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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PUTNAM ASSET ALLOCATION FUNDS
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Business Address
ONE POST OFFICE SQUARE
BOSTON MA 02109
6172921010

PUTNAM ASSET ALLOCATION FUNDS

SEMIANNUAL REPORT

MARCH 31, 1995

[LOGO]
BOSTON * LONDON * TOKYO

PERFORMANCE HIGHLIGHTS

PUTNAM ASSET ALLOCATION FUNDS consist of three portfolios, which target investors' various life stages and financial goals.

PERFORMANCE RESULTS AT A GLANCE
<TABLE><CAPTION>
<S> <C> <C> <C> <C> <C> <C>

Total return (change in value during period plus reinvested distributions)

PERIOD ENDED 3/31/95	CLASS A NAV	CLASS A POP	CLASS B NAV	CLASS B CDSC	CLASS C NAV	CLASS C CDSC
GROWTH PORTFOLIO						
6 months	4.16%	-1.78%	3.86%	-1.14%	3.82%	2.82%
Life of class (2/7/94)	3.31	-2.65	2.52	-1.48	--	--
Life of class (9/1/94)	--	--	--	--	2.97	1.97
BALANCED PORTFOLIO						
6 months	4.08%	-1.92%	3.61%	-1.39%	3.63%	2.63%
Life of class (2/7/94)	2.56	-3.36	1.65	-2.35	--	--
Life of class (9/1/94)	--	--	--	--	2.76	1.76
CONSERVATIVE PORTFOLIO						
6 months	4.09%	-1.87%	3.60%	-1.40%	3.60%	2.60%
Life of class (2/7/94)	1.52	-4.33	0.72	-3.23	--	--
Life of class (9/1/94)	--	--	--	--	2.77	1.77

<FN>
Performance data will differ for each share class. Performance data for the funds represent past results and an expense limitation in effect until December 31, 1994, for the Growth and Balanced Portfolios and currently in effect for the Conservative Portfolio. Without the limitation, each fund's total return would

have been lower. For additional performance details, see pages 8 through 11. Performance for class M shares, which became effective 2/1/95, is not shown because of the brevity of the reporting period. POP assumes 5.75% maximum sales charge. CDSC reflects the applicable contingent deferred sales charge, which for class B shares is 50%, and for class C shares, 1%. Investment returns and principal value will fluctuate so an investor's shares, when sold, may be worth more or less than their original cost. All returns are cumulative.
</TABLE>

COMPARATIVE PERFORMANCE (CUMULATIVE TOTAL RETURNS)
<TABLE><CAPTION>

<S>	<C> LEHMAN INTERMEDIATE TREASURY INDEX	<C> STANDARD & POOROS(R) 500 INDEX	<C> RUSSELL 2000 INDEX	<C> FIRST BOSTON HIGH YIELD BOND INDEX
6 months	4.02%	9.69%	2.68%	4.66%
Life of class A, B	1.29	7.70	-0.41	1.90
Life of class C	3.17	7.49	2.34	5.08

<FN>
Lehman Brothers Intermediate Treasury Index is an unmanaged list of Treasury bonds; it is used as a general gauge of the market for intermediate-term fixed-income securities. Standard & Poor's 500 Index is an unmanaged list of common stocks that is frequently used as a general measure of U.S. stock market performance. Russell 2000 Index is an unmanaged list of common stocks that is frequently used as a general performance measure of stocks of small to midsize companies. First Boston High Yield Index is an unmanaged list of lower-rated higher-yielding U.S. corporate bonds. Salomon Brothers Non-U.S. World Government Bond Index is an unmanaged list of bonds issued by 10 countries. Morgan Stanley Capital International World Index is an unmanaged list of equity securities listed on the stock exchanges of Europe, Canada, Australia, New Zealand, and the Far East, with values expressed in U.S. dollars.

The indexes' performance will differ from that of the funds', assumes reinvestment of all distributions, and does not take into account brokerage commissions or other costs. The funds' portfolios contain securities that do not match those in the indexes. Past performance is not indicative of future results.
</TABLE>

FROM THE CHAIRMAN

[PHOTO OF GEORGE PUTNAM]
(C) KARSH, OTTAWA

DEAR SHAREHOLDER:

BY DIVERSIFYING INVESTMENTS ACROSS A SPECTRUM OF GLOBAL EQUITY AND FIXED-INCOME SECURITIES, PUTNAM ASSET ALLOCATION FUNDS SEEK TO TAKE ADVANTAGE OF CHANGING PERFORMANCE TRENDS IN VARIOUS MARKETS AROUND THE WORLD. AS THE FUNDS REACHED THE HALFWAY POINT OF THEIR FIRST FULL FISCAL YEAR, THEY WERE ALREADY DEMONSTRATING THE VALIDITY OF THIS APPROACH.

DURING THE SIX MONTHS ENDED MARCH 31, 1995, FOR EXAMPLE, STRENGTH IN THE U.S. STOCK AND BOND MARKETS AND IN THE INTERNATIONAL BOND MARKETS HELPED OFFSET UNDERPERFORMANCE IN THE OTHER MARKETS IN WHICH THE FUNDS INVEST.

IN THE FOLLOWING REPORT, YOUR FUND'S MANAGEMENT TEAM PROVIDES AN OVERVIEW OF THE ASSET CLASSES REPRESENTED IN THE PORTFOLIO. THEN THEY TAKE A LOOK AT WHAT THEY BELIEVE LIES IN STORE FOR THE REMAINDER OF FISCAL 1995.

RESPECTFULLY YOURS,

[SIGNATURE]

GEORGE PUTNAM
CHAIRMAN OF THE TRUSTEES
MAY 17, 1995

REPORT FROM THE FUND MANAGERS
PETER CARMAN
GARY N. COBURN
WILLIAM J. LANDES

Substantial differences in performance in different sectors of the investment universe help demonstrate the effectiveness of an asset allocation approach. For example, foreign stock markets underperformed other markets during the six months ended March 31, 1995, affecting all three portfolios of Putnam Asset Allocation Funds. However, strength in the U.S. stock and bond markets and in the international bond markets was able to cushion the blow during the period that encompasses the first half of fiscal 1995.

U.S. ECONOMIC AND MARKET ENVIRONMENT

After lackluster performance during most of 1994, both the U.S. stock market and bond market performed well during the first quarter of 1995.

Stocks. The stock market's strong performance overall during the first half of the fiscal year was partly the result of the perception by investors that the U.S. economy was headed toward a "soft landing." Throughout the period, both large- and small-company stocks had periods of outperformance. Technology and health care were the most successful sectors throughout the period. On the other hand, consumer nondurables and industrial stocks were relatively weak, due in part to the gradual slowing of the economy.

Putnam Management believes corporate profits should continue to grow in 1995, especially those of companies with material overseas operations. We also believe investors with equity holdings may benefit from new legislative initiatives such as prospective cuts in long-term capital gains taxes, investment tax credits for small businesses, and more attractive individual retirement account regulations.

Bonds. In response to the values created by 1994's dramatic selloffs, U.S. bonds have rallied. Long-term Treasury bond yields have fallen nearly a full percentage point since November, making these bonds among the year's most rewarding asset classes to date.

Thus far, high-yield corporate bonds have performed on a par with Treasuries. We continue to believe these bonds will not offer prospects for significant outperformance relative to Treasuries over the near term. Their performance over the first half of fiscal 1995, however, supports our assessment that the market is fundamentally sound.

GLOBAL ECONOMIC ENVIRONMENT

International bond markets performed well during the semiannual period. Foreign stock markets, on the other hand, did not.

Stocks Overseas, the impact of events such as the Kobe earthquake in Japan, the floods in Europe, the Barings Bank collapse, and the perception of credit tightening in Germany dampened international stock-market performance. The Japanese equity market has lost roughly 50% of its value since its peak in 1989-1990. Perhaps not coincidentally, the Japanese yen has appreciated roughly 40% over this period.

Concerns about the German economy, as well as the availability of attractively priced fixed-income alternatives, has created a difficult environment for German equities.

In the United Kingdom, the Conservative Party has been trailing the Labor Party in the polls by a wide margin. Unless their popularity dramatically improves, the Tories are likely to lose control of the government to the Labor Party at the next general elections. The impact this political change could have on the financial markets is difficult to predict, but the possibility of such a change is certainly making investors in U.K. equities more cautious.

Bonds: Non-dollar bonds have contributed significantly to your fund's performance during the period. Last year's widespread bond-market selloffs left many international bond markets very attractively priced. Indeed, while relative value has favored fixed-income over equity investments around the world, the extent to which equity- and bond-market performance have diverged in international markets has been quite dramatic.

STRATEGY AND OUTLOOK:

We remain optimistic about stock-market prospects. During the first quarter of 1995, your management team took advantage of the flexibility offered by the funds' asset allocation strategy to make some strategic portfolio adjustments. We eliminated the portfolios' slight overweighting in fixed-income securities to gain more exposure to the strength in the U.S. stock market.

In light of gains registered by the stock market thus far in 1995, Putnam Management expects short-term U.S. equity- market performance will be good, but not exceptional. If, in response to stronger second-quarter growth in gross domestic product, interest rates were to begin trending upward, modest declines might be expected in the short term. International equity markets should continue to generate solid returns as a result of strong earnings growth and increases in productivity, especially in Europe.

WORLD FIXED-INCOME MARKETS*

[MOUNTAIN CHART]

PLOT POINTS

DATE	U.S. HIGH YIELD BONDS(1)	U.S. GOVERNMENT SECURITIES(2)	INTERNATIONAL BONDS(3)
3/31/94	-2.94	-2.24	1.22
4/30/94	-1.34	-0.78	0.65
5/31/94	0.57	-0.12	-1.34
6/30/94	-0.67	-0.22	2.42
7/31/94	0.47	1.82	0.26
8/31/94	0.75	0.02	-0.58
9/30/94	0.40	-1.40	1.98
10/31/94	0.07	-0.06	2.58
11/30/94	-1.16	-0.2	-2.01
12/31/94	1.06	0.61	0.05
1/31/95	1.05	1.85	2.18
2/28/95	2.46	2.13	2.83
3/31/95	1.13	0.63	8.91

[FN]
* Monthly returns plotted at month-end from 3/31/94.

Sources: (1) First Boston High Yield Bond Index; (2) Lehman Brothers Treasury Bond Index; (3) Salomon Brothers Non-U.S. World Government Bond Index.
[/FN]

On the fixed-income securities side, we will continue to look for strong performance from the world's bond markets, with late-cycle economies such as the U.S., the U.K., New Zealand, Australia, and Canada offering the best opportunities.

The views expressed here are exclusively those of Putnam Management. They are not meant as investment advice. Although the described holdings were viewed favorably as of 3/31/95, there is no guarantee the fund will continue to hold these securities in the future.

WORLD EQUITY MARKETS*

[MOUNTAIN CHART]

PLOT POINTS

Date	LARGE CAP GROWTH(1)	SMALL CAP GROWTH(2)	INTERNATIONAL STOCKS(3)
3/31/94	-4.35	-5.27	-4.42
4/30/94	1.28	-0.59	3.92
5/31/94	1.63	-1.12	-0.64
6/30/94	-2.45	-3.37	1.03
7/31/94	3.28	1.64	0.98
8/31/94	4.09	5.57	2.37
9/30/94	-2.44	-0.34	-3.04
10/31/94	2.24	-0.4	3.02
11/30/94	-3.64	-4.04	-4.98
12/31/94	1.48	2.68	0.55
1/31/95	2.59	1.26	-4.08
2/28/95	3.89	4.16	-0.21
3/31/95	2.95	1.71	6.02

[FN]
* Monthly returns plotted at month-end from 3/31/94.
Sources: (1) Standard & PoorOs 500 Index; (2) Russell 2000 Index; (3) Morgan Stanley Capital International (MSCI) World Index.
[/FN]

PORTFOLIO AND PERFORMANCE SUMMARY:

GROWTH PORTFOLIO is designed to seek maximum growth of an investment over time.

[BAR CHART]

PLOT POINTS

TARGETED PORTFOLIO STRUCTURE	
Large-cap growth stocks	25%
Small-cap growth stocks	15%
Value stocks	25%
International equities	15%
Domestic fixed-income securities	5%
International fixed-income securities	5%
High-yield securities	5%
Cash and money market securities	5%

	CLASS A		CLASS B	CLASS C	CLASS M	
SHARE VALUE	NAV	POP	NAV	NAV	NAV	POP
9/30/94	$8.43	$8.94	$8.39	$8.39	--	--
2/3/95	--	--	--	--	$8.39	$8.69
3/31/95	8.70	9.23	8.66	8.63	8.69	9.01

DISTRIBUTIONS	NUMBER	INVESTMENT INCOME	CAPITAL GAINS	TOTAL
Class A	1	$0.075	$ --	$0.075
Class B	1	0.050	--	0.050
Class C	1	0.075	--	0.075
Class M	--	--	--	--

The trust began operations on 2/7/94. The inception date for class C shares was 9/1/94 and for class M shares, 2/3/95. Performance of these shares will differ.

International investing may include risks such as currency fluctuations and political developments. Higher-yielding, lower-rated bonds involve greater risk of nonpayment of principal and interest than investment-grade bonds. Small-capitalization stocks may be more volatile than those of larger companies, but offer

greater growth potential.
</TABLE>

PORTFOLIO AND PERFORMANCE SUMMARY:

BALANCED PORTFOLIO is designed to seek total return for investors in their peak accumulation years.

[BAR CHART]

PLOT POINTS

TARGETED PORTFOLIO STRUCTURE	
Large-cap growth stocks	20%
Small-cap growth stocks	10%
Value stocks	20%
International equities	15%
Domestic fixed-income securities	10%
International fixed-income securities	10%
High-yield securities	10%
Cash and money market securities	5%

<TABLE><CAPTION>
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	CLASS A		CLASS B	CLASS C	CLASS M	
SHARE VALUE	NAV	POP	NAV	NAV	NAV	POP
9/30/94	$8.33	$8.84	$8.31	$8.31	--	--
2/6/95	--	--	--	--	$8.34	$8.64
3/31/95	8.56	9.08	8.53	8.51	8.54	8.85

</TABLE>

<TABLE><CAPTION>
<S> <C> <C> <C> <C>

DISTRIBUTIONS	NUMBER	INVESTMENT INCOME	CAPITAL GAINS	TOTAL
Class A	2	$0.105	$ --	$0.105
Class B	2	0.076	--	0.076
Class C	2	0.097	--	0.097
Class M	1	.045	--	.045

<FN>
The trust began operations on 2/7/94. The inception date for class C shares was 9/1/94 and for class M shares, 2/6/95. Performance of

these shares will differ.

International investing may include risks such as currency fluctuations and political developments. Higher-yielding, lower-rated bonds involve greater risk of nonpayment of principal and interest than investment-grade bonds. Small-capitalization stocks may be more volatile than those of larger companies, but offer greater growth potential.
</TABLE>

PORTFOLIO AND PERFORMANCE SUMMARY:

CONSERVATIVE PORTFOLIO is designed to seek income, while protecting the original value of the investment, for investors concerned about maintaining their purchasing power.

[BAR CHART]

PLOT POINTS

TARGETED PORTFOLIO STRUCTURE	
Large-cap growth stocks	10%
Small-cap growth stocks	5%
Value stocks	10%
International equities	10%
Domestic fixed-income securities	35%
International fixed-income securities	15%
High-yield securities	10%
Cash and money market securities	5%

<TABLE><CAPTION>

<S>		<C>	<C>	<C>		<C>
	CLASS A		CLASS B	CLASS C		CLASS M
SHARE VALUE	NAV	POP	NAV	NAV	NAV	POP
9/30/94	$8.23	$8.73	$8.22	$8.22	--	--
2/7/95	--	--	--	--	$8.21	$8.51
3/31/95	8.41	8.92	8.39	8.37	8.39	8.69

</TABLE>

<TABLE><CAPTION>

<S>	<C>	<C>	<C>	<C>
DISTRIBUTIONS	NUMBER	INVESTMENT INCOME	CAPITAL GAINS	TOTAL
Class A	2	$0.150	$ --	$0.150
Class B	2	0.121	--	0.121

Class C	2	0.140	--	0.140
Class M	1	.060	--	.060

<FN>
The trust began operations on 2/7/94. The inception date for class C shares was 9/1/94 and for class M shares, 2/7/95. Performance of these shares will differ.

International investing may include risks such as currency fluctuations and political developments. Higher-yielding, lower-rated bonds involve greater risk of nonpayment of principal and interest than investment-grade bonds. Small-capitalization stocks may be more volatile than those of larger companies, but offer greater growth potential.
</TABLE>

TERMS AND DEFINITIONS

CLASS A SHARES are generally subject to an initial sales charge.

CLASS B SHARES may be subject to a sales charge upon redemption.

CLASS C SHARES are not subject to an initial sales charge and are subject to a contingent deferred sales charge only if the shares are redeemed during the first year.

CLASS M SHARES have a lower initial sales charge and a higher 12b-1 fee than class A shares and no sales charge on redemption.

NET ASSET VALUE (NAV) is the value of all your fund's assets, minus any liabilities, divided by the number of outstanding shares, not including any initial or contingent deferred sales charge.

PUBLIC OFFERING PRICE (POP) is the price of a mutual fund share plus the maximum sales charge levied at the time of purchase. POP performance figures shown here assume the maximum 5.75% sales charge for class A shares and 3.50% for class M shares.

CONTINGENT DEFERRED SALES CHARGE (CDSC) is a charge applied at the time of the redemption of class B shares and assumes redemption at the end of the period. Your fund's CDSC declines from a 5% maximum during the first year to 1% during the sixth year. After the sixth year, the CDSC no longer applies. The CDSC for class C shares is 1% for one year after purchase.

