

Portfolio Managers

Garrett L. Hamilton, CFA
(industry since 2006)

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(industry since 1989)

Objective

The fund seeks high current income exempt from federal income tax.

Lipper category

Intermediate Municipal Debt

Fund symbols

Class A	PPNAX
Class B	PTFIX
Class C	PAMTX
Class R6	PAMLX
Class Y	PAMYX

Number of holdings

232

Net assets

\$271.35M

Dividend frequency

Monthly

- Portfolio was repositioned August 28, 2020
- The fund's new benchmark is the BBG Barclays 3-15 Year Blend Municipal Bond Index
- The fund can now buy AMT bonds (removed AMT restriction) and high-yield munis

* Prior to 8/28/20 the fund was known as Putnam AMT-Free Municipal Fund. All fund data for dates prior to 8/28/20 reflect the fund's previous investment strategy in effect at the that time. Please see semi-annual report for more information.

**Not FDIC insured
May lose value
No bank guarantee**

Putnam Strategic Intermediate Municipal Income Fund* (PAMLX)

A greater focus on absolute return than a more traditional municipal fund

Opportunistic strategy

Pursuing opportunities across the municipal market, the fund seeks to provide attractive income and returns with a focus on capital preservation.

An intermediate fund with more latitude

The fund has flexibility to respond to market opportunities and changes in the shape and slope of the municipal yield curve.

Opportunistic credit investing

While favoring investment-grade bonds, the fund can invest across the entire municipal landscape, including high-yield bonds, to leverage Putnam's deep municipal credit research expertise.

Sector weightings

Health care	22.1%
Special tax	10.1
State debt	9.7
Education	9.1
Transportation	7.6
Utilities	7.5
Financials	5.9
Land	4.2
Other sectors	17.9
Cash and net other assets	6.0

Portfolio quality

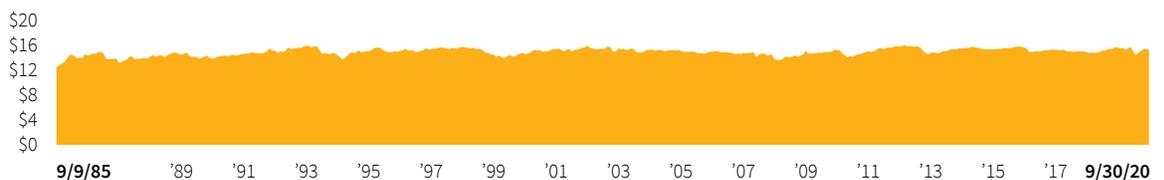
AAA	8.4%
AA	24.5
A	41.3
BBB	17.6
BB	0.5
Not rated	1.8
Cash and net other assets	6.0

The fund invests 91.8% of its assets in investment-grade tax-exempt bonds.

Allocations will vary over time. Due to rounding, percentages may not equal 100%.

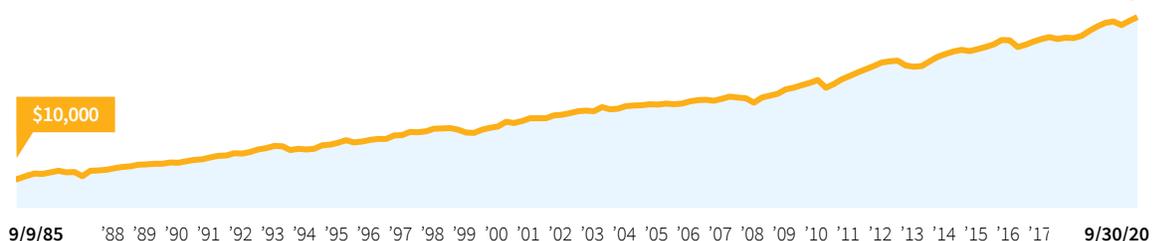
Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (SP-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings may vary over time. Cash and net other assets, if any, represent the market value weights of cash, derivatives, and short-term securities in the portfolio. **The fund itself has not been rated by an independent rating agency.**

Protecting investors' principal, the fund's net asset value has remained stable



Growth of a \$10,000 investment

With dividends reinvested, the fund has returned an average of 5.5% annually since inception.



Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance of class R6 shares assumes reinvestment of distributions and does not account for taxes. Class R6 shares, available to qualified employee-benefit plans only, are sold without an initial sales charge and have no CDSC. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares (inception 1/2/08), and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

Total expense ratio(R6 shares)
0.57%**Option adjusted duration**

5.95

Duration to worst

4.52

Average stated maturity

15.83

Average effective maturity

5.32

AMT exposure

6.03%

Top 10 state allocations

IL	14.63%
CA	13.59%
FL	5.85%
NY	5.70%
MI	5.62%
TX	5.58%
SC	5.33%
WA	5.24%
KY	4.49%
PA	3.52%

Average effective maturity

depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk. **Average stated maturity** is determined based on the legal final maturity of a bond.

Duration to worst is the duration of a bond computed assuming the bond is called at the worst possible time and uses the date associated with the lowest yield. Depending on the interest-rate environment and structure of the bond, there may be scenarios in which the worst possible time for the bond to be paid off is the maturity date. Option adjusted duration is the modified duration of a bond after adjusting for any embedded optionality.

Tax-free funds may not be suitable for IRAs and other non-taxable accounts.

Not all share classes are available on all platforms.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS043_R6 323499 10/20

Annual performance at net asset value (all distributions reinvested)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
R6 shares	10.7%	8.3%	-3.3%	10.4%	2.9%	0.1%	6.0%	0.8%	8.3%	2.4%
BBG Barclays 3-15 Year Blend Municipal Bond Index	9.6	5.2	-1.2	7.0	3.1	-0.1	4.8	1.5	6.8	3.5
BBG Barclays Municipal Bond-BBG Barclays 3-15 Year Blend Municipal Bond Linked Benchmark	10.7	6.8	-2.6	9.1	3.3	0.3	5.5	1.3	7.5	3.4

Annualized total return performance

Inception 5/22/18	Class R6 shares	Bloomberg Barclays 3-15 Year Blend Municipal Bond Index	BBG Barclays Municipal Bond-BBG Barclays 3-15 Year Blend Municipal Bond Linked Benchmark
1 year	3.09%	4.39%	4.17%
3 years	4.17	4.02	4.30
5 years	3.75	3.55	3.86
10 years	4.02	3.66	4.00
Life of fund	5.53	—	6.34

Attractive yield

	Net asset value
Current 30-day SEC yield*	1.26%
Taxable equivalent†	2.13%

Highlights of five-year performance periods (9/9/85–9/30/20)*

Best 5-year return	Best period end date	Worst 5-year return	Worst period end date	Average 5-year return	% of 5-year periods with positive returns	Number of positive 5-year periods	Number of negative 5-year periods
9.74%	9/30/92	1.47%	9/30/08	5.18%	100%	121	0

* Based on annualized returns for quarterly rolling periods.

Bloomberg Barclays 3-15 Year Blend Municipal Bond Index is an unmanaged index comprised of investment-grade municipal securities ranging from 2 and 17 years in maturity. The Bloomberg Barclays Municipal Bond Index is an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds. The Bloomberg Barclays Municipal Bond-Bloomberg Barclays 3-15 Year Blend Municipal Bond Linked Benchmark represents performance of the Bloomberg Barclays Municipal Bond Index through August 27, 2020, and performance of the Bloomberg Barclays 3-15 Year Blend Municipal Bond. You cannot invest directly in an index.

Consider these risks before investing: Capital gains, if any, are taxable for federal and, in most cases, state purposes. Income from federally tax-exempt funds may be subject to state and local taxes. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds. Unlike bonds, funds that invest in bonds have fees and expenses. The fund may invest significantly in particular segments of the tax-exempt debt market, making it more vulnerable to fluctuations in the values of the securities it holds than a fund that invests more broadly. Interest the fund receives might be taxable. The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions, geopolitical events or changes, and factors related to a specific issuer, geography, industry or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

Request a prospectus or a summary prospectus, if available, from your financial representative or by calling Putnam at 1-800-225-1581. These prospectuses include investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance of class R6 shares assumes reinvestment of distributions and does not account for taxes. Class R6 shares, available to qualified employee-benefit plans only, are sold without an initial sales charge and have no CDSC. Performance for class R6 shares prior to their inception is derived from the historical performance of class Y shares (inception 1/2/08), and has not been adjusted for the lower investor servicing fees applicable to class R6 shares; had it, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

* Based only on investment income, calculated using the maximum offering price in accordance with SEC guidelines.

† Assumes a maximum 40.80% combined federal and state tax rate inclusive of the 3.80% Medicare surtax.