

Invesco Value Municipal Income Trust  
Form N-CSRS  
November 07, 2014

OMB APPROVAL  
OMB Number 3235-0570  
Expires: January 31,  
2017  
Estimated average burden  
hours per response 30.6

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**  
**Investment Company Act file number 811-06590**

**Invesco Value Municipal Income Trust**  
**(Exact name of registrant as specified in charter)**

**1555 Peachtree Street, N.E., Atlanta, Georgia 30309**

Edgar Filing: Invesco Value Municipal Income Trust - Form N-CSRS

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

**Philip A. Taylor 1555 Peachtree Street, N.E., Atlanta, Georgia 30309**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: (404) 439-3217**

**Date of fiscal year end: 2/28**

**Date of reporting period: 8/31/14**

Item 1. Report to Stockholders.

**Semiannual Report to Shareholders**

**August 31, 2014**

**Invesco Value Municipal Income Trust**

NYSE: IIM

2	Letters to Shareholders
3	Trust Performance
4	Dividend Reinvestment Plan
5	Schedule of Investments
18	Financial Statements
21	Notes to Financial Statements
26	Financial Highlights
28	Approval of Investment Advisory and Sub-Advisory Contracts
30	Proxy Results

Unless otherwise noted, all data provided by Invesco.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

## Letters to Shareholders

Dear Fellow Shareholders:

Bruce Crockett

While the members of the Invesco Funds Board, which I chair, can't dictate the performance of the Invesco funds, be assured that your Board works diligently throughout the year to focus on how your investments are managed. Our job is to represent you and your interests on a variety of fund management-related matters. We regularly monitor how the portfolio management teams of the Invesco funds are performing in light of ever-changing and often unpredictable economic and market conditions, and we review the investment strategies and investment process employed by each fund's management team as explained in the fund's prospectus.

Perhaps our most significant responsibility is conducting the annual review of the funds advisory and sub-advisory contracts with Invesco Advisers and its affiliates. This annual review, which is required by the Investment Company Act of 1940, focuses on the nature and quality of the services Invesco provides as the adviser to the Invesco funds and the reasonableness

of the fees that it charges for those services. Each year, we spend months carefully reviewing information from Invesco that allows us to evaluate the quality of its services and the reasonableness of its fees. We also use information from a variety of independent sources, including materials provided by the independent senior officer of the Invesco funds, who reports directly to the independent trustees on the Board. Additionally, we meet with legal counsel and review performance and fee data prepared for us by Lipper Inc., an independent, third-party firm widely recognized as a leader in its field.

After a careful review, the members of the Invesco Funds Board approved the continuation of advisory and sub-advisory contracts with Invesco Advisers and its affiliates.

As always, please contact me at [bruce@brucecrockett.com](mailto:bruce@brucecrockett.com) with any questions or concerns you may have. On behalf of the Board, we look forward to continuing to represent your interests and serving your needs.

Sincerely,

Bruce L. Crockett

Independent Chair

Invesco Funds Board of Trustees

Philip Taylor

Dear Shareholders:

This semiannual report includes information about your Fund, including performance data and a list of its investments as of the close of the reporting period. I hope you find this report of interest.

Our website, [invesco.com/us](http://invesco.com/us), offers a wide range of market insights and investment perspectives. On the website, you will find detailed information about our funds, including prices, performance, holdings and portfolio manager commentaries. You can access information about your individual Invesco account whenever it is convenient for you; just complete a simple, secure online registration. Use the Login box on our home page to get started.

Invesco's mobile app for iPad® (available free from the App Store<sup>SM</sup>) allows you to obtain the same detailed information about your Fund and the same investment insights from our investment leaders, market strategists, economists and retirement experts on the go.

Also, you can obtain timely updates to help you stay informed about the markets, the economy and investing by connecting with Invesco on Twitter, LinkedIn or Facebook. You can access our blog at [blog.invesco.us.com](http://blog.invesco.us.com) or by visiting the Intentional Investing Forum on our home page.

