

INTERMEDIATE MUNI FUND INC  
Form N-CSRS  
September 08, 2006

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 811-6506

Intermediate Muni Fund, Inc.  
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY  
(Address of principal executive offices)

10004  
(Zip code)

Robert I. Frenkel, Esq.  
Legg Mason & Co., LLC  
300 First Stamford Place, 4th Floor  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 451-2010

Date of fiscal year end: December 31

Date of reporting period: June 30, 2006

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ITEM 1.

REPORT TO STOCKHOLDERS.

The Semi-Annual Report to Stockholders is filed herewith.

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Intermediate Muni Fund, Inc.

**SEMI-ANNUAL  
REPORT**

JUNE 30, 2006

INVESTMENT PRODUCTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE  
VALUE

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Intermediate Muni Fund, Inc.

Semi-Annual Report June 30, 2006

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Letter from the Chairman

**R. JAY GERKEN, CFA**

Chairman, President and  
Chief Executive Officer

Dear Shareholder,

The U.S. economy appeared to be on solid footing during the six-month reporting period. After gross domestic product ( GDP )(i) rose 1.7% in the fourth quarter of 2005 the first quarter in which GDP growth did not surpass 3.0% in nearly three years the economy rebounded sharply in the first quarter of 2006. During this time, GDP rose 5.6%, its best showing since the third quarter of 2003. Both strong consumer and business spending prompted the economic turnaround. In the second quarter of 2006, GDP growth was a more modest 2.5%, according to the Commerce Department s initial reading for the period. The decline was largely attributed to lower consumer spending, triggered by higher interest rates and oil prices, as well as a cooling housing market. In addition, business spending fell during the quarter.

The Federal Reserve Board ( Fed )(ii) continued to raise interest rates during the reporting period. Despite the changing of the guard from Fed Chairman Alan Greenspan to Ben Bernanke in early 2006, it was business as usual for the Fed, as it raised short-term interest rates four times during the period. Since it began its tightening campaign in June 2004, the Fed has increased rates 17 consecutive times, bringing the federal funds rate(iii) from 1.00% to 5.25%. Coinciding with its latest rate hike in June 2006, the Fed said: The extent and timing of any additional firming...will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.

Both short- and long-term yields rose over the reporting period. During the six months ended June 30, 2006, two-year Treasury yields increased from 4.41% to 5.16%. Over the same period, 10-year Treasury yields moved from 4.39% to 5.15%. Short-term rates rose in concert with the Fed s



repeated rate hikes, while long-term rates rose on fears of mounting inflationary pressures. Looking at the municipal market, yields of both 2- and 10-year securities also rose over the reporting period.

**Performance Review**

For the six months ended June 30, 2006, the Intermediate Muni Fund, Inc. returned 1.72%, based on its net asset value ( NAV )(iv) and 1.14% based on its American Stock Exchange ( AMEX ) market price per share. In comparison, the Fund's unmanaged benchmark, the Lehman Brothers Municipal Bond Index(v), returned 0.28% for the same time frame. The Lipper Intermediate Municipal Debt Closed-End Funds Category Average(vi) increased 0.28%. Please note that Lipper performance returns are based on each fund's NAV per share.

During this six-month period, the Fund made distributions to shareholders totaling \$0.2220 per share, (which may have included a return of capital). The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2006. **Past performance is no guarantee of future results.**

Certain investors may be subject to the Federal Alternative Minimum Tax, and state and local taxes may apply. Capital gains, if any, are fully taxable. Please consult your personal tax or legal adviser.

**Performance Snapshot as of June 30, 2006 (unaudited)**

Price Per Share	6-Month Total Return
\$9.58 (NAV)	1.72%
\$8.48 (Market Price)	1.14%

**All figures represent past performance and are not a guarantee of future results.**

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions, including returns of capital, if any, in additional shares.

II Intermediate Muni Fund, Inc.

### Special Shareholder Notices

Following the purchase of substantially all of Citigroup Inc.'s (Citigroup) asset management business in December 2005, Legg Mason, Inc. (Legg Mason) undertook an internal reorganization to consolidate the advisory services provided to the legacy Citigroup funds through a more limited number of advisers. As part of this reorganization, at meetings held during June and July 2006, the Fund's Board approved a new management agreement with Legg Mason Partners Fund Advisor, LLC (LMPFA), under which LMPFA will act as the investment adviser for the Fund effective August 1, 2006.

