

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

PUTNAM CALIFORNIA INVESTMENT GRADE MUNICIPAL TRUST

CIK: **892980** | IRS No.: **046716831** | State of Incorporation: **MA** | Fiscal Year End: **1231**
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PUTNAM
CALIFORNIA
INVESTMENT GRADE
MUNICIPAL TRUST

SEMIANNUAL REPORT
OCTOBER 31, 1994

[LOGO]

BOSTON - LONDON - TOKYO

PERFORMANCE HIGHLIGHTS

- "Investors who buy closed-end funds [shares] at discounts to their net asset values (NAV) both reduce the risk of holding the funds and increase their potential profits should the discounts narrow or even turn into premiums to NAV."
- Kiplinger's Personal Finance Magazine, "Great buys in beaten-down bond funds," November 1994
- Performance should always be considered in light of a fund's investment strategy. Putnam California Investment Grade Municipal Trust is designed for investors seeking high current income free from federal and state income tax, consistent with preservation of capital.

<TABLE>

SEMIANNUAL RESULTS AT A GLANCE

<CAPTION>

TOTAL RETURN:	NAV	MARKET PRICE
<S> (change in value during period plus reinvested distributions) 6 months ended 10/31/94	<C> -1.71%	<C> -6.82%

<CAPTION>

SHARE VALUE	NAV	MARKET PRICE
4/30/94	\$14.49	\$13.875
10/31/94	13.77	12.500

<CAPTION>

DISTRIBUTIONS:	NO.	INCOME	CAPITAL GAINS ¹		
			LONG- TERM	SHORT- TERM	TOTAL
6 months ended 10/31/94					
Common shares	6	\$ 0.465	--	--	\$ 0.465
Preferred shares		\$974.09	--	--	\$974.09

<CAPTION>

CURRENT RETURN:	NAV	MARKET PRICE	TAXABLE EQUIVALENT ²	
			NAV	MARKET PRICE
End of period				

Common shares
Current dividend rate³ 6.75% 7.44% 12.56% 13.84%

<FN>

Performance data represent past results. For performance over longer periods, see page 8. ¹Capital gains are taxable for federal and, in most cases, state tax purposes. For some investors, investment income may also be subject to the federal Alternative Minimum Tax. Investment income may be subject to state and local taxes. ²Assumes maximum 46.24% combined federal and state tax rate. Results for investors subject to lower tax rates would not be as advantageous. ³ Income portion of most recent distribution, annualized and divided by NAV or market price at end of period.

</TABLE>

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[PHOTO]
(c) Karsh, Ottawa

FROM THE CHAIRMAN

DEAR SHAREHOLDER:

IN THIS PERIOD OF UNSETTLED MARKETS, I WANT TO ASSURE YOU THAT THE WIDELY PUBLICIZED FINANCIAL DIFFICULTIES OF ORANGE COUNTY SHOULD NOT BE AMONG YOUR CONCERNS AS FAR AS PUTNAM CALIFORNIA INVESTMENT GRADE MUNICIPAL TRUST IS CONCERNED. AT THE CLOSE OF THE FUND'S SEMIANNUAL PERIOD ON OCTOBER 31, 1994, YOUR FUND HELD NO DIRECT ORANGE COUNTY OBLIGATIONS.

PUTNAM MANAGEMENT, OF COURSE, WILL REMAIN CAUTIOUS UNTIL EVENTS RELATING TO THIS ISSUE ARE RESOLVED. OVER THE LONG TERM, WE CONTINUE TO BELIEVE THERE ARE SUBSTANTIAL BUYING OPPORTUNITIES IN THE CALIFORNIA MUNICIPAL BOND MARKET.

FURTHERMORE, BECAUSE OF YOUR FUND'S BROAD DIVERSIFICATION AND HIGH CREDIT QUALITY, A DEFAULT BY A SINGLE ISSUER WILL GENERALLY HAVE ONLY MINIMAL IMPACT ON THE FUND. THIS SITUATION ALSO REINFORCES THE ADVANTAGE OF BUYING A MUNICIPAL BOND FUND RATHER THAN INDIVIDUAL MUNICIPAL BONDS TO ACHIEVE THE BENEFIT OF DIVERSIFICATION.

IN THE REPORT THAT FOLLOWS, FUND MANAGER THOMAS GOGGINS DISCUSSED THE FUND'S PERFORMANCE DURING THE FIRST HALF OF FISCAL 1994 AND THE OUTLOOK FOR THE SECOND HALF.

RESPECTFULLY YOURS,

/S/ GEORGE PUTNAM

GEORGE PUTNAM
CHAIRMAN OF THE TRUSTEES
DECEMBER 14, 1994

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REPORT FROM THE FUND MANAGER
THOMAS GOGGINS

Throughout the six months ended October 31, 1994, the broad deterioration of bond prices--a direct result of rising interest rates and investor uncertainty--was reflected in the prices of both taxable and municipal bond funds. In fact, it could be said that calendar 1994 has been one of the most challenging years in recent history for fixed-income investments, particularly for single-state municipal bond funds. Putnam California Investment Grade Municipal Trust was not immune to the performance-dampening effects of investor apprehension and a tighter monetary policy.

