (4) | 5,000 | 5,122 |
| Puerto Rico GO | 5.00% | 7/1/2017 (1) | 11,475 | 11,394 |
| Puerto Rico GO | 5.00% | 7/1/2018 (1) | 2,650 | 2,624 |
| Puerto Rico Infrastrusture Financing Auth. Rev. | 5.00% | 7/1/2021 (2) | 16,935 | 16,558 |
| | | | | ----- |
| | | | | 1,336,090 |
| | | | | ----- |
| SECONDARY MARKET INSURED (7.6%) | | | | |
| Muni. Assistance Corp. for New York City NY | 6.00% | 7/1/2008 (3) | 22,350 | 23,803 |
| New York City NY GO | 5.25% | 8/1/2021 (3) | 7,855 | 7,844 |
| New York City NY Muni. Water Finance Auth. Water & Sewer System Rev. | 5.00% | 6/15/2017 (3) | 4,000 | 3,921 |
| New York State Dormitory Auth. (City Univ. of New York) | 5.75% | 7/1/2009 (3) | 3,750 | 4,085 |
| New York State Dormitory Auth. (City Univ. of New York) | 5.75% | 7/1/2011 (3) | 5,950 | 6,481 |
| New York State Dormitory Auth. (Cornell Univ.) | 7.25% | 7/1/2012 (1) | 1,175 | 1,243 |
| New York State Dormitory Auth. (State Univ.) | 6.00% | 5/15/2017 (2) | 3,775 | 3,857 |
| New York State Dormitory Auth. (Univ. System) | 5.25% | 7/1/2017 (1) | 14,900 | 14,935 |
| New York State Medical Care Fac. Finance Agency (Mental Health Services) | 5.375% | 2/15/2014 (1) | 5,000 | 5,120 |
| New York State Medical Care Fac. Finance Agency | 5.25% | 2/15/2019 (3) | 16,230 | 16,130 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.00% | 4/1/2016 (4) | 7,400 | 7,300 |
| New York State Thruway Auth. Rev. (Highway & Bridge Trust Fund) | 5.00% | 4/1/2018 (4) | 5,450 | 5,326 |
| Port Auth. of New York & New Jersey | 6.50% | 1/15/2026 (1) | 1,500 | 1,579 |
| Triborough Bridge & Tunnel Auth. NY | 6.00% | 1/1/2012 (1) | 7,805 | 8,674 |
| Triborough Bridge & Tunnel Auth. NY | 6.75% | 1/1/2009 (2) | 3,000 | 3,475 |
| Triborough Bridge & Tunnel Auth. NY | 6.875% | 1/1/2015 (3) | 7,000 | 7,447 |
| | | | | ----- |
| | | | | 121,220 |
| | | | | ----- |

</TABLE>

<TABLE>
<CAPTION>

| | COUPON | MATURITY DATE | FACE AMOUNT (000) | MARKET VALUE* (000) |
|--|--------|---------------|-------------------|---------------------|
| ----- | | | | |
| <S> | <C> | <C> | <C> | <C> |
| NONINSURED (6.5%) | | | | |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.25% | 6/2/1999 LOC | \$ 1,100 | \$ 1,100 |
| Long Island NY Power Auth. Electric System Rev. VRDO | 3.30% | 6/2/1999 LOC | 300 | 300 |
| New York City NY Cultural Resources VRDO (Solomon R. Guggenheim Foundation) | 3.30% | 6/2/1999 LOC | 300 | 300 |
| New York City NY GO VRDO | 3.20% | 6/2/1999 LOC | 500 | 500 |
| New York City NY GO VRDO | 3.25% | 6/2/1999 LOC | 4,500 | 4,500 |
| New York City NY GO VRDO | 3.30% | 6/2/1999 LOC | 11,900 | 11,900 |
| New York City NY GO VRDO | 3.40% | 6/2/1999 LOC | 200 | 200 |
| New York City NY Transitional Finance Auth. Future Tax Rev. VRDO | 3.25% | 6/2/1999 | 10,800 | 10,800 |
| New York City NY Transitional Finance Auth. Future Tax Rev. VRDO | 3.30% | 6/2/1999 | 1,300 | 1,300 |
| New York State Dormitory Auth. (Columbia Univ.) | 5.75% | 7/1/2015 | 11,965 | 12,493 |
| New York State Dormitory Auth. (Rockefeller Univ.) | 5.00% | 7/1/2015 | 1,100 | 1,099 |
| New York State Dormitory Auth. (Rockefeller Univ.) | 5.00% | 7/1/2018 | 4,555 | 4,500 |
| New York State Dormitory Auth. Rev. VRDO (Cornell Univ.) | 3.35% | 6/2/1999 | 2,900 | 2,900 |
| New York State Energy Research & Dev. Auth. PCR VRDO | | | | |

