PUTNAM MASTER INTERMEDIATE INCOME TRUST
Form N-CSR
November 26, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number:	(811-05498)
Exact name of registrant as specified in charter:	Putnam Master Intermediate Income Trust
Address of principal executive offices:	One Post Office Square, Boston, Massachusetts 02109
Name and address of agent for service:	Robert T Burns, Vice President One Post Office Square Boston, Massachusetts 02109
Copy to:	John W. Gerstmayr, Esq. Ropes & Gray LLP 800 Boylston Street Boston, Massachusetts 02199-3600
Registrant’s telephone number, including area code:	(617) 292-1000
Date of fiscal year end:	September 30, 2013
Date of reporting period:	October 1, 2012 — September 30, 2013

Item 1. Report to Stockholders:

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

Putnam
Master Intermediate
Income Trust

Annual report
9 | 30 | 13

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Risks associated with derivatives included increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Unlike bonds, funds that invest in bonds have fees and expenses. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific issuer or industry. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value less when interest rates decline and decline in value more when interest rates rise. You can lose money by investing in the fund. The fund’s shares trade on a stock exchange at market prices, which may be lower than the fund’s net asset value.

Message from the Trustees

Dear Fellow Shareholder:

Political events, including the 16-day partial shutdown of the federal government in October, have created an unpredictable environment for investors. Generally, investors prefer clarity, and the drawn-out political wrangling and lack of resolution of the budget and debt ceiling have obscured the way forward for many.

Still, markets have shown remarkable resiliency this year, with the S&P 500 Index up approximately 25% as of October 31, 2013. Corporate balance sheets appear to be healthy, and profits remain strong. Moreover, the Federal Reserve has pledged to maintain an aggressive monetary stimulus policy until the U.S. economic recovery establishes a firm footing.

Of course, it is impossible to predict political and economic outcomes, but we know from past experience the value of maintaining a long-term perspective when it comes to investing. At Putnam, our investment professionals combine in-depth fundamental research, active investing, and risk management strategies that can serve investors well in any market. By integrating investment innovation with alternative approaches, we offer a diverse set of products for a wide range of financial goals.

We also strongly emphasize the importance of seeking the guidance of a financial advisor who can help you work toward your investment goals, based on your individual time horizon and tolerance for risk.

We would like to welcome new shareholders of the fund and to thank you for investing with Putnam. We would also like to extend our thanks to Elizabeth Kennan, who has retired from the Board of Trustees, for her 20 years of dedicated service.

Data are historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and net asset value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Fund returns in the bar chart are at NAV. See pages 5 and 11–12 for additional performance information, including fund returns at market price. Index and Lipper results should be compared with fund performance at NAV. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund’s monthly reinvestment NAV.

Interview with your fund’s portfolio manager

Bill, what was the bond market environment like during the 12 months ended September 30, 2013?

From the beginning of the period until May, spread sectors — meaning sectors that trade at a yield premium to U.S. Treasuries — continued to modestly rally against the backdrop of a slowly improving U.S. economy. In May, however, the market environment became less hospitable, as concern about higher interest rates weighed on sentiment, leading investors to take profits. A debate that began in May about when the Federal Reserve would begin reducing its bond-buying program intensified in June, when Chairman Ben Bernanke announced that the central bank could begin scaling back its stimulus programs later in 2013, and end them by mid 2014, sooner than investors expected. Investors reacted to this potential change in Fed monetary policy by selling bonds across all market sectors, driving rates higher and yield spreads wider.

After spiking higher in June, interest rates remained elevated for most of the rest of the period, due to uncertainty about when the central bank would actually start the process of trimming its bond purchases. However, seeing a more uneven economic climate than it expected, including a weak September employment report along with the potential for fiscal discord in Washington, the Fed decided at its mid-September policy meeting to keep its $85 billion-a-month bond-buying

This comparison shows your fund's performance in the context of broad market indexes for the 12 months ended 9/30/13. See pages 4 and 11–12 for additional fund performance information. Index descriptions can be found on pages 13–14.

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program in place. This announcement surprised investors, causing bonds to rally, rates to decline, and spreads to tighten.

Investors immediately began trying to assess when the central bank will actually begin tapering its bond purchases. Fed Chairman Ben Bernanke indicated that the board could still make its first reduction in purchases before year-end. However, he stressed that the Fed is looking for continued data that points to a pickup in economic growth, sustained job gains, and an inflation rate that is moving toward the central bank's 2% target.

Turning to performance, the fund outpaced its benchmark by a sizable margin. What factors fueled this solid showing?

Our holdings of commercial mortgage-backed securities [CMBS], which benefited from stable-to-rising commercial property values, were among the biggest contributors to the fund's performance versus the benchmark. Within CMBS, our return was partly driven by solid security selection in "mezzanine" bonds rated BBB/Baa, which offered higher yields at what we believed were very acceptable risks.

After declining along with other market sectors in May and June, our high-yield bond investments recovered during the latter months of the period, and were also a major contributor to the fund's relative performance. In July and August, given continuing, steady U.S. economic growth, corporate bonds were less influenced by the uncertainty surrounding Fed tapering. Then in September, when the central bank decided to postpone scaling back its bond purchases, investors had a renewed appetite for credit

Credit qualities are shown as a percentage of the fund's net assets as of 9/30/13. A bond rated Baa or higher (Prime-3 or higher, for short-term debt) is considered investment grade. The chart reflects Moody's ratings; percentages may include bonds or derivatives not rated by Moody's but rated by Standard & Poor's (S&P) or, if unrated by S&P, by Fitch ratings, and then included in the closest equivalent Moody's rating. Ratings may vary over time.

Credit quality includes bonds and represents only the fixed-income portion of the portfolio. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. The fund itself has not been rated by an independent rating agency.

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risk, and sought to capitalize on the wider yield spreads offered by corporate securities.

Our prepayment strategies, which we implemented with securitized bonds, such as interest-only collateralized mortgage obligations [IO CMOs], provided a further boost to relative results. As interest rates rose, the likelihood that the mortgages underlying our CMO positions would be refinanced declined, helping to boost the securities' value.

Holdings of emerging-market [EM] debt also helped, led by investments in Venezuela, where we held U.S.-dollar-denominated, shorter-maturity bonds that provided substantial yields without significant volatility.

It looks like the fund's duration and yield-curve positioning hampered its relative performance.

For the period as a whole, they did. Our "term structure" positioning was moderately helpful during much of the period, because we sought to limit the fund's interest-rate risk by maintaining a relatively short duration in the United States, while also positioning the portfolio for a steeper yield curve. However, late in the period, we believed the Fed would begin reducing its bond buying at its mid-September meeting and we established a targeted short duration position on the intermediate, 5- to 10-year portion of the curve, anticipating that rates in this area of

This table shows the fund's top holdings across three key sectors and the percentage of the fund's net assets that each represented as of 9/30/13. Short-term holdings and derivatives, if any, are excluded. Holdings may vary over time.

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the curve would rise. Unfortunately, when the central bank decided to defer tapering, intermediate-term rates declined and our short position suffered.

How did your currency strategy affect performance?

Our active currency strategy, which was implemented with long and short positions using currency forward contracts, modestly contributed to relative performance, due mainly to a short position in the Japanese yen. During the second half of the period, the yen weakened significantly versus the U.S. dollar following the Bank of Japan's announcement that it would take a more aggressive approach to monetary easing. A short position in the Australian dollar, which appreciated against the U.S. dollar, worked against our currency strategy and dampened its overall contribution to performance. By period-end, we had significantly reduced the fund's currency risk by cutting back most of our active foreign currency positions. We felt this was prudent in light of heightened volatility in foreign-exchange markets.

How did you use derivatives during the period?

We used bond futures and interest-rate swaps — which allow two parties to exchange one stream of future interest payments for another, based on a specified principal amount — to take tactical positions at various points along the yield curve.

