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MFS MUNICIPAL INCOME TRUST  
Form N-CSRS  
July 06, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4841

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MFS MUNICIPAL INCOME TRUST

-----  
(Exact name of registrant as specified in charter)

500 Boylston Street, Boston, Massachusetts 02116

-----  
(Address of principal executive offices) (Zip code)

Susan S. Newton  
Massachusetts Financial Services Company  
500 Boylston Street  
Boston, Massachusetts 02116

-----  
(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

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Date of fiscal year end: October 31

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Date of reporting period: April 30, 2007

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ITEM 1. REPORTS TO STOCKHOLDERS.

MFS (R) MUNICIPAL INCOME TRUST

M F S (R)  
INVESTMENT MANAGEMENT

[graphic omitted]

SEMIANNUAL REPORT

4/30/07  
MFM-SEM

MFS (R) MUNICIPAL INCOME TRUST

LETTER FROM THE CEO

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TRUST OBJECTIVE: The Trust seeks to provide high income exempt from Federal income taxes.

New York Stock Exchange Symbol: MFM

NOT FDIC INSURED ◦ MAY LOSE VALUE ◦  
NO BANK OR CREDIT UNION GUARANTEE ◦ NOT A DEPOSIT ◦  
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR  
NCUA/NCUSIF

LETTER FROM THE CEO

[Photo of Robert J. Manning]

Dear Shareholders,

The past year has been a great example of why investors should keep their eyes on the long term.

In 2006 the Dow Jones Industrial Average returned 19%. As of mid-May 2007, it had returned another 8% and continued to reach new highs. But the Dow's upward rise has not been without hiccups. After hitting new records in February, the Dow lost 5.8% between February 20 and March 5, as stocks were sold off around the globe. As we have said before, markets are volatile, and investors should make sure they have an investment plan that can carry them through the peaks and troughs.

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If you are focused on a long-term investment strategy, the short-term ups and downs of the markets should not necessarily dictate portfolio action on your part. Both the bond and stock markets are cyclical. In our view, investors who remain committed to a long-term plan are more likely to achieve their financial goals. We believe you should not let the headlines guide you in your investment decisions and should be cautious about overreacting to short-term volatility.

In any market environment, we believe individual investors are best served by following a three-pronged investment strategy of allocating their holdings across the major asset classes, diversifying within each class, and regularly rebalancing their portfolios to maintain their desired allocations. Of course, these strategies cannot guarantee a profit or protect against a loss. Investing and planning for the long term require diligence and patience, two traits that in our experience are essential to capitalizing on the many opportunities the financial markets can offer -- through both up and down economic cycles.

Respectfully,

/s/ Robert J. Manning

Robert J. Manning  
Chief Executive Officer and Chief Investment Officer  
MFS Investment Management (R)

June 15, 2007

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

### PORTFOLIO COMPOSITION

#### PORTFOLIO STRUCTURE (i)

Bonds	101.0%
Cash & Other Net Assets	(1.0)%

#### TOP FIVE INDUSTRIES (i)

Healthcare Revenue - Hospitals	29.6%
-----	-----
Healthcare Revenue - Long Term Care	8.2%
-----	-----
Industrial Revenue - Airlines	5.9%
-----	-----
Utilities - Investor Owned	5.8%
-----	-----
Tobacco	5.8%
-----	-----

#### CREDIT QUALITY OF BONDS (r)

AAA	16.0%
-----	-----
AA	3.6%
-----	-----
A	10.3%
-----	-----
BBB	28.3%
-----	-----
BB	7.5%

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B	8.4%
CCC	3.2%
CC (o)	0.0%
Not Rated	22.7%

### PORTFOLIO FACTS

Average Duration (d) (i)	6.7
Average Life (i) (m)	15.9 yrs
Average Maturity (i) (m)	18.5 yrs
Average Credit Quality of Rated Securities (long-term) (a)	BBB+
Average Credit Quality of Rated Securities (short-term) (a)	A-1

- (a) The average credit quality of rated securities is based upon a market weighted average of portfolio holdings that are rated by public rating agencies.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.
- (i) For purposes of this presentation, the bond component includes both accrued interest amounts and the equivalent exposure from any derivative holdings, if applicable.
- (m) The average maturity shown is calculated using the final stated maturity on the portfolio's holdings without taking into account any holdings which have been pre-refunded or pre-paid to an earlier date or which have a mandatory put date prior to the stated maturity. The average life shown takes into account these earlier dates.
- (o) Less than 0.1%
- (r) Each security is assigned a rating from Moody's Investors Service. If not rated by Moody's, the rating will be that assigned by Standard & Poor's. Likewise, if not assigned a rating by Standard & Poor's, it will be based on the rating assigned by Fitch, Inc. For those portfolios that hold a security which is not rated by any of the three agencies, the security is considered Not Rated. Holdings in U.S. Treasuries and government agency mortgage-backed securities, if any, are included in the "AAA"-rating category. Percentages are based on the total market value of investments as of 04/30/07.

From time to time "Cash & Other Assets" may be negative due to timing of cash receipts and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets, including preferred shares, as of 04/30/07, unless otherwise noted.

The portfolio is actively managed and current holdings may be different.

### PORTFOLIO MANAGERS' PROFILES

Geoffrey L. Schechter, CFA, CPA, is a Senior Vice President of MFS Investment

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Management (R) (MFS(R)) and a Municipal Fixed Income Portfolio Manager. He also manages several other government bond portfolios for MFS. He joined MFS as a portfolio manager, and was named Senior Vice President in 2002. He has been a portfolio manager of the trust since July 2004. Geoffrey is a graduate of the University of Texas and has an M.B.A. degree from Boston University. He holds the Chartered Financial Analyst (CFA) and Certified Public Accountant (CPA) designations.

Gary A. Lasman, CFA, is Vice President of MFS Investment Management (R) (MFS(R)) and is a Municipal Fixed Income Portfolio Manager. He has been a portfolio manager of the trust since April 2006. Gary is a graduate of the University of California and has an M.B.A. from the University of Chicago. He is a member of the Boston Security Analysts Society, Inc. and National Federation of Municipal Analysts.

### PERFORMANCE SUMMARY THROUGH 4/30/07

All results are historical. Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost. More recent returns may be more or less than those shown. Past performance is no guarantee of future results.

### PRICE SUMMARY

Six months ended 4/30/07

	Date	Price
Net Asset Value	4/30/07	\$7.99
	10/31/06	\$8.06
New York Stock Exchange Price	4/30/07	\$8.40
	12/12/06 (high) (t)	\$8.66
	11/1/06 (low) (t)	\$8.22
	10/31/06	\$8.20

### TOTAL RETURNS VS BENCHMARKS

Six months ended  
4/30/07

New York Stock Exchange Price (r)	5.44%
Net Asset Value (r)	2.04%
Lehman Brothers Municipal Bond Index (f)	1.59%

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of dividends and capital gain distributions.

(t) For the period November 1, 2006 through April 30, 2007.

### INDEX DEFINITION

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Lehman Brothers Municipal Bond Index - a market-value-weighted index representative of the tax-exempt bond market.

It is not possible to invest directly in an index.

### NOTES TO PERFORMANCE SUMMARY

The trust's shares may trade at a discount to net asset value. Shareholders do not have the right to cause the trust to repurchase their shares at net asset value. The trust's shares also may trade at a premium to their net asset value.

When trust shares trade at a premium, buyers pay more than the asset value underlying trust shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the trust's liquidation. As a result, the total returns that are calculated based on the net asset value and New York Stock Exchange prices can be different.

The trust's monthly distributions may include a return of capital to shareholders. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. Returns of shareholder capital have the effect of reducing the trust's assets and may increase the trust's expense ratio.

From time to time the trust may receive proceeds from litigation settlements, without which performance would be lower.

In accordance with Section 23(c) of the Investment Company Act of 1940, the trust hereby gives notice that it may from time to time repurchase shares of the trust in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

### DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The trust offers a Dividend Reinvestment and Cash Purchase Plan that allows you to reinvest either all of the distributions paid by the trust or only the long-term capital gains. Purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a discounted price of either the net asset value or 95% of the market price, whichever is greater. Twice each year you can also buy shares. Investments may be made in any amount over \$100 in January and July on the 15th of the month or shortly thereafter.

If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the plan on your behalf. If the nominee does not offer the plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the trust. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. The automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

To enroll in or withdraw from the plan, or if you have any questions, call 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time. Please have available the name of the trust and your account and Social Security

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numbers. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the plan, you can receive the value of the reinvested shares in one of two ways: a check for the value of the full and fractional shares, or a certificate for the full shares and a check for the fractional shares.

Effective May 1, 2007, Computershare Trust Company, N.A. (the Transfer Agent for the trust) became the agent for the plan.

### PORTFOLIO OF INVESTMENTS 4/30/07 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

#### Municipal Bonds - 142.6%

ISSUER	SHARES/PAR
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#### Airport & Port Revenue - 4.9%

Chicago Ohare Intl Arpt Rev, XLCA, 5.75%, 2022 (u)	\$ 3,000,000
New York, NY, City Industrial Development Agency, Special Facilities Rev. (Terminal One Group), 5.5%, 2024	275,000
Oklahoma City, OK, Airport Trust Rev., FSA, 5.75%, 2016	3,125,000
Port Authority, NY, Special Obligations Rev. (JFK International), MBIA, 5.75%, 2022	7,000,000
Seattle, WA, Airport Trust Rev., FGIC, 5.625%, 2018	1,500,000

#### General Obligations - General Purpose - 2.1%

Kane Kendall County, IL, Capital Appreciation, "E", FGIC, 0%, 2023	\$ 1,945,000
Kane Kendall County, IL, Capital Appreciation, "E", FGIC, 0%, 2025	1,915,000
Lake County, IL, Land Acquisition & Development, 5.75%, 2010 (c)	1,000,000
New York, NY, "M", 5%, 2035	3,800,000

#### General Obligations - Schools - 0.9%

Aledo, TX, Independent School District, School Building, "A", PSF, 5.125%, 2033	\$ 955,000
De Soto, TX, Independent School District, School Building, PSF, 0%, 2031	555,000
De Soto, TX, Independent School District, School Building, PSF, 0%, 2034	415,000
De Soto, TX, Independent School District, School Building, PSF, 0%, 2036	555,000
Leander, TX, Independent School District, Capital Appreciation, Refunding, School Building, FGIC, 0%, 2026	1,285,000
Leander, TX, Independent School District, Capital Appreciation, Refunding, School Building, FGIC, 0%, 2031	1,295,000
Royse City, TX, Independent School District, School Building, PSF, 0%, 2027	955,000
Royse City, TX, Independent School District, School Building, PSF, 0%, 2029	965,000

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Healthcare Revenue - Hospitals - 41.8%

