

PUTNAM MASTER INTERMEDIATE INCOME TRUST  
Form N-CSR  
November 30, 2004

Putnam  
Master  
Intermediate  
Income Trust

Item 1. Report to Stockholders:  
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The following is a copy of the report transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940:

ANNUAL REPORT ON PERFORMANCE AND OUTLOOK

9-30-04

[GRAPHIC OMITTED: WATCH]

[SCALE LOGO OMITTED]

From the Trustees

[GRAPHIC OMITTED: PHOTO OF JOHN A. HILL AND GEORGE PUTNAM, III]

John A. Hill and  
George Putnam, III

Dear Fellow Shareholder:

During the past several months, Putnam introduced a number of reforms for the benefit of shareholders, including increasing the amount of disclosure for our funds. Beginning with this month's reports, we inform you of any changes during the prior year among the Portfolio Leader and Portfolio Members of your fund's management team. Additionally, we list the other fund management responsibilities of your fund's Portfolio Leader and Portfolio Members. You can find this new information following the Outlook for Your Fund.

We are also pleased to announce that three new Trustees have joined your fund's Board of Trustees. Nominated by your fund's independent Trustees, these individuals have had outstanding careers as leaders in the investment management industry. Myra R. Drucker is a Vice Chair of the Board of Trustees of Sarah Lawrence College and serves as Chair of the New York Stock Exchange (NYSE) Pension Managers Advisory Committee and as a Trustee of Commonfund, a not-for-profit asset management firm. Richard B. Worley is Managing Partner of Permit Capital LLC, an investment management firm. Both Ms. Drucker and Mr. Worley are independent Trustees (i.e., Trustees who are not "interested persons" of your fund or its investment advisor). Charles E. Haldeman, Jr., the third new Trustee, is President and Chief Executive Officer of Putnam Investments.

During the period covered by the following report, Putnam Master Intermediate Income Trust delivered respectable results. The fund's strategy of seeking returns from a variety of sectors and holdings served it well during a challenging, but positive period for fixed-income markets. In particular, the fund's allocation to high-yield bonds made a strong contribution to the fund's solid returns for the period. In the following pages, the fund managers discuss fund

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performance, strategy, and their outlook for fiscal 2005.

Respectfully yours,

/S/ JOHN A. HILL

/S/ GEORGE PUTNAM, III

John A. Hill  
Chairman of the Trustees

George Putnam, III  
President of the Funds

November 17, 2004

Report from Fund Management

Fund highlights

- \* During its fiscal year ended September 30, 2004, Putnam Master Intermediate Income Trust had total returns of 9.73% at net asset value (NAV) and 12.95% at market price.
- \* The fund's primary benchmark, the Lehman Government/Credit Bond Index, returned 3.33%.
- \* The average return for the fund's Lipper category, Flexible Income Funds (closed-end), was 9.88%.
- \* See the Performance Summary beginning on page 8 for additional fund performance, comparative performance, and Lipper data.

Performance commentary

After an exemplary showing during the first half of the fund's fiscal year, fixed-income returns fell sharply in the spring of 2004, but recovered in the final three months of the period. High-yield corporate bonds and emerging-market bonds had exceptional returns as the period came to a close, while higher-quality bonds had above-average performance. The fund's strategy of seeking returns from a variety of fixed-income sources enabled it to outperform its benchmark, based on results at NAV and market price. Results at NAV were in line with the average for the fund's Lipper category. It is important to note that a fund's performance at market price may differ from its results at NAV. Although market price performance generally reflects investment results, it may also be influenced by several other factors, including changes in investor perceptions of the fund or its investment advisor, market conditions, fluctuations in supply and demand for the fund's shares, and changes in fund distributions.

TOTAL RETURN FOR  
PERIODS ENDED 9/30/04

(inception 4/29/88)	NAV	Market price
1 year	9.73%	12.95%
5 years	44.45	60.33
Annual average	7.63	9.90
10 years	105.78	117.81
Annual average	7.48	8.10

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Annual average (life of fund)	8.03	7.17
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Data is historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate and you may have a gain or a loss when you sell your shares. Performance does not reflect taxes on reinvested distributions.

### FUND PROFILE

Putnam Master Intermediate Income Trust seeks high current income and relative stability by investing in limited-maturity bonds in the investment-grade and high-yield sectors, as well as non-U.S. bond markets. The fund is designed for investors seeking high current income, asset class diversification, or both.

### Market overview

During the first six months of the period, global bond prices generally rose as yields, though somewhat volatile, generally moved downward. Bonds rallied in a flight to quality in early 2004, which came as a result of evidence that the U.S. recovery would not be as strong as anticipated, and because of geopolitical concerns surrounding the terrorist bombing in Spain. However, bond prices fell sharply in April and May on reports of strong job creation, increasing economic strength, and the Federal Reserve Board's suggestion that it would raise short-term interest rates. Subsequently, the Fed raised the federal funds rate, a key short-term interest-rate benchmark, by a quarter of a point on three separate occasions -- in June, August, and September -- bringing this important borrowing rate to 1.75% at the end of the period.

In Europe, low inflation reduced the likelihood of a rate increase by the European Central Bank, and European government bonds and agency securities produced solid returns that were further enhanced by the aforementioned flight to quality. However, although both U.S. Treasuries and European government bonds performed well, investors continued to seek out alternative bond sectors that could provide higher levels of income.

High-yield corporate bonds continued to benefit from declining default rates, offering an attractive yield advantage over government bonds, and improved credit quality as companies retired or refinanced debt. Emerging-market bond returns were extremely strong near the end of the period, with the JP Morgan Global Diversified Emerging Markets Index returning over 9% in the final three months alone.

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### MARKET SECTOR PERFORMANCE 12 MONTHS ENDED 9/30/04

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#### Bonds

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Lehman Government/Credit Bond Index (U.S. Treasury and agency securities and corporate bonds)	3.33%
JP Morgan Global Diversified Emerging Markets Index (global emerging-market bonds)	11.08%

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Citigroup Non-U.S. World Government Bond Index (international government bonds)	8.16%
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JP Morgan Global High Yield Index (global high-yield corporate bonds)	13.13%
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Equities	
-----	
S&P 500 Index (broad stock market)	13.87%
-----	
Russell 2000 Growth Index (small-company growth stocks)	11.92%
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Russell 2000 Value Index (small-company value stocks)	25.66%

These indexes provide an overview of performance in different market sectors for the 12 months ended 9/30/04.

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### Strategy overview

One of the key elements of the fund's strategy throughout the past year has been to reduce the level of risk in the portfolio. In early 2004, we reduced the emerging-market weighting significantly and pared down the fund's allocation to high-yield bonds. We also increased the average credit quality of the fund's high-yield holdings by selling lower-quality bonds and buying bonds with higher ratings. (The high-yield sector, which is generally lower in quality than other sectors such as Treasuries, has several tiers of credit quality.) In addition, after increasing the fund's allocation to corporate investment-grade bonds early in the fiscal year, we reduced those holdings almost entirely by January 2004 after they had made a solid contribution to performance.

When bond prices declined sharply in April and May 2004, the fund's lower sensitivity to interest-rate changes was beneficial for relative returns. During the market's subsequent rally in July, August, and September, however, the fund underperformed its peers to some extent. However, stronger relative performance during the spring downturn more than offset the weaker relative gains late in the period.

The fund benefited from its yield curve strategy in the United States. As the Federal Reserve started to raise interest rates in June, the most significant market reaction occurred in shorter-dated bonds. These yields moved significantly higher as the Fed's policy of stable rates ended. While longer dated maturities also moved to higher yields, the changes were more moderate. The fund was positioned in advance for the yield curve flattening, and benefited significantly over the last six months.

[GRAPHIC OMITTED: horizontal bar chart SECTOR WEIGHTINGS COMPARED]

### SECTOR WEIGHTINGS COMPARED

	as of 3/31/04	as of 9/30/04
High yield	46.3%	40.0%
U.S. investment grade	34.2%	38.0%
International	19.5%	22.0%

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Footnote reads:

This chart shows how the fund's top weightings have changed over the last six months. Weightings are shown as a percentage of total investment portfolio. Holdings will vary over time.

How fund sectors and holdings affected performance

While the mortgage-backed securities (MBS) sector was subject to prepayment concerns associated with low mortgage rates, the management team found two types of securities within this sector that performed well -- home equity loans and manufactured housing bonds. Home equity loans, unlike mortgages, are not highly susceptible to prepayments when interest rates decline, so rate declines can help boost the performance of securities backed by these loans. Similarly, holdings backed by manufactured housing companies have benefited from a change in perception about the industry since the beginning of the year. Commercial mortgage-backed securities also performed well in the declining interest-rate environment and made a strong contribution to the fund's returns.

[GRAPHIC OMITTED: TOP HOLDINGS]

### TOP HOLDINGS

(Percent of fund's net assets as of 9/30/04)

#### High Yield Sector

- 1 Conseco Finance Securitizations Corp. (0.4%)  
Ser. 00-4, Class A6, 8.31s, 2032  
Asset-backed security
- 2 Qwest Corp. (0.4%)  
144A notes, 9 18s, 2012  
Communications services
- 3 NRG Energy, Inc (0.3%)  
144A sr. sec. notes, 8s, 2013  
Utilities and power

#### International Sector

- 1 United Kingdom (1.8%)  
Treasury bonds, 7 12s, 2006
- 2 Germany (Federal Republic of) (1.5%)  
Bonds Ser. 95 7 38s, 2005
- 3 Russia (Federation of) (1.4%)  
Unsubordinated bonds 8 14s, 2010

#### U.S. Investment Grade Sector

- 1 Federal National Mortgage Association (12.7%)  
30 yr. conventional, 6 12s TBA  
October 31, 2030
- 2 Federal National Mortgage Association (5.5%)  
15 yr. conventional, 5s TBA  
September 30, 2015

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3 U.S Treasury Bond (3.8%)  
3 14s, August 14, 2004

Footnote reads:

The fund's holdings will change over time.

In the high-yield corporate bond portion of the fund, securities issued by subsidiaries of Edison International were among the strongest performers. Edison, which owns California's second-largest electric utility, Southern California Edison, also owns Edison Mission Energy. This subsidiary owns a portfolio of independent power plants located around the world. After poor performance in 2002, the company sold assets and shored up its balance sheet, which drove strong returns for a number of Edison Mission securities. Another top performer was diversified chemicals manufacturer Huntsman International, which benefited from a rebound in chemical prices. The company carries a significant debt load, but its cash flow has improved as commodity prices have risen. Finally, Williams Companies experienced significant capital appreciation as management strengthened the company's balance sheet by focusing on its core pipeline business, selling nonproductive assets, and paying down debt.

We sold the fund's high-yield holdings of Trico Marine, an energy service company that underperformed, and Dobson Communications, a wireless communications firm. Dobson has had poor financial performance, in part because of its reliance on revenues from AT&T Wireless, which has been struggling. Overall, however, the fund's high-yield corporate holdings made a significant positive contribution to its performance.

In emerging markets, the fund's holdings in Ecuador, Venezuela, and Brazil performed well, with each country allocations producing returns in excess of 20% for the 12-month period. In addition, the fund benefited from double-digit returns in Bulgaria and Colombia. While government bonds from Turkey advanced strongly, we were more cautious in that market, and this underweighting detracted from the fund's relative performance within its Lipper category.

Please note that all holdings discussed in this report are subject to review in accordance with the fund's investment strategy and may vary in the future.

The outlook for your fund

The following commentary reflects anticipated developments that could affect your fund over the next six months, as well as your management team's plans for responding to them.

The fund's returns during the past fiscal year remained significantly higher than the historical averages for the sectors in which it invests. Economic conditions, though varying considerably over the past year, have remained generally favorable for fixed-income investing, with low inflation and moderate growth. High-yield bonds continued to benefit from declining default rates and improving balance sheets, while emerging markets countries, many of which are exporters of energy and other commodities, have benefited from high commodity prices, especially the record-high levels in the price of oil. The Federal Reserve's well-communicated policy of a measured tightening of the federal funds rate, a key short-term interest-rate benchmark, has not disrupted bond

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prices.

While this positive environment could continue into 2005, we remain cautious for several reasons. First, we believe the high cost of energy, which shows no signs of abating, will act like a tax on both businesses and consumers, reducing the incentive and the ability for both to continue spending. Second, geopolitical turmoil -- including the war in Iraq, the ongoing Israeli-Palestinian conflict, and terrorist threats from Al Queda -- remains a wild card, which could disrupt oil supplies and cause prices to rise even further. And third, since performance has been so strong for bonds, yields are low, and credit yield spreads (the difference between lower- and higher-quality bond yields) are tight. We believe it is unlikely bond prices will move significantly higher than their current levels. We therefore believe it is prudent to remain vigilant about any possible disruptions to global economies and fixed-income markets, keeping the fund positioned defensively, while remaining well diversified in a broad range of fixed-income sectors and securities.

The views expressed in this report are exclusively those of Putnam Management. They are not meant as investment advice. International investing involves certain risks, such as currency fluctuations, economic instability, and political developments. Additional risks may be associated with emerging-market securities, including illiquidity and volatility. Mutual funds that invest in bonds are subject to certain risks, including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. Lower-rated bonds may offer higher yields in return for more risk. Mutual funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk.

### Your fund's management

Your fund is managed by the members of the Putnam Core Fixed-Income Team. D. William Kohli is the Portfolio Leader and David Waldman is a Portfolio Member of your fund. The Portfolio Leader and Portfolio Member coordinate the team's management of the fund.

For a complete listing of the members of the Putnam Core Fixed-Income Team, including those who are not Portfolio Leaders or Portfolio Members of your fund, visit Putnam's Individual Investor Web site at [www.putnaminvestments.com](http://www.putnaminvestments.com).

### Other funds managed by the Portfolio Leader and Portfolio Members

D. William Kohli is also a Portfolio Leader of Putnam Diversified Income Trust, Putnam Master Income Trust, and Putnam Premier Income Trust. He is also a Portfolio Member of Putnam Global Income Trust.

David Waldman is also a Portfolio Member of Putnam Diversified Income Trust, Putnam Master Income Trust, and Putnam Premier Income Trust.

D. William Kohli and David Waldman may also manage other accounts advised by Putnam Management or an affiliate.

### Changes in your fund's Portfolio Leader and Portfolio Members

Your fund's Portfolio Leader and Portfolio Members did not change during the year ended September 30, 2004.

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### Performance summary

This section shows your fund's performance during its fiscal year, which ended September 30, 2004. Performance should always be considered in light of a fund's investment strategy. Data represents past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate and you may have a gain or a loss when you sell your shares.

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#### TOTAL RETURN FOR PERIODS ENDED 9/30/04

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	NAV	Market price
1 year	9.73%	12.95%
5 years	44.45	60.33
Annual average	7.63	9.90
10 years	105.78	117.81
Annual average	7.48	8.10
Life of fund (since 4/29/88)		
Annual average	8.03	7.17

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Performance does not reflect taxes on reinvested distributions.

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#### COMPARATIVE INDEX RETURNS FOR PERIODS ENDED 9/30/04

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	Lehman Govt./ Credit Bond Index	Citigroup Non- U.S. World Govt. Bond Index	JP Morgan Global High Yield Index*	Lipper Flexible Income Funds (closed-end) category average+
1 year	3.33%	8.16%	13.13%	9.88%
5 years	45.21	35.47	41.05	38.30
Annual average	7.75	6.26	7.12	6.53
10 years	111.10	84.38	118.62	110.01
Annual average	7.76	6.31	8.14	7.60
Life of fund (since 4/29/88)				
Annual average	8.18	7.09	--	8.17

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Index and Lipper results should be compared to fund performance at net asset value.

\* The JP Morgan Global High Yield Index's inception date was 12/31/93.



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+ For each of the 1-, 5-, and 10-year periods ended 9/30/04, there were 11 funds in this Lipper category.

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### PRICE AND DISTRIBUTION INFORMATION 12 MONTHS ENDED 9/30/04

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Distributions (number)	12	
Income	\$0.485	
Capital gains	--	
Total	\$0.485	
Share value:	NAV	Market price
9/30/03	\$6.99	\$6.41
9/30/04	7.13	6.73
Current return (end of period)		
Current dividend rate 1	6.40%	6.78%

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1 Most recent distribution, excluding capital gains, annualized and divided by NAV or market price at end of period.

#### Terms and definitions

Total return shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities, divided by the number of outstanding shares.

Market price is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on exchanges such as the American Stock Exchange and the New York Stock Exchange.

#### Comparative indexes

Citigroup Non-U.S. World Government Bond Index is an unmanaged index of government bonds from 10 countries.

JP Morgan Global Diversified Emerging Markets Index is an unmanaged index of global emerging-market fixed-income securities.

JP Morgan Global High Yield Index is an unmanaged index used to mirror the investable universe of the U.S. dollar global high-yield corporate debt market of both developed and emerging markets.

Lehman Government/Credit Bond Index is an unmanaged index of U.S. Treasury and agency securities and corporate bonds.

Russell 2000 Growth Index is an unmanaged index of those companies in the Russell 2000 Index chosen for their growth orientation.

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Russell 2000 Value Index is an unmanaged index of those companies in the Russell 2000 Index chosen for their value orientation.

S&P 500 Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper is a third-party industry ranking entity that ranks funds (without sales charges) with similar current investment styles or objectives as determined by Lipper. Lipper category averages reflect performance trends for funds within a category and are based on results at net asset value.

### Putnam's policy on confidentiality

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' addresses, telephone numbers, Social Security numbers, and the names of their financial advisors. We use this information to assign an account number and to help us maintain accurate records of transactions and account balances.

It is our policy to protect the confidentiality of your information, whether or not you currently own shares of our funds, and in particular, not to sell information about you or your accounts to outside marketing firms. We have safeguards in place designed to prevent unauthorized access to our computer systems and procedures to protect personal information from unauthorized use.

Under certain circumstances, we share this information with outside vendors who provide services to us, such as mailing and proxy solicitation. In those cases, the service providers enter into confidentiality agreements with us, and we provide only the information necessary to process transactions and perform other services related to your account. We may also share this information with our Putnam affiliates to service your account or provide you with information about other Putnam products or services. It is also our policy to share account information with your financial advisor, if you've listed one on your Putnam account.

If you would like clarification about our confidentiality policies or have any questions or concerns, please don't hesitate to contact us at 1-800-225-1581, Monday through Friday, 8:30 a.m. to 7:00 p.m., or Saturdays from 9:00 a.m. to 5:00 p.m. Eastern Time.

### Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2004, are available on the Putnam Individual Investor Web site, [www.putnaminvestments.com/individual](http://www.putnaminvestments.com/individual), and on the SEC's Web site, [www.sec.gov](http://www.sec.gov). If you have questions about finding forms on the SEC's Web site, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

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### Fund portfolio holdings

For periods ending on or after July 9, 2004, the fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain the fund's Forms N-Q on the SEC's Web site at [www.sec.gov](http://www.sec.gov). In addition, the fund's Forms N-Q may be reviewed and copied at the SEC's public reference room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's Web site or the operation of the public reference room.

### A guide to the financial statements

These sections of the report, as well as the accompanying Notes, preceded by the Report of Independent Registered Public Accounting Firm, constitute the fund's financial statements.

The fund's portfolio lists all the fund's investments and their values as of the last day of the reporting period. Holdings are organized by asset type and industry sector, country, or state to show areas of concentration and diversification.

Statement of assets and liabilities shows how the fund's net assets and share price are determined. All investment and noninvestment assets are added together. Any unpaid expenses and other liabilities are subtracted from this total. The result is divided by the number of shares to determine the net asset value per share, which is calculated separately for each class of shares. (For funds with preferred shares, the amount subtracted from total assets includes the net assets allocated to remarketed preferred shares.)

Statement of operations shows the fund's net investment gain or loss. This is done by first adding up all the fund's earnings -- from dividends and interest income -- and subtracting its operating expenses to determine net investment income (or loss). Then, any net gain or loss the fund realized on the sales of its holdings -- as well as any unrealized gains or losses over the period -- is added to or subtracted from the net investment result to determine the fund's net gain or loss for the fiscal year.

Statement of changes in net assets shows how the fund's net assets were affected by the fund's net investment gain or loss, by distributions to shareholders, and by changes in the number of the fund's shares. It lists distributions and their sources (net investment income or realized capital gains) over the current reporting period and the most recent fiscal year-end. The distributions listed here may not match the sources listed in the Statement of operations because the distributions are determined on a tax basis and may be paid in a different period from the one in which they were earned.

Financial highlights provide an overview of the fund's investment results, per-share distributions, expense ratios, net investment income ratios, and portfolio turnover in one summary table, reflecting the five most recent reporting periods. In a semiannual report, the highlight table also includes the current reporting period. For open-end funds, a separate table is provided for each share class.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders

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Putnam Master Intermediate Income Trust:

We have audited the accompanying statement of assets and liabilities of Putnam Master Intermediate Income Trust, including the fund's portfolio, as of September 30, 2004, and the related statement of operations for the year then ended, the statements 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 our audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of September 30, 2004 by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 Putnam Master Intermediate Income Trust as of September 30, 2004, the results of its operations 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 accounting principles generally accepted in the United States of America.