However, we encourage you to keep in mind that a mutual fund investment, particularly one that emphasizes long-term municipal bonds in its portfolio, requires a long-term view and that market corrections are a

natural part of any business cycle. We remain committed to providing you with hands-on management while pursuing the best opportunities that occur under any type of market condition.

-- BALANCING INCOME AND TOTAL RETURN IN A RISING INTEREST RATE ENVIRONMENT

Despite the market's turbulence, the fund succeeded in providing you with a high level of tax-free income throughout the period. A taxable investment at the maximum combined federal and state rate of 46.24% would have had to provide a current return of 12.56% to equal the fund's 6.75% current dividend rate at net asset value on October 31, 1994. In today's low inflation, high-tax environment, we believe these figures represent attractive real rates of return, even for investors in lower tax brackets.

The fund was able to provide you with a high tax-free income stream primarily because it continued to emphasize long-term bonds in its portfolio. The probability of further interest rate increases caused many investors to flee to the comparable safety of tax-free money market instruments. Thus, even

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though rates were on the rise, the increased demand helped keep yields on these short-term securities low. Had we liquidated your fund's long-term bond positions and redeployed assets into short-term municipal securities, we would have cushioned the fund's net asset value to a greater extent, but the net investment income would have dropped substantially. Considering the fund's current-income objective, we believe our decision to maintain the fund's long-term bond positions was the appropriate choice.

As you may know, the fund issued and sold preferred shares to institutional investors in fiscal 1993. We believe the timing was fortunate because rates on medium-term tax-free investments were low. A form of leveraging, this strategy continues to play an important role in bolstering the portfolio's income potential. Since the issuance of these preferred shares, we've been able to reinvest the proceeds in higher-paying, long-term bonds. A portion of the income that continues to be generated from these higher-paying bonds is distributed to the fund's common shareholders, enhancing their monthly dividend.

As a result of the recent increased demand for the safety of short-term tax-free investments, the municipal yield curve has remained steep. We believe this trend continues to make the fund's use of leveraging an attractive income-generating strategy. At period's end, 20% of the fund's net assets remained leveraged.

CREDIT QUALITY OVERVIEW

[PIE CHART]

A bond rated BBB or higher is considered investment grade. All ratings reflect Standard & Poor's [Registration Mark] descriptions, unless noted otherwise. Based on net assets as of 10/31/94.

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-- AN EMPHASIS ON PREMIUM COUPONS, HIGHER CREDIT QUALITY

In an attempt to mitigate the effects of current volatility without sacrificing yield, we've increased the fund's weighting in premium-coupon bonds--those selling at prices above their par value. As these bonds typically offer coupons higher than current rates, they tend to be less seriously affected when prices decline, which should help reduce the fund's overall price volatility. Some of the fund's recent housing-sector acquisitions were of this type. We've increased the fund's exposure to state-appropriated and insured California bonds,

and also reined in duration by a couple of years.

We've sought to increase the portfolio's overall credit quality, while at the same time taking advantage of some unusually attractive yield situations. We believe the entertainment, biotechnology, and health care industries within California hold particular promise for growth. Our extensive research into these areas has already produced new investment prospects for your fund.

One issue that particularly caught our attention is Berkeley Alta Bates Hospital. A turnaround situation, the hospital posted some discouraging figures on its financial statement in years past. Our analysts met with the hospital's management on several occasions to discuss the losses and their proposed strategies to rectify the situation. We believe their proposals held merit, so we have maintained significant holdings at the hospital's bonds this year.

Despite California's widely publicized difficulties, including the most recent events in Orange County, the state's overall economy is showing signs of recovery. In fact, we believe the strength of its rebound and influence on business momentum may come as a surprise to many. With one of the largest economies in the world, California stands to benefit from any positive global economic developments, such as the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA). We believe California businesses are also well positioned, both culturally and geographically, to benefit from the explosive growth occurring in many Pacific Rim economies.

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<TABLE>

<S>	<C>
TOP INDUSTRY SECTORS*	
-----	-----
Utilities	14.2%
-----	-----
Hospitals	12.5%
-----	-----
Water/Sewer	7.0%
-----	-----
Transportation	6.7%
-----	-----
Housing	5.4%
-----	-----

<FN>

* Based on net assets on 10/31/94.

</TABLE>

Admittedly, the acute mismanagement of one municipality's finances has created skepticism about many of California's municipal securities. However, we are not overly concerned. Your fund's investments have had the benefit through research and are continuously monitored by an experienced team of 14 credit analysts and eight veteran portfolio managers. We will, of course, remain cautious until recent events have been resolved.

-- POSITIONING FOR A POSSIBLE MARKET RISE

While investing in a down market can be psychologically difficult, we believe doing so can also lead to profitability over the long term. Today's post-correction prices actually represent a buying opportunity. For the long-term investor, acquiring shares at reduced prices--either through direct purchase or reinvestment of dividends--creates a larger income-generating share base for the future.

We currently believe the recovery potential of California municipal bonds is among the strongest of all fixed-income investments, although we anticipate continued volatility over the near term. Favorable market trends, such as an anticipated supply/demand imbalance, bode well for the municipal market, both regionally and nationally. Year-to-date new issuance for municipal bonds has dropped by more than 40% on a national level and roughly 36% on a state level. We believe the decreased supply, combined with growing investor demand for tax relief, speaks strongly for the appreciation potential of municipal bonds.