The Fund's Board also approved a new sub-advisory agreement for the Fund between LMPFA and Western Asset Management Company (Western Asset). The portfolio managers who are responsible for the day-to-day management of the Fund remain the same immediately prior to and immediately after the date of these changes. LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason.

LMPFA will provide administrative and certain oversight services to the Fund. LMPFA will delegate to the sub-adviser, the day-to-day portfolio management of the Fund. The management fee for the Fund will remain unchanged.

In addition to these advisory changes, it is expected that the Fund's name will change to Western Asset Intermediate Muni Fund Inc. in October 2006.

### Information About Your Fund

As you may be aware, several issues in the mutual fund industry (not directly affecting closed-end investment companies, such as this Fund) have come under the scrutiny of federal and state regulators. Affiliates of the Fund's Manager have, in recent years, received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The regulators appear to be examining, among other things, the open-end funds' response to market timing and shareholder exchange activity, including compliance with prospectus disclosure related to these subjects. The Fund is not in a

Intermediate Muni Fund, Inc. III

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position to predict the outcome of these requests and investigations, or whether these may affect the Fund.

Important information with regard to recent regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

**Looking for Additional Information?**

The Fund is traded under the symbol SBI and its closing market price is available in most newspapers under the AMEX listings. The daily NAV is available on-line under symbol XSBIX on most financial websites. *Barron's* and *The Wall Street Journal's* Monday editions carry closed-end fund tables that will provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well [www.leggmason.com/InvestorServices](http://www.leggmason.com/InvestorServices).

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-735-6507, Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the Fund's current net asset value, market price and other information.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA  
Chairman, President and Chief Executive Officer

*July 28, 2006*

IV Intermediate Muni Fund, Inc.

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The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

**RISKS:** Keep in mind the Fund's investments are subject to interest rate and credit risks. As interest rates rise, bond prices fall, reducing the value of the Fund's share price. Lower-rated, higher yielding bonds, known as "junk bonds", are subject to greater credit risk, including the risk of default, than higher-rated obligations. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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(i) Gross domestic product is a market value of goods and services produced by labor and property in a given country.

(ii) The Federal Reserve Board is responsible for the formulation of a policy designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

(iii) The federal funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans.

(iv) NAV is calculated by subtracting total liabilities and outstanding preferred stock from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is at the Fund's market price as determined by supply of and demand for the Fund's shares.

(v) The Lehman Brothers Municipal Bond Index is a broad measure of the municipal bond market with maturities of at least one year.

(vi) Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the six-month period ended June 30, 2006, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 8 funds in the Fund's Lipper category.



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Dividend Reinvestment Plan Summary

**Take Advantage of the Fund's Dividend Reinvestment Plan!**

As an investor in the Fund, you can participate in its Dividend Reinvestment Plan ( Plan ), a convenient, simple and efficient way to reinvest your distributions, if any, in additional shares of the Fund. Below is a short summary of how the Plan works.

**Plan Summary**

If you are a Plan participant who has not elected to receive your dividends in the form of a cash payment, then your distributions will be reinvested automatically in additional shares of the Fund.

The number of common stock shares of the Fund you will receive in lieu of a cash payment is determined in the following manner. If the market price of the common stock is equal to or exceeds the net asset value per share ( NAV ) on the determination date, you will be issued shares by the Fund at a price reflecting the NAV, or 95% of the market price, whichever is greater.

If the market price is less than the NAV at the time of valuation (the close of business on the determination date), American Stock Transfer & Trust Company ( AST or Plan Agent ) will buy common stock for your account in the open market.

If the Plan Agent begins to purchase additional shares in the open market and the market price of the shares subsequently rises above the previously determined NAV before the purchases are completed, the Plan Agent will attempt to terminate purchases and have the Fund issue the remaining distribution in shares at the greater of the previously determined NAV or 95% of the market price. In that case, the number of Fund shares you receive will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues the remaining shares.

A more complete description of the current Plan appears in the section of this report beginning on page 30. To find out more detailed information about the Plan and about how you can participate, please call the Plan Agent at 1-877-366-6441.

