

STERIS CORP
Form 8-K
January 31, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 31, 2007

STERIS Corporation

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction

of incorporation)

1-14643
(Commission File Number)

34-1482024
(IRS Employer

Identification No.)

5960 Heisley Road, Mentor, Ohio
(Address of principal executive offices)

44060-1834
(Zip Code)

Registrant's telephone number, including area code (440) 354-2600

Not Applicable

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

ITEM 2.02 Results of Operations and Financial Condition.

On January 31, 2007, STERIS issued a press release announcing financial results for its fiscal 2007 third quarter ended December 31, 2006. A copy of this press release is attached hereto as Exhibit 99.1.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished to the Securities and Exchange Commission and shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. Furthermore, the information contained in Item 2.02 of this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release issued by STERIS Corporation on January 31, 2007 regarding its results of operations and financial condition for its fiscal 2007 third quarter ended December 31, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STERIS CORPORATION

By: **/s/ Mark D. McGinley**
Mark D. McGinley

Senior Vice President, General

Counsel and Secretary

Date: January 31, 2007

EXHIBIT INDEX

Exhibit

Number	Exhibit Description
99.1	Press Release issued by STERIS Corporation on January 31, 2007 regarding its results of operations and financial condition for its fiscal 2007 third quarter ended December 31, 2006.

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l; FONT-STYLE: normal" color=#292526 face=arial>Dreyfus Strategic Municipal Bond Fund, Inc.

ANNUAL REPORT
November 30, 2016

Dreyfus Strategic Municipal Bond Fund, Inc.

Protecting Your Privacy
Our Pledge to You

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Fund’s policies and practices for collecting, disclosing, and safeguarding “nonpublic personal information,” which may include financial or other customer information. These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund’s consumer privacy policy, and may be amended at any time. We’ll keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Fund’s agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT. The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.

- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager(s) only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Not FDIC-Insured • Not Bank-Guaranteed • May Lose Value

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FORMOREINFORMATION

Back Cover

Dreyfus Strategic Municipal Bond Fund, Inc.

The Fund

A LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipal Bond Fund, Inc., covering the 12-month period from December 1, 2015 through November 30, 2016. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Stocks and bonds advanced over the reporting period despite bouts of market volatility stemming from various global economic developments. In December 2015, investor sentiment deteriorated amid sluggish global economic growth, falling commodity prices, and the first increase in short-term U.S. interest rates in nearly a decade. These worries sparked particularly sharp stock market declines in January 2016, but equities began to rally in February when U.S. monetary policymakers refrained from additional rate hikes, other central banks eased their monetary policies further, and commodity prices began to rebound. Stocks generally continued to climb through the summer, driving several broad measures of U.S. stock market performance to record highs. Stock prices moderated in advance of U.S. elections, but markets subsequently rallied to new highs in anticipation of changes in U.S. fiscal and tax policies. In the bond market, yields of high-quality sovereign bonds moved lower over much of the reporting period due to robust investor demand for current income, but yields surged higher after the election amid expectations of rising interest rates.

The transition to a new U.S. president and ongoing global economic headwinds suggest that volatility may persist in the financial markets over the foreseeable future. Some asset classes and industry groups seem likely to benefit from a changing economic and political landscape, while others probably will face challenges. Consequently, selectivity could become a more important determinant of investment success. As always, we encourage you to discuss the implications of our observations with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

Mark D. Santero
Chief Executive Officer
The Dreyfus Corporation
December 15, 2016

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DISCUSSION OF FUND PERFORMANCE

For the period of December 1, 2015 through November 30, 2016, as provided by Daniel A. Rabasco and Jeffrey B. Burger, Portfolio Managers

Fund and Market Performance Overview

For the 12-month period ended November 30, 2016, Dreyfus Strategic Municipal Bond Fund, Inc. achieved a total return of 1.02% on a net-asset-value basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.498 per share, which reflects a distribution rate of 6.17%.²

Municipal bonds fared well over much of the reporting period before encountering heightened volatility stemming from changing supply-and-demand dynamics and post-election political uncertainty. The fund benefited during the reporting period from its focus on longer-term, higher yielding municipal securities.

As of July 25th, 2016, Daniel A. Rabasco became a co-portfolio manager for the fund.

The Fund's Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent believed by Dreyfus to be consistent with the preservation of capital. In pursuing this goal, the fund invests at least 80% of its assets in municipal bonds. Under normal market conditions, the weighted average maturity of the fund's portfolio is expected to exceed 10 years. Under normal market conditions, the fund invests at least 80% of its net assets in municipal bonds considered investment grade or the unrated equivalent as determined by Dreyfus.

The fund also has issued auction-rate preferred stock (ARPS), a percentage of which remains outstanding from its initial public offering, and has invested the proceeds in a manner consistent with its investment objective. This, along with the fund's participation in secondary inverse floater structures, has the effect of "leveraging" the portfolio, which can magnify gain and loss potential depending on market conditions.

Over time, many of the fund's older, higher yielding bonds have matured or were redeemed by their issuers. We have attempted to replace those bonds with investments consistent with the fund's investment policies. We have also sought to upgrade the fund with newly issued bonds that, in our opinion, have better structural or income characteristics than existing holdings. When such opportunities arise, we usually look to sell bonds that are close to their optional redemption date or maturity.

Supply-and-Demand Dynamics Fueled Market Volatility

In the wake of worries early in the reporting period regarding global economic instability and a December 2015 increase in short-term U.S. interest rates from the Federal Reserve Board (the "Fed"), financial markets generally rallied throughout the spring of 2016. Investor sentiment improved as commodity prices rebounded from depressed levels, the Fed delayed additional short-term rate hikes, inflationary pressures remained muted, and international economic concerns moderated. Meanwhile, income-oriented investors in a low interest rate environment reached for the competitive after-tax yields provided by municipal bonds, driving their prices higher and yields lower.

However, changing supply-and-demand dynamics derailed the market rally later in the summer when municipal issuers came to market with a flood of new securities in anticipation of another rate hike from the Fed. Market declines accelerated in November as investor demand faltered in

DISCUSSION OF FUND PERFORMANCE *(continued)*

response to uncertainty surrounding changes in tax and fiscal policies from a newly elected presidential administration. By the end of the reporting period, municipal bonds generally gave back their previous gains.

Nonetheless, a growing U.S. economy continued to support sound credit conditions for most municipal bond issuers. Several states and municipalities face pressure from underfunded pension systems, but most have benefited from rising tax revenues and balanced operating budgets.

Fund Strategies Bolstered Fund Results

The fund benefited over most of the reporting period from its interest rate strategies, including a relatively long average duration and a focus on securities with longer maturities. Although this strategy later proved counterproductive during the market downturn, it helped support relative performance for the reporting period overall.

Our security selection strategy also added value, as an emphasis on revenue-backed bonds helped the fund capture higher yields. The fund achieved particularly attractive results from bonds backed by airports, public power facilities, and hospitals. While bonds backed by the states' settlement of litigation with U.S. tobacco companies proved helpful overall, these securities were hit hard during the market downturn. The fund's leveraging strategy helped magnify the impact of these strong performers.

Laggards over the reporting period included lower yielding securities backed by education institutions and essential municipal services such as water and sewer facilities.

A More Opportunistic Investment Posture

As of the reporting period's end, the municipal bond market has remained volatile in light of political changes, expectations of another rate hike in December 2016, and the increase in municipal bond issuance volumes. Yet, we believe that recent market weakness may have been more severe than is warranted in a growing U.S. economy and an environment of generally strong municipal credit characteristics. Therefore, we have adopted a more opportunistic investment posture, taking advantage of bouts of market weakness to purchase higher yielding revenue bonds in areas of the market that, in our analysis, are fundamentally strong and provide competitive yields.

December 15, 2016

Bonds are subject generally to interest rate, credit, liquidity, and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines.

High yield bonds are subject to increased credit risk and are considered speculative in terms of the issuer's perceived ability to continue making interest payments on a timely basis and to repay principal upon maturity.

The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative.

¹ Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable. Return figures provided reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an undertaking in effect through May 31, 2017, at which time it may be extended, terminated, or modified. Had

these expenses not been absorbed, the fund's returns would have been lower.