| | | | | | |
|--|--------|-----------|-----|--------|-------------|
| (New York State Electric & Gas) | 3.15% | 6/2/1999 | LOC | 7,520 | 7,520 |
| New York State Environmental Fac. Water PCR | 5.55% | 7/15/2009 | LOC | 2,000 | 2,138 |
| New York State Local Govt. Assistance Corp. VRDO | 3.00% | 6/2/1999 | LOC | 21,015 | 21,015 |
| Onondaga County NY Public Improvements | 5.875% | 2/15/2008 | | 2,475 | 2,718 |
| Port Auth. of New York & New Jersey CP | 3.40% | 6/7/1999 | | 5,000 | 5,000 |
| Westchester County NY GO | 6.70% | 11/1/2008 | | 3,250 | 3,811 |
| Westchester County NY GO | 6.70% | 11/1/2009 | | 3,645 | 4,316 |
| OUTSIDE NEW YORK: | | | | | |
| Puerto Rico Highway & Transp. Auth. VRDO | 3.00% | 6/2/1999 | LOC | 4,500 | 4,500 |
| | | | | | 102,910 |
| ----- | | | | | |
| TOTAL MUNICIPAL BONDS | | | | | 1,560,220 |
| (COST \$1,504,167) | | | | | |
| ----- | | | | | |
| OTHER ASSETS AND LIABILITIES (1.5%) | | | | | |
| ----- | | | | | |
| Other Assets--Note B | | | | | 27,236 |
| Liabilities | | | | | (3,730) |
| | | | | | 23,506 |
| ----- | | | | | |
| NET ASSETS (100%) | | | | | |
| ----- | | | | | |
| Applicable to 143,784,785 outstanding \$.001 par value shares of beneficial interest | | | | | \$1,583,726 |
| (unlimited authorization) | | | | | |
| ===== | | | | | |
| NET ASSET VALUE PER SHARE | | | | | \$11.01 |
| ===== | | | | | |

</TABLE>

*See Note A in Notes to Financial Statements.

+Securities with a value of \$6,164,000 have been segregated as initial margin for open futures contracts.

For key to abbreviations and other references, see page 20.

<TABLE>

<CAPTION>

AT MAY 31, 1999, NET ASSETS CONSISTED OF:

| | AMOUNT (000) | PER SHARE |
|--|-----------------|--------------|
| <S> | <C> | <C> |
| Paid in Capital | \$1,524,356 | \$10.60 |
| Undistributed Net Investment Income | -- | -- |
| Accumulated Net Realized Gains--Note E | 2,343 | .01 |
| Unrealized Appreciation--Notes E and F | | |
| Investment Securities | 56,053 | .39 |
| Futures Contracts | 974 | .01 |
| NET ASSETS | \$1,583,726 | \$11.01 |

</TABLE>

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KEY TO ABBREVIATIONS

BAN--Bond Anticipation Note.

CP--Commercial Paper.

GO--General Obligation Bond.

IDA--Industrial Development Authority Bond.

PCR--Pollution Control Revenue Bond.

PUT--Put Option Obligation.

RAN--Revenue Anticipation Note.

TAN--Tax Anticipation Note.

TOB--Tender Option Bond.

VRDO--Variable Rate Demand Obligation.

(ETM)--Escrowed to Maturity.

(Prere.)--Prerefunded.

