

DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST  
Form N-Q  
October 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

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Investment Company Act file number: 811-05767

Deutsche Strategic Municipal Income Trust

(Exact name of registrant as specified in charter)

345 Park Avenue  
New York, NY 10154-0004

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue  
New York, NY 10154-0004

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 250-3220

Date of fiscal year end: 11/30

Date of reporting period: 8/31/2017

**ITEM 1. SCHEDULE OF INVESTMENTS**

Investment Portfolio

as of August 31, 2017 (Unaudited)

**Deutsche Strategic Municipal Income Trust**

	Principal Amount (\$)	Value (\$)
Municipal Bonds and Notes 137.8%		
Alabama 0.3%		
Alabama, UAB Medicine Finance Authority Revenue, Series B2, 5.0%, 9/1/2041	325,000	<b>376,636</b>
Arizona 1.2%		
Maricopa County, AZ, Pollution Control Corp. Revenue, El Paso Electric Co. Project, Series B, 7.25%, 4/1/2040	1,570,000	<b>1,711,944</b>
California 15.9%		
California, Golden State Tobacco Securitization Corp., Tobacco Settlement, Series A-1, 5.75%, 6/1/2047	470,000	469,958
California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, Prerefunded, 6.0%, 7/1/2034	1,000,000	1,093,860
California, M-S-R Energy Authority, Series B, 7.0%, 11/1/2034, GTY: Citigroup, Inc.	1,310,000	1,895,688
California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028	1,000,000	1,020,830
California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029	1,425,000	1,574,568
California, State General Obligation: 5.0%, 11/1/2043	1,500,000	1,755,060

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5.25%, 4/1/2035	1,230,000	1,445,484
5.5%, 3/1/2040	1,000,000	1,106,730
5.75%, 4/1/2031	1,000,000	1,077,190
6.0%, 4/1/2038	1,000,000	1,078,300
6.5%, 4/1/2033	1,950,000	2,128,347
California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, Prerefunded, 6.375%, 11/1/2034	1,000,000	1,119,730
California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, 6.125%, 4/1/2028	2,000,000	2,165,480
California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center:		
Series A, 5.25%, 12/1/2044	195,000	212,501
Series A, 144A, 5.25%, 12/1/2056	735,000	807,920
Series A, 5.5%, 12/1/2054	195,000	214,525
Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048	1,000,000	1,135,600
San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041	500,000	585,200
San Francisco City & County, CA, Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044	1,000,000	1,127,720
San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050	445,000	490,639
		22,505,330
Colorado 3.1% Colorado, High Performance Transportation Enterprise Revenue, C-470 Express Lanes, 5.0%, 12/31/2056	225,000	249,395
Colorado, Park Creek Metropolitan District Revenue, Senior Ltd. Property Tax Supported, Series A, 5.0%, 12/1/2045	235,000	256,538
Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill	635,000	809,930

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Lynch & Co., Inc.

Colorado, Regional Transportation

District, Sales Tax Revenue, Series	385,000	423,827
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B, 4.0%, 11/1/2035

Colorado, State Health Facilities

Authority Revenue, Covenant

Retirement Communities:

Series A, 5.0%, 12/1/2033	440,000	473,783
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Series A, 5.0%, 12/1/2035	250,000	274,005
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Colorado, State Health Facilities

Authority Revenue, School Health	1,000,000	1,164,490
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Systems, Series A, 5.5%, 1/1/2035

Denver, CO, City & County

Airport Revenue, Series A, AMT,	600,000	668,700
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5.25%, 11/15/2043

4,320,668

Connecticut 1.6%

Connecticut, Harbor Point

Infrastructure Improvement

District, Special Obligation	2,000,000	2,220,000
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Revenue, Harbor Point Project,

Series A, 7.875%, 4/1/2039

Connecticut, Mashantucket

Western Pequot Tribe Bond,	2,672,979	102,268
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6.05%, 7/1/2031\* (PIK)

2,322,268

District of Columbia 1.1%

District of Columbia, Ingleside

Rock Creek Project:

Series A, 5.0%, 7/1/2042	130,000	132,521
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Series A, 5.0%, 7/1/2052	195,000	198,169
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District of Columbia, Metropolitan

Airport Authority Systems

Revenue:

Series A, AMT, 5.0%, 10/1/2038	200,000	223,974
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Series A, AMT, 5.0%, 10/1/2043	850,000	946,364
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1,501,028

Florida 11.0%

Collier County, FL, Industrial

Development Authority,

Continuing Care Community	500,000	556,980
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Revenue, Arlington of Naples