For questions about your account, feel free to contact an Invesco client services representative at 800 341 2929. For Invesco-related questions or comments, please email me directly at [phil@invesco.com](mailto:phil@invesco.com).

Thank you for investing with us.

Sincerely,

Philip Taylor

Senior Managing Director, Invesco Ltd.

iPad is a trademark of Apple Inc., registered in the US and other countries. App Store is a service mark of Apple Inc. Invesco Distributors, Inc. is not affiliated with Apple Inc.

## Trust Performance

### Performance summary

*Cumulative total returns, 2/28/14 to 8/31/14*

Trust at NAV	8.50%
Trust at Market Value	6.50
Barclays Municipal Bond Index <sup>q</sup> (Former Broad Market Index)*	4.19
S&P Municipal Bond Index <sup>q</sup> (Broad Market Index)*	4.21
S&P Municipal Bond 5+ Year Investment Grade Index <sup>q</sup> (Style-Specific Index)*	5.13
Lipper Closed-End General and Insured Municipal Leveraged Debt Funds Index <sup>n</sup> (Peer Group Index)*	8.53
Market Price Discount to NAV as of 8/31/14	-9.18
Source(s): <sup>q</sup> FactSet Research Systems Inc.; <sup>n</sup> Lipper Inc.	

\* During the reporting period, the Trust adopted a three-tier benchmark structure to compare its performance to broad market, style-specific and peer group market measures. The S&P Municipal Bond Index now represents the Trust's broad market benchmark instead of the Barclays Municipal Bond Index as the S&P Municipal Bond Index more closely reflects the performance of the broad US municipal bond market. The S&P Municipal Bond 5+ Year Investment Grade Index and Lipper Closed-End General and Insured Municipal Leveraged Debt Funds Index are now the Trust's style-specific and peer group benchmarks, respectively.

*The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Investment return, net asset value (NAV) and common share market price will fluctuate so that you may have a gain or loss when you sell shares. Please visit [invesco.com/us](http://invesco.com/us) for the most recent month-end performance. Performance figures reflect Trust expenses, the reinvestment of distributions (if any) and changes in NAV for performance based on NAV and changes in market price for performance based on market price.*

*Since the Trust is a closed-end management investment company, shares of the Trust may trade at a discount or premium from the NAV. This characteristic is separate and distinct from the risk that NAV could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Trust cannot predict whether shares will trade at, above or below NAV. The Trust should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.*

The **Barclays Municipal Bond Index** is an unmanaged index considered representative of the tax-exempt bond market.

The **S&P Municipal Bond Index** is a broad, market value-weighted index that seeks to measure the performance of the US municipal bond market.

The **S&P Municipal Bond 5+ Year Investment Grade Index** is a sub-set of the broad S&P Municipal Bond Index. This index of market value-weighted investment grade US municipal bonds seeks to measure the performance of US



municipals whose maturities are greater than or equal to five years.

The **Lipper Closed-End General and Insured Municipal Leveraged Debt Funds Index** is an unmanaged index considered representative of general and insured leverage municipal debt funds tracked by Lipper. These funds either invest primarily in municipal debt issues rated in the top four credit ratings or invest primarily in municipal debt issues insured as to timely payment. These funds can be leveraged via use of debt, preferred equity, and/or reverse repurchase agreements.

The Trust is not managed to track the performance of any particular index, including the index(es) described here, and consequently, the performance of the Trust may deviate significantly from the performance of the index(es).

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges.

**3 Invesco Value Municipal Income Trust**

## **Dividend Reinvestment Plan**

The dividend reinvestment plan (the Plan) offers you a prompt and simple way to reinvest your dividends and capital gains distributions (Distributions) into additional shares of your Invesco closed-end Trust (the Trust). Under the Plan, the money you earn from Distributions will be reinvested automatically in more shares of the Trust, allowing you to potentially increase your investment over time. All shareholders in the Trust are automatically enrolled in the Plan when shares are purchased.

### **Plan benefits**

**n Add to your account:**

You may increase your shares in your Trust easily and automatically with the Plan.