Alexander City, AL, Special Care Facilities Financing Authority Medical Facilities Rev. (Russell Hospital Corp.), "A", 5.75%, 2036	\$ 600,000
Allegheny County, PA, Hospital Development Authority Rev. (South Hills Health Systems), "B", 6.75%, 2010 (c)	500,000
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), 9.25%, 2030	2,000,000
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), "B", 9.25%, 2022	1,000,000
Arkansas Development Finance Authority Rev. (Washington Regional Medical Center), 7.25%, 2010 (c)	500,000
Athens County, OH, Hospital Facilities Rev. (O'Bleness Memorial Hospital), "A", 7.125%, 2033	1,500,000
Baldwin County, AL, Eastern Shore Health Care Authority Rev. (Thomas Hospital), 5.75%, 2008 (c)	700,000
Brookhaven, NY, Civic Facilities Rev. (Memorial Hospital Medical Center, Inc.), ETM, 7.75%, 2010 (c)	575,000
California Health Facilities Financing Authority Rev. (Sutter Health), "A", 5%, 2042	550,000
California Health Facilities Financing Authority Rev. (Sutter Health), "A", 5.25%, 2046	3,400,000
California Valley Health Systems, COP, 6.875%, 2023	700,000
Carroll County, IA, Hospital Rev. (St. Anthony Regional Hospital), "A", 5%, 2031	500,000
Chautauqua County, NY, Industrial Development Agency, Civic Facilities Rev. (Women's Christian Assn.), "A", 6.35%, 2017	215,000
Chautauqua County, NY, Industrial Development Agency, Civic Facilities Rev. (Women's Christian Assn.), "A", 6.4%, 2029	960,000
Chemung County, NY, Civic Facilities Rev. (St. Joseph's Hospital-Elmira), "A", 6%, 2013	425,000
Chemung County, NY, Civic Facilities Rev. (St. Joseph's Hospital-Elmira), "B", 6.35%, 2013	105,000
Chester County, PA, Health & Educational Facilities Rev. (Chester County Hospital), 6.75%, 2021	1,625,000
Citrus County, FL, Hospital Development Authority Rev. (Citrus Memorial Hospital), 6.25%, 2023	925,000
Coffee County, GA, Hospital Authority Rev. (Coffee Regional Medical Center, Inc.), 5%, 2026	40,000
Colorado Health Facilities Authority Rev. (Parkview Medical Center), 6.6%, 2025	1,000,000
Colorado Health Facilities Authority Rev. (Parkview Medical Center, Inc.), 6.5%, 2020	1,230,000
Colorado Health Facilities Authority Rev. (Portercare Adventist Health Systems), 6.625%, 2011 (c)	675,000
Crittenden County, AR, Hospital Rev., 7%, 2020	1,030,000
Cuyahoga County, OH, Hospital Facilities Rev. (Canton, Inc.), 7.5%, 2030	1,330,000
Delaware Health Facilities Authority Rev. (Nanticoke Memorial Hospital), 5.625%, 2032	1,250,000
Denver, CO, Health & Hospital Authority Rev., 5.25%, 2013	635,000
Denver, CO, Health & Hospital Authority Rev., "A", 5.375%, 2018	1,500,000
Denver, CO, Health & Hospital Authority Rev., "A", 6%, 2023	250,000
Denver, CO, Health & Hospital Authority Rev., "A", 5.375%, 2028	860,000
Garden City, MI, Hospital Finance Authority Rev. (Garden City Hospital), "A", 4.875%, 2027	1,275,000
Gaylord, MI, Hospital Finance Authority Rev. (Otsego Memorial Hospital), 6.2%, 2025	250,000
Gaylord, MI, Hospital Finance Authority Rev. (Otsego Memorial Hospital), 6.5%, 2031	295,000



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Grand Forks, ND, Health Care Authority Rev. (Altru Health Systems Obligated Group), 7.125%, 2024	755,000
Gulfport, MS, Hospital Facilities Rev. (Memorial Hospital), 5.75%, 2031	1,000,000
Highlands County, FL, Health Facilities Authority Rev. (Adventist Health Systems), "C", 5.25%, 2036	1,180,000
Highlands County, FL, Health Facilities Authority Rev. (Adventist/Sunbelt Hospital), 6%, 2011 (c)	900,000
Houston County, AL, Health Care Authority Rev., AMBAC, 6.25%, 2009 (c)	2,000,000
Huntsville, AL, Health Care Authority Rev., 5.625%, 2011 (c)	875,000
Illinois Development Finance Authority, Hospital Authority Rev. (Adventist/Sunbelt Hospital), 5.65%, 2009 (c)	1,750,000
Illinois Finance Authority Rev. (Kewanee Hospital), 5.1%, 2031	410,000
Illinois Health Facilities Authority Rev. (Centegra Health Systems), 5.25%, 2018	1,000,000
Indiana Health Facilities Financing Authority, Hospital Rev. (Clarian Health), "A", 5%, 2039	375,000
Indiana Health Facilities Financing Authority, Hospital Rev. (Community Hospital), "A", AMBAC, 5%, 2035	1,780,000
Indiana Health Facilities Financing Authority, Hospital Rev. (Munster Medical Research Foundation, Inc.), "A", 6.375%, 2031	3,990,000
Indiana Health Facilities Financing Authority, Hospital Rev. (Riverview Hospital), 6.125%, 2031	1,000,000
Johnson City, TN, Health & Educational Facilities, Hospital Rev. (Mountain States Health), "A", 5.5%, 2036	355,000
Joplin, MO, Industrial Development Authority Health Facilities Rev. (Freeman Health Systems), 5.5%, 2029	440,000
Joplin, MO, Industrial Development Authority Health Facilities Rev. (Freeman Health Systems), 5.75%, 2035	475,000
Kentucky Economic Development Finance Authority (Norton Healthcare), "A", 6.5%, 2010 (c)	1,965,000
Kentucky Economic Development Finance Authority, Unrefunded (Norton Healthcare), "A", 6.5%, 2020	3,035,000
Knox County, TN, Health, Educational, Hospital & Housing Facilities Board Rev. (Baptist Health Systems), 6.5%, 2031	1,725,000
Lauderdale County & Florence, AL, Health Care Authority Rev. (Coffee Health Group), MBIA, 5.625%, 2021	3,000,000
Lufkin, TX, Health Facilities Rev. (Memorial Health System of East Texas), 5.7%, 2008 (c)	995,000
Macomb County, MI, Hospital Finance Authority Rev. (Mount Clemens General Hospital), 5.75%, 2025	1,000,000
Macomb County, MI, Hospital Finance Authority Rev. (Mount Clemens General Hospital), 5.875%, 2034	935,000
Madison County, ID, Hospital Rev., COP, 5.25%, 2037	310,000
Maryland Health & Higher Educational Facilities Authority Rev. (Medstar Health), 5.5%, 2033	380,000
Maryland Health & Higher Educational Facilities Authority Rev. (North Arundel Hospital), 6.5%, 2010 (c)	1,500,000
Massachusetts Health & Educational Facilities Authority Rev. (Berkshire Health Systems), "E", 6.25%, 2031	1,900,000
Massachusetts Health & Educational Facilities Authority Rev. (Caritas Christi), "A", 5.7%, 2015	500,000
Massachusetts Health & Educational Facilities Authority Rev. (Caritas Christi), "B", 6.5%, 2012	600,000
Massachusetts Health & Educational Facilities Authority Rev. (Jordan Hospital), "D", 5.25%, 2018	1,400,000
Massachusetts Health & Educational Facilities Authority Rev. (Northern Berkshire Health), "B", 6.375%, 2034	640,000
Massachusetts Health & Educational Facilities Authority Rev. (Saints Memorial Medical Center), "A", 6%, 2023	465,000
Miami Beach, FL, Health Facilities Authority Rev. (Mount Sinai Medical Center), 6.75%, 2029	810,000
Miami Beach, FL, Health Facilities Authority Rev. (Mount	

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Sinai Medical Center), "A", 6.7%, 2019	995,000
Mississippi Business Finance Corp., Health Facilities Rev. (Rush Medical Foundation, Inc.), 5.625%, 2008 (c)	845,000
Monongalia County, WV, Building Commission Hospital Rev. (Monongalia General Hospital), "A", 5%, 2030	425,000
Monroe County, MI, Hospital Finance Authority, Hospital Rev. (Mercy Memorial Hospital Corp.), 5.5%, 2035	1,020,000
Monroe County, NY, Industrial Development Agency, Civic Facilities Rev. (Highland Hospital of Rochester), 5%, 2025	65,000
Montgomery, AL, Special Care Facilities, Financing Authority Rev. (Baptist Health), "A-2", MBIA, 0% to 2007, 5% to 2014(c)	1,725,000
Montgomery, AL, Special Care Facilities, Financing Authority Rev. (Baptist Health), "C", 5.25%, 2014 (c)	760,000
Mount Lebanon, PA, Hospital Authority Rev. (St. Clair Memorial Hospital), 5.625%, 2032	435,000
Nassau County, NY, Industrial Development Agency, Civic Facilities Rev. (North Shore Health System), 5.625%, 2010	510,000
Nassau County, NY, Industrial Development Agency, Civic Facilities Rev. (North Shore Health System), 5.875%, 2011	415,000
Neosho County, KS, Hospital Authority Rev., "A", 5.05%, 2026	325,000
Neosho County, KS, Hospital Authority Rev., "A", 5.15%, 2031	230,000
New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), "A", 6.125%, 2012 (c)	880,000
New Hampshire Health & Educational Facilities Authority Rev. (Catholic Medical Center), "A", 6.125%, 2032	120,000
New Hampshire Health & Educational Facilities Authority Rev. (Covenant Health), 6.5%, 2017	820,000
New Jersey Health Care Facilities, Financing Authority Rev. (Children's Specialized Hospital), "A", 5.5%, 2030	245,000
New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter's University Hospital), "A", 6.875%, 2030	3,000,000
New Mexico State Hospital Equipment Loan Council, Hospital Rev. (Rehoboth McKinley Christian Hospital), "A", 5.25%, 2026	440,000
New York Dormitory Authority Rev., Non State Supported Debt (Mt. Sinai NYU Health), 5.5%, 2026	635,000
New York Dormitory Authority Rev., Non State Supported Debt (Mt. Sinai NYU Health), "C", 5.5%, 2026	500,000
New York Dormitory Authority Rev., Non State Supported Debt (NYU Hospitals Center), "A", 5%, 2026	1,750,000
New York, NY, Health & Hospital Corp. Rev., "A", 5.25%, 2017	700,000
New York, NY, Industrial Development Agency, Civic Facilities Rev. (Staten Island University Hospital), "A", 6.375%, 2031	495,000
Norman, OK, Regional Hospital Authority Rev., 5.375%, 2036	1,395,000
North Texas Health Facilities Development Corp. Rev. (United Regional Health Care System, Inc.), 6%, 2023	1,000,000
Ohio County, WV, County Commission Health System Rev. (Ohio Valley Medical Center), 5.75%, 2013	850,000
Oklahoma Development Finance Authority Rev. (Comanche County Hospital), "B", 6.6%, 2031	1,665,000
Quincy, IL, Quincy Hospital Rev. (Blessing Hospital), 5%, 2029	315,000
Rhode Island Health & Education Building Corp. Rev., Hospital Financing (Lifespan Obligated Group), 6.5%, 2012 (c)	505,000
Rhode Island Health & Educational Building Corp., Hospital Financing (Lifespan Obligated Group), 6.375%, 2012 (c)	1,560,000
Rhode Island Health & Educational Building Corp., Hospital Financing (Lifespan Obligated Group), 6.375%, 2021	245,000
Royston, GA, Hospital Authority Rev. (Ty Cobb Healthcare Systems, Inc.), 6.375%, 2014	955,000
Salida, CO, Hospital District Rev., 5.25%, 2036	1,155,000
Salt Lake City, UT, Hospital Authority Rev., AMBAC, INFLOS, ETM (Intermountain Health Care), 10.448%, 2020 (c) (p)	600,000
Shelby County, TN, Educational & Hospital Facilities Board	