PORTFOLIO OF INVESTMENT OWNED
March 31, 1995 (Unaudited)

<TABLE><CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
		Conservative		Growth		Balanced
		33.1%		74.3%		61.1%
COMMON STOCKS*	Shares	Value	Shares	Value	Shares	Value
AEROSPACE AND DEFENSE*			0.3%		0.6%	
0.5%						
Boeing Co.	2,200	$118,525	9,300	$501,038	14,000	$754,250
McDonnell Douglas Corp.	2,100	117,075	9,300	518,475	13,900	774,925
		235,600		1,019,513		1,529,175
AUTOMOTIVE*		0.8%		1.6%		1.5%
A.P.S. Holding Corp.+	255	6,503	2,110	53,805	3,030	77,265
Autoliv AB (Sweden)	--	--	--	--	10,200	386,112
Bridgestone Corp. ADR (Japan)	3,000	44,652	12,000	178,608	21,000	312,564
Edaran Otomobil Nasional Berhad ADR (Malaysia)	7,000	51,216	15,000	109,749	26,000	190,232
Edelbrock Corp.+	1,955	25,415	8,850	115,050	12,325	160,225
General Motors Corp.	5,300	234,525	22,000	973,461	33,800	1,495,650
Magna International, Inc. Class A	3,600	137,250	13,900	529,938	21,100	804,438
Michelin Corp. Class B ADR (France)+	2,130	91,716	4,730	203,670	10,945	471,284
Mitsubishi Motors Corp. ADR (Japan)	10,000	91,266	19,000	173,405	45,000	410,697
Peugeot Citroen S A ADR (France)	600	84,412	1,300	182,893	2,200	309,511
		766,955		2,520,579		4,617,978
BASIC INDUSTRIAL PRODUCTS*		1.6%		3.6%		3.2%
Asahi Diamond Industrial Co., Ltd. ADR (Japan)	4,120	59,421	10,300	148,552	23,690	341,669
Ball Corp.	7,500	257,813	31,400	1,079,375	48,200	1,656,875
Black & Decker						

Manufacturing Co.	4,400	127,050	20,800	600,600	28,800	831,600
British Steel PLC ADR (United Kingdom)	42,800	111,284	91,400	237,649	183,000	475,818
CBI Industries, Inc.	9,000	230,625	37,700	966,063	57,900	1,483,688
Caterpillar Inc. (DEL)	2,900	161,313	12,000	667,500	18,000	1,001,250
Danieli and Co. ADR (Italy)	--	--	6,200	40,909	--	--
Deere (John) & Co.	1,400	113,750	5,900	479,375	8,800	715,000
Harnischfeger Industries, Inc.	9,000	252,000	37,700	1,055,600	57,900	1,621,200
Komatsu, Ltd. ADR (Japan)	--	--	--	--	2,000	14,423
Mitsui Fudoscan Co. Ltd. (Japan)	8,000	62,767	20,000	156,918	43,000	337,374
Rieter Holding AG (Registered Shares) ADR (Switzerland)	30	40,265	80	107,373	360	483,179
Sommer Allibert ADR (France)	160	60,937	400	152,341	795	302,778
Takuma Co. Ltd. ADR (Japan)	4,000	62,767	5,000	78,459	16,000	251,067
Toyo Seikan Kaisha ADR (Japan)	--	--	1,000	31,153	3,000	93,458
		---------		---------		---------
		1,539,992		5,801,867		9,609,379
BROADCASTING*		0.2%		0.4%		0.3%
Centennial Cellular Corp. Class A	2,479	37,185	10,620	159,300	14,302	214,530
Commnet Cellular, Inc.+	1,175	28,934	5,300	130,513	7,350	180,994
Paging Network, Inc.+	960	32,160	3,865	129,478	5,930	198,655
Renaissance Communications Corp.+	680	21,930	3,010	97,073	4,160	134,160
SFX Broadcasting, Inc. Class A	1,435	32,646	6,730	153,108	9,160	208,390
Valuevision International, Inc. Class A+	1,725	$8,733	6,500	$32,906	10,755	$54,447
		---------		---------		---------
		161,588		702,378		991,176

BUILDING AND CONSTRUCTION*		0.7%		1.1%		1.1%
CRH PLC ADR (Ireland)	14,400	84,732	38,400	225,953	79,800	469,559
Fluor Corp.	2,600	125,450	11,400	550,050	17,100	825,075
Hong Leong Industries ADR (Malaysia)	10,000	51,414	17,000	87,404	28,000	143,959
JGC Corp. (Japan)	3,300	51,021	6,600	102,042	13,200	204,084
Lafarge Coppee (Bearer Shares) ADR (France)	1,200	90,955	3,000	227,388	6,500	492,675
Marui Co. Ltd. ADR (Japan)	4,000	63,228	11,000	173,878	22,000	347,756
Meyer International (United Kingdom)	19	94	41	203	84	415
Schuler Homes, Inc.+	1,635	17,781	7,415	80,638	10,510	114,296
Shimizu Corp. ADR (Japan)	7,000	67,439	19,000	183,050	30,000	289,026
Sungei Way Holdings Berhad ADR (Malaysia)	11,500	46,391	2,250	9,077	28,750	115,978
VA Technolgie AG ADR (Austria)+	1,050	106,135	2,000	202,162	3,785	382,592
		704,640		1,841,845		3,385,415
BUSINESS EQUIPMENT AND SERVICES*		2.7%		6.5%		4.9%
Accustaff, Inc.+	1,700	32,513	7,700	147,263	10,550	201,769
Alternative Resources Corp.+	300	11,925	2,000	79,500	1,800	71,550
Automatic Data Processing, Inc.	1,500	94,500	4,700	296,100	7,200	453,600
Cambridge Technology Partners, Inc.	1,470	44,100	6,950	208,500	9,560	286,800
Career Horizons, Inc.+	1,520	29,640	5,950	116,025	9,270	180,765
Chipcom Corp.+	800	30,200	3,650	137,788	5,100	192,525
Cisco Systems, Inc.+	1,900	72,438	8,400	320,250	12,600	480,375
Computer Associates International, Inc.	2,700	160,313	11,600	688,750	17,400	1,033,125

Computer Sciences Corp.	2,800	138,250	12,200	602,375	18,300	903,563
Concord Computing Corp.+	1,267	34,843	5,817	159,968	7,955	218,763
Corporate Express, Inc.+	700	18,550	3,175	84,138	4,225	111,963
Cyrk International, Inc.	1,885	32,281	8,550	146,419	11,900	203,788
DSC Communications Corp.+	3,200	104,200	13,800	449,363	20,700	674,044
Dai Nippon Printing Co., Ltd. ADR (Japan)	5,000	77,882	10,000	155,763	20,000	311,526
Dow Jones	--	--	300	11,363	200	7,575
Encad, Inc.+	1,675	30,150	7,600	136,800	10,650	191,700
FTP Software, Inc.	1,840	58,420	8,405	266,859	11,605	368,459
Fiserv Inc.+	2,095	55,518	9,795	259,568	13,350	353,775
Glory Ltd. ADR (Glory Kogyo)	--	--	8,000	242,760	--	--
IBM Corp.	1,800	147,375	7,900	646,813	11,900	974,313
Interim Services, Inc.+	645	19,189	2,405	71,549	3,915	116,471
Komori Printing Machinery Co., Ltd. ADR (Japan)	3,000	70,959	6,000	141,917	14,000	331,141
Medar, Inc.+	475	4,809	2,000	20,250	3,100	31,388
Oracle Systems Corp.+	3,050	95,313	13,400	418,750	20,050	626,563
PLATINUM Technology Inc.+	1,020	21,293	4,735	98,843	6,595	137,671
Robert Half International, Inc.	2,962	75,531	13,708	349,554	18,014	459,357
Security Services PLC ADR (United Kingdom)	7,800	$100,583	13,200	$170,217	15,200	$196,007
Silicon Graphics, Inc.+	2,900	102,950	12,500	443,750	18,800	667,400
Silicon Valley Group, Inc.+	1,325	37,266	7,500	210,938	8,410	236,531
Societe Generale De Surveillance Holdings S.A.						

(Bearer Shares) (Switzerland) ADR+	50	78,808	150	236,424	260	409,801
State of The Art Inc.	2,625	31,500	12,500	150,000	16,750	201,000
Tandy Corp.	2,600	124,150	11,300	539,575	17,000	811,750
U.S. Robotics Corp.+	475	29,688	2,100	131,250	3,025	189,063
Unisys Corp.	22,500	208,125	94,100	870,425	144,700	1,338,475
Wall Data, Inc.+	625	28,750	2,840	130,640	3,965	182,390
Wolters Kluwer N.V. ADR (Netherlands)	1,404	108,231	3,308	255,007	5,811	447,958
Xerox Corp.	1,500	176,063	6,300	739,463	9,500	1,115,063
Zilog Inc.+	1,505	53,804	7,035	251,501	9,630	344,273
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		2,540,110		10,386,418		15,062,280
CHEMICALS*		0.7%		1.3%		1.1%
Akzo N.V. ADR (Netherlands)	700	76,601	2,000	218,860	2,800	306,403
BASF AG Company ADR (Germany)	10	2,036	60	12,214	99	20,153
Dutch State Mines N.V. (Netherlands)	510	39,249	1,265	97,352	2,400	184,699
Sekisui Chemical Co. (Japan)	6,000	71,305	14,000	166,379	23,000	273,337
Solvay SA ADR (Belgium)	200	98,199	500	245,497	1,000	490,994
Union Carbide Corp.	7,500	229,688	31,400	961,625	48,200	1,476,125
du Pont (E.I.) de Nemours & Co., Ltd.	2,600	157,300	7,700	465,850	11,500	695,750
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		674,378		2,167,777		3,447,461
COMPUTER PERIPHERALS*		--%		--%		--%
Dialogic Corp.+	200	5,675	400	11,350	400	11,350
COMPUTER SERVICES AND SOFTWARE*		0.8%		1.9%		1.4%
America Online, Inc.+	1,230	91,328	5,090	377,933	7,630	566,528
Analysts International Corp.	1,000	23,250	3,700	86,025	5,200	120,900
Applied Voice Technology, Inc.+	800	16,300	3,600	73,350	5,000	101,875

Caere Corp.	805	7,849	4,250	41,438	5,750	56,063
Cognex Corp.+	2,825	81,219	13,300	382,375	17,825	512,469
Computer Horizons Corp.	1,785	31,684	8,050	142,888	11,325	201,019
Comverse Technology, Inc.	1,200	16,500	9,100	125,125	7,550	103,813
Datastream Systems, Inc.	100	2,025	200	4,050	200	4,050
Getronics N.V. ADR (Netherlands)	3,110	124,214	8,011	319,962	13,016	519,863
Infosoft International, Inc.+	520	24,960	2,365	113,520	3,305	158,640
Keane, Inc.	1,940	47,045	8,895	215,704	12,227	296,505
McAfee Assocs, Inc.	1,400	40,600	7,000	203,000	9,400	272,600
Mercury Interactive Corp.+	2,055	34,678	9,330	157,444	13,190	222,581
Microcom, Inc.	2,650	30,144	12,350	140,481	17,125	194,797
Netmanage, Inc.+	470	19,740	2,260	94,920	3,000	126,000
Oak Technology, Inc.	550	16,363	2,625	78,094	3,525	104,869
Platinum Software Corp.+	3,025	29,494	13,750	134,063	19,325	188,419
Security Dynamics Technologies, Inc.+	700	23,625	4,050	136,688	4,550	153,563
Sierra On-Line, Inc.+	1,350	29,700	5,850	128,700	8,000	176,000
Softkey International, Inc.	1,087	$29,621	4,993	$136,059	6,952	$189,442
TGV Software, Inc.	100	2,250	500	11,250	700	15,750
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		722,589		3,103,069		4,285,746
COMPUTERS*		0.3%		0.5%		0.4%
Fujitsu Ltd. ADR (Japan)	10,000	99,804	28,000	279,451	45,000	449,118
Network Peripherals, Inc.	1,180	25,370	5,500	118,250	7,515	161,573
SGS-Thomson Microelec. NY Shs ADR (France)+	2,700	80,325	7,500	223,125	14,000	416,500
Zebra Technologies Corp.+	1,032	42,312	4,782	196,062	6,464	265,024

		247,811		816,888		1,292,215
CONGLOMERATES*		0.4%		0.9%		0.8%
Allied-Signal Inc.	2,900	113,825	12,500	490,625	18,800	737,900
Cartiere Burgo S.P.A. ADR (Italy)	4,300	29,255	8,100	55,108	13,400	91,167
Hutchison Whampoa, Ltd. ADR (Hong Kong)	8,000	35,284	11,000	48,516	31,000	136,726
Ogden Corp.	10,500	211,313	43,900	883,488	67,500	1,358,438
		389,677		1,477,737		2,324,231
CONSUMER DURABLE GOODS*		--%		0.1%		0.1%
Blyth Industries, Inc.+	1,000	27,500	5,525	151,938	6,450	177,375
Duracraft Corp.+	50	1,738	1,230	42,743	2,000	69,500
		29,238		194,681		246,875
CONSUMER NON DURABLE GOODS*		2.8%		6.7%		5.3%
American Brands, Inc.	5,300	208,025	22,000	863,500	33,800	1,326,650
Authentic Fitness Corp.+	4,045	64,720	20,585	329,360	25,805	412,880
Avon Products, Inc.	3,300	199,650	13,800	834,900	21,200	1,282,600
B A T Industries PLC (United Kingdom)	12,000	85,342	35,000	248,913	56,000	398,261
Cannondale Corp.+	1,150	14,375	5,375	67,188	7,450	93,125
Department 56, Inc.+	1,695	67,588	7,815	311,623	10,480	417,890
Dibrell Bros., Inc.	12,000	243,000	52,000	1,016,550	77,200	1,563,300
Eastman Kodak Co.	6,800	361,250	28,900	1,535,313	44,000	2,337,500
Fastenal Co.	2,214	54,520	10,240	252,160	13,772	339,136
General Electric Co.	1,800	97,425	7,600	411,350	11,400	617,025
Gillette Co. (The)	600	48,975	2,400	195,900	3,500	285,688
Lowe's Cos., Inc.	3,200	110,400	13,700	472,650	20,600	710,700

Philip Morris Cos., Inc.	6,900	450,185	28,700	1,872,675	43,700	2,851,425
Premark International, Inc.	2,200	97,075	9,400	414,775	14,100	622,163
Scott Paper Co.	1,600	143,000	7,000	625,625	10,500	938,438
St. John Knits, Inc.	2,220	81,030	10,155	370,658	13,895	507,168
Svenska Cellulosa AB (Sweden)	4,850	76,990	12,050	191,285	23,200	368,284
Tate & Lyle PLC (United Kingdom)	14,333	101,005	32,728	230,634	61,190	431,206
Toray Industries Inc. (Japan)	11,000	74,755	25,000	169,898	46,000	312,611
Wolverine World Wide, Inc.	2,065	63,241	10,125	310,078	13,290	407,006
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		2,642,551		10,725,035		16,223,056
CONSUMER SERVICES*		1.5%		3.8%		2.9%
Apple South, Inc.	2,200	$34,375	8,400	$131,250	11,700	$182,813
CBS Inc.	1,725	110,400	7,480	478,720	11,215	717,760
Cellular Communications of Puerto Rico, Inc.	875	26,688	3,900	118,950	5,400	164,700
Century Communications Corp. Class A	3,195	31,551	13,775	136,028	19,550	193,056
Clear Channel Communications, Inc.	1,210	71,995	5,170	307,615	7,040	418,880
Davco Restaurants, Inc.+	795	10,534	4,375	57,969	5,950	78,838
DF & R Restaurants, Inc.	--	--	1,185	17,183	1,725	25,013
Doubletree Corp.+	1,300	26,325	3,100	62,775	3,800	76,950
Dun & Bradstreet Corp.	3,500	184,188	14,400	757,800	22,200	1,168,275
EZ Communications, Inc. Class A	2,665	44,639	12,520	209,710	17,060	285,755
Genting Berhad Co. ADR (Malaysia)	6,500	58,612	20,000	180,344	30,000	270,516
Hospitality Franchise System, Inc.	1,020	32,640	3,965	126,880	6,620	211,840

Infinity Broadcasting Corp. Class A+	1,305	54,484	6,105	254,884	8,335	347,986
LIN Television Corp.	975	32,419	4,425	147,131	6,200	206,150
Landry's Seafood Restaurants, Inc.+	1,330	40,731	5,465	167,366	8,380	256,638
Loewen Group, Inc.	2,370	64,583	10,900	297,025	14,990	408,478
Marriott International, Inc.	4,000	139,000	15,700	545,575	23,600	820,100
O'Charleys, Inc.	1,000	11,750	4,550	53,463	6,350	74,613
On Assignment, Inc.+	1,300	24,700	5,200	98,800	7,200	136,800
Procter & Gamble Co.	2,400	159,000	10,200	675,750	15,300	1,013,625
Reebok International Ltd.	2,300	81,938	10,100	359,813	15,200	541,500
Rio Hotel & Casino, Inc.+	1,625	22,750	6,250	87,500	10,300	144,200
Scientific Games Holdings, Corp.+	1,370	28,428	6,375	132,281	8,750	181,563
Stewart Enterprises, Inc. Class A	470	12,690	1,160	31,320	1,610	43,470
Tele-Communications Inc. Class A	5,400	113,400	23,300	489,300	35,000	735,000
Young Broadcasting Corp. Class A+	1,675	37,269	7,800	173,550	10,800	240,300
		1,455,089		6,098,982		8,944,819
ELECTRONICS AND ELECTRICAL EQUIPMENT*		2.6%		5.7%		4.8%
Actel Corp.+	2,300	29,325	10,800	137,700	14,700	187,425
Applied Materials, Inc.+	1,900	104,738	8,800	485,100	12,300	678,038
Austria Mikro Systeme International Ord. ADR (Austria)	--	--	2,000	186,690	--	--
BBC Brown Boveri & Cie ADR (Switzerland)	80	76,009	240	228,026	480	456,053
Baldor Electric						

Co.	2,155	59,801	9,670	268,343	13,635	378,371
Cherry Corp. Class A	2,630	42,080	11,800	188,800	16,600	265,600
Credence Systems Corp.+	1,692	52,875	8,142	254,438	10,923	341,344
Duracell International, Inc.	1,600	71,600	7,100	317,725	10,600	474,350
Emerson Electric Co.	1,700	113,050	7,300	485,450	11,000	731,500
Exar Corp.+	2,585	55,578	13,825	297,238	16,615	357,223
Franklin Electronic Publishers, Inc.	1,000	28,125	4,300	120,938	5,900	165,938
Futaba Corp. ADR (Japan)	2,000	96,919	4,000	193,839	9,000	436,137
General Electric Co. PLC ADR (United Kingdom)	18,800	90,150	50,000	239,760	87,100	417,662
General Instrument Corp.+	2,500	86,875	10,600	368,350	15,900	552,525
Iberdrola S.A. (Spain)	7,500	44,484	17,300	102,610	45,000	266,904
Intel Corp.	1,400	118,825	6,000	509,250	9,000	763,875
Leader Universal	--	--	--	--	23,000	80,047
Leader Universal (New Class A)	--	--	--	--	15,333	50,331
Mabuchi Motor (Japan)	--	--	2,000	134,995	6,000	404,984
Matsushita Electric Industrial Co., Ltd. ADR (Japan)	4,000	$64,613	13,000	$209,992	23,000	$371,524
Maxim Integrated Products Inc.+	2,180	79,570	9,740	355,510	13,590	496,035
Murata Manufacturing Co. Ltd. ADR (Japan)	3,100	120,538	8,200	318,841	13,600	528,810
Nichicon	8,000	122,765	--	--	--	--
Nippondenso Co., Ltd. ADR (Japan)	4,000	77,997	10,000	194,993	20,000	389,986
Oak Industries, Inc.	1,550	39,913	6,975	179,606	9,775	251,706
Omron Tateisi Electronics Co. ADR (Japan)	4,000	78,920	12,000	236,760	18,000	355,140
Polaroid						

Corporation	6,400	222,400	26,500	920,875	40,000	1,390,000
Sanmina Corp.	1,765	57,363	7,980	259,350	11,290	366,925
Secom, Inc.	--	--	--	--	6,000	370,370
Siebe PLC ADR (United Kingdom)	10,307	91,835	24,011	213,938	49,477	440,840
Teradyne, Inc.	765	31,748	3,760	156,040	4,990	207,085
Texas Instruments, Inc.	1,600	141,600	6,900	610,650	10,400	920,400
Ultratech Stepper, Inc.+	595	28,932	2,775	134,934	3,840	186,720
Westinghouse Electric Corp.	15,800	223,175	65,900	930,838	101,300	1,430,863
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		2,451,803		9,241,579		14,714,711
ENERGY-RELATED*		--%		--%		0.1%
IHC Caland N.V. (Netherlands)	850	21,142	2,150	53,478	12,000	298,481
ENTERTAINMENT*		--%		0.1%		0.1%
Speedway Motorsports, Inc.	1,305	23,490	6,100	109,800	8,375	150,750
Environmental Control*		0.4%		0.9%		0.8%
Browning-Ferris Industries, Inc.	3,800	129,200	16,300	554,200	24,400	829,600
WMX Technologies, Inc.	8,300	228,250	34,500	948,750	53,100	1,460,250
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		357,450		1,502,950		2,289,850
FOOD AND BEVERAGES*		1.3%		2.9%		2.4%
Argyll Group PLC ADR (United Kingdom)	11,619	54,021	38,043	176,877	65,000	302,211
Coca-Cola Co.	2,500	141,250	11,900	672,350	16,000	904,000
ConAgra, Inc.	3,700	122,563	15,300	506,813	23,000	761,875
Docks de France ADR (France)	400	61,686	80	12,337	200	30,843
Dole Food Co.	7,500	217,500	31,400	910,600	48,200	1,397,800
Greencore Group PLC ADR (Ireland)	12,832	87,779	41,232	282,052	81,032	554,307
Guinness PLC ADR (United Kingdom)	3,900	29,442	1,900	14,343	11,100	83,796

