PUTNAM MASTER INTERMEDIATE INCOME TRUST
Form N-CSRS
May 24, 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 – March 31, 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

Semiannual report
3 | 31 | 13

Consider these risks before investing: 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. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk. The use of derivatives involves additional risks, such as the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Bond investments are subject to interest-rate risk, which means the prices of the fund's bond investments are likely to fall if interest rates rise. Bond investments also are subject to credit risk, which is the risk that the issuer of the bond may default on payment of interest or principal. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds, which may be considered speculative. Unlike bonds, funds that invest in bonds have ongoing fees and expenses. The fund's shares trade on a stock exchange at market prices, which may be lower than the fund's net asset value. You can lose money by investing in the fund.

Message from the Trustees

Dear Fellow Shareholder:

Many macroeconomic risks to global growth have diminished in recent months. A widespread financial collapse in Europe, an economic hard landing in China, and significant fallout from budget sequestration and the fiscal cliff in the United States have not come to pass. While these risks have not entirely dissipated, U.S. equity markets have managed to achieve record highs in the first quarter, recouping all of their losses from the 2008 financial crisis.

In the United States, corporate profits and balance sheets are strong. The Federal Reserve has pledged to keep interest rates at historic lows until the nation's employment situation meaningfully improves. The U.S. housing market, a significant driver of GDP, has been steadily rebounding. And while the federal budget battle is not yet resolved, the markets appear to believe that Washington lawmakers will eventually reach a resolution.

At Putnam, our investment team employs a measured, balanced approach to managing risk while pursuing returns. It is also important to rely on the guidance of your financial advisor, who can help ensure that your portfolio matches your individual goals and tolerance for risk.

We would like to extend a welcome to new shareholders of the fund and to thank all of our investors for your continued confidence in Putnam.

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.

*** Returns for the six-month period are not annualized, but cumulative.***

Interview with your fund's portfolio manager

Bill, what was the bond market environment like during the six months ended March 31, 2013?

It was a strong period for the most credit-sensitive categories, particularly high-yield bonds and floating-rate bank-loan securities, which saw their yield spreads — their yield advantage over U.S. Treasuries — tighten further amid persistent investor demand and solid corporate fundamentals. These sectors were among the biggest beneficiaries of the improved risk sentiment that was spurred by global monetary easing during and prior to the period. With interest rates rising across most global developed markets, Treasuries, global government securities, and other defensive categories lagged, posting either negative or nominally positive returns.

Both at home and abroad, political leaders continued to grapple with fiscal challenges. While there were several events that produced negative headlines, including the government-spending sequester in the United States and the banking crisis in Cyprus, the fact that riskier assets performed well in an environment of policy and macroeconomic uncertainty suggests that investors are becoming more attuned to the opportunity cost of remaining on the sidelines.

Against this backdrop, the fund outperformed its benchmark and the average return for its Lipper peer group.

This comparison shows your fund's performance in the context of broad market indexes for the six months ended 3/31/13. See pages 4 and 11–12 for additional fund performance information. Index descriptions can be found on pages 13–14.

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

An out-of-benchmark stake in non-agency residential mortgage-backed securities [RMBS], along with our prepayment strategy, which was expressed through holdings of government-agency interest-only securities [agency IOs] hedged with agency mortgage pass-throughs, drove the fund's outperformance. Our holdings of non-agency RMBS performed very well during the period's first half, driven by investors' appetite for higher-yielding securities and by a strengthening U.S. housing market. Our prepayment strategy worked well as we focused our security selection in pools that we believed would experience fewer prepayments. At the same time, 10-year Treasury yields rose during the period's second half, further reducing borrowers' incentive to refinance and helping to keep mortgage prepayments at a relatively low level.

Elsewhere, strong security selection among commercial mortgage-backed securities [CMBS] also bolstered relative performance. Within CMBS, we held both AAA-rated and "seasoned mezzanine" securities. CMBS are created when an underwriter assembles a package of commercial mortgages and issues bonds of varying creditworthiness. AAA-rated CMBS occupy the top of the underwriter's capital structure, and thus offer the greatest principal protection. Mezzanine CMBS are slightly lower in the capital structure, but still provide a meaningful amount of principal protection along with

Credit qualities are shown as a percentage of the fund's net assets. 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 will vary over time.