**n Low transaction costs:**

Shareholders who participate in the Plan may be able to buy shares at below-market prices when the Trust is trading at a premium to its net asset value (NAV). In addition, transaction costs are low because when new shares are issued by the Trust, there is no brokerage fee, and when shares are bought in blocks on the open market, the per share fee is shared among all participants.

**n Convenience:**

You will receive a detailed account statement from Computershare Trust Company, N.A. (the Agent), which administers the Plan. The statement shows your total Distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account. You can also access your account at [invesco.com/us](http://invesco.com/us).

**n Safekeeping:**

The Agent will hold the shares it has acquired for you in safekeeping.

### **Who can participate in the Plan**

If you own shares in your own name, your purchase will automatically enroll you in the Plan. If your shares are held in street name in the name of your brokerage firm, bank, or other financial institution you must instruct that entity to participate on your behalf. If they are unable to participate on your behalf, you may request that they reregister your shares in your own name so that you may enroll in the Plan.

### **How to enroll**

## Edgar Filing: Invesco Value Municipal Income Trust - Form N-CSRS

If you haven't participated in the Plan in the past or chose to opt out, you are still eligible to participate. Enroll by visiting [invesco.com/us](http://invesco.com/us), by calling toll-free 800 341 2929 or by notifying us in writing at Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170. If you are writing to us, please include the Trust name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the Plan will begin with the next Distribution payable after the Agent receives your authorization, as long as they receive it before the record date, which is generally 10 business days before the Distribution is paid. If your authorization arrives after such record date, your participation in the Plan will begin with the following Distribution.

### **How the Plan works**

If you choose to participate in the Plan, your Distributions will be promptly reinvested for you, automatically increasing your shares. If the Trust is trading at a share price that is equal to its NAV, you'll pay that amount for your reinvested shares. However, if the Trust is trading above or below NAV, the price is determined by one of two ways:

1. **Premium:** If the Trust is trading at a premium—a market price that is higher than its NAV—you'll pay either the NAV or 95 percent of the market price, whichever is greater. When the Trust trades at a premium, you may pay less for your reinvested shares than an investor purchasing shares on the stock exchange. Keep in mind, a portion of your price reduction may be taxable because you are receiving shares at less than market price.
2. **Discount:** If the Trust is trading at a discount—a market price that is lower than its NAV—you'll pay the market price for your reinvested shares.

### **Costs of the Plan**

There is no direct charge to you for reinvesting Distributions because the Plan's fees are paid by the Trust. If the Trust is trading at or above its NAV, your new shares are issued directly by the Trust and there are no brokerage charges or fees. However, if the Trust is trading at a discount, the shares are purchased on the open market, and you will pay your portion of any per share fees. These per share fees are typically less than the standard brokerage charges for individual transactions because shares are purchased for all participants in blocks, resulting in lower fees for each individual participant. Any service or per share fees are added to the purchase price. Per share fees include any applicable brokerage commissions the Agent is required to pay.

### **Tax implications**

The automatic reinvestment of Distributions does not relieve you of any income tax that may be due on Distributions. You will receive tax information annually to help you prepare your federal income tax return.

*Invesco does not offer tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used, by any taxpayer for avoiding penalties that may be imposed on the taxpayer under US federal tax laws. Federal and state tax laws are complex and constantly changing. Shareholders should always consult a legal or tax adviser for information concerning their individual situation.*

### **How to withdraw from the Plan**

You may withdraw from the Plan at any time by calling 800 341 2929, by visiting [invesco.com/us](http://invesco.com/us) or by writing to Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170. Simply indicate that you would like to withdraw from the Plan, and be sure to include your Trust name and account number. Also, ensure that all shareholders listed on the account sign these written instructions. If you withdraw, you have three options with regard to the shares held in the Plan:

1. If you opt to continue to hold your non-certificated whole shares (Investment Plan Book Shares), they will be held by the Agent electronically as Direct Registration Book-Shares (Book-Entry Shares) and fractional shares will be sold at the then-current market price. Proceeds will be sent via check to your address of record after deducting applicable fees, including per share fees such as any applicable brokerage commissions the Agent is required to pay.
2. If you opt to sell your shares through the Agent, we will sell all full and fractional shares and send the proceeds via check to your address of record after deducting a \$2.50 service fee and per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
3. You may sell your shares through your financial adviser through the Direct Registration System (DRS). DRS is a service within the securities industry that allows Trust shares to be held in your name in electronic format. You retain full ownership of your shares, without having to hold a share certificate. You should contact your financial adviser to learn more about any restrictions or fees that may apply.