Project, Series A, 8.125%,

5/15/2044

455,000	456,356
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Florida, Capital Region Community Development District, Capital Improvement Revenue, Series A, 7.0%, 5/1/2039		
Florida, Middle Village Community Development District, Special Assessment, Series A, 6.0%, 5/1/2035	900,000	771,651
Florida, Tolomato Community Development District, Special Assessment:		
Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040	250,000	155,395
Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040	150,000	78,180
Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040	110,000	66,198
Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040	55,000	24,547
5.4%, 5/1/2037	1,390,000	1,390,097
Series 1, 6.55%, 5/1/2027	10,000	10,040
Series 3, 6.55%, 5/1/2027 *	130,000	1
Series A-1, 6.55%, 5/1/2027	170,000	170,080
Series A-2, 6.61%, 5/1/2039	50,000	50,002
Series 2015-3, 6.61%, 5/1/2040 *	165,000	2
Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042	150,000	167,631
Greater Orlando, FL, Aviation Authority Airport Facilities Revenue:		
Series A, AMT, 5.0%, 10/1/2042 (a)	620,000	720,000
Series A, AMT, 5.0%, 10/1/2047 (a)	400,000	462,284
Martin County, FL, Health Facilities Authority, Martin	335,000	368,818

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Memorial Medical Center, 5.5%, 11/15/2042		
Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044	500,000	544,385
Miami-Dade County, FL, Aviation Revenue:		
Series A, AMT, 5.0%, 10/1/2031	30,000	33,726
Series B, AMT, 5.0%, 10/1/2040	470,000	546,812
Series A, 5.5%, 10/1/2041	3,000,000	3,257,640
Miami-Dade County, FL, Health Facilities Authority Hospital Revenue, Nicklaus Children's Hospital, 5.0%, 8/1/2047	665,000	761,146
Orange County, FL, Housing Finance Authority, Post Fountains Project, 0.81% **, 9/7/2017, LIQ: Fannie Mae	365,000	365,000
Orlando & Orange County, FL, Expressway Authority Revenue, Series C, Prerefunded, 5.0%, 7/1/2035	830,000	922,752
Tallahassee, FL, Health Facilities Revenue, Memorial Healthcare, Inc. Project, Series A, 5.0%, 12/1/2055	150,000	162,084
Tampa-Hillsborough County, FL, Expressway Authority:		
Series A, 5.0%, 7/1/2031	1,500,000	1,723,455
Series A, 5.0%, 7/1/2037	1,590,000	1,807,099
		15,572,361
Georgia 5.9%		
Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033	1,000,000	1,109,390
Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037	375,000	410,194
Atlanta, GA, Development Authority, Senior Health Care Facilities Revenue, Proton Treatment Center, Series A-1, 6.5%, 1/1/2029	225,000	234,074
Atlanta, GA, Tax Allocation, Beltline Project, Series B, Prerefunded, 7.375%, 1/1/2031	1,000,000	1,086,450

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Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034	1,000,000	1,114,900
Cobb County, GA, Kennestone Hospital Authority, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047	175,000	198,181
DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036	1,000,000	1,143,810
Fulton County, GA, Development Authority Hospital Revenue, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047	210,000	238,566
Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project:		
Series A, 5.25%, 8/15/2049	100,000	115,522
Series A, 5.5%, 8/15/2054	180,000	212,882
Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc.	1,220,000	1,451,410
Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, Prerefunded, 6.5%, 8/1/2038, INS: AGC	1,000,000	1,051,640
		8,367,019
Guam 1.7%		
Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039	1,000,000	1,132,010
Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043	215,000	245,435
Guam, Power Authority Revenue, Series A, 5.5%, 10/1/2030	1,000,000	1,072,540
		2,449,985
Hawaii 1.7%		
Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2, Prerefunded, 6.625%, 11/15/2039	1,000,000	1,124,200

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Hawaii, State Airports Systems Revenue, Series A, AMT, 5.0%, 7/1/2041	695,000	793,454
Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039	500,000	540,785
		2,458,439
Idaho 0.2%		
Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037	305,000	<b>322,745</b>
Illinois 8.5%		
Chicago, IL, General Obligation, Series A, 6.0%, 1/1/2038	455,000	526,426
Chicago, IL, O'Hare International Airport Revenue:		
Series C, AMT, 5.0%, 1/1/2046	1,000,000	1,117,480
Series B, Prerefunded, 6.0%, 1/1/2041	2,000,000	2,323,420
Chicago, IL, O'Hare International Airport Revenue, Senior Lien, Series D, AMT, 5.0%, 1/1/2047	415,000	470,901
Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037	2,000,000	2,000,200
Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, 8.0%, 5/15/2040	1,000,000	1,108,840
Illinois, Metropolitan Pier & Exposition Authority, Dedicated State Tax Revenue, Capital Appreciation-McCormick, Series A, Zero Coupon, 6/15/2036, INS: NATL	3,000,000	1,376,430
Illinois, Railsplitter Tobacco Settlement Authority, 6.0%, 6/1/2028	365,000	416,359
Illinois, State Finance Authority Revenue, OSF Healthcare Systems, Series A, 5.0%, 11/15/2045	525,000	578,749
Illinois, State Finance Authority Revenue, Park Place of Elmhurst Project, Series C, 2.0%, 5/15/2055	150,000	6,345
*		
Illinois, State Finance Authority Revenue, Three Crowns Park Obligated Group, 5.25%,	325,000	343,853