² *Distribution rate per share is based upon dividends per share paid from net investment income during the period, divided by the market price per share at the end of the period, adjusted for any capital gain distributions.*

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SELECTED INFORMATION

November 30, 2016 (Unaudited)

Market Price per share November 30, 2016 \$ 8.07
 Shares Outstanding November 30, 2016 49,166,977
 New York Stock Exchange Ticker Symbol DSM

MARKET PRICE (NEW YORK STOCK EXCHANGE)

	Fiscal Year Ended November 30, 2016			
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	February 29, 2016	May 31, 2016	August 31, 2016	November 30, 2016
High	\$8.50	\$8.91	\$9.17	\$9.05
Low	7.85	8.42	8.54	7.93
Close	8.40	8.61	8.95	8.07

PERCENTAGE GAIN (LOSS) based on change in Market Price[†]

November 22, 1989 (commencement of operations)	394.98%
through November 30, 2016	
December 1, 2006 through November 30, 2016	67.09
December 1, 2011 through November 30, 2016	33.15
December 1, 2015 through November 30, 2016	7.55
March 1, 2016 through November 30, 2016	0.27
June 1, 2016 through November 30, 2016	(3.55)
September 1, 2016 through November 30, 2016	(8.49)

NET ASSET VALUE PER SHARE

November 22, 1989 (commencement of operations)	\$9.32
November 30, 2015	8.59
February 29, 2016	8.69
May 31, 2016	8.83
August 31, 2016	8.96
November 30, 2016	8.19

PERCENTAGE GAIN (LOSS) based on change in Net Asset Value[†]

November 22, 1989 (commencement of operations)	439.01%
through November 30, 2016	
December 1, 2006 through November 30, 2016	71.04
December 1, 2011 through November 30, 2016	39.96
December 1, 2015 through November 30, 2016	1.02
March 1, 2016 through November 30, 2016	(1.63)

June 1, 2016 through November 30, 2016 (4.56)
 September 1, 2016 through November 30, 2016 (7.24)

**With dividends reinvested.*

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STATEMENT OF INVESTMENTS

November 30, 2016

Long-Term Municipal Investments - 142.4%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Alabama - 4.4%				
Birmingham Special Care Facilities Financing Authority, Improvement Revenue (Methodist Home for the Aging)	5.50	6/1/30	1,800,000	1,906,524
Birmingham Special Care Facilities Financing Authority, Improvement Revenue (Methodist Home for the Aging)	6.00	6/1/50	2,750,000	2,940,987
Jefferson County, Limited Obligation School Warrants	5.25	1/1/19	2,150,000	2,159,267
Jefferson County, Limited Obligation School Warrants	5.00	1/1/24	1,000,000	1,004,310
Jefferson County, Sewer Revenue Warrants	0/7.75	10/1/46	6,000,000	a 4,411,980
Lower Alabama Gas District, Gas Project Revenue	5.00	9/1/46	5,000,000	5,494,700
				17,917,768
Alaska - 1.7%				
Northern Tobacco Securitization Corporation of Alaska, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/46	8,465,000	6,879,082
Arizona - 5.7%				
Barclays Capital Municipal Trust Receipts (Series 21 W), (Salt River Project Agricultural Improvement and Power District, Salt River Project Electric System Revenue) Recourse	5.00	1/1/38	13,198,367	b,c 13,761,215
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools Projects)	5.00	7/1/46	2,000,000	c 1,969,540
Phoenix Industrial Development Authority, Education Facility Revenue (BASIS Schools, Inc. Projects)	5.00	7/1/45	1,000,000	c 984,990
Phoenix Industrial Development Authority, Education Facility Revenue (Legacy Traditional Schools Projects)	5.00	7/1/45	1,300,000	c 1,230,060
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	4,550,000	5,041,127
				22,986,932
California - 18.0%				
Barclays Capital Municipal Trust Receipts (Series 80 W), (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport)) Recourse	5.00	5/15/31	5,247,500	b,c 5,806,441

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California, GO (Various Purpose)	5.75	4/1/31	7,800,000	8,543,418
California, GO (Various Purpose)	6.00	3/1/33	2,250,000	2,546,572

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Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
California - 18.0% (continued)				
California, GO (Various Purpose)	6.50	4/1/33	5,000,000	5,539,350
California, GO (Various Purpose)	6.00	11/1/35	5,000,000	5,580,400
California Statewide Communities Development Authority, Revenue (Front Porch Communities and Services Project)	5.13	4/1/37	4,975,000	c 5,001,019
California Statewide Communities Development Authority, Revenue (Loma Linda University Medical Center)	5.25	12/1/56	1,700,000	c 1,722,848
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/1/47	10,000,000	d 771,100
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	5,000,000	4,575,200
Sacramento County, Airport System Subordinate and Passenger Facility Charges Grant Revenue	6.00	7/1/35	4,000,000	4,258,880
San Buenaventura, Revenue (Community Memorial Health System)	7.50	12/1/41	1,500,000	1,744,770
Santa Margarita/Dana Point Authority, Revenue (Santa Margarita Water District Improvement Districts Numbers 2,3 and 4)	5.13	8/1/38	5,000,000	5,278,050
Tender Option Bond Trust Receipts (Series 2016-XM0379), (Los Angeles Department of Water and Power, Water System Revenue) Non-recourse	5.00	7/1/20	5,000,000	b,c 5,550,800
Tender Option Bond Trust Receipts (Series 2016-XM0387), (Los Angeles Department of Airports, Senior Revenue (Los Angeles International Airport)) Non-recourse	5.00	5/15/21	6,000,000	b,c 6,537,840
Tender Option Bond Trust Receipts (Series 2016-XM0390), (The Regents of the University of California, General Revenue) Non-recourse	5.00	5/15/21	6,250,000	b,c 6,944,000
Tuolumne Wind Project Authority, Revenue (Tuolumne Company Project) (Prerefunded)	5.88	1/1/19	2,000,000	e 2,187,680
				72,588,368
Colorado - 1.3%				
Tender Option Bond Trust Receipts (Series 2016-XM0385), (Board of Governors of the Colorado State University, System Enterprise Revenue) Non-recourse	5.00	3/1/20	4,950,000	b,c 5,407,479

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STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
District of Columbia - 5.1%				
District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/15/46	35,000,000 ^d	3,950,100
RIB Floater Trust (Barclays Bank PLC) (Series 15 U), (District of Columbia, Income Tax Secured Revenue) Recourse	5.00	12/1/35	14,828,227 ^{b,c}	16,590,253
				20,540,353
Florida - 5.6%				
Cape Coral Health Facilities Authority, Senior Housing Revenue (Gulf Care, Inc. Project)	5.88	7/1/40	1,600,000 ^c	1,673,952
Mid-Bay Bridge Authority, Springing Lien Revenue (Prerefunded)	7.25	10/1/21	5,000,000 ^e	6,219,750
Palm Beach County Health Facilities Authority, Retirement Community Revenue (Adult Communities Total Services, Inc. Retirement - Life Communities, Inc. Obligated Group) (Prerefunded)	5.50	11/15/20	6,825,000 ^e	7,812,987
Saint Johns County Industrial Development Authority, Revenue (Presbyterian Retirement Communities Project) (Prerefunded)	6.00	8/1/20	3,500,000 ^e	4,035,115
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	6.25	4/1/39	2,500,000	2,706,600
				22,448,404
Georgia - 3.6%				
Atlanta, Water and Wastewater Revenue (Insured; Assured Guaranty Municipal Corp.)	5.25	11/1/34	1,000,000	1,091,000
Atlanta, Water and Wastewater Revenue (Prerefunded)	6.00	11/1/19	4,865,000 ^e	5,492,926
Atlanta Development Authority, Senior Lien Revenue (New Downtown Atlanta Stadium Project)	5.25	7/1/40	1,000,000	1,122,480
RIB Floater Trust (Barclays Bank PLC) (Series 20 U), (Private Colleges and Universities Authority, Revenue (Emory University)) Recourse	5.00	10/1/43	6,000,000 ^{b,c}	6,646,500
				14,352,906
Hawaii - 1.2%				
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawai'i Pacific Health Obligated Group)	5.63	7/1/30	2,500,000	2,733,050
Hawaii Department of Budget and Finance, Special Purpose Revenue (Hawaiian Electric Company, Inc. and Subsidiary Projects)	6.50	7/1/39	2,000,000	2,156,460
				4,889,510

Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Illinois - 5.6%				
Chicago, General Airport Third Lien Revenue (Chicago O'Hare International Airport)	5.63	1/1/35	3,000,000	3,340,950
Chicago, Second Lien Wastewater Transmission Revenue	5.00	1/1/39	2,330,000	2,429,002
Illinois Finance Authority, Revenue (Plymouth Place, Inc.)	5.25	5/15/45	1,000,000	1,033,770
Illinois Toll Highway Authority, Toll Highway Senior Revenue	5.00	1/1/40	1,500,000	1,614,465
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	12/15/28	2,500,000	2,624,875
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.25	6/15/50	3,550,000	3,650,216
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/52	1,000,000	1,023,350
Metropolitan Pier and Exposition Authority, Revenue (McCormick Place Expansion Project)	5.00	6/15/53	2,500,000	2,558,375
Railsplitter Tobacco Settlement Authority, Tobacco Settlement Revenue	6.00	6/1/28	3,600,000	4,099,032
				22,374,035
Iowa - 1.7%				
Iowa Finance Authority, Midwestern Disaster Area Revenue (Iowa Fertilizer Company Project)	5.25	12/1/25	5,125,000	4,976,939
Tobacco Settlement Authority of Iowa, Tobacco Settlement Asset-Backed Bonds	5.60	6/1/34	2,000,000	1,953,160
				6,930,099
Kentucky - .3%				
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary's HealthCare, Inc. Project) (Prerefunded)	6.13	2/1/18	1,000,000	e1,058,610
Louisiana - 1.3%				
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	4,000,000	4,163,360
New Orleans, Water Revenue	5.00	12/1/40	1,000,000	1,080,470
				5,243,830

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STATEMENT OF INVESTMENTS (continued)

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Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Maine - .6%				
Maine Health and Higher Educational Facilities Authority, Revenue (Maine General Medical Center Issue)	7.50	7/1/32	2,000,000	2,278,880
Maryland - 1.1%				
Tender Option Bond Trust Receipts (Series 2016-XM0391), (Mayor and City Council of Baltimore, Project Revenue (Water Projects)) Non-recourse	5.00	7/1/21	4,000,000	b,c 4,395,920
Massachusetts - 9.9%				
Massachusetts Development Finance Agency, Revenue (Tufts Medical Center Issue)	7.25	1/1/32	2,500,000	2,918,225
Massachusetts Health and Educational Facilities Authority, Revenue (Suffolk University Issue)	6.25	7/1/30	5,000,000	5,497,000
Massachusetts Housing Finance Agency, Housing Revenue	7.00	12/1/38	4,575,000	4,807,822
Tender Option Bond Trust Receipts (Series 2016-XM0368), (Massachusetts Development Finance Agency, Revenue (Harvard University Issue)) Non-recourse	5.25	8/1/18	10,000,000	b,c 11,345,700
Tender Option Bond Trust Receipts (Series 2016-XM0372), (Massachusetts, Consolidated Loan) Non-recourse	5.00	4/1/19	6,400,000	b,c 7,257,600
Tender Option Bond Trust Receipts (Series 2016-XM0386), (University of Massachusetts Building Authority, Project and Refunding Revenue) Non-recourse	5.00	5/1/21	7,406,665	b,c 8,107,095
				39,933,442
Michigan - 5.1%				
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/31	3,780,000	4,023,130
Detroit, Water Supply System Senior Lien Revenue	5.00	7/1/36	3,290,000	3,464,534
Great Lakes Water Authority, Sewage Disposal System Second Lien Revenue	5.00	7/1/36	2,000,000	2,141,420
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	2,000,000	1,967,140
Michigan Finance Authority, Local Government Loan Program Revenue (Detroit Water and Sewerage Department, Water Supply System Revenue Senior Lien Local Project Bonds) (Insured; National Public Finance Guarantee Corp.)	5.00	7/1/36	1,000,000	1,078,410

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Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Michigan - 5.1% (continued)				
	7.50	1/1/21	2,295,000	2,240,677

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Michigan Strategic Fund, SWDR (Genesee Power Station Project) Royal Oak Hospital Finance Authority, HR (William Beaumont Hospital Obligated Group) (Prerefunded)	8.00	9/1/18	5,000,000 ^e	5,592,750
				20,508,061

Missouri - .6%

Missouri Health and Educational Facilities Authority, Revenue (Lutheran Senior Services Projects)	5.00	2/1/46	2,200,000	2,258,454
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New Jersey - 4.2%

Essex County Improvement Authority, SWDR (Covanta Project)	5.25	7/1/45	1,000,000 ^c	990,450
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.50	12/15/29	5,000,000	5,220,050
New Jersey Economic Development Authority, School Facilities Construction Revenue	5.25	6/15/40	4,250,000	4,299,470
New Jersey Economic Development Authority, Water Facilities Revenue (New Jersey - American Water Company, Inc. Project)	5.70	10/1/39	3,000,000	3,265,500
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	4.50	6/1/23	910,000	917,790
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	4.63	6/1/26	1,600,000	1,586,176
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/41	1,000,000	854,050
				17,133,486

New Mexico - 1.4%

Farmington, PCR (Public Service Company of New Mexico San Juan Project)	5.90	6/1/40	5,000,000	5,523,400
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New York - 14.8%

Barclays Capital Municipal Trust Receipts (Series 11 B), (New York City Transitional Finance Authority, Future Tax Secured Revenue) Recourse	5.00	5/1/30	4,488,203 ^{b,c}	4,827,041
Barclays Capital Municipal Trust Receipts (Series 7 B), (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Recourse	5.50	11/1/27	5,000,000 ^{b,c}	5,722,150

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STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
New York - 14.8% (continued)				
Long Island Power Authority, Electric System General Revenue (Prerefunded)	6.25	4/1/19	3,000,000 ^e	3,330,630
Metropolitan Transportation Authority, Transportation Revenue	6.25	11/15/23	1,715,000	1,879,486

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Metropolitan Transportation Authority, Transportation Revenue (Prerefunded)	6.25	11/15/18	60,000	e	65,924
Metropolitan Transportation Authority, Transportation Revenue (Prerefunded)	6.25	11/15/18	6,650,000	e	7,306,554
New York City Educational Construction Fund, Revenue	6.50	4/1/28	2,785,000		3,289,336
New York Liberty Development Corporation, Revenue (3 World Trade Center Project)	5.00	11/15/44	5,500,000	c	5,589,760
New York Transportation Development Corporation, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	5.00	8/1/31	500,000		508,140
Niagara Area Development Corporation, Solid Waste Disposal Facility Revenue (Covanta Energy Project)	5.25	11/1/42	2,000,000	c	2,017,500
Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project)	6.00	12/1/36	4,710,000		5,340,528
RIB Floater Trust (Barclays Bank PLC) (Series 16 U), (New York City Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue) Recourse	5.00	6/15/44	12,600,000	b,c	14,014,980
Tender Option Bond Trust Receipts (Series 2016-XM0370), (New York City Transitional Finance Authority, Future Tax Secured Subordinate Revenue) Non-recourse	5.25	11/1/18	5,000,000	b,c	5,660,700
					59,552,729

North Carolina - 2.8%

Barclays Capital Municipal Trust Receipts (Series 31 W), (North Carolina Medical Care Commission, Health Care Facilities Revenue (Duke University Health System)) Recourse	5.00	6/1/42	10,000,000	b,c	11,130,800
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Ohio - 6.3%

Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	5.88	6/1/30	2,000,000		1,692,260
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Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)		Value (\$)
Ohio - 6.3% (continued)					
Buckeye Tobacco Settlement Financing Authority, Tobacco Settlement Asset-Backed Bonds	6.50	6/1/47	11,285,000		10,200,963
Butler County, Hospital Facilities Revenue (UC Health)	5.50	11/1/40	3,000,000		3,337,530
Ohio Air Quality Development Authority, Air Quality Revenue (Ohio Valley Electric Corporation Project)	5.63	10/1/19	4,200,000		4,534,866
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	2,530,000	c	2,397,276
Southeastern Ohio Port Authority, Hospital Facilities Improvement Revenue (Memorial Health System Obligated Group Project)	6.00	12/1/42	2,000,000		2,194,260

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Southeastern Ohio Port Authority, Hospital Facilities Improvement Revenue (Memorial Health System Obligated Group Project)	5.00	12/1/43	1,000,000	1,011,830
				25,368,985

Oregon - .4%

Warm Springs Reservation Confederated Tribes, Hydroelectric Revenue (Pelton Round Butte Project)	6.38	11/1/33	1,500,000	1,622,325
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Pennsylvania - 3.1%

Crawford County Hospital Authority, HR (Meadville Medical Center Project)	6.00	6/1/46	1,000,000	982,360
Montgomery County Industrial Development Authority, Retirement Community Revenue (Adult Communities Total Services, Inc. Retirement - Life Communities, Inc. Obligated Group)	5.00	11/15/36	2,550,000	2,721,003
Philadelphia, GO	6.50	8/1/41	4,700,000	5,388,080
Tender Option Bond Trust Receipts (Series 2016-XM0373), (Geisinger Authority, Health System Revenue (Geisinger Health System)) Non-recourse	5.13	6/1/35	3,000,000	b,c 3,222,150
				12,313,593