Credit quality includes bonds and represents only the fixed-income portion of the portfolio. Derivative instruments, including forward currency contracts, are only included to the extent of any unrealized gain or loss on such instruments and are shown in the not-rated category. Cash is also shown in the not-rated category. The fund itself has not been rated by an independent rating agency.

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higher yields. The mezzanine bonds we selected were issued prior to 2006, when CMBS underwriting standards were stronger than they were later in the decade.

A meaningful allocation to high-yield bonds was another contributor, as the asset class rallied strongly in step with global equity markets and was one of the best-performing fixed-income sectors during the period. Security selection among emerging-market bonds provided a further boost versus the benchmark, led by our holdings in

Venezuela.

The fund’s term structure positioning, by which I mean its duration — or interest-rate sensitivity — and yield-curve strategy, also aided relative results. We sought to limit the fund’s interest-rate risk by maintaining a relatively short duration in the United States, while also positioning the fund to benefit should the yield curve steepen. While our duration stance slightly hampered performance, our steeper-yield-curve strategy proved beneficial and more than offset the negative impact of the fund’s short duration.

How did your currency strategy affect performance?

Our active currency strategy, which is implemented with long and short positions using currency forward contracts, was another significant contributor during the period. The

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 3/31/13. Short-term holdings and derivatives, if any, are excluded. Holdings will vary over time.

fund benefited from short positions in the Japanese yen, the British pound sterling, and the Swiss franc, combined with long positions in the Australian dollar and Mexican peso.

Which strategies detracted from results?

The only notable detractor was a large underweight in investment-grade corporate bonds, which was partially offset by favorable security selection within the sector, particularly among financial institutions.

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 interest-rate risk associated with our collateralized-mortgage-obligation [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 forward currency 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, and how are you positioning the fund?

We believe the U.S. economy remains solidly in a mid-cycle expansion, buoyed by stronger consumer spending, despite rising gasoline prices and higher payroll taxes. By boosting economic activity and underpinning firmer labor market conditions, the U.S. housing recovery is helping to offset the drag on consumers from fiscal austerity measures. During the six months through February, more than 10% of new jobs were in construction. Bank lending standards began

This chart shows how the fund’s top weightings have changed over the past six months. Allocations are represented as a percentage of the fund’s net assets. 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, the exclusion of as-of trades, if any, 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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to loosen, helping to reinforce economic growth. That said, in our view, we do not see the economy growing strongly enough in the near term to cause the Federal Reserve to shift from its current accommodative monetary policy stance.

Outside the United States, Japan joined China in early-cycle recoveries, providing a lift to the rest of Asia. It appears that Germany's economy has begun to pick up, but much of the rest of Europe remains in recession. Business confidence measures fell in March, perhaps because of the poor handling of the banking crisis in Cyprus. The European Central Bank has revised its 2013 growth forecast downward and is anticipating a modest contraction while remaining concerned about downside risks to the eurozone economy.

Within this environment, we plan to continue de-emphasizing interest-rate risk in the portfolio and expect to maintain the fund's bias toward a steepening yield curve in the United States. As long as the Fed continues to inject liquidity into the financial system through targeted bond purchases, we don't believe that interest rates are likely to move significantly higher than where they are today. We recognize, however, that any strategy that relies on rates declining further to drive performance is risky amid what may be a range-bound and volatile interest-rate environment. For that reason, we intend to keep the portfolio's overall duration near zero and will rely on other factors to influence the fund's performance.

At period-end, our allocations to securitized sectors represented the fund's greatest overweight. In prepayment-sensitive areas, we are more cautious toward lower-coupon pass-throughs — those with coupons below 4% — but favor pools in the middle of the coupon range of 4%–5% that we believe exhibit favorable prepayment profiles. In credit-sensitive areas, we plan to maintain

A word 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 may enter 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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our diversified exposure to CMBS, as well as our allocations to high-yield bonds and investment-grade corporate bonds.

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.