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2/15/2047

Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, 5.0%, 12/1/2030	1,000,000	1,114,450
Illinois, State General Obligation, 5.0%, 2/1/2029	225,000	245,716
Springfield, IL, Electric Revenue, Senior Lien, 5.0%, 3/1/2040, INS: AGMC	385,000	433,071
		12,062,240

Indiana 4.3%

Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039	525,000	571,321
Indiana, State Finance Authority Revenue, BHI Senior Living Obligated Group, Series A, 5.25%, 11/15/2046	365,000	407,271
Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041	1,000,000	1,092,410
Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043	460,000	521,092
Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037	1,330,000	1,572,339
Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.)	780,000	937,014
Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, Prerefunded, 5.7%, 9/1/2037	1,000,000	1,000,000

6,101,447

Iowa 0.7%

Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, Prerefunded, 6.5%, 11/15/2027	1,000,000	<b>1,011,770</b>
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Kansas 0.2%

Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project, Prerefunded, 7.25%, 5/15/2039	300,000	<b>331,734</b>
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Kentucky 3.3%

Kentucky, Economic Development Finance Authority, Hospital	2,000,000	2,295,440
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Facilities Revenue, Owensboro Medical Health Systems, Series A, Prerefunded, 6.5%, 3/1/2045		
Kentucky, Economic Development Finance Authority, Louisville	365,000	372,574
Arena Project Revenue, Series A-1, 6.0%, 12/1/2033, INS: AGC		
Kentucky, Public Transportation Infrastructure Authority Toll	1,440,000	1,634,025
Revenue, 1st Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053		
Kentucky, State Economic Development Finance Authority, Owensboro Health, Inc. Obligated Group:		
Series A, 5.0%, 6/1/2045	130,000	141,279
Series A, 5.25%, 6/1/2041	190,000	213,083
		4,656,401
Louisiana 2.4%		
Louisiana, Local Government Environmental Facilities, Community Development	1,000,000	1,007,580
Authority Revenue, 6.75%, 11/1/2032		
Louisiana, New Orleans Aviation Board, General Airport North	140,000	159,219
Terminal, Series B, AMT, 5.0%, 1/1/2048		
Louisiana, Public Facilities Authority Revenue, Ochsner Clinic	1,000,000	1,130,390
Foundation Project, 5.0%, 5/15/2046		
Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp.,	950,000	949,924
Series A, 5.125%, 6/1/2037		
Louisiana, Tobacco Settlement Financing Corp. Revenue, Series	180,000	197,217
A, 5.25%, 5/15/2035		3,444,330
Maine 0.8%		
Maine, Health & Higher Educational Facilities Authority	1,000,000	<b>1,098,630</b>
Revenue, Maine General Medical Center, 6.75%, 7/1/2036		
Maryland 4.0%		
Maryland, Economic Development Corp., Pollution Control Revenue,	1,500,000	1,619,250
Potomac Electric Power Co., 6.2%, 9/1/2022		

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Maryland, State Health & Higher Educational Facilities Authority Revenue, Adventist Healthcare Obligated Group, Series A, 5.5%, 1/1/2046	375,000	430,717
Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%, 7/1/2039	500,000	553,740
Maryland, State Health & Higher Educational Facilities Authority Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040	1,000,000	1,105,550
Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital:		
Prerefunded, 5.75%, 1/1/2033	500,000	508,300
Prerefunded, 6.0%, 1/1/2028	1,385,000	1,409,141
		5,626,698
Massachusetts 2.2%		
Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility:		
Series B, 11/15/2056 *	505,485	11,854
Series A-2, 5.5%, 11/15/2046	100,000	97,578
Series A-1, 6.25%, 11/15/2039	1,903,948	1,974,470
Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037	950,000	952,308
		3,036,210
Michigan 5.6%		
Detroit, MI, Water & Sewerage Department, Sewerage Disposal System Revenue, Series A, 5.25%, 7/1/2039	280,000	311,735
Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037	1,000,000	1,117,280
Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036	1,000,000	1,000,460

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Michigan, State Building Authority  
Revenue, Facilities Program:

Series I, 5.0%, 4/15/2038	775,000	892,606
Series I-A, 5.5%, 10/15/2045	2,000,000	2,271,280

