

PUTNAM INVESTMENT GRADE MUNICIPAL TRUST
Form N-CSR
January 27, 2006

Item 1. Report to Stockholders:

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

What makes Putnam different?

In 1830, Massachusetts Supreme Judicial Court Justice Samuel Putnam established The Prudent Man Rule, a legal foundation for responsible money management.

THE PRUDENT MAN RULE

All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.

A time-honored tradition in money management

Since 1937, our values have been rooted in a profound sense of responsibility for the money entrusted to us.

A prudent approach to investing

We use a research-driven team approach to seek consistent, dependable, superior investment results over time, although there is no guarantee a fund will meet its objectives.

Funds for every investment goal

We offer a broad range of mutual funds and other financial products so investors and their advisors can build diversified portfolios.

A commitment to doing what's right for investors

We have stringent investor protections and provide a wealth of information about the Putnam funds.

Industry-leading service

We help investors, along with their financial advisors, make informed investment decisions with confidence.

Putnam Investment Grade Municipal Trust

11|30|05

Annual Report

Message from the Trustees	2
About the fund	4
Report from the fund managers	7
Performance	13
Your fund's management	15
Terms and definitions	18
Trustee approval of management contract	19
Other information for shareholders	24
Financial statements	26
Federal tax information	48
Shareholder meeting results	49
Compliance certifications	50
About the Trustees	51
Officers	57

Cover photograph: © Richard H. Johnson

Message from the Trustees

Dear Fellow Shareholder

During the course of 2005, U.S. and global economies proved resilient in the face of some emerging challenges. Higher energy prices, mounting inflationary pressures, and damage caused by an unusually active hurricane season appeared at times to pose a risk to corporate earnings, raising investors' concerns. The Federal Reserve Board's program of interest-rate increases remained in effect throughout the year, as well. Nevertheless, in recent months the financial markets have demonstrated trends consistent with an expanding economy -- relative weakness for bonds and relative strength for stocks. With many companies appearing likely to deliver strong earnings, our teams are working to identify investment opportunities while remaining cognizant of the risks posed by higher energy prices in the winter months, as well as the possibility of continued increases in interest rates in 2006.

In our view, the professional research, diversification, and active management that mutual funds provide continue to make them an intelligent choice for investors. We want you to know that Putnam Investments' management team, under the leadership of Chief Executive

Officer Ed Haldeman, continues to focus on investment performance and remains committed to putting the interests of shareholders first. Also, in keeping with these goals, we have redesigned and expanded our shareholder reports to make it easier for you to learn more about your fund. Furthermore, on page 19 we provide information about the 2005 approval by the Trustees of your fund's management contract with Putnam.

2

In the following pages, members of your fund's management team discuss the fund's performance and strategies, and their outlook for the months ahead. We thank you for your support of the Putnam funds throughout 2005 and wish you a happy and prosperous 2006.

Putnam Investment Grade Municipal Trust: potential for income exempt from federal income tax

Municipal bonds can help investors keep more of their investment income while also financing important public projects such as schools, roads, and hospitals. Putnam Investment Grade Municipal Trust offers another advantage -- the flexibility to invest in municipal bonds issued by any state in the country.

Municipal bonds are typically issued by states and local municipalities to raise funds for building and maintaining public facilities. The income from a municipal bond is generally exempt from federal income tax. The bonds are backed by either the issuing city or town or by revenues collected from usage fees.

The fund's management team can select bonds issued by a variety of state and local governments. The fund also combines bonds of differing quality levels to increase income potential. The portfolio focuses primarily on investment-grade bonds to ensure a high level of overall credit quality. The team also allocates a portion of assets to lower-rated bonds, which may offer higher income in return for more risk. When deciding whether to invest in a bond, the team considers factors such as credit risk, interest-rate risk, and the risk that the bond will be prepaid. Once a bond has been purchased, the team continues to monitor developments that affect the bond market, the sector, and the issuer of the bond. Typically, lower-rated bonds are reviewed more often because of their greater potential risk.

Putnam Investment Grade Municipal Trust's management team is backed by the resources of Putnam's fixed-income organization, one of the largest in the investment industry. Putnam's municipal bond analysts are grouped into sector teams and conduct ongoing, rigorous research. The breadth of their expertise in highly complex markets gives Putnam a distinct advantage over smaller firms.

Municipal bonds may finance a range of community projects and thus play a key role in local development.

The goal of the management team's research and active management is to stay a step ahead of the industry and pinpoint opportunities to adjust the fund's holdings -- either by acquiring more of a particular bond or selling it -- for the benefit of the fund and its shareholders.

Capital gains, if any, are taxable for federal and, in most cases, state purposes. For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes. Tax-free funds may not be suitable for IRAs and other non-taxable accounts.

Please consult with your tax advisor for more information. Mutual funds that invest in bonds are subject to certain risks, including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. Leverage can mean higher returns, but adds risk and may increase share price volatility.

How do closed-end funds differ from open-end funds?

More assets at work While open-end funds must maintain a cash position to meet redemptions, closed-end funds have no such requirement and can keep more of their assets invested in the market.

Traded like stocks Closed-end fund shares are traded on stock exchanges, and their market prices fluctuate in response to supply and demand, among other factors.

Market price vs. net asset value Like an open-end fund's net asset value (NAV) per share, the NAV of a closed-end fund share equals the current value of the fund's assets, minus its liabilities, divided by the number of shares outstanding. When buying or selling closed-end fund shares, you pay or receive the *market price*, which may be higher or lower than the NAV.

Strategies for higher income Unlike open-end funds, closed-end funds have greater flexibility to use strategies such as "leverage" -- for example, issuing preferred shares to raise capital, then seeking to invest that capital at higher rates to enhance income for common shareholders.

Identified projects are not necessarily represented in your fund's portfolio as of the date of this report, and your fund may invest in securities representing projects not shown here. Your fund's holdings will vary over time. For more information on current fund holdings, see pages 9 and 28.

5

Putnam Investment Grade Municipal Trust is a leveraged fund that seeks to provide as high a level of current income free from federal income tax as we believe is consistent with preservation of capital by investing primarily in investment-grade municipal bonds. The fund may be suitable for investors seeking tax-exempt income who can accept a higher level of risk in exchange for the potentially higher level of income offered by a leveraged fund.

Highlights

- For the 12 months ended November 30, 2005, Putnam Investment Grade Municipal Trust returned 6.67% at net asset value and 2.26% at market price.
- The fund's benchmark, the Lehman Municipal Bond Index, returned 3.90%.
- The average return for the fund's Lipper category, General Municipal Debts Funds (leveraged-closed-end), was 6.61%.
- The fund's monthly dividend was reduced twice during the period: from \$0.0566 to \$0.0498 per share in December 2004 and to \$0.0409 per share in June 2005. See page 11 for details.
- Additional fund performance, comparative performance, and Lipper data can be found in the performance section beginning on page 13.

Performance

It is important to note that a fund's performance at market price may differ from its results at NAV. Although market price performance generally reflects investment results, it may also be influenced by several other factors, including changes in investor perceptions of the fund or its investment advisor, market conditions, fluctuations in supply and demand for the fund's shares, and changes in fund distributions.

Total return for periods ended 11/30/05

Since the fund's inception (10/26/89), average annual return is 7.49% at NAV and 6.01% at market price.

	Average annual return		Cumulative return	
	NAV	Market price	NAV	Market price
10 years	5.94%	3.49%	78.04%	40.96%
5 years	6.99	6.08	40.22	34.33
3 years	8.44	2.18	27.51	6.69
1 year	6.67	2.26	6.67	2.26

Data is historical. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes.

6

Report from the fund managers

The year in review

For its 2005 fiscal year, Putnam Investment Grade Municipal Trust delivered positive performance at net asset value (NAV), outpacing its benchmark, the Lehman Municipal Bond Index, and matching the average for its Lipper category of funds that invest in municipal securities. Our defensive positioning of the portfolio helped fund performance as rates generally rose during the period. Short-term bond rates continued to rise as short-term bond prices fell, producing a flatter yield curve. The yield curve is a graphical representation of yields for bonds of comparable quality plotted from the shortest to the longest maturity. The curve flattened more than we anticipated, however, dampening relative performance. While your fund's focus remains on investment-grade bonds, a modest allocation to outperforming lower-rated bonds aided results. The fund also benefited from its overweight position in tobacco settlement bonds, though a relative underweight position to volatile, airline-related industrial development bonds (IDBs) modestly detracted when this sector outperformed for

the fiscal year.

Market overview

Signs of solid economic growth, and the desire to curb the potential inflation that may accompany economic growth, prompted the Federal Reserve Board (the Fed) to increase short-term interest rates eight times in 0.25% increments during the fund's fiscal year. The Fed's gradual approach to reining in economic growth may have helped allay investor fears of higher longer-term rates, as long-term bond yields ended the year slightly lower despite rising short-term rates. As shorter- and longer-term interest rates began to converge, the yield curve flattened significantly.

An improving economy and rising corporate earnings contributed to the strong performance of lower-rated bonds. Among uninsured bonds in general and especially among bonds rated Baa and below, yield spreads tightened based on strong interest

7

among buyers in search of higher yields. Based on continued favorable legal rulings, spreads on tobacco settlement bonds narrowed overall for the year. Although airline-related industrial development bonds (IDBs) exhibited a high level of volatility and ended the year on price weakness amid bankruptcy filings by Northwest and Delta, they outperformed modestly for the period. On a geographic basis, municipal bonds issued in the territory of Puerto Rico, which are tax exempt in all states, under-performed during the period. Callable bonds (which can be redeemed by their issuers before maturity) outperformed non-callable bonds, as investors expect that callable bonds will generally be less sensitive to interest-rate increases.

Strategy overview

Given our expectation for rising interest rates, we maintained a short (defensive) duration position for your fund's portfolio, a strategy that contributed to relative results for the period as most rates rose. Duration is a measure of a fund's sensitivity to changes in interest rates. Having a shorter-duration portfolio may help protect principal when interest rates are rising, but it can reduce the fund's potential for appreciation when rates fall.

During the period, we took steps to better position the portfolio for a flat-tening yield curve. However, the degree of flattening exceeded our efforts to offset its impact, resulting in a net negative contribution to relative results from the fund's yield curve position. Given our

Market sector performance

These indexes provide an overview of performance in different market sectors for the 12 months ended 11/30/05.