Rhode Island - 1.4%

Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue (Lifespan Obligated Group Issue) (Insured; Assured Guaranty Corp.) (Prerefunded)	7.00	5/15/19	5,000,000	e 5,663,600
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STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
South Carolina - 2.8%				
Tender Option Bond Trust Receipts (Series 2016-XM0384), (South Carolina Public Service Authority, Revenue Obligations (Santee Cooper)) Non-recourse	5.13	6/1/37	10,200,000	b,c 11,216,940
Tennessee - 2.3%				
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University) (Prerefunded)	5.50	10/1/19	450,000	e 499,518
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University) (Prerefunded)	5.50	10/1/19	3,000,000	e 3,330,120
Metropolitan Government of Nashville and Davidson County Health and Educational Facilities Board, Revenue (The Vanderbilt University) (Prerefunded)	5.50	10/1/19	2,050,000	e 2,275,582
Tender Option Bond Trust Receipts (Series 2016-XM0388), (Metropolitan Government of Nashville and Davidson County, Water and Sewer Revenue) Non-recourse	5.00	7/1/21	3,000,000	b,c 3,297,750

9,402,970

Texas - 19.7%

Barclays Capital Municipal Trust Receipts (Series 28 W), (Leander Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program)) Recourse	5.00	8/15/40	9,997,299	b,c 10,796,949
Barclays Capital Municipal Trust Receipts (Series 39 W), (Texas A&M University System Board of Regents, Financing System Revenue) Recourse	5.00	5/15/39	13,160,000	b,c 14,394,013
Board of Managers, Joint Guadalupe County, Hospital Mortgage Improvement Revenue (City of Seguin Hospital)	5.00	12/1/45	1,000,000	1,003,960
Central Texas Regional Mobility Authority, Senior Lien Revenue	5.00	1/1/45	1,500,000	1,603,545
Clifton Higher Education Finance Corporation, Education Revenue (International Leadership of Texas)	5.75	8/15/45	2,500,000	2,511,650
Clifton Higher Education Finance Corporation, Education Revenue (Uplift Education)	4.50	12/1/44	2,500,000	2,377,750

14**Long-Term Municipal Investments - 142.4% (continued)****Texas - 19.7% (continued)**

	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System) (Prerefunded)	7.25	12/1/18	7,290,000	e 8,159,916
Harris County-Houston Sports Authority, Senior Lien Revenue (Insured; Assured Guaranty Municipal Corp.)	0.00	11/15/51	7,500,000	d 1,424,925
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.)	6.00	11/15/36	230,000	254,318
Houston, Combined Utility System First Lien Revenue (Insured; Assured Guaranty Corp.) (Prerefunded)	6.00	5/15/19	4,770,000	e 5,301,855
Love Field Airport Modernization Corporation, Special Facilities Revenue (Southwest Airlines Company - Love Field Modernization Program Project)	5.00	11/1/28	1,000,000	1,090,370
New Hope Cultural Education Facilities Finance Corporation, Retirement Facility Revenue (Westminster Project)	5.00	11/1/40	1,000,000	1,018,760
New Hope Cultural Education Facilities Finance Corporation, Student Housing Revenue (National Campus and Community Development Corporation - College Station Properties LLC - Texas A&M University Project)	5.00	7/1/35	500,000	515,620
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.)	5.75	1/1/40	1,575,000	1,645,781
North Texas Tollway Authority, First Tier System Revenue (Insured; Assured Guaranty Corp.) (Prerefunded)	5.75	1/1/18	8,500,000	e 8,918,795
	5.75	1/1/18	1,400,000	e 1,468,978

North Texas Tollway Authority, Second Tier System Revenue (Prerefunded) Tarrant County Cultural Education Facilities Finance Corporation, Retirement Facility Revenue (Buckingham Senior Living Community, Inc. Project)	5.50	11/15/45	3,000,000	3,146,910
Tender Option Bond Trust Receipts (Series 2016-XM0377), (San Antonio, Electric and Gas Systems Junior Lien Revenue) Non-recourse	5.00	2/1/21	12,450,000	b,c 13,665,867
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	13.03	7/2/24	150,000	f 157,662
				79,457,624

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STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Virginia - 3.7%				
Chesterfield County Economic Development Authority, Retirement Facilities First Mortgage Revenue (Brandermill Woods Project)	5.13	1/1/43	700,000	714,399
Henrico County Industrial Development Authority, Revenue (Bon Secours Health System, Inc.) (Insured; Assured Guaranty Municipal Corp.)	10.48	8/23/27	6,050,000	f 7,411,008
Newport News Economic Development Authority, Residential Care Facilities Revenue (LifeSpire of Virginia)	5.00	12/1/38	2,650,000	2,722,292
Virginia College Building Authority, Educational Facilities Revenue (Marymount University Project) (Green Bonds)	5.00	7/1/45	1,000,000	c 928,320
Washington County Industrial Development Authority, HR (Mountain States Health Alliance)	7.75	7/1/38	3,000,000	3,282,780
				15,058,799
Washington - 3.6%				
Barclays Capital Municipal Trust Receipts (Series 27 B), (King County, Sewer Revenue) Recourse	5.00	1/1/29	8,577,246	b,c 9,539,064
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA) (Prerefunded)	6.25	8/1/18	2,975,000	e 3,223,621
Washington Housing Finance Commission, Nonprofit Housing Revenue (Presbyterian Retirement Communities Northwest Projects)	5.00	1/1/51	1,700,000	c 1,569,678
				14,332,363
West Virginia - 1.4%				
The County Commission of Harrison County, SWDR (Allegheny Energy Supply Company, LLC Harrison Station	5.50	10/15/37	5,670,000	5,551,837

Project)

Wisconsin - 1.1%

Public Finance Authority of Wisconsin,

Lease Development Revenue (KU Campus Development Corporation - Central District Development Project)	5.00	3/1/46	4,000,000	4,325,880
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Long-Term Municipal Investments - 142.4% (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
U.S. Related - .6%				
Puerto Rico Commonwealth, Public Improvement GO (Insured; Assured Guaranty Municipal Corp.)	5.00	7/1/35	2,500,000	2,607,425
Total Investments (cost \$535,303,502)			142.4%	573,254,889
Liabilities, Less Cash and Receivables			(19.3%)	(77,724,270)
Preferred Stock, at redemption value			(23.1%)	(93,000,000)
Net Assets Applicable to Common Shareholders			100.0%	402,530,619

^a Zero coupon until a specified date at which time the stated coupon rate becomes effective until maturity.

^b Collateral for floating rate borrowings.

^c Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At November 30, 2016, these securities amounted to \$231,914,640, or 57.61% of net assets applicable to Common Shareholders.

^d Security issued with a zero coupon. Income is recognized through the accretion of discount.

^e These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.

^f Inverse floater security—the interest rate is subject to change periodically. Rate shown is the interest rate in effect at November 30, 2016.

Portfolio Summary (Unaudited) †	Value (%)
Education	24.9
Health Care	19.3
Prerefunded	19.2
Special Tax	18.4
Utility-Water and Sewer	14.0
Utility-Electric	13.6
Transportation Services	8.0
State/Territory	5.5
Asset-Backed	5.1
Industrial	4.4
Pollution Control	3.0
Resource Recovery	1.9
Housing	1.5
City	1.3
County	.4
Other	1.9

*†Based on net assets applicable to Common Shareholders.
See notes to financial statements.*

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Summary of Abbreviations (Unaudited)

ABAG	Association of Bay Area Governments	ACA	American Capital Access
AGC	ACE Guaranty Corporation	AGIC	Asset Guaranty Insurance Company
AMBAC	American Municipal Bond Assurance Corporation	ARRN	Adjustable Rate Receipt Notes
BAN	Bond Anticipation Notes	BPA	Bond Purchase Agreement
CIFG	CDC Ixis Financial Guaranty	COP	Certificate of Participation
CP	Commercial Paper	DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDR	Economic Development Revenue	EIR	Environmental Improvement Revenue
FGIC	Financial Guaranty Insurance Company	FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank	FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association	GAN	Grant Anticipation Notes
GIC	Guaranteed Investment Contract	GNMA	Government National Mortgage Association
GO	General Obligation	HR	Hospital Revenue
IDB	Industrial Development Board	IDC	Industrial Development Corporation
IDR	Industrial Development Revenue	LIFERS	Long Inverse Floating Exempt Receipts
LOC	Letter of Credit	LOR	Limited Obligation Revenue
LR	Lease Revenue	MERLOTS	Municipal Exempt Receipts Liquidity Option Tender
MFHR	Multi-Family Housing Revenue	MFMR	Multi-Family Mortgage Revenue
PCR	Pollution Control Revenue	PILOT	Payment in Lieu of Taxes
P-FLOATS	Puttable Floating Option Tax-Exempt Receipts	PUTTERS	Puttable Tax-Exempt Receipts

RAC	Revenue Anticipation Certificates	RAN	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	RIB	Residual Interest Bonds
ROCS	Reset Options Certificates	RRR	Resources Recovery Revenue
SAAN	State Aid Anticipation Notes	SBPA	Standby Bond Purchase Agreement
SFHR	Single Family Housing Revenue	SFMR	Single Family Mortgage Revenue
SONYMA	State of New York Mortgage Agency	SPEARS	Short Puttable Exempt Adjustable Receipts
SWDR	Solid Waste Disposal Revenue	TAN	Tax Anticipation Notes
TAW	Tax Anticipation Warrants	TRAN	Tax and Revenue Anticipation Notes
XLCA	XL Capital Assurance		

See notes to financial statements.

