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Putnam Variable Trust

Putnam VT Mortgage Securities Fund

Semiannual report

6 | 30 | 21

Message from the Trustees

August 6, 2021

Dear Shareholder:

The U.S. economy is much improved from a year ago, or even six months ago. Gross domestic product is growing at a pre-pandemic pace. Stock prices are high and interest rates are low. More and more workers are finding jobs, with millions still open. At the same time, vaccinations in many areas have not yet reached enough people to stop the spread of Covid-19. U.S. and global infection rates have recently risen.

While it is too soon to declare the pandemic over, it is worth taking stock of the economy's transition. Some changes accelerated by the pandemic could be lasting. Dynamic, well-managed companies have adapted to seize new, more sustainable growth opportunities.

An active investment philosophy is well suited to this time. Putnam's research teams are analyzing the fundamentals of what has stayed the same and what has changed to uncover valuable investment insights or potential risks.

Thank you for investing with Putnam.

Respectfully yours,



Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments



Kenneth R. Leibler
Chair, Board of Trustees

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.

Consider these risks before investing: Funds that invest in government securities are not guaranteed. Mortgage- and asset-backed securities are subject to prepayment risk, which means that they may increase in value less than other bonds when interest rates decline and decline in value more than other bonds when interest rates rise. The fund may have to invest the proceeds from prepaid investments, including mortgage- and asset-backed investments, in other investments with less attractive terms and yields. The fund's investments in mortgage-backed securities and asset-backed securities, and in certain other securities and derivatives, may be or become illiquid. The fund's exposure to privately issued commercial and residential mortgage-backed securities and mortgage-backed securities issued or guaranteed by the U.S. government or its agencies or instrumentalities may make the fund's net asset value more susceptible to economic, market, political and other developments affecting the housing or real estate markets and the servicing of mortgage loans secured by real estate properties. The fund currently has significant investment exposure to commercial mortgage-backed securities, which, during periods of difficult economic conditions, may experience an increase in delinquencies and losses as a result of the effects of those conditions on commercial real estate markets, the ability of commercial tenants to make loan payments, and the ability of a property to attract and retain commercial tenants. 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 generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Default risk is generally higher for non-qualified mortgages. Risks associated with derivatives include 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. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography (such as a region of the United States), industry, or sector, such as the housing or real estate markets. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings or in relevant markets. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

Performance summary (as of 6/30/21)

Investment objective

As high a level of current income as Putnam Investment Management, LLC, (Putnam Management) believes is consistent with preservation of capital

Net asset value June 30, 2021

| | |
|------------------|------------------|
| Class IA: \$8.99 | Class IB: \$8.95 |
|------------------|------------------|

Total return at net asset value

| (as of 6/30/21) | Class IA shares* | Class IB shares* | Bloomberg Barclays U.S. MBS Index | Bloomberg Barclays Government Bond-Bloomberg Barclays U.S. MBS Linked Benchmark† |
|-----------------|------------------|------------------|-----------------------------------|--|
| 6 months | -0.66% | -0.78% | -0.77% | -0.77% |
| 1 year | 4.78 | 4.43 | -0.42 | -0.42 |
| 5 years | 11.11 | 9.63 | 11.87 | 8.41 |
| Annualized | 2.13 | 1.86 | 2.27 | 1.63 |
| 10 years | 24.25 | 21.12 | 29.72 | 28.03 |
| Annualized | 2.19 | 1.93 | 2.64 | 2.50 |
| Life | 159.02 | 145.75 | 165.16 | 150.68 |
| Annualized | 4.54 | 4.29 | 4.66 | 4.38 |

For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

* Class inception date: February 1, 2000.

The Bloomberg Barclays U.S. MBS Index is an unmanaged index of agency mortgage-backed pass-through securities (both fixed rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

† The Bloomberg Barclays Government Bond-Bloomberg Barclays U.S. MBS Linked Benchmark represents performance of the Bloomberg Barclays Government Bond Index from the inception date of the fund, February 1, 2000, through April 29, 2018, and performance of the Bloomberg Barclays U.S. MBS Index from April 30, 2018 through the current period.

The Bloomberg Barclays Government Bond Index is an unmanaged index of U.S. Treasury and agency securities.

All Bloomberg Barclays indices provided by Bloomberg Index Services Limited.

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Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. All total return figures are at net asset value and exclude contract charges and expenses, which are added to the variable annuity contracts to determine total return at unit value. Had these charges and expenses been reflected, performance would have been lower. For more recent performance, contact your variable annuity provider who can provide you with performance that reflects the charges and expenses at your contract level.

Portfolio composition

| | |
|---|-------|
| Commercial mortgage-backed securities | 45.2% |
| Agency collateralized mortgage obligations | 39.1% |
| Agency pass-throughs | 37.4% |
| Non-agency residential mortgage-backed securities | 22.8% |
| Asset-backed securities | 1.9% |
| Cash and net other assets | 7.3% |

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. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the use of different classifications of securities for presentation purposes, and rounding. Allocations may not total 100% because the table includes the notional value of certain derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities. Holdings and allocations may vary over time.

Credit quality

| | |
|---------------|--------|
| A-1+ | 16.4% |
| AAA | 74.5% |
| AA | 5.5% |
| A | 6.5% |
| BBB | 10.7% |
| BB | 2.5% |
| B | 4.8% |
| CCC and below | 3.1% |
| Not rated | -24.0% |

Credit qualities are shown as a percentage of net assets. A bond rated BBB or higher (A-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. To-be-announced (TBA) mortgage commitments, if any, are included based on their issuer ratings. Ratings may vary over time.

Cash, derivative instruments, and net other assets are shown in the not-rated category. Payables and receivables for TBA mortgage commitments are included in the not-rated category and may result in negative weights. The fund itself has not been rated by an independent rating agency.

Understanding your fund's expenses

As an investor in a variable annuity product that invests in a registered investment company, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. In the most recent six-month period, your fund's expenses were limited; had expenses not been limited, they would have been higher. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, which are not shown in this section and would result in higher total expenses. Charges and expenses at the insurance company separate account level are not reflected. For more information, see your fund's prospectus or talk to your financial representative.

Review your fund's expenses

The two left-hand columns of the Expenses per \$1,000 table show the expenses you would have paid on a \$1,000 investment in your fund from 1/1/21 to 6/30/21. They also show how much a \$1,000 investment would be worth at the close of the period, *assuming actual returns and expenses*. To estimate the ongoing expenses you paid over the period, divide your account value by \$1,000, then multiply the result by the number in the first line for the class of shares you own.

Compare your fund's expenses with those of other funds

The two right-hand columns of the Expenses per \$1,000 table show your fund's expenses based on a \$1,000 investment, *assuming a hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All shareholder reports of mutual funds and funds serving as variable annuity vehicles will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expense ratios

| | Class IA | Class IB |
|--|----------|----------|
| Net expenses for the fiscal year ended 12/31/20* | 0.50% | 0.75% |
| Total annual operating expenses for the fiscal year ended 12/31/20 | 0.74% | 0.99% |
| Annualized expense ratio for the six-month period ended 6/30/21 | 0.50% | 0.75% |

Fiscal year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

*Reflects Putnam Management's contractual obligation to limit certain fund expenses through 4/30/22.

Expenses per \$1,000

| | Expenses and value for a \$1,000 investment, assuming actual returns for the 6 months ended 6/30/21 | | Expenses and value for a \$1,000 investment, assuming a hypothetical 5% annualized return for the 6 months ended 6/30/21 | |
|-------------------------------|---|----------|--|------------|
| | Class IA | Class IB | Class IA | Class IB |
| Expenses paid per \$1,000*† | \$2.47 | \$3.70 | \$2.51 | \$3.76 |
| Ending value (after expenses) | \$993.40 | \$992.20 | \$1,022.32 | \$1,021.08 |

*Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 6/30/21. The expense ratio may differ for each share class.

†Expenses based on actual returns are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period (181); and then dividing that result by the number of days in the year (365). Expenses based on a hypothetical 5% return are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period (181); and then dividing that result by the number of days in the year (365).

Your fund's managers



Portfolio Manager **Michael V. Salm** is Chief Investment Officer, Fixed Income. He joined Putnam in 1997 and has been in the investment industry since 1989.

Brett S. Kozlowski, CFA, and Jatin Misra, Ph.D., CFA, are also Portfolio Managers of the fund.

Your fund's managers also manage other accounts advised by Putnam Management or an affiliate, including retail mutual fund counterparts to the funds in Putnam Variable Trust.

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. In other examples, the managers may use options and futures contracts to hedge against a variety of risks by establishing a combination of long and short exposures to specific equity markets or sectors.

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. Counterparty risk for exchange-traded futures and centrally cleared swaps is mitigated by the daily exchange of margin and other safeguards against default through their respective clearinghouses.

The fund's portfolio 6/30/21 (Unaudited)

| MORTGAGE-BACKED SECURITIES (82.3%)* | Principal amount | Value |
|--|-------------------------|--------------|
| Agency collateralized mortgage obligations (38.0%) | | |
| Federal Home Loan Mortgage Corporation | | |
| REMICs IFB Ser. 3408, Class EK, ((-4.024 x 1 Month US LIBOR) + 25.79%), 25.50%, 4/15/37 | \$16,225 | \$30,016 |
| REMICs IFB Ser. 3072, Class SM, ((-3.667 x 1 Month US LIBOR) + 23.80%), 23.529%, 11/15/35 | 22,809 | 40,599 |
| REMICs IFB Ser. 3065, Class DC, ((-3 x 1 Month US LIBOR) + 19.86%), 19.641%, 3/15/35 | 112,892 | 158,049 |
| REMICs IFB Ser. 2990, Class LB, ((-2.556 x 1 Month US LIBOR) + 16.95%), 16.759%, 6/15/34 | 11,956 | 14,586 |
| REMICs IFB Ser. 4136, Class ES, IO, ((-1 x 1 Month US LIBOR) + 6.25%), 6.177%, 11/15/42 | 117,788 | 13,726 |
| REMICs IFB Ser. 4436, Class SC, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.077%, 2/15/45 | 470,026 | 86,433 |
| REMICs IFB Ser. 5003, Class DS, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.009%, 8/25/50 | 1,021,438 | 194,851 |
| REMICs IFB Ser. 4933, Class SA, IO, ((-1 x 1 Month US LIBOR) + 6.00%), 5.909%, 12/25/49 | 982,459 | 197,006 |
| REMICs Ser. 4122, Class TI, IO, 4.50%, 10/15/42 | 130,077 | 15,901 |
| REMICs Ser. 4018, Class DI, IO, 4.50%, 7/15/41 | 126,101 | 9,481 |
| REMICs Ser. 4953, Class AI, IO, 4.00%, 2/25/50 | 1,288,382 | 197,226 |
| REMICs Ser. 4500, Class GI, IO, 4.00%, 8/15/45 | 188,428 | 23,554 |
| REMICs Ser. 4425, IO, 4.00%, 1/15/45 | 182,948 | 20,710 |
| REMICs Ser. 4425, Class EI, IO, 4.00%, 1/15/45 | 272,169 | 30,151 |
| REMICs Ser. 4452, Class QI, IO, 4.00%, 11/15/44 | 209,454 | 30,134 |
| REMICs Ser. 4213, Class GI, IO, 4.00%, 11/15/41 | 279,714 | 15,136 |
| REMICs Ser. 4019, Class JI, IO, 4.00%, 5/15/41 | 213,817 | 13,163 |
| REMICs Ser. 5065, Class DI, IO, 3.50%, 1/25/51 | 1,693,006 | 255,247 |
| REMICs Ser. 4621, Class QI, IO, 3.50%, 10/15/46 | 306,980 | 32,534 |
| REMICs Ser. 4165, Class AI, IO, 3.50%, 2/15/43 | 153,323 | 22,260 |
| REMICs Ser. 4136, Class IQ, IO, 3.50%, 11/15/42 | 301,756 | 38,497 |
| Strips Ser. 304, Class C37, IO, 3.50%, 12/15/27 | 128,255 | 7,670 |
| REMICs Ser. 4150, Class DI, IO, 3.00%, 1/15/43 | 223,809 | 22,381 |
| REMICs Ser. 4141, Class PI, IO, 3.00%, 12/15/42 | 213,465 | 21,639 |
| REMICs Ser. 4158, Class TI, IO, 3.00%, 12/15/42 | 456,935 | 34,375 |
| REMICs Ser. 4165, Class TI, IO, 3.00%, 12/15/42 | 488,956 | 34,106 |
| REMICs Ser. 4171, Class NI, IO, 3.00%, 6/15/42 | 312,816 | 25,088 |
| REMICs Ser. 4183, Class MI, IO, 3.00%, 2/15/42 | 150,956 | 9,481 |
| REMICs Ser. 4201, Class JI, IO, 3.00%, 12/15/41 | 177,767 | 8,079 |
| REMICs Ser. 3835, Class FO, PO, zero %, 4/15/41 | 254,522 | 235,501 |
| REMICs Ser. 3391, PO, zero %, 4/15/37 | 3,956 | 3,699 |
| Strips Ser. 315, PO, zero %, 9/15/43 | 593,597 | 539,195 |
| Federal National Mortgage Association | | |
| REMICs IFB Ser. 06-62, Class PS, ((-6 x 1 Month US LIBOR) + 39.90%), 39.351%, 7/25/36 | 12,011 | 23,062 |
| REMICs IFB Ser. 06-8, Class HP, ((-3.667 x 1 Month US LIBOR) + 24.57%), 24.231%, 3/25/36 | 21,544 | 35,564 |
| REMICs IFB Ser. 07-53, Class SP, ((-3.667 x 1 Month US LIBOR) + 24.20%), 23.865%, 6/25/37 | 22,030 | 38,773 |
| REMICs IFB Ser. 08-24, Class SP, ((-3.667 x 1 Month US LIBOR) + 23.28%), 22.948%, 2/25/38 | 81,929 | 107,648 |
| REMICs IFB Ser. 05-106, Class JC, ((-3.101 x 1 Month US LIBOR) + 20.12%), 19.84%, 12/25/35 | 28,724 | 41,650 |
| REMICs IFB Ser. 11-4, Class CS, ((-2 x 1 Month US LIBOR) + 12.90%), 12.717%, 5/25/40 | 41,502 | 50,633 |
| REMICs IFB Ser. 11-123, Class KS, IO, ((-1 x 1 Month US LIBOR) + 6.60%), 6.509%, 10/25/41 | 30,920 | 3,626 |
| REMICs IFB Ser. 18-47, Class SA, IO, ((-1 x 1 Month US LIBOR) + 6.25%), 6.159%, 7/25/48 | 452,469 | 94,856 |
| REMICs IFB Ser. 18-36, Class SD, IO, ((-1 x 1 Month US LIBOR) + 6.25%), 6.159%, 6/25/48 | 1,162,661 | 229,982 |

| MORTGAGE-BACKED SECURITIES (82.3%)* cont. | Principal amount | Value |
|--|-------------------------|--------------|
| Agency collateralized mortgage obligations cont. | | |
| Federal National Mortgage Association | | |
| REMICs IFB Ser. 18-20, Class SB, IO, ((-1 x 1 Month US LIBOR) + 6.25%), 6.159%, 3/25/48 | \$540,326 | \$99,392 |
| REMICs IFB Ser. 18-38, Class SP, IO, ((-1 x 1 Month US LIBOR) + 6.20%), 6.109%, 6/25/48 | 1,351,290 | 208,812 |
| REMICs IFB Ser. 17-104, Class SL, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.059%, 1/25/48 | 868,269 | 144,964 |
| REMICs IFB Ser. 16-81, Class SA, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.059%, 11/25/46 | 1,886,570 | 371,339 |
| REMICs IFB Ser. 20-41, Class SE, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.009%, 6/25/50 | 2,000,620 | 421,122 |
| REMICs IFB Ser. 16-83, Class BS, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.009%, 11/25/46 | 1,308,705 | 261,921 |
| REMICs IFB Ser. 16-85, Class SL, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.009%, 11/25/46 | 1,825,567 | 360,550 |
| REMICs IFB Ser. 16-50, Class SM, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.009%, 8/25/46 | 850,604 | 155,706 |
| REMICs Ser. 15-58, Class KI, IO, 6.00%, 3/25/37 | 468,353 | 102,838 |
| REMICs IFB Ser. 19-45, Class SD, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.959%, 8/25/49 | 637,485 | 109,378 |
| REMICs IFB Ser. 16-8, Class SA, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.959%, 3/25/46 | 1,282,753 | 242,763 |
| REMICs IFB Ser. 19-71, Class CS, IO, ((-1 x 1 Month US LIBOR) + 6.00%), 5.909%, 11/25/49 | 81,368 | 20,764 |
| REMICs Ser. 16-3, Class MI, IO, 5.50%, 2/25/46 | 294,960 | 53,462 |
| REMICs Ser. 15-86, Class MI, IO, 5.50%, 11/25/45 | 395,409 | 72,917 |
| REMICs Ser. 10-109, Class IM, IO, 5.50%, 9/25/40 | 821,194 | 146,006 |
| REMICs Ser. 18-51, Class BI, IO, 5.50%, 7/25/38 | 577,345 | 79,602 |
| REMICs Ser. 17-19, Class IH, IO, 5.00%, 3/25/47 | 456,563 | 76,830 |
| REMICs Ser. 12-151, Class IM, IO, 5.00%, 4/25/42 | 412,267 | 63,959 |
| REMICs Ser. 20-31, IO, 4.50%, 5/25/50 | 1,932,204 | 305,658 |
| REMICs Ser. 17-66, IO, 4.50%, 9/25/47 | 640,496 | 95,824 |
| REMICs Ser. 17-32, Class IP, IO, 4.50%, 5/25/47 | 635,927 | 129,274 |
| REMICs Ser. 15-83, IO, 4.00%, 10/25/43 | 369,285 | 42,653 |
| REMICs Ser. 12-118, Class PI, IO, 4.00%, 6/25/42 | 348,908 | 42,033 |
| REMICs Ser. 12-62, Class MI, IO, 4.00%, 3/25/41 | 119,220 | 7,749 |
| REMICs Ser. 12-104, Class HI, IO, 4.00%, 9/25/27 | 245,608 | 19,392 |
| REMICs Ser. 16-70, Class QI, IO, 3.50%, 10/25/46 | 693,203 | 69,078 |
| REMICs Ser. 15-10, Class AI, IO, 3.50%, 8/25/43 | 176,393 | 9,573 |
| REMICs Ser. 13-22, Class PI, IO, 3.50%, 10/25/42 | 243,201 | 27,049 |
| REMICs Ser. 12-114, Class NI, IO, 3.50%, 10/25/41 | 273,314 | 20,951 |
| REMICs Ser. 20-96, IO, 3.00%, 1/25/51 | 1,425,778 | 136,062 |
| REMICs Ser. 13-55, Class IK, IO, 3.00%, 4/25/43 | 173,449 | 15,787 |
| REMICs Ser. 13-6, Class JI, IO, 3.00%, 2/25/43 | 378,889 | 34,100 |
| REMICs Ser. 12-151, Class PI, IO, 3.00%, 1/25/43 | 166,492 | 16,090 |
| REMICs Ser. 12-145, Class TI, IO, 3.00%, 11/25/42 | 83,254 | 4,624 |
| REMICs Ser. 13-35, Class IP, IO, 3.00%, 6/25/42 | 125,969 | 6,380 |
| REMICs Ser. 13-55, Class PI, IO, 3.00%, 5/25/42 | 168,240 | 6,410 |
| REMICs Ser. 13-53, Class JI, IO, 3.00%, 12/25/41 | 200,548 | 10,885 |
| REMICs Ser. 13-23, Class PI, IO, 3.00%, 10/25/41 | 80,153 | 1,487 |
| REMICs Ser. 13-30, Class IP, IO, 3.00%, 10/25/41 | 119,363 | 2,461 |
| REMICs Ser. 13-23, Class LI, IO, 3.00%, 6/25/41 | 72,934 | 2,008 |
| REMICs Ser. 14-28, Class AI, IO, 3.00%, 3/25/40 | 172,859 | 4,883 |
| REMICs Ser. 21-12, Class NI, IO, 2.50%, 3/25/51 | 843,420 | 140,219 |
| Trust FRB Ser. 03-W8, Class 3F2, (1 Month US LIBOR + 0.35%), 0.442%, 5/25/42 | 2,491 | 2,508 |
| REMICs FRB Ser. 07-95, Class A3, (1 Month US LIBOR + 0.25%), 0.342%, 8/27/36 | 1,868,618 | 1,740,140 |
| REMICs Ser. 08-53, Class DO, PO, zero %, 7/25/38 | 20,863 | 19,610 |
| REMICs Ser. 07-44, Class CO, PO, zero %, 5/25/37 | 8,680 | 7,898 |

MORTGAGE-BACKED**SECURITIES (82.3%)* cont.****Principal amount****Value****Agency collateralized mortgage obligations cont.**

Government National Mortgage Association

| | | |
|--|-----------|----------|
| IFB Ser. 13-182, Class SP, IO, ((-1 x 1 Month US LIBOR) + 6.70%), 6.607%, 12/20/43 | \$191,239 | \$37,800 |
| IFB Ser. 11-156, Class SK, IO, ((-1 x 1 Month US LIBOR) + 6.60%), 6.507%, 4/20/38 | 532,260 | 125,103 |
| FRB Ser. 20-112, Class MS, IO, ((-1 x 1 Month US LIBOR) + 6.30%), 6.207%, 8/20/50 | 2,150,403 | 466,379 |
| IFB Ser. 18-89, Class LS, IO, ((-1 x 1 Month US LIBOR) + 6.20%), 6.107%, 6/20/48 | 437,653 | 66,389 |
| IFB Ser. 17-156, Class SL, IO, ((-1 x 1 Month US LIBOR) + 6.20%), 6.107%, 10/20/47 | 653,737 | 119,716 |
| IFB Ser. 13-87, Class SA, IO, ((-1 x 1 Month US LIBOR) + 6.20%), 6.107%, 6/20/43 | 907,572 | 177,583 |
| IFB Ser. 19-35, Class SE, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.075%, 1/16/44 | 522,603 | 92,914 |
| IFB Ser. 19-158, Class AS, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.075%, 9/16/43 | 863,726 | 158,260 |
| IFB Ser. 19-56, Class SK, IO, ((-1 x 1 Month US LIBOR) + 6.15%), 6.057%, 5/20/49 | 960,073 | 138,552 |
| IFB Ser. 18-148, Class GS, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.025%, 2/16/46 | 473,523 | 91,561 |
| IFB Ser. 19-100, Class JS, IO, ((-1 x 1 Month US LIBOR) + 6.10%), 6.007%, 8/20/49 | 588,134 | 87,578 |
| Ser. 16-75, Class LI, IO, 6.00%, 1/20/40 | 275,587 | 56,630 |
| IFB Ser. 20-15, Class CS, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.957%, 2/20/50 | 49,784 | 6,035 |
| IFB Ser. 20-7, Class SK, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.957%, 1/20/50 | 904,384 | 150,540 |
| IFB Ser. 19-125, Class SG, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.957%, 10/20/49 | 780,240 | 209,389 |
| IFB Ser. 19-110, Class SQ, IO, ((-1 x 1 Month US LIBOR) + 6.05%), 5.957%, 9/20/49 | 1,344,077 | 199,483 |
| IFB Ser. 19-121, Class SD, IO, ((-1 x 1 Month US LIBOR) + 6.00%), 5.907%, 10/20/49 | 311,873 | 109,068 |
| Ser. 14-137, Class ID, IO, 5.50%, 9/16/44 | 303,859 | 58,898 |
| Ser. 15-89, Class LI, IO, 5.00%, 12/20/44 | 431,476 | 78,171 |
| Ser. 14-133, Class IP, IO, 5.00%, 9/16/44 | 206,936 | 34,937 |
| Ser. 14-76, IO, 5.00%, 5/20/44 | 244,144 | 41,364 |
| Ser. 13-51, Class QI, IO, 5.00%, 2/20/43 | 184,143 | 25,072 |
| Ser. 13-3, Class IT, IO, 5.00%, 1/20/43 | 104,323 | 18,517 |
| Ser. 13-6, Class OI, IO, 5.00%, 1/20/43 | 78,656 | 14,342 |
| Ser. 10-35, Class UI, IO, 5.00%, 3/20/40 | 112,559 | 20,651 |
| Ser. 10-9, Class UI, IO, 5.00%, 1/20/40 | 369,407 | 68,917 |
| Ser. 09-121, Class UI, IO, 5.00%, 12/20/39 | 289,108 | 53,225 |
| Ser. 18-1, IO, 4.50%, 1/20/48 | 452,094 | 67,289 |
| Ser. 18-127, Class IB, IO, 4.50%, 6/20/45 | 54,331 | 5,536 |
| Ser. 13-34, Class HI, IO, 4.50%, 3/20/43 | 265,959 | 41,045 |
| Ser. 13-39, Class IJ, IO, 4.50%, 3/20/43 | 737,911 | 123,646 |
| Ser. 12-129, IO, 4.50%, 11/16/42 | 237,548 | 43,129 |
| Ser. 12-91, Class IN, IO, 4.50%, 5/20/42 | 433,692 | 72,141 |
| Ser. 10-35, Class AI, IO, 4.50%, 3/20/40 | 248,720 | 21,902 |
| Ser. 10-35, Class DI, IO, 4.50%, 3/20/40 | 153,358 | 25,269 |
| Ser. 10-35, Class QI, IO, 4.50%, 3/20/40 | 90,194 | 14,924 |
| Ser. 10-9, Class QI, IO, 4.50%, 1/20/40 | 73,153 | 11,251 |
| Ser. 09-121, Class BI, IO, 4.50%, 12/16/39 | 96,818 | 17,832 |
| Ser. 09-121, Class CI, IO, 4.50%, 12/16/39 | 366,237 | 63,698 |
| Ser. 15-53, Class MI, IO, 4.00%, 4/16/45 | 282,364 | 50,826 |
| Ser. 14-100, Class NI, IO, 4.00%, 6/20/43 | 311,708 | 21,866 |
| Ser. 13-67, Class IP, IO, 4.00%, 4/16/43 | 416,021 | 66,172 |
| Ser. 13-165, Class IL, IO, 4.00%, 3/20/43 | 81,808 | 11,592 |
| Ser. 12-56, Class IB, IO, 4.00%, 4/20/42 | 241,701 | 37,211 |
| Ser. 12-38, Class MI, IO, 4.00%, 3/20/42 | 912,441 | 154,476 |