Bonds

Lehman Municipal Bond Index (tax-exempt bonds)	3.90%
--	-------

Lehman Aggregate Bond Index (broad bond market)	2.40%
---	-------

Lehman Government Bond Index (U.S. Treasury and agency securities)	2.62%
--	-------

JP Morgan Global High Yield Index (global high-yield corporate bonds)	3.74%
---	-------

Equities

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

S&P 500 Index (broad stock market)	8.44%
Russell 1000 Index (large-company stocks)	9.96%
Russell 2000 Index (small-company stocks)	8.14%

8

expectation that short-term rates would continue to rise, we reduced the fund's positions in inverse floating-rate securities during the period. These securities pay additional interest income as short-term rates fall and less interest income when short-term rates rise. By decreasing the fund's exposure to these securities, we took a more defensive position against rising short-term rates. The fund also benefited from its overweight position in lower-rated, higher-yielding bonds in comparison with other funds in its peer group, as this segment of the market outperformed during the period.

An overweight position in tobacco settlement bonds relative to the fund's peer group contributed to results as this sector also outperformed. The fund's relative underweight position in airline-related IDBs modestly detracted from relative results as this sector outperformed for the fiscal year amid high volatility. We increased the fund's exposure to the single-family housing sector, as we believe rising interest rates and declining mortgage prepayments will help this sector outperform. The fund's relative underweight position in municipal bonds issued in Puerto Rico helped results as this segment of the market underperformed for the period.

Your fund's holdings

During its fiscal year, your fund benefited from the pre-refunding of two bond holdings. Through pre-refunding, an

Comparison of the fund's maturity and duration

This chart compares changes in the fund's duration (a measure of its sensitivity to interest-rate changes) and its average effective maturity (a weighted average of the holdings' maturities).

Average effective maturity also takes into account put and call features, where applicable, and reflects prepayments for mortgage-backed securities.

9

issuer brings new bonds to market at current lower interest rates to refinance older, higher-coupon debt. The issuer then invests the money in a secure investment, typically U.S. Treasury securities, which matures at the older bond's first call date, when proceeds are used to pay off the older bonds. The added security that this approach provides is often seen as a credit upgrade by the market, and can increase the price investors are willing to pay for the old bonds. For example, in July, bonds issued by the **Arkansas State Hospital Development Finance Authority** for **Washington Regional Medical Center** in Fayetteville, Arkansas, were pre-refunded. Their original maturity date (when issued) was 2029 and they were pre-refunded to 2010, resulting in a credit-rating upgrade. Bonds issued by the **New York City Municipal Water and Sewer Financing Authority** were also pre-refunded in December 2004. The price of the bonds rose in response to the pre-refunding.

Throughout the period, we maintained our focus on **tobacco settlement bonds**, which helped your fund's performance during its fiscal year. These bonds' coupon payments are secured by income from the settlement obligations of tobacco companies to states and municipalities. A separate lawsuit brought in 1999 by the U.S. Department of Justice (DOJ) against the major tobacco companies -- seeking

Credit quality overview

Credit qualities shown as a percentage of portfolio value as of 11/30/05. A bond rated Baa or higher is considered investment grade. The chart reflects Moody's ratings; percentages may include bonds not rated by Moody's but considered by Putnam Management to be of comparable quality. Ratings will vary over time.

10

billions of dollars that the DOJ insisted had been obtained fraudulently from the sale of cigarettes -- had posed a threat to this income stream. However, a ruling in February by a panel of the U.S. Circuit Court of Appeals for the District of Columbia against the federal government reassured investors by reducing the potential financial impact of the lawsuit and helping to boost demand and returns in this sector. The fund holds tobacco settlement bonds from several states, including **California, New Jersey, South Carolina, South Dakota, Washington, and Wisconsin.**

After underperforming significantly in most of 2004, **airline-related industrial development bonds (IDBs)** rebounded from formerly distressed levels. However, on the recommendation of Putnam's analysts, we steered clear of IDBs issued for Delta Airlines and Northwest Airlines, which filed for bankruptcy in September 2005. While municipalities issue IDBs, the bonds are backed by the credit of the company or institution benefiting from the financing, and are consequently more likely to be affected by trends in the related industry than by the municipality's creditworthiness. This market sector experienced volatility during the period, but it ultimately outperformed; as a result, our underweight position hindered results.

Bonds issued for **Lake Charles Memorial Hospital** in Louisiana also rose in value, reflecting the steps that the hospital is taking to improve its operation. We sold this holding by year-end to take profits.

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

Of special interest

Fund's dividend reduced

As certain higher-yielding bonds in the portfolio have matured, those assets have been reinvested into newer bonds, which in some cases carried lower yields. As a result, the fund's earnings declined over the course of the fiscal year, resulting in two dividend adjustments. In December 2004, the dividend rate was adjusted from \$0.0566 to \$0.0498 per share. A second reduction in June 2005 brought the dividend to \$0.0409 per share.

11

The outlook for your fund

The following commentary reflects anticipated developments that could affect your fund over the next six months, as well as your management team's plans for responding to them.

We expect the Fed to maintain its policy of increasing rates into 2006. We also expect more Fed tightening than is currently anticipated by the market, and believe that bond yields may begin to rise more quickly as other investors

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

come to the same conclusion. We currently plan to maintain the fund's defensive duration and to continue to seek opportunities to increase the fund's exposure to callable bonds, which, in our opinion, are likely to outperform in a rising-rate cycle.

We have a positive view of the single-family housing sector and plan to add selectively to the fund's positions. As the outperformance of lower-rated, higher-yielding bonds appears to be slowing, we plan to continue to reduce the fund's exposure to this segment of the credit spectrum. We remain bearish on airline-related IDBs, while our view on tobacco settlement bonds is positive.

We will continue to search for the most attractive opportunities among tax-exempt securities, and work to balance the pursuit of current income with prudent risk management.

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

Capital gains, if any, are taxable for federal and, in most cases, state purposes. For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes. Mutual funds that invest in bonds are subject to certain risks, including interest-rate risk, credit risk, and inflation risk. As interest rates rise, the prices of bonds fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. The fund uses leverage, which involves risk and may increase the volatility of the fund's net asset value.

The fund's shares trade on a stock exchange at market prices, which may be higher or lower than the fund's net asset value.

12

Your fund's performance

This section shows your fund's performance during its fiscal year, which ended November 30, 2005. In accordance with regulatory requirements for mutual funds, we also include performance for the most current calendar quarter-end. Performance should always be considered in light of a fund's investment strategy. Data represents past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return, net asset value, and market price will fluctuate, and you may have a gain or a loss when you sell your shares.

Fund performance

Total return and comparative index results for periods ended 11/30/05

	NAV	Market price	Lehman Municipal Bond Index	Lipper General Municipal Debt Funds (leveraged closed-end) category average*
Annual average				
Life of fund (since 10/26/89)	7.49%	6.01%	6.85%	7.38%

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

10 years	78.04	40.96	74.50	84.63
Annual average	5.94	3.49	5.73	6.32
5 years	40.22	34.33	33.35	45.12
Annual average	6.99	6.08	5.93	7.70
3 years	27.51	6.69	15.33	24.76
Annual average	8.44	2.18	4.87	7.63
1 year	6.67	2.26	3.90	6.61

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

Index and Lipper results should be compared to fund performance at net asset value. Lipper calculations for reinvested dividends may differ from actual performance.

**Over the 1-, 3-, 5-, and 10-year periods ended 11/30/05, there were 64, 59, 48, and 43 funds, respectively, in this Lipper category.*

13

Fund price and distribution information

For the 12-month period ended 11/30/05

Distributions -- per common share

Number	12
Income ¹	\$0.5511
Capital gains ²	--
Total	\$0.5511

Distributions -- per preferred share	Series A (1,400 shares)
Income ¹	\$2,340.13
Capital gains ²	--
Total	\$2,340.13

Common share value	NAV	Market price
--------------------	-----	--------------

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

11/30/04	\$10.73	\$9.67
11/30/05	10.81	9.34
Current yield (common shares, end of period)		
Current dividend rate ²	4.54%	5.25%
Taxable equivalent ³	6.98	8.08

- ¹ For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes.
- ² Capital gains, if any, are taxable for federal and, in most cases, state purposes. Most recent distribution, excluding capital gains, annualized and divided by NAV or market price at end of period.
- ³ Assumes maximum 35% federal tax rate for 2005. Results for investors subject to lower tax rates would not be as advantageous.

Fund performance for most recent calendar quarter

Total return for periods ended 12/31/05

	NAV	Market price
Annual average		
Life of fund (since 10/26/89)	7.53%	6.06%
10 years	77.97	40.63
Annual average	5.93	3.47
5 years	39.21	30.35
Annual average	6.84	5.44
3 years	25.23	6.70
Annual average	7.79	2.18
1 year	5.76	4.40

14

Your fund's management

Your fund is managed by the members of the Putnam Tax Exempt Fixed-Income Team. David Hamlin is the Portfolio Leader, and Paul Drury, Susan McCormack, and James St. John are Portfolio Members of your fund. The Portfolio Leader and Portfolio Members coordinate the team's management of the fund.

For a complete listing of the members of the Putnam Tax Exempt Fixed-Income Team, including those who are not Portfolio Leaders or Portfolio Members of your fund, visit Putnam's Individual Investor Web site at www.putnam.com.

Fund ownership by the Portfolio Leader and Portfolio Members

The table below shows how much the fund's current Portfolio Leader and Portfolio Members have invested in the fund (in dollar ranges). Information shown is as of November 30, 2005, and November 30, 2004.

		\$1 -	\$10,001 -	\$50,001 -	\$100,001 -	\$500,001 -	\$1,000,001
	Year	\$0	\$10,000	\$50,000	\$100,000	\$500,000	\$1,000,000 and over
David Hamlin	2005						
<i>Portfolio Leader</i>	2004						
Paul Drury	2005						
<i>Portfolio Member</i>	2004						
Susan McCormack	2005						
<i>Portfolio Member</i>	2004						
James St. John	2005						
<i>Portfolio Member</i>	2004						

15

Fund manager compensation

The total 2004 fund manager compensation that is attributable to your fund is approximately \$60,000. This amount includes a portion of 2004 compensation paid by Putnam Management to the fund managers listed in this section for their portfolio management responsibilities, calculated based on the fund assets they manage taken as a percentage of the total assets they manage. The compensation amount also includes a portion of the 2004 compensation paid to the Chief Investment Officer of the team and the Group Chief Investment Officer of the fund's broader investment category for their oversight responsibilities, calculated based on the fund assets they oversee taken as a percentage of the total assets they oversee. This amount does not include compensation of other personnel involved in research, trading, administration, systems, compliance, or fund operations; nor does it include non-compensation costs. These percentages are determined as of the fund's fiscal period-end. For personnel who joined Putnam Management during or after 2004, the calculation reflects annualized 2004 compensation or an estimate of 2005 compensation, as applicable.