KPMG LLP

Boston, Massachusetts  
November 3, 2004

The fund's portfolio  
September 30, 2004

Corporate bonds and notes (37.0%) (a)

Principal amount

Value

Basic Materials (4.3%)

\$605,000	Acetex Corp. sr. notes 10 7/8s, 2009 (Canada)	\$665,500
455,000	AK Steel Corp. company guaranty 7 3/4s, 2012	444,763
780,000	Armco, Inc. sr. notes 9s, 2007	785,850
45,000	Avecia Group PLC company guaranty 11s, 2009 (United Kingdom)	39,600
705,000	BCP Caylux Holdings Luxembourg SCA 144A sr. sub. notes 9 5/8s, 2014 (Luxembourg)	761,400
276,000	Century Aluminum Co. 144A company guaranty 7 1/2s, 2014	289,800
740,000	Compass Minerals Group, Inc. company	

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	guaranty 10s, 2011	828,800
285,000	Compass Minerals International, Inc. sr. disc. notes stepped-coupon zero % (12s, 6/1/08), 2013 (STP)	225,150
775,000	Compass Minerals International, Inc. sr. notes stepped-coupon zero % (12 3/4s, 12/15/07), 2012 (STP)	651,000
525,000	Crystal US Holdings, LLC/US Sub 3 Corp. 144A sr. disc. notes zero % (10s, 10/1/09), 2014 (STP)	321,563
653,337	Doe Run Resources Corp. company guaranty Ser. A1, 11 3/4s, 2008 (PIK)	555,336
765,000	Dow Chemical Co. (The) notes 5 3/4s, 2009	817,010
375,000	Equistar Chemicals LP notes 8 3/4s, 2009	404,063
1,690,000	Equistar Chemicals LP/Equistar Funding Corp. company guaranty 10 1/8s, 2008	1,897,025
705,000	Georgia-Pacific Corp. company guaranty 9 3/8s, 2013	830,138
405,000	Georgia-Pacific Corp. company guaranty 8 7/8s, 2010	473,850
80,000	Georgia-Pacific Corp. debs. 7.7s, 2015	91,200
1,000	Georgia-Pacific Corp. sr. notes 7 3/8s, 2008	1,090
680,000	Gerdau Ameristeel Corp. sr. notes 10 3/8s, 2011 (Canada)	775,200
1,050,000	Hercules, Inc. company guaranty 11 1/8s, 2007	1,246,875
200,000	Huntsman Advanced Materials, LLC 144A sec. FRN 11.86s, 2008	214,000
240,000	Huntsman Advanced Materials, LLC 144A sec. notes 11s, 2010	278,400
793,000	Huntsman Co., LLC sr. disc. notes zero %, 2008	495,625
505,000	Huntsman ICI Chemicals, Inc. company guaranty 10 1/8s, 2009	530,250
1,565,000	Huntsman ICI Holdings sr. disc. notes zero %, 2009	829,450
EUR	415,000 Huntsman International, LLC sr. sub. notes Ser. EXCH, 10 1/8s, 2009	536,219
\$400,000	Huntsman, LLC company guaranty 11 5/8s, 2010	463,000
290,000	Huntsman, LLC 144A company guaranty 11 1/2s, 2012	320,088
225,000	Innophos, Inc. 144A sr. sub. notes 8 7/8s, 2014	239,625
130,000	International Steel Group, Inc. 144A sr. notes 6 1/2s, 2014	130,000
1,385,000	ISP Chemco, Inc. company guaranty Ser. B, 10 1/4s, 2011	1,544,275
40,000	Jefferson Smurfit Corp. company guaranty 7 1/2s, 2013	42,200
80,000	Jefferson Smurfit Corp. company guaranty 8 1/4s, 2012	88,200
60,000	Kaiser Aluminum & Chemical Corp. sr. notes Ser. B, 10 7/8s, 2006 (In default) (NON)	57,900
70,000	Lyondell Chemical Co. bonds 11 1/8s,	

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	2012	81,200
	5,000 Lyondell Chemical Co. company guaranty 9 1/2s, 2008	5,456
	1,375,000 Lyondell Chemical Co. notes Ser. A, 9 5/8s, 2007	1,497,031
EUR	440,000 MDP Acquisitions PLC sr. notes 10 1/8s, 2012 (Ireland)	611,413
	\$235,000 MDP Acquisitions PLC sr. notes 9 5/8s, 2012 (Ireland)	265,550
	384,783 MDP Acquisitions PLC sub. notes 15 1/2s, 2013 (Ireland) (PIK)	448,272
	1,065,000 Millennium America, Inc. company guaranty 9 1/4s, 2008	1,174,163
	155,000 Millennium America, Inc. 144A sr. notes 9 1/4s, 2008	170,888
EUR	75,000 Nalco Co. sr. notes 7 3/4s, 2011	99,003
EUR	75,000 Nalco Co. sr. sub. notes 9s, 2013	98,909
	\$1,045,000 Nalco Co. sr. sub. notes 8 7/8s, 2013	1,123,375
	570,000 Norske Skog Canada, Ltd. sr. notes 7 3/8s, 2014 (Canada)	595,650
	509,465 PCI Chemicals Canada sec. sr. notes 10s, 2008 (Canada)	499,276
	243,657 Pioneer Companies, Inc. sec. FRN 5.475s, 2006	238,784
	805,000 Potlatch Corp. company guaranty 10s, 2011	909,650
	110,000 Resolution Performance Products, LLC sr. notes 9 1/2s, 2010	113,300
EUR	440,000 SGL Carbon SA 144A sr. notes 8 1/2s, 2012 (Luxembourg)	568,521
	\$695,000 Steel Dynamics, Inc. company guaranty 9 1/2s, 2009	780,138
	146,606 Sterling Chemicals, Inc. sec. notes 10s, 2007 (PIK)	137,810
	660,000 Stone Container Corp. sr. notes 9 3/4s, 2011	730,950
	240,000 Stone Container Corp. sr. notes 8 3/8s, 2012	264,600
	140,000 Stone Container Finance 144A company guaranty 7 3/8s, 2014 (Canada)	146,650
	80,000 Tembec Industries, Inc. company guaranty 7 3/4s, 2012 (Canada)	80,400
	895,000 Ucar Finance, Inc. company guaranty 10 1/4s, 2012	1,024,775
	390,000 United Agri Products 144A sr. notes 8 1/4s, 2011	421,200
	509,000 United States Steel Corp. sr. notes 9 3/4s, 2010	582,805
	46,812 Wheeling-Pittsburgh Steel Corp. sr. notes 6s, 2010	32,768
	90,991 Wheeling-Pittsburgh Steel Corp. sr. notes 5s, 2011	63,694
	190,000 WHX Corp. sr. notes 10 1/2s, 2005	180,500
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		30,821,176

Capital Goods (3.0%)

	510,000 AEP Industries, Inc. sr. sub. notes 9 7/8s, 2007	519,563
	1,175,000 Allied Waste North America, Inc.	

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	company guaranty Ser. B, 8 1/2s, 2008	1,271,938
	20,000 Allied Waste North America, Inc. company guaranty Ser. B, 7 5/8s, 2006	20,875
	550,000 Allied Waste North America, Inc. sec. notes 6 1/2s, 2010	544,500
	247,000 Amsted Industries, Inc. 144A sr. notes 10 1/4s, 2011	271,700
	545,000 Argo-Tech Corp. 144A sr. notes 9 1/4s, 2011	584,513
	500,000 BE Aerospace, Inc. sr. sub. notes 9 1/2s, 2008	517,500
	600,000 BE Aerospace, Inc. sr. sub. notes Ser. B, 8s, 2008	592,500
	135,000 Berry Plastics Corp. company guaranty 10 3/4s, 2012	153,225
	452,000 Blount, Inc. sr. sub. notes 8 7/8s, 2012	480,250
	463,000 Browning-Ferris Industries, Inc. sr. notes 6 3/8s, 2008	467,630
EUR	80,000 Crown Holdings SA bonds 10 1/4s, 2011 (France)	113,004
	\$870,000 Crown Holdings SA notes 10 7/8s, 2013 (France)	1,011,375
	316,000 Crown Holdings SA notes 9 1/2s, 2011 (France)	352,340
EUR	107,000 Crown Holdings SA 144A notes 6 1/4s, 2011 (France)	133,471
	\$1,981,000 Decrane Aircraft Holdings Co. company guaranty 17s, 2008	752,780
	715,000 Earle M. Jorgensen Co. sec. notes 9 3/4s, 2012	795,438
	1,424,000 FIMEP SA sr. notes 10 1/2s, 2013 (France)	1,666,080
EUR	360,000 Flender Holdings 144A sr. notes 11s, 2010 (Germany)	518,352
	\$555,000 Flowserve Corp. company guaranty 12 1/4s, 2010	622,988
	665,000 Hexcel Corp. sr. sub. notes 9 3/4s, 2009	698,250
	950,000 Invensys, PLC notes 9 7/8s, 2011 (United Kingdom)	973,750
	510,000 K&F Industries, Inc. sr. sub. notes Ser. B, 9 5/8s, 2010	567,375
	330,000 L-3 Communications Corp. company guaranty 6 1/8s, 2013	334,125
	85,000 Manitowoc Co., Inc. (The) company guaranty 10 1/2s, 2012	97,963
EUR	180,000 Manitowoc Co., Inc. (The) company guaranty 10 3/8s, 2011	249,229
	\$220,000 Manitowoc Co., Inc. (The) sr. notes 7 1/8s, 2013	232,650
	218,000 Mueller Group, Inc. 144A sec. FRN 6.444s, 2011	224,540
	265,000 Mueller Group, Inc. 144A sr. sub. notes 10s, 2012	286,200
	560,000 Owens-Brockway Glass company guaranty 8 1/4s, 2013	596,400
	520,000 Owens-Brockway Glass company guaranty 7 3/4s, 2011	553,800
	964,000 Owens-Brockway Glass sr. sec. notes	

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	8 3/4s, 2012	1,070,040
515,000	Pliant Corp. sec. notes 11 1/8s, 2009	535,600
1,140,000	Sequa Corp. sr. notes 9s, 2009	1,251,150
260,000	Siebe PLC 144A sr. unsub. 6 1/2s, 2010 (United Kingdom)	236,600
227,000	Solo Cup Co. sr. sub. notes 8 1/2s, 2014	223,595
103,000	Tekni-Plex, Inc. company guaranty Ser. B, 12 3/4s, 2010	86,263
455,000	Tekni-Plex, Inc. 144A sr. sec. notes 8 3/4s, 2013	432,250
190,000	Terex Corp. company guaranty 9 1/4s, 2011	212,800
730,000	Terex Corp. company guaranty Ser. B, 10 3/8s, 2011	824,900
370,000	Titan Corp. (The) company guaranty 8s, 2011	384,800
		-----
		21,462,302

Communication Services (3.0%)

332,000	Alamosa Delaware, Inc. company guaranty 11s, 2010	375,990
268,000	Alamosa Delaware, Inc. company guaranty stepped-coupon zero % (12s, 7/31/05), 2009 (STP)	276,040
301,000	Alamosa Delaware, Inc. sr. notes 8 1/2s, 2012	304,763
195,000	American Cellular Corp. company guaranty 9 1/2s, 2009	155,025
800,000	American Cellular Corp. sr. notes Ser. B, 10s, 2011	648,000
365,000	American Tower Corp. sr. notes 7 1/2s, 2012	372,300
750,000	American Towers, Inc. company guaranty 7 1/4s, 2011	780,000
550,000	Asia Global Crossing, Ltd. sr. notes 13 3/8s, 2010 (Bermuda) (In default) (NON)	44,000
880,000	Centennial Cellular Operating Co. company guaranty 10 1/8s, 2013	926,200
490,000	Cincinnati Bell, Inc. company guaranty 7 1/4s, 2013	471,625
1,085,000	Cincinnati Bell, Inc. sr. sub. notes 8 3/8s, 2014	990,063
749,632	Colo.com, Inc. 144A sr. notes 13 7/8s, 2010 (In default) (NON)	75
765,000	Crown Castle International Corp. sr. notes 9 3/8s, 2011	879,750
265,000	Eircom Funding notes 8 1/4s, 2013 (Ireland)	290,175
390,000	Fairpoint Communications, Inc. sr. sub. notes 12 1/2s, 2010	417,300
70,976	Firstworld Communication Corp. sr. disc. notes zero %, 2008 (In default) (NON)	7
214,443	Globix Corp. company guaranty 11s, 2008 (PIK)	180,132
855,000	Inmarsat Finance PLC 144A company guaranty 7 5/8s, 2012 (United	



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	Kingdom)	848,588
300,000	iPCS, Inc. 144A sr. notes 11 1/2s, 2012	315,000
535,000	Level 3 Financing, Inc. 144A sr. notes 10 3/4s, 2011	450,738
725,000	Madison River Capital Corp. sr. notes 13 1/4s, 2010	768,500
1,039,000	MCI, Inc. sr. notes 7.735s, 2014	984,453
256,000	MCI, Inc. sr. notes 6.688s, 2009	246,720
1,000	MCI, Inc. sr. notes 5.908s, 2007	991
445,000	Nextel Communications, Inc. sr. notes 7 3/8s, 2015	478,375
1,211,000	Nextel Communications, Inc. sr. notes 5.95s, 2014	1,186,780
263,000	Nextel Partners, Inc. sr. notes 12 1/2s, 2009	304,423
1,260,000	Nextel Partners, Inc. sr. notes 8 1/8s, 2011	1,335,600
493,000	Qwest Communications International, Inc. 144A sr. notes 7 1/2s, 2014	452,328
2,415,000	Qwest Corp. 144A notes 9 1/8s, 2012	2,656,500
360,000	Qwest Services Corp. 144A notes 14 1/2s, 2014	435,600
164,000	Rogers Cantel, Ltd. debs. 9 3/4s, 2016 (Canada)	183,065
280,000	Rogers Wireless, Inc. sec. notes 9 5/8s, 2011 (Canada)	313,600
270,000	Rural Cellular Corp. sr. sub. notes Ser. B, 9 5/8s, 2008	249,750
165,000	SBA Communications Corp. sr. notes 10 1/4s, 2009	176,550
320,000	SBA Telecommunications Inc./SBA Communication Corp. sr. disc. notes stepped-coupon zero % (9 3/4s, 12/15/07), 2011 (STP)	259,200
670,000	TSI Telecommunication Services, Inc. company guaranty Ser. B, 12 3/4s, 2009	750,400
417,000	UbiquiTel Operating Co. bonds stepped-coupon zero % (14s, 4/15/05), 2010 (STP)	438,893
365,000	UbiquiTel Operating Co. sr. notes 9 7/8s, 2011	380,056
239,000	UbiquiTel Operating Co. 144A sr. notes 9 7/8s, 2011	249,755
545,000	Western Wireless Corp. sr. notes 9 1/4s, 2013	555,900
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		21,133,210
Consumer Cyclical (9.0%)		
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290,000	Ameristar Casinos, Inc. company guaranty 10 3/4s, 2009	329,150
160,000	Argosy Gaming Co. sr. sub. notes 9s, 2011	180,400
650,000	Argosy Gaming Co. sr. sub. notes 7s, 2014	670,313
455,000	Asbury Automotive Group, Inc. sr. sub. notes 8s, 2014	448,175
885,000	Autonation, Inc. company guaranty 9s, 2008	1,017,750

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	155,000	Beazer Homes USA, Inc. company guaranty 8 3/8s, 2012	171,275
	585,000	Boyd Gaming Corp. sr. sub. notes 8 3/4s, 2012	651,544
	165,000	Boyd Gaming Corp. sr. sub. notes 7 3/4s, 2012	176,963
	320,000	Building Materials Corp. company guaranty 8s, 2008	332,800
	370,000	Chumash Casino & Resort Enterprise 144A sr. notes 9s, 2010	410,700
	1,190,000	Coinmach Corp. sr. notes 9s, 2010	1,231,650
	770,000	Collins & Aikman Products company guaranty 10 3/4s, 2011	770,000
	105,000	D.R. Horton, Inc. company guaranty 8s, 2009	119,175
	630,000	D.R. Horton, Inc. sr. notes 7 7/8s, 2011	722,925
	155,000	D.R. Horton, Inc. sr. notes 6 7/8s, 2013	168,175
	440,000	D.R. Horton, Inc. sr. notes 5 7/8s, 2013	448,800
	160,000	Dana Corp. notes 10 1/8s, 2010	181,600
	550,000	Dana Corp. notes 9s, 2011	662,750
	295,000	Dana Corp. notes 6 1/2s, 2009	311,963
	565,000	Dayton Superior Corp. sec. notes 10 3/4s, 2008	604,550
	160,000	Delco Remy International, Inc. company guaranty 11s, 2009	168,000
	525,000	Delco Remy International, Inc. sr. sub. notes 9 3/8s, 2012	514,500
	441,621	Derby Cycle Corp. (The) sr. notes 10s, 2008 (In default) (NON)	44
EUR	92,196	Derby Cycle Corp. (The) sr. notes 9 3/8s, 2008 (In default) (NON)	6
DEM	1,173,682	Derby Cycle Corp. (The) sr. notes 9 3/8s, 2008 (In default) (NON)	74
	\$1,115,000	Dex Media West, LLC/Dex Media Finance Co. sr. notes Ser. B, 8 1/2s, 2010	1,265,525
	505,000	Dex Media, Inc. disc. notes zero %, 2013	369,913
	580,000	Dex Media, Inc. notes 8s, 2013	609,000
	190,000	Dura Operating Corp. company guaranty Ser. B, 8 5/8s, 2012	188,100
	61,000	FelCor Lodging LP company guaranty 10s, 2008 (R)	64,050
	480,000	Finlay Fine Jewelry Corp. 144A sr. notes 8 3/8s, 2012	516,000
	700,000	Gaylord Entertainment Co. sr. notes 8s, 2013	736,750
	1,430,000	Goodyear Tire & Rubber Co. (The) notes 7.857s, 2011	1,347,775
	200,000	Goodyear Tire & Rubber Co. (The) notes 6 3/8s, 2008	193,000
	416,000	HMH Properties, Inc. company guaranty Ser. B, 7 7/8s, 2008 (R)	427,960
	1,383,888	Hollinger Participation Trust 144A sr. notes 12 1/8s, 2010 (Canada) (PIK)	1,612,230
	995,000	Hollywood Park, Inc. company guaranty Ser. B, 9 1/4s, 2007	1,019,875
	279,000	Host Marriott LP sr. notes Ser. E,	

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	8 3/8s, 2006 (R)	294,345
725,000	Host Marriott LP 144A sr. notes 7s, 2012 R	763,063
340,000	Houghton Mifflin Co. sr. sub. notes 9 7/8s, 2013	357,000
870,000	Icon Health & Fitness company guaranty 11 1/4s, 2012	930,900
645,000	IESI Corp. company guaranty 10 1/4s, 2012	703,050
280,000	Inn of the Mountain Gods sr. notes 12s, 2010	320,600
520,000	ITT Corp. debs. 7 3/8s, 2015	566,800
585,000	ITT Corp. notes 6 3/4s, 2005	605,475
575,000	JC Penney Co., Inc. notes 9s, 2012	698,625
30,000	JC Penney Co., Inc. notes 8s, 2010	34,163
1,625,000	John Q. Hammons Hotels LP/John Q. Hammons Hotels Finance Corp. III 1st mtge. Ser. B, 8 7/8s, 2012	1,811,875
940,000	Jostens Holding Corp. sr. disc. notes stepped-coupon zero % (10 1/4s, 12/1/08), 2013 (STP)	643,900
857,000	Jostens IH Corp. 144A company guaranty 7 5/8s, 2012	861,285
510,000	Jostens, Inc. sr. sub. notes 12 3/4s, 2010	570,838
130,000	K. Hovnanian Enterprises, Inc. company guaranty 10 1/2s, 2007	151,775
600,000	K. Hovnanian Enterprises, Inc. company guaranty 8 7/8s, 2012	670,500
385,000	K. Hovnanian Enterprises, Inc. company guaranty 6 3/8s, 2014	389,813
295,000	K. Hovnanian Enterprises, Inc. sr. notes 6 1/2s, 2014	301,638
355,000	K2, Inc. 144A sr. notes 7 3/8s, 2014	376,300
1,340,000	Laidlaw International, Inc. sr. notes 10 3/4s, 2011	1,529,275
560,000	Lamar Media Corp. company guaranty 7 1/4s, 2013	602,000
940,000	Levi Strauss & Co. sr. notes 12 1/4s, 2012	994,050
430,000	Mandalay Resort Group sr. notes 6 3/8s, 2011	440,750
700,000	MeriStar Hospital Corp. company guaranty 9 1/8s, 2011 (R)	733,250
390,000	MeriStar Hospital Corp. company guaranty 9s, 2008 (R)	407,550
75,000	MeriStar Hospitality Operating Partnership/MeriStar Hospitality Finance Corp. company guaranty 10 1/2s, 2009	82,125
295,000	Meritage Corp. company guaranty 9 3/4s, 2011	331,138
160,000	Meritage Corp. sr. notes 7s, 2014	164,000
405,000	Meritor Automotive, Inc. notes 6.8s, 2009	415,125
420,000	Metaldyne Corp. 144A sr. notes 10s, 2013	390,600
800,000	MGM Mirage, Inc. company guaranty 8 1/2s, 2010	909,000
490,000	MGM Mirage, Inc. company guaranty 6s, 2009	496,738
1,420,000	Mohegan Tribal Gaming Authority sr.	

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	sub. notes 6 3/8s, 2009	1,473,250
1,510,000	Owens Corning notes 7 1/2s, 2005 (In default) (NON)	687,050
460,000	Oxford Industries, Inc. sr. notes 8 7/8s, 2011	499,100
905,000	Park Place Entertainment Corp. sr. notes 7 1/2s, 2009	1,013,600
495,000	Park Place Entertainment Corp. sr. notes 7s, 2013	550,688
395,000	Park Place Entertainment Corp. sr. sub. notes 8 7/8s, 2008	450,300
455,000	Penn National Gaming, Inc. company guaranty Ser. B, 11 1/8s, 2008	494,244
955,000	Penn National Gaming, Inc. sr. sub. notes 8 7/8s, 2010	1,046,919
220,000	Phillips-Van Heusen Corp. sr. notes 7 1/4s, 2011	228,800
555,000	Pinnacle Entertainment, Inc. sr. sub. notes 8 3/4s, 2013	568,875
255,000	Pinnacle Entertainment, Inc. sr. sub. notes 8 1/4s, 2012	255,638
1,095,000	PRIMEDIA, Inc. company guaranty 8 7/8s, 2011	1,095,000
350,000	PRIMEDIA, Inc. company guaranty 7 5/8s, 2008	345,625
800,000	PRIMEDIA, Inc. 144A sr. notes 8s, 2013	760,000
365,000	Reader's Digest Association, Inc. (The) sr. notes 6 1/2s, 2011	375,950
725,000	Resorts International Hotel and Casino, Inc. company guaranty 11 1/2s, 2009	833,750
125,000	RH Donnelley Finance Corp. I company guaranty 8 7/8s, 2010	141,250
925,000	RH Donnelley Finance Corp. I 144A sr. notes 8 7/8s, 2010	1,045,250
475,000	RH Donnelley Finance Corp. I 144A sr. sub. notes 10 7/8s, 2012	575,938
670,000	Russell Corp. company guaranty 9 1/4s, 2010	726,950
1,107,000	Saks, Inc. company guaranty 7s, 2013	1,129,140
1,190,000	Samsonite Corp. 144A sr. sub. notes 8 7/8s, 2011	1,243,550
385,000	Schuler Homes, Inc. company guaranty 10 1/2s, 2011	442,750
1,100,000	Sealy Mattress Co. sr. sub. notes 8 1/4s, 2014	1,108,250
420,000	Standard Pacific Corp. sr. notes 7 3/4s, 2013	456,750
50,000	Starwood Hotels & Resorts Worldwide, Inc. company guaranty 7 7/8s, 2012	56,563
390,000	Starwood Hotels & Resorts Worldwide, Inc. company guaranty 7 3/8s, 2007	420,225
470,000	Station Casinos, Inc. sr. notes 6s, 2012	481,750
335,000	Technical Olympic USA, Inc. company guaranty 10 3/8s, 2012	375,200
220,000	Technical Olympic USA, Inc. company guaranty 9s, 2010	240,900
EUR	125,000 Teksid Aluminum 144A company guaranty 11 3/8s, 2011 (Luxembourg)	134,658
\$750,000	Tenneco Automotive, Inc. sec. notes	

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	Ser. B, 10 1/4s, 2013	855,000
501,000	THL Buildco, Inc. (Nortek, Inc.) 144A sr. sub. notes 8 1/2s, 2014	524,798
1,220,000	Trump Atlantic City Associates company guaranty 11 1/4s, 2006	1,052,250
515,000	United Auto Group, Inc. company guaranty 9 5/8s, 2012	567,788
875,000	Vertis, Inc. company guaranty Ser. B, 10 7/8s, 2009	939,531
730,000	Vertis, Inc. 144A sub. notes 13 1/2s, 2009	730,000
100,000	Von Hoffman Press, Inc. company guaranty 10 3/8s, 2007	101,875
1,110,000	Von Hoffman Press, Inc. company guaranty 10 1/4s, 2009	1,230,713
149,142	Von Hoffman Press, Inc. debs. 13s, 2009 (PIK)	155,481
810,000	WCI Communities, Inc. company guaranty 9 1/8s, 2012	901,125
399,000	William Carter Holdings Co. (The) company guaranty Ser. B, 10 7/8s, 2011	451,868
540,000	WRC Media Corp. sr. sub. notes 12 3/4s, 2009	491,400
62,000	Yell Finance BV sr. notes 10 3/4s, 2011 (Netherlands)	70,959
		-----
		64,521,707

Consumer Staples (5.0%)