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STATEMENT OF ASSETS AND LIABILITIES

November 30, 2016

	Cost	Value
Assets (\$):		
Investments in securities—See Statement of Investments	535,303,502	573,254,889
Cash		7,566,245
Interest receivable		8,882,900
Prepaid expenses		16,523
		589,720,557
Liabilities (\$):		
Due to The Dreyfus Corporation and affiliates—Note 2(b)		275,682
Payable for floating rate notes issued—Note 3		93,368,507
Interest and expense payable related to floating rate notes issued—Note 3		349,387
Dividends payable to Preferred Shareholders		8,851
Commissions payable—Note 1		8,839
Accrued expenses		178,672
		94,189,938
Auction Preferred Stock, Series A, B and C, par value \$.001 per share (3,720 shares issued and outstanding at \$25,000 per share liquidation value)—Note 1		93,000,000
Net Assets Applicable to Common Shareholders (\$)		402,530,619
Composition of Net Assets (\$):		
Common Stock, par value, \$.001 per share (49,166,977 shares issued and outstanding)		49,167
Paid-in capital		412,818,303
Accumulated undistributed investment income—net		2,274,124

Accumulated net realized gain (loss) on investments	(50,562,362)
Accumulated net unrealized appreciation (depreciation) on investments	37,951,387
Net Assets Applicable to Common Shareholders (\$)	402,530,619
Shares Outstanding	
(110 million shares authorized)	49,166,977
Net Asset Value Per Share of Common Stock (\$)	8.19

See notes to financial statements.

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STATEMENT OF OPERATIONS

Year Ended November 30, 2016

Investment Income (\$):	
Interest Income	29,235,325
Expenses:	
Investment advisory fee—Note 2(a)	2,618,041
Administration fee—Note 2(a)	1,309,020
Interest and expense related to floating rate notes issued—Note 3	904,344
Commission fees—Note 1	184,437
Professional fees	137,791
Shareholders' reports	54,699
Registration fees	39,634
Directors' fees and expenses—Note 2(c)	38,072
Shareholder servicing costs	15,363
Custodian fees—Note 2(b)	1,545
Miscellaneous	47,720
Total Expenses	5,350,666
Less—reduction in expenses due to undertaking—Note 2(a)	(523,608)
Net Expenses	4,827,058
Investment Income—Net	24,408,267
Realized and Unrealized Gain (Loss) on Investments—Note 3 (\$):	
Net realized gain (loss) on investments	3,135,658
Net unrealized appreciation (depreciation) on investments	(22,112,828)
Net Realized and Unrealized Gain (Loss) on Investments	(18,977,170)
Dividends to Preferred Shareholders	(626,875)
	4,804,222

Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations

See notes to financial statements.

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STATEMENT OF CASH FLOWS

Year Ended November 30, 2016

Cash Flows from Operating Activities (\$):		
Interest received	30,283,455	
Operating expenses paid	(3,899,711)	
Dividends paid to Preferred Shareholders	(619,504)	
Purchases of portfolio securities	(67,292,267)	
Proceeds from sales of portfolio securities	70,108,389	
Net Cash Provided by Operating Activities		28,580,362
Cash Flows from Financing Activities (\$):		
Dividends paid to Common Shareholders	(23,705,890)	
Interest and expense related to floating rate notes issued paid	(764,131)	
Net Cash Used in Financing Activities		(24,470,021)
Increase in cash		4,110,341
Cash at beginning of period		3,455,904
Cash at end of period		7,566,245
Reconciliation of Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations to Net Cash Provided by Operating Activities (\$):		
Net Increase in Net Assets Applicable to Common Shareholders Resulting From Operations		4,804,222
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash provided by operating activities (\$):		
Decrease in investments in securities, at cost		5,768,204
Decrease in payable for investment securities purchased		(987,740)
Decrease in interest receivable		286,121
Increase in prepaid expenses		(7,959)
Increase in commissions payable and accrued expenses		30,718
Increase in Due to The Dreyfus Corporation and affiliates		244
Increase in dividends payable to Preferred Shareholders		7,371
Decrease in payable for floating rate notes issued		(5,100,000)
Interest and expense related to floating rate notes issued		904,344
Net unrealized depreciation on investments		22,112,828
Net amortization of premiums on investments		762,009
Net Cash Provided by Operating Activities		28,580,362

Supplemental disclosure of cash flow information (\$):

Reinvestment of dividends

752,977

*See notes to financial statements.***21**

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended November 30, 2016	2015
Operations (\$):		
Investment income—net	24,408,267	25,608,616
Net realized gain (loss) on investments	3,135,658	3,112,077
Net unrealized appreciation (depreciation) on investments	(22,112,828)	(3,155,212)
Dividends to Preferred Shareholders	(626,875)	(125,517)
Net Increase (Decrease) in Net Assets Applicable to Common Shareholders Resulting from Operations	4,804,222	25,439,964
Dividends to Common Shareholders from (\$):		
Investment income—net	(24,458,867)	(24,443,018)
Capital Stock Transactions (\$):		
Dividends reinvested	752,977	-
Increase (Decrease) in Net Assets from Capital Stock Transactions	752,977	-
Total Increase (Decrease) in Net Assets Applicable to Common Shareholders	(18,901,668)	996,946
Net Assets Applicable to Common Shareholders (\$):		
Beginning of Period	421,432,287	420,435,341
End of Period	402,530,619	421,432,287
Undistributed investment income—net	2,274,124	3,114,435
Capital Share Transactions (Common Shares):		
Shares issued for dividends reinvested	84,611	-

See notes to financial statements.

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FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements, and with respect to common stock, market price data for the fund's common shares.

	Year Ended November 30,				
	2016	2015	2014	2013	2012
Per Share Data (\$):					
Net asset value, beginning of period	8.59	8.57	7.94	9.30	8.10
Investment Operations:					
Investment income—net	.50	.52	.52	.53	.55
Net realized and unrealized gain (loss) on investments	(.39)	(.00) ^b	.68	(1.31)	1.23
Dividends to Preferred Shareholders from investment income—net	(.01)	(.00) ^b	(.00) ^b	(.01)	(.01)
Total from Investment Operations	.10	.52	1.20	(.79)	1.77
Distributions to Common Shareholders:					
Dividends from investment income—net	(.50)	(.50)	(.57)	(.57)	(.57)
Net asset value, end of period	8.19	8.59	8.57	7.94	9.30
Market value, end of period	8.07	7.95	7.88	7.31	9.79
Total Return (%)^c	7.55	7.41	15.77	(20.01)	24.46

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FINANCIAL HIGHLIGHTS (continued)

	Year Ended November 30,				
	2016	2015	2014	2013	2012
Ratios/Supplemental Data (%) :					
	1.24	1.19	1.21	1.24	1.23

Ratio of total expenses to average net assets applicable to Common Stock ^d					
Ratio of net expenses to average net assets applicable to Common Stock ^d	1.12	1.07	1.09	1.11	1.07
Ratio of interest and expense related to floating rate notes issued to average net assets applicable to Common Stock ^d	.21	.15	.16	.11	.10
Ratio of net investment income to average net assets applicable to Common Stock ^d	5.67	6.10	6.25	6.21	6.22
Ratio of total expenses to total average net assets	1.02	.98	.99	.94	.93
Ratio of net expenses to total average net assets	.92	.88	.89	.84	.81
Ratio of interest and expense related to floating rate notes issued to total average net assets	.17	.13	.13	.08	.07
Ratio of net investment income to total average net assets	4.66	4.99	5.07	4.70	4.69
Portfolio Turnover Rate	12.90	15.27	7.29	20.27	15.99
Asset Coverage of Preferred Stock, end of period	533	553	552	428	427
Net Assets, applicable to Common Shareholders, end of period (\$ x 1,000)	402,531	421,432	420,435	389,692	455,706
Preferred Stock Outstanding, end of period (\$ x 1,000)	93,000	93,000	93,000	118,800	139,500
Floating Rate Notes Outstanding, end of period (\$ x 1,000)	93,369	98,469	103,469	103,469	57,129

^a Based on average common shares outstanding.