Other Putnam funds managed by the Portfolio Leader and Portfolio Members

David Hamlin is the Portfolio Leader and Paul Drury, Susan McCormack, and James St. John are Portfolio Members for Putnam's tax-exempt funds for the following states: Arizona, California, Florida, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, and Pennsylvania. The same group also manages Putnam AMT-Free Insured Municipal Fund, Putnam California Investment Grade Municipal Trust, Putnam High Yield Municipal Trust, Putnam Managed Municipal Income Trust, Putnam Municipal Bond Fund, Putnam Municipal Opportunities Trust, Putnam New York Investment Grade Municipal Trust, Putnam Tax Exempt Income Fund, Putnam Tax-Free Health Care Fund, and Putnam Tax-Free High Yield Fund.

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

David Hamlin, Paul Drury, Susan McCormack, and James St. John may also manage other accounts and variable trust funds advised by Putnam Management or an affiliate.

Changes in your fund's Portfolio Leader and Portfolio Members

Your fund's Portfolio Leader and Portfolio Members did not change during the year ended November 30, 2005.

16

Fund ownership by Putnam's Executive Board

The table below shows how much the members of Putnam's Executive Board have invested in the fund (in dollar ranges). Information shown is as of November 30, 2005, and November 30, 2004.

	Year	\$1 -	\$10,001 -	\$50,001-	\$100,001
		\$0	\$10,000	\$50,000	\$100,000 and over
Philippe Bibi	2005				
<i>Chief Technology Officer</i>	2004	☐			
Joshua Brooks	2005	☐			
<i>Deputy Head of Investments</i>	N/A				
William Connolly	2005	☐			
<i>Head of Retail Management</i>	N/A				
Kevin Cronin	2005	☐			
<i>Head of Investments</i>	2004	☐			
Charles Haldeman, Jr.	2005		☐		
<i>President and CEO</i>	2004		☐		
Amrit Kanwal	2005	☐			
<i>Chief Financial Officer</i>	2004	☐			
Steven Krichmar	2005	☐			
<i>Chief of Operations</i>	2004	☐			
Francis McNamara, III	2005	☐			

<i>General Counsel</i>	2004	☐
Richard Robie, III	2005	☐
<i>Chief Administrative Officer</i>	2004	☐
Edward Shaddek	2005	☐
<i>Deputy Head of Investments</i>	N/A	
Sandra Whiston	2005	☐
<i>Head of Institutional Management</i>	N/A	

N/A indicates the individual was not a member of Putnam's Executive Board as of 11/30/04.

17

Terms and definitions

Important terms

Total return shows how the value of the fund's shares changed over time, assuming you held the shares through the entire period and reinvested all distributions in the fund.

Net asset value (NAV) is the value of all your fund's assets, minus any liabilities and the net assets allocated to any outstanding preferred shares, divided by the number of outstanding common shares.

Market price is the current trading price of one share of the fund. Market prices are set by transactions between buyers and sellers on exchanges such as the American Stock Exchange and the New York Stock Exchange.

Comparative indexes

JP Morgan Global High Yield Index is an unmanaged index of global high-yield fixed-income securities.

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

Lehman Government Bond Index is an unmanaged index of U.S. Treasury and agency securities.

Lehman Municipal Bond Index is an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds.

Russell 1000 Index is an unmanaged index of the 1,000 largest companies in the Russell 3000 Index.

Russell 2000 Index is an unmanaged index of the 2,000 smallest companies in the Russell 3000 Index.

S&P 500 Index is an unmanaged index of common stock performance.

Indexes assume reinvestment of all distributions and do not account for fees. Securities and performance of a fund and an index will differ. You cannot invest directly in an index.

Lipper is a third-party industry-ranking entity that ranks mutual funds. Lipper rankings are based on total return at net asset value and do not reflect sales charges. Funds are ranked among other funds with similar current investment styles or objectives as determined by Lipper. Lipper may change a fund's category assignment at its discretion. Lipper category averages reflect performance trends for funds within a category.

18

Trustee approval of management contract

General conclusions

The Board of Trustees of the Putnam funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Management. In this regard, the Board of Trustees, with the assistance of its Contract Committee consisting solely of Trustees who are not "interested persons" (as such term is defined in the Investment Company Act of 1940, as amended) of the Putnam funds (the "Independent Trustees"), requests and evaluates all information it deems reasonably necessary under the circumstances. Over the course of several months beginning in March and ending in June 2005, the Contract Committee met five times to consider the information provided by Putnam Management and other information developed with the assistance of the Board's independent counsel and independent staff. The Contract Committee reviewed and discussed key aspects of this information with all of the Independent Trustees. Upon completion of this review, the Contract Committee recommended and the Independent Trustees approved the continuance of your fund's management contract, effective July 1, 2005.

This approval was based on the following conclusions:

- That the fee schedule currently in effect for your fund, subject to certain changes noted below, represents reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds and the costs incurred by Putnam Management in providing such services, and
- That such fee schedule represents an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the fund at current asset levels.

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

19

Model fee schedules and categories; total expenses

The Trustees' review of the management fees and total expenses of the Putnam funds focused on three major themes:

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

- Consistency. The Trustees, working in cooperation with Putnam Management, have developed and implemented a series of model fee schedules for the Putnam funds designed to ensure that each fund's management fee is consistent with the fees for similar funds in the Putnam family of funds and compares favorably with fees paid by competitive funds sponsored by other investment advisors. Under this approach, each Putnam fund is assigned to one of several fee categories based on a combination of factors, including competitive fees and perceived difficulty of management, and a common fee schedule is implemented for all funds in a given fee category. The Trustees reviewed the model fee schedules currently in effect for the Putnam funds, including fee levels and breakpoints, and the assignment of your fund to a particular fee category under this structure. (Breakpoints refer to reductions in fee rates that apply to additional assets once specified asset levels are reached.)

Since their inception, Putnam's closed-end funds have generally had management fees that are higher than those of Putnam's open-end funds pursuing comparable investment strategies. These differences ranged from five to 20 basis points. The Trustees have reexamined this matter and recommend that these differences be conformed to a uniform five basis points. As a result, the Trustees approved a reduction in the management fees for your fund. Under the new fee schedule, the fund pays a quarterly fee to Putnam Management at the lower of the following rates:

- (a) 0.55% of the fund's average net assets (including assets attributable to both common and preferred shares)

or

- (b) 0.65% of the first \$500 million of the fund's average net assets (including assets attributable to both common and preferred shares);
0.55% of the next \$500 million;
0.50% of the next \$500 million;
0.45% of the next \$5 billion;
0.425% of the next \$5 billion;
0.405% of the next \$5 billion;
0.39% of the next \$5 billion; and
0.38% thereafter.

The new fee schedule for your fund will result in lower management fees paid by common shareholders. The Trustees approved the new fee schedule for your fund effective as of January 1, 2006, in order to provide Putnam Management an opportunity to accommodate the impact on revenues in its budget process for the coming year.

20

- Competitiveness. The Trustees also reviewed comparative fee and expense information for competitive funds, which indicated that, in a custom peer group of competitive funds selected by Lipper Inc., your fund ranked in the 53rd percentile in management fees and in the 53rd percentile in total expenses as of December 31, 2004 (the first percentile being the least expensive funds and the 100th percentile being the most expensive funds). The Trustees expressed their intention to monitor this information closely to ensure that fees and expenses of the Putnam funds continue to meet evolving competitive standards.
- Economies of scale. The Trustees concluded that the fee schedule currently in effect for your fund, subject to the changes noted above, represents an appropriate sharing of economies of scale at current asset levels. The Trustees examined the existing breakpoint structure of the Putnam funds' management fees in light of competitive industry practices. The Trustees considered various possible modifications to the Putnam funds' current breakpoint structure but ultimately concluded that the current breakpoint structure

continues to serve the interests of fund shareholders. Accordingly, the Trustees continue to believe that the fee schedules currently in effect for the funds, subject to the changes noted above, represent an appropriate sharing of economies of scale at current asset levels.

In connection with their review of the management fees and total expenses of the Putnam funds, the Trustees also reviewed the costs of the services to be provided and profits to be realized by Putnam Management and its affiliates from the relationship with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of Putnam Management's revenues, expenses and profitability with respect to the funds' management contracts, allocated on a fund-by-fund basis.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of the funds' investment process and performance by the work of the Investment Oversight Committees of the Trustees, which meet on a regular monthly basis with the funds' portfolio teams throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process -- as measured by the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to such personnel, and in general the ability of Putnam Management to attract and retain high-quality personnel -- but also recognize that this does not guarantee favorable investment results for every fund in every time period. The Trustees considered the investment performance of each fund over multiple time periods and considered information comparing the fund's performance with various benchmarks and with the performance of competitive funds. The

21

Trustees noted the satisfactory investment performance of many Putnam funds. They also noted the disappointing investment performance of certain funds in recent years and continued to discuss with senior management of Putnam Management the factors contributing to such underperformance and actions being taken to improve performance. The Trustees recognized that, in recent years, Putnam Management has made significant changes in its investment personnel and processes and in the fund product line to address areas of under-performance. The Trustees indicated their intention to continue to monitor performance trends to assess the effectiveness of these changes and to evaluate whether additional remedial changes are warranted.

In the case of your fund, the Trustees considered that your fund's common share performance at net asset value was in the following percentiles of its Lipper Inc. peer group (compared using tax-adjusted performance to recognize the different federal income tax treatment for capital gains distributions and exempt-interest distributions) for the one-, three- and five-year periods ended December 31, 2004 (the first percentile being the best-performing funds and the 100th percentile being the worst-performing funds):

One-year period	Three-year period	Five-year period
25th	29th	51st

(Because of the passage of time, these performance results may differ from the performance results for more recent periods shown elsewhere in this report.)

As a general matter, the Trustees believe that cooperative efforts between the Trustees and Putnam Management represent the most effective way to address investment performance problems. The Trustees believe that investors in the Putnam funds have, in effect, placed their trust in the Putnam organization, under the oversight of the funds' Trustees, to make appropriate decisions regarding the management of the funds. Based on the responsiveness of Putnam Management in the recent past to Trustee concerns about investment performance, the Trustees believe that it is preferable to seek change within Putnam Management to address performance shortcomings. In the Trustees' view, the alternative of terminating a management contract and engaging a new investment advisor for an underperforming fund would entail significant disruptions and would not provide any

greater assurance of improved investment performance.