As experienced bond fund investors have learned, time generally favors

those with patience and vision.

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PERFORMANCE SUMMARY

This section provides, at a glance, information about your fund's performance. Total return shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions back into the fund. We show total return in two ways: on a cumulative long-term basis and on average how the fund might have grown each year over varying periods. For comparative purposes, we show how the fund performed relative to appropriate indexes and benchmarks.

<TABLE>

TOTAL RETURN FOR PERIODS ENDED 10/31/94

<CAPTION>

	NAV	MARKET PRICE	LEHMAN BROS. MUNICIPAL BOND INDEX	CPI
<S>	<C>	<C>	<C>	<C>
6 months	-1.71%	- 6.82%	-0.85%	1.43%
1 year	-7.45	-13.65	-4.36	2.61
Life of fund (since 11/27/92)	11.53	- 5.38	7.19	5.28
Annual average	5.81	- 2.82	3.66	2.70

</TABLE>

<TABLE>

TOTAL RETURN FOR PERIODS ENDED 9/30/94
(most current calendar quarter)

<CAPTION>

	NAV	MARKET PRICE
<S>	<C>	<C>
6 months	1.81%	-2.16%
1 year	-4.48	-8.57
Life of fund (since 11/27/92)	15.04	-0.31
Annual average	7.91	-0.17

<FN>

Performance data represent past results. Investment returns, net asset value and market price will fluctuate so an investor's shares, when sold, may be worth more or less than their original cost. Fund performance data do not take into account any adjustment for taxes payable on reinvested distributions.

</TABLE>

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TERMS AND DEFINITIONS

NET ASSET VALUE (NAV) is the value of all your fund's assets, minus any liabilities, the liquidation preference and cumulative undeclared dividends paid on the remarketed preferred shares, divided by the number of outstanding common shares.

MARKET PRICE is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on the

COMPARATIVE BENCHMARKS

LEHMAN BROTHERS MUNICIPAL BOND INDEX is an unmanaged list of long-term fixed-rate investment-grade tax-exempt bonds representative of the municipal bond market. The index does not take into account brokerage commissions or other costs, may include bonds different from those in the fund, and may pose different risks than the fund.

CONSUMER PRICE INDEX (CPI) is a commonly used measure of inflation; it does not represent an investment return.

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<TABLE>

PORTFOLIO OF INVESTMENTS OWNED
October 31, 1994 (Unaudited)

<CAPTION>

MUNICIPAL BONDS AND NOTES (102.9%) (A)

PRINCIPAL AMOUNT

<S> <C>

RATINGS (B)

VALUE

<C> <C>

CALIFORNIA (99.5%)

PRINCIPAL AMOUNT		RATINGS (B)	VALUE
<S>	<C>	<C>	<C>
\$3,000,000	Berkeley, Hlth. Fac. Rev. Bonds (Alta Bates Medical Center Project), 6.55s, 12/1/22	Baa	\$2,673,750
1,020,000	CA Educ. Fac. Auth. Rev. Bonds College & Univ. Fings., Ser. B, 61\4s, 6/1/18	Baa	897,600
1,100,000	CA Health Facs. Fing. Auth. Variable Rate Demand Notes (VRDN) (Sutter Hlth.), Ser. A, 31\2s, 3/1/20	VMIGI	1,100,000
2,955,000	CA Health Facs. Fing. Auth. Rev. Bonds, (Pacific Presbyterian), Ser. B, 63\4s, 6/1/15	A	2,829,412
8,500,000	CA Hsg. Fin. Agcy. Home Mtge. Rev. Bonds, Ser. D, zero %, 8/1/20	Aa	1,147,500
2,885,000	CA Poll. Control Fin. Auth. Rev. Bonds (Pacific Gas & Elec. Project), Ser. B, 87\8s, 1/1/10	A	3,184,319
1,700,000	CA Poll. Control Fin. Auth. VRDN (Shell Oil Comp. Project), Ser. B, 31\2s, 10/1/11	VMIGI	1,700,000
1,100,000	(Shell Oil Comp. Project), Ser. A, 31\4s, 10/1/10	VMIGI	1,100,000
3,300,000	CA Poll. Control Fin. Auth. Solid Waste Disposal Rev. Bonds (Keller Canyon Landfill Co. Project), 67\8s, 11/1/27	A	3,180,375
2,000,000	CA State Dept. of Wtr. Resources Residual Interest Bonds (RIBS) (Central Valley Project), 9.963s, 12/1/12 (acquired 11/27/92, cost \$2,198,104) (c)	AA	2,222,500
2,000,000	CA State Pub. Works Board Lease Rev. Bonds (Dept. of Corrections), Ser. A, 7s, 11/1/19	A	1,995,260
2,500,000	(CA State U. Projects), Ser. A, 6.7s, 10/1/17	A	2,400,000
5,500,000	(CA State U. Projects), Ser. A, 6.6s, 12/1/22	AAA	5,926,250
1,000,000	Campbell, Certifs. of Participation (Civic Ctr. Project), 63\4s, 10/1/17	A	972,500
1,500,000	Carson, Redev. Agcy. Rev. Bonds (Redev. Project Area No. 1), 63\8s, 10/1/16	Baa	1,357,500
2,700,000	Central Valley, Fing. Auth. Rev. Bonds (CA Cogeneration Project), 6.2s, 7/1/20	BBB	2,362,500
3,150,000	Irvine Ranch, Wtr. Dist. Jt. Pwr. Agcy. Loc. Pool. Rev. Bonds, 81\4s, 8/15/23	A	3,366,562
1,000,000	Irvine Ranch, Wtr. Dist. (Cons Dist. Nos. 105, 250, 290), VRDN, 4.45s, 8/1/16	VMIGI	1,000,000
1,000,000	Loma Linda, Hosp. Rev. Bonds (Loma Linda Univ. Med. Ctr. Project), Ser. A, 6s, 12/1/23	BBB	810,000
750,000	Los Alamitos, Unified School Dist. Spl. Tax Bonds (Cmnty Facs. Dist. No. 90-1), 61\4s, 8/15/23	BAA1	681,563
3,925,000	Los Angeles Cnty., Certifs. of Participation (Disney Pkg. Project), 61\2s, 3/1/23	A	3,660,063
5,500,000	Northn. CA Pwr. Agcy. Multi. Cap. Facs. RIBS, Municipal Bonds Insurance Assn. (MBIA), 9.324s, 9/2/25(d)	AAA	5,238,750
2,000,000	Palmdale, Civic Auth. Rev. Bonds (Merged Redevelopment Project), Ser. A, 6.6s, 9/1/34	AAA	1,842,500