IBP, Inc.	6,000	195,750	25,100	818,888	38,600	1,259,325
Nestle S.A. ADR (Registered Shares) (Switzerland)	100	97,572	200	195,143	425	414,680
PepsiCo, Inc.	3,600	140,400	15,400	600,600	23,200	904,800
Sara Lee Corp.	4,300	112,338	18,600	485,925	27,900	728,888
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		1,260,301		4,675,928		7,342,525
FOREST PRODUCTS*		0.2%		0.4%		0.3%
Amcor Ltd. ADR (Australia)	3,526	24,224	4,442	30,517	8,353	57,387
Mayr-Melnhof Karton AG ADR (Austria)+	700	42,671	4,270	260,291	5,000	304,790
Rengo Co. Ltd. ADR (Japan)	5,000	37,845	12,000	90,827	25,000	189,223
Repola ADR (Finland)	5,900	98,254	15,000	249,798	28,500	474,616
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		202,994		631,433		1,026,016
HEALTH CARE*		2.8%		7.1%		5.5%
Advantage Health Corp.+	2,295	$54,506	10,550	$250,563	14,095	$334,756
Amgen, Inc.+	1,500	101,063	6,500	437,938	9,800	660,275
Baxter International, Inc.	6,800	222,700	28,200	923,550	43,400	1,421,350
Bristol-Myers Squibb Co.	3,400	214,200	14,100	888,300	21,700	1,367,100
Columbia/HCA Healthcare Corp.	2,200	94,600	9,400	404,200	14,100	606,300
Community Health Systems+	1,400	44,100	6,500	204,750	8,900	280,350
Coventry Corp.+	1,000	29,000	4,600	133,400	6,200	179,800
Essilor International ADP ADR (France)	600	72,425	1,500	181,061	2,500	301,769
Grancare, Inc.+	1,395	23,715	6,495	110,415	9,030	153,510
Health Management Associates, Inc.+	2,187	63,150	10,370	299,434	14,102	407,195
Health Management, Inc.	1,075	20,156	3,435	64,406	7,350	137,813
Healthcare Services Group, Inc.	1,335	16,020	6,090	73,080	8,475	101,700
HEALTHSOUTH Rehabilitation Corp.+	945	38,391	4,495	182,609	6,120	248,625

Horizon Healthcare Corp.+	2,215	59,251	10,345	276,729	14,180	379,315
Humana, Inc.	5,000	128,125	21,800	558,625	32,700	837,938
I-Stat Corp.	1,275	31,875	5,900	147,500	8,200	205,000
Idexx Laboratories, Inc.+	950	39,425	4,200	174,300	5,780	239,870
Johnson & Johnson	3,400	202,300	14,600	868,700	21,900	1,303,050
Lilly (Eli) & Co.	3,800	277,875	15,700	1,148,063	24,100	1,762,313
Lincare Holdings, Inc.+	2,375	70,359	10,135	300,249	14,565	431,488
Living Centers of America, Inc.+	1,475	55,497	7,975	300,059	9,325	350,853
Mariner Health Group, Inc.+	820	15,888	3,755	72,753	5,325	103,172
Medaphis Corp.+	550	34,650	2,550	160,650	3,500	220,500
Medisense Inc.+	1,310	25,873	5,950	117,513	7,900	156,025
Mid Atlantic Medical Services, Inc.+	1,550	34,294	7,235	160,074	10,020	221,693
Pfizer, Inc.	1,500	128,625	6,400	548,800	9,600	823,200
Quantum Health Resources, Inc.+	900	18,675	4,150	86,113	5,755	119,416
Ren Corp-USA+	1,030	16,480	3,725	59,600	6,310	100,960
Renal Treatment Centers, Inc.+	820	20,910	3,220	82,110	5,125	130,688
Sierra Health Services+	1,375	45,203	6,440	211,715	8,825	290,122
Sola International, Inc.	2,100	45,150	9,025	194,038	12,280	264,020
U.S. Healthcare Inc.	2,500	110,625	10,800	477,900	16,200	716,850
United American Healthcare Corp.+	1,150	24,294	5,375	113,547	7,330	154,846
United Healthcare Corp.	2,000	93,500	8,500	397,375	12,800	598,400
Vencor, Inc.+	832	29,640	3,562	126,896	5,212	185,678
Warner-Lambert Co.	1,300	101,725	5,800	453,850	8,700	680,775
Wellcare Management Group, Inc.+	1,535	52,574	7,225	247,456	9,700	332,225
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		2,656,839		11,438,321		16,808,940
Insurance and Finance*		4.9%		10.6%		8.9%
ABN AMRO Holding N.V. (Netherlands)	200	7,352	300	11,027	5,600	205,845
Aetna Life & Casualty Co.	3,800	216,600	15,700	894,900	24,100	1,373,700
Allied Irish Banks PLC ADR (Ireland)	23,307	101,630	41,025	178,890	103,323	450,540

American International Group, Inc.	1,000	104,250	4,400	458,700	6,600	688,050
Argentaria (Spain)	2,000	58,442	4,100	119,806	5,800	169,482
Asahi Bank Ltd. (Japan)	8,000	94,150	19,000	223,607	37,000	435,446
Baer Holdings ADR (Switzerland)	80	83,709	105	109,868	280	292,980
Banco Frances Del Rio De La Plata S.A. (Argentina)	1,500	9,375	1,200	7,500	4,100	25,625
Banco Frances Del Rio De Louisiana Plata ADR	--	$ --	600	$10,875	--	$ --
Bank of Ireland	8,800	44,363	20,000	100,826	--	--
BankAmerica Corp.	2,900	139,925	12,600	607,950	18,900	911,925
Bankers Trust New York Corp.	3,300	172,425	13,700	715,825	21,000	1,097,250
Barclays Bank PLC ADR (United Kingdom)	4,338	43,782	10,684	107,829	37,955	383,065
Barnett Banks, Inc.	2,100	95,550	9,200	418,600	13,900	632,450
Bear Stearns Companies, Inc.	12,800	236,800	53,400	987,900	82,000	1,517,000
Beneficial Corp.	5,300	208,025	22,000	863,500	33,800	1,326,650
CIGNA Corp.	1,200	89,700	5,300	396,175	8,000	598,000
Cetelem Group ADR (France)	200	43,413	1,300	282,185	2,000	434,131
Christiana Bank & Trust ADR (Norway)	12,300	25,554	31,600	65,652	60,100	124,864
Citicorp	3,600	153,000	15,400	654,500	23,100	981,750
Credit Locale de France ADR (France)	1,190	99,806	2,960	248,258	5,500	461,291
Crop Growers Corp.	2,425	64,869	10,800	288,900	15,200	406,600
Daiwa Securities Co. Ltd. ADR (Japan)	8,000	91,750	19,000	217,907	36,000	412,877
Danieli Savings ADR (Italy)	6,200	18,909	11,000	33,549	33,100	100,952
Dean Witter, Discover & Co.	2,800	114,100	12,200	497,150	18,300	745,725
Development & Commercial Bank (Singapore)	9,000	94,368	18,000	188,735	39,000	408,927

Federal National Mortgage Association	1,100	89,513	4,900	398,738	7,300	594,038
First Bank System, Inc.	2,800	113,050	11,700	472,388	17,300	698,488
First USA, Inc.	600	25,050	2,600	108,500	3,700	154,475
Guoco Group Ltd. ADR (Hong Kong)	4,400	16,333	11,800	43,803	24,600	91,318
HCC Insurance Holdings, Inc.	1,427	32,821	6,485	149,155	8,685	199,755
HSBC Holdings PLC ADR (Hong Kong)	4,000	45,140	10,000	112,850	20,000	225,700
Healthsource, Inc.	1,515	71,773	7,190	340,626	9,730	460,959
Healthwise of America, Inc.	1,155	40,714	5,300	186,825	7,200	253,800
Internationale Nederlanden ADR (Netherlands)	722	35,683	2,339	115,598	5,649	279,185
Life Partners Group, Inc.	2,080	40,820	9,775	191,834	13,290	260,816
Lincoln National Corp.	5,300	213,325	22,000	885,500	33,800	1,360,450
MBNA Corp.	1,500	43,500	6,600	191,400	10,300	298,700
Malayan Banking Berhard (Malaysia)	10,000	67,629	18,000	121,732	37,000	250,227
Mitsubishi Bank (Japan)	4,000	92,766	9,000	208,723	19,000	440,637
Reinsurance Group America, Inc.	780	21,158	2,900	78,663	4,810	130,471
Royal Insurance Holdings PLC ADR (United Kingdom)	10,000	46,494	42,500	197,600	80,300	373,347
Royal PTT (Netherlands)	1,000	35,459	3,700	131,199	2,600	92,194
Societe Generale ADR (France)	415	48,194	1,050	121,935	2,000	232,258
Sovac ADR (France)	300	20,760	510	35,291	900	62,279
Student Loan Marketing Assn.	5,300	184,838	22,000	767,250	33,800	1,178,775
Swiss Reinsurance (Registered) (Switzerland)+	55	36,569	140	93,086	260	172,874
Tokio Marine & Fire Insurance Co. Ltd. (The) ADR (Japan)	5,000	56,825	12,000	136,380	26,000	295,490
Travelers, Inc.	3,500	135,188	15,000	579,375	22,600	872,925

Trenwick Group Inc.	525	21,984	1,940	81,238	3,620	151,588
USF&G Corp.	15,000	210,000	62,800	879,200	96,500	1,351,000
Union Bank of Switzerland (Bearer Shares) (Switzerland)+	70	63,479	175	158,698	340	308,327
United Overseas Bank Ltd. ADR (Singapore)	9,000	$89,267	25,000	$247,963	40,000	$396,740
Wells Fargo & Co.	1,500	234,563	6,300	985,163	9,600	1,501,200
Yamaguchi Bank Ltd. ADR (Japan)	6,000	109,381	13,000	236,991	25,000	455,753
Zurich Versicherungs (Bearer Shares) (Switzerland)	--	--	100	102,163	--	--
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		4,654,123		17,050,481		27,328,894
METALS AND MINING*		0.8%		1.5%		1.4%
Alumax, Inc.+	7,500	201,563	31,400	843,875	48,200	1,295,375
Fischer (Georg) ADR (Bearer Shares) (Switzerland)	55	63,135	135	154,967	260	298,455
Freeport-McMoRan Copper & Gold Co., Inc. Class A	265	5,797	1,050	22,969	1,691	36,991
Freeport-McMoRan, Inc.	12,000	217,500	50,200	909,875	77,200	1,399,250
N.V. Bekaert S.A. ADR (Belgium)	119	80,220	229	154,374	600	404,473
Nisshin Steel Co., Ltd. ADR (Japan)	20,000	89,996	42,000	188,992	99,000	445,480
Ugine ADR (France)	790	53,434	2,600	175,859	3,820	258,377
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		711,645		2,450,911		4,138,401
OIL AND GAS*		1.4%		3.1%		2.6%
Anadarko Petroleum Corp.	5,300	231,875	22,000	962,500	33,800	1,478,750
British Petroleum Co., PLC ADR						

(United Kingdom)	2,200	184,525	9,300	780,038	14,000	1,174,250
Burmah Oil PLC ADR (United Kingdom)	6,250	88,493	15,320	216,913	29,416	416,495
Enron Corp.	3,700	122,100	15,900	524,700	23,900	788,700
MCN Corp.	4,200	77,175	18,200	334,425	27,400	503,475
Mobil Corp.	2,000	185,250	8,800	815,100	13,300	1,231,913
Occidental Petroleum Corp.	10,500	229,688	43,900	960,313	67,500	1,476,563
Repsol S.A. ADR (Spain)	3,550	100,787	8,200	232,804	15,500	440,056
Societe Nationale Elf Aquitaine ADR (France)	1,325	103,739	3,262	255,393	6,259	490,038
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		1,323,632		5,082,186		8,000,240
PHARMACEUTICALS*		0.4%		0.7%		0.6%
Astra AB (Sweden)+	3,000	79,779	7,500	199,447	15,000	398,894
Dura Pharmaceutical, Inc.	2,300	34,213	10,600	157,675	14,100	209,738
Revco D.S., Inc.+	2,480	57,040	11,560	265,880	16,005	368,115
Schering AG ADR (Germany)	140	103,308	356	262,697	645	475,954
Yamanouchi Pharmaceutical Co. (Japan)	4,000	87,689	10,000	219,222	23,000	504,211
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		362,029		1,104,921		1,956,912
PUBLISHING*		0.1%		0.3%		0.2%
International Imaging Materials, Inc.+	1,000	27,000	4,750	128,250	6,000	162,000
Pearson PLC ADR (United Kingdom)	3,500	31,809	8,800	79,976	17,000	154,499
Singapore Press ADR (Signapore)	2,000	33,865	12,000	203,188	18,000	304,781
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		92,674		411,414		621,280
REAL ESTATE*		0.7%		1.7%		1.4%
Cheung Kong Holdings Ltd. ADR (Hong Kong)	4,000	$17,435	22,000	$95,894	29,000	$126,405
Debartolo Realty						

Corp.	15,000	211,875	62,800	887,050	96,500	1,363,063
Hong Kong Land Holdings Ltd. (Hong Kong)	18,000	39,346	44,000	96,180	84,000	183,616
Meditrust Corp.	6,000	178,500	25,100	746,725	38,600	1,148,350
Nationwide Health Properties, Inc.	5,300	195,438	22,000	811,250	33,800	1,246,375
United Engineers (Mayalsia)	--	--	20,000	117,066	38,000	222,425
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		642,594		2,754,165		4,290,234
RETAIL*		1.3%		2.9%		2.3%
Cycle & Carriage Ltd. ADR (Singapore)	10,000	85,016	22,000	187,035	31,000	263,550
Daiichi Corp. (Japan)	4,000	78,920	--	--	--	--
Federated Department Stores Inc.+	5,600	123,900	24,400	539,850	36,600	809,775
Gymboree Corp.+	1,665	42,249	7,165	181,812	10,510	266,691
Hollywood Entertainment Corp.+	2,075	72,625	9,375	328,125	12,975	454,125
Ito-Yokado Co., Ltd. ADR (Japan)	1,000	49,614	6,000	297,681	7,000	347,295
Jardine Matheson Holdings (Singapore)+	7,000	63,000	9,400	84,600	30,200	271,800
Kroger Co.	8,000	211,000	33,300	878,288	51,100	1,347,763
Office Depot, Inc.+	4,600	112,125	19,950	486,281	29,950	730,031
Pep Boys-Manny Moe & Jack	2,300	71,300	9,800	303,800	14,700	455,700
Rite Aid Corp.	4,100	100,450	17,900	438,550	26,900	659,050
Sears ADR (United Kingdom)	42,000	71,102	92,000	155,747	192,000	325,037
Stein Mart, Inc.+	--	--	315	3,229	760	7,790
Sunglass Hut International+	910	26,959	4,225	125,166	5,825	172,566
Tommy Hilfiger Corp.+	2,145	47,190	10,210	224,620	12,710	279,620
Walgreen Co.	2,100	101,063	8,500	409,063	12,700	611,188
Welcome Home, Inc.+	1,160	5,075	6,300	27,563	9,000	39,375
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		1,261,588		4,671,410		7,041,356
TELECOMMUNICATIONS*		0.2%		0.3%		0.3%
Cable & Wireless PLC ADR (United Kingdom)	75	471	137	861	210	1,320
EIS International, Inc.	1,475	24,706	6,850	114,738	9,400	157,450
Transaction Network Services Inc.	2,140	37,183	9,780	169,928	13,275	230,653
Vodafone Group PLC ADR (United Kingdom)	25,348	81,512	56,534	181,796	119,494	384,257
		143,872		467,323		773,680
TRANSPORTATION*		1.0%		2.5%		2.0%
Burlington Northern Inc.	1,400	83,125	6,100	362,188	9,200	546,250
Conrail Inc.	1,200	67,350	5,200	291,850	7,900	443,388
Expeditors International of Washington, Inc.	2,495	52,395	11,535	242,235	15,410	323,610
Fritz Companies, Inc.+	1,005	64,571	5,000	321,250	6,430	413,128
Jurong Shipyard Ltd. ADR (Singapore)	5,000	42,862	12,000	102,869	15,000	128,586
K.L.M.-Konin Luchvaart N.V. (Netherlands)	1,475	43,489	3,625	106,881	7,100	209,339
Landstar System, Inc.	1,070	33,705	4,700	148,050	6,450	203,175
Singapore Airlines Ltd. ADR (Signapore)	9,000	$89,905	21,000	$209,777	40,000	$399,576
Southern Pacific Rail Corp.+	12,000	210,000	50,200	878,500	77,200	1,351,000
Swire Pacific Ltd. Class A ADR (Hong Kong)	5,800	39,572	13,500	92,106	28,300	193,082
U.S. Delivery Systems, Inc.+	1,650	32,588	9,200	181,700	10,500	207,375
Union Pacific Corp.	4,100	225,500	17,300	951,500	26,500	1,457,500
Yamato Transport Co. Ltd. ADR (Japan)	--	--	6,600	71,582	11,000	119,303

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		985,062		3,960,488		5,995,312
UTILITIES*		2.2%		4.6%		3.9%
ALC Communications Corp.+	1,135	38,732	5,150	175,744	6,830	233,074
American Telephone & Telegraph Co.	3,600	186,300	15,400	796,950	23,100	1,195,425
Anglian Water PLC ADR (United Kingdom)	3,700	28,711	13,900	107,861	18,300	142,004
Chesapeake Energy Corp.	922	19,593	512	10,880	1,332	28,305
Chubu Electric Power, Inc. (Japan)	2,000	53,536	4,000	107,073	--	--
Ericsson (L. M.) Telephone Co. ADR, Class B (Sweden)	1,600	98,900	6,800	420,325	10,200	630,488
Hidrolectrica del Cantabrico, S.A. ADR (Spain)	2,400	62,064	8,000	206,880	9,000	232,740
Hirose Electric Co. Ltd.	1,000	59,882	--	--	4,000	239,529
Hong Kong Electric Holdings Ltd. (Hong Kong)	10,000	32,012	24,500	78,429	46,000	147,255
Houston Industries Inc.	5,700	217,313	23,400	892,125	37,000	1,410,625
Kurita Wtr. Ind., Ltd. ADR (Japan)	3,000	73,382	8,000	195,685	12,000	293,527
LSI Logic Corp.+	1,600	84,000	6,900	362,250	10,300	540,750
Motorola, Inc.	2,500	136,563	10,700	584,488	16,000	874,000
NYNEX Corp.	5,300	210,013	22,000	871,750	33,800	1,339,325
North West Water Group PLC ADR (United Kingdom)	8,095	71,995	15,865	141,100	42,255	375,808
Northeast Utilities	8,000	170,000	32,800	697,000	51,800	1,100,750
Public Service Co. of Colorado	6,500	199,875	26,300	808,725	41,600	1,279,200
Scientific Atlanta, Inc.	2,100	49,088	8,900	208,038	13,300	310,888
Southern Electric PLC (United Kingdom)	3,100	29,379	10,200	96,665	20,000	189,540

Tele Danmark A/S ADR (Denmark)	3,300	87,450	9,300	246,450	17,400	461,100
Tokyo Electric Power (Japan)	3,000	94,150	7,000	219,684	14,000	439,368
Veba (Vereinigte Elektrizitaets Bergwerks) AG ADR (Germany)	330	119,716	785	284,780	1,440	522,399
		2,122,654		7,512,882		11,986,100
TOTAL COMMON STOCKS (cost $29,182,217, $111,555,144, and $173,630,924)		31,389,785		119,987,789		186,734,838

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U.GOVERNMENTD AGENCY OBLIGATIONS*

	Conservative 24.5%		Growth 3.4%		Balanced 7.3%	
	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
Federal National Mortgage Association 8s, July 1, 2024	$451,929	$447,409	$ --	$ --	$393,421	$389,487
7 1/2s, with various due dates to August 1, 2024	1,674,239	1,620,348	291,851	282,456	1,225,812	1,186,354
7s, October 25, 2023	408,481	359,336	115,336	101,460	408,481	359,336
8s, June 1, 2024	--	--	95,936	94,977	--	--
Dwarf TBA 9 1/2s, April 14, 2010+++	1,200,000	1,255,875	265,000	277,339	1,000,000	1,046,563
Principal Only Strips zero %, February 25, 2017(S)(S)	105,316	100,281	22,753	21,665	81,587	77,686
Government National Mortgage Association 7 1/2s, with various due dates to June 15, 2024	1,202,002	1,159,930	308,398	297,600	799,408	771,426
7s, June 15, 2023	23,197	21,696	--	--	--	--
7s, with various						

dates to June 15, 2024	--	--	590,957	552,727	--	--
7s, October 15, 2023	501,212	468,790	--	--	--	--
7s, with various due dates to April 15, 2024	2,395,496	2,240,535	--	--	3,241,608	3,032,832
Midget 7s, with various due dates to June 15, 2009	773,275	750,318	144,968	140,664	690,298	669,804
U.S. Treasury Bonds 7 1/2s, November 15, 2024	2,495,000	2,499,678	740,000	741,388	2,550,000	2,554,781
U.S. Treasury Bonds 8 1/8s, August 8, 2019	3,245,000	3,434,630	700,000	740,906	2,550,000	2,699,016
U.S. Treasury Bonds 8 7/8s, August 15, 2017	215,000	244,428	43,000	48,886	172,000	195,543
U.S. Treasury Bonds 8s, November 15, 2021	600,000	628,875	135,000	141,497	545,000	571,228
U.S. Treasury Notes 3 7/8s, September 30, 1995	2,600,000	2,570,750	1,235,000	1,221,106	3,700,000	3,658,375
U.S. Treasury Notes 4 5/8s, February 29, 1996	630,000	619,763	135,000	132,806	560,000	550,900
U.S. Treasury Notes 4s, January 31, 1996	2,870,000	2,814,394	230,000	225,544	3,010,000	2,951,681
U.S. Treasury Notes 7 3/8s, May 15, 1996	1,510,000	1,522,269	345,000	347,803	1,375,000	1,386,172
U.S. Treasury Notes 7 7/8s, November 15, 2004	455,000	474,622	80,000	83,450	360,000	375,525
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TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS (cost $22,918,400, $5,377,149 and $22,190,424)		$23,233,927		$5,452,274		$22,476,709