MORTGAGE-BACKED**SECURITIES (82.3%)* cont.****Principal amount****Value****Agency collateralized mortgage obligations cont.**

Government National Mortgage Association

| | | |
|--|-----------|----------|
| Ser. 12-47, Class CI, IO, 4.00%, 3/20/42 | \$108,142 | \$15,744 |
| Ser. 14-104, IO, 4.00%, 3/20/42 | 285,282 | 35,297 |
| Ser. 14-4, Class IK, IO, 4.00%, 7/20/39 | 30,856 | 340 |
| Ser. 11-71, Class IK, IO, 4.00%, 4/16/39 | 50,749 | 858 |
| Ser. 14-182, Class BI, IO, 4.00%, 1/20/39 | 414,540 | 48,031 |
| Ser. 20-175, Class JI, IO, 3.50%, 11/20/50 | 2,101,334 | 302,013 |
| Ser. 16-156, Class PI, IO, 3.50%, 11/20/46 | 84,081 | 2,001 |
| Ser. 18-127, Class IE, IO, 3.50%, 1/20/46 | 166,944 | 16,092 |
| Ser. 13-79, Class PI, IO, 3.50%, 4/20/43 | 138,042 | 11,620 |
| Ser. 15-168, Class IG, IO, 3.50%, 3/20/43 | 189,759 | 16,749 |
| Ser. 13-37, Class JI, IO, 3.50%, 1/20/43 | 100,364 | 10,048 |
| Ser. 13-27, Class PI, IO, 3.50%, 12/20/42 | 51,052 | 4,874 |
| Ser. 12-136, IO, 3.50%, 11/20/42 | 347,150 | 51,127 |
| Ser. 18-127, Class IA, IO, 3.50%, 4/20/42 | 444,256 | 32,351 |
| Ser. 14-102, Class IG, IO, 3.50%, 3/16/41 | 87,186 | 5,346 |
| Ser. 15-52, Class KI, IO, 3.50%, 11/20/40 | 252,518 | 16,414 |
| Ser. 15-99, Class TI, IO, 3.50%, 4/20/39 | 66,446 | 280 |
| Ser. 15-24, Class AI, IO, 3.50%, 12/20/37 | 215,540 | 7,077 |
| Ser. 20-176, Class BI, IO, 3.00%, 11/20/50 | 973,843 | 138,773 |
| Ser. 14-160, Class IB, IO, 3.00%, 11/20/40 | 140,049 | 1,993 |
| Ser. 14-141, Class CI, IO, 3.00%, 3/20/40 | 53,821 | 1,480 |
| Ser. 14-174, Class AI, IO, 3.00%, 11/16/29 | 288,055 | 21,604 |
| Ser. 16-H18, Class QI, IO, 2.727%, 6/20/66 W | 1,067,582 | 84,415 |
| Ser. 16-H13, Class IK, IO, 2.64%, 6/20/66 W | 1,070,326 | 114,674 |
| Ser. 17-H25, Class AI, IO, 2.576%, 12/20/67 W | 420,826 | 34,447 |
| Ser. 18-H02, IO, 2.539%, 1/20/68 W | 351,005 | 29,312 |
| Ser. 20-138, Class IB, IO, 2.50%, 9/20/50 | 1,566,794 | 189,902 |
| Ser. 16-H24, Class KI, IO, 2.479%, 11/20/66 W | 616,463 | 53,834 |
| Ser. 17-H04, Class BI, IO, 2.471%, 2/20/67 W | 783,450 | 68,535 |
| Ser. 17-H08, Class EI, IO, 2.418%, 2/20/67 W | 1,074,233 | 91,523 |
| Ser. 18-H05, Class ID, IO, 2.403%, 3/20/68 W | 445,186 | 38,801 |
| Ser. 16-H04, Class HI, IO, 2.388%, 7/20/65 W | 751,327 | 40,572 |
| Ser. 16-H23, Class NI, IO, 2.369%, 10/20/66 W | 1,522,961 | 114,984 |
| Ser. 16-H27, Class GI, IO, 2.349%, 12/20/66 W | 1,314,233 | 130,920 |
| Ser. 17-H08, Class GI, IO, 2.334%, 2/20/67 W | 722,646 | 78,156 |
| Ser. 18-H02, Class IM, IO, 2.331%, 2/20/68 W | 715,036 | 70,946 |
| Ser. 17-H25, Class CI, IO, 2.307%, 12/20/67 W | 1,424,657 | 142,647 |
| Ser. 18-H01, Class XI, IO, 2.306%, 1/20/68 W | 1,055,864 | 110,409 |
| Ser. 16-H07, Class PI, IO, 2.293%, 3/20/66 W | 1,858,967 | 172,932 |
| FRB Ser. 15-H16, Class XI, IO, 2.273%, 7/20/65 W | 649,050 | 52,768 |
| Ser. 17-H08, Class NI, IO, 2.262%, 3/20/67 W | 771,539 | 58,174 |
| Ser. 17-H14, Class JI, IO, 2.252%, 6/20/67 W | 489,702 | 50,966 |
| Ser. 17-H20, Class AI, IO, 2.228%, 10/20/67 W | 1,957,736 | 176,196 |
| Ser. 17-H06, Class MI, IO, 2.228%, 2/20/67 W | 1,320,899 | 95,912 |
| Ser. 17-H03, Class KI, IO, 2.219%, 1/20/67 W | 1,252,546 | 130,014 |
| Ser. 16-H17, Class DI, IO, 2.216%, 7/20/66 W | 1,106,400 | 78,229 |
| Ser. 16-H24, Class JI, IO, 2.209%, 11/20/66 W | 486,458 | 41,031 |
| Ser. 15-H20, Class CI, IO, 2.197%, 8/20/65 W | 1,206,426 | 98,806 |
| Ser. 17-H25, IO, 2.163%, 11/20/67 W | 812,149 | 64,972 |
| Ser. 16-H24, IO, 2.142%, 9/20/66 W | 753,598 | 69,939 |
| Ser. 17-H14, Class LI, IO, 2.109%, 6/20/67 W | 642,893 | 55,125 |
| Ser. 16-H06, Class HI, IO, 2.075%, 2/20/66 W | 940,027 | 58,426 |
| Ser. 15-H24, Class HI, IO, 2.057%, 9/20/65 W | 828,539 | 31,640 |
| Ser. 15-H25, Class BI, IO, 1.964%, 10/20/65 W | 745,380 | 55,754 |
| Ser. 15-H22, Class AI, IO, 1.961%, 9/20/65 W | 1,369,986 | 102,338 |
| Ser. 15-H13, Class AI, IO, 1.929%, 6/20/65 W | 1,043,095 | 68,216 |
| Ser. 16-H06, Class DI, IO, 1.919%, 7/20/65 W | 1,139,374 | 62,712 |
| Ser. 15-H23, Class TI, IO, 1.905%, 9/20/65 W | 850,831 | 68,322 |
| Ser. 17-H10, Class MI, IO, 1.85%, 4/20/67 W | 871,994 | 55,633 |
| Ser. 17-H09, IO, 1.822%, 4/20/67 W | 748,231 | 45,413 |

| MORTGAGE-BACKED SECURITIES (82.3%)* cont. | Principal amount | Value |
|--|-------------------------|--------------|
| Agency collateralized mortgage obligations cont. | | |
| Government National Mortgage Association | | |
| Ser. 16-H03, Class AI, IO, 1.758%, 1/20/66 W | \$1,219,148 | \$75,985 |
| Ser. 15-H10, Class HI, IO, 1.752%, 4/20/65 W | 1,731,942 | 116,387 |
| Ser. 14-H25, Class BI, IO, 1.681%, 12/20/64 W | 897,403 | 51,497 |
| Ser. 14-H21, Class AI, IO, 1.667%, 10/20/64 W | 1,181,635 | 75,315 |
| Ser. 17-H16, Class HI, IO, 1.663%, 8/20/67 W | 710,842 | 45,387 |
| Ser. 16-H06, Class AI, IO, 1.631%, 2/20/66 W | 597,994 | 38,638 |
| Ser. 15-H04, Class AI, IO, 1.607%, 12/20/64 W | 870,714 | 49,323 |
| Ser. 17-H06, Class EI, IO, 1.586%, 2/20/67 W | 491,669 | 26,108 |
| Ser. 14-H18, Class CI, IO, 1.575%, 9/20/64 W | 827,533 | 56,615 |
| Ser. 16-H10, Class AI, IO, 1.552%, 4/20/66 W | 1,069,527 | 53,601 |
| Ser. 16-H04, Class KI, IO, 1.527%, 2/20/66 W | 1,240,787 | 62,560 |
| Ser. 16-H08, Class GI, IO, 1.421%, 4/20/66 W | 703,690 | 31,898 |
| FRB Ser. 11-H07, Class FI, IO, 1.23%, 2/20/61 W | 1,678,521 | 42,299 |
| Ser. 10-151, Class KO, PO, zero %, 6/16/37 | 18,048 | 16,351 |
| | 17,045,929 | |
| Commercial mortgage-backed securities (21.5%) | | |
| BANK FRB Ser. 20-BN25, Class C, 3.468%, 1/15/63 W | 114,000 | 119,787 |
| BANK 144A Ser. 17-BNK9, Class D, 2.80%, 11/15/54 | 101,000 | 90,520 |
| Barclays Commercial Mortgage Trust 144A Ser. 19-C4, Class E, 3.25%, 8/15/52 | 111,000 | 96,007 |
| Bear Stearns Commercial Mortgage Securities Trust FRB Ser. 07-T26, Class AJ, 5.54%, 1/12/45 W | 71,000 | 57,510 |
| Benchmark Mortgage Trust FRB Ser. 18-B1, Class C, 4.251%, 1/15/51 W | 47,000 | 51,338 |
| Benchmark Mortgage Trust 144A Ser. 19-B13, Class D, 2.50%, 8/15/57 | 123,000 | 111,930 |
| CD Commercial Mortgage Trust FRB Ser. 17-CD4, Class C, 4.35%, 5/10/50 W | 77,000 | 83,544 |
| CD Commercial Mortgage Trust 144A Ser. 17-CD3, Class D, 3.25%, 2/10/50 | 140,000 | 116,357 |
| Citigroup Commercial Mortgage Trust Ser. 13-GC11, Class C, 4.134%, 4/10/46 W | 70,000 | 72,531 |
| COMM Mortgage Trust | | |
| FRB Ser. 12-CR1, Class C, 5.533%, 5/15/45 W | 68,000 | 58,421 |
| FRB Ser. 14-UBS2, Class C, 5.138%, 3/10/47 W | 61,000 | 63,732 |
| FRB Ser. 14-CR16, Class C, 5.09%, 4/10/47 W | 95,000 | 100,322 |
| FRB Ser. 18-COR3, Class C, 4.712%, 5/10/51 W | 67,000 | 73,960 |
| FRB Ser. 15-CR23, Class C, 4.433%, 5/10/48 W | 72,000 | 77,411 |
| Ser. 13-LC6, Class C, 4.242%, 1/10/46 W | 117,000 | 120,295 |
| FRB Ser. 15-CR26, Class D, 3.625%, 10/10/48 W | 149,000 | 148,066 |
| COMM Mortgage Trust 144A | | |
| FRB Ser. 13-LC13, Class D, 5.437%, 8/10/46 W | 101,000 | 95,996 |
| FRB Ser. 14-CR17, Class D, 5.01%, 5/10/47 W | 228,000 | 214,747 |
| FRB Ser. 14-CR17, Class E, 5.01%, 5/10/47 W | 124,000 | 96,720 |
| FRB Ser. 14-UBS3, Class D, 4.927%, 6/10/47 W | 104,000 | 105,089 |
| FRB Ser. 13-CR6, Class D, 4.225%, 3/10/46 W | 160,000 | 150,190 |
| FRB Ser. 18-COR3, Class D, 2.962%, 5/10/51 W | 47,000 | 41,630 |
| CSAIL Commercial Mortgage Trust | | |
| Ser. 19-C15, Class B, 4.476%, 3/15/52 | 112,000 | 126,483 |
| FRB Ser. 15-C1, Class C, 4.405%, 4/15/50 W | 124,000 | 118,777 |
| CSAIL Commercial Mortgage Trust 144A | | |
| FRB Ser. 18-C14, Class D, 5.053%, 11/15/51 W | 73,000 | 76,358 |
| Ser. 20-C19, Class D, 2.50%, 3/15/53 | 96,000 | 85,689 |
| Ser. 19-C17, Class D, 2.50%, 9/15/52 | 154,000 | 137,918 |
| DBUBS Mortgage Trust 144A FRB Ser. 11-LC3A, Class D, 5.605%, 8/10/44 W | 167,000 | 164,914 |

| MORTGAGE-BACKED SECURITIES (82.3%)* cont. | Principal amount | Value |
|--|-------------------------|--------------|
| Commercial mortgage-backed securities cont. | | |
| FREMFI Mortgage Trust 144A | | |
| FRB Ser. 19-KF65, Class B, (1 Month US LIBOR + 2.40%), 2.486%, 7/25/29 | \$229,371 | \$231,577 |
| FRB Ser. 19-KF66, Class B, (1 Month US LIBOR + 2.40%), 2.486%, 7/25/29 | 82,555 | 83,149 |
| GS Mortgage Securities Corp., II 144A | | |
| FRB Ser. 13-GC10, Class D, 4.548%, 2/10/46 W | 154,000 | 140,320 |
| Ser. 13-GC10, Class C, 4.285%, 2/10/46 W | 49,000 | 50,543 |
| GS Mortgage Securities Trust | | |
| FRB Ser. 14-GC18, Class C, 5.155%, 1/10/47 W | 155,000 | 99,200 |
| FRB Ser. 14-GC22, Class C, 4.846%, 6/10/47 W | 85,000 | 88,853 |
| FRB Ser. 15-GC30, Class C, 4.209%, 5/10/50 W | 78,000 | 82,204 |
| GS Mortgage Securities Trust 144A | | |
| FRB Ser. 12-GC6, Class C, 5.86%, 1/10/45 W | 62,000 | 61,874 |
| FRB Ser. 14-GC24, Class D, 4.669%, 9/10/47 W | 329,000 | 203,980 |
| Ser. 12-GCJ9, Class C, 4.448%, 11/10/45 W | 139,000 | 141,713 |
| FRB Ser. 13-GC13, Class D, 4.221%, 7/10/46 W | 105,000 | 54,691 |
| JPMBB Commercial Mortgage Securities Trust | | |
| FRB Ser. 14-C18, Class C, 4.96%, 2/15/47 W | 110,000 | 113,480 |
| FRB Ser. 14-C22, Class C, 4.705%, 9/15/47 W | 125,000 | 117,489 |
| FRB Ser. 13-C12, Class C, 4.235%, 7/15/45 W | 87,000 | 89,518 |
| JPMBB Commercial Mortgage Securities Trust 144A | | |
| FRB Ser. C14, Class D, 4.723%, 8/15/46 W | 229,000 | 162,309 |
| FRB Ser. 14-C25, Class D, 4.095%, 11/15/47 W | 139,000 | 104,898 |
| JPMDB Commercial Mortgage Securities Trust | | |
| Ser. 17-C5, Class C, 4.512%, 3/15/50 W | 88,000 | 85,358 |
| FRB Ser. 17-C7, Class C, 4.302%, 10/15/50 W | 93,000 | 100,285 |
| JPMorgan Chase Commercial Mortgage Securities Trust | | |
| Ser. 06-LDP9, Class AMS, 5.337%, 5/15/47 | 162,242 | 140,096 |
| FRB Ser. 13-C16, Class C, 5.189%, 12/15/46 W | 55,000 | 57,902 |
| FRB Ser. 12-CBX, Class B, 5.019%, 6/15/45 W | 148,000 | 150,303 |
| FRB Ser. 13-LC11, Class D, 4.305%, 4/15/46 W | 168,000 | 135,757 |
| Ser. 13-LC11, Class B, 3.499%, 4/15/46 | 49,000 | 49,921 |
| JPMorgan Chase Commercial Mortgage Securities Trust 144A | | |
| FRB Ser. 10-C2, Class D, 5.874%, 11/15/43 W | 131,000 | 128,053 |
| FRB Ser. 11-C3, Class D, 5.707%, 2/15/46 W | 245,000 | 148,585 |
| FRB Ser. 12-C8, Class C, 4.777%, 10/15/45 W | 200,000 | 186,254 |
| ML-CFC Commercial Mortgage Trust FRB Ser. 06-4, Class C, 5.324%, 12/12/49 W | 12,146 | 12,146 |
| Morgan Stanley Bank of America Merrill Lynch Trust | | |
| FRB Ser. 14-C14, Class C, 5.218%, 2/15/47 W | 46,000 | 49,284 |
| FRB Ser. 13-C9, Class C, 4.16%, 5/15/46 W | 77,000 | 78,610 |
| Morgan Stanley Bank of America Merrill Lynch Trust 144A | | |
| FRB Ser. 14-C15, Class D, 5.063%, 4/15/47 W | 180,000 | 186,926 |
| FRB Ser. 15-C23, Class D, 4.282%, 7/15/50 W | 122,000 | 123,303 |
| FRB Ser. 13-C10, Class F, 4.217%, 7/15/46 W | 141,000 | 45,134 |
| Morgan Stanley Capital I Trust 144A | | |
| FRB Ser. 11-C3, Class E, 5.475%, 7/15/49 W | 148,000 | 121,164 |
| FRB Ser. 19-L3, Class E, 2.50%, 11/15/52 | 69,000 | 56,890 |
| Multifamily Connecticut Avenue Securities Trust 144A | | |
| FRB Ser. 20-01, Class M10, 3.842%, 3/25/50 | 171,000 | 178,053 |
| FRB Ser. 19-01, Class M10, 3.342%, 10/15/49 | 446,000 | 452,218 |
| FRB Ser. 19-01, Class M7, 1.792%, 10/15/49 | 72,459 | 72,119 |

MORTGAGE-BACKED**SECURITIES (82.3%)* cont.****Principal amount****Value****Commercial mortgage-backed securities cont.**

| | | |
|---|----------|----------|
| UBS Commercial Mortgage Trust | | |
| FRB Ser. 18-C13, Class C, 5.099%, 10/15/51 W | \$54,000 | \$58,474 |
| Ser. 19-C17, Class C, 3.758%, 10/15/52 W | 151,000 | 151,365 |
| UBS Commercial Mortgage Trust 144A | | |
| FRB Ser. 12-C1, Class D, 5.754%, 5/10/45 W | 281,000 | 258,773 |
| FRB Ser. 12-C1, Class E, 5.00%, 5/10/45 W | 289,000 | 106,369 |
| Ser. 18-C10, Class D, 3.00%, 5/15/51 | 70,000 | 60,928 |
| UBS-Barclays Commercial Mortgage Trust 144A | | |
| FRB Ser. 12-C4, Class D, 4.616%, 12/10/45 W | 109,000 | 69,080 |
| Ser. 13-C6, Class B, 3.875%, 4/10/46 W | 138,000 | 140,405 |
| UBS-Citigroup Commercial Mortgage Trust 144A FRB | | |
| Ser. 11-C1, Class D, 6.282%, 1/10/45 W | 181,000 | 169,295 |
| Wells Fargo Commercial Mortgage Trust | | |
| FRB Ser. 18-C46, Class C, 5.144%, 8/15/51 W | 51,000 | 57,230 |
| FRB Ser. 15-C29, Class D, 4.354%, 6/15/48 W | 56,000 | 56,675 |
| FRB Ser. 20-C57, Class C, 4.158%, 8/15/53 W | 109,000 | 120,526 |
| FRB Ser. 20-C56, Class C, 3.871%, 6/15/53 W | 76,000 | 80,666 |
| Ser. 16-BNK1, Class C, 3.071%, 8/15/49 W | 87,000 | 80,527 |
| Wells Fargo Commercial Mortgage Trust 144A | | |
| Ser. 12-LC5, Class D, 4.916%, 10/15/45 W | 71,000 | 72,374 |
| FRB Ser. 15-C30, Class D, 4.648%, 9/15/58 W | 133,000 | 137,284 |
| WF-RBS Commercial Mortgage Trust 144A | | |
| FRB Ser. 11-C5, Class C, 5.901%, 11/15/44 W | 158,000 | 158,314 |
| FRB Ser. 12-C6, Class C, 5.85%, 4/15/45 W | 113,000 | 115,155 |
| FRB Ser. 11-C4, Class C, 5.266%, 6/15/44 W | 208,000 | 207,415 |
| FRB Ser. 12-C9, Class D, 4.969%, 11/15/45 W | 290,000 | 280,794 |

9,622,050**Residential mortgage-backed securities (non-agency) (22.8%)**

| | | |
|---|---------|---------|
| American Home Mortgage Investment Trust FRB | | |
| Ser. 07-1, Class GA1C, (1 Month US LIBOR + 0.19%), 0.282%, 5/25/47 | 469,034 | 251,569 |
| Bayview Financial Mortgage Pass-Through Trust | | |
| Ser. 06-C, Class 1A3, 6.528%, 11/28/36 | 372,351 | 376,598 |
| Bear Stearns Alt-A Trust FRB Ser. 05-8, Class 21A1, 2.555%, 10/25/35 W | | |
| | 140,360 | 124,124 |
| Bellemeade Re, Ltd. 144A FRB Ser. 17-1, Class M2, (1 Month US LIBOR + 3.35%), 3.442%, 10/25/27 (Bermuda) | | |
| | 123,377 | 124,597 |
| Carrington Mortgage Loan Trust FRB Ser. 06-NC2, Class A4, (1 Month US LIBOR + 0.24%), 0.332%, 6/25/36 | | |
| | 490,000 | 475,469 |
| Chevy Chase Funding, LLC Mortgage-Backed Certificates 144A FRB Ser. 06-4A, Class A2, (1 Month US LIBOR + 0.18%), 0.272%, 11/25/47 | | |
| | 202,696 | 161,045 |
| Citigroup Mortgage Loan Trust, Inc. FRB | | |
| Ser. 07-AR5, Class 1A1A, 2.887%, 4/25/37 W | 229,650 | 229,477 |
| Countrywide Alternative Loan Trust FRB | | |
| Ser. 06-OA19, Class A1, (1 Month US LIBOR + 0.18%), 0.273%, 2/20/47 | 223,884 | 174,458 |
| Countrywide Asset-Backed Certificates FRB | | |
| Ser. 07-10, Class 1A1, (1 Month US LIBOR + 0.18%), 0.272%, 6/25/47 | 303,087 | 288,976 |
| Eagle Re, Ltd. 144A FRB Ser. 20-1, Class B1, (1 Month US LIBOR + 2.85%), 2.942%, 1/25/30 | | |
| | 182,000 | 172,815 |
| Federal Home Loan Mortgage Corporation | | |
| Structured Agency Credit Risk Debt Notes FRB | | |
| Ser. 15-HQA1, Class B, (1 Month US LIBOR + 8.80%), 8.892%, 3/25/28 | 247,133 | 267,741 |
| Structured Agency Credit Risk Debt FRN | | |
| Ser. 16-DNA3, Class M3, (1 Month US LIBOR + 5.00%), 5.092%, 12/25/28 | 283,266 | 298,106 |