Brokerage and soft-dollar allocations; other benefits

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides under the management contract with your fund. These include principally benefits related to brokerage and soft-dollar allocations, whereby a portion of the commissions paid by a fund for brokerage is earmarked to pay for research services that may be utilized by a fund's investment advisor, subject to the obligation to seek best execution. The Trustees believe that soft-dollar credits and other potential benefits associated with the

22

20,254,513

Beverages (0.7%)

Kweichow Moutai Co., Ltd., A (a)

14,800 614,936

Luzhou Laojiao Co., Ltd., A

88,500 465,407

1,080,343

Biotechnology (0.2%)

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Hualan Biological Engineering, Inc., A

35,200 251,412

Capital Markets (2.9%)

China Cinda Asset Management Co., Ltd. (a)

1,152,000 642,019

China Merchants Securities Co., Ltd., A

67,400 287,599

CITIC Securities Co., Ltd., A

235,737 1,023,010

GF Securities Co., Ltd., A

93,200 340,426

Haitong Securities Co., Ltd., A (a)

312,000 1,096,855

Huatai Securities Co., Ltd. (a) (e)

168,400 475,771

Huatai Securities Co., Ltd., A

97,500 363,679

4,229,359

Chemicals (0.3%)

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Kingfa Sci & Tech Co., Ltd., A

86,000 165,315

Qinghai Salt Lake Industry Co., Ltd., A

62,249 284,894

450,209

Commercial Services & Supplies (0.2%)

Beijing Originwater Technology Co., Ltd., A

37,000 291,119

Communications Equipment (0.3%)

Guangzhou Haige Communications Group, Inc. Co., A

55,300 287,068

ZTE Corp., A

48,800 187,377

474,445

Construction & Engineering (1.6%)

China Communications Construction Co., Ltd., A

120,700 341,799

China Machinery Engineering Corp.

498,000 537,090

China Railway Construction Corp., Ltd., A

152,700 384,890

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

Table of Contents**INVESTMENT PORTFOLIO**

AT JUNE 30, 2015 (Unaudited) (continued)

DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)
COMMON STOCK continued		
Construction & Engineering continued		
China State Construction Engineering Corp., Ltd., A	378,000	506,560
Suzhou Gold Mantis Construction Decoration Co., Ltd., A	106,500	484,153
		2,254,492
Construction Materials (0.6%)		
Anhui Conch Cement Co., Ltd., A	70,000	242,138
BBMG Corp.	550,000	556,986
		799,124
Diversified Consumer Services (0.3%)		
China Maple Leaf Educational Systems Ltd.	1,264,000	391,354
Diversified Financial Services (0.1%)		
Avic Capital Co., Ltd., A	50,000	186,663
Diversified Telecommunication Services (1.0%)		
China Telecom Corp., Ltd.	2,502,000	1,468,622
Electrical Equipment (0.1%)		
Henan Pinggao Electric Co., Ltd., A	54,600	198,818
Electronic Equipment, Instruments & Components (1.2%)		
AAC Technologies Holdings, Inc.	118,500	669,582
Hangzhou Hikvision Digital Technology Co., Ltd., A	97,680	705,703
Shenzhen Deren Electronic Co., Ltd., A	26,500	247,351
Shenzhen O-film Tech Co., Ltd., A (a)	34,100	185,540
		1,808,176
Food & Staples Retailing (0.2%)		
Yonghui Superstores Co., Ltd., A (a)	156,500	292,507
Food Products (1.5%)		
China Mengniu Dairy Co., Ltd.	233,000	1,161,761
Heilongjiang Agriculture Co., Ltd., A	69,000	188,718
Inner Mongolia Yili Industrial Group Co., Ltd., A	292,508	891,534
		2,242,013
Health Care Equipment & Supplies (0.1%)		
Shinva Medical Instrument Co., Ltd., A	22,800	215,572
DESCRIPTION		
Health Care Providers & Services (1.5%)		
Aier Eye Hospital Group Co., Ltd., A	36,466	189,710
iKang Healthcare Group, Inc. ADR (a)	35,028	677,441

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Phoenix Healthcare Group Co., Ltd.	597,000	1,136,769
Searainbow Holding Corp., A (a)	20,500	161,990
		2,165,910
Hotels, Restaurants & Leisure (0.3%)		
China International Travel Service Corp., Ltd., A (a)	25,050	267,830
Shenzhen Tempus Global Travel Holdings Ltd., A	30,740	179,007
		446,837
Household Durables (1.3%)		
Gree Electric Appliances, Inc. of Zhuhai, A (a)	46,001	474,031
JANUS Dongguan Precision Components Co., Ltd., A	48,901	295,567
Midea Group Co., Ltd., A	70,500	423,841
Qingdao Haier Co., Ltd., A (a)	79,800	390,313
TCL Corp., A	375,000	341,679
		1,925,431
Independent Power & Renewable Electricity Producers (1.6%)		
China Longyuan Power Group Corp., Ltd.	1,134,000	1,261,049
China Yangtze Power Co., Ltd., A	209,000	483,686
GD Power Development Co., Ltd., A (a)	347,000	390,032
SDIC Power Holdings Co., Ltd., A	58,100	139,333
		2,274,100
Insurance (5.8%)		
China Pacific Insurance Group Co., Ltd.	459,600	2,205,639
China Pacific Insurance Group Co., Ltd., A	84,000	408,825
Ping An Insurance Group Co. of China Ltd.	285,000	3,849,488
Ping An Insurance Group Co. of China Ltd., A	145,176	1,918,355
		8,382,307
Internet & Catalog Retail (0.3%)		
Vipshop Holdings Ltd. ADR (a)	16,200	360,450

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Table of Contents

DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)
COMMON STOCK continued		
Internet Software & Services (6.2%)		
Beijing Tensyn Digital Marketing Technology JSC, A	8,500	183,324
Tencent Holdings Ltd.	414,800	8,278,288
Wangsu Science & Technology Co., Ltd., A	60,200	450,650
		8,912,262
IT Services (0.6%)		
Beijing eGOVA Co., Ltd., A	48,600	295,393
Hand Enterprise Solutions Co., Ltd., A (a)	84,750	331,975
Wonders Information Co., Ltd., A	35,000	277,246
		904,614
Machinery (1.5%)		
China Conch Venture Holdings Ltd.	350,500	804,858
China Shipbuilding Industry Co., Ltd., A (a)	271,600	648,231
CRRC Corp., Ltd., A	95,490	282,728
Shanghai Mechanical and Electrical Industry Co., Ltd., A	25,000	132,801
Zhengzhou Yutong Bus Co., Ltd., A	75,000	248,549
		2,117,167
Media (0.7%)		
Beijing Gehua CATV Network Co., Ltd., A	36,400	184,906
China South Publishing & Media Group Co., Ltd., A	73,500	271,550
Guangdong Advertising Co., Ltd., A	42,546	173,313
Zhejiang Huace Film & TV Co., Ltd., A	71,350	310,668
		940,437
Metals & Mining (1.4%)		
Angang Steel Co., Ltd.	950,000	655,675
Baoshan Iron & Steel Co., Ltd., A	227,000	319,945
Hebei Iron & Steel Co., Ltd., A	229,600	259,184
Jiangxi Copper Co., Ltd.	361,000	602,633
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd., A	72,500	217,348
		2,054,785
Oil, Gas & Consumable Fuels (3.1%)		
China Petroleum & Chemical Corp.	3,407,400	2,940,768
China Shenhua Energy Co., Ltd., A	66,400	223,261
DESCRIPTON		
Oil, Gas & Consumable Fuels continued		
CNOOC Ltd.	934,000	1,325,412
		4,489,441
Personal Products (0.2%)		
Hengan International Group Co., Ltd.	22,000	261,393
Pharmaceuticals (1.9%)		
CSPC Pharmaceutical Group Ltd.	986,000	974,355
Humanwell Healthcare Group Co., Ltd., A	34,900	208,522
Inner Mongolia Furui Medical Science Co., Ltd., A (a)	11,000	159,634
Jiangsu Hengrui Medicine Co., Ltd., A	70,094	503,465

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Kangmei Pharmaceutical Co., Ltd., A	101,200	289,352
Tasly Pharmaceutical Group Co., Ltd., A	54,447	436,911
Zhejiang Huahai Pharmaceutical Co., Ltd., A	34,500	173,863
		2,746,102
 Real Estate Management & Development (3.5%)		
Beijing Capital Development Co., Ltd., A	75,000	233,309
China Fortune Land Development Co., Ltd., A	55,000	270,077
China Vanke Co., Ltd.	825,100	2,030,937
China Vanke Co., Ltd., A (a)	200,500	469,482
Financial Street Holdings Co., Ltd., A	123,000	280,276
Poly Real Estate Group Co., Ltd., A	260,450	479,655
Sunac China Holdings Ltd.	1,172,000	1,283,650
		5,047,386
 Road & Rail (1.2%)		
CAR, Inc. (a)	519,000	1,104,747
Daqin Railway Co., Ltd., A	141,980	321,464
Guangshen Railway Co., Ltd., A	195,800	259,551
		1,685,762
 Software (0.6%)		
Aisino Co., Ltd., A	46,500	485,247
Beijing Thunisoft Corp., Ltd., A	43,704	308,768
Hundsun Technologies, Inc., A	6,800	122,874
		916,889

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

13

Table of Contents

INVESTMENT PORTFOLIO

AT JUNE 30, 2015 (Unaudited) (continued)

DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)
COMMON STOCK continued		
Specialty Retail (0.7%)		
China Harmony New Energy Auto Holding Ltd.	578,000	644,994
Suning Commerce Group Co., Ltd., A	165,200	407,605
		1,052,599
Technology Hardware, Storage & Peripherals (0.1%)		
BOE Technology Group Co., Ltd., A (a)	200,000	167,392
Trading Companies & Distributors (0.1%)		
Xiamen C & D, Inc., A	73,208	206,720
Transportation Infrastructure (0.5%)		
Shanghai International Airport Co., Ltd., A	72,000	368,070
Shenzhen Airport Co., A (a)	103,000	187,363
Sichuan Haite High-tech Co., Ltd., A	37,800	138,070
		693,503
Water Utilities (0.3%)		
SIIC Environment Holdings Ltd. (a)	3,131,300	453,357
Wireless Telecommunication Services (0.2%)		
China United Network Communications Ltd., A (a)	218,000	257,691
TOTAL CHINA		89,027,177
HONG KONG (29.8%)		
Auto Components (0.4%)		
Xinyi Glass Holdings Ltd.	1,104,000	586,783
Banks (2.7%)		
BOC Hong Kong Holdings Ltd.	423,500	1,764,686
Dah Sing Financial Holdings Ltd.	120,169	788,306
Hang Seng Bank Ltd.	50,100	979,178
HSBC Holdings plc	34,947	316,264
		3,848,434
Commercial Services & Supplies (1.2%)		
China Everbright International Ltd.	925,000	1,658,700
Communications Equipment (0.2%)		
VTech Holdings Ltd.	24,400	323,904
DESCRIPTON		
Diversified Financial Services (1.5%)		
Hong Kong Exchanges and Clearing Ltd.	62,812	2,217,023