In addition, we employed interest-rate swaps and “swaptions” — which give us the option to enter into a swap contract — to hedge the

This chart shows how the fund’s top weightings have changed over the past six months. Allocations are shown as a percentage of the fund’s net assets. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Current period summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, and the use of different classifications of securities for presentation purposes. Holdings and allocations may vary over time.

Cash positions may represent collateral used to cover certain derivative contracts.

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interest-rate risk associated with our CMO holdings. We also used total return swaps as a hedging tool and to help manage the fund’s sector exposure, as well as credit default swaps to hedge the fund’s credit risk.

Lastly, we used currency forward contracts to hedge the foreign exchange risk associated with non-U.S. bonds, and to efficiently gain exposure to foreign currencies as part of our active strategy involving global currency pairings.

What is your outlook for the coming months?

As we move into the final months of the year, we are preparing for the Fed’s policy response to the economic activity we have witnessed thus far in 2013. Growth in the United States looks to be on track, while Europe appears to be emerging from recession. As a result, we believe the central bank will begin tapering its bond buying in the near future, provided the markets maintain the overall stability they have recently exhibited.

From a medium-term perspective, the desire among policymakers and investors alike is for the financial markets to return to a more normalized environment. Consequently, the Fed would prefer to transition from aggressively providing liquidity to the markets to letting the markets function on their own again. As the markets make this transition, there will continue to be periods of volatility and uncertainty. Overall, however, investors appear to be navigating through the beginning of this transition fairly well, as risk-seeking behavior has been active in both the credit and stock markets.

All told, we believe continued modest U.S. economic growth, coupled with improving economic performance overseas, will allow interest rates to normalize, which will probably mean that the 10-year Treasury yield may be at or slightly above 3% by or before early 2014. Moreover, we believe this normalization in

ABOUT DERIVATIVES

Derivatives are an increasingly common type of investment instrument, the performance of which is *derived* from an underlying security, index, currency, or other area of the capital markets. Derivatives employed by the fund’s managers generally serve one of two main purposes: to implement a strategy that may be difficult or more expensive to invest in through traditional securities, or to hedge unwanted risk associated with a particular position.

For example, the fund’s managers might use currency forward contracts to capitalize on an anticipated change in exchange rates between two currencies. This approach would require a significantly smaller outlay of capital than purchasing traditional bonds denominated in the underlying currencies. In another example, the managers may identify a bond that they believe is undervalued relative to its risk of default, but may seek to reduce the interest-rate risk of that bond by using interest-rate swaps, a derivative through which two parties “swap” payments based on the movement of certain rates.

Like any other investment, derivatives may not appreciate in value and may lose money. Derivatives may amplify traditional investment risks through the creation of leverage and may be less liquid than traditional securities. And because derivatives typically represent contractual agreements between two financial institutions, derivatives entail “counterparty risk,” which is the risk that the other party is unable or unwilling to pay. Putnam monitors the counterparty risks we assume. For example, Putnam often enters into collateral agreements that require the counterparties to post collateral on a regular basis to cover their obligations to the fund.

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the level of rates can occur without creating negative consequences for the stock market, corporate earnings, or the housing market.

Where are you finding the most compelling investment opportunities?

At period-end, the fund was positioned for a rising-rate environment in the United States and in select foreign regions where economic data are improving, most notably in Europe. In terms of the fund’s investments, we are continuing to find what we believe are compelling opportunities for taking prepayment risk via IO CMOs, and we have continued to add to our holdings of mezzanine CMBS.

Thanks for your time and for bringing us up to date, Bill.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice.

Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund’s investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Portfolio Manager **D. William Kohli** is Co-Head of Fixed Income at Putnam. He has an M.B.A. from the Haas School of Business at the University of California, Berkeley, and a B.A. from the University of California, San Diego. Bill joined Putnam in 1994 and has been in the investment industry since 1986.

In addition to Bill, your fund’s portfolio managers are Michael J. Atkin, Kevin F. Murphy, Michael V. Salm, and Paul D. Scanlon, CFA®.

HOW CLOSED-END FUNDS DIFFER FROM OPEN-END FUNDS

Closed-end funds and open-end funds share many common characteristics but also have some key differences that you should understand as you consider your portfolio strategies.

More assets at work Open-end funds are subject to ongoing sales and redemptions that can generate transaction costs for long-term shareholders. Closed-end funds, however, are typically fixed pools of capital that do not need to hold cash in connection with sales and redemptions, allowing the funds to keep more assets actively invested.

Traded like stocks Closed-end fund shares are traded on stock exchanges and, as a result, their prices fluctuate because of the influence of several factors.

They have a market price Like an open-end fund, a closed-end fund has a per-share net asset value (NAV). However, closed-end funds also have a “market price” for their shares —which is how much you pay when you buy shares of the fund, and how much you receive when you sell them.

When looking at a closed-end fund’s performance, you will usually see that the NAV and the market price differ. The market price can be influenced by several factors that cause it to vary from the NAV, including fund distributions, changes in supply and demand for the fund’s shares, changing market conditions, and investor perceptions of the fund or its investment manager.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended September 30, 2013, the end of its most recent fiscal year. Performance should always be considered in light of a fund's investment strategy. Data represent 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.

Fund performance Total return for periods ended 9/30/13

	NAV	Market price
Annual average Life of fund (since 4/29/88)	7.18%	6.38%
10 years	80.17	74.33
Annual average	6.06	5.72
5 years	54.08	49.14
Annual average	9.03	8.32
3 years	15.89	–4.54
Annual average	5.04	–1.54
1 year	7.88	0.15

Performance assumes reinvestment of distributions and does not account for taxes.

Comparative index returns For periods ended 9/30/13

	Barclays Government/Credit Bond Index	Citigroup Non-U.S. World Government Bond Index	JPMorgan Global High Yield Index†	Lipper Flexible Income Funds (closed-end) category average*
Annual average Life of fund (since 4/29/88)	6.92%	6.19%	—	7.49%
10 years	55.57	61.54	137.82%	111.73
Annual average	4.52	4.91	9.05	7.58
5 years	32.00	23.27	87.39	71.72
Annual average	5.71	4.27	13.38	10.85

3 years	8.92	1.66	31.45	23.32
Annual average	2.89	0.55	9.54	7.06
1 year	–1.96	–5.65	7.08	3.10

Index and Lipper results should be compared with fund performance at net asset value. Lipper calculates performance differently than the closed-end funds it ranks, due to varying methods for determining a fund’s monthly reinvestment net asset value.

* Over the 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 9/30/13, there were 23, 18, 14, 12, and 4 funds, respectively, in this Lipper category.

† The JPMorgan Global High Yield Index was introduced on 12/31/93, which post-dates the fund’s inception.

Fund price and distribution information For the 12-month period ended 9/30/13

Distributions		
Number	12	
Income	$0.312000	
Capital gains	—	
Total	**$0.312000**	
Share value	**NAV**	**Market price**
9/30/12	$5.42	$5.18
9/30/13	5.50	4.88
Current rate (end of period)	**NAV**	**Market price**
Current dividend rate*	5.67%	6.39%

The classification of distributions, if any, is an estimate. Final distribution information will appear on your year-end tax forms.

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

Terms and definitions

Important terms

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 New York Stock Exchange.

Fixed-income terms

Current rate is the annual rate of return earned from dividends or interest of an investment. Current rate is expressed as a percentage of the price of a security, fund share, or principal investment.

Mortgage-backed security (MBS), also known as a mortgage "pass-through," is a type of asset-backed security that is secured by a mortgage or collection of mortgages. The following are types of MBSs:

• **Agency "pass-through"** has its principal and interest backed by a U.S. government agency, such as the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac).

• **Collateralized mortgage obligation (CMO)** represents claims to specific cash flows from pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests in "tranches." Each tranche may have different principal balances, coupon rates, prepayment risks, and maturity dates. A CMO is highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise prepay loans. CMOs are subject to prepayment, market, and liquidity risks.

• **Interest-only (IO) security** is a type of CMO in which the underlying asset is the interest portion of mortgage, Treasury, or bond payments.