MORTGAGE-BACKED**SECURITIES (82.3%)* cont.****Principal amount****Value****Residential mortgage-backed securities (non-agency) cont.**

| | | |
|--|----------|----------|
| Federal Home Loan Mortgage Corporation | | |
| Structured Agency Credit Risk Debt FRN | | |
| Ser. 14-HQ3, Class M3, (1 Month US LIBOR + 4.75%), 4.842%, 10/25/24 | \$42,574 | \$43,009 |
| Seasoned Credit Risk Transfer Trust Ser. 19-3, Class M, 4.75%, 10/25/58 W | | |
| | 50,000 | 52,602 |
| Structured Agency Credit Risk Debt FRN | | |
| Ser. 17-DNA2, Class M2, (1 Month US LIBOR + 3.45%), 3.542%, 10/25/29 | 250,000 | 261,152 |
| Structured Agency Credit Risk Debt FRN | | |
| Ser. 17-HQA2, Class M2, (1 Month US LIBOR + 2.65%), 2.742%, 12/25/29 | 227,761 | 231,687 |
| Structured Agency Credit Risk Debt FRN | | |
| Ser. 18-HQA1, Class M2, (1 Month US LIBOR + 2.30%), 2.392%, 9/25/30 | 203,433 | 206,096 |
| Federal Home Loan Mortgage Corporation 144A | | |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-HQA1, Class B2, (1 Month US LIBOR + 12.25%), 12.342%, 2/25/49 | 50,000 | 58,076 |
| Structured Agency Credit Risk Trust REMICs FRB | | |
| Ser. 20-DNA5, Class B2, (US 30 Day Average SOFR + 11.50%), 11.518%, 10/25/50 | 56,000 | 75,040 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 18-HQA2, Class B2, (1 Month US LIBOR + 11.00%), 11.092%, 10/25/48 | 413,000 | 490,451 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA1, Class B2, (1 Month US LIBOR + 10.75%), 10.842%, 1/25/49 | 32,000 | 36,514 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA2, Class B2, (1 Month US LIBOR + 10.50%), 10.592%, 3/25/49 | 114,000 | 129,748 |
| Structured Agency Credit Risk Trust REMICs FRB | | |
| Ser. 20-DNA4, Class B2, (1 Month US LIBOR + 10.00%), 10.092%, 8/25/50 | 65,000 | 79,950 |
| Structured Agency Credit Risk Trust REMICs FRB | | |
| Ser. 20-HQA3, Class B2, (1 Month US LIBOR + 10.00%), 10.092%, 7/25/50 | 64,000 | 77,440 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA3, Class B2, (1 Month US LIBOR + 8.15%), 8.242%, 7/25/49 | 34,000 | 37,476 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 18-DNA3, Class B2, (1 Month US LIBOR + 7.75%), 7.842%, 9/25/48 | 431,000 | 461,226 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA4, Class B2, (1 Month US LIBOR + 6.25%), 6.342%, 10/25/49 | 90,000 | 93,396 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-FTR3, Class FTR3, (1 Month US LIBOR + 4.80%), 4.892%, 9/25/47 | 29,000 | 29,000 |
| Seasoned Credit Risk Transfer Trust Ser. 19-2, Class M, 4.75%, 8/25/58 W | | |
| | 69,000 | 73,106 |
| Seasoned Credit Risk Transfer Trust FRB | | |
| Ser. 18-3, Class 3, 4.75%, 8/25/57 W | 70,000 | 74,044 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA1, Class B1, (1 Month US LIBOR + 4.65%), 4.742%, 1/25/49 | 95,000 | 98,210 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 18-HQA2, Class B1, (1 Month US LIBOR + 4.25%), 4.342%, 10/25/48 | 144,000 | 150,120 |
| Structured Agency Credit Risk Trust REMICs FRB | | |
| Ser. 20-HQA2, Class M2, (1 Month US LIBOR + 3.10%), 3.192%, 3/25/50 | 66,000 | 66,986 |
| Structured Agency Credit Risk Trust FRB | | |
| Ser. 19-DNA1, Class M2, (1 Month US LIBOR + 2.65%), 2.742%, 1/25/49 | 67,389 | 68,354 |

MORTGAGE-BACKED SECURITIES (82.3%)* cont.

| | Principal amount | Value |
|---|------------------|-----------|
| Residential mortgage-backed securities (non-agency) cont. | | |
| Federal National Mortgage Association | | |
| Connecticut Avenue Securities FRB Ser. 16-C03, Class 1B, (1 Month US LIBOR + 11.75%), 11.842%, 10/25/28 | \$155,009 | \$190,837 |
| Connecticut Avenue Securities FRB Ser. 16-C02, Class 1M2, (1 Month US LIBOR + 6.00%), 6.092%, 9/25/28 | 63,456 | 66,945 |
| Connecticut Avenue Securities FRB Ser. 15-C04, Class 1M2, (1 Month US LIBOR + 5.70%), 5.792%, 4/25/28 | 40,825 | 43,250 |
| Connecticut Avenue Securities FRB Ser. 17-C02, Class 2B1, (1 Month US LIBOR + 5.50%), 5.592%, 9/25/29 | 74,000 | 80,459 |
| Connecticut Avenue Securities FRB Ser. 16-C03, Class 1M2, (1 Month US LIBOR + 5.30%), 5.392%, 10/25/28 | 173,137 | 182,100 |
| Connecticut Avenue Securities FRB Ser. 18-C04, Class 2B1, (1 Month US LIBOR + 4.50%), 4.592%, 12/25/30 | 371,000 | 386,931 |
| Connecticut Avenue Securities FRB Ser. 17-C07, Class 2B1, (1 Month US LIBOR + 4.45%), 4.542%, 5/25/30 | 158,000 | 164,181 |
| Connecticut Avenue Securities FRB Ser. 17-C06, Class 2B1, (1 Month US LIBOR + 4.45%), 4.542%, 2/25/30 | 60,000 | 62,250 |
| Connecticut Avenue Securities FRB Ser. 16-C05, Class 2M2, (1 Month US LIBOR + 4.45%), 4.542%, 1/25/29 | 16,406 | 17,151 |
| Connecticut Avenue Securities FRB Ser. 18-C05, Class 1B1, (1 Month US LIBOR + 4.25%), 4.342%, 1/25/31 | 90,000 | 94,074 |
| Connecticut Avenue Securities FRB Ser. 17-C06, Class 1B1, (1 Month US LIBOR + 4.15%), 4.242%, 2/25/30 | 200,000 | 206,424 |
| Connecticut Avenue Securities FRB Ser. 18-C06, Class 2B1, (1 Month US LIBOR + 4.10%), 4.192%, 3/25/31 | 59,000 | 60,750 |
| Connecticut Avenue Securities FRB Ser. 17-C07, Class 1B1, (1 Month US LIBOR + 4.00%), 4.092%, 5/25/30 | 220,000 | 229,111 |
| Connecticut Avenue Securities FRB Ser. 17-C05, Class 1B1, (1 Month US LIBOR + 3.60%), 3.692%, 1/25/30 | 92,000 | 95,931 |
| Connecticut Avenue Securities FRB Ser. 18-C01, Class 1B1, (1 Month US LIBOR + 3.55%), 3.642%, 7/25/30 | 108,000 | 110,700 |
| Connecticut Avenue Securities FRB Ser. 17-C01, Class 1M2, (1 Month US LIBOR + 3.55%), 3.642%, 7/25/29 | 134,246 | 139,419 |
| Connecticut Avenue Securities FRB Ser. 17-C03, Class 1M2, (1 Month US LIBOR + 3.00%), 3.092%, 10/25/29 | 152,422 | 157,103 |
| Connecticut Avenue Securities FRB Ser. 18-C01, Class 1M2, (1 Month US LIBOR + 2.25%), 2.342%, 7/25/30 | 17,909 | 18,146 |
| Connecticut Avenue Securities FRB Ser. 17-C05, Class 1M2C, (1 Month US LIBOR + 2.20%), 2.292%, 1/25/30 | 130,000 | 131,722 |
| Federal National Mortgage Association 144A | | |
| Connecticut Avenue Securities Trust FRB Ser. 19-R04, Class 2B1, (1 Month US LIBOR + 5.25%), 5.342%, 6/25/39 | 420,000 | 432,075 |
| Connecticut Avenue Securities Trust FRB Ser. 19-R01, Class 2B1, (1 Month US LIBOR + 4.35%), 4.442%, 7/25/31 | 47,000 | 48,410 |

MORTGAGE-BACKED SECURITIES (82.3%)* cont.

| | Principal amount | Value |
|--|------------------|---------------------|
| Residential mortgage-backed securities (non-agency) cont. | | |
| Federal National Mortgage Association 144A | | |
| Connecticut Avenue Securities Trust FRB Ser. 19-R05, Class 1B1, (1 Month US LIBOR + 4.10%), 4.192%, 7/25/39 | \$98,000 | \$99,770 |
| Connecticut Avenue Securities Trust FRB Ser. 19-R03, Class 1B1, (1 Month US LIBOR + 4.10%), 4.192%, 9/25/31 | 236,000 | 242,771 |
| Connecticut Avenue Securities Trust FRB Ser. 20-SBT1, Class 1M2, (1 Month US LIBOR + 3.65%), 3.742%, 2/25/40 | 79,000 | 81,483 |
| Connecticut Avenue Securities Trust FRB Ser. 20-R02, Class 2B1, (1 Month US LIBOR + 3.00%), 3.092%, 1/25/40 | 35,000 | 34,774 |
| JPMorgan Alternative Loan Trust FRB Ser. 06-A6, Class 1A1, (1 Month US LIBOR + 0.32%), 0.412%, 11/25/36 | 99,965 | 94,994 |
| Legacy Mortgage Asset Trust 144A FRB Ser. 19-GS2, Class A2, 4.25%, 1/25/59 | 100,000 | 100,000 |
| Morgan Stanley ABS Capital I, Inc. Trust FRB Ser. 04-HE9, Class M2, (1 Month US LIBOR + 0.93%), 1.022%, 11/25/34 | 31,794 | 31,379 |
| Morgan Stanley Re-REMIC Trust 144A FRB Ser. 10-R4, Class 4B, (1 Month US LIBOR + 0.23%), 0.648%, 2/26/37 | 94,242 | 90,288 |
| Structured Asset Mortgage Investments II Trust | | |
| FRB Ser. 07-AR7, Class 1A1, (1 Month US LIBOR + 0.85%), 0.942%, 5/25/47 | 441,272 | 389,504 |
| FRB Ser. 06-AR7, Class A1BG, (1 Month US LIBOR + 0.12%), 0.212%, 8/25/36 | 41,325 | 39,213 |
| Towd Point Mortgage Trust 144A Ser. 19-2, Class A2, 3.75%, 12/25/58 ^W | 102,000 | 110,701 |
| WaMu Mortgage Pass-Through Certificates Trust FRB Ser. 05-AR8, Class 2AC2, (1 Month US LIBOR + 0.92%), 1.012%, 7/25/45 | 83,508 | 80,740 |
| Wells Fargo Home Equity Asset-Backed Securities Trust FRB Ser. 07-2, Class A3, (1 Month US LIBOR + 0.23%), 0.322%, 4/25/37 | 65,429 | 63,974 |
| | | 10,216,218 |
| Total mortgage-backed securities (cost \$38,230,300) | | \$36,884,197 |
| U.S. GOVERNMENT AND AGENCY MORTGAGE OBLIGATIONS (70.2%)* | | |
| | Principal amount | Value |
| U.S. Government Guaranteed Mortgage Obligations (14.5%) | | |
| Government National Mortgage Association | | |
| Pass-Through Certificates | | |
| 6.50%, with due dates from 4/15/28 to 7/20/36 | \$22,754 | \$26,707 |
| 6.00%, with due dates from 4/15/28 to 11/20/38 | 58,025 | 67,225 |
| 5.50%, 4/20/38 | 83,176 | 95,863 |
| 5.00%, 3/20/50 | 20,848 | 23,130 |
| 4.70%, 8/20/67 | 103,702 | 116,893 |
| 4.50%, TBA, 7/1/51 | 2,000,000 | 2,131,934 |
| 4.50%, with due dates from 2/20/34 to 5/20/48 | 847,027 | 934,605 |
| 3.00%, TBA, 7/1/51 | 2,000,000 | 2,086,447 |
| 2.00%, TBA, 7/1/51 | 1,000,000 | 1,018,775 |
| | | 6,501,579 |
| U.S. Government Agency Mortgage Obligations (55.7%) | | |
| Federal Home Loan Mortgage Corporation | | |
| Pass-Through Certificates | | |
| 7.50%, with due dates from 9/1/30 to 7/1/31 | 8,872 | 10,342 |
| 7.00%, with due dates from 11/1/26 to 4/1/32 | 52,374 | 60,384 |
| 5.50%, 12/1/33 | 10,337 | 11,817 |
| 4.50%, with due dates from 7/1/44 to 8/1/44 | 108,005 | 119,534 |
| 4.00%, with due dates from 12/1/44 to 9/1/45 | 458,525 | 499,951 |

U.S. GOVERNMENT AND AGENCY
MORTGAGE OBLIGATIONS (70.2%)* cont.

| | Principal amount | Value |
|--|------------------|-----------|
| U.S. Government Agency Mortgage Obligations cont. | | |
| Federal National Mortgage Association | | |
| Pass-Through Certificates | | |
| 7.50%, with due dates from 9/1/30 to 11/1/30 | \$6,865 | \$7,882 |
| 7.00%, with due dates from 12/1/28 to 12/1/35 | 236,718 | 275,737 |
| 6.50%, 9/1/36 | 6,792 | 8,018 |
| 6.00%, 1/1/38 | 63,744 | 75,583 |
| 5.50%, 1/1/38 | 266,613 | 305,410 |
| 5.00%, 2/1/39 | 7,265 | 8,282 |
| 4.50%, with due dates from 7/1/44 to 5/1/45 | 113,491 | 124,827 |
| 3.50%, 6/1/56 | 587,145 | 641,389 |
| 3.50%, 1/1/47 | 57,642 | 61,328 |
| Uniform Mortgage-Backed Securities | | |
| 4.50%, TBA, 7/1/51 | 2,000,000 | 2,151,717 |
| 3.00%, TBA, 7/1/51 | 6,000,000 | 6,255,001 |
| 2.50%, TBA, 7/1/51 | 8,000,000 | 8,274,374 |
| 2.00%, TBA, 7/1/51 | 6,000,000 | 6,062,433 |

24,954,009
Total U.S. government and agency mortgage obligations (cost \$31,272,800)
\$31,455,588
ASSET-BACKED SECURITIES (1.9%)*

| | Principal amount | Value |
|---|------------------|-----------|
| 1Sharpe Mortgage Trust 144A FRB Ser. 20-1, Class NOTE, (BBA LIBOR USD 3 Month + 2.90%), 3.047%, 7/25/24 | \$209,000 | \$209,000 |
| Mello Warehouse Securitization Trust 144A FRB Ser. 20-1, Class A, (1 Month US LIBOR + 0.90%), 0.992%, 10/25/53 | 50,000 | 50,000 |
| FRB Ser. 20-2, Class A, (1 Month US LIBOR + 0.80%), 0.892%, 11/25/53 | 30,000 | 30,000 |
| Mortgage Repurchase Agreement Financing Trust FRB Ser. 20-4, Class A1, (1 Month US LIBOR + 1.35%), 1.427%, 4/23/23 | 100,000 | 100,048 |
| Mortgage Repurchase Agreement Financing Trust 144A FRB Ser. 20-5, Class A1, (1 Month US LIBOR + 1.00%), 1.077%, 8/10/23 | 73,000 | 73,080 |
| Station Place Securitization Trust 144A FRB Ser. 20-15, Class A, (1 Month US LIBOR + 1.37%), 1.461%, 12/10/21 | 138,000 | 138,000 |
| FRB Ser. 21-6, Class A, (1 Month US LIBOR + 0.80%), 0.891%, 4/25/22 | 125,000 | 125,000 |
| FRB Ser. 21-10, Class A, (1 Month US LIBOR + 0.75%), 0.854%, 8/8/22 | 125,000 | 125,000 |

Total asset-backed securities (cost \$850,000)
\$850,128
PURCHASED SWAP OPTIONS OUTSTANDING(1.5%)*

| Counterparty | Fixed right % to receive or (pay)/ Floating rate index/Maturity date | Expiration date/strike | Notional/contract amount | Value |
|---|--|------------------------|--------------------------|---------|
| Bank of America N.A. | | | | |
| | 0.485/3 month USD-LIBOR-BBA/Jan-25 | Jan-24/0.485 | \$3,009,000 | \$2,828 |
| Morgan Stanley & Co. International PLC | | | | |
| | 3.00/3 month USD-LIBOR-BBA/Apr-72 | Apr-47/3.00 | 790,100 | 202,329 |
| | 3.00/3 month USD-LIBOR-BBA/Feb-73 | Feb-48/3.00 | 790,100 | 199,808 |
| | 2.75/3 month USD-LIBOR-BBA/May-73 | May-48/2.75 | 790,100 | 169,018 |

PURCHASED SWAP OPTIONS OUTSTANDING(1.5%)* cont.

| Counterparty | Fixed right % to receive or (pay)/ Floating rate index/Maturity date | Expiration date/strike | Notional/contract amount | Value |
|--|--|------------------------|--------------------------|----------|
| Morgan Stanley & Co. International PLC cont. | | | | |
| | (1.613)/3 month USD-LIBOR-BBA/Aug-34 | Aug-24/1.613 | \$951,100 | \$56,105 |
| | 1.613/3 month USD-LIBOR-BBA/Aug-34 | Aug-24/1.613 | 951,100 | 30,655 |
| Total purchased swap options outstanding (cost \$378,015) | | | \$660,743 | |

PURCHASED OPTIONS

| OUTSTANDING (0.1%)* Counterparty | Expiration date/strike price | Notional amount | Contract amount | Value |
|---|------------------------------|-----------------|-----------------|--------|
| JPMorgan Chase Bank N.A. | | | | |
| Government National Mortgage Association 30 yr 3.50% TBA commitments (Call) | Jul-21/\$105.31 | \$7,000,000 | \$7,000,000 | \$7 |
| Government National Mortgage Association 30 yr 4.00% TBA commitments (Call) | Jul-21/106.44 | 6,000,000 | 6,000,000 | 6 |
| Uniform Mortgage-Backed Securities 30 yr 2.50% TBA commitments (Call) | Aug-21/103.41 | 6,000,000 | 6,000,000 | 17,412 |
| Uniform Mortgage-Backed Securities 30 yr 2.50% TBA commitments (Call) | Aug-21/103.28 | 4,000,000 | 4,000,000 | 14,440 |
| Uniform Mortgage-Backed Securities 30 yr 3.00% TBA commitments (Call) | Jul-21/104.42 | 10,000,000 | 10,000,000 | 1,790 |
| Uniform Mortgage-Backed Securities 30 yr 3.50% TBA commitments (Call) | Jul-21/105.53 | 19,000,000 | 19,000,000 | 19 |
| Uniform Mortgage-Backed Securities 30 yr 4.00% TBA commitments (Call) | Jul-21/106.97 | 5,000,000 | 5,000,000 | 5 |
| Total purchased options outstanding (cost \$161,250) | | | \$33,679 | |

SHORT-TERM INVESTMENTS (20.5%)*

| | Principal amount/shares | Value |
|--|-------------------------|---------------------|
| Putnam Short Term Investment Fund Class P 0.09% ^L | Shares 1,870,411 | \$1,870,411 |
| U.S. Treasury Bills 0.016%, 10/7/21 # Δ \$ | \$1,500,000 | 1,499,796 |
| U.S. Treasury Bills 0.009%, 7/6/21 # Δ | 1,500,000 | 1,499,992 |
| U.S. Treasury Bills 0.046%, 10/14/21 # Δ \$ | 200,000 | 199,972 |
| U.S. Treasury Bills 0.010%, 9/2/21 Δ \$ | 232,000 | 231,979 |
| U.S. Treasury Cash Management Bills 0.048%, 10/19/21 Δ | 1,000,000 | 999,832 |
| U.S. Treasury Cash Management Bills 0.020%, 9/28/21 Δ \$ | 900,000 | 899,911 |
| U.S. Treasury Cash Management Bills 0.011%, 9/21/21 Δ \$ | 1,100,000 | 1,099,880 |
| U.S. Treasury Cash Management Bills 0.015%, 9/7/21 # Δ \$ | 900,000 | 899,918 |
| Total short-term investments (cost \$9,202,074) | | \$9,201,691 |
| Total investments (cost \$80,094,439) | | \$79,086,026 |

Key to holding's abbreviations

FRB Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period.

| | |
|-----|--|
| FRN | Floating Rate Notes: the rate shown is the current interest rate or yield at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period. |
| IFB | Inverse Floating Rate Bonds, which are securities that pay interest rates that vary inversely to changes in the market interest rates. As interest rates rise, inverse floaters produce less current income. The rate shown is the current interest rate at the close of the reporting period. Rates may be subject to a cap or floor. |
| IO | Interest Only |
| PO | Principal Only |
| TBA | To Be Announced Commitments |

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from January 1, 2021 through June 30, 2021 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of \$44,805,281.

This security, in part or in entirety, was pledged and segregated with the broker to cover margin requirements for futures contracts at the close of the reporting period. Collateral at period end totaled \$204,979 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

Δ This security, in part or in entirety, was pledged and segregated with the custodian for collateral on certain derivative contracts at the close of the reporting period. Collateral at period end totaled \$6,228,404 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

§ This security, in part or in entirety, was pledged and segregated with the custodian for collateral on the initial margin on certain centrally cleared derivative contracts at the close of the reporting period. Collateral at period end totaled \$721,924 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

Ⓐ Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

Ⓜ The rate shown represents the weighted average coupon associated with the underlying mortgage pools. Rates may be subject to a cap or floor.

At the close of the reporting period, the fund maintained liquid assets totaling \$33,273,098 to cover certain derivative contracts and delayed delivery securities.

Unless otherwise noted, the rates quoted in Short-term investments security descriptions represent the weighted average yield to maturity.

144A after the name of an issuer represents securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

See Note 1 to the financial statements regarding TBA commitments.