IN THE NEWS

The economic outlook for major industrialized nations is slowly improving, with the United States and Japan leading the way, according to a recent report by the Organisation for Economic Co-operation and Development (OECD). Economic expansion is also taking place in most major countries around the world, including the 17-nation eurozone, where Germany's economy is growing and stabilization is occurring in Italy and France. Growth also is solidifying in Japan, whose new government has launched efforts to bring the country's long-stagnant economy back to life through various stimulus efforts, and growth is picking up in China, where an economic hard landing has been avoided. The OECD sees growth weakening in India and normal, "around trend" growth taking place in Russia, Brazil, and the United Kingdom. Meanwhile, the World Trade Organization (WTO) has cut its overall 2013 forecast for global trade volume growth to 3.3% from 4.5%. Global trade grew by 2% in 2012, the second-worst figure since this economic statistic began to be tracked in 1981, according to the WTO. The worst trade figure came in 2009 during the global economic crisis.

Your fund's performance

This section shows your fund's performance, price, and distribution information for periods ended March 31, 2013, the end of the first half of its current 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 3/31/13

	NAV	Market price
Annual average		
Life of fund (since 4/29/88)	7.31%	6.65%
10 years	97.06	90.13
Annual average	7.02	6.64
5 years	41.27	40.86

Annual average	7.15	7.09
3 years	21.91	5.03
Annual average	6.83	1.65
1 year	9.89	7.63
6 months	7.23	3.64

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

Comparative index returns For periods ended 3/31/13

	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)	7.16%	6.30%	—	6.98%
10 years	63.78	72.15	166.95%	94.35
Annual average	5.06	5.58	10.32	6.85
5 years	30.69	11.92	74.38	46.12
Annual average	5.50	2.28	11.76	7.84
3 years	19.44	10.34	39.03	27.25
Annual average	6.10	3.33	11.61	8.34
1 year	4.56	–2.16	13.06	10.24
6 months	0.21	–6.09	6.43	5.47

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 6-month, 1-year, 3-year, 5-year, 10-year, and life-of-fund periods ended 3/31/13, there were 5, 5, 5, 4, 3, and 2 funds, respectively, in this Lipper category.

† The JPMorgan Global High Yield Index was introduced on 12/31/93, which postdates the fund's inception.

Fund price and distribution information For the six-month period ended 3/31/13

Distributions		
Number	6	
Income	$0.156000	
Capital gains	—	
Total	**$0.156000**	
Share value	**NAV**	**Market Price**
9/30/12	$5.42	$5.18
3/31/13	5.64	5.21
Current rate (end of period)	**NAV**	**Market Price**
Current dividend rate*	5.53%	5.99%

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 yield is the annual rate of return earned from dividends or interest of an investment. Current yield 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 (Bank of America) 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 2012, 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, 2012, up to 10% of the fund’s common shares outstanding as of October 7, 2012.

Important notice regarding delivery of shareholder documents

In accordance with Securities and Exchange Commission (SEC) regulations, Putnam sends a single copy of annual and semiannual shareholder reports, prospectuses, and proxy statements to Putnam shareholders who share the same address, unless a shareholder requests otherwise. If you prefer to receive your own copy of these documents, please call Putnam at 1-800-225-1581, and Putnam will begin sending individual copies within 30 days.

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, 2012, are available in the Individual Investors section of putnam.com, and on the SEC’s website, www.sec.gov. Ifyou 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 March 31, 2013, Putnam employees had approximately $377,000,000 and the Trustees had approximately $90,000,000 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.

Financial statements

A guide to financial statements

These sections of the report, as well as the accompanying Notes, 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 period.

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. Dividend sources are estimated at the time of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund's fiscal year.

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.

The fund's portfolio 3/31/13 (Unaudited)

MORTGAGE-BACKED SECURITIES (44.8%)*	**Principal amount**	**Value**
Agency collateralized mortgage obligations (13.5%)		
Federal Home Loan Mortgage Corp.		
IFB Ser. 3182, Class SP, 27.787s, 2032	$249,959	$409,025
IFB Ser. 3408, Class EK, 24.975s, 2037	131,192	206,137
IFB Ser. 2979, Class AS, 23.528s, 2034	56,474	75,911
IFB Ser. 3072, Class SM, 23.052s, 2035	195,418	305,361
IFB Ser. 3072, Class SB, 22.905s, 2035	175,062	272,445
IFB Ser. 3249, Class PS, 21.604s, 2036	149,466	224,537
IFB Ser. 4098, Class MS, IO, 6.497s, 2041	4,048,802	893,935
IFB Ser. 3727, Class PS, IO, 6.497s, 2038	1,550,560	151,628
IFB Ser. 3895, Class SM, IO, 6.447s, 2040	3,938,560	529,171
IFB Ser. 4048, Class GS, IO, 6.447s, 2040	1,920,190	369,617
IFB Ser. 3940, Class PS, IO, 6.447s, 2040	5,296,341	775,914
IFB Ser. 3860, Class SP, IO, 6.397s, 2040	3,949,295	599,661
IFB Ser. 4032, Class SA, IO, 6.297s, 2042	4,190,288	640,597