Scheduled principal and interest payments are guaranteed by:

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

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

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

STATEMENT OF OPERATIONS

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

<TABLE>
<CAPTION>

| | NEW YORK TAX-EXEMPT MONEY MARKET FUND | NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND |
|--|--|--|
| | SIX MONTHS ENDED MAY 31, 1999 | |
| | (000) | (000) |
| <S> | <C> | <C> |
| INVESTMENT INCOME | | |
| INCOME | | |
| Interest | \$8,565 | \$ 38,101 |
| Total Income | 8,565 | 38,101 |
| EXPENSES | | |
| The Vanguard Group--Note B | | |
| Investment Advisory Services | 31 | 87 |
| Management and Administrative | 357 | 1,328 |
| Marketing and Distribution | 67 | 152 |
| Insurance Expense | -- | 1 |
| Custodian Fees | 3 | 7 |
| Auditing Fees | 4 | 4 |
| Shareholders' Reports | 3 | 15 |
| Trustees' Fees and Expenses | -- | 1 |
| Total Expenses | 465 | 1,595 |
| Expenses Paid Indirectly--Note C | (3) | (16) |
| Net Expenses | 462 | 1,579 |
| NET INVESTMENT INCOME | 8,103 | 36,522 |
| REALIZED NET GAIN | | |
| Investment Securities Sold | 8 | 494 |
| Futures Contracts | -- | 1,836 |
| REALIZED NET GAIN | 8 | 2,330 |
| CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) | | |
| Investment Securities | -- | (32,326) |
| Futures Contracts | -- | 2,542 |
| CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) | -- | (29,784) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$8,111 | \$ 9,068 |

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

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

<TABLE>
<CAPTION>

| | NEW YORK TAX-EXEMPT MONEY MARKET FUND | | NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | |
|---|--|---|---|---|
| | SIX MONTHS ENDED MAY 31, 1999 (000) | YEAR ENDED NOV. 30, 1998 (000) | SIX MONTHS ENDED MAY 31, 1999 (000) | YEAR ENDED NOV. 30, 1998 (000) |
| <S> | <C> | <C> | <C> | <C> |
| INCREASE IN NET ASSETS | | | | |
| OPERATIONS | | | | |
| Net Investment Income | \$ 8,103 | \$ 10,509 | \$ 36,522 | \$ 63,995 |
| Realized Net Gain (Loss) | 8 | (2) | 2,330 | 13,605 |
| Change in Unrealized Appreciation (Depreciation) | -- | -- | (29,784) | 16,031 |
| Net Increase in Net Assets Resulting from Operations | 8,111 | 10,507 | 9,068 | 93,631 |
| DISTRIBUTIONS | | | | |
| Net Investment Income | (8,103) | (10,509) | (36,522) | (63,995) |
| Realized Capital Gain | -- | -- | (11,388) | (1,756) |
| Total Distributions | (8,103) | (10,509) | (47,910) | (65,751) |
| CAPITAL SHARE TRANSACTIONS(1) | | | | |
| Issued | 471,466 | 641,396 | 313,896 | 412,179 |
| Issued in Lieu of Cash Distributions | 7,822 | 10,102 | 36,328 | 48,283 |
| Redeemed | (316,321) | (315,991) | (133,590) | (215,824) |
| Net Increase from Capital Share Transactions | 162,967 | 335,507 | 216,634 | 244,638 |
| Total Increase | 162,975 | 335,505 | 177,792 | 272,518 |
| NET ASSETS | | | | |
| Beginning of Period | 483,464 | 147,959 | 1,405,934 | 1,133,416 |
| End of Period | \$646,439 | \$483,464 | \$1,583,726 | \$1,405,934 |
| (1) Shares Issued (Redeemed) | | | | |
| Issued | 471,466 | 641,396 | 28,051 | 36,807 |
| Issued in Lieu of Cash Distributions | 7,822 | 10,102 | 3,251 | 4,309 |
| Redeemed | (316,321) | (315,991) | (11,943) | (19,284) |
| Net Increase in Shares Outstanding | 162,967 | 335,507 | 19,359 | 21,832 |

</TABLE>

FINANCIAL HIGHLIGHTS

This table summarizes each fund's investment results and distributions to

shareholders on a per-share basis. It also presents the fund's Total Return and shows net investment income and expenses as percentages of average net assets. These data will help you assess: the variability of the fund's net income and total returns from year to year; the relative contributions of net income and capital gains to the fund's total return; how much it costs to operate the fund; and the extent to which the fund tends to distribute capital gains.