The dates shown on debt obligations are the original maturity dates.

| FUTURES CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) | Number of contracts | Notional amount | Value | Expiration date | Unrealized appreciation/(depreciation) |
|--|---------------------|-----------------|--------------|-----------------|--|
| U.S. Treasury Note 2 yr (Short) | 353 | \$77,773,070 | \$77,773,070 | Sep-21 | \$134,190 |
| U.S. Treasury Note 5 yr (Short) | 38 | 4,690,328 | 4,690,328 | Sep-21 | 14,164 |
| U.S. Treasury Note Ultra 10 yr (Short) | 15 | 2,208,047 | 2,208,047 | Sep-21 | (32,518) |
| Unrealized appreciation | | | | | 148,354 |
| Unrealized (depreciation) | | | | | (32,518) |
| Total | | | | | \$115,836 |

WRITTEN SWAP OPTIONS OUTSTANDING at 6/30/21 (premiums \$2,485,795) (Unaudited)

| Counterparty | Expiration date/strike | Notional/contract amount | Value |
|---|------------------------|--------------------------|---------|
| Bank of America N.A. | | | |
| 1.8775/3 month USD-LIBOR-BBA/Sep-31 | Sep-21/1.8775 | \$2,778,800 | \$4,807 |
| 1.897/3 month USD-LIBOR-BBA/Sep-31 | Sep-21/1.897 | 4,632,100 | 7,597 |
| 0.985/3 month USD-LIBOR-BBA/Jan-25 | Jan-24/0.985 | 3,009,000 | 17,603 |
| 3.195/3 month USD-LIBOR-BBA/Nov-55 | Nov-25/3.195 | 1,981,700 | 63,771 |
| (3.195)/3 month USD-LIBOR-BBA/Nov-55 | Nov-25/3.195 | 1,981,700 | 643,656 |
| Citibank, N.A. | | | |
| (1.865)/3 month USD-LIBOR-BBA/Oct-39 | Oct-29/1.865 | 721,000 | 38,415 |
| 1.865/3 month USD-LIBOR-BBA/Oct-39 | Oct-29/1.865 | 721,000 | 50,520 |
| Goldman Sachs International | | | |
| 2.9425/3 month USD-LIBOR-BBA/Feb-34 | Feb-24/2.9425 | 2,064,300 | 25,577 |
| (2.9425)/3 month USD-LIBOR-BBA/Feb-34 | Feb-24/2.9425 | 2,064,300 | 230,520 |
| JPMorgan Chase Bank N.A. | | | |
| (0.968)/3 month USD-LIBOR-BBA/Mar-35 | Mar-25/0.968 | 320,000 | 5,165 |
| (1.07)/3 month USD-LIBOR-BBA/Mar-32 | Mar-27/1.07 | 574,100 | 7,417 |
| 3.229/3 month USD-LIBOR-BBA/Nov-33 | Nov-23/3.229 | 2,042,400 | 16,339 |
| 1.07/3 month USD-LIBOR-BBA/Mar-32 | Mar-27/1.07 | 574,100 | 31,007 |
| 0.968/3 month USD-LIBOR-BBA/Mar-35 | Mar-25/0.968 | 320,000 | 33,373 |
| (3.229)/3 month USD-LIBOR-BBA/Nov-33 | Nov-23/3.229 | 2,042,400 | 277,603 |
| Morgan Stanley & Co. International PLC | | | |
| 3.01/3 month USD-LIBOR-BBA/Feb-36 | Feb-26/3.01 | 891,000 | 20,190 |
| (1.512)/3 month USD-LIBOR-BBA/Aug-32 | Aug-22/1.512 | 951,100 | 20,629 |

WRITTEN SWAP OPTIONS OUTSTANDING at 6/30/21 (premiums \$2,485,795) (Unaudited) cont.

| Counterparty Fixed Obligation % to receive or (pay)/ Floating rate index/Maturity date | Expiration date/strike | Notional/ contract amount | Value |
|---|---------------------------|---------------------------------|--------------------|
| Morgan Stanley & Co. International PLC cont. | | | |
| 2.97/3 month USD-LIBOR-BBA/Feb-36 | Feb-26/2.97 | \$891,000 | \$20,716 |
| 1.512/3 month USD-LIBOR-BBA/Aug-32 | Aug-22/1.512 | 951,100 | 33,117 |
| 2.7875/3 month USD-LIBOR-BBA/Apr-59 | Apr-29/2.7875 | 1,238,600 | 82,305 |
| (2.97)/3 month USD-LIBOR-BBA/Feb-36 | Feb-26/2.97 | 891,000 | 97,948 |
| (3.01)/3 month USD-LIBOR-BBA/Feb-36 | Feb-26/3.01 | 891,000 | 100,362 |
| (2.75)/3 month USD-LIBOR-BBA/May-49 | May-25/2.75 | 790,100 | 153,967 |
| (3.00)/3 month USD-LIBOR-BBA/Jan-49 | Jan-24/3.00 | 790,100 | 189,814 |
| (3.00)/3 month USD-LIBOR-BBA/Apr-48 | Apr-23/3.00 | 790,100 | 191,781 |
| (2.7875)/3 month USD-LIBOR-BBA/Apr-59 | Apr-29/2.7875 | 1,238,600 | 327,659 |
| Toronto-Dominion Bank | | | |
| (1.17)/3 month USD-LIBOR-BBA/Mar-55 | Mar-25/1.17 | 47,500 | 2,341 |
| 1.17/3 month USD-LIBOR-BBA/Mar-55 | Mar-25/1.17 | 94,900 | 20,751 |
| UBSAG | | | |
| (1.9875)/3 month USD-LIBOR-BBA/Oct-36 | Oct-26/1.9875 | 836,400 | 44,664 |
| 1.9875/3 month USD-LIBOR-BBA/Oct-36 | Oct-26/1.9875 | 836,400 | 46,830 |
| Total | | | \$2,806,444 |

WRITTEN OPTIONS OUTSTANDING at 6/30/21 (premiums \$161,250) (Unaudited)

| Counterparty | Expiration date/strike price | Notional Amount | Contract amount | Value |
|---|---------------------------------|--------------------|--------------------|------------------|
| JPMorgan Chase Bank N.A. | | | | |
| Government National Mortgage Association 30 yr 3.50% TBA commitments (Put) | Jul-21/\$105.31 | \$7,000,000 | \$7,000,000 | \$18,382 |
| Government National Mortgage Association 30 yr 4.00% TBA commitments (Put) | Jul-21/106.44 | 6,000,000 | 6,000,000 | 50,748 |
| Uniform Mortgage-Backed Securities 30 yr 2.50% TBA commitments (Put) | Aug-21/103.41 | 6,000,000 | 6,000,000 | 26,790 |
| Uniform Mortgage-Backed Securities 30 yr 2.50% TBA commitments (Put) | Aug-21/103.28 | 4,000,000 | 4,000,000 | 15,680 |
| Uniform Mortgage-Backed Securities 30 yr 3.00% TBA commitments (Put) | Jul-21/104.42 | 10,000,000 | 10,000,000 | 17,410 |
| Uniform Mortgage-Backed Securities 30 yr 3.50% TBA commitments (Put) | Jul-21/105.53 | 19,000,000 | 19,000,000 | 50,483 |
| Uniform Mortgage-Backed Securities 30 yr 4.00% TBA commitments (Put) | Jul-21/106.97 | 5,000,000 | 5,000,000 | 23,825 |
| Total | | | | \$203,318 |

FORWARD PREMIUM SWAP OPTION CONTRACTS OUTSTANDING at 6/30/21 (Unaudited)

| Counterparty Fixed right or obligation % to receive or (pay)/ Floating rate index/Maturity date | Expiration date/strike | Contract amount | Premium receivable/ (payable) | Unrealized appreciation/ (depreciation) |
|---|---------------------------|--------------------|-------------------------------------|---|
| Bank of America N.A. | | | | |
| 2.2275/3 month USD-LIBOR-BBA/May-24 (Purchased) | May-22/2.2275 | \$4,806,000 | \$(44,335) | \$102,896 |
| (1.275)/3 month USD-LIBOR-BBA/Mar-50 (Purchased) | Mar-30/1.275 | 671,400 | (87,450) | 34,852 |
| 2.17/3 month USD-LIBOR-BBA/Apr-34 (Purchased) | Apr-24/2.17 | 3,068,600 | (148,213) | 31,269 |
| (3.312)/3 month USD-LIBOR-BBA/Nov-38 (Purchased) | Nov-28/3.312 | 4,197,400 | (76,523) | 31,145 |
| 2.29/3 month USD-LIBOR-BBA/Mar-34 (Purchased) | Mar-24/2.29 | 1,074,000 | (52,825) | 17,624 |
| (0.765)/3 month USD-LIBOR-BBA/Sep-31 (Purchased) | Sep-21/0.765 | 391,200 | (9,271) | 17,123 |
| (1.76)/3 month USD-LIBOR-BBA/Jan-29 (Purchased) | Jan-28/1.76 | 2,900,900 | (18,747) | 4,322 |
| (0.305)/3 month USD-LIBOR-BBA/May-23 (Purchased) | May-22/0.305 | 6,167,700 | (7,401) | 4,317 |
| (2.3075)/3 month USD-LIBOR-BBA/Jun-52 (Purchased) | Jun-22/2.3075 | 503,600 | (11,394) | 796 |
| 1.76/3 month USD-LIBOR-BBA/Jan-29 (Purchased) | Jan-28/1.76 | 2,900,900 | (18,747) | (493) |
| (2.2875)/3 month USD-LIBOR-BBA/May-32 (Purchased) | May-22/2.2875 | 1,233,500 | (16,036) | (8,622) |
| 0.765/3 month USD-LIBOR-BBA/Sep-31 (Purchased) | Sep-21/0.765 | 391,200 | (9,271) | (9,170) |
| 1.275/3 month USD-LIBOR-BBA/Mar-50 (Purchased) | Mar-30/1.275 | 671,400 | (87,450) | (38,008) |
| 3.312/3 month USD-LIBOR-BBA/Nov-38 (Purchased) | Nov-28/3.312 | 4,197,400 | (593,277) | (40,463) |
| (2.2275)/3 month USD-LIBOR-BBA/May-24 (Purchased) | May-22/2.2275 | 4,806,000 | (44,335) | (43,494) |
| (1.5275)/3 month USD-LIBOR-BBA/Sep-31 (Purchased) | Sep-21/1.5275 | 15,000,000 | (202,875) | (58,650) |
| 2.3075/3 month USD-LIBOR-BBA/Jun-52 (Purchased) | Jun-22/2.3075 | 503,600 | (236,781) | (165,453) |
| 1.7875/3 month USD-LIBOR-BBA/May-32 (Written) | May-22/1.7875 | 616,800 | 17,270 | 6,964 |

FORWARD PREMIUM SWAP OPTION CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Counterparty | Fixed right or obligation % to receive or (pay)/ | Expiration | Contract | Premium | Unrealized |
|---|---|--------------------|-----------------|--------------------|-----------------------|
| Floating rate index/Maturity date | | date/strike | amount | receivable/ | appreciation/ |
| | | | | (payable) | (depreciation) |
| Bank of America N.A. cont. | | | | | |
| (1.115)/3 month USD-LIBOR-BBA/Jan-26 (Written) | | Jan-25/1.115 | \$2,900,900 | \$12,220 | \$3,249 |
| 0.805/3 month USD-LIBOR-BBA/May-23 (Written) | | May-22/0.805 | 12,335,300 | 4,009 | (1,850) |
| (1.29)/3 month USD-LIBOR-BBA/Mar-34 (Written) | | Mar-24/1.29 | 1,534,300 | 23,935 | (7,027) |
| 1.115/3 month USD-LIBOR-BBA/Jan-26 (Written) | | Jan-25/1.115 | 2,900,900 | 12,220 | (9,689) |
| (1.085)/3 month USD-LIBOR-BBA/Apr-34 (Written) | | Apr-24/1.085 | 6,137,300 | 84,234 | (11,538) |
| (1.5275)/3 month USD-LIBOR-BBA/Sep-31 (Written) | | Sep-21/1.5275 | 15,000,000 | 202,500 | (27,000) |
| Barclays Bank PLC | | | | | |
| 2.232/3 month USD-LIBOR-BBA/Jun-51 (Purchased) | | Jun-31/2.232 | 2,648,900 | (320,914) | 59,653 |
| (2.232)/3 month USD-LIBOR-BBA/Jun-51 (Purchased) | | Jun-31/2.232 | 2,648,900 | (320,914) | (41,826) |
| Citibank, N.A. | | | | | |
| 2.285/3 month USD-LIBOR-BBA/Mar-51 (Purchased) | | Mar-41/2.285 | 1,433,800 | (123,809) | 22,941 |
| 2.689/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.689 | 237,000 | (30,514) | 15,159 |
| (1.102)/3 month USD-LIBOR-BBA/Nov-32 (Purchased) | | Nov-22/1.102 | 144,400 | (4,588) | 4,878 |
| 2.427/3 month USD-LIBOR-BBA/Jun-41 (Purchased) | | Jun-31/2.427 | 229,400 | (16,712) | 3,533 |
| 1.504/3 month USD-LIBOR-BBA/Sep-31 (Purchased) | | Sep-21/1.504 | 2,857,400 | (39,361) | 2,886 |
| 1.026/3 month USD-LIBOR-BBA/Sep-22 (Purchased) | | Sep-21/1.026 | 5,138,400 | (4,368) | 10 |
| 1.90/3 month USD-LIBOR-BBA/Jun-28 (Purchased) | | Jun-26/1.90 | 3,281,900 | (43,748) | (820) |
| 0.98/3 month USD-LIBOR-BBA/Jul-26 (Purchased) | | Jul-21/0.98 | 4,826,600 | (16,652) | (1,158) |
| (0.98)/3 month USD-LIBOR-BBA/Jul-26 (Purchased) | | Jul-21/0.98 | 4,826,600 | (16,652) | (1,979) |
| (2.427)/3 month USD-LIBOR-BBA/Jun-41 (Purchased) | | Jun-31/2.427 | 229,400 | (16,712) | (3,060) |
| 1.102/3 month USD-LIBOR-BBA/Nov-32 (Purchased) | | Nov-22/1.102 | 144,400 | (4,588) | (3,123) |
| (1.90)/3 month USD-LIBOR-BBA/Jun-28 (Purchased) | | Jun-26/1.90 | 3,281,900 | (43,748) | (3,610) |
| (1.504)/3 month USD-LIBOR-BBA/Sep-31 (Purchased) | | Sep-21/1.504 | 2,857,400 | (39,361) | (4,743) |
| (2.285)/3 month USD-LIBOR-BBA/Mar-51 (Purchased) | | Mar-41/2.285 | 1,433,800 | (123,809) | (17,779) |
| (2.689)/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.689 | 237,000 | (30,514) | (20,076) |
| 1.245/3 month USD-LIBOR-BBA/Aug-24 (Written) | | Aug-22/1.245 | 3,364,200 | 30,782 | 22,708 |
| (1.194)/3 month USD-LIBOR-BBA/Jun-25 (Written) | | Jun-23/1.194 | 3,281,900 | 24,877 | 2,133 |
| (1.321)/3 month USD-LIBOR-BBA/Sep-31 (Written) | | Sep-21/1.321 | 586,300 | 4,229 | (66) |
| 1.194/3 month USD-LIBOR-BBA/Jun-25 (Written) | | Jun-23/1.194 | 3,281,900 | 24,877 | (1,214) |
| (1.245)/3 month USD-LIBOR-BBA/Aug-24 (Written) | | Aug-22/1.245 | 3,364,200 | 30,782 | (4,205) |
| Goldman Sachs International | | | | | |
| 2.8175/3 month USD-LIBOR-BBA/Mar-47 (Purchased) | | Mar-27/2.8175 | 233,300 | (29,454) | 13,620 |
| 1.473/3 month USD-LIBOR-BBA/Aug-31 (Purchased) | | Aug-21/1.473 | 1,735,100 | (16,431) | 642 |
| 1.727/3 month USD-LIBOR-BBA/Jan-55 (Purchased) | | Jan-25/1.727 | 313,700 | (28,766) | 524 |
| (1.473)/3 month USD-LIBOR-BBA/Aug-31 (Purchased) | | Aug-21/1.473 | 1,735,100 | (16,431) | (3,366) |
| (1.727)/3 month USD-LIBOR-BBA/Jan-55 (Purchased) | | Jan-25/1.727 | 313,700 | (46,898) | (4,345) |
| (2.8175)/3 month USD-LIBOR-BBA/Mar-47 (Purchased) | | Mar-27/2.8175 | 233,300 | (29,454) | (16,732) |
| JPMorgan Chase Bank N.A. | | | | | |
| 2.8325/3 month USD-LIBOR-BBA/Feb-52 (Purchased) | | Feb-22/2.8325 | 1,166,600 | (162,887) | 132,806 |
| 2.902/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.902 | 237,000 | (36,640) | 16,754 |
| 2.50/3 month USD-LIBOR-BBA/Nov-39 (Purchased) | | Nov-29/2.50 | 395,400 | (22,854) | 11,676 |
| 2.032/3 month USD-LIBOR-BBA/Jan-55 (Purchased) | | Jan-25/2.032 | 301,600 | (34,835) | 3,870 |
| (1.985)/3 month USD-LIBOR-BBA/Jan-41 (Purchased) | | Jan-31/1.985 | 479,700 | (32,907) | 2,734 |
| (2.031)/3 month USD-LIBOR-BBA/Feb-41 (Purchased) | | Feb-31/2.031 | 671,500 | (45,931) | 2,726 |
| 2.031/3 month USD-LIBOR-BBA/Feb-41 (Purchased) | | Feb-31/2.031 | 671,500 | (45,931) | 530 |
| 1.985/3 month USD-LIBOR-BBA/Jan-41 (Purchased) | | Jan-31/1.985 | 479,700 | (32,907) | (580) |
| (2.032)/3 month USD-LIBOR-BBA/Jan-55 (Purchased) | | Jan-25/2.032 | 301,600 | (34,835) | (4,949) |
| (2.902)/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.902 | 237,000 | (25,430) | (17,258) |
| (2.50)/3 month USD-LIBOR-BBA/Nov-39 (Purchased) | | Nov-29/2.50 | 395,400 | (41,122) | (19,039) |
| (2.8325)/3 month USD-LIBOR-BBA/Feb-52 (Purchased) | | Feb-22/2.8325 | 1,166,600 | (162,887) | (158,623) |

FORWARD PREMIUM SWAP OPTION CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Counterparty | Fixed right or obligation % to receive or (pay)/ Floating rate index/Maturity date | Expiration date/strike | Contract amount | Premium receivable/ (payable) | Unrealized appreciation/ (depreciation) |
|---|---|-----------------------------------|----------------------------|--|--|
| JPMorgan Chase Bank N.A. cont. | | | | | |
| (1.168)/3 month USD-LIBOR-BBA/Jan-37 (Written) | | Jun-27/1.168 | \$427,800 | \$27,529 | \$14,648 |
| 1.168/3 month USD-LIBOR-BBA/Jan-37 (Written) | | Jun-27/1.168 | 427,800 | 27,529 | (17,364) |
| Morgan Stanley & Co. International PLC | | | | | |
| 3.27/3 month USD-LIBOR-BBA/Oct-53 (Purchased) | | Oct-23/3.27 | 67,100 | (7,656) | 15,235 |
| 2.505/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.505 | 237,000 | (25,501) | 13,383 |
| (3.27)/3 month USD-LIBOR-BBA/Oct-53 (Purchased) | | Oct-23/3.27 | 67,100 | (7,656) | (6,666) |
| (2.505)/3 month USD-LIBOR-BBA/Nov-49 (Purchased) | | Nov-24/2.505 | 237,000 | (36,308) | (23,551) |
| Toronto-Dominion Bank | | | | | |
| (1.50)/3 month USD-LIBOR-BBA/Feb-33 (Purchased) | | Feb-23/1.50 | 900,400 | (30,951) | 8,464 |
| 2.405/3 month USD-LIBOR-BBA/Mar-41 (Purchased) | | Mar-31/2.405 | 149,600 | (10,435) | 2,471 |
| (1.937)/3 month USD-LIBOR-BBA/Feb-36 (Purchased) | | Feb-26/1.937 | 360,200 | (18,838) | 1,362 |
| 1.937/3 month USD-LIBOR-BBA/Feb-36 (Purchased) | | Feb-26/1.937 | 360,200 | (18,838) | (349) |
| (2.405)/3 month USD-LIBOR-BBA/Mar-41 (Purchased) | | Mar-31/2.405 | 149,600 | (10,435) | (1,568) |
| 1.50/3 month USD-LIBOR-BBA/Feb-33 (Purchased) | | Feb-23/1.50 | 900,400 | (30,951) | (10,535) |
| 1.775/3 month USD-LIBOR-BBA/Mar-32 (Written) | | Mar-22/1.775 | 388,900 | 10,598 | 5,343 |
| 2.095/3 month USD-LIBOR-BBA/Feb-56 (Written) | | Feb-26/2.095 | 155,600 | 20,461 | 3,924 |
| (1.775)/3 month USD-LIBOR-BBA/Mar-32 (Written) | | Mar-22/1.775 | 388,900 | 10,598 | (2,582) |
| (2.095)/3 month USD-LIBOR-BBA/Feb-56 (Written) | | Feb-26/2.095 | 155,600 | 20,461 | (2,684) |
| UBSAG | | | | | |
| (0.902)/3 month USD-LIBOR-BBA/Apr-35 (Purchased) | | Apr-25/0.902 | 202,800 | (11,347) | 11,032 |
| (0.87)/3 month USD-LIBOR-BBA/Apr-28 (Purchased) | | Apr-27/0.87 | 1,690,100 | (11,400) | 9,397 |
| (0.983)/3 month USD-LIBOR-BBA/Apr-32 (Purchased) | | Apr-30/0.983 | 676,000 | (10,715) | 7,321 |
| (0.8925)/3 month USD-LIBOR-BBA/Apr-28 (Purchased) | | Apr-23/0.8925 | 507,000 | (10,748) | 7,240 |
| 1.6125/3 month USD-LIBOR-BBA/Aug-34 (Purchased) | | Aug-24/1.6125 | 951,100 | (26,089) | 4,546 |
| (1.715)/3 month USD-LIBOR-BBA/Feb-53 (Purchased) | | Feb-23/1.715 | 180,100 | (16,254) | 1,320 |
| 1.715/3 month USD-LIBOR-BBA/Feb-53 (Purchased) | | Feb-23/1.715 | 180,100 | (16,254) | (4,719) |
| 0.983/3 month USD-LIBOR-BBA/Apr-32 (Purchased) | | Apr-30/0.983 | 676,000 | (10,715) | (5,327) |
| 0.87/3 month USD-LIBOR-BBA/Apr-28 (Purchased) | | Apr-27/0.87 | 1,690,100 | (11,400) | (6,828) |
| 0.8925/3 month USD-LIBOR-BBA/Apr-28 (Purchased) | | Apr-23/0.8925 | 507,000 | (10,748) | (7,995) |
| 0.902/3 month USD-LIBOR-BBA/Apr-35 (Purchased) | | Apr-25/0.902 | 202,800 | (11,347) | (8,057) |
| (1.6125)/3 month USD-LIBOR-BBA/Aug-34 (Purchased) | | Aug-24/1.6125 | 951,100 | (69,549) | (13,411) |
| 1.30/3 month USD-LIBOR-BBA/Aug-26 (Written) | | Aug-21/1.30 | 2,021,100 | 60,039 | 57,682 |
| (0.958)/3 month USD-LIBOR-BBA/May-30 (Written) | | May-25/0.958 | 405,600 | 10,779 | 6,883 |
| 0.958/3 month USD-LIBOR-BBA/May-30 (Written) | | May-25/0.958 | 405,600 | 10,779 | (9,978) |
| (1.30)/3 month USD-LIBOR-BBA/Aug-26 (Written) | | Aug-21/1.30 | 2,021,100 | 16,157 | (15,340) |
| Wells Fargo Bank, N.A. | | | | | |
| 2.2775/3 month USD-LIBOR-BBA/Jul-52 (Purchased) | | Jul-22/2.2775 | 264,700 | (22,367) | 13,714 |
| (1.405)/3 month USD-LIBOR-BBA/Feb-29 (Purchased) | | Feb-24/1.405 | 1,260,600 | (25,811) | 10,047 |
| (1.3875)/3 month USD-LIBOR-BBA/Feb-29 (Purchased) | | Feb-24/1.3875 | 900,400 | (18,481) | 7,554 |
| 2.16/3 month USD-LIBOR-BBA/Feb-35 (Purchased) | | Feb-25/2.16 | 532,700 | (26,568) | 5,194 |
| (2.16)/3 month USD-LIBOR-BBA/Feb-35 (Purchased) | | Feb-25/2.16 | 532,700 | (26,568) | (5,338) |
| 1.3875/3 month USD-LIBOR-BBA/Feb-29 (Purchased) | | Feb-24/1.3875 | 900,400 | (18,481) | (5,420) |
| 1.405/3 month USD-LIBOR-BBA/Feb-29 (Purchased) | | Feb-24/1.405 | 1,260,600 | (25,811) | (7,059) |
| (2.2775)/3 month USD-LIBOR-BBA/Jul-52 (Purchased) | | Jul-22/2.2775 | 264,700 | (22,367) | (15,010) |
| Unrealized appreciation | | | | | 781,100 |
| Unrealized (depreciation) | | | | | (919,789) |
| Total | | | | | \$(138,689) |

| TBSALE COMMITMENTS OUTSTANDING at 6/30/21 (proceeds receivable \$14,415,156) (Unaudited) | Principal amount | Settlement date | Value |
|---|-----------------------------|----------------------------|---------------------|
| Uniform Mortgage-Backed Securities, 3.00%, 7/1/51 | \$5,000,000 | 7/14/21 | \$5,212,501 |
| Uniform Mortgage-Backed Securities, 2.50%, 7/1/51 | 5,000,000 | 7/14/21 | 5,171,484 |
| Uniform Mortgage-Backed Securities, 2.00%, 7/1/51 | 4,000,000 | 7/14/21 | 4,041,622 |
| Total | | | \$14,425,607 |