Michigan, State Finance Authority  
Revenue, Detroit Water & Sewer,  
Series C-3, 5.0%, 7/1/2033, INS:  
AGMC

180,000	205,308
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Michigan, State Finance Authority  
Revenue, Detroit Water & Sewer  
Department, Series C, 5.0%,  
7/1/2035

90,000	100,878
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Royal Oak, MI, Hospital Finance  
Authority Revenue, William  
Beaumont Hospital, Prerefunded,  
8.25%, 9/1/2039

1,000,000	1,074,510
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Tawas City, MI, Hospital Finance  
Authority, St. Joseph Health  
Services, Series A, ETM, 5.75%,  
2/15/2023

860,000	863,629
	7,837,686

Minnesota 0.8%

Minneapolis, MN, Health Care  
Systems Revenue, Fairview Health  
Services, Series A, Prerefunded,  
6.75%, 11/15/2032

1,000,000	<b>1,070,820</b>
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Mississippi 1.1%

Lowndes County, MS, Solid Waste  
Disposal & Pollution Control  
Revenue, Weyerhaeuser Co.  
Project, Series A, 6.8%, 4/1/2022

250,000	290,973
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Mississippi, Business Finance  
Corp., Pollution Control Revenue,  
Systems Energy Resources, Inc.  
Project, 5.875%, 4/1/2022

620,000	625,840
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Mississippi, State Business Finance  
Corp., Solid Waste Disposal  
Revenue, Waste Pro U.S.A., Inc.  
Project, AMT, 144A, 5.0%,  
Mandatory Put 8/1/2022 @ 100,  
2/1/2036

145,000	148,843
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Warren County, MS, Gulf  
Opportunity Zone, International  
Paper Co., Series A, 6.5%,  
9/1/2032

435,000	456,528
	1,522,184

Missouri 1.2%

Missouri, State Health &  
Educational Facilities Authority

65,000	71,061
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Revenue, Medical Research, Lutheran Senior Services, Series A, 5.0%, 2/1/2046		
Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048	150,000	165,042
St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, St. Andrews Resources for Seniors Obligated Group, Series A, 5.125%, 12/1/2045	365,000	387,138
St. Louis, MO, Airport Revenue, Series C, 5.0%, 7/1/2047, INS: AGMC	500,000	581,355
St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034	415,000	454,620
		1,659,216
Nebraska 0.4%		
Douglas County, NE, Hospital Authority No.2, Health Facilities, Children's Hospital Obligated Group, 5.0%, 11/15/2047	535,000	<b>610,938</b>
Nevada 1.9%		
Clark County, NV, School District, Series A, 5.0%, 6/15/2022, INS: NATL	825,000	852,580
Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037	1,565,000	1,793,505
		2,646,085
New Hampshire 0.3%		
New Hampshire, State Health & Educational Facilities Authority Revenue, Hillside Village: Series A, 144A, 6.125%, 7/1/2037	100,000	105,388
Series A, 144A, 6.125%, 7/1/2052	200,000	208,452
Series A, 144A, 6.25%, 7/1/2042	100,000	105,941
		419,781
New Jersey 7.4%		
New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, Prerefunded, 6.625%, 7/1/2038	715,000	749,542
New Jersey, State Economic Development Authority Revenue,	895,000	1,042,594

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Series BBB, 5.5%, 6/15/2030 New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019	330,000	341,550
New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030	500,000	565,625
New Jersey, State Health Care Facilities Financing Authority Revenue, University Hospital, Series A, 5.0%, 7/1/2046, INS: AGMC	180,000	202,950
New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031	1,500,000	1,631,040
New Jersey, State Turnpike Authority Revenue, Series E, 5.0%, 1/1/2045	1,015,000	1,166,428
New Jersey, Tobacco Settlement Financing Corp.:		
Series 1A, 4.75%, 6/1/2034	4,280,000	4,196,369
Series 1A, 5.0%, 6/1/2041	500,000	485,815
		10,381,913
New York 3.9%		
New York, Brooklyn Arena Local Development Corp., Pilot Revenue, Barclays Center Project, Series A, 4.0%, 7/15/2035, INS: AGMC	45,000	48,385
New York, Buffalo & Fort Erie Public Bridge Authority, 5.0%, 1/1/2047	1,000,000	1,169,710
New York, Metropolitan Transportation Authority Revenue:		
Series D, 5.0%, 11/15/2038	275,000	320,122
Series E, 5.0%, 11/15/2042	305,000	346,294
New York, State Liberty Development Corp. Revenue, World Trade Center Project, Class 1-3, 5.0%, 11/15/2044	915,000	996,893
New York, State Transportation Development Corp., Special Facilities Revenue, American Airlines, Inc., John F. Kennedy International Airport Project,	445,000	476,065