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Hospital Rev., Refunded Balance (Methodist Healthcare), 6.375%, 2012 (c)	625,000
Shelby County, TN, Educational & Housing Facilities Board Hospital Rev. (Methodist Healthcare), 6.25%, 2012 (c)	185,000
Shelby County, TN, Educational & Housing Facilities Board Hospital Rev. (Methodist Healthcare), 6.25%, 2012 (c)	315,000
Shelby County, TN, Educational & Housing Facilities Board Hospital Rev. (Methodist Healthcare), 6.375%, 2012 (c)	375,000
South Carolina Jobs & Economic Development Authority Rev. (Bon Secours Health Systems, Inc.), "A", 5.625%, 2030	710,000
South Carolina Jobs & Economic Development Authority, Hospital Facilities Rev. (Palmetto Health Alliance), 6.25%, 2031	835,000
South Dakota Health & Education Facilities Authority Rev. (Prairie Lakes Health Care System), 5.625%, 2032	670,000
Southwestern Illinois Development Authority Rev. (Anderson Hospital), 5.5%, 2020	60,000
Southwestern Illinois Development Authority Rev. (Anderson Hospital), 5.625%, 2029	870,000
Springfield, TN, Health & Educational Facilities Rev. (Northcrest Medical Center), 5.25%, 2018	1,400,000
Steubenville, OH, Hospital Authority Rev. (Trinity Health Center), 6.5%, 2030	1,300,000
Stillwater, OK, Medical Center Authority, 5.625%, 2023	1,000,000
Tallahassee, FL, Health Facilities Rev. (Tallahassee Memorial Healthcare), 6.25%, 2020	3,085,000
Texas Metro Health Facilities Development Corp., Metro Health Facilities Development Rev. (Wilson N. Jones Memorial Hospital), 7.2%, 2021	700,000
Texas Metro Health Facilities Development Corp., Metro Health Facilities Development Rev. (Wilson N. Jones Memorial Hospital), 7.25%, 2031	1,000,000
Tom Green County, TX, Health Facilities Rev. (Shannon Health System), 6.75%, 2021	1,250,000
University of Colorado, Hospital Authority Rev., "A", 5.25%, 2039	245,000
Upper Illinois River Valley Development, Health Facilities Rev. (Morris Hospital), 6.625%, 2031	600,000
Valley, AL, Special Care Facilities, Financing Authority Rev. (Lanier Memorial Hospital), 5.6%, 2016	600,000
Wapello County, IA, Hospital Authority Rev. (Ottumwa Regional Health Center), 6.375%, 2012 (c)	1,500,000
Washington County, AR, Hospital Rev. (Regional Medical Center), "A", 5%, 2035	250,000
Weirton, WV, Municipal Hospital Building, Commission Rev. (Weirton Hospital Medical Center), 6.375%, 2031	1,115,000
Weslaco, TX, Health Facilities Rev. (Knapp Medical Center), 6.25%, 2032	1,000,000
West Plains, MO, Industrial Development Authority Rev. (Ozarks Medical Center), 6.75%, 2024	170,000
West Shore, PA, Hospital Authority Rev. (Holy Spirit Hospital), 6.2%, 2026	1,250,000
Wichita, KS, Hospital Authority Rev. (Via Christi Health System), 6.25%, 2020	1,500,000
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), MBIA, 5.25%, 2017	5,000,000
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), 6.875%, 2030	1,000,000
Wisconsin Health & Educational Facilities Authority Rev. (Marshfield Clinic), "A", 5.375%, 2034	490,000
Yonkers, NY, Industrial Development Agency, Civic Facilities Rev. (St. John's Riverside Hospital), 6.8%, 2016	665,000
Yonkers, NY, Industrial Development Agency, Civic Facilities Rev. (St. John's Riverside Hospital), "A", 7.125%, 2031	490,000

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Yonkers, NY, Industrial Development Agency, Civic Facilities  
 Rev. (St. Joseph's Hospital), "C", 6.2%, 2020 750,000

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 Healthcare Revenue - Long Term Care - 11.5%  
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Abilene, TX, Health Facilities Development Co., Retirement Facilities Rev. (Sears Methodist Retirement), "A", 7%, 2033	\$ 345,000
Arizona Health Facilities Authority Rev. (The Terraces Project), 7.75%, 2033	750,000
Bell County, TX, Health Facilities Development Rev. (Advanced Living Technology), 8.125%, 2016	1,085,000
Bell County, TX, Health Facilities Development Rev. (Advanced Living Technology), 8.5%, 2026	2,405,000
Bucks County, PA, Industrial Development Authority Rev. (Ann's Choice, Inc.), 6.125%, 2025	430,000
Cambria County, PA, Industrial Development Authority Rev. (Beverly Enterprises, Inc.) ETM, 10%, 2012 (c)	360,000
Chartiers Valley, PA, Industrial & Commercial Development Authority (Asbury Health Center Project), 5.75%, 2022	150,000
Chester County, PA, Industrial Development Authority Rev. (RHA Nursing Home), 8.5%, 2032	580,000
Colorado Health Facilities Authority Rev. (Christian Living Communities Project), "A", 5.75%, 2037	395,000
Colorado Health Facilities Authority Rev. (Covenant Retirement Communities, Inc.), "B", 6.125%, 2033	1,000,000
Colorado Health Facilities Authority Rev. (Evangelical), 6.9%, 2010 (c)	1,830,000
Colorado Health Facilities Authority Rev. (Evangelical), 6.9%, 2025	1,170,000
Cumberland County, PA, Municipal Authority Rev. (Wesley), "A", 7.25%, 2013 (c)	720,000
Cumberland County, PA, Municipal Authority Rev. (Wesley), "A", 7.25%, 2013 (c)	280,000
Franklin County, OH, Healthcare Facilities Rev. (Ohio Presbyterian), 7.125%, 2011 (c)	1,000,000
Fulton County, GA, Residential Care Facilities (Canterbury Court), "A", 6.125%, 2034	330,000
Greenville County, SC, Hospital Rev. (Chestnut Hill), "A", 8%, 2015	1,985,000
Hawaii Department of Budget & Finance, Special Purpose Rev. (Kahala Nui Senior Living Community), 8%, 2033	500,000
Huntsville-Redstone Village, AL, Special Care Facilities Financing Authority (Redstone Village Project), 5.5%, 2028	525,000
Huntsville-Redstone Village, AL, Special Care Facilities Financing Authority (Redstone Village Project), 5.5%, 2043	540,000
Illinois Finance Authority Rev. (Bond Anticipation Notes Tallgrass), 13%, 2012	210,000
Illinois Finance Authority Rev. (Clare at Water Tower), "A", 6%, 2025	490,000
Illinois Finance Authority Rev. (Landing at Plymouth Place), "A", 6%, 2037	490,000
Illinois Finance Authority Rev. (Montgomery Place), "A", 5.75%, 2038	520,000
Iowa Finance Authority Senior Housing Authority Rev. (Bethany Life Communities), "A", 5.55%, 2041	230,000
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives Project), 9.25%, 2011 (c)	1,155,000
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives Project), "A", 5.5%, 2025	800,000
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives Project), "B", 5.75%, 2018	895,000
Lenexa, KS, Health Care Facilities Rev. (Lakeview Village, Inc.), "B", 6.25%, 2026	500,000
Lenexa, KS, Health Care Facilities Rev. (Lakeview Village,	

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Inc.), "C", 6.875%, 2032	500,000
Maine Health & Higher Educational Facilities Rev. (Piper Shores), 7.5%, 2009 (c)	770,000
Millbrae, CA, Residential Facilities Rev. (Magnolia of Millbrae), "A", 7.375%, 2027	1,830,000
Montana Facility Finance Authority Rev. (Senior Living St. Johns Lutheran), "A", 6.125%, 2036	470,000
Montgomery County, PA, Higher Education & Health Authority Rev. (AHF/Montgomery), 6.875%, 2036	1,195,000
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.125%, 2028	250,000
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.25%, 2035	510,000
New Jersey Economic Development Authority Rev. (Courthouse Convalescent Center), "A", 8.7%, 2014	650,000
New Jersey Economic Development Authority Rev. (Lions Gate), "A", 5.875%, 2037	310,000
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2036	505,000
New Jersey Health Care Facilities Financing Authority Rev. (Cherry Hill), 8%, 2027	1,000,000
Norfolk, VA, Redevelopment & Housing Authority Rev. (Fort Norfolk Retirement Community), "A", 6%, 2025	125,000
Norfolk, VA, Redevelopment & Housing Authority Rev. (Fort Norfolk Retirement Community), "A", 6.125%, 2035	90,000
North Carolina Medical Care Commission, Health Care Facilities Rev. (Presbyterian Homes), 5.4%, 2027	485,000
North Carolina Medical Care Commission, Health Care Facilities Rev. (Presbyterian Homes), 5.5%, 2031	295,000
Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Germantown Village), 7.25%, 2034	820,000
Sterling, IL (Hoosier Care), 7.125%, 2034	700,000
Suffolk County, NY, Industrial Development Agency (Medford Hamlet Assisted Living), 6.375%, 2039	500,000
Travis County, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Querencia Barton Creek), 5.5%, 2025	460,000
Travis County, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Querencia Barton Creek), 5.65%, 2035	695,000
Washington State Housing Finance Commission Non-profit Rev. (Skyline at First Hill), "A", 5.625%, 2027	215,000
Washington State Housing Finance Commission Non-profit Rev. (Skyline at First Hill), "A", 5.625%, 2038	1,120,000

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Human Services - 3.3%  
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Alaska Industrial Development & Export Authority Community Provider Rev. (Boys & Girls Home of Alaska, Inc.), 5.875%, 2027	\$ 210,000
Alaska Industrial Development & Export Authority Community Provider Rev. (Boys & Girls Home of Alaska, Inc.), 6%, 2036	325,000
Colorado Educational & Cultural Facilities Authority (Cerebral Palsy Project), "A", 6.25%, 2036	500,000
Iowa Finance Authority, Community Provider (Boys & Girls Home), 6.25%, 2008 (c)	500,000
Lehigh County, PA, General Purpose Authority (Kidspeace Corp.), 6%, 2023	3,000,000
Louisiana Local Government, Environmental Facilities & Community Development Authority Rev. (CDF Healthcare), "A", 7%, 2036	500,000
Louisiana Local Government, Environmental Facilities & Community Development Authority Rev. (CDF Healthcare), "C", 7%, 2036	375,000
Louisiana Local Government, Environmental Facilities &	

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Community Development Authority Rev. (Westside Rehab Center Project), "A", 6.85%, 2036	1,100,000
Louisiana Local Government, Environmental Facilities & Community Development Authority Rev. (Westside Rehab Center Project), "B", 6.5%, 2013	115,000
New York, NY, Industrial Development Agency, Civic Facility Rev. (A Very Special Place), "A", 5.75%, 2029	1,000,000
New York, NY, Industrial Development Agency, Civic Facility Rev. (Special Needs Facilities), 6.5%, 2017	1,030,000
Orange County, FL, Health Facilities Authority Rev. (GF/ Orlando Healthcare Facilities), 8.75%, 2011	440,000
Orange County, FL, Health Facilities Authority Rev. (GF/ Orlando Healthcare Facilities), 9%, 2031	1,000,000
Osceola County, FL, Industrial Development Authority Rev. (Community Provider), 7.75%, 2017	292,000

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### Industrial Revenue - Airlines - 8.4%

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Alliance Airport Authority, TX (American Airlines, Inc.), 5.25%, 2029	\$ 1,145,000
Alliance Airport Authority, TX (American Airlines, Inc.), 5.75%, 2029	2,410,000
Dallas Fort Worth, TX, International Airport Facility Improvement Corp. (American Airlines, Inc.), 7.25%, 2030	2,530,000
Houston, TX, Airport Systems Rev., Special Facilities (Continental, Inc.), "E", 6.75%, 2029	1,810,000
Los Angeles, CA, Regional Airport Lease Rev. (AMR Corp.), "C", 7.5%, 2024	850,000
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 6.25%, 2029	580,000
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 7.2%, 2030	1,595,000
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.75%, 2031	1,065,000
New York, NY, City Industrial Development Agencies Rev. (Jetblue Airways Corp.), 5%, 2020	225,000
New York, NY, City Industrial Development Agencies Rev. (Jetblue Airways Corp.), 5.125%, 2030	115,000
New York, NY, Industrial Development Agencies Rev. (American Airlines, Inc.), 7.125%, 2011	1,355,000
New York, NY, Industrial Development Agencies Rev. (American Airlines, Inc.), 7.625%, 2025	7,725,000
New York, NY, Industrial Development Agencies Rev. (Continental Airlines, Inc.), 7.25%, 2008	110,000
New York, NY, Industrial Development Agencies Rev. (Continental Airlines, Inc.), 8%, 2012	300,000
Tulsa, OK, Municipal Airport Trust Rev. (American Airlines, Inc.), "B", 5.65%, 2035 (a)	40,000
Tulsa, OK, Municipal Airport Trust Rev. (AMR Corp.), "B", 6%, 2035 (a)	2,500,000

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### Industrial Revenue - Chemicals - 1.0%

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Red River Authority, TX, Pollution Control Rev. (Celanese Project) "B", 6.7%, 2030	\$ 1,920,000
Sweetwater County, WY, Solid Waste Disposal Rev. (FMC Corp.), 5.6%, 2035	985,000

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### Industrial Revenue - Environmental Services - 2.0%

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California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Browning Ferris, Inc.), "A", 5.8%, 2016	\$ 1,000,000
California Statewide Community Development Authority, Solid Waste Facilities Rev. (Republic Services, Inc.), "A", 4.95%, 2012	1,000,000
Gloucester County, NJ, Solid Waste Resource Recovery Rev. (Waste Management, Inc.), 6.85%, 2029 (a)	850,000
Henrico County, VA, Industrial Development Authority Rev. (Browning Ferris, Inc.), 5.45%, 2014	1,750,000
Nevada Department of Business & Industry Rev. (Republic Services, Inc.), 5.625%, 2026 (a)	750,000
New Morgan, PA, Industrial Development Authority, Solid Waste Disposal Rev. (New Morgan Landfill Co., Inc./Browning Ferris, Inc.), 6.5%, 2019	1,000,000