CENTRALLY CLEARED INTEREST RATE SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited)

| Notional amount | Value | Upfront premium received (paid) | Termination date | Payments made by fund | Payments received by fund | Unrealized appreciation/ (depreciation) |
|------------------------|----------------------|--|-----------------------------|--------------------------------------|---------------------------------------|--|
| \$3,267,200 | \$412,745 | \$(98,505) | 3/2/31 | 3 month USD-LIBOR-BBA — Quarterly | 2.7725% — Semiannually | \$343,838 |
| 1,039,500 | 53,264 | (210) | 12/2/23 | 3 month USD-LIBOR-BBA — Quarterly | 2.536% — Semiannually | 55,067 |
| 229,300 | 9,190 ^E | (5) | 11/20/39 | 3 month USD-LIBOR-BBA — Quarterly | 2.55% — Semiannually | 9,185 |
| 705,700 | 50,458 | (10) | 12/7/30 | 2.184% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (51,434) |
| 1,219,900 | 88,333 | — | 12/14/30 | 2.1935% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (89,528) |
| 514,200 | 72,970 ^E | — | 6/14/52 | 2.4105% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (72,970) |
| 658,600 | 15,115 ^E | (7) | 6/5/29 | 3 month USD-LIBOR-BBA — Quarterly | 2.2225% — Semiannually | 15,107 |
| 55,100 | 6,434 ^E | (2) | 6/22/52 | 2.3075% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (6,436) |
| 18,000 | 1,842 ^E | (1) | 7/5/52 | 2.25% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (1,842) |
| 210,100 | 12,180 | (3) | 1/22/31 | 2.035% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (13,996) |
| 561,600 | 11,883 ^E | (19) | 8/8/52 | 1.9185% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (11,903) |
| 419,900 | 21,155 ^E | (14) | 9/12/52 | 1.626% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | 21,140 |
| 7,210,300 | 24,587 | (20,206) | 10/15/21 | 3 month USD-LIBOR-BBA — Quarterly | 1.316% — Semiannually | 21,579 |
| 7,498,800 | 31,345 | (20,005) | 10/21/21 | 3 month USD-LIBOR-BBA — Quarterly | 1.5025% — Semiannually | 30,497 |
| 33,100 | 921 ^E | (1) | 1/16/55 | 2.032% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (922) |
| 18,800 | 283 ^E | (1) | 1/24/55 | 3 month USD-LIBOR-BBA — Quarterly | 1.977% — Semiannually | 282 |
| 236,500 | 30,799 ^E | (8) | 3/4/52 | 1.265% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | 30,791 |
| 6,772,000 | 6,975 | (26) | 9/8/21 | 0.68% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (20,889) |
| 14,651,200 | 18,167 | (55) | 10/15/21 | 0.571% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | (30,126) |
| 1,169,000 | 136,703 ^E | (40) | 1/27/47 | 3 month USD-LIBOR-BBA — Quarterly | 1.27% — Semiannually | (136,743) |
| 98,700 | 10,739 ^E | (3) | 3/7/50 | 1.275% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | 10,735 |
| 177,700 | 40,045 ^E | (6) | 3/10/52 | 0.8725% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | 40,039 |
| 132,100 | 34,737 ^E | (5) | 3/11/52 | 0.717% — Semiannually | 3 month USD-LIBOR- BBA — Quarterly | 34,733 |
| 498,700 | 25,194 ^E | (7) | 3/17/32 | 3 month USD-LIBOR-BBA — Quarterly | 1.03% — Semiannually | (25,201) |
| 3,267,200 | 408,890 | (435,689) | 2/18/31 | 3 month USD-LIBOR-BBA — Quarterly | 2.764% — Semiannually | 5,811 |
| 103,300 | 4,255 ^E | (1) | 3/24/32 | 3 month USD-LIBOR-BBA — Quarterly | 1.07% — Semiannually | (4,256) |

CENTRALLY CLEARED INTEREST RATE SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Notional amount | Value | Upfront premium received (paid) | Termination date | Payments made by fund | Payments received by fund | Unrealized appreciation/ (depreciation) |
|-----------------|----------------------|---------------------------------|------------------|-----------------------------------|-----------------------------------|---|
| \$52,000 | \$4,589 ^E | \$(1) | 3/24/35 | 3 month USD-LIBOR-BBA — Quarterly | 0.968% — Semiannually | \$(4,590) |
| 334,800 | 25,053 ^E | (5) | 4/25/32 | 0.7925% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 25,048 |
| 40,600 | 3,053 ^E | (1) | 6/28/37 | 3 month USD-LIBOR-BBA — Quarterly | 1.168% — Semiannually | (3,054) |
| 3,600,400 | 70,712 | (29) | 7/14/25 | 3 month USD-LIBOR-BBA — Quarterly | 0.30% — Semiannually | (67,179) |
| 1,661,800 | 104,361 | (22) | 7/15/30 | 3 month USD-LIBOR-BBA — Quarterly | 0.645% — Semiannually | (100,094) |
| 861,900 | 17,910 | (8) | 8/31/25 | 0.3084% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 17,096 |
| 2,561,800 | 55,207 | (21) | 8/12/25 | 3 month USD-LIBOR-BBA — Quarterly | 0.277% — Semiannually | (53,084) |
| 303,600 | 47,097 ^E | 23,885 | 9/2/52 | 3 month USD-LIBOR-BBA — Quarterly | 1.188% — Semiannually | (23,213) |
| 3,275,000 | 68,546 | (31) | 10/13/25 | 0.344% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 67,421 |
| 3,574,900 | 965 | (13) | 9/16/22 | 3 month USD-LIBOR-BBA — Quarterly | 0.214% — Semiannually | 3,007 |
| 3,461,900 | 62,730 | (28) | 10/13/25 | 0.41% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 61,051 |
| 3,264,000 | 64,921 | (49,140) | 10/16/25 | 0.37% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 15,426 |
| 4,491,000 | 254,056 | (54,382) | 10/16/30 | 0.75% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 195,060 |
| 307,000 | 44,229 | 55,607 | 10/16/50 | 3 month USD-LIBOR-BBA — Quarterly | 1.16% — Semiannually | 11,552 |
| 443,200 | 18,504 | — | 12/7/30 | 3 month USD-LIBOR-BBA — Quarterly | 0.932% — Semiannually | (18,267) |
| 363,400 | 17,174 | — | 12/7/30 | 0.871% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 16,995 |
| 3,461,900 | 57,260 | (28) | 11/16/25 | 0.471% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 55,913 |
| 129,100 | 14,166 | (4) | 12/17/50 | 1.305% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 14,102 |
| 2,155,300 | 6,272 | (14) | 12/2/23 | 0.300% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 5,966 |
| 2,340,000 | 142,834 | (45) | 12/2/33 | 3 month USD-LIBOR-BBA — Quarterly | 1.02% — Semiannually | (141,203) |
| 3,539,600 | 68,350 | (29) | 12/16/25 | 3 month USD-LIBOR-BBA — Quarterly | 0.428% — Semiannually | (67,921) |
| 229,000 | 9,226 | (3) | 6/22/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.0025% — Semiannually | (9,180) |
| 36,000 | 2,186 | (1) | 1/8/51 | 3 month USD-LIBOR-BBA — Quarterly | 1.509% — Semiannually | (1,943) |
| 36,000 | 1,864 | (1) | 1/8/51 | 3 month USD-LIBOR-BBA — Quarterly | 1.546% — Semiannually | (1,615) |
| 3,331,400 | 47,639 | (27) | 1/13/26 | 0.5615% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 40,253 |
| 645,500 | 15,085 | (9) | 4/15/31 | 1.165% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 13,742 |
| 624,600 | 16,058 ^E | (9) | 7/15/31 | 1.165% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 16,050 |
| 1,735,100 | 8,155 | 5,182 | 4/15/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.465% — Semiannually | 18,022 |
| 2,106,300 | 12,217 ^E | (12) | 1/31/25 | 0.735% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 12,205 |
| 3,470,200 | 48,791 | (7,923) | 3/9/26 | 0.5996% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 34,656 |

CENTRALLY CLEARED INTEREST RATE SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Notional amount | Value | Upfront premium received (paid) | Termination date | Payments made by fund | Payments received by fund | Unrealized appreciation/ (depreciation) |
|-----------------|---------------------|---------------------------------|------------------|-----------------------------------|-----------------------------------|---|
| \$701,000 | \$9,870 | \$(6) | 2/10/26 | 0.584% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | \$8,425 |
| 573,300 | 10,245 | (8) | 2/16/31 | 1.212% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 7,743 |
| 947,000 | 9,783 | (13) | 3/2/31 | 1.51882% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (14,449) |
| 1,900,000 | 21,983 | (25) | 3/5/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.5324% — Semiannually | 31,174 |
| 1,735,100 | 18,652 | (23) | 3/15/31 | 1.525% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (26,375) |
| 257,800 | 9,933 ^E | (4) | 3/20/34 | 2.29% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (9,937) |
| 3,512,500 | 4,812 | (33) | 4/1/26 | 0.94375% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (11,342) |
| 551,600 | 629 | (1,907) | 4/28/26 | 3 month USD-LIBOR-BBA — Quarterly | 0.95% — Semiannually | (542) |
| 3,470,200 | 20,405 | (33) | 4/15/26 | 1.045% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (26,729) |
| 722,200 | 21,565 | (10) | 4/15/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.734% — Semiannually | 23,915 |
| 270,800 | 24,150 | (9) | 4/15/51 | 2.127% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (25,269) |
| 1,735,100 | 46,553 | (23) | 4/21/31 | 1.702% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (51,681) |
| 1,202,000 | 19,557 | (16) | 5/5/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.591% — Semiannually | 22,180 |
| 1,735,100 | 25,107 | (23) | 5/17/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.573% — Semiannually | 28,082 |
| 21,000 | 255 | — | 5/10/31 | 1.5475% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (296) |
| 2,000,000 | 29,240 | (27) | 5/12/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.574% — Semiannually | 33,054 |
| 1,735,100 | 36,697 | (23) | 5/21/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.644% — Semiannually | 39,549 |
| 724,500 | 13,092 | (10) | 5/27/31 | 1.612% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (14,107) |
| 2,404,000 | 9,880 | (23) | 6/4/23 | 3 month USD-LIBOR-BBA — Quarterly | 0.857% — Semiannually | (8,600) |
| 38,406,000 | 68,747 ^E | 72,789 | 9/15/23 | 3 month USD-LIBOR-BBA — Quarterly | 0.30% — Semiannually | 4,043 |
| 2,481,000 | 8,559 ^E | 9,770 | 9/15/26 | 3 month USD-LIBOR-BBA — Quarterly | 0.95% — Semiannually | 1,211 |
| 1,468,000 | 81,034 ^E | (76,536) | 9/15/51 | 3 month USD-LIBOR-BBA — Quarterly | 2.00% — Semiannually | 4,784 |
| 611,300 | 9,567 ^E | (9) | 9/7/31 | 1.6275% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (9,576) |
| 1,019,100 | 17,844 ^E | (14) | 9/7/31 | 1.647% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (17,859) |
| 1,735,100 | 22,088 | (23) | 6/16/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.558% — Semiannually | 23,106 |
| 370,800 | 14,268 ^E | (13) | 6/11/51 | 2.232% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (14,281) |
| 312,000 | 543 | (1) | 6/10/23 | 3 month USD-LIBOR-BBA — Quarterly | 0.2215% — Semiannually | (527) |
| 905,800 | 3,524 | (12) | 6/14/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.465% — Semiannually | 4,087 |
| 793,000 | 2,823 | (11) | 6/11/31 | 1.461% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (3,422) |
| 1,735,100 | 4,025 | (23) | 6/23/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.45% — Semiannually | 4,508 |

CENTRALLY CLEARED INTEREST RATE SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Notional amount | Value | Upfront premium received (paid) | Termination date | Payments made by fund | Payments received by fund | Unrealized appreciation/(depreciation) |
|-----------------|--------------------|---------------------------------|------------------|-----------------------------------|-----------------------------------|--|
| \$360,000 | \$3,240 | \$(5) | 6/21/31 | 1.52% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | \$(3,383) |
| 1,245,500 | 5,181 | (17) | 6/29/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.47% — Semiannually | 5,256 |
| 1,069,600 | 1,027 | (10) | 6/28/26 | 0.933% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | 947 |
| 178,600 | 561 | (2) | 7/6/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.463% — Semiannually | 558 |
| 2,196,100 | 549 | (21) | 7/6/26 | 0.963% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (570) |
| 1,193,700 | 2,889 ^E | (16) | 7/9/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.457% — Semiannually | 2,873 |
| 1,351,200 | 3,270 ^E | (18) | 7/15/31 | 3 month USD-LIBOR-BBA — Quarterly | 1.46% — Semiannually | 3,252 |
| 831,000 | 1,389 | (11) | 7/2/31 | 1.4365% — Semiannually | 3 month USD-LIBOR-BBA — Quarterly | (1,400) |
| Total | | \$(598,340) | | | | \$293,182 |

^E Extended effective date.

OTC TOTAL RETURN SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited)

| Swap counterparty/ Notional amount | Value | Upfront premium received (paid) | Termination date | Payments received (paid) by fund | Total return received by or paid by fund | Unrealized appreciation/(depreciation) |
|---------------------------------------|-----------|---------------------------------|------------------|-------------------------------------|--|--|
| Bank of America N.A. | | | | | | |
| \$13,225 | \$13,213 | \$— | 1/12/41 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | \$153 |
| 9,864 | 9,855 | — | 1/12/41 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 114 |
| Barclays Bank PLC | | | | | | |
| 122,194 | 121,843 | — | 1/12/40 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic MBX Index 4.00% 30 year Fannie Mae pools — Monthly | (119) |
| 18,474 | 18,421 | — | 1/12/40 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic MBX Index 4.00% 30 year Fannie Mae pools — Monthly | (18) |
| 2,456,390 | 2,447,658 | — | 1/12/41 | 5.00% (1 month USD-LIBOR) — Monthly | Synthetic MBX Index 5.00% 30 year Fannie Mae pools — Monthly | (3,154) |
| 154,266 | 153,626 | — | 1/12/40 | 5.00% (1 month USD-LIBOR) — Monthly | Synthetic MBX Index 5.00% 30 year Fannie Mae pools — Monthly | (286) |
| 146,987 | 146,617 | — | 1/12/39 | (6.00%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.00% 30 year Fannie Mae pools — Monthly | (19) |
| 2,449,375 | 2,439,463 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 3,205 |
| 735 | 737 | — | 1/12/43 | 3.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 3.50% 30 year Fannie Mae pools — Monthly | 10 |
| 12,186 | 12,186 | — | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 152 |
| 16,368 | 16,352 | — | 1/12/41 | (4.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (190) |
| 9,255 | 9,081 | — | 1/12/41 | (5.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 5.00% 30 year Fannie Mae pools — Monthly | 41 |

OTC TOTAL RETURN SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Notional amount | Value | Upfront premium received (paid) | Termination date | Payments received (paid) by fund | Total return received by or paid by fund | Unrealized appreciation/ (depreciation) |
|---------------------------------------|---------|---------------------------------------|---------------------|--|--|---|
| Barclays Bank PLC cont. | | | | | | |
| \$9,922 | \$9,545 | \$— | 1/12/39 | 6.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.00% 30 year Fannie Mae pools — Monthly | \$(256) |
| 14,129 | 13,626 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (334) |
| 1,004 | 968 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (24) |
| Citibank, N.A. | | | | | | |
| 28,011 | 27,911 | — | 1/12/41 | 5.00% (1 month USD-LIBOR) — Monthly | Synthetic MBX Index 5.00% 30 year Fannie Mae pools — Monthly | (36) |
| Credit Suisse International | | | | | | |
| 1,570 | 1,573 | — | 1/12/43 | 3.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 3.50% 30 year Fannie Mae pools — Monthly | 21 |
| 25,012 | 24,944 | — | 1/12/44 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 237 |
| 11,327 | 11,316 | — | 1/12/41 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 131 |
| 6,771 | 6,320 | — | 1/12/45 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (363) |
| 4,941 | 4,611 | — | 1/12/45 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (265) |
| 11,327 | 11,316 | — | 1/12/41 | (4.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (131) |
| 13,993 | 13,730 | — | 1/12/41 | (5.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 5.00% 30 year Fannie Mae pools — Monthly | 62 |
| Goldman Sachs International | | | | | | |
| 8,871 | 8,835 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 12 |
| 23,664 | 23,568 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 31 |
| 65,661 | 65,395 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 86 |
| 174,782 | 174,075 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 229 |
| 239,416 | 238,447 | — | 1/12/38 | (6.50%) 1 month USD-LIBOR — Monthly | Synthetic MBX Index 6.50% 30 year Fannie Mae pools — Monthly | 313 |
| 22,300 | 22,399 | — | 1/12/44 | (3.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 3.00% 30 year Fannie Mae pools — Monthly | (347) |
| 30,242 | 30,242 | — | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 378 |
| 30,242 | 30,242 | — | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 378 |

OTC TOTAL RETURN SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Notional amount | Value | Upfront premium received (paid) | Termination date | Payments received (paid) by fund | Total return received by or paid by fund | Unrealized appreciation/ (depreciation) |
|--|----------|---------------------------------------|----------------------------------|--|--|---|
| Goldman Sachs International cont. | | | | | | |
| \$23,885 | \$23,885 | \$— | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | \$298 |
| 22,382 | 22,382 | — | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 280 |
| 20,209 | 20,209 | — | 1/12/42 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 253 |
| 18,873 | 18,855 | — | 1/12/41 | (4.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (219) |
| 17,907 | 17,570 | — | 1/12/41 | (5.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 5.00% 30 year Fannie Mae pools — Monthly | 79 |
| 59,841 | 57,567 | — | 1/12/39 | 6.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.00% 30 year Fannie Mae pools — Monthly | (1,545) |
| 42,008 | 40,412 | — | 1/12/39 | 6.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.00% 30 year Fannie Mae pools — Monthly | (1,084) |
| 24,797 | 23,855 | — | 1/12/39 | 6.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.00% 30 year Fannie Mae pools — Monthly | (640) |
| 96 | 93 | — | 1/12/39 | 6.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.00% 30 year Fannie Mae pools — Monthly | (2) |
| 30,902 | 29,802 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (730) |
| 28,197 | 27,194 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (666) |
| 27,324 | 26,352 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (645) |
| 21,753 | 20,979 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (514) |
| 6,161 | 5,942 | — | 1/12/38 | 6.50% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 6.50% 30 year Fannie Mae pools — Monthly | (145) |
| JPMorgan Chase Bank N.A. | | | | | | |
| 10,595 | 10,586 | — | 1/12/41 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 123 |
| 1,556 | 1,554 | — | 1/12/41 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 18 |
| 17,893 | 17,556 | — | 1/12/41 | (5.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 5.00% 30 year Fannie Mae pools — Monthly | 79 |
| JPMorgan Securities LLC | | | | | | |
| 13,199 | 13,163 | — | 1/12/44 | 4.00% (1 month USD-LIBOR) — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | 125 |
| 139,148 | 139,148 | — | 1/12/42 | (4.00%) 1 month USD-LIBOR — Monthly | Synthetic TRS Index 4.00% 30 year Fannie Mae pools — Monthly | (1,738) |
| Upfront premium received | | — | Unrealized appreciation | | 6,808 | |
| Upfront premium (paid) | | — | Unrealized (depreciation) | | (13,470) | |
| Total | | \$— | Total | | \$(6,662) | |

CENTRALLY CLEARED TOTAL RETURN SWAP CONTRACTS OUTSTANDING at 6/30/21 (Unaudited)

| Notional amount | Value | Upfront premium received (paid) | Termination date | Payments received (paid) by fund | Total return received by or paid by fund | Unrealized appreciation/ (depreciation) |
|-----------------|----------|---------------------------------|------------------|----------------------------------|--|---|
| \$1,880,000 | \$22,710 | \$(32) | 4/1/31 | 2.686% — At maturity | USA Non Revised Consumer Price Index-Urban (CPI-U) — At maturity | \$22,679 |
| 3,810,000 | 2,134 | (38) | 4/15/26 | 2.79% — At maturity | USA Non Revised Consumer Price Index-Urban (CPI-U) — At maturity | (2,172) |
| Total | | \$(70) | | | | \$20,507 |

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION SOLD at 6/30/21 (Unaudited)

| Swap counterparty/ Referenced debt* | Rating*** | Upfront premium received (paid)** | Notional amount | Value | Termination date | Payments received by fund | Unrealized appreciation/ (depreciation) |
|---------------------------------------|-----------|-----------------------------------|-----------------|---------|------------------|---------------------------|---|
| Citigroup Global Markets, Inc. | | | | | | | |
| CMBX NAA.6 Index | A-/P | \$151 | \$1,000 | \$85 | 5/11/63 | 200 bp — Monthly | \$67 |
| CMBX NAA.6 Index | A-/P | 364 | 3,000 | 254 | 5/11/63 | 200 bp — Monthly | 111 |
| CMBX NAA.6 Index | A-/P | 1,317 | 11,000 | 932 | 5/11/63 | 200 bp — Monthly | 389 |
| CMBX NAA.6 Index | A-/P | 1,667 | 14,000 | 1,186 | 5/11/63 | 200 bp — Monthly | 486 |
| CMBX NAA.6 Index | A-/P | 1,791 | 15,000 | 1,271 | 5/11/63 | 200 bp — Monthly | 525 |
| CMBX NAA.6 Index | A-/P | 1,903 | 15,000 | 1,271 | 5/11/63 | 200 bp — Monthly | 638 |
| CMBX NAA.6 Index | A-/P | 15,540 | 111,000 | 9,402 | 5/11/63 | 200 bp — Monthly | 6,175 |
| CMBX NAA.6 Index | A-/P | 15,758 | 132,000 | 11,180 | 5/11/63 | 200 bp — Monthly | 4,621 |
| CMBX NABB.11 Index | BB-/P | 12,430 | 22,000 | 1,960 | 11/18/54 | 500 bp — Monthly | 10,488 |
| CMBX NABB.13 Index | BB-/P | 1,276 | 14,000 | 1,176 | 12/16/72 | 500 bp — Monthly | 112 |
| CMBX NABB.13 Index | BB-/P | 4,899 | 49,000 | 4,116 | 12/16/72 | 500 bp — Monthly | 824 |
| CMBX NABB.13 Index | BB-/P | 5,103 | 56,000 | 4,704 | 12/16/72 | 500 bp — Monthly | 445 |
| CMBX NABB.13 Index | BB-/P | 8,871 | 94,000 | 7,896 | 12/16/72 | 500 bp — Monthly | 1,053 |
| CMBX NABB.9 Index | B+/P | 5,611 | 10,000 | 2,212 | 9/17/58 | 500 bp — Monthly | 3,407 |
| CMBX NABBB-.13 Index | BBB-/P | 2,368 | 27,000 | 969 | 12/16/72 | 300 bp — Monthly | 1,412 |
| CMBX NABBB-.13 Index | BBB-/P | 11,482 | 122,000 | 4,380 | 12/16/72 | 300 bp — Monthly | 7,163 |
| CMBX NABBB-.14 Index | BBB-/P | 966 | 31,000 | 530 | 12/16/72 | 300 bp — Monthly | 451 |
| CMBX NABBB-.14 Index | BBB-/P | 12,580 | 385,000 | 6,584 | 12/16/72 | 300 bp — Monthly | 6,189 |
| CMBX NABBB-.14 Index | BBB-/P | 17,740 | 578,000 | 9,884 | 12/16/72 | 300 bp — Monthly | 8,145 |
| CMBX NABBB-.6 Index | BB-/P | 47,775 | 195,000 | 51,578 | 5/11/63 | 300 bp — Monthly | (3,705) |
| CMBX NABBB-.10 Index | BBB-/P | 6,982 | 64,000 | 5,658 | 11/17/59 | 300 bp — Monthly | 1,356 |
| CMBX NABBB-.11 Index | BBB-/P | 4,385 | 70,000 | 2,422 | 11/18/54 | 300 bp — Monthly | 1,998 |
| CMBX NABBB-.12 Index | BBB-/P | 1,210 | 29,000 | 1,053 | 8/17/61 | 300 bp — Monthly | 171 |
| CMBX NABBB-.12 Index | BBB-/P | 8,309 | 141,000 | 5,118 | 8/17/61 | 300 bp — Monthly | 3,262 |
| CMBX NABBB-.13 Index | BBB-/P | 3,862 | 76,000 | 2,728 | 12/16/72 | 300 bp — Monthly | 1,171 |
| CMBX NABBB-.14 Index | BBB-/P | 729 | 16,000 | 274 | 12/16/72 | 300 bp — Monthly | 464 |
| CMBX NABBB-.14 Index | BBB-/P | 2,250 | 45,000 | 770 | 12/16/72 | 300 bp — Monthly | 1,503 |
| CMBX NABBB-.6 Index | BB-/P | 4,935 | 75,000 | 19,838 | 5/11/63 | 300 bp — Monthly | (14,865) |
| CMBX NABBB-.6 Index | BB-/P | 6,792 | 103,000 | 27,244 | 5/11/63 | 300 bp — Monthly | (20,400) |
| CMBX NABBB-.6 Index | BB-/P | 8,101 | 119,000 | 31,476 | 5/11/63 | 300 bp — Monthly | (23,315) |
| CMBX NABBB-.6 Index | BB-/P | 198,296 | 3,114,000 | 823,653 | 5/11/63 | 300 bp — Monthly | (623,800) |
| Credit Suisse International | | | | | | | |
| CMBX NABB.7 Index | B/P | 2,541 | 19,000 | 6,589 | 1/17/47 | 500 bp — Monthly | (4,032) |
| CMBX NABBB-.6 Index | BB-/P | 245,430 | 2,612,000 | 690,874 | 5/11/63 | 300 bp — Monthly | (444,138) |
| Deutsche Bank AG | | | | | | | |
| CMBX NABBB-.6 Index | BB-/P | 53,946 | 506,000 | 133,837 | 5/11/63 | 300 bp — Monthly | (79,638) |
| Goldman Sachs International | | | | | | | |
| CMBX NAA.6 Index | A-/P | 870 | 6,000 | 508 | 5/11/63 | 200 bp — Monthly | 364 |
| CMBX NAA.6 Index | A-/P | 1,279 | 11,000 | 932 | 5/11/63 | 200 bp — Monthly | 351 |
| CMBX NAA.6 Index | A-/P | 3,325 | 28,000 | 2,372 | 5/11/63 | 200 bp — Monthly | 963 |
| CMBX NAA.7 Index | BBB+/P | (54) | 37,000 | 2,076 | 1/17/47 | 200 bp — Monthly | (2,117) |