The table also shows the Portfolio Turnover Rate, a measure of trading activity. A turnover rate of 100% means that the average security is held in the fund for one year. Money market funds are not required to report a Portfolio Turnover Rate.

| NEW YORK TAX-EXEMPT MONEY MARKET FUND | | | |
|--|----------------------------------|-----------------------------|-----------------------------|
| FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD | SIX MONTHS ENDED MAY 31, 1999 | YEAR ENDED NOV. 30, 1998 | SEP. 3* TO NOV. 30, 1997 |
| <S> | <C> | <C> | <C> |
| NET ASSET VALUE, BEGINNING OF PERIOD | \$1.00 | \$1.00 | \$1.00 |
| INVESTMENT OPERATIONS | | | |
| Net Investment Income | .014 | .032 | .008 |
| Net Realized and Unrealized Gain (Loss) on Investments | -- | -- | -- |
| Total from Investment Operations | .014 | .032 | .008 |
| DISTRIBUTIONS | | | |
| Dividends from Net Investment Income | (.014) | (.032) | (.008) |
| Distributions from Realized Capital Gains | -- | -- | -- |
| Total Distributions | (.014) | (.032) | (.008) |
| NET ASSET VALUE, END OF PERIOD | \$1.00 | \$1.00 | \$1.00 |
| ===== | | | |
| TOTAL RETURN | 1.45% | 3.27% | 0.84% |
| ===== | | | |
| RATIOS/SUPPLEMENTAL DATA | | | |
| Net Assets, End of Period (Millions) | \$646 | \$483 | \$148 |
| Ratio of Total Expenses to Average Net Assets | 0.17%** | 0.19% | 0.20%** |
| Ratio of Net Investment Income to Average Net Assets | 2.89%** | 3.19% | 3.52%** |

</TABLE>

* Inception.
** Annualized.

FINANCIAL HIGHLIGHTS (continued)

| NEW YORK INSURED LONG-TERM TAX-EXEMPT FUND | | | | | | |
|--|----------------------------------|-------------------------|---------|---------|---------|---------|
| FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD | SIX MONTHS ENDED MAY 31, 1999 | YEAR ENDED NOVEMBER 30, | | | | |
| | | 1998 | 1997 | 1996 | 1995 | 1994 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| NET ASSET VALUE, BEGINNING OF PERIOD | \$11.30 | \$11.05 | \$10.99 | \$11.01 | \$ 9.70 | \$10.97 |
| INVESTMENT OPERATIONS | | | | | | |
| Net Investment Income | .273 | .564 | .572 | .569 | .581 | .588 |
| Net Realized and Unrealized Gain (Loss) on Investments | (.199) | .267 | .101 | .045 | 1.310 | (1.258) |
| Total from Investment Operations | .074 | .831 | .673 | .614 | 1.891 | (.670) |
| DISTRIBUTIONS | | | | | | |
| Dividends from Net Investment Income | (.273) | (.564) | (.572) | (.569) | (.581) | (.588) |

| | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Distributions from Realized Capital Gains | (.091) | (.017) | (.041) | (.065) | -- | (.012) |
| Total Distributions | (.364) | (.581) | (.613) | (.634) | (.581) | (.600) |
| NET ASSET VALUE, END OF PERIOD | \$11.01 | \$11.30 | \$11.05 | \$10.99 | \$11.01 | \$ 9.70 |
| TOTAL RETURN | 0.65% | 7.69% | 6.36% | 5.84% | 19.90% | -6.37% |
| RATIOS/SUPPLEMENTAL DATA | | | | | | |
| Net Assets, End of Period (Millions) | \$1,584 | \$1,406 | \$1,133 | \$959 | \$859 | \$695 |
| Ratio of Total Expenses to Average Net Assets | 0.21%* | 0.21% | 0.20% | 0.20% | 0.22% | 0.22% |
| Ratio of Net Investment Income to Average Net Assets | 4.89%* | 5.03% | 5.26% | 5.28% | 5.51% | 5.60% |
| Portfolio Turnover Rate | 1%* | 17% | 6% | 5% | 10% | 20% |

</TABLE>

* Annualized.