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AMT, 5.0%, 8/1/2031, GTY: American Airlines Group New York, State Transportation Development Corp., Special Facility Revenue, Laguardia Gateway Partners LLC, Redevelopment Project, Series A, AMT, 5.0%, 7/1/2041 New York, TSASC, Inc., Series A, 5.0%, 6/1/2041 New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042	1,200,000	1,328,484
		5,514,508
North Carolina 1.4% New Hanover County, NC, Hospital Revenue, New Hanover Regional Medical Centre, 5.0%, 10/1/2042 5.0%, 10/1/2047 North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, Prerefunded, 6.25%, 12/1/2033 North Carolina, Medical Care Commission, Retirement Facilities Revenue, First Mortgage-Aldersgate, 5.0%, 7/1/2045	260,000	300,298
	240,000	275,858
	1,000,000	1,066,660
	330,000	348,576
		1,991,392
Ohio 2.6% Centerville, OH, Health Care Revenue, Graceworks Lutheran Services, 5.25%, 11/1/2047 Chillicothe, OH, Hospital Facilities Revenue, Adena Health System Obligated Group Project, 5.0%, 12/1/2047 Hamilton County, OH, Health Care Revenue, Life Enriching Communities Project: 5.0%, 1/1/2036 5.0%, 1/1/2046 Ohio, Akron, Bath & Copley Joint Township Hospital District Revenue, 5.25%, 11/15/2046 Ohio, American Municipal Power, Inc. Revenue, Fremont Energy	220,000	232,778
	445,000	503,989
	45,000	48,757
	370,000	396,251
	615,000	693,880
	1,575,000	1,751,274

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Center Project, Series B, 5.0%, 2/15/2037		3,626,929
Pennsylvania 7.1%		
Butler County, PA, Hospital Authority Revenue, Butler Health Systems Project, Prerefunded, 7.25%, 7/1/2039	2,000,000	2,224,540
Lancaster County, PA, Hospital Authority, Brethren Village Project:		
5.125%, 7/1/2037	100,000	110,307
5.25%, 7/1/2041	100,000	110,503
Pennsylvania, Commonwealth Financing Authority, Series A, 5.0%, 6/1/2035	315,000	359,900
Pennsylvania, Geisinger Authority Health System Revenue, Series A-1, 5.0%, 2/15/2045	740,000	853,146
Pennsylvania, State Economic Development Financing Authority Revenue, Bridges Finco LP:		
AMT, 5.0%, 12/31/2034	1,000,000	1,136,690
AMT, 5.0%, 12/31/2038	1,000,000	1,123,590
Pennsylvania, State Economic Development Financing Authority, Exempt Facilities Revenue, PPL Energy Supply, Series A, 6.4%, 12/1/2038	185,000	190,844
Pennsylvania, State Turnpike Commission Revenue:		
Series A-1, 5.0%, 12/1/2040	2,500,000	2,845,200
Series C, 5.0%, 12/1/2044	240,000	273,067
Philadelphia, PA, Authority for Individual Development Senior Living Revenue, Wesley Enhanced Living Obligated Group:		
Series A, 5.0%, 7/1/2042	135,000	141,842
Series A, 5.0%, 7/1/2049	160,000	166,679
Philadelphia, PA, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029	434,300	435,442
		9,971,750
Puerto Rico 0.5%		



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Puerto Rico, Sales Tax Financing  
Corp., Sales Tax Revenue:

Series A, 5.5%, 8/1/2042 *	750,000	190,313
Series A, 6.0%, 8/1/2042 *	1,000,000	253,750
Series A, 6.375%, 8/1/2039 *	950,000	241,062
		685,125

Rhode Island 0.1%

Rhode Island, Tobacco Settlement  
Financing Corp., Series A, 5.0%,  
6/1/2040

155,000	<b>168,460</b>
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South Carolina 2.2%

Hardeeville, SC, Assessment

Revenue, Anderson Tract

Municipal Improvement District,

Series A, 7.75%, 11/1/2039

875,000	887,128
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South Carolina, State Public

Service Authority Revenue, Series  
E, 5.25%, 12/1/2055

1,070,000	1,224,176
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South Carolina, State Public

Service Authority Revenue, Santee

Cooper, Series A, 5.75%,

12/1/2043

890,000	1,026,846
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3,138,150
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Tennessee 1.5%

Clarksville, TN, Natural Gas

Acquisition Corp., Gas Revenue:

5.0%, 12/15/2017,

GTY: Merrill Lynch  
& Co., Inc.

500,000	505,715
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5.0%, 12/15/2018,

GTY: Merrill Lynch  
& Co., Inc.