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Industrial Revenue - Metals - 0.2%

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Mobile County, AL, Industrial Development Authority Rev. (Ipsco, Inc.), 6.875%, 2030 (a)	\$ 650,000
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Industrial Revenue - Other - 5.1%

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Gulf Coast, TX, Industrial Development Authority (Valero Energy Corp.), 5.6%, 2031	\$ 1,750,000
Gulf Coast, TX, Industrial Development Authority Rev. (Microgy Holdings LLC Project), 7%, 2036	620,000
Gulf Coast, TX, Waste Disposal Rev. (Valero Energy Corp.), 6.65%, 2032	1,000,000
Hardeman County, TN, Correctional Facilities Rev., 7.75%, 2017	2,100,000
Madison County, FL, Rev. (Twin Oaks Project), "A", 6%, 2025	550,000
New Jersey Economic Development Authority (Gloucester Marine), "C", 6.5%, 2015	700,000
New York, NY, City Industrial Development Agency Rev., Liberty Bonds (IAC/InterActiveCorp), 5%, 2035	620,000
Park Creek Metropolitan District, CO, Rev. (Custodial Receipts), "CR-1", 7.875%, 2032 (a)(n)	1,270,000
Park Creek Metropolitan District, CO, Rev. (Custodial Receipts), "CR-2", 7.875%, 2032 (a)(n)	580,000
Pennsylvania Economic Development Financing Authority, Finance Authority Facilities Rev. (Amtrak), "A", 6.25%, 2031	2,000,000
Philadelphia, PA, Industrial Development Authority Rev. (Host Marriott LP), 7.75%, 2017	3,255,000
Port Corpus Christi, TX, Industrial Development Authority Rev. (Citgo Petroleum Corp.), 8.25%, 2031	700,000
Tooele County, UT, Hazardous Waste Treatment Rev. (Union Pacific Corp.), 5.7%, 2026	385,000

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Industrial Revenue - Paper - 4.8%

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Bedford County, VA, Industrial Development Authority Rev. (Nekoosa Packaging), "A", 6.55%, 2025	\$ 1,000,000
Butler, AL, Industrial Development Board, Solid Waste Disposal Rev. (Georgia Pacific Corp.), 5.75%, 2028	155,000
Delta County, MI, Economic Development Corp., Environmental Improvements Rev. (Mead Westvaco Escanaba), "A", 6.25%, 2012 (c)	1,000,000
Delta County, MI, Economic Development Corp., Environmental Improvements Rev. (Mead Westvaco Escanaba), "B", 6.45%, 2012 (c)	500,000
Effingham County, GA, Development Authority, Solid Waste Disposal Rev. (Fort James), 5.625%, 2018	850,000
Hodge, LA, Utilities Rev. (Stone Container Corp.), 7.45%, 2024	3,335,000

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Lowndes County, MS, Solid Waste Disposal & Pollution Control Rev. (Weyerhaeuser Co.), 6.8%, 2022	2,000,000
Navajo County, AZ, Industrial Development Authority Rev. (Stone Container Corp.), 7.2%, 2027	880,000
Onondaga County, NY, Industrial Development Authority Rev., Solid Waste Disposal Rev. (Solvay Paperboard LLC), 6.8%, 2014	900,000
West Point, VA, Industrial Development Authority, Solid Waste Disposal Rev. (Chesapeake Corp.), 6.25%, 2019	1,870,000
West Point, VA, Industrial Development Authority, Solid Waste Disposal Rev. (Chesapeake Corp.), "A", 6.375%, 2019	700,000
York County, SC, Pollution Control Rev. (Bowater, Inc.), "A", 7.4%, 2010	730,000

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Miscellaneous Revenue - Entertainment & Tourism - 0.9%

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California Statewide Communities Development Authority Rev., East Valley Tourist (Cabazon Casino), "A", 9.25%, 2020 (n)	\$ 1,155,000
Mississippi Development Bank, Special Obligation (Diamond Lakes Utilities), 6.25%, 2017	1,000,000
New York Liberty Development Corp. Rev. (National Sports Museum), 6.125%, 2019	420,000
Seneca Nation Indians, NY, Capital Improvements Authority Special Obligation, 5%, 2023 (n)	275,000

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Miscellaneous Revenue - Other - 2.7%

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Austin, TX, Convention Center (Convention Enterprises, Inc.), "A", 6.6%, 2011 (c)	\$ 400,000
Austin, TX, Convention Center (Convention Enterprises, Inc.), "A", 6.7%, 2011 (c)	600,000
Austin, TX, Convention Enterprises, Inc., Rev., "B", 5.75%, 2034	775,000
Cleveland Cuyahoga County, OH, Port Authority Rev. (Cleveland City), "B", 4.5%, 2030	1,155,000
Cleveland-Cuyahoga County, OH, Port Authority Rev. (Fairmount), "B", 5.125%, 2025	190,000
Cleveland-Cuyahoga County, OH, Port Authority Rev. (Myers University), "E", 5.6%, 2025	135,000
Cleveland-Cuyahoga County, OH, Port Authority Rev. (Perrysburg Project), 4.8%, 2035	225,000
Dayton Montgomery County, OH, Port Authority Rev. (Parking Garage), 6.125%, 2024	1,130,000
Gallery Certificate Trust, PA, Parking Rev., 4.5%, 2013 (n)	695,000
Maryland Economic Development Corp. (Chesapeake Bay Conference Center), "A", 5%, 2031	405,000
San Antonio, TX, Convention Center, Hotel Financial Corp., Contract Rev. (Empowerment Zone), "A", AMBAC, 5%, 2034	695,000
Southwestern Illinois Development Authority Rev., Solid Waste Disposal Rev., 5.9%, 2014	280,000
Summit County, OH, Port Authority Building Rev. (Seville Project), "A", 5.1%, 2025	195,000
Summit County, OH, Port Authority Building Rev. (Twinsburg Township), "D", 5.125%, 2025	160,000
Summit County, OH, Port Authority Building Rev. (Workforce Policy Board), "F", 4.875%, 2025	915,000
Toledo Lucas County, OH, Port Authority Development Rev. (Northwest Ohio Bond Fund), "B", 4.8%, 2035	265,000
Toledo Lucas County, OH, Port Authority Development Rev. (Northwest Ohio Bond Fund), "C", 5.125%, 2025	90,000



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### Multi-Family Housing Revenue - 4.5%

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Bay County, FL, Housing Finance Authority, Multi-Family Rev. (Andrews Place II Apartments), FSA, 5%, 2035	\$ 210,000
Bay County, FL, Housing Finance Authority, Multi-Family Rev. (Andrews Place II Apartments), FSA, 5.1%, 2046	390,000
Bexar County TX, Multi-Family Housing Rev. (American Opportunity Housing), "A", MBIA, 5.7%, 2021	1,250,000
Charter Mac Equity Issuer Trust, 7.1%, 2009 (n)	1,000,000
Charter Mac Equity Issuer Trust, 6%, 2019 (n)	2,000,000
District of Columbia, Housing Finance Authority (Azeeze Bates Apartments), 4.8%, 2036 (a)	455,000
GMAC Municipal Mortgage Trust, "B-1", 5.6%, 2039 (a) (n)	1,000,000
GMAC Municipal Mortgage Trust, "C-1", 5.7%, 2040 (a) (n)	500,000
Indianapolis, IN, Multi-Family Rev. (Cambridge Station Apartments II), FNMA, 5.25%, 2039 (a)	465,000
Metropolitan Government of Nashville & Davidson County, TN, Health, Educational & Housing Facilities Board Rev. (Berkshire Place), GNMA, 6%, 2023	500,000
Munimae, TE, Bond Subsidiary LLC, 5.4%, 2049 (n)	1,000,000
Munimae, TE, Bond Subsidiary LLC, FRN, 6.875%, 2009 (a) (n)	2,000,000
North Charleston, SC, Housing Authority Rev. (Horizon Village), "A", FHA, 5.15%, 2048	445,000
San Bernardino County, CA (Equity Residential/Redlands), "A", 5.2%, 2029 (a)	2,000,000
Seattle, WA, Housing Authority Rev., Capped Fund Program (High Rise Rehab), "I", FSA, 5%, 2025	670,000

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### Sales & Excise Tax Revenue - 0.3%

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Desloge, MO, Tax Increment Rev. (U.S. Highway 67 Street Redevelopment), 5.2%, 2020	\$ 445,000
Massachusetts Bay Transportation Authority Sales Tax Rev. (Capital Appreciation), "A-2", 0%, 2030	1,130,000

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### Single Family Housing - Local - 2.5%

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Cook County, IL, Single Family Mortgage Rev., "A", 0%, 2015	\$ 40,000
Corpus Christi, TX, Housing Finance Authority Rev., "B", MBIA, 0%, 2011	1,890,000
Dallas, TX, Housing Finance Corp., Single Family Mortgage Rev., MBIA, 0%, 2016	2,315,000
Jefferson Parish, LA, Single Family Mortgage Rev., GNMA, 6.3%, 2032	595,000
Jefferson Parish, LA, Single Family Mortgage Rev., "B-1", GNMA, 6.625%, 2023	230,000
Jefferson Parish, LA, Single Family Mortgage Rev., "B-1", GNMA, 6.75%, 2030	355,000
Jefferson Parish, LA, Single Family Mortgage Rev., "D", GNMA, 5%, 2038	570,000
Nortex, TX, Housing Finance Corp., Single Family Mortgage Rev., "B", 5.5%, 2038	140,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A", GNMA, 6.45%, 2029	355,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A", GNMA, 5.9%, 2035	335,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A", GNMA, 6.25%, 2035	155,000

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Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A", GNMA, 5.55%, 2037	950,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A", GNMA, 5.65%, 2037	750,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A-1", GNMA, 5.75%, 2037	275,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A-2", GNMA, 5.6%, 2029	710,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A-2", GNMA, 5.75%, 2037	545,000
Sedgwick & Shawnee Counties, KS, Single Family Housing Rev., "A-5", GNMA, 5.9%, 2037	200,000

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### Single Family Housing - State - 2.4%

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Colorado Housing & Finance Authority Rev., "A-2", 7.15%, 2014	\$ 3,000
Colorado Housing & Finance Authority Rev., "A-2", AMBAC, 6.6%, 2028	305,000
Colorado Housing & Finance Authority Rev., "C-2", 5.9%, 2023	170,000
Colorado Housing & Finance Authority Rev., "C-2", FHA, 6.6%, 2032	170,000
Colorado Housing & Finance Authority Rev., "C-3", FHA, 6.375%, 2033	75,000
Colorado Housing & Finance Authority Rev., "D-2", 6.9%, 2029	345,000
Georgia Housing & Finance Authority Rev., 5.65%, 2021	2,490,000
Louisiana Housing Finance Agency, Single Family Mortgage Rev., GNMA, 6.4%, 2032	105,000
Minnesota Housing Finance Agency Rev., Residential Housing Finance, "B", 4.8%, 2023	155,000
Missouri Housing Development Commission, Single Family Mortgage Rev. (Home Loan Program), GNMA, 6.35%, 2032	270,000
Missouri Housing Development Commission, Single Family Mortgage Rev. (Home Loan Program), GNMA, 6.85%, 2032	145,000
Nebraska Investment Finance Authority Single Family Mortgage Rev., 0%, 2015	4,450,000
Nebraska Investment Finance Authority, "C", GNMA, 6.25%, 2021	290,000
New Hampshire Housing Finance Authority Rev., "B", 5.875%, 2030	85,000
Texas Affordable Housing Corp., Single Family Mortgage Rev., "B", GNMA, 5.25%, 2039	745,000

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### Solid Waste Revenue - 1.7%

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Delaware County, PA, Industrial Development Authority Rev., Resource Recovery Facilities, (American Ref-fuel), "A", 6.5%, 2008	\$ 1,600,000
Massachusetts Development Finance Agency, Resource Recovery Rev. (Ogden Haverhill Associates), "A", 6.7%, 2014	725,000
Massachusetts Industrial Finance Agency, Resource Recovery Rev. (Ogden Haverhill Associates), "A", 5.6%, 2019	2,850,000