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION SOLD at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Referenced debt* | Rating*** | Upfront premium received (paid)** | Notional amount | Value | Termi- nation date | Payments received by fund | Unrealized appreciation/ (depreciation) |
|---|-----------|--|--------------------|---------|--------------------------|------------------------------|---|
| Goldman Sachs International cont. | | | | | | | |
| CMBX NA BB.13 Index | BB-/P | \$3,943 | \$41,000 | \$3,444 | 12/16/72 | 500 bp — Monthly | \$533 |
| CMBX NA BB.6 Index | B-/P | 5,563 | 38,809 | 17,305 | 5/11/63 | 500 bp — Monthly | (11,710) |
| CMBX NA BBB-.13 Index | BBB-/P | 414 | 9,000 | 323 | 12/16/72 | 300 bp — Monthly | 95 |
| CMBX NA BBB-.13 Index | BBB-/P | 4,242 | 66,000 | 2,369 | 12/16/72 | 300 bp — Monthly | 1,906 |
| CMBX NA BBB-.13 Index | BBB-/P | 5,971 | 95,000 | 3,411 | 12/16/72 | 300 bp — Monthly | 2,608 |
| CMBX NA BBB-.14 Index | BBB-/P | 547 | 19,000 | 325 | 12/16/72 | 300 bp — Monthly | 232 |
| CMBX NA BBB-.14 Index | BBB-/P | 2,178 | 49,000 | 838 | 12/16/72 | 300 bp — Monthly | 1,364 |
| CMBX NA BBB-.14 Index | BBB-/P | 4,547 | 99,000 | 1,693 | 12/16/72 | 300 bp — Monthly | 2,904 |
| CMBX NA BBB-.6 Index | BB-/P | 142 | 1,000 | 265 | 5/11/63 | 300 bp — Monthly | (122) |
| CMBX NA BBB-.6 Index | BB-/P | 717 | 14,000 | 3,703 | 5/11/63 | 300 bp — Monthly | (2,979) |
| CMBX NA BBB-.6 Index | BB-/P | 1,416 | 16,000 | 4,232 | 5/11/63 | 300 bp — Monthly | (2,808) |
| CMBX NA BBB-.6 Index | BB-/P | 1,416 | 16,000 | 4,232 | 5/11/63 | 300 bp — Monthly | (2,808) |
| CMBX NA BBB-.6 Index | BB-/P | 2,017 | 24,000 | 6,348 | 5/11/63 | 300 bp — Monthly | (4,319) |
| CMBX NA BBB-.6 Index | BB-/P | 4,881 | 42,000 | 11,109 | 5/11/63 | 300 bp — Monthly | (6,207) |
| CMBX NA BBB-.6 Index | BB-/P | 2,486 | 49,000 | 12,961 | 5/11/63 | 300 bp — Monthly | (10,450) |
| CMBX NA BBB-.6 Index | BB-/P | 6,787 | 51,000 | 13,490 | 5/11/63 | 300 bp — Monthly | (6,677) |
| CMBX NA BBB-.6 Index | BB-/P | 3,030 | 60,000 | 15,870 | 5/11/63 | 300 bp — Monthly | (12,810) |
| CMBX NA BBB-.6 Index | BB-/P | 24,037 | 208,000 | 55,016 | 5/11/63 | 300 bp — Monthly | (30,875) |
| CMBX NA BBB-.6 Index | BB-/P | 31,021 | 309,000 | 81,731 | 5/11/63 | 300 bp — Monthly | (50,555) |
| CMBX NA BBB-.6 Index | BB-/P | 50,168 | 470,000 | 124,315 | 5/11/63 | 300 bp — Monthly | (73,912) |
| JPMorgan Securities LLC | | | | | | | |
| CMBX NAA.13 Index | A-/P | 484 | 6,000 | 95 | 12/16/72 | 200 bp — Monthly | 580 |
| CMBX NA BB.10 Index | B+/P | 2,006 | 25,000 | 6,095 | 5/11/63 | 500 bp — Monthly | (4,068) |
| CMBX NA BB.7 Index | B/P | 30,848 | 63,000 | 21,848 | 1/17/47 | 500 bp — Monthly | 9,052 |
| CMBX NA BBB-.13 Index | BBB-/P | 2,215 | 11,000 | 395 | 12/16/72 | 300 bp — Monthly | 1,825 |
| CMBX NA BBB-.13 Index | BBB-/P | 5,004 | 25,000 | 898 | 12/16/72 | 300 bp — Monthly | 4,119 |
| CMBX NA BBB-.13 Index | BBB-/P | 1,175 | 17,000 | 610 | 12/16/72 | 300 bp — Monthly | 573 |
| Merrill Lynch International | | | | | | | |
| CMBX NA BB.6 Index | B-/P | 335 | 2,911 | 1,298 | 5/11/63 | 500 bp — Monthly | (960) |
| CMBX NA BB.7 Index | B/P | 1,452 | 12,000 | 4,162 | 1/17/47 | 500 bp — Monthly | (2,699) |
| CMBX NA BBB-.6 Index | BB-/P | 267,292 | 992,000 | 262,384 | 5/11/63 | 300 bp — Monthly | 5,404 |
| Morgan Stanley & Co. International PLC | | | | | | | |
| CMBX NAA.7 Index | BBB+/P | (2) | 2,000 | 112 | 1/17/47 | 200 bp — Monthly | (113) |
| CMBX NAA.7 Index | BBB+/P | (5) | 11,000 | 617 | 1/17/47 | 200 bp — Monthly | (619) |
| CMBX NAA.7 Index | BBB+/P | 656 | 135,000 | 7,574 | 1/17/47 | 200 bp — Monthly | (6,873) |
| CMBX NA BB.13 Index | BB-/P | 372 | 4,000 | 336 | 12/16/72 | 500 bp — Monthly | 39 |
| CMBX NA BB.13 Index | BB-/P | 1,285 | 14,000 | 1,176 | 12/16/72 | 500 bp — Monthly | 121 |
| CMBX NA BB.13 Index | BB-/P | 2,693 | 28,000 | 2,352 | 12/16/72 | 500 bp — Monthly | 364 |
| CMBX NA BB.13 Index | BB-/P | 5,228 | 57,000 | 4,788 | 12/16/72 | 500 bp — Monthly | 487 |
| CMBX NA BB.13 Index | BB-/P | 6,417 | 68,000 | 5,712 | 12/16/72 | 500 bp — Monthly | 762 |
| CMBX NA BB.13 Index | BB-/P | 8,839 | 97,000 | 8,148 | 12/16/72 | 500 bp — Monthly | 771 |
| CMBX NA BB.13 Index | BB-/P | 10,622 | 115,000 | 9,660 | 12/16/72 | 500 bp — Monthly | 1,058 |
| CMBX NA BB.6 Index | B-/P | 36,496 | 83,439 | 37,205 | 5/11/63 | 500 bp — Monthly | (640) |
| CMBX NA BB.6 Index | B-/P | 197,820 | 456,973 | 203,764 | 5/11/63 | 500 bp — Monthly | (5,563) |
| CMBX NA BBB-.13 Index | BBB-/P | 1,625 | 8,000 | 287 | 12/16/72 | 300 bp — Monthly | 1,342 |
| CMBX NA BBB-.13 Index | BBB-/P | 1,575 | 10,000 | 359 | 12/16/72 | 300 bp — Monthly | 1,221 |
| CMBX NA BBB-.14 Index | BBB-/P | 547 | 18,000 | 308 | 12/16/72 | 300 bp — Monthly | 248 |
| CMBX NA BBB-.14 Index | BBB-/P | 1,748 | 62,000 | 1,060 | 12/16/72 | 300 bp — Monthly | 718 |
| CMBX NA BBB-.12 Index | BBB-/P | 3,418 | 58,000 | 2,105 | 8/17/61 | 300 bp — Monthly | 1,342 |
| CMBX NA BBB-.12 Index | BBB-/P | 4,852 | 113,000 | 4,102 | 8/17/61 | 300 bp — Monthly | 806 |
| CMBX NA BBB-.6 Index | BB-/P | 752 | 9,000 | 2,381 | 5/11/63 | 300 bp — Monthly | (1,624) |
| CMBX NA BBB-.6 Index | BB-/P | 2,377 | 36,000 | 9,522 | 5/11/63 | 300 bp — Monthly | (7,127) |
| CMBX NA BBB-.6 Index | BB-/P | 2,364 | 36,000 | 9,522 | 5/11/63 | 300 bp — Monthly | (7,140) |
| CMBX NA BBB-.6 Index | BB-/P | 4,206 | 43,000 | 11,374 | 5/11/63 | 300 bp — Monthly | (7,146) |

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION SOLD at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Referenced debt* | Rating*** | Upfront premium received (paid)** | Notional amount | Value | Termi- nation date | Payments received by fund | Unrealized appreciation/ (depreciation) |
|---|-----------|--|--------------------|-------------|--------------------------|------------------------------|---|
| Morgan Stanley & Co. International PLC cont. | | | | | | | |
| CMBXNA BBB-.6 Index | BB-/P | \$429,729 | \$6,486,500 | \$1,715,679 | 5/11/63 | 300 bp — Monthly | \$(1,282,707) |
| CMBXNA BBB-.7 Index | BB/P | 74 | 1,000 | 178 | 1/17/47 | 300 bp — Monthly | (103) |
| CMBXNA BBB-.7 Index | BB/P | 23,003 | 338,000 | 60,096 | 1/17/47 | 300 bp — Monthly | (36,925) |
| Upfront premium received | | 1,935,866 | | | | | Unrealized appreciation |
| Upfront premium (paid) | | (61) | | | | | Unrealized (depreciation) |
| Total | | \$1,935,805 | | | | | Total |
| | | | | | | | \$(2,691,771) |

* Payments related to the referenced debt are made upon a credit default event.

** Upfront premium is based on the difference between the original spread on issue and the market spread on day of execution.

*** Ratings for an underlying index represent the average of the ratings of all the securities included in that index. The Moody's, Standard & Poor's or Fitch ratings are believed to be the most recent ratings available at June 30, 2021. Securities rated by Putnam are indicated by "/P." The Putnam rating categories are comparable to the Standard & Poor's classifications.

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION PURCHASED at 6/30/21 (Unaudited)

| Swap counterparty/ Referenced debt* | Upfront premium received (paid)** | Notional amount | Value | Termi- nation date | Payments (paid) by fund | Unrealized appreciation/ (depreciation) |
|--|--|--------------------|----------|--------------------------|-------------------------------|---|
| Citigroup Global Markets, Inc. | | | | | | |
| CMBXNA BB.10 Index | \$(22,695) | \$89,000 | \$21,698 | 11/17/59 | (500 bp) — Monthly | \$(1,071) |
| CMBXNA BB.10 Index | (1,252) | 12,000 | 2,926 | 11/17/59 | (500 bp) — Monthly | 1,663 |
| CMBXNA BB.10 Index | (987) | 9,000 | 2,194 | 11/17/59 | (500 bp) — Monthly | 1,200 |
| CMBXNA BB.11 Index | (2,672) | 37,000 | 3,297 | 11/18/54 | (500 bp) — Monthly | 594 |
| CMBXNA BB.11 Index | (1,031) | 15,000 | 1,337 | 11/18/54 | (500 bp) — Monthly | 293 |
| CMBXNA BB.11 Index | (1,131) | 12,000 | 1,069 | 11/18/54 | (500 bp) — Monthly | (72) |
| CMBXNA BB.11 Index | (357) | 7,000 | 624 | 11/18/54 | (500 bp) — Monthly | 261 |
| CMBXNA BB.11 Index | (363) | 7,000 | 624 | 11/18/54 | (500 bp) — Monthly | 255 |
| CMBXNA BB.7 Index | (9,339) | 183,000 | 63,464 | 1/17/47 | (500 bp) — Monthly | 53,973 |
| CMBXNA BB.7 Index | (1,077) | 16,000 | 5,549 | 1/17/47 | (500 bp) — Monthly | 4,459 |
| CMBXNA BB.8 Index | (2,980) | 23,167 | 8,319 | 10/17/57 | (500 bp) — Monthly | 5,320 |
| CMBXNA BBB-.10 Index | (54,160) | 315,000 | 27,846 | 11/17/59 | (300 bp) — Monthly | (26,472) |
| CMBXNA BBB-.10 Index | (17,178) | 74,000 | 6,542 | 11/17/59 | (300 bp) — Monthly | (10,673) |
| CMBXNA BBB-.10 Index | (12,167) | 51,000 | 4,508 | 11/17/59 | (300 bp) — Monthly | (7,684) |
| CMBXNA BBB-.10 Index | (8,077) | 37,000 | 3,271 | 11/17/59 | (300 bp) — Monthly | (4,824) |
| CMBXNA BBB-.10 Index | (7,182) | 33,000 | 2,917 | 11/17/59 | (300 bp) — Monthly | (4,281) |
| CMBXNA BBB-.12 Index | (12,736) | 185,000 | 6,716 | 8/17/61 | (300 bp) — Monthly | (6,113) |
| CMBXNA BBB-.12 Index | (8,800) | 39,000 | 1,416 | 8/17/61 | (300 bp) — Monthly | (7,404) |
| CMBXNA BBB-.12 Index | (2,116) | 31,000 | 1,125 | 8/17/61 | (300 bp) — Monthly | (1,006) |
| CMBXNA BBB-.10 Index | (6,851) | 56,000 | 4,950 | 11/17/59 | (300 bp) — Monthly | (1,929) |
| CMBXNA BBB-.10 Index | (6,246) | 49,000 | 4,332 | 11/17/59 | (300 bp) — Monthly | (1,939) |
| CMBXNA BBB-.10 Index | (1,657) | 13,000 | 1,149 | 11/17/59 | (300 bp) — Monthly | (514) |
| CMBXNA BBB-.11 Index | (16,668) | 52,000 | 1,799 | 11/18/54 | (300 bp) — Monthly | (14,895) |
| CMBXNA BBB-.11 Index | (8,529) | 26,000 | 900 | 11/18/54 | (300 bp) — Monthly | (7,642) |
| CMBXNA BBB-.11 Index | (3,680) | 25,000 | 865 | 11/18/54 | (300 bp) — Monthly | (2,827) |
| CMBXNA BBB-.11 Index | (6,208) | 19,000 | 657 | 11/18/54 | (300 bp) — Monthly | (5,560) |
| CMBXNA BBB-.11 Index | (2,155) | 15,000 | 519 | 11/18/54 | (300 bp) — Monthly | (1,643) |
| CMBXNA BBB-.12 Index | (21,043) | 63,000 | 2,287 | 8/17/61 | (300 bp) — Monthly | (18,788) |
| CMBXNA BBB-.12 Index | (18,075) | 52,000 | 1,888 | 8/17/61 | (300 bp) — Monthly | (16,213) |
| CMBXNA BBB-.12 Index | (11,951) | 34,000 | 1,234 | 8/17/61 | (300 bp) — Monthly | (10,734) |
| CMBXNA BBB-.12 Index | (4,010) | 12,000 | 436 | 8/17/61 | (300 bp) — Monthly | (3,580) |
| CMBXNA BBB-.13 Index | (1,137) | 15,000 | 539 | 12/16/72 | (300 bp) — Monthly | (606) |
| CMBXNA BBB-.7 Index | (4,375) | 20,000 | 3,556 | 1/17/47 | (300 bp) — Monthly | (829) |
| CMBXNA BBB-.8 Index | (22,031) | 141,000 | 19,514 | 10/17/57 | (300 bp) — Monthly | (2,587) |
| CMBXNA BBB-.8 Index | (14,226) | 90,000 | 12,456 | 10/17/57 | (300 bp) — Monthly | (1,815) |
| CMBXNA BBB-.8 Index | (14,282) | 90,000 | 12,456 | 10/17/57 | (300 bp) — Monthly | (1,871) |
| CMBXNA BBB-.8 Index | (10,955) | 70,000 | 9,688 | 10/17/57 | (300 bp) — Monthly | (1,302) |

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION PURCHASED at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Referenced debt* | Upfront premium received (paid)** | Notional amount | Value | Termination date | Payments (paid) by fund | Unrealized appreciation/ (depreciation) |
|---|--|--------------------|---------|---------------------|-------------------------------|---|
| Citigroup Global Markets, Inc. cont. | | | | | | |
| CMBX NA BBB-.8 Index | \$ (6,298) | \$44,000 | \$6,090 | 10/17/57 | (300 bp) — Monthly | \$(230) |
| CMBX NA BBB-.9 Index | (1,183) | 5,000 | 389 | 9/17/58 | (300 bp) — Monthly | (796) |
| Credit Suisse International | | | | | | |
| CMBX NA BB.10 Index | (2,854) | 24,000 | 5,851 | 11/17/59 | (500 bp) — Monthly | 2,977 |
| CMBX NA BB.10 Index | (3,202) | 24,000 | 5,851 | 11/17/59 | (500 bp) — Monthly | 2,629 |
| CMBX NA BB.10 Index | (1,616) | 13,000 | 3,169 | 11/17/59 | (500 bp) — Monthly | 1,543 |
| Goldman Sachs International | | | | | | |
| CMBX NAA .6 Index | (66) | 1,000 | 85 | 5/11/63 | (200 bp) — Monthly | 18 |
| CMBX NA BB.8 Index | (6,660) | 18,341 | 6,586 | 10/17/57 | (500 bp) — Monthly | (89) |
| CMBX NA BB.8 Index | (6,671) | 18,341 | 6,586 | 10/17/57 | (500 bp) — Monthly | (101) |
| CMBX NA BB.8 Index | (906) | 7,722 | 2,773 | 10/17/57 | (500 bp) — Monthly | 1,860 |
| CMBX NA BB.9 Index | (3,674) | 23,000 | 5,088 | 9/17/58 | (500 bp) — Monthly | 1,395 |
| CMBX NA BBB-.10 Index | (3,500) | 16,000 | 1,414 | 11/17/59 | (300 bp) — Monthly | (2,093) |
| CMBX NA BBB-.13 Index | (3,107) | 41,000 | 1,472 | 12/16/72 | (300 bp) — Monthly | (1,656) |
| CMBX NA BBB-.13 Index | (1,524) | 25,000 | 898 | 12/16/72 | (300 bp) — Monthly | (639) |
| CMBX NA BBB-.6 Index | (90,743) | 333,000 | 88,079 | 5/11/63 | (300 bp) — Monthly | (2,831) |
| CMBX NA BBB-.8 Index | (3,293) | 21,000 | 2,906 | 10/17/57 | (300 bp) — Monthly | (397) |
| JPMorgan Securities LLC | | | | | | |
| CMBX NA BB.11 Index | (5,148) | 9,702 | 4,326 | 5/11/63 | (500 bp) — Monthly | (830) |
| CMBX NA BB.11 Index | (545) | 1,000 | 89 | 11/18/54 | (500 bp) — Monthly | (457) |
| CMBX NA BB.8 Index | (16,356) | 31,855 | 11,439 | 10/17/57 | (500 bp) — Monthly | (4,943) |
| CMBX NA BBB-.10 Index | (3,793) | 23,000 | 2,033 | 11/17/59 | (300 bp) — Monthly | (1,771) |
| CMBX NA BBB-.10 Index | (11,268) | 40,000 | 3,536 | 11/17/59 | (300 bp) — Monthly | (7,752) |
| CMBX NA BBB-.10 Index | (9,534) | 32,000 | 2,829 | 11/17/59 | (300 bp) — Monthly | (6,721) |
| CMBX NA BBB-.12 Index | (547) | 14,000 | 508 | 8/17/61 | (300 bp) — Monthly | (46) |
| CMBX NA BBB-.12 Index | (1,048) | 3,000 | 109 | 8/17/61 | (300 bp) — Monthly | (940) |
| CMBX NA BBB-.7 Index | (56,108) | 239,000 | 42,494 | 1/17/47 | (300 bp) — Monthly | (13,734) |
| Merrill Lynch International | | | | | | |
| CMBX NA BB.10 Index | (1,366) | 24,000 | 5,851 | 11/17/59 | (500 bp) — Monthly | 4,466 |
| CMBX NA BB.9 Index | (14,998) | 385,000 | 85,162 | 9/17/58 | (500 bp) — Monthly | 69,843 |
| CMBX NA BBB-.10 Index | (6,933) | 32,000 | 2,829 | 11/17/59 | (300 bp) — Monthly | (4,121) |
| Morgan Stanley & Co. International PLC | | | | | | |
| CMBX NA BB.10 Index | (1,259) | 12,000 | 2,926 | 11/17/59 | (500 bp) — Monthly | 1,657 |
| CMBX NA BB.8 Index | (9,393) | 18,341 | 6,586 | 10/17/57 | (500 bp) — Monthly | (2,822) |
| CMBX NA BB.8 Index | (3,160) | 8,688 | 3,120 | 10/17/57 | (500 bp) — Monthly | (48) |
| CMBX NA BB.9 Index | (23,827) | 179,000 | 39,595 | 9/17/58 | (500 bp) — Monthly | 15,619 |
| CMBX NA BB.9 Index | (24,315) | 179,000 | 39,595 | 9/17/58 | (500 bp) — Monthly | 15,130 |
| CMBX NA BB.9 Index | (22,969) | 168,000 | 37,162 | 9/17/58 | (500 bp) — Monthly | 14,052 |
| CMBX NA BB.9 Index | (22,860) | 152,000 | 33,622 | 9/17/58 | (500 bp) — Monthly | 10,636 |
| CMBX NA BB.9 Index | (20,671) | 137,000 | 30,304 | 9/17/58 | (500 bp) — Monthly | 9,519 |
| CMBX NA BB.9 Index | (20,232) | 130,000 | 28,756 | 9/17/58 | (500 bp) — Monthly | 8,416 |
| CMBX NA BB.9 Index | (11,669) | 81,000 | 17,917 | 9/17/58 | (500 bp) — Monthly | 6,181 |
| CMBX NA BB.9 Index | (12,260) | 81,000 | 17,917 | 9/17/58 | (500 bp) — Monthly | 5,589 |
| CMBX NA BB.9 Index | (1,270) | 36,000 | 7,963 | 9/17/58 | (500 bp) — Monthly | 6,663 |
| CMBX NA BB.9 Index | (2,309) | 27,000 | 5,972 | 9/17/58 | (500 bp) — Monthly | 3,641 |
| CMBX NA BB.9 Index | (3,633) | 24,000 | 5,309 | 9/17/58 | (500 bp) — Monthly | 1,656 |
| CMBX NA BB.9 Index | (676) | 9,000 | 1,991 | 9/17/58 | (500 bp) — Monthly | 1,307 |
| CMBX NA BBB-.8 Index | (18,512) | 119,000 | 16,470 | 10/17/57 | (300 bp) — Monthly | (2,102) |
| CMBX NA BBB-.8 Index | (9,409) | 60,000 | 8,304 | 10/17/57 | (300 bp) — Monthly | (1,135) |
| CMBX NA BBB-.10 Index | (9,946) | 59,000 | 5,216 | 11/17/59 | (300 bp) — Monthly | (4,760) |
| CMBX NA BBB-.10 Index | (8,751) | 37,000 | 3,271 | 11/17/59 | (300 bp) — Monthly | (5,499) |
| CMBX NA BBB-.10 Index | (7,801) | 32,000 | 2,829 | 11/17/59 | (300 bp) — Monthly | (4,989) |
| CMBX NA BBB-.10 Index | (4,005) | 23,000 | 2,033 | 11/17/59 | (300 bp) — Monthly | (1,984) |
| CMBX NA BBB-.10 Index | (4,362) | 19,000 | 1,680 | 11/17/59 | (300 bp) — Monthly | (2,692) |

OTC CREDIT DEFAULT CONTRACTS OUTSTANDING — PROTECTION PURCHASED at 6/30/21 (Unaudited) cont.

| Swap counterparty/ Referenced debt* | Upfront premium received (paid)** | Notional amount | Value | Termi- nation date | Payments (paid) by fund | Unrealized appreciation/ (depreciation) |
|---|--|--------------------|--------------|--------------------------|-------------------------------|---|
| Morgan Stanley & Co. International PLC cont. | | | | | | |
| CMBX NA BBB-.10 Index | \$(3,929) | \$18,000 | \$1,591 | 11/17/59 | (300 bp) — Monthly | \$(2,347) |
| CMBX NA BBB-.10 Index | (2,168) | 10,000 | 884 | 11/17/59 | (300 bp) — Monthly | (1,289) |
| CMBX NA BBB-.10 Index | (1,946) | 9,000 | 796 | 11/17/59 | (300 bp) — Monthly | (1,155) |
| CMBX NA BBB-.12 Index | (5,797) | 28,000 | 1,016 | 8/17/61 | (300 bp) — Monthly | (4,795) |
| CMBX NA BBB-.12 Index | (2,921) | 14,000 | 508 | 8/17/61 | (300 bp) — Monthly | (2,420) |
| CMBX NA BBB-.10 Index | (19,618) | 159,000 | 14,056 | 11/17/59 | (300 bp) — Monthly | (5,642) |
| CMBX NA BBB-.10 Index | (11,034) | 87,000 | 7,691 | 11/17/59 | (300 bp) — Monthly | (3,387) |
| CMBX NA BBB-.10 Index | (3,171) | 25,000 | 2,210 | 11/17/59 | (300 bp) — Monthly | (973) |
| CMBX NA BBB-.11 Index | (5,981) | 38,000 | 1,315 | 11/18/54 | (300 bp) — Monthly | (4,685) |
| CMBX NA BBB-.12 Index | (1,237) | 4,000 | 145 | 8/17/61 | (300 bp) — Monthly | (1,093) |
| CMBX NA BBB-.13 Index | (4,807) | 78,000 | 2,800 | 12/16/72 | (300 bp) — Monthly | (2,046) |
| CMBX NA BBB-.7 Index | (4,063) | 64,000 | 11,379 | 1/17/47 | (300 bp) — Monthly | 7,284 |
| CMBX NA BBB-.8 Index | (10,734) | 75,000 | 10,380 | 10/17/57 | (300 bp) — Monthly | (392) |
| CMBX NA BBB-.8 Index | (9,141) | 59,000 | 8,166 | 10/17/57 | (300 bp) — Monthly | (1,005) |
| CMBX NA BBB-.8 Index | (9,069) | 58,000 | 8,027 | 10/17/57 | (300 bp) — Monthly | (1,057) |
| Upfront premium received | — | | | | | Unrealized appreciation |
| | | | | | | 260,099 |
| Upfront premium (paid) | (942,225) | | | | | Unrealized (depreciation) |
| | | | | | | (273,338) |
| Total | \$(942,225) | | Total | | | \$(13,239) |

* Payments related to the referenced debt are made upon a credit default event.