</TABLE>

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<TABLE>

<CAPTION>

MUNICIPAL BONDS AND NOTES

PRINCIPAL AMOUNT

<S>

<C>

RATINGS (B)

VALUE

<C>

<C>

CALIFORNIA (continued)

PRINCIPAL AMOUNT		RATINGS (B)	VALUE
<S>	<C>	<C>	<C>
\$1,500,000	Petaluma Cmnty. Dev. Commission Rev. Bonds (Park Lane Apts. Project), Ser. A, Government National Mortgage Association (GNMA) Coll., 67\8s, 11/20/34	AAA	\$ 1,475,625
1,660,000	Poway, Certifs. of Participation, Financial Security Assurance, Inc. (FSA), (Cap. Impt. Project), 7s, 7/1/20	AAA	1,664,150
4,000,000	Rancho, Wtr. Dist. Fin. Auth. RIBS, American Municipal Bond Assurance Corp. (AMBAC), 9.17s, 8/17/21(d)	AAA	4,485,000
1,655,000	Richmond, Joint Pwrs. Fing. Auth. Rev. Bonds, Ser. B, 81\2s, 9/2/19	BBB/P	1,712,925
2,890,000	Riverside, Hosp. Rev. Bonds (Riverside Cmnty. Hosp.) Ser. A, 63\4s, 11/1/15	BBB	2,629,900
2,000,000	San Francisco City & Cnty. Rdv. Agcy. Multi. Family Rev. Rfdg. (South Beach Project), GNMA Coll., 5.7s, 3/1/29	Aaa	1,700,000
1,000,000	San Joaquin Hills, Trans. Corridor Agcy. Toll Rd. Rev. Bonds (Senior Lien), 63\4s, 1/1/32	BB/P	906,250
2,500,000	San Joaquin Hills, Trans. Corridor Agcy. Toll Rd. Rev. Bonds (Senior Lien), 5s, 1/1/33	BB/P	1,706,250
1,000,000	Santa Barbara, Certif. of Participation (Harbor Rfdg. Project), 63\4s, 10/1/27	A	962,500
1,400,000	Santa Maria, Certif. of Participation Rev. Bonds (Marian Med. Ctr. Project), 63\4s, 9/1/22	A	1,302,000
500,000	Southern CA Pub. Pwr. Auth. Rev. Bonds (Transmission Project), Ser. A, 7.3s, 7/1/08	AA	527,500
1,000,000	Torrance Memorial Hospital Rev. Bonds (Little Co. of Mary Hosp.), 67\8s, 7/1/15	A	963,750
4,500,000	Vallejo, Certif. of Participation (Marine World Foundation), 8.1s, 2/1/21	BBB/P	4,606,875
	West Contra Costa Union School Dist. Certif. of Participation		
1,860,000	71\8s, 1/1/24	Ba	1,734,450
1,140,000	67\8s, 1/1/09	Ba	1,081,575
			79,107,654

PUERTO RICO (3.4%)

2,500,000	Cmnwlth. of Puerto Rico, Hwy. & Trans. Auth. Rev. Bonds, Ser. T, 61\2s, 7/1/22	AAA	2,678,125
	TOTAL INVESTMENTS (cost \$82,655,663) (e)		\$81,785,779

</TABLE>

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NOTES

- (a) Percentages indicated are based on total net assets of \$79,480,005. Net assets available to common shareholders are \$63,480,005, which correspond to a net asset value per common share of \$13.78.
- (b) The Moody's or Standard & Poor's ratings indicated are believed to be the most recent ratings available at October 31, 1994 for the securities listed. Ratings are generally ascribed to securities at the time of issuance. While the agencies may from time to time revise such ratings, they undertake no obligation to do so, and the ratings do not necessarily represent what the agencies would ascribe to these securities at October 31, 1994. Securities rated by Putnam are indicated by "P" and are not publicly rated.
- (c) Restricted as to public resale. At the date of acquisition this security was valued at cost. There were no outstanding unrestricted securities of the same class as that held. The market value of the

restricted security owned at October 31, 1994 was \$2,222,500 or 2.8% of net assets.