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NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

4. DISTRIBUTIONS: Distributions from net investment income are declared daily

and paid on the first business day of the following month. Annual distributions from realized capital gains, if any, are recorded on the ex-dividend date.

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

NOTES TO FINANCIAL STATEMENTS (continued)

B. The Vanguard Group furnishes at cost investment advisory, corporate management, administrative, marketing, and distribution services. The costs of such services are allocated to the funds under methods approved by the Board of Trustees. Each fund has committed to provide up to 0.40% of its net assets in capital contributions to Vanguard. At May 31, 1999, the funds had contributed capital to Vanguard (included in Other Assets) of:

<TABLE>
<CAPTION>

| NEW YORK TAX-EXEMPT FUND | CAPITAL CONTRIBUTED TO VANGUARD (000) | PERCENTAGE OF FUND NET ASSETS | PERCENTAGE OF VANGUARD'S CAPITALIZATION |
|--------------------------|---|-------------------------------------|---|
| <S> | <C> | <C> | <C> |
| Money Market | \$ 91 | 0.02% | 0.13% |
| Insured Long-Term | 245 | 0.02 | 0.35 |

</TABLE>

The funds' Trustees and officers are also Directors and officers of Vanguard.

C. The funds' investment adviser may direct new issue purchases, subject to obtaining the best price and execution, to underwriters who have agreed to rebate or credit to the funds part of the underwriting fees generated. Such rebates or credits are used solely to reduce the funds' management and administrative expenses. The funds' custodian bank has also agreed to reduce its fees when the funds maintain cash on deposit in their non-interest-bearing custody accounts. For the six months ended May 31, 1999, these arrangements reduced expenses by:

<TABLE>
<CAPTION>

| NEW YORK Tax-Exempt Fund | EXPENSE REDUCTION (000) | |
|--------------------------|----------------------------------|-------------------|
| | MANAGEMENT AND ADMINISTRATIVE | CUSTODIAN FEES |
| <S> | <C> | <C> |
| Money Market | -- | \$3 |
| Insured Long-Term | \$9 | 7 |

</TABLE>

D. During the six months ended May 31, 1999, the Insured Long-Term Tax-Exempt Fund purchased \$154,675,000 of investment securities and sold \$5,100,000 of investment securities, other than temporary cash investments.

E. Capital gain distributions are determined on a tax basis and may differ from realized gains for financial reporting purposes due to differences in the timing of realization of gains. The Insured Long-Term Tax-Exempt Fund had realized losses totaling \$1,548,000 through November 30, 1998, which are deferred for tax purposes and reduce the amount of unrealized appreciation on investment securities for tax purposes (see Note F).

F. At May 31, 1999, net unrealized appreciation of Insured Long-Term Tax-Exempt Fund investment securities for federal income tax purposes was \$54,505,000, consisting of unrealized gains of \$62,210,000 on securities that had risen in value since their purchase and \$7,705,000 in unrealized losses on securities that had fallen in value since their purchase.

At May 31, 1999, the aggregate settlement value of open futures contracts expiring in June 1999 and the related unrealized appreciation were:

<TABLE>
<CAPTION>

| | | (000) | |
|--|------------------------------|----------------------------------|----------------------------|
| NEW YORK TAX-EXEMPT FUND/ FUTURES CONTRACTS | NUMBER OF SHORT CONTRACTS | AGGREGATE SETTLEMENT VALUE | UNREALIZED APPRECIATION |
| <S> | <C> | <C> | <C> |
| Insured Long-Term/ U.S. Treasury Bond | 223 | \$26,293 | \$974 |

</TABLE>

NOTICE TO SHAREHOLDERS ABOUT Y2K

As is well known by now, the approaching calendar change to 2000 has posed a challenge to many computer systems worldwide. Computers that are not modified could interpret "00" as 1900 rather than 2000 and produce errors in date-dependent calculations, including bond interest payments, stock trade settlements, retirement benefits, and other financial transactions.

OUR APPROACH

Vanguard has taken this challenge seriously. We have had a Year 2000 Project under way since 1996 to fulfill our responsibility to safeguard our business relationships and the security of our investors' accounts.