• **Non-agency residential mortgage-backed security (RMBS)** is an MBS not backed by Fannie Mae, Ginnie Mae, or Freddie Mac. One type of RMBS is an Alt-A mortgage-backed security.

• **Commercial mortgage-backed security (CMBS)** is secured by the loan on a commercial property.

Yield curve is a graph that plots the yields of bonds with equal credit quality against their differing maturity dates, ranging from shortest to longest. It is used as a benchmark for other debt, such as mortgage or bank lending rates.

Comparative indexes

Barclays Government/Credit Bond Index is an unmanaged index of U.S. Treasuries, agency securities, and investment-grade corporate bonds.

Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities.

BofA Merrill Lynch U.S. 3-Month Treasury Bill Index is an unmanaged index that seeks to measure the performance of U.S. Treasury bills available in the marketplace.

Citigroup Non-U.S. World Government Bond Index is an unmanaged index generally considered to be representative of the world bond market excluding the United States.

JPMorgan Global High Yield Index is an unmanaged index that is designed to mirror the investable universe of the U.S. dollar global high-yield corporate debt market, including domestic (U.S.) and international (non-U.S.) issues. International issues are composed of both developed and emerging markets.

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 mutual funds. Its rankings do not reflect sales charges. Lipper rankings are based on total return at net asset value relative to other funds that have similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

Other information for shareholders

Important notice regarding share repurchase program

In September 2013, the Trustees of your fund approved the renewal of a share repurchase program that had been in effect since 2005. This renewal will allow your fund to repurchase, in the 12 months beginning October 8, 2013, up to 10% of the fund's common shares outstanding as of October 7, 2013.

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, 2013, are available in the Individual Investors section of putnam.com, and on the Securities and Exchange Commission (SEC) website, www.sec.gov. If you have questions about finding forms on the SEC's website, 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.

Fund portfolio holdings

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 website at 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 website or the operation of the Public Reference Room.

Trustee and employee fund ownership

Putnam employees and members of the Board of Trustees place their faith, confidence, and, most importantly, investment dollars in Putnam mutual funds. As of September 30, 2013, Putnam employees had approximately $400,000,000 and the Trustees had approximately $96,000,000 invested in Putnam mutual funds. These amounts include investments by the Trustees' and employees' immediate family members as well as investments through retirement and deferred compensation plans.

Important notice regarding Putnam's privacy policy

In order to conduct business with our shareholders, we must obtain certain personal information such as account holders' names, addresses, Social Security numbers, and dates of birth. Using this information, we are able to maintain accurate records of accounts and transactions.

It is our policy to protect the confidentiality of our shareholder information, whether or not a shareholder currently owns shares of our funds. In particular, it is our policy 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 must share account information with outside vendors who provide services to us, such as mailings and proxy solicitations. In these 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. Finally, it is our policy to share account information with your financial representative, if you've listed one on your Putnam account.

Summary of Putnam Closed-End Funds' Amended and Restated Dividend Reinvestment Plans

Putnam High Income Securities Fund, Putnam Managed Municipal Income Trust, Putnam Master Intermediate Income Trust, Putnam Municipal Opportunities Trust and Putnam Premier Income Trust (each, a "Fund" and collectively, the "Funds") each offer a **dividend reinvestment plan** (each, a "Plan" and collectively, the "Plans"). If you participate in a Plan, all income dividends and capital gain distributions are **automatically reinvested** in Fund shares by the Fund's agent, Putnam Investor Services, Inc. (the "Agent"). If you are not participating in a Plan, every month you will receive all dividends and other distributions in cash, paid by check and mailed directly to you.

Upon a purchase (or, where applicable, upon registration of transfer on the shareholder records of a Fund) of shares of a Fund by a registered shareholder, each such shareholder **will be deemed to have elected to participate** in that Fund's Plan. Each such shareholder will have all distributions by a Fund automatically reinvested in additional shares, unless such shareholder elects to terminate participation in a Plan by instructing the Agent to pay future distributions in cash. Shareholders who were not participants in a Plan as of January 31, 2010, will continue to receive distributions in cash but may enroll in a Plan at any time by contacting the Agent.

If you participate in a Fund's Plan, the Agent will automatically reinvest subsequent distributions, and the Agent will send you a confirmation in the mail telling you how many additional shares were issued to your account.

To change your enrollment status or to request additional information about the Plans, you may contact the Agent either in writing, at P.O. Box 8383, Boston, MA 02266-8383, or by telephone at 1-800-225-1581 during normal East Coast business hours.

How you acquire additional shares through a Plan If the market price per share for your Fund's shares (plus estimated brokerage commissions) is greater than or equal to their net asset value per share on the payment date for a distribution, you will be issued shares of the Fund at a value equal to the higher of the net asset value per share on that date or 95% of the market price per share on that date.

If the market price per share for your Fund's shares (plus estimated brokerage commissions) is less than their net asset value per share on the payment date for a distribution, the Agent will buy Fund shares for participating accounts in the open market. The Agent will aggregate open-market purchases on behalf of all participants, and the average price (including brokerage commissions) of all shares purchased by the Agent will be the price per share allocable to each participant. The Agent will generally complete these open-market purchases within five business days following the payment date. If, before the Agent has completed open-market purchases, the market price per share (plus estimated brokerage commissions) rises to exceed the net asset value per share on the payment date, then the purchase price may exceed the net asset value per share, potentially resulting in the acquisition of fewer shares than if the distribution had been paid in newly issued shares.

How to withdraw from a Plan Participants may withdraw from a Fund's Plan at any time by notifying the Agent, either in writing or by telephone. Such withdrawal will be effective immediately if notice is received by the Agent with sufficient time prior to any distribution record date; otherwise, such withdrawal will be effective with respect to any subsequent distribution following notice of withdrawal.

There is no penalty for withdrawing from or not participating in a Plan.

Plan administration The Agent will credit all shares acquired for a participant under a Plan to the account in which the participant's common shares are held. Each participant will be sent reasonably promptly a confirmation by the Agent of each acquisition made for his or her account.

About brokerage fees Each participant pays a proportionate share of any brokerage commissions incurred if the Agent purchases additional shares on the open market, in accordance with the Plans. There are no brokerage charges applied to shares issued directly by the Funds under the Plans.

About taxes and Plan amendments Reinvesting dividend and capital gain distributions in shares of the Funds does not relieve you of tax obligations, which are the same as if you had received cash distributions. The Agent supplies tax information to you and to the IRS annually. Each Fund reserves the right to amend or terminate its Plan upon 30 days' written notice. However, the Agent may assign its rights, and delegate its duties, to a successor agent with the prior consent of a Fund and without prior notice to Plan participants.

If your shares are held in a broker or nominee name If your shares are held in the name of a broker or nominee offering a dividend reinvestment service, consult your broker or nominee to ensure that an appropriate election is made on your behalf. If the broker or nominee holding your shares does not provide a reinvestment service, you may need to register your shares in your own name in order to participate in a Plan.

In the case of record shareholders such as banks, brokers or nominees that hold shares for others who are the beneficial owners of such shares, the Agent will administer the Plan on the basis of the number of shares certified by the record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

Trustee approval of management contract

General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management ("Putnam Management") and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"). The Board of Trustees, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not “interested persons” (as this term is defined in the Investment Company Act of 1940, as amended (the “1940 Act”)) of the Putnam funds (“Independent Trustees”).

At the outset of the review process, members of the Board’s independent staff and independent legal counsel met with representatives of Putnam Management to review the annual contract review materials furnished to the Contract Committee during the course of the previous year’s review and to discuss possible changes in these materials that might be necessary or desirable for the coming year. Following these discussions and in consultation with the Contract Committee, the Independent Trustees’ independent legal counsel requested that Putnam Management furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2013, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board’s independent staff and by independent legal counsel for the Putnam funds and the Independent Trustees.