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Diversified Telecommunication Services (1.9%)		
China Unicom Hong Kong Ltd.	1,072,000	1,687,198
CITIC Telecom International Holdings Ltd.	913,000	424,018
HKBN Ltd. (a)	218,000	226,675
HKT Trust & HKT Ltd.	373,000	438,849
		2,776,740
Electric Utilities (0.7%)		
Cheung Kong Infrastructure Holdings Ltd.	121,000	939,709
Gas Utilities (0.9%)		
China Resources Gas Group Ltd.	442,000	1,311,480
Hotels, Restaurants & Leisure (0.7%)		
Melco Crown Entertainment Ltd. ADR	35,908	704,874
Sands China Ltd.	91,200	307,077
		1,011,951
Household Durables (0.8%)		
Man Wah Holdings Ltd.	472,800	464,166
Techtronic Industries Co., Ltd.	226,000	740,549
		1,204,715
Industrial Conglomerates (2.5%)		
CK Hutchison Holdings Ltd.	192,000	2,821,216
Shun Tak Holdings Ltd.	1,468,000	812,447
		3,633,663
Insurance (4.5%)		
AIA Group Ltd.	870,400	5,698,577
China Taiping Insurance Holdings Co., Ltd. (a)	235,400	845,752
		6,544,329
Marine (0.7%)		
Orient Overseas International Ltd.	187,000	956,525
Multiline Retail (0.4%)		
Lifestyle International Holdings Ltd.	297,000	550,968
Pharmaceuticals (1.0%)		
Sino Biopharmaceutical Ltd.	1,272,000	1,476,866

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Table of Contents

DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)
COMMON STOCK continued		
Real Estate Investment Trusts (REITs) (1.4%)		
Champion REIT	872,000	479,223
Link REIT (The)	170,000	995,672
Yuexiu Real Estate Investment Trust	1,114,000	613,655
		2,088,550
Real Estate Management & Development (5.0%)		
Cheung Kong Property Holdings Ltd. (a)	204,000	1,692,203
Great Eagle Holdings Ltd.	118,170	440,572
Hongkong Land Holdings Ltd.	218,000	1,787,600
Kerry Properties Ltd.	224,000	878,482
New World Development Co., Ltd.	490,094	641,104
Sun Hung Kai Properties Ltd.	69,000	1,118,022
Wheelock & Co., Ltd.	120,000	613,039
		7,171,022
Specialty Retail (0.7%)		
Chow Tai Fook Jewellery Group Ltd.	863,600	931,387
Textiles, Apparel & Luxury Goods (0.7%)		
Pacific Textiles Holdings Ltd.	161,000	257,133
Samsonite International S.A.	227,700	787,244
		1,044,377
Water Utilities (0.8%)		
Beijing Enterprises Water Group Ltd. (a)	1,480,000	1,214,312
Wireless Telecommunication Services (1.1%)		
China Mobile Ltd.	128,500	1,645,300
TOTAL HONG KONG		43,136,738
TAIWAN (17.5%)		
Banks (0.9%)		
E.Sun Financial Holding Co., Ltd.	1,907,044	1,273,238
Chemicals (0.4%)		
China Steel Chemical Corp.	134,000	603,672
Diversified Financial Services (2.5%)		
Chailease Holding Co., Ltd.	457,000	1,101,972
Fubon Financial Holding Co., Ltd.	1,308,989	2,604,869
		3,706,841
Electronic Equipment, Instruments & Components (2.5%)		
Delta Electronics, Inc.	279,000	1,428,706
Largan Precision Co., Ltd.	19,000	2,170,672
		3,599,378
DESCRIPTION	HOLDINGS (IN SHARES)	VALUE (IN US\$)

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Food & Staples Retailing (0.7%)		
President Chain Store Corp.	146,000	1,026,819
Internet Software & Services (0.6%)		
PChome Online, Inc.	49,917	825,088
Leisure Products (0.3%)		
Johnson Health Tech Co., Ltd.	180,288	418,955
Semiconductors & Semiconductor Equipment (8.5%)		
Advanced Semiconductor Engineering, Inc.	1,432,802	1,941,082
Chipbond Technology Corp.	418,000	903,616
Nanya Technology Corp. (a)	335,000	561,328
Powertech Technology, Inc.	232,000	502,280
Silicon Motion Technology Corp. ADR	19,805	685,451
Taiwan Semiconductor Manufacturing Co., Ltd.	1,691,057	7,700,449
		12,294,206
Technology Hardware, Storage & Peripherals (1.1%)		
Catcher Technology Co., Ltd.	131,000	1,638,853
TOTAL TAIWAN		25,387,050
TOTAL INVESTMENTS		
(108.8% of Net Assets)		
(Cost \$121,436,255)		
		157,550,965
Liabilities in excess of other assets		
(-8.8% of Net Assets)		
		(12,689,535)
NET ASSETS (100.0%)		144,861,430

As of June 30, 2015, aggregate cost for Federal income tax purposes was \$121,436,255. The aggregate unrealized gain for all securities is as follows:

Excess of value over cost	39,453,954
Excess of cost over value	(3,339,244)
Net unrealized gain	36,114,710

NOTES TO SCHEDULE OF PORTFOLIO INVESTMENTS:

ADR American Depositary Receipt

(a) Non-income producing security.

(e) Security is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. Unless otherwise indicated, this security has been determined to be liquid under procedures established by the Board of Directors and may be resold in transactions exempt from registration, normally to qualified institutional buyers.

A China A shares (See Note 7.iii on page 26)

B China B shares (See Note 7.iii on page 26)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

15

Table of Contents**STATEMENT OF ASSETS AND LIABILITIES**

AS OF JUNE 30, 2015

	(in US\$)
ASSETS:	
Investments in non-affiliates, at value (cost \$121,436,255)	157,550,965
Cash	629,952
Foreign currency, at value (cost \$1,863,959)	1,863,043
Deposits at broker (See Note 7.iii.)	28,444
Receivable for securities sold	2,262,807
Dividends receivable	1,116,499
Total Assets	163,451,710
LIABILITIES:	
Loan payable to bank (See Note 6)	17,500,000
Payables	
Payable for securities purchased	379,090
Accrued Liabilities	
Deferred China capital gains tax	514,259
Investment advisory fees	34,100
Administration fees	30,103
Custodian and accounting fees	24,377
Directors' fees and expenses	5,645
Interest on loan	3,025
Other	99,681
Total Liabilities	18,590,280
Net Assets	144,861,430
<i>Net assets consist of:</i>	
Common stock, \$0.01 par value (100,000,000 shares authorized; 6,447,637 shares issued and outstanding)	64,476
Paid-in capital	98,994,144
Undistributed net investment income	2,184,738
Accumulated realized gain on investments and foreign currency transactions	7,518,152
Accumulated net unrealized appreciation on investments, foreign currency holdings, and other assets and liabilities denominated in foreign currencies	36,099,920
Net Assets	144,861,430
Net Asset Value Per Share (\$144,861,430 ÷ 6,447,637)	22.47

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Table of Contents**STATEMENT OF OPERATIONS**

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Unaudited)

	(in US\$)
INVESTMENT INCOME:	
Dividends from non-affiliates (net of foreign withholding tax of \$204,183)	2,016,526
Interest income from non-affiliates	718
Interest income from affiliates	594
Total Investment Income	2,017,838
EXPENSES:	
Investment advisory fees	764,039
Directors fees and expenses	153,181
Custodian and accounting fees	107,201
Interest expense to non-affiliates (See Note 6)	92,456
Legal fees	57,905
Administration fees	43,820
Audit fees	35,675
Insurance fees	25,040
Shareholder report fees	17,833
NYSE listing fees	12,610
Shareholder service fees	8,296
Interest expense to affiliates	70
Other expenses	15,273
Total Expenses	1,333,399
Less amounts waived	(8,712)
Net Expenses	1,324,687
Net Investment Income	693,151
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FOREIGN CURRENCY HOLDINGS AND OTHER ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES:	
Net realized gain (loss)	
Investments in non-affiliates (net of China tax of \$1,963 on realized loss)	10,907,954
Foreign currency transactions	3,996
Net realized gain (loss)	10,911,950
Net change in unrealized appreciation/depreciation	
Investments in non-affiliates (net of China tax of \$15,874 on unrealized depreciation)	8,234,549
Foreign currency translations	(527)
Change in net unrealized appreciation/depreciation	8,234,022
Net realized and unrealized gain (loss) on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies	19,145,972

Net increase in net assets resulting from operations

19,839,123

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

17

Table of Contents**STATEMENTS OF CHANGES IN NET ASSETS**

FOR THE PERIODS INDICATED

	Six Months Ended June 30, 2015 (Unaudited) (in US\$)	Year Ended December 31, 2014 (in US\$)
INCREASE IN NET ASSETS:		
Operations		
Net investment income	693,151	907,437
Net realized gain (loss) on investment transactions	10,911,950	8,321,030
Net change in unrealized appreciation (depreciation) on investments, foreign currency holdings and other assets and liabilities denominated in foreign currencies	8,234,022	5,177,093
Net increase (decrease) in net assets resulting from operations	19,839,123	14,405,560
DISTRIBUTIONS TO STOCKHOLDERS:		
Net investment income		(818,850)
Total distributions to shareholders		(818,850)
Total increase (decrease) in net assets	19,839,123	13,586,710
NET ASSETS:		
Beginning of period	125,022,307	111,435,597
End of period (including undistributed net investment income of \$2,184,738 and \$1,491,587, respectively)	144,861,430	125,022,307
SHARE TRANSACTIONS		
Opening number of shares	6,447,637	6,447,637
Closing number of shares	6,447,637	6,447,637

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Table of Contents**STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Unaudited)

	(in US\$)
INCREASE (DECREASE) IN CASH	
Cash flows provided (used) by operating activities:	
Net increase/decrease in net assets from operations	19,839,123
Adjustments to reconcile net increase/decrease in net assets from operations to net cash provided (used) by operating activities:	
Purchase of investment securities	(78,459,859)
Proceeds from disposition of investment securities	76,700,443
Change in unrealized (appreciation)/depreciation on investments in non-affiliates	(8,250,423)
Net realized (gain)/loss on investments	(10,909,918)
Increase in deposits at broker	(13)
Increase in dividends receivable	(1,067,271)
Increase in Deferred China capital gains tax	17,838
Decrease in accrued expenses and other liabilities	(145,962)
Net cash provided (used) by operating activities	(2,276,042)
Cash flows provided (used) by financing activities:	
Proceeds from borrowings	2,500,000
Net cash provided (used) by financing activities	2,500,000
Net increase/decrease in cash	223,958
Cash:	
Beginning of period (including foreign currency of \$1,162,989)	2,269,037
End of period (including foreign currency of \$1,863,043)	2,492,995

Supplemental disclosure of cash flow information:

For the six month period, the Fund paid \$102,910 in interest expense, including \$70 to affiliates.