^b Amount represents less than \$.01 per share.

^c Calculated based on market value.

^d Does not reflect the effect of dividends to Preferred Shareholders. See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—Significant Accounting Policies:

Dreyfus Strategic Municipal Bond Fund, Inc. (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified closed-end management investment company. The fund’s investment objective is to seek to maximize current income exempt from federal income tax to the extent consistent with the preservation of capital. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the fund’s investment adviser. The fund’s Common Stock trades on the New York Stock Exchange (the “NYSE”) under the ticker symbol DSM.

The fund has outstanding 1,240 shares each of Series A, Series B and Series C Auction Preferred Stock (“APS”), with a liquidation preference of \$25,000 per share (plus an amount equal to accumulated but unpaid dividends upon liquidation). APS dividend rates are determined pursuant to periodic auctions or by reference to a market rate. Deutsche Bank Trust Company America, as Auction Agent, receives a fee from the fund for its services in connection with such auctions. The fund also compensates broker-dealers generally at an annual rate of .15%-.25% of the purchase price of shares of APS.

The fund is subject to certain restrictions relating to the APS. Failure to comply with these restrictions could preclude the fund from declaring any distributions to shareholders of Common Stock (“Common Shareholders”) or repurchasing common shares and/or could trigger the mandatory redemption of APS at liquidation value. Thus, redemptions of APS may be deemed to be outside of the control of the fund.

The holders of APS, voting as a separate class, have the right to elect at least two directors. The holders of APS will vote as a separate class on certain other matters, as required by law. The fund’s Board of Directors (the “Board”) has designated Robin A. Melvin and Hans C. Mautner as directors to be elected by the holders of APS.

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS *(continued)*

The fund enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued each business day by an independent pricing service (the "Service") approved by the Board. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service

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based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of the following: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. All of the preceding securities are generally categorized within Level 2 of the fair value hierarchy.

The Service is engaged under the general supervision of the Board.

When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of November 30, 2016 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 -Significant Unobservable Inputs	Total
Assets (\$)				
Investments in Securities:				
Municipal Bonds [†]	-	573,254,889	-	573,254,889
Liabilities (\$)				
Floating Rate Notes ^{††}	-	(93,368,507)	-	(93,368,507)

[†]See *Statement of Investments for additional detailed categorizations.*

^{††}Certain of the fund's liabilities are held at carrying amount, which approximates fair value for financial reporting purposes.

At November 30, 2016, there were no transfers between levels of the fair value hierarchy.

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NOTES TO FINANCIAL STATEMENTS *(continued)*

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of premium on investments, is earned from settlement date and recognized on the accrual basis. Securities purchased or sold on a when issued or delayed delivery basis may be settled a month or more after the trade date.

(c) Dividends to Common Shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are normally declared and paid monthly. Dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

Common Shareholders will have their distributions reinvested in additional shares of the fund, unless such Common Shareholders elect to receive cash, at the lower of the market price or net asset value per share (but not less than 95% of the market price). If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price, Computershare Inc., the transfer agent for the fund's Common Stock, will buy fund shares in the open market and reinvest those shares accordingly.

On November 29, 2016, the Board declared a cash dividend of \$.0415 per share from investment income-net, payable on December 30, 2016 to Common Shareholders of record as of the close of business on December 14, 2016.

(d) Dividends to shareholders of APS: Dividends, which are cumulative, are generally reset every 7 days for each Series of APS pursuant to a process specified in related fund charter documents. Dividend rates as of November 30, 2016, for each Series of APS were as follows: Series A-0.950%, Series B-0.950% and Series C-0.950%. These rates reflect the "maximum rates" under the governing instruments as a result of "failed auctions" in which sufficient clearing bids are not received. The average dividend rates for the period ended November 30, 2016 for each Series of APS were as follows: Series A-0.67%, Series B-0.68% and Series C-0.67%.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, which can distribute tax-

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exempt dividends, by complying with the applicable provisions of the Code, and to make distributions of income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended November 30, 2016, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended November 30, 2016, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended November 30, 2016 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At November 30, 2016, the components of accumulated earnings on a tax basis were as follows: undistributed tax-exempt income \$3,879,325, accumulated capital losses \$51,158,155 and unrealized appreciation \$38,547,180.

Under the Regulated Investment Company Modernization Act of 2010 (the “2010 Act”), the fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 (“post-enactment losses”) for an unlimited period. Furthermore, post-enactment capital loss carryovers retain their character as either short-term or long-term capital losses rather than short-term as they were under previous statute. The 2010 Act requires post-enactment losses to be utilized before the utilization of losses incurred in taxable years prior to the effective date of the 2010 Act (“pre-enactment losses”). As a result of this ordering rule, pre-enactment losses may be more likely to expire unused.

The accumulated capital loss carryover is available for federal income tax purposes to be applied against future net realized capital gains, if any, realized subsequent to November 30, 2016. If not applied, \$20,261,695 of the carryover expires in fiscal year 2017, \$5,075,623 expires in fiscal year 2018 and \$21,871,958 expires in fiscal year 2019. The fund has \$1,169,276 of post-enactment short-term capital losses and \$2,779,603 of post-enactment long-term capital losses which can be carried forward for an unlimited period.

The tax character of distributions paid to shareholders during the fiscal periods ended November 30, 2016 and November 30, 2015 were as follows: tax-exempt income \$24,990,329 and \$24,397,001, and ordinary income \$95,413 and \$171,534, respectively.

During the period ended November 30, 2016, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization

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NOTES TO FINANCIAL STATEMENTS *(continued)*

adjustments, capital loss carryover expiration and dividend reclassification, the fund decreased accumulated undistributed investment income-net by \$162,836, increased accumulated net realized gain (loss) on investments by \$5,575,610 and decreased paid-in capital by \$5,412,774. Net assets and net asset value per share were not affected by

this reclassification.

NOTE 2—Investment Advisory Fee, Administration Fee and Other Transactions with Affiliates:

(a) Pursuant to an investment advisory agreement with Dreyfus, the management fee is computed at the annual rate of .50% of the value of the fund's average weekly net assets, inclusive of the outstanding APS, and is payable monthly. The fund also has an administration agreement with Dreyfus and a custody agreement with The Bank of New York Mellon (the "Custodian"), a subsidiary of BNY Mellon and an affiliate of Dreyfus. The fund pays in the aggregate for administration, custody and transfer agency services, a monthly fee based on an annual rate of .25% of the value of the fund's average weekly net assets, inclusive of the outstanding APS. All out-of-pocket transfer agency and custody expenses, including custody transaction expenses, are paid separately by the fund.

Dreyfus has currently undertaken, from December 1, 2015 through May 31, 2017, to waive receipt of a portion of the fund's investment advisory fee, in the amount of .10% of the value of the fund's average weekly net assets (including net assets representing APS outstanding). The reduction in expenses, pursuant to the undertaking, amounted to \$523,608 during the period ended November 30, 2016.

(b) The fund compensates the Custodian under a custody agreement for providing custodial services for the fund. These fees are determined based on transaction activity. During the period ended November 30, 2016, the fund was charged \$1,545 for out-of-pocket and custody transaction expenses, pursuant to the custody agreement.

The fund has an arrangement with the Custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

During the period ended November 30, 2016, the fund was charged \$5,778 for services performed by the Chief Compliance Officer and his staff.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: investment advisory fees \$208,305, Administration fees \$104,152, Custodian fees \$985 and Chief

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Compliance Officer fees \$3,901, which are offset against an expense reimbursement currently in effect in the amount of \$41,661.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 3—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended November 30, 2016, amounted to \$66,304,527 and \$70,108,389, respectively.

Inverse Floater Securities: The fund participates in secondary inverse floater structures in which fixed-rate, tax-exempt municipal bonds are transferred to a trust (the "Inverse Floater Trust"). The Inverse Floater Trust typically issues two variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals ("Trust Certificates"). A residual interest tax-exempt security is also created by the Inverse

Floater Trust, which is transferred to the fund, and is paid interest based on the remaining cash flows of the Inverse Floater Trust, after payment of interest on the other securities and various expenses of the Inverse Floater Trust. An inverse floater security may be collapsed without the consent of the fund due to certain termination events such as bankruptcy, default or other credit event.