IFB Ser. 3708, Class SA, IO, 6.247s, 2040	4,181,708	627,758
IFB Ser. 4125, Class SH, IO, 5.947s, 2042	2,455,201	405,796
IFB Ser. 4112, Class SC, IO, 5.947s, 2042	8,626,494	1,434,162
IFB Ser. 4105, Class LS, IO, 5.947s, 2041	2,410,787	469,959
IFB Ser. 3922, Class CS, IO, 5.897s, 2041	1,741,088	195,846
Ser. 3632, Class CI, IO, 5s, 2038	671,018	38,973
Ser. 3626, Class DI, IO, 5s, 2037	342,391	11,152
Ser. 304, Class C27, IO, 4 1/2s, 2043	5,892,000	954,858
Ser. 4122, Class TI, IO, 4 1/2s, 2042	3,687,932	561,672
Ser. 4000, Class PI, IO, 4 1/2s, 2042	2,245,588	293,723
Ser. 4019, Class GI, IO, 4 1/2s, 2041	9,465,939	1,281,687
Ser. 3747, Class HI, IO, 4 1/2s, 2037	508,714	43,447
Ser. 304, Class C53, IO, 4s, 2043	2,349,000	349,414
Ser. 4090, Class BI, IO, 4s, 2042	788,955	83,101
Ser. 3748, Class NI, IO, 4s, 2034	1,735,504	47,414
Ser. 3751, Class MI, IO, 4s, 2034	3,257,326	58,208
Ser. 304, Class C22, IO, 3 1/2s, 2043	3,337,000	546,067
Ser. 304, Class C4, IO, 3 1/2s, 2043	2,414,000	501,291
Ser. 4105, Class HI, IO, 3 1/2s, 2041	2,176,422	345,485
Ser. T-57, Class 1AX, IO, 0.402s, 2043	2,650,714	31,446
Ser. 4077, Class TO, PO, zero %, 2041	1,157,455	969,623
FRB Ser. 3326, Class WF, zero %, 2035	5,176	5,092
Federal National Mortgage Association		
IFB Ser. 06-62, Class PS, 38.675s, 2036	272,480	517,402
IFB Ser. 07-53, Class SP, 23.451s, 2037	170,258	267,901
IFB Ser. 08-24, Class SP, 22.535s, 2038	160,409	258,257
IFB Ser. 05-75, Class GS, 19.637s, 2035	172,862	249,597
IFB Ser. 05-83, Class QP, 16.863s, 2034	217,398	297,036
IFB Ser. 12-88, Class SB, IO, 6.466s, 2042	5,578,165	879,788
IFB Ser. 10-99, Class NS, IO, 6.396s, 2039	3,215,816	389,082
IFB Ser. 11-87, Class HS, IO, 6.296s, 2041	2,713,197	444,720
IFB Ser. 404, Class S13, IO, 6.196s, 2040	3,552,355	531,154

MORTGAGE-BACKED SECURITIES (44.8%)* *cont.*	**Principal amount**	**Value**
Agency collateralized mortgage obligations *cont.*		
Federal National Mortgage Association		
IFB Ser. 10-35, Class SG, IO, 6.196s, 2040	$2,658,227	$406,496
IFB Ser. 12-132, Class SB, IO, 5.996s, 2042	7,947,680	1,238,724
IFB Ser. 09-100, Class SA, IO, 5.996s, 2039	1,684,945	163,229
IFB Ser. 13-18, Class SB, IO, 5.946s, 2041	2,141,091	419,011