540,000	567,513
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Johnson City, TN, Health &

Educational Facilities Board

Hospital Revenue, Mountain States

Health Alliance, Series A, 7.75%,

7/1/2038

1,000,000	1,069,600
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2,142,828
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Texas 19.8%

Brazos River, TX, Harbor

Navigation District, Brazoria

County Environmental Health,

Dow Chemical Co. Project:

Series B-2, 4.95%,

5/15/2033

1,000,000	1,022,500
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Series A-3, AMT,

5.125%, 5/15/2033

1,000,000	1,022,640
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Central Texas, Regional Mobility  
Authority Revenue, Senior Lien:

Series A, 5.0%, 1/1/2040	230,000	260,861
Series A, 5.0%, 1/1/2043	1,500,000	1,638,270
Prerefunded, 6.0%, 1/1/2041	545,000	632,549

Dallas-Fort Worth, International  
Airport Revenue:

Series F, AMT, 5.0%, 11/1/2035	1,000,000	1,097,930
Series D, AMT, 5.0%, 11/1/2038	2,000,000	2,233,140

Houston, TX, Airport System  
Revenue, United Airlines, Inc.,  
Terminal E Project, AMT, 4.75%,  
7/1/2024

615,000	669,563
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Matagorda County, TX, Navigation  
District No. 1, Pollution Control  
Revenue, AEP Texas Central Co.  
Project, Series A, 4.4%, 5/1/2030,  
INS: AMBAC

2,250,000	2,547,225
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Mission, TX, Economic  
Development Corp. Revenue,  
Senior Lien, Natgasoline Project,  
Series B, AMT, 144, 5.75%,  
10/1/2031

250,000	261,642
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North Texas, Tollway Authority  
Revenue, Series B, 5.0%, 1/1/2045

665,000	749,608
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North Texas, Tollway Authority  
Revenue, Toll Second Tier, Series  
F, Prerefunded, 5.75%, 1/1/2033

2,000,000	2,033,280
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Red River, TX, Health Facilities  
Development Corp., Retirement  
Facilities Revenue, MRC

285,000	328,366
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Crossings Project, Series A, 8.0%,  
11/15/2049

San Antonio, TX, Convention  
Center Hotel Finance Corp.,  
Contract Revenue, Empowerment  
Zone, Series A, AMT, 5.0%,  
7/15/2039, INS: AMBAC

1,000,000	1,000,660
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Tarrant County, TX, Cultural  
Education Facilities Finance Corp.  
Revenue, Trinity Terrace Project,  
The Cumberland Rest, Inc., Series  
A-1, 5.0%, 10/1/2044

175,000	186,363
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Tarrant County, TX, Cultural  
Education Facilities Finance Corp.,  
Hospital Revenue, Scott & White

2,100,000	2,356,683
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Healthcare, 5.0%, 8/15/2043 Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facilities Revenue, Buckner Senior Living Ventana Project:	315,000	343,076
Series A, 6.625%, 11/15/2037		
Series A, 6.75%, 11/15/2047	250,000	271,860
Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facilities Revenue, Mirador Project, Series A, 5.0%, 11/15/2055	570,000	481,245
Texas, Grand Parkway Transportation Corp., System Toll Revenue, Series B, 5.0%, 4/1/2053	500,000	573,470
Texas, Love Field Airport Modernization Corp., Special Facilities Revenue, Southwest Airlines Co. Project, 5.25%, 11/1/2040	1,055,000	1,160,532
Texas, SA Energy Acquisition Public Facility Corp., Gas Supply Revenue, 5.5%, 8/1/2020, GTY: The Goldman Sachs Group, Inc.	2,000,000	2,219,560
Texas, State General Obligation, 0.8% **, 9/7/2017, SPA: Sumitomo Mitsui Banking Texas, State Municipal Gas Acquisition & Supply Corp. III Gas Supply Revenue:	680,000	680,000
5.0%, 12/15/2030, GTY: Macquarie Group Ltd.	165,000	183,666
5.0%, 12/15/2031, GTY: Macquarie Group Ltd.	1,000,000	1,107,930
5.0%, 12/15/2032, GTY: Macquarie Group Ltd.	1,000,000	1,103,270
Texas, State Private Activity Bond, Surface Transportation Corp. Revenue, Senior Lien, North Tarrant Express Mobility Partners Segments LLC, AMT, 6.75%, 6/30/2043	280,000	324,842
Texas, State Transportation Commission, Turnpike Systems Revenue, Series C, 5.0%, 8/15/2034	825,000	931,747

