

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.

Portfolio Managers

Garrett L. Hamilton, CFA
(industry since 2006)

Paul M. Drury, CFA
(industry since 1989)

Morningstar category

Muni National Intermediate

Lipper category

Intermediate Municipal Debt

Fund symbols

Class A	PIMEX
Class B	PIMBX
Class C	PIMFX
Class M	PIMMX
Class Y	PIMYX

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 intermediate-term portion 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 Intermediate-Term Municipal Income Fund

A national portfolio of intermediate-term municipal bonds seeking tax-free income with moderate 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, intermediate-term portfolio

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

Fund description

The fund offers investors a national portfolio of intermediate-term municipal bonds (maturities of 3 to 10 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 tax-free options.

Portfolio quality

AAA	10.4%
AA	27.5%
A	36.8%
BBB	15.7%
BB	2.7%
Not rated	0.2%
Cash and net other assets	6.7%

The fund invests 90.4% of its assets in investment-grade tax-exempt bonds.

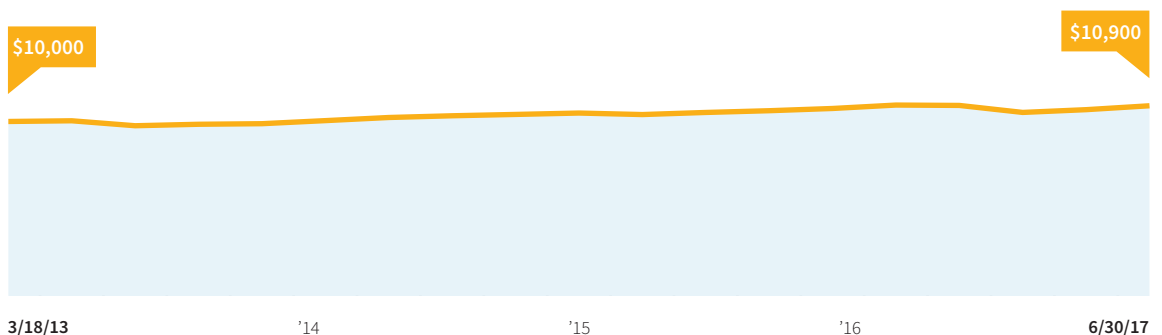
Sector weightings

Health care	19.6%
Transportation	13.8%
Utilities	11.6%
State debt	9.4%
Local debt	9.3%
Education	7.3%
Land	5.5%
Special tax	5.2%
Other sectors	11.6%
Cash and net other assets	6.7%

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

Growth of a \$10,000 investment

With dividends reinvested, the fund has returned an average of 2.0% 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 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.

Lipper rankings

(Y shares, based on total return)
 1 year 23% (48/209)
 3 years 62% (120/195)

Expense ratio

(Y shares)
 Total expense ratio 1.22%

What you pay 0.60%
 "What you pay" reflects Putnam Management's decision to contractually limit expenses through 3/30/18.

Number of holdings 116

Net assets \$11.95M

Dividend frequency

Monthly

Option adjusted duration

5.03

Duration to worst

4.16

Average stated maturity

10.77

Average effective maturity

5.12

AMT exposure 11.77%

Maturity breakdown

Less than 1 year	10.25%
1-2 years	4.90%
2-3 years	12.17%
3-4 years	15.31%
4-5 years	9.08%
5-6 years	8.57%
6-7 years	6.51%
7-8 years	5.65%
8-9 years	12.46%
9-10 years	9.66%
More than 10 years	5.45%

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

Top 10 state allocations

CA	14.88%
TX	11.06%
IL	10.67%
NY	8.33%
PA	6.94%
NJ	6.48%
CO	4.89%
FL	4.56%
MI	3.96%
GA	3.90%

For informational purposes only. Not an investment recommendation.

Putnam Retail Management
 FS119_Y 307632 8/17

Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Y shares	—	—	—	—	—	—	—	5.4%	2.0%	-0.9%	3.6%
BBG Barclays 7-Year Municipal Bond Index	5.1%	4.6%	7.6%	4.6%	10.1%	4.2%	-1.0%	6.1	3.3	-0.5	3.9

Our investment philosophy

The municipal market is exceptionally diverse, composed of small issuers, complex instruments, and an array of market participants with varying return objectives. We believe this market dynamic persistently presents inefficiencies that make attractive investment opportunities. We see fundamental research as the key to unlocking these opportunities and providing return potential.

Our investment process

Credit research. Through fundamental credit research, we monitor existing credits within our portfolios while identifying attractively valued bonds in the primary and secondary markets.

Best ideas. Credit analysts maintain lists of their best ideas that the portfolio managers use to find the most attractive opportunities within their investment universe.

Macro inputs. We develop an economic outlook to provide a context for judging market factors for various sectors, geographies, credit risk, and rates.

Implementation. We look at several factors before including a bond in the portfolio: available supply, the bond's structure, its valuation, how it can fit in the portfolio, and how to best execute the trade.

Risk management. We employ proprietary risk models and draw on the insights of Putnam's independent risk management team.

The Bloomberg (BBG) Barclays 7-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 six to eight years.

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.

Option adjusted duration is the duration of a bond adjusting for any embedded optionality under multiple interest-rate scenarios. **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. **Average stated maturity** is determined based on the legal final maturity of a bond. **Average effective maturity** takes into account the likelihood of the bond being called.

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

Not all share classes available on all platforms.

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. 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. 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.

Putnam Investments | One Post Office Square | Boston, MA 02109 | 1-800-225-1581 | putnam.com

Annualized total return performance

Inception 3/18/13	Class Y shares	BBG Barclays 7-Year Municipal Bond Index
1 year	-0.37%	0.17%
3 years	2.15	2.81
Life of fund	2.03	2.69

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Attractive yield

	Net asset value
Current 30-day SEC yield (without subsidy)	0.25%
Current 30-day SEC yield* (with subsidy)	1.67%
Taxable equivalent†	2.95%

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

† Assumes a maximum 43.40% federal tax rate inclusive of the 3.80% Medicare surtax.