	Conservative 14.4%		Growth 4.7%		Balanced 9.8%	
FOREIGN BONDS AND NOTES*	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
AUD Australia (Government						

	of) 12s, 2001	90,000	$73,238	50,000	$40,688	105,000	$85,444
AUD	Australia (Government of) 13s, 2000	50,000	41,750	25,000	20,875	50,000	41,750
AUD	Australia (Government of) 7 1/2s, 2005	1,425,000	888,844	705,000	439,744	3,375,000	2,105,156
AUD	Australia (Government of) 9s, 2004	390,000	271,781	295,000	205,578	720,000	501,750
CAD	Canada (Government of) deb. 7 1/2s, 1997	485,000	343,138	--	--	800,000	566,000
CAD	Canada (Government of) deb. 9s, 2004	340,000	249,475	190,000	139,413	735,000	539,306
CAD	Canada (Government of) deb. 10 1/4s, 2014	--	--	65,000	52,813	400,000	325,000
DKK	Denmark (Kingdom of) 7s, 2024	3,080,000	436,975	1,605,000	227,709	6,040,000	856,925
DKK	Denmark (Kingdom of) 8s, 2006	2,900,000	496,625	1,755,000	300,544	6,950,000	1,190,188
DEM	Deutscheland (Republic of) deb. 6 1/4s, 2024	600,000	356,625	420,000	249,638	2,100,000	1,248,188
DEM	Deutscheland (Republic of) deb. 7 3/8s, 2005	3,460,000	2,545,263	1,910,000	1,405,044	6,535,000	4,807,309
FRF	France (Government of) OAT zero %, 2019	4,990,000	134,106	2,820,000	75,788	10,970,000	294,819
FRF	France (Government of) OAT zero %, 2023	4,800,000	96,000	3,090,000	61,800	8,610,000	172,200
DEM	Germany (Government of) bonds 6 3/4s, 2004	--	--	80,000	56,400	--	--
ITL	Italy (Government of) 12s, 2003	580,000,000	324,438	270,000,000	151,031	1,235,000,000	690,828
ITL	Italy (Government						

	of) 8 1/2s, 1999	330,000,000	167,475	255,000,000	129,413	705,000,000	357,788
ITL	Italy (Government of) 8 1/2s, 2004	2,425,000,000	1,082,156	1,185,000,000	528,806	5,110,000,000	2,280,338

FOREIGN BONDS AND NOTES* (FCD)		Conservative Principal Amount	Conservative Value	Growth Principal Amount	Growth Value	Balanced Principal Amount	Balanced Value
JPY	Japan (Government of) 4.4s, 2004	174,300,000	$2,112,298	96,300,000	$1,167,036	376,300,000	$4,560,286
NLG	Netherlands (Government of) 7 1/2s, 1999	500,000	337,188	300,000	202,313	1,300,000	876,688
ESP	Spain (Government of) 10 1/2s, 2003	28,200,000	201,630	21,600,000	154,440	60,700,000	434,005
ESP	Spain (Government of) 10 1/4s, 1998	35,700,000	268,196	16,300,000	122,454	68,600,000	515,358
ESP	Spain (Government of) 10.55s, 1996	17,200,000	135,020	7,000,000	54,950	47,000,000	368,950
DEM	Treuhand bonds 7 1/8s, 2003	715,000	518,822	285,000	206,803	1,495,000	1,084,809
GBP	United Kingdom Treasury Bonds 8s, 2009	355,000	551,581	10,000	15,538	235,000	365,131
GBP	United Kingdom Treasury Bonds 8s, 2009	95,000	147,428	125,000	193,984	165,000	256,059
GBP	United Kingdom Treasury bonds 10s, 2001	190,000	327,750	130,000	224,250	835,000	1,440,375
GBP	United Kingdom Treasury bonds 8 1/2s, 2007	233,000	376,878	116,000	187,630	344,000	556,420
GBP	United Kingdom Treasury bonds 8s, 2013	380,000	588,763	300,000	464,813	1,060,000	1,642,338
GBP	United Kingdom Treasury bonds 9 3/4s, 2002	275,000	472,656	260,000	446,875	620,000	1,065,625
GBP	United Kingdom Treasury bonds 9s, 2011	70,000	118,169	30,000	50,644	360,000	607,725

	Conservative		Growth		Balanced	
TOTAL FOREIGN BONDS AND NOTES (cost $13,299,276, $7,367,662 and $28,978,922)		$13,664,268		$7,577,014		$29,836,758
		Conservative 13.4%		Growth 4.7%		Balanced 9.7%
CORPORATE BONDS AND NOTES*	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
AEROSPACE AND DEFENSE*		0.7%		0.2%		0.3%
BE Aerospace sr. notes, 9 3/4s, 2003	$210,000	$203,700	$135,000	$130,950	$125,000	$121,250
Coltec Industries, Inc. sr. sub. notes 10 1/4s, 2002	--	--	--	--	150,000	151,500
McDonald Douglas medium term notes 8.15s, 1996	350,000	353,938	100,000	101,125	325,000	328,656
UNC, Inc. 9 1/8s, 2003	100,000	92,500	100,000	92,500	305,000	282,125
		650,138		324,575		883,531
AUTOMOTIVE*		0.1%		--%		--%
Key Plastics Corp. sr. notes 14s, 1999	45,000	48,150	25,000	26,750	65,000	69,550
BASIC INDUSTRIAL PRODUCTS*		0.2%		0.1%		0.1%
Ivex Packaging Corp. sr. sub. notes 12 1/2s, 2002	85,000	88,825	70,000	73,150	245,000	256,025
OSI Specialties Corp. sr. secd. disc. deb. stepped-coupon zero % (11 1/2s, 4/15/99), 2004++	100,000	66,000	50,000	33,000	150,000	99,000
		154,825		106,150		355,025
BROADCASTING*		0.5%		0.2%		0.4%
Act III Broadcasting, Inc. sr. sub. notes 9 5/8s, 2003	100,000	96,500	75,000	72,375	275,000	265,375
Centennial Cellular						

Corp. sr. notes 8 7/8s, 2001	125,000	116,250	100,000	93,000	250,000	232,500
Century Communications, Inc sr. notes 9 1/2s, 2005	--	--	--	--	250,000	240,000
Pricellular Wireless 144A sr. disc. notes stepped- coupon zero % (14s, 11/15/97) 2001++	225,000	166,500	150,000	111,000	675,000	499,500
SFX Broadcasting, Inc. sr. sub. notes 11 3/8s, 2000	75,000	76,500	100,000	102,000	115,000	117,300
		455,750		378,375		1,354,675
BUILDING AND CONSTRUCTION*		0.3%		0.2%		0.4%
Kaufman & Broad Home Corp. sr. sub. notes 9 3/8s, 2003	50,000	44,250	100,000	88,500	--	--
Presley Co. sr. notes 12 1/2s, 2001	--	--	--	--	500,000	415,000
Schuller Intl Corp. bonds 10 7/8s, 2004	105,000	110,513	80,000	84,200	315,000	331,538
Scotsman Group, Inc. sr. notes 9 1/2s, 2000	75,000	71,625	100,000	95,500	245,000	233,975
Walter Industries Inc. zero %, 1999	100,000	101,500	75,000	76,125	300,000	304,500
		327,888		344,325		1,285,013
BUSINESS EQUIPMENT AND SERVICES*		0.1%		0.1%		0.1%
Corporate Express, Inc. sr. sub. notes Ser. B, 9 1/8s, 2004	$30,000	$28,350	$ --	$ --	$50,000	$47,250
Unisys Corp. deb. 13 1/2s, 1997	100,000	109,250	100,000	109,250	300,000	327,750
		137,600		109,250		375,000
CHEMICALS*		0.3%		0.1%		0.4%
Carlisle Plastic sr. notes 10 1/4s, 1997	100,000	100,250	75,000	75,188	325,000	325,813
G-I Holdings, Inc. sr. notes zero %, 1998	125,000	80,625	100,000	64,500	450,000	290,250
Harris Chemical						

Corp. sr. sub. notes 10 3/4s, 2003	15,000	14,250	10,000	9,500	25,000	23,750
Harris Chemical sr. secd. disc. notes stepped-coupon zero % (10 1/4s, 1/15/96), 2001++	120,000	103,800	80,000	69,200	300,000	259,500
OSI Specialty Corp. sr. sub. notes 9 1/4s, 2003	15,000	14,400	10,000	9,600	375,000	360,000
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		313,325		227,988		1,259,313
CONGLOMERATES*		0.1%		0.1%		0.1%
MacAndrews & Forbes Group, Inc. deb. 12 1/4s, 1996	10,000	10,000	5,000	5,000	15,000	15,000
MacAndrews & Forbes Holdings, Inc. sub. deb. notes 13s, 1999	5,000	5,000	5,000	5,000	15,000	15,000
Valcor, Inc. sr. notes 9 5/8s, 2003	75,000	69,000	75,000	69,000	250,000	230,000
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		84,000		79,000		260,000
CONSUMER DURABLE GOODS*		0.1%		--%		0.1%
Inter-City Products sr. notes 9 3/4s, 2000	100,000	91,750	75,000	68,813	300,000	275,250
CONSUMER NON DURABLES*		0.2%		--%		0.2%
Foamex (L.P.) Capital Corp. sr. notes 11 1/4s, 2002	15,000	14,925	10,000	9,950	25,000	24,875
Foamex (L.P.) Capital Corp. sr. secd. notes 9 1/2s, 2000	75,000	73,125	--	--	--	--
Guess Jeans, Inc. sr. sub. notes 9 1/2s, 2003					225,000	213,750
Playtex Family Products Corp. sr. sub. notes 9s, 2003	15,000	13,913	10,000	9,275	275,000	255,063
Reeves Industries, Inc. sr. notes 11s, 2002	50,000	51,625	50,000	51,625	--	--
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		153,588		70,850		493,688
CONSUMER SERVICES*		1.8%		0.8%		1.6%
AMC Entertainment, Inc. sr. sub. deb. 11 7/8s, 2000	75,000	80,250	110,000	117,700	125,000	133,750
AMC Entertainment, Inc. sr. sub. deb. 12 5/8s, 2002	66,000	71,940	40,000	43,600	370,000	403,300
Adelphia Communications Corp. sr. notes 12 1/2s, 2002	$100,000	$95,500	$75,000	$71,625	$250,000	$238,750
Cablevision Systems Corp. sr. sub. deb. 9 7/8s, 2013	--	--	--	--	100,000	95,500
Cellular, Inc. sr. sub. disc. notes stepped-coupon zero % (11 3/4s, 9/1/98), 2003++	--	--	--	--	175,000	120,750
Century Communications Corp. notes 9 3/4s, 2002	150,000	147,750	90,000	88,650	10,000	9,850
Century Communications Corp. sr. sub. deb. 11 7/8s, 2003	15,000	15,713	10,000	10,475	25,000	26,188
Comcast Cellular Corp. sr. participating notes ser. A, zero %, 2000	--	--	100,000	72,000	--	--
Continental Cablevision, Inc. sr. deb. 9s, 2008	45,000	42,525	20,000	18,900	110,000	103,950
Continental Cablevision, Inc. sr. note 8 1/2s, 2001	70,000	65,800	45,000	42,300	135,000	126,900
Falcon Holdings Group, Inc. sr. sub. notes 11s, 2003++++	144,455	125,676	127,760	111,151	272,216	236,828
General Media Corp. sr. secd. notes 10 5/8s, 2000	150,000	124,500	85,000	70,550	425,000	352,750
Insight Communications						

Co. sr. sub. notes stepped-coupon 8 1/4s, (11 1/4s, 3/1/96), 2000++	90,000	87,075	60,000	58,050	275,000	266,063
John Q. Hammons Hotels 1st. mtge. notes 8 7/8s, 2004	40,000	37,300	20,000	18,650	310,000	289,075
La Quinta Motor Inns Inc. deb. 9 1/4s, 2003	75,000	72,000	55,000	52,800	300,000	288,000
Marcus Cable Co. (L.P.) sr. sub. disc. note stepped-coupon zero % (13 1/2s, 8/1/99), 2004++	230,000	131,100	150,000	85,500	775,000	441,750
Marvel Parent Holdings, Inc. sr. secd. disc. notes zero %, 1998	45,000	28,125	--	--	80,000	50,000
NEXTEL Communications, Inc. sr. disc. notes stepped-coupon zero % (11 1/2s, 9/1/98), 2003++	175,000	77,438	200,000	88,500	750,000	331,875
Pioneer Finance Corp. gtd. 1st mtge. 13 1/2s, 1998	--	--	--	--	25,000	19,875
Red Roof Inns sr. notes 9 5/8s, 2003	75,000	72,000	50,000	48,000	500,000	480,000
Summit Communications Group, Inc. sr. sub. deb. 10 1/2s, 2005	75,000	78,000	75,000	78,000	300,000	312,000
U.S. Banknote Corp. sr. notes 10 3/8s, 2002	100,000	75,000	75,000	56,250	275,000	206,250
Universal Outdoor, Inc. sub. deb. 11s, 2003	275,000	254,375	125,000	115,625	275,000	254,375
		1,682,067		1,248,326		4,787,779
ELECTRONICS AND ELECTRICAL EQUIPMENT*		0.6%		0.2%		0.5%
Ametek, Inc. sr. notes 9 3/4s, 2004	$75,000	$77,813	$75,000	$77,813	$325,000	$337,188
Amphenol Corp. sr. sub. notes						

12 3/4s, 2002	--	--	25,000	28,000	500,000	519,063
Iberdrola S.A. notes, 7 1/2s, 2002	375,000	366,094	75,000	73,219	325,000	317,281
International Semi-Tech. Corp. sr. disc. notes stepped-coupon zero % (11 1/2s, 8/15/00), 2003++	185,000	81,400	200,000	88,000	588,000	258,720
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		525,307		267,032		1,432,252
ENTERTAINMENT*		0.3%		0.2%		0.3%
Caesars World Inc. sr. sub. notes 8 7/8s, 2002	70,000	71,050	45,000	45,675	135,000	137,025
MGM Grand Hotels Fing. Corp. 1st mtge. 12s, 1997	--	--	50,000	55,125	30,000	33,075
Time Warner Inc. stepped- coupon notes zero % (11s, 8/1/95), 2002++	75,000	72,844	75,000	72,844	300,000	291,375
Viacom International, Inc. sub. deb. 8s, 2006	175,000	158,375	115,000	104,075	615,000	556,575
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		302,269		277,719		1,018,050
FOOD AND BEVERAGES*		0.1%		0.1%		0.2%
Chiquita Brands International Inc. sub. deb. 11 1/2s, 2001	15,000	15,300	10,000	10,200	25,000	25,500
Rykoff Sexton sr. sub. notes 8 7/8s, 2003	--	--	100,000	94,500	350,000	330,750
Stater Brothers sr. notes 144A 11s, 2001	40,000	38,400	20,000	19,200	125,000	120,000
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		53,700		123,900		476,250
FOREST PRODUCTS*		0.4%		0.2%		0.5%
Gaylord Container Corp. sr. notes 11 1/2s,						

2001	140,000	147,000	160,000	168,000	300,000	315,000
Gaylord Container Corp. sr. sub. disc. deb. stepped-coupon zero % (12 3/4s, 5/15/96), 2005++	125,000	118,750	50,000	47,500	600,000	570,000
Riverwood International Corp. sr. sub. notes 11 1/4s, 2002	--	--	50,000	52,750	500,000	512,500
Stone Container Corp. deb. sr. sub. notes 11 1/2s, 1999	15,000	15,488	40,000	41,300	100,000	103,250
Stone Container Corp. sr. notes 11 1/2s, 2004	75,000	78,750	50,000	52,500	250,000	262,500
Stone Container Corp. sr. sub. notes 10 3/4s, 1997	15,000	15,413	10,000	10,275	30,000	30,825
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		375,401		372,325		1,794,075
HEALTH CARE*		0.5%		0.2%		0.5%
American Medical International Inc. sr. sub. 13 1/2s, 2001	$30,000	$33,150	$ --	$ --	$ --	$ --
Community Health Systems sr. sub. deb. 10 1/4s, 2003	100,000	102,000	75,000	76,500	300,000	306,000
Healthsouth Rehabilitation Corp. sr. sub. notes 9 1/2s, 2001	25,000	25,063	10,000	10,025	15,000	15,038
McGaw, Inc. sr. notes 10 3/8s, 1999	100,000	103,500	100,000	103,500	500,000	517,500
National Medical Enterprises Inc. sr. notes 10 1/8s, 2005	80,000	82,100	95,000	97,494	200,000	205,250
National Medical Enterprises Inc. sr. notes 9 5/8s, 2002	--	--	--	--	100,000	102,250
Paracelsus Healthcare Corp. sr. sub. notes 9 7/8s, 2003	125,000	122,500	100,000	98,000	310,000	303,800
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		468,313		385,519		1,449,838
INSURANCE AND FINANCE*		2.3%		0.6%		1.2%
American Annuity Group, Inc. sr. sub. notes 11.125s, 2003	100,000	101,750	80,000	81,400	330,000	335,775
Associates Corp. med. term notes 5.49s, 1999	60,000	55,913	10,000	9,319	25,000	23,297
Banponce Corp. med. term notes 5.48s, 1998	150,000	139,406	25,000	23,234	80,000	74,350
Capital One Bank notes 8 5/8s, 1997	600,000	610,125	140,000	142,363	550,000	559,281
Comdata Network, Inc. sr. notes 12 1/2s, 1999	60,000	64,125	60,000	64,125	285,000	304,594
Comdata Network, Inc. sr. sub. deb. 13 1/4s, 2002	15,000	16,350	10,000	10,900	25,000	27,250
Delaware Management Holdings, Inc. sr. notes Ser. B, 10 1/4s, 2004	100,000	109,000	75,000	81,750	300,000	327,000
First Federal Financial Corp. notes 11 3/4s, 2004	125,000	126,563	100,000	101,250	400,000	405,000
First National Bank of Boston Corp. sub. notes 8s, 2004	325,000	320,328	75,000	73,922	300,000	295,688
General Motors Acceptance Corp. med. term notes 6 3/4s, 1996	200,000	199,375	30,000	29,906	110,000	109,656
Keystone Group, Inc. sr. secd. notes 9 3/4s, 2003	100,000	97,500	75,000	73,125	540,000	526,500
PSF Finance L.P. sr. notes 12 1/4s, 2004	140,000	144,463	100,000	103,188	435,000	448,866
Reliance Group Holdings, Inc sr. notes 9s, 2000	--	--	--	--	250,000	234,375
Reliance Group Holdings, Inc. sr.						