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Travis County, TX, Health Facilities Development Corp. Revenue, Westminster Manor Health, Prerefunded, 7.125%, 11/1/2040	510,000	605,242
		28,027,720
Utah 0.7% Salt Lake City, UT, Airport Revenue, Series A, AMT, 5.0%, 7/1/2047	595,000	686,350
Utah, State Charter School Financing Authority Revenue, Freedom Academy Foundation Project, 5.375%, 6/15/2048 (a)	320,000	315,242
		1,001,592
Virginia 1.1% Fairfax County, VA, Economic Development Authority, Residential Care Facility Revenue, Goodwin House, Inc., Series A, 5.0%, 10/1/2042	115,000	127,842
Washington County, VA, Industrial Development Authority, Hospital Facility Revenue, Mountain States Health Alliance, Series C, 7.75%, 7/1/2038	1,370,000	1,466,297
		1,594,139
Washington 3.8% King County, WA, Water Sewer Revenue, Series B, 4.0%, 7/1/2041	2,000,000	2,130,120
Klickitat County, WA, Public Hospital District No. 2, Hospital Revenue, Skyline Hospital: 5.0%, 12/1/2037 (a)	100,000	102,324
5.0%, 12/1/2046 (a)	135,000	135,419
Port of Seattle, WA, Revenue Bonds, Series C, AMT, 5.0%, 5/1/2042	415,000	479,910
Washington, State Economic Development Finance Authority, Environmental Facilities Revenue, Columbia Pulp I LLC Project, Series A, AMT, 144A, 7.5%, 1/1/2032	135,000	148,260
Washington, State Health Care Facilities Authority, Catholic Health Initiatives, Series A, 5.0%, 2/1/2041	595,000	622,120
Washington, State Health Care Facilities Authority, Virginia Mason Medical Center:		

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5.0%, 8/15/2034	135,000	154,585
5.0%, 8/15/2035	120,000	136,861
5.0%, 8/15/2036	80,000	91,022
Washington, State Housing Finance Commission, Presbyterian Retirement Communities	250,000	263,125
Northwest Project, Series A, 144A, 5.0%, 1/1/2046		
Washington, State Housing Finance Commission, Rockwood Retirement Communities Project, Series A, 7.375%, 1/1/2044	1,000,000	1,163,100
		5,426,846
West Virginia 0.6%		
West Virginia, State Hospital Finance Authority, State University Health System Obligated Group, Series A, 5.0%, 6/1/2047	805,000	<b>904,595</b>
Wisconsin 3.7%		
Wisconsin, Public Finance Authority, Education Revenue, North Carolina Charter Educational Foundation Project, Series A, 5.0%, 6/15/2046	470,000	440,056
Wisconsin, Public Finance Authority, Senior Living Revenue, Mary's Woods at Marylhurst Project, Series A, 144A, 5.25%, 5/15/2052	1,000,000	1,067,300
Wisconsin, State Health & Educational Facilities Authority Revenue, Agnesian Healthcare, Inc., Series B, 5.0%, 7/1/2036	500,000	555,675
Wisconsin, State Health & Educational Facilities Authority Revenue, Prohealth Care, Inc. Obligation Group, Prerefunded, 6.625%, 2/15/2039	1,110,000	1,202,441
Wisconsin, State Health & Educational Facilities Authority Revenue, Thedacare, Inc., Series A, 5.5%, 12/15/2038	1,765,000	1,883,643
		5,149,115
<b>Total Municipal Bonds and Notes (Cost</b>		
<b>\$178,114,790)</b>	<b>194,769,655</b>	
Underlying Municipal Bonds of Inverse Floaters (b) 28.6%		
California 3.8%		
University of California, State Revenues, Series K, 4.0%, 5/15/2036 (c)	5,000,000	<b>5,388,350</b>

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<i>Trust: California, State Revenues, Series 2016-XM0347, 144A, 11.65%, 5/15/2024, Leverage Factor at purchase date: 4 to 1</i>		
District of Columbia 4.2%		
District of Columbia, General Obligation, Series A, 5.0%, 6/1/2041 (c)	5,000,000	<b>5,877,900</b>
<i>Trust: District of Columbia, General Obligation, Series 2016-XM0326, 144A, 15.68%, 6/1/2024, Leverage Factor at purchase date: 4 to 1</i>		
Florida 4.2%		
Orange County, FL, School Board Certificates Participation, Series C, 5.0%, 8/1/2034 (c)	5,000,000	<b>5,888,450</b>
<i>Trust: Orange County, FL, School Board, Series 2016-XM0183, 144A, 15.44%, 2/1/2024, Leverage Factor at purchase date: 4 to 1</i>		
Massachusetts 8.0%		
Massachusetts, State Development Finance Agency Revenue, Partners Healthcare System, Inc., Series Q, 5.0%, 7/1/2035 (c)	5,000,000	5,821,350
<i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0136, 144A, 15.68%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i>		
Massachusetts, State Development Finance Agency Revenue, Harvard University, Series A, 4.0%, 7/15/2036 (c)	5,000,000	5,530,450
<i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0401, 144A, 7.465%, 7/15/2024, Leverage Factor at purchase date: 4 to 1</i>		
		11,351,800
Texas 4.2%		