** Upfront premium is based on the difference between the original spread on issue and the market spread on day of execution.

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

| Investments in securities: | Valuation inputs | | |
|---|------------------|---------------------|------------------|
| | Level 1 | Level 2 | Level 3 |
| Asset-backed securities | \$— | \$641,128 | \$209,000 |
| Mortgage-backed securities | — | 36,884,197 | — |
| Purchased options outstanding | — | 33,679 | — |
| Purchased swap options outstanding | — | 660,743 | — |
| U.S. government and agency mortgage obligations | — | 31,455,588 | — |
| Short-term investments | — | 9,201,691 | — |
| Totals by level | \$— | \$78,877,026 | \$209,000 |

| Other financial instruments: | Valuation inputs | | |
|---------------------------------------|------------------|-----------------------|------------|
| | Level 1 | Level 2 | Level 3 |
| Futures contracts | \$115,836 | \$— | \$— |
| Written options outstanding | — | (203,318) | — |
| Written swap options outstanding | — | (2,806,444) | — |
| Forward premium swap option contracts | — | (138,689) | — |
| TBA sale commitments | — | (14,425,607) | — |
| Interest rate swap contracts | — | 891,522 | — |
| Total return swap contracts | — | 13,915 | — |
| Credit default contracts | — | (3,698,590) | — |
| Totals by level | \$115,836 | \$(20,367,211) | \$— |

At the start and close of the reporting period, Level 3 investments in securities represented less than 1% of the fund's net assets and were not considered a significant portion of the fund's portfolio.

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

Statement of assets and liabilities

6/30/21 (Unaudited)

Assets

| | |
|--|-------------------|
| Investment in securities, at value (Notes 1 and 8): | |
| Unaffiliated issuers (identified cost \$78,224,028) | \$77,215,615 |
| Affiliated issuers (identified cost \$1,870,411) (Notes 1 and 5) | 1,870,411 |
| Cash | 288,261 |
| Interest and other receivables | 347,759 |
| Receivable for shares of the fund sold | 25,610 |
| Receivable for investments sold | 235,205 |
| Receivable for sales of TBA securities (Note 1) | 9,331,660 |
| Receivable from Manager (Note 2) | 10,852 |
| Receivable for variation margin on centrally cleared swap contracts (Note 1) | 188,562 |
| Unrealized appreciation on forward premium swap option contracts (Note 1) | 781,100 |
| Unrealized appreciation on OTC swap contracts (Note 1) | 371,685 |
| Premium paid on OTC swap contracts (Note 1) | 942,286 |
| Total assets | 91,609,006 |

Liabilities

| | |
|--|-------------------|
| Payable for investments purchased | 228,142 |
| Payable for purchases of TBA securities (Note 1) | 22,864,825 |
| Payable for shares of the fund repurchased | 32,611 |
| Payable for custodian fees (Note 2) | 31,412 |
| Payable for investor servicing fees (Note 2) | 5,341 |
| Payable for Trustee compensation and expenses (Note 2) | 58,772 |
| Payable for administrative services (Note 2) | 149 |
| Payable for distribution fees (Note 2) | 4,666 |
| Payable for variation margin on futures contracts (Note 1) | 17,856 |
| Payable for variation margin on centrally cleared swap contracts (Note 1) | 143,511 |
| Unrealized depreciation on OTC swap contracts (Note 1) | 3,083,357 |
| Premium received on OTC swap contracts (Note 1) | 1,935,866 |
| Unrealized depreciation on forward premium swap option contracts (Note 1) | 919,789 |
| Written options outstanding, at value (premiums \$2,647,045) (Note 1) | 3,009,762 |
| TBA sale commitments, at value (proceeds receivable \$14,415,156) (Note 1) | 14,425,607 |
| Other accrued expenses | 42,059 |
| Total liabilities | 46,803,725 |

Net assets

\$44,805,281

Represented by

| | |
|---|---------------------|
| Paid-in capital (Unlimited shares authorized) (Notes 1 and 4) | \$61,331,402 |
| Total distributable earnings (Note 1) | (16,526,121) |
| Total — Representing net assets applicable to capital shares outstanding | \$44,805,281 |

Computation of net asset value Class IA

| | |
|---|--------------|
| Net assets | \$22,513,178 |
| Number of shares outstanding | 2,504,888 |
| Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding) | \$8.99 |

Computation of net asset value Class IB

| | |
|---|--------------|
| Net assets | \$22,292,103 |
| Number of shares outstanding | 2,489,672 |
| Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding) | \$8.95 |

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

Statement of operations

Six months ended 6/30/21 (Unaudited)

Investment income

| | |
|---|------------------|
| Interest (including interest income of \$556 from investments in affiliated issuers) (Note 5) | \$1,104,214 |
| Total investment income | 1,104,214 |

Expenses

| | |
|--|----------------|
| Compensation of Manager (Note 2) | 90,962 |
| Investor servicing fees (Note 2) | 16,832 |
| Custodian fees (Note 2) | 27,883 |
| Trustee compensation and expenses (Note 2) | 1,082 |
| Distribution fees (Note 2) | 28,596 |
| Administrative services (Note 2) | 439 |
| Auditing and tax fees | 30,437 |
| Other | 11,623 |
| Fees waived and reimbursed by Manager (Note 2) | (59,804) |
| Total expenses | 148,050 |
| Expense reduction (Note 2) | (10) |
| Net expenses | 148,040 |
| Net investment income | 956,174 |

Realized and unrealized gain (loss)

Net realized gain (loss) on:

| | |
|--|--------------------|
| Securities from unaffiliated issuers (Notes 1 and 3) | 303,099 |
| Net increase from payments by affiliates (Note 2) | 1,016 |
| Futures contracts (Note 1) | (124,242) |
| Swap contracts (Note 1) | (1,648,055) |
| Written options (Note 1) | (439,944) |
| Total net realized loss | (1,908,126) |

Change in net unrealized appreciation (depreciation) on:

| | |
|---|----------------|
| Securities from unaffiliated issuers and TBA sale commitments | (1,496,935) |
| Futures contracts | 207,571 |
| Swap contracts | 1,509,308 |
| Written options | 380,381 |
| Total change in net unrealized appreciation | 600,325 |

| | |
|---|--------------------|
| Net loss on investments | (1,307,801) |
| Net decrease in net assets resulting from operations | \$(351,627) |

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

Statement of changes in net assets

| | Six months ended 6/30/21* | Year ended 12/31/20 |
|---|---------------------------------|------------------------|
| Decrease in net assets | | |
| Operations: | | |
| Net investment income | \$956,174 | \$1,897,746 |
| Net realized gain (loss) on investments | (1,908,126) | 2,587,161 |
| Change in net unrealized appreciation (depreciation) of investments | 600,325 | (5,799,763) |
| Net decrease in net assets resulting from operations | (351,627) | (1,314,856) |
| Distributions to shareholders (Note 1): | | |
| From ordinary income | | |
| Net investment income | | |
| Class IA | — | (2,587,503) |
| Class IB | — | (2,096,557) |
| Net realized short-term gain on investments | | |
| Class IA | — | (64,947) |
| Class IB | — | (53,689) |
| From return of capital | | |
| Class IA | — | (71,902) |
| Class IB | — | (58,260) |
| Decrease from capital share transactions (Note 4) | (1,590,321) | (5,791,898) |
| Total decrease in net assets | (1,941,948) | (12,039,612) |
| Net assets: | | |
| Beginning of period | 46,747,229 | 58,786,841 |
| End of period | \$44,805,281 | \$46,747,229 |

* Unaudited.

Financial highlights (For a common share outstanding throughout the period)

| Period ended | INVESTMENT OPERATIONS: | | | | LESS DISTRIBUTIONS: | | | | RATIOS AND SUPPLEMENTAL DATA: | | | | | |
|-----------------|--------------------------------------|---|--|----------------------------------|----------------------------|---------------------------------------|------------------------|---------------------|--------------------------------|--|--|--|---|-------------------------------------|
| | Net asset value, beginning of period | Net investment income (loss) ^a | Net realized and unrealized gain (loss) on investments | Total from investment operations | From net investment income | From net realized gain on investments | From return of capital | Total distributions | Net asset value, end of period | Total return at net asset value (%) ^{b,c} | Net assets, end of period (in thousands) | Ratio of expenses to average net assets (%) ^{b,d} | Ratio of net investment income (loss) to average net assets (%) | Portfolio turnover (%) ^e |
| Class IA | | | | | | | | | | | | | | |
| 6/30/21† | \$9.05 | .19 | (.25) | (.06) | — | — | — | — | \$8.99 | (.66)* | \$22,513 | .25*f | 2.05*f | 446* |
| 12/31/20 | 10.18 | .35 | (.57) | (.22) | (.87) | (.02) | (.02) | (.91) | 9.05 | (1.29) | 26,269 | .50f | 3.89f | 895 |
| 12/31/19 | 9.21 | .36 | .85 | 1.21 | (.24) | — | — | (.24) | 10.18 | 13.36 | 31,822 | .50f | 3.68f | 1,171 |
| 12/31/18 | 9.55 | .35 | (.41) | (.06) | (.28) | — | — | (.28) | 9.21 | (.62) | 31,249 | .56f | 3.80f | 1,142 |
| 12/31/17 | 9.59 | .27 | (.06) | .21 | (.25) | — | — | (.25) | 9.55 | 2.27 | 35,852 | .66 | 2.85 | 1,188 |
| 12/31/16 | 9.76 | .24 | (.20) | .04 | (.21) | — | — | (.21) | 9.59 | .36 | 40,362 | .64g | 2.43g | 1,028 |
| Class IB | | | | | | | | | | | | | | |
| 6/30/21† | \$9.02 | .18 | (.25) | (.07) | — | — | — | — | \$8.95 | (.78)* | \$22,292 | .37*f | 1.92*f | 446* |
| 12/31/20 | 10.16 | .33 | (.58) | (.25) | (.85) | (.02) | (.02) | (.89) | 9.02 | (1.68) | 20,478 | .75f | 3.64f | 895 |
| 12/31/19 | 9.18 | .33 | .86 | 1.19 | (.21) | — | — | (.21) | 10.16 | 13.20 | 26,965 | .75f | 3.44f | 1,171 |
| 12/31/18 | 9.52 | .33 | (.41) | (.08) | (.26) | — | — | (.26) | 9.18 | (.90) | 23,232 | .81f | 3.54f | 1,142 |
| 12/31/17 | 9.56 | .25 | (.07) | .18 | (.22) | — | — | (.22) | 9.52 | 1.96 | 27,524 | .91 | 2.60 | 1,188 |
| 12/31/16 | 9.72 | .21 | (.19) | .02 | (.18) | — | — | (.18) | 9.56 | .20 | 33,301 | .89g | 2.18g | 1,028 |

Before April 30, 2018, the fund was managed with a materially different investment strategy and may have achieved materially different performance results under its current investment strategy from that shown for periods before this date.

* Not annualized.

† Unaudited.

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

b The charges and expenses at the insurance company separate account level are not reflected.

c Total return assumes dividend reinvestment.

d Includes amounts paid through expense offset arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

e Portfolio turnover includes TBA purchase and sale commitments.

f Reflects an involuntary contractual expense limitation in effect during the period. As a result of such limitation, the expenses of each class reflect the following reductions as a percentage of average net assets.

| | % of average net assets |
|-------------------|-------------------------|
| June 30, 2021 | 0.12% |
| December 31, 2020 | 0.24 |
| December 31, 2019 | 0.22 |
| December 31, 2018 | 0.25 |

g Reflects a voluntary waiver of certain fund expenses in effect during the period. As a result of such waiver, the expenses of each class reflect a reduction of less than 0.01% as a percentage of average net assets.

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

Notes to financial statements 6/30/21 (Unaudited)

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from January 1, 2021 through June 30, 2021.

Putnam VT Mortgage Securities Fund (the fund) is a diversified series of Putnam Variable Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek as high a level of current income as Putnam Management believes is consistent with preservation of capital. The fund invests mainly in mortgages, mortgage-related fixed income securities and related derivatives that are either investment-grade or below-investment-grade in quality (sometimes referred to as “junk bonds”). Under normal circumstances, the fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in mortgages, mortgage-related fixed income securities and related derivatives (i.e., derivatives used to acquire exposure to, or whose underlying securities are, mortgages or mortgage-related securities). The fund generally uses the net unrealized gain or loss, or market value, of mortgage-related derivatives for purposes of this policy, but may use the notional value of a derivative if that is determined to be a more appropriate measure of the fund’s investment exposure. This policy may be changed only after 60 days’ notice to shareholders.

The fund expects to invest in mortgage-backed investments that are obligations of U.S. government agencies and instrumentalities and accordingly are backed by the full faith and credit of the United States (e.g., Ginnie Mae mortgage-backed bonds) as well as in mortgage-backed investments that are backed by only the credit of a federal agency or government-sponsored entity (e.g., Fannie Mae and Freddie Mac mortgage-backed bonds), and that have short- to long-term maturities. The fund currently has significant investment exposure to commercial mortgage-backed securities.

The fund also expects to invest in lower-rated, higher-yielding mortgage-backed securities, including non-agency residential mortgage-backed securities (which may be backed by non-qualified or “sub-prime” mortgages), commercial mortgage-backed securities, and collateralized mortgage obligations (including interest only, principal only, and other prepayment derivatives). Non-agency (i.e., privately issued) securities typically are lower-rated and higher yielding than securities issued or backed by agencies such as Ginnie Mae, Fannie Mae or Freddie Mac. While the fund’s emphasis will be on mortgage-backed securities, it may also invest to a lesser extent in other types of asset-backed securities.

Putnam Management may consider, among other factors, credit, interest rate, prepayment and liquidity risks, as well as general market conditions, when deciding whether to buy or sell investments.

The fund typically uses to a significant extent derivatives, including interest rate swaps, swaptions, forward delivery contracts, total return swaps, and options on mortgage-backed securities and indices, for both hedging and non-hedging purposes, including to obtain or adjust exposure to mortgage-backed investments.

The fund offers class IA and class IB shares of beneficial interest. Class IA shares are offered at net asset value and are not subject to a distribution fee. Class IB shares are offered at net asset value and pay an ongoing distribution fee, which is identified in Note 2.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund’s management team expects the risk of material loss to be remote.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund’s Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims

against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

Note 1 — Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

Security valuation Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures and have delegated responsibility for valuing the fund’s assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

Investments, including mortgage backed securities and short-term investments with remaining maturities of 60 days or less, are valued on the basis of valuations provided by an independent pricing service approved by the Trustees or dealers selected by Putnam Management. Such service providers use information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities in determining value. These securities will generally be categorized as Level 2.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. Certain securities may be valued on the basis of a price provided by a single source. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Joint trading account Pursuant to an exemptive order from the SEC, the fund may transfer uninvested cash balances into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Management. These balances may be invested in issues of short-term investments having maturities of up to 90 days.

Repurchase agreements The fund, or any joint trading account, through its custodian, receives delivery of the underlying securities, the fair value of which at the time of purchase is required to be in an amount at least equal to the resale price, including accrued interest. Collateral for certain tri-party repurchase agreements is held at the counterparty's custodian in a segregated account for the benefit of the fund and the counterparty. Putnam Management is responsible for determining that the value of these underlying securities is at all times at least equal to the resale price, including accrued interest. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

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

Interest income, net of any applicable withholding taxes, if any, and including amortization and accretion of premiums and discounts on debt securities, is recorded on the accrual basis.

Securities purchased or sold on a delayed delivery basis may be settled at a future date beyond customary settlement time; interest income is accrued based on the terms of the securities. Losses may arise due to changes in the fair value of the underlying securities or if the counterparty does not perform under the contract.

Stripped securities The fund may invest in stripped securities which represent a participation in securities that may be structured in classes with rights to receive different portions of the interest and principal. Interest-only securities receive all of the interest and principal-only securities receive all of the principal. If the interest-only securities experience greater than anticipated prepayments of principal, the fund may fail to recoup fully its initial investment in these securities. Conversely, principal-only securities increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The fair value of these securities is highly sensitive to changes in interest rates.

Options contracts The fund uses options contracts to hedge duration and convexity, to isolate prepayment risk and to manage downside risks.

The potential risk to the fund is that the change in value of options contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction to the cost of investments.

Exchange-traded options are valued at the last sale price or, if no sales are reported, the last bid price for purchased options and the last ask price for written options. OTC traded options are valued using prices supplied by dealers.

Options on swaps are similar to options on securities except that the premium paid or received is to buy or grant the right to enter into a previously agreed upon interest rate or credit default contract. Forward premium swap option contracts include premiums that have extended settlement dates. The delayed settlement of the premiums is factored into the daily valuation of the option contracts. In the case of interest rate cap and floor contracts, in return for a premium, ongoing payments between two parties are based on interest rates exceeding a specified rate, in the case of a cap contract, or falling below a specified rate in the case of a floor contract.

Written option contracts outstanding at period end, if any, are listed after the fund's portfolio.

Futures contracts The fund uses futures contracts for hedging treasury term structure risk and for yield curve positioning.

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

Futures contracts outstanding at period end, if any, are listed after the fund's portfolio.

Interest rate swap contracts The fund entered into OTC and/or centrally cleared interest rate swap contracts, which are arrangements between two parties to exchange cash flows based on a notional principal amount, for hedging term structure risk and for yield curve positioning.

An OTC and centrally cleared interest rate swap can be purchased or sold with an upfront premium. For OTC interest rate swap contracts, an upfront payment received by the fund is recorded as a liability on the fund's books. An upfront payment made by the fund is recorded as an asset on the fund's books. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change is recorded as an unrealized gain or loss on OTC interest rate swaps. Daily fluctuations in the value of centrally cleared interest rate swaps are settled through a central clearing agent and are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Payments, including upfront premiums, received or made are recorded as realized gains or losses at the reset date or the closing of the contract. Certain OTC and centrally cleared interest rate swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract.

The fund could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts, or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform under the contract. The fund's maximum risk of loss from counterparty risk or central clearing risk is the fair value of the contract. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of assets and liabilities.

OTC and centrally cleared interest rate swap contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

Total return swap contracts The fund entered into OTC and/or centrally cleared total return swap contracts, which are arrangements to exchange a market-linked return for a periodic payment, both based on a notional principal amount, to hedge sector exposure and for gaining exposure to specific sectors.

To the extent that the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the fund will receive a payment from or make a payment to the counterparty. OTC and/or centrally cleared total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market maker. Any change is recorded as an unrealized gain or loss on OTC total return swaps. Daily fluctuations in the value of centrally cleared total return swaps are settled through a central clearing agent and are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Payments received or made are recorded as realized gains or losses. Certain OTC and/or centrally cleared total return swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract. The fund could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or in the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The fund's maximum risk of loss from counterparty risk or central clearing risk is the fair value of the contract. This risk may be mitigated for OTC total return swap contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared total return swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared total return swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of assets and liabilities.

OTC and/or centrally cleared total return swap contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

Credit default contracts The fund entered into OTC and/or centrally cleared credit default contracts to hedge credit risk, to hedge market risk and for gaining exposure to specific sectors.

In OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. For OTC credit default contracts, an upfront payment received by the fund is recorded as a liability on the fund's books. An upfront payment made by the fund is recorded as an asset on the fund's books. Centrally cleared credit default contracts provide the same rights to the protection buyer and seller except the payments between parties, including upfront premiums, are settled through a central clearing agent through variation margin payments. Upfront and periodic payments received or paid by the fund for OTC and centrally cleared credit default contracts are recorded as realized gains or losses at the reset date or close of the contract. The OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change in value of OTC credit default contracts is recorded as an unrealized gain or loss. Daily fluctuations in the value of centrally cleared credit default contracts are recorded in variation margin on the Statement of assets and liabilities and recorded as unrealized gain or loss. Upon the occurrence of a credit event, the difference between the par value and fair value of the reference obligation, net of any proportional amount of the upfront payment, is recorded as a realized gain or loss.

In addition to bearing the risk that the credit event will occur, the fund could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that the fund may be unable to close out its position at the same time or at the same price as if it had purchased the underlying reference obligations. In certain circumstances, the fund may enter into offsetting OTC and centrally cleared credit default contracts which would mitigate its risk of loss. Risks of loss may exceed amounts recognized on the Statement of assets and liabilities. The fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the fund and the counterparty and for centrally cleared credit default contracts through the daily exchange of variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the fund is a seller of protection, the maximum potential amount of future payments the fund may be required to make is equal to the notional amount.

OTC and centrally cleared credit default contracts outstanding, including their respective notional amounts at period end, if any, are listed after the fund's portfolio.

TBA commitments The fund may enter into TBA (to be announced) commitments to purchase securities for a fixed unit price at a future date beyond customary settlement time. Although the unit price and par amount have been established, the actual securities have not been specified. However, it is anticipated that the amount of the commitments will not significantly differ from the principal amount. The fund holds, and maintains until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the fund may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date.

The fund may also enter into TBA sale commitments to hedge its portfolio positions, to sell mortgage-backed securities it owns under delayed delivery arrangements or to take a short position in mortgage-backed securities. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, either equivalent deliverable securities or an offsetting TBA purchase commitment deliverable on or before the sale commitment date are held as "cover" for the transaction, or other liquid assets in an amount equal to the notional value of the TBA sale commitment are segregated. If the TBA sale commitment is closed through the acquisition of an offsetting TBA purchase commitment, the fund realizes a gain or loss. If the fund delivers securities under the commitment, the fund realizes a gain or a loss from

the sale of the securities based upon the unit price established at the date the commitment was entered into.

TBA commitments, which are accounted for as purchase and sale transactions, may be considered securities themselves, and involve a risk of loss due to changes in the value of the security prior to the settlement date as well as the risk that the counterparty to the transaction will not perform its obligations. Counterparty risk is mitigated by having a master agreement between the fund and the counterparty.

Unsettled TBA commitments are valued at their fair value according to the procedures described under "Security valuation" above. The contract is marked to market daily and the change in fair value is recorded by the fund as an unrealized gain or loss. Based on market circumstances, Putnam Management will determine whether to take delivery of the underlying securities or to dispose of the TBA commitments prior to settlement.

TBA purchase commitments outstanding at period end, if any, are listed within the fund's portfolio and TBA sale commitments outstanding at period end, if any, are listed after the fund's portfolio.

Master agreements The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements that govern OTC derivative and foreign exchange contracts and Master Securities Forward Transaction Agreements that govern transactions involving mortgage-backed and other asset-backed securities that may result in delayed delivery (Master Agreements) with certain counterparties entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral pledged to the fund is held in a segregated account by the fund's custodian and, with respect to those amounts which can be sold or repledged, are presented in the fund's portfolio.

Collateral pledged by the fund is segregated by the fund's custodian and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

With respect to ISDA Master Agreements, termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term or short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of \$6,215,687 on open derivative contracts subject to the Master Agreements. Collateral pledged by the fund at period end for these agreements totaled \$6,228,404 and may include amounts related to unsettled agreements.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from or lend to other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a \$317.5 million unsecured committed line of credit and a \$235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the committed line of credit and 1.30% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The aggregate identified cost on a tax basis is \$61,920,199, resulting in gross unrealized appreciation and depreciation of \$6,286,905 and \$9,372,453, respectively, or net unrealized depreciation of \$3,085,548.