sub. deb. 9 3/4s, 2003	80,000	73,200	85,000	77,775	25,000	22,875
Royal Bank of Scotland Capital Corp. deb. (Scotland) 10 1/8s, 2004	75,000	85,078	20,000	22,688	50,000	56,719
		2,143,176		894,945		3,751,226
METALS AND MINING*		0.2%		0.1%		0.2%
Geneva Steel corp. sr. notes 9 1/2s, 2004	$15,000	$12,150	$10,000	$8,100	$25,000	$20,250
Haynes International, Inc. sr. sub. notes 13 1/2s, 1999	25,000	16,250	25,000	16,250	200,000	130,000
Inland Steel Industries, Inc. notes 12 3/4s, 2002	90,000	97,650	60,000	65,100	300,000	325,500
Jorgensen Earle M. Co. sr. notes 10 3/4s, 2000	25,000	24,188	--	--	--	--
		150,238		89,450		475,750
MOTION PICTURE DISTRIBUTION*			0.1%		--%	0.2%
Plitt Theatres, Inc. sr. sub. notes 10 7/8s, 2004	--	--	--	--	500,000	493,750
United Artists notes 11 1/2s, 2002	75,000	80,250	50,000	53,500	125,000	133,750
		80,250		53,500		627,500
OIL AND GAS*		0.9%		0.2%		0.4%
Arkla, Inc. deb. 8.90s, 2006	100,000	99,313	75,000	74,484	300,000	297,938
Occidental Petroleum Corp. 9 1/4s, 2019	650,000	719,469	175,000	193,703	600,000	664,125
Oryx Energy Co. deb. 9 3/4s, 1998	--	--	--	--	250,000	251,250
Transcontinential Gas Pipe Line Corp. deb. 9 1/8s, 2017	--	--	100,000	104,000	--	--
		818,782		372,187		1,213,313

REAL ESTATE*		0.2%		0.1%		0.1%
Chelsea Piers 144A Ser. B, stepped-coupon zero % (11s, 6/15/99), 2009++	10,000	8,475	5,000	4,238	20,000	16,950
Chelsea Piers Ser. B stepped-coupon zero % (12 1/2s, 6/15/96), 2004++	175,000	150,500	110,000	94,600	325,000	279,500
		158,975		98,838		296,450
Retail*		1.0%		0.3%		0.6%
County Seat Stores Inc. sr. sub. notes 12s, 2001	110,000	109,450	65,000	64,675	200,000	199,000
Finlay Enterprises, Inc. sr. notes 10 5/8s, 2003	15,000	13,950	10,000	9,300	25,000	23,250
Grand Union Co. sr. sub. notes 12 1/4s, 2002 (in default)+	185,000	62,900	235,000	79,900	565,000	192,100
Loehmanns' Holdings, Inc. sr. sub notes 10 1/2s, 1997	--	--	50,000	49,500	--	--
Loehmanns' Holdings, Inc. sr. sub. notes 13 3/4s, 1999	75,000	72,938	40,000	38,900	375,000	364,688
Revco D.S., Inc. sr. notes 9 1/8s, 2000	75,000	76,688	50,000	51,125	100,000	102,250
Safeway Stores 10s, 2002	50,000	53,500	30,000	30,975	200,000	214,000
Sears Roebuck & Co. med. term notes 5.54s, 1999	300,000	276,750	50,000	46,125	160,000	147,600
Waban, Inc. sr. sub. notes 11s, 2004	$100,000	$101,000	$100,000	$101,000	$300,000	$303,000
Wal-Mart Stores, Inc. notes 8s, 2006	200,000	204,125	40,000	40,825	150,000	153,094
		971,301		512,325		1,698,982
TELECOMMUNICATIONS*		0.5%		0.2%		0.4%

Call-Net Enterprises stepped-coupon zero % (13 1/4s, 12/1/99), 2004++	190,000	104,025	160,000	87,600	585,000	320,288
Dial Call Communication sr. disc. notes Ser. B, stepped-coupon zero % (10 1/4s, 12/15/98), 2005++	75,000	25,500	40,000	13,600	135,000	45,900
Horizon Cellular Telephone Co. sr. sub. disc. notes Ser. B, stepped-coupon zero % (11 3/8s, 10/1/97), 2000++	150,000	113,625	125,000	94,688	400,000	303,000
K-III Communications Corp. sr. notes 10 1/4s, 2004	75,000	76,313	40,000	40,700	135,000	137,363
MFS Communications sr. disc. notes stepped-coupon zero % (9 3/8s, 1/15/99), 2004++	20,000	12,650	15,000	9,488	35,000	22,138
Mobile Telecommunications Tech. sr. notes 13 1/2s, 2002	100,000	103,875	75,000	77,906	275,000	285,656
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		435,988		323,982		1,114,345
TRANSPORTATION*		0.1%		0.1%		0.1%
Blue Bird Body Co. sr. sub. deb. Ser. B, 11 3/4s, 2002	85,000	85,850	85,000	85,850	450,000	454,500
UTILITIES*		1.8%		0.4%		0.9%
Chesapeake Energy Corp. sr. exch. notes 12s, 2001 144A	45,000	46,800	25,000	26,000	140,000	145,600
Cleveland Electric Illuminating 9s, 2023	100,000	88,938	75,000	66,703	300,000	266,813
Commonwealth Edison Co. 1st mtge. 6s, 1998	450,000	428,344	100,000	95,188	400,000	380,750
First PV Funding Corp. deb.						

10.15s, 2016	90,000	88,200	75,000	73,500	300,000	294,000
GTE Corp. deb. 8 3/4s, 2021	500,000	519,375	110,000	114,263	450,000	467,438
Long Island Lighting Co. Ser. P, 5 1/4s, 1996	110,000	108,419	20,000	19,713	57,000	56,181
Long Island Lighting Co. deb. 9s, 2022	75,000	63,328	75,000	63,328	250,000	211,094
Midland Funding Corp. II deb. Ser. A, 11 3/4s, 2005	25,000	24,750	100,000	99,000	229,054	229,627
Midland Funding Corp. II deb. Ser. B, 13 1/4s, 2006	100,000	103,500	53,000	54,855	200,000	207,000
Public Service Co. of New Hampshire deb. 15.23s, 2000	100,000	117,000	65,000	76,050	300,000	351,000
Puget Sound Power & Light Co. 1st mtge. 7 7/8s, 1997	$60,000	$60,600	$10,000	$10,100	$25,000	$25,250
Puget Sound Power & Light Co. 1st mtge. 8 1/4s, 1995	100,000	100,563	20,000	20,113	55,000	55,309
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		1,749,817		718,813		2,690,062
TOTAL CORPORATE BONDS AND NOTES (cost $12,359,408, $7,248,100 and $29,144,133)		$12,418,448		$7,560,787		$29,891,417

	Conservative 3.1%		Growth 0.4%		Balanced 0.8%	
ASSET BACKED SECURITIES*	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
Chase Manhattan Credit Card Master Trust, Ser. 91-1, 8 3/4s, 1999	$375,000	$381,797	$70,000	$71,269	$285,000	$290,166
Chase Manhattan Credit Card Master Trust, Ser. 91-2, 7.65s, 1998	565,000	566,413	130,000	130,325	505,000	506,263
Discover Card Trust 91-BA 8 5/8s, 1998	455,000	462,109	95,000	96,484	400,000	406,250
First Deposit Master						

Trust Ser. 93-2A, 5 3/4s, 2001	195,000	186,591	50,000	47,844	175,000	167,453
Green Tree Financial Corp. Ser, 94-2A, 6.8s, 2026	325,000	324,086	100,000	99,719	300,000	299,156
Merrill Lynch Mortgage Investors, Inc. 88-RS 9.85, 2008	228,968	230,399	53,588	53,923	204,610	205,889
Standard Credit Card Master Trust 91-1A, 8 1/2s, 1996	455,000	462,394	95,000	96,544	395,000	401,419
Standard Credit Card Master Trust 91-4A 8s, 1997	285,000	288,206	50,000	50,563	160,000	161,800
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TOTAL ASSET-BACKED SECURITIES (cost $2,919,795, $651,079 and $2,497,059)		$2,901,995		$646,671		$2,438,396

COLLATERALIZED MORTGAGE OBLIGATIONS*	Conservative 0.5% Principal Amount	Value	Growth 0.1% Principal Amount	Value	Balanced 0.1% Principal Amount	Value
Chase Mortgage Finance Corp. 94-1 B-2 6.601s, 2025	$196,124	$163,947	$ --	$ --	$196,124	$163,947
GE Capital Mortgage Services, Inc. Ser. 94-8A 6s, 2024	375,000	356,836	90,000	85,641	335,000	318,773
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TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (cost $516,835, $84,178 and $479,423)		$520,783		$85,641		$482,720

YANKEE BONDS AND NOTES*	Conservative 0.8% Principal Amount	Value	Growth 0.3% Principal Amount	Value	Balanced 0.3% Principal Amount	Value
CF Cable Tv, Inc. sr. notes 11 5/8s, 2005	$100,000	$102,500	$75,000	$76,875	$300,000	$307,500
Eletson Holdings, Inc. mtge. notes 9 1/4s, 2003	45,000	42,188	75,000	70,313	65,000	60,938
Fresh Del Monte Produce Corp. sr.						

notes, Ser. B, 10s, 2003	65,000	50,050	45,000	34,650	105,000	80,850
Grupo Industrial Durango sr. notes 12s, 2001	100,000	84,625	100,000	84,625	--	--
Maxus Energy Corp. global notes 9 7/8s, 2002	100,000	88,000	50,000	44,000	175,000	154,000
National Bank of Canada sub. notes 8 1/8s, 2004	300,000	300,000	75,000	75,000	250,000	250,000
Sifto Canada, Inc. sr. notes 8 1/2s, 2000	25,000	23,250	125,000	116,250	--	--
Videotron Groupe LTEE sr. sub. notes 10 1/4s, 2002	75,000	75,750	50,000	50,500	125,000	126,250
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TOTAL YANKEE BONDS AND NOTES (cost $798,335, $576,362 and $1,004,793)		$766,363		$552,213		$979,538

	Conservative	0.5%	Growth	0.4%	Balanced	0.5%
UNITS*	Number of Units	Value	Number of Units	Value	Number of Units	Value
Celcaribe S.A. 144A units stepped-coupon zero % (13 1/2s, 3/15/98), 2004++	2	$17,015	3	$25,523	22	$187,165
Echostar Communication Corp. units stepped-coupon zero % (12 7/8s, 6/1/99), 2004++	310	148,800	200	96,000	575	276,000
Hollywood Casino 144A units 13 1/2s, 1998	100,000	104,000	75,000	78,000	200,000	208,000
ICF Kaiser International, Inc. sr. sub. units 12s, 2003	10	9,075	5	4,538	10	9,075
Smithkline Beecham PLC ADR	2,500	93,750	10,900	408,750	16,300	611,250
Total Renal Care units stepped-coupon zero % (12s, 8/15/99),						

2004++	100	88,000	60	52,800	290	255,200
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TOTAL UNITS (cost $463,408, $683,242 and $1,553,444)		$460,640		$665,611		$1,546,690

		Conservative 0.2%		Growth 0.1%		Balanced 0.2%
PREFERRED STOCKS*	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
California Federal Bank Ser. B, $10.625, exch. pfd.	1,650	$168,300	1,050	$107,100	4,100	$418,200
Pantry Pride Inc. Ser. B, $14.875 pfd.	500	50,000	152	15,200	800	80,000
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TOTAL PREFERRED STOCKS (cost $224,925, $126,951 and $515,370)		$218,300		$122,300		$498,200

PUT OPTIONS PURCHASED* (cost $41,371, $23,095 and $89,971)	Expiration Date/ Strike Price	Conservative 0.1% Currency	Value	Growth --% Currency	Value	Balanced 0.1% Currency	Value
JPY Japanese Yen in exchange for U.S. Dollars	May 95/104	82,400,000	$100,396	46,000,000	$56,046	179,200,000	$218,337

		Conservative 0.1%		Growth 0.1%		Balanced 0.1%	
WARRANTS*+	Expiration Date	Shares	Value	Shares	Value	Sharess	Value
County Seat Holdings, Inc.	10/15/98	110	$2,200	65	$1,300	200	$4,000
Danieli & Co. (Italy)	11/30/99	1,550	1,095	3,350	2,367	4,500	3,180
General Media Corp. 144A	12/31/00	150	1,500	85	850	425	4,250
OSI Specialties Corp. 144A	4/15/99	100	2,000	50	1,000	150	3,000
UCC Investor Holding, Inc. 144A	10/30/99	20	260	10	130	30	390
			----		----		----

TOTAL WARRANTS

(cost $4,606, $2,656 and $9,795) $7,055 $5,647 $14,820

	Conservative 12.3%		Growth 13.1%		Balanced 11.5%	
PREFERRED STOCKS*	Principal Amount	Value	Principal Amount	Value	Principal Amount	Value
Federal Home Loan Banks 5.89s, April 5, 1995	$ --	$ --	$5,000,000	$4,996,728	$ --	$ --
Federal Home Loan Mortgage Corp. 5.92s, April 20, 1995	--	--	5,000,000	4,984,299	5,000,000	4,984,378
Federal Home Loan Mortgage Corp. 5.92s, April 13, 1995	5,000,000	4,990,133	5,000,000	4,990,133	13,000,000	12,974,347
Federal National Mortgage Association 5.92s, April 18, 1995	--		--		10,000,000	9,972,044
Interest in $510,221,000 joint repurchase agreement dated March 31, 1995 with Goldman Sachs & Co., due April 3, 1995 with respect to various U.S. Treasury obligations -- maturity value of $6,614,612, $6,105,193 and $7,509,928 for an effective yield of 6.28%	6,610,000	6,611,153	6,102,000	6,103,064	7,506,000	7,507,309
TOTAL SHORT-TERM INVESTMENTS (cost $11,601,286, $21,074,224 and $35,438,078)		$11,601,286		$21,074,224		$35,438,078
TOTAL INVESTMENTS						

(cost $94,329,862, $154,769,842 and $295,532,336)***	$97,283,246	$163,786,217	$310,556,501

<FN>
NOTES

* Percentages indicated are based on net as follows:

	Net Assets	Class A	Class B	Class C	Class M	Class Y
Conservative	$94,348,194	$8.41	$8.39	$8.37	8.39	$8.40
Growth	161,479,103	8.70	8.66	8.63	8.69	8.70
Balance	305,893,006	8.56	8.53	8.51	8.54	8.55

+ Non-income-producing security.

++ The interest rate and date shown parenthetically represent the new interest rate to be paid and the date the fund will begin receiving interest at this rate.

++++ Income may be received in cash or additional securities at the discretion of the issuer.

+++ TBA's are mortgage backed securities traded under delayed delivery commitments, settling after March 31, 1995. Although the unit price for the trades has been established, the principal value has not been finalized. However, the amount of the commitments will not fluctuate more than 2% from the principal amount. Income on the securities will not be earned until settlement date. The cost of TBA purchases held at March 31, 1995 was $1,254,750, $227,091 and $1,045,625.

SectionSection Principal Only (P.O.) Strips represent the right to receive the monthly principal payments on an underlying pool of mortgage loans. No payments of interest on the pool are passed through to the P.O. holders.

*** The aggregate indentified cost on a tax basis is as follows:

	Aggregate Identified Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Unrealized Appreciation
Conservative	$94,375,524	$4,094,490	$1,186,768	$2,907,722
Growth	154,909,001	10,868,552	1,991,336	8,877,216
Balanced	295,745,948	17,589,884	2,779,331	14,810,553

ADR or ADS after the name of a holding stands for American Depository Receipt or American Depository Shares, respectively, representing ownership of foreign securities on deposit with a domestic custodian bank.

144a after the name of a security represents those exempt from registration under rule 144a of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.
</TABLE>

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Forward Currency Contracts Outstanding
at March 31, 1995 Conservative

	Market Value	Aggregate Face Value	Delivery Date	Unrealized Appreciation (Depreciation)
Australian Dollars (Sell)	$292,600	$289,300	6/14/95	$(3,300)
Australian Dollars (Sell)	182,825	185,550	6/19/95	2,725
Australian Dollars (Sell)	274,237	278,168	6/19/95	3,931
Australian Dollars (Sell)	219,450	216,615	6/14/95	(2,835)
British Pounds (Buy)	323,880	313,230	5/15/95	10,650
British Pounds (Buy)	161,920	158,200	5/22/95	3,720
British Pounds (Buy)	485,640	474,840	6/14/95	10,800
British Pounds (Sell)	153,824	147,454	5/22/95	(6,370)
British Pounds (Sell)	436,617	425,189	6/14/95	(11,428)
British Pounds (Sell)	1,133,650	1,136,625	5/9/95	2,975
British Pounds (Sell)	647,520	645,000	6/14/95	(2,520)
British Pounds (Sell)	161,950	159,022	5/9/95	(2,928)
Danish Krone (Sell)	275,250	247,717	4/18/95	(27,533)
Danish Krone (Sell)	128,310	126,628	5/22/95	(1,682)
Deutschemarks (Buy)	291,760	285,888	6/16/95	5,872
Deutschemarks (Buy)	458,829	447,594	5/15/95	11,235
Deutschemarks (Buy)	1,531,530	1,530,055	6/14/95	1,475
Deutschemarks (Sell)	363,900	333,333	5/2/95	(30,567)
Deutschemarks (Sell)	524,520	488,351	5/22/95	(36,169)
Deutschemarks (Sell)	510,3704	80,728	6/6/95	(29,642)
Deutschemarks (Sell)	801,1307	82,194	5/15/95	(18,936)
Deutschemarks (Sell)	729,300	711,506	6/14/95	(17,794)
Deutschemarks (Sell)	656,370	653,856	6/14/95	(2,514)
French Francs (Buy)	747,720	722,529	5/15/95	25,191
French Francs (Buy)	872,340	843,471	5/15/95	28,869
French Francs (Buy)	436,380	422,102	5/9/95	14,278
French Francs (Sell)	114,180	102,421	5/22/95	(11,759)
French Francs (Sell)	232,064	217,594	8/22/95	(14,470)
French Francs (Sell)	83,120	80,274	5/9/95	(2,846)
French Francs (Sell)	269,750	261,851	6/8/95	(7,899)
French Francs (Sell)	145,390	140,216	5/16/95	(5,174)
French Francs (Sell)	103,700	102,015	6/21/95	(1,685)
Japanese Yen (Buy)	808,318	712,119	4/10/95	96,199
Japanese Yen (Buy)	1,159,070	1,055,033	5/8/95	104,037
Japanese Yen (Sell)	1,599,372	1,429,280	8/22/95	(170,092)

Japanese Yen (Sell)	695,520	674,135	5/9/95	(21,385)
Netherland Guilders (Sell)	91,098	80,469	5/22/95	(10,629)
Netherland Guilders (Sell)	143,726	133,192	8/22/95	(10,534)
Swiss Francs (Buy)	354,0403	43,189	5/3/95	10,851
Swiss Francs (Buy)	354,0403	42,180	5/3/95	11,860
Swiss Francs (Sell)	79,785	69,284	5/22/95	(10,501)
Swiss Francs (Sell)	133,950	120,987	8/22/95	(12,963)
				($129,487)

</TABLE>

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Forward Cross Currency Contracts Outstanding
at March 31, 1995: CONSERVATIVE

Contracts	Market Value	In Exchange For	Market Value	Delivery Date	Unrealized Appreciation (Depreciation)
British Pounds (Buy)	$645,600	Deutschemarks	$651,187	6/14/95	$(5,587)
British Pounds (Buy)	483,990	Deutschemarks	487,764	6/12/95	(3,774)
British Pounds (Sell)	484,170	Deutschemarks	476,656	6/14/95	(7,514)
Deutschemarks (Buy)	731,600	Swiss Francs	747,285	6/1/95	(15,685)
Deutschemarks (Buy)	656,190	Spanish Pesetas	630,676	4/28/95	25,514
Deutschemarks (Buy)	803,000	French Francs	824,580	5/22/95	(21,580)
Deutschemarks (Buy)	293,040	Italian Lira	301,548	5/22/95	(8,508)
Deutschemarks (Buy)	798,930	Swiss Francs	804,238	5/3/95	(5,308)
Deutschemarks (Sell)	437,220	French Francs	438,281	5/3/95	1,061
					$(41,381)

</TABLE>
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WRITTEN CALL OPTIONS ON FOREIGN CURRENCY
at March 31, 1995 (Premium received $26,880)

CURRENCY		EXPIRATION DATE/ STRIKE PRICE	VALUE
Dem 1,344,000	Deutschemarks in Exchange for U.S. Dollars	April 95/1.4125	$42,470

</TABLE>

DIVERSIFICATION OF FOREIGN INVESTMENTS
at March 31, 1995 (as a percentage of net assets):

<TABLE>
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Argentina	--%	Ireland	0.3%