	40,000 Adelphia Communications Corp. notes Ser. B, 9 7/8s, 2005 (In default) (NON)	35,800
215,000	Adelphia Communications Corp. sr. notes 10 7/8s, 2010 (In default) (NON)	197,800
50,000	Adelphia Communications Corp. sr. notes 9 3/8s, 2009 (In default) (NON)	46,000
341,000	Adelphia Communications Corp. sr. notes Ser. B, 9 7/8s, 2007 (In default) (NON)	306,900
580,000	Adelphia Communications Corp. sr. notes Ser. B, 7 3/4s, 2009 (In default) (NON)	510,400
545,000	Affinity Group, Inc. sr. sub. notes 9s, 2012	583,150
660,000	AMC Entertainment, Inc. sr. sub. notes 9 7/8s, 2012	683,100
545,000	AMC Entertainment, Inc. 144A sr. sub. notes 8s, 2014	512,300
192,228	Archibald Candy Corp. company guaranty 10s, 2007 (In default) (NON) (PIK)	76,891
635,000	Armkel, LLC/Armkel Finance sr. sub. notes 9 1/2s, 2009	692,150
565,000	Brand Services, Inc. company guaranty 12s, 2012	641,275
1,117,000	Cablevision Systems Corp. 144A sr. notes 8s, 2012	1,167,265
500,000	Capital Records, Inc. 144A company	

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	guaranty 8 3/8s, 2009	557,500
100,000	Charter Communications Holdings, LLC/Capital Corp. sr. disc. notes stepped-coupon zero % (12 1/8s, 1/15/07), 2012 (STP)	56,000
525,000	Charter Communications Holdings, LLC/Capital Corp. sr. disc. notes stepped-coupon zero % (11 3/4s, 5/15/06), 2011 (STP)	325,500
835,000	Charter Communications Holdings, LLC/Capital Corp. sr. notes 11 1/8s, 2011	676,350
860,000	Charter Communications Holdings, LLC/Capital Corp. sr. notes 10 3/4s, 2009	705,200
420,000	Charter Communications Holdings, LLC/Capital Corp. sr. notes 10 1/4s, 2010	337,050
1,560,000	Charter Communications Holdings, LLC/Capital Corp. sr. notes 10s, 2011	1,201,200
190,000	Charter Communications Holdings, LLC/Capital Corp. sr. notes 8 5/8s, 2009	147,725
650,000	Cinemark USA, Inc. sr. sub. notes 9s, 2013	726,375
990,000	Cinemark, Inc. sr. disc. notes stepped-coupon zero % (9 3/4s, 3/15/07), 2014 (STP)	680,625
305,000	Constellation Brands, Inc. company guaranty Ser. B, 8s, 2008	336,644
425,000	Constellation Brands, Inc. sr. sub. notes Ser. B, 8 1/8s, 2012	468,563
353,000	CSC Holdings, Inc. sr. notes Ser. B, 7 5/8s, 2011	371,974
360,000	CSC Holdings, Inc. 144A sr. notes 6 3/4s, 2012	360,900
170,000	Dean Foods Co. sr. notes 6 5/8s, 2009	180,625
210,000	Del Monte Corp. company guaranty Ser. B, 9 1/4s, 2011	231,525
560,000	Del Monte Corp. sr. sub. notes 8 5/8s, 2012	623,000
2,742,000	Diva Systems Corp. sr. disc. notes Ser. B, 12 5/8s, 2008 (In default) (NON)	3,428
1,370,000	Doane Pet Care Co. sr. sub. debs. 9 3/4s, 2007	1,311,775
260,000	Dole Food Co. sr. notes 8 7/8s, 2011	282,750
200,000	Dole Food Co. sr. notes 8 5/8s, 2009	218,000
485,000	Domino's, Inc. sr. sub. notes 8 1/4s, 2011	525,013
920,000	Echostar DBS Corp. sr. notes 6 3/8s, 2011	931,500
514,000	Echostar DBS Corp. 144A company guaranty 6 5/8s, 2014	510,145
250,000	Elizabeth Arden, Inc. company guaranty 7 3/4s, 2014	262,500
1,394,000	Granite Broadcasting Corp. sec. notes 9 3/4s, 2010	1,289,450
345,000	Jean Coutu Group, Inc. 144A sr. notes 7 5/8s, 2012 (Canada)	351,038

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690,000	Jean Coutu Group, Inc. 144A sr. sub. notes 8 1/2s, 2014 (Canada)	684,825
1,065,000	Kabel Deutscheland GmbH 144A sr. notes 10 5/8s, 2014 (Germany)	1,160,850
42,635	Knology, Inc. 144A sr. notes 12s, 2009 (PIK)	41,356
465,000	Land O'Lakes, Inc. sr. notes 8 3/4s, 2011	432,450
910,000	News America Holdings, Inc. company guaranty 9 1/4s, 2013	1,169,082
365,000	North Atlantic Trading Co. sr. notes 9 1/4s, 2012	350,400
680,000	Pinnacle Foods Holding Corp. 144A sr. sub. notes 8 1/4s, 2013	640,900
840,000	Playtex Products, Inc. company guaranty 9 3/8s, 2011	861,000
770,000	Playtex Products, Inc. sec. notes 8s, 2011	816,200
750,000	Prestige Brands, Inc. 144A sr. sub. notes 9 1/4s, 2012	735,000
165,000	Quebecor Media, Inc. sr. disc. notes stepped-coupon zero % (13 3/4s, 7/15/06), 2011 (Canada) (STP)	159,225
565,000	Quebecor Media, Inc. sr. notes 11 1/8s, 2011 (Canada)	652,575
694,000	Rainbow National Services, LLC 144A sr. notes 8 3/4s, 2012	720,025
735,000	Remington Arms Co., Inc. company guaranty 10 1/2s, 2011	698,250
560,000	Rite Aid Corp. company guaranty 9 1/2s, 2011	616,000
35,000	Rite Aid Corp. debs. 6 7/8s, 2013	30,625
75,000	Rite Aid Corp. notes 7 1/8s, 2007	75,563
380,000	Rite Aid Corp. sec. notes 8 1/8s, 2010	399,000
505,000	Rite Aid Corp. sr. notes 9 1/4s, 2013	517,625
40,000	Rite Aid Corp. 144A notes 6s, 2005	40,300
875,000	Sbarro, Inc. company guaranty 11s, 2009	818,125
255,000	Scotts Co. (The) sr. sub. notes 6 5/8s, 2013	268,069
963,000	Six Flags, Inc. sr. notes 9 5/8s, 2014	900,405
737,000	Six Flags, Inc. sr. notes 8 7/8s, 2010	692,780
290,000	Videotron Ltee company guaranty 6 7/8s, 2014 (Canada)	297,250
770,000	Vivendi Universal SA sr. notes 6 1/4s, 2008 (France)	816,200
720,000	Williams Scotsman, Inc. company guaranty 9 7/8s, 2007	689,400
771,000	Young Broadcasting, Inc. company guaranty 10s, 2011	794,130
365,000	Young Broadcasting, Inc. sr. sub. notes 8 3/4s, 2014	350,400
		-----
		35,553,396

Energy (3.1%)

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1,005,000 Arch Western Finance, LLC 144A sr.

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	notes 7 1/2s, 2013	1,080,375
210,000	Belden & Blake Corp. 144A sec. notes 8 3/4s, 2012	223,650
640,000	BRL Universal Equipment sec. notes 8 7/8s, 2008	681,600
565,000	CHC Helicopter Corp. sr. sub. notes 7 3/8s, 2014 (Canada)	589,013
340,000	Chesapeake Energy Corp. company guaranty 9s, 2012	388,450
269,000	Chesapeake Energy Corp. company guaranty 7 3/4s, 2015	293,210
1,031,000	Chesapeake Energy Corp. sr. notes 7 1/2s, 2013	1,128,945
279,000	Chesapeake Energy Corp. sr. notes 7s, 2014	295,043
510,000	Comstock Resources, Inc. sr. notes 6 7/8s, 2012	522,750
695,000	Dresser, Inc. company guaranty 9 3/8s, 2011	762,763
144,000	El Paso Energy Partners LP company guaranty Ser. B, 8 1/2s, 2011	162,000
550,000	Encore Acquisition Co. company guaranty 8 3/8s, 2012	613,250
255,000	Encore Acquisition Co. sr. sub. notes 6 1/4s, 2014	255,000
725,000	Exco Resources, Inc. company guaranty 7 1/4s, 2011	768,500
108,000	Forest Oil Corp. company guaranty 7 3/4s, 2014	116,640
235,000	Forest Oil Corp. sr. notes 8s, 2011	263,788
335,000	Forest Oil Corp. sr. notes 8s, 2008	369,338
305,000	Forest Oil Corp. 144A sr. notes 8s, 2011	342,363
395,000	Hanover Compressor Co. sr. notes 9s, 2014	433,513
355,000	Hanover Compressor Co. sr. notes 8 5/8s, 2010	385,175
530,000	Hanover Compressor Co. sub. notes zero %, 2007	447,850
355,000	Hanover Equipment Trust sec. notes Ser. A, 8 1/2s, 2008	381,625
480,000	Hornbeck Offshore Services, Inc. sr. notes 10 5/8s, 2008	529,200
365,000	KCS Energy, Inc. sr. notes 7 1/8s, 2012	381,425
390,000	Key Energy Services, Inc. sr. notes 6 3/8s, 2013	390,000
550,000	Massey Energy Co. sr. notes 6 5/8s, 2010	573,375
700,000	Newfield Exploration Co. sr. notes 7 5/8s, 2011	787,500
348,000	Newfield Exploration Co. 144A sr. sub. notes 6 5/8s, 2014	362,790
655,000	Offshore Logistics, Inc. company guaranty 6 1/8s, 2013	664,825
581,516	Oslo Seismic Services, Inc. 1st mtge. 8.28s, 2011	625,406
355,000	Pacific Energy Partners/Pacific Energy Finance Corp. 144A sr. notes 7 1/8s, 2014	384,288
226,000	Parker Drilling Co. company guaranty Ser. B, 10 1/8s, 2009	240,690



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565,000	Petro Geo-Services notes 10s, 2010 (Norway)	639,863
115,000	Pioneer Natural Resources Co. company guaranty 6 1/2s, 2008	124,659
380,000	Plains All American Pipeline LP/Plains All American Finance Corp. company guaranty 7 3/4s, 2012	446,747
485,000	Plains Exploration & Production Co. sr. sub. notes 8 3/4s, 2012	544,413
415,000	Plains Exploration & Production Co. 144A sr. notes 7 1/8s, 2014	445,088
670,000	Pogo Producing Co. sr. sub. notes Ser. B, 8 1/4s, 2011	737,000
826,000	Pride International, Inc. 144A sr. notes 7 3/8s, 2014	916,860
600,000	Seabulk International, Inc. company guaranty 9 1/2s, 2013	625,500
270,000	Seven Seas Petroleum, Inc. sr. notes Ser. B, 12 1/2s, 2005 (In default) (NON)	3
925,000	Star Gas Partners LP/Star Gas Finance Co. sr. notes 10 1/4s, 2013	1,012,875
334,231	Star Gas Propane 1st Mtge. 8.04s, 2009	360,969
150,000	Universal Compression, Inc. sr. notes 7 1/4s, 2010	159,000
670,000	Vintage Petroleum, Inc. sr. notes 8 1/4s, 2012	743,700
145,000	Vintage Petroleum, Inc. sr. sub. notes 7 7/8s, 2011	155,150
		-----
		22,356,167
Financial (0.9%)		
-----		
1,930,000	China Development Bank notes 4 3/4s, 2014 (China)	1,875,960
310,000	Crescent Real Estate Equities LP notes 7 1/2s, 2007 (R)	316,975
765,000	Crescent Real Estate Equities LP sr. notes 9 1/4s, 2009 (R)	826,200
992,000	E*Trade Finance Corp. 144A sr. notes 8s, 2011	1,031,680
1,451,520	Finova Group, Inc. notes 7 1/2s, 2009	723,946
576,000	iStar Financial, Inc. sr. notes 8 3/4s, 2008 (R)	656,231
125,000	iStar Financial, Inc. sr. notes 7s, 2008 (R)	133,306
425,000	iStar Financial, Inc. sr. notes 6s, 2010 (R)	439,015
540,000	Western Financial Bank sub. debs. 9 5/8s, 2012	610,200
		-----
		6,613,513
Government (0.2%)		
-----		
1,250,000	Aries Vermoögensverwaltungs 144A notes 9.6s, 2014 (Germany)	1,403,125
Health Care (3.1%)		

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345,000	Alderwoods Group, Inc. 144A sr. notes 7 3/4s, 2012	364,838
580,000	AmerisourceBergen Corp. company guaranty 7 1/4s, 2012	629,300
560,000	AmerisourceBergen Corp. sr. notes 8 1/8s, 2008	618,800
990,000	Ardent Health Services, Inc. sr. sub. notes 10s, 2013	1,014,750
171,000	Encore Medical Corp. 144A sr. sub. notes 9 3/4s, 2012	168,863
340,000	Extencicare Health Services, Inc. company guaranty 9 1/2s, 2010	381,650
535,000	Extencicare Health Services, Inc. sr. sub. notes 6 7/8s, 2014	545,700
115,000	Hanger Orthopedic Group, Inc. company guaranty 10 3/8s, 2009	105,800
1,500,000	HCA, Inc. med. term notes 8.85s, 2007	1,645,574
1,240,000	HCA, Inc. notes 7s, 2007	1,324,868
205,000	HCA, Inc. notes 5 3/4s, 2014	203,227
980,000	Healthsouth Corp. notes 7 5/8s, 2012	948,150
510,000	Healthsouth Corp. sr. notes 8 1/2s, 2008	517,650
245,000	Healthsouth Corp. sr. notes 8 3/8s, 2011	243,775
205,000	Healthsouth Corp. sr. notes 7s, 2008	203,719
365,000	Insight Health Services Corp. 144A company guaranty 9 7/8s, 2011	365,000
252,132	Magellan Health Services, Inc. sr. notes Ser. A, 9 3/8s, 2008	272,933
595,000	MedQuest, Inc. company guaranty Ser. B, 11 7/8s, 2012	678,300
805,000	MQ Associates, Inc. 144A sr. disc. notes zero %, 2012	497,088
740,000	Omnicare, Inc. sr. sub. notes 6 1/8s, 2013	743,700
737,000	PacifiCare Health Systems, Inc. company guaranty 10 3/4s, 2009	843,865
760,000	Province Healthcare Co. sr. sub. notes 7 1/2s, 2013	856,900
75,000	Service Corp. International notes 7.2s, 2006	78,375
25,000	Service Corp. International notes 6 7/8s, 2007	26,188
110,000	Service Corp. International notes 6 1/2s, 2008	114,538
270,000	Service Corp. International notes Ser. (a), 7.7s, 2009	290,925
775,000	Service Corp. International 144A sr. notes 7s, 2016	775,000
720,000	Stewart Enterprises, Inc. notes 10 3/4s, 2008	793,800
390,000	Tenet Healthcare Corp. notes 7 3/8s, 2013	366,600
45,000	Tenet Healthcare Corp. sr. notes 6 1/2s, 2012	40,275
720,000	Tenet Healthcare Corp. sr. notes 6 3/8s, 2011	646,200
870,000	Tenet Healthcare Corp. 144A sr. notes 9 7/8s, 2014	909,150
825,000	Triad Hospitals, Inc. sr. notes 7s,	

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	2012	862,125
1,625,000	Triad Hospitals, Inc. sr. sub. notes 7s, 2013	1,653,438
840,000	Universal Hospital Services, Inc. sr. notes 10 1/8s, 2011	852,600
245,000	US Oncology, Inc. 144A sr. notes 9s, 2012	253,575
175,000	US Oncology, Inc. 144A sr. sub. notes 10 3/4s, 2014	179,813
422,000	Vanguard Health Holding Co. II, LLC 144A sr. sub. notes 9s, 2014	429,913
305,000	Ventas Realty LP/Capital Corp. company guaranty 9s, 2012	347,700
345,000	VWR International, Inc. 144A sr. notes 6 7/8s, 2012	360,525
		-----
		22,155,190
Technology (1.2%)		
		-----
448,000	AMI Semiconductor, Inc. company guaranty 10 3/4s, 2013	521,920
725,000	Celestica, Inc. sr.sub. notes 7 7/8s, 2011 (Canada)	752,188
509,000	DigitalNet Holdings, Inc. sr. notes 9s, 2010	590,440
690,000	Freescale Semiconductor, Inc. 144A sr. notes 7 1/8s, 2014	717,600
1,150,000	Iron Mountain, Inc. company guaranty 8 5/8s, 2013	1,250,625
390,000	Iron Mountain, Inc. sr. sub. notes 8 1/4s, 2011	407,063
380,000	Nortel Networks Corp. notes 6 1/8s, 2006 (Canada)	387,600
513,000	ON Semiconductor Corp. company guaranty 13s, 2008	574,560
330,000	SCG Holding Corp. 144A notes zero %, 2011	452,100
620,000	Seagate Technology Hdd Holdings company guaranty 8s, 2009 (Cayman Islands)	657,200
605,000	UGS Corp. 144A sr. sub. notes 10s, 2012	659,450
EUR 195,000	Xerox Corp. sr. notes 9 3/4s, 2009	285,859
\$1,255,000	Xerox Corp. sr. notes 7 5/8s, 2013	1,355,400
180,000	Xerox Corp. sr. notes 6 7/8s, 2011	188,100
		-----
		8,800,105
Transportation (0.5%)		
		-----
550,000	American Airlines, Inc. pass-through certificates Ser. 01-1, 6.817s, 2011	488,125
985,000	Calair, LLC/Calair Capital Corp. company guaranty 8 1/8s, 2008	797,850
910,000	Kansas City Southern Railway Co. company guaranty 9 1/2s, 2008	991,900
190,000	Kansas City Southern Railway Co. company guaranty 7 1/2s, 2009	194,275
540,000	Northwest Airlines, Inc. company guaranty 7 5/8s, 2005	531,900

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247,692	NWA Trust sr. notes Ser. A, 9 1/4s, 2012	250,169
190,000	Travel Centers of America, Inc. company guaranty 12 3/4s, 2009	217,550
620,000	United AirLines, Inc. debs. 9 1/8s, 2012 (In default) (NON)	36,425
		-----
		3,508,194

Utilities & Power (3.7%)

54,000	AES Corp. (The) sr. notes 8 7/8s, 2011	60,345
30,000	AES Corp. (The) sr. notes 8 3/4s, 2008	32,550
1,885,000	AES Corp. (The) 144A sec. notes 8 3/4s, 2013	2,125,338
540,000	Allegheny Energy Supply 144A bonds 8 1/4s, 2012	596,700
340,000	Allegheny Energy Supply 144A sec. notes 10 1/4s, 2007	389,300
835,000	Calpine Corp. 144A sec. notes 8 1/2s, 2010	638,775
280,000	CenterPoint Energy Resources Corp. debs. 6 1/2s, 2008	301,185
240,000	CenterPoint Energy Resources Corp. sr. notes Ser. B, 7 7/8s, 2013	282,905
90,000	CMS Energy Corp. pass-through certificates 7s, 2005	90,500
600,000	CMS Energy Corp. sr. notes 8.9s, 2008	654,000
230,000	CMS Energy Corp. sr. notes 8 1/2s, 2011	250,700
180,000	CMS Energy Corp. 144A sr. notes 7 3/4s, 2010	189,900
635,000	DPL, Inc. sr. notes 6 7/8s, 2011	673,100
295,000	Dynegy Holdings, Inc. sr. notes 6 7/8s, 2011	280,988
1,810,000	Dynegy Holdings, Inc. 144A sec. notes 10 1/8s, 2013	2,081,500
385,000	Dynegy-Roseton Danskamme company guaranty Ser. A, 7.27s, 2010	388,850
265,000	Edison Mission Energy sr. notes 10s, 2008	310,050
15,000	Edison Mission Energy sr. notes 9 7/8s, 2011	17,475
130,000	Edison Mission Energy sr. notes 7.73s, 2009	136,500
200,000	El Paso CGP Co. notes 6 3/8s, 2009	192,000
275,000	El Paso Corp. notes Ser. MTN, 6.95s, 2007	276,375
670,000	El Paso Corp. sr. notes 7 3/8s, 2012	646,550
365,000	El Paso Natural Gas Co. sr. notes Ser. A, 7 5/8s, 2010	393,288
1,290,000	El Paso Production Holding Co. company guaranty 7 3/4s, 2013	1,293,225
650,000	Ferrellgas Partners LP/Ferrellgas Partners Finance sr. notes 6 3/4s, 2014	663,000
100,000	Gemstone Investor, Ltd. 144A company guaranty 7.71s, 2004	100,125
845,000	Mission Energy Holding Co. sec.	

