A world of investing®

Putnam INVESTMENTS

Beat inflation

After accounting for taxes, municipal bonds have outpaced inflation in 20 of the past 26 years and have outpaced CDs in 21 of the past 26 years.

AFTER-TAX RETURNS VS. INFLATION (1991–2016)

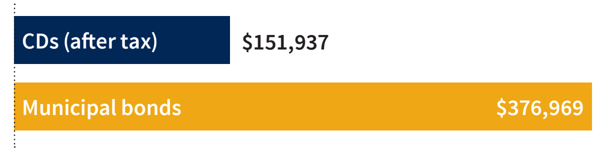
Inflation
2.28% on average

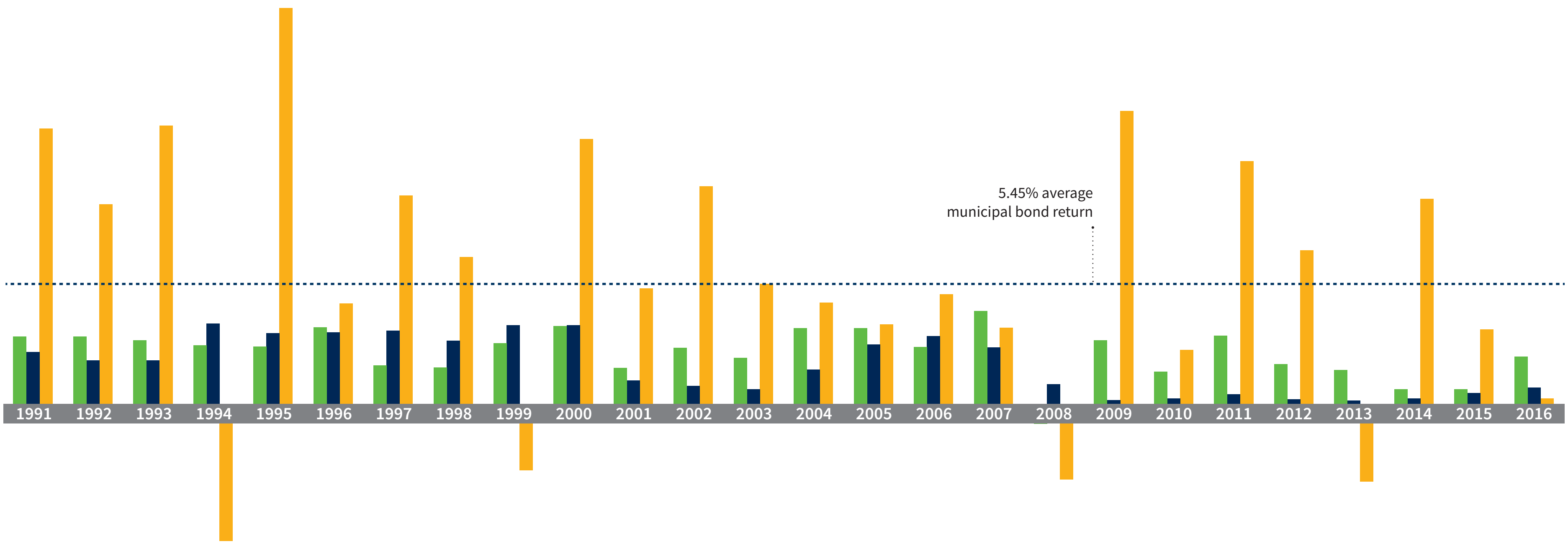
CDs (after tax)
1.69% on average

Municipal bonds
5.45% on average

GROWTH OF $100,000 (1991–2016)

A $100,000 investment in 1991 would have had to grow to $175,855 in 2016 just to keep pace with inflation. Municipal bonds have grown over twice as fast.





Data is historical. Past performance is not a guarantee of future results. Chart assumes a maximum federal tax rate of 43.40% on 6-month CDs, as measured by the Bloomberg 6-month CD rates. Municipal bonds and inflation are represented by the Bloomberg Barclays Municipal Bond Index, an unmanaged index of long-term fixed-rate investment-grade tax-exempt bonds, and the Consumer Price Index, respectively. You cannot invest directly in an index. Unlike bonds, which incur more risk, certificates of deposit (CDs) offer a fixed rate of return, and the interest and principal on CDs are generally insured by the FDIC up to $250,000. While all bonds have risks, municipal bonds may have a higher level of credit risk compared with CDs.

Why Putnam for municipal bond investing?

An experienced team

Putnam's fixed-income team has managed tax-exempt bond funds since 1976. The team has deep expertise in all facets of municipal bond credit research, trading, and portfolio construction.

A broad range of municipal bond funds

Putnam offers a choice of municipal bond funds, including nationally diversified funds and single-state funds.

A prudent approach

Putnam's municipal bond fund team seeks to balance a durable level of income with capital preservation. Rather than pursue risky strategies in pursuit of higher yield, Putnam's tax-exempt bond funds spread their assets among many different issuers and maturities, which may reduce risk and help to protect returns.

Nationally diversified funds

Putnam AMT-Free Municipal Fund	PPNAX
Putnam Intermediate-Term Municipal Fund	PIMEX
Putnam Short-Term Municipal Fund	PSMEX
Putnam Tax Exempt Income Fund	PTAEX
Putnam Tax-Free High Yield Fund	PTHAX

Single-state funds

Putnam AZ Tax Exempt Income Fund	PTAZX
Putnam CA Tax Exempt Income Fund	PCTEX
Putnam MA Tax Exempt Income Fund	PXMAX
Putnam MI Tax Exempt Income Fund	PXMIX
Putnam MN Tax Exempt Income Fund	PXMNX
Putnam NJ Tax Exempt Income Fund	PTNJX
Putnam NY Tax Exempt Income Fund	PTEIX
Putnam OH Tax Exempt Income Fund	PXOHX
Putnam PA Tax Exempt Income Fund	PTEPX

Consider these risks before investing: The funds invest in fewer issuers or concentrate their investments by region or sector, and involve more risk than a fund that invests more broadly. Lower-rated bonds may offer higher yields in return for more risk. Capital gains, if any, are taxable for federal and, in most cases, state purposes. For some investors, investment income may be subject to the federal alternative minimum tax. Income from federally exempt funds may be subject to state and local taxes. Tax-free funds may not be suitable for IRAs and other non-taxable accounts. Derivatives also involve the risk, in the case of many over-the-counter instruments, of the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Bond investments are subject to interest-rate risk, which means the prices of the fund's bond investments are likely to fall if interest rates rise. Bond investments also are subject to credit risk, which is the risk that the issuer of the bond may default on payment of interest or principal. Interest-rate risk is generally greater for longer-term bonds, and credit risk is generally greater for below-investment-grade bonds, which may be considered speculative. Unlike bonds, funds that invest in bonds have ongoing fees and expenses.

Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions of the risk of default, changes in government intervention, and factors related to a specific issuer or industry. You can lose money by investing in mutual funds.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus , or a summary prospectus if available, containing this and other information for any Putnam fund or product, call your financial representative or contact Putnam at 1-800-225-1581. Please read the prospectus carefully before investing.