For purposes of reporting the Statement of Cash Flows, the Fund considers all cash accounts that are not subject to withdrawal restrictions or penalties to be cash equivalents.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

19

Table of Contents**FINANCIAL HIGHLIGHTS**

FOR THE PERIODS INDICATED

	For the Six Months Ended June 30, 2015 (Unaudited) (in US\$)	For the Year Ended December 31, 2014 (in US\$)	For the Year Ended December 31, 2013 (in US\$)	For the Year Ended December 31, 2012 (in US\$)	For the Year Ended December 31, 2011 (in US\$)	For the Year Ended December 31, 2010 (in US\$)
For a share outstanding throughout each year:						
Net asset value, beginning of period	19.39	17.28	15.47	12.75	17.41	15.27
Net investment income (loss)	0.11	0.14	0.10	0.08	0.14	0.05
Net realized and unrealized gain (loss)	2.97	2.10	1.84	2.74	(4.70)	2.11
Total from investment operations	3.08	2.24	1.94	2.82	(4.56)	2.16
Dividends from net investment income		(0.13)	(0.13)	(0.10)	(0.10)	(0.02)
Net asset value, end of period	22.47	19.39	17.28	15.47	12.75	17.41
Market value, end of period	18.83	16.91	15.16	14.00	11.02	15.79
Total Investment Return						
Per share market value	11.4%	12.5%	9.2%	28.2%	(29.6%)	14.7%
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period	144,861,430	125,022,307	111,435,597	99,728,043	82,226,478	112,248,790
Ratio of net expenses to average net assets	1.92%	2.14%	2.26%	2.11%	1.89%	1.99%
Ratio of net expenses to average net assets, excluding interest expense	1.79%	1.94%	2.05%	2.04%	1.89%	1.99%
Ratios of net investment income to average net assets	1.01%	0.82%	0.61%	0.54%	0.87%	0.32%
Portfolio turnover rate	50.9%	86.7%	66.6%	85.8%	66.8%	76.1%
Number of shares outstanding at end of period (in thousands)	6,448	6,448	6,448	6,448	6,448	6,448

* The total investment return excludes the effect of commissions. Dividends and distributions, if any, are assumed for the purpose of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan or if specified in accordance with the terms of the distribution.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2015

1. Organization and Capital

JPMorgan China Region Fund, Inc. (the Fund) was incorporated in the State of Maryland on May 22, 1992, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 (1940 Act). The Fund commenced operations on July 16, 1992.

The Fund seeks to achieve long-term capital appreciation through investments primarily in equity securities of companies with substantial assets in, or revenues derived from, the People's Republic of China (China), Hong Kong, Taiwan and Macau collectively, the China Region.

2. Significant Accounting Policies

The following significant accounting policies, which are in conformity with U.S. generally accepted accounting principles (GAAP), are consistently followed by the Fund in the preparation of its financial statements.

The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946 Investment Companies, which is part of GAAP.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reported period. Actual results could differ from these estimates.

i) Security Valuation All securities for which market quotations are readily available are valued at the last sales price prior to the time of determination or, if no sales price is available at that time, at the mean between the last current bid and ask prices. Securities that are traded over-the-counter are valued, if bid and ask quotations are available, at the mean between the current bid and ask prices. Certain investments of the Fund may, depending upon market conditions, trade in relatively thin markets and/or in markets that experience significant volatility. As a result of these conditions, the prices used by the Fund to value securities may differ from the value that would be realized if these securities were sold and the differences could be material. All other securities and assets are valued at fair value as determined in good faith by the Board of Directors. It is possible that the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and such differences could be material. In valuing the Fund's assets, quotations of foreign securities in a foreign currency are translated to United States (U.S.) dollar equivalents at the prevailing exchange rate in effect on the valuation date. Investments in open ended mutual funds are valued at current day's closing net asset value per share (NAV).

Valuations reflected in this report are as of the report date. As a result, changes in valuation due to market events and/or issuer related events after the report date and prior to issuance of the report are not reflected herein.

The various inputs that are used in determining the fair value of the Fund's investments are summarized into the three broad levels listed below.

- Level 1 quoted prices in active markets for identical securities
- Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

21

Table of Contents**NOTES TO FINANCIAL STATEMENTS**

AT JUNE 30, 2015 (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input, both individually and in the aggregate, that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table represents each valuation input as presented on the Investment Portfolio:

	Level 1	Level 2	Level 3	
	Quoted prices	Other significant observable inputs	Significant unobservable inputs	Total
Total Investments in Securities (a)	\$ 157,550,965	\$	\$	\$ 157,550,965

(a) All portfolio holdings are designated as Level 1 are disclosed individually on the SOI. Please refer to the Investment Portfolio for industry specifics of portfolio holdings.

ii) Foreign Currency Translation The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the mid-market price of such currencies against U.S. dollars as follows:

investments, other assets, and liabilities at the prevailing rates of exchange on the valuation date;

investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) are included in the reported net unrealized appreciation/depreciation on investments. The Fund does isolate the effect of changes in foreign exchange rates from fluctuations when determining realized gain or loss for sales of fixed income securities.

Unrealized currency gains (losses) resulting from valuing foreign currency denominated assets and liabilities at period-end exchange rates are reflected as a component of accumulated net unrealized gain (loss) on investments, foreign currency holdings, and other assets and liabilities denominated in foreign currencies.

iii) Restricted and Illiquid Securities Certain securities held by the Fund may be subject to legal or contractual restrictions on resale or are illiquid. Restricted securities generally may be resold in transactions exempt from registration under the Securities Act of 1933 (the Securities Act). Illiquid securities are securities which cannot be disposed of promptly (within seven days) and in the usual course of business at approximately its fair value and include, but are not limited to, repurchase agreements maturing in excess of seven days, time deposits with a withdrawal penalty, non-negotiable instruments and instruments for which no market exists. Disposal of these securities may involve time-consuming negotiations and expense. Prompt sale at the current valuation may be difficult and could adversely affect the net assets of the Fund.

iv) Distribution of Income and Gains The Fund intends to distribute to stockholders, at least annually, substantially all of its net investment income and expects to distribute annually any net long-term capital gains in excess of net short-term capital losses.

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

Income and capital gain distributions are determined in accordance with Federal income tax regulations and may differ from those determined in accordance with GAAP.

v) **Other** Security transactions are accounted for on trade date. Realized gains and losses on the sale of investment securities are determined on the identified cost basis. Interest income is recognized on the accrual basis. Dividend income, net of foreign taxes withheld, if any, is recorded on the ex-dividend date or when the Fund first learns of the dividend.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2015 (continued)

vi) Foreign Taxes The Fund may be subject to foreign taxes on income, gains on investments or currency purchases/repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

As described in Note 7.iii, the Fund invests in China A-shares, which are separately identified in the Investment Portfolio.

On November 14, 2014, the People's Republic of China (PRC) Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission jointly issued notices confirming that they would no longer seek to claim 10% capital gains tax (CGT) on foreign institutional investors who trade China A-shares. The Fund's policy has been to accrue 100% of the contingent CGT liability for all realized and unrealized gains in A Shares and B Shares.

Further to these announcements and in accordance with J.P. Morgan's recommendation, the Fund's Board approved the following PRC tax provisioning policy with effect from November 17, 2014:

1. PRC income tax will no longer be provided for gains realized from sale of China A-shares on or after November 17, 2014.
2. PRC income tax will not be provided for unrealized gains of China A-shares.
3. Full provision (10%) CGT will be provided for all realized and unrealized gains (no netting against losses) for China B-shares, bonds (corporate and government), futures, index futures and exchange traded funds.
4. Full provision of the 10% withholding tax for all dividends (on A-shares, B-shares and H-shares) and PRC sourced interest income (except interest derived from PRC government bonds which are tax exempt).

Based on its current interpretation of PRC tax rules, the Fund has maintained its accrual for CGT on gains realized from the sale of China A-shares prior to November 17, 2014. The announcements referred to above confirmed that such gains were taxable; however, the PRC tax authorities have not issued guidance on how such tax would be collected.

3. Investment Transactions

During the six months ended June 30, 2015, the Fund made purchases of \$77,729,001 and sales of \$78,102,877 of investment securities other than short-term investments. There were no purchases or sales of U.S. Government securities.

4. Related party, Other Service Provider Transactions and Directors

i) JF International Management Inc. (the Investment Advisor), an indirect wholly-owned subsidiary of JPMorgan Chase & Co. (JPMorgan) provides investment advisory services to the Fund under the terms of an investment advisory agreement. The Advisor is paid a fee, computed weekly and payable monthly, at the annual rate of 1.00% of the Fund's weekly managed gross assets. Investments in funds on which the Advisor or its affiliates charges a management fee are excluded from the calculation. The Advisor has agreed to waive its entitlement to a management fee on any cash held when borrowings are drawn under a borrowing facility. For the six months ended June 30, 2015, the Investment Advisor waived Investment Advisory fees of \$8,712.

ii) During the six months ended June 30, 2015, the Fund did not pay any brokerage commissions to JPMorgan companies or affiliated brokers/dealers.

iii) **Other Service Providers** Pursuant to an Administration Agreement, JPMorgan Chase Bank, N.A. (JPMCB), an indirect, wholly-owned subsidiary of JPMorgan (the Administrator), provides certain administration services to the Fund. For six months ended June 30, 2015, the Fund paid an administration fee of \$107,201 in respect of tax, compliance, financial reporting and regulatory services.

