

Portfolio Managers

Paul M. Drury, CFA
(industry since 1989)

Garrett L. Hamilton, CFA
(industry since 2006)

Objective

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

Lipper category

General & Insured Municipal Debt Funds

Fund symbols

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

Number of holdings

216

Net assets

\$273.53M

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 Fund (PAMYX)

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	19.2%
State debt	11.1
Utilities	9.4
Special tax	8.0
Education	7.6
Transportation	6.4
Financials	5.7
Local debt	4.9
Other sectors	11.9
Cash and net other assets	15.7

Portfolio quality

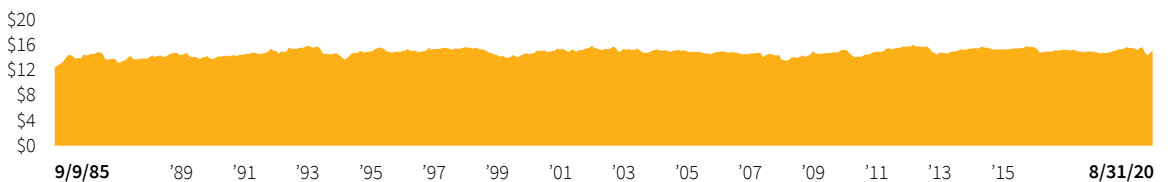
AAA	2.8%
AA	20.6
A	40.5
BBB	18.6
BB	0.4
Not rated	1.4
Cash and net other assets	15.7

The fund invests 82.5% of its assets in investment-grade tax-exempt bonds.

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

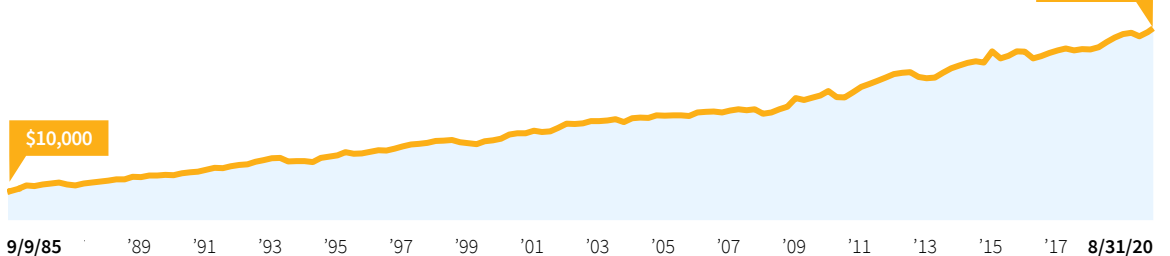
Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (SP-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. Ratings may vary over 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 Y shares assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for class Y shares prior to their inception is derived from the historical performance of class B shares (inception 9/9/85), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

Total expense ratio(Y shares)
0.58%**Option adjusted duration**

6.43

Duration to worst

4.34

Average stated maturity

14.55

Average effective maturity

5.33

AMT exposure

0.00%

Top 10 state allocations

IL	13.73%
MI	7.88%
KY	5.50%
TX	5.49%
OH	4.57%
SC	4.34%
PA	4.23%
NJ	4.19%
FL	3.87%
AZ	3.26%

Annual performance at net asset value (all distributions reinvested)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Y shares	10.7%	8.3%	-3.3%	10.4%	2.9%	0.1%	6.0%	0.7%	8.4%	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	3.4
BBG Barclays Municipal Bond Index	10.7	6.8	-2.6	9.1	3.3	0.3	5.5	1.3	7.5	3.3

Annualized total return performance

Inception 1/2/08	Class Y shares	BBG Barclays 3-15 Year Blend Municipal Bond Index	BBG Barclays Municipal Bond Index
1 year	2.41%	3.39%	3.25%
3 years	4.07	3.81	4.10
5 years	3.88	3.69	3.99
10 years	4.04	3.60	3.98
Life of fund	5.54	—	6.36

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Attractive yield

	Net asset value
Current 30-day SEC yield*	1.27%
Taxable equivalent†	2.15%

* 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.

Highlights of five-year performance periods (9/9/85–8/31/20)*

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	5.19%	100%	120	0

* Based on annualized returns for quarterly rolling periods.

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.

The Bloomberg Barclays 3-15 Year Blend Municipal Bond Index is an unmanaged index comprising 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. You cannot invest directly in an index.

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

Not all share classes are available on all platforms.

Consider these risks before investing: 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. 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. Tax-exempt bonds may be issued under the Internal Revenue Code only by limited types of issuers for limited types of projects. As a result, the fund's investments may be focused in certain market segments and be more vulnerable to fluctuations in the values of the securities it holds than a more broadly invested fund. Interest the fund receives may be taxable. Capital gains, if any, are taxed at the federal and, in most cases, state levels. For some investors, investment income may be subject to the federal alternative minimum tax. 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.

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
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