In May 2013, the Contract Committee met in executive session to discuss and consider its preliminary recommendations with respect to the continuance of the contracts. At the Trustees’ June 20, 2013 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its final recommendations. The Contract Committee then recommended, and the Independent Trustees approved, the continuance of your fund’s management and sub-management contracts, effective July 1, 2013, subject to certain changes in the sub-management contract noted below. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not evaluated PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

The Independent Trustees’ approval was based on the following conclusions:

• That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, and the costs incurred by Putnam Management in providing services to the fund, and

• That the fee schedule represented an appropriate sharing between fund

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shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees’ deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of the arrangements may receive greater scrutiny in some years than others, and that the Trustees’ conclusions may be based, in part, on their consideration of fee arrangements in previous years.

As noted above, the Trustees considered administrative revisions to your fund’s sub-management contract. Putnam Management recommended that the sub-management contract be revised to reduce the sub-management fee that Putnam Management pays to PIL with respect to the portion of the portfolios of certain funds, but not your fund, that may be allocated to PIL from time to time. The Independent Trustees’ approval of this recommendation was based on their conclusion that these changes would have no practical effect on Putnam Management’s continued responsibility for the management of these funds or the costs borne by fund shareholders and would not result in any reduction in the nature and quality of services provided to the funds.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to shareholders.

In reviewing fees and expenses, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment style, changes in Putnam Management's operating costs or profitability, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not warrant changes to the management fee structure of your fund.

Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with economies of scale in the form of reduced fee levels as the fund's assets under management increase. In recent years, the Trustees have examined the operation of the existing breakpoint structure during periods of both growth and decline in asset levels. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale between fund shareholders and Putnam Management.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Lipper Inc. This comparative information included your fund's percentile ranking for effective management fees and total expenses, which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the 1st quintile in effective management fees (determined for your fund and the other funds in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the 2nd

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quintile in total expenses as of December 31, 2012 (the first quintile representing the least expensive funds and the fifth quintile the most expensive funds). The fee and expense data reported by Lipper as of December 31, 2012 reflected the most recent fiscal year-end data available in Lipper's database at that time.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an appropriate sharing of such economies of scale as may exist in the management of the Putnam funds at that time.

The information examined by the Trustees as part of their annual contract review for the Putnam funds has included for many years information regarding fees charged by Putnam Management and its affiliates to institutional clients such as defined benefit pension plans, college endowments, and the like. This information included comparisons of those fees with fees charged to the funds, as well as an assessment of the differences in the services provided to these different types of clients. The Trustees observed that the differences in fee rates between institutional clients and mutual funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management services to these types of clients may reflect historical competitive forces operating in separate markets. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for institutional clients, as well as the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its institutional clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the Putnam funds' investment process and performance by the work of the investment oversight committees of the Trustees, which meet on a regular basis with the funds' portfolio teams and with the Chief Investment Officer and other senior members of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them, and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered that 2012 was a year of strong competitive performance for many of the Putnam funds, with only a relatively small number of exceptions. They noted that this strong performance was exemplified by the fact that the Putnam funds were recognized by Barron's as the best performing mutual fund complex for 2012 — the second time in four years that Putnam Management has achieved this distinction for the Putnam funds. They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2012 and considered information provided by Putnam Management regarding the factors contributing to the underperfor-mance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these efforts and to evaluate whether additional actions to address areas of underperformance are warranted.

For purposes of evaluating investment performance, the Trustees generally focus on competitive industry rankings for the one-year, three-year, and five-year periods. For a number of Putnam funds with relatively unique investment mandates, the Trustees evaluated performance based on comparisons of their total returns with the returns of selected investment benchmarks or targeted returns. In the case of your fund, the Trustees considered that its common share cumulative total return performance at net asset value was in the following quartiles of its Lipper Inc. peer group (Lipper Flexible Income Funds (closed-end)) for the one-year, three-year and five-year periods ended December 31, 2012 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

One-year period	3rd
Three-year period	4th
Five-year period	4th

Over the one-year, three-year and five-year periods ended December 31, 2012, there were 5, 5 and 4 funds, respectively, in your fund's Lipper peer group. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees expressed concern about your fund's fourth quartile performance over the three-year and five-year periods ended December 31, 2012 and considered the circumstances that may have contributed to this disappointing performance. The Trustees considered Putnam Management's view that the fund's underperformance over these periods was due in significant part to the fund's under-performance in 2008 and 2011. The Trustees considered Putnam Management's observation that the fund's investments in commercial and residential mortgage-backed securities significantly underperformed during the economic downturn in 2008. The Trustees also considered Putnam Management's view that, in 2011, the fund's performance suffered for a variety of reasons, including its relative emphasis on shorter duration investments, which reduced the fund's sensitivity to interest rate changes but detracted from performance, its exposure to high yield, non-Agency residential mortgage-backed securities, and its exposure to emerging markets coupled with currency exposure to the Australian dollar.

The Trustees considered that Putnam Management remained confident in the fund’s portfolio managers and their investment process. The Trustees also considered a number of other changes that Putnam Management had made in recent years in efforts to support and improve fund performance generally. In particular, the Trustees recognized that Putnam Management has adjusted the compensation structure for portfolio managers and research analysts so that only those who achieve

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top-quartile returns over a rolling three-year basis are eligible for full bonuses.

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees noted that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds’ Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to performance issues, the Trustees concluded that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees’ view, the alternative of engaging a new investment adviser for an underperform-ing fund would entail significant disruptions and would not provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential ben-efits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft dollars generated by these means are used primarily to acquire brokerage and research services that enhance Putnam Management’s investment capabilities and supplement Putnam Management’s internal research efforts. However, the Trustees noted that a portion of available soft dollars continues to be used to pay fund expenses. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee and also indicated their continued intent to monitor the allocation of the Putnam funds’ brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive ben-efits from payments that the funds make to Putnam Management’s affiliates for investor services. In conjunction with the annual review of your fund’s management and sub-management contracts, the Trustees reviewed your fund’s investor servicing agreement with Putnam Investor Services, Inc. (“PSERV”), which is an affiliate of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV for such services are reasonable in relation to the nature and quality of such services, the fees paid by competitive funds, and the costs incurred by PSERV in providing such services.

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 non-investment 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. (For funds with preferred shares, the amount subtracted from total assets includes the liquidation preference of 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 highlights table also includes the current reporting period.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders
Putnam Master Intermediate Income Trust:

We have audited the accompanying statement of assets and liabilities of Putnam Master Intermediate Income Trust (the fund), including the fund’s portfolio, as of September 30, 2013, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. 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, 2013, 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, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts
November 14, 2013