JPMCB provides portfolio custody and accounting services for the Fund. The amounts paid directly to JPMCB by the Fund for custody and accounting services are included in Custodian and accounting fees on the Statement of Operations. In

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

23

Table of Contents**NOTES TO FINANCIAL STATEMENTS**

AT JUNE 30, 2015 (continued)

consideration of the accounting services, JPMCB receives a fee accrued daily and paid monthly at the annual rate of 0.02% of the first \$12.5 billion of the average daily net assets of all funds in the JPMorgan International Fund Complex and 0.0175% of the average daily net assets in excess of \$12.5 billion of all such funds subject to a minimum annual fee of \$35,000. The custodian fees are split between safekeeping and transaction charges and vary by market.

iv) Directors The Fund pays each of its Directors who is not a director, officer or employee of the Advisor, Administrator or any affiliate thereof, an annual fee of \$24,100, the Audit Committee Chairman \$28,500 and the Chairman \$35,000 plus a \$3,300 attendance fee for each Board meeting, Management Engagement Committee meeting and Audit Committee meeting attended. A per diem allowance of \$2,000 per day, or \$1,000 per half day, is paid to Directors in respect of time spent by Directors on Fund business outside normal Board and Committee meetings. The per diem allowance is subject to Board approval in advance. In addition, the Fund reimburses all Directors for travel and out-of-pocket expenses incurred in connection with Board of Directors meetings. Under normal circumstances, in order to minimize expenses, the Board expects to hold two meetings a year by telephone.

v) As of June 30, 2015, the Fund had two shareholders, each holding more than 5% of the Fund's outstanding shares, who held in aggregate approximately 64% of the Fund's outstanding shares.

5. Capital Share Transactions

On September 4, 2014, the Board of Directors renewed an authority for the Fund to purchase shares of its common stock from Fund stockholders, as described below. When shares trade at a discount to NAV, any purchase of shares by the Fund has the effect of increasing the NAV of the Fund's remaining shares outstanding. All shares purchased by the Fund are thereafter considered authorized and unissued.

i) Share Repurchase Program On September 4, 2014, the Board renewed the Fund's share repurchase authority up to 644,764 shares (10% of its then issued and outstanding shares) in the open market through September 12, 2016. Repurchases can be made only when the Fund's shares are trading at less than NAV and at such times and amounts as it is believed to be in the best interest of the Fund's stockholders.

During the six months ended June 30, 2015 and the years ended December 31, 2014 and December 31, 2013, the Fund did not repurchase any shares under the share repurchase program.

6. Borrowings

On February 25, 2015, the Fund renewed its financing arrangement with Scotiabank (Ireland) Ltd (the Lender) which was originally entered into on February 27, 2012 and renewed and amended on February 25, 2013. Under this arrangement, the Lender provides a secured, committed credit facility in the aggregate amount of \$17.5 million to the Fund. No compensating balances are required. The Fund has paid an upfront loan arrangement fee of \$8,750 and has a flat commitment fee of 0.25% on the aggregate amount, as required under this agreement. Interest on borrowings, if any, will be payable at 0.85% plus the London Interbank Offered Rate (LIBOR). Prior to February 25, 2015, interest on unutilized amounts were payable at 0.25% if the unutilized amounts were equal to or less than 50% of the committed amount and 0.35% if the unutilized amounts were greater than 50% of the committed amount and there was a loan arrangement fee of \$17,500. At June 30, 2015, the interest rate on outstanding borrowings was 1.04%. This agreement is in effect until February 24, 2017. See note 9 on page 27 for the renewed terms of the agreement, effective July 10, 2015. The credit agreement governing the credit facility includes usual and customary covenants for this type of transaction.

Table of Contents**NOTES TO FINANCIAL STATEMENTS**

AT JUNE 30, 2015 (continued)

Borrowings outstanding from the secured, committed credit facility and average borrowings from the credit facility for the six months ended June 30, 2015, were as follows:

Outstanding Borrowings at June 30, 2015	Weighted Average Borrowings For Days Drawn Upon	Average Interest Rate on Borrowings	Number of Days Outstanding	Interest Expense on Borrowings	Interest
					Expense on Unutilized Amounts
\$17,500,000	\$ 15,625,000	1.17%	181	\$ 89,435	\$ 3,021

The maximum borrowings during the six months ended June 30, 2015 were as follows; \$15,000,000, from January 1, 2015 to May 20, 2015 and \$17,500,000, from May 20, 2015 to June 30, 2015. Interest expense to non-affiliates on the Statement of Operations includes interest expense on borrowings and unutilized amounts during the six months ended June 30, 2015.

7. Risks and Uncertainties

i) China Region Investing in securities of China Region companies may include certain risks and considerations not typically associated with investing in U.S. securities. In general, China Region companies are companies organized in the People's Republic of China, the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan (the China Region) or for which the principal securities trading market is in the China Region; or companies, regardless of where organized, which have 50% or more of their assets in, or derive 50% or more of their revenues or profits from, the China Region. Such risks include fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, these securities may not be as liquid as U.S. securities. At June 30, 2015, the Fund had 61.5%, 29.8% and 17.5%, based on net assets, of its total investments invested in China, Hong Kong and Taiwan, respectively.

ii) Foreign Transactions Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the level of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

iii) Direct Investments in China A-share securities The China Securities Regulatory Commission (CSRC) may grant qualified foreign institutional investor (QFII) licenses, which allow foreign investments in A-shares on the Shanghai and Shenzhen Stock Exchanges and certain other securities historically not eligible for investment by non-Chinese investors. Each QFII is authorized to invest in China A-shares only up to a specified quota established by the Chinese State Administration of Foreign Exchange (SAFE). JF Asset Management Limited has a QFII license permitting it to invest a specific portion of the assets of certain funds (which may include the Fund) in local Chinese securities. Although the laws of China permit the use of nominee accounts for clients of QFIIs, the Chinese regulators require the general securities trading and settlement accounts to be maintained in the name of the QFII. As the Fund is permitted to invest in China A-shares, the Fund's local custodian bank maintains a specific sub-account for the A-share investments in the name of the Fund. This amount is included in Deposits at broker on the Statement of Assets and Liabilities. However, there is a risk that creditors of the QFII and its affiliates (each, a JP Morgan Affiliate) may assert that a JP Morgan Affiliate, and not the Fund, has recourse against the securities and other assets in the account and/or sub-accounts. If a court upholds such an assertion, creditors of a JP Morgan Affiliate could seek payment from the Fund's A-share investments.

Additional risks for the Fund's A-share investments include a potential lack of liquidity, greater price volatility, and restrictions on the repatriation of invested capital. Because of low trading volume and various restrictions on the free flow of capital into the A-share market, the China A-share market could be less liquid and trading prices of A-shares could be more volatile than other local securities markets. In addition, net realized profits on fund investments in A-shares may only be repatriated under certain conditions and upon the approval of SAFE. Rules regarding taxation of investments in mainland China are unsettled and may be subject to change. Changes in the taxation of A-shares could materially affect the Fund's performance.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

25

Table of Contents

NOTES TO FINANCIAL STATEMENTS

AT JUNE 30, 2015 (continued)

iv) Other In the normal course of business, the Fund may enter into contracts that provide general indemnifications. The maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of any loss from such claims is considered remote.

8. Tax Status

U.S. Federal Income Taxes No provision for federal income taxes is required since the Fund intends to continue to qualify as a regulated investment company under subchapter M of the Internal Revenue Code and distribute substantially all of its taxable income. Management has reviewed the Fund's tax positions for all open tax years and has determined that as of June 30, 2015, no liability for income tax is required in the Fund's financial statements for net unrecognized tax benefits. However, management's conclusions may be subject to future review based on changes in, or the interpretation of, the accounting standards or tax laws and regulations. The Fund's Federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

Under the Regulated Investment Company Modernization Act of 2010 (the Act), net capital losses recognized by the Fund after December 31, 2010, are carried forward indefinitely, and retain their character as short-term and/or long-term losses. Prior to the Act, pre-enactment net capital losses incurred by the Fund were carried forward for eight years and treated as short-term losses. The Act requires that post-enactment net capital losses be used before pre-enactment net capital losses.

At December 31, 2014, the Fund had pre-enactment net capital loss carryforwards of \$2,552,688, expiring during 2017, which are available to offset future realized gains.

9. Subsequent Event

On July 10, 2015, the Fund renewed its financing arrangement with Scotiabank (Ireland) Ltd (the Lender). Under this arrangement, the Lender provides a secured, committed credit facility in the aggregate amount of \$22 million to the Fund, and further, allowing future increases up to \$32 million. Interest on borrowings, if any, will be payable at 0.85% plus the London Interbank Offered Rate (LIBOR). The Fund has paid an upfront loan arrangement fee of \$2,250 and a flat commitment fee of 0.25% on the extended aggregate amount, as required under this agreement. Interest on unutilized amounts will be payable, irrespective of the amount of the utilized commitment. This agreement is in effect until February 24, 2017. The credit agreement governing the credit facility includes usual and customary covenants for this type of transaction.

Table of Contents**RESULTS OF THE ANNUAL STOCKHOLDERS MEETING** (Unaudited)

The Fund held its annual stockholders meeting on May 15, 2015. At this meeting, stockholders re-elected The Rt. Hon. The Earl of Cromer and Mr. Simon J. Crinage to the Fund's Board of Directors, the results of which are set out below.

I) Election of Director

Nominee	Votes For	Votes Against	Votes Withheld	Shares Not Voted	Total Voting Shares
The Rt. Hon. The Earl of Cromer	5,177,498	207,352		1,062,787	6,447,637
Mr. Simon J. Crinage	5,171,924	212,927		1,062,786	6,447,637

OTHER INFORMATION**Fundamental Investment Restriction on Borrowing**

On May 12, 2011, shareholders of the Fund approved a change to the Fund's fundamental investment restrictions to permit *inter alia*, the Fund to borrow up to 20% of its net assets for investment purposes.

This gives the Investment Advisor flexibility to take advantage of additional investment opportunities when it believes that the return from the additional investment would exceed the cost of borrowing. If the Fund borrows money, it may be exposed to additional risks. If the return on securities purchased with borrowed funds is less than the borrowing costs of those funds, then the use of borrowing will detract from Fund performance. In particular, borrowing will magnify losses in times of negative performance. Nonetheless, the Investment Advisor may maintain leverage if it expects that the long-term benefits to investors of maintaining leverage outweigh any current reduced return. Borrowing may also increase the Fund's interest and other expenses. Finally, the use of borrowing would subject the Fund to additional restrictions imposed by lenders and the Investment Company Act of 1940 on the Fund's investments.

The Investment Advisor will utilize borrowed monies at its discretion and under the supervision of the Board. The Investment Advisor has agreed to waive any entitlement to a management fee on any cash held when borrowings are drawn under a borrowing facility.

The entire text of the Fund's fundamental investment restriction on borrowing is as follows:

Under its fundamental investment restrictions, the Fund may not: Issue senior securities, borrow or pledge its assets, except that the Fund may (i) borrow from a bank for the purpose of obtaining amounts necessary to make distributions for qualification as a registered investment company to avoid imposition of an excise tax under United States tax law; and (ii) borrow money (including through reverse repurchase agreements) up to the maximum amount permitted under the Investment Company Act of 1940 (a) for temporary or emergency purposes, (b) for such short-term credits as may be necessary for the clearance or settlement of transactions, (c) for repurchases of its Common Stock and (d) for investment purposes, provided that amounts borrowed under this clause shall not exceed 20% on the net assets of the Fund. The Fund may also pledge its assets to secure such borrowings. Notwithstanding the above, initial and variation margin in respect of futures contracts and options thereon and any collateral arrangement in respect of options on securities or indexes will not be prohibited by this paragraph 3 or any other investment restrictions.