The Trust and Computershare Trust Company, N.A. may amend or terminate the Plan at any time. Participants will receive at least 30 days written notice before the effective date of any amendment. In the case of termination, Participants will receive at least 30 days written notice before the record date for the payment of any such Distributions by the Trust. In the case of amendment or termination necessary or appropriate to comply with applicable law or the rules and policies of the Securities and Exchange Commission or any other regulatory authority, such written notice will not be required.

**To obtain a complete copy of the current Dividend Reinvestment Plan, please call our Client Services department at 800 341 2929 or visit [invesco.com/us](http://invesco.com/us).**

**Schedule of Investments**

August 31, 2014

(Unaudited)

	Interest Rate	Maturity Date	Principal Amount (000)	Value
<b>Municipal Obligations 143.92%</b>				
<b>Alabama 2.39%</b>				
Alabaster (City of) Board of Education;				
Series 2014-A, Ltd. Special Tax GO Wts. (INS AGM <sup>b</sup> )	5.00%	09/01/39	\$ 1,095	\$ 1,223,334
Series 2014-A, Ltd. Special Tax GO Wts. (INS AGM <sup>b</sup> )	5.00%	09/01/44	1,095	1,218,461
Birmingham (City of) Airport Authority; Series 2010, RB (INS AGM <sup>b</sup> )	5.25%	07/01/30	3,600	3,981,564
Birmingham (City of) Water Works Board; Series 2011, Water RB (INS AGM <sup>b</sup> ) <sup>(c)</sup>	5.00%	01/01/36	8,575	9,731,082
Chatom (Town of) Industrial Development Board (PowerSouth Energy Cooperative); Series 2010 A, Ref. Gulf Opportunity Zone RB (INS AGC <sup>b</sup> )	5.00%	08/01/37	2,000	2,168,620
				18,323,061
<b>Alaska 0.92%</b>				
Alaska (State of) Industrial Development & Export Authority (Lake Dorothy Hydroelectric); Series 2006, RB (INS AMBAC <sup>b</sup> ) <sup>(d)</sup>				
	5.25%	12/01/26	1,350	1,354,401
Alaska (State of) Industrial Development & Export Authority (Providence Health Services); Series 2011 A, RB <sup>(c)</sup>	5.50%	10/01/41	3,825	4,330,971
Alaska (State of) Industrial Development & Export Authority (Snettisham Hydroelectric); Series 1998, Power RB (INS AMBAC <sup>b</sup> ) <sup>(d)</sup>	5.00%	01/01/27	1,400	1,401,218
				7,086,590
<b>Arizona 3.43%</b>				
Arizona (State of) Health Facilities Authority (Catholic Healthcare West); Series 2011 B-2, RB (INS AGM <sup>b</sup> )				
	5.00%	03/01/41	2,065	2,211,553
Arizona (State of) Health Facilities Authority (Phoenix Children's Hospital); Series 2012, Ref. Hospital System RB	5.00%	02/01/42	1,950	2,077,959
Arizona (State of); Series 2008 A, COP (INS AGM <sup>b</sup> )	5.00%	09/01/26	1,995	2,141,154
Series 2008 A, COP (INS AGM <sup>b</sup> )	5.00%	09/01/27	1,605	1,717,221
Glendale (City of) Industrial Development Authority (Midwestern University);				
Series 2010, RB	5.00%	05/15/35	1,000	1,068,180
Series 2010, RB	5.13%	05/15/40	1,000	1,069,780
Mesa (City of); Series 2013, Excise Tax RB <sup>(c)</sup>	5.00%	07/01/32	7,600	8,555,548
Phoenix (City of) Industrial Development Authority (Legacy Traditional Schools); Series 2014 A, Education Facility RB <sup>(e)</sup>	6.50%	07/01/34	435	483,398