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	notes 13 1/2s, 2008	1,068,925
400,000	Monongahela Power Co. 144A 1st. mtge. 6.7s, 2014	418,173
670,000	Nevada Power Co. 2nd mtge. 9s, 2013	770,500
1,020,000	Northwest Pipeline Corp. company guaranty 8 1/8s, 2010	1,143,675
115,000	Northwestern Corp. notes 8 3/4s, 2012 (In default) (NON)	101,488
470,000	Northwestern Corp. notes 7 7/8s, 2007 (In default) (NON)	414,775
2,300,000	NRG Energy, Inc. 144A sr. sec. notes 8s, 2013	2,463,875
655,000	Orion Power Holdings, Inc. sr. notes 12s, 2010	818,750
855,000	PG&E Corp. sec. notes 6 7/8s, 2008	925,538
160,000	PG&E Gas Transmission Northwest sr. notes 7.1s, 2005	166,000
615,000	PSEG Energy Holdings, Inc. notes 7 3/4s, 2007	656,513
485,000	SEMCO Energy, Inc. sr. notes 7 3/4s, 2013	522,588
150,000	Sierra Pacific Power Co. 144A general ref. mtge. 6 1/4s, 2012	153,000
915,000	Sierra Pacific Resources 144A sr. notes 8 5/8s, 2014	992,775
90,000	Southern California Edison Co. notes 6 3/8s, 2006	93,863
320,000	Teco Energy, Inc. notes 10 1/2s, 2007	371,200
185,000	Teco Energy, Inc. notes 7.2s, 2011	197,025
280,000	Teco Energy, Inc. notes 7s, 2012	293,300
1,050,000	Utilicorp Canada Finance Corp. company guaranty 7 3/4s, 2011 (Canada)	1,071,000
361,000	Utilicorp United, Inc. sr. notes 9.95s, 2011	397,100
399,000	Western Resources, Inc. sr. notes 9 3/4s, 2007	454,508
150,000	Williams Cos., Inc. (The) notes 8 1/8s, 2012	172,875
226,429	York Power Funding 144A notes 12s, 2007 (Cayman Islands) (In default) (NON)	23
		-----
		26,732,693
		-----
	Total Corporate bonds and notes (cost \$254,141,438)	\$265,060,778

U.S. government and agency mortgage obligations (26.8%) (a)  
Principal amount

Value

U.S. Government Agency Mortgage Obligations (26.8%)

	Federal National Mortgage Association Pass-Through Certificates	
\$87	8 1/2s, March 1, 2006	\$90
20,530	8s, with due dates from October 1, 2025 to July 1, 2028	22,402
14,348	7 1/2s, December 1, 2029	15,417
32,293,499	6 1/2s, with due dates from May 1,	

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	2026 to April 1, 2034	33,945,090
34,313	6 1/2s, October 1, 2018	36,130
86,700,000	6 1/2s, TBA, November 1, 2034	90,723,418
12,873,000	6 1/2s, TBA, October 1, 2034	13,500,559
10,163,000	5 1/2s, TBA, October 1, 2034	10,294,802
252,674	5s, April 1, 2019	257,106
39,100,000	5s, TBA, October 1, 2019	39,710,938
3,590,205	4 1/2s, with due dates from August 1, 2033 to June 1, 2034	3,461,108
		-----
		191,967,060
		-----
	Total U.S. government and agency mortgage obligations (cost \$191,626,930)	\$191,967,060

U.S. treasury obligations (9.8%) (a)

Principal amount		Value
-----		-----
\$23,608,000	U.S. Treasury Bonds 4 1/4s, August 15, 2013	\$23,965,808
	U.S. Treasury Notes	
7,500,000	6 1/2s, February 15, 2010	8,609,766
27,242,000	3 1/4s, August 15, 2008	27,378,210
10,518,000	1 5/8s, March 31, 2005	10,499,922
		-----
	Total U.S. treasury obligations (cost \$70,469,508)	\$70,453,706

Foreign government bonds and notes (15.7%) (a)

Principal amount		Value
-----		-----
\$665,000	Brazil (Federal Republic of) bonds 10 1/2s, 2014	\$740,810
1,220,000	Bulgaria (Republic of) 144A bonds 8 1/4s, 2015	1,506,700
CAD 3,680,000	Canada (Government of) bonds Ser. WH31, 6s, 2008	3,131,766
\$1,260,000	Colombia (Republic of) bonds Ser. NOV, 9 3/4s, 2009	1,414,350
2,150,000	Colombia (Republic of) notes 10 3/4s, 2013	2,464,975
325,000	Dominican (Republic of) notes 9.04s, 2013	251,063
EUR 5,530,000	France (Government of) bonds 4s, 2013	6,918,658
EUR 8,330,000	Germany (Federal Republic of) bonds Ser. 95, 7 3/8s, 2005	10,457,980
EUR 5,500,000	Germany (Federal Republic of) bonds Ser. 97, 6s, 2007	7,400,197
EUR 1,345,000	Hellenic Greece (Republic of) bonds 3 1/2s, 2008	1,692,602
\$185,000	Indonesia (Republic of) FRN 2.005s, 2006	178,525
460,000	Indonesia (Republic of) FRN 2.005s, 2005	453,100
1,600,000	Indonesia (Republic of) 144A sr. notes 6 3/4s, 2014	1,568,000
NZD 5,470,000	New Zealand (Government of) bonds Ser. 1106, 8s, 2006	3,819,332
NZD 5,804,000	New Zealand (Government of) bonds Ser. 709, 7s, 2009	4,052,542

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	\$1,005,000 Philippines (Republic of) sr. notes 8 7/8s, 2015	994,950
	9,190,000 Russia (Federation of) unsub. 8 1/4s, 2010	9,998,720
	945,000 Russia (Ministry of Finance) deb. Ser. V, 3s, 2008	855,225
	1,925,000 South Africa (Republic of) notes 7 3/8s, 2012	2,170,438
	860,000 South Africa (Republic of) notes 6 1/2s, 2014	920,200
EUR	1,000,000 Spain (Government of) bonds 5.4s, 2011	1,370,947
SEK	30,690,000 Sweden (Government of) bonds Ser. 1041, 6 3/4s, 2014	5,009,717
SEK	26,915,000 Sweden (Government of) bonds Ser. 3101, 4s, 2008	4,589,507
	\$510,000 Turkey (Republic of) notes 7 1/4s, 2015	504,900
	287,008 Ukraine (Government of) sr. notes Ser. REGS, 11s, 2007	312,839
	730,000 Ukraine (Government of) 144A bonds 7.65s, 2013	730,000
	1,080,000 Ukraine (Government of) 144A unsub. notes 6 7/8s, 2011	1,061,100
GBP	4,030,000 United Kingdom treasury bonds 7 1/4s, 2007	7,831,048
GBP	3,800,000 United Kingdom treasury bonds 5s, 2012	6,950,969
GBP	6,900,000 United Kingdom treasury bonds 7 1/2s, 2006	13,208,252
GBP	3,900,000 United Kingdom treasury bonds 4 1/2s, 2007	7,024,517
	\$465,000 Venezuela (Republic of) notes 10 3/4s, 2013	522,195
	350,000 Venezuela (Republic of) notes 8 1/2s, 2014	342,125
	2,095,000 Venezuela (Republic of) unsub. bonds 5 3/8s, 2010	1,888,643
		-----
	Total Foreign government bonds and notes (cost \$100,616,356)	\$112,336,892

### Asset-backed securities (8.0%) (a)

		Value
		-----
	\$207,655 ABSC NIMS Trust 144A Ser. 03-HE5, Class A, 7s, 2033 Aegis Asset Backed Securities Trust 144A	\$208,694
	113,864 Ser. 04-1N, Class Note, 5s, 2034	113,615
	258,592 Ser. 04-2N, Class N1, 4 1/2s, 2034	257,137
	213,000 Ser. 04-4N, Class Note, 5s, 2034	212,921
	214,000 Ameriquest Finance NIM Trust 144A Ser. 04-RN9, Class N2, 10s, 2034	198,278
3,217,273	Amortizing Residential Collateral Trust Ser. 02-BC1, Class A, IO, 6s, 2005 AQ Finance NIM Trust 144A	77,717
	20,477 Ser. 03-N2, Class Note, 9.3s, 2033	20,551
	68,062 Ser. 03-N9A, Class Note, 7.385s, 2033 Arcap REIT, Inc. 144A	68,402

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383,000	Ser. 03-1A, Class E, 7.11s, 2038	410,109
361,000	Ser. 04-1A, Class E, 6.42s, 2039	368,389
	Argent NIM Trust 144A	
123,481	Ser. 03-N6, Class A, 6.4s, 2034	123,790
73,669	Ser. 04-WN2, Class A, 4.55s, 2034	73,485
	Asset Backed Funding Corp. NIM Trust 144A	
28,599	Ser. 03-WF1, Class N1, 8.35s, 2032	28,599
156,000	Ser. 04-0PT1, Class N2, 6.9s, 2033	155,999
354,000	Ser. 04-FF1, Class N1, 5s, 2034	
	(Cayman Islands)	352,836
38,000	Ser. 04-FF1, Class N2, 5s, 2034	
	(Cayman Islands)	37,875
252,000	Ser. 04-HE1, Class N2, 8s, 2034	
	(Cayman Islands)	244,847
314,278	Aviation Capital Group Trust 144A	
	FRB Ser. 03-2A, Class G1, 2.511s, 2033	316,144
340,000	Bank One Issuance Trust FRB Ser. 03-C4, Class C4, 2.79s, 2011	346,468
	Bayview Financial Acquisition Trust	
497,493	Ser. 02-CA, Class A, IO, 0.78s, 2004	1,897
20,167,703	Ser. 03-X, Class A, IO, 0.89s, 2006	322,603
	Bear Stearns Asset Backed Securities NIM Trust 144A	
436,764	Ser. 04-HE6, Class A1, 5 1/4s, 2034	
	(Cayman Islands)	436,218
334,740	Ser. 04-HE7N, Class A1, 5 1/4s, 2034	
	(Cayman Islands)	334,322
	CARSSX Finance, Ltd. 144A	
130,000	FRB Ser. 04-AA, Class B3, 5.11s, 2011 (Cayman Islands)	130,065
190,000	FRB Ser. 04-AA, Class B4, 7.26s, 2011 (Cayman Islands)	190,095
350,000	Chase Credit Card Master Trust FRB Ser. 03-3, Class C, 2.84s, 2010	356,783
151,461	Chase Funding Net Interest Margin 144A Ser. 03-4A, Class NOTE, 6 3/4s, 2036	152,128
	Conseco Finance Securitizations Corp.	
361,875	Ser. 00-2, Class A4, 8.48s, 2030	369,876
3,191,000	Ser. 00-4, Class A6, 8.31s, 2032	2,776,170
1,088,493	Ser. 00-6, Class M2, 8.2s, 2032	146,947
268,000	Ser. 01-04, Class A4, 7.36s, 2033	276,978
416,000	Ser. 01-1, Class A5, 6.99s, 2032	397,280
13,000	Ser. 01-3, Class A3, 5.79s, 2033	13,306
1,858,000	Ser. 01-3, Class A4, 6.91s, 2033	1,859,115
300,000	Ser. 01-3, Class M2, 7.44s, 2033	57,000
981,294	Ser. 01-4, Class B1, 9.4s, 2033	147,194
2,333,909	Ser. 02-1, Class A, 6.681s, 2033	2,426,555
295,000	FRB Ser. 01-4, Class M1, 3.4s, 2033	120,803
790,000	Consumer Credit Reference IDX Securities FRB Ser. 02-1A, Class A, 3.919s, 2007	801,266
	Countrywide Asset Backed Certificates 144A	
1,561,142	Ser. 04-6N, Class N1, 6 1/4s, 2035	1,559,190
257,380	Ser. 04-BC1N, Class Note, 5 1/2s, 2035	256,575
431,000	Crest, Ltd. 144A Ser. 03-2A, Class E2, 8s, 2038	412,709
	First Franklin NIM Trust 144A	



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	207,982	Ser. 03-FF3A, Class A, 6 3/4s, 2033	207,174
	45,450	Ser. 04-FF1, Class N1, 4 1/2s, 2034 Fremont NIM Trust 144A	45,323
	66,850	Ser. 03-B, Class Note, 5.65s, 2033	66,683
	405,025	Ser. 04-A, Class Note, 4 3/4s, 2034 Granite Mortgages PLC	403,810
EUR	1,430,000	FRB Ser. 03-2, Class 2C1, 5.2s, 2043 (United Kingdom)	1,823,897
GBP	1,075,000	FRB Ser. 03-2, Class 3C, 6.38s, 2043 (United Kingdom)	1,994,789
	\$440,000	Granite Mortgages PLC FRB Ser. 02-1, Class 1C, 2.93s, 2042 (United Kingdom)	446,908
	368,011	Green Tree Financial Corp. Ser. 94-4, Class B2, 8.6s, 2019	254,921
	883,982	Ser. 94-6, Class B2, 9s, 2020	712,711
	362,579	Ser. 95-8, Class B1, 7.3s, 2026	279,186
	371,000	Ser. 96-8, Class M1, 7.85s, 2027	322,770
	112,055	Ser. 99-3, Class A5, 6.16s, 2031	113,841
	1,247,000	Ser. 99-5, Class A5, 7.86s, 2030 Greenpoint Manufactured Housing	1,116,829
	2,325,933	Ser. 00-3, Class IA, 8.45s, 2031	2,314,536
	50,000	Ser. 99-5, Class A4, 7.59s, 2028	53,480
	1,180,000	GS Auto Loan Trust 144A Ser. 04-1, Class D, 5s, 2011 GSAMP Trust 144A	1,164,682
	87,266	Ser. 03-HE1N, Class Note, 7 1/4s, 2033	87,004
	222,674	Ser. 04, Class Note, 5 1/2s, 2032	222,474
	199,573	Ser. 04-FM1N, Class Note, 5 1/4s, 2033	199,366
	177,954	Ser. 04-HE1N, Class N1, 5s, 2034	177,634
	1,818,000	Ser. 04-NIM1, Class N1, 5 1/2s, 2034	1,818,816
	519,000	Ser. 04-NIM1, Class N2, zero %, 2034	383,972
	358,534	Ser. 04-SE2N, Class Note, 5 1/2s, 2034	358,534
	235,000	Holmes Financing PLC FRB Ser. 8, Class 2C, 2.79s, 2040 (United Kingdom)	235,588
	210,000	Holmes Financing PLC FRB Ser. 4, Class 3C, 2.9s, 2040 (United Kingdom)	212,688
	560,000	Ser. 5, Class 2C, 3.05s, 2040 (United Kingdom)	561,568
	192,769	Home Equity Asset Trust 144A Ser. 02-5N, Class A, 8s, 2033	193,733
	77,030	Ser. 03-4N, Class A, 8s, 2033	77,608
	219,692	Ser. 03-7N, Class A, 5 1/4s, 2034	219,692
	124,195	Ser. 04-1N, Class A, 5s, 2034	123,885
	1,260,000	LNR CDO, Ltd. FRB Ser. 02-1A, Class FFL, 4.59s, 2037 (Cayman Islands) Long Beach Asset Holdings Corp. 144A	1,228,248
	89,718	Ser. 03-2, Class N1, 7.627s, 2033	89,718
	266,283	Ser. 04-2, Class N1, 4.94s, 2034	266,283
	338,814	Ser. 04-5, Class Note, 5s, 2034	339,559
	61,290	Long Beach Asset Holdings Corp. NIM Trust 144A Ser. 03-4, Class N1, 6.535s, 2033	61,290
	1,990,000	Long Beach Mortgage Loan Trust Ser. 04-3, Class S1, IO, 4 1/2s, 2006	120,644
	995,000	Ser. 04-3, Class S2, IO, 4 1/2s,	

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	2006	60,322
GBP	900,000 Lothian Mortgages PLC 144A Ser. 3A, Class D, 5.458s, 2039 (United Kingdom)	1,628,370
\$1,046,356	Madison Avenue Manufactured Housing Contract FRB Ser. 02-A, Class B1, 5.09s, 2032	575,496
350,000	MBNA Credit Card Master Note Trust FRN Ser. 03-C5, Class C5, 2.94s, 2010	356,761
110,468	Merrill Lynch Mortgage Investors, Inc. Ser. 03-WM3N, Class N1, 8s, 2005	111,351
	Merrill Lynch Mortgage Investors, Inc. 144A	
201,573	Ser. 04-FM1N, Class N1, 5s, 2035	199,939
156,787	Ser. 04-HE1N, Class N1, 5s, 2006	156,160
173,856	Mid-State Trust Ser. 11, Class B, 8.221s, 2038	176,055
24,729	Morgan Stanley ABS Capital I 144A Ser. 03-NC9N, Class Note, 7.6s, 2033	24,853
178,000	Morgan Stanley Auto Loan Trust 144A Ser. 04-HB2, Class E, 5s, 2012	171,548
	Morgan Stanley Dean Witter Capital I	
390,000	FRN Ser. 01-NC3, Class B1, 4.29s, 2031	387,126
358,000	FRN Ser. 01-NC4, Class B1, 4.34s, 2032	353,470
115,224	New Century Mortgage Corp. NIM Trust 144A Ser. 03-B, Class Note, 6 1/2s, 2033	115,638
136,838	Novastar NIM Trust 144A Ser. 04-N1, Class Note, 4.458s, 2034	136,838
	Oakwood Mortgage Investors, Inc.	
1,265,099	Ser. 01-C, Class A2, 5.92s, 2017	836,230
704,298	Ser. 01-C, Class A4, 7.405s, 2030	506,672
1,243,766	Ser. 01-E, Class A2, 5.05s, 2019	1,019,500
2,005,883	Ser. 02-C, Class A1, 5.41s, 2032	1,803,490
777,487	Ser. 99-B, Class A4, 6.99s, 2026	705,570
485,000	Oceanstar 144A FRB Ser. 04, Class E, 8.2s, 2034	485,000
	Option One Mortgage Securities Corp. NIM Trust 144A	
25,135	Ser. 03-2B, Class N1, 7.63s, 2033 (Cayman Islands)	25,135
63,876	Ser. 03-5, Class Note, 6.9s, 2033	64,196
71,000	Park Place Securities NIM Trust 144A Ser. 04-WCW2, Class D, 7.387s, 2034	71,000
335,468	Pass-Through Amortizing Credit Card Trust Ser. 02-1A, Class A4FL, 7.288s, 2012	336,291
90,000	People's Choice Net Interest Margin Note 144A Ser. 04-2, Class B, 5s, 2034	81,540
	Permanent Financing PLC FRB	
350,000	Ser. 1, Class 3C, 3.063s, 2042 (United Kingdom)	353,360
350,000	Ser. 3, Class 3C, 3.013s, 2042 (United Kingdom)	354,760
1,313,000	Providian Gateway Master Trust Ser. 02, Class B, zero %, 2006	1,165,936

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2,867,213	Residential Asset Mortgage Products, Inc. Ser. 03-RZ1, Class A, IO, 5 3/4s, 2005	100,997
103,608	Rural Housing Trust Ser. 87-1, Class D, 6.33s, 2026	107,299
58,456	SAIL Net Interest Margin Notes Ser. 03-4, Class A, 7 1/2s, 2033 (Cayman Islands)	58,392
353,812	SAIL Net Interest Margin Notes 144A Ser. 03-10A, Class A, 7 1/2s, 2033 (Cayman Islands)	353,793
111,227	Ser. 03-12A, Class A, 7.35s, 2033 (Cayman Islands)	111,194
87,021	Ser. 03-6A, Class A, 7s, 2033 (Cayman Islands)	86,374
190,231	Ser. 03-7A, Class A, 7s, 2033 (Cayman Islands)	188,819
49,846	Ser. 03-8A, Class A, 7s, 2033 (Cayman Islands)	49,595
133,652	Ser. 03-9A, Class A, 7s, 2033 (Cayman Islands)	132,957
260,567	Ser. 03-BC2A, Class A, 7 3/4s, 2033	259,809
577,828	Ser. 04-2A, Class A, 5 1/2s, 2034 (Cayman Islands)	577,828
701,288	Ser. 04-4A, Class A, 5s, 2034 (Cayman Islands)	700,236
369,833	Ser. 04-7A, Class A, 4 3/4s, 2034 (Cayman Islands)	369,319
48,310	SAIL Net Interest Margin Notes 144A Ser. 04-7A, Class B, 6 3/4s, 2034 (Cayman Islands)	47,508
670,837	Ser. 04-8A, Class A, 5s, 2034	670,837
209,750	Ser. 04-8A, Class B, 6 3/4s, 2034	205,041
14,065	Sasco Arc Net Interest Margin Notes Ser. 02-BC10, Class A, 7 3/4s, 2033 Sasco Arc Net Interest Margin Notes 144A	13,937
147,441	Ser. 03-3, Class A, 7 3/4s, 2033	146,701
285,778	Ser. 03-5, Class A, 7.35s, 2033 (Cayman Islands)	285,694
219,783	Ser. 03-AM1, Class A, 7 3/4s, 2033	218,712
273,345	Sasco Arc Net Interest Margin Trust 144A Ser. 03-BC1, Class B, zero %, 2033	232,343
143,188	Saxon Net Interest Margin Trust 144A Ser. 03-A, Class A, 6.656s, 2033	143,188
150,031	Sharp SP I, LLC Net Interest Margin Trust Ser. 03-NC1N, Class N, 7 1/4s, 2033 Sharp SP I, LLC Net Interest Margin Trust 144A	150,594
129,549	Ser. 03-OP1N, Class NA, 4.45s, 2033	129,549
90,520	Ser. 03-HS1N, Class N, 7.48s, 2033	90,800
42,998	Ser. 03-TC1N, Class N, 7.45s, 2033	42,998
35,290	Ser. 04-FM1N, Class N, 6.16s, 2033	35,467
44,122	Ser. 04-HS1N, Class Note, 5.92s, 2034	44,122
143,000	Sharps SP I, LLC Net Interest Margin Trust 144A Ser. 04-HE2N, Class NA, 5.43s, 2034	142,992
140,000	South Coast Funding FRB Ser. 3A, Class A2, 2.91s, 2038	141,750

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Structured Asset Investment Loan Trust		
221,691	Ser. 03-BC1A, Class A, 7 3/4s, 2033	220,614
4,060,735	Ser. 03-BC2, Class A, IO, 6s, 2005	118,103
1,928,005	Ser. 03-BC8, Class A, IO, 6s, 2005	74,899
10,983,737	Ser. 04-1, Class A, IO, 6s, 2005	480,689
390,000	TIAA Commercial Real Estate Securitization Ser. 02-1A, Class IV, 6.84s, 2037	311,170
467,000	TIAA Commercial Real Estate Securitization 144A Ser. 03-1A, Class E, 8s, 2038	443,370
2,688,535	Washington Mutual Ser. 03-S1, Class All, IO, 5 1/2s, 2033	140,728
	Wells Fargo Home Equity Trust 144A Ser. 04-2, Class N1, 4 1/2s, 2034	1,212,928
1,213,000	Ser. 04-2, Class N2, 8s, 2034	203,300
214,000	Whole Auto Loan Trust 144A Ser. 03-1, Class D, 6s, 2010	737,347
737,001		737,347
Total Asset-backed securities (cost \$60,506,538)		\$57,505,375

Collateralized mortgage obligations (4.2%) (a)  
Principal amount

Value

\$141,000	Banc of America Large Loan 144A FRN Ser. 02-FL2A, Class L1, 4.696s, 2014	\$141,142
350,000	Bear Stearns Commercial Mortgage Securitization Corp. 144A Ser. 04-ESA, Class K, 4.258s, 2016	349,999
286,000	Commercial Mortgage Pass-Through Certificates 144A FRB Ser. 01-FL4A, Class E, 3.06s, 2013	254,540
	CS First Boston Mortgage Securities Corp. 144A Ser. 98-C1, Class F, 6s, 2040	689,119
966,000	FRB Ser. 03-TF2A, Class L, 5.76s, 2014	353,690
356,000	Deutsche Mortgage & Asset Receiving Corp. Ser. 98-C1, Class X, IO, 1.091s, 2023	623,080
24,101,564	DLJ Commercial Mortgage Corp. Ser. 98-CF2, Class B4, 6.04s, 2031	251,760
286,492	Ser. 98-CF2, Class B5, 5.95s, 2031	567,585
915,958	Fannie Mae Ser. 98-51, Class SG, IO, 24.96s, 2022	60,792
131,247	Ser. 02-36, Class SJ, 16.088s, 2029	547,394
501,224	Ser. 03-W3, Class 1A3, 7 1/2s, 2042	519,307
478,480	Ser. 03-W2, Class 1A3, 7 1/2s, 2042	11,382
10,483	Ser. 02-W1, Class 2A, 7 1/2s, 2042	1,296
1,202	Ser. 02-14, Class A2, 7 1/2s, 2042	4,649
4,297	Ser. 01-T10, Class A2, 7 1/2s, 2041	606,725
562,786	Ser. 02-T4, Class A3, 7 1/2s, 2041	2,997
2,773	Ser. 01-T8, Class A1, 7 1/2s, 2041	8,079
7,482	Ser. 01-T7, Class A1, 7 1/2s, 2041	2,384,813
2,211,011	Ser. 01-T3, Class A1, 7 1/2s, 2040	360,593
334,432	Ser. 01-T1, Class A1, 7 1/2s, 2040	1,070,288
990,072	Ser. 99-T2, Class A1, 7 1/2s, 2039	446,646
413,301	Ser. 00-T6, Class A1, 7 1/2s, 2030	225,728
209,277		