IFB Ser. 12-113, Class CS, IO, 5.946s, 2041	1,764,112	342,943
IFB Ser. 12-113, Class SG, IO, 5.896s, 2042	1,800,610	333,401
IFB Ser. 10-46, Class WS, IO, 5.546s, 2040	2,705,637	337,907
Ser. 374, Class 6, IO, 5 1/2s, 2036	556,038	74,848
Ser. 12-132, Class PI, IO, 5s, 2042	4,401,647	810,123
Ser. 398, Class C5, IO, 5s, 2039	372,220	36,887
Ser. 10-13, Class EI, IO, 5s, 2038	224,875	10,350
Ser. 378, Class 19, IO, 5s, 2035	1,322,681	152,108
Ser. 12-30, Class HI, IO, 4 1/2s, 2040	9,752,328	1,540,282
Ser. 409, Class 81, IO, 4 1/2s, 2040	5,603,198	795,088
Ser. 409, Class 82, IO, 4 1/2s, 2040	5,714,780	850,994
Ser. 366, Class 22, IO, 4 1/2s, 2035	579,263	44,719
Ser. 12-75, Class AI, IO, 4 1/2s, 2027	2,413,946	246,778
Ser. 12-118, Class PI, IO, 4s, 2042	3,818,293	606,307
Ser. 12-96, Class PI, IO, 4s, 2041	2,598,510	357,919
Ser. 406, Class 2, IO, 4s, 2041	2,504,314	325,561
Ser. 406, Class 1, IO, 4s, 2041	1,692,658	233,925
Ser. 409, Class C16, IO, 4s, 2040	3,588,876	444,731
Ser. 12-148, Class CI, IO, 3s, 2042	2,383,177	308,645
Ser. 13-35, Class IP, IO, 3s, 2042	3,682,000	459,099
Ser. 13-23, Class PI, IO, 3s, 2041	3,601,705	411,945
Ser. 03-W10, Class 1, IO, 1.303s, 2043	583,560	23,320
Ser. 99-51, Class N, PO, zero %, 2029	24,688	23,738

Government National Mortgage Association		
IFB Ser. 11-56, Class MS, 6.871s, 2041	2,610,521	2,877,889
IFB Ser. 10-151, Class SL, IO, 6.497s, 2039	2,033,255	334,409
IFB Ser. 10-163, Class SI, IO, 6.426s, 2037	3,550,195	488,148
IFB Ser. 10-35, Class CS, IO, 6.267s, 2040	3,323,023	639,672
IFB Ser. 10-26, Class QS, IO, 6.047s, 2040	2,375,671	443,954
IFB Ser. 10-120, Class SB, IO, 5.997s, 2035	641,154	57,576
IFB Ser. 10-20, Class SC, IO, 5.947s, 2040	2,536,858	475,001
IFB Ser. 10-158, Class SA, IO, 5.847s, 2040	1,374,804	254,229
IFB Ser. 10-151, Class SA, 5.847s, 2040	1,366,516	252,682
IFB Ser. 10-61, Class SJ, IO, 5.847s, 2040	3,272,641	506,343
IFB Ser. 11-70, Class SM, IO, 5.687s, 2041	2,415,000	653,402
IFB Ser. 11-70, Class SH, IO, 5.687s, 2041	2,481,000	675,775
IFB Ser. 10-37, Class SG, IO, 5.497s, 2040	2,648,478	458,928
IFB Ser. 10-115, Class BS, IO, 5.197s, 2040	4,245,950	689,585
Ser. 13-22, Class OI, IO, 5s, 2043	3,572,898	672,152
Ser. 13-3, Class IT, IO, 5s, 2043	3,193,389	612,586
Ser. 13-6, Class IC, IO, 5s, 2043	2,961,668	540,682
Ser. 12-146, Class IO, IO, 5s, 2042	2,935,639	520,606
Ser. 13-6, Class CI, IO, 5s, 2042	1,937,117	382,387