Fund at a Glance (unaudited)

**Investment Breakdown**

**As a Percent of Total Investments**



## Schedule of Investments (June 30, 2006) (unaudited)

## INTERMEDIATE MUNI FUND, INC.

Face Amount	Rating	Security	Value
<b>MUNICIPAL BONDS 97.0%</b>			
<b>Alabama 3.1%</b>			
\$3,000,000	AAA	Alabama State Public School & College Authority, FSA-Insured, 5.125% due 11/1/15 (a)	\$ 3,119,670
1,225,000	AAA	Baldwin County, AL, Board of Education, Capital Outlay School Warrants, AMBAC-Insured, 5.000% due 6/1/20	1,268,598
179,127	AAA	Birmingham, AL, Medical Clinic Board Revenue, Baptist Medical Center, 8.300% due 7/1/08 (b)	186,734
1,000,000	AAA	Saraland, AL, GO, MBIA-Insured, 5.250% due 1/1/15	1,055,440
		<b>Total Alabama</b>	<b>5,630,442</b>
<b>Alaska 1.6%</b>			
1,000,000	NR	Alaska Industrial Development & Export Authority Revenue, Williams Lynxs Alaska Cargo Port LLC, 8.000% due 5/1/23 (c)	1,062,370
500,000	AAA	Anchorage, AK, GO, Refunding, FGIC-Insured, 6.000% due 10/1/14	563,565
1,250,000	AAA	North Slope Boro, AK, Refunding, Series A, MBIA-Insured, 5.000% due 6/30/15	1,320,350
		<b>Total Alaska</b>	<b>2,946,285</b>
<b>Arizona 0.4%</b>			
75,000	AAA	Maricopa County, AZ, Hospital Revenue: Samaritan Health Service, 7.625% due 1/1/08 (b)	76,883
569,000	AAA	St.Lukes Medical Center, 8.750% due 2/1/10 (b)	621,912
50,000	AAA	Pima County, AZ, IDA, Single-Family Housing Authority Revenue, Series A, GNMA/FNMA-Insured, FHLMC-Collateralized, 7.100% due 11/1/29 (c)(d)	50,822
		<b>Total Arizona</b>	<b>749,617</b>
<b>Arkansas 1.5%</b>			
1,500,000	BBB	Arkansas State Development Finance Authority Hospital Revenue, Washington Regional Medical Center, Call 2/1/10 @ 100, 7.000% due 2/1/15 (e)	1,647,720
1,000,000	BB	Warren County, AR, Solid Waste Disposal Revenue, Potlatch Corp. Project, 7.000% due 4/1/12 (c)	1,076,380
		<b>Total Arkansas</b>	<b>2,724,100</b>
<b>California 5.2%</b>			
1,500,000	NR	Barona, CA, Band of Mission Indians, GO, 8.250% due 1/1/20	1,549,635
3,000,000	AA-	California State Economic Recovery, Series A, 5.000% due 7/1/17 (a)	3,097,410
410,000	NR	California Statewide COP Community Development Revenue, Refunding Hospital Triad Healthcare, 6.250% due	410,652

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10,000	NR	8/1/06 (b) Loma Linda, CA, Community Hospital Corp. Revenue, First Mortgage, 8.000% due 12/1/08 (b)	10,888
1,015,000	NR	Los Angeles, CA: COP, Hollywood Presbyterian Medical Center, INDLC-Insured, 9.625% due 7/1/13 (b)	1,205,424
1,000,000	AAA	Union School District, Series A, MBIA-Insured, Call 7/1/13 @ 100, 5.375% due 7/1/18 (e)	1,085,620

**See Notes to Financial Statements.**

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Schedule of Investments (June 30, 2006) (unaudited) (continued)