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### State & Local Agencies - 2.6%

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Chicago, IL Pub Bldg Comm Rev, FGIC, 5.25%, 2016 (u)	\$ 2,600,000
Chicago, IL Pub Bldg Comm Rev, FGIC, 5.25%, 2017 (u)	2,100,000
College Park, GA, Industrial Development Authority Rev. (Civic Center), AMBAC, 5.75%, 2010 (c)	1,000,000
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Enhanced, "B", 5.375%, 2011 (c)	2,000,000

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Student Loan Revenue - 0.2%

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Access to Loans for Learning, California Student Loan Rev., 7.95%, 2030 \$ 650,000  
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Tax - Other - 1.9%

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Black Hawk, CO, Device Tax Rev., 5.625%, 2008 (c) \$ 250,000  
Black Hawk, CO, Device Tax Rev., 5%, 2010 80,000  
Black Hawk, CO, Device Tax Rev., 5%, 2013 55,000  
Black Hawk, CO, Device Tax Rev., 5%, 2015 170,000  
Black Hawk, CO, Device Tax Rev., 5%, 2021 130,000  
Dade County, FL, Special Obligations Rev., Capital  
Appreciation Bond, "B", AMBAC, 0%, 2008 (c) 15,080,000  
New Jersey Economic Development Authority Rev. Cigarette Tax, 5.5%, 2024 340,000  
New Jersey Economic Development Authority Rev. Cigarette Tax, 5.75%, 2029 615,000  
New Jersey Economic Development Authority Rev. Cigarette Tax, 5.5%, 2031 270,000  
New Jersey Economic Development Authority Rev. Cigarette Tax, 5.75%, 2034 410,000  
Virgin Islands Public Finance Authority Rev., "E", 5.875%, 2018 500,000  
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Tax Assessment - 6.0%

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Allegheny County, PA, Redevelopment Authority Rev.  
(Pittsburgh Mills), 5.1%, 2014 \$ 235,000  
Amelia Walk Community Development District, FL, Special  
Assessment, "B", 5.2%, 2014 685,000  
Arborwood Community Development District, FL, Capital  
Improvement Rev., 5.25%, 2016 500,000  
Arborwood Community Development District, FL, Capital  
Improvement Rev. (Master Infrastructure Projects), "A", 5.35%, 2036 620,000  
Arborwood Community Development District, FL, Special  
Assessment (Master Infrastructure Projects), "B", 5.1%, 2014 250,000  
Atlanta, GA, Tax Allocation (Eastside Project), "B", 5.6%, 2030 815,000  
Atlanta, GA, Tax Allocation (Princeton Lakes Project), 5.5%, 2031 555,000  
Belmont Community Development District, FL, Capital  
Improvement Rev., "B", 5.125%, 2014 985,000  
Chicago IL, Ryan Garfield Tax Increment Allocation, 10.125%, 2007 225,000  
Concord Station Community Development District, FL, Special  
Assessment, 5%, 2015 265,000  
Concorde Estates Community Development District, FL, Special  
Assessment, "B", 5%, 2011 535,000  
Du Page County, IL, Special Service Area No. 31 Special Tax  
(Monarch Landing Project), 5.625%, 2036 305,000  
East Homestead Community Development District, FL, Special  
Assessment, "B", 5%, 2011 190,000  
Enclave at Black Point Marina Community Development  
District, FL, "A", 5.4%, 2037 105,000  
Enclave at Black Point Marina Community Development  
District, FL, "B", 5.2%, 2014 215,000  
Fishhawk Community Development District, FL, 5.125%, 2009 375,000  
Katy, TX, Development Authority Rev., "B", 5.8%, 2011 745,000  
Katy, TX, Development Authority Rev., "B", 6%, 2018 925,000  
Killarney Community Development District, FL, Special  
Assessment, "B", 5.125%, 2009 250,000  
Lakes by the Bay South Community Development District, FL,  
Rev., "B", 5.3%, 2009 685,000  
Lancaster County, SC, Assessment Rev. (Sun City Carolina  
Lakes), 5.45%, 2037 110,000  
Markham, IL, Tax Increment Rev., 9%, 2012 855,000  
Middle Village Community Development District, FL, Special  
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Assessment, "B", 5%, 2009	195,000
Naturewalk Community Development District, FL, Capital Improvement Rev., "B", 5.3%, 2016	660,000
New Port Tampa Bay Community Development District, FL, Special Assessment, "B", 5.3%, 2012	440,000
North Springs Improvement District, FL, Special Assessment (Parkland Golf Country Club), "B-1", 5.125%, 2015	350,000
North Springs Improvement District, FL, Special Assessment (Parkland Golf Country Club), "B-2", 5.125%, 2015	165,000
Old Palm Community Development District, FL, Special Assessment (Palm Beach Gardens), "A", 5.9%, 2035	245,000
Old Palm Community Development District, FL, Special Assessment (Palm Beach Gardens), "B", 5.375%, 2014	295,000
Overland Park, KS, Special Assessment (Tallgrass Creek), 4.85%, 2016	170,000
Overland Park, KS, Special Assessment (Tallgrass Creek), 5.125%, 2028	350,000
Panther Trace II, Community Development District, FL, Special Assessment, 5.125%, 2013	355,000
Panther Trace II, Community Development District, FL, Special Assessment, "B", 5%, 2010	720,000
Parkway Center, Community Development District, FL, Special Assessment, "B", 5.625%, 2014	1,260,000
Paseo, FL, Community Development District, "B", 4.875%, 2010	480,000
Preserve at Wilderness Lake, FL, Community Development District, Capital Improvement, "B", 5%, 2009	45,000
Prince George's County, MD, Special Obligation (National Harbor Project), 5.2%, 2034	245,000
Reunion East Community Development District, FL, Special Assessment, 5.9%, 2007	45,000
Riverwood Estates Community Development District, FL, Special Assessment, "B", 5%, 2013	445,000
Sterling Hill Community Development District, FL, Special Assessment, 5.5%, 2010	345,000
Tuscany Reserve Community Development District, FL, Special Assessment, "B", 5.25%, 2016	500,000
Villasol Community Development District, FL, Special Assessment Rev., "B", 5.375%, 2008	160,000
Watergrass Community Development District, FL, Special Assessment, "B", 4.875%, 2010	865,000
Wentworth Estates Community Development District, FL, Special Assessment, "B", 5.125%, 2012	400,000

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Tobacco - 8.1%

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Badger, WI, Tobacco Asset Securitization Corp., 6.125%, 2027	\$ 3,885,000
California County, CA, Tobacco Securitization Agency, Capital Appreciation Asset Backed (Gold Country), 0%, 2033	2,620,000
California County, CA, Tobacco Securitization Corp., Tobacco Settlement, L.A. County, "A", 0% to 2010, 5.65% to 2041	485,000
California Statewide Financing Authority, Tobacco Settlement, 5.625%, 2029	1,730,000
Children's Trust Fund, Tobacco Settlement Rev., Puerto Rico, "A", 0%, 2050	4,000,000
Children's Trust Fund, Tobacco Settlement Rev., Puerto Rico, "B", 0%, 2055	4,000,000
District of Columbia, Tobacco Settlement, 6.25%, 2024	1,080,000
District of Columbia, Tobacco Settlement, Capital Appreciation, "A", 0%, 2046	5,840,000
Golden State Tobacco Securitization Corp., California Tobacco Settlement Rev., Asset Backed, "A-1", 5%, 2033	1,770,000
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement, "A", 5%, 2021 (c)	590,000
Golden State, CA, Tobacco Securitization Corp., Tobacco	

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Settlement, "A-1", 5.125%, 2047	1,700,000
Golden State, CA, Tobacco Securitization Corp., Tobacco	
Settlement, "A-4", 7.8%, 2013 (c)	1,000,000
Iowa Tobacco Settlement Authority, Tobacco Settlement Rev.,	
Asset Backed, "B", 5.3%, 2011 (c)	2,000,000
Iowa Tobacco Settlement Authority, Tobacco Settlement Rev.,	
Asset Backed, "B", 0% to 2007, 5.6% to 2034	1,635,000
Louisiana Tobacco Settlement Authority Rev., 5.5%, 2030	1,435,000
New Jersey Tobacco Settlement Financing Corp., 5.75%, 2012 (c)	825,000
New Jersey Tobacco Settlement Financing Corp., 7%, 2013 (c)	15,000
New Jersey Tobacco Settlement Financing Corp., "1-A", 5%, 2041	1,000,000
Northern Tobacco Securitization Corp., AK, Asset Backed, "A", 5%, 2046	860,000
Rockland Tobacco Asset Securitization Corp., NY, Tobacco	
Asset Backed, "C", 0%, 2060	11,045,000
Silicon Valley Tobacco Securitization Authority, CA, Tobacco	
Settlement Rev. (Turbo-Santa Clara), "A", 0%, 2036	2,115,000
Silicon Valley Tobacco Securitization Authority, CA, Tobacco	
Settlement Rev. (Turbo-Santa Clara), "A", 0%, 2041	1,560,000
South Carolina Tobacco Settlement Authority Rev., "B", 6%, 2022	1,260,000
South Carolina Tobacco Settlement Authority Rev., "B", 6.375%, 2028	1,075,000
Virginia Tobacco Settlement Financing Corp., 5.625%, 2015 (c)	50,000
Virginia Tobacco Settlement Financing Corp., "B-1", 5%, 2047	70,000
Washington Tobacco Settlement Authority, 6.5%, 2026	155,000

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### Toll Roads - 1.5%

E-470 Public Highway Authority, Colorado Rev., Capital	
Appreciation, "B", MBIA, 0%, 2027	\$ 4,115,000
Niagra Falls NY Brdg Comn, FGIC, 5.25%, 2015 (u)	3,000,000

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### Transportation - Special Tax - 2.7%

Missouri Highways & Transportation Commission, State Road	
Rev., "A", 5.625%, 2011 (c)	\$ 4,500,000
Telluride, CO, Real Estate Transfer Assessment Rev. (Gondola	
Transit Co.), ETM, 11.5%, 2012 (c)	2,900,000

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### Universities - Colleges - 3.0%

California Educational Facilities Authority Rev. (L.A.	
College of Chiropractic), 5.6%, 2017	\$ 750,000
Foothill-DE Anza Community College District, CA, Capital	
Appreciation, "B", AMBAC, 0%, 2034	785,000
Harrisburg, PA, University of Science, "A", 5.4%, 2016	235,000
Harrisburg, PA, University of Science, "B", 6%, 2036	555,000
Houston, TX, Community College Systems, MBIA, 7.875%, 2025	2,500,000
Illinois Educational Facilities Authority Rev. (Augustana	
College), "A", 5.625%, 2022	400,000
Illinois Finance Authority Rev. (Illinois Institute of	
Technology), "A", 5%, 2036	480,000
Louisiana State University (Health Sciences Center Project),	
MBIA, 6.375%, 2031	2,500,000
New York Dormitory Authority Rev. (Vassar College), 4.25%, 2039	195,000
Private Colleges & Universities Authority, GA, Rev. (Mercer	
University Project), "A", 5.375%, 2029	240,000
Savannah, GA, Economic Development Authority Rev. (College	

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of Art & Design, Inc.), 6.5%, 2009 (c)	625,000
University of Arkansas, University Construction Rev. (UAMS Campus), "B", MBIA, 5%, 2034	300,000

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### Universities - Secondary Schools - 1.7%

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California Statewide Communities, Development Authority Rev. (Escondido Charter High School), 7.5%, 2011 (c)	\$ 555,000
California Statewide Communities, Development Authority Rev. (Escondido Charter High School), 7.5%, 2011 (c)	1,000,000
Deerfield, IL, Educational Facilities Authority Rev. (Chicagoland Jewish High School Project), 6%, 2041	815,000
Lee County, FL, Industrial Development Authority Rev. (Lee Charter Foundation), "A", 5.25%, 2027	430,000
Lee County, FL, Industrial Development Authority Rev. (Lee Charter Foundation), "A", 5.375%, 2037	425,000
Maryland Health & Higher Educational Facilities Authority Rev. (Washington Christian Academy), 5.5%, 2038	140,000
Maryland Industrial Development Financing Authority, Economic Development Authority Rev. (Our Lady of Good Council), "A", 6%, 2035	150,000
Michigan Municipal Bond Authority Rev. (YMCA Service Learning Academy), 7.625%, 2021	1,000,000
Pima County, AZ, Industrial Development Authority Education Rev. (Arizona Charter Schools), "C", 6.75%, 2031	500,000