Australia	1.4	Italy	1.7
Austria	0.2	Japan	4.7
Belgium	0.2	Malaysia	0.3
Canada	0.9	Netherlands	0.9
Denmark	1.6	Scotland	0.1
Finland	0.1	Singapore	0.5
Hong Kong	0.2	Spain	1.3
Norway	--	Sweden	0.3
France	1.2	Switzerland	0.6
Germany	3.3	United Kingdom	4.3

</TABLE>

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FORWARD CURRENCY CONTRACTS OUTSTANDING
at March 31, 1995 GROWTH

	Market Value	Aggregate Face Value	Delivery Date	Unrealized Appreciation (Depreciation)
Australian Dollars (Sell)	$146,300	$144,650	6/14/95	$(1,650)
Australian Dollars (Sell)	146,260	148,440	6/19/95	2,180
Australian Dollars (Sell)	109,695	111,272	6/19/95	1,577
Australian Dollars (Sell)	146,300	144,410	6/14/95	(1,890)
British Pounds (Buy)	161,940	156,615	5/15/95	5,325
British Pounds (Buy)	161,920	158,200	5/22/95	3,720
British Pounds (Buy)	161,880	158,280	6/14/95	3,600
British Pounds (Sell)	364,320	349,234	5/22/95	(15,086)
British Pounds (Sell)	986,430	960,613	8/22/95	(25,817)
British Pounds (Sell)	647,800	649,500	5/9/95	1,700
British Pounds (Sell)	485,640	483,750	6/14/95	(1,890)
British Pounds (Sell)	80,975	79,516	5/9/95	(1,459)
Danish Krone (Sell)	293,600	264,079	4/18/95	(29,521)
Danish Krone (Sell)	91,650	90,449	6/14/95	(1,201)
Deutschemarks (Sell)	436,800	394,867	5/8/95	(41,933)
Deutschemarks (Buy)	364,150	355,233	5/15/95	8,917
Deutschemarks (Buy)	1,093,950	1,092,896	6/14/95	1,054
Deutschemarks (Buy)	291,200	277,617	5/8/95	13,583
Deutschemarks (Sell)	160,270	149,218	5/22/95	(11,052)
Deutschemarks (Sell)	109,290	101,626	5/23/95	(7,664)
Deutschemarks (Sell)	218,730	206,026	6/6/95	(12,704)
Deutschemarks (Sell)	436,980	426,652	8/22/95	(10,328)
Deutschemarks (Sell)	437,580	426,903	6/14/95	(10,677)
French Francs (Buy)	436,170	421,475	5/15/95	14,695
French Francs (Buy)	436,170	421,736	5/15/95	14,434
French Francs (Buy)	290,920	281,401	5/9/95	9,519
French Francs (Sell)	271,950	243,948	5/22/95	(28,002)
French Francs (Sell)	625,740	586,727	8/22/95	(39,013)
French Francs (Sell)	166,000	161,139	6/8/95	(4,861)
French Francs (Sell)	83,080	80,123	5/16/95	(2,957)

French Francs (Sell)	62,220	61,209	6/21/95	(1,011)
Japanese Yen (Buy)	461,896	406,925	4/10/95	54,971
Japanese Yen (Buy)	347,721	316,510	5/8/95	31,211
Japanese Yen (Sell)	3,819,960	3,413,928	8/2/95	(406,032)
Japanese Yen (Sell)	347,760	337,067	5/9/95	(10,693)
Netherland Guilders (Sell)	214,730	189,677	5/22/95	(25,053)
Netherland Guilders (Sell)	372,380	345,089	8/22/95	(27,291)
Swiss Francs (Buy)	177,020	171,594	5/3/95	5,426
Swiss Francs (Buy)	177,020	171,090	5/3/95	5,930
Swiss Francs (Sell)	190,590	165,512	5/22/95	(25,078)
Swiss Francs (Sell)	330,410	298,435	8/22/95	(31,975)
				$(596,996)

</TABLE>

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Forward Cross Currency Contracts Outstanding
at March 31, 1995: GROWTH

Contracts	Market Value	In Exchange For	Market Value	Delivery Date	Unrealized Appreciation (Depreciation)
British Pounds (Buy)	$322,800	Deutschemarks	$325,743	6/14/95	$(2,943)
British Pounds (Buy)	161,330	Deutschemarks	162,588	6/12/95	(1,258)
British Pounds (Sell)	161,390	Deutschemarks	158,886	6/14/95	(2,504)
Deutschemarks (Buy)	365,800	Swiss Francs	373,642	6/1/95	(7,842)
Deutschemarks (Buy)	364,550	Spanish Pesetas	350,376	4/28/95	14,174
Deutschemarks (Buy)	511,000	French Francs	524,720	5/22/95	(13,720)
Deutschemarks (Buy)	73,260	Italian Lira	75,387	5/22/95	(2,127)
Deutschemarks (Buy)	508,410	Swiss Francs	511,788	5/3/95	(3,378)
Deutschemarks (Sell)	291,480	French Francs	292,187	5/3/95	707
					$(18,891)

</TABLE>
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Written Call Options On Foreign Currency
at March 31, 1995 (Premium received $14,840)

CURRENCY	EXPIRATION DATE/ STRIKE PRICE	VALUE
Dem 742,000 Deutschemarks in Exchange for U.S. Dollars	April 95/1.412	$23,447

</TABLE>

DIVERSIFICATION OF FOREIGN INVESTMENTS
at March 31, 1995 (as a percentage of net assets):

- ---

Argentina	--%	Ireland	0.5%
Australia	0.5	Italy	0.6
Austria	0.4	Japan	4.2
Belgium	0.2	Malaysia	0.4
Canada	0.2	Netherlands	0.7
Denmark	0.5	Scotland	--
Finland	0.2	Singapore	0.8
Hong Kong	0.4	Spain	0.7
Norway	--	Sweden	0.5
France	1.5	Switzerland	0.9
Germany	1.5	United Kingdom	3.6

FORWARD CURRENCY CONTRACTS OUTSTANDING
at March 31, 1995 BALANCED

	Market Value	Aggregate Face Value	Delivery Date	Unrealized Appreciation (Depreciation)
Australian Dollars (Sell)	$658,350	$650,925	6/14/95	$(7,425)
Australian Dollars (Sell)	475,340	482,430	6/19/95	7,090
Australian Dollars (Sell)	530,190	537,791	6/19/95	7,601
Australian Dollars (Sell)	438,900	433,230	6/14/95	(5,670)
British Pounds (Buy)	809,700	783,12	65/15/95	26,574
British Pounds (Buy)	323,840	316,400	5/22/95	7,440
British Pounds (Buy)	971,280	949,680	6/14/95	21,600
British Pounds (Sell)	704,350	675,185	5/22/95	(29,165)
British Pounds (Sell)	1,940,520	1,889,730	8/22/95	(50,790)
British Pounds (Sell)	2,267,300	2,273,250	5/9/95	5,950
British Pounds (Sell)	1,618,800	1,612,500	6/14/95	(6,300)
British Pounds (Sell)	566,820	556,577	5/9/95	(10,243)
Danish Krone (Sell)	532,150	478,919	4/18/95	(53,231)
Danish Krone (Sell)	422,050	379,670	4/18/95	(42,380)
Danish Krone (Sell)	384,930	379,884	6/14/95	(5,046)
Deutschemarks (Buy)	729,400	714,720	6/16/95	14,680
Deutschemarks (Buy)	1,238,110	1,207,794	5/15/95	30,316
Deutschemarks (Buy)	3,719,430	3,715,847	6/14/95	3,583
Deutschemarks (Sell)	473,070	433,333	5/2/95	(39,737)
Deutschemarks (Sell)	976,190	908,875	5/22/95	(67,315)
Deutschemarks (Sell)	218,580	203,252	5/23/95	(15,328)
Deutschemarks (Sell)	1,093,650	1,030,131	6/6/95	(63,519)
Deutschemarks (Sell)	1,675,090	1,635,497	5/15/95	(39,593)
Deutschemarks (Sell)	1,604,460	1,565,313	6/14/95	(39,147)
Deutschemarks (Sell)	2,042,040	2,034,218	6/14/95	(7,822)

French Francs (Buy)	1,620,060	1,565,479	5/15/95	54,581
French Francs (Buy)	1,910,840	1,847,603	5/15/95	63,237
French Francs (Buy)	789,640	763,804	5/9/95	25,836
French Francs (Sell)	529,380	474,860	5/22/95	(54,520)
French Francs (Sell)	1,067,080	1,000,544	8/22/95	(66,536)
French Francs (Sell)	166,240	160,547	5/9/95	(5,693)
French Francs (Sell)	622,500	604,272	6/8/95	(18,228)
French Francs (Sell)	311,550	300,463	5/16/95	(11,087)
French Francs (Sell)	186,660	183,627	6/21/95	(3,033)
Japanese Yen (Buy)	1,732,110	1,525,969	4/10/95	206,141
Japanese Yen (Buy)	1,159,070	1,055,033	5/8/95	104,037
Japanese Yen (Sell)	7,349,390	6,568,206	8/22/95	(781,184)
Japanese Yen (Sell)	1,391,040	1,348,269	5/9/95	(42,771)
Netherland Guilders (Sell)	419,700	370,732	5/22/95	(48,968)
Netherland Guilders (Sell)	699,030	647,798	8/22/95	(51,232)
Swiss Francs (Buy)	885,100	857,971	5/3/95	27,129
Swiss Francs (Buy)	796,590	769,905	5/3/95	26,685
Swiss Francs (Sell)	367,890	319,477	5/22/95	(48,413)
Swiss Francs (Sell)	741,190	669,463	8/22/95	(71,727)
				$(1,053,623)

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FORWARD CROSS CURRENCY CONTRACTS OUTSTANDING
at March 31, 1995: BALANCED

Contracts	Market Value	In Exchange For	Market Value	Delivery Date	Unrealized Appreciation (Depreciation)
British Pounds (Buy)	$1,614,000	Deutschemarks	$1,628,717	6/14/95	$(14,717)
British Pounds (Buy)	967,980	Deutschemarks	975,529	6/12/95	(7,549)
British Pounds (Sell)	1,291,120	Deutschemarks	1,271,084	6/14/95	(20,036)
Deutschemarks (Buy)	1,609,520	Swiss Francs	1,644,026	6/1/95	(34,506)
Deutschemarks (Buy)	1,531,110	Spanish Pesetas	1,471,578	4/28/95	59,532
Deutschemarks (Buy)	1,606,000	French Francs	1,649,121	5/22/95	(43,121)
Deutschemarks (Buy)	586,080	Italian Lira	603,097	5/22/95	(17,017)
Deutschemarks (Buy)	1,670,490	Swiss Francs	1,681,589	5/3/95	(11,099)
Deutschemarks (Sell)	874,440	French Francs	876,562	5/3/95	2,122

$(86,391)

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Written Call Options On Foreign Currency
at March 31, 1995 (Premium received $57,560)

- --
- -------------

CURRENCY	EXPIRATION DATE/ STRIKE PRICE	VALUE
Dem 2,787,000Deutschemarks in Exchange for U.S. Dollars	April 95/1.412	$90,944

</TABLE>

DIVERSIFICATION OF FOREIGN INVESTMENTS
at March 31, 1995 (as a percentage of net assets):

- --
- -------------

<TABLE>
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Argentina	--%	Ireland	0.5%
Australia	0.9	Italy	1.2
Austria	0.2	Japan	5.1
Belgium	0.3	Malaysia	0.4
Canada	0.5	Netherlands	1.1
Denmark	0.8	Scotland	--
Finland	0.2	Singapore	0.8
Hong Kong	0.3	Spain	0.9
Norway	--	Sweden	0.6
France	1.5	Switzerland	0.9
Germany	2.7	United Kingdom	4.3

</TABLE>

STATEMENT OF ASSETS AND LIABLITIESO
March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: CONSERVATIVE PORTFOLIO
<TABLE><CAPTION>
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ASSETS

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- -------------

Investments in securities, at value (identified cost $94,329,862) (Note 1)	$97,283,246

- --
- -------------

Interest, dividends and other receivables	916,248
Receivable for securities sold	388,732
Receivable for shares of the fund sold	625,913
Receivable for open forward currency contracts	371,243
Receivable for closed forward currency contracts	154,840
Unamortized organization expenses (Note 1)	10,240
TOTAL ASSETS	$99,750,462
LIABILITIES	
Payable to subcustodian	$4,005
Payable for securities purchased	4,173,528
Payable for shares of the fund repurchased	38,687
Payable for administrative services (Note 2)	1,183
Payable for compensation of Manager (Note 2)	105,610
Payable for compensation of Trustees (Note 2)	610
Payable for distributions to shareholders	10,906
Payable for investor servicing and custodian fees (Note 2)	69,684
Payable for distribution fees (Note 2)	67,921

Payable for organization expenses (Note 1)	13,263
Payable for open forward currency contracts	542,111
Payable for closed forward currency contracts	282,503
Written options outstanding end of period (premium received $26,880)	42,470
Other accrued expenses	49,787
TOTAL LIABILITIES	5,402,268
NET ASSETS	$94,348,194
REPRESENTED BY	
Paid-in capital (Note 1)	$92,455,778
Undistributed net investment income (Note 1)	520,458
Accumulated net realized loss on investment transactions (Note 1)	(1,399,461)
Net unrealized appreciation of investments, options, forward currency contracts and foreign currency translation	2,771,419
TOTAL -- REPRESENTING NET ASSETS APPLICABLE TO CAPITAL SHARES OUTSTANDING	$94,348,194
COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE	
Net asset value and redemption price of class A shares ($36,918,905 divided by 4,389,330 shares)	$8.41
Offering price per share (100/94.25 of $8.41)*	$8.92

- --
- -------------
Net asset value and offering price of class B shares
($52,186,600 divided by 6,220,738 shares)+ $8.39
- --
- -------------
Net asset value and offering price of class C shares
($3,997,074 divided by 477,683 shares)+ $8.37
- --
- -------------
Net asset value and redemption price of class M shares
($462,000 divided by 55,075 shares) $8.39
- --
- -------------
Offering price per share (100/96.50 of $8.39) $8.69
- --
- -------------
Net asset value and offering price of class Y shares
($783,615 divided by 93,258 shares)+ $8.40
- --
- -------------
<FN>
* On single retail sales of less than $50,000. On sales of $50,000 or more and on group sales the offering price is reduced.

+ Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.
</TABLE>

STATEMENT OF OPERATIONS
Six months ended March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: CONVSERVATIVE PORTFOLIO
<TABLE>
<S> <C>
INVESTMENT INCOME:
- --
- -------------
Interest $1,959,112
- --
- -------------
Dividends (net of foreign tax of $13,035) 280,499
- --
- -------------
Total investment income $2,239,611
- --
- -------------
EXPENSES:
- --
- -------------
Compensation of Manager (Note 2) $278,909

Investor servicing and custodian fees (Note 2)	146,850
Compensation of Trustees (Note 2)	3,246
Auditing	18,306
Report to shareholders	29,450
Legal	3,489
Postage	3,285
Amortization of organization expenses (Note 1)	1,323
Administrative services (Note 2)	2,396
Registration fee	8,712
Distribution fees -- class A (Note 2)	39,814
Distribution fees -- class B (Note 2)	227,569
Distribution fees -- class C (Note 2)	8,251
Distribution fees -- class M (Note 2)	435
Other expenses	1,570
Fees waived by the Manager (Note 2)	(132,951)
TOTAL EXPENSES	640,654
NET INVESTMENT INCOME	1,598,957

Net realized loss on investments (Notes 1 and 3)	(235,899)
Net realized loss on written options (Notes 1 and 3)	(42,846)
Net realized loss on forward currency contracts and translation of foreign currency (Notes 1 and 3)	(471,241)
Net realized loss on futures contracts (Notes 1 and 3)	(59,782)
Net unrealized depreciation of forward currency contracts and foreign currency translation during the period	(120,605)
Net unrealized appreciation of investments and options during the period	2,763,058
NET GAIN ON INVESTMENT TRANSACTIONS	1,832,685
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$3,431,642

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

PUTNAM ASSET ALLOCATION: CONSERVATIRE PORTFOLIO

<TABLE><CAPTION>

<S>	<C> SIX MONTHS ENDED MARCH 31 1995*	<C> FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994
Increase in net assets		
Operations:		

Net investment income	$1,598,957	$735,376
Net realized loss on investments, futures, options, forward currency contracts and currency translation	(809,768)	(715,262)
Net unrealized appreciation of investments, options, futures, forward currency contracts, foreign currency translation and TBA sale commitments	2,642,453	128,966
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	3,431,642	149,080
Distributions from net investment income		
Class A	(593,011)	(174,402)
Class B	(678,850)	(193,082)
Class C	(35,755)	(141)
Class Y	(10,106)	(981)
Class M	(2,708)	--
Increase from capital share transactions (Note 5)	27,308,721	65,114,454
TOTAL INCREASE IN NET ASSETS	29,419,933	64,894,928
NET ASSETS		
Beginning of period	64,928,261	33,333
END OF PERIOD (including undistributed net investment income of $520,458 and $241,931, respectively)	$94,348,194	$64,928,261

- -------------
<FN>
*   Unaudited.
</TABLE>

FINANCIAL HIGHLIGHTS*
(For a share outstanding throughout the period)

PUTNAM ASSET ALLOCATION: CONSERVATIVE PORTFOLIO

<TABLE><CAPTION>
<S> <C> <C> <C>

	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD JULY 14, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	FOR THE PERIOD FEBRUARY 7, 1995 (COMMENCEMENT OF OPERATIONS) TO MARCH 31
	1995+	1994	1995+
	Class Y		Class M
NET ASSET VALUE, BEGINNING OF PERIOD	$8.23	$8.23	$8.21
INVESTMENT OPERATIONS			
Net investment income(a)	.18	.07*	.05
Net realized and unrealized gain (loss) on investments	.15	--	.19
TOTAL FROM INVESTMENTS OPERATIONS	.33	.07	.24
LESS DISTRIBUTIONS FROM:			
Net investment income	(.16)	(.07)	(.06)
NET ASSET VALUE, END OF PERIOD	$8.40	$8.23	$8.39
TOTAL INVESTMENT RETURN AT NET ASSET VALUE (%)(b)(c)	4.0	9.80	2.93
NET ASSETS, END OF PERIOD (in thousands)	$462	$784	$163

Ratio of expenses to average net assets (%)(a)(c)	.43	.21	.20
Ratio of net investment income to average net assets (%)(a)(c)	2.44	1.04	.62
Portfolio turnover (%)(c)	73.85	59.27	73.85

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)
<TABLE><CAPTION>
<C> <C> <C> <C> <C> <C>

SIX MONTHS ENDED MARCH 31 1995+	FOR THE PERIOD SEPTEMBER 1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994	SIX MONTHS ENDED MARCH 31 1995+	FOR THE PERIOD FEBRUARY 18, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994	SIX MONTHS ENDED MARCH 31 1995+	FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994
CLASS C		CLASS B		CLASS A	
$8.22	$8.33	$8.22	$8.50	$8.23	$8.50
.13	.03*	.14	.15*	.16	.18*
.16	(.10)	.15	(.39)	.17	(.39)
.29	(.07)	.29	(.24)	.33	(.21)
(.14)	(.04)	(.12)	(.04)	(.15)	(.06)
$8.37	$8.22	$8.39	$8.22	$8.41	$8.23
3.60	(.80)	3.60	(2.79)	4.09	(2.47)
$3,997	$273	$52,187	$38,711	$36,919	$25,782

- -------------
.84	.16	.96	1.21	.58	.75
1.9	7.48	1.90	1.92	2.15	2.41
73.85	59.27	73.85	59.27	73.85	59.27

<FN>
+ Unaudited.

* Per share net investment income for the period ended September 30, 1994, have been determined on the basis of the weighted average number of shares outstanding during the period.

(a) Reflects a voluntary absorption of expenses incurred by the fund. As a result of this limitation, expenses for the period ended September 30, 1994, reflect a reduction of $0.05, $0.04, none and $0.01 for class A, class B, class C and class Y shares, respectively. Expenses for the period ended March 31, 1995 reflect a reduction of $0.01, $0.01, $0.01, none and $0.01 for class A, class B, class C, class M and class Y shares, respectively. See Note 2.

(b) Total Investment Return assumes dividends reinvestment and does not reflect the effect of sales charges.

