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**
The fund pursues income free from federal income tax with a portfolio of municipal bonds selected from many states and market sectors.

**Focus on total return**
The portfolio managers seek 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 municipal bonds.

**Sector weightings**
Utilities 20.7%
Transportation 18.2
Local debt 13.6
State debt 13.0
Health care 11.7
Financials 5.6
Industrials 3.1
Education 2.8
Other sectors 10.1
Cash and net other assets 1.2

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

**Portfolio quality**
AAA 9.4%
AA 41.5
A 30.8
BBB 14.6
BB 1.4
Not rated 1.2
Cash and net other assets 1.2

The fund invests 96.3% 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 1.1% 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. For the most recent month-end performance, please visit putnam.com.
Putnam Short-Term Municipal Income Fund

Annual performance at net asset value (all distributions reinvested)

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Y shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.8%</td>
<td>0.5%</td>
<td>0.0%</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>BBG Barclays 3-Year Municipal Bond Index</td>
<td>1.8%</td>
<td>3.5%</td>
<td>1.9%</td>
<td>1.3%</td>
<td>1.2</td>
<td>1.2</td>
<td>0.1</td>
<td>1.6</td>
<td>1.8</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Annualized total return performance

<table>
<thead>
<tr>
<th>Inception 3/18/13</th>
<th>Class Y shares</th>
<th>BBG Barclays 3-Year Municipal Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>2.59%</td>
<td>3.00%</td>
</tr>
<tr>
<td>3 years</td>
<td>1.37</td>
<td>1.32</td>
</tr>
<tr>
<td>5 years</td>
<td>1.11</td>
<td>1.36</td>
</tr>
<tr>
<td>Life of fund</td>
<td>1.06</td>
<td>1.31</td>
</tr>
</tbody>
</table>

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Attractive yield

<table>
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<th>Net asset value</th>
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<tbody>
<tr>
<td>3/18/13</td>
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<tr>
<td>3/18/13</td>
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<tr>
<td>3/18/13</td>
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</table>

* 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 (3/18/13–3/31/19)*

<table>
<thead>
<tr>
<th>Best 5-year return</th>
<th>Best period end date</th>
<th>Worst 5-year return</th>
<th>Worst period end date</th>
<th>Average 5-year return</th>
<th>% of 5-year periods with positive returns</th>
<th>Number of positive 5-year periods</th>
<th>Number of negative 5-year periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.11%</td>
<td>3/31/19</td>
<td>0.73%</td>
<td>3/31/18</td>
<td>0.91%</td>
<td>100%</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

* 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 municipals with remaining maturities of two to four years. You cannot invest directly in any index.

Lipper rankings for class Y 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.

Consider these risks before investing: Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. 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 before investing.

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