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### Utilities - Cogeneration - 1.3%

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Alaska Industrial Development Export Authority, Power Rev., Upper Lynn Canal Regional Power, 5.8%, 2018	\$ 830,000
Carbon County, PA, Industrial Development Authority Rev. (Panther Creek Partners), 6.65%, 2010	1,710,000
Pennsylvania Economic Development Financing Authority Rev., Resources Recovery Rev. (Colver), "G", 5.125%, 2015	350,000
Pennsylvania Economic Development Financing Authority Rev., Resources Recovery Rev. (Northampton Generating), 6.4%, 2009	250,000
Pennsylvania Economic Development Financing Authority Rev., Resources Recovery Rev. (Northampton Generating), "A", 6.5%, 2013	1,000,000

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### Utilities - Investor Owned - 8.2%

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Brazos River Authority, TX, Authority Texas Rev. (Reliant Energy, Inc.), "A", 5.375%, 2019	\$ 500,000
Brazos River Authority, TX, Authority Texas Rev. (Reliant Energy, Inc.), "B", AMBAC, 5.125%, 2020	2,000,000
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Company), "C", 5.75%, 2036 (a)	1,240,000
Calcasieu Parish, LA, Industrial Development Board, Pollution Control Rev. (Entergy Gulf States, Inc.), 5.45%, 2010	1,250,000
Connecticut Development Authority, Pollution Control Rev. (Connecticut Light & Power Co.), 5.85%, 2028	2,000,000
Connecticut Development Authority, Pollution Control Rev. (Connecticut Light & Power Co.), 5.95%, 2028	2,270,000
Farmington, NM, Pollution Control Rev. (New Mexico Public Service), "A", 6.3%, 2016	2,195,000
Farmington, NM, Pollution Control Rev. (New Mexico Public	

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Service), "C", 5.8%, 2022	2,105,000
Forsyth, MT, Pollution Control Rev. (Portland General), "B", 5.2%, 2033 (a)	230,000
Matagorda County, TX (Centerpoint Energy), 5.6%, 2027	1,500,000
Matagorda County, TX, Pollution Control Rev. (Reliant Energy), 5.95%, 2030	1,655,000
Mecklenburg County, VA, Industrial Development Authority Rev. (UAE Mecklenburg LP), 6.5%, 2017	800,000
New Hampshire Business Finance Authority, Pollution Control Rev. (Public Service of New Hampshire), 6%, 2021	1,000,000
Ohio Air Quality Development Authority, Pollution Control Rev. (Cleveland Electric), "B", 6%, 2020	3,000,000
Pima County, AZ, Industrial Development Authority Rev. (Tucson Electric Power Co.), "A", 6.1%, 2025	650,000
Port Morrow, OR, Pollution Control Rev. (Portland General), 5.2%, 2033 (a)	550,000
West Feliciana Parish, LA, Pollution Control Rev. (Gulf States Utilities Co.), 5.8%, 2015	1,500,000
West Feliciana Parish, LA, Pollution Control Rev. (Gulf States Utilities Co.), 5.8%, 2016	1,000,000

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### Utilities - Municipal Owned - 2.4%

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North Carolina Eastern Municipal Power Agency, Power Systems Rev., "B", 5.55%, 2014	\$ 2,150,000
North Carolina Municipal Power Agency (Catawba Electric Rev.), "B", 6.5%, 2020	2,000,000
Seattle, WA, Municipal Light & Power Rev., 5.625%, 2017	3,000,000
Southern California Public Power Authority (Transmission Project Rev.), RIBS, 7.721%, 2012 (p)	100,000

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### Water & Sewer Utility Revenue - 2.0%

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Magnolia, TX, Water & Sewer System Rev., 5.15%, 2031	\$ 205,000
Mississippi Development Bank Special Obligations, Grenada, MS, Water & Sewer Systems Project, "N", FSA, 5%, 2030	710,000
New York, NY, Municipal Water & Sewer Finance Authority Rev., 5.5%, 2010 (c)	5,000,000

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### TOTAL MUNICIPAL BONDS (IDENTIFIED COST, \$429,484,812)

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### Floating Rate Demand Notes - 0.2%

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Harris County, TX, Health Facilities Development Rev. (University of Texas Medical Center), 4%, due 5/01/07	\$ 300,000
Lincoln County, WY, Pollution Control Rev. (Exxon Mobil Corp.), 3.98%, due 5/01/07	200,000
Pinellas County, FL, Health Facilities Authority Rev. (Pooled Hospital Loan Program), 4%, due 5/01/07	100,000

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### TOTAL FLOATING RATE DEMAND NOTES, AT IDENTIFIED COST

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### TOTAL INVESTMENTS (IDENTIFIED COST, \$430,084,812) (k)

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### Other Assets, Less Liabilities - 0.8%

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PREFERRED SHARES (ISSUED BY THE TRUST) - (43.6)%

NET ASSETS APPLICABLE TO COMMON SHARES - 100.0%

SWAP AGREEMENTS AT 4/30/07

Interest Rate Swaps

EXPIRATION	NOTIONAL AMOUNT	COUNTERPARTY	CASH FLOWS TO RECEIVE	CASH FLOWS TO PAY
8/29/19	USD 35,000,000	Merill Lynch	7-day BMA	4.012% (fixed rate)

At April 30, 2007, the trust had sufficient cash and/or securities to cover any commitments under derivative contracts.

- (a) Mandatory put date is earlier than stated maturity date.
- (c) Refunded bond.
- (k) As of April 30, 2007, the trust held securities fair valued in accordance with the policies a Board of Trustees, aggregating \$457,783,342 and 99.87% of market value. All of these security provided by an independent pricing service using an evaluated bid.
- (n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These secu sold in the ordinary course of business in transactions exempt from registration, normally to institutional buyers. At period end, the aggregate value of these securities was \$12,240,892, 3.8% of net assets applicable to common shares.
- (p) Primary inverse floater.
- (u) Underlying security deposited into special purpose trust ("the trust") by investment banker u of self-deposited inverse floaters.

The following abbreviations are used in this report and are defined:

BMA	Bond Market Assn.
COP	Certificate of Participation
ETM	Escrowed to Maturity
FRN	Floating Rate Note. Interest rate resets periodically and may not be the rate reported

Insurers

AMBAC	AMBAC Indemnity Corp.
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FNMA	Federal National Mortgage Assn.
FSA	Financial Security Assurance Inc.
GNMA	Government National Mortgage Assn.
MBIA	MBIA Insurance Corp.
PSF	Permanent School Fund
XLCA	XL Capital Insurance Co.

Inverse Floaters

INFLOS	Inverse Floating Security
RIBS	Residual Interest Bonds

SEE NOTES TO FINANCIAL STATEMENTS

Financial Statements



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### STATEMENT OF ASSETS AND LIABILITIES

At 4/30/07 (unaudited)

This statement represents your trust's balance sheet, which details the assets and liabilities comprising the total value of the trust.

#### ASSETS

Investments, at value (identified cost, \$430,084,812)	\$458,383,342	
Cash	102,280	
Receivable for investments sold	8,388,075	
Interest receivable	8,147,523	
Other assets	28,964	
<hr/>		
Total assets		\$475,050

#### LIABILITIES

Distributions payable on common shares	\$149,524	
Payable for investments purchased	7,299,344	
Payable to the holder of the floating rate certificate from trust assets	5,369,322	
Unrealized depreciation on interest rate swap agreements	813,349	
Payable to affiliates		
Management fee	38,709	
Transfer agent and dividend disbursing costs	34,811	
Administrative services fee	979	
Payable for independent trustees' compensation	118,467	
Payable for interest expense and fees	52,738	
Accrued expenses and other liabilities	183,449	
<hr/>		
Total liabilities		\$14,060

#### PREFERRED SHARES

Series T and Series TH auction preferred shares (5,600 shares issued and outstanding at \$25,000 per share) at liquidation value plus cumulative unpaid dividends		\$140,073
<hr/>		
Net assets applicable to common shares		\$320,915

Statement of Assets and Liabilities (unaudited) - continued

#### NET ASSETS CONSIST OF

Paid-in capital - common shares	\$315,051,707	
Unrealized appreciation (depreciation) on investments	27,485,181	
Accumulated net realized gain (loss) on investments	(26,356,994)	
Undistributed net investment income	4,735,686	
<hr/>		
Net assets applicable to common shares		\$320,915
<hr/>		
Preferred shares, at value (5,600 shares issued and outstanding at \$25,000 per share)		140,000

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Net assets including preferred shares	\$460,915
Common shares of beneficial interest outstanding (40,237,768 shares issued less 55,500 treasury shares)	40,182
Net asset value per common share (net assets of \$320,915,580/40,182,268 shares of beneficial interest outstanding)	\$

SEE NOTES TO FINANCIAL STATEMENTS

### Financial Statements

#### STATEMENT OF OPERATIONS

Six months ended 4/30/07 (unaudited)

This statement describes how much your trust earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by trust operations.

#### NET INVESTMENT INCOME

Interest income		\$14,274
Expenses		
Management fee	\$1,765,888	
Transfer agent and dividend disbursing costs	43,434	
Administrative services fee	44,423	
Independent trustees' compensation	24,116	
Stock exchange fee	18,176	
Preferred shares remarketing agent fee	173,732	
Custodian fee	60,561	
Shareholder communications	26,072	
Auditing fees	34,252	
Legal fees	6,381	
Interest expense and fees	120,377	
Miscellaneous	44,436	
Total expenses		\$2,361
Fees paid indirectly	(11,981)	
Reduction of expenses by investment adviser	(808)	
Net expenses		\$2,349
Net investment income		\$11,925
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) (identified cost basis)		
Investment transactions	\$913,001	
Swap transactions	(1,163,000)	
Net realized gain (loss) on investments		\$ (249)
Change in unrealized appreciation (depreciation)		
Investments	\$ (3,824,051)	
Swap transactions	1,021,297	

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Net unrealized gain (loss) on investments	\$ (2,802,754)
Net realized and unrealized gain (loss) on investments	\$ (3,052,192)
Distributions declared from preferred shares	\$ (2,485,192)
Change in net assets from operations	\$6,387,057

SEE NOTES TO FINANCIAL STATEMENTS

### Financial Statements STATEMENTS OF CHANGES IN NET ASSETS

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	SIX MONTHS ENDED 4/30/07 (UNAUDITED)	YEAR ENDED 4/30/06
<b>CHANGE IN NET ASSETS</b>		
<b>FROM OPERATIONS</b>		
Net investment income	\$11,925,002	\$23,200,000
Net realized gain (loss) on investments	(249,999)	2,600,000
Net unrealized gain (loss) on investments	(2,802,754)	3,900,000
Distributions declared from preferred shares	(2,485,192)	(4,600,000)
Change in net assets from operations	\$6,387,057	\$25,100,000
<b>DISTRIBUTIONS DECLARED TO SHAREHOLDERS</b>		
From net investment income	\$ (9,392,326)	\$ (19,700,000)
Net asset value of shares issued to common shareholders in reinvestment of distributions	\$822,150	\$1,400,000
Total change in net assets	\$ (2,183,119)	\$6,900,000
<b>NET ASSETS</b>		
At beginning of period	323,098,699	316,100,000
At end of period (including undistributed net investment income of \$4,735,686 and \$4,688,202, respectively)	\$320,915,580	\$323,000,000

SEE NOTES TO FINANCIAL STATEMENTS

Financial Statements

FINANCIAL HIGHLIGHTS

## Edgar Filing: MFS MUNICIPAL INCOME TRUST - Form N-CSRS

The financial highlights table is intended to help you understand the trust's financial performance over the current period and the past 5 fiscal years. Certain information reflects financial results for a single year. The returns in the table represent the rate by which an investor would have earned (or lost) on an investment in a share class (assuming reinvestment of all distributions) held for the entire period.