- (d) These securities were pledged to cover margin requirements for futures contracts at October 31, 1994. The market value of segregated securities with the custodian for transactions on futures contracts is \$9,723,750 or 12.2% of net assets.
- (e) The aggregate identified cost on a tax basis \$82,655,663 resulting in gross unrealized appreciation and depreciation of \$1,546,253 and \$2,416,137 respectively, or net unrealized depreciation of \$869,884.

<TABLE>

The Fund had the following industry group concentrations greater than 10% on October 31, 1994 (as a percentage of net assets):

Utilities	14.2%
Health Care	12.5

Futures Contracts Outstanding at October 31, 1994

<CAPTION>

	TOTAL VALUE	AGGREGATE FACE VALUE	EXPIRATION DATE	UNREALIZED APPRECIATION
<S>	<C>	<C>	<C>	<C>
U.S. Treasury Bond Futures (Sell)	\$3,933,750	\$3,949,688	Dec. 94	\$15,938

</TABLE>

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

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STATEMENT OF ASSETS AND LIABILITIES
October 31, 1994 (Unaudited)

<TABLE>

<S>	<C>
ASSETS	
Investments in securities, at value (identified cost \$82,655,663) (Note 1)	\$81,785,779
Cash	791,320
Receivable for securities sold	1,762,287
Interest receivable	1,515,089
Unamortized organization expenses (Note 1)	5,683
TOTAL ASSETS	85,860,158
LIABILITIES	
Distributions payable to shareholders	409,038
Payable for compensation of Manager (Note 3)	147,637
Payable for compensation of Trustees (Note 3)	225
Payable for investor servicing and custodian fees (Note 3)	14,239
Payable for securities purchased	5,774,337
Payable for administrative services (Note 3)	3,237
Other accrued expenses	31,440
TOTAL LIABILITIES	6,380,153

NET ASSETS	\$79,480,005
REPRESENTED BY	
Remarketed preferred shares, without par value; 320 shares authorized (320 shares issued at \$50,000 per share liquidations preference) (Note 2)	\$16,000,000
Common shares, without par value; unlimited shares authorized; 4,607,092 shares outstanding	64,177,325
Undistributed net investment income	189,056
Accumulated net realized loss on investments	(32,430)
Net unrealized depreciation of investments	(853,946)
NET ASSETS	\$79,480,005
COMPUTATION OF NET ASSET VALUE	
Remarketed preferred shares at liquidation preference	\$16,000,000
Cumulative undeclared capital gain dividends on remarketed preferred shares	38,483
Net assets allocated to remarketed preferred shares at liquidation preference	16,038,483
Net assets available to common shares: Net asset value per share \$13.77 (\$63,441,522 divided by 4,607,092 shares)	63,441,522
NET ASSETS	\$79,480,005

</TABLE>

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

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STATEMENT OF OPERATIONS
For the six months ended October 31, 1994 (Unaudited)

<TABLE>

<S>	<C>
TAX EXEMPT INTEREST INCOME	\$ 2,822,004
EXPENSES:	
Compensation of Manager (Note 3)	\$ 294,531
Investor servicing and custodian fees (Note 3)	41,012
Compensation of Trustees (Note 3)	3,913
Auditing	21,560
Amortization of organization expenses (Note 1)	1,651
Reports to shareholders	20,737
Legal	5,807
Postage	6,692
Administrative services	4,011
Registration fees	402
Exchange listing fee	4,262

Preferred share remarketing agent fees	2,000
Other	2,138
Total expenses	408,716
Net investment income	2,413,288
Net realized loss on investments (Notes 1 and 3)	(843,317)
Net realized gain on futures	170,276
Net unrealized depreciation of investments during the period	(2,618,237)
Net loss on investments	(3,291,278)
Net decrease in net assets resulting from operations	\$ (877,990)

</TABLE>

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

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<TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<CAPTION>

	SIX MONTHS ENDED OCTOBER 31	YEAR ENDED APRIL 30
	1994*	1994
<S> DECREASE IN NET ASSETS	<C>	<C>
Operations:		
Net investment income	\$ 2,413,288	\$ 4,762,519
Net realized gain (loss) on investments	(843,317)	1,167,376
Net realized gain on futures	170,276	209
Net unrealized depreciation of investments	(2,618,237)	(2,940,139)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	(877,990)	2,989,965
Distributions to remarketed preferred shareholders from:		
Net investment income	(311,708)	(578,383)
Net realized gains	--	(84,851)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHAREHOLDERS (excluding cumulative undeclared capital gain dividends on remarketed preferred shares of \$38,483 and \$38,483, respectively)	(1,189,698)	2,326,731
Distributions to common shareholders from:		
Net investment income	(2,143,302)	(4,284,931)
Net realized gains	--	(829,261)
Underwriting commissions and offering costs on remarketed preferred shares (Note 2)	--	(46,642)
TOTAL DECREASE IN NET ASSETS	(3,333,000)	(2,834,103)
NET ASSETS		
Beginning of period	82,813,005	85,647,108