Under the Regulated Investment Company Modernization Act of 2010, the fund will be permitted to carry forward capital losses incurred for an unlimited period and the carry forwards will retain their character as either short-term or long-term capital losses. At December 31, 2020, the fund had the following capital loss carryovers available, to the extent allowed by the Code, to offset future net capital gain, if any:

| Loss carryover | | |
|----------------|-----------|--------------|
| Short-term | Long-term | Total |
| \$12,488,621 | — | \$12,488,621 |

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. 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. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations.

Expenses of the Trust Expenses directly charged or attributable to any fund will be paid from the assets of that fund. Generally, expenses of the Trust will be allocated among and charged to the assets of each fund on a basis that the Trustees deem fair and equitable, which may be based on the relative assets of each fund or the nature of the services performed and relative applicability to each fund.

Beneficial interest At the close of the reporting period, insurance companies or their separate accounts were record owners of all but a de minimis number of the shares of the fund. Approximately 31.3% of the fund is owned by accounts of one insurance company.

Note 2 — Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (based on the fund's average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid "double counting" of those assets). Such annual rates may vary as follows:

- 0.550% of the first \$5 billion,
- 0.500% of the next \$5 billion,
- 0.450% of the next \$10 billion,
- 0.400% of the next \$10 billion,
- 0.350% of the next \$50 billion,
- 0.330% of the next \$50 billion,
- 0.320% of the next \$100 billion and
- 0.315% of any excess thereafter.

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.189% of the fund's average net assets.

Putnam Management has contractually agreed, through April 30, 2023, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were reduced by \$23,581 as a result of this limit.

Putnam Management has also contractually agreed to waive fees (and, to the extent necessary, bear other expenses) of the fund through April 30, 2023, to the extent that total expenses of the fund (excluding brokerage, interest, taxes, investment-related expenses, payments under distribution plans, extraordinary expenses and acquired fund fees and expenses) would exceed an annual rate of 0.50% of the fund's average net assets. During the reporting period, the fund's expenses were reduced by \$36,223 as a result of this limit.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.25% of the average net assets of the portion of the fund managed by PIL.

Putnam Management voluntarily reimbursed the fund \$1,016 for a trading error which occurred during the reporting period. The effect of the loss incurred and the reimbursement by Putnam Management of such amounts had no material impact on total return.

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

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. was paid a monthly fee for investor servicing at an annual rate of 0.07% of the fund's average daily net assets. During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

| | |
|----------|----------|
| Class IA | \$8,745 |
| Class IB | 8,087 |
| Total | \$16,832 |

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by \$10 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$33, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

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

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee's average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the

Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted a distribution plan (the Plan) with respect to its class IB shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plan is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plan provides for payment by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to 0.35% of the average net assets attributable to the fund's class IB shares. The Trustees have approved payment by the fund at an annual rate of 0.25% of the average net assets attributable to the fund's class IB shares. The expenses related to distribution fees during the reporting period are included in Distribution fees in the Statement of operations.

Note 4 — Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Subscriptions and redemptions are presented at the omnibus level. Transactions in capital shares were as follows:

| | Class IA shares | | | | Class IB shares | | | |
|--|--------------------------|----------------------|---------------------|----------------------|--------------------------|--------------------|---------------------|----------------------|
| | Six months ended 6/30/21 | | Year ended 12/31/20 | | Six months ended 6/30/21 | | Year ended 12/31/20 | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| Shares sold | 55,533 | \$513,083 | 86,929 | \$799,049 | 743,486 | \$6,872,679 | 916,814 | \$8,823,591 |
| Shares issued in connection with reinvestment of distributions | — | — | 327,053 | 2,724,352 | — | — | 265,445 | 2,208,506 |
| | 55,533 | 513,083 | 413,982 | 3,523,401 | 743,486 | 6,872,679 | 1,182,259 | 11,032,097 |
| Shares repurchased | (453,773) | (4,166,853) | (636,247) | (5,720,755) | (522,918) | (4,809,230) | (1,568,265) | (14,626,641) |
| Net increase (decrease) | (398,240) | \$(3,653,770) | (222,265) | \$(2,197,354) | 220,568 | \$2,063,449 | (386,006) | \$(3,594,544) |

Note 5 — Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

| Name of affiliate | Fair value as of 12/31/20 | Purchase cost | Sale proceeds | Investment income | Shares outstanding and fair value as of 6/30/21 |
|-------------------------------------|---------------------------|--------------------|--------------------|-------------------|---|
| Short-term investments | | | | | |
| Putnam Short Term Investment Fund* | \$— | \$7,730,913 | \$5,860,502 | \$556 | \$1,870,411 |
| Total Short-term investments | \$— | \$7,730,913 | \$5,860,502 | \$556 | \$1,870,411 |

*Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6 — Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. The fund may invest a significant portion of its assets in securitized debt instruments, including mortgage-backed and asset-backed investments. The yields and values of these investments are sensitive to changes in interest rates, the rate of principal payments on the underlying assets and the market's perception of the issuers. The market for these investments may be volatile and limited, which may make them difficult to buy or sell.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced a desire to phase out the use of LIBOR by the end of 2021. On March 5, 2021, the FCA and LIBOR's administrator, ICE Benchmark Administration, announced that most LIBOR settings will no longer be published after the end of 2021 and a majority of U.S. dollar LIBOR settings will no longer be published after June 30, 2023. LIBOR has historically been a common benchmark interest rate index used to make adjustments to variable-rate loans. It is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments and borrowing arrangements. The transition process might lead to increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates. It could also lead to a reduction in the value of some LIBOR-based investments and reduce the effectiveness of new hedges placed against existing LIBOR-based investments. While some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the date on which the applicable rate ceases to be published.

Beginning in January 2020, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of a virus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of Covid-19 have adversely affected, and may continue to adversely affect, the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the fund's performance.

Note 3 — Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

| | Cost of purchases | Proceeds from sales |
|--|----------------------|----------------------|
| Investments in securities, including TBA commitments (Long-term) | \$248,102,840 | \$240,697,860 |
| U.S. government securities (Long-term) | — | — |
| Total | \$248,102,840 | \$240,697,860 |

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 7 — Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

| | |
|---|---------------|
| Purchased TBA commitment option contracts (contract amount) | \$79,000,000 |
| Purchased swap option contracts (contract amount) | \$126,800,000 |
| Written TBA commitment option contracts (contract amount) | \$79,000,000 |
| Written swap option contracts (contract amount) | \$100,900,000 |
| Futures contracts (number of contracts) | 400 |
| Centrally cleared interest rate swap contracts (notional) | \$183,600,000 |
| OTC total return swap contracts (notional) | \$7,100,000 |
| Centrally cleared total return swap contracts (notional) | \$6,500,000 |
| OTC credit default contracts (notional) | \$27,500,000 |

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

Fair value of derivative instruments as of the close of the reporting period

| Derivatives not accounted for as hedging instruments under ASC 815 | Asset derivatives | | Liability derivatives | |
|--|--|--------------------|--|--------------------|
| | Statement of assets and liabilities location | Fair value | Statement of assets and liabilities location | Fair value |
| Credit contracts | Receivables | \$929,082 | Payables | \$4,627,672 |
| Interest rate contracts | Investments, Receivables, Net assets — Unrealized appreciation | 3,886,980* | Payables, Net assets — Unrealized depreciation | 5,319,736* |
| Total | | \$4,816,062 | | \$9,947,408 |

*Includes cumulative appreciation/depreciation of futures contracts and/or centrally cleared swaps as reported in the fund's portfolio. Only current day's variation margin is reported within the Statement of assets and liabilities.

The following is a summary of realized and change in unrealized gains or losses of derivative instruments in the Statement of operations for the reporting period (see Note 1):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments

| Derivatives not accounted for as hedging instruments under ASC 815 | Options | Futures | Swaps | Total |
|--|-----------------|--------------------|----------------------|----------------------|
| Credit contracts | \$— | \$— | \$(1,107,944) | \$(1,107,944) |
| Interest rate contracts | 66,069 | (124,242) | (540,111) | \$(598,284) |
| Total | \$66,069 | \$(124,242) | \$(1,648,055) | \$(1,706,228) |

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments

| Derivatives not accounted for as hedging instruments under ASC 815 | Options | Futures | Swaps | Total |
|--|----------------------|------------------|--------------------|------------------|
| Credit contracts | \$— | \$— | \$961,922 | \$961,922 |
| Interest rate contracts | (1,010,175) | 207,571 | 547,386 | \$(255,218) |
| Total | \$(1,010,175) | \$207,571 | \$1,509,308 | \$706,704 |

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Note 8 — Offsetting of financial and derivative assets and liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

| | Bank of America N.A. | Barclays Bank PLC | Barclays Capital, Inc. (clearing broker) | Citibank, N.A. | Citigroup Global Markets, Inc. | Credit Suisse International | Deutsche Bank AG |
|---|-------------------------|-------------------|--|-------------------|-----------------------------------|--------------------------------|--------------------|
| Assets: | | | | | | | |
| Centrally cleared interest rate swap contracts [§] | \$— | \$— | \$188,562 | \$— | \$— | \$— | \$— |
| OTC Total return swap contracts* [#] | 267 | 3,408 | — | — | — | 451 | — |
| Centrally cleared total return swap contracts [§] | — | — | — | — | — | — | — |
| OTC Credit default contracts — protection sold* [#] | — | — | — | — | — | — | — |
| OTC Credit default contracts — protection purchased* [#] | — | — | — | — | 249,978 | 14,821 | — |
| Futures contracts [§] | — | — | — | — | — | — | — |
| Forward currency contracts [#] | — | — | — | — | — | — | — |
| Forward premium swap option contracts [#] | 254,557 | 59,653 | — | 74,248 | — | — | — |
| Purchased swap options** [#] | 2,828 | — | — | — | — | — | — |
| Purchased options** [#] | — | — | — | — | — | — | — |
| Total Assets | \$257,652 | \$63,061 | \$188,562 | \$74,248 | \$249,978 | \$15,272 | \$— |
| Liabilities: | | | | | | | |
| Centrally cleared interest rate swap contracts [§] | — | — | 138,854 | — | — | — | — |
| OTC Total return swap contracts* [#] | — | 4,400 | — | 36 | — | 759 | — |
| Centrally cleared total return swap contracts [§] | — | — | 4,657 | — | — | — | — |
| OTC Credit default contracts — protection sold* [#] | — | — | — | — | 1,038,902 | 696,141 | 133,584 |
| OTC Credit default contracts — protection purchased* [#] | — | — | — | — | — | — | — |
| Futures contracts [§] | — | — | — | — | — | — | — |
| Forward premium swap option contracts [#] | 421,457 | 41,826 | — | 61,833 | — | — | — |
| Written swap options [#] | 737,434 | — | — | 88,935 | — | — | — |
| Written options [#] | — | — | — | — | — | — | — |
| Total Liabilities | \$1,158,891 | \$46,226 | \$143,511 | \$150,804 | \$1,038,902 | \$696,900 | \$133,584 |
| Total Financial and Derivative Net Assets | \$(901,239) | \$16,835 | \$45,051 | \$(76,556) | \$(788,924) | \$(681,628) | \$(133,584) |
| Total collateral received (pledged) ^{†#} | \$(813,952) | \$— | \$— | \$(76,556) | \$(788,924) | \$(681,628) | \$(110,989) |
| Net amount | \$(87,287) | \$16,835 | \$45,051 | \$— | \$— | \$— | \$(22,595) |
| <i>Controlled collateral received (including TBA commitments)**</i> | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| <i>Uncontrolled collateral received</i> | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| <i>Collateral (pledged) (including TBA commitments)**</i> | \$(813,952) | \$— | \$— | \$(120,988) | \$(842,916) | \$(684,948) | \$(110,989) |

* Excludes premiums, if any. Included in unrealized appreciation and depreciation on OTC swap contracts on the Statement of assets and liabilities.

** Included with Investments in securities on the Statement of assets and liabilities.

† Additional collateral may be required from certain brokers based on individual agreements.

Covered by master netting agreement (Note 1).

Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.

§ Includes current day's variation margin only as reported on the Statement of assets and liabilities, which is not collateralized. Cumulative appreciation/(depreciation) for futures contracts and centrally cleared swap contracts is represented in the tables listed after the fund's portfolio. Collateral pledged for initial margin on futures contracts and centrally cleared swap contracts, which is not included in the table above, amounted to \$204,979 and \$721,924, respectively.

| Goldman Sachs International | JPMorgan Chase Bank N.A. | JPMorgan Securities LLC | Merrill Lynch International | Morgan Stanley & Co. International PLC | Toronto-Dominion Bank | UBS AG | Wells Fargo Bank, N.A. | Total |
|-----------------------------|--------------------------|-------------------------|-----------------------------|--|-----------------------|-------------------|------------------------|----------------------|
| \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$188,562 |
| 2,337 | 220 | 125 | — | — | — | — | — | 6,808 |
| — | — | — | — | — | — | — | — | — |
| — | — | 96 | — | — | — | — | — | 96 |
| 115,611 | — | 67,153 | 93,485 | 387,938 | — | — | — | 928,986 |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| 14,786 | 185,744 | — | — | 28,618 | 21,564 | 105,421 | 36,509 | 781,100 |
| — | — | — | — | 657,915 | — | — | — | 660,743 |
| — | 33,679 | — | — | — | — | — | — | 33,679 |
| \$132,734 | \$219,643 | \$67,374 | \$93,485 | \$1,074,471 | \$21,564 | \$105,421 | \$36,509 | \$2,599,974 |
| — | — | — | — | — | — | — | — | 138,854 |
| 6,537 | — | 1,738 | — | — | — | — | — | 13,470 |
| — | — | — | — | — | — | — | — | 4,657 |
| 367,972 | — | 29,747 | 267,334 | 2,093,992 | — | — | — | 4,627,672 |
| — | — | — | — | — | — | — | — | — |
| — | — | 17,856 | — | — | — | — | — | 17,856 |
| 24,443 | 217,813 | — | — | 30,217 | 17,718 | 71,655 | 32,827 | 919,789 |
| 256,097 | 370,904 | — | — | 1,238,488 | 23,092 | 91,494 | — | 2,806,444 |
| — | 203,318 | — | — | — | — | — | — | 203,318 |
| \$655,049 | \$792,035 | \$49,341 | \$267,334 | \$3,362,697 | \$40,810 | \$163,149 | \$32,827 | \$8,732,060 |
| \$(522,315) | \$(572,392) | \$18,033 | \$(173,849) | \$(2,288,226) | \$(19,246) | \$(57,728) | \$3,682 | \$(6,132,086) |
| \$(522,315) | \$(564,959) | \$— | \$(111,989) | \$(2,288,226) | \$— | \$(19,998) | \$— | |
| \$— | \$(7,433) | \$18,033 | \$(61,860) | \$— | \$(19,246) | \$(37,730) | \$3,682 | |
| \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— | \$— |
| \$(605,901) | \$(564,959) | \$— | \$(111,989) | \$(2,351,764) | \$— | \$(19,998) | \$— | \$(6,228,404) |

Note 9 — New accounting pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-04, Reference Rate Reform (Topic 848) — *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in ASU 2020-04 provide optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021. The discontinuation of LIBOR was subsequently extended to June 30, 2023. ASU 2020-04 is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying this provision.

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, LLC ("Putnam Management") and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"). The Board, 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 considered any possible changes to the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and, as applicable, identified those changes to Putnam Management. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management and its affiliates 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 2021, 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 2021, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At the Trustees' June 2021 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial, performance and other 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 recommendations. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2021. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not attempted to evaluate 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, the costs incurred by Putnam Management in providing services to the fund, and the application of certain reductions and waivers noted below; and
- That the fee schedule in effect for your fund represented an appropriate sharing between fund shareholders and Putnam Management of any

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. For example, with certain exceptions primarily involving newly launched or repositioned funds, the current fee arrangements under the vast majority of the funds' management contracts were first implemented at the beginning of 2010 following extensive review by the Contract Committee and discussions with representatives of Putnam Management, as well as approval by shareholders.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with reduced fee levels as assets under management in the Putnam family of funds increase. 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 fund shareholders. (Two funds have implemented so-called "all-in" management fees covering substantially all routine fund operating costs.)

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 strategy, 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 indicate that changes to the management fee schedule for your fund would be appropriate at this time.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. In order to support the effort to have fund expenses meet competitive standards, the Trustees and Putnam Management and the funds' investor servicing agent, Putnam Investor Services, Inc. ("PSERV"), have implemented expense limitations that were in effect during your fund's fiscal year ending in 2020. These expense limitations were: (i) a contractual expense limitation applicable to specified open-end funds, including your fund, of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified open-end funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds.

Most funds had sufficiently low expenses that these expense limitations were not operative during their fiscal years ending in 2020. However, in the case of your fund, the second expense limitation applied during its fiscal year ending in 2020. Putnam Management and PSERV have agreed to maintain these expense limitations until at least April 30, 2023. In addition, Putnam Management contractually agreed to waive fees and/or reimburse expenses of your fund to the extent that expenses of the fund (excluding payments under the fund's distribution plans, brokerage, interest, taxes, investment-related expenses, extraordinary expenses, and acquired fund fees and expenses) would exceed an annual rate of 0.50% of its average net assets through at least April 30, 2023. During its fiscal year ending in 2020, your fund's expenses were reduced as a result of this expense limitation. The support of Putnam Management and PSERV for these expense limitation arrangements was an important factor in the Trustees' decision to approve the continuance of your fund's management and sub-management contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"). This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fees), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the first 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 second quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2020. The first quintile represents the least expensive funds and the fifth quintile the most expensive funds. The fee and expense data reported by Broadridge as of December 31, 2020 reflected the most recent fiscal year-end data available in Broadridge's database at that time.

In connection with their review of fund management fees and total expenses, 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 the revenues, expenses and profitability of Putnam Management and its affiliates, 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 for the Putnam funds, including the fee schedule for your fund, represented reasonable compensation for the services being provided and represented an appropriate sharing between fund shareholders and Putnam Management of any economies of scale as may exist in the management of the Putnam funds at that time.

The information examined by the Trustees in connection with their annual contract review for the Putnam funds included information regarding services provided and fees charged by Putnam Management and its affiliates to other clients, including defined benefit pension and profit-sharing plans, sub-advised mutual funds, private funds sponsored by affiliates of Putnam Management, model-only separately managed accounts and Putnam Management's newly launched exchange-traded funds. This information included, in cases where a product's investment

strategy corresponds with a fund's strategy, comparisons of those fees with fees charged to the Putnam funds, as well as an assessment of the differences in the services provided to these clients as compared to the services provided to the Putnam funds. The Trustees observed that the differences in fee rates between these clients and the Putnam 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, among other things, historical competitive forces operating in separate marketplaces. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for other clients, and the Trustees also considered the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its other 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 Putnam Management's investment process and performance by the work of the investment oversight committees of the Trustees and the full Board of Trustees, which meet on a regular basis with individual portfolio managers and with senior management 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, in the aggregate, The Putnam Funds generally performed well in 2020, which Putnam Management characterized as a challenging year with significant volatility and varied market dynamics. On an asset-weighted basis, the Putnam funds ranked in the second quartile of their peers as determined by Lipper Inc. ("Lipper") for the year ended December 31, 2020, and, on an asset-weighted-basis, delivered a gross return that was 2.3% ahead of their benchmarks in 2020. In addition to the performance of the individual Putnam funds, the Trustees considered, as they had in prior years, the performance of The Putnam Fund complex versus competitor fund complexes. In this regard, the Trustees observed that The Putnam Funds' relative performance, as reported in the Barron's/Lipper Fund Families survey, continued to be exceptionally strong over the long term, with The Putnam Funds ranking as the 3rd best performing mutual fund complex out of 44 complexes for the ten-year period, with 2020 marking the fourth consecutive year that The Putnam Funds have ranked in the top ten fund complexes for the ten-year period. The Trustees noted that The Putnam Funds' performance was solid over the one- and five-year periods, with The Putnam Funds ranking 22nd out of 53 complexes and 14th out of 50 complexes, respectively. In addition to the Barron's/Lipper Fund Families Survey, the Trustees also considered the funds' ratings assigned by Morningstar Inc., noting that 26 of the funds were four- or five-star rated at the end of 2020 (representing an increase of four funds year-over-year) and that this included seven funds that had achieved a five-star rating (representing an increase of two funds year-over-year). They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2020, and

considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor closely the performance of those funds and evaluate whether additional actions to address areas of underperformance may be warranted.

For purposes of the Trustees' evaluation of the Putnam funds' investment performance, the Trustees generally focus on a competitive industry ranking of each fund's total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and comparisons of those returns to the returns of selected investment benchmarks. In the case of your fund, the Trustees considered that its class IA share cumulative total return performance at net asset value was in the following quartiles of its Lipper peer group (Lipper VP (Underlying Funds) — U.S. Mortgage Funds) for the one-year, three-year, and five-year periods ended December 31, 2020 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

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

Over the one-year, three-year and five-year periods ended December 31, 2020, there were 13, 13, and 11 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 one-year and five-year periods ended December 31, 2020, and considered the circumstances that may have contributed to this disappointing performance. The Trustees considered Putnam Management's observation that the fund's underperformance over the one-year period was driven by significant underperformance in the securitized sector in 2020, which resulted from the outsized impact of the COVID-19 pandemic on the commercial mortgage space. The Trustees also noted Putnam Management's view that the commercial real estate sector was not supported by monetary and fiscal policies to the same extent as other sectors and did not recover as strongly from the downturn in March 2020. The Trustees considered Putnam Management's observation that the fund's prepayment and term structure strategies had performed well in 2020.

In addition, the Trustees noted the fund's strong performance since its repositioning from Putnam VT American Government Income Fund to Putnam VT Mortgage Securities Fund in April 2018 until the onset of the COVID-19 pandemic, as well as the fund's solid performance since the fund was repositioned through March 31, 2021. The Trustees considered Putnam Management's observation that the fund's term structure and prepayment positioning and the rebound in commercial mortgage-backed investments contributed to the fund's top quintile performance year to date, as of March 31, 2021. The Trustees noted that Putnam Management remained confident in the fund's portfolio managers. The Trustees also considered Putnam Management's continued efforts to support fund performance through certain initiatives, including structuring compensation for portfolio managers to enhance

accountability for fund performance, emphasizing accountability in the portfolio management process, and affirming its commitment to a fundamental-driven approach to investing. The Trustees noted further that Putnam Management had made selective hires and internal promotions in 2020 to strengthen its investment team.

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 concerns that may arise from time to time. 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 Putnam Management's willingness to take appropriate measures to address fund performance issues and Putnam Management's responsiveness to Trustee concerns about investment performance, the Trustees concluded that it continued to be advisable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of engaging a new investment adviser for an underperforming fund, with all the attendant risks and disruptions, would not likely provide any greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits 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 predominantly to acquire brokerage and research services (including third-party research and market data) that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. In addition, with the assistance of their Brokerage Committee, the Trustees 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 benefits from payments that the funds make to Putnam Management's affiliates for investor or distribution 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 PSERV and its distributor's contract and distribution plans with Putnam Retail Management Limited Partnership ("PRM"), both of which are affiliates of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV and PRM, as applicable, for such services are fair and reasonable in relation to the nature and quality of such services, the fees paid by competitive funds, and the costs incurred by PSERV and PRM, as applicable, in providing such services. Furthermore, the Trustees were of the view that the investor services provided by PSERV were required for the operation of the funds, and that they were of a quality at least equal to those provided by other providers.

Other important information

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, 2021, are available in the Individual Investors section of putnam.com and on the Securities and Exchange Commission's (SEC) website at 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-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT from the SEC's website at www.sec.gov.

Prior to its use of Form N-PORT, the fund filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

Liquidity risk management program

Putnam, as the administrator of the fund's liquidity risk management program (appointed by the Board of Trustees), presented the most recent annual report on the program to the Trustees in April 2021. The report covered the structure of the program, including the program documents and related policies and procedures adopted to comply with Rule 22e-4 under the Investment Company Act of 1940, and reviewed the operation of the program from January 2020 through December 2020. The report included a description of the annual liquidity assessment of the fund that Putnam performed in November 2020. The report noted that there were no material compliance exceptions identified under Rule 22e-4 during the period. The report included a review of the governance of the program and the methodology for classification of the fund's investments. The report also included a discussion of liquidity monitoring during the period, including during the market liquidity challenges caused by the Covid-19 pandemic, and the impact those challenges had on the liquidity of the fund's investments. Putnam concluded that the program has been operating effectively and adequately to ensure compliance with Rule 22e-4.

Fund information

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Investment Sub-Advisor

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Marketing Services

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Robert L. Reynolds
Manoj P. Singh
Mona K. Sutphen

The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.