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976,666	Ser. 01-T4, Class A1, 7 1/2s, 2028	1,058,411
2,389	Ser. 02-W3, Class A5, 7 1/2s, 2028	2,591
1,316,888	Ser. 03-118, Class S, IO, 6.26s, 2033	190,949
1,453,292	Ser. 03-118, Class SF, IO, 6.26s, 2033	202,098
1,085,977	Ser. 02-36, Class QH, IO, 6.21s, 2029	49,773
1,026,641	Ser. 03-58, Class ID, IO, 6s, 2033	203,724
1,098,862	Ser. 03-26, Class IG, IO, 6s, 2033	169,619
807,412	Ser. 322, Class 2, IO, 6s, 2032	163,501
1,017,881	Ser. 318, Class 2, IO, 6s, 2032	209,461
3,470,029	Ser. 03-49, Class TS, IO, 5.86s, 2018	409,124
1,358,905	Ser. 03-14, Class KS, IO, 5.76s, 2017	118,055
64,732	Ser. 03-23, Class SC, IO, 5.71s, 2033	131
4,744,194	Ser. 338, Class 2, IO, 5 1/2s, 2033	1,073,374
2,078,217	Ser. 329, Class 2, IO, 5 1/2s, 2033	454,610
2,127,618	Ser. 03-45, Class PI, IO, 5 1/2s, 2029	223,400
2,812,151	Ser. 03-37, Class IC, IO, 5 1/2s, 2027	282,095
449,000	Ser. 03-6, Class IB, IO, 5 1/2s, 2022	13,931
2,975,369	Ser. 03-41, Class SP, IO, 5.36s, 2015	186,508
8,775,074	Ser. 03-34, Class SP, IO, 5.26s, 2032	642,024
7,153,701	Ser. 03-34, Class ES, IO, 5.16s, 2033	555,074
2,977,921	Ser. 03-34, Class SG, IO, 5.16s, 2033	233,019
4,332,767	Ser. 03-23, Class AI, IO, 5s, 2017	479,312
1,880,500	Ser. 03-24, Class IC, IO, 5s, 2015	325,178
8,412,944	Ser. 03-W10, Class 1A, IO, 1.839s, 2043	236,614
9,903,682	Ser. 03-W10, Class 3A, IO, 1.802s, 2043	284,731
5,441,563	Ser. 03-W17, Class 12, IO, 1.162s, 2033	180,108
15,737,092	Ser. 02-T18, IO, 0.52s, 2042	226,416
169,750	Ser. 99-51, Class N, PO, zero %, 2029	146,171
84,318	Ser. 99-52, Class MO, PO, zero %, 2026	81,631
	Federal Home Loan Mortgage Corp. Structured Pass-Through Securities	
14,209	Ser. T-58, Class 4A, 7 1/2s, 2043	15,357
5,335,727	Ser. T-57, Class 1AX, IO, 0.445s, 2043	57,543
13,341,171	FFCA Secured Lending Corp. Ser. 00-1, Class X, IO, 1.567s, 2020	848,150
419,810	First Chicago Lennar Trust 144A Ser. 97-CHL1, Class E, 7.856s, 2039	400,328
	Freddie Mac	
534,270	Ser. 2763, Class SC, 21.56s, 2032	652,712
225,237	Ser. 2478, Class SY, IO, 6.39s, 2021	10,136
1,978,273	Ser. 2448, Class SM, IO, 6.24s, 2032	190,409
3,168,688	Ser. 216, Class IO, IO, 6s, 2032	636,212
2,227,954	Ser. 2579, Class GS, IO, 5.89s, 2017	192,813

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	1,418,300	Ser. 2515, Class IG, IO, 5 1/2s, 2032	410,411
	729,500	Ser. 2590, Class IH, IO, 5 1/2s, 2028	160,946
	1,781,000	Ser. 2596, Class IQ, IO, 5 1/2s, 2026	150,174
	357,496	Ser. 215, Class PO, PO, zero %, 2031	327,835
	339,065	Ser. 2235, PO, zero %, 2030 GE Capital Commercial Mortgage Corp. 144A	281,318
	596,000	Ser. 00-1, Class G, 6.131s, 2033	531,728
	370,000	Ser. 00-1, Class H, 6.131s, 2033	232,053
	529,968	GMAC Commercial Mortgage Securities, Inc. 144A Ser. 99-C3, Class G, 6.974s, 2036 Government National Mortgage Association	421,299
	31,340	Ser. 02-51, Class SA, IO, 6.289s, 2032	81
	479,605	Ser. 01-43, Class SJ, IO, 5.789s, 2029	9,143
	4,348,571	Ser. 03-83, Class SI, IO, 4.721s, 2032	263,557
	170,964	Ser. 98-2, Class EA, PO, zero %, 2028	144,464
	214,000	GS Mortgage Securities Corp. II 144A FRB Ser. 03-FL6A, Class L, 5.01s, 2015	214,268
GBP	1,161,310	Hermione (European Loan Conduit No. 14) 144A FRB Class A, 5.326s, 2011 (Ireland)	2,113,135
	\$253,101	LB Commercial Conduit Mortgage Trust 144A Ser. 99-C1, Class G, 6.41s, 2031 Mach One Commercial Mortgage Trust 144A	199,841
	422,000	Ser. 04-1A, Class J, 5.45s, 2040	353,854
	212,000	Ser. 04-1A, Class K, 5.45s, 2040	173,178
	96,000	Ser. 04-1A, Class L, 5.45s, 2040	70,121
	8,564,894	Merrill Lynch Mortgage Investors, Inc. Ser. 96-C2, Class JS, IO, 2.128s, 2028	469,285
	1,022,936	Mezz Cap Commercial Mortgage Trust 144A Ser. 04-C1, Class X, IO, 6.18s, 2037	471,669
	1,730,000	Morgan Stanley Capital I 144A Ser. 04-RR, Class F7, 6s, 2039	1,237,583
	4,458,814	Mortgage Capital Funding, Inc. Ser. 97-MC2, Class X, IO, 1.495s, 2012	126,603
	327,112	Mortgage Capital Funding, Inc. FRB Ser. 98-MC2, Class E, 7.288s, 2030 STRIPS 144A	363,410
	162,000	Ser. 03-1A, Class M, 5s, 2018 (Cayman Islands)	135,448
	193,000	Ser. 03-1A, Class N, 5s, 2018	145,329
	174,000	Ser. 04-1A, Class M, 5s, 2018	146,317
	167,000	Ser. 04-1A, Class N, 5s, 2018	126,870
	180,000	Trizechahn Office Properties Trust 144A Ser. 01-TZHA, Class D3, 6.943s, 2013	193,372
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		Total Collateralized mortgage	

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obligations (cost \$33,093,536) \$30,360,189

Senior loans (1.8%) (a) (c)

Principal amount Value

Basic Materials (0.2%)

\$148,500	Graphics Packaging bank term loan FRN 4.35s, 2010	\$149,243
174,125	Hercules, Inc. bank term loan FRN 2.9967s, 2010	175,322
116,037	Nalco Co. bank term loan FRN Ser. B, 4.4199s, 2010	117,307
175,314	SGL Carbon, LLC bank term loan FRN 4.9488s, 2009	175,314
255,000	Wellman 1st. lien bank term loan FRN 5.6938s, 2009	259,250
270,000	Wellman 2nd. lien bank term loan FRN 8.4438s, 2010	273,713
		1,150,149

Capital Goods (0.2%)

152,357	Allied Waste Industries, Inc. bank term loan FRN 4.5496s, 2010	154,487
25,714	Allied Waste Industries, Inc. bank term loan FRN Ser. C, 1.3688s, 2010	26,035
188,088	Amsted Industries bank term loan FRN 5.6832s, 2010	190,087
142,820	EaglePicher bank term loan FRN 4.8625s, 2009	143,891
121,905	Flowserve Corp. bank term loan FRN Ser. C, 4.4688s, 2009	123,429
198,246	Graham Packaging bank term loan FRN 4.6754s, 2010	199,072
118,629	Invensys, PLC bank term loan FRN Ser. B-1, 5.477s, 2009 (United Kingdom)	120,112
141,743	Mueller Group bank term loan FRN 4.4165s, 2011	142,452
97,500	Roper bank term loan FRN 3.6101s, 2008	98,759
149,250	Solo Cup Co. bank term loan FRN 4.1587s, 2011	150,400
91,886	SPX Corp. bank term loan FRN Ser. B, 3.8647s, 2009	93,005
49,626	Transdigm, Inc. bank term loan FRN 3.9363s, 2010	50,215
		1,491,944

Communication Services (0.1%)

49,833	Consolidated Communications bank term loan FRN 4.4088s, 2012	50,332
99,000	Dobson Communications Corp. bank term loan FRN 5.2787s, 2010	98,319
231,583	Nextel bank term loan FRN Ser. E, 4.1871s, 2010	232,690
80,000	PanAmSat Corp. bank term loan FRN Ser. B, 4.5612s, 2011	80,020

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195,000	Qwest Communications International, Inc. bank term loan FRN Ser. A, 6 1/2s, 2007	201,663
50,000	SBA Senior Finance, Inc. bank term loan FRN 5.5443s, 2008	50,375
		-----
		713,399
Consumer Cyclicals (0.4%)		
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61,181	Advance Stores bank term loan FRN Ser. C, 3.7086s, 2007	61,908
148,779	Borgata Resorts bank term loan FRN Ser. B, 4.1257s, 2007	149,027
142,511	Coinmach Corp. bank term loan FRN Ser. B, 4.453s, 2009	143,758
49,239	Corrections Corporation of America bank term loan FRN 3.36s, 2008	49,977
172,963	Dex Media West, LLC bank term loan FRN Ser. B, 3.9565s, 2010	175,094
120,000	Goodyear Tire & Rubber Co. (The) bank term loan FRN 6.43s, 2006	121,230
75,000	Goodyear Tire & Rubber Co. (The) bank term loan FRN 4 1/2s, 2007	75,750
171,800	Hayes Lemmerz International, Inc. bank term loan FRN 5.3736s, 2009	174,914
99,000	IESI Corp. bank term loan FRN 4.6064s, 2010	100,238
172,426	Jostens, Inc. bank term loan FRN Ser. B, 4.15s, 2010	173,546
162,963	Lamar Media bank term loan FRN 3.36s, 2010	164,063
50,000	Landsource bank term loan FRN 4 3/8s, 2010	50,688
106,849	Penn National Gaming, Inc. bank term loan FRN 4.09s, 2010	108,318
36,018	Pinnacle Entertainment, Inc. bank term loan FRN 4.84s, 2009	36,378
127,175	PRIMEDIA, Inc. bank term loan FRN Ser. B, 4 5/8s, 2009	122,406
246,315	RH Donnelley Finance Corp. bank term loan FRN Ser. B, 3.86s, 2011	249,368
246,884	Scientific Gaming bank term loan FRN 4.1237s, 2008	249,662
110,357	Sealy Mattress Co. bank term loan FRN Ser. C, 4.2327s, 2012	111,461
104,738	TRW Automotive bank term loan FRN 4 1/8s, 2011	106,396
165,000	WRC Media Corp. bank term loan FRN 6.7613s, 2009	164,484
		-----
		2,588,666
Consumer Staples (0.5%)		
-----		
34,561	Affinity Group Holdings bank term loan FRN Ser. B1, 5.6571s, 2009	34,892
86,403	Affinity Group Holdings bank term loan FRN Ser. B2, 5.5828s, 2009	87,231
179,550	AMF Bowling Worldwide bank term loan FRN 4.9705s, 2009	180,897
900,000	Century Cable Holdings bank term	



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	loan FRN 6 3/4s, 2009	886,661
239,400	Charter bank term loan FRN Ser. B, 4.92s, 2011	237,397
112,500	Constellation Brands, Inc. bank term loan FRN 3.213s, 2008	112,842
159,395	Del Monte Foods Co. bank term loan FRN Ser. B, 3.9108s, 2010	161,686
148,665	DirectTV bank term loan FRN Ser. B, 3.9761s, 2010	149,297
16,202	Dole Food Co. bank term loan FRN Ser. D, 4.4768s, 2009	16,431
120,000	Dole Holding Co. bank term loan FRN 7s, 2010	121,275
69,475	Insight Midwest LP/Insight Capital, Inc. bank term loan FRN 3.9375s, 2009	70,276
180,000	MGM bank term loan FRN Ser. B, 4.14s, 2011	180,405
500,000	Olympus Cable bank term loan FRN Ser. B, 6 1/2s, 2010	491,072
108,232	Rayovac Corp. bank term loan FRN Ser. B, 4.2211s, 2009	109,720
243,763	Roundy's bank term loan FRN 3.11s, 2009	245,895
84,673	Six Flags, Inc. bank term loan FRN Ser. B, 4.19s, 2009	85,229
153,353	Sum Media bank term loan FRN Ser. B, 3.934s, 2009	154,647
199,000	Warner Music Group bank term loan FRN Ser. B, 4.2978s, 2011	201,559
		-----
		3,527,412
Energy (--%)		
	-----	
180,000	Dresser, Inc. bank term loan FRN 5.19s, 2010	182,700
60,932	Magellan Midstream Holdings bank term loan FRN 4.65s, 2008	61,694
88,875	Peabody Energy Corp. bank term loan FRN Ser. B, 3.498s, 2010	89,727
		-----
		334,121
Financial (--%)		
	-----	
217,388	Hilb, Rogal & Hamilton Co. bank term loan FRN Ser. B, 3 7/8s, 2007	219,834
Health Care (0.3%)		
	-----	
123,750	Beverly Enterprises, Inc. bank term loan FRN 4.258s, 2008	125,400
120,000	Community Health Systems, Inc. bank term loan FRN Ser. B, 3.54s, 2011	120,064
198,000	Concentra bank term loan FRN 4 3/4s, 2009	200,310
296,494	DaVita, Inc. bank term loan FRN Ser. B, 3.6074s, 2009	299,042
119,700	Fisher Scientific International, Inc. bank term loan FRN 3.14s, 2011	120,486
99,000	Hanger Orthopedic Group, Inc. bank	

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term loan FRN 5.09s, 2009	98,010
114,875 Kinetic Concepts, Inc. bank term loan FRN Ser. B, 3.59s, 2011	116,072
148,500 Medex, Inc. bank term loan FRN 4.76s, 2009	149,861
480,026 Triad Hospitals, Inc. bank term loan FRN Ser. B, 3.89s, 2008	486,147
54,920 VWR International, Inc. bank term loan FRN 4.34s, 2011	55,732
	-----
	1,771,124
Transportation (--%)	
-----	
139,176 Pacer International, Inc. bank term loan FRN 4.1446s, 2010	140,916
Utilities & Power (0.1%)	
-----	
149,251 Allegheny Energy, Inc. bank term loan FRN Ser. C, 4.4485s, 2011	151,490
119,700 Dynegy Holdings, Inc. bank term loan FRN 5.67s, 2010	121,944
136,154 Teton Power Funding bank term loan FRN 5.1953s, 2011	137,175
120,000 Unisource Energy bank term loan FRN 5.652s, 2011	118,425
118,505 Williams Products bank term loan FRN Ser. C, 4.2849s, 2007	120,035
	-----
	649,069
	-----
Total Senior loans (cost \$12,319,114)	\$12,586,634
Brady bonds (0.5%) (a) (cost \$2,976,634)	
Principal amount	Value
-----	
\$3,708,249 Brazil (Federal Republic of) FRB 2 1/8s, 2012	\$3,439,401
Common stocks (0.4%) (a)	
Number of shares	Value
-----	
1,987 AboveNet, Inc. (NON) (S)	\$47,688
2,305 Alderwoods Group, Inc. (NON)	22,658
820,000 AMRESKO Creditor Trust (acquired 6/17/99 and 2/10/00, cost \$138,193) (RES) (NON) (R)	820
12 Arch Wireless, Inc. Class A (NON)	345
1,770 Archibald Candy Corp. (NON)	89
898 Birch Telecom, Inc. (NON)	9
494 Comdisco Holding Co., Inc. (S)	9,386
3,445,121 Contifinancial Corp. Liquidating Trust Units	68,902
15,321 Covad Communications Group, Inc. (NON) (S)	25,739
903 Genesis HealthCare Corp. (NON) (S)	27,460
45,911 Globix Corp. (NON) (S)	149,211
470,000 iPCS Escrow, Inc. (NON)	470
13,393 iPCS, Inc. (NON)	244,422
199 Knology, Inc. (NON)	826

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105 Leucadia National Corp.		5,948
6,483 Lodgian, Inc. (NON)		64,182
120,000 Loewen Group International, Inc. (NON)		12
1,158 Polymer Group, Inc. Class A (NON)		12,854
715 PSF Group Holdings, Inc. 144A Class A (NON)		1,072,995
53,520 Regal Entertainment Group		1,020,091
110 Sterling Chemicals, Inc. (NON)		2,530
740 Sun Healthcare Group, Inc. (NON)		5,957
948,004 VFB LLC (acquired 10/27/00 and 12/8/03, cost \$948,004) (RES) (NON)		180,121
4,438 Washington Group International, Inc. (NON) (S)		153,644
		-----
Total Common stocks (cost \$9,022,990)		\$3,116,359
Preferred stocks (0.3%) (a)		
Number of shares		Value
		-----
13,497 Avecia Group PLC \$4.00 pfd. (United Kingdom) (PIK)		\$254,756
15 Dobson Communications Corp. 13.00% pfd. (PIK)		6,300
320 First Republic Capital Corp. 144A 10.50% pfd.		329,600
12,814 iStar Financial, Inc. \$1.95 cum. pfd. (R)		323,554
94 Paxson Communications Corp. 14.25% cum. pfd. (PIK)		712,050
874 Rural Cellular Corp. Ser. B, 11.375% cum. pfd. (PIK)		725,420
		-----
Total Preferred stocks (cost \$2,502,861)		\$2,351,680
Convertible preferred stocks (0.1%) (a)		
Number of shares		Value
		-----
9,140 Crown Castle International Corp. \$3.125 cum. cv. pfd.		\$417,013
53 Paxson Communications Corp. 144A 9.75% cv. pfd. (PIK)		360,400
		-----
Total Convertible preferred stocks (cost \$737,660)		\$777,413
Units (0.1%) (a)		
Number of units		Value
		-----
870,000 Morrison Knudsen Corp.		\$56,550
991 XCL Equity Units		439,663
		-----
Total Units (cost \$1,718,156)		\$496,213
Warrants (0.1%) (a) (NON)		
Number of warrants	Expiration date	Value
		-----
719 AboveNet, Inc.	9/8/08	\$3,775
846 AboveNet, Inc.	9/8/10	3,384
1,020 Dayton Superior Corp. 144A	6/15/09	1

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3 Doe Run Resources Corp. 144A	12/31/12	1
1,193 Huntsman Co., LLC 144A	5/15/11	274,390
508 MDP Acquisitions PLC 144A	10/1/13	20,638
390 Mikohn Gaming Corp. 144A	8/15/08	156
400 ONO Finance PLC 144A (United Kingdom)	2/15/11	4
410 Pliant Corp. 144A	6/1/10	4
1,830 Travel Centers of America, Inc. 144A	5/1/09	9,150
1,670 Ubiquitel, Inc. 144A	4/15/10	1
2,740 Washington Group International, Inc. Ser. A	1/25/06	23,013
3,131 Washington Group International, Inc. Ser. B	1/25/06	18,786
1,692 Washington Group International, Inc. Ser. C	1/25/06	9,983
590 XM Satellite Radio Holdings, Inc. 144A	3/15/10	36,580
		-----
Total Warrants (cost \$680,109)		\$399,866
Convertible bonds and notes (---%) (a) (cost \$2,018,410)		
Principal amount		Value
-----		
\$2,430,000 Cybernet Internet Services International, Inc. 144A cv. sr. disc. notes 13s, 2009 (Denmark) (In default) (NON)		\$24
Short-term investments (14.7%) (a)		
Principal amount		Value
-----		
\$5,000,000 Park Granada, LLC for an effective yield of 1.07%, October 8, 2004		\$4,998,250
1,400,000 U.S. Treasury Bills for an effective yield of 0.91%, October 7, 2004 (SEG)		1,399,650
385,394 Short-term investments held as collateral for loaned securities with yields ranging from 1.68% to 2.11% and due dates ranging from October 1, 2004 to November 16, 2004 (d)		385,048
98,173,108 Putnam Prime Money Market Fund (e)		98,173,108
		-----
Total Short-term investments (cost \$104,956,056)		\$104,956,056
-----		
Total Investments (cost \$847,386,296)		\$855,807,646
-----		

(a) Percentages indicated are based on net assets of \$715,596,108.

(NON) Non-income-producing security.

(S) Securities on loan, in part or in entirety, at September 30, 2004.

(STP) The interest rate and date shown parenthetically represent the new interest rate to be paid and the date the fund will begin accruing interest at this rate.

(RES) Restricted, excluding 144A securities, as to public resale. The

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total market value of restricted securities held at September 30, 2004 was \$180,941 or less than 0.1% of net assets.

- (PIK) Income may be received in cash or additional securities at the discretion of the issuer.
- (SEG) This security was pledged and segregated with the custodian to cover margin requirements for futures contracts at September 30, 2004.
- (R) Real Estate Investment Trust.
- (c) Senior loans are exempt from registration under the Security Act of 1933, as amended, but contain certain restrictions on resale and cannot be sold publicly. These loans pay interest at rates which adjust periodically. The interest rate shown for senior loans are the current interest rates at September 30, 2004. Senior loans are also subject to mandatory and/or optional prepayment which cannot be predicted. As a result, the remaining maturity may be substantially less than the stated maturity shown.
- (d) See Note 1 to the financial statements.
- (e) See Note 4 to the financial statements regarding investments in the Putnam Prime Money Market Fund.

144A after the name of a security represents those 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.

TBA after the name of a security represents to be announced securities (Note 1).

The rates shown on Floating Rate Bonds (FRB) and Floating Rate Notes (FRN) are the current interest rates at September 30, 2004.