Our internal systems are Year 2000-compliant. They have been renovated and thoroughly tested and are ready for the date change. As for the external systems that connect with ours, we have been working for many months with clients, business partners, and providers of products and services to assess their compliance. We have analyzed the external services we require and have developed contingency plans--including provision for alternative providers where appropriate.

On New Year's Day, our telephone centers will be staffed and ready for shareholder calls. However, we expect the volume of inquiries over the New Year's weekend to be high, and we encourage shareholders to check their accounts via our website or automated telephone systems, which offer much greater service capacity and efficiency. This will also help our live representatives to provide a higher level of service to those with specific transaction or other service-related needs.

WHAT YOU CAN DO

We assure you we will protect our shareholders' records, so account records will not be lost. Nevertheless, keeping copies of current records is always advisable. You should keep at least your third-quarter statement and any confirmations you receive from us between October 1, 1999, and year-end.

If you are a registered user of Access Vanguard(TM) (www.vanguard.com), you can retrieve this information through the secure "Your Accounts" section and print copies for your files. If you are not registered for Access Vanguard and wish to have this flexibility, you should register as soon as possible so that you can receive your password and become familiar with this service before the New Year's weekend. Likewise, you may need personal identification numbers to use our automated telephone services: Vanguard Tele-Account(R) for individual investors (1-800-662-6273) and The VOICE(TM) Network for participants in employer-sponsored retirement plans (1-800-523-1188).

Our Year 2000 Project's primary goal from the start has been to prepare our systems for business as usual on behalf of our shareholders into 2000 and beyond. We remain confident we will meet that goal, and we look forward to serving you in the years to come.

THE VANGUARD FAMILY OF FUNDS

STOCK FUNDS

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

BALANCED FUNDS

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

BOND FUNDS

 Admiral Intermediate-Term Treasury Fund
 Admiral Long-Term Treasury Fund
 Admiral Short-Term Treasury Fund
 GNMA Fund
 High-Yield Corporate Fund
 High-Yield Tax-Exempt Fund
 Insured Long-Term Tax-Exempt Fund
 Intermediate-Term Bond Index Fund
 Intermediate-Term Corporate Fund
 Intermediate-Term Tax-Exempt Fund
 Intermediate-Term Treasury Fund
 Limited-Term Tax-Exempt Fund
 Long-Term Bond Index Fund
 Long-Term Corporate Fund
 Long-Term Tax-Exempt Fund
 Long-Term Treasury Fund
 Preferred Stock Fund

Short-Term Bond Index Fund
Short-Term Corporate Fund*
Short-Term Federal Fund
Short-Term Tax-Exempt Fund
Short-Term Treasury Fund
State Tax-Exempt Bond Funds
(California, Florida,
Massachusetts, New Jersey,
New York, Ohio, Pennsylvania)
Total Bond Market Index Fund*

MONEY MARKET FUNDS

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

VARIABLE ANNUITY PLAN

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

* Offers Institutional Shares.

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Chairman of the Board, Chief Executive Officer, and Director/Trustee of The Vanguard Group, Inc., and each of the investment companies in The Vanguard Group.

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Managing Director, Core Management Group.

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VANGUARD
MILESTONES

[PHOTO]

The Vanguard Group is
named for HMS Vanguard,
Admiral Horatio Nelson's flagship
at the Battle of the Nile on
August 1, 1798. Our founder,
John C. Bogle, chose the name
after reading Nelson's inspiring
tribute to his fleet: "Nothing could
withstand the squadron . . .
with the judgment of the captains,
together with their valour, and that
of the officers and men of every
description, it was absolutely irresistible."

[PHOTO]

Walter L. Morgan, founder of

Wellington Fund, the nation's oldest balanced mutual fund and forerunner of today's family of some 100 Vanguard funds, celebrated his 100th birthday on July 23, 1998. Mr. Morgan, a true investment pioneer, died six weeks later on September 2.

[PHOTO]

Wellington Fund,
The Vanguard Group's oldest fund,
was incorporated by Mr. Morgan
70 years ago, on December 28, 1928.
The fund was named after
the Duke of Wellington,
whose forces defeated
Napoleon Bonaparte at the
Battle of Waterloo in 1815.

[THE VANGUARD GROUP LOGO]

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Q762-07/22/1999

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