END OF PERIOD (including undistributed net investment income of \$189,056 and \$230,778, respectively) \$79,480,005 \$82,813,005

NUMBER OF FUND SHARES

Common shares outstanding at beginning of period	4,607,092	4,607,092
Shares issued in public offering	--	--
COMMON SHARES OUTSTANDING AT END OF PERIOD	4,607,092	4,607,092
Remarketed preferred shares at beginning of period	320	320
Remarketed preferred shares issued in public offering	--	--
REMARKETED PREFERRED SHARES OUTSTANDING AT END OF PERIOD	320	320

</TABLE>

* Unaudited.

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<TABLE>

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout the period)

<CAPTION>

	SIX MONTHS ENDED OCTOBER 31	YEAR ENDED APRIL 30	FOR THE PERIOD NOVEMBER 27, 1992 (COMMENCEMENT OF OPERATIONS) TO APRIL 30
	1994	1994	1993
<S>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 14.49	\$ 15.12	\$ 14.02*
INVESTMENT OPERATIONS:			
Net investment income	.52	1.03	.41 (a)
Net realized and unrealized gain (loss) on investments	(.70)	(.40)	1.12
TOTAL FROM INVESTMENT OPERATIONS	(.18)	.63	1.53
Less distributions from:			
Net investment income:			
to preferred shareholders	(.07)	(.12)	(.03)**
to common shareholders	(.47)	(.93)	(.31)
Net realized gain			
to preferred shareholders	--	(.02)	--
to common shareholders	--	(.18)	--
TOTAL DISTRIBUTIONS	(.54)	(1.25)	(.34)
Preferred share offering costs	--	(.01)	(.09)**
NET ASSET VALUE, END OF PERIOD (common shares)	\$ 13.77	\$ 14.49	\$ 15.12
MARKET VALUE, END OF PERIOD (common shares)	\$ 12.50	\$ 13.88	\$ 14.88
TOTAL INVESTMENT RETURN AT MARKET VALUE (common shares) (%) (b)	(6.82) (d)	0.31	1.23 (d)
NET ASSETS, END OF PERIOD (total fund) (in thousands)	\$79,480	\$82,813	\$85,647

Ratio of expenses to average net assets (%) (c)	0.61(d)	1.07	.33(a) (d)
Ratio of net investment income to average net assets (%) (c)	3.16(d)	5.84	2.69(a) (d)
Portfolio turnover rate(%)	46.82(d)	54.06	43.46(d)

<FN>

* Represents initial net asset value of \$14.10 less offering expenses of approximately \$0.08.

** Preferred shares were issued on February 18, 1993.

(a) Reflects a waiver of the management fee for the period November 27, 1992 to February 19, 1993. As a result of such waiver, expenses of the fund for the period ended April 30, 1993 reflect a reduction of approximately \$0.02 per share.

(b) Total investment return assumes dividend reinvestment and does not reflect the effect of sales charges.

(c) Ratios reflect net assets available to common shares only; net investment income ratio also reflects reduction for dividend payments to preferred shareholders.

(d) Not annualized.

</TABLE>

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NOTES TO FINANCIAL STATEMENTS
October 31, 1994 (Unaudited)

NOTE 1
SIGNIFICANT ACCOUNTING POLICIES

The fund is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The fund's investment objective is to seek high current income exempt from federal income tax and California personal income tax. The fund intends to achieve its objective by investing in investment grade municipal securities constituting a portfolio that the fund's Manager believes to be consistent with preservation of capital.

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

A SECURITY VALUATION Tax-exempt bonds and notes are stated on the basis of valuations provided by a pricing service, approved by the Trustees, which uses information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities in determining value. The fair value of restricted securities is determined by the Manager following procedures approved by the Trustees, and such valuations and procedures are reviewed periodically by the Trustees.

B SECURITY TRANSACTIONS AND RELATED INVESTMENT INCOME Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is recorded on the accrual basis.

C DETERMINATION OF NET ASSET VALUE Net asset value of the common shares is determined by dividing the value of all assets of the fund (including accrued interest and dividends), less all liabilities (including accrued expenses), and the liquidation value of any outstanding remarketed preferred shares, by the total number of common shares outstanding.

D FEDERAL TAXES It is the policy of the fund to distribute all of its income within the prescribed time and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Internal Revenue Code of 1986. Therefore, no provision has been made for federal taxes on income or capital gains of securities held or excise tax on income and capital gains.

E DISTRIBUTIONS TO SHAREHOLDERS Distributions to common shareholders are recorded by the fund on the ex-dividend date. Distributions to preferred

shareholders are recorded daily by the fund and paid at the end of each dividend period. Each dividend period for the remarketed preferred shares is generally a 30-day period until January 13, 1995. The applicable dividend rate for the remarketed preferred shares on October 31, 1994 was 3.90% per annum and fixed until January 13, 1995. Each subsequent dividend period will generally be a 28-day period and the applicable dividend rate will be the dividend rate determined by the remarketing agent.