### DIVERSIFICATION BY COUNTRY

Distribution of investments by country of issue at September 30, 2004: (as a percentage of Market Value excluding collateral for loaned securities)

Brazil	0.5%
Canada	1.5
Cayman Islands	0.8
Colombia	0.5
France	1.3
Germany	2.4
New Zealand	0.9
Russia	1.3
Sweden	1.1
United Kingdom	5.3
United States	81.6
Other	2.8
-----	
Total	100.0%

Forward currency contracts to buy at September 30, 2004

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(aggregate face value \$47,207,655)

	Value	Aggregate face value	Delivery date	Unrealized appreciation/ (depreciation)
Australian Dollar	\$13,737,329	\$13,406,791	12/15/04	\$330,538
British Pound	2,677,541	2,662,732	12/15/04	14,809
Danish Krone	1,171,046	1,141,183	12/15/04	29,863
Euro	912,166	884,155	12/15/04	28,011
Japanese Yen	25,163,216	25,235,078	12/15/04	(71,862)
Norwegian Krone	389,142	377,787	12/15/04	11,355
Polish Zloty	506,245	484,184	12/15/04	22,061
Swiss Franc	1,262,036	1,231,047	12/15/04	30,989
Taiwan Dollar	1,781,546	1,784,698	12/15/04	(3,152)
				\$392,612

Forward currency contracts to sell at September 30, 2004  
(aggregate face value \$74,977,072)

	Value	Aggregate face value	Delivery date	Unrealized depreciation
Australian Dollar	\$12,584	\$12,395	12/15/04	\$(189)
British Pound	21,565,389	21,363,707	12/15/04	(201,682)
Canadian Dollar	2,126,120	2,046,093	12/15/04	(80,027)
Euro	36,157,921	35,267,115	12/15/04	(890,806)
New Zealand Dollar	7,636,428	7,356,133	12/15/04	(280,295)
Swedish Krona	8,381,328	8,042,449	12/15/04	(338,879)
Swiss Franc	895,555	889,180	12/15/04	(6,375)
				\$(1,798,253)

Futures contracts outstanding at September 30, 2004

	Value	Aggregate face value	Expiration date	Unrealized appreciation/ (depreciation)
CBT Interest Rate Swap				
10 yr (Long)	\$1,661,250	\$1,631,521	Dec-04	\$29,729
Euro-Bobl 5 yr (Long)	17,998,269	17,855,004	Dec-04	143,265
Euro-Bund 10 yr (Long)	18,382,606	18,138,228	Dec-04	244,378
Japanese Government Bond				

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10 yr (Long) Japanese Government Bond	6,259,982	6,240,039	Dec-04	19,943
10 yr (Long) U.K. Gilt (Long)	4,258,947	4,207,546	Dec-04	51,401
U.S. Treasury Note 10 yr (Long)	17,532,658	17,379,878	Dec-04	152,780
U.S. Treasury Note 5 yr (Short)	3,604,000	3,615,531	Dec-04	(11,531)
	3,544,000	3,553,904	Dec-04	9,904
				\$639,869

Credit default contracts outstanding at September 30, 2004

	Notional amount	Unrealized appreciation (depreciation)
-----		
Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.37273% and the fund pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities.	\$1,535,111	\$2,327
Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.55625% and the fund pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities.	1,116,444	1,823
Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.46% and the fund pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities.	558,222	878
Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.475% and the fund pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities.	279,111	441
Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.5% and the fund		

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pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities. 139,556      223

Agreement with Goldman Sachs effective September 2, 2004, terminating on the date on which the notional amount is reduced to zero or the date on which the assets securing the reference obligation are liquidated, the fund receives a payment of the outstanding notional amount times 2.6% and the fund pays in the event of a credit default in one of the underlying securities in the basket of BB CMBS securities. 139,556      232

-----  
\$5,924  
-----

TBA sale commitments outstanding at September 30, 2004  
(proceeds receivable \$49,821,476)

Agency	Principal amount	Settlement date	Value
FNMA, 6 1/2s, October 1, 2034	\$37,700,000	10/14/04	\$39,537,875
FNMA, 5 1/2s, October 1, 2034	10,163,000	10/14/04	10,294,802
			----- \$49,832,677 -----

Interest rate swap contracts outstanding at September 30, 2004

	Notional amount	Termination date	Unrealized appreciation (depreciation)
Agreement with Bank of America, N.A. dated March 25, 2004 to pay semi-annually the notional amount multiplied by 3.075% and receive quarterly the notional amount multiplied by the three month USD-LIBOR.	\$16,800,000	3/30/09	\$421,657
Agreement with Bank of America, N.A. dated January 22, 2004 to pay semi-annually the notional amount multiplied by 1.97375% and receive quarterly the notional amount multiplied by the three month USD-LIBOR.	13,900,000	1/26/06	110,307
Agreement with Bank of America, N.A. dated December 2, 2003 to pay semi-annually the notional amount multiplied by 2.444% and receive quarterly the notional amount			



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multiplied by the three month USD-LIBOR.	6,270,000	12/5/05	(34,734)
Agreement with Bank of America, N.A. dated January 22, 2004 to pay semi-annually the notional amount multiplied by 4.35% and receive quarterly the notional amount multiplied by the three month USD-LIBOR.	4,400,000	1/27/14	22,507
Agreement with Credit Suisse First Boston International dated July 7, 2004 to pay semi-annually the notional amount multiplied by 4.945% and receive quarterly the notional amount multiplied by the three month USD-LIBOR.	5,699,500	7/9/14	(236,016)
Agreement with Credit Suisse First Boston International dated July 7, 2004 to receive semi-annually the notional amount multiplied by 2.931% and pay quarterly the notional amount multiplied by the three month USD-LIBOR.	5,048,700	7/9/06	23,864
Agreement with Lehman Brothers Special Financing, Inc. dated January 22, 2004 to pay semi-annually the notional amount multiplied by 1.955% and receive quarterly the notional amount multiplied by the three month USD-LIBOR-BBA.	13,900,000	1/26/06	114,808
Agreement with Lehman Brothers Special Financing, Inc. dated December 9, 2003 to receive semi-annually the notional amount multiplied by 4.641% and pay quarterly the notional amount multiplied by three month USD-LIBOR-BBA.	9,188,000	12/15/13	242,066
Agreement with Lehman Brothers Special Financing, Inc. dated January 22, 2004 to pay semi-annually the notional amount multiplied by 4.3375% and receive quarterly the notional amount multiplied by the three month USD-LIBOR-BBA.	4,400,000	1/26/14	27,535
Agreement with Merrill Lynch Capital Services, Inc. dated September 27, 2002 to receive semi-annually the notional amount multiplied by the six month JPY-LIBOR-BBA and pay semi-annually the notional amount multiplied by 0.399%.	JPY 2,443,000,000	10/1/07	(64,047)
Agreement with Merrill Lynch Capital Services, Inc. dated November 17, 2000 to pay semi-annually the notional amount multiplied by the three month USD-LIBOR-BBA and receive the notional amount multiplied by 6.68%.	6,500,000	11/21/05	442,505
Agreement with UBS, AG dated April 23, 2004 to receive annually the notional amount multiplied by 3.49% and pay quarterly the notional amount multiplied by the three month SEK-STIBOR-SIDE.	SEK 395,000,000	4/27/06	157,396

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 The accompanying notes are an integral part of these financial statements.

Statement of assets and liabilities  
 September 30, 2004

Assets

Investments in securities, at value, including \$365,966 of securities on loan (Note 1)	
Unaffiliated Issuers (identified cost \$749,213,188)	\$757,634,538
Affiliated Issuers (identified cost \$98,173,108) (Note 4)	98,173,108
Cash	7,999,744
Foreign currency (cost \$6,848,198) (Note 1)	6,944,380
Interest and other receivables	9,354,108
Receivable for securities sold	57,380,183
Receivable for open swap contracts (Note 1)	1,562,645
Receivable for open forward currency contracts (Note 1)	481,874
Receivable for open credit default contracts (Note 1)	5,924
Receivable for closed forward currency contracts (Note 1)	120,671
Total assets	939,657,175

Liabilities

Payable for variation margin (Note 1)	138,142
Distributions payable to shareholders	3,788,329
Payable for securities purchased	166,023,157
Payable for compensation of Manager (Note 2)	1,241,232
Payable for investor servicing and custodian fees (Note 2)	127,336
Payable for Trustee compensation and expenses (Note 2)	89,126
Payable for administrative services (Note 2)	2,513
Payable for open forward currency contracts (Note 1)	1,887,515
Payable for closed forward currency contracts (Note 1)	130,490
Payable for open swap contracts (Note 1)	334,797
TBA sales commitments, at value (proceeds receivable \$49,821,476) (Note 1)	49,832,677

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Collateral on securities loaned, at value (Note 1)	385,048
Other accrued expenses	80,705
Total liabilities	224,061,067
Net assets	\$715,596,108
Represented by	
Paid-in capital (Note 1)	\$838,150,324
Undistributed net investment income (Note 1)	5,000,039
Accumulated net realized loss on investments and foreign currency transactions (Note 1)	(136,745,588)
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	9,191,333
Total -- Representing net assets applicable to capital shares outstanding	\$715,596,108
Computation of net asset value	
Net asset value per share (\$715,596,108 divided by 100,313,084 shares)	\$7.13

The accompanying notes are an integral part of these financial statements.

Statement of operations  
Year ended September 30, 2004

Investment income:

Interest (including interest income of \$525,463 from investments in affiliated issuers) (Note 4)	\$45,082,067
Dividends	992,423
Securities lending	1,553
Total investment income	46,076,043

Expenses:

Compensation of Manager (Note 2)	5,108,198
Investor servicing fees (Note 2)	355,305
Custodian fees (Note 2)	339,374
Trustee compensation and expenses (Note 2)	26,109
Administrative services (Note 2)	13,772
Other	349,668
Fees waived and reimbursed by manager (Note 4)	(54,444)

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Total expenses	6,137,982
Expense reduction (Note 2)	(30,381)
Net expenses	6,107,601
Net investment income	39,968,442
Net realized gain on investments (Notes 1 and 3)	15,304,673
Net realized gain on swap contracts (Note 1)	899,815
Net realized gain on futures contracts (Note 1)	1,584,647
Net realized loss on foreign currency transactions (Note 1)	(2,113,454)
Net realized gain on credit default contracts (Notes 1 and 3)	52,520
Net unrealized depreciation of assets and liabilities in foreign currencies during the year	(469,993)
Net unrealized appreciation of investments, futures contracts, swap contracts, written options, and TBA sale commitments during the year	8,325,125
Net gain on investments	23,583,333
Net increase in net assets resulting from operations	\$63,551,775

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

	Year ended September 30	
	2004	2003
Increase in net assets		
Operations:		
Net investment income	\$39,968,442	\$47,986,218
Net realized gain on investments and foreign currency transactions	15,728,201	12,488,499
Net unrealized appreciation of investments and assets and liabilities in foreign currencies	7,855,132	60,307,044
Net increase in net assets resulting from operations	63,551,775	120,781,761
Distributions to shareholders: (Note 1)		
From net investment income	(48,649,600)	(48,538,019)
Increase from issuance of common shares in connection with reinvestment of distributions capital share transactions	--	829,775

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Total increase in net assets	14,902,175	73,073,517
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### Net assets

Beginning of year	700,693,933	627,620,416
End of year (including undistributed net investment income of \$5,000,039 and \$7,010,795, respectively)	\$715,596,108	\$700,693,933

### Number of fund shares

Shares outstanding at beginning of year	100,313,084	100,182,745
Shares issued in connection with reinvestment of distributions	--	130,339
Shares outstanding at end of year	100,313,084	100,313,084

The accompanying notes are an integral part of these financial statements.

### Financial highlights

(For a common share outstanding throughout the period)

Per-share operating performance	2004	2003	Year ended September 30	
			2002	2001
Net asset value, beginning of period	\$6.99	\$6.26	\$6.54	\$7.13
Investment operations:				
Net investment income (a)	.40 (d)	.48	.52	.58
Net realized and unrealized gain (loss) on investments	.23	.73	(.26)	(.57)
Total from investment operations	.63	1.21	.26	.01
Less distributions:				
From net investment income	(.49)	(.48)	(.53)	(.46)
From return of capital	--	--	(.01)	(.14)
Total distributions	(.49)	(.48)	(.54)	(.60)
Net asset value, end of period	\$7.13	\$6.99	\$6.26	\$6.54
Market value,				

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end of period	\$6.730	\$6.410	\$6.380	\$6.050
-----				
Total return at market value (%) (b)	12.95	8.35	14.81	3.06
-----				
Ratios and supplemental data				
-----				
Net assets, end of period (in thousands)	\$715,596	\$700,694	\$627,620	\$655,161
-----				
Ratio of expenses to average net assets (%) (c)	.86 (d)	.89	.87	.90
-----				
Ratio of net investment income to average net assets (%)	5.61 (d)	7.22	7.97	8.50
-----				
Portfolio turnover (%)	113.46	141.60 (e)	193.33 (e)	111.45
-----				

(a) Per share net investment income has been determined on the basis of weighted average number of shares outstanding during the period.

(b) Total return does not reflect the effect of sales charges.

(c) Includes amounts paid through expense offset arrangements (Note 2).

(d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Fund during the period. As a result of such waivers, the expenses of the fund for the period ended September 30, 2004 reflect a reduction of less than 0.01% of average net assets for common shares (Note 4).

(e) Portfolio turnover excludes certain treasury note transactions executed in connection with a short-term trading strategy.

The accompanying notes are an integral part of these financial statements.

### Notes to financial statements September 30, 2004

#### Note 1 Significant accounting policies

Putnam Master Intermediate Income Trust (the "fund"), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company and is authorized to issue an unlimited number of shares. The fund's investment objective is to seek, with equal emphasis, high current income and relative stability of net asset value, by allocating its investments among the U.S. investment grade sector, high-yield sector and international sector. The fund invests in higher yielding, lower rated bonds that have a higher rate of default due to the nature of the investments.

A) Security valuation Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets. If no sales are reported -- as in the case of some securities traded

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over-the-counter -- a security is valued at its last reported bid price. Market quotations are not considered to be readily available for certain debt obligations; such investments are valued at fair value on the basis of valuations furnished by an independent pricing service or dealers, approved by the Trustees. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities. Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value foreign securities taking into account multiple factors, including movements in the U.S. securities markets. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. Securities quoted in foreign currencies are translated into U.S. dollars at the current exchange rate. Short-term investments having remaining maturities of 60 days or less are valued at amortized cost, which approximates fair value. Other investments, including restricted securities, are valued at fair value following procedures approved by the Trustees. Such valuations and procedures are reviewed periodically by the Trustees.

B) Joint trading account The fund may transfer uninvested cash balances, including cash collateral received under security lending arrangements, into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Investment Management, LLC ("Putnam Management"), the fund's manager, an indirect wholly-owned subsidiary of Putnam, LLC. These balances may be invested in issuers of high-grade short-term investments having maturities of up to 397 days for collateral received under security lending arrangements and up to 90 days for other cash investments.

C) Security transactions and related investment income Security transactions are recorded on the trade date (date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income is recorded on the accrual basis. Dividend income, net of applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair market value of the securities received. All premiums/discounts are amortized/accreted on a yield-to-maturity basis. The fund earned certain fees in connection with its senior loan purchasing activities. These fees are treated as market discount and are recorded as income in the statement of operations.

D) Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The market value of foreign securities, currency holdings, and other assets and liabilities are recorded in the books and records of the fund after translation to U.S. dollars based on the exchange rates on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when earned or incurred. The fund does not isolate that portion of realized or unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such gains and losses are included with the net realized and unrealized gain or loss on investments. Net realized gains

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and losses on foreign currency transactions represent net realized exchange gains or losses on closed forward currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of open forward currency contracts and assets and liabilities other than investments at the period end, resulting from changes in the exchange rate. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations, not present with domestic investments.

E) Forward currency contracts The fund may buy and sell forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to protect against a decline in value relative to the U.S. dollar of the currencies in which its portfolio securities are denominated or quoted (or an increase in the value of a currency in which securities a fund intends to buy are denominated, when a fund holds cash reserves and short term investments). The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The market value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in market value is recorded as an unrealized gain or loss. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position. Risks may exceed amounts recognized on the statement of assets and liabilities. Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

F) Futures and options contracts The fund may use futures and options contracts to hedge against changes in the values of securities the fund owns or expects to purchase. The fund may also write options on securities it owns or in which it may invest to increase its current returns.

The potential risk to the fund is that the change in value of futures and options contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparty to the contract is unable to perform. Risks may exceed amounts recognized on the statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as an addition to the cost of investments.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker



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agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin." Exchange traded options are valued at the last sale price, or if no sales are reported, the last bid price for purchased options and the last ask price for written options. Options traded over-the-counter are valued using prices supplied by dealers. Futures and written option contracts outstanding at period end, if any, are listed after the fund's portfolio.

G) Interest rate swap contracts The fund may enter into interest rate swap contracts, which are arrangements between two parties to exchange cash flows based on a notional principal amount, to manage the fund's exposure to interest rates. Interest rate swap contracts are marked to market daily based upon quotations from market makers and the change, if any, is recorded as unrealized gain or loss. Payments received or made are recorded as realized gains or loss. The fund could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults on its obligation to perform. Risk of loss may exceed amounts recognized on the statement of assets and liabilities. Interest rate swap contracts outstanding at period end, if any, are listed after the fund's portfolio.

H) Credit default contracts The fund may enter into credit default contracts where one party, the protection buyer, makes an upfront or periodic payment to a counter party, the protection seller, in exchange for the right to receive a contingent payment. The maximum amount of the payment may equal the notional amount, at par, of the underlying index or security as a result of a related credit event. An upfront payment received by the fund, as the protection seller, is recorded as a liability on the fund's books. An upfront payment made by the fund, as the protection buyer, is recorded as an asset on the fund's books. Periodic payments received or paid by the fund are recorded as realized gains or losses. The credit default contracts are marked to market daily based upon quotations from market makers and the change, if any, is recorded as unrealized gain or loss. Payments received or made as a result of a credit event or termination of the contract are recognized, net of a proportional amount of the upfront payment, as realized gains or losses. In addition to bearing the risk that the credit event will occur, the fund could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index, the possibility that the fund may be unable to close out its position at the same time or at the same price as if it had purchased comparable publicly traded securities or that the counterparty may default on its obligation to perform. Risks of loss may exceed amounts recognized on the statement of assets and liabilities. Credit default contracts outstanding at period end, if any, are listed after the fund's portfolio.

I) TBA purchase commitments The fund may enter into "TBA" (to be announced) commitments to purchase securities for a fixed unit price at a future date beyond customary settlement time. Although the unit price has been established, the principal value has not been finalized. However, the amount of the commitments will not significantly differ from the principal amount. The fund holds, and maintains until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the fund may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date. TBA purchase commitments may be considered securities themselves, and involve a risk of loss if the value of the security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in the value of the fund's other assets. Unsettled TBA

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purchase commitments are valued at fair value of the underlying securities, according to the procedures described under "Security valuation" above. The contract is "marked-to-market" daily and the change in market value is recorded by the fund as an unrealized gain or loss.

Although the fund will generally enter into TBA purchase commitments with the intention of acquiring securities for its portfolio or for delivery pursuant to options contracts it has entered into, the fund may dispose of a commitment prior to settlement if Putnam Management deems it appropriate to do so.

J) TBA sale commitments The fund may enter into TBA sale commitments to hedge its portfolio positions or to sell mortgage-backed securities it owns under delayed delivery arrangements. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities or an offsetting TBA purchase commitment deliverable on or before the sale commitment date, are held as "cover" for the transaction.

Unsettled TBA sale commitments are valued at fair value of the underlying securities, generally according to the procedures described under "Security valuation" above. The contract is "marked-to-market" daily and the change in market value is recorded by the fund as an unrealized gain or loss. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the fund realizes a gain or loss. If the fund delivers securities under the commitment, the fund realizes a gain or a loss from the sale of the securities based upon the unit price established at the date the commitment was entered into. TBA sale commitments outstanding at period end, if any, are listed after the fund's portfolio.

K) Security lending The fund may lend securities, through its agents, to qualified borrowers in order to earn additional income. The loans are collateralized by cash and/or securities in an amount at least equal to the market value of the securities loaned. The market value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The risk of borrower default will be borne by the fund's agents; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending is included in investment income on the statement of operations. At September 30, 2004, the value of securities loaned amounted to \$365,966. The fund received cash collateral of \$385,048 which is pooled with collateral of other Putnam funds into 29 issuers of high grade short-term investments.

L) Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Internal Revenue Code of 1986 (the "Code"), as amended. Therefore, no provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains.

At September 30, 2004, the fund had a capital loss carryover of \$134,326,968 available to the extent allowed by tax law to offset future capital gains, if any. The amount of the carryover and the expiration dates are:

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Loss Carryover	Expiration
\$9,097,567	September 30, 2007
25,640,537	September 30, 2008
24,593,458	September 30, 2009
27,431,170	September 30, 2010
47,564,236	September 30, 2011

Pursuant to federal income tax regulations applicable to regulated investment companies, the fund has elected to defer to its fiscal year ending September 30, 2005, \$1,976,087 of losses recognized during the period November 1, 2003 to September 30, 2004.

M) Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and permanent differences of losses on wash sale transactions, foreign currency gains and losses, post-October loss deferrals, nontaxable dividends, dividends payable, defaulted bond interest, realized and unrealized gains and losses on certain futures contracts, market discount, interest on payment-in-kind securities, and income on swap contracts. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. For the year ended September 30, 2004, the fund reclassified \$6,670,409 to increase undistributed net investment income and \$207,867 to increase paid-in-capital, with an increase to accumulated net realized losses of \$6,878,276.

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

Unrealized appreciation	\$33,751,001
Unrealized depreciation	(27,404,735)
	-----
Net unrealized appreciation	6,346,266
Undistributed ordinary income	8,960,083
Capital loss carryforward	134,326,968
Post-October loss	1,976,087
Cost for federal income tax purposes	\$849,461,380

### Note 2

Management fee, administrative services and other transactions

Putnam Management is paid for management and investment advisory services quarterly based on the average net assets of the fund. Such fee is based on the following annual rates: 0.75% of the first \$500 million of average weekly net assets, 0.65% of the next \$500 million, 0.60% of the next \$500 million, and 0.55% thereafter.

Effective September 13, 2004, Putnam Management has retained its affiliate, Putnam Investments Limited ("PIL"), to manage a separate portion of the assets of the fund. Putnam Management pays a quarterly sub-management fee to PIL for its services at an annual rate of 0.40% of the average net assets of the portion of the assets of the fund managed by PIL.

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The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by Putnam Fiduciary Trust Company ("PFTC"), a subsidiary of Putnam, LLC. Putnam Investor Services, a division of PFTC, provides investor servicing agent functions to the fund. During the year ended September 30, 2004, the fund paid PFTC \$694,679 for these services.

The fund has entered into an arrangement with PFTC whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the fund's expenses. For the year ended September 30, 2004, the fund's expenses were reduced by \$30,381 under these arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which \$1,194, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees receive additional fees for attendance at certain committee meetings.

The fund has adopted a Trustee Fee Deferral Plan (the "Deferral Plan") which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the "Pension Plan") covering all Trustees of the fund who have served as a Trustee for at least five years. Benefits under the Pension Plan are equal to 50% of the Trustee's average total retainer and meeting fees for the three years preceding retirement. Pension expense for the fund is included in Trustee compensation and expenses in the statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

### Note 3

#### Purchases and sales of securities

During the year ended September 30, 2004, cost of purchases and proceeds from sales of investment securities other than U.S. government securities and short-term investments aggregated \$735,622,811 and \$703,622,978, respectively. Purchases and sales of U.S. government securities aggregated \$57,537,974 and \$6,182,166, respectively.

### Note 4

#### Investment in Putnam Prime Money Market Fund

The fund invests in the Putnam Prime Money Market Fund, an open-end management investment company managed by Putnam Management. Management fees paid by the fund are reduced by an amount equal to the management fees paid by Putnam Prime Money Market Fund with respect to assets invested by the fund in Putnam Prime Money Market Fund. For the year ended September 30, 2004, management fees paid were reduced by \$54,444 relating to the fund's investment in Putnam Prime Money Market Fund.

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Income distributions earned by the fund are recorded as income in the statement of operations and totaled \$525,463 for the period ended September 30, 2004.

### Note 5

#### Senior loan commitments

Senior loans are purchased or sold on a when-issued or delayed delivery basis and may be settled a month or more after the trade date; interest income is accrued based on the terms of the securities. Senior loans can be acquired through an agent, by assignment from another holder of the loan, or as a participation interest in another holder's portion of the loan. When the fund invests in a loan or participation, the fund is subject to the risk that an intermediate participant between the fund and the borrower will fail to meet its obligations to the fund, in addition to the risk that the borrower under the loan may default on its obligations.

### Note 6

#### Regulatory matters and litigation

On April 8, 2004, Putnam Management entered into agreements with the Securities and Exchange Commission ("SEC") and the Massachusetts Securities Division representing a final settlement of all charges brought against Putnam Management by those agencies on October 28, 2003 in connection with excessive short-term trading by Putnam employees and, in the case of the charges brought by the Massachusetts Securities Division, by participants in some Putnam-administered 401(k) plans. The settlement with the SEC requires Putnam Management to pay \$5 million in disgorgement plus a civil monetary penalty of \$50 million, and the settlement with the Massachusetts Securities Division requires Putnam Management to pay \$5 million in restitution and an administrative fine of \$50 million. The settlements also leave intact the process established under an earlier partial settlement with the SEC under which Putnam Management agreed to pay the amount of restitution determined by an independent consultant, which may exceed the disgorgement and restitution amounts specified above, pursuant to a plan to be developed by the independent consultant.

Putnam Management, and not the investors in any Putnam fund, will bear all costs, including restitution, civil penalties and associated legal fees stemming from both of these proceedings. The SEC's and Massachusetts Securities Division's allegations and related matters also serve as the general basis for numerous lawsuits, including purported class action lawsuits filed against Putnam Management and certain related parties, including certain Putnam funds. Putnam Management has agreed to bear any costs incurred by Putnam funds in connection with these lawsuits. Based on currently available information, Putnam Management believes that the likelihood that the pending private lawsuits and purported class action lawsuits will have a material adverse financial impact on the fund is remote, and the pending actions are not likely to materially affect its ability to provide investment management services to its clients, including the Putnam funds.