	Face Amount	Rating	Security	Value
<b>California</b>	<b>5.2% (continued)</b>			
\$	1,450,000	AAA	Morgan Hill, CA, USD, FGIC-Insured, 5.750% due 8/1/17	\$ 1,564,086
	330,000	AAA	San Francisco, CA, Airport Improvement Corp. Lease Revenue,	
	105,000	AAA	United Airlines, Inc., 8.000% due 7/1/13 (b) San Leandro, CA, Hospital Revenue, Vesper Memorial Hospital, 11.500% due 5/1/11 (b)	373,606 126,481
			<b>Total California</b>	<b>9,423,802</b>
<b>Colorado</b>	<b>5.4%</b>			
	1,860,000	Aaa(f)	Broomfield, CO, COP, Open Space Park & Recreation Facilities, AMBAC-Insured, 5.500% due 12/1/20	1,965,387
	1,000,000	BBB-	Colorado Educational & Cultural Facilities Authority Revenue Charter School: Bromley East Project, Series A, Call 9/15/11 @ 100, 7.000% due 9/15/20 (e)	1,136,800
	1,155,000	AAA	Bromley School Project, XLCA-Insured, 5.125% due 9/15/20	1,214,991
	1,350,000	AAA	Refunding & Improvement, University Lab School, XLCA-Insured, 5.250% due 6/1/24	1,425,843
	500,000	Baa2(f)	University Lab School Project Call 6/1/11 @ 100, 6.125% due 6/1/21 (e)	546,855
	710,000	BBB	Denver, CO, Health & Hospital Authority, Series A, 6.250% due 12/1/16	756,711
	1,765,000	AAA	Pueblo, CO, Bridge Waterworks Water Revenue, Improvement, Series A, FSA-Insured, Call 11/1/10 @ 100, 6.000% due 11/1/14 (e)	1,910,189
	750,000	A	SBC Metropolitan District, CO, GO, ACA-Insured, 5.000% due 12/1/25	751,080
			<b>Total Colorado</b>	<b>9,707,856</b>
<b>Connecticut</b>	<b>3.2%</b>			
	2,000,000	AA	Connecticut State HEFA Revenue, Bristol Hospital, Series B, 5.500% due 7/1/21	2,132,260
	1,855,000	A	Connecticut State Special Obligation Parking Revenue, Bradley International Airport, Series A, ACA-Insured, 6.375% due 7/1/12 (c)	2,005,311
	1,500,000	AAA	Connecticut State Special Tax Obligation Revenue, RITES, Series A, FSA-Insured, 6.588% due 10/1/09 (g)	1,687,110
			<b>Total Connecticut</b>	<b>5,824,681</b>
<b>Florida</b>	<b>4.5%</b>			
	195,000	AAA	Lee County, FL, Southwest Florida Regional Airport Revenue, MBIA-Insured, 8.625% due 10/1/09 (b)	210,027
	3,250,000	AAA		3,500,770

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1,590,000	NR	Lee, FL, Memorial Health System, Hospital Revenue, Series A, FSA-Insured, 5.750% due 4/1/14 (a)	
		Old Palm Community Development District, FL, Palm Beach Gardens, Series B, 5.375% due 5/1/14	1,594,595
605,000	NR	Orange County, FL, Health Facilities Authority Revenue: First Mortgage Healthcare Facilities, 8.750% due 7/1/11	638,674
1,500,000	A+	Hospital Adventist Health Systems, 6.250% due 11/15/24	1,639,320
455,000	Aaa(f)	Southern Adventist Hospital, Adventist Health Systems, 8.750% due 10/1/09 (b)	491,059
		<b>Total Florida</b>	<b>8,074,445</b>

**See Notes to Financial Statements.**

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Schedule of Investments (June 30, 2006) (unaudited) (continued)