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from

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generally accepted accounting principles. These differences include treatment of organization expenses, wash sales and futures contracts. Reclassifications are made to the fund's capital accounts at the close of the fund's fiscal year to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations.

F AMORTIZATION OF BOND PREMIUM AND DISCOUNT Any premium resulting from the purchase of securities in excess of maturity value is amortized on a yield-to-maturity basis. Discount on zero-coupon bonds, stepped-coupon bonds and original issue discount bonds is accreted according to the effective yield method.

G UNAMORTIZED ORGANIZATION EXPENSES Expenses incurred by the fund in connection with its organization aggregated \$12,024. These expenses are being amortized on a straight-line basis over a five-year period.

H FUTURES A futures contract is an agreement between two parties to buy or sell a security at a set price on a future date. Upon entering into such a contract the fund is required to pledge to the broker an amount of cash or U.S. government securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contract, the fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as "variation margin," and are recorded by the fund as unrealized gains or losses. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The potential risk to the fund is that the change in value of the underlying securities may not correspond to the change in value of the futures contracts.

NOTE 2

REMARKETED PREFERRED SHARES

On February 18, 1993, the fund issued 320 Remarketed Preferred Shares. Proceeds to the fund before, underwriting expenses of \$280,000 and offering expenses of \$191,443, amounted to \$16,000,000. Such offering expenses and the fund's underwriting expenditures were paid initially by Putnam Investment Management, Inc. (Putnam Management), the fund's Manager, a wholly owned subsidiary of Putnam Investments, Inc., and the fund is obligated to reimburse the Manager for such costs. These expenses were charged against net assets of the fund available to common shareholders. The remarketed preferred shares are redeemable at the option of the fund on any remarketing date at a redemption price of \$50,000 per share, plus an amount equal to any dividends accumulated on a daily basis but unpaid through the redemption date (whether or not such dividends have been declared) and, in certain circumstances, a call premium. There were no unpaid dividends on remarketed preferred shares at October 31, 1994.

It is anticipated that dividends paid to holders of remarketed preferred shares will be considered tax-exempt dividends under the Internal Revenue Code of 1986, as amended. To the extent that the fund earns taxable income and capital gains by the conclusion of a fiscal year, it is required to apportion to the holders of the remarketed preferred shares throughout that year additional dividends as necessary to result in an after-tax yield equivalent to the applicable dividend rate for the period.

Under the Investment Company Act of 1940, the fund is required to maintain asset coverage of at least 200% with respect to the remarketed preferred shares as of the last business day of each month in which any such shares are outstanding. Additionally, the fund is required to meet more stringent asset

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coverage requirements under the terms of the remarketed preferred shares and the shares' rating agencies. Should these requirements not be met, or should dividends accrued on the remarketed preferred shares not be paid, the fund may be restricted in its ability to declare dividends to common shareholders or may be required to redeem certain of the remarketed preferred shares. At October 31, 1994, there were no such restrictions on the fund.

NOTE 3

MANAGEMENT FEE, ADMINISTRATIVE SERVICES, AND OTHER TRANSACTIONS

Compensation of Putnam Management, the fund's Manager, for management and investment advisory services is paid quarterly based on the average net assets of the fund, including net assets attributable to remarketed preferred shares. Such fee is based on the annual rate of 0.70% of the first \$500 million of the average net asset value of the fund, 0.60% of the next \$500 million, 0.55% of the next \$500 million and 0.50% of any excess amount \$1.5 billion of such average net asset value.

If dividends payable on remarketed preferred shares during any dividend payment period plus any expenses attributable to remarketed preferred shares for that period exceed the fund's net income attributable to the proceeds of the remarketed preferred shares during that period, then the fee payable to Putnam Management for that period will be reduced by the amount of the excess (but not more than .70% of the liquidation preference of the remarketed preferred shares outstanding during the period).

The fund also reimburses the Manager 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. For the six months ended October 31, 1994, the fund paid \$4,011 for these services. Trustees of the fund receive an annual Trustee's fee of \$530 and an additional fee for each Trustees' meeting attended. Trustees who are not interested persons of the Manager and who serve on committees of the Trustees receive additional fees for attendance at certain committee meetings.

Custodial functions for the fund's assets are provided by Putnam Fiduciary Trust Company (PFTC), a subsidiary of Putnam Investments, Inc. Investor servicing agent functions are provided by Putnam Investor Services, a division of PFTC. Fees paid for these investor servicing and custodial functions for the six months ended October 31, 1994 amounted to \$41,012.

Investor servicing and custodian fees reported in the Statement of operations for the six months ended October 31, 1994 have been reduced by credits allowed by PFTC.

NOTE 4

PURCHASES AND SALES OF SECURITIES

During the six months ended October 31, 1994, purchases and sales of investment securities other than short-term investments aggregated \$41,828,385 and \$36,496,678, respectively. Purchases and sales of short-term municipal obligations aggregated \$33,300,000 and \$33,900,000, respectively. In determining the net gain or loss on securities sold, the cost of securities has been determined on the identified cost basis.