Texas, State Transportation  
Commission- Highway  
Improvement, Series A, 5.0%,  
4/1/2038 (c)

5,000,000

5,917,750

*Trust: Texas, State  
Transportation Commission,  
Series 2016-XM0405, 144A,  
11.465%, 4/1/2024,  
Leverage Factor at  
purchase date: 4 to 1*

Washington 4.2%

Washington, State General

Obligation, Series D, 5.0%,

5,000,000

5,987,250

2/1/2035 (c)

*Trust: Washington, State  
General Obligation, Series  
2017-XM0478, 144A,  
11.465%, 8/1/2024,  
Leverage Factor at  
purchase date: 4 to 1*

**Total Underlying Municipal Bonds of Inverse  
Floaters (Cost \$40,512,097)**

40,411,500

% of

Net Assets

Value (\$)

**Total Investment**

**Portfolio (Cost** 166.4  
\$218,626,887)

235,181,155

**Floating Rate Notes (b)** (18.6)

(26,250,000)

**Series 2018 MTPS, at** (49.5)

(70,000,000)

**Liquidation Value**

**Other Assets and** 1.7

2,404,715

**Liabilities, Net**

**Net Assets Applicable to** 100.0

141,335,870

**Common Shareholders**

For information on the Fund's policies regarding the  
valuation of investments and other significant accounting  
policies, please refer to the Fund's most recent  
semi-annual or annual financial statements.

The following table represents bonds that are in default:

Security	Coupon	Maturity Date	Principal Amount (\$)	Cost (\$)	Value (\$)
Connecticut, Mashantucket Western Pequot Tribe Bond *	6.05 %	7/1/2031	2,672,979	1,909,657	102,268
Florida, Tolomato Community Development District, Special Assessment, Series 2015-3 *	6.61 %	5/1/2040	165,000	0	2
Florida, Tolomato Community Development District, Special Assessment, Series 3 *	6.55 %	5/1/2027	130,000	1	1

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Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A *	6.0	%	8/1/2042	1,000,000	810,423	253,750
Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A *	6.375	%	8/1/2039	950,000	862,600	241,062
Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A *	5.5	%	8/1/2042	750,000	576,247	190,313
					4,158,928	787,396

\* Non-income producing security.

Variable rate demand notes are securities whose interest rates are reset periodically (usually daily mode or weekly mode) by remarketing agents based on current market levels, and are not directly set as a fixed spread to a reference rate. These securities may be redeemed at par by the holder at any time, and are shown at their current rates as of August 31, 2017. Date shown reflects the earlier of demand date or stated maturity date.

(a) When-issued security.

(b) Securities represent the underlying municipal obligations of inverse floating rate obligations held by the Fund. The Floating Rate Notes represents leverage to the Fund and is the amount owed to the floating rate note holders.

Security forms part of the below inverse floater. The Fund accounts for these inverse floaters as a form of secured borrowing, by reflecting the value of the underlying bond in the investments of the Fund and the amount owed to the floating rate note holder as a liability.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

AGC: Assured Guaranty Corp.

AGMC: Assured Guaranty Municipal Corp.

AMBAC: Ambac Financial Group, Inc.

AMT: Subject to alternative minimum tax.

ETM: Bonds bearing the description ETM (escrow to maturity) are collateralized usually by U.S. Treasury securities which are held in escrow and used to pay principal and interest on bonds so designated.

GTY: Guaranty Agreement

INS: Insured

LIQ: Liquidity Facility

NATL: National Public Finance Guarantee Corp.

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

Prerefunded: Bonds which are prerefunded are collateralized usually by U.S. Treasury securities which are held in escrow and used to pay principal and interest on tax-exempt issues and to retire the bonds in full at the earliest refunding date.

SPA: Standby Bond Purchase Agreement

### ***Fair Value Measurements***

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.



*The following is a summary of the inputs used as of August 31, 2017 in valuing the Fund's investments*

Assets	Level 1	Level 2	Level 3	Total
Municipal Investments <sup>(d)</sup>	\$—	\$235,181,155	\$—	\$235,181,155
Total	\$—	\$235,181,155	\$—	\$235,181,155

There have been no transfers between fair value measurement levels during the period ended August 31, 2017.

(d) See Investment Portfolio for additional detailed categorizations.

## **ITEM 2. CONTROLS AND PROCEDURES**

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

## **ITEM 3. EXHIBITS**

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

## **SIGNATURES**

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

Registrant: Deutsche Strategic Municipal Income Trust

/s/Brian E. Binder

By: Brian E. Binder

President

Date: October 23, 2017

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

/s/Brian E. Binder

By: Brian E. Binder

President

Date: October 23, 2017

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: October 23, 2017