Review of these matters by counsel for Putnam Management and by separate independent counsel for the Putnam funds and their independent Trustees is continuing.

#### Federal tax information

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(Unaudited)

The fund has designated 1.22% of the distributions from net investment income as qualifying for the dividends received deduction for corporations.

For its tax year ended September 30, 2004, the fund hereby designates 1.22%, or the maximum amount allowable, of its net taxable income as qualified dividends taxed at individual net capital gain rates.

The Form 1099 you receive in January 2005 will show the tax status of all distributions paid to your account in calendar 2004.

Results of June 10, 2004  
shareholder meeting  
(Unaudited)

An annual meeting of shareholders of the fund was held on June 10, 2004. At the meeting, each of the nominees for Trustees was elected, as follows:

	Votes for	Votes withheld
Jameson A. Baxter	91,750,869	3,900,960
Charles B. Curtis	91,782,834	3,868,996
John A. Hill	91,747,672	3,904,158
Ronald J. Jackson	91,817,872	3,833,958
Paul L. Joskow	91,789,707	3,862,123
Elizabeth T. Kennan	91,749,117	3,902,713
John H. Mullin, III	91,802,827	3,849,003
Robert E. Patterson	91,821,685	3,830,145
George Putnam, III	91,723,286	3,928,544
A.J.C. Smith	91,706,493	3,945,337
W. Thomas Stephens	91,751,596	3,900,234

All tabulations are rounded to nearest whole number.

### About the Trustees

Jameson A. Baxter (9/6/43), Trustee since 1994

Ms. Baxter is the President of Baxter Associates, Inc., a private investment firm that she founded in 1986.

Ms. Baxter serves as a Director of ASHTA Chemicals, Inc., Banta Corporation (a printing and digital imaging firm), Ryerson Tull, Inc. (a steel service corporation), Advocate Health Care and BoardSource, formerly the National Center for Nonprofit Boards. She is Chairman Emeritus of the Board of Trustees, Mount Holyoke College, having served as Chairman for five years and as a board member for thirteen years. Until 2002, Ms. Baxter was a Director of Intermatic Corporation (a manufacturer of energy control products).

Ms. Baxter has held various positions in investment banking and corporate finance, including Vice President and Principal of the Regency Group, and Vice President of and Consultant to First Boston Corporation. She is a graduate of Mount Holyoke College.

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Charles B. Curtis (4/27/40), Trustee since 2001

Mr. Curtis is President and Chief Operating Officer of the Nuclear Threat Initiative (a private foundation dealing with national security issues) and serves as Senior Advisor to the United Nations Foundation.

Mr. Curtis is a member of the Council on Foreign Relations and the Trustee Advisory Council of the Applied Physics Laboratory, Johns Hopkins University. Until 2003, Mr. Curtis was a member of the Electric Power Research Institute Advisory Council and the University of Chicago Board of Governors for Argonne National Laboratory. Prior to 2002, Mr. Curtis was a Member of the Board of Directors of the Gas Technology Institute and the Board of Directors of the Environment and Natural Resources Program Steering Committee, John F. Kennedy School of Government, Harvard University. Until 2001, Mr. Curtis was a member of the Department of Defense Policy Board and Director of EG&G Technical Services, Inc. (a fossil energy research and development support company).

From August 1997 to December 1999, Mr. Curtis was a Partner at Hogan & Hartson L.L.P., a Washington, D.C. law firm. Prior to May 1997, Mr. Curtis was Deputy Secretary of Energy. He served as Chairman of the Federal Energy Regulatory Commission from 1977 to 1981 and has held positions on the staff of the U.S. House of Representatives, the U.S. Treasury Department, and the SEC.

Myra R. Drucker (1/16/48)

Ms. Drucker is a Vice Chair of the Board of Trustees of Sarah Lawrence College, a Trustee of Commonfund (a not-for-profit firm specializing in asset management for educational endowments and foundations) and a member of the Investment Committee of the Kresge Foundation (a charitable trust). She is also Chair of the New York Stock Exchange (NYSE) Pension Managers Advisory Committee and a member of the Executive Committee of the Committee on Investment of Employee Benefit Assets. Until August 31, 2004, Ms. Drucker was Managing Director and a member of the Board of Directors of General Motors Asset Management and Chief Investment Officer of General Motors Trust Bank. Ms. Drucker also served as a member of the NYSE Corporate Accountability and Listing Standards Committee and the NYSE/NASD IPO Advisory Committee.

Prior to joining General Motors Asset Management in 2001, Ms. Drucker held various executive positions in the investment management industry. Ms. Drucker served as Chief Investment Officer of Xerox Corporation (a technology and service company in the document industry), where she was responsible for the investment of the company's pension assets. Ms. Drucker was also Staff Vice President and Director of Trust Investments for International Paper (a paper, paper distribution, packaging and forest products company) and previously served as Manager of Trust Investments for Xerox Corporation. Ms. Drucker received a B.A. degree in Literature and Psychology from Sarah Lawrence College and pursued graduate studies in economics, statistics and portfolio theory at Temple University.

John A. Hill (1/31/42), Trustee since 1985 and Chairman since 2000

Mr. Hill is Vice Chairman of First Reserve Corporation, a private equity buyout firm that specializes in energy investments in the diversified worldwide energy industry.

Mr. Hill is a Director of Devon Energy Corporation, TransMontaigne Oil Company, Continuum Health Partners of New York and various private

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companies controlled by First Reserve Corporation, as well as a Trustee of TH Lee, Putnam Investment Trust (a closed-end investment company advised by an affiliate of Putnam Management). He is also a Trustee of Sarah Lawrence College.

Prior to acquiring First Reserve Corporation in 1983, Mr. Hill held executive positions in investment banking and investment management with several firms and with the federal government, including Deputy Associate Director of the Office of Management and Budget and Deputy Director of the Federal Energy Administration. He is active in various business associations, including the Economic Club of New York, and lectures on energy issues in the United States and Europe. Mr. Hill holds a B.A. degree in Economics from Southern Methodist University and pursued graduate studies there as a Woodrow Wilson Fellow.

Ronald J. Jackson (12/17/43), Trustee since 1996

Mr. Jackson is a private investor.

Mr. Jackson is President of the Kathleen and Ronald J. Jackson Foundation (a charitable trust). He is also a member of the Board of Overseers of WGBH (a public television and radio station) as well as a member of the Board of Overseers of the Peabody Essex Museum.

Mr. Jackson is the former Chairman, President and Chief Executive Officer of Fisher-Price, Inc. (a major toy manufacturer), from which he retired in 1993. He previously served as President and Chief Executive Officer of Stride-Rite, Inc. (a manufacturer and distributor of footwear) and of Kenner Parker Toys, Inc. (a major toy and game manufacturer). Mr. Jackson was President of Talbots, Inc. (a distributor of women's apparel) and has held financial and marketing positions with General Mills, Inc. and Parker Brothers (a toy and game company). Mr. Jackson is a graduate of Michigan State University Business School.

Paul L. Joskow (6/30/47), Trustee since 1997

Dr. Joskow is the Elizabeth and James Killian Professor of Economics and Management, and Director of the Center for Energy and Environmental Policy Research at the Massachusetts Institute of Technology.

Dr. Joskow serves as a Director of National Grid Transco (a UK-based holding company with interests in electric and gas transmission and distribution and telecommunications infrastructure) and TransCanada Corporation (an energy company focused on natural gas transmission and power services). He also serves on the board of the Whitehead Institute for Biomedical Research (a non-profit research institution) and has been President of the Yale University Council since 1993. Prior to February 2002, he was a Director of State Farm Indemnity Company (an automobile insurance company), and, prior to March 2000, he was a Director of New England Electric System (a public utility holding company).

Dr. Joskow has published five books and numerous articles on topics in industrial organization, government regulation of industry, and competition policy. He is active in industry restructuring, environmental, energy, competition and privatization policies -- serving as an advisor to governments and corporations worldwide. Dr. Joskow holds a Ph.D. and M. Phil from Yale University and B.A. from Cornell University.

Elizabeth T. Kennan (2/25/38), Trustee since 1992

Dr. Kennan is a Partner of Cambus-Kenneth Farm (thoroughbred horse and



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cattle breeding). She is President Emeritus of Mount Holyoke College.

Dr. Kennan served as Chairman and is now Lead Director of Northeast Utilities and is a Director of Talbots, Inc. She has served as Director on a number of other boards, including Bell Atlantic, Chastain Real Estate, Shawmut Bank, Berkshire Life Insurance and Kentucky Home Life Insurance. She is a Trustee of the National Trust for Historic Preservation, of Centre College and of Midway College in Midway, Kentucky. She is also a member of The Trustees of Reservations. Dr. Kennan has served on the oversight committee of the Folger Shakespeare Library, as President of Five Colleges Incorporated, as a Trustee of Notre Dame University and is active in various educational and civic associations.

As a member of the faculty of Catholic University for twelve years, until 1978, Dr. Kennan directed the post-doctoral program in Patristic and Medieval Studies, taught history and published numerous articles. Dr. Kennan holds a Ph.D. from the University of Washington in Seattle, an M.S. from St. Hilda's College at Oxford University and an A.B. from Mount Holyoke College. She holds several honorary doctorates.

John H. Mullin, III (6/15/41), Trustee since 1997

Mr. Mullin is the Chairman and CEO of Ridgeway Farm (a limited liability company engaged in timber and farming).

Mr. Mullin serves as a Director of The Liberty Corporation (a broadcasting company), Progress Energy, Inc. (a utility company, formerly known as Carolina Power & Light) and Sonoco Products, Inc. (a packaging company). Mr. Mullin is Trustee Emeritus of The National Humanities Center and Washington & Lee University, where he served as Chairman of the Investment Committee. Prior to May 2001, he was a Director of Graphic Packaging International Corp. Prior to February 2004, he was a Director of Alex Brown Realty, Inc.

Mr. Mullin is also a past Director of Adolph Coors Company; ACX Technologies, Inc.; Crystal Brands, Inc.; Dillon, Read & Co., Inc.; Fisher-Price, Inc.; and The Ryland Group, Inc. Mr. Mullin is a graduate of Washington & Lee University and The Wharton Graduate School, University of Pennsylvania.

Robert E. Patterson (3/15/45), Trustee since 1984

Mr. Patterson is Senior Partner of Cabot Properties, L.P. and Chairman of Cabot Properties, Inc. (a private equity firm investing in commercial real estate).

Mr. Patterson serves as Chairman of the Joslin Diabetes Center and as a Director of Brandywine Trust Company. Prior to June 2003, he was a Trustee of Sea Education Association. Prior to December 2001, he was President and Trustee of Cabot Industrial Trust (a publicly traded real estate investment trust). Prior to February 1998, he was Executive Vice President and Director of Acquisitions of Cabot Partners Limited Partnership (a registered investment adviser involved in institutional real estate investments). Prior to 1990, he served as Executive Vice President of Cabot, Cabot & Forbes Realty Advisors, Inc. (the predecessor company of Cabot Partners) and as a Senior Vice President of the Beal Companies (a real estate management, investment and development firm).

Mr. Patterson practiced law and held various positions in state government and was the founding Executive Director of the Massachusetts

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Industrial Finance Agency. Mr. Patterson is a graduate of Harvard College and Harvard Law School.

W. Thomas Stephens (9/2/42), Trustee since 1997

Mr. Stephens serves on a number of corporate boards.

Effective November 2004, Mr. Stephens is expected to become Chief Executive Officer of Boise Cascade, L.L.C. (a paper, forest products and timberland assets company). Mr. Stephens serves as a Director of TransCanada Pipelines Limited. Until 2004, Mr. Stephens was a Director of Xcel Energy Incorporated (a public utility company), Qwest Communications, and Norske Canada, Inc. (a paper manufacturer). Until 2003, Mr. Stephens was a Director of Mail-Well, Inc. (a diversified printing company). He served as Chairman of Mail-Well until 2001 and as CEO of MacMillan-Bloedel, Ltd. (a forest products company) until 1999.

Prior to 1996, Mr. Stephens was Chairman and Chief Executive Officer of Johns Manville Corporation. He holds B.S. and M.S. degrees from the University of Arkansas.

Richard B. Worley (11/15/45)

Mr. Worley is Managing Partner of Permit Capital, LLC, an investment management firm.

Mr. Worley serves on the Executive Committee of the University of Pennsylvania Medical Center, is a Trustee of The Robert Wood Johnson Foundation (a philanthropic organization devoted to health care issues) and is a Director of The Colonial Williamsburg Foundation (a historical preservation organization). Mr. Worley also serves on the investment committees of Mount Holyoke College and World Wildlife Fund (a wildlife conservation organization).

Prior to joining Permit Capital LLC in 2002, Mr. Worley served as Chief Strategic Officer of Morgan Stanley Investment Management. He previously served as President, Chief Executive Officer and Chief Investment Officer of Morgan Stanley Dean Witter Investment Management and as a Managing Director of Morgan Stanley, a financial services firm. Mr. Worley also was the Chairman of Miller Anderson & Sherrerd, an investment management firm.

Mr. Worley holds a B.S. degree from University of Tennessee and pursued graduate studies in economics at the University of Texas.

Charles E. Haldeman, Jr.\* (10/29/48)

Mr. Haldeman is President and Chief Executive Officer of Putnam, LLC ("Putnam Investments"). He is a member of Putnam Investments' Executive Board of Directors and Advisory Council. Prior to November 2003, Mr. Haldeman served as Co-Head of Putnam Investments' Investment Division.

Prior to joining Putnam Investments in 2002, Mr. Haldeman held executive positions in the investment management industry. He previously served as Chief Executive Officer of Delaware Investments and President & Chief Operating Officer of United Asset Management. Mr. Haldeman was also a partner and director of Cooke & Bieler, Inc. (an investment management firm).

Mr. Haldeman currently serves as a Trustee of Dartmouth College and as Emeritus Trustee of Abington Memorial Hospital. He is a graduate of Dartmouth College, Harvard Law School and Harvard Business School. Mr.

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Haldeman is also a Chartered Financial Analyst (CFA) charterholder.

George Putnam, III\* (8/10/51), Trustee since 1984 and President since 2000

Mr. Putnam is President of New Generation Research, Inc. (a publisher of financial advisory and other research services), and of New Generation Advisers, Inc. (a registered investment advisor to private funds). Mr. Putnam founded the New Generation companies in 1986.

Mr. Putnam is a Director of The Boston Family Office, LLC (a registered investment adviser). He is a Trustee of St. Mark's School, Shore Country Day School, and until 2002 was a Trustee of the Sea Education Association.

Mr. Putnam previously worked as an attorney with the law firm of Dechert LLP (formerly known as Dechert Price & Rhoads) in Philadelphia. He is a graduate of Harvard College, Harvard Business School and Harvard Law School.

A.J.C. Smith\* (4/13/34), Trustee since 1986

Mr. Smith is the Chairman of Putnam Investments and Director of and Consultant to Marsh & McLennan Companies, Inc.

Mr. Smith is also a Director of Trident Corp. (a limited partnership with over thirty institutional investors). He is also a Trustee of the Carnegie Hall Society, the Educational Broadcasting Corporation, and the National Museums of Scotland. He is Chairman of the Central Park Conservancy and a Member of the Board of Overseers of the Joan and Sanford I. Weill Graduate School of Medical Sciences of Cornell University. Prior to May 2000 and November 1999, Mr. Smith was Chairman and CEO, respectively, of Marsh & McLennan Companies, Inc.

The address of each Trustee is One Post Office Square, Boston, MA 02109.

As of September 30, 2004, there were 102 Putnam Funds. All Trustees other than Ms. Drucker and Messrs. Worley and Haldeman serve as Trustees of all Putnam funds. Ms. Drucker and Messrs. Worley and Haldeman currently serve as Trustees of 81 Putnam funds.

Each Trustee serves for an indefinite term, until his or her resignation, retirement at age 72, death, or removal.

\* Trustees who are or may be deemed to be "interested persons" (as defined in the Investment Company Act of 1940) of the fund, Putnam Management, Putnam Retail Management, or Marsh & McLennan Companies, Inc., the parent company of Putnam, LLC and its affiliated companies. Messrs. Haldeman, Putnam, III, and Smith are deemed "interested persons" by virtue of their positions as officers of the fund, Putnam Management, Putnam Retail Management or Marsh & McLennan Companies, Inc. and as shareholders of Marsh & McLennan Companies, Inc. Mr. Putnam, III is the President of your fund and each of the other Putnam funds. Mr. Haldeman is President and Chief Executive Officer of Putnam Investments. Mr. Smith serves as a Director of and Consultant to Marsh & McLennan Companies, Inc. and as Chairman of Putnam Investments.

### Officers

In addition to George Putnam, III, the other officers of the fund are shown below:

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Charles E. Porter (7/26/38)  
Executive Vice President, Associate Treasurer  
and Principal Executive Officer  
Since 1989

Managing Director, Putnam Investments  
and Putnam Management

Jonathan S. Horwitz (6/4/55)  
Senior Vice President and Treasurer  
Since 2004

Managing Director, Putnam Investments

Steven D. Krichmar (6/27/58)  
Vice President and Principal Financial Officer  
Since 2002

Senior Managing Director, Putnam Investments.  
Prior to July 2001, Partner,  
PricewaterhouseCoopers LLP

Michael T. Healy (1/24/58)  
Assistant Treasurer and Principal  
Accounting Officer  
Since 2000

Managing Director, Putnam Investments

Beth S. Mazor (4/6/58)  
Vice President  
Since 2002

Senior Vice President, Putnam Investments

Daniel T. Gallagher (2/27/62)  
Vice President and Legal and Compliance  
Liaison Officer  
Since 2004

Vice President, Putnam Investments. Prior to  
2004, Associate, Ropes & Gray LLP; prior to  
2000, Law Clerk, Massachusetts Supreme  
Judicial Court

Francis J. McNamara, III (8/19/55)  
Vice President and Chief Legal Officer  
Since 2004

Senior Managing Director, Putnam  
Investments, Putnam Management and  
Putnam Retail Management. Prior to 2004,  
General Counsel, State Street Research &  
Management Company

James P. Pappas (2/24/53)  
Vice President  
Since 2004

Managing Director, Putnam Investments and  
Putnam Management. From 2001 to 2002, Chief

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Operating Officer, Atalanta/Sosnoff Management Corporation; prior to 2001, President and Chief Executive Officer, UAM Investment Services, Inc.

Richard S. Robie, III (3/30/60)  
Vice President  
Since 2004

Senior Managing Director, Putnam Investments, Putnam Management and Putnam Retail Management. Prior to 2003, Senior Vice President, United Asset Management Corporation

Charles A. Ruys de Perez (10/17/57)  
Vice President and Chief Compliance Officer  
Since 2004

Managing Director, Putnam Investments

Mark C. Trenchard (6/5/62)  
Vice President and BSA Compliance Officer  
Since 2002

Senior Vice President, Putnam Investments

Judith Cohen (6/7/45)  
Clerk and Assistant Treasurer  
Since 1993

Clerk and Assistant Treasurer, The Putnam Funds

The address of each Officer is One Post Office Square, Boston, MA 02109.

### Fund information

#### About Putnam Investments

One of the largest mutual fund families in the United States, Putnam Investments has a heritage of investment leadership dating back to Judge Samuel Putnam, whose Prudent Man Rule has defined fiduciary tradition and practice since 1830. Founded over 65 years ago, Putnam Investments was built around the concept that a balance between risk and reward is the hallmark of a well-rounded financial program. We presently manage over 100 mutual funds in growth, value, blend, fixed income, and international.

#### Investment Manager

Putnam Investment Management, LLC  
One Post Office Square  
Boston, MA 02109

#### Investment Sub-Manager

Putnam Investments Limited  
Cassini House  
57-59 St. James Street  
London, England SW1A 1LD

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### Marketing Services

Putnam Retail Management  
One Post Office Square  
Boston, MA 02109

### Custodian

Putnam Fiduciary  
Trust Company

### Legal Counsel

Ropes & Gray LLP

Independent Registered  
Public Accounting Firm

KPMG LLP

### Trustees

John A. Hill, Chairman  
Jameson Adkins Baxter  
Charles B. Curtis  
Myra R. Drucker  
Charles E. Haldeman, Jr.  
Ronald J. Jackson  
Paul L. Joskow  
Elizabeth T. Kennan  
John H. Mullin, III  
Robert E. Patterson  
George Putnam, III  
A.J.C. Smith  
W. Thomas Stephens  
Richard B. Worley

### Officers

George Putnam, III  
President

Charles E. Porter  
Executive Vice President,  
Associate Treasurer and  
Principal Executive Officer

Jonathan S. Horwitz  
Senior Vice President  
and Treasurer

Steven D. Krichmar  
Vice President and  
Principal Financial Officer

Michael T. Healy  
Assistant Treasurer and  
Principal Accounting Officer

Beth S. Mazor  
Vice President

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Daniel T. Gallagher  
Vice President and Legal and  
Compliance Liaison Officer

James P. Pappas  
Vice President

Richard S. Robie, III  
Vice President

Mark C. Trenchard  
Vice President and  
BSA Compliance Officer

Francis J. McNamara, III  
Vice President and  
Chief Legal Officer

Charles A. Ruys de Perez  
Vice President and  
Chief Compliance Officer

Judith Cohen  
Clerk and Assistant Treasurer

Call 1-800-225-1581 weekdays from 9 a.m. to 5 p.m. Eastern Time, or  
visit our Web site ([www.putnaminvestments.com](http://www.putnaminvestments.com)) any time for up-to-date  
information about the fund's NAV.

[LOGO OMITTED]

PUTNAM INVESTMENTS

The Putnam Funds  
One Post Office Square  
Boston, Massachusetts 02109

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Item 2. Code of Ethics:

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All officers of the Fund, including its principal executive, financial and  
accounting officers, are employees of Putnam Investment Management, LLC,  
the Fund's investment manager. As such they are subject to a comprehensive  
Code of Ethics adopted and administered by Putnam Investments which is  
designed to protect the interests of the firm and its clients. The Fund  
has adopted a Code of Ethics which incorporates the Code of Ethics of

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Putnam Investments with respect to all of its officers and Trustees who are employees of Putnam Investment Management, LLC. For this reason, the Fund has not adopted a separate code of ethics governing its principal executive, financial and accounting officers.

### Item 3. Audit Committee Financial Expert:

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The Funds' Audit and Pricing Committee is comprised solely of Trustees who are "independent" (as such term has been defined by the Securities and Exchange Commission ("SEC") in regulations implementing Section 407 of the Sarbanes-Oxley Act (the "Regulations")). The Trustees believe that each of the members of the Audit and Pricing Committee also possess a combination of knowledge and experience with respect to financial accounting matters, as well as other attributes, that qualify them for service on the Committee. In addition, the Trustees have determined that all members of the Funds' Audit and Pricing Committee meet the financial literacy requirements of the New York Stock Exchange's rules and that Mr. Patterson and Mr. Stephens qualify as "audit committee financial experts" (as such term has been defined by the Regulations) based on their review of their pertinent experience and education. Certain other Trustees, although not on the Audit and Pricing Committee, would also qualify as "audit committee financial experts." The SEC has stated that the designation or identification of a person as an audit committee financial expert pursuant to this Item 3 of Form N-CSR does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit and Pricing Committee and the Board of Trustees in the absence of such designation or identification.

### Item 4. Principal Accountant Fees and Services:

-----

The following table presents fees billed in each of the last two fiscal years for services rendered to the fund by the fund's independent auditors:

Fiscal year ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
September 30, 2004	\$43,250	\$--	\$4,150	\$126
September 30, 2003	\$37,600	\$--	\$3,600	\$--

For the fiscal years ended September 30, 2004 and September 30, 2003, the fund's independent auditors billed aggregate non-audit fees in the amounts of \$ 4,276 and \$3,600, respectively, to the fund, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

Audit Fees represents fees billed for the fund's last two fiscal years.