(c) Not annualized.
</TABLE>

STATEMENT OF ASSETS AND LIABILITIES
March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: GROWTH PORTFOLIO
<TABLE>

<S>	<C>
ASSETS	
Investments in securities, at value (identified cost $154,769,842) (Note 1)	$163,786,217
Cash	166
Interest, dividends and other receivables	668,381
Receivable for securities sold	1,479,794

Receivable for shares of the fund sold	1,744,603
Unamortized organization expenses (Note 1)	10,240
Receivable for open forward currency contracts	192,723
Receivable for closed forward currency contracts	81,234
TOTAL ASSETS	$167,963,358
LIABILITIES	
Payable for securities purchased	$4,736,742
Payable for shares of the fund repurchased	257,200
Payable for administrative services (Note 2)	1,242
Payable for compensation of Manager (Note 2)	250,580
Payable for compensation of Trustees (Note 2)	372
Payable for investor servicing and custodian fees (Note 2)	124,692
Payable for distribution fees (Note 2)	110,333
Payable for organization expenses (Note 1)	13,264
Payable for open forward currency contracts	808,610
Payable for closed forward currency contracts	86,366
Payable for written options outstanding (premium received $14,840)	23,447

Other accrued expenses	71,407
TOTAL LIABILITIES	6,484,255
NET ASSETS	$161,479,103

REPRESENTED BY

Paid-in capital (Note 1)	$154,255,521
Undistributed net investment income (Note 1)	607,541
Accumulated net realized loss on investment transactions (Note 1)	(1,779,881)
Net unrealized appreciation on investments, options, futures, forward currency contracts and foreign currency translation	8,395,922
Total -- Representing net assets applicable to capital shares outstanding	$161,479,103
Computation of net asset value and offering price	
Net asset value and redemption price of class A shares ($75,005,431 divided by 8,617,503 shares)	$8.70
Offering price per share (100/94.25 of $8.70)*	$9.23
Net asset value and offering price of class B shares ($78,641,604 divided by 9,085,689 shares)+	$8.66
Net asset value and offering price of class C shares ($4,914,473 divided by 569,443 shares)+	$8.63

Net asset value and redemption price of class M shares ($424,778 divided by 48,892 shares)	$8.69
Offering price per share (100/96.5 of $8.69)	$9.01
Net asset value and offering price of class Y shares ($2,492,817 divided by 286,450 shares)+	$8.70

<FN>

* On single retail sales of less than $50,000. On sales of $50,000 or more and on group sales the offering price is reduced.

\+ Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

</TABLE>

STATEMENT OF OPERATIONS
Six months ended March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: GROWTH PORTFOLIO

<TABLE>

<S>	<C>
INVESTMENT INCOME:	
Interest	$1,131,391
Dividends (net of foreign tax of $19,072)	1,044,740
TOTAL INVESTMENT INCOME	$2,176,131
EXPENSES:	
Compensation of Manager (Note 2)	$447,875
Investor servicing and custodian fees (Note 2)	232,660
Compensation of Trustees (Note 2)	2,895
Auditing	21,061

Reports to shareholders	25,348
Legal	5,439
Postage	11,377
Amortization of organization expenses (Note 1)	1,323
Administrative services (Note 2)	2,549
Registration fee	24,602
Distribution fees -- class A (Note 2)	74,756
Distribution fees -- class B (Note 2)	318,421
Distribution fees -- class C (Note 2)	11,201
Distribution fees -- class M (Note 2)	280
Other expenses	3,578
Fees waived by the Manager (Note 2)	(94,394)
TOTAL EXPENSES	1,088,971
NET INVESTMENT INCOME	1,087,160
Net realized loss on investments (Notes 1 and 3)	(634,347)
Net realized loss on written options (Notes 1 and 3)	(23,673)
Net realized loss on futures (Notes 1 and 3)	(83,873)

- -------------
Net realized depreciation on forward currency contracts and
translation of foreign currency (Notes 1 and 3) (288,528)
- ---
- -------------
Net unrealized loss on forward currency contracts and
foreign currency translation during the period (583,131)
- ---
- -------------
Net unrealized appreciation of investments and options
during the period 6,791,650
- ---
- -------------
NET GAIN ON INVESTMENT TRANSACTIONS 5,178,098
- ---
- -------------
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS $6,265,258
- ---
- -------------
</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

PUTNAM ASSET ALLOCATION: GROWTH PORTFOLIO

<TABLE><CAPTION>

<S>	<C>	<C>
	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
	1995*	1994
INCREASE IN NET ASSETS		
Operations:		
Net investment income	$1,087,160	$464,501
Net realized loss on investments, options, futures, forward currency contracts and foreign currency translation	(1,030,421)	(794,749)
Net unrealized appreciation of investments,		

options, futures, forward currency contracts and foreign currency translation	6,208,519	2,187,403
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	6,265,258	1,857,155
Distributions to shareholders from net investment income:		
Class A	(496,426)	--
Class B	(367,240)	--
Class C	(17,618)	--
Class Y	(16,310)	--
Increase from capital share transactions (Note 4)	60,618,415	93,602,535
Total increase in net assets	65,986,079	95,459,690
NET ASSETS		
Beginning of period	$95,493,024	33,334
END OF PERIOD (including undistributed net investment income of $607,541 and $417,975, respectively)	$161,479,103	$95,493,024

<FN>
*   Unaudited.

FINANCIAL HIGHLIGHTS*
(For a share outstanding throughout the period)

PUTNAM ASSET ALLOCATION: GROWTH PORTFOLIO

</TABLE>
<TABLE><CAPTION>

<S>	<C>	<C>	<C>
	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD JULY 14, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	FOR THE PERIOD FEBRUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO MARCH 31
	1995+	1994	1995+
	Class Y		Class M
NET ASSET VALUE, BEGINNING OF PERIOD	$8.43	$8.22	$8.39
INVESTMENT OPERATIONS			
Net investment income(a)	.09	.03*	.01
Net realized and unrealized gain (loss) on investments	.26	.18	.29
TOTAL FROM INVESTMENT OPERATIONS	.35	.21	.30
LESS DISTRIBUTIONS FROM:			
Net investment income	(.08)	--	--
TOTAL DISTRIBUTIONS	(.08)	--	--
NET ASSET VALUE, END OF PERIOD	$8.70	$8.43	$8.69
TOTAL INVESTMENT RETURN AT NET ASSET VALUE (%)(b)(c)	4.28	2.55	3.58
NET ASSETS, END OF PERIOD (in thousands)		$2,493	$775
$425			
Ratio of expenses to average net assets (%)(a)(c)	.54	.20	.31
Ratio of net investment income to average net assets (%)(a)(c)	1.16	.50	.31

Portfolio turnover (%)(c)	37.8	39.9	37.8

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE><CAPTION>

<C>	<C>	<C>	<C>	<C>	<C>
SIX MONTHS ENDED MARCH 31	FOR THE PERIOD SEPTEMBER 1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD FEBRUARY 16, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
1995+	1994	1995+	1994	1995+	1994
CLASS C		CLASS B		CLASS A	
$8.39	$8.46	$8.39	$8.50	$8.43	$8.50
.07	.01*	.05	.06*	.07	.10*
.25	(.08)	.27	(.17)	.28	(.17)
.32	(.07)	.32	(.11)	.35	(.07)
(.08)	--	(.05)	--	(.08)	--
(.08)	--	(.05)	--	(.08)	--
$8.63	$8.39	$8.66	$8.39	$8.70	$8.43
3.82	(.83)	3.86	(1.29)	4.16	(.82)
$4,914	$385	$78,642	$50,664	$75,005	$43,669
.98	.15	1.03	1.21	.66	.78

.76	.14	.67	.80	1.04	1.31
37.8	39.9	37.8	39.9	37.8	39.9

<FN>

\+ Unaudited.

* Per share net investment income for the period ended September 30, 1994, has been determined on the basis of the weighted average number of shares outstanding during the period.

(a) Reflects an absorption of expenses incurred by the fund. As a result of this limitation, expenses for the period ended September 30, 1994, reflect a reduction of $0.05, $0.05, $0.01 and $0.01 for class A, class B, class C and class Y shares, respectively. Expenses for the period ended March 31, 1995 reflect a reduction of less than $0.01 per share for class A, class B, class C, class M and class Y shares, respectively. See Note 2.

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

(c) Not annualized.

</TABLE>

STATEMENT OF ASSETS AND LIABILITIES
March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: BALANCED PORTFOLIO

<TABLE>

<S>	<C>
ASSETS	
Investments in securities, at value (identified cost $295,532,336) (Note 1)	$310,556,501
Cash	949
Interest, dividends and other receivables	1,922,417
Receivable for securities sold	2,049,962

Receivable for shares of the fund sold	2,679,237
Receivable for open forward currency contracts	694,134
Receivable for closed forward currency contracts	348,659
Unamortized organization expenses (Note 1)	9,898
TOTAL ASSETS	$318,261,757

LIABILITIES

Payable for securities purchased	$8,612,075
Payable for shares of the fund repurchased	348,649
Payable for administrative services (Note 2)	2,098
Payable for compensation of Manager (Note 2)	487,484
Payable for compensation of Trustees (Note 2)	425
Payable for investor servicing and custodian fees (Note 2)	94,773
Payable for distribution fees (Note 2)	167,779
Payable for open forward currency contracts	1,834,148
Payable for closed forward currency contracts	596,153
Income dividends payable	42,879
Payable for organizational expenses (Note 1)	13,263
Payable for written options outstanding (premium received $57,560)	90,944

- --
- -------------
Other accrued expenses 78,081
- --
- -------------
TOTAL LIABILITIES 12,368,751
- --
- -------------
NET ASSETS $305,893,006
- --
- -------------
REPRESENTED BY
- --
- -------------
Paid-in capital (Note 1) $294,108,789
- --
- -------------
Undistributed net investment income (Note 1) 1,106,224
- --
- -------------
Accumulated net realized loss on investment transactions (Note 1)(3,184,1
36)
- --
- -------------
Net unrealized appreciation on investments, options,
forward currency contracts and foreign currency translation1 3,862,129
- --
- -------------
TOTAL -- REPRESENTING NET ASSETS APPLICABLE TO CAPITAL SHARES OUTSTANDING
$305,893,006
- --
- -------------
COMPUTATION OF NET ASSET VALUE AND OFFERING PRICE
- --
- -------------
Net asset value and redemption price of class A shares
($113,489,338 divided by 13,256,199 shares) $8.56
- --
- -------------
Offering price per share (100/94.25 of $8.56)* $9.08
- --
- -------------
Net asset value and offering price of class B shares
($119,094,153 divided by 13,956,406 shares)+ $8.53
- --
- -------------
Net asset value and offering price of class C shares
($7,372,611 divided by 865,880 shares)+ $8.51
- --
- -------------
Net asset value and redemption price of class M shares

($437,194 divided by 51,222 shares)	$8.54
Offering price per share (100/96.5 of $8.54)	$8.85
Net asset value and offering price of class Y shares ($65,499,710 divided by 7,659,646 shares)+	$8.55

<FN>

* On single retail sales of less than $50,000. On sales of $50,000 or more and on group sales the offering price is reduced.

\+ Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

</TABLE>

STATEMENT OF OPERATIONS
Six months ended March 31, 1995 (Unaudited)

PUTNAM ASSET ALLOCATION: BALANCED PORTFOLIO

<TABLE>

<S>	<C>
INVESTMENT INCOME:	
Interest	$3,832,940
Dividends (net of foreign tax of $35,890)	1,608,186
TOTAL INVESTMENT INCOME	$5,441,126
EXPENSES:	
Compensation of Manager (Note 2)	$886,764
Investor servicing and custodian fees (Note 2)	252,029
Compensation of Trustees (Note 2)	3,270
Auditing	15,971

Report to shareholders	15,367
Legal	6,398
Postage	11,867
Amortization of organization expenses (Note 1)	1,323
Administrative services (Note 2)	5,090
Registration fee	23,315
Distribution fees -- class A (Note 2)	107,702
Distribution fees -- class B (Note 2)	498,779
Distribution fees -- class C (Note 2)	13,848
Distribution fees -- class M (Note 2)	324
Fees waived by Manager (Note 2)	(64,532)
TOTAL EXPENSES	1,777,515
NET INVESTMENT INCOME	3,663,611
Net realized loss on investments (Notes 1 and 3)	(699,091)
Net realized loss on written options (Notes 1 and 3)	(91,911)
Net realized loss on futures (Notes 1 and 3)	(193,674)
Net realized loss on forward currency contracts and translation of foreign currency (Notes 1 and 3)	(1,053,562)

Net unrealized depreciation of forward currency contracts and translation of foreign currency during the period	(1,022,424)
Net unrealized appreciation of investments and options during the period	11,081,088
NET GAIN ON INVESTMENT TRANSACTIONS	8,020,426
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$11,684,037

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

PUTNAM ASSET ALLOCATION: BALANCED PORTFOLIO

<TABLE><CAPTION>

<S>	<C> SIX MONTHS ENDED MARCH 31 1995*	<C> FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994
INCREASE IN NET ASSETS		
Operations:		
Net investment income	$3,663,611	$1,536,209
Net realized loss on investments	(2,038,238)	(1,318,719)
Net unrealized appreciation of investments, options futures, forward currency contracts, and foreign currency translation and TBA sale commitments	10,058,664	3,803,465

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	11,684,037	4,020,955
Distributions to shareholders from net investment income to:		
Class A	(1,112,155)	(271,581)
Class B	(944,792)	(258,746)
Class C	(46,899)	(191)
Class Y	(876,474)	(406,388)
Class M	(1,163)	--
Increase from capital share transactions (Note 4)	95,092,346	198,980,724
TOTAL INCREASE IN NET ASSETS	103,794,900	202,064,773
NET ASSETS		
Beginning of year	202,098,106	33,333
END OF YEAR (including undistributed net investment income of $1,106,224 and $424,096, respectively)	$305,893,006	$202,098,106

<FN>
*   Unaudited.
</TABLE>

FINANCIAL HIGHLIGHTS*
(For a share outstanding throughout the period)

PUTNAM ASSET ALLOCATION: BALANCED PORTFOLIO

<TABLE><CAPTION>
<S>   <C>   <C>   <C>
FOR THE PERIOD FOR THE PERIOD

TO	SIX MONTHS ENDEDOF MARCH 31	JULY 5, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	FEBRUARY 6, 1995 (COMMENCEMENT OF OPERATIONS) TO MARCH 31
	1995+	1994	1995+
	Class Y		Class M
NET ASSET VALUE, BEGINNING OF PERIOD	$8.33	$8.11	$8.34
INVESTMENT OPERATIONS			
Net investment income(a)	.15	.05*	.04
Net realized and unrealized gain (loss) on investments	.18	.22	.21
TOTAL FROM INVESTMENT OPERATIONS	.33	.27	.25
LESS DISTRIBUTIONS FROM:			
Net investment income	(.11)	(.05)	(.05)
NET ASSET VALUE, END OF PERIOD	$8.55	$8.33	$8.54
TOTAL INVESTMENT RETURN AT NET ASSET VALUE (%)(b)(c)	4.08	3.34	2.95
NET ASSETS, END OF PERIOD (in thousands)		$65,500	$66,081
$4.37			
Ratio of expenses to average net assets (%)(a)(c)	.46	.23	.27
Ratio of net investment income to average net assets (%)(a)(c)	1.77	.62	.54
Portfolio turnover (%)(c)	42.09	52.62	42.09

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE><CAPTION>

<C>	<C>	<C>	<C>	<C>	<C>
SIX MONTHS ENDED MARCH 31	FOR THE PERIOD SEPTEMBER 1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD FEBRUARY 11, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	SIX MONTHS ENDED MARCH 31	FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
1995+	1994	1995+	1994	1995+	1994
CLASS C		CLASS B		CLASS A	
$8.31	$8.41	$8.31	$8.50	$8.33	$8.50
.09	.01*	.09	.11*	.10	.16*
.21	(.08)	.21	(.27)	.24	(.28)
.30	(.07)	.30	(.16)	.34	(.12)
(.10)	(.03)	(.08)	(.03)	(.11)	(.05)
$8.51	$8.31	$8.53	$8.31	$8.56	$8.33
3.63	(.84)	3.61	(1.89)	4.08	(1.47)
$7,373	$441	$119,094	$81,093	$113,489	$54,483
.86	.16	.96	1.23	.58	0.83
1.20	(.11)	1.19	1.41	1.50	2.13
42.09	52.62	42.09	52.62	42.09	52.62

- -------------
<FN>
+ Unaudited.

* Per share net investment income for the period ended September 30, 1994, have been determined on the basis of the weighted average number of shares outstanding during the period.

(a) Reflects an absorption of expenses incurred by the fund. As a result of this limitation, expenses for the period ended September 30, 1994, reflect a reduction of $0.05, $0.03, $0.01 and none for class A, class B, class C and class Y shares, respectively. Expenses for the period March 31, 1995 reflect a reduction of less than $0.01 per share for class A, class B, class C, class M and class Y shares, respectively. See Note 2.

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

(c) Not annualized.
</TABLE>

NOTES TO FINANCIAL STATEMENTS
March 31, 1995 (Unaudited)

NOTE 1
SIGNIFICANT ACCOUNTING POLICIES

Putnam Asset Allocation Funds (the "trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company which consists of a series of investment portfolios (the "funds"), each of which is represented by a separate series of shares of beneficial interest. The trust currently offers three funds: Conservative Portfolio, Growth Portfolio and Balanced Portfolio, whose objectives are to seek capital appreciation, total return and total return consistent with preservation of capital, respectively.

Each series of the trust offers class A, class B, class C, class Y and class M shares. The trust commenced its public offering of class M shares as follows:

<TABLE><CAPTION>
<S> <C>

Fund	Date
Conservative Portfolio	February 7, 1995
Growth Portfolio	February 3, 1995
Balanced Portfolio	February 6, 1995

- -------------

</TABLE>

Class A shares are sold with a maximum front-end sales charge of 5.75%. Class B shares do not pay a front-end sales charge but pay a higher ongoing distribution fee than class A shares, and may be subject to a contingent deferred sales charge, if those shares are redeemed within six years of purchase. Class C shares are subject to the same fees and expenses as class B shares, except that class C shares have a one-year 1.00% contingent deferred sales charge and do not convert to class A shares. Class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A shares and class B shares, but do not bear a distribution fee. Class Y shares are sold to defined contribution plans that initially invest at least $250 million in a combination of Putnam Funds. Class M shares are sold with a maximum front end sales charge of 3.50%. Class M shares pay a lower front end sales charge than class A shares but pay higher ongoing distribution fee than class A shares but lower than class B and class C shares.

Expenses of the trust are borne pro- rata by the holders of each class of shares, except that each class bears expenses unique to that class (including the distribution fees applicable to such class). 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. Shares of each class would receive their pro-rata share of the net assets of that fund, if that fund were liquidated. In addition, the Trustees declare separate dividends on each class of shares.

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

A SECURITY VALUATION Investments for which market quotations are readily available are stated at market value, which is determined using the last reported sale price, or, if no sales are reported -- as in the case of some securities traded over-the-counter -- the last reported bid price, except that certain U.S. government obligations are stated at the mean between the last reported bid and asked prices. Securities quoted in foreign currencies are translated into U.S. dollars at the current exchange rate. Short-term investments having remaining maturities of 60 days or less are stated at amortized cost which approximates market, and other investments, including restricted securities, are stated at fair value following procedures approved by the Trustees. Market quotations are not considered to be readily available for long-term corporate bonds and notes; such investments are stated at fair value on the basis of valuations furnished by a pricing service, approved by the Trustees, which determines valuations for normal, institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders. (See Sections F, G, H and I of Note 1 with respect to valuation of TBA sale and purchase commitments, options and futures contracts and forward currency contracts.)

B JOINT TRADING ACCOUNT Pursuant to an exemptive order issued by the Securities and Exchange Commission, the fund may transfer uninvested cash balances into a joint trading account, along with the cash of other registered investment companies managed by Putnam Investment Management, Inc. (Putnam Management), the fund's Manager, a wholly-owned subsidiary of Putnam Investments, Inc., and certain other accounts. These balances may be invested in one or more repurchase agreements and/or short-term money market instruments.

C REPURCHASE AGREEMENTS The funds, or any joint trading account, through their custodian, receives delivery of the underlying securities, the market 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. The funds' Manager 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.