	Face Amount	Rating	Security	Value
<b>Georgia</b>	<b>5.4%</b>			
\$	970,000	Aaa(f)	Athens, GA, Housing Authority Student Housing Lease Revenue, University of Georgia East Campus, AMBAC-Insured, 5.250% due 12/1/23	\$ 1,018,839
	650,000	A-	Chatham County, GA, Hospital Authority Revenue, Hospital Memorial Health Medical Center, Series A, 6.000% due 1/1/17	690,541
	1,000,000	AAA	Gainesville, GA, Water & Sewer Revenue, FSA-Insured, 5.375% due 11/15/20	1,058,260
	3,000,000	AAA	Georgia Municipal Electric Authority, Power Revenue, Refunding, Series A, FSA-Insured, 5.000% due 1/1/18 (a)	3,109,170
	500,000	A+	Georgia Municipal Electric Authority, Power System Revenue, Series X, 6.500% due 1/1/12	535,540
	1,000,000	AAA	Griffin, GA, Combined Public Utilities Revenue, Refunding & Improvement, AMBAC-Insured, 5.000% due 1/1/21	1,037,800
	2,120,000	AAA	Metropolitan Atlanta Rapid Transit Georgia Sales Tax Revenue, Series E, 7.000% due 7/1/11 (b)	2,341,561
			<b>Total Georgia</b>	<b>9,791,711</b>
<b>Illinois</b>	<b>4.7%</b>			
	535,000	C(f)	Bourbonnais, IL, Industrial Development Revenue, Refunding Kmart Corp. Project, 6.600% due 10/1/06 (h)	5,350
	1,500,000	AAA	Chicago, IL, O Hare International Airport Revenue, Refunding Bonds, Lien A-2, FSA-Insured, 5.750% due 1/1/19 (c)	1,618,035
	1,000,000	AAA	Cicero, IL, Tax Increment, Series A, XLCA-Insured, 5.250% due 1/1/21	1,050,970
	1,030,000	AAA	Glendale Heights, IL, Hospital Revenue, Refunding Glendale Heights Project, Series B, 7.100% due 12/1/15 (b)	1,172,964
	1,000,000	AA	Harvey, IL, GO, Radian-Insured, 6.700% due 2/1/09	1,001,680
	485,000	BBB	Illinois Development Finance Authority, Chicago Charter School Foundation Project A, 5.250% due 12/1/12	493,410
	440,000	AAA	Illinois Health Facilities Authority Revenue: Methodist Medical Center of Illinois Project, 9.000% due 10/1/10 (b)	483,591
	265,000	AAA	Ravenswood Hospital Medical Center Project, 7.250% due 8/1/06 (b)	265,639
	1,310,000	AAA	Kane County, IL, GO, FGIC-Insured, 5.500% due 1/1/14	1,403,717
			Mount Veron, IL, Elderly Housing Corp., First Lien Revenue:	
	250,000	Ba3(f)	7.875% due 4/1/07	249,915
	270,000	Ba3(f)	7.875% due 4/1/08	269,562
	1,000,000	Aaa(f)	Will County, IL, GO, School District North 122 New Lenox, Capital Appreciation Refunding School, Series D, FSA-Insured, zero coupon bond to yield 5.188% due 11/1/24	410,490
			<b>Total Illinois</b>	<b>8,425,323</b>
<b>Indiana</b>	<b>0.6%</b>			

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800,000	AAA	Ball State University, Indiana University Revenue, Student Fee, Series K, FGIC-Insured, 5.750% due 7/1/20	858,976
240,000	AAA	Madison County, IN, Hospital Authority Facilities Revenue, Community Hospital of Anderson Project, 9.250% due 1/1/10 (b)	263,635
		<b>Total Indiana</b>	<b>1,122,611</b>

See Notes to Financial Statements.

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Schedule of Investments (June 30, 2006) (unaudited) (continued)