<TABLE>

The following is a summary of futures contracts activity during the period:

<CAPTION>

SALES OF FUTURES CONTRACTS

	NUMBER OF CONTRACTS	AGGREGATE FACE VALUE
<S>	<C>	<C>
Contracts open at beginning of period	60	\$ 6,385,459
Contracts opened	434	43,699,319
Contracts closed	(454)	(46,135,090)
OPEN AT END OF PERIOD	40	\$ 3,949,688

</TABLE>

<TABLE>
 SELECTED QUARTERLY DATA
 (Unaudited)*

<CAPTION>

	THREE MONTHS ENDED			
	OCTOBER 31	JULY 31	APRIL 30	JANUARY 31
	1994	1994	1994	1994
<S>	<C>	<C>	<C>	<C>
TOTAL INVESTMENT INCOME				
Total	\$ 1,465,080	\$ 1,356,924	\$ 1,365,012	\$ 1,383,360
Per share++	\$.32	\$.29	\$.29	\$.30
NET INVESTMENT INCOME AVAILABLE TO COMMON SHAREHOLDERS				
Total	\$ 1,092,630	\$ 1,008,950	\$ 1,004,269	\$ 1,077,194
Per share++	\$.23	\$.22	\$.21	\$.24
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Total	\$ (3,778,702)	\$ 487,424	\$ (6,920,597)	\$ 705,801
Per share++	\$ (.81)	\$.11	\$ (1.51)	\$.15
NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS				
Total	\$ (2,686,072)	\$ 1,496,374	\$ (6,001,179)	\$ 1,782,995
Per share++	\$ (.57)	\$.33	\$ (1.32)	\$.39
NET ASSETS AVAILABLE TO COMMON SHAREHOLDERS AT END OF PERIOD				
Total	\$63,441,522	\$67,199,203	\$66,774,522	\$73,881,488
Per share++	\$ 13.77	\$ 14.59	\$ 14.49	\$ 16.04

</TABLE>

<TABLE>
 <CAPTION>

	FOR THE PERIOD NOVEMBER 27, 1992 (COMMENCEMENT OF OPERATIONS) TO			
	OCTOBER 31	JULY 31	APRIL 30+	JANUARY 31
	1993	1993	1993	1993
<S>	<C>	<C>	<C>	<C>
TOTAL INVESTMENT INCOME				
Total	\$ 1,399,089	\$ 1,384,972	\$ 1,381,531	\$ 715,956
Per share++	\$.31	\$.30	\$.31	\$.15
NET INVESTMENT INCOME AVAILABLE TO COMMON SHAREHOLDERS				
Total	\$ 1,045,563	\$ 1,057,110	\$ 1,052,874	\$ 705,897
Per share++	\$.23	\$.23	\$.23	\$.15
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Total	\$ 2,986,551	\$ 1,455,691	\$ 2,824,038	\$ 2,267,530
Per share++	\$.65	\$.31	\$.61	\$.51

NET INCREASE (DECREASE) IN NET ASSETS AVAILABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS				
Total	\$ 4,032,114	\$ 2,512,801	\$ 3,876,912	\$ 2,973,427
Per share++	\$.88	\$.54	\$.84	\$.66
NET ASSETS AVAILABLE TO COMMON SHAREHOLDERS AT END OF PERIOD				
Total	\$74,010,364	\$71,088,472	\$69,647,108	\$67,226,650
Per share++	\$ 16.06	\$ 15.43	\$ 15.12	\$ 14.59

<FN>

* In connection with the initial offering of shares of the fund, Putnam Investment Management agreed to waive its management fee for the period November 27, 1992 (commencement of operation) to February 19, 1993.

+ Preferred shares were issued on February 18, 1993.

++ Per common share.

</TABLE>

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FUND INFORMATION

INVESTMENT MANAGER
Putnam Investment Management, Inc.
One Post Office Square
Boston, MA 02109

MARKETING SERVICES
Putnam Mutual Funds Corp.
One Post Office Square
Boston, MA 02109

CUSTODIAN
Putnam Fiduciary Trust Company

LEGAL COUNSEL
Ropes & Gray

TRUSTEES
George Putnam, Chairman
William F. Pounds, Vice Chairman
Jameson Adkins Baxter
Hans H. Estin
John A. Hill
Elizabeth T. Kennan
Lawrence J. Lasser
Robert E. Patterson
Donald S. Perkins
George Putnam, III
A.J.C. Smith
W. Nicholas Thorndike

OFFICERS
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President

Charles E. Porter
Executive Vice President

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Senior Vice President

Lawrence J. Lasser
Vice President

Gordon H. Silver
Vice President

Gary N. Coburn
Vice President

James E. Erickson
Vice President

Blake Anderson
Vice President

Thomas C. Goggins
Vice President and Fund Manager

William N. Shiebler
Vice President

John R. Verani
Vice President

Paul M. O'Neil
Vice President

John D. Hughes
Vice President and Treasurer

Beverly Marcus
Clerk and Assistant Treasurer

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Call 1-800-225-1581 weekdays from 9 a.m. to 5 p.m., Eastern Time for up-to-date information about the fund's NAV or to request Putnam's Quarterly Closed-End Fund Commentary.

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PUTNAM INVESTMENTS

THE PUTNAM FUNDS
ONE POST OFFICE SQUARE
BOSTON, MASSACHUSETTS 02109

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