D 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 and dividend income is recorded on the ex-dividend date.

Discount on zero coupon bonds, original issue discount bonds and step-up bonds is accreted according to the effective yield method.

E FOREIGN CURRENCY TRANSLATION The accounting records of the trust are maintained in U.S. dollars. The market values of foreign securities, currency holdings, other assets and liabilities are recorded in the books and records of the trust after translation to U.S. dollars based on the exchange rate on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when accrued or incurred. The fund does not isolate that portion of realized and unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such fluctuations are included with the net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent net exchange gains or losses on closed forward currency contracts, disposition of foreign currencies and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid.

F TBA PURCHASE COMMITMENTS Each fund may enter into "TBA" (to beannounced) purchase commitments to purchase securities for a fixed price at a future date beyond customary settlement time if that fund holds, and maintains until the settlement date in a segregated account, cash or high- grade debt obligations in an amount sufficient to meet the purchase price, or if that fund enters into offsetting contracts for the forward sale of other securities it owns. TBA purchase commitments may be considered securities in themselves, and involve a risk of loss if the value of the security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in the value of the funds' other assets. Unsettled TBA purchase commitments are valued at the current market value of the underlying securities, generally according to the procedures described under "Security valuation" above.

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

TBA SALE COMMITMENTS

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

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

G OPTION ACCOUNTING PRINCIPLES Each fund may, to the extent consistent with its investment objective and policies, seek to increase its current returns by writing covered call and put options on securities it owns or in which it may invest. When a fund writes a call or put option, an amount equal to the premium received by that fund is included in that fund's "Statement of assets and liabilities" as an asset and an equivalent liability. The amount of the liability is subsequently "marked-to- market" to reflect the current market value of an option written. The current market value of an option is the last sale price or, in the absence of a sale, the last offering price. If an option expires on its stipulated expiration date, or if a fund enters into a closing purchase transaction, that fund realizes a gain (or loss if the closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a written call option is exercised, the amount of the premium originally received reduces the cost of the security that the fund purchases upon exercise of the option.

The risk in writing a call option is that a fund relinquishes the opportunity to profit if the market price of the underlying security increases and theoption is exercised. In writing a put option, a fund assumes the risk of incurring a loss if the market price of the underlying security decreases and the option is exercised. In addition, there is the risk a fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Each fund may also, to the extent consistent with its investment objectives and policies, buy put options to protect its portfolio holdings in an underlying security against a decline in market value. A fund may buy call options to hedge against an increase in the price of the securities that that fund ultimately wants to buy. The funds may also buy and sell combinations of put and call options on the same underlying security to earn additional income. The premium paid by a fund for the purchase of a put or call option is included in the fund's "Statement of assets and liabilities" as an investment and is subsequently "marked-to-market" to reflect the current market value of the option. If an option a fund has purchased expires on the stipulated expiration date, that fund realizes a loss in the amount of the cost of the option. If a fund enters into a closing sale transaction, that fund realizes a gain or loss, depending on whether proceeds from the closing sale transaction are greater or less than the cost of the option. If a fund exercises a call option, the cost of securities acquired by exercising the call is increased by the premium paid to buy the call. If a fund exercises a put option, it realizes a gain or loss from the sale of the underlying security and the proceeds from such sale are decreased by the premium originally paid. The risk associated with purchasing options is limited to the premium originally paid.

OPTIONS ON FOREIGN CURRENCIES Each of the funds, to the extent consistent with its investment objectives and policies, may write and purchase put and call options on foreign currencies. The investment objectives, accounting principles and risks involved are similar to those described above relating to options on securities. The amount of potential loss to the funds upon exercise of a written call option is the value (in U.S. dollars) of the currency sold or received, converted at the spot price, less the value of U.S. dollars received or paid in exchange.

I FUTURES A futures contract is an agreement between two parties to buy and sell a security at a set price on a future date. Upon entering into such a contract, a fund is required to pledge to the broker an amount of cash or tax- exempt securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contract, the funds agree to receive from or pay to the broker the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin, and are recorded by the funds as unrealized gains or losses. When the contract is closed, the funds record 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 funds is that the change in value of the underlying securities may not correspond to the change in value of the futures contracts. In addition, there is a risk that the funds may not be able to close out its futures positions due to an illiquid secondary market.

J FORWARD CURRENCY CONTRACTS Each fund may engage in forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date, to protect against a decline in value relative to the U.S. dollar of the currencies in which its portfolio securities are denominated or quoted(or an increase in the value of a currency in which securities a fund intends to buy are denominated, when a fund holds cash reserves and short- term investments). The market value of the contract will fluctuate with changes in currency exchange rates. The contract is "marked-to-market" daily and the change in market value is recorded as an unrealized gain or loss. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The fund could be exposed to risk if the value of the currency changes unfavorably. In addition, the fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter a closing position. The maximum potential loss from forward currency contracts is the aggregate face value in U.S. dollars at the time the contract was opened; however, management believes the likelihood of such a loss to be remote.

K 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, capital gains or unrealized appreciation of securities held and excise tax on income and capital gains.

L DISTRIBUTIONS TO SHAREHOLDERS Distributions to shareholders are recorded by the fund on the ex- dividend date. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences include treatment of wash sales, capital loss carry over and foreign currency gains and losses. 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.

M 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.

N UNAMORTIZED ORGANIZATION EXPENSES Expenses incurred by the trust in connection with its organization, its registration with the Securities and Exchange Commission and with various states, and the initial public offering of its shares aggregated $39,790 allocated as follow:

<TABLE><CAPTION>

<S> FUND	<C> AMOUNT
Conservative Portfolio	$13,263
Growth Portfolio	13,264
Balanced Portfolio	13,263

</TABLE>

These expenses are being amortized by each fund on a straight-line basis over a five-year period.

NOTE 2
MANAGEMENT FEE, ADMINISTRATIVE SERVICES, AND OTHER TRANSACTIONS

Compensation of Putnam Management, the trust's Manager, for management and investment advisory services is paid quarterly based on the average net assets of the fund. Such fee is based on the following annual rates: 0.70% of the first $500 million of average net assets of a fund, 0.60% of the next $500 million, 0.55% of the next $500 million, 0.50% of any amount over $1.5 billion.

Until December 31, 1994, the Manager agreed to reduce its compensation and, to the extent necessary, limit expenses of the Growth and Balanced Portfolios and until September 30, 1995, for the Conservative Portfolio (exclusive of brokerage, interest, taxes, deferred organizational and extraordinary expenses, if any, and expenses incurred under the trust's distribution plans described below) to an annual rate of 1.00% of each fund's average net assets. This limitation was accomplished by a reduction of the compensation payable under the management contract to the Manager and, to the extent necessary, by the Manager's assumption of additional trust expenses.

The trust also reimburses the Manager for the compensation and related expenses of certain officers of the trust and their staff who provide administrative services to the trust. The aggregate amount of all such reimbursements is approved by the Trustees.

Trustees of the Trust receive an annual Trustee's fee as follows:

<TABLE><CAPTION>

FUND	AMOUNT
Conservative Portfolio	$530
Growth Portfolio	780
Balanced Portfolio	830

</TABLE>

Trustees receive 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 each of the funds' assets are provided by Putnam Fiduciary Trust Company (PFTC), a subsidiary of Putnam Investments, Inc. Investor servicing and custodian fees reported in the Statement of operations for the period ended March 31, 1995, have been reduced by credits allowed by PFTC.

Each fund has adopted distribution plans (the "Plans") with respect to its class A, B, C and class M shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Mutual Funds Corp., a wholly-owned subsidiary of Putnam Investments Inc., for services provided and expenses incurred by it in distributing shares of each fund. The Plans provide for payments by the funds to Putnam Mutual Funds Corp. at an annual rate of up to 0.35%, 1.00%, 1.00% and 1.00% of the average net assets attributable to class A, class B, class C and class M shares, respectively. The Trustees have approved payment by each fund at an annual rate of 0.25%, 1.00%, 1.00% and 0.75% of the average net assets attributable to class A, class B, class C and class M shares, respectively.

For the period ended March 31, 1995, Putnam Mutual Funds Corp., acting as underwriter received net commissions of $194,292 and $3,308 from the sale of class A and M shares and $255,817 and $2,010 in contingent deferred sales charges from redemptions of class B and C shares. A deferred sales charge of up to 1% is assessed on certain redemptions of class A shares purchased as part of an investment of $1 million or more. For the period ended March 31, 1995, Putnam Mutual Funds Corp., acting as underwriter received $73 on class A redemptions.

NOTE 3
PURCHASES AND SALES OF SECURITIES

During the period ended March 31, 1995, aggregate purchases and sales of investment securities other than short- term investments were as follows:

	PERIOD ENDED MARCH 31 U.S. GOVERNMENT OBLIGATIONS PURCHASES	SALES
Conservative Portfolio	$33,475,591	$26,856,128
Growth Portfolio	8,379,311	6,372,993
Balanced Portfolio	29,657,140	23,023,806

PERIOD ENDED MARCH 31	OTHER SECURITIES PURCHASES	SALES
Conservative Portfolio	$45,623,473	$20,473,914
Growth Portfolio	85,766,311	35,639,050
Balanced Portfolio1	56,619,825	80,036,381

In determining the net gain or loss on securities sold, the cost of securities has been determined on the identified cost basis.

Written option transactions during the period are summarized as follows:

	CONSERVATIVE PORTFOLIO PREMIUMS RECEIVED
Contracts outstanding at the beginning of the year:	$ --
Options opened	48,480
Options expired	--
Options closed	21,600

WRITTEN OPTIONS OUTSTANDING AT THE END OF THE PERIOD	$26,880

	GROWTH PORTFOLIO
	PREMIUMS RECEIVED
Contracts outstanding at the beginning of the year:	$ --
Options opened	26,534
Options expired	--
Options closed	11,694
WRITTEN OPTIONS OUTSTANDING AT THE END OF THE PERIOD	$14,840

	BALANCED PORTFOLIO
	PREMIUMS RECEIVED
Contracts outstanding at the beginning of the year:	$ --
Options opened	102,978
Options expired	--
Options closed	45,418
WRITTEN OPTIONS OUTSTANDING AT THE END OF THE PERIOD	$57,560

</TABLE>

NOTE 4
CAPITAL SHARES

At March 31, 1995 there was an unlimited number of shares of beneficial interest authorized, divided into five classes of shares, Class A, Class B, Class C, Class M and Class Y shares. Transactions in capital shares were as follows:

<TABLE><CAPTION>

<S>	<C>	<C>
	SIX MONTHS ENDED MARCH 31	

CLASS A		1995
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	2,988,579	$24,394,260
Shares purchased in connection with reinvestment of distributions	63,673	516,646
Shares repurchased	(1,793,827)	(14,606,881)
NET INCREASE	1,258,425	$10,304,025

		FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
CLASS A		1994
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	3,273,121	$27,077,525
Shares purchased in connection with reinvestment of distributions	18,502	152,276
Shares repurchased	(162,678)	(1,344,819)
NET INCREASE	3,128,945	$25,884,982

		SIX MONTHS ENDED MARCH 31
CLASS B		1995
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT

Shares sold	2,165,415	$17,657,046
Shares purchased in connection with reinvestment of distributions	72,644	587,573
Shares repurchased	(726,119)	(5,931,917)
NET INCREASE	1,511,940	$12,312,702

</TABLE>

<TABLE><CAPTION>

<S>	<C>	<C>
	FOR THE PERIOD FEBRUARY 18, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS B		1994
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	5,077,331	$41,833,950
Shares purchased in connection with reinvestment of distributions	19,4801	59,936
Shares repurchased	(389,973)	(3,201,104)
NET INCREASE	4,706,838	$38,792,782
	SIX MONTHS ENDED MARCH 31	
CLASS C		1995
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	458,385	$3,744,745
Shares purchased in connection with reinvestment of		

distributions	4,027	32,808
Shares repurchased	(17,932)	(146,342)
NET INCREASE	444,480	$3,631,211

		FOR THE PERIOD SEPTEMBER 1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
Class C		1994
Conservative Portfolio	Shares	Amount
Shares sold	33,186	$272,913
Shares purchased in connection with reinvestment of distributions	17	141
Shares repurchased	--	--
Net increase	33,203	$273,054

</TABLE>

<TABLE><CAPTION>
<S> <C> <C>

		FOR THE PERIOD FEBRUARY 7, 1995 (COMMENCEMENT OF OPERATIONS) TO MARCH 31
CLASS M		1995
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	56,277	465,431

Shares repurchased	(1,202)	(10,000)
NET INCREASE	55,075	$455,431

	SIX MONTHS ENDED MARCH 31	
CLASS Y		1995
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	76,138	$627,663
Shares purchased in connection with reinvestment of distributions	1,140	9,274
Shares repurchased	(3,821)	(31,585)
Net increase	73,457	$605,352

	FOR THE PERIOD FEBRUARY 14, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS Y		1994
CONSERVATIVE PORTFOLIO	SHARES	AMOUNT
Shares sold	21,200	$175,327
Shares purchased in connection with reinvestment of distributions	119	981
Shares repurchased	(1,518)	(12,672)
NET INCREASE	19,801	$163,636

</TABLE>

<TABLE><CAPTION>
<S> <C> <C>

CLASS A	SIX MONTHS ENDED MARCH 31 1995	
GROWTH PORTFOLIO	SHARES	AMOUNT
Shares sold	4,508,020	$37,782,272
Shares purchased in connection with reinvestment of distributions	59,223	507,085
Shares repurchased	(1,132,751)	(9,503,497)
Net increase	3,434,492	$28,785,860

CLASS A	FOR THE PERIOD FEBRUARY 8, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30 1994	
GROWTH PORTFOLIO	SHARES	AMOUNT
Shares sold	5,390,875	$44,610,117
Shares repurchased	(209,824)	(1,732,275)
Net increase	5,181,051	$42,877,842

CLASS B	SIX MONTHS ENDED MARCH 31 1995	
GROWTH PORTFOLIO	SHARES	AMOUNT

Shares sold	3,657,006	$30,522,861
Shares purchased in connection with reinvestment of distributions	41,820	352,236
Shares repurchased	(652,634)	(5,442,843)
NET INCREASE	3,046,192	$25,432,254

</TABLE>

<TABLE><CAPTION>

<S>	<C>	<C>
	FOR THE PERIOD FEBRUARY 16, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS B		1994
GROWTH PORTFOLIO	SHARES	AMOUNT
Shares sold	6,391,750	$52,522,856
	--	--
Shares repurchased	(354,213)	(2,954,048)
NET INCREASE	6,037,537	$49,568,808
	SIX MONTHS ENDED MARCH 31	
CLASS C		1995
GROWTH PORTFOLIO	SHARES	AMOUNT

Shares sold	542,009	$4,515,216
Shares purchased in connection with reinvestment of distributions	2,359	18,978
Shares repurchased	(20,830)	(176,301)
NET INCREASE	523,538	$4,357,893

		FOR THE PERIOD SEPTEMBER 1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
CLASS C		1994
GROWTH PORTFOLIO	SHARES	AMOUNT
Shares sold	45,905	$386,020
Shares repurchased	--	--
Net increase	45,905	$386,020

</TABLE>

<TABLE><CAPTION>

<S>	<C>	<C> FOR THE PERIOD FEBRUARY 3, 1995 (COMMENCEMENT OF OPERATIONS) TO MARCH 31
CLASS M		1995
GROWTH PORTFOLIO	SHARES	AMOUNT

Shares sold	49,120	$418,840
Shares repurchased	(228)	(1,938)
NET INCREASE	48,892	$416,902

		SIX MONTHS ENDED MARCH 31
CLASS Y		1995
GROWTH PORTFOLIO	SHARES	AMOUNT
Shares sold	217,973	$1,825,014
Shares purchased in connection with reinvestment of distributions	2,0261	6,312
Shares repurchased	(25,469)	(215,820)
NET INCREASE	194,530	$1,625,506

		FOR THE PERIOD JULY 14, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
CLASS Y		1994
Growth Portfolio	Shares	Amount
Shares sold	96,440	$808,146
Shares repurchased	(4,520)	(38,281)
NET INCREASE	91,920	$769,865

- -------------
</TABLE>

<TABLE><CAPTION>
<S> <C> <C>

	SIX MONTHS ENDED MARCH 31	
CLASS A		1995
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	7,634,071	$63,154,432
Shares purchased in connection with reinvestment of distributions1	30,355	1,069,835
Shares repurchased	(1,049,343)	(8,702,041)
NET INCREASE	6,715,083	$55,522,226

	FOR THE PERIOD FEBRUARY 7, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS A		1994
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	7,003,873	$57,906,621
Shares purchased in connection with reinvestment of distributions	30,878	256,597
Shares repurchased	(495,595)	(4,114,466)
NET INCREASE	6,539,156	$54,048,752

SIX MONTHS ENDED

	MARCH 31	
CLASS B		1995
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	4,967,337	$41,079,323
Shares purchased in connection with reinvestment of distributions	106,342	866,862
Shares repurchased	(876,694)	(7,260,086)
NET INCREASE	4,196,985	$34,686,099

</TABLE>

<TABLE><CAPTION>

<S>	<C>	<C>
	FOR THE PERIOD FEBRUARY 11, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS B		1994
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	10,093,884	$82,996,850
Shares purchased in connection with reinvestment of distributions	28,250	234,196
Shares repurchased	(364,673)	(2,993,135)
NET INCREASE	9,757,461	$80,237,911

SIX MONTHS ENDED
MARCH 31

CLASS C		1995
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	823,393	$6,822,243
Shares purchased in connection with reinvestment of distributions	1,810	14,986
Shares repurchased	(12,421)	(103,632)
NET INCREASE	812,782	$6,733,597

		FOR THE PERIOD SEPTEMBER1, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30
CLASS C		1994
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	53,074	$440,831
Shares purchased in connection with reinvestment of distributions	24	199
Shares repurchased	--	--
Net increase	53,098	$441,030

</TABLE>

<TABLE><CAPTION>
<S> <C> <C>

FOR THE PERIOD
FEBRUARY 6, 1995
(COMMENCEMENT
OF OPERATIONS) TO
MARCH 31

CLASS M		1995
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	51,222	$432,133
Shares repurchased	--	--
Net increase	51,222	$432,133

	SIX MONTHS ENDED MARCH 31	
CLASS Y		1995
BALANCED PORTFOLIO	SHARES	AMOUNT
Shares sold	267,319	$2,221,018
Shares purchased in connection with reinvestment of distributions	107,289	876,483
Shares repurchased	(648,239)	(5,379,210)
NET DECREASE	(273,631)	$(2,281,709)

	FOR THE PERIOD JULY 5, 1994 (COMMENCEMENT OF OPERATIONS) TO SEPTEMBER 30	
CLASS Y		1994
BALANCED PORTFOLIO	SHARES	AMOUNT

Shares sold	8,070,025	$65,392,334
Shares purchased in connection with reinvestment of distributions	48,904	406,388
Shares repurchased	(185,652)	(1,545,691)
NET INCREASE	7,933,277	$64,253,031

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

OFFICERS

George Putnam
President

Charles E. Porter
Executive Vice President

Patricia C. Flaherty
Senior Vice President

Lawrence J. Lasser
Vice President

Gordon H. Silver
Vice President

Peter Carman
Vice President and Fund Manager

Gary N. Coburn
Vice President and Fund Manager

William J. Landes
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

This report is for the information of shareholders of Putnam Asset Allocation Funds. It may also be used as sales literature when preceded or accompanied by the current prospectus, which gives details of sales charges, investment objectives, and operating policies of the fund, and the most recent copy of Putnam's Quarterly Performance Summary. For more information, or to request a prospectus, call toll free: 1-800-225-1581.

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AMOUNT INVESTED.

PUTNAM INVESTMENTS
THE PUTNAM FUNDS
One Post Office Square
Boston, Massachusetts 02109

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(1) Rule lines for tables are omitted.

(2) Italic typefaces is displayed in normal type.

(3) Boldface type is displayed in capital letters.

(4) Headers (e.g. the names of the fund) and footers (e.g. page numbers and OThe accompanying notes are an integral part of these financial statementsO) are omitted.

(5) Because the printed page breaks are not reflected, certain tabular and columnar headings and symbols are displayed differently in this filing.

(6) Bullet points and similar graphic symbols are omitted.

(7) Page numbering is different.

</TABLE>