	SIX MONTHS ENDED 4/30/07 (UNAUDITED)	2006	2005	YEARS ENDED 10 2004
Net asset value, beginning of period	\$8.06	\$7.92	\$7.86	\$7.69
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS</b>				
Net investment income (d)	\$0.30 (z)	\$0.58	\$0.59	\$0.60
Net realized and unrealized gain (loss) on investments	(0.08) (z)	0.17	0.10	0.16
Distributions declared to shareholders on preferred shares	(0.06)	(0.12)	(0.08)	(0.04)
Total from investment operations	\$0.16	\$0.63	\$0.61	\$0.72
<b>LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS</b>				
From net investment income, common shares	\$ (0.23)	\$ (0.49)	\$ (0.55)	\$ (0.55)
Net asset value, end of period	\$7.99	\$8.06	\$7.92	\$7.86
Common share market value, end of period	\$8.40	\$8.20	\$8.27	\$7.83
Total return at market value (%) (p)	5.44 (n)	5.41	13.18	12.22
<b>RATIOS (%) (TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES) AND SUPPLEMENTAL DATA:</b>				
Expenses before expense reductions (f) (p)	1.48 (a)	1.45	1.44	1.46
Expenses after expense reductions (f) (p)	1.48 (a)	1.45	1.44	1.46
Expenses after expense reductions and excluding interest expense and fees (f) (l) (p)	1.40 (a)	N/A	N/A	N/A
Net investment income (p)	5.21 (a) (z)	7.30	7.45	7.70
Portfolio turnover	7	17	14	9
Net assets at end of period (000 omitted)	\$320,916	\$323,099	\$316,196	\$312,825

Financial Highlights - continued

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	SIX MONTHS ENDED 4/30/07 (UNAUDITED)	----- 2006	2005	YEARS ENDED 10 ----- 2004
<b>SUPPLEMENTAL RATIOS (%) :</b>				
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Ratio of expenses to average net assets including preferred shares excluding interest expense and fees (f) (p)	0.98 (a)	1.00	0.99	1.00
Preferred shares dividends	1.56 (a)	1.46	0.95	0.49
Net investment income available to common shares	5.91 (a)	5.84	6.49	7.22
 <b>SENIOR SECURITIES:</b>				
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Total preferred shares outstanding	5,600	5,600	5,600	5,600
Asset coverage per preferred share (k)	\$82,306	\$82,696	\$81,464	\$80,862
Involuntary liquidation preference per preferred share	\$25,000	\$25,000	\$25,000	\$25,000
Approximate market value per preferred share	\$25,000	\$25,000	\$25,000	\$25,000

(a) Annualized.

(d) Per share data are based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly.

(k) Calculated by subtracting the trust's total liabilities (not including preferred shares) from net assets and dividing this number by the number of preferred shares outstanding.

(l) Interest expense and fees relate to payments made to the holder of the floating rate certificate.

(n) Not annualized.

(p) Ratio excludes dividend payment on auction preferred shares.

(z) The fund applied a change in estimate for amortization of premium and accretion of discount on investments in the current year that resulted in an increase of \$0.03 per share to net investment income, an increase of 0.03% to net realized and unrealized gain (loss) on investments, and an increase of 0.29% to the ratio for the year ended April 30, 2007. The change in estimate had no impact on net assets, net investment income, or total return.

SEE NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS

(unaudited)

#### (1) BUSINESS AND ORGANIZATION

MFS Municipal Income Trust (the trust) is a trust that is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a closed-end diversified management investment company.

#### (2) SIGNIFICANT ACCOUNTING POLICIES

**GENERAL** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial

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statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The trust can invest up to 100% of its portfolio in high-yield securities rated below investment grade. Investments in high-yield securities involve greater degrees of credit and market risk than investments in higher-rated securities and tend to be more sensitive to economic conditions. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the discontinuance of the taxation supporting the projects or assets or the inability to collect revenues for the project or from the assets. If the Internal Revenue Service determines an issuer of a municipal security has not complied with applicable tax requirements, the security could decline in value, interest from the security could become taxable and the trust may be required to issue Forms 1099-DIV.

INVESTMENT VALUATIONS - Debt instruments (other than short-term instruments), including restricted debt instruments, are generally valued at an evaluated or composite bid as reported by an independent pricing service. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Swaps are generally valued at an evaluated bid as reported by an independent pricing service. Securities and other assets generally valued on the basis of information from an independent pricing service may also be valued at a broker-dealer bid quotation. Values obtained from pricing services can utilize both dealer-supplied valuations and electronic data processing techniques, which take into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the trust's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the trust's valuation policies and procedures, market quotations are not considered to be readily available for many types of debt instruments and certain types of derivatives. These investments are generally valued at fair value based on information from independent pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the trust's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the trust's net asset value may be deemed to have a material affect on the value of securities traded in foreign markets. Accordingly, the trust's foreign securities may often be valued at fair value. The adviser may rely on independent pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the trust's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of investments used to determine the trust's net asset value may differ from quoted or published prices for the same investments.

In September 2006, FASB Statement No. 157, Fair Value Measurements (the

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"Statement") was issued, and is effective for fiscal years beginning after November 15, 2007 and for all interim periods within those fiscal years. This Statement provides a single definition of fair value, a hierarchy for measuring fair value and expanded disclosures about fair value measurements. Management is evaluating the application of the Statement to the trust, and believes the impact will be limited to expanded disclosures resulting from the adoption of this Statement in the trust's financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 (FAS 159) "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115." FAS 159 permits entities to elect to measure certain financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings at each subsequent reporting date. FAS 159 is effective for fiscal years beginning after November 15, 2007. Management is evaluating the application of the Statement to the trust and its impact on the trust's financial statements, if any, has not been determined.

**DERIVATIVE RISK** - The trust may invest in derivatives for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the trust uses derivatives as an investment to gain market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost. Derivative instruments include swap agreements and inverse floaters.

**SWAP AGREEMENTS** - The trust may enter into swap agreements. A swap is an exchange of cash payments between the trust and another party. Net cash payments are exchanged at specified intervals and are recorded as a realized gain or loss in the Statement of Operations. The value of the swap is adjusted daily and the change in value, including accruals of periodic amounts of interest to be paid or received, is recorded as unrealized appreciation or depreciation in the Statement of Operations. A liquidation payment received or made upon early termination is recorded as a realized gain or loss in the Statement of Operations. Collateral, in the form of cash or securities, may be required to be held in segregated accounts with the trust's custodian in connection with these agreements. Risk of loss may exceed amounts recognized on the Statement of Assets and Liabilities. These risks include the possible lack of a liquid market, failure of the counterparty to perform under the terms of the agreements, and unfavorable market movement of the underlying instrument. All swap agreements entered into by the trust with the same counterparty are generally governed by a single master agreement, which provides for the netting of all amounts owed by the parties under the agreement upon the occurrence of an event of default, thereby reducing the credit risk to which such party is exposed. The trust holds interest rate swap agreements which involve the periodic exchange of cash flows, such as the exchange of fixed rate interest payments for floating rate interest payments based on a notional principal amount. The interest rates may be based on a specific financial index or the exchange of two distinct floating rate payments. The trust may enter into an interest rate swap in order to manage its exposure to interest rate fluctuations.

**INVERSE FLOATERS** - The trust invests in municipal inverse floating rate securities which are structured by the issuer (known as primary market inverse floating rate securities) or by an investment banker utilizing municipal bonds which have already been issued (known as secondary market inverse floating rate securities) to have variable rates of interest which typically move in the opposite direction of short term interest rates. A secondary market inverse floating rate security is created when an investment banker transfers a fixed rate municipal bond to a special purpose trust, and causes the trust to (a) issue floating rate certificates to third parties, in an amount equal to a fraction of the par amount of the deposited bonds (these certificates usually

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pay tax-exempt interest at short-term interest rates that typically reset weekly; and the certificate holders typically, on seven days notice, have the option to tender their certificates to the investment banker or another party for redemption at par plus accrued interest), and (b) issue inverse floating rate certificates (sometimes referred to as "inverse floaters"). If the holder of the inverse floater transfers the municipal bonds to an investment banker for the purpose of depositing the municipal bonds into the special purpose trust, the inverse floating rate certificates that are issued by the trust are referred to as "self-deposited inverse floaters." If the bonds held by the trust are purchased by the investment banker for deposit into the trust from someone other than the purchasers of the inverse floaters, the inverse floating rate certificates that are issued by the trust are referred to as "externally deposited inverse floaters." Such self-deposited inverse floaters held by the fund are accounted for as secured borrowings, with the municipal bonds reflected in the investments of the fund and amounts owed to the holder of the floating rate certificate under the provisions of the trust, which amounts are paid solely from the assets of the trust, reflected as liabilities of the fund in the Statement of Assets and Liabilities under the caption, "Payable to the holder of the floating rate certificate from trust assets". At April 30, 2007, the trust's payable to the holder of the floating rate certificate from trust assets was \$5,369,322. The weighted average interest rate on the floating rate certificates issued by the trust was 3.93%. Interest expense and fees relate to payments made to the holder of the floating rate certificate from trust assets in connection with self-deposited inverse floater transactions. Interest expense and fees are recorded as incurred. For the six months ended April 30, 2007, interest expense and fees in connection with self-deposited inverse floaters was \$119,456. Primary and externally deposited inverse floaters held by the trust are not accounted for as secured borrowings.

INDEMNIFICATIONS - Under the trust's organizational documents, its officers and trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the trust. Additionally, in the normal course of business, the trust enters into agreements with service providers that may contain indemnification clauses. The trust's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the trust that have not yet occurred.

INVESTMENT TRANSACTIONS AND INCOME - Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. All premium and original issue discount is amortized or accreted for tax reporting purposes as required by federal income tax regulations. The trust may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the trust. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations. Legal fees and other related expenses incurred to preserve and protect the value of a security owned are added to the cost of the security; other legal fees are expensed. Capital infusions made directly to the security issuer, which are generally non-recurring, incurred to protect or enhance the value of high-yield debt securities, are reported as additions to the cost basis of the security. Costs that are incurred to negotiate the terms or conditions of capital infusions or that are expected to result in a plan of reorganization are reported as realized losses. Ongoing costs incurred to protect or enhance an investment, or costs incurred to pursue other claims or legal actions, are expensed.

As a result of the change in estimate for the amortization of premium and accretion of discount on certain debt securities, interest income has been increased by \$1,361,696, with a corresponding reduction to net unrealized



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appreciation (depreciation).

FEES PAID INDIRECTLY - The trust's custody fee is reduced according to an arrangement that measures the value of cash deposited with the custodian by the trust. This amount, for the six months ended April 30, 2007, is shown as a reduction of total expenses on the Statement of Operations.

TAX MATTERS AND DISTRIBUTIONS - The trust intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable and tax-exempt income, including realized capital gains. Accordingly, no provision for federal income tax is required in the financial statements.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary overdistributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Book/tax differences primarily relate to amortization and accretion of debt securities.

The tax character of distributions made during the current period will be determined at fiscal year end.

The tax character of distributions declared to shareholders is as follows:

10/31/06	
Ordinary income (including any short-term capital gains)	\$181,879
Tax-exempt income	24,170,453
Total distributions	\$24,352,332

The federal tax cost and the tax basis components of distributable earnings were as follows:

AS OF 4/30/07	
Cost of investments	\$422,996,996
Gross appreciation	31,041,999
Gross depreciation	(1,005,653)
Net unrealized appreciation (depreciation)	\$30,036,346
AS OF 10/31/06	
Undistributed ordinary income	\$113,468
Undistributed tax-exempt income	4,844,106
Capital loss carryforwards	(27,111,418)
Other temporary differences	(2,104,018)
Net unrealized appreciation (depreciation)	33,127,004

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The aggregate cost above includes prior fiscal year end tax adjustments.

As of October 31, 2006, the trust had capital loss carryforwards available to offset future realized gains. Such losses expire as follows:

10/31/09	\$ (1,744,548)
10/31/10	(2,883,947)
10/31/11	(10,944,821)
10/31/12	(1,858,513)
10/31/13	(9,679,589)
-----	
	\$ (27,111,418)

In June 2006, FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (the "Interpretation") was issued, and is effective for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. On December 22, 2006, the SEC delayed the implementation of the Interpretation for regulated investment companies for an additional six months. This Interpretation prescribes a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return, and requires certain expanded disclosures. Management has evaluated the application of the Interpretation to the trust, and has determined that there is no impact resulting from the adoption of this Interpretation on the trust's financial statements.