Information About Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov> and may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund's Forms N-Q are also available on the Fund's website at

Table of Contents

RESULTS OF THE ANNUAL STOCKHOLDERS MEETING (Unaudited)

(continued)

Proxy Voting Policies and Procedures and Proxy Voting Record

A description of the policies and procedures that are used by the Fund's investment advisor to vote proxies relating to the Fund's portfolio securities is available (1) without charge, upon request, by calling +44 20 7742 3735; and (2) as an exhibit to the Fund's annual report on Form N-CSR which is available on the website of the Securities and Exchange Commission (the Commission) at <http://www.sec.gov>. Information regarding how the investment advisor votes these proxies is now available by calling the same number and on the Commission's website. The Fund has filed its report on Form N-PX covering the Fund's proxy voting record for the 12 month period ended June 30, 2015.

Certifications

Simon J. Crinage, as the Fund's President, has certified to the New York Stock Exchange that, as of June 15, 2015, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund's reports to the Commission on Forms N-CSR and N-CSRS contain certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

Table of Contents**FUND MANAGEMENT**

Information pertaining to the Directors and officers of the Fund is set forth below.

Name, (YOB), Address and Position(s) with Fund Independent Directors	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director*	Other Trusteeships/ Directorships Held by Director
The Rt. Hon. The Earl of Cromer (1946) 60 Victoria Embankment London EC4Y 0JP United Kingdom	Three year term ends in 2018; Chairman and Director since 1994.	Chairman of the Board of the Fund; Chairman of the Board, Western Provident Association (insurance), LG India Plus Fund Ltd (financial), Pedder Street Asia Absolute Return Fund Limited (financial); LG Asia Plus Fund Limited (financial); Director, Cheetah Korea Value Fund Ltd (financial) and Chief Executive Officer, Cromer Associates Limited (family business).	1	See Principal Occupation.
Alexander R. Hamilton (1941) P.O. Box 12343 General Post Office Hong Kong Class II Director	Three year term ends in 2016; Director since 1994.	Director of Cosco International Holdings Limited (shipping), Esprit Holdings Limited (clothing retail), Shangri-La Asia Limited (hotels) and Octopus Cards Limited (financial services). Former Director of China Cosco Holdings Co. Limited (shipping) (retired May 2011), CITIC Limited (infrastructure) (retired June 2015), and DBS Bank (Hong Kong) Ltd (financial) (retired April 2015).	1	See Principal Occupation.
Julian M. I. Reid (1944) 60 Victoria Embankment London EC4Y 0JP United Kingdom	Three year term ends in 2017; Director since 1998.	Chief Executive Officer of 3a Funds Group (financial); Director and Chairman of Morgan's Walk Properties Limited (property); Director and Chairman of The Korea Fund, Inc. (financial); Director and Chairman of Prosperity Voskhod Fund (financial);	1	See Principal Occupation.

Director and Chairman of ASA
Limited (financial) and Director
of J M Properties Limited
(property).

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

29

Table of Contents**FUND MANAGEMENT**

(continued)

Name, (YOB), Address and Position(s) with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director*	Other Trusteeships/ Directorships Held by Director
Independent Directors (continued)				
John R. Rettberg (1937) 1 Beacon St. Boston, MA 02108 USA Class II Director	Three year term ends in 2016; Director since 2008	Former Trustee, JPMorgan Alternative Products mutual fund Board (1997-2009).	1	None.
Interested Director & President of the Fund				
Simon J. Crinage (1965) 60 Victoria Embankment London, EC4Y 0JP United Kingdom Class I Director and President	Three year term ends in 2018; Director since 2009 & President since 2003**	Managing Director, J.P. Morgan.	1	Director of The Association of Investment Companies Limited and JF International Management Inc.

* The Fund is the only fund in the Fund Complex.

** The officers of the Fund serve at the discretion of the Board of Directors.

Table of Contents

Information pertaining to the officers of the Fund is set forth below.

Name, (YOB), Address and Position(s) with Fund Officers who are not Directors	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Neil S. Martin (1971) 60 Victoria Embankment London EC4Y 0JP United Kingdom	Since 2014**	Chief Operating Officer and Treasurer of the Fund; Executive Director, J.P. Morgan.
Lucy J. Dina (1977) 60 Victoria Embankment London EC4Y 0JP United Kingdom Secretary	Since 2013**	Secretary of the Fund; Vice President, J.P. Morgan.
Steve M. Ungerman (1953) 270 Park Avenue New York Chief Compliance Officer	Since 2014**	Chief Compliance Officer of the Fund; Managing Director, J.P. Morgan Chase Bank NA.

** The officers of the Fund serve at the discretion of the Board of Directors.

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

Table of Contents

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

(Unaudited)

The Fund operates an optional Dividend Reinvestment and Cash Purchase Plan (the Plan) whereby:

- a) shareholders may elect to receive dividend and capital gain distributions in the form of additional shares of the Fund (the Share Distribution Plan).

- b) shareholders may make optional payments (any amount between \$100 and \$3,000) which will be used to purchase additional shares in the open market (the Share Purchase Plan).

For a copy of the Plan brochure, as well as a dividend reinvestment authorization card, please contact the Plan Agent:

Computershare Trust Company, N.A.

P. O. Box 30170

College Station, TX 77842-3170

USA Telephone No.: 800-426-5523 (toll-free)

www.computershare.com

The following should be noted with respect to the Plan:

If you participate in the Share Distribution Plan, whenever the Board of Directors of the Fund declares an income dividend or net capital gain distribution, you will automatically receive your distribution in newly issued shares (cash will be paid in lieu of fractional shares) if the market price of the shares on the date of the distribution is at or above the net asset value of the shares. The number of shares to be issued to you by the Fund will be determined by dividing the amount of the cash distribution to which you are entitled (net of any applicable withholding taxes) by the greater of the net asset value (NAV) per share on such date or 95% of the market price of a share on such date. If the market price of the shares on such a distribution date is below the NAV, the Plan Agent will, as agent for the participants, buy shares on the open market, on the New York Stock Exchange or elsewhere, for

the participant's account on, or after, the payment date. There is no service charge for purchases under this Plan.

For U.S. federal income tax purposes, shareholders receiving newly issued shares pursuant to the Share Distribution Plan will be treated as receiving income or capital gains in an amount equal to the fair market value (determined as of the distribution date) of the shares received and will have a cost basis equal to such fair market value. Shareholders receiving a distribution in the form of shares purchased in the open market pursuant to the Plan will be treated as receiving a distribution of the cash distribution that such shareholder would have received had the shareholder not elected to have such distribution reinvested and will have a cost basis in such shares equal to the amount of the distribution.

There will be no brokerage charge to participants for shares issued directly by the Fund under the Plan. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases of shares in connection with the Plan. The Fund will pay the fees of the Plan Agent for handling the Plan.

You may terminate your account under the Share Distribution Plan by notifying the Plan Agent in writing. The Plan may be terminated by the Plan Agent or the Fund with notice to you at least 30 days prior to any record date for the payment of any distribution by the Fund. Upon any termination, the Plan Agent will deliver a certificate or certificates for the full shares held for you under the Plan and a cash adjustment for any fractional shares.

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

You also have the option of instructing the Plan Agent to make semi-annual cash purchases of shares in the open market. There is a service charge of \$1.25 for each purchase under this Share Purchase Plan.

Table of Contents

DIRECTORS AND ADMINISTRATION

(Unaudited)

Officers and Directors

The Rt. Hon. The Earl of Cromer

Director and Chairman of the Board and Management Engagement Committee

Simon J. Crinage Director and President Alexander R. Hamilton Director and Chairman
of the Audit Committee and Pricing Committee

Julian M. I. Reid Director

John R. Rettberg Director

Neil S. Martin Chief Operating Officer and Treasurer

Lucy J. Dina Secretary

Steve M. Ungerman Chief Compliance Officer

Investment Advisor

JF International Management Inc.

P.O. Box 3151

Road Town, Tortola

British Virgin Islands

Administrator

JPMorgan Chase Bank, N.A.

1 Beacon Street, 18th Floor

Boston, Massachusetts 02108

U.S.A.

Custodian

JPMorgan Chase Bank N.A.

1 Beacon Street, 18th Floor

Boston, Massachusetts 02108

U.S.A.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, New York 10017

U.S.A.

Legal Counsel

Dechert LLP

New York:

1095 Avenue of the Americas

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

New York, New York 10036

U.S.A.

Hong Kong:

27/F Henley Building

5 Queens Road

Central

Hong Kong

Registrar, Transfer Agent, and Dividend Paying Agent

Computershare Trust Company, N.A.

P. O. Box 30170

College Station, TX 77842-3170

U.S.A.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.

www.jpchinaregionfund.com

JUNE 30, 2015

JPMORGAN CHINA REGION FUND, INC.

33

Table of Contents

This report, including the financial statements herein, is sent to the stockholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

Table of Contents

© JPMorgan Chase & Co., 2015 All rights reserved. June 30.

Table of Contents

ITEM 2. CODE OF ETHICS.

Not required for this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not required for this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not required for this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not required for this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

(a) Schedule of Investments is included as part of Item 1.

(b) Not applicable to the Fund.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not required for this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a) Not applicable to a semiannual report.

(b) There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

ITEM 9. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable to the Fund.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Fund's board of directors since the Fund filed its last form N-CSR.

ITEM 11. CONTROLS AND PROCEDURES.

Edgar Filing: PUTNAM INVESTMENT GRADE MUNICIPAL TRUST - Form N-CSR

(a) The Fund's principal executive and principal financial officers have concluded that the Fund's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-CSR based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the 1934 Act (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the Fund's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the Fund's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

Table of Contents

ITEM 12. EXHIBITS.

(a)(1) Not required for this filing.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940.

(a)(3) Not required for this filing.

(a)(4) Not required for this filing.

(b) The certifications required by Rule 30a-2(b) of the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JPMorgan China Region Fund, Inc.

By: /s/ Simon Crinage
Simon Crinage
President and Principal Executive Officer
September 3, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Simon Crinage
Simon Crinage
President and Principal Executive Officer
September 3, 2015

By: /s/ Neil S. Martin
Neil S. Martin
Treasurer and Chief Operating Officer
September 3, 2015