Edgar Filing: Invesco Value Municipal Income Trust - Form N-CSRS

Phoenix (City of) Industrial Development Authority (Rowan University); Series 2012, Lease RB	5.00%	06/01/42	2,665	2,838,305
Pima (County of) Industrial Development Authority (Edkey Charter Schools); Series 2013, Ref. Education Facility RB	6.00%	07/01/33	1,000	976,710
Yuma (City of) Industrial Development Authority (Regional Medical Center);				
Series 2014 A, Hospital RB	5.00%	08/01/32	850	949,280
Series 2014 A, Hospital RB	5.25%	08/01/32	2,000	2,278,600
				26,367,688
<b>California 21.00%</b>				
Alameda (County of) Joint Powers Authority (Juvenile Justice Refunding); Series 2008 A, Lease RB (INS AGM <sup>(b)</sup> )	5.00%	12/01/24	3,145	3,538,817
Alhambra Unified School District (Election of 2004);				
Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGC <sup>(b)</sup> ) <sup>(f)</sup>	0.00%	08/01/35	3,010	1,223,324
Series 2009 B, Unlimited Tax CAB GO Bonds (INS AGC <sup>(b)</sup> ) <sup>(f)</sup>	0.00%	08/01/36	2,675	1,034,717
Anaheim (City of) Public Financing Authority (Electric System Distribution Facilities); Series 2007 A, RB (INS NATL <sup>(b)</sup> ) <sup>(c)</sup>	4.50%	10/01/37	10,000	10,309,000
Beverly Hills Unified School District (Election of 2008);				
Series 2009, Unlimited Tax CAB GO Bonds <sup>(f)</sup>	0.00%	08/01/26	2,720	1,940,910
Series 2009, Unlimited Tax CAB GO Bonds <sup>(f)</sup>	0.00%	08/01/31	5,270	2,876,524

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**5 Invesco Value Municipal Income Trust**

	Interest Rate	Maturity Date	Principal Amount (000)	Value
<b>California (continued)</b>				
California (State of) Department of Water Resources; Series 2008 H, Power Supply RB (INS AGM) <sup>(h)</sup>	5.00%	05/01/22	\$ 6,100	\$ 7,031,165
California (State of) Health Facilities Financing Authority (Scripps Health); Series 2010 A, RB <sup>(c)</sup>	5.00%	11/15/36	4,750	5,293,970
California (State of) Pollution Control Finance Authority; Series 2012, Water Furnishing RB <sup>(d)(e)</sup>	5.00%	07/01/27	1,190	1,281,785
Series 2012, Water Furnishing RB <sup>(d)(e)</sup>	5.00%	07/01/30	1,400	1,481,256
Series 2012, Water Furnishing RB <sup>(d)(e)</sup>	5.00%	07/01/37	3,075	3,233,486
California (State of) Statewide Communities Development Authority (Cottage Health System Obligated Group); Series 2010, RB	5.00%	11/01/40	3,000	3,184,380
California (State of);				
Series 2010, Various Purpose Unlimited Tax GO Bonds	5.50%	03/01/40	2,410	2,788,442
Series 2012, Various Purpose Unlimited Tax GO Bonds	5.25%	04/01/35	4,135	4,771,252
Series 2013, Various Purpose Unlimited Tax GO Bonds	5.00%	04/01/37	1,800	2,036,538
California Infrastructure & Economic Development Bank;				
Series 2003 A, First Lien Bay Area Toll Bridges Seismic Retrofit RB <sup>(g)(h)</sup>	5.00%	01/01/28	4,500	5,891,715
Series 2003 A, First Lien Bay Area Toll Bridges Seismic Retrofit RB <sup>(c)(g)(h)</sup>	5.00%	01/01/28	10,100	13,223,627
Clovis Unified School District (Election of 2004); Series 2004 A, Unlimited Tax CAB GO Bonds (INS NATL) <sup>(f)</sup>	0.00%	08/01/29	1,360	756,446