The fund's portfolio 9/30/13

MORTGAGE-BACKED SECURITIES (48.5%)*	Principal amount	Value
Agency collateralized mortgage obligations (19.7%)		
Federal Home Loan Mortgage Corp.		
IFB Ser. 3182, Class SP, 27.871s, 2032	$215,909	$333,980
IFB Ser. 3408, Class EK, 25.06s, 2037	110,257	158,375
IFB Ser. 2979, Class AS, 23.605s, 2034	42,918	55,997
IFB Ser. 3072, Class SM, 23.128s, 2035	167,488	239,347
IFB Ser. 3072, Class SB, 22.982s, 2035	150,041	213,513
IFB Ser. 3249, Class PS, 21.673s, 2036	118,354	162,982
IFB Ser. 3998, Class KS, IO, 6.518s, 2027	1,932,597	311,027
IFB Ser. 4048, Class GS, IO, 6.468s, 2040	1,806,636	341,111
IFB Ser. 3860, Class SP, IO, 6.418s, 2040	3,269,582	495,571
IFB Ser. 4032, Class SA, IO, 6.318s, 2042	3,333,730	565,695
IFB Ser. 3708, Class SA, IO, 6.268s, 2040	3,702,779	638,359
IFB Ser. 4125, Class SH, IO, 5.968s, 2042	2,047,514	353,872
IFB Ser. 4112, Class SC, IO, 5.968s, 2042	8,091,094	1,496,861
IFB Ser. 4105, Class LS, IO, 5.968s, 2041	2,320,873	450,296
IFB Ser. 4240, Class SA, IO, 5.818s, 2043	3,401,633	735,195
IFB Ser. 311, Class S1, IO, 5.768s, 2043	6,332,587	1,393,150
IFB Ser. 308, Class S1, IO, 5.768s, 2043	2,740,598	625,103
Ser. 3632, Class CI, IO, 5s, 2038	492,699	40,997
Ser. 3626, Class DI, IO, 5s, 2037	179,556	4,810
Ser. 4122, Class TI, IO, 4 1/2s, 2042	3,255,778	588,319
Ser. 4000, Class PI, IO, 4 1/2s, 2042	1,825,220	315,946
Ser. 4019, Class GI, IO, 4 1/2s, 2041	7,528,316	1,188,721
Ser. 3747, Class HI, IO, 4 1/2s, 2037	419,723	44,928
Ser. 304, Class C53, IO, 4s, 2032	2,043,811	311,681
Ser. 4105, Class HI, IO, 3 1/2s, 2041	2,100,313	335,126
Ser. 304, IO, 3 1/2s, 2027	4,277,273	525,121
Ser. 304, Class C37, IO, 3 1/2s, 2027	3,163,994	394,930
Ser. 4165, Class TI, IO, 3s, 2042	8,782,875	1,242,777
Ser. 4183, Class MI, IO, 3s, 2042	3,675,532	499,505
Ser. 4210, Class PI, IO, 3s, 2041	2,604,399	288,926
Ser. T-57, Class 1AX, IO, 0.004s, 2043	2,505,924	29,083
FRB Ser. 3326, Class WF, zero %, 2035	2,176	1,959

Federal National Mortgage Association

IFB Ser. 06-62, Class PS, 38.827s, 2036	215,341	422,661
IFB Ser. 07-53, Class SP, 23.544s, 2037	147,600	214,251
IFB Ser. 08-24, Class SP, 22.628s, 2038	147,028	220,538
IFB Ser. 05-75, Class GS, 19.713s, 2035	140,779	191,511
IFB Ser. 05-83, Class QP, 16.929s, 2034	190,310	248,960
IFB Ser. 10-99, Class NS, IO, 6.421s, 2039	2,393,235	313,227
IFB Ser. 404, Class S13, IO, 6.221s, 2040	2,834,111	494,062
IFB Ser. 10-35, Class SG, IO, 6.221s, 2040	2,230,341	410,628
IFB Ser. 12-132, Class SB, IO, 6.021s, 2042	6,570,049	1,013,430
IFB Ser. 13-19, Class DS, IO, 6.021s, 2041	4,569,179	886,349
IFB Ser. 13-41, Class SP, IO, 6.021s, 2040	1,780,950	316,119
IFB Ser. 13-18, Class SB, IO, 5.971s, 2041	2,076,292	376,224

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Agency collateralized mortgage obligations *cont.*		
Federal National Mortgage Association		
IFB Ser. 12-105, Class S, IO, 5.871s, 2042	$1,553,344	$291,737
IFB Ser. 13-101, Class CS, IO, 5.708s, 2043	2,237,000	506,569
IFB Ser. 10-46, Class WS, IO, 5.571s, 2040	2,131,642	269,290
Ser. 374, Class 6, IO, 5 1/2s, 2036	392,925	61,049
Ser. 12-132, Class PI, IO, 5s, 2042	4,133,194	731,079
Ser. 398, Class C5, IO, 5s, 2039	247,164	32,329
Ser. 10-13, Class EI, IO, 5s, 2038	130,871	4,864
Ser. 378, Class 19, IO, 5s, 2035	1,024,096	167,698
Ser. 12-30, Class HI, IO, 4 1/2s, 2040	9,143,022	1,548,371
Ser. 409, Class 81, IO, 4 1/2s, 2040	4,478,246	865,710
Ser. 409, Class 82, IO, 4 1/2s, 2040	4,639,020	873,776
Ser. 366, Class 22, IO, 4 1/2s, 2035	465,974	37,739
Ser. 12-75, Class AI, IO, 4 1/2s, 2027	1,950,591	248,076
Ser. 13-44, Class PI, IO, 4s, 2043	2,858,243	468,037
Ser. 13-60, Class IP, IO, 4s, 2042	2,063,285	377,550
Ser. 12-96, Class PI, IO, 4s, 2041	2,240,048	357,691
Ser. 406, Class 2, IO, 4s, 2041	2,039,001	379,662
Ser. 406, Class 1, IO, 4s, 2041	1,397,261	269,252
Ser. 409, Class C16, IO, 4s, 2040	2,973,553	545,914
Ser. 12-145, Class TI, IO, 3s, 2042	4,326,367	483,688
Ser. 13-35, Class IP, IO, 3s, 2042	3,581,441	435,509
Ser. 13-53, Class JI, IO, 3s, 2041	2,840,130	410,044
Ser. 13-23, Class PI, IO, 3s, 2041	3,471,795	388,459
Ser. 03-W10, Class 1, IO, 1.156s, 2043	518,001	17,037
Ser. 99-51, Class N, PO, zero %, 2029	22,192	21,232

Government National Mortgage Association		
IFB Ser. 10-151, Class SL, IO, 6.52s, 2039	1,715,420	302,600
IFB Ser. 10-163, Class SI, IO, 6.447s, 2037	3,240,387	514,415
IFB Ser. 10-35, Class CS, IO, 6.29s, 2040	4,138,867	796,740
IFB Ser. 11-56, Class MI, IO, 6.27s, 2041	2,573,759	578,838
IFB Ser. 10-67, Class SE, IO, 6.27s, 2040	1,210,308	227,380
IFB Ser. 13-91, Class SP, IO, 6.12s, 2042	3,770,427	730,520
IFB Ser. 12-149, Class LS, IO, 6.07s, 2042	4,220,692	704,645
IFB Ser. 10-26, Class QS, IO, 6.07s, 2040	2,024,612	384,676
IFB Ser. 13-87, Class SA, IO, 6.02s, 2043	3,028,874	487,737
IFB Ser. 10-120, Class SB, IO, 6.02s, 2035	471,417	45,388
IFB Ser. 13-99, Class SL, IO, 5.97s, 2043	3,392,617	628,957
IFB Ser. 10-20, Class SC, IO, 5.97s, 2040	2,134,626	378,725
IFB Ser. 13-129, Class SN, IO, 5.968s, 2043	2,094,000	337,532
IFB Ser. 12-77, Class MS, IO, 5.92s, 2042	1,871,708	436,520
IFB Ser. 13-99, Class AS, IO, 5.87s, 2043	1,622,428	375,316
IFB Ser. 10-158, Class SA, IO, 5.87s, 2040	1,190,403	213,261
IFB Ser. 10-151, Class SA, IO, 5.87s, 2040	1,182,295	211,950
IFB Ser. 11-128, Class TS, IO, 5.868s, 2041	1,587,576	337,995
IFB Ser. 10-89, Class SD, IO, 5 3/4s, 2040	1,652,350	282,968

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Agency collateralized mortgage obligations *cont.*		
Government National Mortgage Association		
IFB Ser. 11-70, Class SM, IO, 5.708s, 2041	$2,415,000	$596,964
IFB Ser. 11-70, Class SH, IO, 5.708s, 2041	2,481,000	613,402
IFB Ser. 10-43, Class KS, IO, 5.57s, 2040	2,622,973	408,135
IFB Ser. 10-31, Class SA, IO, 5.57s, 2040	4,059,926	664,813
IFB Ser. 10-37, Class SG, IO, 5.52s, 2040	2,243,792	363,764
IFB Ser. 10-115, Class BS, IO, 5.22s, 2040	3,654,683	560,848
Ser. 13-22, Class IE, IO, 5s, 2043	3,280,224	663,345
Ser. 13-22, Class OI, IO, 5s, 2043	3,031,164	618,463
Ser. 13-3, Class IT, IO, 5s, 2043	2,709,198	552,771
Ser. 13-6, Class IC, IO, 5s, 2043	2,473,076	497,731
Ser. 12-146, Class IO, IO, 5s, 2042	2,460,888	491,292
Ser. 13-6, Class CI, IO, 5s, 2042	1,809,512	365,811
Ser. 13-130, Class IB, IO, 5s, 2040	2,465,000	332,566
Ser. 13-16, Class IB, IO, 5s, 2040	3,903,347	418,271
Ser. 11-41, Class BI, IO, 5s, 2040	2,231,526	259,752
Ser. 10-35, Class UI, IO, 5s, 2040	1,413,751	287,987