The fund accounts for the transfer of bonds to the Inverse Floater Trust as secured borrowings, with the securities transferred remaining in the fund's investments, and the Trust Certificates reflected as fund liabilities in the Statement of Assets and Liabilities.

The fund may invest in inverse floater securities on either a non-recourse or recourse basis. These securities are typically supported by a liquidity facility provided by a bank or other financial institution (the "Liquidity Provider") that allows the holders of the Trust Certificates to tender their certificates in exchange for payment from the Liquidity Provider of par plus accrued interest on any business day prior to a termination event. When the fund invests in inverse floater securities on a non-recourse basis, the Liquidity Provider is required to make a payment under the liquidity facility due to a termination event to the holders of the Trust Certificates. When this occurs, the Liquidity Provider typically liquidates all or a portion of the municipal securities held in the Inverse Floater Trust. A liquidation shortfall occurs if the Trust Certificates exceed the proceeds of the sale of the bonds in the Inverse Floater Trust ("Liquidation Shortfall"). When a

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NOTES TO FINANCIAL STATEMENTS *(continued)*

fund invests in inverse floater securities on a recourse basis, the fund typically enters into a reimbursement agreement with the Liquidity Provider where the fund is required to repay the Liquidity Provider the amount of any Liquidation Shortfall. As a result, a fund investing in a recourse inverse floater security bears the risk of loss with respect to any Liquidation Shortfall.

The average amount of borrowings outstanding under the inverse floater structure during the period ended November 30, 2016 was approximately \$93,793,500, with a related weighted average annualized interest rate of .96%.

At November 30, 2016, the cost of investments for federal income tax purposes was \$441,339,202; accordingly, accumulated net unrealized appreciation on investments was \$38,547,180, consisting of \$42,083,028 gross unrealized appreciation and \$3,535,848 gross unrealized depreciation.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors Dreyfus Strategic Municipal Bond Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Dreyfus Strategic Municipal Bond Fund, Inc., including the statement of investments, as of November 30, 2016, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended,

and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2016 by correspondence with the custodian and others. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus Strategic Municipal Bond Fund, Inc. at November 30, 2016, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

New York, New York
January 26, 2017

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ADDITIONAL INFORMATION (Unaudited)

Dividend Reinvestment Plan

Under the fund's Dividend Reinvestment Plan (the "Plan"), a Common Shareholder who has fund shares registered in his or her name will have all dividends and distributions reinvested automatically by Computershare Trust Company, N.A., as Plan administrator (the "Administrator"), in additional shares of the fund at the lower of prevailing market price or net asset value (but not less than 95% of market value at the time of valuation) unless such Common Shareholder elects to receive cash as provided below. If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price or if a cash dividend only is declared, the Administrator, as agent for the Plan participants, will buy fund shares in the open market. A Plan participant is not relieved of any income tax that may be payable on such dividends or distributions.

A Common Shareholder who owns fund shares registered in nominee name through his or her broker/dealer (i.e., in "street name") may not participate in the Plan, but may elect to have cash dividends and distributions reinvested by his or her broker/dealer in additional shares of the fund if such service is provided by the broker/dealer; otherwise such dividends and distributions will be treated like any other cash dividend.

A Common Shareholder who has fund shares registered in his or her name may elect to withdraw from the Plan at any time for a \$5.00 fee and thereby elect to receive cash in lieu of shares of the fund. Changes in elections must be in

writing, sent to The Bank of New York Mellon, c/o Computershare Inc., P.O. Box 30170, College Station, TX 77842-3170, should include the Common Shareholder's name and address as they appear on the Administrator's records and will be effective only if received more than fifteen days prior to the record date for any distribution.

The Administrator maintains all Common Shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account. Shares in the account of each Plan participant will be held by the Administrator in non-certificated form in the name of the participant, and each such participant's proxy will include those shares purchased pursuant to the Plan.

The fund pays the Administrator's fee for reinvestment of dividends and distributions. Plan participants pay a pro rata share of brokerage commissions incurred with respect to the Administrator's open market purchases in connection with the reinvestment of dividends or distributions.

The fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to Plan participants at least 90 days before the record date for such dividend or

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distribution. The Plan also may be amended or terminated by the Administrator on at least 90 days' written notice to Plan participants.

Level Distribution Policy

The fund's dividend policy is to distribute substantially all of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the fund, the fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the fund for any particular month may be more or less than the amount of net investment income earned by the fund during such month.

Benefits and Risks of Leveraging

The fund utilizes leverage to seek to enhance the yield and net asset value of its Common Stock. These objectives cannot be achieved in all interest rate environments. To leverage, the fund issues APS and floating rate certificate securities, which pay dividends or interest at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the fund's Common Stock. In order for either of these forms of leverage to benefit Common Shareholders, the yield curve must be positively sloped: that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Shareholders. If either of these conditions change along with other factors that may have an effect on APS dividends or floating rate certificate securities, then the risk of leveraging will begin to outweigh the benefits.

Supplemental Information

During the period ended November 30, 2016, there were (i) no material changes in the fund's investment objectives or fundamental investment policies, and (ii) no changes in the fund's charter or by-laws that would delay or prevent a change of control of the fund. Effective July 25, 2016, Daniel A. Rabasco was appointed co-primary portfolio manager, replacing Daniel Barton. Mr. Rabasco, CFA, Chief Investment Officer at Standish, has been employed as a

portfolio manager at Standish since 1998.

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IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby reports all the dividends paid from investment income-net during its fiscal year ended November 30, 2016 as “exempt-interest dividends” (not generally subject to regular federal income tax), except \$95,413 that is being reported as an ordinary income distribution for reporting purposes. Where required by federal tax law rules, shareholders will receive notification of their portion of the fund’s taxable ordinary dividends (if any), capital gains distributions (if any) and tax-exempt dividends paid for the 2016 calendar year on Form 1099-DIV, which will be mailed in early 2017.

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PROXY RESULTS (Unaudited)

Common Shareholders and holders of APS voted together as a single class (except as noted below) on the following proposal presented at the annual shareholders’ meeting held on June 14, 2016.

	Shares	
	For	Authority Withheld
To elect three Class II Directors:		
Ehud Houminer [†]	41,828,875	2,123,202
Gordon J. Davis [†]	41,944,066	2,008,011
Robin A. Melvin ^{††}	2,713	65
To elect two Class III Directors:		
Benaree Pratt Wiley ^{†††}	41,831,587	2,120,490
Hans C. Mautner ^{††}	2,713	65

[†]The terms of these Class II Directors expire in 2019.

^{††}Elected solely by APS holders; Common Shareholders not entitled to vote. The terms of these Class II and Class III Directors expire in 2018 and 2017, respectively.

^{†††}The term of this Class III Director expires in 2018.

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INFORMATION ABOUT THE RENEWAL OF THE FUND’S INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a meeting of the fund's Board of Directors held on November 7-8, 2016, the Board considered the renewal of the fund's Investment Advisory Agreement and Administration Agreement, pursuant to which Dreyfus provides the fund with investment advisory services and administrative services (together, the "Agreement"). The Board members, a majority of whom are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from Dreyfus representatives. In considering the renewal of the Agreement, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus representatives noted that the fund is a closed-end fund without daily inflows and outflows of capital, and provided the fund's asset size.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered Dreyfus' extensive administrative, accounting and compliance infrastructures.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended September 30, 2016, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed the results of the comparisons and noted that the fund's total return performance on a net asset value

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basis was at or below the Performance Group and Performance Universe medians for the various periods, except for the two-year period when the fund's performance was above the Performance Universe median. The Board noted that the fund's total return performance on a market price basis was below the Performance Group and Performance Universe medians for all periods, except for the one-year period when the fund's performance was above the Performance Group and Performance Universe medians.

The Board also noted that the fund's yield performance on a net asset value basis was at or above the Performance Group medians for seven of the ten one-year periods ended September 30, and above the Performance Universe medians for nine of the ten one-year periods, and on a market price basis was at or above the Performance Group medians for seven of the ten one-year periods ended September 30 and above the Performance Universe medians for seven of the ten one-year periods. The Board noted the proximity to the Performance Group and/or Performance Universe median in several periods when the fund's total return and/or yield performance was below the median, on a net asset value and/or market price basis. Dreyfus also provided a comparison of the fund's calendar year total returns

to the returns of the fund's Broadridge category average, noting that the fund's total returns were higher than the Broadridge category average for six of the ten calendar years shown.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board noted that, based on common assets alone, the fund's contractual management fee was above the Expense Group median and the fund's actual management fee and total expenses were below the Expense Group and Expense Universe medians. The Board noted that, based on common and leveraged assets together, the fund's actual management fee was above the Expense Group and Expense Universe medians and the fund's total expenses were below the Expense Group and Expense Universe medians.