MORTGAGE-BACKED SECURITIES (44.8%)* *cont.*	Principal amount	Value
Agency collateralized mortgage obligations *cont.*		
Government National Mortgage Association		
Ser. 10-35, Class UI, IO, 5s, 2040	$1,710,157	$329,510
Ser. 13-24, Class IC, IO, 4 1/2s, 2043	1,976,818	374,113
Ser. 11-140, Class BI, IO, 4 1/2s, 2040	1,431,020	144,647
Ser. 11-18, Class PI, IO, 4 1/2s, 2040	377,629	57,324
Ser. 10-35, Class QI, IO, 4 1/2s, 2040	13,372,011	2,479,303
Ser. 10-168, Class PI, IO, 4 1/2s, 2039	1,402,680	174,325
Ser. 11-73, Class IP, IO, 4 1/2s, 2039	3,950,825	438,652
Ser. 10-158, Class IP, IO, 4 1/2s, 2039	4,449,227	547,744
Ser. 10-98, Class PI, IO, 4 1/2s, 2037	1,820,360	187,716
Ser. 11-70, PO, zero %, 2041	4,627,287	3,841,665
Ser. 06-36, Class OD, PO, zero %, 2036	7,668	7,062
Structured Asset Securities Corp. IFB Ser. 07-4, Class 1A3, IO, 5.984s, 2045	2,902,696	555,141
		50,217,336
Commercial mortgage-backed securities (12.3%)		
Banc of America Commercial Mortgage, Inc. FRB Ser. 05-5, Class D, 5.229s, 2045	600,000	588,000
Banc of America Commercial Mortgage, Inc. 144A		
Ser. 01-1, Class J, 6 1/8s, 2036	16,989	14,781
Ser. 01-1, Class K, 6 1/8s, 2036	344,016	149,412
Ser. 07-5, Class XW, IO, 0.369s, 2051	96,416,461	1,137,521
Bear Stearns Commercial Mortgage Securities, Inc.		
FRB Ser. 07-PW17, Class AJ, 5.893s, 2050	2,041,000	1,959,360
FRB Ser. 06-PW12, Class AJ, 5.757s, 2038	718,000	729,291
Ser. 05-PWR7, Class D, 5.304s, 2041	441,000	397,782
Ser. 05-PWR7, Class B, 5.214s, 2041	697,000	714,124
FRB Ser. 05-T20, Class C, 5.147s, 2042	600,000	585,750
Ser. 05-PWR9, Class C, 5.055s, 2042	401,000	377,782
Citigroup Commercial Mortgage Trust		
Ser. 06-C5, Class AJ, 5.482s, 2049	610,000	607,134
FRB Ser. 05-C3, Class B, 5.029s, 2043	1,720,000	1,589,452
Citigroup Commercial Mortgage Trust 144A		
FRB Ser. 04-C1, Class G, 5.365s, 2040	3,000,000	2,939,699
FRB Ser. 12-GC8, Class D, 4.879s, 2045	401,000	394,624

Citigroup/Deutsche Bank Commercial Mortgage Trust 144A			
Ser. 07-CD5, Class XS, IO, 0.036s, 2044		29,804,426	130,624
Commercial Mortgage Trust 144A			
FRB Ser. 13-CR6, Class D, 4.316s, 2046		298,000	266,746
FRB Ser. 07-C9, Class AJFL, 0.892s, 2049		1,641,000	1,383,527
Cornerstone Titan PLC 144A			
FRB Ser. 05-CT2A, Class E, 1.789s, 2014 (Ireland)	GBP	141,229	190,985
FRB Ser. 05-CT1A, Class D, 1.561s, 2014 (Ireland)	GBP	444,023	566,724
Crest, Ltd. 144A Ser. 03-2A, Class E2, 8s, 2038 (Cayman Islands)		$525,387	21,541
CS First Boston Mortgage Securities Corp. 144A Ser. 02-CP5,			
Class M, 5 1/4s, 2035		337,944	16,897
Deutsche Bank-UBS Commercial Mortgage Trust 144A FRB			
Ser. 11-LC2A, Class D, 5.445s, 2044		719,000	748,708

MORTGAGE-BACKED SECURITIES (44.8%)* *cont.*	**Principal amount**	**Value**
Commercial mortgage-backed securities *cont.*		
DLJ Commercial Mortgage Corp. Ser. 98-CF2, Class B4,		
6.04s, 2031	$286,492	$286,492
FFCA Secured Lending Corp. 144A Ser. 00-1, Class X, IO,		
1.085s, 2020	2,483,092	54,628
GE Capital Commercial Mortgage Corp.		
FRB Ser. 05-C4, Class AJ, 5.306s, 2045	305,000	280,600
FRB Ser. 05-C1, Class D, 4.949s, 2048	2,243,000	2,236,943
GMAC Commercial Mortgage Securities, Inc. Ser. 04-C3, Class B,		
4.965s, 2041	452,000	384,765
GMAC Commercial Mortgage Securities, Inc. 144A Ser. 02-C3,		
Class H, 5.944s, 2039		