Ser. 10-20, Class UI, IO, 5s, 2040	2,601,816	580,530
Ser. 10-9, Class UI, IO, 5s, 2040	14,848,749	3,173,313
Ser. 09-121, Class UI, IO, 5s, 2039	5,590,058	1,229,030
Ser. 13-34, Class IH, IO, 4 1/2s, 2043	4,936,906	1,005,880
Ser. 13-24, Class IC, IO, 4 1/2s, 2043	1,710,321	348,906
Ser. 11-140, Class BI, IO, 4 1/2s, 2040	1,254,531	160,981
Ser. 11-18, Class PI, IO, 4 1/2s, 2040	341,755	63,498
Ser. 10-35, Class QI, IO, 4 1/2s, 2040	11,405,738	2,348,342
Ser. 10-9, Class QI, IO, 4 1/2s, 2040	8,745,449	1,902,135
Ser. 10-168, Class PI, IO, 4 1/2s, 2039	1,188,153	207,749
Ser. 10-158, Class IP, IO, 4 1/2s, 2039	3,973,233	645,253
Ser. 10-98, Class PI, IO, 4 1/2s, 2037	1,668,262	185,594
Ser. 13-149, Class IL, IO, 4s, 2043 ##	1,721,000	308,973
Ser. 13-149, Class LS, IO, 4s, 2043 ##	1,864,000	344,258
Ser. 12-56, Class IB, IO, 4s, 2042	1,898,935	392,883
Ser. 12-47, Class CI, IO, 4s, 2042	4,722,618	951,425
Ser. 13-76, Class IO, IO, 3 1/2s, 2043	8,548,242	1,446,192
Ser. 13-28, Class IO, IO, 3 1/2s, 2043	2,865,661	444,177
Ser. 13-54, Class JI, IO, 3 1/2s, 2043	3,653,102	600,168
Ser. 13-37, Class JI, IO, 3 1/2s, 2043	5,259,895	843,740
Ser. 13-14, Class IO, IO, 3 1/2s, 2042	7,525,174	1,108,082
Ser. 13-27, Class PI, IO, 3 1/2s, 2042	3,874,401	638,036
Ser. 11-70, PO, zero %, 2041	4,179,139	3,173,680
Ser. 06-36, Class OD, PO, zero %, 2036	5,846	5,370
Structured Agency Credit Risk Debt Notes FRB Ser. 13-DN1, Class M2, 7.329s, 2023	250,000	262,031
Structured Asset Securities Corp. 144A IFB Ser. 07-4, Class 1A3, IO, 5.995s, 2045	3,393,407	593,846
		67,919,735

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Commercial mortgage-backed securities (15.9%)		
Banc of America Commercial Mortgage Trust FRB Ser. 05-5, Class D, 5.403s, 2045	$600,000	$568,260
Banc of America Commercial Mortgage Trust 144A Ser. 01-1, Class K, 6 1/8s, 2036	323,861	164,601

Ser. 07-5, Class XW, IO, 0.367s, 2051		95,653,091	959,114
Bear Stearns Commercial Mortgage Securities, Inc.			
FRB Ser. 07-PW17, Class AJ, 6.082s, 2050		422,000	407,868
FRB Ser. 06-PW12, Class AJ, 5.895s, 2038		718,000	746,757
Ser. 05-PWR7, Class D, 5.304s, 2041		441,000	401,751
Ser. 05-PWR7, Class B, 5.214s, 2041		697,000	710,496
Ser. 05-PWR9, Class C, 5.055s, 2042		401,000	372,288
Bear Stearns Commercial Mortgage Securities, Inc. 144A			
Ser. 06-PW14, Class XW, IO, 0.834s, 2038		18,330,833	370,283
Citigroup Commercial Mortgage Trust			
Ser. 06-C5, Class AJ, 5.482s, 2049		610,000	585,938
FRB Ser. 05-C3, Class B, 5.029s, 2043		1,720,000	1,563,996
Citigroup Commercial Mortgage Trust 144A			
FRB Ser. 04-C1, Class G, 5.605s, 2040		3,000,000	2,945,400
FRB Ser. 12-GC8, Class D, 5.041s, 2045		401,000	350,153
Citigroup/Deutsche Bank Commercial Mortgage Trust 144A			
FRB Ser. 07-CD5, Class E, 6.323s, 2044		507,000	484,819
Ser. 07-CD5, Class XS, IO, 0.064s, 2044		29,587,885	128,090
Comm Mortgage Trust 144A FRB Ser. 12-LC4, Class D, 5.824s, 2044		1,035,000	984,596
Commercial Mortgage Trust FRB Ser. 07-C9, Class F, 5.993s, 2049		962,000	918,710
Commercial Mortgage Trust 144A			
FRB Ser. 13-LC6, Class D, 4.434s, 2046		1,314,000	1,075,998
FRB Ser. 13-CR6, Class D, 4.316s, 2046		1,034,000	833,423
FRB Ser. 13-CR8, Class D, 4.104s, 2046		769,000	603,609
FRB Ser. 07-C9, Class AJFL, 0.872s, 2049		1,241,000	1,104,118
Cornerstone Titan PLC 144A			
FRB Ser. 05-CT2A, Class E, 1.567s, 2014 (Ireland)	GBP	135,824	195,698
FRB Ser. 05-CT1A, Class D, 1.559s, 2014 (Ireland)	GBP	444,023	603,817
Credit Suisse First Boston Commercial Mortgage Trust			
Ser. 05-C5, Class C, 5.1s, 2038		$416,000	425,841
Credit Suisse Mortgage Capital Certificates Ser. 06-C5, Class AX, IO, 0.271s, 2039		23,973,248	429,121

Crest, Ltd. 144A Ser. 03-2A, Class E2, 8s, 2038 (Cayman Islands)	546,612	22,411
CS First Boston Mortgage Securities Corp. 144A Ser. 02-CP5, Class M, 5 1/4s, 2035	168,185	10,056
DBUBS Mortgage Trust 144A FRB Ser. 11-LC3A, Class D, 5.577s, 2044	1,626,000	1,569,908
Deutsche Bank-UBS Commercial Mortgage Trust 144A FRB Ser. 11-LC2A, Class D, 5.626s, 2044	881,000	855,179
DLJ Commercial Mortgage Corp. Ser. 98-CF2, Class B4, 6.04s, 2031	16,573	16,575
FFCA Secured Lending Corp. 144A Ser. 00-1, Class X, IO, 1.049s, 2020	2,334,202	43,533

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Commercial mortgage-backed securities *cont.*		
GE Capital Commercial Mortgage Corp.		
FRB Ser. 05-C4, Class AJ, 5.489s, 2045	$305,000	$286,700
FRB Ser. 05-C1, Class D, 4.949s, 2048	2,243,000	2,152,607
GMAC Commercial Mortgage Securities, Inc. Ser. 04-C3, Class B, 4.965s, 2041	452,000	392,811
Greenwich Capital Commercial Funding Corp. FRB Ser. 05-GG3, Class D, 4.986s, 2042	803,000	799,016
GS Mortgage Securities Trust Ser. 05-GG4, Class AJ, 4.782s, 2039	846,000	847,214
GS Mortgage Securities Trust 144A		
FRB Ser. 12-GC6, Class D, 5.826s, 2045	1,213,000	1,136,460
FRB Ser. 11-GC3, Class D, 5.728s, 2044	352,000	346,082
FRB Ser. GC10, Class D, 4.562s, 2046 **F**	398,000	327,788