	Face Amount	Rating	Security	Value
<b>Iowa 1.2%</b>				
\$	1,000,000	A1(f)	Iowa Finance Authority, Health Care Facilities Revenue, Genesis Medical Center, 6.250% due 7/1/20	\$ 1,064,330
	940,000	AAA	Muscataine, IA, Electric Revenue, 9.700% due 1/1/13 (b)	1,112,716
			<b>Total Iowa</b>	<b>2,177,046</b>
<b>Kansas 1.8%</b>				
	1,000,000	BBB	Burlington, KS, Environmental Improvement Revenue, Kansas City Power & Light Project, Refunding, 4.750% due 10/1/07 (d)(i)	1,005,300
	2,245,000	AA	Johnson County, KS, Union School District, Series A, Call 10/1/09 @ 100, 5.125% due 10/1/20 (e)	2,328,402
			<b>Total Kansas</b>	<b>3,333,702</b>
<b>Louisiana 1.2%</b>				
	285,000	AAA	Louisiana Public Facilities Authority Hospital Revenue, Southern Baptist Hospital Inc. Project, Aetna-Insured, 8.000% due 5/15/12 (b)	319,334
	1,690,000	AAA	Monroe, LA, Sales & Use Tax Revenue, FGIC-Insured, 5.625% due 7/1/25	1,816,530
			<b>Total Louisiana</b>	<b>2,135,864</b>
<b>Maryland 1.8%</b>				
	1,000,000	AAA	Maryland State Health & Higher EFA Revenue, Refunding Mercy Medical Center, FSA-Insured, 6.500% due 7/1/13	1,097,860
	2,000,000	AAA	Montgomery County, MD, GO, 5.250% due 10/1/14	2,130,260
			<b>Total Maryland</b>	<b>3,228,120</b>
<b>Massachusetts 6.9%</b>				
	690,000	AAA	Boston, MA, Water & Sewer Commission Revenue, 10.875% due 1/1/09 (b)	757,627
	1,130,000	Aaa(f)	Lancaster, MA, GO, AMBAC-Insured, 5.375% due 4/15/17	1,208,671
	1,500,000	AAA	Massachusetts State, GO, RITES, Series PA 993-R, MBIA-Insured, 6.818% due 5/1/09 (g)	1,713,510
			Massachusetts State DFA Revenue:	
	500,000	A	Curry College, Series A, ACA-Insured, 6.000% due 3/1/20	525,015
	370,000	AAA	VOA Concord, Series A, GNMA-Collateralized, 6.700% due 10/20/21	413,871
			Massachusetts State HEFA Revenue:	
	1,000,000	AAA	Berkshire Health Systems, Series F, 5.000% due 10/1/19	1,022,950
			Caritas Christi Obligation, Series B:	
	2,000,000	BBB	6.500% due 7/1/12	2,150,640
	835,000	BBB	6.750% due 7/1/16	921,464
	1,000,000	BBB-	Milford-Whitinsville Regional Hospital, Series D, 6.500% due 7/15/23	1,059,990
	1,000,000	BBB+(j)	Winchester Hospital, Series E, Call 7/1/10 @ 101, 6.750% due 7/1/30 (e)	1,098,850
	1,065,000	AAA	Massachusetts State Industrial Finance Agency Assisted Living Facility Revenue, Arbors at Amherst Project, GNMA-Collateralized, 5.750% due 6/20/17 (c)	1,122,233
	500,000	A3(f)	New England Education Loan Marketing Corp. Massachusetts Student Loan Revenue, Subordinated Issue H, 6.900% due 11/1/09 (c)	518,010
			<b>Total Massachusetts</b>	<b>12,512,831</b>

**See Notes to Financial Statements.**

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Schedule of Investments (June 30, 2006) (unaudited) (continued)

Face Amount	Rating	Security	Value
<b>Michigan 3.3%</b>			
\$ 1,775,000	AAA	Carrier Creek, MI, Drain District No. 326, AMBAC-Insured, 5.000% due 6/1/24	\$ 1,828,924
1,000,000	AAA	Jenison, MI, Public Schools GO, Building and Site, FGIC-Insured, 5.500% due 5/1/20	1,066,970
1,000,000	Aaa(f)	Memphis, MI, Community Schools GO, Call 5/1/09 @ 100, 5.150% due 5/1/19 (e)	1,033,280
1,000,000	A	Michigan State Hospital Finance Authority Revenue, Oakwood Obligated Group, 5.500% due 11/1/18	1,054,690
1,000,000	AAA	Walled Lake, MI, Consolidated School District, MBIA-Insured, 5.000% due 5/1/22	1,028,670
		<b>Total Michigan</b>	<b>6,012,534</b>
<b>Missouri 1.6%</b>			
1,000,000	AAA	Hazelwood, MO, School District, Missouri Direct Deposit Program, Series A, FGIC-Insured, 5.000% due 3/1/23	1,031,110
405,000	A-(j)	Lees Summit, MO, IDA Health Facilities Revenue, John Knox Village, 5.750% due 8/15/11	420,552
1,000,000	Aaa(f)	Missouri State Environmental Improvement & Energy Resource Authority, Water Pollution Control, State Revolving Funds Program, Series C, 5.250% due 7/1/18	1,087,270
35,000	AAA	Missouri State Housing Development Community Mortgage Revenue, Series C, GNMA/FNMA-Collateralized, 7.450% due 9/1/27 (c)	35,629
345,000	AAA	Nevada, MO, Waterworks Systems Revenue, AMBAC-Insured, 10.000% due 10/1/10 (b)	392,613
		<b>Total Missouri</b>	<b>2,967,174</b>