Audit-Related Fees represents fees billed in the fund's last two fiscal years for services traditionally performed by the fund's auditor, including accounting consultation for proposed transactions or concerning financial accounting and reporting standards and other audit or attest services not required by statute or regulation.

Tax Fees represent fees billed in the fund's last two fiscal years for tax compliance, tax planning and tax advice services. Tax planning and tax advice services include assistance with tax audits, employee benefit plans and requests for rulings or technical advice from taxing authorities.



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All Other Fees Fees represent fees billed for services relating relating interfund trading .

Pre-Approval Policies of the Audit and Pricing Committee. The Audit and Pricing Committee of the Putnam funds has determined that, as a matter of policy, all work performed for the funds by the funds' independent auditors will be pre-approved by the Committee and will generally not be subject to pre-approval procedures.

Under certain circumstances, the Audit and Pricing Committee believes that it may be appropriate for Putnam Investment Management, LLC ("Putnam Management") and certain of its affiliates to engage the services of the funds' independent auditors, but only after prior approval by the Committee. Such requests are required to be submitted in writing to the Committee and explain, among other things, the nature of the proposed engagement, the estimated fees, and why this work must be performed by that particular audit firm. The Committee will review the proposed engagement at its next meeting.

Since May 6, 2003, all work performed by the independent auditors for the funds, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund was pre-approved by the Committee or a member of the Committee pursuant to the pre-approval policies discussed above. Prior to that date, the Committee had a general policy to pre-approve the independent auditor's engagements for non-audit services with the funds, Putnam Management and any entity controlling, controlled by or under common control with Putnam Management that provides ongoing services to the fund.

The following table presents fees billed by the fund's principal auditor for services required to be approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X.

Fiscal year ended	Audit-Related Fees	Tax Fees	All Other Fees	Total Non-Audit Fees
September 30, 2004	\$--	\$--	\$--	\$--
September 30, 2003	\$--	\$--	\$--	\$--

### Item 5. Audit Committee

(a) The fund has a separately-designated audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee of the fund's Board of Trustees is composed of the following persons:

Paul L. Joskow (Chairperson)  
Robert E. Patterson  
W. Thomas Stephens  
Elizabeth T. Kennan

(b) Not applicable

### Item 6. Schedule of Investments: Not applicable

### Item 7. Disclosure of Proxy Voting Policies and Procedures For Closed-End

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Management Investment Companies:  
-----

## Proxy Voting Guidelines of the Putnam Funds -----

The proxy voting guidelines below summarize the Funds' positions on various issues of concern to investors, and give a general indication of how Fund portfolio securities will be voted on proposals dealing with a particular issue. The Funds' proxy voting service is instructed to vote all proxies relating to Fund portfolio securities in accordance with these guidelines, except as otherwise instructed by the Proxy Coordinator.

The proxy voting guidelines are just that - guidelines. The guidelines are not exhaustive and do not include all potential voting issues. Because proxy issues and the circumstances of individual companies are so varied, there may be instances when the Funds may not vote in strict adherence to these guidelines. For example, the proxy voting service is expected to bring to the Proxy Coordinator's attention proxy questions that are company-specific and of a non-routine nature and, although covered by the guidelines, may be more appropriately handled on a case-by-case basis.

Similarly, Putnam Management's investment professionals, as part of their ongoing review and analysis of all Fund portfolio holdings, are responsible for monitoring significant corporate developments, including proxy proposals submitted to shareholders, and notifying the Proxy Coordinator of circumstances where the interests of Fund shareholders may warrant a vote contrary to these guidelines. In such instances, the investment professionals will submit a written recommendation to the Proxy Coordinator and the person or persons designated by Putnam Management's Legal and Compliance Department to assist in processing referral items pursuant to the Funds' "Proxy Voting Procedures." The Proxy Coordinator, in consultation with the Senior Vice President, Executive Vice President and/or the Chair of the Board Policy and Nominating Committee, as appropriate, will determine how the Funds' proxies will be voted. When indicated, the Chair of the Board Policy and Nominating Committee may consult with other members of the Committee or the full board of Trustees.

The following guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals which have been approved and recommended by a company's board of directors. Part II deals with proposals submitted by shareholders for inclusion in proxy statements. Part III addresses unique considerations pertaining to foreign issuers.

### I. Board-Approved Proposals -----

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself (sometimes referred to as "management proposals"), which have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies and the Funds' intent to hold corporate boards accountable for their actions in promoting shareholder interests, the Funds' proxies generally will be voted in support of decisions reached by independent boards of directors. Accordingly, the Funds' proxies will be voted for board-approved proposals, except as follows:

#### A. Matters Relating to the Board of Directors -----

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The board of directors has the important role of overseeing management and its performance on behalf of shareholders. The Funds' proxies will be voted for the election of the company's nominees for directors and for board-approved proposals on other matters relating to the board of directors (provided that such nominees and other matters have been approved by an independent nominating committee), except as follows:

- \* The Funds will withhold votes for the entire board of directors if
- \* The board does not have a majority of independent directors; or
- \* The board does not have nominating, audit and compensation committees composed solely of independent directors.

Commentary: While these requirements will likely become mandatory for most public companies in the near future as a result of pending NYSE and NASDAQ rule proposals, the Funds' Trustees believe that there is no excuse for public company boards that fail to implement these vital governance reforms at their next annual meeting. For these purposes, an "independent director" is a director who meets all requirements to serve as an independent director of a company under the pending NYSE rule proposals (i.e., no material business relationships with the company, no present or recent employment relationship with the company (including employment of immediate family members) and, in the case of audit committee members, no compensation for non-board services). As indicated below, the Funds will generally vote on a case-by-case basis on board-approved proposals where the board fails to meet these basic independence standards.

- \* The Funds will withhold votes for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director (e.g., investment banking, consulting, legal or financial advisory fees).

Commentary: The Funds' Trustees believe that receipt of compensation for services other than service as a director raises significant independence issues. The Funds will withhold votes for any nominee for director who is considered an independent director by the company and who receives such compensation.

- \* The Funds will withhold votes for the entire board of directors if the board has more than 19 members or fewer than five members, absent special circumstances.

Commentary: The Funds' Trustees believe that the size of the board of directors can have a direct impact on the ability of the board to govern effectively. Boards that have too many members can be unwieldy and ultimately inhibit their ability to oversee management performance. Boards that have too few members can stifle innovation and lead to excessive influence by management.

- \* The Funds will vote on a case-by-case basis in contested elections of directors.
- \* The Funds will withhold votes for any nominee for director who attends less than 75% of board and committee meetings without valid reasons for the absences (i.e., illness, personal emergency, etc.).

Commentary: Being a director of a company requires a significant time commitment to adequately prepare for and attend the company's board and committee meetings. Directors must be able to commit the time and

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attention necessary to perform their fiduciary duties in proper fashion, particularly in times of crisis.

The Funds' Trustees are concerned about over-committed directors. In some cases, directors may serve on too many boards to make a meaningful contribution. This may be particularly true for senior executives of public companies (or other directors with substantially full-time employment) who serve on more than a few outside boards. The Funds may withhold votes from such directors on a case-by-case basis where it appears that they may be unable to discharge their duties properly because of excessive commitments.

\* The Funds will withhold votes for any nominee for director of a public company (Company A) who is employed as a senior executive of another public company (Company B) if a director of Company B serves as a senior executive of Company A (commonly referred to as an "interlocking directorate").

Commentary: The Funds' Trustees believe that interlocking directorships are inconsistent with the degree of independence required for outside directors of public companies.

Board independence depends not only on its members' individual relationships, but also the board's overall attitude toward management. Independent boards are committed to good corporate governance practices and, by providing objective independent judgment, enhancing shareholder value. The Funds may withhold votes on a case-by-case basis from some or all directors that, through their lack of independence, have failed to observe good corporate governance practices or, through specific corporate action, have demonstrated a disregard for the interest of shareholders.

\* The Funds will vote against proposals to classify a board, absent special circumstances indicating that shareholder interests would be better served by this structure.

Commentary: Under a typical classified board structure, the directors are divided into three classes, with each class serving a three-year term. The classified board structure results in directors serving staggered terms, with usually only a third of the directors up for re-election at any given annual meeting. The Funds' Trustees generally believe that it is appropriate for directors to stand for election each year, but recognize that, in special circumstances, shareholder interests may be better served under a classified board structure.

### B. Executive Compensation

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The Funds generally favor compensation programs that relate executive compensation to a company's long-term performance. The Funds will vote on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows:

\* Except where the Funds are otherwise withholding votes for the entire board of directors, the Funds will vote for stock option plans which will result in an average annual dilution of 1.67% or less (including all equity-based plans).

\* The Funds will vote against stock option plans that permit replacing or repricing of underwater options (and against any proposal to authorize such replacement or repricing of underwater options).

\* The Funds will vote against stock option plans that permit issuance of

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options with an exercise price below the stock's current market price.

\* Except where the Funds are otherwise withholding votes for the entire board of directors, the Funds will vote for employee stock purchase plans that have the following features: (1) the shares purchased under the plan are acquired for no less than 85% of their market value, (2) the offering period under the plan is 27 months or less, and (3) dilution is 10% or less.

Commentary: Companies should have compensation programs that are reasonable and that align shareholder and management interests over the longer term. Further, disclosure of compensation programs should provide absolute transparency to shareholders regarding the sources and amounts of, and the factors influencing, executive compensation. Appropriately designed equity-based compensation plans can be an effective way to align the interests of long-term shareholders with the interests of management. The Funds may vote against executive compensation proposals on a case-by-case basis where compensation is excessive by reasonable corporate standards, or where a company fails to provide transparent disclosure of executive compensation. In voting on proposals relating to executive compensation, the Funds will consider whether the proposal has been approved by an independent compensation committee of the board.

### C. Capitalization

Many proxy proposals involve changes in a company's capitalization, including the authorization of additional stock, the repurchase of outstanding stock or the approval of a stock split. The management of a company's capital structure involves a number of important issues, including cash flow, financing needs and market conditions that are unique to the circumstances of each company. As a result, the Funds will vote on a case-by-case basis on board-approved proposals involving changes to a company's capitalization, except that where the Funds are not otherwise withholding votes from the entire board of directors:

\* The Funds will vote for proposals relating to the authorization of additional common stock (except where such proposals relate to a specific transaction).

\* The Funds will vote for proposals to effect stock splits (excluding reverse stock splits.)

\* The Funds will vote for proposals authorizing share repurchase programs.

Commentary: A company may decide to authorize additional shares of common stock for reasons relating to executive compensation or for routine business purposes. For the most part, these decisions are best left to the board of directors and senior management. The Funds will vote on a case-by-case basis, however, on other proposals to change a company's capitalization, including the authorization of common stock with special voting rights, the authorization or issuance of common stock in connection with a specific transaction (e.g., an acquisition, merger or reorganization) or the authorization or issuance of preferred stock. Actions such as these involve a number of considerations that may impact a shareholder's investment and warrant a case-by-case determination.

### D. Acquisitions, Mergers, Reincorporations, Reorganizations and Other Transactions

Shareholders may be confronted with a number of different types of

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transactions, including acquisitions, mergers, reorganizations involving business combinations, liquidations and sale of all or substantially all of a company's assets, which may require their consent. Voting on such proposals involves considerations unique to each transaction. As a result, the Funds will vote on a case-by-case basis on board-approved proposals to effect these types of transactions, except as follows:

\* The Funds will vote for mergers and reorganizations involving business combinations designed solely to reincorporate a company in Delaware.

Commentary: A company may reincorporate into another state through a merger or reorganization by setting up a "shell" company in a different state and then merging the company into the new company. While reincorporation into states with extensive and established corporate laws - notably Delaware - provides companies and shareholders with a more well-defined legal framework, generally speaking, shareholders must carefully consider the reasons for a reincorporation into another jurisdiction, including especially offshore jurisdictions.

### E. Anti-Takeover Measures

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Some proxy proposals involve efforts by management to make it more difficult for an outside party to take control of the company without the approval of the company's board of directors. These include adoption of a shareholder rights plan, requiring supermajority voting on particular issues, adoption of fair price provisions, issuance of blank check preferred stock and creating a separate class of stock with disparate voting rights. Such proposals may adversely affect shareholder rights, lead to management entrenchment, or create conflicts of interest. As a result, the Funds will vote against board-approved proposals to adopt such anti-takeover measures, except as follows:

\* The Funds will vote on a case-by-case basis on proposals to ratify or approve shareholder rights plans (commonly referred to as "poison pills"); and

\* The Funds will vote on a case-by-case basis on proposals to adopt fair price provisions.

Commentary: The Funds' Trustees recognize that poison pills and fair price provisions may enhance shareholder value under certain circumstances. As a result, the Funds will consider proposals to approve such matters on a case-by-case basis.

### F. Other Business Matters

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Many proxies involve approval of routine business matters, such as changing the company's name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting. For the most part, these routine matters do not materially affect shareholder interests and are best left to the board of directors and senior management of the company. The Funds will vote for board-approved proposals approving such matters, except as follows:

\* The Funds will vote on a case-by-case basis on proposals to amend a company's charter or bylaws (except for charter amendments necessary or to effect stock splits to change a company's name or to authorize additional shares of common stock).

\* The Funds will vote against authorization to transact other unidentified, substantive business at the meeting.

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\* The Funds will vote on a case-by-case basis on other business matters where the Funds are otherwise withholding votes for the entire board of directors.

Commentary: Charter and bylaw amendments and the transaction of other unidentified, substantive business at a shareholder meeting may directly affect shareholder rights and have a significant impact on shareholder value. As a result, the Funds do not view such items as routine business matters. Putnam Management's investment professionals and the Funds' proxy voting service may also bring to the Proxy Coordinator's attention company-specific items which they believe to be non-routine and warranting special consideration. Under these circumstances, the Funds will vote on a case-by-case basis.

### II. Shareholder Proposals

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SEC regulations permit shareholders to submit proposals for inclusion in a company's proxy statement. These proposals generally seek to change some aspect of a company's corporate governance structure or to change some aspect of its business operations. The Funds will vote in accordance with the recommendation of the company's board of directors on all shareholder proposals, except as follows:

\* The Funds will vote for shareholder proposals to declassify a board, absent special circumstances which would indicate that shareholder interests are better served by a classified board structure.

\* The Funds will vote for shareholder proposals to require shareholder approval of shareholder rights plans.

\* The Funds will vote for shareholder proposals that are consistent with the Fund's proxy voting guidelines for board-approved proposals.

\* The Funds will vote on a case-by-case basis on other shareholder proposals where the Funds are otherwise withholding votes for the entire board of directors.

Commentary: In light of the substantial reforms in corporate governance that are currently underway, the Funds' Trustees believe that effective corporate reforms should be promoted by holding boards of directors - and in particular, their independent directors - accountable for their actions, rather than imposing additional legal restrictions on board governance through piecemeal proposals. Generally speaking, shareholder proposals relating to business operations are often motivated primarily by political or social concerns, rather than the interests of shareholders as investors in an economic enterprise. As stated above, the Funds' Trustees believe that boards of directors and management are responsible for ensuring that their businesses are operating in accordance with high legal and ethical standards and should be held accountable for resulting corporate behavior. Accordingly, the Funds will generally support the recommendations of boards that meet the basic independence and governance standards established in these guidelines. Where boards fail to meet these standards, the Funds will generally evaluate shareholder proposals on a case-by-case basis.

### III. Voting Shares of Foreign Issuers

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Many of the Funds invest on a global basis and, as a result, they may be required to vote shares held in foreign issuers - i.e., issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed a U.S. securities exchange or the NASDAQ stock market. Because foreign issuers are incorporated under the laws of countries and

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jurisdictions outside the U.S., protection for shareholders may vary significantly from jurisdiction to jurisdiction. Laws governing foreign issuers may, in some cases, provide substantially less protection for shareholders. As a result, the foregoing guidelines, which are premised on the existence of a sound corporate governance and disclosure framework, may not be appropriate under some circumstances for foreign issuers. The Funds will vote proxies of foreign issuers in accordance with the foregoing guidelines where applicable, except as follows:

- \* The Funds will vote for shareholder proposals calling for a majority of the directors to be independent of management.
- \* The Funds will vote for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees.
- \* The Funds will vote for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.
- \* The Funds will vote on case-by-case basis on proposals relating to (1) the issuance of common stock in excess of 20% of a company's outstanding common stock where shareholders do not have preemptive rights, or (2) the issuance of common stock in excess of 100% of a company's outstanding common stock where shareholders have preemptive rights.

Commentary: In many non-U.S. markets, shareholders who vote proxies for shares of a foreign issuer are not able to trade in that company's stock within a given period of time on or around the shareholder meeting date. This practice is known as "share blocking." In countries where share blocking is practiced, the Funds will vote proxies only with direction from Putnam Management's investment professionals.

As adopted March 14, 2003

### Proxy Voting Procedures of the Putnam Funds

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#### The Role of the Funds' Trustees

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The Trustees of the Putnam Funds exercise control of the voting of proxies through their Board Policy and Nominating Committee, which is composed entirely of independent Trustees. The Board Policy and Nominating Committee oversees the proxy voting process and participates, as needed, in the resolution of issues which need to be handled on a case-by-case basis. The Committee annually reviews and recommends for approval by the Trustees guidelines governing the Funds' proxy votes, including how the Funds vote on specific proposals and which matters are to be considered on a case-by-case basis. The Trustees are assisted in this process by their independent administrative staff ("Fund Administration"), independent legal counsel, and an independent proxy voting service. The Trustees also receive assistance from Putnam Investment Management, LLC ("Putnam Management"), the Funds' investment adviser, on matters involving investment judgments. In all cases, the ultimate decision on voting proxies rests with the Trustees, acting as fiduciaries on behalf of the shareholders of the Funds.



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### The Role of the Proxy Voting Service

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The Funds have engaged an independent proxy voting service to assist in the voting of proxies. The proxy voting service is responsible for coordinating with the Funds' custodians to ensure that all proxy materials received by the custodians relating to the Funds' portfolio securities are processed in a timely fashion. To the extent applicable, the proxy voting service votes all proxies in accordance with the proxy voting guidelines established by the Trustees. The proxy voting service will refer proxy questions to the Proxy Coordinator (described below) for instructions under circumstances where: (1) the application of the proxy voting guidelines is unclear, (2) a particular proxy question is not covered by the guidelines, or (3) the guidelines call for specific instructions on a case-by-case basis. The proxy voting service is also requested to call to the Proxy Coordinator's attention specific proxy questions which, while governed by a guideline, appear to involve unusual or controversial issues. The Funds also utilize research services relating to proxy questions provided by the proxy voting service and by other firms.

### The Role of the Proxy Coordinator

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Each year, a member of Fund Administration is appointed Proxy Coordinator to assist in the coordination and voting of the Funds' proxies. The Proxy Coordinator will deal directly with the proxy voting service and, in the case of proxy questions referred by the proxy voting service, will solicit voting recommendations and instructions from Fund Administration, the Chair of the Board Policy and Nominating Committee, and Putnam Management's investment professionals, as appropriate. The Proxy Coordinator is responsible for ensuring that these questions and referrals are responded to in a timely fashion and for transmitting appropriate voting instructions to the proxy voting service.

### Voting Procedures for Referral Items

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As discussed above, the proxy voting service will refer proxy questions to the Proxy Coordinator under certain circumstances. When the application of the proxy voting guidelines is unclear or a particular proxy question is not covered by the guidelines (and does not involve investment considerations), the Proxy Coordinator will assist in interpreting the guidelines and, as appropriate, consult with the Senior Vice President of Fund Administration, the Executive Vice President of Fund Administration and the Chair of the Board Policy and Nominating Committee on how the Funds' shares will be voted.

For proxy questions that require a case-by-case analysis pursuant to the guidelines or that are not covered by the guidelines but involve investment considerations, the Proxy Coordinator will refer such questions, through a written request, to Putnam Management's investment professionals for a voting recommendation. Such referrals will be made in cooperation with the person or persons designated by Putnam Management's Legal and Compliance Department to assist in processing such referral items. In connection with each such referral item, the Legal and Compliance Department will conduct a conflicts of interest review, as described below under "Conflicts of Interest," and provide a conflicts of interest report (the "Conflicts Report") to the Proxy Coordinator describing the results of such review. After receiving a referral item from the Proxy Coordinator, Putnam Management's investment professionals will provide a written recommendation to the Proxy Coordinator and the person or persons designated by the Legal and Compliance Department to assist in processing referral items. Such recommendation will set forth (1) how the proxies should be voted, (2)

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the basis and rationale for such recommendation, and (3) any contacts the investment professionals have had with respect to the referral item with non-investment personnel of Putnam Management or with outside parties (except for routine communications from proxy solicitors). The Proxy Coordinator will then review the investment professionals' recommendation and the Conflicts Report with the Senior Vice President and/or Executive Vice President in determining how to vote the Funds' proxies. The Proxy Coordinator will maintain a record of all proxy questions that have been referred to Putnam Management's investment professionals, the voting recommendation and the Conflicts Report.

In some situations, the Proxy Coordinator, the Senior Vice President and/or the Executive Vice President may determine that a particular proxy question raises policy issues requiring consultation with the Chair of the Board Policy and Nominating Committee who, in turn, may decide to bring the particular proxy question to the Committee or the full board of Trustees for consideration.

### Conflicts of Interest

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Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may exist, for example, if Putnam Management has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a personal conflict of interest (e.g., familial relationship with company management) relating to a particular referral item shall disclose that conflict to the Proxy Coordinator and the Legal and Compliance Department and otherwise remove himself or herself from the proxy voting process. The Legal and Compliance Department will review each item referred to Putnam Management's investment professionals to determine if a conflict of interest exists and will provide the Proxy Coordinator with a Conflicts Report for each referral item that (1) describes any conflict of interest; (2) discusses the procedures used to address such conflict of interest; and (3) discloses any contacts from parties outside Putnam Management (other than routine communications from proxy solicitors) with respect to the referral item not otherwise reported in an investment professional's recommendation. The Conflicts Report will also include written confirmation that any recommendation from an investment professional provided under circumstances where a conflict of interest exists was made solely on the investment merits and without regard to any other consideration.

As adopted March 14, 2003

### Item 8. Purchases of Equity Securities by Closed-End Management Investment

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Companies and Affiliated Purchasers: Not applicable

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### Item 9. Submission of Matters to a Vote of Security Holders:

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Not applicable

### Item 10. Controls and Procedures:

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(a) The registrant's principal executive officer and principal

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financial officer have concluded, based on their evaluation of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report on Form N-CSR, that the design and operation of such procedures are generally effective to provide reasonable assurance that information required to be disclosed by the investment company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

(b) Changes in internal control over financial reporting:  
Not applicable

Item 11. Exhibits:  
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(a) The Code of Ethics of The Putnam Funds, which incorporates the Code of Ethics of Putnam Investments, is filed herewith.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Investment Company Act of 1940, as amended, and the officer certifications as required by Section 906 of the Sarbanes-Oxley Act of 2002 are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 an 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.

NAME OF REGISTRANT

By (Signature and Title):                    /s/Michael T. Healy  
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Michael T. Healy  
Principal Accounting Officer

Date: November 30, 2004

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

By (Signature and Title):                    /s/Charles E. Porter  
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Charles E. Porter  
Principal Executive Officer

Date: November 30, 2004

By (Signature and Title):                    /s/Steven D. Krichmar  
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Steven D. Krichmar  
Principal Financial Officer

Date: November 30, 2004