Ser. 05-GG4, Class XC, IO, 0.922s, 2039	55,271,136	525,076
Guggenheim Structured Real Estate Funding, Ltd. 144A FRB		
Ser. 05-2A, Class E, 2.179s, 2030 (Cayman Islands)	389,781	252,383
JPMorgan Chase Commercial Mortgage Securities Corp.		
FRB Ser. 07-CB20, Class AJ, 6.275s, 2051	1,352,500	1,373,599
FRB Ser. 06-LDP7, Class AJ, 6.056s, 2045	377,000	376,620
Ser. 06-LDP6, Class AJ, 5.565s, 2043	1,068,000	1,081,564
FRB Ser. 04-CBX, Class E, 5.126s, 2037	1,790,000	1,534,388
FRB Ser. 04-CBX, Class B, 5.021s, 2037	247,000	244,965
FRB Ser. 05-LDP2, Class E, 4.981s, 2042	847,000	770,127
FRB Ser. 13-C10, Class D, 4.3s, 2047	512,000	421,205
JPMorgan Chase Commercial Mortgage Securities Corp. 144A		
FRB Ser. 07-CB20, Class B, 6 3/8s, 2051	568,000	554,869
FRB Ser. 07-CB20, Class C, 6 3/8s, 2051	410,000	381,152
Ser. 07-CB20, Class X1, IO, 0.191s, 2051	58,183,072	521,553
LB Commercial Conduit Mortgage Trust 144A Ser. 99-C1,		
Class G, 6.41s, 2031	857,101	893,499
LB-UBS Commercial Mortgage Trust		
FRB Ser. 06-C3, Class C, 5.9s, 2039	1,250,000	1,082,813
Ser. 06-C3, Class AJ, 5.72s, 2039	517,000	511,365
Ser. 06-C6, Class E, 5.541s, 2039	750,000	681,525
LB-UBS Commercial Mortgage Trust 144A Ser. 06-C6,		
Class XCL, IO, 0.279s, 2039	18,317,444	342,500
Merrill Lynch Mortgage Investors, Inc. Ser. 96-C2, Class JS, IO,		
2.38s, 2028	88,941	9
Merrill Lynch Mortgage Trust FRB Ser. 08-C1, Class AJ,		
6.452s, 2051	395,000	403,532
Merrill Lynch/Countrywide Financial Corp. Commercial		
Mortgage Trust Ser. 06-4, Class AJ, 5.239s, 2049	719,000	683,050
Merrill Lynch/Countrywide Financial Corp. Commercial		
Mortgage Trust 144A Ser. 06-4, Class AJFX, 5.147s, 2049	388,000	372,364
Mezz Cap Commercial Mortgage Trust 144A		
Ser. 04-C1, Class X, IO, 8.847s, 2037	219,711	10,173
Ser. 07-C5, Class X, IO, 5.897s, 2049	1,552,161	126,501

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Commercial mortgage-backed securities *cont.*		
Morgan Stanley Capital I Trust		
Ser. 06-HQ9, Class C, 5.842s, 2044	$1,100,000	$1,119,004
FRB Ser. 07-T27, Class AJ, 5.815s, 2042	392,000	424,262
FRB Ser. 06-HQ8, Class B, 5.677s, 2044	1,800,000	1,722,600
FRB Ser. 06-HQ8, Class D, 5.677s, 2044	427,000	393,481
Ser. 07-HQ11, Class C, 5.558s, 2044	482,000	412,447
Ser. 04-IQ8, Class C, 5.3s, 2040	1,400,000	1,434,720
Morgan Stanley Capital I Trust 144A FRB Ser. 04-RR, Class F7, 6s, 2039	1,293,413	1,215,808
Morgan Stanley ReREMIC Trust 144A FRB Ser. 10-C30A, Class A3B, 5.249s, 2043	1,198,413	1,221,938
Morgan Stanley/Bank of America/Merrill Lynch Trust 144A Ser. 13-C10, Class D, 4.219s, 2046	439,000	350,282
STRIPS 144A Ser. 03-1A, Class N, 5s, 2018 (Cayman Islands)	193,000	144,750
TIAA Real Estate CDO, Ltd. Ser. 03-1A, Class E, 8s, 2038	530,803	132,701
UBS-Barclays Commercial Mortgage Trust 144A		
FRB Ser. 12-C3, Class D, 5.123s, 2049	699,000	630,668
Ser. 13-C6, Class D, 4 1/2s, 2046 **F**	934,000	745,034
Wachovia Bank Commercial Mortgage Trust		
FRB Ser. 06-C26, Class AJ, 6.2s, 2045	2,181,000	2,134,327
FRB Ser. 06-C25, Class AJ, 5.915s, 2043	528,000	545,477
FRB Ser. 05-C20, Class B, 5.413s, 2042	1,423,000	1,467,041
Ser. 07-C34, IO, 0.498s, 2046	15,678,293	189,707
WF-RBS Commercial Mortgage Trust 144A FRB Ser. 12-C6, Class D, 5.748s, 2045	405,000	382,725
WFRBS Commercial Mortgage Trust 144A FRB Ser. 13-C15,		

Class D, 4.636s, 2046	557,000	465,878
		55,018,767
Residential mortgage-backed securities (non-agency) (12.9%)		
Banc of America Funding Corp.		
Ser. 06-2, Class 2A2, 6 1/4s, 2036	430,000	426,775
Ser. 06-2, Class 2A13, 6s, 2036	878,732	871,087
FRB Ser. 07-C, Class 07-C, 2.752s, 2036	1,825,948	1,661,613
FRB Ser. 06-G, Class 2A5, 0.46s, 2036	456,310	395,849
Barclays Capital, LLC Trust		
Ser. 12-RR10, Class 8A3, 15 3/4s, 2036	185,726	97,159
Ser. 13-RR1, Class 3A3, 13.676s, 2037	354,770	291,444
Ser. 13-RR1, Class 9A4, 10.266s, 2036	250,000	250,625
Ser. 13-RR1, Class 2A4, 10.11s, 2036	670,000	656,768
Ser. 13-RR1, Class 3A2, 4s, 2037	335,040	331,689
Ser. 13-RR1, Class 4A2, 4s, 2037	371,271	365,794
Ser. 12-RR10, Class 8A2, 4s, 2036	375,497	369,958
Ser. 13-RR1, Class 1A2, 2.819s, 2035 **F**	660,000	518,100
FRB Ser. 12-RR10, Class 9A2, 2.674s, 2035	980,000	805,070
Barclays Capital, LLC Trust 144A		
Ser. 12-RR11, Class 3A3, 14.331s, 2036	504,929	343,352
FRB Ser. 12-RR12, Class 2A3, 13.426s, 2035	388,073	353,340
FRB Ser. 12-RR11, Class 5A3, 11.734s, 2037	190,239	109,983
FRB Ser. 13-RR2, Class 3A2, 8.325s, 2036	350,000	320,425

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Residential mortgage-backed securities (non-agency) *cont.*		
Barclays Capital, LLC Trust 144A		
FRB Ser. 10-RR12, Class 6A1, 5.992s, 2037	$884,578	$902,269
Ser. 12-RR12, Class 2A2, 4s, 2035	312,485	307,876
FRB Ser. 09-RR11, Class 2A2, 2.673s, 2035	850,000	667,250
Ser. 09-RR7, Class 1A7, IO, 1.717s, 2046	26,076,425	871,930
Ser. 09-RR7, Class 2A7, IO, 1.561s, 2047	29,658,578	928,314
FRB Ser. 12-RR1, Class 6A5, 0.378s, 2046	500,000	437,500
Bear Stearns Asset Backed Securities, Inc. FRB Ser. 04-FR3, Class M6, 5.054s, 2034	44,609	3,124

