

Portfolio Managers

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(industry since 2006)

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(industry since 1989)

Objective

The fund seeks as high a level of current income exempt from federal income tax as the managers believe is consistent with preservation of capital.

Morningstar category

Muni National Short

Lipper category

Short Municipal Debt

Fund symbols

Class A	PSMEX
Class B	PSMFX
Class C	PSMTX
Class M	PSMMX
Class R6	PYSTX
Class Y	PSMYX

Number of holdings

98

Net assets

\$21.90M

Dividend frequency

Monthly

This fund may be appropriate for:

- Investors seeking tax-advantaged income
- Investors who wish to have less interest-rate risk than that of longer-maturity municipal bonds
- Investors in a laddered municipal bond portfolio who want to use a diversified mutual fund for the short end of their portfolio

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.**

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

Putnam Short-Term Municipal Income Fund

A national portfolio of short-term municipal bonds seeking tax-free income with lower interest-rate sensitivity

Tax-advantaged income

Pursues income free from federal income tax with a portfolio of municipal bonds selected from many states and market sectors.

Focus on total return

Seeks to offer a competitive yield and the potential for price appreciation while striving to protect investors' capital through prudent security selection and active risk management.

High-quality, short-term portfolio

The national portfolio features a range of high-quality, short-term bonds that seek to provide tax-free income with lower interest-rate sensitivity.

Fund description

The fund offers investors a national portfolio of short-term municipal bonds (maturities of under 3 years on average) that help provide high current income exempt from federal income tax (but that may be subject to the federal alternative minimum tax).

The fund's managers will combine fundamental research and risk management to construct a portfolio that generally will seek a high rate of tax-free income with less volatility than longer-maturity

Sector weightings

Local debt	16.8%
Utilities	16.1
Transportation	14.0
State debt	11.9
Health care	10.7
Financials	4.9
Education	3.8
Industrials	2.7
Other sectors	14.8
Cash and net other assets	4.2

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

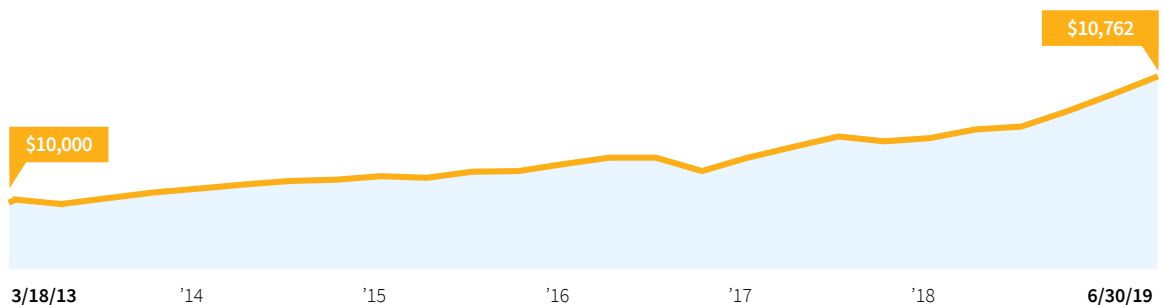
Portfolio quality

AAA	9.1%
AA	42.7
A	25.9
BBB	15.5
BB	2.3
CCC and below	0.1
Not rated	0.2
Cash and net other assets	4.2

The fund invests 93.2% of its assets in investment-grade tax-exempt bonds.

Growth of a \$10,000 investment

With dividends reinvested, the fund has returned an average of 1.2% 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 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.

Lipper rankings

(R6 shares, based on total return)
1 year 24% (31/133)

Expense ratio

(R6 shares)

Total expense ratio
1.34%

What you pay
0.33%

"What you pay" reflects Putnam Management's decision to contractually limit expenses through 3/30/20.

Maturity breakdown

0 to 60 days	14.68%
2 months - 6 months	12.76%
6 months - 1 year	8.45%
1-2 years	25.44%
2-3 years	16.82%
More than 3 years	21.85%

Holdings represent 100% of the portfolio and will vary over time.

Option adjusted duration

1.43

Duration to worst

1.37

Average stated maturity

10.40

Average effective maturity

3.39

AMT exposure

7.14%

Top 10 state allocations

CA	16.84%
TX	13.53%
IL	13.27%
FL	5.52%
WA	5.41%
NY	5.31%
CO	5.23%
PA	4.60%
GA	4.16%
MI	3.51%

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
FS118_R6 317433 7/19

Annual performance at net asset value (all distributions reinvested)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
R6 shares	—	—	—	—	0.8%	0.5%	0.0%	1.8%	1.8%	2.0%
BBG Barclays 3-Year Municipal Bond Index	1.8%	3.5%	1.9%	1.3%	1.2	1.2	0.1	1.6	1.8	2.5

Annualized total return performance

Inception 5/22/18	Class R6 shares	BBG Barclays 3-Year Municipal Bond Index
1 year	3.05%	3.48%
3 years	1.56	1.46
5 years	1.25	1.44
Life of fund	1.18	1.44

Attractive yield

Net asset value	
Current 30-day SEC yield* (without subsidy)	1.06%
Current 30-day SEC yield* (with subsidy)	1.83%
Taxable equivalent†	3.09%

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* 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 (3/18/13–6/30/19)*

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
1.25%	6/30/19	0.73%	3/31/18	0.96%	100%	6	0

* Based on annualized returns for quarterly rolling periods.

The Bloomberg (BBG) Barclays 3-year Municipal Bond Index is a subset of the Bloomberg (BBG) Barclays Municipal Bond Index that measures the performance of investment-grade issues with remaining maturities of two to four years. You cannot invest directly in an index.

Lipper rankings for class R6 shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper.

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.

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 greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Interest the fund receives might be taxable. 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. 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. 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.