Dreyfus representatives noted that Dreyfus has agreed to extend its agreement to waive receipt of a portion of the fund's investment advisory fee, in the amount of .10% of the value of the fund's average weekly net assets, including the net assets representing auction preferred stock outstanding through May 31, 2017.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Broadridge category as the fund and (2) paid to Dreyfus or the Dreyfus-affiliated primary employer of the fund's primary portfolio manager(s) for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors, noting that the fund is a closed-end fund. The Board considered the relevance

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INFORMATION ABOUT THE RENEWAL OF THE FUND'S INVESTMENT ADVISORY AGREEMENT (Unaudited) *(continued)*

of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also noted the fee waiver arrangement and its effect on the profitability of Dreyfus and its affiliates. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered, on the advice of its counsel, the profitability analysis (1) as part of its evaluation of whether the fees under the Agreement, considered in relation to the mix of services provided by Dreyfus, including the nature, extent and quality of such services, supported the renewal of the Agreement and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Dreyfus representatives noted that because the fund is a closed-end fund without daily inflows and outflows of capital, there were not at this time significant economies of scale to be realized by Dreyfus in managing the fund's assets. Dreyfus representatives also noted that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in

complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus from acting as investment adviser and noted that there were no soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreement. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus are adequate and appropriate.
- The Board generally was satisfied with the fund's overall performance, but noted issues with the fund's relative total return performance which would continue to be monitored.

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- The Board concluded that the fee paid to Dreyfus supported the renewal of the Agreement in light of the considerations described above.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreement, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates, of the fund and the services provided to the fund by Dreyfus. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreement, including information on the investment performance of the fund in comparison to similar funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of prior or similar agreements during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the same or similar arrangements in prior years. The Board determined to renew the Agreement.

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BOARD MEMBERS INFORMATION (Unaudited)

INDEPENDENT BOARD MEMBERS

Joseph S. DiMartino (73)

Chairman of the Board (1995)

Current term expires in 2018.

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1995-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

No. of Portfolios for which Board Member Serves: 135

Joni Evans (74)

Board Member (2006)

Current term expires in 2018.

Principal Occupation During Past 5 Years:

- Chief Executive Officer, www.wowOwow.com, an online community dedicated to women's conversations and publications (2007-present)
- Principal, Joni Evans Ltd. (publishing) (2006-present)

No. of Portfolios for which Board Member Serves: 24

Ehud Houminer (76)

Board Member (1994)

Current term expires in 2019.

Principal Occupation During Past 5 Years:

- Executive-in-Residence at the Columbia Business School, Columbia University (1992-present)

Other Public Company Board Memberships During Past 5 Years:

- Avnet, Inc., an electronics distributor, Director (1993-2012)

No. of Portfolios for which Board Member Serves: 59

Hans C. Mautner (79)

Board Member (1987)

Current term expires in 2017.

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1978-present)

No. of Portfolios for which Board Member Serves: 24

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Robin A. Melvin (53)

Board Member (1995)

Current term expires in 2018.

Principal Occupation During Past 5 Years:

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois; (2014-present; board member since 2013)
- Director, Boisi Family Foundation, a private family foundation that supports youth-serving organizations that promote the self sufficiency of youth from disadvantaged circumstances (1995-2012)

No. of Portfolios for which Board Member Serves: 107

Burton N. Wallack (66)

Board Member (2006)

Current term expires in 2017.

Principal Occupation During Past 5 Years:

- President and Co-owner of Wallack Management Company, a real estate management company (1987-present)

No. of Portfolios for which Board Member Serves: 24

Benaree Pratt Wiley (70)

Board Member (1989)

Current term expires in 2018.

Principal Occupation During Past 5 Years:

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (2008-present)

No. of Portfolios for which Board Member Serves: 86

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BOARD MEMBERS INFORMATION (Unaudited) (continued)
INTERESTED BOARD MEMBER

Gordon J. Davis (75)

Board Member (2006)

Current term expires in 2019.

Principal Occupation During Past 5 Years:

- Partner in the law firm of Venable LLP (2012-present)
- Partner in the law firm of Dewey & LeBoeuf LLP (1994-2012)

Other Public Company Board Memberships During Past 5 Years:

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

No. of Portfolios for which Board Member Serves: 58

Gordon J. Davis is deemed to be an “interested person” (as defined under the Act) of the fund as a result of his affiliation with Venable LLP, which provides legal services to the fund.

The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166.

William Hodding Carter III, Emeritus Board Member

Arnold S. Hiatt, Emeritus Board Member

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OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Executive Vice President of MBSC Securities Corporation since June 2007. He is an officer of 64 investment companies (comprised of 135 portfolios) managed by the Manager. He is 58 years old and has been an employee of the Manager since February 1988.

BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 45 years old and has been an employee of the Manager since June 2015.

JANETTE E. FARRAGHER, Vice President and Secretary since December 2011.

Associate General Counsel of BNY Mellon, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. She is 53 years old and has been an employee of the Manager since February 1984.

JAMES BITETTO, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since December 1996.

JONI LACKS CHARATAN, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. She is 61 years old and has been an employee of the Manager since October 1988.

JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 55 years old and has been an employee of the Manager since June 2000.

MAUREEN E. KANE, Vice President and Assistant Secretary since April 2015.

Managing Counsel of BNY Mellon since July 2014; from October 2004 until July 2014, General Counsel, and from May 2009 until July 2014, Chief Compliance Officer of Century Capital Management. She is an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. She is 54 years old and has been an employee of the Manager since July 2014.

SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.

Senior Counsel of BNY Mellon since March 2013, from August 2005 to March 2013, Associate General Counsel of Third Avenue Management. She is an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. She is 41 years old and has been an employee of the Manager since March 2013.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Senior Managing Counsel of BNY Mellon, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since October 1990.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 58 years old and has been an employee of the Manager since April 1985.

RICHARD CASSARO, Assistant Treasurer since January 2008.

Senior Accounting Manager – Money Market, Municipal Bond and Equity Funds of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 57 years old and has been an employee of the Manager since September 1982.

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OFFICERS OF THE FUND (Unaudited) *(continued)*

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 48 years old and has been an employee of the Manager since April 1991.

ROBERT S. ROBOL, Assistant Treasurer since August 2005.

Senior Accounting Manager of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since October 1988.

ROBERT SALVILOLO, Assistant Treasurer since May 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since August 2005.

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 65 investment companies (comprised of 160 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager and The Dreyfus Family of Funds (65 investment companies, comprised of 160 portfolios). He is 59 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

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OFFICERS AND DIRECTORS

Dreyfus Strategic Municipal Bond Fund, Inc.

200 Park Avenue
New York, NY 10166

Directors

Joseph S. DiMartino, Chairman
Gordon J. Davis[†]
Joni Evans
Ehud Houminer
Hans C. Mautner^{††}
Robin A. Melvin^{††}
Burton N. Wallack

Officers (continued)

Assistant Treasurers (continued)
Robert Salviolo
Robert Svagna
Chief Compliance Officer
Joseph W. Connolly
Portfolio Managers
Daniel A. Rabasco

Benaree Pratt Wiley

Jeffrey B. Burger

†Interested Board Member

†Elected by APS Holders

Officers

President

Bradley J. Skapyak

Chief Legal Officer

Bennett A. MacDougall

Vice President and Secretary

Janette E. Farragher

Vice President and Secretaries

James Bitetto

Joni Lacks Charatan

Joseph M. Chioffi

Maureen E. Kane

Sarah S. Kelleher

Jeff Prusnofsky

Treasurer

James Windels

Assistant Treasurers

Richard Cassaro

Gavin C. Reilly

Robert S. Robol

Investment Adviser and Administrator

The Dreyfus Corporation

Custodian

The Bank of New York Mellon

Counsel

Stroock & Stroock & Lavan LLP

Transfer Agent,

Dividend -Paying Agent

Disbursing Agent and Registrar

Computershare Inc.

(Common Stock)

Deutsche Bank Trust Company America

(Auction Preferred Stock)

Auction Agent

Deutsche Bank Trust Company America

(Auction Preferred Stock)

Stock Exchange Listing

NYSE Symbol: DSM

Initial SEC Effective Date

11/22/89

The fund's net asset value per share appears in the following publications: Barron's, Closed-End Bond Funds section under the heading "Municipal Bond Funds" every Monday;