### (3) TRANSACTIONS WITH AFFILIATES

**INVESTMENT ADVISER** - The trust has an investment advisory agreement with Massachusetts Financial Services Company (MFS) to provide overall investment management and related administrative services and facilities to the trust. The management fee is computed daily and paid monthly at an annual rate of 0.40% of the trust's average weekly net assets (including the value of the auction preferred shares) and 6.32% of gross income. Gross income is calculated based on tax rules that generally include the amortization of premium and exclude the accretion of market discount, which may differ from investment income reported in the Statement of Operations. The management fee, from net assets and gross income, incurred for the six months ended April 30, 2007 was equivalent to an annual effective rate of 0.77% of the trust's average daily net assets, including preferred shares.

**TRANSFER AGENT** - Prior to December 18, 2006, MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, received a fee from the trust for its services as registrar and dividend-disbursing agent. Pursuant to a written agreement, the trust paid MFSC an account maintenance fee of no more than \$9.00 and a dividend services fee of \$0.75 per reinvestment. Effective December 18, 2006, the trust has engaged Computershare Trust Company, N.A. ("Computershare") as the sole transfer agent for the trust. MFSC will continue to monitor and supervise the activities of Computershare for an agreed upon fee approved by the Board of Trustees. For the six months ended April 30, 2007, these fees paid to MFSC amounted to \$17,828. MFSC also receives payment from the trust for out-of-pocket expenses paid by MFSC on behalf of the trust. For the six months ended April 30, 2007, these costs amounted to \$23,333.

**ADMINISTRATOR** - MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the trust. Under an administrative services agreement, the trust partially reimburses MFS the costs incurred to provide these services. The trust is charged a fixed amount plus a fee based on calendar year average net assets. The trust's annual fixed amount is \$17,500. The administrative services fee incurred for the six months ended April 30, 2007 was equivalent to an annual effective rate of 0.0194% of the trust's average daily net assets.

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TRUSTEES' AND OFFICERS' COMPENSATION - The trust pays compensation to independent trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The trust does not pay compensation directly to trustees or to officers of the trust who are also officers of the investment adviser, all of whom receive remuneration for their services to the trust from MFS. Certain officers and trustees of the trust are officers or directors of MFS and MFSC. The trust has an unfunded, defined benefit plan for certain retired independent trustees which resulted in a pension expense of \$3,467. This amount is included in independent trustees' compensation for the six months ended April 30, 2007. The liability for deferred retirement benefits payable to certain retired independent trustees amounted to \$111,367 at April 30, 2007, and is included in payable for independent trustees' compensation.

OTHER - This trust and certain other MFS funds (the funds) have entered into a services agreement (the Agreement) which provides for payment of fees by the funds to Tarantino LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) for the funds. The ICCO is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the Agreement with Tarantino LLC at any time under the terms of the Agreement. For the six months ended April 30, 2007, the fee paid to Tarantino LLC was \$1,248. MFS has agreed to reimburse the trust for a portion of the payments made by the funds to Tarantino LLC in the amount of \$808, which is shown as a reduction of total expenses in the Statement of Operations. Additionally, MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO.

#### (4) PORTFOLIO SECURITIES

Purchases and sales of investments, other than U.S. government securities, purchased option transactions, and short-term obligations, aggregated \$33,647,120 and \$34,955,330 respectively.

#### (5) SHARES OF BENEFICIAL INTEREST

The trust's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. The Trustees have authorized the repurchase by the trust of up to 10% annually of its own shares of beneficial interest. During the six months ended April 30, 2007, the trust did not repurchase any shares. Transactions in trust shares were as follows:

	SIX MONTHS ENDED		YEAR ENDED	
	4/30/07		10/31/06	
	SHARES	AMOUNT	SHARES	AMOUNT
Shares issued to shareholders in reinvestment of distributions	101,564	\$822,150	179,319	\$1,428,897

#### (6) LINE OF CREDIT

The trust and other funds managed by MFS participate in a \$1 billion unsecured committed line of credit provided by a syndication of banks under a credit agreement. In addition, the trust and other funds managed by MFS have established uncommitted borrowing arrangements with certain banks. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the Federal Reserve funds rate plus 0.30% for the committed line of credit and 0.35% for the uncommitted line of credit. In addition, a commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. For the six months ended April 30, 2007, the trust's commitment fee and interest expense on the line of credit were \$847 and \$921, respectively, and are included in

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miscellaneous expense and interest expense and fees, respectively, on the Statement of Operations.

### (7) AUCTION PREFERRED SHARES

The trust issued 2,800 shares of Auction Preferred Shares ("APS"), series T and 2,800 of Auction Preferred Shares, series TH. Dividends are cumulative at a rate that is reset every seven days for both series through an auction process. During the six months ended April 30, 2007, the dividend rates ranged from 2.89% to 4.35%. The trust pays an annual fee equivalent to 0.25% of the preferred share liquidation value for remarketing efforts associated with the preferred auction. The APS are redeemable at the option of the trust in whole or in part at the redemption price equal to \$25,000 per share, plus accumulated and unpaid dividends. The APS are also subject to mandatory redemption if certain requirements relating to their asset maintenance coverage are not satisfied. The trust is required to maintain certain asset coverage with respect to the APS as defined in the trust's By-Laws and the Investment Company Act of 1940.

In accordance with the provisions of EITF D-98, "Classification and measurements of Redeemable Securities", the trust has reclassified its Auction Preferred Shares outside of permanent equity in the Net Assets section of the Statement of Assets and Liabilities. In addition, distributions to APS shareholders are classified as a component of the "Change in net assets from operations" on the Statement of Operations and Statement of Changes in Net Assets and as a component of the "Total from investment operations" in the Financial Highlights.

### (8) LOSS CONTINGENCY

The issuers of certain bonds held in the fund's portfolio have made public that the Internal Revenue Service (IRS), in connection with an audit of their bonds, has made either a Preliminary Adverse Determination or a Proposed Adverse Determination that interest paid on the bonds is not excludable from gross income for federal tax purposes. While the final resolution is uncertain at this time, the bond issuers may enter into closing agreements with the IRS in satisfaction of all taxes owed. However, if a bond issuer does not settle with the IRS and the IRS issues a final determination of taxability, the fund may be required to amend Form 1099-DIVs issued to shareholders or may enter into a closing agreement with the IRS and pay an agreed upon amount in lieu of reissuing 1099s. Depending on the final disposition of the various audits, an estimate of the cumulative tax liability, including interest, could range from \$0 to \$393,129, or a maximum share impact of less than \$0.01 per share.

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Shareholders of MFS Municipal Income Trust:

We have reviewed the accompanying statement of assets and liabilities of MFS Municipal Income Trust (the "Trust"), including the portfolio of investments, as of April 30, 2007, and the related statement of operations, changes in net assets, and financial highlights for the six-month period ended April 30, 2007. These interim financial statements and financial highlights are the responsibility of the Trust's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States),

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the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements and financial highlights referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended October 31, 2006, and financial highlights for each of the five years in the period ended October 31, 2006, and in our report dated December 21, 2006, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

DELOITTE & TOUCHE LLP

June 18, 2007

### BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT

A discussion regarding the Board's most recent review and renewal of the trust's investment advisory agreement is available by clicking on the trust's name under "Select a fund" on the MFS Web site ([mfs.com](http://mfs.com)).

### PROXY VOTING POLICIES AND INFORMATION

A general description of the MFS funds' proxy voting policies and procedures is available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of [mfs.com](http://mfs.com) or by visiting the SEC's Web site at <http://www.sec.gov>.

Information regarding how the trust voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of [mfs.com](http://mfs.com) or by visiting the SEC's Web site at <http://www.sec.gov>.

### QUARTERLY PORTFOLIO DISCLOSURE

The trust will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The trust's Form N-Q may be reviewed and copied at the:

Public Reference Room  
Securities and Exchange Commission  
100 F Street, NE, Room 1580  
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-551-5850. The trust's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at <http://www.sec.gov>, and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the Public Reference Section at the above address.

A shareholder can also obtain the quarterly portfolio holdings report at [mfs.com](http://mfs.com).

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### CONTACT INFORMATION AND NUMBER OF SHAREHOLDERS

#### INVESTOR INFORMATION

Transfer Agent, Registrar and Dividend Disbursing Agent

Call 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time

Write to: Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

Effective December 18, 2006, Computershare Trust Company, N.A. became the Transfer Agent and Registrar and Computershare Shareholder Services, Inc. became the Dividend Disbursing Agent, succeeding MFS Service Center, Inc.

#### NUMBER OF SHAREHOLDERS

As of April 30, 2007, our records indicate that there are 2,840 registered shareholders and approximately 12,917 shareholders owning trust shares in "street" name, such as through brokers, banks, and other financial intermediaries.

If you are a "street" name shareholder and wish to directly receive our reports, which contain important information about the trust, please write or call:

Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078  
1-800-637-2304

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#### INVESTMENT MANAGEMENT

500 Boylston Street, Boston, MA 02116

#### ITEM 2. CODE OF ETHICS.

The Registrant has not amended any provision in its Code of Ethics (the "Code") that relates to any element of the Code's definition enumerated in paragraph (b) of Item 2 of this Form N-CSR.

#### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual reports.

#### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual reports.

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual reports.

#### ITEM 6. SCHEDULE OF INVESTMENTS

A schedule of investments for each series of the Registrant is included as part of the report to shareholders of such series under Item 1 of this Form N-CSR.

#### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END

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MANAGEMENT INVESTMENT COMPANIES.

Not applicable for semi-annual reports.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

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MFS MUNICIPAL INCOME TRUST				
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PERIOD	(A) TOTAL NUMBER OF SHARES PURCHASED	(B) AVERAGE PRICE PAID PER SHARE	(C) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	T
=====				
11/1/06 - 11/30/06	0	N/A	N/A	
12/1/06 - 12/31/06	0	N/A	N/A	
1/1/07 - 1/31/07	0	N/A	N/A	
2/1/07 - 2/28/07	0	N/A	N/A	
3/1/07 - 3/31/07	0	N/A	N/A	
4/1/07 - 4/30/07	0	N/A	N/A	
TOTAL	0	N/A	N/A	
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Note: The Board of Trustees approves procedures to repurchase Fund shares annually. The notification to shareholders of the program is included in the semi-annual and annual reports sent to shareholders. These annual programs begin on March 1st of each year. The programs conform to the conditions of Rule 10b-18 of the Securities Exchange Act of 1934 and limit the aggregate number of Fund shares that may be repurchased in each annual period (March 1 through the following February 28) to 10% of the Registrant's outstanding shares as of the first day of the plan year (March 1). The aggregate number of Fund shares available for repurchase for the March 1, 2007 plan year is 4,016,342.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no material changes to the procedures by which shareholders may send recommendations to the Board for nominees to the Registrant's Board since the Registrant last provided disclosure as to such procedures in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (as required by Item 22(b)(15) of Schedule 14A), or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the effectiveness of the registrant's

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disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as conducted within 90 days of the filing date of this report on Form N-CSR, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

- (b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by the report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

- (a) File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.
- (1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit.
- (2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2): Attached hereto.
- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for the purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference: Attached hereto.

### NOTICE

A copy of the Amended and Restated Declaration of Trust of the Registrant is on file with the Secretary of State of The Commonwealth of Massachusetts and notice is hereby given that this instrument is executed on behalf of the Registrant by an officer of the Registrant as an officer and not individually and the obligations of or arising out of this instrument are not binding upon any of the Trustees or shareholders individually, but are binding only upon the assets and property of the respective constituent series of the Registrant.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) MFS MUNICIPAL INCOME TRUST  
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By (Signature and Title)\* MARIA F. DWYER

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Maria F. Dwyer, President

Date: June 13, 2007  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* MARIA F. DWYER

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Maria F. Dwyer, President (Principal Executive Officer)

Date: June 13, 2007  
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By (Signature and Title)\* TRACY ATKINSON

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Tracy Atkinson, Treasurer (Principal Financial Officer and Accounting Officer)

Date: June 13, 2007  
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\* Print name and title of each signing officer under his or her signature.