Citigroup Mortgage Loan Trust, Inc. Ser. 2005-WF2, Class AF4,			
4.964s, 2035		653,521	651,887
Citigroup Mortgage Loan Trust, Inc. 144A			
FRB Ser. 11-2, Class 3A2, 8.814s, 2037		400,000	385,228
FRB Ser. 11-12, Class 2A2, 0.549s, 2035		900,000	720,216
Countrywide Alternative Loan Trust			
Ser. 07-9T1, Class 2A2, 6s, 2037		501,661	383,896
FRB Ser. 06-OA16, Class A1C, 0.369s, 2046		370,653	337,294
FRB Ser. 06-HY11, Class A1, 0.299s, 2036		508,628	366,212
Credit Suisse Commercial Mortgage Trust 144A			
FRB Ser. 08-4R, Class 3A4, 2.709s, 2038		650,000	520,000
FRB Ser. 08-4R, Class 1A4, 0.58s, 2037		500,000	365,750
DSLA Mortgage Loan Trust Ser. 04-AR2, Class X2, IO,			
zero %, 2044		5,088,066	254,403
Granite Mortgages PLC			
FRB Ser. 03-2, Class 3C, 3.06s, 2043 (United Kingdom)	GBP	384,009	612,037
FRB Ser. 03-2, Class 2C1, 2.77s, 2043 (United Kingdom)	EUR	1,028,000	1,369,174
GSC Capital Corp. Mortgage Trust Ser. 05-11, Class AF3,			
4.778s, 2036		$400,630	370,583
GSR Mortgage Loan Trust FRB Ser. 05-AR4, Class 3A5,			
3.372s, 2035		725,000	658,452
JPMorgan Mortgage Trust FRB Ser. 07-A1, Class 3A4,			
2.812s, 2035		457,976	389,280
Lavender Trust 144A Ser. 10-RR2A, Class A3, 6 1/4s, 2036		350,000	352,625
MLCC Mortgage Investors, Inc. Ser. 04-A, Class XA2, IO,			
1.169s, 2029		6,688,749	284,272
Mortgage IT Trust FRB Ser. 05-3, Class A2, 0.529s, 2035		488,650	405,580
Opteum Mortgage Acceptance Corp. FRB Ser. 05-4, Class 1A2,			
0.569s, 2035		423,353	365,692
Residential Accredit Loans, Inc. Ser. 05-QR1, Class A, 6s, 2034		2,363,172	2,398,620
Residential Asset Mortgage Products FRB Ser. 06-RZ1,			

Class M2, 0.599s, 2036 F	630,000	472,500
WAMU Mortgage Pass-Through Certificates		
Ser. 05-AR17, Class X, IO, 1.621s, 2045	7,130,656	369,903
Ser. 04-AR10, Class X, IO, 1.608s, 2044	2,198,655	98,939
Ser. 05-AR11, Class X, IO, 1.505s, 2045	7,457,096	336,315
Ser. 05-AR19, Class X, IO, 1.471s, 2045	12,620,132	591,884
FRB Ser. 06-AR1, Class 2A1B, 1.223s, 2046	2,286,863	1,895,855
FRB Ser. 06-AR1, Class 2A1C, 1.223s, 2046	1,751,492	980,836
FRB Ser. 06-AR3, Class A1B, 1.153s, 2046	1,031,955	785,834

MORTGAGE-BACKED SECURITIES (48.5%)* *cont.*	**Principal amount**	**Value**
Residential mortgage-backed securities (non-agency) *cont.*		
WAMU Mortgage Pass-Through Certificates		
FRB Ser. 07-OA4, Class A1A, 0.923s, 2047	$620,277	$413,260
Ser. 06-AR11, Class 2XPP, IO, 0.889s, 2046	4,704,427	102,909
FRB Ser. 05-AR11, Class A1C3, 0.689s, 2045 F	1,808,792	1,392,770
FRB Ser. 05-AR19, Class A1C3, 0.679s, 2045	2,003,259	1,582,575
FRB Ser. 05-AR13, Class A1C3, 0.669s, 2045	4,185,799	3,313,060
FRB Ser. 05-AR17, Class A1C3, 0.659s, 2045 F	1,478,011	790,736
FRB Ser. 05-AR8, Class 2AC2, 0.639s, 2045	1,192,026	991,169
FRB Ser. 05-AR11, Class A1C4, 0.619s, 2045 F	920,440	708,739
FRB Ser. 05-AR13, Class A1B2, 0.609s, 2045	862,529	746,088
FRB Ser. 05-AR17, Class A1B2, 0.589s, 2045	812,762	674,592
FRB Ser. 05-AR15, Class A1B2, 0.589s, 2045	1,309,668	1,060,831
FRB Ser. 05-AR19, Class A1C4, 0.579s, 2045	679,921	515,679
FRB Ser. 05-AR11, Class A1B3, 0.579s, 2045	1,384,120	1,169,581
FRB Ser. 05-AR8, Class 2AC3, 0.569s, 2045	420,042	349,265
FRB Ser. 05-AR19, Class A1B3, 0.529s, 2045	398,574	344,767
FRB Ser. 05-AR6, Class 2AB3, 0.449s, 2045	403,008	346,587
FRB Ser. 12-RR2, Class 1A2, 0.352s, 2047	600,000	350,628
Wells Fargo Mortgage Backed Securities Trust		
Ser. 07-12, Class A7, 5 1/2s, 2037	295,701	298,658
Ser. 05-11, Class 1A1, 5 1/2s, 2035	332,851	329,938
		44,492,393
Total mortgage-backed securities (cost $160,724,455)		**$167,430,895**

CORPORATE BONDS AND NOTES (30.7%)*	Principal amount	Value
Basic materials (2.2%)		
ArcelorMittal sr. unsec. bonds 10.35s, 2019 (France)	$281,000	$346,929
Ashland, Inc. company guaranty sr. unsec. unsub. notes 4 3/4s, 2022	290,000	272,238
Atkore International, Inc. company guaranty sr. notes 9 7/8s, 2018	252,000	272,160
Boise Cascade Co. company guaranty sr. unsec. notes 6 3/8s, 2020	130,000	134,550
Boise Cascade Co. 144A company guaranty sr. unsec. notes 6 3/8s, 2020	37,000	38,203
Celanese US Holdings, LLC company guaranty sr. unsec. unsub. notes 4 5/8s, 2022 (Germany)	110,000	105,600
Celanese US Holdings, LLC sr. notes 5 7/8s, 2021 (Germany)	185,000	193,325
Cemex SAB de CV 144A company guaranty sr. notes 6 1/2s, 2019 (Mexico)	200,000	197,000
CPG Merger Sub LLC 144A company guaranty sr. unsec. unsub. notes 8s, 2021	30,000	30,600
Ferro Corp. sr. unsec. notes 7 7/8s, 2018	283,000	297,150
FMG Resources August 2006 Pty, Ltd. 144A sr. notes 8 1/4s, 2019 (Australia)	105,000	113,138
FMG Resources August 2006 Pty, Ltd. 144A sr. notes 7s, 2015 (Australia)	86,000	88,795
FMG Resources August 2006 Pty, Ltd. 144A sr. notes 6 7/8s, 2018 (Australia)	145,000	152,250

CORPORATE BONDS AND NOTES (30.7%)* *cont.*		**Principal amount**	**Value**
Basic materials *cont.*			
FMG Resources August 2006 Pty, Ltd. 144A sr. unsec. notes 6 7/8s, 2022 (Australia)		$70,000	$70,263
Graphic Packaging International, Inc. company guaranty sr. unsec. notes 4 3/4s, 2021		175,000	169,750
Grohe Holding GmbH 144A company company guaranty sr. FRN notes 4.224s, 2017 (Germany)	EUR	213,000	288,154
HD Supply, Inc. company guaranty sr. unsec. unsub. notes 11 1/2s, 2020		$328,000	391,140
HD Supply, Inc. 144A sr. unsec. notes 7 1/2s, 2020		155,000	160,619
Hexion U.S. Finance Corp. company guaranty sr. notes 6 5/8s, 2020		215,000	215,000
Hexion U.S. Finance Corp./Hexion Nova Scotia Finance, ULC company guaranty sr. notes 8 7/8s, 2018		216,000	223,560
Huntsman International, LLC company guaranty sr. unsec. sub.			